# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2024**
**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission File Number 0-14384**

# BancFirst Corporation
**(Exact name of registrant as specified in charter)**

| | |
|---|---|
| **Oklahoma**<br>**(State or other Jurisdiction of incorporation or organization)** | **73-1221379**<br>**(I.R.S. Employer Identification No.)** |
| **100 N. Broadway Ave., Oklahoma City, Oklahoma**<br>**(Address of principal executive offices)** | **73102-8405**<br>**(Zip Code)** |

**(405) 270-1086**
**(Registrant's telephone number, including area code)**

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, $1.00 Par Value Per Share | BANF | NASDAQ Global Select Market System |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐.

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (sec. 232-405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| Emerging growth company | ☐ | | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 31, 2024 there were 33,022,124 shares of the registrant's Common Stock outstanding.

**BancFirst Corporation**
**Quarterly Report on Form 10-Q**
**June 30, 2024**

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## PART I – FINANCIAL INFORMATION

**Item 1. Financial Statements.**

### BANCFIRST CORPORATION
### CONSOLIDATED BALANCE SHEETS
### (Dollars in thousands)

| | June 30, 2024 (unaudited) | December 31, 2023 (see Note 1) |
|---|---|---|
| **ASSETS** | | |
| Cash and due from banks | $ 194,273 | $ 225,462 |
| Interest-bearing deposits with banks | 2,299,019 | 2,172,001 |
| Federal funds sold | 1,102 | 1,316 |
| Debt securities held for investment (fair value: $838 and $1,190, respectively) | 838 | 1,190 |
| Debt securities available for sale at fair value | 1,440,527 | 1,553,905 |
| Loans held for sale | 7,408 | 3,489 |
| Loans held for investment (net of unearned interest) | 8,047,448 | 7,656,645 |
| Allowance for credit losses | (99,626) | (96,800) |
| Loans, net of allowance for credit losses | 7,947,822 | 7,559,845 |
| Premises and equipment, net | 285,131 | 278,594 |
| Other real estate owned | 37,823 | 33,718 |
| Intangible assets, net | 14,931 | 16,704 |
| Goodwill | 182,263 | 182,263 |
| Accrued interest receivable and other assets | 326,181 | 343,555 |
| Total assets | $ 12,737,318 | $ 12,372,042 |
| | | |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Deposits: | | |
| Noninterest-bearing | $ 3,815,818 | $ 3,982,226 |
| Interest-bearing | 7,199,784 | 6,717,896 |
| Total deposits | 11,015,602 | 10,700,122 |
| Short-term borrowings | 4,264 | 3,351 |
| Accrued interest payable and other liabilities | 118,831 | 148,577 |
| Subordinated debt | 86,129 | 86,101 |
| Total liabilities | 11,224,826 | 10,938,151 |
| | | |
| Stockholders' equity: | | |
| Senior preferred stock, $1.00 par; 10,000,000 shares authorized; none issued | — | — |
| Cumulative preferred stock, $5.00 par; 900,000 shares authorized; none issued | — | — |
| Common stock, $1.00 par, 40,000,000 shares authorized; shares issued and outstanding: 33,022,124 and 32,933,018, respectively | 33,022 | 32,933 |
| Capital surplus | 178,806 | 174,695 |
| Retained earnings | 1,348,905 | 1,276,305 |
| Accumulated other comprehensive loss, net of tax benefit of $14,938 and $15,473, respectively | (48,241) | (50,042) |
| Total stockholders' equity | 1,512,492 | 1,433,891 |
| Total liabilities and stockholders' equity | $ 12,737,318 | $ 12,372,042 |

The accompanying Notes are an integral part of these consolidated financial statements.

**BANCFIRST CORPORATION**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**(Unaudited)**
**(Dollars in thousands, except per share data)**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| **INTEREST INCOME** | | | | |
| Loans, including fees | $ 137,710 | $ 114,612 | $ 269,836 | $ 219,008 |
| Securities: | | | | |
| Taxable | 8,932 | 9,408 | 18,113 | 18,399 |
| Tax-exempt | 18 | 23 | 38 | 30 |
| Federal funds sold | 5 | 81 | 24 | 113 |
| Interest-bearing deposits with banks | 31,800 | 26,694 | 62,097 | 58,714 |
| Total interest income | 178,465 | 150,818 | 350,108 | 296,264 |
| **INTEREST EXPENSE** | | | | |
| Deposits | 67,479 | 43,732 | 131,892 | 78,909 |
| Short-term borrowings | 59 | 129 | 155 | 212 |
| Subordinated debt | 1,031 | 1,031 | 2,061 | 2,061 |
| Total interest expense | 68,569 | 44,892 | 134,108 | 81,182 |
| Net interest income | 109,896 | 105,926 | 216,000 | 215,082 |
| Provision for credit losses | 3,358 | 2,824 | 7,373 | 5,146 |
| Net interest income after provision for credit losses | 106,538 | 103,102 | 208,627 | 209,936 |
| **NONINTEREST INCOME** | | | | |
| Trust revenue | 5,490 | 4,590 | 10,578 | 8,812 |
| Service charges on deposits | 17,280 | 22,268 | 33,708 | 43,499 |
| Securities transactions | 317 | 110 | 50 | (103) |
| Sales of loans | 733 | 757 | 1,224 | 1,361 |
| Insurance commissions | 6,668 | 6,225 | 16,123 | 14,966 |
| Cash management | 9,149 | 7,927 | 17,800 | 14,661 |
| Gain/(loss) on sale of other assets | 55 | 315 | (4) | 794 |
| Other | 4,252 | 5,782 | 9,365 | 11,812 |
| Total noninterest income | 43,944 | 47,974 | 88,844 | 95,802 |
| **NONINTEREST EXPENSE** | | | | |
| Salaries and employee benefits | 51,928 | 49,803 | 103,456 | 99,055 |
| Occupancy, net | 5,233 | 5,118 | 10,439 | 10,101 |
| Depreciation | 4,504 | 4,769 | 9,060 | 9,412 |
| Amortization of intangible assets | 887 | 880 | 1,773 | 1,760 |
| Data processing services | 2,696 | 2,217 | 5,312 | 4,324 |
| Net expense from other real estate owned | 1,656 | 2,889 | 3,858 | 5,348 |
| Marketing and business promotion | 2,246 | 1,900 | 4,502 | 4,427 |
| Deposit insurance | 1,614 | 1,463 | 3,052 | 3,076 |
| Other | 14,552 | 12,071 | 26,643 | 23,924 |
| Total noninterest expense | 85,316 | 81,110 | 168,095 | 161,427 |
| Income before taxes | 65,166 | 69,966 | 129,376 | 144,311 |
| Income tax expense | 14,525 | 14,956 | 28,401 | 31,768 |
| Net income | $ 50,641 | $ 55,010 | $ 100,975 | $ 112,543 |
| **NET INCOME PER COMMON SHARE** | | | | |
| Basic | $ 1.53 | $ 1.67 | $ 3.06 | $ 3.42 |
| Diluted | $ 1.51 | $ 1.64 | $ 3.01 | $ 3.36 |
| **OTHER COMPREHENSIVE GAIN/(LOSS)** | | | | |
| Unrealized income/(loss) on debt securities, net of tax (expense)/benefit of $(1,263), $4,350, $(535) and $(154), respectively | 4,105 | (14,091) | 1,801 | 558 |
| Other comprehensive income/(loss), net of tax (expense)/benefit of $(1,263), $4,350, $(535) and $(154), respectively | 4,105 | (14,091) | 1,801 | 558 |
| Comprehensive income | $ 54,746 | $ 40,919 | $ 102,776 | $ 113,101 |

The accompanying Notes are an integral part of these consolidated financial statements.

**BANCFIRST CORPORATION**
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**
**(Unaudited)**
**(Dollars in thousands)**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| **COMMON STOCK** | | | | |
| Issued at beginning of period | $ 32,967 | $ 32,900 | $ 32,933 | $ 32,876 |
| Shares issued for stock options | 55 | 39 | 89 | 63 |
| Issued at end of period | $ 33,022 | $ 32,939 | $ 33,022 | $ 32,939 |
| **CAPITAL SURPLUS** | | | | |
| Balance at beginning of period | $ 176,227 | $ 170,231 | $ 174,695 | $ 169,231 |
| Common stock issued for stock options | 1,659 | 1,296 | 2,476 | 1,914 |
| Stock-based compensation arrangements | 920 | 831 | 1,635 | 1,213 |
| Balance at end of period | $ 178,806 | $ 172,358 | $ 178,806 | $ 172,358 |
| **RETAINED EARNINGS** | | | | |
| Balance at beginning of period | $ 1,312,464 | $ 1,164,665 | $ 1,276,305 | $ 1,120,292 |
| Net income | 50,641 | 55,010 | 100,975 | 112,543 |
| Dividends on common stock ($0.43, $0.40, $0.86 and $0.80 per share, respectively) | (14,200) | (13,176) | (28,375) | (26,336) |
| Balance at end of period | $ 1,348,905 | $ 1,206,499 | $ 1,348,905 | $ 1,206,499 |
| **ACCUMULATED OTHER COMPREHENSIVE LOSS** | | | | |
| Unrealized (losses)/gains on securities: | | | | |
| Balance at beginning of period | $ (52,346) | $ (56,914) | $ (50,042) | $ (71,563) |
| Net change | 4,105 | (14,091) | 1,801 | 558 |
| Balance at end of period | $ (48,241) | $ (71,005) | $ (48,241) | $ (71,005) |
| Total stockholders' equity | $ 1,512,492 | $ 1,340,791 | $ 1,512,492 | $ 1,340,791 |

The accompanying Notes are an integral part of these consolidated financial statements.

**BANCFIRST CORPORATION**
**CONSOLIDATED STATEMENTS OF CASH FLOW**
**(Unaudited)**
**(Dollars in thousands)**

| | Six Months Ended June 30, 2024 | Six Months Ended June 30, 2023 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net income | $ 100,975 | $ 112,543 |
| Adjustments to reconcile to net cash provided by operating activities: | | |
| Provision for credit losses | 7,373 | 5,146 |
| Depreciation and amortization | 10,833 | 11,172 |
| Net amortization of securities premiums and discounts | (627) | (577) |
| Realized securities (gains)/losses | (50) | 103 |
| Gain on sales of loans | (1,224) | (1,361) |
| Cash receipts from the sale of loans originated for sale | 110,096 | 77,758 |
| Cash disbursements for loans originated for sale | (72,791) | (78,948) |
| Deferred income tax benefit | (1,764) | (1,489) |
| Gain on sale of other assets | (1,319) | (1,061) |
| Increase in interest receivable | (3,074) | (3,387) |
| Increase in interest payable | 5,314 | 3,005 |
| Amortization of stock-based compensation arrangements | 1,635 | 1,213 |
| Excess tax benefit from stock-based compensation arrangements | (750) | (734) |
| Other, net | 11,848 | 5,797 |
| Net cash provided by operating activities | 166,475 | 129,180 |
| **INVESTING ACTIVITIES** | | |
| Net decrease/(increase) in federal funds sold | 214 | (1,631) |
| Purchases of available for sale debt securities | (270) | (94,112) |
| Proceeds from maturities, calls and paydowns of held for investment debt securities | 352 | 1,349 |
| Proceeds from maturities, calls and paydowns of available for sale debt securities | 116,611 | 64,036 |
| Purchase of equity securities | (404) | (294) |
| Proceeds from paydowns and sales of equity securities | 206 | 531 |
| Net change in loans | (445,920) | (357,140) |
| Net (payments)/receipts on derivative asset contracts | (22,293) | 11,628 |
| Purchases of premises, equipment and computer software | (16,273) | (13,016) |
| Purchase of tax credits | (2,469) | (3,813) |
| Other, net | 8,978 | 23,302 |
| Net cash used in investing activities | (361,268) | (369,160) |
| **FINANCING ACTIVITIES** | | |
| Net change in deposits | 315,480 | (499,048) |
| Net change in short-term borrowings | 913 | 3,593 |
| Issuance of common stock in connection with stock options, net | 2,565 | 1,977 |
| Cash dividends paid | (28,336) | (26,310) |
| Net cash provided by (used in) financing activities | 290,622 | (519,788) |
| Net increase/(decrease) in cash, due from banks and interest-bearing deposits | 95,829 | (759,768) |
| Cash, due from banks and interest-bearing deposits at the beginning of the period | 2,397,463 | 3,168,910 |
| Cash, due from banks and interest-bearing deposits at the end of the period | $ 2,493,292 | $ 2,409,142 |
| **SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:** | | |
| Cash paid during the period for interest | $ 128,794 | $ 78,176 |
| Cash paid during the period for income taxes | $ 22,349 | $ 31,180 |
| Noncash investing and financing activities: | | |
| Unpaid common stock dividends declared | $ 14,200 | $ 13,176 |

The accompanying Notes are an integral part of these consolidated financial statements.

## (1) DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of BancFirst Corporation and its subsidiaries (the "Company") conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and general practice within the banking industry. A summary of significant accounting policies can be found in Note (1) to the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

### Basis of Presentation

The accompanying unaudited interim consolidated financial statements include the accounts of BancFirst Corporation, Council Oak Partners, LLC, BancFirst Insurance Services, Inc., Pegasus Bank ("Pegasus"), Worthington Bank ("Worthington") and BancFirst and its subsidiaries ("BancFirst"). The principal operating subsidiaries of BancFirst are BFTower, LLC, BFC-PNC LLC, and BancFirst Agency, Inc. All significant intercompany accounts and transactions have been eliminated. Assets held in a fiduciary or agency capacity are not assets of the Company and, accordingly, are not included in the unaudited interim consolidated financial statements.

The accompanying unaudited interim consolidated financial statements and notes are presented in accordance with U.S. GAAP for interim financial information and the instructions for Form 10-Q adopted by the Securities and Exchange Commission ("SEC"). The information contained in the consolidated financial statements and footnotes included in BancFirst Corporation's Annual Report on Form 10-K for the year ended December 31, 2023, should be referred to in connection with these unaudited interim consolidated financial statements. Operating results for the interim periods disclosed herein are not necessarily indicative of the results that may be expected for a full year or any future period.

The unaudited interim consolidated financial statements contained herein reflect all adjustments, which are, in the opinion of management, necessary to provide a fair statement of the financial position and results of operations of the Company for the interim periods presented. All such adjustments are of a normal and recurring nature.

### Reclassifications

Certain items in prior consolidated financial statements have been reclassified to conform to the current presentation. Such reclassifications had no effect on previously reported cash flows, stockholders' equity or comprehensive income.

### Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States inherently involves the use of estimates and assumptions that affect the amounts reported in the financial statements and the related disclosures. These estimates relate principally to the determination of the allowance for credit losses, income taxes, the fair value of financial instruments and the valuation of assets and liabilities acquired in a business combination, including identifiable intangible assets. Such estimates and assumptions may change over time and actual amounts realized may differ from those reported.

### Recent Accounting Pronouncements

#### Standards Not Yet Adopted:

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-09, "Income Taxes - Improvements to Income Tax Disclosures" requiring enhancements and further transparency to certain income tax disclosures, most notably the tax rate reconciliation and income taxes paid. This ASU is effective for fiscal years beginning after December 15, 2024 on a prospective basis and retrospective application is permitted. The Company does not expect adoption of the standard to have a material impact on its consolidated financial statements.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting - Improvements to Reportable Segment Disclosures" requiring disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analyses. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024 on a retrospective basis. The amendments are to be applied retrospectively to all periods presented and segment expense categories are required to be based on the categories identified at adoption. The Company is currently evaluating the provisions of this ASU and expects to adopt them for the year ending December 31, 2024. The Company does not expect the adoption to have a significant impact on the Company's consolidated financial statements.

## (2) SECURITIES

The following table summarizes the amortized cost and estimated fair values of debt securities held for investment:

| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
|---|---|---|---|---|
| | | (Dollars in thousands) | | |
| **June 30, 2024** | | | | |
| Mortgage backed securities (1) | $ 3 | $ — | $ — | $ 3 |
| States and political subdivisions | 335 | — | — | 335 |
| Other securities | 500 | — | — | 500 |
| Total | $ 838 | $ — | $ — | $ 838 |
| **December 31, 2023** | | | | |
| Mortgage backed securities (1) | $ 5 | $ — | $ — | $ 5 |
| States and political subdivisions | 685 | — | — | 685 |
| Other securities | 500 | — | — | 500 |
| Total | $ 1,190 | $ — | $ — | $ 1,190 |

The following table summarizes the amortized cost and estimated fair values of debt securities available for sale:

| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
|---|---|---|---|---|
| | | (Dollars in thousands) | | |
| **June 30, 2024** | | | | |
| U.S. treasuries | $ 1,450,915 | $ — | $ (60,133) | $ 1,390,782 |
| U.S. federal agencies | 9,565 | 121 | (3) | 9,683 |
| Mortgage backed securities (1) | 15,647 | 7 | (1,746) | 13,908 |
| States and political subdivisions | 10,078 | 8 | (135) | 9,951 |
| Asset backed securities | 9,338 | 43 | — | 9,381 |
| Other securities | 8,163 | — | (1,341) | 6,822 |
| Total | $ 1,503,706 | $ 179 | $ (63,358) | $ 1,440,527 |
| **December 31, 2023** | | | | |
| U.S. treasuries | $ 1,560,265 | $ 415 | $ (62,635) | $ 1,498,045 |
| U.S. federal agencies | 11,631 | 142 | (3) | 11,770 |
| Mortgage backed securities (1) | 16,459 | 13 | (1,677) | 14,795 |
| States and political subdivisions | 10,108 | 16 | (114) | 10,010 |
| Asset backed securities | 12,794 | — | (282) | 12,512 |
| Other securities | 8,163 | — | (1,390) | 6,773 |
| Total | $ 1,619,420 | $ 586 | $ (66,101) | $ 1,553,905 |

(1) Primarily consists of FHLMC, FNMA, GNMA and mortgage backed securities through U.S. agencies.

The maturities of debt securities held for investment and available for sale are summarized in the following table using contractual maturities. Actual maturities may differ from contractual maturities due to obligations that are called or prepaid. For purposes of the maturity table, mortgage-backed securities, which are not due at a single maturity date, have been presented at their contractual maturity.

| | June 30, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| | Amortized Cost | Estimated Fair Value | Amortized Cost | Estimated Fair Value |
| | (Dollars in thousands) | | | |
| **Held for Investment** | | | | |
| Contractual maturity of debt securities: | | | | |
| Within one year | $ 275 | $ 275 | $ 350 | $ 350 |
| After one year but within five years | 563 | 563 | 840 | 840 |
| After five years but within ten years | — | — | — | — |
| After ten years | — | — | — | — |
| Total | $ 838 | $ 838 | $ 1,190 | $ 1,190 |
| **Available for Sale** | | | | |
| Contractual maturity of debt securities: | | | | |
| Within one year | $ 364,890 | $ 358,962 | $ 348,318 | $ 341,645 |
| After one year but within five years | 1,097,339 | 1,043,120 | 1,223,529 | 1,167,973 |
| After five years but within ten years | 11,071 | 9,657 | 10,331 | 8,851 |
| After ten years | 30,406 | 28,788 | 37,242 | 35,436 |
| Total debt securities | $ 1,503,706 | $ 1,440,527 | $ 1,619,420 | $ 1,553,905 |

The following table is a summary of the Company's book value of securities that were pledged as collateral for public funds on deposit, repurchase agreements and for other purposes as required or permitted by law:

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| | (Dollars in thousands) | |
| Book value of pledged securities | $ 910,357 | $ 591,324 |

There were no sales of debt securities and therefore no proceeds from sales or realized securities gains or losses on available for sale debt securities for the six months ended June 30, 2024 or June 30, 2023.

Realized gains/losses on debt and equity securities are reported as securities transactions within the noninterest income section of the consolidated statement of comprehensive income.

The following table summarizes debt securities with unrealized losses, segregated by the duration of the unrealized loss, at June 30, 2024 and December 31, 2023 respectively:

| | | Less than 12 Months | | More than 12 Months | | Total | |
|---|---|---|---|---|---|---|---|
| | Number of investments | Estimated Fair Value | Unrealized Losses | Estimated Fair Value | Unrealized Losses | Estimated Fair Value | Unrealized Losses |
| | | | | (Dollars in thousands) | | | |
| **June 30, 2024** | | | | | | | |
| **Available for Sale** | | | | | | | |
| U.S. treasuries | 62 | $ 90,084 | $ 926 | $ 1,300,697 | $ 59,207 | $ 1,390,781 | $ 60,133 |
| U.S. federal agencies | 2 | 205 | 2 | 688 | 1 | 893 | 3 |
| Mortgage backed securities | 69 | 1,188 | 9 | 12,455 | 1,737 | 13,643 | 1,746 |
| States and political subdivisions | 8 | 867 | 3 | 1,871 | 132 | 2,738 | 135 |
| Other securities | 3 | — | — | 6,822 | 1,341 | 6,822 | 1,341 |
| Total | 144 | $ 92,344 | $ 940 | $ 1,322,533 | $ 62,418 | $ 1,414,877 | $ 63,358 |
| **December 31, 2023** | | | | | | | |
| **Available for Sale** | | | | | | | |
| U.S. treasuries | 68 | $ 4,838 | $ 90 | $ 1,401,669 | $ 62,545 | $ 1,406,507 | $ 62,635 |
| U.S. federal agencies | 3 | 1,100 | 3 | — | — | 1,100 | 3 |
| Mortgage backed securities | 74 | 80 | — | 13,261 | 1,677 | 13,341 | 1,677 |
| States and political subdivisions | 6 | 306 | 4 | 1,847 | 110 | 2,153 | 114 |
| Asset backed securities | 1 | — | — | 12,512 | 282 | 12,512 | 282 |
| Other securities | 3 | — | — | 6,773 | 1,390 | 6,773 | 1,390 |
| Total | 155 | $ 6,324 | $ 97 | $ 1,436,062 | $ 66,004 | $ 1,442,386 | $ 66,101 |

The Company has the ability and intent to hold the debt securities classified as held for investment until they mature, at which time the Company will receive full value for the debt securities. Furthermore, as of June 30, 2024 and December 31, 2023, the Company also had the ability and intent to hold the debt securities classified as available for sale for a period of time sufficient for a recovery of cost. The unrealized losses are due to increases in market interest rates over the yields available at the time the underlying debt securities were purchased. The fair value of those debt securities having unrealized losses is expected to recover as the securities approach their maturity date or repricing date, or if market yields for such investments decline. The Company has no intent or requirement to sell before the recovery of the unrealized loss; therefore, no impairment loss was realized in the Company's consolidated statement of comprehensive income.

## (3) LOANS HELD FOR INVESTMENT AND ALLOWANCE FOR CREDIT LOSSES ON LOANS

Loans held for investment are summarized by portfolio segment as follows:

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| | (Dollars in thousands) | |
| Real estate: | | |
| Commercial real estate owner occupied | 954,942 | 960,944 |
| Commercial real estate non-owner occupied | 1,604,132 | 1,486,420 |
| Construction and development < 60 months | 680,807 | 642,643 |
| Construction residential real estate < 60 months | 288,900 | 283,486 |
| Residential real estate first lien | 1,335,124 | 1,258,744 |
| Residential real estate all other | 260,036 | 244,696 |
| Agriculture | 432,360 | 427,139 |
| Commercial non-real estate | 1,436,349 | 1,289,452 |
| Consumer non-real estate | 469,084 | 476,467 |
| Oil and gas | 585,714 | 586,654 |
| Total (1) | $ 8,047,448 | $ 7,656,645 |

(1) Excludes accrued interest receivable of $42.8 million at June 30, 2024 and $39.4 million at December 31, 2023, that is recorded in accrued interest receivable and other assets.

The Company's loans are currently 84% held by BancFirst and 16% held by Pegasus and Worthington. In addition, approximately 69% of the Company's loans are secured by real estate. Credit risk on loans is managed through limits on amounts loaned to individual and related borrowers, underwriting standards and loan monitoring procedures. The amounts and types of collateral obtained, if any, to secure loans are based upon the Company's underwriting standards and management's credit evaluation. Collateral varies, but may include real estate, equipment, accounts receivable, inventory, livestock and/or securities. The Company's interest in collateral is secured through filing mortgages and liens, or by possession of the collateral.

The Company's portfolio segment descriptions and the weighted average remaining life of portfolio segments are disclosed in Note (5) to the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

### Other Real Estate Owned and Repossessed Assets and Loan Modifications

The following is a summary of other real estate owned and repossessed assets:

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| | (Dollars in thousands) | |
| Other real estate owned and repossessed assets | $ 38,497 | $ 34,200 |

As of both June 30, 2024 and December 31, 2023, other real estate owned included a commercial real estate property recorded at approximately $30.7 million and $29.4 million, respectively. The increase in OREO and this commercial real estate property was due to tenant improvements during the six months ended June 30, 2024. Rental income for this property is included in other noninterest income on the consolidated statements of comprehensive income. Operating expense for this property is included in net expense from other real estate owned in noninterest expense on the consolidated statements of comprehensive income.

This property had the following rental income and operating expenses for the periods presented.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | (Dollars in thousands) | | | |
| Rental income | $ 3,085 | $ 2,778 | $ 6,026 | $ 5,468 |
| Operating expense | 2,673 | 2,967 | 4,923 | 5,348 |

During the six months ended June 30, 2024, the Company sold property held in other real estate owned for a total gain of $1.3 million, compared to a total gain of $266,000 in the six months ended June 30, 2023.

The Company charges interest on principal balances outstanding on modified loans during deferral periods. The current and future financial effects of the recorded balance of loans considered to be modified during the period were not considered to be material. The recorded balance of loans modified during the six months ended June 30, 2024 was approximately $5.9 million compared to $5.3 million during the year ended December 31, 2023.

**Nonaccrual loans**

The Company did not recognize any interest income on nonaccrual loans for either the six months ended June 30, 2024 or 2023. In addition, all loans identified as nonaccrual loans have related allowances for credit losses at June 30, 2024 and December 31, 2023, respectively. Had nonaccrual loans performed in accordance with their original contractual terms, the Company would have recognized additional interest income of approximately $1.8 million for the six months ended June 30, 2024 and approximately $718,000 for the six months ended June 30, 2023.

Nonaccrual loans guaranteed by government agencies totaled approximately $8.5 million at June 30, 2024 and approximately $6.7 million at December 31, 2023.

The following table is a summary of amounts included in nonaccrual loans, segregated by portfolio segment.

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| | (Dollars in thousands) | |
| Real estate: | | |
| Commercial real estate owner occupied | $ 5,543 | $ 1,686 |
| Commercial real estate non-owner occupied | 3,280 | 874 |
| Construction and development < 60 months | 20,142 | 800 |
| Construction residential real estate < 60 months | 745 | 638 |
| Residential real estate first lien | 3,425 | 3,336 |
| Residential real estate all other | 628 | 899 |
| Agriculture | 2,092 | 3,662 |
| Commercial non-real estate | 5,605 | 10,101 |
| Consumer non-real estate | 685 | 449 |
| Oil and gas | 1,876 | 2,128 |
| Total | $ 44,021 | $ 24,573 |

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. The following table presents an age analysis of the Company's loans held for investment:

| | Age Analysis of Past Due Loans | | | | | | |
|---|---|---|---|---|---|---|---|
| | 30-59 Days Past Due | 60-89 Days Past Due | 90 Days and Greater | Total Past Due Loans | Current Loans | Total Loans | Accruing Loans 90 Days or More Past Due |
| | (Dollars in thousands) | | | | | | |
| **As of June 30, 2024** | | | | | | | |
| Real estate: | | | | | | | |
| Commercial real estate owner occupied | $ 3,020 | $ 38 | $ 5,379 | $ 8,437 | $ 946,505 | $ 954,942 | $ 532 |
| Commercial real estate non-owner occupied | — | 141 | 1,544 | 1,685 | 1,602,447 | 1,604,132 | 803 |
| Construction and development < 60 months | 405 | 1,738 | 831 | 2,974 | 677,833 | 680,807 | 31 |
| Construction residential real estate < 60 months | 229 | 117 | 407 | 753 | 288,147 | 288,900 | — |
| Residential real estate first lien | 4,929 | 2,144 | 2,213 | 9,286 | 1,325,838 | 1,335,124 | 961 |
| Residential real estate all other | 866 | 152 | 835 | 1,853 | 258,183 | 260,036 | 250 |
| Agriculture | 1,805 | 937 | 1,447 | 4,189 | 428,171 | 432,360 | 916 |
| Commercial non-real estate | 1,857 | 831 | 5,256 | 7,944 | 1,428,405 | 1,436,349 | 587 |
| Consumer non-real estate | 3,166 | 555 | 495 | 4,216 | 464,868 | 469,084 | 200 |
| Oil and gas | 588 | 416 | — | 1,004 | 584,710 | 585,714 | — |
| Total | $ 16,865 | $ 7,069 | $ 18,407 | $ 42,341 | $ 8,005,107 | $ 8,047,448 | $ 4,280 |
| **As of December 31, 2023** | | | | | | | |
| Real estate: | | | | | | | |
| Commercial real estate owner occupied | $ 1,386 | $ 26 | $ 5,598 | $ 7,010 | $ 953,934 | $ 960,944 | $ 4,377 |
| Commercial real estate non-owner occupied | 2,224 | 7,371 | 1,786 | 11,381 | 1,475,039 | 1,486,420 | 913 |
| Construction and development < 60 months | 198 | 158 | 800 | 1,156 | 641,487 | 642,643 | — |
| Construction residential real estate < 60 months | 1,542 | 206 | 405 | 2,153 | 281,333 | 283,486 | 332 |
| Residential real estate first lien | 3,879 | 1,204 | 1,849 | 6,932 | 1,251,812 | 1,258,744 | 731 |
| Residential real estate all other | 757 | 190 | 613 | 1,560 | 243,136 | 244,696 | 549 |
| Agriculture | 1,694 | 724 | 1,227 | 3,645 | 423,494 | 427,139 | 579 |
| Commercial non-real estate | 1,501 | 436 | 10,028 | 11,965 | 1,277,487 | 1,289,452 | 1,714 |
| Consumer non-real estate | 3,248 | 1,090 | 594 | 4,932 | 471,535 | 476,467 | 347 |
| Oil and gas | — | — | 92 | 92 | 586,562 | 586,654 | — |
| Total | $ 16,429 | $ 11,405 | $ 22,992 | $ 50,826 | $ 7,605,819 | $ 7,656,645 | $ 9,542 |

**Credit Quality Indicators**

The Company considers credit quality indicators to monitor the credit risk in the loan portfolio including volume and severity of loan delinquencies, nonaccrual loans, internal grading of loans, historical credit loss experience and economic conditions. These indicators are reviewed and updated regularly throughout the year. An internal risk grading system is used to indicate the credit risk of loans. The loan grades used by the Company are for internal risk identification purposes and do not directly correlate to regulatory categories or any financial reporting definitions. The general characteristics of the risk grades and the table summarizing the Company's gross loans held for investment by year of origination and internally assigned credit grades as of December 31, 2023, are disclosed in Note (5) to the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

The Company's revolving loans that are converted to term loans are not material and therefore have not been presented.

The following table summarizes the Company’s gross loans held for investment by year of origination and internally assigned credit grades:

| | Term Loans Amortized Cost Basis by Origination Year | | | | | | Revolving Loans Amortized Cost Basis | |
|---|---|---|---|---|---|---|---|---|
| **(Dollars in thousands)** | **2024** | **2023** | **2022** | **2021** | **2020** | **Prior** | | **Total** |
| **As of June 30, 2024** | | | | | | | | |
| Commercial real estate owner occupied | | | | | | | | |
| Grade 1 | $ 39,257 | $ 104,695 | $ 151,859 | $ 111,308 | $ 78,999 | $ 186,219 | $ 25,667 | $ 698,004 |
| Grade 2 | 23,094 | 34,818 | 49,139 | 44,044 | 21,710 | 34,604 | 24,187 | 231,596 |
| Grade 3 | 128 | 7,339 | 3,574 | 4,489 | 939 | 4,121 | 2,100 | 22,690 |
| Grade 4 | — | 372 | 21 | 170 | 352 | 1,615 | 122 | 2,652 |
| Total commercial real estate owner occupied | 62,479 | 147,224 | 204,593 | 160,011 | 102,000 | 226,559 | 52,076 | 954,942 |
| Commercial real estate non-owner occupied | | | | | | | | |
| Grade 1 | $ 64,168 | $ 258,439 | $ 283,026 | $ 187,391 | $ 120,052 | $ 126,177 | $ 41,093 | $ 1,080,346 |
| Grade 2 | 61,660 | 104,871 | 126,693 | 89,290 | 38,105 | 71,591 | 3,122 | 495,332 |
| Grade 3 | 8,934 | 141 | 13,635 | 1,690 | — | 245 | — | 24,645 |
| Grade 4 | 185 | 2,043 | 643 | 316 | 98 | 524 | — | 3,809 |
| Total commercial real estate non-owner occupied | 134,947 | 365,494 | 423,997 | 278,687 | 158,255 | 198,537 | 44,215 | 1,604,132 |
| Construction and development < 60 months | | | | | | | | |
| Grade 1 | $ 49,830 | $ 76,166 | $ 146,196 | $ 33,350 | $ 9,848 | $ 7,591 | $ 51,139 | $ 374,120 |
| Grade 2 | 64,768 | 118,553 | 62,487 | 8,296 | 1,590 | 14,969 | 10,703 | 281,366 |
| Grade 3 | 2,641 | 1,829 | — | 354 | 71 | 68 | 19,287 | 24,250 |
| Grade 4 | — | — | 831 | 100 | 140 | — | — | 1,071 |
| Total construction and development < 60 months | 117,239 | 196,548 | 209,514 | 42,100 | 11,649 | 22,628 | 81,129 | 680,807 |
| Construction residential real estate < 60 months | | | | | | | | |
| Grade 1 | $ 78,419 | $ 48,981 | $ 15,922 | $ 8,162 | $ 98 | $ 546 | $ 30,001 | $ 182,129 |
| Grade 2 | 54,233 | 33,153 | 2,447 | 15 | 12 | — | 11,630 | 101,490 |
| Grade 3 | 3,503 | 408 | — | — | — | — | 396 | 4,307 |
| Grade 4 | 568 | 200 | 206 | — | — | — | — | 974 |
| Total construction residential real estate < 60 months | 136,723 | 82,742 | 18,575 | 8,177 | 110 | 546 | 42,027 | 288,900 |
| Residential real estate first lien | | | | | | | | |
| Grade 1 | $ 134,305 | $ 211,033 | $ 205,048 | $ 162,128 | $ 130,865 | $ 192,862 | $ 5,031 | $ 1,041,272 |
| Grade 2 | 43,810 | 65,488 | 50,368 | 37,025 | 25,620 | 48,645 | 519 | 271,475 |
| Grade 3 | 1,453 | 2,576 | 3,098 | 2,835 | 1,821 | 5,562 | — | 17,345 |
| Grade 4 | 907 | 646 | 312 | 795 | 539 | 1,756 | — | 4,955 |
| Grade 5 | — | 77 | — | — | — | — | — | 77 |
| Total residential real estate first lien | 180,475 | 279,820 | 258,826 | 202,783 | 158,845 | 248,825 | 5,550 | 1,335,124 |
| Residential real estate all other | | | | | | | | |
| Grade 1 | $ 18,801 | $ 34,325 | $ 21,028 | $ 6,512 | $ 7,196 | $ 12,957 | $ 54,939 | $ 155,758 |
| Grade 2 | 3,804 | 5,198 | 4,467 | 1,341 | 1,462 | 3,918 | 79,266 | 99,456 |
| Grade 3 | 756 | 344 | 106 | 176 | 295 | 437 | 1,507 | 3,621 |
| Grade 4 | — | 174 | 67 | — | — | 26 | 934 | 1,201 |
| Total residential real estate all other | 23,361 | 40,041 | 25,668 | 8,029 | 8,953 | 17,338 | 136,646 | 260,036 |
| Agriculture | | | | | | | | |
| Grade 1 | $ 26,725 | $ 36,340 | $ 44,928 | $ 31,695 | $ 22,757 | $ 46,282 | $ 46,588 | $ 255,315 |
| Grade 2 | 23,833 | 21,355 | 20,788 | 16,052 | 9,606 | 19,830 | 39,081 | 150,545 |
| Grade 3 | 5,833 | 8,951 | 1,119 | 1,076 | 2,589 | 3,072 | 1,686 | 24,326 |
| Grade 4 | 354 | 886 | 612 | 51 | 5 | 262 | 4 | 2,174 |
| Total Agriculture | 56,745 | 67,532 | 67,447 | 48,874 | 34,957 | 69,446 | 87,359 | 432,360 |
| Commercial non-real estate | | | | | | | | |
| Grade 1 | $ 98,481 | $ 135,724 | $ 155,712 | $ 132,447 | $ 28,731 | $ 58,159 | $ 421,728 | $ 1,030,982 |
| Grade 2 | 57,646 | 94,429 | 30,313 | 20,608 | 5,593 | 6,885 | 176,353 | 391,827 |
| Grade 3 | 1,471 | 2,160 | 2,183 | 1,035 | 235 | 250 | 2,637 | 9,971 |
| Grade 4 | 787 | 364 | 793 | 255 | 508 | 116 | 563 | 3,386 |
| Grade 5 | — | — | — | 6 | — | 177 | — | 183 |
| Total commercial non-real estate | 158,385 | 232,677 | 189,001 | 154,351 | 35,067 | 65,587 | 601,281 | 1,436,349 |
| Consumer non-real estate | | | | | | | | |
| Grade 1 | $ 105,282 | $ 153,775 | $ 77,329 | $ 40,937 | $ 11,724 | $ 6,655 | $ 12,793 | $ 408,495 |
| Grade 2 | 9,876 | 17,288 | 10,906 | 5,582 | 1,542 | 1,219 | 6,427 | 52,840 |
| Grade 3 | 1,059 | 1,839 | 1,641 | 1,119 | 274 | 276 | 15 | 6,223 |
| Grade 4 | 198 | 556 | 314 | 282 | 104 | 68 | 4 | 1,526 |
| Total consumer non-real estate | 116,415 | 173,458 | 90,190 | 47,920 | 13,644 | 8,218 | 19,239 | 469,084 |
| Oil and gas | | | | | | | | |
| Grade 1 | $ 76,512 | $ 63,488 | $ 5,807 | $ 26,153 | $ 5,951 | $ 3,116 | $ 269,441 | $ 450,468 |
| Grade 2 | 60,737 | 9,097 | 5,045 | 677 | 374 | 267 | 58,161 | 134,358 |
| Grade 3 | 29 | 109 | — | 183 | — | — | — | 321 |
| Grade 4 | — | — | — | 127 | — | 440 | — | 567 |
| Total oil and gas | 137,278 | 72,694 | 10,852 | 27,140 | 6,325 | 3,823 | 327,602 | 585,714 |
| Total loans held for investment | $ 1,124,047 | $ 1,658,230 | $ 1,498,663 | $ 978,072 | $ 529,805 | $ 861,507 | $ 1,397,124 | $ 8,047,448 |

The following tables summarize the Company's gross charge-offs by year of origination for the periods indicated:

| | Term Loans Amortized Cost Basis by Origination Year | | | | | | Revolving Loans Amortized Cost Basis | Total |
|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | Prior | | |
| | | | | (Dollars in thousands) | | | | |
| **Three months ended June 30, 2024** | | | | | | | | |
| Commercial real estate owner occupied | | | | | | | | |
| Current-period gross charge-offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Commercial real estate non-owner occupied | | | | | | | | |
| Current-period gross charge-offs | — | — | — | 1 | — | — | — | 1 |
| Construction and development < 60 months | | | | | | | | |
| Current-period gross charge-offs | — | — | — | — | — | — | — | — |
| Construction residential real estate < 60 months | | | | | | | | |
| Current-period gross charge-offs | — | — | — | — | — | — | — | — |
| Residential real estate first lien | | | | | | | | |
| Current-period gross charge-offs | 2 | 23 | — | 2 | 4 | 36 | — | 67 |
| Residential real estate all other | | | | | | | | |
| Current-period gross charge-offs | — | — | — | — | — | — | — | — |
| Agriculture | | | | | | | | |
| Current-period gross charge-offs | — | — | 6 | 13 | — | — | — | 19 |
| Commercial non-real estate | | | | | | | | |
| Current-period gross charge-offs | 6 | 155 | 43 | 8 | — | 190 | 378 | 780 |
| Consumer non-real estate | | | | | | | | |
| Current-period gross charge-offs | 21 | 256 | 150 | 28 | 21 | 30 | 4 | 510 |
| Oil and gas | | | | | | | | |
| Current-period gross charge-offs | — | — | — | — | — | — | — | — |
| Total current-period gross charge-offs | $ 29 | $ 434 | $ 199 | $ 52 | $ 25 | $ 256 | $ 382 | $ 1,377 |

| | Term Loans Amortized Cost Basis by Origination Year | | | | | | Revolving Loans Amortized Cost Basis | Total |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 | 2019 | Prior | | |
| | | | | (Dollars in thousands) | | | | |
| **Three months ended June 30, 2023** | | | | | | | | |
| Commercial real estate owner occupied | | | | | | | | |
| Current-period gross charge-offs | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ — |
| Commercial real estate non-owner occupied | | | | | | | | |
| Current-period gross charge-offs | — | — | — | — | — | — | — | — |
| Construction and development < 60 months | | | | | | | | |
| Current-period gross charge-offs | — | — | — | 2 | — | — | — | 2 |
| Construction residential real estate < 60 months | | | | | | | | |
| Current-period gross charge-offs | — | — | — | — | — | — | — | — |
| Residential real estate first lien | | | | | | | | |
| Current-period gross charge-offs | — | — | 19 | 21 | — | 2 | — | 42 |
| Residential real estate all other | | | | | | | | |
| Current-period gross charge-offs | — | 2 | — | — | — | — | — | 2 |
| Agriculture | | | | | | | | |
| Current-period gross charge-offs | — | — | — | 301 | 1 | — | — | 302 |
| Commercial non-real estate | | | | | | | | |
| Current-period gross charge-offs | 42 | 34 | 1 | 20 | — | 5 | — | 102 |
| Consumer non-real estate | | | | | | | | |
| Current-period gross charge-offs | 29 | 186 | 115 | 14 | 28 | 11 | 15 | 398 |
| Oil and gas | | | | | | | | |
| Current-period gross charge-offs | — | 2 | — | — | — | — | — | 2 |
| Total current-period gross charge-offs | $ 71 | $ 224 | $ 135 | $ 358 | $ 29 | $ 18 | $ 15 | $ 850 |

| | Term Loans Amortized Cost Basis by Origination Year | | | | | | Revolving Loans Amortized Cost Basis | Total |
|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | Prior | | |
| | | | | (Dollars in thousands) | | | | |
| **Six months ended June 30, 2024** | | | | | | | | |
| Commercial real estate owner occupied | | | | | | | | |
| Current-period gross charge-offs | $ — | $ — | $ — | $ 15 | $ — | $ — | $ — | $ 15 |
| Commercial real estate non-owner occupied | | | | | | | | |
| Current-period gross charge-offs | — | 12 | — | 1 | 1 | — | — | 14 |
| Construction and development < 60 months | | | | | | | | |
| Current-period gross charge-offs | — | — | — | — | — | — | — | — |
| Construction residential real estate < 60 months | | | | | | | | |
| Current-period gross charge-offs | — | 3 | — | — | — | — | — | 3 |
| Residential real estate first lien | | | | | | | | |
| Current-period gross charge-offs | 3 | 23 | — | 3 | 4 | 57 | — | 90 |
| Residential real estate all other | | | | | | | | |
| Current-period gross charge-offs | — | — | — | — | — | 2 | 27 | 29 |
| Agriculture | | | | | | | | |
| Current-period gross charge-offs | — | — | 37 | 13 | — | — | — | 50 |
| Commercial non-real estate | | | | | | | | |
| Current-period gross charge-offs | 6 | 1,156 | 318 | 140 | 12 | 316 | 1,886 | 3,834 |
| Consumer non-real estate | | | | | | | | |
| Current-period gross charge-offs | 21 | 500 | 247 | 79 | 34 | 45 | 15 | 941 |
| Oil and gas | | | | | | | | |
| Current-period gross charge-offs | — | 9 | 83 | — | — | — | — | 92 |
| Total current-period gross charge-offs | $ 30 | $ 1,703 | $ 685 | $ 251 | $ 51 | $ 420 | $ 1,928 | $ 5,068 |

| | Term Loans Amortized Cost Basis by Origination Year | | | | | | Revolving Loans Amortized Cost Basis | Total |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 | 2019 | Prior | | |
| | | | | (Dollars in thousands) | | | | |
| **Six months ended June 30, 2023** | | | | | | | | |
| Commercial real estate owner occupied | | | | | | | | |
| Current-period gross charge-offs | $ — | $ 7 | $ 1 | $ 22 | $ 18 | $ — | $ — | $ 48 |
| Commercial real estate non-owner occupied | | | | | | | | |
| Current-period gross charge-offs | — | — | — | — | — | 3 | — | 3 |
| Construction and development < 60 months | | | | | | | | |
| Current-period gross charge-offs | — | 2 | — | 2 | — | — | — | 4 |
| Construction residential real estate < 60 months | | | | | | | | |
| Current-period gross charge-offs | — | — | — | — | — | — | — | — |
| Residential real estate first lien | | | | | | | | |
| Current-period gross charge-offs | — | — | 19 | 21 | — | 4 | — | 44 |
| Residential real estate all other | | | | | | | | |
| Current-period gross charge-offs | — | 4 | 19 | — | 1 | 4 | — | 28 |
| Agriculture | | | | | | | | |
| Current-period gross charge-offs | — | 4 | — | 317 | 14 | 2 | — | 337 |
| Commercial non-real estate | | | | | | | | |
| Current-period gross charge-offs | 42 | 101 | 63 | 20 | — | 52 | — | 278 |
| Consumer non-real estate | | | | | | | | |
| Current-period gross charge-offs | 29 | 262 | 147 | 29 | 37 | 17 | 17 | 538 |
| Oil and gas | | | | | | | | |
| Current-period gross charge-offs | — | 2 | — | — | — | — | — | 2 |
| Total current-period gross charge-offs | $ 71 | $ 382 | $ 249 | $ 411 | $ 70 | $ 82 | $ 17 | $ 1,282 |

## Allowance for Credit Losses Methodology

The Company determines its provision for credit losses and allowance for credit losses using the current expected credit loss methodology that is referred to as the current expected credit loss ("CECL") model. The allowance for current expected credit losses is measured on a collective (pool) basis when similar risk characteristics exist. The allowance for credit losses methodology is disclosed in Note (5) to the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

The following tables detail activity in the allowance for credit losses on loans for the period presented. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

| | Allowance for Credit Losses | | | | | |
|---|---|---|---|---|---|---|
| | Balance at beginning of period | Charge-offs | Recoveries | Net charge-offs | Provision for/(benefit from) credit losses on loans | Balance at end of period |
| | (Dollars in thousands) | | | | | |
| **Three Months Ended June 30, 2024** | | | | | | |
| Real estate: | | | | | | |
| Commercial real estate owner occupied | $ 7,468 | $ — | $ 11 | $ 11 | $ (109) | $ 7,370 |
| Commercial real estate non-owner occupied | 33,180 | (1) | — | (1) | 688 | 33,867 |
| Construction and development < 60 months | 6,596 | — | — | — | 184 | 6,780 |
| Construction residential real estate < 60 months | 3,464 | — | — | — | 55 | 3,519 |
| Residential real estate first lien | 4,923 | (67) | 21 | (46) | 695 | 5,572 |
| Residential real estate all other | 1,652 | — | 3 | 3 | 74 | 1,729 |
| Agriculture | 6,137 | (19) | 5 | (14) | (206) | 5,917 |
| Commercial non-real estate | 20,482 | (780) | 280 | (500) | 1,493 | 21,475 |
| Consumer non-real estate | 4,335 | (510) | 58 | (452) | 500 | 4,383 |
| Oil and gas | 9,030 | — | — | — | (16) | 9,014 |
| Total | $ 97,267 | $ (1,377) | $ 378 | $ (999) | $ 3,358 | $ 99,626 |

| | Allowance for Credit Losses | | | | | |
|---|---|---|---|---|---|---|
| | Balance at beginning of period | Charge-offs | Recoveries | Net charge-offs | Provision for/(benefit from) credit losses on loans | Balance at end of period |
| | (Dollars in thousands) | | | | | |
| **Three Months Ended June 30, 2023** | | | | | | |
| Real estate: | | | | | | |
| Commercial real estate owner occupied | $ 6,547 | $ — | $ 3 | $ 3 | $ 258 | $ 6,808 |
| Commercial real estate non-owner occupied | 32,120 | — | — | — | 1,312 | 33,432 |
| Construction and development < 60 months | 3,608 | (2) | 3 | 1 | (169) | 3,440 |
| Construction residential real estate < 60 months | 3,226 | — | — | — | 327 | 3,553 |
| Residential real estate first lien | 4,454 | (42) | 10 | (32) | 333 | 4,755 |
| Residential real estate all other | 1,444 | (2) | 1 | (1) | 218 | 1,661 |
| Agriculture | 6,268 | (302) | 7 | (295) | 453 | 6,426 |
| Commercial non-real estate | 25,079 | (102) | 127 | 25 | 23 | 25,127 |
| Consumer non-real estate | 4,232 | (398) | 35 | (363) | 475 | 4,344 |
| Oil and gas | 7,782 | (2) | — | (2) | (406) | 7,374 |
| Total | $ 94,760 | $ (850) | $ 186 | $ (664) | $ 2,824 | $ 96,920 |

| | Allowance for Credit Losses | | | | | |
|---|---|---|---|---|---|---|
| | Balance at beginning of period | Charge-offs | Recoveries | Net charge-offs | Provision for/(benefit from) credit losses on loans | Balance at end of period |
| | (Dollars in thousands) | | | | | |
| **Six Months Ended June 30, 2024** | | | | | | |
| Real estate: | | | | | | |
| Commercial real estate owner occupied | $ 7,483 | $ (15) | $ 31 | $ 16 | $ (129) | $ 7,370 |
| Commercial real estate non-owner occupied | 33,080 | (14) | — | (14) | 801 | 33,867 |
| Construction and development < 60 months | 3,950 | — | — | — | 2,830 | 6,780 |
| Construction residential real estate < 60 months | 3,414 | (3) | — | (3) | 108 | 3,519 |
| Residential real estate first lien | 4,914 | (90) | 25 | (65) | 723 | 5,572 |
| Residential real estate all other | 1,646 | (29) | 8 | (21) | 104 | 1,729 |
| Agriculture | 6,137 | (50) | 17 | (33) | (187) | 5,917 |
| Commercial non-real estate | 22,745 | (3,834) | 313 | (3,521) | 2,251 | 21,475 |
| Consumer non-real estate | 4,401 | (941) | 127 | (814) | 796 | 4,383 |
| Oil and gas | 9,030 | (92) | — | (92) | 76 | 9,014 |
| Total | $ 96,800 | $ (5,068) | $ 521 | $ (4,547) | $ 7,373 | $ 99,626 |

| | Allowance for Credit Losses | | | | | |
|---|---|---|---|---|---|---|
| | Balance at beginning of period | Charge-offs | Recoveries | Net charge-offs | Provision for/(benefit from) credit losses on loans | Balance at end of period |
| | (Dollars in thousands) | | | | | |
| **Six Months Ended June 30, 2023** | | | | | | |
| Real estate: | | | | | | |
| Commercial real estate owner occupied | $ 6,416 | $ (48) | $ 52 | $ 4 | $ 388 | $ 6,808 |
| Commercial real estate non-owner occupied | 30,190 | (3) | — | (3) | 3,245 | 33,432 |
| Construction and development < 60 months | 3,778 | (4) | 6 | 2 | (340) | 3,440 |
| Construction residential real estate < 60 months | 3,275 | — | — | — | 278 | 3,553 |
| Residential real estate first lien | 4,092 | (44) | 13 | (31) | 694 | 4,755 |
| Residential real estate all other | 1,418 | (28) | 3 | (25) | 268 | 1,661 |
| Agriculture | 6,217 | (337) | 13 | (324) | 533 | 6,426 |
| Commercial non-real estate | 25,106 | (278) | 149 | (129) | 150 | 25,127 |
| Consumer non-real estate | 4,132 | (538) | 92 | (446) | 658 | 4,344 |
| Oil and gas | 8,104 | (2) | — | (2) | (728) | 7,374 |
| Total | $ 92,728 | $ (1,282) | $ 328 | $ (954) | $ 5,146 | $ 96,920 |

### Purchased Credit Deteriorated Loans

The Company has previously purchased loans, for which there was, at acquisition, evidence of more than insignificant deterioration of credit quality since origination. The Company did not purchase credit-deteriorated loans during the six months ended June 30, 2024 and 2023.

### Collateral Dependent Loans

A loan is considered collateral-dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. During the six months ended June 30, 2024 and 2023, no material amount of interest income was recognized on collateral-dependent loans subsequent to their classification as collateral-dependent.

The following tables summarize collateral-dependent gross loans held for investment by collateral type and the related specific allocation as follows:

| | Collateral Type | | | | |
|---|---|---|---|---|---|
| | Real Estate | Business Assets | Other Assets | Total | Specific Allocation |
| | (Dollars in thousands) | | | | |
| **As of June 30, 2024** | | | | | |
| Real estate: | | | | | |
| Commercial real estate owner occupied | $ — | $ — | $ — | $ — | $ — |
| Commercial real estate non-owner occupied | 643 | — | — | 643 | 250 |
| Construction and development < 60 months | 20,142 | — | — | 20,142 | 2,825 |
| Construction residential real estate < 60 months | 618 | — | — | 618 | 134 |
| Residential real estate first lien | 195 | — | — | 195 | 66 |
| Residential real estate all other | 79 | — | — | 79 | 81 |
| Agriculture | 1,833 | 401 | 14 | 2,248 | 1,193 |
| Commercial non-real estate | — | 4,140 | 87 | 4,227 | 1,342 |
| Consumer non-real estate | — | — | 236 | 236 | 133 |
| Oil and gas | — | — | — | — | — |
| Total collateral-dependent loans held for investment | $ 23,510 | $ 4,541 | $ 337 | $ 28,388 | $ 6,024 |

| | Collateral Type | | | | |
|---|---|---|---|---|---|
| | Real Estate | Business Assets | Other Assets | Total | Specific Allocation |
| | (Dollars in thousands) | | | | |
| **As of December 31, 2023** | | | | | |
| Real estate: | | | | | |
| Commercial real estate owner occupied | $ — | $ — | $ — | $ — | $ — |
| Commercial real estate non-owner occupied | 632 | — | — | 632 | 250 |
| Construction and development < 60 months | 800 | — | — | 800 | 225 |
| Construction residential real estate < 60 months | 638 | — | — | 638 | 134 |
| Residential real estate first lien | 189 | — | — | 189 | 62 |
| Residential real estate all other | 140 | — | — | 140 | 140 |
| Agriculture | 1,841 | 593 | 15 | 2,449 | 1,386 |
| Commercial non-real estate | — | 6,090 | 241 | 6,331 | 1,867 |
| Consumer non-real estate | — | — | 147 | 147 | 88 |
| Oil and gas | — | — | — | — | — |
| Total collateral-dependent loans held for investment | $ 4,240 | $ 6,683 | $ 403 | $ 11,326 | $ 4,152 |

**Non-Cash Transfers from Loans and Premises and Equipment**

Transfers from loans and premises and equipment to other real estate owned and repossessed assets are non-cash transactions, and are not included in the consolidated statements of cash flow.

Transfers from loans and premises and equipment to other real estate owned and repossessed assets during the periods presented are summarized as follows:

| | Six Months Ended June 30, | |
|---|---|---|
| | 2024 | 2023 |
| | (Dollars in thousands) | |
| Other real estate owned | $ 8,995 | $ 667 |
| Repossessed assets | 1,575 | 946 |
| Total | $ 10,570 | $ 1,613 |

## (4) INTANGIBLE ASSETS AND GOODWILL

The following is a summary of intangible assets as of the date listed:

| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
|---|---|---|---|
| | (Dollars in thousands) | | |
| **June 30, 2024** | | | |
| Core deposit intangibles | $ 33,550 | $ (18,741) | $ 14,809 |
| Customer relationship intangibles | 3,350 | (3,228) | 122 |
| Total | $ 36,900 | $ (21,969) | $ 14,931 |
| **December 31, 2023** | | | |
| Core deposit intangibles | $ 33,550 | $ (17,027) | $ 16,523 |
| Customer relationship intangibles | 3,350 | (3,169) | 181 |
| Total | $ 36,900 | $ (20,196) | $ 16,704 |

The following is a summary of goodwill by business segment:

| | BancFirst Metropolitan Banks | BancFirst Community Banks | Pegasus | Worthington | Other Financial Services | Executive, Operations & Support | Consolidated |
|---|---|---|---|---|---|---|---|
| | (Dollars in thousands) | | | | | | |
| **Six months ended June 30, 2024** | | | | | | | |
| Balance at beginning and end of period | $ 13,767 | $ 61,420 | $ 68,855 | $ 32,133 | $ 5,464 | $ 624 | $ 182,263 |

Additional information for intangible assets can be found in Note (7) to the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

## (5) SUBORDINATED DEBT

In January 2004, the Company established BFC Capital Trust II ("BFC II"), a trust formed under the Delaware Business Trust Act. The Company owns all of the common securities of BFC II. In February 2004, BFC II issued $25 million of aggregate liquidation amount of 7.20% Cumulative Trust Preferred Securities (the "Cumulative Trust Preferred Securities") to other investors. In March 2004, BFC II issued an additional $1 million in Cumulative Trust Preferred Securities through the execution of an over-allotment option. The Cumulative Trust Preferred Securities qualify as Tier 1 capital under regulatory guidelines. The proceeds from the sale of the Cumulative Trust Preferred Securities and the common securities of BFC II were invested in $26.8 million of 7.20% Junior Subordinated Debentures of the Company. Interest payments on the $26.8 million of 7.20% Junior Subordinated Debentures are payable January 15, April 15, July 15 and October 15 of each year. Such interest payments may be deferred for up to twenty consecutive quarters. The stated maturity date of the $26.8 million of 7.20% Junior Subordinated Debentures is March 31, 2034, but they are subject to mandatory redemption pursuant to optional prepayment terms. The Cumulative Trust Preferred Securities represent an undivided interest in the $26.8 million of 7.20% Junior Subordinated Debentures and are guaranteed by the Company. During any deferral period or during any event of default, the Company may not declare or pay any dividends on any of its capital stock. The Cumulative Trust Preferred Securities have been callable at par, in whole or in part, since March 31, 2009.

On June 17, 2021, the Company completed a private placement, under Regulation D of the Securities Act of 1933, of $60 million aggregate principal amount of 3.50% Fixed-to-Floating Rate Subordinated Notes due 2036 (the "Subordinated Notes") to various institutional accredited investors. The sale of the Subordinated Notes was pursuant to a Subordinated Note Purchase Agreement entered into with each of the investors. The Subordinated Notes qualify as Tier 2 capital under regulatory guidelines. The net proceeds to the Company from the sale of the Subordinated Notes were approximately $59.15 million net of commissions and offering expenses. The Company used the proceeds from the sale of the Subordinated Notes for general corporate purposes. The Subordinated Notes initially bear interest at a fixed rate of 3.50% per annum, from and including June 17, 2021 to but excluding June 30, 2031, payable semi-annually in arrears on June 30 and December 31 of each year, commencing December 31, 2021. Then, from and including June 30, 2031, to but excluding the maturity date, the Subordinated Notes will bear interest at a floating rate equal to the benchmark (initially, three-month term SOFR), reset quarterly, plus a spread of 229 basis points, payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year. The Subordinated Notes mature on June 30, 2036.

The Company may, at its option, beginning with the interest payment date of June 30, 2031, and on any scheduled interest payment date thereafter, redeem the Subordinated Notes, in whole or in part. In addition, the Company may redeem all, but not less than all, of the Subordinated Notes at any time upon the occurrence of a “Tier 2 Capital Event,” a “Tax Event” or an “Investment Company Event” (each as defined in the Subordinated Notes). Any such redemption is subject to obtaining the prior approval of the Board of Governors of the Federal Reserve System (or its designee). The redemption price with respect to any such redemption will be equal to 100% of the principal amount of the Subordinated Note, or portion thereof, to be redeemed, plus accrued but unpaid interest, if any, thereon to, but excluding, the redemption date.

## (6) STOCK-BASED COMPENSATION

On May 25, 2023, the shareholders of the Company adopted the BancFirst Corporation 2023 Restricted Stock Unit Plan (the "RSU Plan"). The RSU Plan was effective as of June 1, 2023 and for a period of ten years thereafter. The RSU Plan will continue in effect after such ten-year period until all matters relating to the payment of awards and administration of the RSU Plan have been settled. At June 30, 2024 there were 462,175 shares available for future grants. The restricted stock units ("RSU's") vest beginning two years from the date of grant at the rate of 20% per year for five years. The RSUs are settled and distributed as of each vesting date. The fair value of each RSU granted is equal to the market price of the Company’s stock at the date of grant.

The following table is a summary of the activity under the Company's RSU plan.

| | Restricted Stock Units | Wgtd. Avg. Grant Date Fair Value |
|---|---|---|
| **Six Months Ended June 30, 2024** | | |
| Nonvested at December 31, 2023 | 32,075 | $ 87.23 |
| Granted | 7,250 | 88.57 |
| Forfeited | (1,500) | 83.61 |
| Nonvested at June 30, 2024 | 37,825 | 87.63 |

The Company has had the BancFirst Corporation Directors’ Deferred Stock Compensation Plan (the “Deferred Stock Compensation Plan”) since May 1999. As of June 30, 2024, there are 39,525 shares available for future issuance under the Deferred Stock Compensation Plan. The Deferred Stock Compensation Plan will terminate on December 31, 2030, if not extended. Under the plan, directors and members of the community advisory boards of the Company and its subsidiaries may defer up to 100% of their board fees. They are credited for each deferral with a number of stock units based on the current market price of the Company’s stock, which accumulate in an account until such time as the director or community board member terminates serving as a board member. Shares of common stock of the Company are then distributed to the terminating director or community board member based upon the number of stock units accumulated in his or her account. There were 5,022 and 17,797 shares of common stock distributed from the Deferred Stock Compensation Plan during the six months ended June 30, 2024 and 2023, respectively.

A summary of the accumulated stock units under the Deferred Stock Compensation Plan is as follows:

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| Accumulated stock units | 119,115 | 119,575 |
| Average price | $ 42.43 | $ 40.03 |

The Company terminated the BancFirst Corporation Stock Option Plan (the “Employee Plan”) on June 1, 2023. The remaining options will continue to vest and are exercisable beginning four years from the date of grant at the rate of 25% per year for four years, and expire no later than the end of fifteen years from the date of grant.

The Company terminated the BancFirst Corporation Non-Employee Directors’ Stock Option Plan (the “Non-Employee Directors’ Plan”) on June 1, 2023. The remaining options will continue to vest and are exercisable beginning one year from the date of grant at the rate of 25% per year for four years, and expire no later than the end of fifteen years from the date of grant.

The following table is a summary of the activity under both the Employee Plan and the Non-Employee Directors' Plan:

| | Options | Wgtd. Avg. Exercise Price | Wgtd. Avg. Remaining Contractual Term | Aggregate Intrinsic Value |
|---|---|---|---|---|
| | (Dollars in thousands, except option data) | | | |
| **Six Months Ended June 30, 2024** | | | | |
| Outstanding at December 31, 2023 | 1,241,391 | $ 53.12 | | |
| Options exercised | (84,084) | 28.80 | | |
| Options canceled, forfeited, or expired | (12,000) | 91.64 | | |
| Outstanding at June 30, 2024 | 1,145,307 | 54.50 | 9.57 Yrs. | $ 38,022 |
| Exercisable at June 30, 2024 | 502,932 | 37.51 | 6.64 Yrs. | $ 25,243 |

The following table has additional information regarding options exercised under both the Employee Plan and the Non-Employee Directors' Plan:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | (Dollars in thousands) | | | |
| Total intrinsic value of options exercised | $ 3,254 | $ 1,979 | $ 5,085 | $ 2,331 |
| Cash received from options exercised | 1,714 | 1,318 | 2,422 | 1,539 |
| Tax benefit realized from options exercised | 782 | 475 | 1,222 | 560 |

The Company currently uses newly issued shares for stock option exercises, but reserves the right to use shares purchased under the Company's Stock Repurchase Program (the "SRP") in the future.

Although not required or expected, the Company may settle some options or restricted stock units in cash on a limited basis at the discretion of the Company. The Company had no cash settlements during the six months ended June 30, 2024 or 2023.

Stock-based compensation expense is charged to salaries and benefits expense on the Consolidated Statements of Comprehensive Income.

The components of stock-based compensation expense for all share-based compensation plans and related tax benefits are as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | (Dollars in thousands) | | | |
| Stock-based compensation expense | $ 920 | $ 831 | $ 1,635 | $ 1,213 |
| Tax benefit | 221 | 200 | 393 | 292 |
| Stock-based compensation expense, net of tax | $ 699 | $ 631 | $ 1,242 | $ 921 |

The Company will continue to amortize the unearned stock-based compensation expense over the remaining weighted average vesting period of approximately five years for unvested stock options and six years for unvested RSUs. The following table shows the unearned stock-based compensation expense for unvested stock options and unvested RSUs:

| | June 30, 2024 |
|---|---|
| | (Dollars in thousands) |
| Unearned stock-based compensation expense for unvested stock options | $ 8,769 |
| Unearned stock-based compensation expense for unvested RSU's | 2,940 |

## (7) STOCKHOLDERS' EQUITY

The Company has adopted a Stock Repurchase Program (the "SRP"). The SRP may be used as a means to increase earnings per share and return on equity. In addition, the SRP may be used to purchase treasury stock for the exercise of stock options or for distributions under the Deferred Stock Compensation Plan, to provide liquidity for optionees to dispose of stock from exercises of their stock options and to provide liquidity for stockholders wishing to sell their stock. All shares repurchased under the SRP have been retired and not held as treasury stock. The timing, price and amount of stock repurchases under the SRP is determined by management and approved by the Company's Executive Committee.

The following table is a summary of the shares under the SRP:

| | June 30, 2024 |
|---|---|
| Shares remaining to be repurchased | 479,784 |

BancFirst Corporation, BancFirst, Pegasus and Worthington are subject to risk-based capital guidelines issued by the Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation ("FDIC"). These guidelines are used to evaluate capital adequacy and involve both quantitative and qualitative evaluations of assets, liabilities and certain off-balance-sheet items calculated under regulatory practices. Failure to meet the minimum capital requirements can initiate certain mandatory or discretionary actions by the regulatory agencies that could have a direct material effect on the Company's consolidated financial statements. The Company believes that as of June 30, 2024, BancFirst Corporation, BancFirst, Pegasus and Worthington each met all capital adequacy requirements to which they are subject. The actual and required capital amounts and ratios are shown in the following table:

| | Actual | | Required For Capital Adequacy Purposes | | With Capital Conservation Buffer | | To Be Well Capitalized Under Prompt Corrective Action Provisions | |
|---|---|---|---|---|---|---|---|---|
| | Amount | Ratio | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| | | | | (Dollars in thousands) | | | | |
| **As of June 30, 2024:** | | | | | | | | |
| Total Capital | | | | | | | | |
| (to Risk Weighted Assets)- | | | | | | | | |
| BancFirst Corporation | $1,548,490 | 17.22% | $ 719,342 | 8.00% | $944,136 | 10.50% | N/A | N/A |
| BancFirst | 1,224,212 | 16.09% | 608,791 | 8.00% | 799,039 | 10.50% | $760,989 | 10.00% |
| Pegasus | 143,683 | 15.85% | 72,538 | 8.00% | 95,206 | 10.50% | 90,672 | 10.00% |
| Worthington | 53,063 | 11.85% | 35,810 | 8.00% | 47,001 | 10.50% | 44,763 | 10.00% |
| Common Equity Tier 1 Capital | | | | | | | | |
| (to Risk Weighted Assets)- | | | | | | | | |
| BancFirst Corporation | $1,363,539 | 15.16% | $ 404,630 | 4.50% | $629,424 | 7.00% | N/A | N/A |
| BancFirst | 1,119,672 | 14.71% | 342,445 | 4.50% | 532,693 | 7.00% | $494,643 | 6.50% |
| Pegasus | 134,727 | 14.86% | 40,802 | 4.50% | 63,470 | 7.00% | 58,937 | 6.50% |
| Worthington | 48,955 | 10.94% | 20,143 | 4.50% | 31,334 | 7.00% | 29,096 | 6.50% |
| Tier 1 Capital | | | | | | | | |
| (to Risk Weighted Assets)- | | | | | | | | |
| BancFirst Corporation | $1,389,539 | 15.45% | $ 539,507 | 6.00% | $764,301 | 8.50% | N/A | N/A |
| BancFirst | 1,139,672 | 14.98% | 456,594 | 6.00% | 646,841 | 8.50% | $608,791 | 8.00% |
| Pegasus | 134,727 | 14.86% | 54,403 | 6.00% | 77,071 | 8.50% | 72,538 | 8.00% |
| Worthington | 48,955 | 10.94% | 26,858 | 6.00% | 38,048 | 8.50% | 35,810 | 8.00% |
| Tier 1 Capital | | | | | | | | |
| (to Quarterly Average Assets)- | | | | | | | | |
| BancFirst Corporation | $1,389,539 | 11.10% | $ 500,747 | 4.00% | N/A | N/A | N/A | N/A |
| BancFirst | 1,139,672 | 10.69% | 426,413 | 4.00% | N/A | N/A | $533,017 | 5.00% |
| Pegasus | 134,727 | 10.59% | 50,900 | 4.00% | N/A | N/A | 63,624 | 5.00% |
| Worthington | 48,955 | 8.44% | 23,207 | 4.00% | N/A | N/A | 29,008 | 5.00% |

As of June 30, 2024, BancFirst, Pegasus and Worthington were classified by the Federal Reserve as "well capitalized" under the prompt corrective action provisions. The Common Equity Tier 1 Capital of BancFirst Corporation, BancFirst, Pegasus and Worthington includes common stock and related paid-in capital and retained earnings. In connection with the adoption of the Basel III Capital Rules, the election was made to opt-out of the requirement to include most components of accumulated other comprehensive income in Common Equity Tier 1 Capital. Common Equity Tier 1 Capital for BancFirst Corporation, BancFirst, Pegasus and Worthington is reduced by goodwill and other intangible assets, net of associated deferred tax liabilities. The Company's trust preferred securities qualify as Tier 1 capital and its Subordinated Notes qualify as Tier 2 capital. The Company's Subordinated Notes have been structured to qualify as Tier 2 capital under bank regulatory guidelines. BancFirst, Pegasus and Worthington have had no events or conditions that management believes would materially change their category under capital requirements existing as of the report dates.

## (8) NET INCOME PER COMMON SHARE

Basic and diluted net income per common share are calculated as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | (Dollars in thousands, except per share data) | | | |
| **(Numerator)** | | | | |
| Income available to common stockholders | $ 50,641 | $ 55,010 | $ 100,975 | $ 112,543 |
| **(Denominator)** | | | | |
| Weighted average shares outstanding for basic earnings per common share | 33,001,180 | 32,920,497 | 32,974,582 | 32,906,753 |
| Dilutive effect of stock compensation | 523,881 | 546,757 | 545,665 | 559,178 |
| Weighted-average shares outstanding for diluted earnings per common share | 33,525,061 | 33,467,254 | 33,520,247 | 33,465,931 |
| Basic earnings per share | $ 1.53 | $ 1.67 | $ 3.06 | $ 3.42 |
| Diluted earnings per share | $ 1.51 | $ 1.64 | $ 3.01 | $ 3.36 |

The following table shows the number of options and RSU's that were excluded from the computation of diluted net income per common share for each period because they were anti-dilutive for the period:

| | Shares |
|---|---|
| Three Months Ended June 30, 2024 | 260,548 |
| Three Months Ended June 30, 2023 | 305,407 |
| Six Months Ended June 30, 2024 | 262,251 |
| Six Months Ended June 30, 2023 | 307,608 |

## (9) FAIR VALUE MEASUREMENTS

Accounting standards define fair value as the price that would be received to sell an asset or the price paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants on the measurement date.

FASB Accounting Standards Codification ("ASC") Topic 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation. This category includes certain collaterally dependent loans, repossessed assets, other real estate owned, goodwill and other intangible assets.

**Financial Assets and Financial Liabilities Measured at Fair Value on a Recurring Basis**

A description of the valuation methodologies and key inputs used to measure financial assets and financial liabilities at fair value on a recurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. These valuation methodologies were applied to the following categories of the Company's financial assets and financial liabilities.

**Debt Securities Available for Sale**

Debt securities classified as available for sale are reported at fair value. U.S. Treasuries are valued using Level 1 inputs. Other debt securities available for sale including U.S. federal agencies, registered mortgage backed debt securities and state and political subdivisions are valued using prices from an independent pricing service utilizing Level 2 data. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and a bond's terms and conditions, among other things. The Company also invests in private label mortgage backed debt securities for which observable information is not readily available. These debt securities are reported at fair value utilizing Level 3 inputs. For these debt securities, management determines the fair value based on replacement cost, the income approach or information provided by outside consultants or lead investors. Discount rates are primarily based on reference to interest rate spreads on comparable debt securities of similar duration and credit rating as determined by the nationally recognized rating agencies adjusted for a lack of trading volume. Significant unobservable inputs are developed by investment securities professionals involved in the active trading of similar debt securities.

The Company reviews the prices for Level 1 and Level 2 debt securities supplied by the independent pricing service for reasonableness and to ensure such prices are aligned with traditional pricing matrices. In general, the Company does not purchase investment portfolio debt securities that are esoteric or that have complicated structures. The Company's portfolio primarily consists of traditional investments including U.S. Treasury obligations, federal agency mortgage pass-through debt securities, general obligation municipal bonds and municipal revenue bonds. Pricing for such instruments is easily obtained. For in-state bond issues that have relatively low issue sizes and liquidity, the Company utilizes the same parameters for pricing mentioned in the preceding paragraph adjusted for the specific issue. Periodically, the Company will validate prices supplied by the independent pricing service by comparison to prices obtained from third party sources.

**Derivatives**

Derivatives are reported at fair value utilizing Level 2 inputs. The Company obtains dealer and market quotations to value its oil and gas swaps and options. The Company utilizes dealer quotes and observable market data inputs to substantiate internal valuation models.

The following table summarizes financial assets and financial liabilities measured at fair value on a recurring basis as of the periods presented, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

| | Level 1 Inputs | Level 2 Inputs | Level 3 Inputs | Total Fair Value |
|---|---|---|---|---|
| | | (Dollars in thousands) | | |
| **June 30, 2024** | | | | |
| Debt securities available for sale: | | | | |
| U.S. Treasury | $ 1,390,782 | $ — | $ — | $ 1,390,782 |
| U.S. federal agencies | — | 9,683 | — | 9,683 |
| Mortgage-backed securities | — | 13,908 | — | 13,908 |
| States and political subdivisions | — | 9,801 | 150 | 9,951 |
| Asset backed securities | — | 9,381 | — | 9,381 |
| Other debt securities | — | 6,822 | — | 6,822 |
| Derivative assets | — | 15,239 | — | 15,239 |
| Derivative liabilities | — | 13,420 | — | 13,420 |
| | | | | |
| **December 31, 2023** | | | | |
| Debt securities available for sale: | | | | |
| U.S. Treasury | $ 1,498,045 | $ — | $ — | $ 1,498,045 |
| U.S. federal agencies | — | 11,770 | — | 11,770 |
| Mortgage-backed securities | — | 14,795 | — | 14,795 |
| States and political subdivisions | — | 9,830 | 180 | 10,010 |
| Asset backed securities | — | 12,512 | — | 12,512 |
| Other debt securities | | 6,773 | | 6,773 |
| Derivative assets | — | 41,099 | — | 41,099 |
| Derivative liabilities | — | 39,176 | — | 39,176 |

The changes in Level 3 assets measured at estimated fair value on a recurring basis during the periods presented were as follows:

| | Six Months Ended June 30, 2024 | Twelve Months Ended December 31, 2023 |
|---|---|---|
| | (Dollars in thousands) | |
| Balance at the beginning of the year | $ 180 | $ 454 |
| Transfers to level 2 | — | (244) |
| Settlements | (30) | (30) |
| Balance at the end of the period | $ 150 | $ 180 |

The Company's policy is to recognize transfers in and transfers out of Levels 1, 2 and 3 as of the end of the reporting period. During the six months ended June 30, 2024, the Company did not transfer any debt securities. During the year ended December 31, 2023, the Company transferred debt securities from Level 3 to Level 2 due to a review of the pricing models that determined some state and political subdivision securities to be Level 2.

**Financial Assets and Financial Liabilities Measured at Fair Value on a Nonrecurring Basis**

Certain financial assets and financial liabilities are measured at fair value on a nonrecurring basis; the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). These financial assets and financial liabilities are reported at fair value utilizing Level 3 inputs.

The Company invests in equity securities without readily determinable fair values and utilizes Level 3 inputs. These equity securities are reported at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The realized and unrealized gains and losses are reported as securities transactions in the noninterest income section of the consolidated statements of comprehensive income.

Collateral dependent loans are reported at the fair value of the underlying collateral if repayment is dependent on liquidation of the collateral. When the Company determines that foreclosure is probable or when the borrower is experiencing financial difficulty at the reporting date and repayment is expected to be provided substantially through the operation or sale of the collateral, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate. In no case does the fair value of a collateral dependent loan exceed the fair value of the underlying collateral. The collateral dependent loans are adjusted to fair value through a specific allocation of the allowance for credit losses or a direct charge-down of the loan.

Repossessed assets, upon initial recognition, are measured and adjusted to fair value through a charge-off to the allowance for possible credit losses based upon the fair value of the repossessed asset.

Other real estate owned is revalued at fair value subsequent to initial recognition, with any losses recognized in net expense from other real estate owned.

The following table summarizes assets measured at fair value on a nonrecurring basis during the period presented. These nonrecurring fair values do not represent all assets, only those assets that have been adjusted during the reporting period:

| | Total Fair Value Level 3 |
|---|---|
| | (Dollars in thousands) |
| **As of and for the Year-to-date Period Ended June 30, 2024** | |
| Equity securities | $ 13,331 |
| Collateral dependent loans | 230 |
| Repossessed assets | 657 |
| Other real estate owned | 6,838 |
| **As of and for the Year-to-date Period Ended December 31, 2023** | |
| Equity securities | $ 13,144 |
| Collateral dependent loans | 1,894 |
| Repossessed assets | 474 |
| Other real estate owned | 31,773 |

**Estimated Fair Value of Financial Instruments**

The Company is required under current authoritative accounting guidance to disclose the estimated fair value of their financial instruments that are not recorded at fair value. For the Company, as for most financial institutions, substantially all of its assets and liabilities are considered financial instruments. A financial instrument is defined as cash, evidence of an ownership interest in an entity or a contract that creates a contractual obligation or right to deliver or receive cash or another financial instrument from a second entity. The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

**Cash and Cash Equivalents Include: Cash and Due from Banks and Interest-Bearing Deposits with Banks**

The carrying amount of these short-term instruments is based on a reasonable estimate of fair value.

**Federal Funds Sold**

The carrying amount of these short-term instruments is a reasonable estimate of fair value.

**Debt Securities Held for Investment**

For debt securities held for investment, which are generally traded in secondary markets, fair values are based on quoted market prices or dealer quotes, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar debt securities making adjustments for credit or liquidity if applicable.

**Loans Held For Sale**

The Company originates mortgage loans to be sold. At the time of origination, the acquiring bank has already been determined and the terms of the loan, including interest rate, have already been set by the acquiring bank, allowing the Company to originate the loan at fair value. Mortgage loans are generally sold within 30 days of origination. Loans held for sale are valued using Level 2 inputs. Gains or losses recognized upon the sale of the loans are determined on a specific identification basis.

**Loans Held For Investment**

To determine the fair value of loans held for investment, the Company uses an exit price calculation, which takes into account factors such as liquidity, credit and the nonperformance risk of loans. For certain homogeneous categories of loans, such as some residential mortgages, fair values are estimated using the quoted market prices for securities backed by similar loans, adjusted for differences in loan characteristics. The fair values of other types of loans are estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

**Deposits**

The fair values of transaction and savings accounts are the amounts payable on demand at the reporting date. The fair values of fixed-maturity certificates of deposit are estimated using the rates currently offered for deposits of similar remaining maturities.

**Short-Term Borrowings**

The amounts payable on these short-term instruments are reasonable estimates of fair value.

**Subordinated Debt**

The fair values of subordinated debt are estimated using the rates that would be charged for subordinated debt of similar remaining maturities.

**Loan Commitments and Letters of Credit**

The fair values of commitments are estimated using the fees currently charged to enter into similar agreements, taking into account the terms of the agreements. The fair values of letters of credit are based on fees currently charged for similar agreements.

The estimated fair values of the Company's financial instruments that are reported at amortized cost in the Company's consolidated balance sheets, segregated by the level of valuation inputs within the fair value hierarchy utilized to measure fair value, are as follows:

| | June 30, 2024 | | December 31, 2023 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| | (Dollars in thousands) | | | |
| **FINANCIAL ASSETS** | | | | |
| Level 2 inputs: | | | | |
| Cash and cash equivalents | $ 2,493,292 | $ 2,493,292 | $ 2,397,463 | $ 2,397,463 |
| Federal funds sold | 1,102 | 1,102 | $ 1,316 | 1,316 |
| Debt securities held for investment | 3 | 3 | 5 | 5 |
| Loans held for sale | 7,408 | 7,408 | 3,489 | 3,489 |
| Level 3 inputs: | | | | |
| Debt securities held for investment | 835 | 835 | 1,185 | 1,185 |
| Loans, net of allowance for credit losses | 7,947,822 | 8,692,589 | 7,559,845 | 7,356,768 |
| **FINANCIAL LIABILITIES** | | | | |
| Level 2 inputs: | | | | |
| Deposits | 11,015,602 | 10,511,836 | 10,700,122 | 10,413,348 |
| Short-term borrowings | 4,264 | 4,264 | 3,351 | 3,351 |
| Subordinated debt | 86,129 | 77,459 | 86,101 | 79,271 |
| **OFF-BALANCE-SHEET FINANCIAL INSTRUMENTS** | | | | |
| Loan commitments | | 4,510 | | 4,875 |
| Letters of credit | | 671 | | 637 |

**Non-financial Assets and Non-financial Liabilities Measured at Fair Value**

The Company has no non-financial assets or non-financial liabilities measured at fair value on a recurring basis. In addition, the Company has no non-financial liabilities measured at fair value on a nonrecurring basis. Non-financial assets measured at fair value on a nonrecurring basis include intangible assets. The intangible assets are evaluated at least annually for impairment. The overall levels of non-financial assets measured at fair value on a nonrecurring basis were not considered to be significant to the Company at June 30, 2024 or December 31, 2023.

## (10) DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into oil and gas swaps and options contracts to accommodate the business needs of its customers. Upon the origination of an oil or gas swap or option contract with a customer, to mitigate the exposure to fluctuations in oil and gas prices, the Company simultaneously enters into an offsetting contract with a counterparty. These derivatives are not designated as hedged instruments and are recorded on the Company's consolidated balance sheet at fair value and are included in other assets. The Company's derivative financial instruments require a daily margin to be posted, which fluctuates with oil and gas prices. At June 30, 2024, the Company had a margin asset included in other assets in the amount of $7.2 million. At December 31, 2023, the Company had a margin liability in other liabilities in the amount of $15.5 million.

The Company utilizes dealer quotations and observable market data inputs to substantiate internal valuation models. The notional amounts and estimated fair values of oil and gas derivative positions outstanding are presented in the following table:

| | | June 30, 2024 | | December 31, 2023 | |
|---|---|---|---|---|---|
| **Oil and Natural Gas Swaps and Options** | **Notional Units** | **Notional Amount** | **Estimated Fair Value** | **Notional Amount** | **Estimated Fair Value** |
| | | (Notional amounts and dollars in thousands) | | | |
| **Oil** | | | | | |
| Derivative assets | Barrels | 3,866 | $ 4,033 | 3,896 | $ 20,567 |
| Derivative liabilities | Barrels | (3,866) | (3,097) | (3,896) | (19,512) |
| **Gas/Natural Gas Liquids** | | | | | |
| Derivative assets | MMBTUs/Gallons | 39,502 | 11,206 | 46,140 | 20,532 |
| Derivative liabilities | MMBTUs/Gallons | (39,502) | (10,323) | (46,140) | (19,664) |
| **Total Fair Value** | **Included in** | | | | |
| Derivative assets | Other assets | | 15,239 | | 41,099 |
| Derivative liabilities | Other liabilities | | (13,420) | | (39,176) |

The following table is a summary of the Company's recognized income related to the activity, which was included in other noninterest income:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | (Dollars in thousands) | | (Dollars in thousands) | |
| Derivative income | $ 94 | $ 260 | $ 197 | $ 349 |

The Company's credit exposure on oil and gas swaps and options varies based on the current market prices of oil and natural gas. Other than credit risk, changes in the fair value of customer positions will be offset by equal and opposite changes in the counterparty positions. The net positive fair value of the contracts represents the profit derived from the activity and is unaffected by the market price movements. The Company's share of total profit is approximately 35%.

Customer credit exposure is managed by strict position limits and is primarily offset by first liens on production while the remainder is offset by cash. Counterparty credit exposure is managed by selecting highly rated counterparties (rated A- or better by Standard and Poor's) and monitoring market information.

The following table is a summary of the Company's net credit exposure relating to oil and gas swaps and options with bank counterparties:

| | June 30, 2024 | December 31, 2023 |
|---|---|---|
| | (Dollars in thousands) | |
| Credit exposure | $ 7,134 | $ 39,527 |

**Balance Sheet Offsetting**

Derivatives may be eligible for offset in the consolidated balance sheet and/or subject to master netting arrangements. The Company's derivative transactions with upstream financial institution counterparties and bank customers are generally executed under International Swaps and Derivative Association ("ISDA") master agreements, which include "right of set-off" provisions. In such cases there is generally a legally enforceable right to offset recognized amounts and there may be an intention to settle such amounts on a net basis. Nonetheless, the Company does not generally offset such financial instruments for financial reporting purposes.

## (11) SEGMENT INFORMATION

The Company evaluates its performance with an internal profitability measurement system that measures the profitability of its business units on a pre-tax basis. The six principal business units are BancFirst metropolitan banks, BancFirst community banks, Pegasus, Worthington, other financial services and executive, operations and support. BancFirst metropolitan banks, BancFirst community banks, Pegasus and Worthington offer traditional banking products such as commercial and retail lending and a full line of deposit accounts. BancFirst metropolitan banks consist of banking locations in the metropolitan Oklahoma City and Tulsa areas. BancFirst community banks consist of banking locations in communities in Oklahoma outside the Oklahoma City and Tulsa metropolitan areas. Pegasus consists of banking locations in the Dallas metropolitan area. Worthington consists of banking locations in the Arlington, Fort Worth and Denton Texas. Other financial services are specialty product business units including guaranteed small business lending, residential mortgage lending, trust services, securities brokerage, electronic banking and insurance. The executive, operations and support groups represent executive management, operational support and corporate functions that are not allocated to the other business units.

The results of operations and selected financial information for the six business units are as follows:

| | BancFirst Metropolitan Banks | BancFirst Community Banks | Pegasus | Worthington | Other Financial Services | Executive, Operations & Support | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|
| | | | | (Dollars in thousands) | | | | |
| **Three Months Ended June 30, 2024** | | | | | | | | |
| Net interest income | $ 29,139 | $ 61,710 | $ 11,363 | $ 4,462 | $ 1,103 | $ 2,119 | $ — | $ 109,896 |
| Noninterest income | 5,562 | 16,886 | 339 | 250 | 13,513 | 58,064 | (50,670) | 43,944 |
| Income before taxes | 21,209 | 42,267 | 6,112 | 744 | 4,139 | 41,225 | (50,530) | 65,166 |
| **Three Months Ended June 30, 2023** | | | | | | | | |
| Net interest income | $ 29,269 | $ 57,617 | $ 13,509 | $ 4,123 | $ 1,058 | $ 350 | $ — | $ 105,926 |
| Noninterest income | 7,090 | 19,986 | 467 | 255 | 12,350 | 63,688 | (55,862) | 47,974 |
| Income before taxes | 21,588 | 43,184 | 9,857 | 791 | 4,298 | 45,925 | (55,677) | 69,966 |
| **Six Months Ended June 30, 2024** | | | | | | | | |
| Net interest income | $ 57,332 | $ 121,721 | $ 22,230 | $ 8,851 | $ 2,122 | $ 3,744 | $ — | $ 216,000 |
| Noninterest income | 10,731 | 32,804 | 659 | 471 | 28,676 | 116,492 | (100,989) | 88,844 |
| Income before taxes | 43,540 | 81,059 | 9,257 | 1,413 | 10,474 | 84,296 | (100,663) | 129,376 |
| **Six Months Ended June 30, 2023** | | | | | | | | |
| Net interest income | $ 60,008 | $ 115,302 | $ 28,660 | $ 8,747 | $ 2,000 | $ 365 | $ — | $ 215,082 |
| Noninterest income | 13,177 | 39,518 | 681 | 534 | 26,522 | 129,831 | (114,461) | 95,802 |
| Income before taxes | 44,898 | 86,783 | 19,501 | 2,421 | 10,462 | 94,342 | (114,096) | 144,311 |
| **Total Assets:** | | | | | | | | |
| June 30, 2024 | $ 3,365,250 | $ 7,489,606 | $ 1,360,612 | $ 622,902 | $ 121,308 | $ 1,392,169 | $ (1,614,529) | $ 12,737,318 |
| December 31, 2023 | 3,598,888 | 7,012,905 | 1,280,618 | 600,364 | 121,601 | 1,307,714 | (1,550,048) | 12,372,042 |

The financial information for each business unit is presented on the basis used internally by management to evaluate performance and allocate resources. The Company utilizes a transfer pricing system to allocate the benefit or cost of funds provided or used by the various business units. Certain services provided by the support group to other business units, such as item processing, are allocated at rates approximating the cost of providing the services. Eliminations are adjustments to consolidate the business units and companies.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

*The following discussion and analysis of our financial condition as of June 30, 2024 and December 31, 2023 and results of operations for the three and six months ended June 30, 2024 should be read in conjunction with our consolidated financial statements and notes to the consolidated financial statements for the year ended December 31, 2023, and the other information included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. Certain risks, uncertainties and other factors, including those set forth under "Risk Factors" in Part I, Item 1A of the 2023 Form 10-K, and "Item 1A, Risk Factors" in this Quarterly Report on Form 10-Q, may cause actual results to differ materially from the results discussed in the forward-looking statements appearing in this discussion and analysis.*

**FORWARD LOOKING STATEMENTS**

The Company may make forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 with respect to earnings, credit quality, corporate objectives, interest rates and other financial and business matters. Forward-looking statements include estimates and give management's current expectations or forecasts of future events. The Company cautions readers that these forward-looking statements are subject to numerous assumptions, risks and uncertainties, including economic conditions; the performance of financial markets and interest rates; legislative and regulatory actions and reforms; competition; as well as other factors, all of which change over time. Examples of forward-looking statements include, but are not limited to: (i) projections of revenues, expenses, income or loss, earnings or loss per share, the payment or nonpayment of dividends, capital structure and other financial items; (ii) statements of plans, objectives and expectations, including those relating to products or services; (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements. Words such as "believes", "anticipates", "expects", "intends", "targeted", "continue", "remain", "will", "should", "may" and other similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those in such statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

- Potential impacts of the adverse developments in the banking industry driven by high-profile bank failures, including impacts on customer confidence, demand deposit outflows and the regulatory response thereto.
- Deterioration in the market for commercial office property could have an adverse effect on the value of the Company's other real estate owned as well as commercial office collateral for the Company's commercial real estate loans.
- Political pressures could further limit our ability to charge NSF and overdraft fees.
- A continuing shift in deposit mix could negatively impact net interest margin.
- Changes in interest rates.
- The increased time, effort and noninterest expense related to ongoing and increased regulations from the Federal Reserve, the Consumer Financial Protection Bureau and the Securities and Exchange Commission, including requirements related to environmental, social and governance issues and climate disclosures.
- Local, regional, national and international economic conditions and the impact they may have on the Company and its customers.
- Changes in the mix of loan geographies, sectors and types or the level of non-performing assets and charge-offs.
- Inflation, including wage inflation, energy prices, securities markets and monetary fluctuations.
- Impairment of the Company's goodwill or other intangible assets.
- Changes in consumer spending, borrowing and savings habits.
- Changes in the financial performance and/or condition of the Company's borrowers, including the impact of rising interest rates.
- Technological changes.
- Cyber threats.
- The effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board and other accounting standard setters.

- The Company's success at managing the risks involved in the foregoing items.

Actual results may differ materially from forward-looking statements.

**SUMMARY**

The Company's net income for the second quarter of 2024 was $50.6 million, compared to $55.0 million for the second quarter of 2023. Diluted net income per common share was $1.51 and $1.64 for the second quarter of 2024 and 2023, respectively.

The Company's net interest income for the second quarter of 2024 increased to $109.9 million from $105.9 million for the second quarter of 2023. Higher loan volume was the primary driver of the change in net interest income, which was partially offset by the impact of the shifting mix between interest-bearing and noninterest-bearing deposits. Net interest margin for the second quarter of 2024 was 3.76% compared to 3.87% for the second quarter of 2023. For the second quarter of 2024, the Company recorded a provision for credit losses of $3.4 million compared to $2.8 million for the second quarter of 2023.

Noninterest income for the second quarter of 2024 totaled $43.9 million compared to $48.0 million for the second quarter of 2023. The decrease in noninterest income was primarily due to an approximate $5.7 million reduction of interchange fees related to the impact of the Durbin Amendment. Trust revenue, treasury income, sweep fees and insurance commissions each increased when compared to second quarter last year.

Noninterest expense for the second quarter of 2024 increased to $85.3 million compared to $81.1 million for the second quarter of 2023. The increase in noninterest expense was primarily related to growth in salaries and employee benefits of $2.1 million.

The Company's effective tax rate was 22.3% for the second quarter of 2024 compared to 21.4% for the second quarter of 2023.

At June 30, 2024, the Company's total assets were $12.7 billion, an increase of $365.3 million from December 31, 2023. Loans grew $394.7 million from December 31, 2023, totaling $8.1 billion at June 30, 2024. Deposits totaled $11.0 billion, an increase of $315.5 million from December 31, 2023. Off-balance-sheet sweep accounts totaled $4.5 billion at June 30, 2024, up $153.9 million from December 31, 2023. The Company's total stockholders' equity at June 30, 2024 was $1.5 billion, an increase of $78.6 million over December 31, 2023.

The Company's nonaccrual loans totaled $44.0 million, representing 0.55% of total loans at June 30, 2024 compared to 0.32% at year-end 2023. The allowance for credit losses to total loans was 1.24% at June 30, 2024, compared to 1.26% at the end of 2023. Net charge-offs were $1.0 million for the second quarter of 2024 compared to $664,000 for the second quarter of 2023.

**FUTURE APPLICATION OF ACCOUNTING STANDARDS**

See Note (1) of the Notes to the Consolidated Financial Statements for disclosures regarding recently issued accounting pronouncements since December 31, 2023, the date of its most recent annual report to stockholders.

**SEGMENT INFORMATION**

See Note (11) of the Notes to the Consolidated Financial Statements for disclosures regarding business segments.

## RESULTS OF OPERATIONS

### *Average Balances, Income, Expenses and Rates*

The following table presents certain information related to the Company's consolidated average balance sheet, average yields on assets and average costs of liabilities. Such yields are derived by dividing income or expense by the average balance of the corresponding assets or liabilities. For these computations: (i) average balances are derived from daily averages, (ii) information is shown on a taxable-equivalent basis assuming a 21% tax rate, and (iii) nonaccrual loans are included in the average loan balances and any interest on such nonaccrual loans is recognized on a cash basis. Loan fees included in interest income were $5.5 million for the three months ended June 30, 2024 compared to $5.7 million for the three months ended June 30, 2023. Loan fees included in interest income were $10.9 million for the six months ended June 30, 2024 compared to $11.3 million for the six months ended June 30, 2023.

**BANCFIRST CORPORATION**
**CONSOLIDATED AVERAGE BALANCE SHEETS AND INTEREST MARGIN ANALYSIS**
**(Unaudited)**
**Taxable Equivalent Basis**
**(Dollars in thousands)**

| | Three Months Ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | | 2023 | | |
| | Average Balance | Interest Income/ Expense | Average Yield/ Rate | Average Balance | Interest Income/ Expense | Average Yield/ Rate |
| **ASSETS** | | | | | | |
| Earning assets: | | | | | | |
| Loans (1) | $ 7,912,469 | $137,846 | 6.99% | $ 7,247,283 | $114,708 | 6.35% |
| Securities – taxable | 1,488,850 | 8,932 | 2.41 | 1,604,422 | 9,408 | 2.35 |
| Securities – tax exempt | 2,408 | 23 | 3.79 | 3,251 | 29 | 3.59 |
| Federal funds sold and interest-bearing deposits with banks | 2,322,951 | 31,805 | 5.49 | 2,131,325 | 26,775 | 5.04 |
| Total earning assets | 11,726,678 | 178,606 | 6.11 | 10,986,281 | 150,920 | 5.51 |
| Nonearning assets: | | | | | | |
| Cash and due from banks | 203,664 | | | 200,165 | | |
| Interest receivable and other assets | 808,283 | | | 820,731 | | |
| Allowance for credit losses | (97,935) | | | (95,887) | | |
| Total nonearning assets | 914,012 | | | 925,009 | | |
| Total assets | $12,640,690 | | | $11,911,290 | | |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | | | |
| Interest-bearing liabilities: | | | | | | |
| Money market and interest-bearing checking deposits | $ 4,920,793 | $ 45,296 | 3.69% | $ 4,207,288 | $ 32,673 | 3.11% |
| Savings deposits | 1,076,338 | 9,222 | 3.44 | 1,092,840 | 6,631 | 2.43 |
| Time deposits | 1,134,460 | 12,961 | 4.58 | 747,101 | 4,428 | 2.38 |
| Short-term borrowings | 4,593 | 59 | 5.14 | 10,211 | 129 | 5.04 |
| Subordinated debt | 86,120 | 1,031 | 4.80 | 86,063 | 1,031 | 4.81 |
| Total interest-bearing liabilities | 7,222,304 | 68,569 | 3.81 | 6,143,503 | 44,892 | 2.93 |
| Interest-free funds: | | | | | | |
| Noninterest-bearing deposits | 3,819,196 | | | 4,328,005 | | |
| Interest payable and other liabilities | 119,175 | | | 109,732 | | |
| Stockholders' equity | 1,480,015 | | | 1,330,050 | | |
| Total interest free funds | 5,418,386 | | | 5,767,787 | | |
| Total liabilities and stockholders' equity | $12,640,690 | | | $11,911,290 | | |
| Net interest income | | $110,037 | | | $106,028 | |
| Net interest spread | | | 2.30% | | | 2.58% |
| Effect of interest free funds | | | 1.46% | | | 1.29% |
| Net interest margin | | | 3.76% | | | 3.87% |

**BANCFIRST CORPORATION**
**CONSOLIDATED AVERAGE BALANCE SHEETS AND INTEREST MARGIN ANALYSIS**
**(Unaudited)**
**Taxable Equivalent Basis**
**(Dollars in thousands)**

| | Six Months Ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | | 2023 | | |
| | Average Balance | Interest Income/ Expense | Average Yield/ Rate | Average Balance | Interest Income/ Expense | Average Yield/ Rate |
| **ASSETS** | | | | | | |
| Earning assets: | | | | | | |
| Loans (1) | $ 7,821,611 | $270,095 | 6.93% | $ 7,127,174 | $219,189 | 6.20% |
| Debt securities – taxable | 1,523,328 | 18,113 | 2.38 | 1,588,439 | 18,399 | 2.34 |
| Debt securities – tax exempt | 2,525 | 48 | 3.77 | 3,366 | 38 | 2.29 |
| Federal funds sold and interest-bearing deposits with banks | 2,267,869 | 62,121 | 5.49 | 2,463,587 | 58,827 | 4.82 |
| Total earning assets | 11,615,333 | 350,377 | 6.05 | 11,182,566 | 296,453 | 5.35 |
| Nonearning assets: | | | | | | |
| Cash and due from banks | 202,982 | | | 209,115 | | |
| Interest receivable and other assets | 806,429 | | | 808,094 | | |
| Allowance for credit losses | (97,498) | | | (94,609) | | |
| Total nonearning assets | 911,913 | | | 922,600 | | |
| Total assets | $12,527,246 | | | $12,105,166 | | |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | | | |
| Interest-bearing liabilities: | | | | | | |
| Money market and interest-bearing checking deposits | $ 4,867,783 | $ 89,513 | 3.69% | $ 4,211,766 | $ 59,540 | 2.85% |
| Savings deposits | 1,066,532 | 18,225 | 3.43 | 1,113,821 | 11,887 | 2.15 |
| Time deposits | 1,080,750 | 24,154 | 4.48 | 726,558 | 7,482 | 2.08 |
| Short-term borrowings | 6,306 | 155 | 4.92 | 8,537 | 212 | 5.00 |
| Subordinated debt | 86,113 | 2,061 | 4.80 | 86,056 | 2,061 | 4.83 |
| Total interest-bearing liabilities | 7,107,484 | 134,108 | 3.78 | 6,146,738 | 81,182 | 2.66 |
| Interest-free funds: | | | | | | |
| Noninterest-bearing deposits | 3,831,283 | | | 4,561,214 | | |
| Interest payable and other liabilities | 125,536 | | | 94,817 | | |
| Stockholders' equity | 1,462,943 | | | 1,302,397 | | |
| Total interest free funds | 5,419,762 | | | 5,958,428 | | |
| Total liabilities and stockholders' equity | $12,527,246 | | | $12,105,166 | | |
| Net interest income | | $216,269 | | | $215,271 | |
| Net interest spread | | | 2.27% | | | 2.69% |
| Effect of interest free funds | | | 1.46% | | | 1.19% |
| Net interest margin | | | 3.73% | | | 3.88% |

Selected income statement data and other selected data for the comparable periods were as follows:

**BANCFIRST CORPORATION**
**SELECTED CONSOLIDATED FINANCIAL DATA**
**(Unaudited)**
**(Dollars in thousands, except per share data)**

| | Three Months Ended June 30, 2024 | Three Months Ended June 30, 2023 | Six Months Ended June 30, 2024 | Six Months Ended June 30, 2023 |
|---|---|---|---|---|
| **Income Statement Data** | | | | |
| Net interest income | $ 109,896 | $ 105,926 | $ 216,000 | $ 215,082 |
| Provision for credit losses | 3,358 | 2,824 | 7,373 | 5,146 |
| Securities transactions | 317 | 110 | 50 | (103) |
| Total noninterest income | 43,944 | 47,974 | 88,844 | 95,802 |
| Salaries and employee benefits | 51,928 | 49,803 | 103,456 | 99,055 |
| Total noninterest expense | 85,316 | 81,110 | 168,095 | 161,427 |
| Net income | 50,641 | 55,010 | 100,975 | 112,543 |
| **Per Common Share Data** | | | | |
| Net income – basic | $ 1.53 | $ 1.67 | $ 3.06 | $ 3.42 |
| Net income – diluted | 1.51 | 1.64 | 3.01 | 3.36 |
| Cash dividends | 0.43 | 0.40 | 0.86 | 0.80 |
| **Performance Data** | | | | |
| Return on average assets | 1.61% | 1.85% | 1.62% | 1.87% |
| Return on average stockholders’ equity | 13.72 | 16.59 | 13.84 | 17.43 |
| Cash dividend payout ratio | 28.10 | 23.95 | 28.10 | 23.39 |
| Net interest spread | 2.30 | 2.58 | 2.27 | 2.69 |
| Net interest margin | 3.76 | 3.87 | 3.73 | 3.88 |
| Efficiency ratio | 55.46 | 52.70 | 55.14 | 51.93 |
| Net charge-offs to average loans | 0.01 | 0.01 | 0.06 | 0.01 |

### Net Interest Income

For the three months ended June 30, 2024, net interest income, which is the Company’s principal source of operating revenue, increased $4.0 million or 3.7% compared to the three months ended June 30, 2023. Higher loan volume was the primary driver of the change in net interest income, which was partially offset by the impact of the shifting mix between interest-bearing and noninterest-bearing deposits. Net interest margin is the ratio of taxable-equivalent net interest income to average earning assets for the period. The Company’s net interest margin for the second quarter of 2024 decreased compared to the second quarter of 2023.

Net interest income for the six months ended June 30, 2024 increased $918,000 or 0.4% compared to the six months ended June 30, 2023. Higher loan volume was the primary driver to the increase. The Company’s net interest margin for the six months ended June 30, 2024 decreased compared to the six months ended June 30, 2023.

Changes in the volume of earning assets and interest-bearing liabilities and changes in interest rates, determine the changes in net interest income. The following volume/rate analysis summarizes the relative contribution of each of these components to the changes in net interest income.

**VOLUME/RATE ANALYSIS**
**Taxable Equivalent Basis**

The following table presents the change in net interest income for the three months ended June 30, 2024 compared to the three months ended June 30, 2023.

| | Total | Due to Volume(1) | Due to Rate |
|---|---|---|---|
| | | (Dollars in thousands) | |
| **INCREASE (DECREASE)** | | | |
| **Interest Income:** | | | |
| Loans | $ 23,138 | $ 10,679 | $ 12,459 |
| Securities—taxable | (476) | (646) | 170 |
| Securities—tax exempt | (6) | (7) | 1 |
| Federal funds sold and interest-bearing deposits with banks | 5,030 | 2,935 | 2,095 |
| Total interest income | 27,686 | 12,961 | 14,725 |
| **Interest Expense:** | | | |
| Money market and interest-bearing checking deposits | 12,623 | 6,439 | 6,184 |
| Savings deposits | 2,591 | (102) | 2,693 |
| Time deposits | 8,533 | 3,055 | 5,478 |
| Short-term borrowings | (70) | (81) | 11 |
| Subordinated debt | — | 1 | (1) |
| Total interest expense | 23,677 | 9,312 | 14,365 |
| Net interest income | $ 4,009 | $ 3,649 | $ 360 |

(1) The effects of changes in the mix of earning assets and interest-bearing liabilities have been combined with the changes due to volume.

The following table presents the change in net interest income for the six months ended June 30, 2024 compared to the six months ended June 30, 2023.

| | Total | Due to Volume(1) | Due to Rate |
|---|---|---|---|
| | | (Dollars in thousands) | |
| **INCREASE (DECREASE)** | | | |
| **Interest Income:** | | | |
| Loans | $ 50,906 | $ 22,966 | $ 27,940 |
| Securities—taxable | (286) | (611) | 325 |
| Securities—tax exempt | 10 | (9) | 19 |
| Federal funds sold and interest-bearing deposits with banks | 3,294 | (3,946) | 7,240 |
| Total interest income | 53,924 | 18,400 | 35,524 |
| **Interest Expense:** | | | |
| Money market and interest-bearing checking deposits | 29,973 | 11,895 | 18,078 |
| Savings deposits | 6,338 | (441) | 6,779 |
| Time deposits | 16,672 | 4,535 | 12,137 |
| Short-term borrowings | (57) | (73) | 16 |
| Subordinated debt | — | 12 | (12) |
| Total interest expense | 52,926 | 15,928 | 36,998 |
| Net interest income | $ 998 | $ 2,472 | $ (1,474) |

(1) The effects of changes in the mix of earning assets and interest-bearing liabilities have been combined with the changes due to volume.

**Provision for Credit Losses**

The Company establishes an allowance as an estimate of the expected credit losses in the loan portfolio at the balance sheet date. Management believes the allowance for credit losses is appropriate based upon management's best estimate of expected losses within the existing loan portfolio. Should any of the factors considered by management in evaluating the appropriate level of the allowance for credit losses change, the Company's estimate of expected credit losses could also change which could affect the amount of future provisions for credit losses.

The increased provision for credit losses for the three months ended June 30, 2024 compared to the three months ended June 30, 2023 was primarily due to loan growth. Net loan charge-offs were $1.0 million for the second quarter of 2024 compared to net loan charge-offs of $664,000 for the second quarter of 2023.

The increased provision for credit losses for the six months ended June 30, 2024 compared to the six months ended June 30, 2023 was primarily due to loan growth. Net loan charge-offs were $4.5 million for the six months ended June 30, 2024, compared to $954,000 for the same period of the prior year.

**Noninterest Income**

Noninterest income decreased by $4.0 million for the second quarter of 2024 compared to the second quarter of 2023. The decrease in noninterest income was primarily due to an approximate $5.7 million reduction of interchange fees related to the impact of the Durbin Amendment. Trust revenue, treasury income, sweep fees and insurance commissions each increased when compared to last year.

Noninterest income included non-sufficient funds ("NSF") and overdraft fees totaling $7.3 million and $6.6 million for the three months ended June 30, 2024 and 2023, respectively. This represents 16.6% and 13.8% of the Company's noninterest income for the respective periods. In addition, the Company had debit card usage and interchange fees totaling $6.8 million and $12.4 million during the three months ended June 30, 2024 and 2023, respectively. This represents 15.4% and 25.9% of the Company's noninterest income for the respective periods.

Noninterest income decreased by $7.0 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. The decrease in noninterest income was primarily due to an approximate $10.9 million reduction of interchange fees related to the impact of the Durbin Amendment. Trust revenue, treasury income, sweep fees and insurance commissions each increased when compared to last year.

Noninterest income included NSF and overdraft fees totaling $14.4 million and $13.1 million during the six months ended June 30, 2024 and 2023, respectively. This represents 16.2% and 13.7% of the Company's noninterest income for the respective periods. In addition, the Company had debit card usage and interchange fees totaling $13.3 million and $24.4 million during the six months ended June 30, 2024 and 2023, respectively. This represents 15.0% and 25.5% of the Company's noninterest income for the respective periods.

The Company is subject to political pressures that could limit our ability to charge for NSF and overdraft fees. Over the last few years the Company lowered the rates charged on NSF and overdraft fees. Also, the Company became subject to the reduced interchange fees under the Durbin Amendment effective July 1, 2023. Consequently, the Company's interchange fee revenue was reduced by approximately $11.2 million in the last half of 2023 and $10.9 million in the first half of 2024.

**Noninterest Expense**

Noninterest expense increased by $4.2 million for second quarter of 2024 compared to the second quarter of 2023. The increase in noninterest expenses was primarily related to growth in salaries and employee benefits of $2.1 million.

For the six months ended June 30, 2024, noninterest expense increased by $6.7 million compared to the six months ended June 30, 2023. Higher noninterest expenses in 2024 was primarily related to growth in salaries and employee benefits of $4.4 million.

**Income Taxes**

The Company's effective tax rate was 22.3% for the second quarter of 2024, compared to 21.4% for the second quarter of 2023.

The Company's effective tax rate was 22.0% for the first six months of 2024 and 2023.

The primary reasons for the difference between the Company's effective tax rate and the federal statutory rate were tax-exempt income, nondeductible expenses, federal and state tax credits and state tax expense.

## FINANCIAL POSITION

**BANCFIRST CORPORATION**
**SELECTED CONSOLIDATED FINANCIAL DATA**
**(Dollars in thousands, except per share data)**

| | June 30, 2024 (unaudited) | December 31, 2023 |
|---|---|---|
| **Balance Sheet Data** | | |
| Total assets | $ 12,737,318 | $ 12,372,042 |
| Total loans (net of unearned interest) | 8,054,856 | 7,660,134 |
| Allowance for credit losses | 99,626 | 96,800 |
| Debt securities | 1,441,365 | 1,555,095 |
| Deposits | 11,015,602 | 10,700,122 |
| Stockholders' equity | 1,512,492 | 1,433,891 |
| Book value per share | 45.80 | 43.54 |
| Tangible book value per share (non-GAAP)(1) | 39.83 | 37.50 |
| **Reconciliation of Tangible Book Value per Common Share (non-GAAP)(2)** | | |
| Stockholders' equity | $ 1,512,492 | $ 1,433,891 |
| Less goodwill | 182,263 | 182,263 |
| Less intangible assets, net | 14,931 | 16,704 |
| Tangible stockholders' equity (non-GAAP) | $ 1,315,298 | $ 1,234,924 |
| Common shares outstanding | 33,022,124 | 32,933,018 |
| Tangible book value per share (non-GAAP) | $ 39.83 | $ 37.50 |
| **Selected Financial Ratios** | | |
| *Balance Sheet Ratios:* | | |
| Average loans to deposits (year-to-date) | 72.11% | 68.87% |
| Average earning assets to total assets (year-to-date) | 92.72 | 92.39 |
| Average stockholders' equity to average assets (year-to-date) | 11.68 | 11.03 |
| **Asset Quality Data** | | |
| Loans past due 90 days and still accruing | $ 4,280 | $ 9,542 |
| Nonaccrual loans (3) | 44,021 | 24,573 |
| Other real estate owned and repossessed assets | 38,497 | 34,200 |
| *Asset Quality Ratios:* | | |
| Nonaccrual loans to total loans | 0.55% | 0.32% |
| Allowance for credit losses to total loans | 1.24 | 1.26 |
| Allowance for credit losses to nonaccrual loans | 226.32 | 393.92 |

(1) Refer to the "Reconciliation of Tangible Book Value per Common Share (non-GAAP)" Table.
(2) Tangible book value per common share is stockholders' equity less goodwill and intangible assets, net, divided by common shares outstanding. This amount is a non-GAAP financial measure but has been included as it is considered to be a critical metric with which to analyze and evaluate the financial condition and capital strength of the Company. This measure should not be considered a substitute for operating results determined in accordance with GAAP.
(3) Government agencies guaranteed approximately $8.5 million of nonaccrual loans at June 30, 2024.

### Cash and Due from Banks, Federal Funds Sold and Interest-Bearing Deposits with Banks

The aggregate of cash and due from banks, federal funds sold and interest-bearing deposits with banks increased by $95.6 million or 4.0%, to $2.5 billion from December 31, 2023 to June 30, 2024. The increase was related to an increase of interest-bearing deposits.

### Securities

At June 30, 2024, total debt securities decreased $113.7 million, or 7.3% compared to December 31, 2023. The size of the Company's securities portfolio is determined by the Company's liquidity and asset/liability management. The net unrealized loss on debt securities available for sale, before taxes, was $63.2 million at June 30, 2024, compared to a net unrealized loss of $65.5 million at December 31, 2023. These unrealized losses, net of income tax, are included in the Company's stockholders' equity as accumulated other comprehensive loss in the amounts of $48.2 million at June 30, 2024 and $50.0 million at December 31, 2023. During the six months ended June 30, 2024, the Company purchased $270,000 of debt securities and did not sell any debt securities.

See Note (2) of the Notes to Consolidated Financial Statements for disclosures regarding the Company's securities.

**Loans**

At June 30, 2024, total loans increased $394.7 million or 5.2% compared to December 31, 2023 as a result of internal loan growth. The internal loan growth was primarily from the Company's Oklahoma subsidiary BancFirst, with loans essentially flat for the Company's Texas subsidiaries, Pegasus and Worthington.

See Note (3) of the Notes to Consolidated Financial Statements for disclosures regarding the Company's loan portfolio segments.

**Allowance for Credit Losses**

The allowance for credit losses to total loans was 1.24% at June 30, 2024 compared to 1.26% at December 31, 2023. The overall credit quality of the Company's loan portfolio has remained strong. If unforeseen adverse changes occur in the national or local economy, or in the credit markets, it would be reasonable to expect that the allowance for credit losses would increase in future periods.

**Nonaccrual Loans**

Nonaccrual loans totaled $44.0 million at June 30, 2024 compared to $24.6 million at December 31, 2023. The level of the Company's nonaccrual loans remains low. The Company's nonaccrual loans are primarily comprised of construction and development real estate loans, commercial real estate loans and commercial non-real estate loans. Nonaccrual loans negatively impact the Company's net interest margin. A loan is placed on nonaccrual status when, in the opinion of management, the future collectability of both interest and principal is in serious doubt. Interest income is not recognized until the principal balance is fully collected. However, if the full collection of the remaining principal balance is not in doubt, interest income is recognized on certain of these loans on a cash basis. Had nonaccrual loans performed in accordance with their original contractual terms, the Company would have recognized additional interest income of approximately $1.8 million for the six months ended June 30, 2024 and $718,000 for the six months ended June 30, 2023. Only a small amount of this interest is expected to be ultimately collected. Approximately $8.5 million of nonaccrual loans were guaranteed by government agencies at June 30, 2024.

The classification of a loan as nonaccrual does not necessarily indicate that loan principal and interest will ultimately be uncollectible; although, in an economic downturn, the Company's experience has been that the risk of loss is heightened. The above normal risk associated with nonaccrual loans has been considered in the determination of the allowance for credit losses. The level of nonaccrual loans and credit losses could rise over time as a result of adverse economic conditions. The allowance for credit losses as a percentage of nonaccrual loans is shown in the table above.

**Modified Loans**

As of January 1, 2023, the Company adopted Accounting Standards Update ("ASU") No. 2022-02, which eliminated the Troubled Debt Restructurings ("TDR") recognition and measurement guidance and, instead, requires that the Company evaluate, based on the accounting for loan modifications, whether the modification represents a new loan or a continuation of an existing loan when a borrower is experiencing financial difficulty. The current and future financial effects of the recorded balance of loans considered to be modified during the period were not considered to be material. The recorded balance of loans modified during the period ended June 30, 2024 was approximately $5.9 million compared to $5.3 million during the year ended December 31, 2023.

**Other Real Estate Owned and Repossessed Assets**

Other real estate owned (OREO) and repossessed assets totaled $38.5 million at June 30, 2024 compared to $34.2 million at December 31, 2023. OREO consists of properties acquired through foreclosure proceedings or acceptance of a deed in lieu of foreclosure and premises held for sale. These properties are carried at the lower of the book values of the related loans or fair values based upon appraisals of the properties, less estimated costs to sell. Write-downs arising at the time of reclassification of such properties from loans to OREO are charged directly to the allowance for credit losses. Any losses on bank premises designated to be sold are charged to operating expense at the time of transfer from premises to OREO. Decreases in values of properties subsequent to their classification as OREO are charged to operating expense.

OREO included a larger commercial real estate property recorded at $30.7 million at June 30, 2024 and $29.4 million at December 31, 2023. During the period ended June 30, 2024, the Company made $1.3 million of tenant improvements to this property, which contributed to the increase of total OREO. Rental income for this property is included in other noninterest income on the consolidated statements of comprehensive income. Operating expense for this property is included in net expense from OREO in other noninterest expense on the consolidated statements of comprehensive income.

This property had the following rental income and operating expenses for the periods presented:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | (Dollars in thousands) | | | |
| Rental income | $ 3,085 | $ 2,778 | $ 6,026 | $ 5,468 |
| Operating expense | 2,673 | 2,967 | 4,923 | 5,348 |

The Company's total rental income and operating expenses from OREO are presented in the following table:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | (Dollars in thousands) | | | |
| Rental income | $ 3,083 | $ 2,895 | $ 6,085 | $ 5,716 |
| Operating expense | 2,802 | 3,058 | 5,131 | 5,614 |

**Intangible Assets, Goodwill and Other Assets**

Identifiable intangible assets and goodwill totaled $197.2 million and $199.0 million at June 30, 2024 and December 31, 2023, respectively.

Other assets includes the cash surrender value of key-man life insurance policies totaling $84.1 million and $84.4 million at June 30, 2024 and December 31, 2023, respectively.

Derivative financial instruments consisting of oil and gas swaps and option contracts are included in other assets and totaled $15.2 million at June 30, 2024 and $41.1 million at December 31, 2023. They require a daily margin to be posted, which fluctuates with oil and gas prices and customer activity. At June 30, 2024, the Company had a margin asset included in other assets in the amount of $7.2 million. At December 31, 2023, the Company had a margin liability included in other liabilities in the amount of $15.5 million. See Note (10) of the Notes to Consolidated Financial Statements for a complete discussion of the Company’s derivative financial instruments.

Equity securities are reported in other assets on the Company’s consolidated balance sheet. The Company invests in equity securities without readily determinable fair values. The realized and unrealized gains and losses are reported as securities transactions in the noninterest income section of the consolidated statements of comprehensive income. The balance of equity securities was $13.3 million at June 30, 2024 and $13.1 million at December 31, 2023. The Company reviews its portfolio of equity securities for impairment at least quarterly.

**Low-Income Housing and New Market Tax Credit Investments**

During 2024, there have not been any material changes in the Company’s low-income housing tax credit ("LIHTC") investments and New Markets Tax Credits ("NMTC") investments, which are included in other assets on the Company’s consolidated balance sheet.

See Note (6) of the Notes to Consolidated Financial Statements in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 for disclosures regarding these investments.

**Liquidity and Funding**

The Company’s principal source of liquidity and funding is its broad deposit base generated from customer relationships. The availability of deposits is affected by economic conditions, competition with other financial institutions and alternative investments available to customers. Through interest rates paid, service charge levels and services offered, the Company can affect its level of deposits to a limited extent. The level and maturity of funding necessary to support the Company’s lending and investment functions is determined through the Company’s asset/liability management process. The Company currently does not rely heavily on long-term borrowings and does not utilize brokered or reciprocal deposits. The Company maintains lines of credit from the Federal Home Loan Bank (“FHLB”), federal funds lines of credit with other banks and could also utilize the sale of loans, securities and liquidation of other assets as sources of liquidity and funding. The Company is highly liquid with a total of cash and due from banks, interest-bearing deposits with banks and federal funds sold to total assets of 19.6%.

There have not been any other material changes from the liquidity and funding discussion included in Management's Discussion and Analysis in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

### *Deposits*

At June 30, 2024, deposits totaled $11.0 billion, an increase of $315.5 million from December 31, 2023. The Company's core deposits provide it with a stable, low-cost funding source. The Company's core deposits as a percentage of total deposits were 96.8% at June 30, 2024 and 97.4% at December 31, 2023. Noninterest-bearing deposits to total deposits were 34.6% at June 30, 2024 compared to 37.2% at December 31, 2023. Quantitative tightening by the Federal Reserve and competition for deposits has increased, and available yields have similarly increased, causing noninterest-bearing deposits to move to interest-bearing deposits and off-balance-sheet sweep account products.

Off-balance-sheet sweep accounts totaled $4.5 billion at June 30, 2024 compared to $4.3 billion at December 31, 2023. The movement of customers' funds into the Company's off-balance-sheet sweep accounts affected the balances of both cash and deposits.

### *Subordinated Debt*

See Note (5) of the Notes to Consolidated Financial Statements for a complete discussion of the Company's subordinated debt.

### *Short-Term Borrowings and Lines of Credit*

Short-term borrowings, consisting primarily of federal funds purchased and repurchase agreements, are another source of funds for the Company. The level of these borrowings is determined by various factors, including customer demand and the Company's ability to earn a favorable spread on the funds obtained. Short-term borrowings were $4.3 million at June 30, 2024 compared to $3.4 million at December 31, 2023.

The Company has several lines of credit available. At June 30, 2024, BancFirst had $850.1 million available on its line of credit from the FHLB of Topeka, Kansas and a $25.0 million line of credit with another financial institution that is an overnight federal funds facility. At June 30, 2024, BancFirst had no advances outstanding under either line of credit. Worthington has $10.5 million in lines of credit with other financial institutions that serve as overnight federal funds facilities, a Federal Reserve discount window capacity of $28.8 million and a $77.7 million line of credit from the FHLB of Dallas, Texas to use for liquidity or to match-fund certain long-term rate loans. Worthington has no advances outstanding at June 30, 2024 under any of these lines of credit.

## Capital Resources

Stockholders' equity totaled $1.5 billion at June 30, 2024, an increase of $78.6 million from December 31, 2023. In addition to net income of $101.0 million, other increases in stockholders' equity during the six months ended June 30, 2024 included $2.6 million related to common stock issuances for stock option exercises, $1.4 million related to stock-based compensation and $1.8 million in accumulated other comprehensive income, that were partially offset by $28.4 million in dividends. The Company's leverage ratio and other risk-based capital ratios at June 30, 2024 were well in excess of the regulatory requirements.

See Note (7) of the Notes to Consolidated Financial Statements for a discussion of capital ratios and requirements.

## Liquidity Risk and Off-Balance-Sheet Arrangements

There have not been any material changes in the Company's liquidity risk and off-balance-sheet arrangements included in Management's Discussion and Analysis which was included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

There have been no significant changes in the Company's disclosures regarding market risk since December 31, 2023, the date of its most recent annual report to stockholders.

**Item 4. Controls and Procedures.**

Evaluation of Disclosure Controls and Procedures. Pursuant to Rule 13a-15 of the Securities Exchange Act of 1934 (the "Exchange Act"), the Company's Chief Executive Officer, Chief Financial Officer and its Disclosure Committee, which includes the Company's Executive Chairman, Chief Risk Officer, Chief Internal Auditor, Chief Asset Quality Officer, Controller, General Counsel and Director of Financial Reporting, have evaluated, as of the last day of the period covered by this report, the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based on their evaluation they concluded that the disclosure controls and procedures of the Company are effective to ensure that information required to be disclosed by the Company in the reports filed or submitted by it under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms.

Changes in Internal Control Over Financial Reporting. During the period to which this report relates, there have not been any changes in the Company's internal controls over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, such controls.

## PART II – OTHER INFORMATION

**Item 1. Legal Proceedings.**

The Company has been named as a defendant in various legal actions arising from the conduct of its normal business activities. Although the amount of any liability that could arise with respect to these actions cannot be accurately predicted, in the opinion of the Company, any such liability will not have a material adverse effect on the consolidated financial statements of the Company.

**Item 1A. Risk Factors.**

As of June 30, 2024, there have been no material changes from the risk factors previously disclosed in Part I, Item 1A, of the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

None.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

None.

**Item 5. Other Information.**

None.

## Item 6. Exhibits.

| Exhibit Number | Exhibit |
|---|---|
| 3.1 | Amended and Restated By-Laws of BancFirst Corporation (filed as Exhibit 3.1 to the Company's Quarterly Report on form 10Q for the Quarter Ended March 31, 2023 and incorporated herein by reference). |
| 3.2 | Restated Certificate of Incorporation of BancFirst Corporation dated August 5, 2021. (filed as Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2021). |
| 10.1 | Amended and Restated BancFirst Corporation Directors' Deferred Stock Compensation Plan. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated May 23, 2024 and incorporated herein by reference). |
| 31.1* | Chief Executive Officer’s Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a). |
| 31.2* | Chief Financial Officer’s Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a). |
| 32** | CEO’s & CFO’s Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS | Inline XBRL Instance Document. |
| 101.SCH | Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents. |
| 104 | Cover page Interactive Data File (formatted as Inline XBRL and included in Exhibit 101). |

* Filed herewith.

** This exhibit is furnished herewith and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**BANCFIRST CORPORATION**
(Registrant)

Date: August 6, 2024

/s/ David Harlow
David Harlow
President
Chief Executive Officer
(Principal Executive Officer)

Date: August 6, 2024

/s/ Hannah Andrus
Hannah Andrus
Executive Vice President
Chief Financial Officer
(Principal Financial Officer)