

BANCFIRST CORP /OK/
Form 10-K
March 15, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the Fiscal Year Ended December 31, 2011

Commission File Number 0-14384

BANCFIRST CORPORATION

(Exact name of registrant as specified in its charter)

OKLAHOMA
(State or other jurisdiction of
incorporation or organization)

73-1221379
(I.R.S. Employer Identification No.)

101 North Broadway, Oklahoma City, Oklahoma 73102

(Address of principal executive offices) (Zip Code)

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

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

Title of each class	Name of each exchange on which registered
Common Stock, \$1.00 Par Value Per Share	NASDAQ Global Select Market System
Securities registered pursuant to Section 12(g) of the Act: None	

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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Indicate by check mark whether the registrant (1) has filed all reports required 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 Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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

The aggregate market value of the Common Stock held by nonaffiliates of the registrant computed using the last sale price on June 30, 2011 was approximately \$282,700,842.

As of February 28, 2012, there were 15,136,680 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Proxy Statement for the 2012 Annual Meeting of Stockholders of the registrant (the 2012 Proxy Statement) to be filed pursuant to Regulation 14A are incorporated by reference into Part III of this report.

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PART I

Item 1. Business.

General

BancFirst Corporation (the Company) is an Oklahoma business corporation and a financial holding company under Federal law. It conducts virtually all of its operating activities through its principal wholly-owned subsidiary, BancFirst (the Bank or BancFirst), a state-chartered bank headquartered in Oklahoma City, Oklahoma. The Company also owns 100% of the common securities of BFC Capital Trust II, 100% of the common securities of Union National Statutory Trust I (both Delaware business trusts), 100% of the common securities of FBC Statutory Trust I (a Connecticut business trust); 100% of 1st Bank Oklahoma in Claremore, Oklahoma; 100% of Council Oak Partners LLC, an Oklahoma limited liability company engaging in investing activities, and 100% of BancFirst Insurance Services, Inc., an Oklahoma business corporation operating as an independent insurance agency. The Company merged 1st Bank Oklahoma into BancFirst on February 17, 2012.

The Company was incorporated as United Community Corporation in July 1984 for the purpose of becoming a bank holding company. In June 1985, it merged with seven Oklahoma bank holding companies that had operated under common ownership and the Company has conducted business as a bank holding company since that time. Over the next several years the Company acquired additional banks and bank holding companies, and in November 1988 the Company changed its name to BancFirst Corporation. Effective April 1, 1989, the Company consolidated its 12 subsidiary banks and formed BancFirst. Over the intervening decades, the Company has continued to expand through acquisitions and de-novo branches. The Company currently has 93 banking locations serving 51 communities throughout Oklahoma.

The Company's strategy focuses on providing a full range of commercial banking services to retail customers and small to medium-sized businesses in both the non-metropolitan trade centers of Oklahoma and the metropolitan markets of Oklahoma City, Tulsa, Lawton, Muskogee, Norman and Shawnee. The Company operates as a super community bank, managing its community banking offices on a decentralized basis, which permits them to be responsive to local customer needs. Underwriting, funding, customer service and pricing decisions are made by presidents in each market within the Company's strategic parameters. At the same time, the Company generally has a larger lending capacity, broader product line and greater operational scale than its principal competitors in the non-metropolitan market areas (which typically are independently-owned community banks). In the metropolitan markets served by the Company, the Company's strategy is to focus on the needs of local businesses that are not served adequately by larger institutions.

The Bank maintains a strong community orientation by, among other things, selecting members of the communities in which the Bank's branches operate to local consulting boards that assist in marketing and providing feedback on the Bank's products and services to meet customer needs. As a result of the development of broad banking relationships with its customers and community branch network, the Bank's lending and investing activities are funded almost entirely by core deposits.

The Bank centralizes virtually all of its processing, support and investment functions in order to achieve consistency and operational efficiencies. The Bank maintains centralized control functions such as operations support, bookkeeping, accounting, loan review, compliance and internal auditing to ensure effective risk management. The Bank also provides centrally certain specialized financial services that require unique expertise.

The Bank provides a wide range of retail and commercial banking services, including: commercial, real estate, agricultural and consumer lending; depository and funds transfer services; collections; safe deposit boxes; cash management services; retail brokerage services; and other services tailored for both individual and corporate customers. The Bank also offers trust services and acts as executor, administrator, trustee, transfer agent and in various other fiduciary capacities. Through its Technology and Operations Center, the Bank provides item processing, research and other correspondent banking services to financial institutions and governmental units.

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The Bank's primary lending activity is the financing of business and industry in its market areas. Its commercial loan customers are generally small to medium-sized businesses engaged in light manufacturing, local wholesale and retail trade, commercial and residential real estate development and construction, services, agriculture, and the energy industry. Most forms of commercial lending are offered, including commercial mortgages, other forms of asset-based financing and working capital lines of credit. In addition, the Bank offers Small Business Administration (SBA) guaranteed loans through BancFirst Commercial Capital, a division established in 1991.

Consumer lending activities of the Bank consist of traditional forms of financing for automobiles, residential mortgage loans, home equity loans, and other personal loans. Residential loans consist primarily of home loans in non-metropolitan areas which are generally shorter in duration than typical mortgages and reprice within five years.

The Bank's range of deposit services include checking accounts, Negotiable Order of Withdrawal (NOW) accounts, savings accounts, money market accounts, sweep accounts, club accounts, individual retirement accounts and certificates of deposit. Overdraft protection and auto draft services are also offered. Deposits of the Bank are insured by the Bank Insurance Fund administered by the Federal Deposit Insurance Corporation (FDIC). In addition, certain Bank employees are licensed insurance agents qualified to offer tax deferred annuities.

Trust services offered through the Bank's Trust and Investment Management Division (the Trust Division) consist primarily of investment management and administration of trusts for individuals, corporations and employee benefit plans. Investment options include pooled equity and fixed income funds managed by the Trust Division and advised by nationally recognized investment management firms. In addition, the Trust Division serves as bond trustee and paying agent for various Oklahoma municipalities and governmental entities.

BancFirst has the following principal subsidiaries: Council Oak Investment Corporation, a small business investment corporation, Council Oak Real Estate, Inc., a real estate investment company, BancFirst Agency, Inc., a credit life insurance agency, and BancFirst Community Development Corporation, a certified community development entity. All of these companies are Oklahoma corporations.

The Company had approximately 1,641 full-time equivalent employees at December 31, 2011, compared to approximately 1,532 full-time equivalent employees at December 31, 2010. Its principal executive offices are located at 101 North Broadway, Oklahoma City, Oklahoma 73102, telephone number (405) 270-1086.

Market Areas and Competition

The banking environment in Oklahoma is very competitive. The geographic dispersion of the Company's banking locations presents several different levels and types of competition. In general, however, each location competes with other banking institutions, savings and loan associations, brokerage firms, personal loan finance companies and credit unions within their respective market areas. The communities in which the Bank maintains offices are generally local trade centers throughout Oklahoma. The major areas of competition include interest rates charged on loans, underwriting terms and conditions, interest rates paid on deposits, fees on non-credit services, levels of service charges on deposits, completeness of product lines and quality of service.

Management believes the Company is in an advantageous competitive position operating as a super community bank. Under this strategy, the Company provides a broad line of financial products and services to small to medium-sized businesses and consumers through full service community banking offices with decentralized management, while achieving operating efficiency and product scale through product standardization and centralization of processing and other functions. Each full service banking office has senior management with significant lending experience who exercise substantial autonomy over credit and pricing decisions. This decentralized management approach, coupled with continuity of service by the same staff

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members, enables the Bank to develop long-term customer relationships, maintain high quality service and respond quickly to customer needs. The majority of its competitors in the non-metropolitan areas are much smaller, and neither offer the range of products and services nor have the lending capacity of BancFirst. In the metropolitan communities, the Company's strategy is to be more responsive to, and more focused on, the needs of local businesses that are not served effectively by larger institutions. As reported by the FDIC, the Company's market share of deposits for Oklahoma (including 1st Bank Oklahoma acquired in July 2011) was 6.90% as of June 30, 2011 and 6.25% as of June 30, 2010.

Marketing to existing and potential customers is performed through a variety of media advertising, direct mail and direct personal contacts. The Company monitors the needs of its customer base through its Product Development Group, which develops and enhances products and services in response to such needs. Sales, customer service and product training are coordinated with incentive programs to motivate employees to cross-sell the Bank's products and services.

Operating Segments

The Company has four principal business units: metropolitan banks, community banks, other financial services, and executive, operations and support. For more information on the Company's Operating Segments see Note (22), Segment Information to the Company's Consolidated Financial Statements.

Control of Company

Affiliates of the Company beneficially own approximately 53% of the outstanding shares of the Company's common stock as of February 28, 2012. Under Oklahoma law and the Company's Certificate of Incorporation, holders of a majority of the outstanding shares of common stock are able to elect all of the directors and approve significant corporate actions, including business combinations. Accordingly, the affiliates have the ability to control the business and affairs of the Company.

Supervision and Regulation

Banking is a complex, highly regulated industry. The Company's growth and earnings performance and those of the Bank can be affected not only by management decisions and general and local economic conditions, but also by the statutes administered by, and the regulations and policies of, various governmental regulatory authorities. These authorities include, but are not limited to, the Board of Governors of the Federal Reserve System (the Federal Reserve Board), the FDIC and the Oklahoma State Banking Department.

The primary goals of the bank regulatory framework are to maintain a safe and sound banking system and to facilitate the conduct of sound monetary policy. This regulatory framework is intended primarily for the protection of a financial institution's depositors, rather than the institution's stockholders and creditors. The following discussion describes certain of the material elements of the regulatory framework applicable to bank holding companies and financial holding companies and their subsidiaries and provides certain specific information relevant to the Company, which is both a bank holding company and a financial holding company. The descriptions are qualified in their entirety by reference to the specific statutes and regulations discussed. Further, such statutes, regulations and policies are continually under review by Congress and state legislatures, and Federal and state regulatory agencies. A change in statutes, regulations or regulatory policies applicable to the Company, including changes in interpretation or implementation thereof, could have a material effect on the Company's business.

Regulatory Agencies

As a financial holding company and a bank holding company, the Company is subject to comprehensive regulation by the Federal Reserve Board under the Bank Holding Company Act of 1956, as amended by the Gramm-Leach-Bliley Act of 1999 (the GLB Act), the Dodd-Frank Wall Street Reform and Consumer

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Protection Act (the Dodd-Frank Act), enacted on July 21, 2010, and other legislation (as so amended, the Bank Holding Company Act), as well as other Federal and state laws governing the banking business. The Company must file reports with the Federal Reserve Board and such additional information as the Federal Reserve Board may require, and the Company and non-banking affiliates are subject to examination by the Federal Reserve Board. Under Federal Reserve Board policy, the Dodd-Frank Act and Federal Reserve Board regulations, a bank holding company must serve as a source of strength for its subsidiary banks. The Federal Reserve Board may require a holding company to contribute additional capital to an undercapitalized subsidiary bank. The Bank Holding Company Act provides that a bank holding company must obtain Federal Reserve Board approval before:

Acquiring directly or indirectly, ownership or control of any voting shares of another bank or bank holding company if, after such acquisition, it would own or control more than 5% of such shares (unless it already owns or controls the majority of such shares);

Acquiring all or substantially all of the assets of another bank or bank holding company, or

Merging or consolidating with another bank holding company.

The Bank Holding Company Act generally prohibits a bank holding company from acquiring direct or indirect ownership or control of more than 5% of the voting shares of any company which is not a bank or bank holding company, or from engaging directly or indirectly in activities other than those of banking, managing or controlling banks, or providing services for its subsidiaries. The principal exceptions to these prohibitions involve certain non-bank activities which, by statute or by Federal Reserve Board regulation or order, have been identified as activities closely related to the business of banking or managing or controlling banks. The list of activities permitted by the Federal Reserve Board includes, among other things: lending; operating a savings institution, mortgage company, finance company, credit card company or factoring company; performing certain data processing operations; providing certain investment and financial advice; underwriting and acting as an insurance agent for certain types of credit-related insurance; leasing property on a full-payout, non-operating basis; selling money orders, travelers checks and United States Savings Bonds (until December 31, 2011); real estate and personal property appraising; providing tax planning and preparation services; and, subject to certain limitations, providing securities brokerage services for customers. These activities may also be affected by Federal legislation.

The GLB Act amended portions of the Bank Holding Company Act of 1956 to authorize bank holding companies, such as the Company, directly or through non-bank subsidiaries to engage in securities, insurance and other activities that are financial in nature or incidental to a financial activity. In order to undertake these activities, a bank holding company must become a financial holding company by submitting to the appropriate Federal Reserve Bank a declaration that the company elects to be a financial holding company and a certification that all of the depository institutions controlled by the company are well capitalized and well managed. The Company became a financial holding company in March 2000.

The Company's banking subsidiary is subject to regulation and supervision by various regulatory authorities, including the Oklahoma State Banking Department and the FDIC. The Company and its subsidiaries and affiliates are also subject to various other laws, regulations, supervision and examination by other regulatory agencies, all of which directly or indirectly affect the operations and management of the Company and its ability to make distributions to stockholders.

Additionally, the Company's common stock is registered with the SEC under Section 12(b) of the Securities Exchange Act of 1934, as amended (the Exchange Act). Consequently, the Company is subject to the information, proxy solicitation, insider trading and other restrictions and requirements of the SEC under the Exchange Act and, as a company whose shares are traded on the NASDAQ Global Select Market System, the rules of the NASDAQ Stock Market, Inc. (the NASDAQ).

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Bank Holding Company Activities

Financial in Nature Requirement

As a bank holding company that has elected to become a financial holding company pursuant to the Bank Holding Company Act, the Company may affiliate with securities firms and insurance companies and engage in other activities that are financial in nature or incidental or complementary to activities that are financial in nature. Financial in nature activities include securities underwriting, dealing and market making, sponsoring mutual funds and investment companies, insurance underwriting and agency, merchant banking, and other activities that the Federal Reserve Board, in consultation with the Secretary of the U.S. Treasury, determines from time to time to be financial in nature or incidental to such financial activity or is complementary to a financial activity and does not pose a safety and soundness risk.

Federal Reserve Board approval is not required for the Company to acquire a company (other than a bank holding company, bank or savings association) engaged in activities that are financial in nature or incidental to activities that are financial in nature, as determined by the Federal Reserve Board. Prior Federal Reserve Board approval is required before the Company may acquire the beneficial ownership or control of more than 5% of the voting shares or substantially all of the assets of a bank holding company, bank or savings association.

Because the Company is a financial holding company, if its subsidiary bank receives a rating under the Community Reinvestment Act of 1977, as amended (CRA), of less than satisfactory, the Company will be prohibited, until the rating is raised to satisfactory or better, from engaging in new activities or acquiring companies other than bank holding companies, banks or savings associations, except that the Company could engage in new activities, or acquire companies engaged in activities, that are closely related to banking under the Bank Holding Company Act. In addition, if the Federal Reserve Board finds that the Company's subsidiary bank is not well capitalized or well managed, the Company would be required to enter into an agreement with the Federal Reserve Board to comply with all applicable capital and management requirements and which may contain additional limitations or conditions. Until corrected, the Company would not be able to engage in any new activity or acquire companies engaged in activities that are not closely related to banking under the Bank Holding Company Act without prior Federal Reserve Board approval. If the Company fails to correct any such condition within a prescribed period, the Federal Reserve Board could order the Company to divest of its banking subsidiary or, in the alternative, to cease engaging in activities other than those closely related to banking under the Bank Holding Company Act. Although the Company is a financial holding company, it continues to maintain its status as a bank holding company for purposes of other Federal Reserve Board regulations.

Interstate Banking

Under the Riegle-Neal Interstate Banking and Branching Act (the Riegle-Neal Act), a bank holding company may acquire banks in states other than its home state, subject to any state requirement that the bank has been organized and operating for a minimum period of time, not to exceed five years, and the requirement that the bank holding company not control, prior to or following the proposed acquisition, more than 10% of the total amount of deposits of insured depository institutions nationwide or, unless the acquisition is the bank holding company's initial entry into the state, more than 30% of such deposits in the state (or such lesser or greater amount set by the state).

The Riegle-Neal Act also authorizes banks to merge across state lines, thereby creating interstate branches. Banks are also permitted to either acquire existing banks and to establish new branches in other states where authorized under the laws of those states.

Regulatory Approval

In determining whether to approve a proposed bank acquisition, Federal bank regulators will consider, among other factors, the effect of the acquisition on competition, financial condition, and future prospects including current and projected capital ratios and levels, the competence, experience, and integrity of

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management and record of compliance with laws and regulations, the convenience and needs of the communities to be served, including the acquiring institution's record of compliance under the CRA, and the effectiveness of the acquiring institution in combating money laundering activities.

Dividend Restrictions

Various Federal and state statutory provisions and regulations limit the amount of dividends the Company's subsidiary bank and certain other subsidiaries may pay without regulatory approval. The payment of dividends by any subsidiary bank may also be affected by other regulatory requirements and policies, such as the maintenance of adequate capital. If, in the opinion of the applicable regulatory authority, a bank under its jurisdiction is engaged in, or is about to engage in, an unsafe or unsound practice (which, depending on the financial condition of the bank, could include the payment of dividends), such authority may require, after notice and hearing, that such bank cease and desist from such practice. The FDIC has formal and informal policies which provide that insured banks should generally pay dividends only out of current operating earnings.

Holding Company Structure

Transfer of Funds from Subsidiary Bank

The Bank is subject to restrictions under Federal law that limits the transfer of funds or other items of value from the Bank to the Company and its nonbank subsidiaries (including affiliates) in so-called covered transactions. In general, covered transactions include loans and other extensions of credit, investments and asset purchases, as well as certain other transactions involving the transfer of value from a subsidiary bank to an affiliate or for the benefit of an affiliate. Unless an exemption applies, covered transactions by a subsidiary bank with a single affiliate are limited to 10% of the subsidiary bank's capital and surplus and, with respect to all covered transactions with affiliates in the aggregate, to 20% of the subsidiary bank's capital and surplus. Also, loans and extensions of credit to affiliates generally are required to be secured in specified amounts. A bank's transactions with its nonbank affiliates are also generally required to be on arm's length terms.

Source of Strength

Federal Reserve Board policy requires bank holding companies to act as a source of financial and managerial strength to each of its subsidiary banks and, under appropriate circumstances, to commit resources to support each such subsidiary bank. This support may be required at times when the bank holding company may not have the resources to provide the support.

The FDIC may order the assessment of the Company if the capital of the Bank were to become impaired. If the Company failed to pay the assessment within three months, the FDIC could order the sale of the Company's stock in the Bank to cover the deficiency.

Capital loans by a bank holding company to its subsidiary bank are subordinate in right of payment to deposits and certain other indebtedness of the subsidiary bank. In addition, in the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a Federal bank regulatory agency to maintain the capital of its subsidiary bank will be assumed by the bankruptcy trustee and entitled to priority of payment.

Depositor Preference

The Federal Deposit Insurance Act (the FDI Act) provides that, in the event of the liquidation or other resolution of an insured depository institution, the claims of depositors of the institution (including the claims of the FDIC as subrogee of insured depositors) and certain claims for administrative expenses of the FDIC as a receiver, will have priority over other general unsecured claims against the institution. If an insured depository

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institution fails, insured and uninsured depositors, along with the FDIC, will have priority in payment ahead of unsecured, non-deposit creditors with respect to any extensions of credit they have made to such insured depository institution.

Capital Requirements

The Federal Reserve Board, the Comptroller of the Currency and the FDIC have issued substantially similar risk-based and leverage capital guidelines applicable to United States banking organizations. In addition, these regulatory agencies may from time to time require that a banking organization maintain capital above the minimum levels, whether because of its financial condition or actual or anticipated growth. The risk-based guidelines of the FDIC, the regulatory agency with oversight over state nonmember banks such as the Bank, define a three-tier capital framework. Core, or Tier 1, capital, consists of common and qualifying preferred stockholders' equity, less certain intangibles and other adjustments. Supplementary, or Tier 2, capital includes, among other items, certain other debt and equity investments that do not qualify as Tier 1 capital. Market risk, or Tier 3, capital, includes qualifying unsecured subordinated debt. The sum of Tier 1 and Tier 2 capital less investments in unconsolidated subsidiaries represents qualifying total capital. Risk-based capital ratios are calculated by dividing Tier 1 and total capital by risk-weighted assets. Assets and off-balance sheet exposures are assigned to one of four categories of risk-weights, based primarily on relative credit risk. The minimum Tier 1 capital ratio is 4% and the minimum total capital ratio is 8%.

Applicable banking regulations also require banking organizations such as the Bank to maintain a minimum leverage ratio (Tier 1 capital to adjusted total assets) of 3%. The principal objective of this measure is to place a constraint on the maximum degree to which banks can leverage their equity capital base. These ratio requirements are minimums. Any institution operating at or near those levels would be expected by the regulators to have well-diversified risk, including no undue interest rate risk exposures, excellent asset quality, high liquidity, and good earnings and, in general, would have to be considered a strong banking organization. All other organizations and any institutions experiencing or anticipating significant growth are expected to maintain capital ratios at least one to two percent above the minimum levels, and higher capital ratios can be required if warranted by particular circumstances or risk profile.

The various regulatory agencies have adopted substantially similar regulations that define the five capital categories (well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized) for classifying insured depository institutions, using the total risk-based capital, Tier 1 risk-based capital and leverage capital ratios as the relevant capital measures, and requires the respective Federal regulatory agencies to implement systems for prompt corrective action for insured depository institutions that do not meet minimum capital requirements within such categories. Such regulations establish progressively more restrictive constraints on operations, management and capital distributions depending on the category in which an institution is classified.

To be well capitalized under Federal bank regulatory agency definitions, a depository institution must have (i) a Tier 1 risk-based capital ratio of 6% or greater, (ii) a total risk-based capital ratio of 10% or greater, and (iii) a leverage ratio of 5% or greater. An adequately capitalized bank is defined as one that has (i) a Tier 1 risk-based capital ratio of 4% or greater, (ii) a total risk-based capital ratio of 8% or greater, and (iii) a leverage ratio of 4% or greater, and an undercapitalized bank is defined as one that has (i) a Tier 1 risk-based capital ratio of less than 4%, (ii) a total risk-based capital ratio of less than 8%, and (iii) a leverage ratio of less than 4%. A bank is considered significantly undercapitalized if the bank has (i) a Tier 1 risk-based capital ratio of less than 3%, (ii) a total risk-based capital ratio of less than 6%, and (iii) a leverage ratio of less than 3%, and critically undercapitalized if the bank has a ratio of tangible equity to total assets equal to or less than 2%. The applicable Federal regulatory agency for a bank that is well capitalized may reclassify it as an adequately capitalized or undercapitalized institution and subject it to the supervisory actions applicable to the next lower capital category, if it determines that the bank is in an unsafe or unsound condition or deems the bank to be engaged in an unsafe or unsound practice and not to have corrected the deficiency. Under Federal banking laws,

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failure to meet the minimum regulatory capital requirements could subject a banking institution to a variety of enforcement remedies available to Federal regulatory authorities, including the termination of deposit insurance by the FDIC and seizure of the institution. As of December 31, 2011, the Bank had a Tier 1 ratio of 13.09%, a combined Tier 1 and Tier 2 ratio of 14.25%, and a leverage ratio of 7.88% and, accordingly, was considered to be well capitalized as of such date.

In addition, the Federal Reserve Board has established minimum risk based capital guidelines and leverage ratio guidelines for bank holding companies that are substantially similar to those adopted by bank regulatory agencies with respect to depository institutions. These guidelines provide for a minimum leverage ratio of 3% for bank holding companies that meet certain specified criteria, including those having the highest regulatory rating. All other bank holding companies generally are required to maintain a leverage ratio of at least 4%. As of December 31, 2011, the Company had a Tier 1 ratio of 13.49%, a combined Tier 1 and Tier 2 ratio of 14.62%, and a leverage ratio of 8.14% and, accordingly, was in compliance with all of the Federal Reserve Board's capital guidelines.

The FDI Act requires Federal bank regulatory agencies to take prompt corrective action with respect to FDIC-insured depository institutions that do not meet minimum capital requirements. A depository institution's treatment for purposes of the prompt corrective action provisions will depend upon how its capital levels compare to various capital measures and certain other factors, as established by regulation.

From time to time, the Federal Reserve Board and the Federal Financial Institutions Examination Council propose changes and amendments to, and issue interpretations of, risk-based capital guidelines and related reporting instructions. Such proposals or interpretations could, if implemented in the future, affect the Company's reported capital ratios and net risk-adjusted assets.

As an additional means to identify problems in the financial management of depository institutions, the FDI Act requires Federal bank regulatory agencies to establish certain non-capital safety and soundness standards for institutions for which they are the primary Federal regulator. The standards relate generally to operations and management, asset quality, interest rate exposure and executive compensation. The agencies are authorized to take action against institutions that fail to meet such standards.

Deposit Insurance Assessments

The bank is a member of the Deposit Insurance Fund (DIF), which is administered by the FDIC. Deposits are insured up to the applicable limits by the FDIC, backed by the full faith and credit of the United States Government. Under current law, the basic deposit insurance limit is \$250,000, with unlimited insurance coverage of noninterest-bearing transaction accounts through December 31, 2012. As insurer, the FDIC is authorized to conduct examinations of and to require reporting by DIF-insured institutions. It also may prohibit any DIF-insured institution from engaging in any activity the FDIC determines by regulation or order to pose a serious threat to the DIF. The FDIC also has the authority to take enforcement actions against insured institutions.

The FDIC assesses deposit insurance premiums on each FDIC-insured institution quarterly, based on annualized rates for one of four risk categories, subject to certain adjustments. Under the rules in effect through March 31, 2011, these rates were applied to the institution's deposits. Each institution is assigned to one of four risk categories based on its capital, supervisory ratings and other factors. Well capitalized institutions that are financially sound with only a few minor weaknesses are assigned to Risk Category I. Risk Categories II, III and IV present progressively greater risks to the DIF. Under FDIC's current risk-based assessment rules, the initial base assessment rates prior to adjustments range from 12 to 16 basis points for Risk Category I, and range from 22 basis points to 45 basis points for Risk Categories II-IV. Initial base assessment rates are subject to adjustments based on an institution's unsecured debt, secured liabilities and brokered deposits, such that the total base assessment rates after adjustments range from 7 to 24 basis points for Risk Category I, and 17 to 77.5 basis points for Risk Categories II-IV.

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On April 1, 2011, the deposit insurance assessment base changed from total domestic deposits to average total assets minus average tangible equity, pursuant to rules issued by the FDIC as required by the Dodd-Frank Act. Under these rules, an institution with total assets of less than \$10 billion was assigned to a Risk Category as described above, and a range of initial base assessment rates will apply to each category, subject to adjustment downward based on unsecured debt issued by the institution and, except for an institution in Risk Category I, adjustment upward if the institution's brokered deposits exceed 10% of its domestic deposits, to produce total base assessment rates. Total base assessment rates range from 2.5 to 9 basis points for Risk Category I, 9 to 24 basis points for Risk Category II, 18 to 33 basis points for Risk Category III, and 30 to 45 basis points for Risk Category IV, all subject to further adjustment upward if the institution holds more than a de minimis amount of unsecured debt issued by another FDIC-insured institution. The FDIC may increase or decrease its rates by 2.0 basis points without further rulemaking. In an emergency, the FDIC may also impose a special assessment. The Company's deposit insurance expense during 2009 included \$1.9 million recognized in the second quarter related to the special assessment.

In November 2009, the FDIC issued a rule that required all insured depository institutions, with limited exceptions, to prepay their estimated quarterly risk-based assessments for the fourth quarter of 2009 and for all of 2010, 2011 and 2012. As of December 31, 2011, \$12.3 million in prepaid deposit insurance is included in other assets in the accompanying consolidated balance sheet.

In October 2010, the FDIC adopted a new DIF restoration plan to ensure that the fund reserve ratio reaches 1.35% by September 30, 2020, as required by the Dodd-Frank Act. At least semi-annually, the FDIC will update its loss and income projections for the fund and, if needed, will increase or decrease assessment rates, following notice-and-comment rulemaking if required.

The Company's FDIC insurance expense totaled \$3.7 million, \$5.7 million and \$7.8 million in 2011, 2010 and 2009, respectively. FDIC insurance expense includes deposit insurance assessments as well as Financing Corporation (FICO) assessments. All FDIC-insured depository institutions must pay an annual FICO assessment to provide funds for the payment of interest on bonds issued by FICO during the 1980s to resolve the thrift bailout. FDIC-insured depository institutions paid an average of 0.93 basis points on assessable deposits in 2011.

Insurance of deposits may be terminated by the FDIC upon a finding that the institution has engaged or is engaging in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC or written agreement entered into with the FDIC. The Company does not know of any practice, condition or violation that might lead to termination of deposit insurance for its banking subsidiary.

Fiscal and Monetary Policies

The Company's business and earnings are affected significantly by the fiscal and monetary policies of the Federal government and its agencies. The Company is particularly affected by the policies of the Federal Reserve Board, which regulates the supply of money and credit in the United States. Among the instruments of monetary policy available to the Federal Reserve Board are (a) conducting open market operations in United States government securities, (b) changing the discount rates of borrowings of depository institutions, (c) imposing or changing reserve requirements against depository institutions' deposits, and (d) imposing or changing reserve requirements against certain borrowings by banks and their affiliates. These methods are used in varying degrees and combinations to directly affect the availability of bank loans and deposits, as well as the interest rates charged on loans and paid on deposits. The policies of the Federal Reserve Board may have a material effect on the Company's business, results of operations and financial condition.

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Privacy Provisions of the GLB Act

Federal banking regulators, as required under the GLB Act, have adopted rules limiting the ability of banks and other financial institutions to disclose nonpublic information about consumers to nonaffiliated third parties. The rules require disclosure of privacy policies to consumers and, in some circumstances, allow consumers to prevent disclosure of certain personal information to nonaffiliated third parties. The privacy provisions of the GLB Act affect how consumer information is transmitted through diversified financial services companies and conveyed to outside vendors.

Regulation of Securities Activities of Banks

The GLB Act also amended the Federal securities laws to eliminate the blanket exceptions that banks traditionally have had from the definition of broker and dealer, but provided for certain transactional activities that would not be considered brokerage activities, which banks could effect without having to register as a broker. In September 2007, the Federal Reserve Board and the SEC approved Regulation R to clarify the permissible bank securities activities that can be conducted under the transactional exceptions provided by the GLB Act. Regulation R provides exceptions for networking arrangements with third party broker-dealers and authorizes compensation for bank employees who refer bank customers to such broker-dealers. The rules also provide exemptions to banks for effecting securities transactions in a trustee or fiduciary capacity, for sweeping funds into certain money market funds, and for accepting orders to effect securities transactions for custody accounts. Banks that conduct activities outside the exceptions provided by Regulation R had until the first day of their first fiscal year that commenced after September 30, 2008 to either register as a broker-dealer or push out their brokerage activities to affiliated broker-dealers. Regulation R did not have an effect on the securities activities that the Bank currently conducts for customers.

Patriot Act

The USA Patriot Act of 2001 (the Patriot Act) is intended to strengthen the ability of U.S. law enforcement agencies and intelligence communities to work together to combat terrorism on a variety of fronts. The Patriot Act substantially broadened the scope of the U.S. anti-money laundering laws and regulations by imposing significant new compliance and due diligence obligations, creating new crimes and penalties and expanding the extra-territorial jurisdiction of the United States. The U.S. Treasury Department has issued a number of implementing regulations which apply various requirements of the Patriot Act to financial institutions such as the Bank. Those regulations impose new obligations on financial institutions to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing, and has significant implications for depository institutions, brokers, dealers and other businesses involved in the transfer of money. The Patriot Act also requires Federal bank regulators to evaluate the effectiveness of an applicant in combating money laundering in determining whether to approve a proposed bank acquisition.

Community Reinvestment Act

The CRA requires depository institutions to assist in meeting the credit needs of their market areas consistent with safe and sound banking practice. Under the CRA, each depository institution is required to help meet the credit needs of its market areas by, among other things, providing credit to low- and moderate-income individuals and communities. Depository institutions are periodically examined for compliance with the CRA and are assigned ratings. In order for a financial holding company to commence any new activity permitted by the Bank Holding Company Act, or to acquire any company engaged in any new activity permitted by the Bank Holding Company Act, each insured depository institution subsidiary of the financial holding company must have received a rating of at least satisfactory in its most recent examination under the CRA. Furthermore, banking regulations take into account CRA rating when considering approval of a proposed transaction.

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Office of Foreign Asset Control

The Company and BancFirst, like all United States companies and individuals, are prohibited from transacting business with certain individuals and entities named on the Office of Foreign Asset Control's list of Specially Designated Nationals and Blocked Persons. Failure to comply may result in fines and other penalties. The Office of Foreign Asset Control has issued guidance directed at financial institutions in which it asserts that it may, in its discretion, examine institutions determined to be high-risk or to be lacking in their efforts to comply with these prohibitions.

The Dodd-Frank Act

The Dodd-Frank Act significantly revised and expanded the rulemaking, supervisory, and enforcement authority of the Federal bank regulatory agencies. The numerous rules and regulations that have been promulgated and are yet to be promulgated and finalized under the Dodd-Frank Act are likely to significantly impact the Company's operations and compliance costs. The Dodd-Frank Act followed the Emergency Economic Stabilization Act of 2008 (EESA) and the American Recovery and Reinvestment Act of 2009 (ARRA) as legislative responses to the economic downturn and financial industry instability. Additional initiatives may be proposed or introduced before Congress and other government bodies in the future. Such proposals, if enacted, may further alter the structure, regulation, and competitive relationship among financial institutions and may subject the Company to increased supervision and disclosure and reporting requirements. In addition, the various bank regulatory agencies often adopt new rules and regulations and policies to implement and enforce existing legislation. It cannot be predicted whether, or in what form, any such legislation or regulatory changes in policy may be enacted or the extent to which the business of the Company would be affected thereby.

The Dodd-Frank Act impacts many aspects of the financial industry and, in many cases, will impact larger and smaller financial institutions and community banks differently over time. Many of the following key provisions of the Dodd-Frank Act affecting the financial industry are now either effective or are in the proposed rule or implementation stage:

the creation of a Financial Services Oversight Counsel to identify emerging systemic risks and improve interagency cooperation;

expanded FDIC authority to conduct the orderly liquidation of certain systemically significant non-bank financial companies in addition to depository institutions;

the establishment of strengthened capital and liquidity requirements for banks and bank holding companies, including minimum leverage and risk-based capital requirements no less than the strictest requirements in effect for depository institutions as of the date of enactment;

the requirement by statute that bank holding companies serve as a source of financial strength for their depository institution subsidiaries;

enhanced regulation of financial markets, including the derivative and securitization markets, and the elimination of certain proprietary trading activities by banks (the Volcker Rule);

the termination of investments by the U.S. Treasury under the Troubled Asset Relief Program (TARP);

the elimination and phase out of trust preferred securities from Tier 1 capital generally for banks exceeding \$10 billion in assets (the Company is currently exempt);

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a permanent increase of the previously implemented temporary increase of FDIC deposit insurance to \$250,000 and an extension of Federal deposit coverage until January 1, 2013, for the full net amount held by depositors in non-interest bearing transaction accounts;

authorization for financial institutions to pay interest on business checking accounts;

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changes in the calculation of FDIC deposit insurance assessments, such that the assessment base will no longer be the institution's deposit base, but instead, will be its average consolidated total assets less its average tangible equity;

the elimination of remaining barriers to de novo interstate branching by banks;

expanded restrictions on transactions with affiliates and insiders under Section 23A and 23B of the Federal Reserve Act and lending limits for derivative transactions, repurchase agreements, and securities lending and borrowing transactions;

the elimination of the Office of Thrift Supervision and the transfer of oversight of thrift institutions and their holding companies to the Office of the Comptroller of the Currency or the FDIC and the Federal Reserve;

provisions that affect corporate governance and executive compensation at most United States publicly traded companies, including (i) stockholder advisory votes on executive compensation, (ii) executive compensation clawback requirements for companies listed on national securities exchanges in the event of materially inaccurate statements of earnings, revenues, gains or other criteria, (iii) enhanced independence requirements for compensation committee members, and (iv) giving the SEC authority to adopt proxy access rules which would permit stockholders of publicly traded companies to nominate candidates for election as director and have those nominees included in a company's proxy statement;

limits on debit card interchange fees charged by issuer banks (commonly known as the Durbin Amendment); and

the creation of a Bureau of Consumer Financial Protection, which is authorized to promulgate and enforce consumer protection regulations relating to bank and non-bank financial products and which may examine and enforce its regulations on banks with more than \$10 billion in assets.

In general, more stringent capital, liquidity and leverage requirements are expected to impact our business as the Dodd-Frank Act is fully implemented. The Federal agencies have issued proposed rules which will apply directly to larger institutions with either more than \$50 billion in assets or more than \$10 billion in assets, such as proposed Federal Reserve regulations for financial institutions deemed systemically significant. The Federal Reserve and the FDIC have proposed rules requiring stress tests and the Federal Reserve has proposed rules to implement the Volcker Rule. Further, the requirements and policies imposed on larger institutions may, in some cases, become best practices for smaller institutions. Therefore, as a result of the changes required by the Dodd-Frank Act, the profitability of our business activities may be impacted and we may be required to make changes to certain of our business practices. These changes may also require us to devote significant management attention and resources to evaluate and make any changes necessary to comply with new statutory and regulatory requirements.

State Regulation

BancFirst is an Oklahoma-chartered state bank. Accordingly, BancFirst's operations are subject to various requirements and restrictions of Oklahoma state law relating to loans, lending limits, interest rates payable on deposits, investments, mergers and acquisitions, borrowings, dividends, capital adequacy, and other matters. However, Oklahoma banking law specifically empowers a state-chartered bank such as BancFirst to exercise the same powers as are conferred upon national banks by the laws of the United States and the regulations and policies of the Office of the Comptroller of the Currency, unless otherwise prohibited or limited by the State Banking Commissioner or the State Banking Board. Accordingly, unless a specific provision of Oklahoma law otherwise provides, a state-chartered bank is empowered to conduct all activities that a national bank may conduct.

National banks are authorized by the GLB Act to engage, through financial subsidiaries, in any activity that is permissible for a financial holding company and any activity that the Secretary of the Treasury, in consultation with the Federal Reserve Board, determines is financial in nature or incidental to any such financial

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activity, except (1) insurance underwriting, (2) real estate development or real estate investment activities (unless otherwise permitted by law), (3) insurance company portfolio investments and (4) merchant banking. The authority of a national bank to invest in a financial subsidiary is subject to a number of conditions, including, among other things, requirements that the bank must be well managed and well capitalized (after deducting from the bank's capital outstanding investments in financial subsidiaries). The GLB Act provides that state nonmember banks, such as BancFirst, may invest in financial subsidiaries (assuming they have the requisite investment authority under applicable state law), subject to the same conditions that apply to national bank investments in financial subsidiaries.

As a state nonmember bank, BancFirst is subject to primary supervision, periodic examination and regulation by the State Banking Board and the FDIC, and Oklahoma law provides that BancFirst must maintain reserves against deposits as required by the FDI Act. The Oklahoma State Bank Commissioner is authorized by statute to accept an FDIC examination in lieu of a state examination. In practice, the FDIC and the Oklahoma State Banking Department alternate examinations of BancFirst. If, as a result of an examination of a bank, the Oklahoma Banking Department determines that the financial condition, capital resources, asset quality, earnings prospects, management, liquidity, or other aspects of the bank's operations are unsatisfactory or that the management of the bank is violating or has violated any law or regulation, various remedies, including the remedy of injunction, are available to the Oklahoma Banking Department. Oklahoma law permits the acquisition of an unlimited number of wholly-owned bank subsidiaries so long as aggregate deposits at the time of acquisition in a multi-bank holding company do not exceed 20% of the total amount of deposits of insured depository institutions located in Oklahoma.

In addition to the provisions of the GLB Act that authorize state nonmember banks to invest in financial subsidiaries (assuming they have the requisite investment authority under applicable state law) on the same conditions that apply to national banks, FDICIA provides that FDIC-insured state banks such as BancFirst may engage directly or through a subsidiary in certain activities that are not permissible for a national bank, if the activity is authorized by applicable state law, the FDIC determines that the activity does not pose a significant risk to the DIF, and the bank is in compliance with its applicable capital standards.

Securities Laws

The Company's common stock is publicly held and listed on the NASDAQ Global Select Market, and the Company is subject to the periodic reporting, information, proxy solicitation, insider trading, corporate governance and other requirements and restrictions of the Securities Exchange Act of 1934 and the regulations of the SEC promulgated thereunder as well as listing requirements of the NASDAQ. In addition, the Dodd-Frank Act includes provisions that affect corporate governance and executive compensation at most United States publicly traded companies, including the Company, as describe above under the Dodd-Frank Act .

The Company is also subject to the accounting oversight and corporate governance requirements of the Sarbanes-Oxley Act of 2002, including:

required executive certification of financial presentation;

increased requirements for board audit committees and their members;

enhanced disclosures of controls and procedures and internal control over financial reporting;

enhanced controls over, and reporting of, insider trading; and

increased penalties for financial crimes and forfeiture of executive bonuses in certain circumstances.

Available Information

The Company maintains a website at www.bancfirst.com. The Company provides copies of the most recently filed 10-K, 10-Q and proxy statements, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after the Company electronically

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files the material with, or furnishes it to, the SEC. The website also provides links to the SEC's website (<http://www.sec.gov>) where all of the Company's filings with the SEC can be obtained immediately upon filing. You may also request a copy of the Company's filings, at no cost, by writing or telephoning us at the following address:

BancFirst Corporation

101 N. Broadway

Oklahoma City, Oklahoma 73102

ATTENTION: Joe T. Shockley, Jr.

Executive Vice President

(405) 270-1086

Item 1A. Risk Factors

In the course of conducting our business operations, the Company and our subsidiaries are exposed to a variety of risks that are inherent to the financial services industry. The following discusses some of the key inherent risk factors that could affect our business and operations, as well as other risk factors which are particularly relevant to us in the current period of significant economic and market disruption. Other factors besides those discussed below or elsewhere in this report also could adversely affect our business and operations, and these risk factors should not be considered a complete list of potential risks that may affect the Company and our subsidiaries.

Risks Related to Our Industry

Changes in the economic and financial environment pose significant challenges for us and could adversely affect our financial condition and results of operations.

We currently are operating in a challenging and uncertain economic environment, both nationally and in the local markets that we serve. Financial institutions continue to be affected by sustained declines in the value of financial instruments and real estate values, and while we are taking steps to manage our market and credit risk exposure, we nonetheless are affected by these issues in view of our retaining a securities portfolio and a loan portfolio consisting of commercial and residential construction loans, residential and commercial real estate loans and commercial and industrial loans. Possible declines in the value of our investment securities could result in our recording losses on the other-than-temporary impairment (OTTI) of securities, which would reduce our earnings and therefore our capital. Declines in real estate values and home sales, and an increase in the financial stress on borrowers stemming from an uncertain economic environment, including relatively high unemployment, continue to have an adverse effect on our borrowers or their customers, which could adversely impact the repayment of the loans we have made. The overall deterioration in economic conditions also could subject us to increased regulatory scrutiny. In addition, deterioration in local economic conditions, could result in further increases in loan delinquencies; increases in problem assets and foreclosures; and declines in the values of the collateral for our loans, which could reduce our customers' borrowing power. Furthermore, further deterioration in local economic conditions could drive the level of loan losses beyond the level we have provided for in our loan loss allowance, which could necessitate an increase in our provision for loan losses, which, in turn, would reduce our earnings and capital. Additionally, the demand for our products and services could be reduced, which would adversely impact our liquidity and the level of revenues we generate.

There can be no assurance that actions of the U.S. Government, Federal Reserve and other governmental and regulatory bodies for the purpose of stabilizing the financial markets will achieve the intended effect.

Beginning in the fourth quarter of 2008, the U.S. Government responded to the ongoing financial crisis and economic slowdown by enacting new legislation and expanding or establishing a number of programs and initiatives. The U.S. Treasury, the FDIC and the Federal Reserve Board each have developed programs and facilities, including, among others, the TARP Capital Purchase Program, the Dodd-Frank Act and other efforts, designed to increase inter-bank lending, improve funding for consumer receivables and restore consumer and

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counterparty confidence in the banking sector, as more particularly described in Item 1. Business Supervision and Regulation. There can be no assurance as to the impact that any such initiatives or governmental programs will have on the financial markets, including the high levels of volatility and limited credit availability. The failure of these efforts to stabilize the financial markets, the continuation or worsening of current financial market conditions or unintended long-term consequences of these programs or initiatives could materially and adversely affect our business, financial condition, results of operations, access to credit, or the trading price of our common stock and other equity and debt securities.

Fluctuations in interest rates could reduce our profitability.

We realize income primarily from the difference between interest earned on loans and investments and the interest paid on deposits and borrowings. We expect that we will periodically experience gaps in the interest rate sensitivities of our assets and liabilities, meaning that either our interest-earning assets will be more sensitive to changes in market interest rates than our interest-bearing liabilities, or vice versa. Changes in market interest rates could either positively or negatively affect our net interest income and our profitability, depending on the magnitude, direction and duration of the change. If interest rates remain low, our net interest margin could experience further compression.

We are unable to predict fluctuations of market interest rates, which are affected by, among other factors, changes in inflation rates, economic growth, money supply, government debt, domestic and foreign financial markets and political developments, including terrorist acts and acts of war. Our asset-liability management strategy, which is designed to mitigate our risk from changes in market interest rates, may not be able to mitigate changes in interest rates from having a material adverse effect on our results of operations and financial condition.

We operate in a highly regulated environment and may be adversely affected by changes in Federal and state laws and regulations.

We are subject to extensive regulation, supervision and examination by Federal and state banking authorities. Any change in applicable regulations or Federal or state legislation could have a substantial impact on us and our results of operations. Additional legislation and regulations may be enacted or adopted in the future that could significantly affect our powers, authority and operations, which could have a material adverse effect on our financial condition and results of operations. Further, regulators have significant discretion and power to prevent or remedy unsafe or unsound practices or violations of laws by banks and bank holding companies in the performance of their supervisory and enforcement duties. The exercise of regulatory power may have a negative impact on our results of operations and financial condition.

We may be required to pay significantly higher FDIC deposit insurance premiums and assessments in the future.

During 2008 and continuing in 2009, higher levels of bank failures dramatically increased resolution costs of the FDIC and depleted the DIF. In addition, the Dodd-Frank Act has permanently increased the maximum amount of deposit insurance for banks, savings institutions and credit unions to \$250,000 per depositor, retroactive to January 1, 2009, and noninterest-bearing transactions accounts have unlimited deposit insurance through December 31, 2012. These programs have placed additional stress on the DIF. In order to maintain a strong funding position and restore reserve ratios of the DIF, the FDIC has increased assessment rates of insured depository institutions. In addition, on November 12, 2009, the FDIC adopted a rule requiring banks to prepay three years' worth of estimated deposit insurance premiums by December 31, 2009. We are generally unable to control the amount of premiums that we are required to pay for FDIC insurance. If additional bank or financial institution failures continue or increase, or if the cost of resolving prior failures exceeds expectations, we may be required to pay even higher FDIC premiums than these recently increased levels. Any future increases or required prepayments of FDIC insurance premiums may adversely impact our earnings and financial condition.

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Our FDIC insurance related costs were \$3.7 million for the year ended December 31, 2011 compared with \$5.7 million and \$7.8 million for the years ended December 31, 2010 and 2009, respectively. We are unable to predict the impact in future periods; including whether and when additional special assessments will occur, in the event the economic crisis continues.

Tax law changes may adversely affect our net income, effective tax rate and our overall results of operations and financial condition.

Our financial performance is impacted by Federal and state tax laws. Given the current economic and political environment, and ongoing state budgetary pressures, the enactment of new Federal or state tax legislation may occur. The enactment of such legislation, or changes in the interpretation of existing law, including provisions impacting tax rates, apportionment, consolidation or combination, income, expenses, and credits, may have a material adverse effect on our financial condition and results of operations.

Recently enacted regulatory reforms could have a significant impact on our business, financial condition and results of operations.

Recently enacted and proposed changes in the laws and regulations affecting public companies or financial institutions could cause us to incur increased costs as we evaluate the implications of new rules and respond to new requirements. We continue to evaluate and monitor developments with respect to these new and proposed rules, and we cannot predict or estimate the amount of the additional costs, if any, we may incur or the timing of such costs.

The Dodd-Frank Act represents a significant overhaul of many aspects of the regulation of the financial-services industry, addressing, among other things, systemic risk, capital adequacy, deposit insurance assessments, consumer financial protection, interchange fees, derivatives, lending limits, and changes among the bank regulatory agencies. Many of these provisions are subject to further study, rulemaking, and the discretion of regulatory bodies, such as the Financial Stability Oversight Council, which will regulate the systemic risk of the financial system. While the provisions of the Act receiving the most public attention have generally been those more likely to affect larger institutions with assets over \$10 billion and most likely to affect institutions with assets greater than \$50 billion, the Dodd-Frank Act also contains many provisions which will affect smaller institutions such as ours in substantial ways. For example, one year after the date of its enactment, the Dodd-Frank Act eliminated the Federal prohibitions on paying interest on business checking accounts, thus allowing businesses to have interest bearing checking accounts. Depending on competitive responses, this significant change to existing law could have an adverse impact on our interest expense. Compliance with the Dodd-Frank Act's provisions may curtail our revenue opportunities, increase our operating costs, require us to hold higher levels of regulatory capital or liquidity or both or otherwise adversely affect our business or financial results in the future. Our management continues to actively review the provisions of the Dodd-Frank Act and assess its probable impact on our business, financial condition, and results of operations. However, because many aspects of the Dodd-Frank Act are subject to future rulemaking, it is difficult to precisely anticipate its overall financial impact on us at this time.

Changes in monetary policies may have an adverse effect on our business.

Our results of operations are affected by credit policies of monetary authorities, particularly the Federal Reserve. Actions by monetary and fiscal authorities, including the Federal Reserve, could have an adverse effect on our deposit levels, loan demand or business earnings. See Item 1 Business-Supervision and Regulation.

Risks Related to Our Business

Our recent results may not be indicative of future results.

We may not be able to sustain our historical rate of growth or may not be able to grow our business at all. Various factors, such as poor economic conditions, changes in interest rates, regulatory and legislative

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considerations and competition may also impede or inhibit our ability to expand our market presence. If we experience a significant decrease in our rate of growth, our results of operations and financial condition may be adversely affected due to a high percentage of our operating costs being fixed expenses.

If a significant number of customers fail to perform under their loans, our business, profitability, and financial condition would be adversely affected.

As a lender, we face the risk that a significant number of our borrowers will fail to pay their loans when due. If borrower defaults cause losses in excess of our allowance for loan losses, it could have an adverse effect on our business, profitability, and financial condition. We have established an evaluation process designed to recognize loan losses as they occur. While this evaluation process uses historical and other objective information, the classification of loans and the estimation of loan losses are dependent to a great extent on our experience and judgment. If charge-offs in future periods exceed the allowance for loan losses, we will need additional provisions to increase the allowance for loan losses. Any increases in the allowance for loan losses will result in a decrease in net income and, possibly, capital, and may have a material adverse effect on our financial condition and results of operations. See Management's Discussion and Analysis of Financial Condition and Results of Operations located elsewhere in this report for further discussion related to our process for determining the appropriate level of the allowance for loan losses. We cannot assure you that our future loan losses will not have any material adverse effects on our business, profitability or financial condition.

Adverse changes in economic conditions, especially in the State of Oklahoma, could have a material adverse effect on our business, growth, and profitability.

Our bank subsidiary operates exclusively within the State of Oklahoma and, unlike larger national or superregional banks that serve a broader and more diverse geographic region; our lending is also primarily concentrated in the State of Oklahoma. As a result, our financial condition, results of operations and cash flows are subject to changes in the economic conditions in our state. Our continued success is largely dependent upon the continued growth or stability of the communities we serve. A decline in the economies of these communities could negatively impact our net income and profitability. Additionally, declines in the economies of these communities and of the State of Oklahoma in general could affect our ability to generate new loans or to receive repayments of existing loans, and our ability to attract new deposits, adversely affecting our financial condition.

The soundness of other financial institutions could have a material adverse effect on our business, growth, and profitability.

Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. We have exposure to many different industries and counterparties, and routinely execute transactions with counterparties in the financial services industry, including commercial banks, brokers and dealers, investment banks, and other institutional clients. Many of these transactions expose our business to credit risk in the event of a default by a counterparty or client. In addition, our credit risk may be exacerbated when the collateral we hold cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the credit or derivative exposure due to us. Any such losses could have a material adverse effect on our financial condition and results of operations.

Competition with other financial institutions could adversely affect our profitability.

We face vigorous competition from banks and other financial institutions, including savings and loan associations, savings banks, finance companies and credit unions. Certain of these banks and other financial institutions have substantially greater resources and lending limits, larger branch systems and other banking services that we do not offer. To a limited extent, we also compete with other providers of financial services, such as money market mutual funds, brokerage firms, consumer finance companies and insurance companies. When new competitors seek to enter one of our markets, or when existing market participants seek to increase

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their market share, they sometimes undercut the pricing and/or credit terms prevalent in that market. This competition may reduce or limit our margins on banking and trust services, reduce our market share and adversely affect our results of operations and financial condition.

A substantial portion of our loan portfolio is secured by real estate, in particular commercial real estate. Continued deterioration in the real estate markets could lead to additional losses, which could have a material negative effect on our financial condition and results of operations.

Loans secured by real estate have been a large portion of our loan portfolio. At December 31, 2011, this percentage was 65.2% compared to 62.6% at December 31, 2010. While our record of asset quality has historically been solid, we cannot guarantee that our record of asset quality will be maintained in future periods. Although we were not, and are not, involved in subprime lending, the ramifications of the subprime lending crisis and the turmoil in the financial and capital markets that followed have been far-reaching, with real estate values declining and unemployment and bankruptcies rising throughout the nation, including the region we serve. The ability of our borrowers to repay their loans could be adversely impacted by the significant change in market conditions, which not only could result in our experiencing an increase in charge-offs, but also could necessitate increasing our provision for loan losses. In addition, because multi-family and commercial real estate (CRE) loans represent the majority of our real estate loans outstanding, a decline in tenant occupancy due to such factors or for other reasons could adversely impact the ability of our borrowers to repay their loans on a timely basis, which could have a negative impact on our financial condition and results of operations.

We rely heavily on our management team, and the unexpected loss of key managers may adversely affect our operations.

Our success to-date has been strongly influenced by our ability to attract and to retain senior management experienced in banking and financial services. Our ability to retain executive officers and the current management teams of each of our lines of business will continue to be important to successful implementation of our strategies. We do not have employment or non-compete agreements with these key employees. The unexpected loss of services of any key management personnel, or the inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business and financial results.

Our information systems may experience an interruption or breach in security.

We rely heavily on communications and information systems to conduct our business. Any failure, interruption or breach in security of these systems could result in failures or disruptions in our customer relationship management, general ledger, deposit, loan and other systems. While we have policies and procedures designed to prevent or limit the effect of the failure, interruption or security breach of our information systems, there can be no assurance that any such failures, interruptions or security breaches will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures, interruptions or security breaches of our information systems could damage our reputation, result in a loss of customer business, and subject us to additional regulatory scrutiny or civil litigation and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations.

We rely on certain external vendors.

We are reliant upon certain external vendors to provide products and services necessary to maintain our day-to-day operations. Accordingly, our operations are exposed to risk that these vendors will not perform in accordance with the contracted arrangements under service level agreements. The failure of an external vendor to perform in accordance with the contracted arrangements under service level agreements could be disruptive to our operations, which could have a material adverse impact on our business and, in turn, our financial condition and results of operations.

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We are subject to environmental liability risk associated with lending activities.

A significant portion of our loan portfolio is secured by real property. During the ordinary course of business, we may foreclose on and take title to properties securing certain loans. In doing so, there is a risk that hazardous or toxic substances could be found on these properties. If hazardous or toxic substances are found, we may be liable for remediation costs, as well as for personal injury and property damage. Environmental laws may require us to incur substantial expenses and may materially reduce the affected property's value or limit our ability to use or sell the affected property. In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws may increase our exposure to environmental liability. Although we have policies and procedures to perform an environmental review before initiating any foreclosure action on real property, these reviews may not be sufficient to detect all potential environmental hazards. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on our financial condition and results of operations.

There can be no assurance that the integration of our acquisitions will be successful or will not result in unforeseen difficulties that may absorb significant management attention.

Our completed acquisitions, or any future acquisition, may not produce the revenue, cost savings, earnings or synergies that we anticipated. The process of integrating acquired companies into our business may also result in unforeseen difficulties. Unforeseen operating difficulties may absorb significant management attention, which we might otherwise devote to our existing business. Also, the process may require significant financial resources that we might otherwise allocate to other activities, including the ongoing development or expansion of our existing operations. Additionally, we may be exposed to potential asset quality issues or unknown or contingent liabilities of the banks, businesses, assets and liabilities we acquire. If these issues or liabilities exceed our estimates, our results of operations and financial condition may be negatively affected.

If we pursue a future acquisition, our management could spend a significant amount of time and effort identifying and completing the acquisition. If we make a future acquisition, we could issue equity securities which would dilute current stockholders' percentage ownership, incur substantial debt, assume contingent liabilities, incur a one-time charge or be required to record an impairment of goodwill, or any combination of the foregoing.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. Any inability to provide reliable financial reports or prevent fraud could harm our business. The Sarbanes-Oxley Act of 2002 requires management and our auditors to evaluate and assess the effectiveness of our internal control over financial reporting. These requirements may be modified, supplemented or amended from time to time. Implementing these changes may take a significant amount of time and may require specific compliance training of our personnel. We have in the past discovered, and may in the future discover, areas of our internal control over financial reporting that need improvement. If we or our auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in our financial statements and have an adverse effect on our stock price. We may not be able to effectively and timely implement necessary control changes and employee training to ensure continued compliance with the Sarbanes-Oxley Act and other regulatory and reporting requirements. Our historic growth and our planned expansion through acquisitions present challenges to maintaining the internal control and disclosure control standards applicable to public companies. If we fail to maintain effective internal controls we could be subject to regulatory scrutiny and sanctions, our ability to recognize revenue could be impaired and investors could lose confidence in the accuracy and completeness of our financial reports. We cannot assure you that we will continue to fully comply with the requirements of the Sarbanes-Oxley Act or that management or our auditors will conclude that our internal control over financial reporting is effective in future periods.

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Maintaining or increasing our market share depends on market acceptance and regulatory approval of new products and services.

Our success depends, in part, upon our ability to adapt our products and services to evolving industry standards and consumer demand. There is increasing pressure on financial services companies to provide products and services at lower prices. In addition, the widespread adoption of new technologies, including Internet-based services, could require us to make substantial expenditures to modify or adapt our existing products or services. A failure to achieve market acceptance of any new products we introduce, or a failure to introduce products that the market may demand, could have an adverse effect on our business, profitability, or growth prospects.

We have businesses other than banking.

In addition to commercial banking services, we provide life and other insurance products, as well as other business and financial services. We may in the future develop or acquire other non-banking businesses. As a result of other such businesses, our earnings could be subject to risks and uncertainties that are different from those to which our commercial banking services are subject.

We have a continuing need for technological change.

The financial services industry is undergoing rapid technological changes with frequent introductions of new technology-driven products and services. In addition to better serving our customers, the effective use of technology increases efficiency and enables financial institutions to reduce costs. Our future success will depend in part upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands for convenience as well as to create additional efficiencies in our operations as we continue to grow and expand our market area. Many of our larger competitors have substantially greater resources to invest in technological improvements. As a result, they may be able to offer additional or superior products to those that we will be able to offer, which would put us at a competitive disadvantage. Accordingly, we cannot assure you that we will be able to effectively implement new technology-driven products and services or be successful in marketing such products and services to our customers.

The recent repeal of Federal prohibitions on payment of interest on business checking accounts could increase our Company's interest expense.

All Federal prohibitions on the ability of financial institutions to pay interest on business checking accounts were repealed as part of the Dodd-Frank Act beginning on July 21, 2011. As a result, some financial institutions have commenced offering interest on business checking accounts to compete for customers. We do not yet know what interest rates other institutions may offer as market interest rates begin to increase. Our interest expense will increase and our net interest margin will decrease if we begin offering interest on business checking accounts to attract additional customers or maintain current customers, which could have a material adverse effect on our business, financial condition and results of operations.

We may need to raise additional capital in the future, and such capital may not be available when needed or at all.

We may need to raise additional capital in the future to provide us with sufficient capital resources and liquidity to meet our commitments and business needs, particularly if our asset quality or earnings were to deteriorate significantly. Our ability to raise additional capital, if needed, will depend on, among other things, conditions in the capital markets at that time, which are outside of our control, and our financial performance. Economic conditions and the loss of confidence in financial institutions may increase our cost of funding and limit access to certain customary sources of capital, including inter-bank borrowings, repurchase agreements and borrowings from the discount window of the Federal Reserve.

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We cannot assure that such capital will be available on acceptable terms or at all. Any occurrence that may limit our access to the capital markets, such as a decline in the confidence of debt purchasers, depositors or counterparties participating in the capital markets, or a downgrade of our debt ratings, may adversely affect our capital costs and our ability to raise capital and, in turn, our liquidity. Moreover, if we need to raise capital in the future, we may have to do so when many other financial institutions are also seeking to raise capital and we would have to compete with those institutions for investors. An inability to raise additional capital on acceptable terms when needed could have a materially adverse effect on our businesses, financial condition and results of operations.

Risks Associated with Our Common Stock

Our stock price can be volatile.

Investors should carefully consider the risks described in this Risk Factors section and the other information in this report, including our consolidated financial statements with related notes and documents incorporated by reference. If any of these risks or other risks, which have not been identified or which we may believe are immaterial or unlikely, actually occur, our business, financial condition and results of operations could be harmed. Stock price volatility may make it more difficult for you to resell your common stock when you want and at prices you find attractive. Our stock price can fluctuate significantly in response to a variety of factors including, among other things: actual or anticipated variations in quarterly results of operations; recommendations by securities analysts; operating and stock price performance of other companies that investors deem comparable to us; news reports relating to trends, concerns and other issues in the financial services industry; perceptions in the marketplace regarding us and/or our competitors; new technology used, or services offered by competitors; significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; failure to integrate acquisitions or realize anticipated benefits from acquisitions; changes in government regulations; and geopolitical conditions such as acts or threats of terrorism or military conflicts.

General market fluctuations, industry factors and general economic and political conditions and events, such as economic slowdowns or recessions, interest rate changes or credit loss trends, could also cause our stock price to decrease regardless of operating results.

We may not continue to pay dividends on our common stock in the future.

We have historically paid a common stock dividend. However, BancFirst Corporation is a bank holding company, and our ability to declare and pay dividends is dependent on certain Federal regulatory considerations, including the guidelines of the Federal Reserve regarding capital adequacy and dividends. In the current stressed financial markets and declining economy, which has resulted in higher FDIC insurance premiums and special assessments on FDIC-insured financial institutions, including the Bank, there can be no certainty that our common dividend will continue to be paid at the current levels. It is possible that our common dividend could be reduced or even cease to be paid. In such case, the trading price of our common stock could decline, and investors may lose all or part of their investment.

An investment in our common stock is not an insured deposit.

Our common stock is not a bank deposit and, therefore, is not insured against loss by the FDIC, any other deposit insurance fund or by any other public or private entity. Investment in our common stock is inherently risky for the reasons described in this Risk Factors section and elsewhere in this report and is subject to the same market forces that affect the price of common stock in any company. As a result, if you acquire our common stock, you could lose some or all of your investment.

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Our directors and executive officers own a significant portion of our common stock and can influence stockholder decisions.

Our directors and executive officers, as a group, beneficially owned approximately 53% of our outstanding common stock as of February 28, 2012. As a result of their ownership, the directors and executive officers have the ability, by voting their shares in concert, to influence the outcome of any matter submitted to our stockholders for approval, including the election of directors. The directors and executive officers may vote to cause us to take actions with which our other stockholders do not agree.

Our stockholder rights plan, amended and restated certificate of incorporation, as well as provisions of Oklahoma law, could make it difficult for a third party to acquire our company.

We have a stockholder rights plan that may have the effect of discouraging unsolicited takeover proposals. The rights issued under the stockholder rights plan would cause substantial dilution to a person or group that attempts to acquire us on terms not approved in advance by our board of directors. In addition, Oklahoma corporate law and our amended and restated certificate of incorporation contain provisions that could delay, deter or prevent a change in control of our company or our management. Together, these provisions may discourage transactions that otherwise could provide for the payment of a premium over prevailing market prices of our common stock, and also could limit the price that investors are willing to pay in the future for shares of our common stock.

The trading volume in our common stock is less than that of other larger financial services companies.

Although our common stock is listed for trading on the NASDAQ Global Select Market, the trading volume in our common stock is less than that of other, larger financial services companies. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of willing buyers and sellers of our common stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which we have no control. Given the lower trading volume of our common stock, significant sales of our common stock, or the expectation of these sales, could cause our stock price to fall.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The principal offices of the Company are located at 101 North Broadway, Oklahoma City, Oklahoma 73102. The Company owns substantially all of the properties and buildings in which its various offices and facilities are located. These properties include the main bank, a technology and operations center and 92 branches. BancFirst also owns properties for future expansion. There are no significant encumbrances on any of these properties. (See Note 6 Premises and Equipment, Net to the Consolidated Financial Statements for further information on the Company's properties).

Item 3. 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 4. (Removed and Reserved).

Table of Contents**PART II****Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.****Common Stock Market Prices and Dividends**

The Company's Common Stock is listed on the NASDAQ Global Select Market System (NASDAQ/GS) and is traded under the symbol BANF. The following table sets forth, for the periods indicated, (i) the high and low sales prices of the Company's Common Stock as reported in the NASDAQ/GS consolidated transaction reporting system and (ii) the quarterly dividends per share declared on the Common Stock.

	Price Range		Cash
	High	Low	Dividends Declared
2011			
Fourth Quarter	\$ 40.85	\$ 31.35	\$ 0.27
Third Quarter	\$ 39.98	\$ 30.50	\$ 0.27
Second Quarter	\$ 43.06	\$ 35.03	\$ 0.25
First Quarter	\$ 44.67	\$ 40.50	\$ 0.25
2010			
Fourth Quarter	\$ 43.58	\$ 39.70	\$ 0.25
Third Quarter	\$ 41.88	\$ 34.87	\$ 0.25
Second Quarter	\$ 47.15	\$ 36.23	\$ 0.23
First Quarter	\$ 44.20	\$ 35.58	\$ 0.23

As of February 28, 2012 there were 326 holders of record of the Common Stock. The closing price of our Common Stock on February 28, 2012 was \$41.55 per share.

Future dividend payments will be determined by the Company's Board of Directors in light of the earnings and financial condition of the Company and the Bank, their capital needs, applicable governmental policies and regulations and such other factors as the Board of Directors deems appropriate.

BancFirst Corporation is a legal entity separate and distinct from the Bank, and its ability to pay dividends is substantially dependent upon dividend payments received from the Bank. Various laws, regulations and regulatory policies limit the Bank's ability to pay dividends to BancFirst Corporation, as well as BancFirst Corporation's ability to pay dividends to its stockholders. See Liquidity and Funding and Capital Resources under Management's Discussion and Analysis of Financial Condition and Results of Operations, Description of Business-Supervision and Regulation and Note (15) of the Notes to Consolidated Financial Statements for further information regarding limitations on the payment of dividends by BancFirst Corporation and the Bank.

Stock Repurchases

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 under the SRP may be determined by management and approved by the Company's Executive Committee. At December 31, 2011 there were 241,751 shares remaining that could be repurchased under the Company's November 1999 Stock Repurchase Program. The amount approved is subject to amendment. The Stock Repurchase Program will remain in effect until all shares are repurchased.

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The following table provides information with respect to purchases made by or on behalf of the Company or any affiliated purchaser (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934), of the Company's common stock during the three months ended December 31, 2011.

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan	Maximum Number of Shares That May Yet Be Purchased Under the Plan at the End of the Period
October 1, 2011 to October 31, 2011 (1)	5,305	\$ 32.72		258,529
November 1, 2011 to November 30, 2011 (1)	16,778	\$ 34.17		241,751
December 1, 2011 to December 31, 2011		\$		241,751

(1) Represents repurchases made in connection with the Company's November 1999 Stock Repurchase Program. The amount approved is subject to amendment. The Stock Repurchase Program will remain in effect until all shares are repurchased.

Performance Graph

The Company's performance graph is incorporated by reference from Company Performance contained on the last page of this 10-K report.

Table of Contents**Item 6. Selected Financial Data.**

The following table sets forth certain historical consolidated financial data as of and for the five years ended December 31, 2011. The historical consolidated financial data has been derived from our audited consolidated financial statements. The historical consolidated financial data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our audited consolidated financial statements and the related notes included elsewhere in this report.

	2011	At and for the Year Ended December 31,			2007
		2010	2009	2008	
		(Dollars in thousands, except per share data)			
Income Statement Data					
Net interest income	\$ 156,897	\$ 142,757	\$ 131,304	\$ 139,006	\$ 148,033
Provision for loan losses	4,515	2,954	10,389	10,676	3,329
Noninterest income	76,961	69,938	66,881	74,486	71,391
Noninterest expense	158,646	144,095	139,117	135,006	134,446
Net income	45,621	42,309	32,609	44,358	53,093
Balance Sheet Data					
Total assets	\$ 5,608,825	\$ 5,060,249	\$ 4,416,115	\$ 3,867,204	\$ 3,743,006
Securities	614,977	743,803	416,170	449,780	461,884
Total loans (net of unearned interest)	3,013,498	2,811,964	2,738,654	2,757,854	2,487,099
Allowance for loan losses	37,656	35,745	36,383	34,290	29,127
Deposits	5,037,735	4,503,754	3,929,016	3,377,608	3,288,504
Long-term borrowings	18,476	34,265			606
Junior subordinated debentures	36,083	28,866	26,804	26,804	26,804
Stockholders' equity	483,041	458,594	430,750	413,791	371,962
Per Common Share Data					
Net income - basic	\$ 2.99	\$ 2.76	\$ 2.13	\$ 2.91	\$ 3.41
Net income - diluted	2.93	2.70	2.09	2.85	3.33
Cash dividends	1.04	0.96	0.90	0.84	0.76
Book value	31.95	29.84	28.14	27.08	24.44
Tangible book value	28.07	26.19	25.41	24.34	21.66
Selected Financial Ratios					
<i>Performance ratios:</i>					
Return on average assets	0.85%	0.92%	0.78%	1.17%	1.49%
Return on average stockholders' equity	9.65	9.45	7.70	11.30	14.66
Cash dividends payout ratio	34.78	34.78	42.25	28.87	22.29
Net interest spread	2.96	3.06	2.97	3.31	3.59
Net interest margin	3.20	3.37	3.42	4.05	4.63
Efficiency ratio	67.84	67.75	70.20	63.24	61.27
<i>Balance Sheet Ratios:</i>					
Average loans to deposits	60.64%	67.58%	74.57%	78.82%	76.04%
Average earning assets to total assets	92.49	92.74	92.56	91.23	90.86
Average stockholders' equity to average assets	8.85	9.74	10.15	10.35	10.18
<i>Asset Quality Ratios:</i>					
Nonperforming and restructured loans to total loans	0.76%	1.00%	1.46%	0.86%	0.54%
Nonperforming and restructured assets to total assets	0.71	1.01	1.13	0.72	0.40
Allowance for loan losses to total loans	1.25	1.27	1.33	1.24	1.17
Allowance for loan losses to nonperforming and restructured loans	163.54	127.25	91.06	144.52	215.57
Net charge-offs to average loans	0.09	0.13	0.30	0.21	0.08

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	December 31, 2011			December 31, 2010			December 31, 2009		
	Average Balance	Interest Income/Expense	Average Yield/Rate	Average Balance	Interest Income/Expense	Average Yield/Rate	Average Balance	Interest Income/Expense	Average Yield/Rate
ASSETS									
Earning assets:									
Loans (1)	\$ 2,893,263	\$ 164,484	5.69%	\$ 2,761,986	\$ 155,131	5.62%	\$ 2,749,544	\$ 153,059	5.57%
Securities taxable	571,193	12,321	2.16	481,783	12,378	2.57	379,702	13,436	3.54
Securities tax exempt	69,921	2,889	4.13	36,228	1,913	5.28	38,081	2,151	5.65
Federal funds sold and interest-bearing deposits with banks	1,410,788	3,585	0.25	982,059	2,474	0.25	695,167	2,241	0.32
Total earning assets	4,945,165	183,279	3.71	4,262,056	171,896	4.03	3,862,494	170,887	4.42
Nonearning assets:									
Cash and due from banks	142,256			108,440			113,207		
Interest receivable and other assets	295,963			261,521			233,885		
Allowance for loan losses	(36,729)			(36,466)			(36,607)		
Total nonearning assets	401,490			333,495			310,485		
Total assets	\$ 5,346,655			\$ 4,595,551			\$ 4,172,979		
LIABILITIES AND STOCKHOLDERS EQUITY									
Interest-bearing liabilities:									
Transaction deposits	\$ 709,609	\$ 1,423	0.20%	\$ 612,442	\$ 1,404	0.23%	\$ 518,914	\$ 1,218	0.23%
Savings deposits	1,633,555	8,981	0.55	1,424,252	12,215	0.86	1,228,697	15,513	1.26
Time deposits	921,984	11,467	1.24	838,589	12,462	1.49	885,403	19,777	2.23
Short-term borrowings	8,276	58	0.70	3,099	6	0.19	2,883	11	0.38
Long-term borrowings	31,826	882	2.77	3,129	61	1.95			
Junior subordinated debentures	32,287	2,184	6.76	27,284	1,993	7.30	26,804	1,966	7.33
Total interest-bearing liabilities	3,337,537	24,995	0.75	2,908,795	28,141	0.97	2,662,701	38,485	1.45
Interest-free funds:									
Noninterest-bearing deposits	1,506,371			1,211,712			1,054,291		
Interest payable and other liabilities	29,755			27,487			32,239		
Stockholders equity	472,992			447,557			423,748		
Total interest free-funds	2,009,118			1,686,756			1,510,278		
Total liabilities and stockholders equity	\$ 5,346,655			\$ 4,595,551			\$ 4,172,979		

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Net interest income	\$ 158,284	\$ 143,755	\$ 132,402
Net interest spread	2.96%	3.06%	2.97%
Net interest margin	3.20%	3.37%	3.42%

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

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Item 7. 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 financial position and results of operations for the three years ended December 31, 2011. This discussion and analysis should be read in conjunction with the consolidated financial statements and notes thereto and the selected consolidated financial data included herein.

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. Actual results may differ materially from forward-looking statements.

SUMMARY

BancFirst Corporation's net income for 2011 was \$45.6 million, or \$2.93 per diluted share, compared to \$42.3 million, or \$2.70 per diluted share for 2010 and \$32.6 million, or \$2.09 per diluted share for 2009.

In 2011, net interest income was \$156.9 million, compared to \$142.8 million in 2010 and \$131.3 million in 2009. The Company's net interest margin was 3.20% for 2011, down 17 basis points from 3.37% in 2010 and down 22 basis points from 3.42% in 2009. Provision for loan losses was \$4.5 million in 2011 compared to \$3.0 million in 2010 and \$10.4 million in 2009. Noninterest income was \$77.0 million in 2011 compared to \$69.9 million in 2010 and \$66.9 million in 2009, while noninterest expense was \$158.6 million in 2011 compared to \$144.1 million in 2010 and \$139.1 million in 2009. The earnings of the Company in 2011 and 2010 were affected primarily by the continued low interest rate environment which resulted in a slightly lower net interest margin partially offset by growth in earning assets.

Total assets at December 31, 2011 were \$5.6 billion, up from \$5.1 billion at December 31, 2010 and \$4.4 billion at December 31, 2009. Total loans at December 31, 2011 were \$3.0 billion versus \$2.8 billion for 2010 and \$2.7 billion for 2009. Total deposits increased to \$5.0 billion from \$4.5 billion for 2010 and \$3.9 billion for 2009. The Company's liquidity remains strong as its average loan-to-deposit ratio was 60.6% for 2011, compared to 67.6% for 2010 and 74.6% for 2009. Stockholders' equity was \$483.0 million compared to \$458.6 million for 2010 and \$430.8 million for 2009. Average stockholders' equity to average assets was 8.85% at December 31, 2011, compared to 9.74% at December 31, 2010 and 10.15% at December 31, 2009.

Asset quality improved in 2011 as measured by a ratio of nonperforming and restructured assets to total assets of 0.71% for the year ended December 31, 2011, compared to 1.01% at December 31, 2010 and 1.13% at December 31, 2009. The Company sold a commercial property held in other real estate owned valued at \$6.0 million in the first quarter of 2011. The allowance for loan losses equaled 163.5% of nonperforming and restructured loans at December 31, 2011, versus 127.2% at the end of 2010 and 91.1% at the end of 2009. Net charge-offs to average loans for 2011 decreased to 0.09%, compared to 0.13% for 2010 and 0.30% for 2009. The allowance for loan losses as a percentage of total loans was 1.25% in 2011 compared to 1.27% in 2010 and 1.33% in 2009.

On January 19, 2012, Council Oak Investment Corporation, a wholly-owned subsidiary of BancFirst completed the sale of one of its investments that resulted in a pretax gain of approximately \$4.5 million. After related expenses and income taxes, the increase in net income approximated \$2.6 million or \$0.17 per share on a fully diluted basis. The gain will be included in first quarter 2012 earnings.

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On July 12, 2011, the Company completed the acquisition of FBC Financial Corporation and its subsidiary bank, 1st Bank Oklahoma with banking locations in Claremore, Verdigris, and Inola, Oklahoma. The Company paid a premium of \$1.5 million above the equity capital of FBC Financial Corporation. At acquisition, 1st Bank Oklahoma had approximately \$217 million in total assets, \$116 million in loans, \$178 million in deposits and \$18 million in equity capital. 1st Bank Oklahoma operated as a subsidiary of BancFirst Corporation until it was merged into BancFirst on February 17, 2012. The acquisition did not have a material effect on the Company's consolidated financial statements.

The Federal Reserve enacted a final rule on June 29, 2011 establishing the debit card interchange rate at \$0.21 per transaction and five basis points multiplied by the value of the transaction that was effective on October 1, 2011 for banks exceeding \$10 billion in assets. Although the rule does not apply directly to the Company, the possible competitive response may have an impact on the Company's pricing of these services.

On December 15, 2010, the Company completed the acquisition of OK Bancorporation, Inc., and its subsidiary bank, The Okemah National Bank. At acquisition, The Okemah National Bank had approximately \$73 million in total assets, \$32 million in loans, \$62 million in deposits, and \$9 million in equity capital. The Okemah National Bank operated as a subsidiary of BancFirst Corporation until it was merged into BancFirst on October 21, 2011. The acquisition did not have a material effect on the Company's consolidated financial statements.

On December 10, 2010, the Company completed the acquisition of Exchange Bancshares of Moore, Inc., and its subsidiary bank, Exchange National Bank of Moore. At acquisition, Exchange National Bank of Moore had approximately \$147 million in total assets, \$47 million in loans, \$116 million in deposits, and \$10 million in equity capital. Exchange National Bank operated as a subsidiary of BancFirst Corporation until it was merged into BancFirst on June 17, 2011. The acquisition did not have a material effect on the Company's consolidated financial statements.

On October 8, 2010, the Company completed the acquisition of Union National Bancshares, Inc., and its subsidiary bank, Union Bank of Chandler with offices in Chandler and Tulsa, Oklahoma. At acquisition, Union Bank of Chandler had approximately \$134 million in total assets, \$90 million in loans, \$117 million in deposits, and \$15 million in equity capital. Union Bank of Chandler operated as a subsidiary of BancFirst Corporation until it was merged into BancFirst on November 12, 2010. The acquisition did not have a material effect on the Company's consolidated financial statements.

The Company recorded a total of \$13.3 million of goodwill and core deposit intangibles as a result of the three acquisitions completed in 2010. The combined acquisitions added approximately \$371 million in total assets, \$169 million in loans and \$295 million in deposits. The effects of these acquisitions are included in the consolidated financial statements of the Company from the date of acquisition forward. The Company does not believe these acquisitions, individually or in aggregate are material to the Company's consolidated financial statements.

Effective June 30, 2010, the Company ceased participation in the Transaction Account Guarantee Program (TAGP) for extended coverage of noninterest-bearing transaction deposit accounts. Accordingly, the standard deposit insurance amount was in effect for the Company's deposit accounts through December 31, 2010. In November 2010, the Federal Deposit Insurance Corporation (FDIC) issued a final rule to implement provisions of the Dodd-Frank Act that provide for temporary unlimited coverage for noninterest-bearing transaction accounts. The separate coverage for noninterest-bearing transaction accounts became effective on December 31, 2010 and terminates on December 31, 2012.

On April 1, 2010, the Company's insurance agency BancFirst Insurance Services, Inc., formerly known as Wilcox, Jones & McGrath, Inc., completed its acquisition of RBC Agency, Inc., which had offices in Shawnee and Stillwater. BancFirst Insurance Services, Inc. also has offices in Oklahoma City, Tulsa, Lawton and Muskogee. The acquisition did not have a material effect on the Company's consolidated financial statements.

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On March 21, 2010, Congress passed student loan reform legislation centralizing student lending in a governmental agency, which as of June 30, 2010 resulted in an end to the student loan programs provided by the Company. The Company sold all student loans held for sale of \$144.5 million in October 2010. As of December 31, 2011, the Company had approximately \$46.7 million of student loans held for investment remaining in the loan portfolio.

On December 8, 2009, the Company completed the acquisition of First Jones Bancorporation. On November 30, 2009, First State Bank, Jones, the subsidiary bank, had approximately \$36 million in assets, \$31 million in deposits, and \$4.5 million in equity capital. First State Bank, Jones operated as a subsidiary of BancFirst Corporation until it was merged into BancFirst in early March 2010. The acquisition enhanced the presence of BancFirst in eastern Oklahoma County. The acquisition did not have a material effect on the Company's consolidated financial statements.

In November 2009, the FDIC issued a rule that required insured depository institutions to prepay their estimated quarterly risk-based assessments for the fourth quarter of 2009 and for all of 2010, 2011 and 2012. In December 2009, the Company paid \$20.2 million in prepaid risk-based assessments, which included \$1.2 million related to the fourth quarter of 2009 that would have otherwise been payable in the first quarter of 2010. This amount is included in deposit insurance expense for 2009. Prepaid deposit insurance of approximately \$12.3 million and \$15.0 million was included in other assets in the accompanying consolidated balance sheets as of December 31, 2011 and 2010, respectively.

On May 22, 2009 the FDIC increased deposit insurance premiums and imposed a Special Assessment on member financial institutions that was based on June 30, 2009 assets less tier one capital. These increases caused the Company's noninterest expense to increase in 2009. The amount of \$1.9 million was expensed on June 30, 2009.

The Company did not accept funds from the U.S. Treasury's Capital Purchase Program and also did not participate in the Debt Guarantee Program for newly issued senior unsecured debt. The Company's capital levels have continued to exceed the well-capitalized guidelines.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's significant accounting policies are described in Note (1) to the consolidated 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, which affect the amounts reported in the financial statements and the related disclosures. These estimates relate principally to the allowance for loan losses, income taxes, intangible assets and the fair value of financial instruments. Such estimates and assumptions may change over time and actual amounts realized may differ from those reported. The following is a summary of the accounting policies and estimates that management believes are the most critical.

Allowance for Loan Losses

The allowance for loan losses is management's estimate of the probable losses incurred in the Company's loan portfolio through the balance sheet date.

The allowance for loan losses is increased by provisions charged to operating expense and is reduced by net loan charge-offs. The amount of the allowance for loan losses is based on past loan loss experience, evaluations of known impaired loans, levels of adversely classified loans, general economic conditions and other environmental factors. A loan is considered impaired when it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. The majority of the Company's impaired loans are collateral dependent. For collateral dependent loans, the amount of impairment is measured based upon the fair value of the underlying collateral and is included in the allowance for loan losses.

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The amount of the allowance for loan losses is first estimated by each business unit's management based on their evaluation of their unit's portfolio. This evaluation involves identifying impaired and adversely classified loans. Specific allowances for losses are determined for impaired loans based on either the loans' estimated discounted cash flows or the fair values of the collateral. Allowances for adversely classified loans are estimated using historical loss percentages for each type of loan adjusted for various economic and environmental factors related to the underlying loans. An allowance is also estimated for non-adversely classified loans using a historical loss percentage based on losses arising specifically from non-adversely classified loans, adjusted for various economic and environmental factors related to the underlying loans. Each month the Company's Senior Loan Committee reviews each business unit's allowance, and the aggregate allowance for the Company and, on a quarterly basis, adjusts and approves the adequacy of the allowance. In addition, annually or more frequently as needed, the Senior Loan Committee evaluates and establishes the loss percentages used in the estimates of the allowance based on historical loss data, and giving consideration to their assessment of current economic and environmental conditions. To facilitate the Senior Loan Committee's evaluation, the Company's Asset Quality Department performs periodic reviews of each of the Company's business units and reports on the adequacy of management's identification of impaired and adversely classified loans, and their adherence to the Company's loan policies and procedures.

The process of evaluating the adequacy of the allowance for loan losses necessarily involves the exercise of judgment and consideration of numerous subjective factors and, accordingly, there can be no assurance that the estimate of incurred losses will not change in light of future developments and economic conditions. Different assumptions and conditions could result in a materially different amount for the allowance for loan losses.

Income Taxes

The Company files a consolidated income tax return. Deferred taxes are recognized under the liability method based upon the future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities, using the tax rates expected to apply to taxable income in the periods when the related temporary differences are expected to be realized.

The amount of accrued current and deferred income taxes is based on estimates of taxes due or receivable from taxing authorities either currently or in the future. Changes in these accruals are reported as tax expense, and involve estimates of the various components included in determining taxable income, tax credits, other taxes and temporary differences. Changes periodically occur in the estimates due to changes in tax rates, tax laws and regulations, and implementation of new tax planning strategies. The process of determining the accruals for income taxes necessarily involves the exercise of considerable judgment and consideration of numerous subjective factors.

Management performs an analysis of the Company's tax positions annually and believes it is more likely than not that all of its tax positions will be utilized in future years.

Intangible Assets and Goodwill

Core deposit intangibles are amortized on a straight-line basis over the estimated useful lives of seven to ten years and customer relationship intangibles are amortized on a straight-line basis over the estimated useful life of eight to eighteen years. Mortgage servicing rights are amortized based on current prepayment assumptions. Goodwill is not amortized. At least annually in the fourth quarter, intangible assets, excluding mortgage servicing rights, and goodwill are evaluated for possible impairment. Impairment losses are measured by comparing the fair values of the intangible assets with their recorded amounts. Any impairment losses are reported in the statement of comprehensive income. Mortgage servicing rights are revalued quarterly.

The evaluation of remaining original core deposit intangibles for possible impairment involves reassessing the useful lives and the recoverability of the intangible assets. The evaluation of the useful lives is performed by reviewing the levels of core deposits of the respective branches acquired. The actual life of a core deposit base

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may be longer than originally estimated due to more successful retention of customers, or may be shorter due to more rapid runoff. Amortization of core deposit intangibles would be adjusted, if necessary, to amortize the remaining net book values over the remaining lives of the core deposits. The evaluation for recoverability is only performed if events or changes in circumstances indicate that the carrying amount of the intangibles may not be recoverable.

The evaluation of goodwill for possible impairment is performed by comparing the fair values of the related reporting units with their carrying amounts including goodwill. The fair values of the related business units are estimated using market data for prices of recent acquisitions of banks and branches.

The evaluation of intangible assets and goodwill for the years ended December 31, 2011, 2010 and 2009 resulted in no material impairments.

Fair Value of Financial Instruments

Securities that are being held for indefinite periods of time, or that may be sold as part of the Company's asset/liability management strategy, to provide liquidity or for other reasons, are classified as available for sale and are stated at estimated market value. Unrealized gains or losses on securities available for sale are reported as a component of stockholders' equity, net of income tax. Securities that are determined to be impaired, and for which such impairment is determined to be other than temporary, are adjusted to fair value and a corresponding loss is recognized.

The estimates of fair values of securities and other financial instruments are based on a variety of factors. In some cases, fair values represent quoted market prices for identical or comparable instruments. In other cases, fair values have been estimated based on assumptions concerning the amount and timing of estimated future cash flows and assumed discount rates reflecting varying degrees of risk. Accordingly, the fair values may not represent actual values of the financial instruments that could have been realized as of year end or that will be realized in the future.

Future Application of Accounting Standards

See Note (1) of the Notes to Consolidated Financial Statements for a discussion of recently issued accounting pronouncements and their expected impact on the Company's financial statements.

Segment Information

See Note (22) of the Notes to Consolidated Financial Statements for disclosures regarding the Company's operating business segments.

RESULTS OF OPERATIONS

Net Interest Income

In 2011, net interest income, which is the Company's principal source of operating revenue, increased \$14.1 million to \$156.9 million compared to an increase of \$11.4 million in 2010, and a decrease of \$7.8 million in 2009. In 2011, \$12.0 million of the increase in net interest income was related to the Company's acquisitions made in the later part of 2010 and the acquisition made during 2011. The net interest margin on a taxable equivalent basis for 2011 was 3.20%, compared to 3.37% for 2010 and 3.42% for 2009. Changes in the volume of earning assets and interest-bearing liabilities, and changes in interest rates determine the changes in net interest income. The following volume/rate analysis summarizes the relative contribution of each of these components to the changes in net interest income in 2011 and 2010. For 2011, the decrease in net interest margin was due to continued low interest rates and an increase in earning assets at relatively low rates. For 2010, lower deposit rates resulted in a positive rate variance partially offset by higher deposit volumes. For 2009, declining

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loan rates resulted in a significant decrease in net interest income. If interest rates and/or loan volume do not increase, management expects continued compression of its net interest margin in 2012 as higher yielding loans and securities mature and are replaced at current market rates.

VOLUME/RATE ANALYSIS**Taxable Equivalent Basis**

	Total	Change in 2011 Due to Volume(1)	Due to Rate (Dollars in thousands)	Total	Change in 2010 Due to Volume(1)	Due to Rate
INCREASE (DECREASE)						
Interest Income:						
Loans	\$ 9,353	\$ 12,739	\$ (3,386)	\$ 2,072	\$ 184	\$ 1,888
Investments taxable	(57)	1,675	(1,732)	(1,058)	3,486	(4,544)
Investments tax exempt	976	1,846	(870)	(238)	(151)	(87)
Interest-bearing deposits with banks and Federal funds sold	1,111	1,073	38	232	924	(692)
Total interest income	11,383	17,333	(5,950)	1,008	4,443	(3,435)
Interest Expense:						
Transaction deposits	19	109	(90)	186	206	(20)
Savings deposits	(3,234)	(2,661)	(573)	(3,333)	(2,861)	(472)
Time deposits	(995)	5,507	(6,502)	(7,314)	4,559	(11,873)
Short-term borrowings	52	35	17	(5)	(3)	(2)
Long-term borrowings	821	630	191	95	69	26
Junior subordinated debentures	191	367	(176)	27	35	(8)
Total interest expense	(3,146)	3,987	(7,133)	(10,344)	2,005	(12,349)
Net interest income	\$ 14,529	\$ 13,346	\$ 1,183	\$ 11,352	\$ 2,438	\$ 8,914

(1) Changes in the mix of earning assets and interest-bearing liabilities have been combined with the changes due to volume. The following interest rate sensitivity analysis measures the sensitivity of the Company's net interest margin to changes in interest rates by analyzing the repricing relationship between its earning assets and interest-bearing liabilities. This analysis is limited by the fact that it presents a static position as of a single day and is not necessarily indicative of the Company's position at any other point in time, and does not take into account the sensitivity of rates of specific assets and liabilities to changes in market rates. The Company's approach to managing the interest sensitivity gap limits risk while taking advantage of the Company's stable core deposit base and the historical existence of a positively sloped yield curve.

The Analysis of Interest Rate Sensitivity presents the Company's earning assets and interest-bearing liabilities based on maturity and repricing frequency at December 31, 2011. The Company's cumulative negative gap position in the one year interval decreased to \$193 million at December 31, 2011 from \$621 million at December 31, 2010, and decreased as a percentage of total earning assets to 3.7% from 13.2% for the years ended December 31, 2011 and 2010, respectively. This negative gap position assumes that the Company's core savings and transaction deposits are immediately rate sensitive. In a falling rate or sustained low rate environment, the benefit of the Company's noninterest-bearing funds is decreased, resulting in a decrease in the Company's net interest margin over time.

In the first quarter of 2011 with rates remaining at historically low levels, the Company, through its Asset and Liability Committee (ALCO) and Senior Loan Committee decided to offer a seven to fifteen year, fixed

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rate, amortizing loan product primarily for commercial real estate loans. During 2011, the Company added approximately \$160 million of this fixed rate product with maturities between seven and fifteen years and amortizations ranging primarily from ten to twenty years. To offset this fixed rate exposure, the Company purchased approximately \$254 million of floating rate securities from securities maturing during 2011. The Company believes this will help stabilize its net interest margin if rates remain low for the next several years.

ANALYSIS OF INTEREST RATE SENSITIVITY

December 31, 2011

	Interest Rate Sensitive		Noninterest Rate Sensitive		Total
	0 to 3 Months	4 to 12 Months	1 to 5 Years	Over 5 Years	
(Dollars in thousands)					
EARNING ASSETS					
Loans	\$ 466,902	\$ 550,748	\$ 1,229,082	\$ 766,766	\$ 3,013,498
Securities	274,099	73,692	177,241	89,945	614,977
Federal funds sold and interest-bearing deposits	1,544,435				1,544,435
Total	\$ 2,285,436	\$ 624,440	\$ 1,406,323	\$ 856,711	\$ 5,172,910
FUNDING SOURCES					
Noninterest-bearing demand deposits (1)	\$	\$	\$	\$ 1,294,450	\$ 1,294,450
Savings and transaction deposits	2,424,573				2,424,573
Time deposits of \$100 or more	108,018	180,973	101,847	24,096	414,934
Time deposits under \$100	128,902	242,736	98,248	23,193	493,079
Short-term borrowings	8,274				8,274
Long-term borrowings		9,294	9,182		18,476
Junior subordinated debentures				36,083	36,083
Stockholders equity				483,041	483,041
Total	\$ 2,669,767	\$ 433,003	\$ 209,277	\$ 1,860,863	\$ 5,172,910
Interest sensitivity gap	\$ (384,331)	\$ 191,437	\$ 1,197,046	\$ (1,004,152)	
Cumulative gap	\$ (384,331)	\$ (192,894)	\$ 1,004,152	\$	
Cumulative gap as a percentage of total earning assets	(7.4)%	(3.7)%	19.4%	%	

(1) Represents the amount of demand deposits required to support earning assets in excess of interest-bearing liabilities and stockholders equity.

Provision for Loan Losses

The provision for loan losses was \$4.5 million for 2011, compared to \$3.0 million for 2010 and \$10.4 million for 2009. During 2011, \$1.7 million of the increase in the provision for loan losses was related to the Company's acquisitions made in the later part of 2010 and the acquisition made during 2011. During 2010, credit quality generally stabilized as previously identified problem loans were moved to other real estate owned while potential problem loans decreased. In 2009, credit quality deteriorated with higher levels of potential problem loans and nonperforming loans resulting in an additional provision for loan losses. The Company establishes an allowance as an estimate of the probable inherent losses in the loan portfolio at the balance sheet date. Net loan charge-offs were \$2.6 million for 2011, compared to \$3.6 million for 2010 and \$8.3 million for 2009. The net charge-offs equated to 0.09%, 0.13% and 0.30% of average loans for 2011, 2010 and 2009, respectively. A more detailed discussion of the allowance for loan losses is provided under Loans (Including Acquired Loans).

Table of Contents**Noninterest Income**

Noninterest income was \$77.0 million in 2011 versus \$69.9 million in 2010 and \$66.9 million in 2009. Total noninterest income increased \$7.1 million in 2011, an increase of 10.0%. This compares to an increase of \$3.0 million, or 4.5%, in 2010. For 2011, the Company's acquisitions made in the later part of 2010 and the acquisition made during 2011 increased noninterest income by approximately \$3.3 million. In addition, noninterest income was higher in 2011 due to a securities gain of \$1.3 million on the sale of an investment made by the Company's venture capital subsidiary, Council Oak Investment Corporation, higher commercial deposit revenues, trust income and insurance commissions. Noninterest income was higher in 2010 due to higher deposit revenues, trust income and insurance commissions partially offset by lower cash management fee revenues. Core noninterest income was up in 2009 due to increases in commercial deposit income and sales of mortgage loans and student loans offset by lower cash management revenues. The Company's fee income has increased in each of the last five years due to improved pricing strategies, enhanced product lines, acquisitions and internal deposit growth.

The Company had income from debit card usage totaling \$15.1 million, \$12.8 million and \$10.8 million for the years 2011, 2010 and 2009, respectively. The recently enacted Dodd-Frank Act has given the Federal Reserve the authority to establish rules regarding debit card interchange fees charged for electronic debit transactions by payment card issuers. Because of the uncertainty as to any future rulemaking by the Federal Reserve and the inability to forecast competitive responses, the Company cannot provide any assurance as to the ultimate impact of the Dodd-Frank Act on the amount of income from debit card usage reported in future periods.

The Company recognized a net gain on the sale of securities of \$1.6 million in 2011 due primarily to an investment sale made by the Company's venture capital subsidiary, Council Oak Investment Corporation, compared to a gain of \$324,000 in 2010 and a gain of \$336,000 in 2009. The Company's practice is to maintain a liquid portfolio of securities and not engage in trading activities. The Company has the ability and intent to hold securities classified as available for sale that were in an unrealized loss position until they mature or until fair value exceeds amortized cost.

The Company earned \$2.0 million on the sale of loans in 2011 compared to \$2.9 million in 2010 and \$2.8 million in 2009. The activity in the secondary market for mortgage loans increased during 2010 and 2009 due to a large number of refinancings in the historically low interest rate environment. The final sale of student loans occurred in 2010 while activity in student loans was up slightly in 2009 due to less local competition in the market. Student loan activity ceased during 2010 when Congress passed student loan reform legislation centralizing student lending in a governmental agency, which eliminated guaranteed student lending by financial institutions.

Noninterest Expense

Total noninterest expense increased by \$14.6 million, or 10.1% to \$158.6 million in 2011. This compares to increases of \$5.0 million, or 3.6%, for 2010, and \$4.1 million, or 3.0%, for 2009. The increase in noninterest expense during 2011 was primarily related to the Company's acquisitions made in the later part of 2010 and the acquisition made during 2011, which added approximately \$10.1 million of noninterest expense. Other factors were an increase in salaries and benefits excluding acquisitions of approximately \$2.6 million, write downs on other real estate of \$1.7 million, and merger related expenses of approximately \$884,000, partially offset by a gain on the sale of other real estate of approximately \$1.1 million. Noninterest expense increased in 2010 due to higher benefit and acquisition costs partially offset by lower FDIC insurance costs. The increase in noninterest expense in 2009 was primarily due to the FDIC special assessment and higher deposit insurance premium totaling \$7.3 million which was partially offset by a \$1.8 million reduction in loan origination expense and \$900,000 in lower salaries and employee benefits.

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During 2009, in response to the higher noninterest expense and lower operating margins, the Company continued a salary freeze for all non-exempt employees along with suspension of branch expansion. These measures were relaxed during 2010 and 2011.

Income Taxes

Income tax expense totaled \$25.1 million in 2011, compared to \$23.3 million in 2010 and \$16.1 million for 2009. Income tax expense declined in 2009 due to lower pretax income. The effective tax rates for 2011, 2010 and 2009 were 35.5%, 35.5% and 33.0%, respectively. The primary reasons for the difference between the Company's effective tax rate and the Federal statutory rate were tax-exempt income, nondeductible amortization, Federal and state tax credits, and state tax expense. The Company's effective tax rate increased in 2010 due to the full utilization of \$1.5 million of Federal tax credits.

Certain financial information is prepared on a taxable equivalent basis to facilitate analysis of yields and changes in components of earnings. Average balance sheets, comprehensive income statements and other financial statistics are also presented on a taxable equivalent basis.

Impact of Inflation

The impact of inflation on financial institutions differs significantly from that of industrial or commercial companies. The assets of financial institutions are predominantly monetary, as opposed to fixed or nonmonetary assets such as premises, equipment and inventory. As a result, there is little exposure to inflated earnings by understated depreciation charges or significantly understated current values of assets. Although inflation can have an indirect effect by leading to higher interest rates, financial institutions are in a position to monitor the effects on interest costs and yields and respond to inflationary trends through management of interest rate sensitivity. Inflation can also have an impact on noninterest expenses such as salaries and employee benefits, occupancy, services and other costs.

Impact of Deflation

In a period of deflation, it would be reasonable to expect widely decreasing prices for real assets. In such an economic environment, assets of businesses and individuals, such as real estate, commodities or inventory, could decline. The inability of customers to repay or refinance their loans could result in loan losses incurred by the Company far in excess of historical experience due to deflated collateral values.

FINANCIAL POSITION

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

Cash consists of cash and cash items on hand, noninterest-bearing deposits and amounts due from other banks, reserves deposited with the Federal Reserve Bank, and interest-bearing deposits with other banks. Federal funds sold consist of overnight investments of excess funds with other financial institutions. Due to the Federal Reserve Bank's intervention into the Federal funds market that has resulted in near zero overnight Fed funds rates, the Company has continued to maintain the majority of its excess funds with the Federal Reserve Bank. The Federal Reserve Bank pays interest on these funds based upon the lowest target rate for the maintenance period.

The amount of cash, Federal funds sold and interest-bearing deposits with the Federal Reserve Bank carried by the Company is a function of the availability of funds presented to other institutions for clearing, and the Company's requirements for liquidity, operating cash and reserves, available yields, and interest rate sensitivity management. Balances of these items can fluctuate widely based on these various factors. Cash and Federal funds sold increased \$462.8 million in 2011, \$203.8 million in 2010 and \$587.4 million in 2009. The increases were primarily due to increased deposits.

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For the year ended December 31, 2011, total securities decreased \$128.8 million to \$615.0 million, a decrease of 17.3%. This compares to an increase of \$329.2 million, or 78.9%, in 2010 and a decrease of \$38.4 million, or 8.4%, in 2009. For the year ended December 31, 2011, securities decreased due to a shift in emphasis to higher yielding loans from lower yielding securities available in the current market. For the year ended December 31, 2010, securities increased due to acquisitions and higher pledging requirements for public deposits. Securities available for sale represented 96.3% of the total securities portfolio at December 31, 2011, compared to 97.1% at December 31, 2010 and 92.9% at December 31, 2009. Securities available for sale had a net unrealized gain of \$14.6 million at December 31, 2011, compared to a net unrealized gain of \$13.0 million at December 31, 2010 and a net unrealized gain of \$16.9 million at December 31, 2009. These unrealized gains are included in the Company's stockholders' equity as accumulated other comprehensive income, net of income tax, in the amounts of \$9.4 million, \$8.5 million and \$11.0 million for December 31, 2011, 2010 and 2009 respectively.

SECURITIES

	2011	December 31 2010	2009
	(Dollars in thousands)		
Held for Investment (at amortized cost)			
U.S. Treasury, other Federal agencies and mortgage-backed securities	\$ 997	\$ 1,207	\$ 1,446
States and political subdivisions	21,480	20,804	28,350
Total	\$ 22,477	\$ 22,011	\$ 29,796
Estimated market value	\$ 22,958	\$ 22,640	\$ 30,736
Available for Sale (at estimated market value)			
U.S. Treasury, other Federal agencies and mortgage-backed securities	\$ 517,629	\$ 646,665	\$ 346,837
States and political subdivisions	62,709	64,210	9,625
Other securities	12,162	10,917	29,912
Total	\$ 592,500	\$ 721,792	\$ 386,374
Total Securities	\$ 614,977	\$ 743,803	\$ 416,170

The Company does not engage in securities trading activities. Any sales of securities are for the purpose of executing the Company's asset/liability management strategy, eliminating a perceived credit risk in a specific security, or providing liquidity. Securities that are being held for indefinite periods of time, or that may be sold as part of the Company's asset/liability management strategy, to provide liquidity or for other reasons, are classified as available for sale and are stated at estimated market value. Unrealized gains or losses on securities available for sale are reported as a component of stockholders' equity, net of income tax. Securities for which the Company has the intent and ability to hold to maturity are classified as held for investment and are stated at cost, adjusted for amortization of premiums and accretion of discounts computed under the interest method. Securities that are determined to be impaired, and for which such impairment is determined to be other than temporary, are adjusted to fair value and a corresponding loss is recognized. Gains or losses from sales of securities are based upon the book values of the specific securities sold.

Declines in the fair value of held for investment and available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers, among other things, (i) the length of time and the extent to which the fair value has been less than cost, (ii) the financial condition and near-term prospects of the issuer, and (iii) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

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Management has the ability and intent to hold the securities classified as held for investment until they mature, at which time the Company will receive full value for the securities. As of December 31, 2011, the Company had net unrealized gains largely due to decreases in market interest rates from the yields available at the time the underlying securities were purchased. The fair value of those securities having unrealized losses is expected to recover as the securities approach their maturity date or repricing date or if market yields for similar investments decline. Management does not believe any of the securities are impaired due to reasons of credit quality. Furthermore, as of December 31, 2011, management also had the ability and intent to hold all securities classified as available for sale with an unrealized loss for a period of time sufficient for a recovery of cost. Accordingly, as of December 31, 2011, management believes the impairments were temporary and no material impairment loss was realized in the Company's consolidated statement of comprehensive income.

MATURITY DISTRIBUTION OF SECURITIES

The following maturity distribution of securities table summarizes the weighted average maturity and weighted average taxable equivalent yields of the securities portfolio at December 31, 2011. The Company manages its securities portfolio for liquidity and as a tool to execute its asset/liability management strategy. Consequently, the average maturity of the portfolio is relatively short. Securities maturing within five years represent 79.7% of the total portfolio.

	Within One Year		After One Year But Within Five Years		After Five Years But Within Ten Years		After Ten Years		Total	
	Amount	Yield*	Amount	Yield*	Amount	Yield*	Amount	Yield*	Amount	Yield*
Held for Investment										
U.S. Treasury and other Federal agencies	\$ 23	1.79%	\$ 603	4.12%	\$ 370	5.81%	\$ 1	1.96%	\$ 997	4.69%
State and political subdivisions	5,845	5.43	13,911	4.51	1,724	6.51			21,480	4.92
Total	\$ 5,868	5.42	\$ 14,514	4.49	\$ 2,094	6.39	\$ 1	1.96	\$ 22,477	4.91
Percentage of total	26.1%		64.6%		9.3%		%		100.0%	
Available for Sale										
U.S. Treasury and other Federal agencies	\$ 102,646	4.60%	\$ 339,238	1.15%	\$ 18,265	2.04%	\$ 57,480	1.02%	\$ 517,629	1.85%
State and political subdivisions	4,923	3.86	23,177	3.23	23,728	4.52	10,881	6.09	62,709	4.27
Other securities							12,162	13.92	12,162	13.92
Total	\$ 107,569	4.57	\$ 362,415	1.28	\$ 41,993	3.44	\$ 80,523	3.65	\$ 592,500	2.35
Percentage of total	18.1%		61.2%		7.1%		13.6%		100.0%	
Total securities	\$ 113,437	4.62%	\$ 376,929	1.41%	\$ 44,087	3.59%	\$ 80,524	3.65%	\$ 614,977	2.45%
Percentage of total	18.4%		61.3%		7.2%		13.1%		100.0%	

* Yield on a taxable equivalent basis

Loans (Including Acquired Loans)

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The Company has historically generated loan growth from both internal originations and acquisitions. Total loans increased \$201.5 million to \$3.0 billion, an increase of 7.2%, in 2011 compared to an increase of \$73.3 million or 2.7% in 2010 and a decrease of \$19.2 million, or 0.7%, in 2009. Loans increased in 2011 due primarily to bank acquisitions and internal growth. Loans increased in 2010 due to bank acquisitions offset by the sale of the student loan portfolio. Loans declined slightly in 2009 due to the slowing regional economy. During 2011, the Company acquired loans from acquisitions of approximately \$108.2 million, compared to \$161.8 million during 2010.

Table of Contents**Composition**

The Company's loan portfolio was diversified among various types of commercial and individual borrowers. Commercial loans were comprised principally of loans to companies in light manufacturing, retail and service industries. Consumer loans were comprised primarily of loans to individuals for automobiles. Student loans have decreased to \$46.7 million at December 31, 2011 down from \$57.4 million at December 31, 2010 and \$148.2 million at December 31, 2009. On March 21, 2010, Congress passed student loan reform legislation centralizing student lending in a governmental agency, which as of June 30, 2010 resulted in an end to the student loan programs provided by the Company. The Company sold all student loans held for sale of \$144.5 million in October 2010. The Company did not have any credit card receivables at year end 2011, 2010 or 2009 and does not expect to engage in this type of activity.

Loans secured by real estate, including farmland, multifamily, commercial, one to four family housing and construction and development loans, have been a large portion of the Company's loan portfolio. The Company is subject to risk of future market fluctuations in property values relating to these loans. The Company attempts to manage this risk through rigorous loan underwriting standards.

LOANS BY CATEGORY

	2011		2010		December 31, 2009		2008		2007	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(Dollars in thousands)									
Commercial, financial and other	\$ 796,349	26.43%	\$ 777,576	27.65%	\$ 733,386	26.76%	\$ 726,602	26.35%	\$ 711,124	28.59%
Real estate construction	207,953	6.90	230,367	8.19	201,704	7.37	246,269	8.93	222,820	8.96
Real estate one to four family	655,134	21.74	608,786	21.65	569,592	20.80	543,183	19.70	513,969	20.67
Real estate farmland, multifamily and commercial	1,101,731	36.56	921,958	32.79	881,495	32.19	905,862	32.84	768,451	30.89
Consumer	252,331	8.37	273,277	9.72	352,477	12.88	335,938	12.18	270,735	10.89
Total	\$ 3,013,498	100.00%	\$ 2,811,964	100.00%	\$ 2,738,654	100.00%	\$ 2,757,854	100.00%	\$ 2,487,099	100.00%

Table of Contents**MATURITY AND RATE SENSITIVITY OF LOANS**

The following table presents the Maturity and Rate Sensitivity of Loans at December 31, 2011, for commercial, financial and other loans, and real estate loans, excluding one to four family residential loans and consumer loans. Approximately 41% of the commercial real estate and other commercial loans have maturities of one year or less. However, many of these loans are renewed at existing or similar terms after scheduled principal reductions. Also, approximately 57% of the commercial real estate and other commercial loans had adjustable interest rates at December 31, 2011.

	Within One Year	Maturing After One But Within Five Years	After Five Years	Total
	(Dollars in thousands)			
Commercial, financial and other	\$ 406,285	\$ 341,113	\$ 48,951	\$ 796,349
Real estate construction	162,315	31,058	14,580	207,953
Real estate farmland, multifamily and commercial (excluding loans secured by 1 to 4 family residential properties)	294,531	395,787	411,413	1,101,731
Total	\$ 863,131	\$ 767,958	\$ 474,944	\$ 2,106,033
Loans with predetermined interest rates	\$ 327,224	\$ 376,560	\$ 197,196	\$ 900,980
Loans with adjustable interest rates	535,907	391,398	277,748	1,205,053
Total	\$ 863,131	\$ 767,958	\$ 474,944	\$ 2,106,033

Percentage of total 41.0% 36.5% 22.5% 100.0%
 During 2009 the Company set rate floors. At December 31, 2011 approximately 74% of the floating rate loan portfolio was at the floor rate. Short-term rates would have to increase approximately 100 basis points before the Company's loan portfolio would experience a measurable increase in yield.

The information relating to the maturity and rate sensitivity of loans is based upon contractual maturities and original loan terms. In the ordinary course of business, loans maturing within one year may be renewed, in whole or in part, at interest rates prevailing at the date of renewal.

Nonperforming Loans, Restructured Loans and Other Real Estate Owned

During 2011, nonperforming and restructured loans decreased \$5.1 million to \$23.0 million, a decrease of 18.0%. This compares to a decrease of \$11.9 million to \$28.1 million, or 29.7%, in 2010 and an increase of \$16.2 million to \$40.0 million, or 68.4%, in 2009. The decrease in 2011 was primarily due to the transfer of several commercial properties from nonperforming loans to other real estate owned. The decrease in 2010 was due to the transfer of two commercial properties totaling \$11.6 million from nonperforming loans to other real estate owned while the increase in 2009 resulted from nonperformance on loans of several commercial customers. Nonperforming and restructured loans as a percentage of total loans, is shown in the table below.

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. In 2011, nonaccrual loans decreased \$5.5 million, a decrease of 20.7%, compared to a decrease of \$10.4 million or 28.1% in 2010 and an increase of \$15.8 million or 73.9% in 2009. Total interest income which was not accrued on nonaccrual loans outstanding was approximately \$1.1 million at December 31, 2011, \$1.0 million at December 31, 2010 and \$1.4 million at December 31, 2009. Only a small amount of this interest is expected to be ultimately collected. Net interest income for 2010 included nonrecurring interest income from the disposition of nonperforming assets of \$1.3 million.

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The classification of a loan as nonperforming does not necessarily indicate that loan principal and interest will ultimately be uncollectible; although in a weakening economy, the Company's experience has been that the level of collections decline. The above normal risk associated with nonperforming loans has been considered in the determination of the allowance for loan losses. At December 31, 2011, the allowance for loan losses as a percentage of nonperforming and restructured loans was 163.5%, compared to 127.3%, at the end of 2010 and 91.1% at the end of 2009.

At December 31, 2011, other real estate owned and repossessed assets decreased as shown in the following table. In addition to several sales and write downs of other real estate owned and repossessed assets, the decrease in 2011 was due in part to the sale of one nonperforming commercial real estate property valued at \$6.9 million, sold at a sheriff's sale, which paid off the Company's loan balance and the interest due on the loan. The increase during 2010 was due to two commercial properties totaling \$11.6 million that were previously on nonaccrual that were transferred to other real estate owned. Other real estate owned consists of properties acquired through foreclosure proceedings or acceptance of a deed in lieu of foreclosure, and premises held for sale. These properties are carried at the lower of the book values of the related loans or fair market values based upon appraisals, less estimated costs to sell. Write downs arising at the time of reclassification of such properties from loans to other real estate owned are charged directly to the allowance for loan losses. Any losses on bank premises designated to be sold are charged to operating expense at the time of transfer from premises to other real estate owned. Decreases in values of properties subsequent to their classification as other real estate owned are charged to operating expense.

NONPERFORMING AND RESTRUCTURED ASSETS

	2011	2010	December 31, 2009	2008	2007
	(Dollars in thousands)				
Past due over 90 days and still accruing	\$ 798	\$ 1,096	\$ 853	\$ 1,346	\$ 823
Nonaccrual	21,187	26,701	37,133	21,359	11,568
Restructured	1,041	294	1,970	1,022	1,121
Total nonperforming and restructured loans	23,026	28,091	39,956	23,727	13,512
Other real estate owned and repossessed assets	16,640	23,179	9,881	3,997	1,568
Total nonperforming and restructured assets	\$ 39,666	\$ 51,270	\$ 49,837	\$ 27,724	\$ 15,080
Nonperforming and restructured loans to total loans	0.76%	1.00%	1.46%	0.86%	0.54%
Nonperforming and restructured assets to total assets	0.71%	1.01%	1.13%	0.72%	0.40%

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 \$26.3 million, \$10.1 million and \$8.6 million of these loans at December 31, 2011, 2010 and 2009, respectively, which were 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. The Company's nonaccrual loans are primarily commercial and real estate loans.

Allowance for Loan Losses/Fair Market Value Adjustments on Acquired Loans

The allowance for loan losses reflects management's estimate of loss incurred in the Company's loan portfolio through the balance sheet date. The allowance and its adequacy is determined through consideration of many factors, including past loan loss experience, current evaluations of known impaired loans, levels of

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adversely classified loans, general economic conditions and other environmental factors. The Company's methodology causes an increase in the reserve upon identification of a potential problem loan. The process of evaluating the adequacy of the allowance for loan losses necessarily involves the exercise of judgment and consideration of numerous subjective factors existing at year end. Accordingly, there can be no assurance that the estimate of incurred losses will not change as economic and environmental factors change from that date. Furthermore, in the future, additional loan loss provisions will be required for future losses as they occur. At December 31, 2011, the Company's allowance for loan losses represented 1.25% of total loans, compared to 1.27% at December 31, 2010 and 1.33% at December 31, 2009. The overall credit portfolio generally stabilized and net charge-offs declined in 2011 and 2010. In 2009, the Company's loan portfolio began to experience some isolated credit issues with several customers due primarily to a decline in collateral values and to a lesser extent, nonperformance. Although the national economy and the credit markets have recently stabilized, if unforeseen deterioration occurs, it would be reasonable to expect that the allowance for loan losses would increase in future periods.

Notwithstanding the foregoing, the Company's recent net charge-off experience continued to remain low compared to the banking industry at both the state and national levels. In 2011, the Company recognized \$2.6 million of net charge-offs, which represented 0.09% of average loans, compared to \$3.6 million, or 0.13% for 2010 and \$8.3 million, or 0.30% for 2009.

The fair market value adjustment on acquired loans contains a market component to adjust the rates on the loans to market value and a credit component to absorb potential and identified credit exposures in the acquired loans. The credit component was \$3.7 million at December 31, 2011 and \$2.8 million at December 31, 2010, while the acquired loans outstanding were \$193.4 million and \$161.8 million, respectively.

Table of Contents**ANALYSIS OF ALLOWANCE FOR LOAN LOSSES**

	Year Ended December 31,				
	2011	2010	2009	2008	2007
	(Dollars in thousands)				
Balance at beginning of period	\$ 35,745	\$ 36,383	\$ 34,290	\$ 29,127	\$ 27,700
Charge-offs:					
Commercial	(925)	(584)	(4,940)	(1,901)	(455)
Real estate	(1,292)	(2,851)	(2,182)	(3,326)	(1,304)
Consumer	(822)	(689)	(1,008)	(897)	(888)
Other	(58)	(56)	(823)	(151)	(36)
Total charge-offs	(3,097)	(4,180)	(8,953)	(6,275)	(2,683)
Recoveries:					
Commercial	134	151	172	187	200
Real estate	169	141	137	118	203
Consumer	131	185	252	221	312
Other	59	111	96	236	66
Total recoveries	493	588	657	762	781
Net charge-offs	(2,604)	(3,592)	(8,296)	(5,513)	(1,902)
Provision charged to operations	4,515	2,954	10,389	10,676	3,329
Balance at end of period	\$ 37,656	\$ 35,745	\$ 36,383	\$ 34,290	\$ 29,127
Average loans	\$ 2,893,263	\$ 2,761,986	\$ 2,749,544	\$ 2,612,553	\$ 2,364,618
Total loans	\$ 3,013,498	\$ 2,811,964	\$ 2,738,654	\$ 2,757,854	\$ 2,487,099
Net charge-offs to average loans	0.09%	0.13%	0.30%	0.21%	0.08%
Allowance to total loans	1.25%	1.27%	1.33%	1.24%	1.17%
Allocation of the allowance by category of loans:					
Commercial, financial and other	\$ 9,703	\$ 10,558	\$ 9,789	\$ 9,520	\$ 8,453
Real estate construction	4,229	3,884	3,447	3,231	3,261
Real estate mortgage	20,741	18,060	18,533	17,421	14,269
Consumer	2,983	3,243	4,614	4,118	3,144
Total	\$ 37,656	\$ 35,745	\$ 36,383	\$ 34,290	\$ 29,127
Percentage of loans in each category to total loans:					
Commercial, financial and other	25.77%	29.54%	26.90%	27.76%	29.02%
Real estate construction	11.23	10.86	9.47	9.42	11.20
Real estate mortgage	55.08	50.52	50.95	50.81	48.99
Consumer	7.92	9.08	12.68	12.01	10.79
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Goodwill, Other Intangible Assets and Other Assets

Identifiable intangible assets and goodwill totaled \$58.8 million, \$56.2 million and \$41.8 million at December 31, 2011, 2010 and 2009, respectively. The increase in 2011 was due to the acquisition of one community bank. The increase in 2010 was due to the acquisitions of an insurance agency and three community banks.

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Other assets at December 31, 2011 include \$57.4 million of cash surrender value of life insurance from life insurance companies with satisfactory credit ratings and \$12.3 million of prepaid FDIC deposit insurance premium. Other assets at December 31, 2010 include \$55.1 million of cash surrender value of life insurance from life insurance companies with satisfactory credit ratings and \$15.0 million of prepaid FDIC deposit insurance premium. Other assets at December 31, 2009 include \$46.4 million of cash surrender value of life insurance from life insurance companies with satisfactory credit ratings and \$19.0 million of prepaid FDIC deposit insurance premium.

Liquidity and Funding

The Company's principal source of liquidity and funding is its broad deposit base generated from customer relationships. The availability of deposits is affected by economic conditions, competition with other financial institutions, and alternative investments available to customers. Through interest rates paid, service charge levels and services offered, the Company can, to a limited extent, affect its level of deposits. The level and maturity of funding necessary to support the Company's lending and investment functions is determined through the Company's asset/liability management process. In addition to deposits, short-term borrowings comprised primarily of Federal funds purchased and repurchase agreements provide additional funding sources. The Company had \$5.0 million in brokered CDs due to its 2011 acquisition, which were liquidated in February 2012. The Company currently does not rely heavily on long-term borrowings. The Company could utilize the sale of loans, securities, and liquidation of other assets as sources of liquidity and funding.

Historically, the Bank is more liquid than its peers. This liquidity positions the Bank to respond to increased loan demand and other requirements for funds, or to decreases in funding sources. The liquidity of BancFirst Corporation, however, is dependent upon dividend payments from the Bank and its ability to obtain financing. Banking regulations limit bank dividends based upon net earnings retained by the bank and minimum capital requirements. Dividends in excess of these limits require regulatory approval. At January 1, 2012, the Bank had approximately \$54.4 million of equity available for dividends to BancFirst Corporation without regulatory approval. During 2011, the Bank declared four common stock dividends totaling \$16.0 million and two preferred stock dividends totaling \$1.9 million.

Deposits

Total deposits increased \$534.0 million to \$5.0 billion, an increase of 11.9% in 2011, compared to an increase of \$574.7 million or 14.6%, in 2010, and \$551.4 million or 16.3%, in 2009. The increase in deposits during 2011 and 2010 was due to acquisitions and internal growth while the increase in 2009 was largely due to approximately \$450 million in overnight sweep funds that moved into interest-bearing transaction accounts due to low interest rates on money market funds. Demand deposits as a percentage of total deposits averaged 31.6% in 2011, 29.7% in 2010 and 28.5% in 2009. The Company's core deposits provide it with a stable, low-cost funding source. Core deposits averaged 91.2%, 90.4% and 89.3% of total deposits in 2011, 2010 and 2009, respectively. If interest rates were to rise, some of the deposits which migrated from overnight sweep funds during 2009 and some of the deposit growth in 2010 and 2011 may move back into money market funds or to other depository institutions.

ANALYSIS OF AVERAGE DEPOSITS

	Year Ended December 31,				
	2011	2010	2009	2008	2007
	(Dollars in thousands)				
Average Balances					
Demand deposits	\$ 1,506,371	\$ 1,211,712	\$ 1,054,291	\$ 955,847	\$ 877,474
Interest-bearing transaction deposits	709,609	612,442	518,914	423,773	398,786
Savings deposits	1,633,555	1,424,252	1,228,697	1,100,184	1,048,935
Time deposits under \$100	499,707	446,799	504,931	492,651	486,089
Total core deposits	4,349,242	3,695,205	3,306,833	2,972,455	2,811,284
Time deposits of \$100 or more	422,277	391,790	395,438	342,061	298,316
Total deposits	\$ 4,771,519	\$ 4,086,995	\$ 3,702,271	\$ 3,314,516	\$ 3,109,600

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	2011		2010		2009		2008		2007	
	% of Total	Rate	% of Total	Rate	% of Total	Rate	% of Total	Rate	% of Total	Rate
Demand deposits	31.57%		29.65%		28.47%		28.84%		28.22%	
Interest-bearing transaction deposits	14.87	0.20%	14.99	0.23%	14.02	0.23%	12.79	0.50%	12.83	0.75%
Savings deposits	34.24	0.55	34.85	0.86	33.19	1.26	33.19	2.21	33.73	3.81
Time deposits under \$100	10.47	1.21	10.93	1.49	13.64	2.26	14.86	3.52	15.63	4.47
Total core deposits	91.15		90.42		89.32		89.68		90.41	
Time deposits of \$100 or more	8.85	1.29	9.58	1.49	10.68	2.19	10.32	3.67	9.59	4.71
Total deposits	100.00%		100.00%		100.00%		100.00%		100.00%	
Average rate paid on interest-bearing deposits		0.67%		0.91%		1.36%		2.39%		3.52%

At December 31, 2011, 69.6% of the Company's time deposits of \$100,000 or more mature in one year or less. The following table shows the maturity of time deposits of \$100,000 or more:

MATURITY OF TIME DEPOSITS

	December 31, 2011 (Dollars in thousands)
\$100,000 or More	
Three months or less	\$ 108,018
Over three months through six months	77,324
Over six months through twelve months	103,649
Over twelve months	125,943
Total	\$ 414,934

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 totaled \$8.3 million at December 31, 2011, compared to \$7.2 million at December 31, 2010 and \$100,000 at December 31, 2009.

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 \$503.8 million, are pledged as collateral for the borrowings under the line of credit. As of December 31, 2011, the Company had the ability to draw up to \$48.8 million on the FHLB line of credit based on FHLB stock holdings of \$3.0 million with approximately \$18.5 million in advances outstanding due to recent acquisitions. The advances mature at varying dates through 2014 and had rates between 1.7% and 4.3%. The Company had approximately \$19.8 million in advances outstanding due to acquisitions at December 31, 2010 and no FHLB borrowings at December 31, 2009.

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On December 13, 2010, the Company borrowed \$14.5 million from a commercial bank for a three year term. The loan had an interest rate of 3% per annum, payable quarterly on the first day of March, June, September and December until the maturity date of November 30, 2013. The proceeds were used to fund a portion of the Company's recent acquisitions. On July 22, 2011, the Company made a payment of \$6.0 million and paid the remaining balance of \$8.5 million on October 25, 2011.

Capital Resources

Stockholders' equity totaled \$483.0 million at December 31, 2011, compared to \$458.6 million at December 31, 2010 and \$430.8 million at December 31, 2009. Stockholders' equity has continued to increase due to net earnings retained, stock option exercises, and unrealized gains on securities, partially offset by common stock repurchases, dividends and unrealized losses on securities. The Company's average equity capital ratio for 2011 was 8.85%, compared to 9.74% for 2010 and 10.15% for 2009. At December 31, 2011, the Company's leverage ratio was 8.14%, its Tier 1 capital ratio was 13.49%, and its total risk-based capital ratio was 14.62%; compared to minimum requirements of 3%, 4% and 8%, respectively. Banking institutions are generally expected to maintain capital well above the minimum levels.

See Note (15) of the Notes to Consolidated Financial Statements for a discussion of capital ratio requirements.

In November 1999, the Company adopted a Stock Repurchase Program (the "SRP") authorizing management to repurchase shares of the Company's common stock. 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 under the SRP may be determined by management and approved by the Company's Executive Committee. At December 31, 2011 there were 241,751 shares remaining that could be repurchased under the SRP. For the year ended December 31, 2011 the Company repurchased 302,149 shares of its common stock for \$10.8 million or an average price of \$35.74 per share under the SRP and for the year ended December 31, 2010, the Company repurchased 16,500 shares of its common stock for \$605,400 or an average price of \$36.69 per share under the SRP. No shares were repurchased in 2009.

In January 2004, BancFirst Corporation established BFC Capital Trust II ("BFC II"), a trust formed under the Delaware Business Trust Act. BancFirst Corporation owns all of the common securities of BFC II. In February 2004, BFC II issued \$25 million of aggregate liquidation amount of 7.20% Cumulative Trust Preferred Securities (the "Cumulative Trust Preferred Securities") to other investors. In March 2004, BFC II issued an additional \$1 million in Cumulative Trust Preferred Securities through the execution of an over-allotment option. The proceeds from the sale of the Cumulative Trust Preferred Securities and the common securities of BFC II were invested in \$26.8 million of 7.20% Junior Subordinated Debentures of BancFirst Corporation. Interest payments on the \$26.8 million of 7.20% Junior Subordinated Debentures are payable January 15, April 15, July 15 and October 15 of each year. Such interest payments may be deferred for up to twenty consecutive quarters. The stated maturity date of the \$26.8 million of 7.20% Junior Subordinated Debentures is March 31, 2034, but they are subject to mandatory redemption pursuant to optional prepayment terms. The Cumulative Trust Preferred Securities represent an undivided interest in the \$26.8 million of 7.20% Junior Subordinated Debentures and are guaranteed by BancFirst Corporation. During any deferral period or during any event of default, BancFirst Corporation may not declare or pay any dividends on any of its capital stock. In March 2005, the Federal Reserve Board adopted a final rule that allows the continued limited inclusion of trust preferred securities in the Tier 1 capital of bank holding companies. The Cumulative Trust Preferred Securities were callable at par, in whole or in part, after March 31, 2009.

In October 2010, BancFirst Corporation acquired Union National Statutory Trust I ("UNST I"), a trust formed under the Delaware Business Trust Act, from the merger of Union National Bancshares, Inc. BancFirst

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Corporation owns all of the common securities of UNST I. The trust had issued \$2 million of aggregate liquidation amount of Fixed/Floating Rate Junior Subordinated Deferrable Interest Debentures (the "Deferrable Interest Debentures") to other investors. The proceeds from the sale of the Deferrable Interest Debentures and the common securities of UNST I were invested in \$2.1 million of Junior Subordinated Debentures of Union National Bancshares, Inc., which were assumed by BancFirst Corporation as a result of the merger. Interest payments on the \$2.1 million of Junior Subordinated Debentures are payable March 15, June 15, September 15 and December 15 of each year. The interest rate on the \$2.1 million of Junior Subordinated Debentures was set at 6.5% through March 2011 at which time the rate switched to three-month LIBOR plus 165 basis points. Such interest payments may be deferred for up to twenty consecutive quarters. The stated maturity date of the \$2.1 million of Junior Subordinated Debentures is March 15, 2036, but they are subject to mandatory redemption pursuant to optional prepayment terms. The Deferrable Interest Debentures represent an undivided interest in the \$2.1 million of Junior Subordinated Debentures and are guaranteed by BancFirst Corporation. During any deferral period or during any event of default, BancFirst Corporation may not declare or pay any dividends on any of its capital stock. The Deferrable Interest Debentures were callable at par, in whole or in part, after March 15, 2011.

On July 12, 2011, BancFirst Corporation acquired FBC Financial Corp. Statutory Trust I ("FBCST I"), a trust formed under the Connecticut Business Trust Act, from the merger of FBC Financial Corp. BancFirst Corporation owns all of the common securities of FBCST I. The trust had issued \$7 million of aggregate liquidation amount of Fixed/Floating Rate Junior Subordinated Deferrable Interest Debentures (the "Deferrable Interest Debentures") to other investors. The proceeds from the sale of the Deferrable Interest Debentures and the common securities of FBCST I were invested in \$7.2 million of Junior Subordinated Debentures of FBC Financial Corp., which were assumed by BancFirst Corporation as a result of the merger. Interest payments on the \$7.2 million of Junior Subordinated Debentures are payable March 17, June 17, September 17 and December 17 of each year. The interest rate on the \$7.2 million of Junior Subordinated Debentures was set at three-month LIBOR plus 285 basis points. Such interest payments may be deferred for up to twenty consecutive quarters. The stated maturity date of the \$7.2 million of Junior Subordinated Debentures is December 17, 2033, but they are subject to mandatory redemption pursuant to optional prepayment terms. The Deferrable Interest Debentures represent an undivided interest in the \$7.2 million of Junior Subordinated Debentures and are guaranteed by BancFirst Corporation. During any deferral period or during any event of default, BancFirst Corporation may not declare or pay any dividends on any of its capital stock. The Deferrable Interest Debentures were callable at par, in whole or in part, after December 17, 2008.

Future dividend payments will be determined by the Company's Board of Directors in light of the earnings and financial condition of the Company and the Bank, their capital needs, applicable governmental policies and regulations and such other factors as the Board of Directors deems appropriate. While no assurance can be given as to the Company's ability to pay dividends, management believes that, based upon the anticipated performance of the Company, regular dividend payments will continue in 2012.

Related Party Transactions

See Note (18) of the Notes to Consolidated Financial Statements for disclosures regarding the Company's related party transactions.

Table of Contents**CONTRACTUAL OBLIGATIONS**

The Company has various contractual obligations that require future cash payments. The following table presents certain known payments for contractual obligations, by payment due period, as of December 31, 2011.

	Payment Due By Period					Total
	Less Than One Year	1 to 3 Years	3 to 5 Years	Over Five Years	Indeterminate Maturity	
	(Dollars in Thousands)					
Junior subordinated debentures (1)	\$ 2,296	\$ 4,592	\$ 4,592	\$ 75,054	\$	\$ 86,534
Operating lease payments	764	746	255	621		2,386
Long-term borrowings	9,294	9,182				18,476
Time deposits	663,876	196,985	47,146	6		908,013
Total contractual cash obligations	\$ 676,230	\$ 211,505	\$ 51,993	\$ 75,681	\$	\$ 1,015,409

(1) Includes principal and interest

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Market risk refers to the risk of loss arising from adverse changes in interest rates, foreign currency exchange rates, commodity prices, and other relevant market rates and prices, such as equity prices. The risk of loss can be assessed from the perspective of adverse changes in fair values, cash flows, and future earnings. Due to the nature of its operations, the Company is primarily exposed to interest rate risk arising principally from its lending, investing, deposit and borrowing activities and, to a lesser extent, liquidity risk.

Interest rate risk on the Company's balance sheet consists of repricing, option, and basis risks. Repricing risk results from the differences in the maturity, or repricing, of asset and liability portfolios. Option risk arises from embedded options present in many financial instruments such as loan prepayment options, deposit early withdrawal options and interest rate options. These options allow customers opportunities to benefit when market interest rates change, which typically results in higher costs or lower revenue for the Company. Basis risk refers to the potential for changes in the underlying relationship between market rates and indices, which subsequently result in a narrowing of the profit spread on an earning asset or liability. Basis risk is also present in administered rate liabilities, such as savings accounts, negotiable order of withdrawal accounts, and money market accounts where historical pricing relationships to market rates may change due to the level or directional change in market interest rates.

The Company seeks to reduce fluctuations in its net interest margin and to optimize net interest income with acceptable levels of risk through periods of changing interest rates. Accordingly, the Company's interest rate sensitivity and liquidity are monitored on an ongoing basis by its Asset and Liability Committee (ALCO). ALCO establishes risk measures, limits and policy guidelines for managing the amount of interest rate risk and its effect on net interest income and capital. A variety of measures are used to provide for a comprehensive view of the magnitude of interest rate risk, the distribution of risk, the level of risk over time and the exposure to changes in certain interest rate relationships.

The Company utilizes an earnings simulation model as a quantitative tool in measuring the amount of interest rate risk associated with changing market rates. The model quantifies the effects of various interest rate scenarios on projected net interest income over the next 12 months. These simulations incorporate assumptions regarding pricing and the repricing and maturity characteristics of the existing balance sheet.

The ALCO continuously monitors and manages the balance between interest rate-sensitive assets and liabilities. The objective is to manage the impact of fluctuating market rates on net interest income within acceptable levels. In order to meet this objective, management may lengthen or shorten the duration of assets or liabilities.

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As of December 31, 2011, the model simulations projected that a 100 and 200 basis point increase would result in positive variance in net interest income of 3.86% and 9.37%, respectively, relative to the base case, over the next 12 months. Conversely, the model simulation projected that a decrease in interest rates of 25 basis points would result in a negative variance in net interest income of 1.36% relative to the base case, over the next 12 months. The likelihood of a decrease in interest rates beyond 25 basis points as of December 31, 2011 was considered to be remote given prevailing interest rate levels.

The following table presents the Company's financial instruments that are sensitive to changes in interest rates, their expected maturities and their estimated fair values at December 31, 2011.

	Avg. Rate	Expected Maturity / Principal Repayments at December 31,						Balance	Fair Value
		2012	2013	2014	2015	2016	Thereafter		
(Dollars in thousands)									
Interest Sensitive Assets									
Loans	5.69%	\$ 1,682,904	\$ 515,794	\$ 347,581	\$ 129,197	\$ 129,290	\$ 208,732	\$ 3,013,498	\$ 3,060,275
Securities	2.45	113,437	107,109	181,219	51,062	37,538	124,612	614,977	615,458
Federal funds sold and interest-bearing deposits	0.25	1,544,435						1,544,435	1,544,435
Interest Sensitive Liabilities									
Savings and transaction deposits	0.44	4,129,722						4,129,722	4,138,579
Time deposits	1.24	663,876	150,354	46,631	20,727	26,419	6	908,013	913,891
Short-term borrowings	0.70	8,274						8,274	8,274
Long-term borrowings	2.77	9,294	5,182	4,000				18,476	18,578
Junior subordinated debentures	6.76						36,083	36,083	39,300
Off Balance Sheet Items									
Loan commitments									1,257
Letters of credit									419

The expected maturities and principal repayments are based upon the contractual terms of the instruments. Prepayments have been estimated for certain instruments with predictable prepayment rates. Savings and transaction deposits are assumed to mature all in the first year as they are not subject to withdrawal restrictions and any assumptions regarding decay rates would be very subjective. The actual maturities and principal repayments for the financial instruments could vary substantially from the contractual terms and assumptions used in the analysis.

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Item 8. Financial Statements and Supplementary Data.

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders

BancFirst Corporation

We have audited the accompanying consolidated balance sheets of BancFirst Corporation (an Oklahoma corporation) and Subsidiaries (collectively, the Company) as of December 31, 2011 and 2010, and the related consolidated statements of comprehensive income, stockholders equity and cash flow for each of the three years in the period ended December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BancFirst Corporation and Subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 15, 2012 expressed an unqualified opinion.

/s/ GRANT THORNTON LLP

Oklahoma City, Oklahoma

March 15, 2012

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	December 31,	
	2011	2010
ASSETS		
Cash and due from banks	\$ 163,698	\$ 93,059
Interest-bearing deposits with banks	1,544,035	1,111,020
Federal funds sold	400	41,207
Securities (market value: \$615,458 and \$744,432, respectively)	614,977	743,803
Loans:		
Total loans (net of unearned interest)	3,013,498	2,811,964
Allowance for loan losses	(37,656)	(35,745)
Loans, net	2,975,842	2,776,219
Premises and equipment, net	111,355	97,796
Other real estate owned, net	16,109	22,956
Intangible assets, net	14,219	11,610
Goodwill	44,545	44,548
Accrued interest receivable	18,662	21,914
Other assets	104,983	96,117
Total assets	\$ 5,608,825	\$ 5,060,249

LIABILITIES AND STOCKHOLDERS EQUITY

Deposits: