

BANCFIRST CORP /OK/
Form 10-Q
August 10, 2009

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2009

OR

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

For the transition period from to

Commission File Number 0-14384

BancFirst Corporation

(Exact name of registrant as specified in charter)

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Oklahoma
(State or other Jurisdiction of

73-1221379
(I.R.S. Employer

incorporation or organization)

Identification No.)

101 N. Broadway, Oklahoma City, Oklahoma

73102-8405

(Address of principal executive offices)

(Zip Code)

(405) 270-1086

(Registrant's telephone number, including area code)

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

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

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

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

Large accelerated filer ☐ Accelerated filer ☒

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

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

As of July 31, 2009 there were 15,301,641 shares of the registrant's Common Stock outstanding.

PART I FINANCIAL INFORMATION**Item 1. Financial Statements.****BANCFIRST CORPORATION****CONSOLIDATED BALANCE SHEETS****(Unaudited)****(Dollars in thousands, except per share data)**

	June 30,		December 31,
	2009	2008	2008
ASSETS			
Cash and due from banks	\$ 111,277	\$ 162,045	\$ 126,227
Interest-bearing deposits with banks	796,035	5,325	326,874
Federal funds sold	2,200	400,000	1,000
Securities (market value: \$418,468, \$448,568, and \$456,075, respectively)	417,738	448,350	455,568
Loans:			
Total loans (net of unearned interest)	2,738,238	2,608,913	2,757,854
Allowance for loan losses	(39,334)	(33,512)	(34,290)
Loans, net	2,698,904	2,575,401	2,723,564
Premises and equipment, net	91,390	89,483	91,411
Other real estate owned	11,190	1,975	3,782
Intangible assets, net	7,085	7,649	7,508
Goodwill	34,327	34,327	34,327
Accrued interest receivable	25,323	25,670	24,398
Other assets	73,856	89,606	72,545
Total assets	\$ 4,269,325	\$ 3,839,831	\$ 3,867,204
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits:			
Noninterest-bearing	\$ 1,085,234	\$ 1,016,882	\$ 1,025,749
Interest-bearing	2,697,588	2,350,497	2,351,859
Total deposits	3,782,822	3,367,379	3,377,608
Short-term borrowings	500	14,366	12,884
Accrued interest payable	4,740	6,759	5,827
Other liabilities	35,257	37,243	30,290
Long-term borrowings		99	
Junior subordinated debentures	26,804	26,804	26,804
Total liabilities	3,850,123	3,452,650	3,453,413
Commitments and contingent liabilities			
Stockholders' equity:			
Senior preferred stock, \$1.00 par; 10,000,000 shares authorized; none issued			
Cumulative preferred stock, \$5.00 par; 900,000 shares authorized; none issued			
Common stock, \$1.00 par, 20,000,000 shares authorized; shares issued and outstanding: 15,301,641, 15,186,632 and 15,281,141, respectively	15,302	15,187	15,281

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Capital surplus	68,919	64,672	67,975
Retained earnings	322,508	303,542	315,858
Accumulated other comprehensive income, net of income tax of \$(6,716), \$(2,035) and \$(7,903), respectively	12,473	3,780	14,677
Total stockholders' equity	419,202	387,181	413,791
Total liabilities and stockholders' equity	\$ 4,269,325	\$ 3,839,831	\$ 3,867,204

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

BANCFIRST CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(Dollars in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
INTEREST INCOME				
Loans, including fees	\$ 38,467	\$ 42,507	\$ 76,735	\$ 87,671
Securities:				
Taxable	3,464	4,133	7,090	8,690
Tax-exempt	357	319	738	658
Federal funds sold		2,208		5,348
Interest-bearing deposits with banks	537	32	896	76
Total interest income	42,825	49,199	85,459	102,443
INTEREST EXPENSE				
Deposits	9,786	13,807	20,166	30,982
Short-term borrowings	1	124	11	308
Long-term borrowings		2		9
Junior subordinated debentures	492	492	983	983
Total interest expense	10,279	14,425	21,160	32,282
Net interest income	32,546	34,774	64,299	70,161
Provision for loan losses	4,851	3,539	8,216	5,319
Net interest income after provision for loan losses	27,695	31,235	56,083	64,842
NONINTEREST INCOME				
Trust revenue	1,407	1,436	2,722	2,864
Service charges on deposits	9,168	8,376	17,736	15,895
Securities transactions	(37)	6,121	302	6,149
Income from sales of loans	1,057	483	1,382	1,052
Insurance commissions and premiums	1,600	1,629	3,534	3,530
Cash management services	2,565	2,589	5,253	5,122
Gain on sale of other assets	145	1,189	160	3,011
Other	1,138	1,507	2,576	2,948
Total noninterest income	17,043	23,330	33,665	40,571
NONINTEREST EXPENSE				
Salaries and employee benefits	19,896	20,366	40,013	40,555
Occupancy and fixed assets expense, net	1,997	2,119	4,207	4,195
Depreciation	1,841	1,903	3,612	3,658
Amortization of intangible assets	229	224	459	449
Data processing services	880	758	1,785	1,494
Net expense from other real estate owned	102	(8)	209	(16)
Marketing and business promotion	1,163	1,571	2,615	2,850
Other	9,110	6,663	16,847	13,339

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Total noninterest expense	35,218	33,596	69,747	66,524
Income before taxes	9,520	20,969	20,001	38,889
Income tax expense	(3,260)	(7,232)	(6,616)	(13,558)
Net income	6,260	13,737	13,385	25,331
Other comprehensive income, net of tax:				
Unrealized losses on securities	(917)	(21,628)	(3,692)	(11,023)
Reclassification adjustment for gains included in net income	296	11,548	1,488	7,854
Comprehensive income	\$ 5,639	\$ 3,657	\$ 11,181	\$ 22,162
NET INCOME PER COMMON SHARE				
Basic	\$ 0.41	\$ 0.91	\$ 0.88	\$ 1.67
Diluted	\$ 0.40	\$ 0.89	\$ 0.86	\$ 1.63

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
COMMON STOCK				
Issued at beginning of period	\$ 15,292	\$ 15,183	\$ 15,281	\$ 15,217
Shares issued	10	4	21	10
Shares acquired and canceled				(40)
Issued at end of period	\$ 15,302	\$ 15,187	\$ 15,302	\$ 15,187
CAPITAL SURPLUS				
Balance at beginning of period	\$ 68,380	\$ 64,297	\$ 67,975	\$ 63,917
Common stock issued	218	375	325	755
Tax effect of stock options	56		89	
Stock options expense	265		530	
Balance at end of period	\$ 68,919	\$ 64,672	\$ 68,919	\$ 64,672
RETAINED EARNINGS				
Balance at beginning of period	\$ 319,615	\$ 292,837	\$ 315,858	\$ 285,879
Net income	6,260	13,737	13,385	25,331
Dividends on common stock	(3,367)	(3,032)	(6,735)	(6,075)
Common stock acquired and canceled				(1,593)
Balance at end of period	\$ 322,508	\$ 303,542	\$ 322,508	\$ 303,542
ACCUMULATED OTHER COMPREHENSIVE INCOME				
Unrealized gains on securities:				
Balance at beginning of period	\$ 13,093	\$ 13,860	\$ 14,677	\$ 6,949
Net change	(620)	(10,080)	(2,204)	(3,169)
Balance at end of period	\$ 12,473	\$ 3,780	\$ 12,473	\$ 3,780
Total stockholders equity	\$ 419,202	\$ 387,181	\$ 419,202	\$ 387,181

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

BANCFIRST CORPORATION**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****(Unaudited)****(Dollars in thousands)**

	Six Months Ended June 30,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES	\$ 23,355	\$ 20,556
INVESTING ACTIVITIES		
Purchases of securities:		
Held for investment		(2,445)
Available for sale	(20,160)	(136,666)
Maturities of securities:		
Held for investment	4,689	3,150
Available for sale	42,442	67,598
Proceeds from sales and calls of securities:		
Held for investment	15	38
Available for sale	6,267	88,502
Net increase in federal funds sold	(1,200)	(1,000)
Purchases of loans	(23,622)	(12,290)
Proceeds from sales of loans	53,160	21,459
Net other increase in loans	(17,366)	(132,473)
Purchases of premises, equipment and other	(3,948)	(5,664)
Proceeds from the sale of other real estate owned, repossessed assets and other	3,518	4,724
Net cash provided/(used) by investing activities	43,795	(105,067)
FINANCING ACTIVITIES		
Net increase in demand, transaction and savings deposits	308,759	45,807
Net increase in certificates of deposits	96,454	33,068
Net decrease in short-term borrowings	(12,384)	(16,034)
Net decrease in long-term borrowings		(507)
Issuance of common stock	966	765
Acquisition of common stock		(1,633)
Cash dividends paid	(6,734)	(6,075)
Net cash provided by financing activities	387,061	55,391
Net increase/(decrease) in cash, due from banks and interest bearing deposits	454,211	(29,120)
Cash, due from banks and interest bearing deposits at the beginning of the period	453,101	196,490
Cash, due from banks and interest bearing deposits at the end of the period	\$ 907,312	\$ 167,370
SUPPLEMENTAL DISCLOSURE		
Cash paid during the period for interest	\$ 22,246	\$ 33,534
Cash paid during the period for income taxes	\$ 3,800	\$ 11,300

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

BANCFIRST CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(1) GENERAL

The accompanying consolidated financial statements include the accounts of BancFirst Corporation, Council Oak Partners, LLC, Wilcox, Jones & McGrath, Inc., and BancFirst and its subsidiaries (the Company). The operating subsidiaries of BancFirst are Council Oak Investment Corporation, BancFirst Agency, Inc., Lenders Collection Corporation, BancFirst Community Development Corporation and Council Oak Real Estate, Inc. All significant intercompany accounts and transactions have been eliminated. Assets held in a fiduciary or agency capacity are not assets of the Company and, accordingly, are not included in the consolidated financial statements.

The unaudited interim financial statements contained herein reflect all adjustments which are, in the opinion of management, necessary to provide a fair statement of the financial position and results of operations of the Company for the interim periods presented. All such adjustments are of a normal and recurring nature. There have been no significant changes in the accounting policies of the Company since December 31, 2008, the date of the most recent annual report.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States inherently involves the use of estimates and assumptions that affect the amounts reported in the financial statements and the related disclosures. These estimates relate principally to the determination of the allowance for loan losses, income taxes and the fair values of financial instruments. Such estimates and assumptions may change over time and actual amounts realized may differ from those reported.

(2) RECENT ACCOUNTING PRONOUNCEMENTS

In June 2009, the FASB issued FAS No. 168 (FAS 168), The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a Replacement of FASB Statement No. 162; which replaces FAS No. 162 (FAS 162), The Hierarchy of Generally Accepted Accounting Principles. FAS 168 establishes the FASB Accounting Standards Codification (the Codification) as the source of authoritative accounting principles recognized by the FASB to be applied by non-governmental entities in the preparation of financial statements in conformity with generally accepted accounting principles. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative guidance for SEC registrants. All guidance contained in the Codification carries an equal level of authority. All non-grandfathered, non-SEC accounting literature not included in the Codification is superseded and deemed non-authoritative. FAS 168 will be effective for the Company's financial statements for periods ending after September 15, 2009. FAS 168 is not expected to have a significant impact on the Company's financial statements.

In May 2009, the FASB issued FAS No. 165 (FAS 165), Subsequent Events, to provide authoritative accounting guidance on management's assessment of subsequent events. FAS 165 incorporates existing U.S. auditing literature and clarifies that management is responsible for evaluating, as of each reporting period, events or transactions that occur after the balance sheet date through the date that the financial statements are issued or are available to be issued. FAS 165 is effective for the Company as of June 30, 2009. The adoption of FAS 165 did not have a significant impact on the Company's financial statements. The Company evaluated its June 30, 2009 financial statements for subsequent events through August 10, 2009, the filing date of this report. The Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

In March 2008, the FASB issued FAS No. 161 (FAS 161), Disclosures About Derivative Instruments and Hedging Activities, and Amendment of FASB Statement No. 133 amends FAS 133, Accounting for Derivative Instruments and Hedging Activities, to amend and expand the disclosure requirements of FAS 133 to provide greater transparency about (i) how and why an entity uses derivative instruments, (ii) how derivative instruments and related hedge items are accounted for under FAS 133 and its related interpretations, and (iii) how derivative instruments and related hedged items affect an entity's financial position, results of operations and cash flows. To meet those objectives, FAS 161 requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments and disclosures about credit-risk-related contingent features in derivative agreements. FAS 161 was effective for the Company on January 1, 2009 and did not have a significant impact on the Company's financial statements.

In December 2007, the FASB issued FAS No. 141R, *Business Combinations* (FAS 141R), which establishes principles and requirements for the reporting entity in a business combination, including recognition and measurement in the financial statements of the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. This statement also establishes disclosure requirements to enable financial statement users to evaluate the nature and financial effects of the business combination. FAS 141R applies prospectively to business combinations for which the acquisition date is on or after fiscal years beginning after December 15, 2008. FAS 141R was effective for our fiscal year beginning January 1, 2009. The Company has evaluated the effect that the adoption of FAS 141R will have on future acquisitions; however, there have been no transactions in 2009 for this accounting standard to apply.

In September 2006, the FASB issued FAS No. 157, *Fair Value Measurements* (FAS 157), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements (see Note 14 *Fair Value Measurements*). The Company adopted the provisions of FAS 157 on January 1, 2008 for financial assets and financial liabilities. In accordance with Financial Accounting Standards Board Staff Position (FSP) No. SFAS 157-2, *Effective Date of FASB Statement No. 157*, the Company delayed the application of FAS 157 for non-financial assets and non-financial liabilities to January 1, 2009. The provisions of SFAS 157-2 did not have a significant impact on the Company's financial statements.

In April 2009, the FASB issued three FASB Staff Positions (FSP):

FAS No. 115-2 and FAS No. 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* amends the other-than-temporary impairment guidance under U.S. GAAP for debt securities to make the guidance more operational and improve the presentation and disclosure in the financial statements. The FSP specifies that if a company does not have the intent to sell a debt security prior to recovery and it is more likely than not that it will not have to sell the debt security prior to recovery, the security would not be considered other-than-temporarily impaired unless there is a credit loss. The credit loss component of an other-than-temporarily impaired debt security must be determined based on the company's best estimate of cash flows expected to be collected.

FAS No. 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That are Not Orderly* provides additional guidance for estimating fair value in accordance with FAS No. 157, *Fair Value Measurements*, when the volume and level of activity for the asset and liability have significantly decreased and for identifying circumstances that indicate a transaction is not orderly. FAS 157 does not prescribe a methodology for making significant adjustments to transactions or quoted prices when estimating fair value in these situations but this FSP states that a change in valuation technique or the use of multiple valuation techniques may be appropriate.

FAS No. 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* requires companies to provide the same fair value of financial instruments disclosures presently required on an annual basis on a quarterly interim basis.

These three FSP's were effective for the interim and annual periods ending after June 15, 2009 and did not have a significant impact on the Company's financial statements.

(3) RECENT DEVELOPMENTS: MERGERS, ACQUISITIONS AND DISPOSALS

On May 22, 2009 the FDIC imposed a Special Assessment on member financial institutions that was based on June 30, 2009 assets less tier one capital. The amount of \$1.9 million was accrued in the second quarter and payable on September 30, 2009.

On November 18, 2008 the Company announced it would not accept funds from the U.S. Treasury's Capital Purchase Program due to current capital levels that exceeded well-capitalized guidelines and the potential for additional governmental regulation related to the program. Also, the Company did not elect to participate in the Debt Guarantee Program for newly issued senior unsecured debt. The Company did elect to participate in the Transaction Account Guarantee Program for extended coverage on non-interest bearing transaction deposit accounts.

In April 2008, the Company completed an \$80 million sale of securities resulting in a securities pre-tax gain of \$6.1 million. The transactions resulted in the sale of \$80 million of US Treasury securities and the purchase of Government Sponsored Enterprises (GSE) senior debt securities of similar amounts and maturities. The after-tax gain related to these transactions, net of the interest income differential, was approximately \$3.3 million for the year.

In March 2008, the Company, as a member bank of Visa, recorded a \$1.8 million pre-tax gain from the mandatory partial redemption of the Company's Visa shares received in the first quarter initial public offering. The gain was included in gain on sale of other assets.

(4) SECURITIES

The following table summarizes securities held for investment and securities available for sale (**dollars in thousands**):

	June 30,		December 31,
	2009	2008	2008
Held for investment, at cost (market value; \$30,494, \$24,744 and \$34,975, respectively)	\$ 29,764	\$ 24,526	\$ 34,468
Available for sale, at market value	387,974	423,824	421,100
Total	\$ 417,738	\$ 448,350	\$ 455,568

The following table below summarizes the maturity of securities (**dollars in thousands**):

	June 30,		December 31,
	2009	2008	2008
Contractual maturity of debt securities:			
Within one year	\$ 91,189	\$ 123,999	\$ 116,396
After one year but within five years	289,185	280,579	289,849
After five years	26,528	28,814	32,978
Total debt securities	406,902	433,392	439,223
Equity securities	10,836	14,958	16,345
Total	\$ 417,738	\$ 448,350	\$ 455,568

The Company held 220, 209 and 205 debt securities available for sale that had unrealized gains as of June 30, 2009 and 2008 and December 31, 2008, respectively. These securities had a market value totaling \$377 million, \$281.8 million and \$404.6 million, respectively, and unrealized gains totaling \$16.6 million, \$4.8 million and \$19.4 million, respectively. The Company also held 6, 62 and 48 debt securities available for sale that had unrealized losses, respectively. These securities had a market value totaling \$553,000, \$128.5 million and \$1.7 million and unrealized losses totaling \$6,000, \$2.1 million and \$14,000, respectively. These unrealized losses occurred due to increases in interest rates and spreads and not as a result of a decline in credit quality. The Company has both the intent and ability to hold these debt securities until the unrealized losses are recovered.

(5) LOANS AND ALLOWANCE FOR LOAN LOSSES

The following is a schedule of loans outstanding by category (**dollars in thousands**):

	June 30,		June 30,		December 31,	
	2009		2008		2008	
	Amount	Percent	Amount	Percent	Amount	Percent
Commercial and industrial	\$ 523,667	19.13%	\$ 520,868	19.97%	\$ 513,647	18.63%
Oil & gas production & equipment	91,285	3.33	90,739	3.48	84,770	3.07
Agriculture	79,225	2.89	77,980	2.99	86,752	3.15
State and political subdivisions:						
Taxable	7,425	0.27	5,776	0.22	5,595	0.20
Tax-exempt	8,988	0.33	8,490	0.33	8,292	0.30
Real Estate:						
Construction	217,159	7.93	235,909	9.04	246,269	8.93
Farmland	88,190	3.22	90,197	3.46	92,050	3.34
One to four family residences	558,085	20.38	530,413	20.33	543,183	19.70
Multifamily residential properties	48,640	1.78	37,707	1.45	45,250	1.64
Commercial	755,615	27.60	706,539	27.08	768,562	27.87
Consumer	331,055	12.09	284,949	10.92	335,938	12.18
Other	28,904	1.05	19,346	0.73	27,546	0.99
Total loans	\$ 2,738,238	100.00%	\$ 2,608,913	100.00%	\$ 2,757,854	100.00%
Loans held for sale (included above)	\$ 79,849		\$ 9,721		\$ 5,136	

The Company's loans are mostly to customers within Oklahoma and over half of the loans are secured by real estate. Credit risk on loans is managed through limits on amounts loaned to individual borrowers, underwriting standards and loan monitoring procedures. The amounts and types of collateral obtained, if any, to secure loans are based upon the Company's underwriting standards and management's credit evaluation. Collateral varies, but may include real estate, equipment, accounts receivable, inventory, livestock and securities. The Company's interest in collateral is secured through filing mortgages and liens, and in some cases, by possession of the collateral.

Loans held for sale as of June 30, 2009 include \$68.5 million of guaranteed student loans due to a change in the intention of management based on structural changes in the Student Loan Program. Student loans are classified as Consumer loans in the preceding table and valued at the lower of cost or market.

The amount of estimated loss due to credit risk in the Company's loan portfolio is provided for in the allowance for loan losses. The amount of the allowance required to provide for all existing losses in the loan portfolio is an estimate based upon evaluations of loans, appraisals of collateral and other estimates which are subject to rapid change due to changing economic conditions and the economic prospects of borrowers. Given the current environment of instability in the economy at large, it is reasonably possible that a material change could occur in the estimated allowance for loan losses in the near term.

Changes in the allowance for loan losses are summarized as follows (**dollars in thousands**):

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2009	2008	2009	2008
Balance at beginning of period	\$ 36,765	\$ 30,193	\$ 34,290	\$ 29,127
Charge-offs	(2,419)	(355)	(3,487)	(1,254)
Recoveries	137	135	315	320
Net charge-offs	(2,282)	(220)	(3,172)	(934)

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Provisions charged to operations	4,851	3,539	8,216	5,319
Balance at end of period	\$ 39,334	\$ 33,512	\$ 39,334	\$ 33,512

The net charge-offs (recoveries) by category are summarized as follows (**dollars in thousands**):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Commercial, financial and other	\$ 1,158	\$ 12	\$ 1,535	\$ 44
Real estate construction	24	3	159	11
Real estate mortgage	911	93	1,135	606
Consumer	190	112	344	273
Total	\$ 2,283	\$ 220	\$ 3,173	\$ 934

(6) NONPERFORMING AND RESTRUCTURED ASSETS

The following table is a summary of nonperforming and restructured assets (**dollars in thousands**):

	June 30,		December 31,
	2009	2008	2008
Past due over 90 days and still accruing	\$ 21,530	\$ 2,043	\$ 1,346
Nonaccrual	24,186	11,070	21,359
Restructured	357	833	1,022
Total nonperforming and restructured loans	46,073	13,946	23,727
Other real estate owned and repossessed assets	11,543	2,311	3,997
Total nonperforming and restructured assets	\$ 57,616	\$ 16,257	\$ 27,724
Nonperforming and restructured loans to total loans	1.68%	0.53%	0.86%
Nonperforming and restructured assets to total assets	1.35%	0.42%	0.72%

The amount of the nonperforming and restructured assets is based upon the current performance of the assets. The future performance of the assets in past due over 90 days and still accruing could possibly change to performing status given favorable restructuring results.

(7) INTANGIBLE ASSETS AND GOODWILL

The following is a summary of intangible assets (**dollars in thousands**):

	June 30,		December 31,	
	2009		2008	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Core deposit intangibles	\$ 6,722	\$ (3,223)	\$ 6,722	\$ (2,550)
Customer relationship intangibles	4,429	(843)	4,081	(604)
Total	\$ 11,151	\$ (4,066)	\$ 10,803	\$ (3,154)

Amortization of intangible assets and estimated amortization of intangible assets are as follows (**dollars in thousands**):

Amortization:	
Three months ended June 30, 2009	\$ 229
Three months ended June 30, 2008	224
Six months ended June 30, 2009	459
Six months ended June 30, 2008	449
Year ended December 31, 2008	902

Estimated Amortization

Year ending December 31:

2009	\$ 916
2010	916
2011	916
2012	904
2013	762

The following is a summary of goodwill by business segment (**dollars in thousands**):

	Metropolitan Banks	Community Banks	Other Financial Services	Executive, Operations & Support	Eliminations	Consolidated
Three and Six Months Ended June 30, 2009 and 2008; and the Year Ended December 31, 2008						
Balance at beginning and end of period	\$ 6,150	\$ 23,295	\$ 4,258	\$ 624	\$	\$ 34,327

(8) CAPITAL

The Company is subject to risk-based capital guidelines issued by the Board of Governors of the Federal Reserve System. These guidelines are used to evaluate capital adequacy and involve both quantitative and qualitative evaluations of the Company's assets, liabilities, and certain off-balance-sheet items calculated under regulatory practices. Failure to meet the minimum capital requirements can initiate certain mandatory or discretionary actions by the regulatory agencies that could have a direct material effect on the Company's financial statements. The required minimums and the Company's respective ratios are shown as follows (**dollars in thousands**):

	Minimum Required	June 30, 2009	June 30, 2008	December 31, 2008
Tier 1 capital		\$ 391,294	\$ 367,399	\$ 383,255
Total capital		\$ 428,597	\$ 402,040	\$ 418,710
Risk-adjusted assets		\$ 2,982,198	\$ 2,992,477	\$ 3,038,538
Leverage ratio	3.00%	9.26%	9.67%	10.02%
Tier 1 capital ratio	4.00%	13.12%	12.28%	12.61%
Total capital ratio	8.00%	14.37%	13.44%	13.78%

As of June 30, 2009 and 2008, and December 31, 2008, BancFirst was considered to be well capitalized. There are no conditions or events since the most recent notification of BancFirst's capital category that management believes would change its category.

(9) STOCK REPURCHASE PLAN

In November 1999, the Company adopted a Stock Repurchase Program (the "SRP") authorizing management to repurchase up to 600,000 shares of the Company's common stock. The SRP was amended in May 2001, August 2002, and September 2007 to increase the shares authorized to be purchased by 555,832 shares, 364,530 shares and 366,948 shares, respectively. 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 shareholders wishing to sell their 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 June 30, 2009 there were 560,000 shares remaining that could be repurchased under the SRP. The following is a summary of the shares repurchased under the program:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Number of shares repurchased				40,000
Average price of shares repurchased				\$ 40.70

(10) SHARE-BASED COMPENSATION

BancFirst Corporation adopted a nonqualified incentive stock option plan (the BancFirst ISOP) in May 1986. The Company amended the BancFirst ISOP to increase the number of shares to be issued under the plan to 2,500,000 shares in May 2006 and to 2,650,000 shares in May 2009. At June 30, 2009, 244,660 shares are available for future grants. The BancFirst ISOP will terminate December 31, 2011. The options are exercisable beginning four years from the date of grant at the rate of 25% per year for four years. Options granted expire at the end of fifteen years from the date of grant. Options outstanding as of June 30, 2009 will become exercisable through the year 2015. The option price must be no less than 100% of the fair market value of the stock relating to such option at the date of grant.

In June 1999, the Company adopted the BancFirst Corporation Non-Employee Directors' Stock Option Plan (the BancFirst Directors' Stock Option Plan). Each non-employee director is granted an option for 10,000 shares. The Company amended the BancFirst Directors' Stock Option Plan to increase the number of shares to be issued under the plan to 180,000 shares in May 2006 and to 205,000 shares in May 2009. At June 30, 2009, 50,000 shares are available for future grants. The options are exercisable beginning one year from the date of grant at the rate of 25% per year for four years, and expire at the end of fifteen years from the date of grant. Options outstanding as of June 30, 2009 will become exercisable through the year 2012. The option price must be no less than 100% of the fair value of the stock relating to such option at the date of grant.

The following is a summary of the activity under both the BancFirst ISOP and the BancFirst Directors' Stock Option Plan (**dollars in thousands, except per share data**):

	Six Months Ended June 30, 2009			
	Options	Wgt. Avg. Exercise Price	Wgt. Avg. Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2009	1,092,453	\$ 27.80		
Options granted				
Options exercised	(10,500)	22.53		
Options cancelled	(2,500)	42.60		
Outstanding at June 30, 2009	1,079,453	27.82	8.47	\$ 7,296
Exercisable at June 30, 2009	662,514	20.05	7.23	\$ 9,624

The following is additional information regarding options granted and options exercised under both the BancFirst ISOP and the BancFirst Directors' Stock Option Plan (**dollars in thousands, except per share data**):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Weighted average grant-date fair value per share of options granted	\$	\$ 19.62	\$	\$ 20.24
Total intrinsic value of options exercised	181	75	199	239
Cash received from options exercised	228	49	237	161
Tax benefit realized from options exercised	70	29	77	92

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

For the three months ended June 30, 2009 and 2008, the Company recorded share-based employee compensation expense, net of tax, of approximately \$163,000 and \$192,000, respectively; and approximately \$325,000 and \$367,000 for the six months ended June 30, 2009 and 2008, respectively.

The Company will continue to amortize the remaining fair value of these stock options of approximately \$3.3 million, net of tax, over the remaining vesting period of approximately seven years. Share-based employee compensation expense under the fair value method was measured using the following assumptions for the options granted:

	2009	2008
Risk-free interest rate	2.64%	3.57%
Dividend yield	1.50%	1.50%
Stock price volatility	74.84%	38.68%
Expected term	10 Yrs	10 Yrs

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

(11) COMPREHENSIVE INCOME

The only component of comprehensive income reported by the Company is the unrealized gain or loss on securities available for sale. The amount of this unrealized gain or loss, net of tax, has been presented in the statement of income for each period as a component of other comprehensive income. The following is a summary of the tax effects of this unrealized gain or loss (**dollars in thousands**):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Unrealized gain (loss) during the period:				
Before-tax amount	\$ (917)	\$ (21,628)	\$ (3,692)	\$ (11,023)
Tax (expense) benefit	320	7,569	1,292	3,857
Net-of-tax amount	\$ (597)	\$ (14,059)	\$ (2,400)	\$ (7,166)

The amount of unrealized gain or loss included, net of tax, in accumulated other comprehensive income is summarized in the following (**dollars in thousands**):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Unrealized gain (loss) on securities:				
Beginning balance	\$ 13,094	\$ 13,860	\$ 14,677	\$ 6,949
Current period change	(597)	(14,059)	(2,400)	(7,166)
Reclassification adjustment for gains (losses) included in net income	(24)	3,979	196	3,997
Ending balance	\$ 12,473	\$ 3,780	\$ 12,473	\$ 3,780

(12) NET INCOME PER COMMON SHARE

Basic and diluted net income per common share are calculated as follows (dollars in thousands, except per share data):

	Income (Numerator)	Shares (Denominator)	Per Share Amount
<u>Three Months Ended June 30, 2009</u>			
Basic Income available to common stockholders	\$ 6,260	15,298,075	\$ 0.41
Effect of stock options		306,204	
Diluted Income available to common stockholders plus assumed exercises of stock options	\$ 6,260	15,604,279	\$ 0.40
<u>Three Months Ended June 30, 2008</u>			
Basic Income available to common stockholders	\$ 13,737	15,185,763	\$ 0.91
Effect of stock options		362,924	
Diluted Income available to common stockholders plus assumed exercises of stock options	\$ 13,737	15,548,687	\$ 0.89
<u>Six Months Ended June 30, 2009</u>			
Basic Income available to common stockholders	\$ 13,385	15,294,873	\$ 0.88
Effect of stock options		297,527	
Diluted Income available to common stockholders plus assumed exercises of stock options	\$ 13,385	15,592,400	\$ 0.86
<u>Six Months Ended June 30, 2008</u>			
Basic Income available to common stockholders	\$ 25,331	15,196,906	\$ 1.67
Effect of stock options		359,067	
Diluted Income available to common stockholders plus assumed exercises of stock options	\$ 25,331	15,555,973	\$ 1.63

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

	Shares	Average Exercise Price
Three Months Ended June 30, 2009	266,000	\$ 39.73
Three Months Ended June 30, 2008	264,929	\$ 44.59
Six Months Ended June 30, 2009	266,704	\$ 38.37
Six Months Ended June 30, 2008	267,016	\$ 43.95

(13) SEGMENT INFORMATION

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

The results of operations and selected financial information for the four business units are as follows (**dollars in thousands**):

	Metropolitan Banks	Community Banks	Other Financial Services	Executive, Operations & Support	Eliminations	Consolidated
Three Months Ended:						
June 30, 2009						
Net interest income (expense)	\$ 9,739	\$ 21,959	\$ 1,917	\$ (1,069)	\$	\$ 32,546
Noninterest income	2,647	8,695	4,848	7,428	(6,575)	17,043
Income before taxes	2,011	12,169	2,987	(1,105)	(6,542)	9,520
June 30, 2008						
Net interest income (expense)	\$ 10,449	\$ 24,385	\$ 1,665	\$ (1,725)	\$	\$ 34,774
Noninterest income	2,453	8,316	4,551	21,963	(13,953)	23,330
Income before taxes	5,532	13,510	1,839	14,024	(13,936)	20,969
Six Months Ended:						
June 30, 2009						
Net interest income (expense)	\$ 18,984	\$ 43,296	\$ 3,763	\$ (1,744)	\$	\$ 64,299
Noninterest income	5,515	16,993	9,643	15,577	(14,063)	33,665
Income before taxes	6,439	23,746	4,978	(1,175)	(13,987)	20,001
June 30, 2008						
Net interest income (expense)	\$ 21,305	\$ 47,852	\$ 3,370	\$ (2,366)	\$	\$ 70,161
Noninterest income	4,713	16,071	9,291	36,466	(25,970)	40,571
Income before taxes	12,262	26,442	3,758	22,340	(25,913)	38,889
Total Assets:						
June 30, 2009	\$ 1,380,136	\$ 2,651,317	\$ 209,279	\$ 514,822	\$ (486,229)	\$ 4,269,325
June 30, 2008	\$ 1,225,138	\$ 2,422,997	\$ 154,266	\$ 504,536	\$ (467,106)	\$ 3,839,831
December 31, 2008	\$ 1,256,685	\$ 2,449,916	\$ 218,984	\$ 421,842	\$ (480,223)	\$ 3,867,204

The financial information for each business unit is presented on the basis used internally by management to evaluate performance and allocate resources. The Company utilizes a transfer pricing system to allocate the benefit or cost of funds provided or used by the various business units. Certain revenues related to other financial services are allocated to the banks whose customers receive the services and, therefore, are not reflected in the income for other financial services. Certain services provided by the support group to other business units, such as item processing, are allocated at rates approximating the cost of providing the services. Eliminations are adjustments to consolidate the business units and companies.

(14) FAIR VALUE MEASUREMENTS

FAS 157 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. These valuation methodologies were applied to all of the Company's financial assets and financial liabilities carried at fair value effective January 1, 2008.

Securities Available for Sale

Securities classified as available for sale are reported at fair value utilizing Level 2 inputs. For these securities, the Company obtains fair value information from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the bond's terms and conditions, among other things. The Company also invests in equity securities classified as available for sale for which observable information is not readily available. These securities are reported at fair value utilizing Level 3 inputs. For these securities, management determines the fair value based on replacement cost, the income approach or information provided by outside consultants or lead investors.

Derivatives

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

Loans Held For Sale

The Company originates mortgage loans to be sold in the secondary market. At the time of origination, the acquiring bank or governmental agency has already been determined and the terms of the loan, including interest rate, have already been set by the acquiring bank, allowing the Company to originate the loan at fair value. Mortgage loans are generally sold within 30 days of origination and student loans are generally sold within one year. Loans held for sale are carried at the lower of cost or market. Gains or losses recognized upon the sale of the loans are determined on a specific identification basis.

The following table summarizes financial assets and financial liabilities measured at fair value on a recurring basis as of June 30, 2009, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value (**dollars in thousands**):

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Securities Available for Sale	\$	\$ 377,138	\$ 10,836	\$ 387,974
Derivative Assets		12,571		12,571
Derivative Liabilities		10,509		10,509
Loans Held For Sale		79,849		79,849

The changes in Level 3 assets measured at estimated fair value on a recurring basis during the six months ended June 30, 2009 were as follows:

	Securities Available for Sale
Balance January 1, 2008	\$ 16,345
Purchases and sales, net	(4,911)
Total unrealized losses	(598)
Balance December 31, 2008	\$ 10,836

(15) DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into oil and gas swaps and options contracts to accommodate the business needs of its customers. Upon the origination of an oil or gas swap or option contract with a customer, the Company simultaneously enters into an offsetting contract with a counterparty to mitigate the exposure to fluctuations in oil and gas prices. These derivatives are not designated as hedged instruments and are recorded on the Company's consolidated balance sheet at fair value.

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

		June 30,				December 31,	
		2009		2008		2008	
Oil and natural gas swaps and options	Notional Units	Notional Amount	Estimated Fair Value	Notional Amount	Estimated Fair Value	Notional Amount	Estimated Fair Value
Oil							
Customer	Barrels	449	\$ (5,162)	128	\$ 9,203	395	\$ (11,159)
Counterparty	Barrels	(449)	5,788	(128)	(9,028)	(395)	11,396
Natural Gas							
Customer	MMBTUs	13,550	(3,846)	3,480	11,303	8,310	\$ (2,918)
Counterparty	MMBTUs	(13,550)	5,282	(3,480)	(10,983)	(8,310)	3,994

The following table summarizes the Company's notional amounts and gross fair values of oil and gas derivative positions outstanding for the period indicated (**notional amounts and dollars in thousands**):

		June 30, 2009	
Commodity Derivatives	Notional Units	Notional Amount	Estimated Fair Value
Oil			
Derivative Assets	Barrels	(404)	\$ 6,123
Derivative Liabilities	Barrels	404	(5,498)
Natural Gas			
Derivative Assets	MMBTUs	(10,100)	6,448
Derivative Liabilities	MMBTUs	10,100	(5,011)
Total Fair Value	Included in		
Derivative Assets	Other Assets		12,571
Derivative Liabilities	Other Liabilities		(10,509)

The Company recognized \$79,000 income in the second quarter and \$451,000 income for the first six months related to the activity, which was included in Other Income.

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

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

The Company had credit exposure relating to oil and gas swaps and options with bank counterparties of approximately \$11.1 million at June 30, 2009 and \$15.4 million at December 31, 2008. Conversely, the Company had exposure to bank customers of approximately \$20.5 million at June 30, 2008.

The Company entered into a \$30 million five year guaranty with a counterparty on June 4, 2008 for the timely payment of the obligations of its subsidiary Bank related to the settlement of oil and gas positions.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

SUMMARY

Net income for the second quarter of 2009 was \$6.3 million compared to \$13.7 million for the second quarter of 2008. Diluted net income per share was \$0.40 and \$0.89 for the second quarter of 2009 and 2008, respectively. For the first six months of 2009, net income was \$13.4 million, compared to \$25.3 million for the first six months of 2008. Diluted net income per share for the first six months of 2009 was \$0.86 compared to \$1.63 for the first six months of 2008.

Total assets at June 30, 2009 were \$4.3 billion, up \$402 million from December 31, 2008 and up \$429 million from a year ago. Total loans were \$2.74 billion, down \$20 million from December 31, 2008 and up \$129 million from June 30, 2008. Total deposits were \$3.8 billion, up \$405 million from December 31, 2008 and up \$416 million from June 30, 2008. Stockholders' equity was \$419 million at June 30, 2009, up \$5.4 million from December 31, 2008 and up \$32.0 million compared to June 30, 2008. The Company's liquidity remains strong as its average loan to deposit ratio was 79.7% at quarter end and core deposits represented 88.6% of total deposits. The Company had no brokered deposits and no Federal Home Loan Bank borrowings. Stockholders' equity was \$419 million at June 30, 2009 which was 9.8% of total assets.

On November 18, 2008 the Company announced it would not accept funds from the U.S. Treasury's Capital Purchase Program due to current capital levels that exceeded well-capitalized guidelines and the potential for additional governmental regulation related to the program. Also, the Company did not elect to participate in the Debt Guarantee Program for newly issued senior unsecured debt. The Company did elect to participate in the Transaction Account Guarantee Program for extended coverage on non-interest bearing transaction deposit accounts.

In April 2008, the Company completed an \$80 million sale of securities resulting in a securities pre-tax gain of \$6.1 million. The transaction resulted in the sale of \$80 million of US Treasury securities and the purchase of Government Sponsored Enterprises (GSE) senior debt securities of similar amounts and maturities. The after-tax impact of these transactions, net of the interest income differential, was approximately \$3.8 million or \$0.24 per diluted earnings per share for the second quarter, and \$3.3 million or \$0.21 per diluted earnings per share for the year.

In March 2008, the Company, as a member bank of Visa, recorded a \$1.8 million pre-tax gain from the mandatory partial redemption of the Company's Visa shares received in the first quarter initial public offering. The gain was included in gain on sale of other assets.

Beginning in 2008 and into 2009, the national economy has seen declining home sales and values, declining commodity prices, increasing unemployment, and unstable financial markets. These events have caused credit and liquidity issues throughout the country and has resulted in an increase in credit losses at many U.S. banks. While the Oklahoma economy initially performed better than the national average, the state has felt the impact of the national recession primarily from lower commodity prices and lower tax revenues. Consequently, it is reasonable to expect nonperforming loans and loan losses of the Company to increase. Also, in light of declining interest rates and competitive pressures for deposits, the Company's interest rate margin will likely compress further, and it is likely to experience slower loan growth. The FDIC increased deposit insurance premiums in 2009 and has made a Special Assessment in the second quarter of 2009. These increases will cause the Company's noninterest expense to increase in 2009. The Company opted to participate in the deposit insurance guarantee for noninterest bearing deposits in excess of \$250,000. This program is at a cost of 10 basis points on those account balances in excess of \$250,000.

RESULTS OF OPERATIONS

Second Quarter

Net interest income totaled \$32.5 million, a decrease of \$2.2 million, or 6.4%, compared to the second quarter of 2008. The Company's net interest margin (on a taxable equivalent basis) was 3.44% compared to 4.08% for the same period a year ago. The lower interest rate environment combined with an increase in earning assets with a higher concentration in overnight funds has caused the Company's net interest margin to decline.

The Company's provision for loan losses was \$4.9 million compared to \$3.5 million during the same period a year ago. The loan provision was driven primarily by the identification of a small number of commercial credits that were internally downgraded by management. Although it is possible a majority of the loans in question could be rehabilitated to performing status, provisions were made consistent with the Company's loan reserve methodology. Net loan charge-offs were \$2.3 million for the second quarter of 2009, compared to \$220,000 for the second quarter of 2008. The net charge-offs represent a rate of 0.33% of average total loans for the second quarter of 2009 compared to 0.03% for the same period in 2008.

Noninterest income was \$17.0 million compared to recurring operating noninterest income of \$16.0 million for the same period a year ago, an increase of 6.3%, due to commercial deposit fees and increases in income from the sale of mortgage loans and student loans. Noninterest income for the second quarter of 2008 was adjusted for a one-time gain of approximately \$1.8 million, before taxes, from the Company's interest in the Visa initial public offering, a \$6.1 million gain on the sale of securities, and a \$1.2 million gain on the sale of an asset. Noninterest expense totaled \$35.2 million versus \$33.6 million for the second quarter of 2008, which included the FDIC Special Assessment of \$1.9 million and higher deposit insurance premiums of \$1.1 million. Apart from the Special Assessment and higher premiums, noninterest expense was down 3.9% compared to the previous year. The Company's effective tax rate was 34.2% for the second quarter of 2009, compared to 34.5% for the second quarter of 2008. The decrease is a result of additional tax credits realized in 2009.

Year-To-Date

Net interest income for the six months ended June 30, 2009 was \$64.3 million, a decrease of \$5.9 million from the same period in 2008. The net interest margin in 2009 decreased to 3.56% from 4.16% for the first six months of 2008. The lower interest rate environment combined with an increase in earning assets with a higher concentration in overnight funds has caused the Company's net interest margin to decline.

The Company's loan loss provision was \$8.2 million in the first six months of 2009, compared to \$5.3 million for the same period of 2008. The loan provision was driven primarily by the identification of a small number of commercial credits that were internally downgraded by management. Net loan charge-offs were \$3.2 million for the first six months of 2009, compared to \$934,000 for the first six months of 2008. The net charge-offs represent an annualized rate of 0.23% of average total loans for the first six months of 2009 compared to 0.07% for the first six months of 2008.

Core noninterest income for the six months of 2009 increased \$2.2 million compared to the same period for 2008. Noninterest income during the first six months of 2008 included a one-time gain of approximately \$1.8 million, before taxes, from the Company's interest in the Visa initial public offering, a \$6.1 million gain on the sale of securities, and a \$1.2 million gain on the sale of an asset. Core noninterest income was up in 2009 due to increases in commercial deposit fees and sales of mortgage loans and student loans. Noninterest expense increased \$3.2 million compared to the first half of 2008 which included the FDIC Special Assessment of \$1.9 million and higher deposit insurance premiums of \$1.8 million. Apart from the Special Assessment and higher premiums, noninterest expense was down \$500,000 compared to the previous year. The effective tax rate on income before taxes was 33.1%, compared to 34.9% for the first six months of 2008. The decrease is a result of additional tax credits realized in 2009.

FINANCIAL POSITION

The aggregate of cash and due from banks, interest-bearing deposits with banks, and federal funds sold as of June 30, 2009 increased \$455 million from December 31, 2008 and increased \$342 million from June 30, 2008. The increase was due primarily to sweep account customers moving from outside money market funds to bank deposits and to a lesser extent from growth in deposits.

Total securities decreased \$38 million compared to December 31, 2008 and \$31 million compared to June 30, 2008. The size of the Company's securities portfolio is a function of liquidity management and excess funds available for investment. The Company has maintained a very liquid securities portfolio to provide funds for loan growth and to meet possible liquidity needs. The net unrealized gain on securities available for sale, before taxes, was \$19.1 million at the end of the second quarter of 2009, compared to an unrealized gain of \$22.0 million at December 31, 2008, and an unrealized gain of \$5.2 million at June 30, 2008. The average taxable equivalent yield on the securities portfolio was 3.74%, 3.94% and 4.15% at June 30, 2009, December 31, 2008 and June 30, 2008, respectively.

Total loans decreased \$20 million from December 31, 2008 and increased \$129 million from June 30, 2008. The increase compared to the second quarter of 2008 was due primarily to commercial, real estate and student loans. The decrease from year end was due to student loan sales. Due to changes in the Student Loan Program, the Company will generally sell student loans originated within one year. The allowance for loan losses increased \$5.0 million from year-end 2008 and \$5.8 million from the second quarter of 2008. The allowance as a percentage of total loans was 1.44%, 1.24% and 1.28% at June 30, 2009, December 31, 2008 and June 30, 2008, respectively. The allowance to nonperforming and restructured loans at the same dates was 84.0%, 144.5% and 240.3%, respectively.

Nonperforming and restructured loans totaled \$46.8 million at June 30, 2009, compared to \$23.7 million at December 31, 2008 and \$13.9 million at June 30, 2008. During the second quarter of 2009, the Company transferred a commercial real estate property consisting of undeveloped land into Other Real Estate Owned. The property was recorded at net realizable value. The ratios of nonperforming and restructured loans to total loans for the same periods were 1.71%, 0.86% and 0.53%, respectively. The level of nonperforming loans and loan losses may rise over time as a result of economic and credit cycles.

Total deposits increased \$405 million compared to December 31, 2008, and \$416 million compared to June 30, 2008 due to customers moving funds out of off-balance sheet money market accounts and into interest bearing deposits at the bank. The Company's deposit base continues to be comprised substantially of core deposits, with large denomination certificates of deposit being only 11.4% of total deposits at June 30, 2009, compared to 10.0% at December 31, 2008 and June 30, 2008. Noninterest bearing deposits to total deposits were 28.7% at June 30, 2009, compared to 30.4% at December 31, 2008 and 30.2% at June 30, 2008.

Short-term borrowings decreased \$12.4 million from December 31, 2008, and \$13.9 million from June 30, 2008 to \$500,000. Fluctuations in short-term borrowings are a function of federal funds purchased from correspondent banks, customer demand for repurchase agreements and liquidity needs of the bank.

Long-term borrowings decreased \$99,000 from the second quarter of 2008 to zero. The Company does not have any borrowings from the Federal Home Loan Bank at June 30, 2009.

Stockholders' equity was \$419 million at June 30, 2009 which was an increase of \$5.4 million from year-end 2008 and an increase of \$32 million from the second quarter of 2008 due to accumulated earnings. Average stockholders' equity to average assets for the second quarter of 2009 was 10.5%, compared to 10.4% at year-end 2008, and 10.3% for the second quarter of 2008. The Company's leverage ratio and total risk-based capital ratio were 9.26% and 14.37%, respectively, at June 30, 2009, well in excess of the regulatory minimums.

FUTURE APPLICATION OF ACCOUNTING STANDARDS

See note (2) of the Notes to Consolidated Financial Statements for a discussion of recently issued accounting pronouncements.

SEGMENT INFORMATION

See note (13) of the Notes to Consolidated Financial Statements for disclosures regarding business segments.

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.

BANCFIRST CORPORATION

SELECTED CONSOLIDATED FINANCIAL DATA

(Unaudited)

(Dollars in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Per Common Share Data				
Net income basic	\$ 0.41	\$ 0.91	\$ 0.88	\$ 1.67
Net income diluted	0.40	0.89	0.86	1.63
Cash dividends	0.22	0.20	0.44	0.40
Performance Data				
Return on average assets	0.61%	1.46%	0.68%	1.36%
Return on average stockholders' equity	5.95	14.14	6.43	13.21
Cash dividend payout ratio	53.66	21.98	50.00	23.95
Net interest spread	2.86	3.37	2.95	3.36
Net interest margin	3.44	4.08	3.56	4.16
Efficiency ratio	71.02	57.82	71.20	60.08
Net charge-offs	0.33	0.03	0.23	0.07

	June 30,		December 31,
	2009	2008	2008
Balance Sheet Data			
Book value per share	\$ 27.40	\$ 25.49	\$ 27.08
Tangible book value per share	24.69	22.73	24.34
Average loans to deposits (year-to-date)	79.67%	77.05%	78.82%
Average earning assets to total assets (year-to-date)	92.08	91.09	91.23
Average stockholders' equity to average assets (year-to-date)	10.52	10.29	10.35
Asset Quality Ratios			
Nonperforming and restructured loans to total loans	1.68%	0.53%	0.86%
Nonperforming and restructured assets to total assets	1.35	0.42	0.72
Allowance for loan losses to total loans	1.44	1.28	1.24
Allowance for loan losses to nonperforming and restructured loans	83.99	240.30	144.52

BANCFIRST CORPORATION

CONSOLIDATED AVERAGE BALANCE SHEETS AND INTEREST MARGIN ANALYSES

(Unaudited)

Taxable Equivalent Basis (Dollars in thousands)

	Three Months Ended June 30,					
	Average	2009	Average	Average	2008	Average
	Balance	Interest	Yield/	Balance	Interest	Yield/
		Income/	Rate		Income/	Rate
		Expense			Expense	
ASSETS						
Earning assets:						
Loans (1)	\$ 2,787,199	\$ 38,551	5.55%	\$ 2,552,864	\$ 42,587	6.69%
Securities taxable	391,268	3,464	3.55	414,047	4,132	4.00
Securities tax exempt	38,926	549	5.66	32,735	491	6.02
Interest bearing deposits w/ banks & FFS	610,372	537	0.35	437,327	2,241	2.06
Total earning assets	\$ 3,827,765	\$ 43,101	4.52%	\$ 3,436,973	\$ 49,451	5.77%
Nonearning assets:						
Cash and due from banks	109,223			143,999		
Interest receivable and other assets	232,990			230,307		
Allowance for loan losses	(36,376)			(30,740)		
Total nonearning assets	305,837			343,566		
Total assets	\$ 4,133,602			\$ 3,780,539		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing liabilities:						
Transaction deposits	\$ 392,130	\$ 315	0.32%	\$ 431,579	\$ 525	0.49%
Savings deposits	1,166,063	4,136	1.42	1,098,194	5,696	2.08
Time deposits	903,331	5,336	2.37	833,248	7,587	3.65
Short-term borrowings	1,190	1	0.34	23,670	124	2.10
Long-term borrowings				323	2	2.48
Junior subordinated debentures	26,804	491	7.35	26,805	491	7.35
Total interest-bearing liabilities	\$ 2,489,518	\$ 10,279	1.66%	\$ 2,413,819	\$ 14,425	2.40%
Interest-free funds:						
Noninterest-bearing deposits	1,188,547			944,433		
Interest payable and other liabilities	33,569			32,706		
Stockholders' equity	421,968			389,581		
Total interest free funds	1,644,084			1,366,720		
Total liabilities and stockholders' equity	\$ 4,133,602			\$ 3,780,539		
Net interest income		\$ 32,822			\$ 35,026	

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Net interest spread	2.86%	3.37%
Net interest margin	3.44%	4.08%

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

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

	Six Months Ended June 30,					
	Average Balance	2009 Interest Income/ Expense	Average Yield/ Rate	Average Balance	2008 Interest Income/ Expense	Average Yield/ Rate
ASSETS						
Earning assets:						
Loans (1)	\$ 2,794,253	\$ 76,895	5.55%	\$ 2,523,044	\$ 87,836	6.98%
Securities taxable	400,039	7,090	3.57	422,741	8,690	4.12
Securities tax exempt	40,215	1,136	5.70	33,680	1,013	6.03
Interest bearing deposits w/ banks & FFS	441,551	897	0.41	426,529	5,424	2.55
Total earning assets	\$ 3,676,058	\$ 86,018	4.72%	\$ 3,405,994	\$ 102,963	6.06%
Nonearning assets:						
Cash and due from banks	\$ 118,476			139,560		
Interest receivable and other assets	233,234			223,712		
Allowance for loan losses	(35,469)			(30,067)		
Total nonearning assets	316,241			333,205		
Total assets	\$ 3,992,299			\$ 3,739,199		
LIABILITIES AND STOCKHOLDERS' EQUITY						
Interest-bearing liabilities:						
Transaction deposits	\$ 374,578	\$ 541	0.29%	\$ 420,798	\$ 1,167	0.56%
Savings deposits	1,134,467	8,735	1.55	1,097,087	13,606	2.49
Time deposits	876,721	10,890	2.50	829,040	16,209	3.92
Short-term borrowings	4,931	11	0.45	23,657	308	2.61
Long-term borrowings				423	9	4.27
Junior subordinated debentures	26,804	983	7.40	26,672	983	7.39
Total interest-bearing liabilities	\$ 2,417,501	\$ 21,160	1.77%	\$ 2,397,677	\$ 32,282	2.70%
Interest-free funds:						
Noninterest-bearing deposits	1,121,684			927,744		
Interest payable and other liabilities	33,217			29,081		
Stockholders' equity	419,897			384,697		
Total interest free funds	1,574,798			1,341,522		
Total liabilities and stockholders' equity	\$ 3,992,299			\$ 3,739,199		

Net interest income

\$ 64,858

\$ 70,681

Net interest spread	2.95%	3.36%
Net interest margin	3.56%	4.16%

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no significant changes in the Registrant's disclosures regarding market risk since December 31, 2008, the date of its annual report to stockholders.

Item 4. Controls and Procedures.

The Company's Chief Executive Officer, Chief Financial Officer and Disclosure Committee, which includes the Company's Chief Risk Officer, Chief Asset Quality Officer, Chief Internal Auditor, Treasurer, Bank Controller and General Counsel, have evaluated, as of the last day of the period covered by this report, the Company's disclosure controls and procedures. Based on their evaluation they concluded that the disclosure controls and procedures of the Company are effective to ensure that information required to be disclosed by the Company in the reports filed or submitted by it under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms. No changes were made to the Company's internal control over financial reporting during the second fiscal quarter of 2009 that materially affected, or are likely to materially affect, the Company's internal control over financial reporting. There have been no changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation.

PART II OTHER INFORMATION**Item 4. Submission of Matters to a Vote of Security Holders.**

At the Company's Annual Meeting of Stockholders held on May 28, 2009, the following matters were voted upon, with the votes indicated below:

Description of Proposal	Number of Shares		
	Voted for	Withheld	Broker non-votes
Proposal No. 1-Election of Class I Directors			
James R. Daniel	12,074,564	2,602,934	587,709
Tom H. McCasland, III	12,474,533	2,202,965	587,709
Paul B. Odom, Jr.	12,409,746	2,267,752	587,709
H.E. Rainbolt	12,125,213	2,552,285	587,709
Michael K. Wallace	12,149,024	2,528,474	587,709
G. Rainey Williams, Jr.	12,474,533	2,202,965	587,709
		Against/ Withheld	Broker non-votes
Proposal No. 2-Approval of amendment to the BancFirst Corporation Stock Option Plan	10,604,286	2,509,000	587,709
Proposal No. 3-Approval of amendment to the BancFirst Corporation Non-Employee Director's Stock Option Plan	10,616,832	2,498,984	587,709
Proposal No. 4-Approval of amendment to the BancFirst Corporation Director's Deferred Stock Compensation Plan	12,910,445	203,382	587,709
Proposal No. 5- Ratification of Grant Thornton LLP as independent registered public accounting firm	14,637,675	85,683	587,709

PART II OTHER INFORMATION

Item 6. Exhibits.

(a) Exhibits

Exhibit Number	Exhibit
3.1	Second Amended and Restated Certificate of Incorporation (filed as Exhibit 1 to the Company's Form 8-A/A filed July 23, 1998 and incorporated herein by reference).
3.2	Certificate of Amendment of the Second Amended and Restated Certificate of Incorporation of BancFirst Corporation (filed as Exhibit 3.5 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2004 and incorporated herein by reference).
3.3	Certificate of Designations of Preferred Stock (filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998 and incorporated herein by reference).
3.4	Amended By-Laws (filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1992 and incorporated herein by reference).
3.5	Amendment to the Second Amended and Restated Certificate of Incorporation (filed as Exhibit 3.5 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2005 and incorporated herein by reference).
3.6	Resolution of the Board of Directors amending Section XXVII of the Company's By-Laws (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K dated February 26, 2004 and incorporated herein by reference).
3.7	Resolution of the Board of Directors amending Article XVI, Section 1 and Article XVII, Section 1 of the Company's By-Laws (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K dated February 28, 2008 and incorporated herein by reference).
4.1	Instruments defining the rights of securities holders (see Exhibits 3.1, 3.2, 3.3 and 3.4 above).
4.2	Rights Agreement, dated as of February 25, 1999, between BancFirst Corporation and BancFirst, as Rights Agent, including as Exhibit A the form of Certificate of Designations of the Company setting forth the terms of the Preferred Stock, as Exhibit B the form of Right Certificate and as Exhibit C the form of Summary of Rights Agreement (filed as Exhibit 4.1 to the Company's 8-K dated January 28, 2009 and incorporated herein by reference).
4.3	Amendment No. 1 to Rights Agreement, dated as of February 25, 1999, between BancFirst Corporation and BancFirst, as Rights Agent (filed as Exhibit 4.2 to the Company's 8-K dated January 28, 2009 and incorporated herein by reference).
4.4	Form of Amended and Restated Trust Agreement relating to the 7.20% Cumulative Trust Preferred Securities of BFC Capital Trust II (filed as Exhibit 4.5 to the Company's registration statement on Form S-3, File No. 333-112488, and incorporated herein by reference).
4.5	Form of 7.20% Cumulative Trust Preferred Security Certificate for BFC Capital Trust II (included as Exhibit D to Exhibit 4.8).
4.6	Form of Indenture relating to the 7.20% Junior Subordinated Deferrable Interest Debentures of BancFirst Corporation issued to BFC Capital Trust II (filed as Exhibit 4.1 to the Company's registration statement on Form S-3, File No. 333-112488, and incorporated herein by reference).

Exhibit Number	Exhibit
4.7	Form of Certificate of 7.20% Junior Subordinated Deferrable Interest Debenture of BancFirst Corporation (included in Section 2.2 and Section 2.3 of Exhibit 4.10).
4.8	Form of Guarantee of BancFirst Corporation relating to the 7.20% Cumulative Trust Preferred Securities of BFC Capital Trust II (filed as Exhibit 4.7 to the Company's registration statement on Form S-3, File No. 333-112488, and incorporated herein by reference).
4.9	Amended Stock Repurchase Program (filed as Exhibit 99.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 and incorporated herein by reference).
10.1*	Ninth Amended and Restated BancFirst Corporation Stock Option Plan.
10.2	Amended and Restated BancFirst Corporation Employee Stock Ownership Plan and Trust Agreement adopted January 1, 2007 (filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended March 31, 2008 and incorporated herein by reference).
10.3	Amended and Restated BancFirst Corporation Thrift Plan adopted January 1, 2007 (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the Quarter Ended March 31, 2008 and incorporated herein by reference).
10.4	1988 Incentive Stock Option Plan of Security Corporation as assumed by BancFirst Corporation (filed as Exhibit 4.1 to the Company's Registration Statement on Form S-8, File No. 333-65129 and incorporated herein by reference).
10.5	1993 Incentive Stock Option Plan of Security Corporation as assumed by BancFirst Corporation (filed as Exhibit 4.2 to the Company's Registration Statement on Form S-8, File No. 333-65129 and incorporated herein by reference).
10.6	1995 Non-Employee Director Stock Plan of AmQuest Financial Corp. as assumed by BancFirst Corporation (filed as Exhibit 4.3 to the Company's Registration Statement on Form S-8, File No. 333-65129 and incorporated herein by reference).
10.7*	Second Amended and Restated BancFirst Corporation Non-Employee Directors' Stock Option Plan.
10.8*	Third Amended and Restated BancFirst Corporation Directors' Deferred Stock Compensation Plan.
10.9*	Amendment to the Amended and Restated BancFirst Corporation Employee Stock Ownership Plan and Trust Agreement adopted June 25, 2009.
10.10*	Amendment to the Amended and Restated BancFirst Corporation Thrift Plan adopted June 25, 2009.
31.1*	CEO's Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a).
31.2*	CFO's Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a).
32.1*	CEO's Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

**Exhibit
Number**

Exhibit

32.2*

CFO's Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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* Filed herewith.

SIGNATURES

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

BANCFIRST CORPORATION

(Registrant)

Date August 10, 2009

/s/ Joe T. Shockley, Jr.
(Signature)

Joe T. Shockley, Jr.
Executive Vice President
Chief Financial Officer