BANCFIRST CORP /OK/
Form 10-Q
November 03, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OFTHE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OFTHE 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	73-1221379
(State or other Jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

101 N. Broadway, Oklahoma City, Oklahoma	73102-8405
(Address of principal executive offices)	(Zip Code)

(405) 270-1086

(Registrant’s telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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 (Do not check if a smaller reporting company)	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 October 31, 2017 there were 31,870,063 shares of the registrant's Common Stock outstanding.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

BANCFIRST CORPORATION

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

	September 30, 2017 (unaudited)	December 31, 2016 (see Note 1)
ASSETS		
Cash and due from banks	$186,015	$183,921
Interest-bearing deposits with banks	1,530,928	1,666,540
Federal funds sold	12,000	700
Securities (fair value: $450,039 and $469,871, respectively)	450,009	469,833
Loans held for sale	11,776	9,318
Loans (net of unearned interest)	4,646,749	4,400,232
Allowance for loan losses	(51,255)	(48,693)
Loans, net of allowance for loan losses	4,595,494	4,351,539
Premises and equipment, net	130,188	126,771
Other real estate owned	3,851	3,526
Intangible assets, net	11,645	13,330
Goodwill	54,042	54,042
Accrued interest receivable and other assets	146,220	139,432
Total assets	$7,132,168	$7,018,952
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing	$2,582,203	$2,526,842
Interest-bearing	3,719,843	3,721,215
Total deposits	6,302,046	6,248,057
Short-term borrowings	2,100	500
Accrued interest payable and other liabilities	31,649	27,342
Junior subordinated debentures	31,959	31,959
Total liabilities	6,367,754	6,307,858
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	31,863	31,622

outstanding: 31,863,063 and 31,621,870, respectively		
Capital surplus	106,605	101,730
Retained earnings	625,782	577,648
Accumulated other comprehensive income, net of income tax of $(103) and $(59), respectively	164	94
Total stockholders' equity	764,414	711,094
Total liabilities and stockholders' equity	$7,132,168	$7,018,952

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 September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
INTEREST INCOME				
Loans, including fees	$56,090	$51,647	$164,488	$152,888
Securities:				
Taxable	1,763	1,242	5,430	3,913
Tax-exempt	187	248	552	746
Federal funds sold	6	1	7	1
Interest-bearing deposits with banks	4,972	1,968	12,837	5,622
Total interest income	63,018	55,106	183,314	163,170
INTEREST EXPENSE				
Deposits	5,247	3,149	13,272	9,321
Short-term borrowings	6	2	13	5
Junior subordinated debentures	532	524	1,589	1,569
Total interest expense	5,785	3,675	14,874	10,895
Net interest income	57,233	51,431	168,440	152,275
Provision for loan losses	3,276	2,940	5,189	9,847
Net interest income after provision for loan losses	53,957	48,491	163,251	142,428
NONINTEREST INCOME				
Trust revenue	3,083	2,685	8,929	7,752
Service charges on deposits	16,633	16,033	48,859	46,228
Securities transactions (includes accumulated other comprehensive income reclassifications of $0, $(85), $(142) and $15, respectively)	(22)	(146)	(352)	(111)
Income from sales of loans	732	863	2,180	2,120
Insurance commissions	4,603	4,372	12,894	11,762
Cash management	2,804	2,853	8,357	7,903
Gain/(loss) on sale of other assets	29	2	(20)	61
Other	1,307	1,265	4,390	3,886
Total noninterest income	29,169	27,927	85,237	79,601
NONINTEREST EXPENSE				
Salaries and employee benefits	31,471	30,591	93,672	89,956
Occupancy, net	3,298	3,217	9,264	9,115
Depreciation	2,493	2,556	7,305	7,653
Amortization of intangible assets	547	560	1,641	1,721
Data processing services	1,110	1,178	3,402	3,567
Net expense/(income) from other real estate owned	68	162	320	(944)
Marketing and business promotion	1,790	1,779	5,564	5,258
Deposit insurance	553	641	1,683	2,335
Other	9,270	8,520	26,290	24,554

Total noninterest expense	50,600	49,204	149,141	143,215
Income before taxes	32,526	27,214	99,347	78,814
Income tax expense	10,816	9,232	32,405	26,760
Net income	$21,710	$17,982	$66,942	$52,054
NET INCOME PER COMMON SHARE				
Basic	$0.68	$0.58	$2.11	$1.67
Diluted	$0.67	$0.57	$2.06	$1.64
OTHER COMPREHENSIVE INCOME				
Unrealized (losses)/gains on securities, net of tax of $178, $423, $11 and $(296), respectively	(282)	(670)	(17)	467
Reclassification adjustment for losses/(gains) included in net income, net of tax of $0, $(33), $(55) and $6, respectively	—	52	87	(9)
Other comprehensive (losses)/gains, net of tax of $178, $390, $(44) and $(290), respectively	(282)	(618)	70	458
Comprehensive income	$21,428	$17,364	$67,012	$52,512

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 September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
COMMON STOCK				
Issued at beginning of period	$31,818	$31,120	$31,622	$31,194
Shares issued	45	270	241	396
Shares acquired and canceled	—	—	—	(200)
Issued at end of period	$31,863	$31,390	$31,863	$31,390
CAPITAL SURPLUS				
Balance at beginning of period	$105,440	$90,116	$101,730	$87,268
Common stock issued	811	3,632	4,056	5,536
Tax effect of stock options	—	1,204	—	1,247
Stock-based compensation arrangements	354	365	819	1,266
Balance at end of period	$106,605	$95,317	$106,605	$95,317
RETAINED EARNINGS				
Balance at beginning of period	$610,758	$552,991	$577,648	$535,521
Net income	21,710	17,982	66,942	52,054
Dividends on common stock ($0.21, $0.19, $0.59 and $0.55 per share, respectively)	(6,686)	(5,934)	(18,808)	(17,113)
Common stock acquired and canceled	—	—	—	(5,423)
Balance at end of period	$625,782	$565,039	$625,782	$565,039
ACCUMULATED OTHER COMPREHENSIVE INCOME				
Unrealized gains on securities:				
Balance at beginning of period	$446	$2,603	$94	$1,527
Net change	(282)	(618)	70	458
Balance at end of period	$164	$1,985	$164	$1,985
Total stockholders' equity	$764,414	$693,731	$764,414	$693,731

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

BANCFIRST CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited)

(Dollars in thousands)

	Nine Months Ended September 30, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$66,942	$52,054
Adjustments to reconcile to net cash provided by operating activities:		
Provision for loan losses	5,189	9,847
Depreciation and amortization	8,946	9,374
Net amortization of securities premiums and discounts	(108)	161
Realized securities losses	352	111
Gain on sales of loans	(2,180)	(2,120)
Cash receipts from the sale of loans originated for sale	163,128	143,044
Cash disbursements for loans originated for sale	(163,460)	(136,903)
Deferred income tax benefit	(1,690)	(3,069)
Loss/(gain) on other assets	66	(1,294)
(Increase)/decrease in interest receivable	(1,651)	73
Increase/(decrease) in interest payable	188	(22)
Amortization of stock-based compensation arrangements	819	1,266
Excess tax benefit from stock-based compensation arrangements	(2,229)	—
Other, net	2,513	(1,684)
Net cash provided by operating activities	$76,825	$70,838
INVESTING ACTIVITIES		
Net increase in federal funds sold	(11,300)	(500)
Purchases of held for investment securities	(220)	(806)
Purchases of available for sale securities	(54,456)	(78,592)
Proceeds from maturities, calls and paydowns of held for investment securities	1,517	5,039
Proceeds from maturities, calls and paydowns of available for sale securities	72,853	153,620
Proceeds from sales of available for sale securities	—	426
Net change in loans	(251,883)	(82,782)
Purchases of premises, equipment and computer software	(11,495)	(7,845)
Proceeds from the sale of other real estate owned and other assets	2,846	8,740
Net cash used in investing activities	(252,138)	(2,700)
FINANCING ACTIVITIES		
Net change in deposits	53,989	51,591
Net increase in short-term borrowings	1,600	3,500
Issuance of common stock, net	4,297	7,079
Common stock acquired	—	(5,523)
Cash dividends paid	(18,091)	(16,806)
Net cash provided by financing activities	41,795	39,841
Net (decrease)/increase in cash, due from banks and interest-bearing deposits	(133,518)	107,979
Cash, due from banks and interest-bearing deposits at the beginning of the period	1,850,461	1,598,177

Cash, due from banks and interest-bearing deposits at the end of the period	$1,716,943	$1,706,156
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	$14,688	$10,919
Cash paid during the period for income taxes	$32,051	$26,200
Noncash investing and financing activities:		
Unpaid common stock dividends declared	$6,686	$5,922

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

BANCFIRST CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(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 State 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, 2016.

Basis of Presentation

The accompanying unaudited interim consolidated financial statements include the accounts of BancFirst Corporation, Council Oak Partners, LLC, BancFirst Insurance Services, Inc., BancFirst Risk and Insurance Company, and BancFirst and its subsidiaries. The principal operating subsidiaries of BancFirst are Council Oak Investment Corporation, Council Oak Real Estate, Inc. 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 the instructions for Form 10-Q. The information contained in the financial statements and footnotes included in BancFirst Corporation's Annual Report on Form 10-K for the year ended December 31, 2016, 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. There have been no significant changes in the accounting policies of the Company since December 31, 2016, the date of the most recent annual report.

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 loan losses, income taxes, the fair value of financial instruments and the valuation of intangibles. Such estimates and assumptions may change over time and actual amounts realized may differ from those reported.

Recent Accounting Pronouncements

Standards Adopted During Current Period:

In March 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-08, "Receivables – Nonrefundable Fees and Other Costs (Topic 310-20): Premium Amortization on Purchased

Callable Debt Securities." ASU 2017-08 shortens the amortization period for certain callable debt securities held at a premium. The Company opted for early adoption of ASU 2017-08, as was permitted, on January 1, 2017. ASU 2017-08 did not have a significant impact on the Company's financial statements and no prior periods were adjusted.

In October 2016, the FASB issued ASU No. 2016-17, "Consolidation (Topic 810): Interests Held Through Related Parties That Are Under Common Control." ASU 2016-17 updates ASU No. 2015-02 to amend the consolidation guidance on how a reporting entity that is the single decision maker of a variable interest entity ("VIE") should treat indirect interests in the entity held through related parties that are under common control with the reporting entity when determining whether it is the primary beneficiary of that VIE. ASU 2016-17 was adopted on January 1, 2017 and did not have a significant impact on the Company's financial statements and no prior periods were adjusted.

In March 2016, the FASB issued ASU No. 2016-09, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." Under ASU 2016-09 all excess tax benefits and tax deficiencies related to share-based payment awards should be recognized as income tax expense or benefit in the income statement during the period in which they occur. Previously, such amounts were recorded in the pool of excess tax benefits included in additional paid-in capital, if such pool was available. Because excess tax benefits are no longer recognized in additional paid-in capital, the assumed proceeds from applying the treasury stock method when computing earnings per share should exclude the amount of excess tax benefits that would have previously been recognized in additional paid-in capital. Additionally, excess tax benefits should be classified along with other income tax cash flows as an operating activity rather than a financing activity, as was previously the case. ASU 2016-09 also allows entities to make an entity-wide accounting policy election to account for forfeitures when they occur, which the Company has elected to do. ASU 2016-09 changes the threshold to qualify for equity classification (rather than as a liability) to permit withholding up to the maximum statutory tax rates (rather than the minimum as was previously the case) in the applicable jurisdictions. ASU 2016-09 was adopted on January 1, 2017 and did not have a significant impact on the Company's financial statements. In addition, ASU 2016-09 was applied prospectively and no prior periods were adjusted. The excess tax benefit for share-based payment awards that were exercised during the nine months ended September 30, 2017 was approximately $2.2 million.

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements – Going Concern (Topic 205-40)." ASU 2014-15 provides guidance on management's responsibility in evaluating whether there is substantial doubt about the Company's ability to continue as a going concern and related footnote disclosures. For each reporting period, management will be required to evaluate whether there are conditions or events that raise substantial doubt about the Company's ability to continue as a going concern within one year from the date the financial statements are issued. ASU 2014-15 was adopted on January 1, 2017. Adoption of ASU 2014-15 did not have a significant effect on the Company's financial statements.

Standards Not Yet Adopted:

In May 2017, the FASB issued ASU No. 2017-09, "Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting." The amendments in this update provide guidance about types of changes to the terms or conditions of share-based payment awards that would require an entity to apply modification accounting under ASC 718. ASU 2017-09 will be effective on January 1, 2018 and is not expected to have a significant impact on the Company's financial statements. Early adoption is permitted with prospective applications.

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment." ASU 2017-04 removes the second step of goodwill testing. ASU 2017-04 will be effective on January 1, 2020 and is not expected to have a significant impact on the Company's financial statements.

In January 2017, the FASB issued ASU No. 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business." ASU 2017-01 clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of a business. ASU 2017-01 will be effective on January 1, 2018 and is not expected to have a significant impact on the Company's financial statements.

In October 2016, the FASB issued ASU No. 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory." ASU 2016-16 provides guidance stating that an entity should recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. ASU 2016-16 will be effective on January 1, 2018 and is not expected to have a significant impact on the Company's financial statements.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments." ASU 2016-15 is intended to reduce the diversity in practice around how certain transactions are classified within the statement of cash flows. ASU 2016-15 will be effective on January 1, 2018. Early adoption is permitted with retrospective applications. The Company is currently evaluating the potential impact of ASU 2016-15 on its financial statements.

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” ASU 2016-13 requires a financial asset measured at amortized cost basis to be presented at the net amount expected to be collected. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. ASU 2016-13 requires enhanced disclosures related to the significant estimates and judgements used in estimating credit losses, as well as the credit quality and underwriting standards of an organization’s portfolio. In addition, ASU 2016-13 amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. ASU 2016-13 will be effective on January 1, 2020. The Company is currently evaluating the potential impact of ASU 2016-13 on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, “Leases - (Topic 842).” ASU 2016-02 requires that lessees recognize on the balance sheet the assets and liabilities for the rights and obligations created by leases. The amendments are effective for annual periods, and interim reporting periods within those annual periods, beginning after December 15, 2018. Early adoption is permitted. Adoption of ASU 2016-02 is not expected to have a significant effect on the Company’s financial statements.

In January 2016, the FASB issued ASU No. 2016-01, “Financial Instruments - Overall (Subtopic 825-10).” ASU 2016-01 require all equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in the fair value recognized through net income. In addition, the amendment will require an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. The amendments are effective for annual periods, and interim reporting periods within those annual periods, beginning after December 15, 2017. Early adoption is not permitted. Adoption of ASU 2016-01 is not expected to have a significant effect on the Company’s financial statements.

In January of 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customer (Topic 606).” ASU 2014-09 implements a comprehensive new revenue recognition standard that will supersede substantially all existing revenue recognition guidance. The new standard’s core principle is that a company will recognize revenue when it transfers promised goods or services to customers in a manner that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The guidance does not apply to revenue associated with financial instruments, including loans and securities that are accounted for under other GAAP, which comprises a significant portion of the Company’s revenue stream. In August 2015, the FASB issued ASU No. 2015-14, “Revenue from Contracts with Customers (Topic 606).” ASU 2015-14 is an amendment to defer the effective date of ASU 2014-09. The amendments are effective for annual periods, and interim reporting periods within those annual periods, beginning after December 15, 2017. Adoption of ASU 2014-09 may require the Company to amend how it recognizes certain recurring revenue streams related to trust fees, which are recorded in non-interest expense; however, the Company does not expect the adoption of ASU 2014-09 to have a significant impact on the Company’s financial statements.

(2) RECENT DEVELOPMENTS, INCLUDING MERGERS AND ACQUISITIONS

Effective June 1, 2017, the Company organized a new captive insurance company named BancFirst Risk and Insurance Company ("the Captive"). The Captive is a wholly-owned subsidiary of BancFirst Corporation and is regulated by the Oklahoma Insurance Department. It insures certain risks of the Company and has entered into reinsurance agreements with a risk-sharing pool.

On July 31, 2017, the Company completed a two-for-one stock split of the Company’s outstanding shares of common stock. The stock was payable in the form of a dividend on or about July 31, 2017 to shareholders of record of the outstanding common stock as of the close of business record date of July 17, 2017. Stockholders received one additional share for each share held on that date. This represents the second stock split for the Company since going public. All share and per share amounts in these consolidated financial statements and related notes have been retroactively adjusted to reflect this stock split for all periods presented.

On September 7, 2017, the Company announced it had entered into an agreement to acquire First Wagoner Corp. and its subsidiary bank, First Bank & Trust Company, with locations in Carney, Disney, Grove, Ketchum, Luther, Tulsa and Wagoner. First Bank & Trust Company has approximately $280 million in total assets, $258 million in loans, $244 million in deposits, and $36 million in equity capital. The transaction is expected to be completed in January

2018 upon regulatory approval. The bank will operate as First Bank & Trust Company until it is merged into BancFirst, which is expected to be during the first quarter of 2018. The acquisition will not have a material effect on the Company's consolidated financial statements.

On September 7, 2017, the Company announced it had entered into an agreement to acquire First Chandler Corp. and its subsidiary bank, First Bank of Chandler, with two locations in Chandler. First Bank of Chandler has approximately $90 million in total assets, $82 million in loans, $79 million in deposits, and $11 million in equity capital. The transaction is expected to be completed in January 2018 upon regulatory approval. The bank will operate as First Bank of Chandler until it is merged into BancFirst, which is expected to be during the second quarter of 2018. The acquisition will not have a material effect on the Company's consolidated financial statements.

(3) SECURITIES

The following table summarizes securities held for investment and securities available for sale:

	September 30, 2017	December 31, 2016
	(Dollars in thousands)	
Held for investment, at cost (fair value: $3,098 and $4,403, respectively)	$3,068	$4,365
Available for sale, at fair value	446,941	465,468
Total	$450,009	$469,833

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

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
September 30, 2017	(Dollars in thousands)			
Mortgage backed securities (1)	$203	$ 12	$ —	$ 215
States and political subdivisions	2,365	19	(1)	2,383
Other securities	500	—	—	500
Total	$3,068	$ 31	$ (1)	$ 3,098
December 31, 2016				
Mortgage backed securities (1)	$252	$ 17	$ —	$ 269
States and political subdivisions	3,613	25	(4)	3,634
Other securities	500	—	—	500
Total	$4,365	$ 42	$ (4)	$ 4,403

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

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
September 30, 2017	(Dollars in thousands)			
U.S. treasuries	$284,874	$ 693	$ (293)	$285,274
U.S. federal agencies	94,150	212	(251)	94,111
Mortgage backed securities (1)	18,621	231	(577)	18,275
States and political subdivisions	42,678	773	(25)	43,426
Other securities (2)	6,351	189	(685)	5,855
Total	$446,674	$ 2,098	$ (1,831)	$446,941
December 31, 2016				

U.S. treasuries	$268,763	$ 700	$ (920)	$268,543
U.S. federal agencies	129,674	373	(405)	129,642
Mortgage backed securities (1)	19,949	290	(567)	19,672
States and political subdivisions	40,335	836	(129)	41,042
Other securities (2)	6,594	125	(150)	6,569
Total	$465,315	$ 2,324	$ (2,171)	$465,468

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

The maturities of 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.

	September 30, 2017		December 31, 2016	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	(Dollars in thousands)			
Held for Investment				
Contractual maturity of debt securities:				
Within one year	$1,367	$1,374	$1,561	$1,568
After one year but within five years	1,037	1,048	1,937	1,951
After five years but within ten years	655	666	707	723
After ten years	9	10	160	161
Total	$3,068	$3,098	$4,365	$4,403
Available for Sale				
Contractual maturity of debt securities:				
Within one year	$113,844	$113,717	$66,542	$66,662
After one year but within five years	261,600	262,299	320,150	319,839
After five years but within ten years	6,257	6,616	5,830	6,152
After ten years	58,622	58,454	66,199	66,246
Total debt securities	440,323	441,086	458,721	458,899
Equity securities	6,351	5,855	6,594	6,569
Total	$446,674	$446,941	$465,315	$465,468

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:

	September 30, 2017	December 31, 2016
	(Dollars in thousands)	
Book value of pledged securities	$398,605	$439,692

(4) LOANS AND ALLOWANCE FOR LOAN LOSSES

The following is a schedule of loans outstanding by category:

	September 30, 2017	December 31, 2016

	Amount	Percent	Amount	Percent
	(Dollars in thousands)			
Commercial and financial:				
Commercial and industrial	$943,881	20.31 %	$828,260	18.82 %
Oil & gas production and equipment	105,492	2.27	84,228	1.91
Agriculture	135,695	2.92	144,751	3.29
State and political subdivisions:				
Taxable	79,874	1.72	33,793	0.77
Tax-exempt	45,485	0.98	47,283	1.07
Real estate:				
Construction	425,023	9.15	420,884	9.57
Farmland	197,995	4.26	197,872	4.50
One to four family residences	868,332	18.69	846,360	19.24
Multifamily residential properties	47,142	1.01	57,806	1.31
Commercial	1,474,344	31.73	1,426,643	32.42
Consumer	284,864	6.13	279,704	6.36
Other (not classified above)	38,622	0.83	32,648	0.74
Total loans	$4,646,749	100.00%	$4,400,232	100.00%

10

The Company's loans are mostly to customers within Oklahoma and approximately 65% of the 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 securities. The Company's interest in collateral is secured through filing mortgages and liens, and in some cases, by possession of the collateral.

The Company's commercial and industrial loan category includes a small percentage of loans to companies that provide ancillary services to the oil and gas industry, such as transportation, preparation contractors and equipment manufacturers. The balance of these loans was approximately $64 million at September 30, 2017 and approximately $56 million at December 31, 2016.

Accounting policies related to appraisals, nonaccruals and charge-offs are disclosed in Note (1) to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Nonperforming and Restructured Assets

The following is a summary of nonperforming and restructured assets:

	September 30, 2017	December 31, 2016
	(Dollars in thousands)	
Past due 90 days or more and still accruing	$2,122	$ 1,962
Nonaccrual	27,665	31,798
Restructured	3,603	1,713
Total nonperforming and restructured loans	33,390	35,473
Other real estate owned and repossessed assets	4,099	3,866
Total nonperforming and restructured assets	$37,489	$ 39,339

Nonaccrual loans, accruing loans past due 90 days or more and restructured loans are shown in the table above. Had nonaccrual loans performed in accordance with their original contractual terms, the Company would have recognized additional interest income of approximately $1.3 million for the nine months ended September 30, 2017 and approximately $1.5 million for the nine months ended September 30, 2016.

The Company charges interest on principal balances outstanding on restructured loans during deferral periods. The current and future financial effects of the recorded balance of loans considered to be restructured were not considered to be material.

Loans are segregated into classes based upon the nature of the collateral and the borrower. These classes are used to estimate the credit risk component in the allowance for loan losses.

The following table is a summary of amounts included in nonaccrual loans, segregated by class of loans. Residential real estate refers to one-to-four family real estate.

	September 30,	December 31,

	2017	2016
	(Dollars in thousands)	
Real estate:		
Non-residential real estate owner occupied	$1,470	$ 713
Non-residential real estate other	1,811	5,688
Residential real estate permanent mortgage	878	1,116
Residential real estate all other	4,374	5,089
Commercial and financial:		
Non-consumer non-real estate	7,152	4,464
Consumer non-real estate	273	265
Other loans	9,384	8,370
Acquired loans	2,323	6,093
Total	$27,665	$ 31,798

The following table presents an age analysis of past due loans, segregated by class of loans:

	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 September 30, 2017							
Real estate:							
Non-residential real estate owner occupied	$2,069	$510	$830	$3,409	$610,639	$614,048	$ 217
Non-residential real estate other	2,593	12	406	3,011	1,130,500	1,133,511	168
Residential real estate permanent mortgage	2,070	693	862	3,625	324,880	328,505	556
Residential real estate all other	2,077	867	1,134	4,078	767,895	771,973	435
Commercial and financial:							
Non-consumer non-real estate	1,223	5,264	1,518	8,005	1,225,849	1,233,854	215
Consumer non-real estate	1,807	536	381	2,724	287,197	289,921	256
Other loans	1,109	—	8,379	9,488	136,432	145,920	—
Acquired loans	773	131	513	1,417	127,600	129,017	275
Total	$13,721	$8,013	$14,023	$35,757	$4,610,992	$4,646,749	$ 2,122
As of December 31, 2016							
Real estate:							
Non-residential real estate owner occupied	$2,255	$96	$150	$2,501	$569,130	$571,631	$ —
Non-residential real estate other	611	16	418	1,045	1,122,351	1,123,396	—
Residential real estate permanent mortgage	2,742	649	1,273	4,664	320,749	325,413	513
Residential real estate all other	2,559	531	1,416	4,506	743,723	748,229	369
Commercial and financial:							
Non-consumer non-real estate	1,269	1,628	741	3,638	1,047,547	1,051,185	608
Consumer non-real estate	2,046	760	419	3,225	280,652	283,877	274
Other loans	5,345	958	7,775	14,078	127,404	141,482	45
Acquired loans	825	310	408	1,543	153,476	155,019	153
Total	$17,652	$4,948	$12,600	$35,200	$4,365,032	$4,400,232	$ 1,962

Impaired Loans

Loans are considered impaired when, based on current information and events, it is probable the Company will be unable to collect the full amount of scheduled principal and interest payments in accordance with the original contractual terms of the loan agreement. If a loan is impaired, a specific valuation allowance may be allocated, if necessary, so that the loan is reported, net of allowance for loss, at the present value of future cash flows using the loan’s existing rate, or the fair value of collateral if repayment is expected solely from the collateral.

12

The following table presents impaired loans, segregated by class of loans. During the nine month period ended September 30, 2017, $2.3 million of interest income was recognized on impaired loans subsequent to their classification as impaired. During previous periods no material amount of interest income was recognized on impaired loans subsequent to their classification as impaired.

	Impaired Loans			
	Unpaid Principal Balance	Recorded Investment with Allowance	Related Allowance	Average Recorded Investment
	(Dollars in thousands)			
As of September 30, 2017				
Real estate:				
Non-residential real estate owner occupied	$1,886	$ 1,772	$ 64	$ 1,223
Non-residential real estate other	2,079	1,979	187	1,933
Residential real estate permanent mortgage	1,691	1,482	132	1,406
Residential real estate all other	5,116	4,886	1,893	5,079
Commercial and financial:				
Non-consumer non-real estate	17,295	10,493	2,279	7,868
Consumer non-real estate	639	604	110	691
Other loans	10,873	9,384	772	9,728
Acquired loans	4,567	2,879	—	3,209
Total	$44,146	$ 33,479	$ 5,437	$ 31,137
As of December 31, 2016				
Real estate:				
Non-residential real estate owner occupied	$894	$ 806	$ 101	$ 825
Non-residential real estate other	7,742	5,688	574	5,854
Residential real estate permanent mortgage	1,878	1,683	124	1,612
Residential real estate all other	5,871	5,614	1,538	5,445
Commercial and financial:				
Non-consumer non-real estate	12,015	6,272	1,457	6,478
Consumer non-real estate	686	650	133	788
Other loans	9,799	8,415	1,870	8,062
Acquired loans	8,780	6,581	—	6,041
Total	$47,665	$ 35,709	$ 5,797	$ 35,105

Credit Risk Monitoring and Loan Grading

The Company considers various factors to monitor the credit risk in the loan portfolio including volume and severity of loan delinquencies, nonaccrual loans, internal grading of loans, historical loan loss experience and economic conditions.

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 classification categories or any financial reporting definitions.

The general characteristics of the risk grades are disclosed in Note (5) to the Company’s Annual Report on Form 10-K for the year ended December 31, 2016.

The following table presents internal loan grading by class of loans:

	Internal Loan Grading Grade 1	2	3	4	5	Total
	(Dollars in thousands)					
As of September 30, 2017						
Real estate:						
Non-residential real estate owner occupied	$490,986	$107,108	$14,056	$1,898	$—	$614,048
Non-residential real estate other	941,470	175,333	14,672	2,036	—	1,133,511
Residential real estate permanent mortgage	287,905	33,335	5,547	1,718	—	328,505
Residential real estate all other	613,932	142,874	9,825	5,342	—	771,973
Commercial and financial:						
Non-consumer non-real estate	963,362	236,765	26,318	7,409	—	1,233,854
Consumer non-real estate	269,864	17,479	1,977	601	—	289,921
Other loans	136,765	6,337	1,489	1,329	—	145,920
Acquired loans	71,878	36,807	17,673	2,659	—	129,017
Total	$3,776,162	$756,038	$91,557	$22,992	$—	$4,646,749
As of December 31, 2016						
Real estate:						
Non-residential real estate owner occupied	$464,504	$89,978	$16,220	$929	$—	$571,631
Non-residential real estate other	933,743	169,561	14,404	5,688	—	1,123,396
Residential real estate permanent mortgage	284,893	32,889	5,987	1,644	—	325,413
Residential real estate all other	614,338	119,018	9,382	5,491	—	748,229
Commercial and financial:						
Non-consumer non-real estate	856,318	170,865	19,101	4,901	—	1,051,185
Consumer non-real estate	263,442	17,154	2,640	641	—	283,877
Other loans	132,254	5,376	1,514	2,338	—	141,482
Acquired loans	92,946	42,668	12,888	6,517	—	155,019
Total	$3,642,438	$647,509	$82,136	$28,149	$—	$4,400,232

Allowance for Loan Losses Methodology

The allowance for loan losses (“ALL”) methodology is disclosed in Note (5) to the Company’s Annual Report on Form 10-K for the year ended December 31, 2016.

The following table details activity in the ALL by class of 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.

	ALL Balance at beginning of period	Charge-offs	Recoveries	Net charge-offs	Provisions charged to operations	Balance at end of period
	(Dollars in thousands)					
Three Months Ended September 30, 2017						
Real estate:						
Non-residential real estate owner occupied	$5,685	$(2)	$ 1	$ (1)	$ 261	$5,945
Non-residential real estate other	10,480	—	1	1	70	10,551
Residential real estate permanent mortgage	3,148	(90)	9	(81)	91	3,158
Residential real estate all other	8,912	(89)	13	(76)	503	9,339
Commercial and financial:						
Non-consumer non-real estate	13,643	(538)	24	(514)	1,838	14,967
Consumer non-real estate	2,706	(238)	57	(181)	207	2,732
Other loans	3,006	(47)	—	(47)	153	3,112
Acquired loans	1,425	(134)	7	(127)	153	1,451
Total	$49,005	$(1,138)	$ 112	$ (1,026)	$ 3,276	$51,255
Nine Months Ended September 30, 2017						
Real estate:						
Non-residential real estate owner occupied	$5,602	$(74)	$ 5	$ (69)	$ 412	$5,945
Non-residential real estate other	10,793	(26)	3	(23)	(219)	10,551
Residential real estate permanent mortgage	3,129	(246)	20	(226)	255	3,158
Residential real estate all other	8,622	(162)	30	(132)	849	9,339
Commercial and financial:						
Non-consumer non-real estate	12,421	(1,215)	986	(229)	2,775	14,967
Consumer non-real estate	2,804	(706)	140	(566)	494	2,732
Other loans	4,045	(1,321)	22	(1,299)	366	3,112
Acquired loans	1,277	(148)	65	(83)	257	1,451
Total	$48,693	$(3,898)	$ 1,271	$ (2,627)	$ 5,189	$51,255

	ALL Balance at beginning of period	Charge-offs	Recoveries	Net charge-offs	Provisions charged to operations	Balance at end of period
	(Dollars in thousands)					
Three Months Ended September 30, 2016						
Real estate:						
Non-residential real estate owner occupied	$4,896	$(1)	$ —	$ (1)	$ 214	$5,109
Non-residential real estate other	10,302	(5)	1	(4)	285	10,583
Residential real estate permanent mortgage	3,203	(58)	10	(48)	52	3,207
Residential real estate all other	8,293	(10)	8	(2)	212	8,503
Commercial and financial:						
Non-consumer non-real estate	13,441	(1,053)	31	(1,022)	(385)	12,034
Consumer non-real estate	2,749	(374)	61	(313)	443	2,879
Other loans	3,377	(18)	2	(16)	812	4,173
Acquired loans	305	(41)	2	(39)	1,307	1,573
Total	$46,566	$(1,560)	$ 115	$ (1,445)	$ 2,940	$48,061
Nine Months Ended September 30, 2016						
Real estate:						
Non-residential real estate owner occupied	$4,661	$(11)	$ —	$ (11)	$ 459	$5,109
Non-residential real estate other	9,921	(9)	3	(6)	668	10,583
Residential real estate permanent mortgage	3,148	(157)	48	(109)	168	3,207
Residential real estate all other	6,725	(147)	19	(128)	1,906	8,503
Commercial and financial:						
Non-consumer non-real estate	11,754	(2,358)	77	(2,281)	2,561	12,034
Consumer non-real estate	2,642	(729)	137	(592)	829	2,879
Other loans	2,648	(300)	15	(285)	1,810	4,173
Acquired loans	167	(58)	18	(40)	1,446	1,573
Total	$41,666	$(3,769)	$ 317	$ (3,452)	$ 9,847	$48,061

The following table details the amount of ALL by class of loans for the period presented, detailed on the basis of the impairment methodology used by the Company.

	ALL September 30, 2017		December 31, 2016	
	Individually evaluated for	Collectively evaluated for	Individually evaluated for	Collectively evaluated for

	impairment	impairment	impairment	impairment
	(Dollars in thousands)			
Real estate:				
Non-residential real estate owner occupied.	$625	$ 5,320	$716	$ 4,886
Non-residential real estate other	740	9,811	1,119	9,674
Residential real estate permanent mortgage	422	2,736	422	2,707
Residential real estate all other	2,570	6,769	2,160	6,462
Commercial and financial:				
Non-consumer non-real estate	4,694	10,273	3,317	9,104
Consumer non-real estate	374	2,358	478	2,326
Other loans	671	2,441	1,812	2,233
Acquired loans	12	1,439	495	782
Total	$10,108	$ 41,147	$10,519	$ 38,174

16

The following table details the loans outstanding by class of loans for the period presented, on the basis of the impairment methodology used by the Company.

	Loans September 30, 2017			December 31, 2016		
	Individually evaluated for impairment	Collectively evaluated for impairment	Loans acquired with deteriorated credit quality	Individually evaluated for impairment	Collectively evaluated for impairment	Loans acquired with deteriorated credit quality
	(Dollars in thousands)					
Real estate:						
Non-residential real estate owner occupied	$15,954	$598,094	$ —	$17,149	$554,482	$ —
Non-residential real estate other	16,707	1,116,804	—	20,092	1,103,304	—
Residential real estate permanent mortgage	7,265	321,240	—	7,631	317,782	—
Residential real estate all other	15,167	756,806	—	14,873	733,356	—
Commercial and financial:						
Non-consumer non-real estate	33,727	1,200,127	—	24,002	1,027,183	—
Consumer non-real estate	2,578	287,343	—	3,203	280,674	—
Other loans	207	145,713	—	2,254	139,228	—
Acquired loans	14,782	108,686	5,549	13,459	135,616	5,944
Total	$106,387	$4,534,813	$ 5,549	$102,663	$4,291,625	$ 5,944

Transfers from Loans

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

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

	Nine Months Ended September 30,	
	2017	2016
	(Dollars in thousands)	
Other real estate owned	$1,906	$2,453
Repossessed assets	887	1,117
Total	$2,793	$3,570

(5) INTANGIBLE ASSETS

The following is a summary of intangible assets:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(Dollars in thousands)		
As of September 30, 2017			
Core deposit intangibles	$17,447	$ (7,991)	$9,456
Customer relationship intangibles	5,699	(3,680)	2,019
Mortgage servicing intangibles	449	(279)	170
Total	$23,595	$ (11,950)	$11,645
As of December 31, 2016			
Core deposit intangibles	$17,447	$ (6,611)	$10,836
Customer relationship intangibles	5,699	(3,419)	2,280
Mortgage servicing intangibles	473	(259)	214
Total	$23,619	$ (10,289)	$13,330

The following is a summary of goodwill by business segment:

	Metropolitan Banks	Community Banks	Other Financial Services	Executive, Operations & Support	Consolidated
	(Dollars in thousands)				
Nine months ended September 30, 2017					
Balance at beginning and end of period	$ 8,078	$ 40,050	$ 5,464	$ 450	$ 54,042

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, 2016.

(6) STOCK-BASED COMPENSATION

The Company adopted a nonqualified incentive stock option plan (the "BancFirst ISOP") in May 1986. The Company has amended the BancFirst ISOP since 1986 to increase the number of shares to be issued under the plan to 6,400,000 shares. At September 30, 2017, there were 371,470 shares available for future grants. The BancFirst ISOP will terminate on December 31, 2019. The options are exercisable beginning four years from the date of grant at the rate of 25% per year for four years. Options expire at the end of fifteen years from the date of grant. Options outstanding as of September 30, 2017 will become exercisable through the year 2024. The option price must be no less than 100% of the fair value of the stock relating to such option at the date of grant.

In June 1999, the Company adopted the BancFirst Corporation Non-Employee Directors' Stock Option Plan (the "BancFirst Directors' Stock Option Plan"). Each non-employee director is granted an option for 10,000 shares. The Company has amended the BancFirst Directors' Stock Option Plan since 1999 to increase the number of shares to be issued under the plan to 520,000 shares. At September 30, 2017, there were 60,000 shares available for future grants. The options are exercisable beginning one year from the date of grant at the rate of 25% per year for four years, and expire at the end of fifteen years from the date of grant. Options outstanding as of September 30, 2017 will become exercisable through the year 2021. The option price must be no less than 100% of the fair value of the stock relating to such option at the date of grant.

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.

The following table is a summary of the activity under both the BancFirst ISOP and the BancFirst Directors' Stock Option Plan:

	Options	Wgtd. Avg. Exercise Price	Wgtd. Avg. Remaining Contractual Term	Aggregate Intrinsic Value
	(Dollars in thousands, except option data)			
Nine Months Ended September 30, 2017				
Outstanding at December 31, 2016	1,414,900	$ 22.46		

Options granted	80,000	46.63		
Options exercised	(231,275)	17.78		
Outstanding at September 30, 2017	1,263,625	24.84	9.72 Yrs	$ 40,317
Exercisable at September 30, 2017	523,625	19.44	6.67 Yrs	$ 19,539

The following table has additional information regarding options granted and options exercised under both the BancFirst ISOP and the BancFirst Directors' Stock Option Plan:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(Dollars in thousands except per share data)			
Weighted average grant-date fair value per share of options granted	$11.63	$7.00	$11.21	$5.96
Total intrinsic value of options exercised	1,493	5,063	7,138	6,733
Cash received from options exercised	856	3,859	4,113	5,735
Tax benefit realized from options exercised	578	1,958	2,761	2,604

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model and is based on certain assumptions including risk-free rate of return, dividend yield, stock price volatility and the expected term. The fair value of each option is expensed over its vesting period.

The following table is a summary of the Company's recorded stock-based compensation expense:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(Dollars in thousands)			
Stock-based compensation expense	$354	$365	$819	$1,266
Tax benefit	137	142	317	490
Stock-based compensation expense, net of tax	$217	$223	$502	$776

The Company will continue to amortize the unearned stock-based compensation expense over the remaining vesting period of approximately seven years. The following table shows the unearned stock-based compensation expense:

	September 30, 2017 (Dollars in thousands)
Unearned stock-based compensation expense	$ 2,968

The following table shows the assumptions used for computing stock-based compensation expense under the fair value method on options granted during the periods presented:

	Nine Months Ended September 30,	
	2017	2016
Risk-free interest rate	2.15 to 2.38%	1.46 to 2.02%
Dividend yield	2.00%	2.00%
Stock price volatility	22.57 to 23.53%	20.41 to 21.78%
Expected term	10 Yrs	10 Yrs

The risk-free interest rate is determined by reference to the spot zero-coupon rate for the U.S. Treasury security with a maturity similar to the expected term of the options. The dividend yield is the expected yield for the expected term. The stock price volatility is estimated from the recent historical volatility of the Company's stock. The expected term is estimated from the historical option exercise experience.

In May 1999, the Company adopted the BancFirst Corporation Directors' Deferred Stock Compensation Plan (the "BancFirst Deferred Stock Compensation Plan"). The Company has amended the BancFirst Deferred Stock Compensation Plan since 1999 to increase the number of shares to be issued under the plan to 222,220 shares. 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 9,918 shares of common stock distributed from the BancFirst Deferred Stock Compensation Plan during the nine months ended September 30, 2017.

A summary of the accumulated stock units is as follows:

	September 30, 2017	December 31, 2016
Accumulated stock units	136,679	140,044
Average price	$ 22.33	$ 20.87

(7) STOCKHOLDERS' EQUITY

In November 1999, the Company adopted a Stock Repurchase Program (the "SRP"). The SRP may be used as a means to increase earnings per share and return on equity, 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 may be determined by management within the limitations of the SRP.

All share repurchased in 2016 were purchased in the first three months of the year. The following table is a summary of the shares under the program:

	Nine Months Ended September 30, 2017	2016
Number of shares repurchased	—	200,000
Average price of shares repurchased	$—	$27.62
Shares remaining to be repurchased	300,000	300,000

The Company and BancFirst 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 the Company’s and BancFirst’s 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 financial statements. Management believes that as of September 30, 2017, the Company and BancFirst 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 September 30, 2017:								
Total Capital								
(to Risk Weighted Assets)-								
BancFirst Corporation	$782,662	15.58%	$401,869	8.00%	$464,661	9.250%	N/A	N/A
BancFirst	702,516	14.00%	401,415	8.00%	464,137	9.250%	$501,769	10.00%
Common Equity Tier 1 Capital								
(to Risk Weighted Assets)-								
BancFirst Corporation	$700,407	13.94%	$226,051	4.50%	$288,843	5.750%	N/A	N/A
BancFirst	631,261	12.58%	225,796	4.50%	288,517	5.750%	$326,150	6.50%
Tier 1 Capital								
(to Risk Weighted Assets)-								
BancFirst Corporation	$731,407	14.56%	$301,402	6.00%	$364,194	7.250%	N/A	N/A
BancFirst	651,261	12.98%	301,062	6.00%	363,783	7.250%	$401,415	8.00%
Tier 1 Capital								
(to Total Assets)-								
BancFirst Corporation	$731,407	10.44%	$280,325	4.00%	N/A	N/A	N/A	N/A
BancFirst	651,261	9.31%	279,919	4.00%	N/A	N/A	$349,899	5.00%

As of September 30, 2017, the most recent notification from the Federal Reserve Bank of Kansas City and the FDIC categorized BancFirst as "well capitalized" under the regulatory framework from prompt corrective action. The Company's trust preferred securities have continued to be included in Tier 1 capital as the Company's total assets do not exceed $15 billion. There are no conditions or events since the most recent notifications of BancFirst's capital category that management believes would materially change its category under capital requirements existing as of the report date.

Basel III Capital Rules

Under the Basel III Capital Rules, in order to avoid limitations on capital distributions, including dividend payments and certain discretionary bonus payments to executive officers, a banking organization must hold a capital conservation buffer composed of CET1 capital above its minimum risk-based capital requirements. The implementation of the capital conservation buffer began on January 1, 2016 at the 0.625% level and will be phased in over a four-year period (increasing by that amount on each subsequent January 1, until it reaches 2.5% on January 1, 2019).

Management believes that, as of September 30, 2017, the Company and BancFirst would meet all capital adequacy requirements under the Basel III Capital Rules on a fully phased-in basis as if such requirements were currently in effect.

(8) NET INCOME PER COMMON SHARE

Basic and diluted net income per common share based on weighted-average shares outstanding are calculated as follows:

	Income (Numerator)	Shares (Denominator)	Per Share Amount
	(Dollars in thousands, except per share data)		
Three Months Ended September 30, 2017			
Basic			
Income available to common stockholders	$21,710	31,838,392	$ 0.68
Dilutive effect of stock options	—	753,885	
Diluted			
Income available to common stockholders plus assumed exercises of stock options	$21,710	32,592,277	$ 0.67
Three Months Ended September 30, 2016			
Basic			
Income available to common stockholders	$17,982	31,262,188	$ 0.58
Dilutive effect of stock options	—	582,230	
Diluted			
Income available to common stockholders plus assumed exercises of stock options	$17,982	31,844,418	$ 0.57
Nine Months Ended September 30, 2017			
Basic			
Income available to common stockholders	$66,942	31,792,270	$ 2.11
Dilutive effect of stock options	—	741,949	
Diluted			
Income available to common stockholders plus assumed exercises of stock options	$66,942	32,534,219	$ 2.06
Nine Months Ended September 30, 2016			
Basic			
Income available to common stockholders	$52,054	31,143,980	$ 1.67
Dilutive effect of stock options	—	581,580	
Diluted			
Income available to common stockholders plus assumed exercises of stock options	$52,054	31,725,560	$ 1.64

The following table shows the number and average exercise price of options that were excluded from the computation of diluted net income per common share for each period because the options’ exercise prices were greater than the average market price of the common shares:

	Shares	Average Exercise Price
Three Months Ended September 30, 2017	75,543	$ 46.46
Three Months Ended September 30, 2016	283,130	30.32
Nine Months Ended September 30, 2017	39,120	46.10
Nine Months Ended September 30, 2016	366,628	29.87

(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.

21

FASB 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 management judgment or estimation. This category includes certain impaired 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.

Securities Available for Sale

Securities classified as available for sale are reported at fair value. U.S. Treasuries are valued using Level 1 inputs. Other securities available for sale including U.S. federal agencies, registered mortgage backed 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 the bond's terms and conditions, among other things. The Company also invests in private label mortgage backed securities and equity securities classified as available for sale for which observable information is not readily available. These securities are reported at fair value utilizing Level 3 inputs. For these securities, management determines the fair value based on replacement cost, the income approach or information provided by outside consultants or lead investors.

The Company reviews the prices for Level 1 and Level 2 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 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 securities, general obligation municipal bonds and a small amount of municipal revenue bonds. Pricing for such instruments is fairly generic and 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.

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.

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)			
September 30, 2017				
Securities available for sale:				
U.S. Treasury	$285,274	$—	$—	$ 285,274
U.S. federal agencies	—	94,111	—	94,111
Mortgage-backed securities	—	3,808	14,467	18,275
States and political subdivisions	—	43,426	—	43,426
Other securities	—	—	5,855	5,855
Derivative assets	—	123	—	123
Derivative liabilities	—	38	—	38
Loans held for sale	—	11,776	—	11,776
December 31, 2016				
Securities available for sale:				
U.S. Treasury	$268,543	$—	$—	$ 268,543
U.S. federal agencies	—	129,642	—	129,642
Mortgage-backed securities	—	4,856	14,816	19,672
States and political subdivisions	—	41,042	—	41,042
Other securities	—	—	6,569	6,569
Derivative assets	—	1,569	—	1,569
Derivative liabilities	—	1,306	—	1,306
Loans held for sale	—	9,318	—	9,318

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

	Nine Months Ended September 30, 2017	Twelve Months Ended December 31, 2016
	(Dollars in thousands)	
Balance at the beginning of the year	$21,385	$ 21,124
Purchases	293	1,096
Settlements	(523)	(191)
Sales	—	(429)
Losses included in earnings	(352)	(111)
Total unrealized losses	(481)	(104)
Balance at the end of the period	$20,322	$ 21,385

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 nine months ended September 30, 2017 and 2016, the Company did not transfer any securities between levels in the fair value hierarchy.

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; that is, 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.

Impaired loans are reported at the fair value of the underlying collateral if repayment is dependent on liquidation of the collateral. In no case does the fair value of an impaired loan exceed the fair value of the underlying collateral. The impaired loans are adjusted to fair value through a specific allocation of the allowance for loan 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 loan losses based upon the fair value of the foreclosed 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. The fair value represents end of period values, which approximate fair value measurements that occurred on various measurement dates throughout the period:

	Total Fair Value Level 3 (Dollars in thousands)
As of and for the Year-to-date Period Ended September 30, 2017	
Impaired loans (less specific allowance)	$ 28,042
Repossessed assets	247
Other real estate owned	1,390
As of and for the Year-to-date Period Ended December 31, 2016	
Impaired loans (less specific allowance)	$ 29,912
Repossessed assets	340
Other real estate owned	1,480

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 were used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents Include: Cash and Due from Banks, Federal Funds Sold and Interest-Bearing Deposits

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

Securities Held for Investment

For 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 securities making adjustments for credit or liquidity if applicable.

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.

Junior Subordinated Debentures

The fair values of junior subordinated debentures are estimated using the rates that would be charged for junior subordinated debentures 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:

	September 30, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(Dollars in thousands)			
FINANCIAL ASSETS				
Level 2 inputs:				
Cash and cash equivalents	$1,728,943	$1,728,943	$1,851,161	$1,851,161
Securities held for investment	2,568	2,598	3,722	3,760
Level 3 inputs:				
Securities held for investment	500	500	643	643
Loans, net of allowance for loan losses	4,595,494	4,599,161	4,351,539	4,367,363
FINANCIAL LIABILITIES				
Level 2 inputs:				
Deposits	6,302,046	6,374,232	6,248,057	6,313,622
Short-term borrowings	2,100	2,100	500	500
Junior subordinated debentures	31,959	33,589	31,959	34,339
OFF-BALANCE SHEET FINANCIAL INSTRUMENTS				
Loan commitments		1,855		1,718
Letters of credit		446		424

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. Certain non-financial assets and non-financial liabilities measured at fair value on a nonrecurring basis include intangible assets (excluding mortgage service rights, which are valued periodically) and other non-financial long-lived assets measured at fair value and adjusted for impairment. These items are evaluated at least annually for impairment. The overall levels of non-financial assets and non-financial liabilities measured at fair value on a nonrecurring basis were not considered to be significant to the Company at September 30, 2017 or December 31, 2016.

(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, the Company simultaneously enters into an offsetting contract with a counterparty to mitigate the exposure to fluctuations in oil and gas prices. These derivatives are not designated as hedged instruments and are recorded on the Company’s consolidated balance sheet at fair value.

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:

		September 30, 2017		December 31, 2016	
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	38	$ 56	83	$ 576
Derivative liabilities	Barrels	(38)	(17)	(83)	(496)
Natural Gas					
Derivative assets	MMBTUs	350	67	1,900	993
Derivative liabilities	MMBTUs	(350)	(21)	(1,900)	(810)
Total Fair Value	Included in				
Derivative assets	Other assets		123		1,569
Derivative liabilities	Other liabilities		(38)		(1,306)

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 September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(Dollars in thousands)			
Derivative income	$ 1	$ 3	$ 6	$ 14

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 is the profit derived from the activity and is unaffected by 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:

	September 30, 2017	December 31, 2016
	(Dollars in thousands)	
Credit exposure	$ —	$ —

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 four principal business units are metropolitan banks, community banks, other financial services and executive, operations and support. Metropolitan and community banks offer traditional banking products such as commercial and retail lending and a full line of deposit accounts. Metropolitan banks consist of banking locations in the metropolitan Oklahoma City and Tulsa areas. Community banks consist of banking locations in communities throughout Oklahoma. 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 four business units are as follows:

	Metropolitan Banks	Community Banks	Other Financial Services	Executive, Operations & Support	Eliminations	Consolidated
	(Dollars in thousands)					
Three Months Ended September 30, 2017						
Net interest income (expense)	$18,617	$37,310	$1,332	$(26)	$—	$57,233
Noninterest income	3,981	13,884	9,217	24,470	(22,383)	29,169
Income before taxes	11,499	23,810	3,762	15,137	(21,682)	32,526
Three Months Ended September 30, 2016						
Net interest income (expense)	$15,893	$34,254	$1,617	$(333)	$—	$51,431
Noninterest income	4,235	14,918	8,050	19,025	(18,301)	27,927
Income before taxes	10,970	19,727	2,683	11,964	(18,130)	27,214
Nine Months Ended September 30, 2017						
Net interest income (expense)	$54,969	$109,480	$4,525	$(534)	$—	$168,440
Noninterest income	11,748	40,821	24,983	74,586	(66,901)	85,237
Income before taxes	36,357	71,038	10,526	47,368	(65,942)	99,347
Nine Months Ended September 30, 2016						
Net interest income (expense)	$47,435	$101,222	$4,624	$(1,006)	$—	$152,275
Noninterest income	12,121	42,922	22,175	55,501	(53,118)	79,601
Income before taxes	30,558	59,152	8,228	33,711	(52,835)	78,814
Total Assets:						
September 30, 2017	$2,549,122	$4,449,130	$92,387	$873,337	$(831,808)	$7,132,168
December 31, 2016	2,493,096	4,412,174	83,594	803,810	(773,722)	7,018,952

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. Capital expenditures are generally charged to the business unit using the asset.

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

The following discussion and analysis presents factors that the Company believes are relevant to an assessment and understanding of the Company’s consolidated financial position and results of operations. This discussion and analysis should be read in conjunction with the Company’s December 31, 2016 consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016 and the Company’s consolidated financial statements and the related Notes included in Item 1.

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-lookin 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:

- Local, regional, national and international economic conditions and the impact they may have on the Company and its customers and the Company’s assessment of that impact.
- Changes in the mix of loan geographies, sectors and types or the level of non-performing assets and charge-offs.
- Inflation, interest rate, crude oil price, securities market and monetary fluctuations.
- The effect of changes in laws and regulations (including laws and regulations concerning taxes, banking, securities and insurance) with which the Company must comply.
- 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.
- Technological changes.
- Acquisitions and integration of acquired businesses.
- 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

BancFirst Corporation's net income was $21.7 million, or $0.67 diluted earnings per share, for the third quarter of 2017, compared to net income of $18.0 million, or $0.57 diluted earnings per share, for the third quarter of 2016. Net income was $66.9 million, or $2.06 diluted earnings per share, for the nine months ended September, 30, 2017, compared to net income of $52.1 million, or $1.64 diluted earnings per share, for the nine months ended September, 30, 2016. Net income for the first nine months of 2017 included the effects of favorable resolutions of three problem loans which resulted in principal recovery of $894,000 and unaccrued interest income of $2.7 million. Net income for the first nine months of 2016 included a gain on the sale of other real estate owned totaling $1.2 million.

The Company's net interest income for the third quarter of 2017 increased to $57.2 million, compared to $51.4 million for the third quarter of 2016. The net interest margin for the quarter was 3.46%, compared to 3.27% a year ago. The increase in margin was primarily due to the increase in the federal funds rate. The Company's provision for loan losses for the third quarter of 2017 increased to $3.3 million, compared to $2.9 million a year ago. The provision was primarily driven by downgrades of commercial loans, which resulted in approximately $2.5 million in provision, and by loan growth, which resulted in approximately $750,000 in provision. Net charge-offs were stable at 0.02% of average loans for the third quarter of 2017 compared to 0.03% for the third quarter of 2016. Noninterest income for the quarter totaled $29.2 million, compared to $27.9 million last year. Noninterest expense for the quarter totaled $50.6 million, compared to $49.2 million last year. The increase in noninterest expense was primarily due to salary increases in 2017. The Company's effective tax rate was 33.3% compared to 33.9% for the third quarter of 2016.

At September 30, 2017, the Company's total assets were $7.1 billion, $113.2 million above the December 31, 2016 total. Loans totaled $4.7 billion, an increase of $249.0 million over December 31, 2016. Deposits were $6.3 billion at September 30, 2017, up $54.0 million above the December 31, 2016 total. The Company's total stockholders' equity was $764.4 million, an increase of $53.3 million over December 31, 2016.

Asset quality remained strong during the third quarter of 2017. Nonperforming and restructured assets were 0.53% of total assets at September 30, 2017 compared to 0.56% at December 31, 2016. The decrease in nonperforming and restructured assets was largely due to the resolution of problem loans during the first two quarters of 2017, offset by the downgrade of two commercial loans during the third quarter of 2017. The allowance for loan losses to total loans was 1.10% at September 30, 2017 and year-end 2016. The allowance to nonperforming and restructured loans was 153.5% at September 30, 2017 compared to 137.3% at year-end 2016.

On September 7, 2017, the Company announced it had entered into an agreement to acquire First Wagoner Corp. and its subsidiary bank, First Bank & Trust Company, with locations in Carney, Disney, Grove, Ketchum, Luther, Tulsa and Wagoner. First Bank & Trust Company has approximately $280 million in total assets, $258 million in loans, $244 million in deposits, and $36 million in equity capital. The transaction is expected to be completed in January 2018 upon regulatory approval. The bank will operate as First Bank & Trust Company until it is merged into BancFirst, which is expected to be during the first quarter of 2018. The acquisition will not have a material effect on the Company's consolidated financial statements.

On September 7, 2017, the Company announced it had entered into an agreement to acquire First Chandler Corp. and its subsidiary bank, First Bank of Chandler, with two locations in Chandler. First Bank of Chandler has approximately $90 million in total assets, $82 million in loans, $79 million in deposits, and $11 million in equity capital. The transaction is expected to be completed in January 2018 upon regulatory approval. The bank will operate as First Bank of Chandler until it is merged into BancFirst, which is expected to be during the second quarter of 2018. The acquisition will not have a material effect on the Company's consolidated financial statements.

On July 31, 2017, the Company completed a two-for-one stock split of the Company's outstanding shares of common stock. The stock was issued in the form of a dividend on July 31, 2017 to shareholders of record of the outstanding common stock as of the close of business record date of July 17, 2017. Stockholders received one additional share for each share held on that date. This represents the second stock split for the Company since going public in 1993. All share and per share amounts in the consolidated financial statements and related notes have been retroactively adjusted to reflect this stock split for all periods presented.

Effective June 1, 2017, the Company organized a new wholly-owned captive insurance company named BancFirst Risk and Insurance. It insures certain risks of the Company and has entered into reinsurance agreements with a risk-sharing pool.

FUTURE APPLICATION OF ACCOUNTING STANDARDS

See Note (1) of the Notes to Consolidated Financial Statements for a discussion of recently issued accounting pronouncements.

SEGMENT INFORMATION

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

RESULTS OF OPERATIONS

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		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Income Statement Data				
Net interest income	$57,233	$51,431	$168,440	$152,275
Provision for loan losses	3,276	2,940	5,189	9,847
Securities transactions	(22)	(146)	(352)	(111)
Total noninterest income	29,169	27,927	85,237	79,601
Salaries and employee benefits	31,471	30,591	93,672	89,956
Total noninterest expense	50,600	49,204	149,141	143,215
Net income	21,710	17,982	66,942	52,054
Per Common Share Data				
Net income – basic	$0.68	$0.58	$2.11	$1.67
Net income – diluted	0.67	0.57	2.06	1.64
Cash dividends	0.21	0.19	0.59	0.55
Performance Data				
Return on average assets	1.22 %	1.06 %	1.26 %	1.03 %
Return on average stockholders’ equity	11.34	10.35	12.06	10.27
Cash dividend payout ratio	30.80	33.03	28.02	32.91
Net interest spread	3.20	3.09	3.20	3.10
Net interest margin	3.46	3.27	3.42	3.27
Efficiency ratio	58.56	62.00	58.79	61.76
Net charge-offs to average loans	0.02	0.03	0.06	0.08

Net Interest Income

For the three months ended September 30, 2017, net interest income, which is the Company’s principal source of operating revenue, increased 11.3% compared to the three months ended September 30, 2016. Net interest margin, which is shown in the preceding table, is the ratio of taxable-equivalent net interest income to average earning assets for the period. The increase in the federal funds rate of 25 basis points during the fourth quarter of 2016 and the first and second quarters of 2017 contributed to the higher net interest income and margin in 2017. If interest rates and/or loan volume do not increase, management would expect its net interest margin to generally remain at current levels.

Net interest income for the nine months ended September 30, 2017 increased 10.6% compared to the nine months ended September 30, 2016. The net interest margin increased for the nine months ended September 30, 2017 compared to the same period of the previous year, as shown in the preceding table. The increase in the margin was primarily due to interest income of $2.7 million related to the favorable resolution of three problem loans, which added approximately 0.05% to the margin, and the increase in the federal funds rate of 25 basis points during the fourth quarter of 2016 and the first and second quarters of 2017.

Provision for Loan Losses

The Company's provision for loan loss for the third quarter of 2017 was $3.3 million, an increase of $336,000 or 11.4% compared to a year ago. The provision was primarily driven by downgrades of commercial loans, which resulted in approximately $2.5 million in provision, and by loan growth, which resulted in approximately $750,000 in provision. The Company establishes an allowance as an estimate of the probable inherent losses in the loan portfolio at the balance sheet date. Management believes the allowance for loan losses is appropriate based upon management's best estimate of probable losses that have been incurred within the existing loan portfolio. Should any of the factors considered by management in evaluating the appropriate level of the allowance for loan losses change, the Company's estimate of probable loan losses could also change, which could affect the amount of future provisions for loan losses. Net loan charge-offs were $1.0 million for the third quarter of 2017, compared to $1.4 million for the third quarter of 2016. The rate of net charge-offs to average total loans, as presented in the preceding table, continues to be at a very low level.

For the nine months ended September 30, 2017, the Company's provision for loan losses decreased $4.7 million or 47.3% compared to the nine months ended September 30, 2016. The decrease in the provision was due in part to the resolution of three problem loans and an unusually high provision for a few commercial loans in the prior year. Net loan charge-offs were $2.6 million, compared to $3.5 million for the same period of the prior year.

Noninterest Income

Noninterest income totaled $29.2 million for the third quarter of 2017 compared to $27.9 million for the third quarter of 2016. Noninterest income included increases in trust revenue, insurance commissions, debit card usage fees and non-sufficient funds fees. The Company had fees from debit card usage totaling $6.6 million and $6.0 million during the three month periods ended September 30, 2017 and 2016, respectively. This represents 22.6% and 21.5% of the Company's noninterest income for the three month periods ended September 30, 2017 and 2016, respectively. In addition, the Company had non-sufficient fund fees totaling $7.5 million and $7.1 million during the three month periods ended September 30, 2017 and 2016, respectively. This represents 25.8% and 25.6% of the Company's noninterest income for the three month periods ended September 30, 2017 and 2016, respectively.

Noninterest income for the nine months ended September 30, 2017 totaled $85.2 million compared to $79.6 million for the nine months ended September 30, 2016. Noninterest income included increases in trust revenue, insurance commissions, debit card usage fees and non-sufficient funds fees. Fees from debit card usage totaled $19.5 million and $18.0 million during the nine months ended September 30, 2017 and 2016, respectively. This represents 22.8% and 22.6% of the Company's noninterest income for the nine month periods ended September 30, 2017 and 2016, respectively. In addition, the Company had non-sufficient fund fees totaling $21.7 million and $19.8 million during the nine months ended September 30, 2017 and 2016, respectively. This represents 25.4% and 24.9% of the Company's noninterest income for the nine month periods ended September 30, 2017 and 2016, respectively.

Noninterest Expense

For the three months ended September 30, 2017, noninterest expense totaled $50.6 million, compared to $49.2 million for the three months ended September 30, 2016. The increase in noninterest expense for the third quarter of 2017 was primarily due to salary increases.

For the nine months ended September 30, 2017, noninterest expense totaled $149.1million compared to $143.2 million for the nine months ended September 30, 2016. The increase in noninterest expense for year-to-date 2017 was primarily due to salary increases and $1.2 million in gains on sale of other real estate owned that reduced expenses in 2016.

Income Taxes

The Company's effective tax rate on income before taxes was 33.3% for the third quarter of 2017, compared to 33.9% for the third quarter of 2016. The decrease in the effective tax rate was primarily due to Accounting Standards Update 2016-09, which is a change in accounting standards related to stock based compensation.

The Company's effective tax rate on income before taxes was 32.6% for the first nine months of 2017, compared to 34.0% for the first nine months of 2016. The decrease in the effective tax rate was primarily due to Accounting Standards Update 2016-09, which is a change in accounting standards related to stock based compensation.

FINANCIAL POSITION

BANCFIRST CORPORATION

SELECTED CONSOLIDATED FINANCIAL DATA

(Dollars in thousands, except per share data)

	September 30, 2017 (unaudited)		December 31, 2016	
Balance Sheet Data				
Total assets	$7,132,168		$7,018,952	
Total loans (net of unearned interest)	4,658,525		4,409,550	
Allowance for loan losses	51,255		48,693	
Securities	450,009		469,833	
Deposits	6,302,046		6,248,057	
Stockholders' equity	764,414		711,094	
Book value per share	23.99		22.49	
Tangible book value per share (non-GAAP)(1)	21.93		20.36	
Average loans to deposits (year-to-date)	71.74	%	71.44	%
Average earning assets to total assets (year-to-date)	93.42		93.10	
Average stockholders’ equity to average assets (year-to-date)	10.48		10.11	
Asset Quality Ratios				
Nonperforming and restructured loans to total loans	0.72	%	0.80	%
Nonperforming and restructured assets to total assets	0.53		0.56	
Allowance for loan losses to total loans	1.10		1.10	
Allowance for loan losses to nonperforming and restructured loans	153.50		137.27	
Reconciliation of Tangible Book Value Per Common Share (non-GAAP)(2)				
Stockholders' equity	764,414		711,094	
Less goodwill	54,042		54,042	
Less intangible assets, net	11,645		13,330	
Tangible stockholders' equity (non-GAAP)	698,727		643,722	
Common shares outstanding	31,863,063		31,621,870	
Tangible book value per share (non-GAAP)	21.93		20.36	

(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.

Cash and Interest-Bearing Deposits with Banks

The aggregate of cash and due from banks, interest-bearing deposits with banks and federal funds sold decreased $122.2 million, or 6.6% to $1.7 billion, from December 31, 2016 to September 30, 2017. This decrease was due primarily to the increase in loans and minimal growth in deposits.

Securities

At September 30, 2017, total securities decreased $19.8 million, or 4.2% compared to December 31, 2016. The size of the Company's securities portfolio is determined by the Company's liquidity and asset/liability management. The net unrealized gain on securities available for sale, before taxes, was $267,000 at September 30, 2017, compared to $153,000 at December 31, 2016. These unrealized gains are included in the Company's stockholders' equity as accumulated other comprehensive income, net of income tax, in the amounts of $164,000 and $94,000, respectively.

Loans

At September 30, 2017, loans totaled $4.7 billion, an increase of $249.0 million over December 31, 2016. The 5.6% increase in loans was due to the continuation of internal loan growth.

Allowance for Loan Losses/Fair Value Adjustments on Acquired Loans

The allowance for loan losses to total loans represented 1.10% of total loans at both September 30, 2017 and December 31, 2016.

The fair value adjustment on acquired loans consists of an interest rate component to adjust the effective rates on the loans to market rates and a credit component to adjust for estimated credit exposures in the acquired loans. The credit component of the adjustment was $1.3 million at September 30, 2017 and $2.0 million at December 31, 2016, while the acquired loans outstanding were $129.0 million and $155.0 million, respectively.

Nonperforming and Restructured Assets

Nonperforming and restructured assets totaled $37.5 million at September 30, 2017, compared to $39.3 million at December 31, 2016. The Company's level of nonperforming and restructured assets has continued to be relatively low. The decrease in nonperforming and restructured assets in 2017 was due to the resolution of three problem loans, partially offset by the downgrade of two commercial loans.

Nonaccrual loans totaled $27.7 million at September 30, 2017, compared to $31.8 million at December 31, 2016. The Company's nonaccrual loans are primarily commercial and 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 interest or principal or both is in serious doubt. Interest income is recognized on certain of these loans on a cash basis if the full collection of the remaining principal balance is reasonably expected. Otherwise, interest income is not recognized until the principal balance is fully collected. Had nonaccrual loans performed in accordance with their original contractual terms, the Company would have recognized additional interest income of approximately $1.3 million for the nine months ended September 30, 2017 and $1.5 million for the for the nine months ended September 30, 2016. Only a small amount of this interest is expected to be ultimately collected.

Other real estate owned and repossessed assets totaled $4.1 million at September 30, 2017, compared to $3.9 million at December 31, 2016.

Potential problem loans are performing loans to borrowers with a weakened financial condition, or which are experiencing unfavorable trends in their financial condition, which causes management to have concerns as to the ability of such borrowers to comply with the existing repayment terms. The Company had approximately $7.0 million of these loans at September 30, 2017, compared to $7.5 million at December 31, 2016. Potential problem loans are not included in nonperforming and restructured loans. In general, these loans are adequately collateralized and have no specific identifiable probable loss. Loans which are considered to have identifiable probable loss potential are placed on nonaccrual status, are allocated a specific allowance for loss or are directly charged-down, and are reported as nonperforming.

Liquidity and Funding

Deposits

At September 30, 2017 deposits totaled $6.3 billion, up slightly from $6.2 billion at December 31, 2016. 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 94.9% at September 30, 2017 compared to 94.7% at December 31,

2016. Noninterest-bearing deposits to total deposits were 41.0% at September 30, 2017, compared to 40.4% at December 31, 2016.

Short-Term Borrowings

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 $2.1 million at September 30, 2017, compared to $500,000 at December 31, 2016.

Long-Term Borrowings

The Company has a line of credit from the Federal Home Loan Bank ("FHLB") of Topeka, Kansas to use for liquidity or to match-fund certain long-term fixed rate loans. The Company's assets, including residential first mortgages of $687.2 million, are pledged as collateral for the borrowings under the line of credit. As of September 30, 2017 and December 31, 2016, the Company had no advances outstanding under the line of credit from FHLB. In addition, the Company has a revolving line of credit with another financial institution with the ability to draw up to $10.0 million with no advances outstanding. This line of credit has a variable rate based on prime rate minus 25 basis points and matures in 2020.

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, 2016.

Capital Resources

Stockholders' equity totaled $764.4 million at September 30, 2017, compared to $711.1 million at December 31, 2016. In addition to net income of $66.9 million, other increases in stockholders' equity during the nine months ended September 30, 2017 included $4.3 million related to stock option exercises, $819,000 related to stock-based compensation and $70,000 increase in other comprehensive income, that were partially offset by $18.8 million in dividends. The Company's leverage ratio and total risk-based capital ratios at September 30, 2017 were well in excess of the regulatory requirements.

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

On January 20, 2017, the Company filed with the Securities and Exchange Commission ("SEC") an automatic shelf registration statement on Form S-3, which became effective upon filing with the SEC. Under the shelf registration, the Company may offer and sell, from time to time, an indeterminate amount of its common stock in one or more future offerings.

CONTRACTUAL OBLIGATIONS

There have not been any material changes in the resources required for scheduled repayments of contractual obligations from the table of Contractual Cash Obligations 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, 2016.

BANCFIRST CORPORATION

CONSOLIDATED AVERAGE BALANCE SHEETS AND INTEREST MARGIN ANALYSIS

(Unaudited)

Taxable Equivalent Basis (Dollars in thousands)

	Three Months Ended September 30,					
	2017			2016		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
ASSETS						
Earning assets:						
Loans (1)	$4,597,267	$56,319	4.86 %	$4,300,400	$51,817	4.78 %
Securities – taxable	421,464	1,763	1.66	407,434	1,242	1.21
Securities – tax exempt	30,920	287	3.68	38,021	383	4.00
Interest-bearing deposits w/ banks & FFS	1,552,975	4,978	1.27	1,535,048	1,968	0.51
Total earning assets	6,602,626	63,347	3.81	6,280,903	55,410	3.50
Nonearning assets:						
Cash and due from banks	176,194			171,762		
Interest receivable and other assets	341,724			335,855		
Allowance for loan losses	(49,186)			(46,400)		
Total nonearning assets	468,732			461,217		
Total assets	$7,071,358			$6,742,120		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing liabilities:						
Transaction deposits	$759,160	$372	0.19 %	$777,284	$202	0.10 %
Savings deposits	2,304,342	3,479	0.60	2,079,991	1,729	0.33
Time deposits	668,378	1,396	0.83	701,760	1,218	0.69
Short-term borrowings	2,262	6	0.99	1,979	2	0.36
Junior subordinated debentures	31,959	532	6.60	31,959	524	6.51
Total interest-bearing liabilities	3,766,101	5,785	0.61	3,592,973	3,675	0.41
Interest-free funds:						
Noninterest-bearing deposits	2,515,521			2,433,136		
Interest payable and other liabilities	30,071			26,660		
Stockholders' equity	759,665			689,351		
Total interest free funds	3,305,257			3,149,147		
Total liabilities and stockholders' equity	$7,071,358			$6,742,120		
Net interest income		$57,562			$51,735	
Net interest spread			3.20 %			3.09 %
Effect of interest free funds			0.26 %			0.18 %
Net interest margin			3.46 %			3.27 %

(1) Nonaccrual loans are included in the average loan balances and any interest on such nonaccrual loans is recognized on a cash basis.

35

BANCFIRST CORPORATION

CONSOLIDATED AVERAGE BALANCE SHEETS AND INTEREST MARGIN ANALYSIS

(Unaudited)

Taxable Equivalent Basis (Dollars in thousands)

	Nine Months Ended September 30, 2017			2016		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
ASSETS						
Earning assets:						
Loans (1)	$4,501,675	$165,132	4.90 %	$4,279,894	$153,362	4.77 %
Securities – taxable	427,635	5,430	1.70	451,824	3,913	1.15
Securities – tax exempt	32,107	848	3.53	40,515	1,148	3.77
Interest-bearing deposits w/ banks & FFS	1,650,902	12,844	1.04	1,471,623	5,622	0.51
Total earning assets	6,612,319	184,254	3.73	6,243,856	164,045	3.50
Nonearning assets:						
Cash and due from banks	174,975			175,738		
Interest receivable and other assets	339,232			336,188		
Allowance for loan losses	(48,644)			(44,180)		
Total nonearning assets	465,563			467,746		
Total assets	$7,077,882			$6,711,602		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing liabilities:						
Transaction deposits	$782,588	$796	0.14 %	$785,496	$609	0.10 %
Savings deposits	2,280,310	8,554	0.50	2,082,417	5,112	0.33
Time deposits	678,520	3,922	0.77	710,566	3,600	0.67
Short-term borrowings	1,906	13	0.92	1,657	5	0.36
Junior subordinated debentures	31,959	1,589	6.65	31,959	1,569	6.54
Total interest-bearing liabilities	3,775,283	14,874	0.53	3,612,095	10,895	0.40
Interest-free funds:						
Noninterest-bearing deposits	2,533,750			2,399,275		
Interest payable and other liabilities	26,801			25,232		
Stockholders' equity	742,048			675,000		
Total interest free funds	3,302,599			3,099,507		
Total liabilities and stockholders' equity	$7,077,882			$6,711,602		
Net interest income		$169,380			$153,150	
Net interest spread			3.20 %			3.10 %
Effect of interest free funds			0.22 %			0.17 %
Net interest margin			3.42 %			3.27 %

(1) Nonaccrual loans are included in the average loan balances and any interest on such nonaccrual loans is recognized on a cash basis.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no significant changes in the Registrant's disclosures regarding market risk since December 31, 2016, the date of its most recent annual report to stockholders.

Item 4. Controls and Procedures.

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 and General Counsel, have evaluated, as of the last day of the period covered by this report, the Company's disclosure controls and procedures. 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.

No changes were made to the Company's internal control over financial reporting during the period covered by this report that materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

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 September 30, 2017, 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, 2016.

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	Second Amended and Restated Certificate of Incorporation of BancFirst Corporation (filed as Exhibit 1 to the Company's 8-A/A filed July 24, 1998 and incorporated herein by reference).
3.2	Certificate of Amendment of the Second Amended and Restated Certificate of Incorporation of BancFirst Corporation dated June 15, 2004 (filed as Exhibit 3.5 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2004 and incorporated herein by reference).
3.3	Amended and Restated By-Laws of BancFirst Corporation (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K dated March 30, 2015 and incorporated herein by reference).
3.4	Certificate of Amendment of the Second Amended and Restated Certificate of Incorporation of BancFirst Corporation dated May 23, 2013 (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K dated May 29, 2013 and incorporated herein by reference).
3.5	Certificate of Amendment of the Third Amended and Restated Certificate of Incorporation of BancFirst Corporation dated May 31, 2017 (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K dated May 31, 2017 and incorporated herein by reference).
4.1	Instruments defining the rights of securities holders (see Exhibits 3.1, 3.2, 3.3 and 3.4 above).
4.2	Form of Amended and Restated Trust Agreement relating to the 7.20% Cumulative Trust Preferred Securities of BFC Capital Trust II (filed as Exhibit 4.5 to the Company's registration statement on Form S-3/A, File No. 333-112488 dated February 23, 2004, and incorporated herein by reference).
4.3	Form of 7.20% Cumulative Trust Preferred Security Certificate for BFC Capital Trust II (filed as Exhibit D to Exhibit 4.5 to the Company's registration statement on Form S-3/A, File No. 333-112488 dated February 23, 2004, and incorporated herein by reference).
4.4	Form of Indenture relating to the 7.20% Junior Subordinated Deferrable Interest Debentures of BancFirst Corporation issued to BFC Capital Trust II (filed as Exhibit 4.1 to the Company's registration statement on Form S-3, File No. 333-112488 dated February 4, 2004, and incorporated herein by reference).
4.5	Form of Certificate of 7.20% Junior Subordinated Deferrable Interest Debenture of BancFirst Corporation (filed as Exhibit 4.2 to the Company's registration statement on Form S-3, File No. 333-112488 dated February 4, 2004, and incorporated herein by reference).
4.6	Form of Guarantee of BancFirst Corporation relating to the 7.20% Cumulative Trust Preferred Securities of BFC Capital Trust II (filed as Exhibit 4.7 to the Company's registration statement on Form S-3/A, File No. 333-112488 dated February 23, 2004, and incorporated herein by reference).
4.7	Form of Guarantee Agreement by and between CSB Bancshares, Inc. and Wilmington Trust Company (filed as Exhibit 4.7 to the Company's Quarterly Report on Form 10-Q for the Quarter ended September 30, 2015 and incorporated herein by reference).
4.8	

Form of Indenture relating to the Floating Rate Junior Subordinated Deferrable Interest Debentures of CSB Bancshares, Inc., issued to Wilmington Trust Company (filed as Exhibit 4.8 to the Company's Quarterly Report on Form 10-Q for the Quarter ended September 30, 2015 and incorporated herein by reference).

4.9	Form of First Supplemental Indenture relating to the Floating Rate Junior Subordinated Deferrable Interest Debentures by and between Wilmington Trust Company and BancFirst Corporation (filed as Exhibit 4.9 to the Company's Quarterly Report on Form 10-Q for the Quarter ended September 30, 2015 and incorporated herein by reference).
10.1	BancFirst Corporation Employee Stock Ownership and Trust Agreement adopted effective January 1, 2015 (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended March 31, 2015 and incorporated herein by reference).
10.2	Fifth Amended and Restated BancFirst Corporation Directors' Stock Option Plan (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2016 and incorporated herein by reference).
10.3	Fifth Amended and Restated BancFirst Corporation Directors' Deferred Stock Compensation Plan (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2016 and incorporated herein by reference).

Exhibit Number	Exhibit
10.4	Fourteenth Amended and Restated BancFirst Corporation Stock Option Plan (filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2016 and incorporated herein by reference).
10.5	Adoption Agreement for the BancFirst Corporation Thrift Plan adopted April 21, 2016 effective January 1, 2016. (filed as Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended March 31, 2016 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).
32.1*	CEO's Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	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*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

*Filed herewith.

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: November 3, 2017	/s/ David Harlow David Harlow President Chief Executive Officer (Principal Executive Officer)
Date: November 3, 2017	/s/ Kevin Lawrence Kevin Lawrence Executive Vice President Chief Financial Officer (Principal Financial Officer)

41