



July 23, 2019

Dear Shareholder:

I know that upmost on your mind is the status and timing of the closing of the sale of the Pegasus Bank shares to BancFirst; I will address the sale status below, but I did want to take the opportunity to share with you the financial results of the second quarter and the first six months of the year.

The bank continues to do quite well. For the first time in our history, net income for a single quarter exceeded \$2 million, the actual result was \$2,088,362. For the first six months net income was \$4,083,540, 29% higher than the first six months of 2018. Return on Average Assets was a stellar 1.30% and Return on Equity was 16.96%, both nice improvements over the same period last year. Liquidity continues to be strong as our loan to deposit ratio is 62.40%.

While total deposits are up a modest 6%, non-interest checking accounts are up 30% over last year and represent 39% of total deposits. I attribute the enviable deposit mix to our customer friendly pricing policy and the strength of our commercial Treasury Management System. Loans were up 14% to \$371 million. There were no loan losses, and we actually received a small recovery from a past loss.

At the present time and subject to BancFirst Corp receiving final regulatory approval, we are scheduled to close our transaction with BancFirst Corp. on August 15, 2019. **The per share cash amount will be \$28.81.** Each shareholder will receive a Transmittal Letter and set of Instructions between August 5<sup>th</sup> and August 10<sup>th</sup>. I strongly encourage you to locate your original stock certificate(s) as soon as possible. The Transmittal instructions are easy to follow, but if you have any questions don't hesitate to contact us.

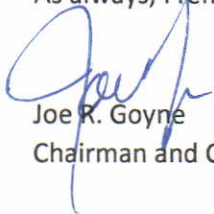
At the special shareholder meeting in June I mentioned investors should take pride in knowing that eight employees own over 37,000 shares of bank stock and 22 employees will realize approximately \$6.6 million in gains from their stock options (excluding Joe and Harry); these option gains are separate from the \$122 million cash paid for the outstanding shares.

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The benefits for customers and prospective customers resulting from the upcoming partnership with BancFirst is already apparent. The energy group has seen increased interest from prospects directly related to our enlarged capabilities. I am also very pleased to announce that Mr. Terry Dallas has join the bank as Executive Vice President to spearhead a Commercial and Industrial initiative. Terry was a Managing Director for a major commercial bank for over thirty-five years. He will be adding to his team throughout the remainder of 2019.

I hope this has been a satisfying investment experience for you; and just as important, the Pegasus team is excited about the future with our new partner Bancfirst Corp.

As always, I remain your most obedient servant,



Joe R. Goyne  
Chairman and CEO

Enclosure



Harry M. Smith  
President

**PEGASUS BANK**

**JUNE 2019  
(unaudited)**

<b><u>Avg Balance Sheet</u></b>	<b><u>6/30/2019</u></b>	<b><u>6/30/2018</u></b>	<b><u>% Chg</u></b>
Cash & Equivalents	\$ 12,284,062	\$ 16,236,584	-24%
Investments	245,872,725	247,267,388	-1%
Gross Loans	371,966,434	326,346,497	14%
Loan Loss Reserve	(3,118,623)	(2,988,585)	4%
Net Loans	<u>\$ 368,847,811</u>	<u>\$ 323,357,912</u>	14%
Fixed Assets	18,812,771	17,237,611	9%
Other Assets	3,222,480	3,149,770	2%
Total Assets	<u>\$ 649,039,849</u>	<u>\$ 607,249,265</u>	7%
Non-Interest Deposits	233,175,253	179,209,403	30%
Interest Bearing Deposits	<u>362,880,179</u>	<u>383,854,344</u>	-5%
Total Deposits	\$ 596,055,432	\$ 563,063,747	6%
Other Liabilities	2,281,237	1,459,410	56%
Total Liabilities	\$ 598,336,669	\$ 564,523,157	6%
Equity Capital	<u>\$ 50,703,180</u>	<u>\$ 42,726,108</u>	19%
Total Liabilities and Equity	<u>\$ 649,039,849</u>	<u>\$ 607,249,265</u>	7%
<b><u>Ratios:</u></b>	<b><u>6/30/2019</u></b>	<b><u>6/30/2018</u></b>	
Loan to Deposit Ratio	62.40%	57.96%	
Tier 1 Capital to Assets	7.81%	7.04%	
Ln Loss Reserve to Loans	0.84%	0.92%	
Book Value per Share	\$11.83	\$10.09	
Return on Avg Assets YTD	1.30%	1.15%	
Return on Avg Equity YTD	16.96%	15.45%	

<b><u>Income Statement</u></b>	<b><u>2nd Qtr Ending 6/30/19</u></b>	<b><u>6 mos. YTD 2019</u></b>	<b><u>6 mos. YTD 2018</u></b>	<b><u>YTD % Chg</u></b>
Interest Income - Invest.	\$ 1,366,653	\$ 2,604,305	\$ 1,925,176	35%
Interest Income - Loans	5,084,886	10,209,950	8,051,877	27%
Total Interest Income	<u>\$ 6,451,539</u>	<u>\$ 12,814,255</u>	<u>\$ 9,977,053</u>	28%
Interest Expense	1,001,199	1,972,402	972,680	103%
Total Interest Margin	<u>\$ 5,450,340</u>	<u>\$ 10,841,853</u>	<u>\$ 9,004,373</u>	20%
Non-Interest Income	\$ 369,516	\$ 660,595	\$ 526,177	26%
Personnel Expense	1,922,933	3,892,897	3,295,482	18%
Occupancy Expense	416,784	851,797	595,750	43%
Other Expenses	797,680	1,553,599	1,498,362	4%
Total Expenses	<u>\$ 3,137,397</u>	<u>\$ 6,298,293</u>	<u>\$ 5,389,594</u>	17%
Loan Loss Provision	\$ 43,000	\$ 43,000	\$ 157,000	-73%
Net Income Before Tax	<u>\$ 2,639,459</u>	<u>\$ 5,161,155</u>	<u>\$ 3,983,956</u>	30%
Income Tax	551,097	1,077,615	826,379	
Net Income	<u>\$ 2,088,362</u>	<u>\$ 4,083,540</u>	<u>\$ 3,157,577</u>	29%