UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2023

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 001-39028

CROSSFIRST BANKSHARES, INC.

(Exact Name of Registrant as Specified in its Charter)

Kansas	26-3212879
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
11440 Tomahawk Creek Parkway Leawood, KS	66211
(Address of principal executive offices)	(Zip Code)

(913) 901-4516
(Registrant's telephone number, including area code)

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

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.01 per share	CFB	The Nasdaq Stock Market LLC

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

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

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

As of October 28, 2023, the registrant had 49,296,927 shares of common stock, par value $0.01, outstanding.

CROSSFIRST BANKSHARES, INC.
Form 10-Q for the Quarter Ended September 30, 2023

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Forward-Looking Information

All statements contained in this quarterly report on Form 10-Q that do not directly and exclusively relate to historical facts constitute forward-looking statements. These statements are often, but not always, made through the use of words or phrases such as “may,” “might,” “should,” “could,” “predict,” “potential,” “believe,” “expect,” “continue,” “will,” “anticipate,” “seek,” “estimate,” “intend,” “plan,” “projection,” “goal,” “target,” “outlook,” “aim,” “would,” “annualized,” “position” and “outlook,” or the negative of these words or other comparable words or phrases of a future or forward-looking nature. For example, our forward-looking statements include statements regarding our business plans, expectations, or opportunities for growth; the impact of the acquisition of Canyon Bancorporation, Inc. and Canyon Community Bank, N.A. (collectively “Canyon”); our expense management initiatives and the results expected to be realized from those initiatives; our anticipated financial results, expenses, cash requirements and sources of liquidity, and our capital allocation strategies and plans.

Unless we state otherwise or the context otherwise requires, references in this Form 10-Q to “we,” “our,” “us,” and the “Company” refer to CrossFirst Bankshares, Inc., and its consolidated subsidiaries. References in this Form 10-Q to “CrossFirst Bank” and “the Bank” refer to CrossFirst Bank, our wholly owned consolidated bank subsidiary.

These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management’s beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not a guarantee of future performance and are subject to risks, assumptions, estimates and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements due to a number of factors, including, without limitation: impacts on us and our clients of a decline in general business and economic conditions and any regulatory responses thereto; including uncertainty and volatility in the financial markets; interest rate fluctuations; our ability to effectively execute our growth strategy and manage our growth, including identifying and consummating suitable mergers and acquisitions, entering new lines of business or offering new or enhanced services or products; our ability to successfully integrate Canyon; fluctuations in fair value of our investments due to factors outside of our control; our ability to successfully manage credit risk and the sufficiency of our allowance; geographic concentration of our markets; economic impact on our commercial real estate and commercial-based loan portfolios, including declines in commercial and residential real estate values; an increase in non-performing assets; our ability to attract, hire and retain key personnel; maintaining and increasing customer deposits, funding availability, liquidity and our ability to raise and maintain sufficient capital; competition from banks, credit unions and other financial services providers; the effectiveness of our risk management framework; accounting estimates; our ability to maintain effective internal control over financial reporting; our ability to keep pace with technological changes; cyber incidents or other failures, disruptions or security breaches; employee error, fraud committed against the Company or our clients, or incomplete or inaccurate information about clients and counterparties; mortgage markets; our ability to maintain our reputation; costs and effects of litigation; environmental liability; risk exposure from transactions with financial counterparties; severe weather, natural disasters, pandemics; acts of war or terrorism or other external events; changes in laws, rules, regulations, interpretations or policies relating to financial institutions, including stringent capital requirements, higher FDIC insurance premiums and assessments, consumer protection laws and privacy laws; volatility in our stock price; or risks inherent with proposed business acquisitions and the failure to achieve projected synergies. Additional discussion of these and other risk factors can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (“2022 Form 10-K”), filed with the Securities and Exchange Commission (“SEC”) on March 3, 2023, and in our other filings with the SEC.

Except as required by law, the Company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in our business, results of operations or financial condition over time. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

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PART I - FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

CROSSFIRST BANKSHARES, INC.
Consolidated Statements of Financial Condition – Unaudited

	September 30, 2023	December 31, 2022
	(Dollars in thousands)	
Assets		
Cash and cash equivalents	$ 233,191	$ 300,138
Available-for-sale securities - taxable	345,708	198,808
Available-for-sale securities - tax-exempt	404,779	488,093
Loans, net of unearned fees	5,945,753	5,372,729
Allowance for credit losses on loans	71,556	61,775
Loans, net of the allowance for credit losses on loans	5,874,197	5,310,954
Premises and equipment, net	70,245	65,984
Restricted equity securities	4,396	12,536
Interest receivable	35,814	29,507
Foreclosed assets held for sale	-	1,130
Goodwill and other intangible assets, net	32,293	29,081
Bank-owned life insurance	70,367	69,101
Other	108,489	95,754
Total assets	$ 7,179,479	$ 6,601,086
Liabilities and stockholders' equity		
Deposits		
Non-interest-bearing	$ 1,028,974	$ 1,400,260
Savings, NOW and money market	3,558,994	3,305,481
Time	1,743,653	945,567
Total deposits	6,331,621	5,651,308
Federal Home Loan Bank advances	88,531	218,111
Other borrowings	18,059	35,457
Interest payable and other liabilities	98,217	87,611
Total liabilities	6,536,428	5,992,487
Stockholders' equity		
Preferred stock, $0.01 par value: Authorized - 15,000 shares, issued - 7,750 shares at September 30, 2023 and no shares at December 31, 2022	-	-
Common stock, $0.01 par value: Authorized - 200,000,000 shares, issued - 53,285,789 and 53,036,613 shares at September 30, 2023 and December 31, 2022, respectively	533	530
Treasury stock, at cost: 3,990,753 and 4,588,398 shares held at September 30, 2023 and December 31, 2022, respectively	(58,195)	(64,127)
Additional paid-in capital	542,191	530,658
Retained earnings	254,855	206,095
Accumulated other comprehensive loss	(96,333)	(64,557)
Total stockholders' equity	643,051	608,599
Total liabilities and stockholders' equity	$ 7,179,479	$ 6,601,086

See Notes to Consolidated Financial Statements – Unaudited

CROSSFIRST BANKSHARES, INC.
Consolidated Statements of Operations – Unaudited

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in thousands except per share data)			
Interest Income				
Loans, including fees	$ 103,631	$ 59,211	$ 292,231	$ 149,266
Available-for-sale securities - taxable	3,089	1,119	7,560	3,250
Available-for-sale securities - tax-exempt	3,365	3,905	10,730	11,442
Deposits with financial institutions	2,444	1,193	6,067	1,714
Dividends on bank stocks	127	122	753	478
Total interest income	112,656	65,550	317,341	166,150
Interest Expense				
Deposits	56,297	14,909	141,685	23,152
Fed funds purchased and repurchase agreements	5	9	51	83
Federal Home Loan Bank Advances	1,003	898	7,128	3,302
Other borrowings	224	39	590	94
Total interest expense	57,529	15,855	149,454	26,631
Net Interest Income	55,127	49,695	167,887	139,519
Provision for Credit Losses	3,329	3,334	10,390	4,844
Net Interest Income after Provision for Credit Losses	51,798	46,361	157,497	134,675
Non-Interest Income				
Service charges and fees on customer accounts	2,249	1,566	6,188	4,520
ATM and credit card interchange income	1,436	1,326	3,913	5,513
Gain on sale of loans	739	-	2,131	-
Income from bank-owned life insurance	437	405	1,266	1,200
Swap fees and credit valuation adjustments, net	57	(7)	231	123
Other non-interest income	1,063	490	2,452	1,566
Total non-interest income	5,981	3,780	16,181	12,922
Non-Interest Expense				
Salaries and employee benefits	22,017	18,252	68,700	53,288
Occupancy	3,183	2,736	9,211	7,851
Professional fees	1,945	580	5,533	2,453
Deposit insurance premiums	1,947	903	5,359	2,355
Data processing	904	877	3,203	2,849
Advertising	593	796	1,994	2,247
Software and communication	1,898	1,222	5,204	3,689
Foreclosed assets, net	-	9	128	(30)
Other non-interest expense	2,945	3,057	9,980	10,559
Core deposit intangible amortization	922	19	2,546	58
Total non-interest expense	36,354	28,451	111,858	85,319
Net Income Before Taxes	21,425	21,690	61,820	62,278
Income tax expense	$ 4,562	$ 4,410	$ 12,802	$ 12,625
Net Income	$ 16,863	$ 17,280	$ 49,018	$ 49,653
Basic Earnings Per Common Share	$ 0.34	$ 0.35	$ 1.00	$ 1.00
Diluted Earnings Per Common Share	$ 0.34	$ 0.35	$ 0.99	$ 0.99

See Notes to Consolidated Financial Statements – Unaudited

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CROSSFIRST BANKSHARES, INC.

Consolidated Statements of Comprehensive Income (Loss) – Unaudited

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
	(Dollars in thousands)			
Net Income	$ 16,863	$ 17,280	$ 49,018	$ 49,653
Other Comprehensive Loss				
Unrealized loss on available-for-sale securities	(41,604)	(39,299)	(37,083)	(137,282)
Less: income tax benefit	(9,902)	(9,621)	(8,727)	(33,607)
Unrealized loss on available-for-sale securities	(31,702)	(29,678)	(28,356)	(103,675)
Reclassification adjustment for realized (loss) gain included in income	(60)	(4)	3	(43)
Less: income tax expense (benefit)	(14)	(1)	1	(11)
Less: reclassification adjustment for realized (losses) gains included in income, net of income tax	(46)	(3)	2	(32)
Unrealized loss on cash flow hedges	(2,289)	(7,076)	(4,381)	(3,036)
Less: income tax benefit	(545)	(1,731)	(1,041)	(741)
Unrealized loss on cash flow hedges, net of income tax	(1,744)	(5,345)	(3,340)	(2,295)
Reclassification adjustment for interest income included in income	93	-	102	-
Less: income tax expense	22	-	24	-
Less: reclassification adjustment for interest income included in income, net of income tax	71	-	78	-
Other comprehensive loss	(33,471)	(35,020)	(31,776)	(105,938)
Comprehensive (Loss) Income	$ (16,608)	(17,740)	17,242	(56,285)

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CROSSFIRST BANKSHARES, INC.

Consolidated Statements of Stockholders' Equity – Unaudited

	Preferred Stock		Common Stock						
	Shares	Amount	Shares	Amount	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
	(Dollars in thousands)								
Balance at June 30, 2022	-	$ -	49,535,949	$ 529	$ (48,501)	$ 528,548	$ 176,868	$ (49,429)	$ 608,015
Net income	-	-	-	-	-	-	17,280	-	17,280
Other comprehensive loss - available-for-sale securities	-	-	-	-	-	-	-	(29,676)	(29,676)
Other comprehensive loss - cash flow hedges	-	-	-	-	-	-	-	(5,344)	(5,344)
Issuance of shares from equity-based awards	-	-	46,204	1	-	29	-	-	30
Open market common share repurchases	-	-	(794,457)	-	(10,827)	-	-	-	(10,827)
Stock-based compensation	-	-	-	-	-	1,069	-	-	1,069
Balance at September 30, 2022	-	$ -	48,787,696	$ 530	$ (59,328)	$ 529,646	$ 194,148	$ (84,449)	$ 580,547

	Preferred Stock		Common Stock						
	Shares	Amount	Shares	Amount	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
	(Dollars in thousands)								
Balance at June 30, 2023	7,750	$ -	48,653,487	$ 532	$ (64,127)	$ 539,793	$ 238,147	$ (62,862)	$ 651,483
Net income	-	-	-	-	-	-	16,863	-	16,863
Other comprehensive loss - available-for-sale securities	-	-	-	-	-	-	-	(31,656)	(31,656)
Other comprehensive loss - cash flow hedges	-	-	-	-		-	-	(1,815)	(1,815)
Preferred dividends $20.00 per share	-	-	-	-	-	-	(155)	-	(155)
Issuance of shares from equity-based awards	-	-	43,904	1	-	165	-	-	166
Acquisition - purchase accounting	-	-	597,645	-	5,932	1,025	-	-	6,957
Stock-based compensation	-	-	-	-	-	1,208	-	-	1,208
Balance September 30, 2023	7,750	$ -	49,295,036	$ 533	$ (58,195)	$ 542,191	$ 254,855	$ (96,333)	$ 643,051

	Preferred Stock		Common Stock						
	Shares	Amount	Shares	Amount	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
	(Dollars in thousands)								
Balance at December 31, 2021	-	$ -	50,450,045	$ 526	$ (28,347)	$ 526,806	$ 147,099	$ 21,489	$ 667,573
Adoption of ASU 2016-13	-	-	-	-	-	-	(2,610)	-	(2,610)
Net income	-	-	-	-	-	-	49,653	-	49,653
Other comprehensive loss - available-for-sale securities	-	-	-	-	-	-	-	(103,643)	(103,643)
Other comprehensive loss - cash flow hedges	-	-	-	-		-	-	(2,295)	(2,295)
Issuance of shares from equity-based awards	-	-	428,433	4	-	(464)	-	-	(460)
Open market common share repurchases	-	-	(2,090,782)	-	(30,981)	-	-	-	(30,981)
Employee receivables from sale of stock	-	-	-	-	-	-	6	-	6
Stock-based compensation	-	-	-	-	-	3,304	-	-	3,304
Balance at September 30, 2022	-	$ -	48,787,696	$ 530	$ (59,328)	$ 529,646	$ 194,148	$ (84,449)	$ 580,547

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	Preferred Stock		Common Stock						
	Shares	Amount	Shares	Amount	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
					(Dollars in thousands)				
Balance at December 31, 2022	-	$ -	48,448,215	$ 530	$ (64,127)	$ 530,658	$ 206,095	$ (64,557)	$ 608,599
Net income	-	-	-	-	-	-	49,018	-	49,018
Other comprehensive loss - available-for-sale securities	-	-	-	-	-	-	-	(28,358)	(28,358)
Other comprehensive loss - cash flow hedges	-	-	-	-		-	-	(3,418)	(3,418)
Issuance of preferred shares	7,750	-	-	-	-	7,750	-	-	7,750
Preferred dividends $33.33 per share	-	-	-	-	-	-	(258)	-	(258)
Issuance of shares from equity-based awards	-	-	249,176	3	-	(535)	-	-	(532)
Warrants exercised, cash settled	-		-	-	-	(418)	-	-	(418)
Acquisition - purchase accounting	-	-	597,645	-	5,932	1,025	-	-	6,957
Stock-based compensation	-	-	-	-	-	3,711	-	-	3,711
Balance September 30, 2023	7,750	$ -	49,295,036	$ 533	$ (58,195)	$ 542,191	$ 254,855	$ (96,333)	$ 643,051

See Notes to Consolidated Financial Statements – Unaudited

CROSSFIRST BANKSHARES, INC.
Consolidated Statements of Cash Flows – Unaudited

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
	(Dollars in thousands)	
Operating Activities		
Net income	$ 49,018	$ 49,653
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	7,041	3,716
Provision for credit losses	10,390	4,844
Accretion of discounts on loans	(2,029)	-
Accretion of discounts and amortization of premiums on securities	2,378	3,259
Equity based compensation	3,711	3,304
Gain on disposal of fixed assets	(67)	-
Loss on sale of foreclosed assets and related impairments	80	-
Gain on sale of loans	(2,131)	-
Origination of loans held for sale	(36,972)	-
Proceeds from sales of loans held for sale	39,775	-
Deferred income taxes	(1,208)	1,713
Net increase in bank owned life insurance	(1,266)	(1,200)
Net realized (gains) losses on available-for-sale securities	(3)	43
Dividends on FHLB stock	(745)	(505)
Changes in:		
Interest receivable	(5,612)	(4,530)
Other assets	2,132	4,568
Other liabilities	6,691	(2,989)
Net cash provided by operating activities	71,183	61,876
Investing Activities		
Net change in loans	(470,706)	(425,494)
Purchases of available-for-sale securities	(152,158)	(82,305)
Proceeds from maturities of available-for-sale securities	18,890	29,587
Proceeds from sale of available-for-sale securities	67,230	-
Proceeds from the sale of foreclosed assets	1,050	237
Purchase of premises and equipment	(6,953)	(1,878)
Proceeds from the sale of premises and equipment and related insurance claims	67	-
Purchase of restricted equity securities	(10,290)	(6,957)
Proceeds from sale of restricted equity securities	21,006	10,111
Net cash activity from acquisition	19,279	-
Net cash used in investing activities	(512,585)	(476,699)
Financing Activities		
Net (decrease) increase in demand deposits, savings, NOW and money market accounts	(264,944)	178,134
Net increase in time deposits	779,701	125,784
Net increase in fed funds purchased and repurchase agreements	505	-
Net decrease in federal funds sold	(20,000)	-
Proceeds from Federal Home Loan Bank advances	22,414	50,000
Repayment of Federal Home Loan Bank advances	(77,295)	(149,000)
Net (repayments) proceeds of Federal Home Loan Bank line of credit	(72,468)	67,748
Proceeds from issuance of preferred shares, net of issuance cost	7,750	-
Issuance of common shares, net of issuance cost	3	171
Proceeds from employee stock purchase plan	402	364
Repurchase of common stock	-	(30,981)
Acquisition of common stock for tax withholding obligations	(937)	(995)
Settlement of warrants	(418)	-
Dividends paid on preferred stock	(258)	-
Net decrease in employee receivables	-	6
Net cash provided by financing activities	374,455	241,231
Decrease in Cash and Cash Equivalents	(66,947)	(173,592)
Cash and Cash Equivalents, Beginning of Period	300,138	482,727
Cash and Cash Equivalents, End of Period	$ 233,191	$ 309,135
Supplemental Cash Flows Information		
Interest paid	$ 137,281	$ 25,648
Income taxes paid	$ 17,614	$ 10,545

See Notes to Consolidated Financial Statements – Unaudited

CROSSFIRST BANKSHARES, INC.
Notes to Consolidated Financial Statements – Unaudited

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Organization and Nature of Operations

CrossFirst Bankshares, Inc. (the “Company”) is a bank holding company whose principal activities are the ownership and management of its wholly-owned subsidiary, CrossFirst Bank (the “Bank”). In addition, the Bank has direct subsidiaries including CrossFirst Investments, Inc. (“CFI”), which holds investments in marketable securities, CFBSA I, LLC and CFBSA II, LLC.

The Bank is primarily engaged in providing a full range of banking and financial services to individual and corporate customers through its full-service branches in: (i) Leawood, Kansas; (ii) Wichita, Kansas; (iii) Kansas City, Missouri; (iv) Oklahoma City, Oklahoma; (v) Tulsa, Oklahoma; (vi) Dallas, Texas; (vii) Fort Worth, Texas; (viii) Frisco, Texas; (ix) Phoenix, Arizona; (x) Colorado Springs, Colorado; (xi) Denver, Colorado; (xii) Clayton, New Mexico; and (xiii) Tucson, Arizona.

Basis of Presentation

The accompanying interim unaudited consolidated financial statements serve to update the CrossFirst Bankshares, Inc. Annual Report on Form 10-K for the year ended December 31, 2022 and include the accounts of the Company, the Bank, CFI, CFBSA I, LLC and CFBSA II, LLC. The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and where applicable, with general practices in the banking industry or guidelines prescribed by bank regulatory agencies. However, they may not include all information and notes necessary to constitute a complete set of financial statements under GAAP applicable to annual periods and accordingly should be read in conjunction with the financial information contained in the Company's most recent Annual Report on Form 10-K. The unaudited consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the results presented. All such adjustments are of a normal recurring nature. All significant intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications of prior years' amounts are made whenever necessary to conform to current period presentation. The results of operations for the interim period are not necessarily indicative of the results that may be expected for the full year or any other interim period. All amounts are in thousands, except share data, or as otherwise noted.

GAAP requires management to make estimates that affect the reported amounts of assets, liabilities, revenues and expenses, and disclosures of contingent assets and liabilities. By their nature, estimates are based on judgment and available information. Management has made significant estimates in certain areas, such as the fair values of financial instruments, and the allowance for credit losses (“ACL”). Because of the inherent uncertainties associated with any estimation process and future changes in market and economic conditions, it is possible that actual results could differ significantly from those estimates.

The Company's significant accounting policies followed in the preparation of the unaudited consolidated financial statements are disclosed in Note 1 of the audited financial statements and notes for the year ended December 31, 2022 and are contained in the Company's Annual Report on Form 10-K for that period. There have been no significant changes to the application of significant accounting policies since December 31, 2022

Related Party Transactions

The Bank extends credit and receives deposits from related parties. In management’s opinion, the loans and deposits were made in the ordinary course of business and made on similar terms as those prevailing at the time with other persons. Related party loans totaled $0 million and $13 million while related party deposits totaled $99 million and $92 million at September 30, 2023 and December 31, 2022, respectively.

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Note 2: Acquisition Activities

On August 1, 2023, the Company completed its acquisition of Canyon Bancorporation, Inc. and Canyon Community Bank, N.A. (collectively, "Canyon") whereby Canyon Bancorporation, Inc. was ultimately merged with and into CrossFirst Bankshares, Inc. and Canyon Community Bank, N.A. was merged with and into CrossFirst Bank (the "Tucson acquisition"). Pursuant to the merger agreement executed in April 2023, the Company paid approximately $9.1 million of cash consideration and issued 597,645 shares of Company common stock, and the Company and the Bank assumed all of the assets and liabilities of the Canyon entities by operation of law. The acquisition added one full-service branch within Arizona to the Company's footprint thereby deepening our Arizona franchise.

Tucson acquisition-related costs totaled $2.2 million and $2.3 million for the three- and nine-months ended September 30, 2023, respectively, including a Day 1 CECL provision expense of $0.9 million. Acquisition-related costs in connection with the Farmers & Stockmens Bank (the "Colorado/New Mexico acquisition") totaled $1.7 million for the nine-months ended September 30, 2023. Acquisition-related costs were included in the Company's consolidated statements of operations. The results of both acquisitions mentioned above are included in the results of the Company subsequent to the acquisition dates and reported in this quarterly report on Form 10-Q.

The Company determined that the Tucson acquisition constitutes a business combination as defined in Accounting Standard Codification ("ASC") Topic 805, Business Combinations. Accordingly, as of the date of the acquisition, the Company recorded the assets acquired and liabilities assumed at fair value. The Company determined fair values in accordance with the guidance provided in ASC Topic 820, Fair Value Measurements and Disclosures. In many cases, the determination of these fair values required management to make estimates about discount rates, future expected cash flows, market conditions and other future events that are highly subjective in nature and subject to change. Actual results could differ materially. The Company has made the determination of fair values using the best information available at the time; however, purchase accounting is not complete and the assumptions used are subject to change and, if changed, could have a material effect on the Company's financial position and results of operations.

The table below summarizes preliminary net assets acquired (at fair value) and consideration transferred in connection with the Tucson acquisition:

	August 1, 2023
	(Dollars in thousands)
Assets:	
Cash and cash equivalents	$ 28,366
Available-for-sale securities	38,084
Loans, net of unearned fees	105,668
Premises and equipment	1,335
Restricted equity securities	1,810
Interest receivable	695
Core deposit intangible	4,459
Other	1,277
Total assets acquired	181,694
Liabilities:	
Total deposits	165,399
Other borrowings	1,050
Interest payable and other liabilities	500
Total liabilities assumed	166,949
Identifiable net assets acquired	$ 14,745
Consideration:	
Cash	9,087
Stock	6,957
Total consideration	16,044
Goodwill	$ 1,299

In connection with the Tucson acquisition, the Company recorded $1.3 million of goodwill. The amount of goodwill reflects the expanded market presence, synergies and operational efficiencies that are expected to result from the acquisition. The following is a description of the methods used to determine the fair values of significant assets and liabilities presented above:

Cash and cash equivalents—The carrying amount of these assets was deemed a reasonable estimate of fair value based on the short-term nature of these assets.

Loans, net—The fair value of loans was based on a discounted cash flow methodology. Inputs and assumptions used in the fair value estimate of the loan portfolio, includes interest rate, servicing, credit and liquidity risk, and required equity return. The fair value of loans was calculated using a discounted cash flow analysis based on the remaining maturity and repricing terms. Cash flows were adjusted by estimating future credit losses and the rate of prepayments. Projected monthly cash flows were then discounted to present value using a risk-adjusted market rate for similar loans.

Core deposit intangibles—The Company identified customer relationships, in the form of core deposit intangibles, as an identified intangible asset. Core deposit intangibles derive value from the expected future benefits or earnings capacity attributable to the acquired core deposits. The core deposit intangible was valued by identifying the expected future benefits of the core deposits and discounting those benefits back to present value. The core deposit intangible will be amortized over its estimated useful life of approximately 10 years using the sum of the years' digits accelerated method.

Deposits—By definition, the fair value of demand and saving deposits equals the amount payable. For time deposits acquired, the Company utilized an income approach, discounting the contractual cash flows on the instruments over their remaining contractual lives at prevailing market rates.

The fair value of the acquired assets and liabilities noted in the table may change during the provisional period, which may last up to twelve months subsequent to the acquisition date. The Company may obtain additional information to refine the valuation of the acquired assets and liabilities and adjust the recorded fair value.

Accounting for acquired loans

Loans acquired are recorded at fair value with no carryover of the related allowance for credit losses. Purchased credit deteriorated loans (“PCD”) are loans that have experienced more than insignificant credit deterioration since origination and are recognized at the purchase price. Management determined that past due loans, adversely risk rated, on non-accrual or considered a troubled debt restructured loan constituted insignificant credit deterioration. The sum of the loan’s purchase price and the allowance for credit losses becomes its initial amortized cost basis. The difference between the initial amortized cost basis and the par value of the loan is a noncredit discount or premium, which is amortized into interest income over the life of the loan.

Non-PCD loans have not experienced a more than insignificant deterioration in credit quality since origination. The difference between the fair value and outstanding balance of the non-PCD loans is recognized as an adjustment to interest income over the lives of the loan.

A Day 1 CECL allowance for credit losses on the non-PCD loans was recorded through provision for credit loss expense within the consolidated statements of operations. At the date of acquisition, of the $105.7 million of loans acquired from Canyon, $26.0 million, or 25% of Canyon’s loan portfolio, were accounted for as PCD loans.

The following table provides a summary of PCD loans purchased as part of the Tucson acquisition as of the acquisition date:

	Total
	(Dollars in thousands)
Unpaid principal balance	$ 28,159
PCD allowance for credit loss at acquisition	(329)
(Discount) premium on acquired loans	(1,809)
Purchase price of PCD loans	$ 26,021

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Note 3: Securities

The amortized cost and approximate fair values, together with gross unrealized gains and losses, of period end available-for-sale securities consisted of the following:

	September 30, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
	(Dollars in thousands)			
Available-for-sale securities				
U.S. Treasury securities	$ 14,797	$ 6	$ -	$ 14,803
Mortgage-backed - GSE residential	336,020	-	37,976	298,044
Collateralized mortgage obligations - GSE residential	19,780	-	1,056	18,724
State and political subdivisions	489,976	90	79,624	410,442
Corporate bonds	9,740	-	1,266	8,474
Total available-for-sale securities	$ 870,313	$ 96	$ 119,922	$ 750,487

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
	(Dollars in thousands)			
Available-for-sale securities				
Mortgage-backed - GSE residential	$ 197,243	$ 232	$ 25,166	$ 172,309
Collateralized mortgage obligations - GSE residential	11,629	-	743	10,886
State and political subdivisions	551,007	929	57,440	494,496
Corporate bonds	9,762	-	552	9,210
Total available-for-sale securities	$ 769,641	$ 1,161	$ 83,901	$ 686,901

The carrying value of securities pledged as collateral was $15 million and $22 million at September 30, 2023 and December 31, 2022, respectively.

As of September 30, 2023 and December 31, 2022, the available-for-sale securities had $7 million and $6 million, respectively, of accrued interest, excluded from the amortized cost basis, and presented in “interest receivable” on the consolidated statements of financial condition.

The following tables summarize the gross realized gains and losses from sales or maturities of available-for-sale securities:

	For the Three Months Ended September 30, 2023			For the Nine Months Ended September 30, 2023		
	Gross Realized Gains	Gross Realized Losses	Net Realized Loss	Gross Realized Gains	Gross Realized Losses	Net Realized Gain
	(Dollars in thousands)					
Available-for-sale securities	$ 68	$ (128)	$ (60)	$ 335	$ (332)	$ 3

	For the Three Months Ended September 30, 2022			For the Nine Months Ended September 30, 2022		
	Gross Realized Gains	Gross Realized Losses	Net Realized Loss	Gross Realized Gains	Gross Realized Losses	Net Realized Loss
	(Dollars in thousands)					
Available-for-sale securities	$ 1	$ (5)	$ (4)	$ 3	$ (46)	$ (43)

The following table shows available-for-sale securities gross unrealized losses, the number of securities that are in an unrealized loss position, and fair value of the Company's investments with unrealized losses, aggregated by investment class and length of time that individual securities have been in a continuous unrealized loss position at September 30, 2023 and December 31, 2022:

	September 30, 2023								
	Less than 12 Months			12 Months or More			Total		
	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities
	(Dollars in thousands)								
Available-for-sale securities									
U.S. Treasury securities	$ -	$ -	-	$ -	$ -	-	$ -	$ -	-
Mortgage-backed - GSE residential	166,408	7,398	27	131,637	30,578	56	298,045	37,976	83
Collateralized mortgage obligations - GSE residential	5,255	282	2	8,786	774	19	14,041	1,056	21
State and political subdivisions	119,719	5,433	112	277,722	74,191	213	397,441	79,624	325
Corporate bonds	4,333	667	1	4,141	599	4	8,474	1,266	5
Total temporarily impaired securities	$ 295,715	$ 13,780	142	$ 422,286	$ 106,142	292	$ 718,001	$ 119,922	434

	December 31, 2022								
	Less than 12 Months			12 Months or More			Total		
	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities
	(Dollars in thousands)								
Available-for-sale securities									
Mortgage-backed - GSE residential	$ 91,929	$ 10,410	41	$ 66,036	$ 14,756	16	$ 157,965	$ 25,166	57
Collateralized mortgage obligations - GSE residential	10,636	733	18	251	10	1	10,887	743	19
State and political subdivisions	350,884	36,697	266	52,519	20,743	40	403,403	57,440	306
Corporate bonds	9,210	552	5	-	-	-	9,210	552	5
Total temporarily impaired securities	$ 462,659	$ 48,392	330	$ 118,806	$ 35,509	57	$ 581,465	$ 83,901	387

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Based on the Company's evaluation at each respective period end, no credit loss impairment were recorded during the nine-month period ended September 30, 2023 or the year ended December 31, 2022. The unrealized losses in the Company's investment portfolio were caused by interest rate changes. As of September 30, 2023 the Company does not intend to sell the investments in loss positions, and it is not more likely than not the Company will be required to sell the investments before recovery of their amortized cost basis.

The amortized cost, fair value, and weighted average yield of available-for-sale securities at September 30, 2023, by contractual maturity, are shown below:

	September 30, 2023				
	Within One Year	After One to Five Years	After Five to Ten Years	After Ten Years	Total
	(Dollars in thousands)				
Available-for-sale securities					
U.S. Treasury securities[1]					
Amortized cost	$ 14,797	$ -	$ -	$ -	$ 14,797
Estimated fair value	$ 14,803	$ -	$ -	$ -	$ 14,803
Weighted average yield[2]	5.11%	- %	- %	- %	5.11%
Mortgage-backed - GSE residential[1]					
Amortized cost	$ -	$ 14	$ 1,007	$ 334,999	$ 336,020
Estimated fair value	$ -	$ 13	$ 891	$ 297,140	$ 298,044
Weighted average yield[2]	- %	4.88%	2.39%	3.59%	3.58%
Collateralized mortgage obligations - GSE residential					
Amortized cost	$ -	$ -	$ 2,267	$ 17,513	$ 19,780
Estimated fair value	$ -	$ -	$ 2,117	$ 16,607	$ 18,724
Weighted average yield[2]	- %	- %	2.77%	4.93%	4.68%
State and political subdivisions					
Amortized cost	$ 744	$ 5,022	$ 93,874	$ 390,336	$ 489,976
Estimated fair value	$ 752	$ 4,989	$ 90,036	$ 314,665	$ 410,442
Weighted average yield[2]	3.81%	4.42%	3.09%	2.71%	2.80%
Corporate bonds					
Amortized cost	$ -	$ 143	$ 9,597	$ -	$ 9,740
Estimated fair value	$ -	$ 139	$ 8,335	$ -	$ 8,474
Weighted average yield[2]	- %	4.22%	5.71%	- %	5.69%
Total available-for-sale securities					
Amortized cost	$ 15,541	$ 5,179	$ 106,745	$ 742,848	$ 870,313
Estimated fair value	$ 15,555	$ 5,141	$ 101,379	$ 628,412	$ 750,487
Weighted average yield	5.05%	4.41%	3.32%	3.16%	3.21%

(1) Actual maturities may differ from contractual maturities because issuers may have the rights to call or prepay obligations with or without prepayment penalties.

(2) Yields are calculated based on amortized cost using 30/360 day basis. Tax-exempt securities are not tax effected.

Equity Securities

Equity securities consist of $5 million of private equity investments and $4 million of restricted equity securities. The private equity investments are included in "other" assets on the consolidated statements of financial condition.

The Company elected a measurement alternative for its private equity investments that did not have a readily determinable fair value and did not qualify for the practical expedient to estimate fair value using the net asset value per share. A cost basis was calculated for the equity investments. The recorded balance will adjust for any impairment or any observable price changes for an identical or similar investment of the same issuer. No such events occurred during the three - or nine-month period ended September 30, 2023.

The following is a summary of the unrealized and realized gains and losses on equity securities recognized in net income:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in thousands)			
Net gains (losses) recognized during the reporting period on equity securities	$ 98	$ (87)	$ 114	$ (261)
Less: net gains recognized during the reporting period on equity securities sold during the reporting period	93	-	93	-
Unrealized gains (losses) recognized during the reporting period on equity securities still held at the reporting date	$ 5	$ (87)	$ 21	$ (261)

Note 4: Loans and Allowance for Credit Losses

The table below shows the loan portfolio composition including carrying value by segment as of the dates shown. The carrying value of loans is net of discounts, fees, costs, and fair value marks of $26 million and $24 million as of September 30, 2023 and December 31, 2022, respectively.

	September 30, 2023		December 31, 2022	
	Amount	% of Loans	Amount	% of Loans
	(Dollars in thousands)			
Commercial and industrial	$ 2,056,171	34 %	$ 1,974,932	37 %
Energy	214,166	4	173,218	3
Commercial real estate - owner-occupied	583,442	10	437,119	8
Commercial real estate - non-owner-occupied	2,592,684	43	2,314,600	43
Residential real estate	456,047	8	439,367	8
Consumer	43,243	1	33,493	1
Loans, net of unearned fees	5,945,753	100 %	5,372,729	100 %
Less: allowance for credit losses on loans	(71,556)		(61,775)	
Loans, net of the allowance for credit losses on loans	$ 5,874,197		$ 5,310,954	

Accrued interest of $29 million and $23 million at September 30, 2023 and December 31, 2022, respectively, presented in “interest receivable” on the consolidated statements of financial condition is excluded from the carrying value disclosed in the above table.

The Company aggregates the loan portfolio by similar credit risk characteristics. Effective with the second quarter of 2023, we revised the reported loan segments to better reflect how management monitors the portfolio, assesses credit risk and evaluates the ACL. All prior period disclosures have been revised to reflect the changes to the loan segments. The loan segments are described in additional detail below:

- **Commercial and Industrial** – The category includes loans and lines of credit to commercial and industrial clients for use in property, plant, and equipment purchases, business operations, expansions and for working capital needs. Loan terms typically require amortizing payments that decrease the outstanding loan balance while lines of credit typically require interest-only payments with maturities ranging from one- to three-years. Lines of credit allow the borrower to draw down and repay the line of credit based on the client’s cash flow needs. Repayment is primarily from the cash flow of a borrower’s principal business operation. Credit risk is driven by creditworthiness of a borrower and the economic conditions.

- **Energy** – The category includes loans to oil and natural gas customers for use in financing working capital needs, exploration and production activities, and acquisitions. The loans are repaid primarily from the conversion of crude oil and natural gas to cash. Credit risk is driven by creditworthiness of a borrower and the economic conditions that impact the cash flow stability from business operations. Energy loans are typically collateralized with the underlying oil and gas reserves.

- **Commercial Real Estate – Owner-Occupied** – The category includes relationships where we are usually the primary provider of financial services for the company and/or the principals and the primary source of repayment is through the cash flows generated by the borrowers’ business operations. Owner-occupied commercial real estate loans are typically secured by a first lien mortgage on real property plus assignments of all leases related to the properties. Credit risk may be impacted by the creditworthiness of a borrower, property values and the local economies in the borrower’s market areas.

- **Commercial Real Estate – Non-Owner-Occupied** – The category includes loans that typically involve larger principal amounts and repayment of these loans is generally dependent on the leasing income generated from tenants. These are viewed primarily as cash flow loans and secondarily as loans secured by real estate.

Additionally, the category includes construction and land development loans that are based upon estimates of costs and estimated value of the completed project. Independent appraisals and a financial analysis of the developers and property owners are completed. Sources of repayment include secondary market permanent loans, sales of developed property or an interim loan commitment from the Company until permanent financing is obtained. These loans are higher risk than other real estate loans due to their ultimate repayment being sensitive to interest rate changes, general economic conditions, and the availability of long-term financing.

The category also includes loans that are secured by multifamily properties. Repayment of these loans is primarily dependent on occupancy rates and rental income.

Credit risk for non-owner occupied commercial real estate loans may be impacted by the creditworthiness of a borrower, property values and the local economies in the borrower's market areas.

- **Residential Real Estate** – The category includes loans that are generally secured by owner-occupied 1-4 family residences. Repayment of these loans is primarily dependent on the personal income and credit rating of the borrowers. We also offer open- and closed-ended home equity loans, which are loans generally secured by second lien positions on residential real estate. Credit risk in these loans can be impacted by economic conditions within or outside the borrower's market areas that might impact either property values or a borrower's personal income.
- **Consumer** – The category includes personal lines of credit and various term loans such as automobile loans and loans for other personal purposes. Repayment is primarily dependent on the personal income and credit rating of the borrowers. Credit risk is driven by consumer economic factors (such as unemployment and general economic conditions in the borrower's market area) and the creditworthiness of a borrower.

Allowance for Credit Losses

The Company's CECL committee meets at least quarterly to oversee the ACL methodology. The committee estimates the ACL using relevant available information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The ACL represents the Company's current estimate of lifetime credit losses inherent in the loan portfolio at the statement of financial condition date. The ACL is adjusted for expected prepayments when appropriate and excludes expected extensions, renewals and modifications.

The ACL is the sum of three components: (i) asset specific / individual loan reserves; (ii) quantitative (formulaic or pooled) reserves; and (iii) qualitative (judgmental) reserves.

Asset Specific – When unique qualities cause a loan's exposure to loss to be inconsistent with the pooled reserves, the loan is individually evaluated. Individual reserves are calculated for loans that are risk-rated substandard and on non-accrual and loans that are risk-rated doubtful or loss that are greater than a defined dollar threshold. Reserves on asset specific loans may be based on collateral, for collateral-dependent loans, or on quantitative and qualitative factors, including expected cash flow, market sentiment, and guarantor support.

Quantitative – The Company used the cohort method, which identifies and captures the balance of a pool of loans with similar risk characteristics as of a particular time to form a cohort. The cohort is then tracked for losses over the remaining life of loans or until the pool is exhausted. The Company used a lookback period of approximately six years to establish the cohort population. By using the historical data timeframe, the Company can establish a historical loss factor for each of its loan segments.

Qualitative – The Company uses qualitative factors to adjust the historical loss factors for current conditions. The Company primarily uses the following qualitative factors:

- The nature and volume of changes in risk ratings;
- The volume and severity of past due loans;
- The volume of non-accrual loans;
- The nature and volume of the loan portfolio, including the existence, growth, and effect of any concentrations of credit;
- Changes in the Institute of Supply Management's Purchasing Manager Indices ("PMI") for services and manufacturing;
- Changes in collateral values;
- Changes in lending policies, procedures, and quality of loan reviews;
- Changes in lending staff; and
- Changes in competition, legal and regulatory environments

In addition to the current condition qualitative adjustments, the Company uses the Federal Reserve's unemployment forecast to adjust the ACL based on forward looking guidance. The Federal Reserve's unemployment forecast extends three-years and is eventually reverted to the mean of six percent by year 10.

Internal Credit Risk Ratings

The Company uses a weighted average risk rating factor to adjust the historical loss factors for current events. Risk ratings incorporate the criteria utilized by regulatory authorities to describe criticized assets, but separate various levels of risk concentrated within the regulatory "Pass" category. Risk ratings are established for loans at origination and are monitored on an ongoing basis. The rating assigned to a loan reflects the risks posed by the borrower's expected performance and the transaction's structure. Performance metrics used to determine risk ratings include, but are not limited to, cash flow adequacy, liquidity, and collateral. A description of the loan risk ratings follows:

Loan Grades

- **Pass (risk rating 1–4)** – The category includes loans that are considered satisfactory. The category includes borrowers that generally maintain good liquidity and financial condition or the credit is currently protected with sales trends remaining flat or declining. Most ratios compare favorably with industry norms and Company policies. Debt is programmed and timely repayment is expected.
- **Special Mention (risk rating 5)** – The category includes borrowers that generally exhibit adverse trends in operations or an imbalanced position in their balance sheet that has not reached a point where repayment is jeopardized. Credits are currently protected but, if left uncorrected, the potential weaknesses may result in deterioration of the repayment prospects for the credit or in the Company's credit or lien position at a future date. These credits are not adversely classified and do not expose the Company to enough risk to warrant adverse classification.
- **Substandard (risk rating 6)** – The category includes borrowers that generally exhibit well-defined weakness(es) that jeopardize repayment. Credits are inadequately protected by the current worth and paying capacity of the obligor or of the collateral pledged. A distinct possibility exists that the Company will sustain some loss if deficiencies are not corrected. Loss potential, while existing in the aggregate amount of substandard assets, does not have to exist in individual assets. Substandard loans include both performing and non-performing loans and are broken out in the table below.
- **Doubtful (risk rating 7)** – The category includes borrowers that exhibit weaknesses inherent in a substandard credit and characteristics that these weaknesses make collection or liquidation in full highly questionable or improbable based on existing facts, conditions, and values. Because of reasonably specific pending factors, which may work to the advantage and strengthening of the assets, classification as a loss is deferred until its more exact status may be determined.

- **Loss (risk rating 8):** Credits that are considered uncollectible or of such little value that their continuance as a bankable asset is not warranted.

The following tables present the credit risk profile of the Company's loan portfolio based on internal rating categories and loan segments as of September 30, 2023 and December 31, 2022

As of September 30, 2023									
	Amortized Cost Basis by Origination Year and Internal Risk Rating						Amortized Cost Basis		
	2023	2022	2021	2020	2019	2018 and Prior	Revolving Loans	Revolving Loans converted to Term Loans	Total
	(Dollars in thousands)								
Commercial and industrial									
Pass	$ 320,587	$ 268,333	$ 205,175	$ 61,917	$ 42,458	$ 26,244	$ 964,811	$ 48,584	$ 1,938,109
Special mention	13,314	5,650	11,072	32	204	30	30,308	6,184	66,794
Substandard - accrual	1,408	546	68	271	787	831	19,252	17,111	40,274
Substandard - non-accrual	-	-	-	24	-	-	10,785	185	10,994
Doubtful	-	-	-	-	-	-	-	-	-
Total	$ 335,309	$ 274,529	$ 216,315	$ 62,244	$ 43,449	$ 27,105	$ 1,025,156	$ 72,064	$ 2,056,171
Energy									
Pass	$ -	$ 7,075	$ -	$ 174	$ -	$ -	$ 206,384	$ 125	$ 213,758
Special mention	-	-	-	-	-	-	-	-	-
Substandard - accrual	-	-	-	-	-	-	-	-	-
Substandard - non-accrual	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	408	-	408
Total	$ -	$ 7,075	$ -	$ 174	$ -	$ -	$ 206,792	$ 125	$ 214,166
Commercial real estate - owner-occupied									
Pass	$ 41,733	$ 92,985	$ 129,798	$ 62,822	$ 46,925	$ 37,629	$ 89,539	$ 37,584	$ 539,015
Special mention	10,187	7,396	2,746	2,178	798	7,310	-	580	31,195
Substandard - accrual	3,041	-	5,892	1,639	857	71	-	1,528	13,028
Substandard - non-accrual	-	-	204	-	-	-	-	-	204
Doubtful	-	-	-	-	-	-	-	-	-
Total	$ 54,961	$ 100,381	$ 138,640	$ 66,639	$ 48,580	$ 45,010	$ 89,539	$ 39,692	$ 583,442

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	As of September 30, 2023								
	Amortized Cost Basis by Origination Year and Internal Risk Rating						Amortized Cost Basis		
	2023	2022	2021	2020	2019	2018 and Prior	Revolving Loans	Revolving Loans converted to Term Loans	Total
	(Dollars in thousands)								
Commercial real estate - non-owner-occupied									
Pass	$ 392,980	$ 876,727	$ 291,711	$ 162,183	$ 83,502	$ 61,611	$ 561,670	$ 91,198	$ 2,521,582
Special mention	-	19,682	-	114	16,234	4,102	-	32	40,164
Substandard - accrual	10,443	-	7,530	3,625	-	309	-	439	22,346
Substandard - non-accrual	-	-	8,448	144	-	-	-	-	8,592
Doubtful	-	-	-	-	-	-	-	-	-
Total	$ 403,423	$ 896,409	$ 307,689	$ 166,066	$ 99,736	$ 66,022	$ 561,670	$ 91,669	$ 2,592,684
Residential real estate									
Pass	$ 29,272	$ 85,249	$ 84,931	$ 113,631	$ 38,427	$ 64,493	$ 30,418	$ -	$ 446,421
Special mention	-	647	3,540	176	-	-	-	-	4,363
Substandard - accrual	253	-	1,320	3,125	207	-	176	-	5,081
Substandard - non-accrual	-	-	-	-	-	-	-	182	182
Doubtful	-	-	-	-	-	-	-	-	-
Total	$ 29,525	$ 85,896	$ 89,791	$ 116,932	$ 38,634	$ 64,493	$ 30,594	$ 182	$ 456,047
Consumer									
Pass	$ 10,737	$ 6,429	$ 533	$ 69	$ 235	$ 140	$ 25,068	$ -	$ 43,211
Special mention	-	-	-	-	-	6	-	-	6
Substandard - accrual	-	-	-	26	-	-	-	-	26
Substandard - non-accrual	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total	$ 10,737	$ 6,429	$ 533	$ 95	$ 235	$ 146	$ 25,068	$ -	$ 43,243

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	As of September 30, 2023								
	Amortized Cost Basis by Origination Year and Internal Risk Rating						Amortized Cost Basis		
	2023	2022	2021	2020	2019	2018 and Prior	Revolving Loans	Revolving Loans converted to Term Loans	Total
	(Dollars in thousands)								
Total									
Pass	$ 795,309	$ 1,336,798	$ 712,148	$ 400,796	$ 211,547	$ 190,117	$ 1,877,890	$ 177,491	$ 5,702,096
Special mention	23,501	33,375	17,358	2,500	17,236	11,448	30,308	6,796	142,522
Substandard - accrual	15,145	546	14,810	8,686	1,851	1,211	19,428	19,078	80,755
Substandard - non-accrual	-	-	8,652	168	-	-	10,785	367	19,972
Doubtful	-	-	-	-	-	-	408	-	408
Total	$ 833,955	$ 1,370,719	$ 752,968	$ 412,150	$ 230,634	$ 202,776	$ 1,938,819	$ 203,732	$ 5,945,753

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	As of December 31, 2022								
	Amortized Cost Basis by Origination Year and Internal Risk Rating						Amortized Cost Basis		
	2022	**2021**	**2020**	**2019**	**2018**	**2017 and Prior**	**Revolving Loans**	**Revolving Loans converted to Term Loans**	**Total**
	(Dollars in thousands)								
Commercial and industrial									
Pass	$ 465,963	$ 281,166	$ 55,934	$ 50,445	$ 48,595	$ 20,648	$ 890,109	$ 19,089	$ 1,831,949
Special mention	2,531	23,055	14,573	2,951	4,947	86	49,861	41	98,045
Substandard - accrual	290	677	1,647	1,330	740	299	10,805	21,166	36,954
Substandard - non-accrual	-	104	-	6	1,383	-	6,479	-	7,972
Doubtful	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	12	-	-	12
Total	$ 468,784	$ 305,002	$ 72,154	$ 54,732	$ 55,665	$ 21,045	$ 957,254	$ 40,296	$ 1,974,932
Energy									
Pass	$ 7,585	$ 306	$ 228	$ -	$ -	$ -	$ 162,834	$ 171	$ 171,124
Special mention	-	-	-	-	-	-	-	-	-
Substandard - accrual	-	-	-	-	-	-	1,476	-	1,476
Substandard - non-accrual	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	618	-	618
Loss	-	-	-	-	-	-	-	-	-
Total	$ 7,585	$ 306	$ 228	$ -	$ -	$ -	$ 164,928	$ 171	$ 173,218
Commercial real estate - owner-occupied									
Pass	$ 79,695	$ 127,489	$ 56,607	$ 49,620	$ 28,143	$ 20,299	$ 28,814	$ 14,024	$ 404,691
Special mention	17,292	6,603	452	1,330	98	2,486	-	2,469	30,730
Substandard - accrual	-	-	403	-	-	1,295	-	-	1,698
Substandard - non-accrual	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-
Total	$ 96,987	$ 134,092	$ 57,462	$ 50,950	$ 28,241	$ 24,080	$ 28,814	$ 16,493	$ 437,119

	As of December 31, 2022								
	Amortized Cost Basis by Origination Year and Internal Risk Rating						Amortized Cost Basis		
	2022	2021	2020	2019	2018	2017 and Prior	Revolving Loans	Revolving Loans converted to Term Loans	Total
	(Dollars in thousands)								
Commercial real estate - non-owner-occupied									
Pass	$ 827,420	$ 442,176	$ 200,090	$ 101,827	$ 49,834	$ 73,940	$ 458,297	$ 111,322	$ 2,264,906
Special mention	5,931	7,727	114	-	6,460	1,853	2,429	9,852	34,366
Substandard - accrual	10,545	310	607	82	60	253	-	992	12,849
Substandard - non-accrual	-	2,479	-	-	-	-	-	-	2,479
Doubtful	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-
Total	$ 843,896	$ 452,692	$ 200,811	$ 101,909	$ 56,354	$ 76,046	$ 460,726	$ 122,166	$ 2,314,600
Residential real estate									
Pass	$ 77,416	$ 84,158	$ 121,078	$ 45,265	$ 37,395	$ 34,852	$ 31,892	$ -	$ 432,056
Special mention	253	3,272	187	226	-	-	-	-	3,938
Substandard - accrual	34	-	3,148	-	-	-	-	-	3,182
Substandard - non-accrual	-	-	-	-	-	-	-	191	191
Doubtful	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-
Total	$ 77,703	$ 87,430	$ 124,413	$ 45,491	$ 37,395	$ 34,852	$ 31,892	$ 191	$ 439,367
Consumer									
Pass	$ 7,917	$ 1,347	$ 2,611	$ 265	$ 129	$ 6	$ 21,173	$ -	$ 33,448
Special mention	-	-	-	-	8	-	-	-	8
Substandard - accrual	-	-	32	-	5	-	-	-	37
Substandard - non-accrual	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-
Total	$ 7,917	$ 1,347	$ 2,643	$ 265	$ 142	$ 6	$ 21,173	$ -	$ 33,493

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	As of December 31, 2022								
	Amortized Cost Basis by Origination Year and Internal Risk Rating						Amortized Cost Basis		
	2022	**2021**	**2020**	**2019**	**2018**	**2017 and Prior**	**Revolving Loans**	**Revolving Loans converted to Term Loans**	**Total**
	(Dollars in thousands)								
Total									
Pass	$ 1,465,996	$ 936,642	$ 436,548	$ 247,422	$ 164,096	$ 149,745	$ 1,593,119	$ 144,606	$ 5,138,174
Special mention	26,007	40,657	15,326	4,507	11,513	4,425	52,290	12,362	167,087
Substandard - accrual	10,869	987	5,837	1,412	805	1,847	12,281	22,158	56,196
Substandard - non-accrual	-	2,583	-	6	1,383	-	6,479	191	10,642
Doubtful	-	-	-	-	-	-	618	-	618
Loss	-	-	-	-	-	12	-	-	12
Total	$ 1,502,872	$ 980,869	$ 457,711	$ 253,347	$ 177,797	$ 156,029	$ 1,664,787	$ 179,317	$ 5,372,729

Loan Portfolio Aging Analysis

The following tables present the Company's loan portfolio aging analysis as of September 30, 2023 and December 31, 2022:

	As of September 30, 2023								
	Amortized Cost Basis by Origination Year and Past Due Status						Amortized Cost Basis		
	2023	2022	2021	2020	2019	2018 and Prior	Revolving loans	Revolving loans converted to term loans	Total
	(Dollars in thousands)								
Commercial and industrial									
30-59 days	$ 54	$ 18	$ -	$ 24	$ -	$ -	$ 1,488	$ 2,089	$ 3,673
60-89 days	-	-	-	-	593	235	4,360	181	5,369
Greater than 90 days	-	30	76	-	-	-	11,162	13,605	24,873
Total past due	54	48	76	24	593	235	17,010	15,875	33,915
Current	335,255	274,481	216,239	62,220	42,856	26,870	1,008,146	56,189	2,022,256
Total	$ 335,309	$ 274,529	$ 216,315	$ 62,244	$ 43,449	$ 27,105	$ 1,025,156	$ 72,064	$ 2,056,171
Greater than 90 days and accruing	$ -	$ 30	$ 76	$ -	$ -	$ -	$ 543	$ 13,605	$ 14,254
Energy									
30-59 days	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
60-89 days	-	-	-	-	-	-	-	-	-
Greater than 90 days	-	-	-	-	-	-	408	-	408
Total past due	-	-	-	-	-	-	408	-	408
Current	-	7,075	-	174	-	-	206,384	125	213,758
Total	$ -	$ 7,075	$ -	$ 174	$ -	$ -	$ 206,792	$ 125	$ 214,166
Greater than 90 days and accruing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

	As of September 30, 2023								
	Amortized Cost Basis by Origination Year and Past Due Status						Amortized Cost Basis		
	2023	2022	2021	2020	2019	2018 and Prior	Revolving loans	Revolving loans converted to term loans	Total
	(Dollars in thousands)								
Commercial real estate - owner-occupied									
30-59 days	$ -	$ -	$ 5,892	$ -	$ 232	$ -	$ -	$ -	$ 6,124
60-89 days	-	-	-	-	-	-	-	-	-
Greater than 90 days	-	-	204	-	-	-	-	-	204
Total past due	-	-	6,096	-	232	-	-	-	6,328
Current	54,961	100,381	132,544	66,639	48,348	45,010	89,539	39,692	577,114
Total	$ 54,961	$ 100,381	$ 138,640	$ 66,639	$ 48,580	$ 45,010	$ 89,539	$ 39,692	$ 583,442
Greater than 90 days and accruing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial real estate - non-owner-occupied									
30-59 days	$ 4,511	$ 1,775	$ -	$ -	$ -	$ -	$ 249	$ -	$ 6,535
60-89 days	-	-	7,530	144	-	-	-	-	7,674
Greater than 90 days	-	-	6,029	-	-	-	-	-	6,029
Total past due	4,511	1,775	13,559	144	-	-	249	-	20,238
Current	398,912	894,634	294,130	165,922	99,736	66,022	561,421	91,669	2,572,446
Total	$ 403,423	$ 896,409	$ 307,689	$ 166,066	$ 99,736	$ 66,022	$ 561,670	$ 91,669	$ 2,592,684
Greater than 90 days and accruing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Residential real estate									
30-59 days	$ -	$ 14	$ -	$ -	$ -	$ -	$ -	$ -	$ 14
60-89 days	-	-	-	-	-	-	-	-	-
Greater than 90 days	-	-	1,320	-	-	-	176	-	1,496
Total past due	-	14	1,320	-	-	-	176	-	1,510
Current	29,525	85,882	88,471	116,932	38,634	64,493	30,418	182	454,537
Total	$ 29,525	$ 85,896	$ 89,791	$ 116,932	$ 38,634	$ 64,493	$ 30,594	$ 182	$ 456,047
Greater than 90 days and accruing	$ -	$ -	$ 1,320	$ -	$ -	$ -	$ 176	$ -	$ 1,496

	As of September 30, 2023								
	Amortized Cost Basis by Origination Year and Past Due Status						Amortized Cost Basis		
	2023	2022	2021	2020	2019	2018 and Prior	Revolving loans	Revolving loans converted to term loans	Total
	(Dollars in thousands)								
Consumer									
30-59 days	$ -	$ 47	$ 19	$ -	$ -	$ -	$ -	$ -	$ 66
60-89 days	-	2	-	-	-	-	-	-	2
Greater than 90 days	-	-	-	-	-	-	-	-	-
Total past due	-	49	19	-	-	-	-	-	68
Current	10,737	6,380	514	95	235	146	25,068	-	43,175
Total	$ 10,737	$ 6,429	$ 533	$ 95	$ 235	$ 146	$ 25,068	$ -	$ 43,243
Greater than 90 days and accruing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total									
30-59 days	$ 4,565	$ 1,854	$ 5,911	$ 24	$ 232	$ -	$ 1,737	$ 2,089	$ 16,412
60-89 days	-	2	7,530	144	593	235	4,360	181	13,045
Greater than 90 days	-	30	7,629	-	-	-	11,746	13,605	33,010
Total past due	4,565	1,886	21,070	168	825	235	17,843	15,875	62,467
Current	829,390	1,368,833	731,898	411,982	229,809	202,541	1,920,976	187,857	5,883,286
Total	$ 833,955	$ 1,370,719	$ 752,968	$ 412,150	$ 230,634	$ 202,776	$ 1,938,819	$ 203,732	$ 5,945,753
Greater than 90 days and accruing	$ -	$ 30	$ 1,396	$ -	$ -	$ -	$ 719	$ 13,605	$ 15,750

	As of December 31, 2022								
	Amortized Cost Basis by Origination Year and Past Due Status						Amortized Cost Basis		
	2022	2021	2020	2019	2018	2017 and Prior	Revolving loans	Revolving loans converted to term loans	Total
	(Dollars in thousands)								
Commercial and industrial									
30-59 days	$ 20	$ 4,784	$ -	$ -	$ -	$ 1,049	$ 2,814	$ -	$ 8,667
60-89 days	-	55	-	-	-	-	980	430	1,465
Greater than 90 days	-	143	7	6	1,383	12	7,063	-	8,614
Total past due	20	4,982	7	6	1,383	1,061	10,857	430	18,746
Current	468,764	300,020	72,147	54,726	54,282	19,984	946,397	39,866	1,956,186
Total	$ 468,784	$ 305,002	$ 72,154	$ 54,732	$ 55,665	$ 21,045	$ 957,254	$ 40,296	$ 1,974,932
Greater than 90 days and accruing	$ -	$ 39	$ 7	$ -	$ -	$ -	$ 584	$ -	$ 630
Energy									
30-59 days	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
60-89 days	-	-	-	-	-	-	-	-	-
Greater than 90 days	-	-	-	-	-	-	618	-	618
Total past due	-	-	-	-	-	-	618	-	618
Current	7,585	306	228	-	-	-	164,310	171	172,600
Total	$ 7,585	$ 306	$ 228	$ -	$ -	$ -	$ 164,928	$ 171	$ 173,218
Greater than 90 days and accruing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial real estate - owner-occupied									
30-59 days	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
60-89 days	-	-	-	-	-	-	-	-	-
Greater than 90 days	-	-	-	-	-	-	-	-	-
Total past due	-	-	-	-	-	-	-	-	-
Current	96,987	134,092	57,462	50,950	28,241	24,080	28,814	16,493	437,119
Total	$ 96,987	$ 134,092	$ 57,462	$ 50,950	$ 28,241	$ 24,080	$ 28,814	$ 16,493	$ 437,119
Greater than 90 days and accruing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

	As of December 31, 2022								
	Amortized Cost Basis by Origination Year and Past Due Status						Amortized Cost Basis		
	2022	2021	2020	2019	2018	2017 and Prior	Revolving loans	Revolving loans converted to term loans	Total
	(Dollars in thousands)								
Commercial real estate - non-owner-occupied									
30-59 days	$ 4,293	$ -	$ -	$ 1,180	$ -	$ -	$ -	$ -	$ 5,473
60-89 days	-	-	-	-	-	-	-	-	-
Greater than 90 days	-	-	-	-	-	-	-	-	-
Total past due	4,293	-	-	1,180	-	-	-	-	5,473
Current	839,603	452,692	200,811	100,729	56,354	76,046	460,726	122,166	2,309,127
Total	$ 843,896	$ 452,692	$ 200,811	$ 101,909	$ 56,354	$ 76,046	$ 460,726	$ 122,166	$ 2,314,600
Greater than 90 days and accruing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Residential real estate									
30-59 days	$ -	$ 3,867	$ -	$ 10	$ -	$ -	$ 30	$ -	$ 3,907
60-89 days	-	-	-	-	-	-	-	-	-
Greater than 90 days	-	120	-	-	-	-	-	-	120
Total past due	-	3,987	-	10	-	-	30	-	4,027
Current	77,703	83,443	124,413	45,481	37,395	34,852	31,862	191	435,340
Total	$ 77,703	$ 87,430	$ 124,413	$ 45,491	$ 37,395	$ 34,852	$ 31,892	$ 191	$ 439,367
Greater than 90 days and accruing	$ -	$ 120	$ -	$ -	$ -	$ -	$ -	$ -	$ 120
Consumer									
30-59 days	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
60-89 days	-	-	2	-	5	-	-	-	7
Greater than 90 days	-	-	-	-	-	-	-	-	-
Total past due	-	-	2	-	5	-	-	-	7
Current	7,917	1,347	2,641	265	137	6	21,173	-	33,486
Total	$ 7,917	$ 1,347	$ 2,643	$ 265	$ 142	$ 6	$ 21,173	$ -	$ 33,493

	As of December 31, 2022								
	Amortized Cost Basis by Origination Year and Past Due Status						Amortized Cost Basis		
	2022	2021	2020	2019	2018	2017 and Prior	Revolving loans	Revolving loans converted to term loans	Total
	(Dollars in thousands)								
Total									
30-59 days	$ 4,313	$ 8,651	$ -	$ 1,190	$ -	$ 1,049	$ 2,844	$ -	$ 18,047
60-89 days	-	55	2	-	5	-	980	430	1,472
Greater than 90 days	-	263	7	6	1,383	12	7,681	-	9,352
Total past due	4,313	8,969	9	1,196	1,388	1,061	11,505	430	28,871
Current	1,498,559	971,900	457,702	252,151	176,409	154,968	1,653,282	178,887	5,343,858
Total	$ 1,502,872	$ 980,869	$ 457,711	$ 253,347	$ 177,797	$ 156,029	$ 1,664,787	$ 179,317	$ 5,372,729
Greater than 90 days and accruing	$ -	$ 159	$ 7	$ -	$ -	$ -	$ 584	$ -	$ 750

Non-accrual Loan Analysis

Non-accrual loans are loans for which the Company does not record interest income. The accrual of interest on loans is discontinued at the time the loan is 90 days past due unless the credit is well secured and in process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on non-accrual or charged off at an earlier date, if collection of principal or interest is considered doubtful. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. The following tables present the Company's non-accrual loans by loan segments at September 30, 2023 and December 31, 2022:

	As of September 30, 2023									
	Amortized Cost Basis by Origination Year and On Nonaccrual							Amortized Cost Basis		
	2023	2022	2021	2020	2019	2018 and Prior	Revolving loans	Revolving loans converted to term loans	Total Nonaccrual Loans	Nonaccrual Loans with no related Allowance
	(Dollars in thousands)									
Commercial and industrial	$ -	$ -	$ 8	$ 24	$ -	$ -	$ 10,777	$ 185	$ 10,994	$ 6,720
Energy	-	-	-	-	-	-	408	-	408	408
Commercial real estate - owner-occupied	-	-	204	-	-	-	-	-	204	204
Commercial real estate - non-owner-occupied	-	-	8,448	144	-	-	-	-	8,592	8,592
Residential real estate	-	-	-	-	-	-	-	182	182	182
Consumer	-	-	-	-	-	-	-	-	-	-
Total	$ -	$ -	$ 8,660	$ 168	$ -	$ -	$ 11,185	$ 367	$ 20,380	$ 16,106

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	As of December 31, 2022									
	Amortized Cost Basis by Origination Year and On Non-accrual							Amortized Cost Basis		
	2022	2021	2020	2019	2018	2017 and Prior	Revolving loans	Revolving loans converted to term loans	Total Nonaccrual Loans	Nonaccrual Loans with no related Allowance
	(Dollars in thousands)									
Commercial and industrial	$ -	$ 104	$ -	$ 6	$ 1,383	$ 12	$ 6,479	$ -	$ 7,984	$ 7,984
Energy	-	-	-	-	-	-	618	-	618	618
Commercial real estate - owner-occupied	-	-	-	-	-	-	-	-	-	-
Commercial real estate - non-owner-occupied	-	2,479	-	-	-	-	-	-	2,479	2,479
Residential real estate	-	-	-	-	-	-	-	191	191	191
Consumer	-	-	-	-	-	-	-	-	-	-
Total	$ -	$ 2,583	$ -	$ 6	$ 1,383	$ 12	$ 7,097	$ 191	$ 11,272	$ 11,272

We recognized no interest income on non-accrual loans during the three- and nine-months ended September 30, 2023. For the three-and nine-months ended September 30, 2022, the interest income recognized on non-accrual loans was $0.9 million and $1.3 million, respectively.

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Allowance for Credit Losses

The following table presents the activity in the allowance for credit losses and allowance for credit losses on off-balance sheet credit exposures by portfolio segment for the three-months ended September 30, 2023:

	For the Three Months Ended September 30, 2023						
	Commercial and Industrial	Energy	Commercial Real Estate - Owner-occupied	Commercial Real Estate - Non-owner-occupied	Residential Real Estate	Consumer	Total
	(Dollars in thousands)						
Allowance for Credit Losses:							
Beginning balance	$ 28,929	$ 4,914	$ 6,361	$ 23,981	$ 3,268	$ 114	$ 67,567
PCD allowance for credit loss at acquisition	51	-	61	217	-	-	329
Charge-offs	(1,418)	-	-	-	-	-	(1,418)
Recoveries	147	2	-	-	-	-	149
Provision (release)	2,977	(573)	678	775	187	(15)	4,029
Day 1 CECL provision expense	58	-	194	643	5	-	900
Ending balance	$ 30,744	$ 4,343	$ 7,294	$ 25,616	$ 3,460	$ 99	$ 71,556
Allowance for Credit Losses on Off-Balance Sheet Credit Exposures:							
Beginning balance	$ 449	$ 496	$ 205	$ 6,496	$ 67	$ -	$ 7,713
Provision (release)	(264)	(322)	59	(1,070)	(3)	-	(1,600)
Ending balance	$ 185	$ 174	$ 264	$ 5,426	$ 64	$ -	$ 6,113

The ACL increased $4.0 million during the quarter and included provision of $4.0 million due to changes in credit quality, economic factors, an increase in specific reserves and loan growth. Net charge-offs totaled $1.3 million, primarily due to one commercial and industrial loan that was previously reserved. The quarter also included $0.3 million for reserves on PCD loans and $0.9 million of Day 1 CECL provision expense on non-PCD loans related to the Tucson acquisition. The reserve on unfunded commitments decreased $1.6 million due to a decrease in unfunded commitments in the quarter.

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	For the Nine Months Ended September 30, 2023						
	Commercial and Industrial	Energy	Commercial Real Estate - Owner-occupied	Commercial Real Estate - Non-owner-occupied	Residential Real Estate	Consumer	Total
	(Dollars in thousands)						
Allowance for Credit Losses:							
Beginning balance	$ 26,803	$ 4,396	$ 5,214	$ 21,880	$ 3,333	$ 149	$ 61,775
PCD allowance for credit loss at acquisition	51	-	61	217	-	-	329
Charge-offs	(3,798)	-	-	-	-	(5)	(3,803)
Recoveries	151	139	-	-	-	-	290
Provision (release)	7,479	(192)	1,825	2,876	122	(45)	12,065
Day 1 CECL provision expense	58	-	194	643	5	-	900
Ending balance	$ 30,744	$ 4,343	$ 7,294	$ 25,616	$ 3,460	$ 99	$ 71,556
Allowance for Credit Losses on Off-Balance Sheet Credit Exposures:							
Beginning balance	$ 319	$ 787	$ 221	$ 7,323	$ 35	$ 3	$ 8,688
Provision (release)	(134)	(613)	43	(1,897)	29	(3)	(2,575)
Ending balance	$ 185	$ 174	$ 264	$ 5,426	$ 64	$ -	$ 6,113

The ACL increased $9.8 million during the nine-months ended September 30, 2023 and included $12.1 million of provision due to loan growth, changes in credit quality, economic factors and an increase in specific reserves. Net charge-offs were $3.5 million, primarily due to four commercial and industrial loans. The year-to-date increase also included increases of $0.3 million for reserves on PCD loans and $0.9 million of Day 1 CECL provision expense as noted above. The reserve on unfunded commitments decreased $2.6 million due to a decrease in unfunded commitments.

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The following tables presents the Company's gross charge-offs by year of origination for the three- and nine-months ended September 30, 2023:

For the Quarter Ended September 30, 2023

	Gross Charge-offs by Origination Year						Gross Charge-offs		
	2023	2022	2021	2020	2019	2018 and Prior	Revolving loans	Revolving loans converted to term loans	Gross Charge-offs
	(Dollars in thousands)								
Commercial and industrial	$ 6	$ 7	$ -	$ -	$ -	$ -	$ 1,262	$ 143	$ 1,418
Energy	-	-	-	-	-	-	-	-	-
Commercial real estate - owner-occupied	-	-	-	-	-	-	-	-	-
Commercial real estate - non-owner-occupied	-	-	-	-	-	-	-	-	-
Residential real estate	-	-	-	-	-	-	-	-	-
Consumer	-	-	-	-	-	-	-	-	-
Total	$ 6	$ 7	$ -	$ -	$ -	$ -	$ 1,262	$ 143	$ 1,418

For the Nine Months Ended September 30, 2023

	Gross Charge-offs by Origination Year						Gross Charge-offs		
	2023	2022	2021	2020	2019	2018 and Prior	Revolving loans	Revolving loans converted to term loans	Gross Charge-offs
	(Dollars in thousands)								
Commercial and industrial	$ 581	$ 7	$ 72	$ -	$ -	$ 1,358	$ 1,262	$ 518	$ 3,798
Energy	-	-	-	-	-	-	-	-	-
Commercial real estate - owner-occupied	-	-	-	-	-	-	-	-	-
Commercial real estate - non-owner-occupied	-	-	-	-	-	-	-	-	-
Residential real estate	-	-	-	-	-	-	-	-	-
Consumer	-	-	-	-	-	5	-	-	5
Total	$ 581	$ 7	$ 72	$ -	$ -	$ 1,363	$ 1,262	$ 518	$ 3,803

Collateral Dependent Loans:

Collateral dependent loans are loans for which the repayment is expected to be provided substantially through the operation or sale of the collateral and the borrower is experiencing financial difficulty. The following table presents the amortized cost basis of loans considered collateral dependent by loan segment and collateral type as of September 30, 2023 and December 31, 2022:

As of September 30, 2023

Loan Segment and Collateral Description	Amortized Cost of Collateral Dependent Loans	Related Allowance for Credit Losses	Amortized Cost of Collateral Dependent Loans with no related Allowance
		(Dollars in thousands)	
Commercial and industrial			
All business assets	$ 11,010	$ 2,149	$ 6,712
Energy			
Oil and natural gas properties	408	-	408
Commercial real estate - owner-occupied			
Commercial real estate properties	204	-	204
Commercial real estate - non-owner-occupied			
Commercial real estate properties	6,029	-	6,029
Residential real estate			
Residential real estate properties	-	-	-
Consumer			
Vehicles & other personal assets	-	-	-
	$ 17,651	$ 2,149	$ 13,353

As of December 31, 2022

Loan Segment and Collateral Description	Amortized Cost of Collateral Dependent Loans	Related Allowance for Credit Losses	Amortized Cost of Collateral Dependent Loans with no related Allowance
		(Dollars in thousands)	
Commercial and industrial			
All business assets	$ 7,981	$ -	$ 7,981
Energy			
Oil and natural gas properties	618	-	618
Commercial real estate - owner-occupied			
Commercial real estate properties	-	-	-
Commercial real estate - non-owner-occupied			
Commercial real estate properties	92	-	92
Residential real estate			
Residential real estate properties	-	-	-
Consumer			
Vehicles & other personal assets	39	22	-
	$ 8,728	$ 22	$ 8,689

Loan Modifications

The Company considers loans to borrowers experiencing financial difficulties to be troubled loans. Effective January 1, 2023, the Company adopted ASU 2022-02, which eliminates the accounting guidance for troubled debt restructurings ("TDRs") and requires an entity evaluate whether loan modifications represent a new loan or a continuation of an existing loan. Such troubled debt modifications ("TDMs") may include principal forgiveness, interest rate reductions, other-than-insignificant-payment delays, term extensions or any combination thereof. The Company adopted this accounting standard on a prospective basis.

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During the three- and nine-months ended September 30, 2023, the Company modified four and six loans, respectively, with an amortized cost basis at September 30, 2023 of $9.2 million to facilitate repayment that are considered TDMs. The following table presents, by loan segment, the amortized cost basis as of the date shown for modified loans to borrowers experiencing financial difficulty:

	September 30, 2023		
	Term Extension		
	Amortized Cost Basis		% of Loan Class
	(Dollars in thousands)		
Commercial and industrial	$	4,674	0.2 %
Commercial real estate - owner-occupied		4,569	1.0
Total Loans	$	9,243	

The following schedule presents the payment status by loan class, as of September 30, 2023, of the amortized cost basis of loans that have been modified since January 1, 2023:

	September 30, 2023	
	Current	
	(Dollars in thousands)	
Commercial and industrial	$	4,674
Commercial real estate - owner-occupied		4,569
Total Loans	$	9,243

The Company had no TDMs that were modified and had defaulted on their modified terms during the nine-months ended September 30, 2023. For purposes of this disclosure, the Company considers "default" to mean 90 days or more past due on principal or interest. The allowance for credit losses related to TDMs on non-accrual status is determined by individual evaluation, including collateral adequacy, using the same process as loans on non-accrual status which are not classified as TDMs.

The following schedule presents the financial effect of the modifications made to borrowers experiencing financial difficulty as of September 30, 2023:

	September 30, 2023
	Financial Effect
	Term Extension
Commercial and industrial	Added a weighted average 1.2 years to the life of loan, which reduced monthly payment amounts
Commercial real estate - owner-occupied	Added a weighted average 0.5 years to the life of loan, which reduced monthly payment amounts

Troubled Debt Restructurings

Prior to the adoption of ASU 2022-02, TDRs were extended to borrowers who were experiencing financial difficulty and who had been granted a concession, excluding loan modifications as a result of the COVID-19 pandemic. The modification of terms typically included the extension of maturity, reduction or deferment of monthly payment, or reduction of the stated interest rate.

The outstanding balance of TDRs recognized prior to the adoption of ASU 2022-02 was $28.2 million and $30.5 million as of September 30, 2023 and December 31, 2022, respectively.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

The Company estimates expected credit losses for off-balance sheet credit exposures unless the obligation is unconditionally cancelable by the Company. The ACL on off-balance sheet credit exposures is adjusted as a provision (release) for credit loss expense.

The estimate is calculated for each loan segment and includes consideration of the likelihood that funding will occur and an estimate of the expected credit losses on commitments expected to be funded over its estimated life. For each pool of contractual obligations expected to be funded, the Company uses the reserve rate established for the related loan pools. The $6 million and $6 million allowance for credit losses on off-balance sheet credit exposures at September 30, 2023 and December 31, 2022, respectively, are included in "interest payable and other liabilities" on the statements of financial condition.

The following categories of off-balance sheet credit exposures have been identified:

Loan commitments – include revolving lines of credit, non-revolving lines of credit, and loans approved that are not yet funded. Risks inherent to revolving lines of credit often are related to the susceptibility of an individual or business experiencing unpredictable cash flow or financial troubles, thus leading to payment default. The primary risk associated with non-revolving lines of credit is the diversion of funds for other expenditures.

Letters of credit – are primarily established to provide assurance to the beneficiary that the applicant will perform certain obligations arising out of a separate transaction between the beneficiary and applicant. If the obligation is not met, it gives the beneficiary the right to draw on the letter of credit.

Note 5:
Leases

The Company's leases primarily include bank branches located in Kansas City, Missouri; Tulsa, Oklahoma; Dallas, Texas; Frisco, Texas; Phoenix, Arizona; Denver, Colorado and Colorado Springs, Colorado. The remaining lease terms on these branch leases range from less than one year to eighteen years with certain options to renew. Renewal terms can extend the lease term between five and twenty years. The exercise of lease renewal options is at the Company's sole discretion. When it is reasonably certain that the Company will exercise its option to renew or extend the lease term, that option is included in the estimated value of the right of use ("ROU") asset and lease liability. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. As of September 30, 2023, the Company recognized one finance lease and the remaining Company leases are classified as operating leases.

The ROU asset is included in "other assets" on the consolidated statements of financial condition, and was $28 million and $31 million at September 30, 2023 and December 31, 2022, respectively. Certain adjustments to the ROU asset may be required for items such as initial direct costs paid or incentives received. The lease liability is located in "Interest payable and other liabilities" on the consolidated statements of financial condition and was $31 million and $34 million at September 30, 2023 and December 31, 2022, respectively.

As of September 30, 2023, the remaining weighted-average lease term is 11.2 years, and the weighted-average discount rate was 2.56% utilizing the Company's incremental Federal Home Loan Bank ("FHLB") borrowing rate for borrowings of a similar term at the date of lease commencement.

The following table presents components of operating lease expense in the accompanying consolidated statements of operations for the three- and nine-month periods ended September 30, 2023 and 2022:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in thousands)			
Finance lease amortization of right-of-use asset	$ 71	$ 69	$ 212	$ 161
Finance lease interest on lease liability	67	69	204	115
Operating lease expense	726	603	2,189	1,932
Variable lease expense	487	297	1,368	855
Short-term lease expense	5	5	15	15
Total lease expense	$ 1,356	$ 1,043	$ 3,988	$ 3,078

Future minimum commitments due under these lease agreements as of September 30, 2023 are as follows:

	Operating Leases	Finance Lease
	(Dollars in thousands)	
Remainder of 2023	$ 1,292	$ 122
2024	3,289	490
2025	3,309	490
2026	3,350	490
2027	3,340	528
Thereafter	12,619	8,296
Total lease payments	$ 27,199	$ 10,416
Less imputed interest	3,490	2,959
Total	$ 23,709	$ 7,457

Supplemental cash flow information – Operating cash flows paid for operating lease amounts included in the measurement of lease liabilities were $2.7 million and $2.2 million for the nine-months ended September 30, 2023 and 2022, respectively. Operating cash flows paid for finance lease amounts included in the measurement of lease liabilities was $0.4 million and $0.2 million for the nine-months ended September 30, 2023 and 2022, respectively. During the nine-months ended September 30, 2023, the Company recorded ROU assets that were exchanged for operating lease liabilities.

Note 6: Goodwill and Core Deposit Intangible

In connection with the Tucson acquisition, the Company recorded goodwill of $1.3 million during the three-months ended September 30, 2023. Goodwill is measured as the excess of the fair value of consideration paid over the fair value of net assets acquired. In accordance with GAAP, the Company performs annual tests to identify impairment of goodwill and more frequently if events or circumstances indicate a potential impairment may exist. No goodwill impairment was recorded during the nine-months ended September 30, 2023.

The Company recorded a core deposit intangible ("CDI") of $4.5 million during the three-months ended September 30, 2023 as part of the Tucson acquisition. The Company is amortizing the CDIs from the Colorado/New Mexico acquisition and the Tucson acquisition over their estimated useful lives of approximately 10 years using the sum of the years' digits accelerated method. The Company recognized core deposit intangible amortization expense of $0.9 million and $2.5 million for the three- and nine-month periods ended September 30, 2023, respectively.

The gross carrying amount of goodwill and the gross carrying amount and accumulated amortization of the CDI at September 30, 2023 and December 31, 2022 were:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(Dollars in thousands)		
September 30, 2023			
Goodwill	$ 14,135	$ -	$ 14,135
Core deposit intangible	21,938	3,780	18,158
Total goodwill and intangible assets	$ 36,073	$ 3,780	$ 32,293
December 31, 2022			
Goodwill	$ 12,836	$ -	$ 12,836
Core deposit intangible	17,479	1,234	16,245
Total goodwill and intangible assets	$ 30,315	$ 1,234	$ 29,081

The following table shows the estimated future amortization expense for the CDI as of September 30, 2023:

Years ending December 31,	Amount (Dollars in thousands)
For the three months ending December 31, 2023	$ 958
For the year ending December 31, 2024	3,569
For the year ending December 31, 2025	3,155
For the year ending December 31, 2026	2,739
For the year ending December 31, 2027	2,325

Note 7: Derivatives and Hedging

The Company is exposed to certain risks arising from both its business operations and economic conditions, including interest rate, liquidity, and credit risk. The Company uses derivative financial instruments as part of its risk management activities to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates.

Cash Flow Hedges of Interest Rate Risk

The Company uses interest rate derivatives to add stability to interest income and expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company uses interest rate swaps and collars as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Interest rate collars designated as cash flow hedges involve payments of variable-rate amounts if interest rates rise above the cap strike rate on the contract and the receipt of variable-rate amounts if interest rates fall below the floor strike rate on the contract. During 2023, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt and loan assets. Previously, five swaps that were entered into in 2021 were terminated during the third quarter of 2022; however, the amortization of the gains on these instruments began in 2023 based on the original effective dates of these swaps. Derivatives designated and that qualify as cash flow hedges included five instruments with a notional amount of $340 million and one instrument with a notional amount of $250 million at September 30, 2023 and December 31, 2022, respectively.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in Accumulated Other Comprehensive Income (Loss) ("AOCI") and subsequently reclassified into interest income or expense in the same period(s) during which the hedged transaction affects earnings. Amounts reported in AOCI related to derivatives will be reclassified to interest income and expense as interest payments are received and made on the Company's variable-rate assets and debt. The Company currently estimates that $2.7 million will be reclassified as a decrease to net interest income during the next twelve months.

The Company is hedging its exposure to the variability in future cash flows for forecasted transactions over a maximum period of 5.6 years.

Non-designated Hedges

Derivatives not designated as hedges are not speculative and result from a service provided to clients. The Company executes interest rate swaps with customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously hedged by offsetting derivatives that the Company executes with a third-party, such that the Company minimizes its net risk exposure resulting from such transactions. Interest rate derivatives associated with this program do not meet the strict hedge accounting requirements and changes in the fair value of both the customer derivatives and the offsetting derivatives are recognized directly in earnings.

Swap fees earned upon origination and credit valuation adjustments that represent the risk of a counterparty's default are reported on the statements of operations as swap fee income, net. The effect of the Company's derivative financial instruments gains (loss) is reported on the statements of cash flows within "other assets" and "other liabilities".

These 44 and 49 swaps had an aggregate notional amount of $350 million and $421 million at September 30, 2023 and December 31, 2022, respectively.

Fair Values of Derivative Instruments on the Consolidated Statements of Financial Condition

The table below presents the fair value of the Company's derivative financial instruments and their classification on the consolidated statements of financial condition as of September 30, 2023 and December 31, 2022:

	Asset Derivatives			**Liability Derivatives**		
	Statement of Financial Condition Location	**September 30, 2023**	**December 31, 2022**	**Statement of Financial Condition Location**	**September 30, 2023**	**December 31, 2022**
			(Dollars in thousands)			
Interest rate products:						
Derivatives designated as hedging instruments	Other assets and Interest receivable	$ 217	$ -	Interest payable and other liabilities	$ 10,035	$ 5,403
Derivatives not designated as hedging instruments	Other assets and Interest receivable	12,468	11,038	Interest payable and other liabilities	12,473	11,039
Total		$ 12,685	$ 11,038		$ 22,508	$ 16,442

The table below presents the effect of cash flow hedge accounting on Accumulated Other Comprehensive Income (Loss) for the three- and nine-months ended September 30, 2023 and 2022.

	Location of Gain or (Loss) Recognized from Accumulated Other Comprehensive Income into Earnings	**Gain or (Loss) Recognized in OCI on Derivative**	**Gain or (Loss) Recognized in OCI Included Component**	**Gain or (Loss) Recognized in OCI Excluded Component**	**Gain or (Loss) Reclassified from Accumulated OCI into Earnings**	**Gain or (Loss) Reclassified from Accumulated OCI into Earnings Included Component**	**Gain or (Loss) Reclassified from Accumulated OCI into Earnings Excluded Component**
				(Dollars in thousands)			
For the Three Months Ended September 30, 2023							
Derivatives in Cash Flow Hedging Relationships:							
Interest Rate Products	Interest Income	$ (2,333)	$ (2,333)	$ -	$ -	$ -	$ -
Interest Rate Products	Interest Expense	44	44	-	93	93	-
Total		$ (2,289)	$ (2,289)	$ -	$ 93	$ 93	$ -
For the Three Months Ended September 30, 2022							
Derivatives in Cash Flow Hedging Relationships:							
Interest Rate Products	Interest Income	$ (6,891)	$ (6,891)	$ -	$ -	$ -	$ -
Interest Rate Products	Interest Expense	(185)	(185)	-	-	-	-
Total		$ (7,076)	$ (7,076)	$ -	$ -	$ -	$ -

	Location of Gain or (Loss) Recognized from Accumulated Other Comprehensive Income into Earnings	Gain or (Loss) Recognized in OCI on Derivative	Gain or (Loss) Recognized in OCI Included Component	Gain or (Loss) Recognized in OCI Excluded Component	Gain or (Loss) Reclassified from Accumulated OCI into Earnings	Gain or (Loss) Reclassified from Accumulated OCI into Earnings Included Component	Gain or (Loss) Reclassified from Accumulated OCI into Earnings Excluded Component
				(Dollars in thousands)			
For the Nine Months Ended September 30, 2023							
Derivatives in Cash Flow Hedging Relationships:							
Interest Rate Products	Interest Income	$ (4,632)	$ (4,632)	$ -	$ -	$ -	$ -
Interest Rate Products	Interest Expense	251	251	-	102	102	-
Total		$ (4,381)	$ (4,381)	$ -	$ 102	$ 102	$ -
For the Nine Months Ended September 30, 2022							
Derivatives in Cash Flow Hedging Relationships:							
Interest Rate Products	Interest Income	$ (6,891)	$ (6,891)	$ -	$ -	$ -	$ -
Interest Rate Products	Interest Expense	3,855	3,855	-	-	-	-
Total		$ (3,036)	$ (3,036)	$ -	$ -	$ -	$ -

As of September 30, 2023 and December 31, 2022, the Company had minimum collateral thresholds with counterparties certain of its derivatives and has received collateral of $2.2 million and $4.9 million, respectively.

Note 8: Time Deposits and Borrowings

The scheduled maturities, excluding interest, of the Company's borrowings at September 30, 2023 were as follows:

	September 30, 2023						
	Within One Year	One to Two Years	Two to Three Years	Three to Four Years	Four to Five Years	After Five Years	Total
				(Dollars in thousands)			
Time deposits	$ 1,612,087	$ 126,478	$ 1,795	$ 2,833	$ 460	$ -	$ 1,743,653
Fed funds purchased & repurchase agreements	1,555	-	-	-	-	-	1,555
FHLB borrowings	2,172	11,359	-	7,500	52,500	15,000	88,531
Line of credit	-	7,500	-	-	-	-	7,500
SBA secured borrowing	-	-	-	-	-	7,901	7,901
Trust preferred securities[1]	-	-	-	-	-	1,103	1,103
	$ 1,615,814	$ 145,337	$ 1,795	$ 10,333	$ 52,960	$ 24,004	$ 1,850,243

[1] The contract value of the trust preferred securities is $2.6 million and is currently being accreted to the maturity date of 2035.

Note 9: Change in Accumulated Other Comprehensive Income (Loss)

Amounts reclassified from AOCI and the affected line items in the consolidated statements of operations during the three- and nine-month periods ended September 30, 2023 and 2022, were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,		Affected Line Item in the Statements of Operations
	2023	2022	2023	2022	
	(Dollars in thousands)				
Realized (losses) gains on available-for-sale securities	$ (60)	$ (4)	$ 3	$ (43)	Other non-interest income
Less: tax (benefit) expense effect	(14)	(1)	1	(11)	Income tax expense
Realized (losses) gains on available-for-sale securities, net of income tax	(46)	(3)	2	(32)	
Interest income on cash flow hedges	$ 93	$ -	$ 102	$ -	Interest expense - Deposits
Less: tax expense effect	22	-	24	-	Income tax expense
Interest income on cash flow hedges, net of tax	$ 71	$ -	$ 78	$ -	
Total reclassified amount	$ 25	$ (3)	$ 80	$ (32)	

Note 10: Regulatory Matters

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Management believes that, as of September 30, 2023, the Company and the Bank met all capital adequacy requirements to which they are subject.

The capital rules require the Company to maintain a 2.5% capital conservation buffer with respect to Common Equity Tier I capital, Tier I capital to risk-weighted assets, and total capital to risk-weighted assets, which is included in the column "Required to be Considered Adequately Capitalized" within the table below. A financial institution with a conservation buffer of less than the required amount is subject to limitations on capital distributions, including dividend payments and stock repurchases, as well as certain discretionary bonus payments to executive officers.

The Company and the Bank opted to exclude AOCI from the regulatory capital calculations. As a result, changes in AOCI, net of tax, do not impact the Company's or Bank's regulatory capital ratios.

The Company's and the Bank's actual capital amounts and ratios as of September 30, 2023 and December 31, 2022 are presented in the following table:

	Actual		Required to be Considered Well Capitalized		Required to be Considered Adequately Capitalized [1]	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in thousands)			
September 30, 2023						
Total Capital to Risk-Weighted Assets						
Consolidated	$ 783,978	10.9%	N/A	N/A	$ 755,561	10.5%
Bank	786,328	10.9	$ 719,146	10.0%	755,104	10.5
Tier I Capital to Risk-Weighted Assets						
Consolidated	706,889	9.8	N/A	N/A	611,645	8.5
Bank	709,239	9.9	545,317	8.0	611,274	8.5
Common Equity Tier 1 to Risk-Weighted Assets						
Consolidated	698,036	9.7	N/A	N/A	503,708	7.0
Bank	709,239	9.9	467,445	6.5	503,402	7.0
Tier I Capital to Average Assets						
Consolidated	706,889	9.9	N/A	N/A	286,589	4.0
Bank	$ 709,239	9.9%	$ 358,262	5.0%	$ 286,610	4.0%
December 31, 2022						
Total Capital to Risk-Weighted Assets						
Consolidated	$ 715,416	10.5%	N/A	N/A	$ 714,162	10.5%
Bank	714,300	10.5	$ 679,793	10.0%	713,783	10.5
Tier I Capital to Risk-Weighted Assets						
Consolidated	644,953	9.5	N/A	N/A	578,131	8.5
Bank	643,837	9.5	543,835	8.0	577,824	8.5
Common Equity Tier 1 to Risk-Weighted Assets						
Consolidated	643,892	9.5	N/A	N/A	476,108	7.0
Bank	643,837	9.5	441,866	6.5	475,855	7.0
Tier I Capital to Average Assets						
Consolidated	644,953	10.3	N/A	N/A	249,270	4.0
Bank	$ 643,837	10.3%	$ 311,623	5.0%	$ 249,299	4.0%

[1] Represents the minimum capital required for capital adequacy under Basel III. Includes capital conservation buffer of 2.5%.

Note 11: Stock-Based Compensation

The Company issues stock-based compensation in the form of non-vested restricted stock, restricted stock units and stock appreciation rights under the 2018 Omnibus Equity Incentive Plan (as amended, the "Omnibus Plan"). The Omnibus Plan will expire on the tenth anniversary of its effective date. In addition, the Company has an Employee Stock Purchase Plan. The aggregate number of shares authorized for future issuance under the Omnibus Plan is 1,328,538 shares as of September 30, 2023.

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The table below summarizes the stock-based compensation for the three- and nine-months-ended September 30, 2023 and 2022:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in thousands)			
Stock appreciation rights	$ 27	$ 75	$ 168	$ 262
Performance-based stock awards	305	200	839	611
Restricted stock units and awards	807	763	2,575	2,336
Employee stock purchase plan	69	31	129	95
Total stock-based compensation	$ 1,208	$ 1,069	$ 3,711	$ 3,304

Performance-Based Restricted Stock Units

The Company awards performance-based restricted stock units (“PBRSUs”) to key officers of the Company. The PBRSUs typically cliff-vest at the end of three years based on attainment of certain performance metrics developed by the Compensation Committee. The ultimate number of shares issuable under each performance award is the product of the award target and the award payout percentage given the level of achievement. The award payout percentages by level of achievement range between 0% of target and 150% of target.

During the nine-month period ended September 30, 2023, the Company granted 128,005 PBRSUs. The performance metrics include three-year cumulative earnings per share and relative total shareholder return.

The following table summarizes the status of and changes in the PBRSUs:

	Performance-Based Restricted Stock Unit Awards	
	Number of Shares	Weighted-Average Grant-Date Fair Value
Unvested, January 1, 2023	134,286	$ 14.52
Granted	128,005	14.13
Vested	(20,736)	13.55
Forfeited	(7,227)	14.90
Unvested, September 30, 2023	234,328	$ 14.38

Unrecognized stock-based compensation related to the performance awards issued through September 30, 2023 was $2.1 million and is expected to be recognized over 2.1 years.

Restricted Stock Units and Restricted Stock Awards

The Company issues time-based restricted stock units (“RSUs”) and restricted stock awards (“RSAs”) to key officers, employees, and non-employee directors to provide incentives. Awards are typically granted annually as determined by the Compensation Committee. The service-based RSUs typically vest in equal amounts over three years. The service-based RSAs typically cliff-vest after one year.

The following table summarizes the status of and changes in the RSUs and RSAs:

	Restricted Stock Units and Awards	
	Number of Shares	Weighted-Average Grant-Date Fair Value
Unvested, January 1, 2023	416,980	$ 14.13
Granted	333,979	13.20
Vested	(226,721)	13.60
Forfeited	(44,620)	14.33
Unvested, September 30, 2023	479,618	$ 13.62

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Unrecognized stock-based compensation related to the RSUs and RSAs issued through September 30, 2023 was $4.8 million and is expected to be recognized over 1.9 years.

Note 12: Stock Warrants

The Company had 80,000 outstanding, fully vested warrants to purchase common stock at a strike price of $5.00 per share as of December 31, 2022. During the nine-month period ended September 30, 2023, the remaining 80,000 fully vested warrants were exercised and cash settled resulting in a reduction to additional paid in capital of $0.4 million. There were no outstanding warrants as of September 30, 2023.

Note 13: Stockholders' Equity

The following table presents the computation of basic and diluted earnings per common share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in thousands except per share data)			
Earnings per Common Share				
Net Income	$ 16,863	$ 17,280	$ 49,018	$ 49,653
Less: preferred stock dividends	155	-	258	-
Net income available to common stockholders	$ 16,708	$ 17,280	$ 48,760	$ 49,653
Weighted average common shares	49,214,653	49,266,811	48,867,144	49,755,184
Earnings per common share	$ 0.34	$ 0.35	$ 1.00	$ 1.00
Diluted Earnings per Common Share				
Net Income	$ 16,863	$ 17,280	$ 49,018	$ 49,653
Less: preferred stock dividends	155	-	258	-
Net income available to common stockholders	$ 16,708	$ 17,280	$ 48,760	$ 49,653
Weighted average common shares	49,214,653	49,266,811	48,867,144	49,755,184
Effect of dilutive shares	265,454	454,682	317,666	525,409
Weighted average dilutive common shares	49,480,107	49,721,493	49,184,810	50,280,593
Diluted earnings per common share	$ 0.34	$ 0.35	$ 0.99	$ 0.99
Stock-based awards not included because to do so would be antidilutive	881,351	529,336	914,519	334,725

Dividends of $155 thousand and $258 thousand related to the Series A Non-Cumulative Perpetual Preferred Stock were declared and paid during the three- and nine-months ended September 30, 2023, respectively. In October 2023, the Board of Directors declared a quarterly dividend on Series A Non-Cumulative Perpetual Preferred Stock in the amount of $20.00 per share to be payable on December 15, 2023 to shareholders of record as of November 30, 2023

Note 14: Disclosures about Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs supported by little or no market activity and significant to the fair value of the assets or liabilities.

Recurring Measurements

The following list presents the assets and liabilities recognized in the accompanying consolidated statements of financial condition measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2023 and December 31, 2022:

	Fair Value Description	Valuation Hierarchy Level	Where Fair Value Balance Can Be Found
Available-for-Sale Securities	Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows.	Level 2	Note 3: Securities
Derivatives	Fair value of the interest rate swaps is obtained from independent pricing services based on quoted market prices for similar derivative contracts.	Level 2	Note 7: Derivatives and Hedging

Non-recurring Measurements

The following tables present assets measured at fair value on a non-recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2023 and December 31, 2022:

		September 30, 2023 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
		(Dollars in thousands)		
Collateral-dependent loans	$ 17,651	$ -	$ -	$ 17,651

		December 31, 2022 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
		(Dollars in thousands)		
Collateral-dependent impaired loans	$ 8,728	$ -	$ -	$ 8,728
Foreclosed assets held-for-sale	$ 1,745	$ -	$ -	$ 1,745

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a non-recurring basis and recognized in the accompanying consolidated statements of financial condition.

Collateral-Dependent Loans, Net of ACL

The estimated fair value of collateral-dependent loans is based on the appraised fair value of the collateral, less estimated cost to sell. If the fair value of the collateral is below the loan's amortized cost, the ACL is netted against the loan balance. Collateral-dependent loans are classified within Level 3 of the fair value hierarchy.

The Company considers the appraisal or evaluation as the starting point for determining fair value and then considers other factors and events in the environment that may affect the fair value. Appraisals of the collateral underlying collateral dependent loans are obtained when the loan is determined to be collateral dependent and subsequently as deemed necessary by the Office of the Chief Credit Officer.

Appraisals are reviewed for accuracy and consistency by management. Appraisers are selected from the list of approved appraisers maintained by management. The appraised values are reduced by discounts to consider lack of marketability and estimated cost to sell if repayment or satisfaction of the loan is dependent on the sale of the collateral. These discounts and estimates are developed by the Office of the Chief Credit Officer by comparison to historical results.

Foreclosed Assets Held-for-Sale

The fair value of foreclosed assets-held-for-sale is based on the appraised fair value of the collateral, less estimated cost to sell.

Unobservable (Level 3) Inputs

The following tables present quantitative information about unobservable inputs used in non-recurring Level 3 fair value measurements at September 30, 2023 and December 31, 2022:

	September 30, 2023			
	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted Average)
	(Dollars in thousands)			
Collateral dependent loans	$ 17,651	Market comparable properties	Marketability discount	0% - 50% (17)%

	December 31, 2022			
	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted Average)
	(Dollars in thousands)			
Collateral dependent loans	$ 8,728	Market comparable properties	Marketability discount	0% - 100% (13)%
Foreclosed assets held-for-sale	$ 1,745	Market comparable properties	Marketability discount	10% (10)%

The following tables present the estimated fair values of the Company’s financial instruments at September 30, 2023 and December 31, 2022

	September 30, 2023			
	Carrying Amount	Fair Value Measurements		
		Level 1	Level 2	Level 3
	(Dollars in thousands)			
Financial Assets				
Cash and cash equivalents	$ 233,191	$ 233,191	$ -	$ -
Available-for-sale securities	750,487	-	750,487	-
Loans, net of allowance for credit losses	5,874,197	-	-	5,820,212
Restricted equity securities	4,396	-	-	4,396
Interest receivable	35,814	-	35,814	-
Equity securities	5,202	-	-	5,202
Derivative assets	12,315	-	12,315	-
Financial Liabilities				
Deposits	$ 6,331,621	$ 1,028,974	$ -	$ 5,301,120
Federal Home Loan Bank advances	88,531	-	81,569	-
Other borrowings	18,059	-	18,630	-
Interest payable	17,885	-	17,885	-
Derivative liabilities	22,198	-	22,198	-

	December 31, 2022			
	Carrying Amount	Fair Value Measurements		
		Level 1	Level 2	Level 3
	(Dollars in thousands)			
Financial Assets				
Cash and cash equivalents	$ 300,138	$ 300,138	$ -	$ -
Available-for-sale securities	769,641	-	686,901	-
Loans, net of allowance for loan losses	5,310,954	-	-	5,307,607
Restricted equity securities	12,536	-	-	12,536
Interest receivable	29,507	-	29,507	-
Equity securities	2,870	-	-	2,870
Derivative assets	11,038	-	11,038	-
Financial Liabilities				
Deposits	$ 5,651,308	$ 1,400,260	$ -	$ 4,142,673
Federal funds purchased and repurchase agreements	74,968	-	74,968	-
Federal Home Loan Bank advances	143,143	-	135,086	-
Other borrowings	35,457	-	36,529	-
Interest payable	5,713	-	5,713	-
Derivative liabilities	16,442	-	16,442	-

Note 15: Commitments and Credit Risk

Commitments

The Company had the following commitments at September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
	(Dollars in thousands)	
Commitments to originate loans	$ 141,208	$ 134,961
Standby letters of credit	72,056	66,889
Lines of credit	2,156,380	2,705,730
Future lease commitments	5,833	1,888
Commitments related to investment funds	4,798	3,403
	$ 2,380,275	$ 2,912,871

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes as of and for the three- and nine-months ended September 30, 2023, and with our 2022 Form 10-K, which includes our audited consolidated financial statements and related notes as of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions that may cause actual results to differ materially from management's expectations. Factors that could cause such differences are discussed in the section entitled "Cautionary Note Regarding Forward-Looking Statements" located elsewhere in this quarterly report and in Item 1A "Risk Factors" in our 2022 Form 10-K and should be read herewith.

Performance Measures

	As of or For the Quarter Ended					As of or For the Nine Months Ended	
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	September 30, 2023	September 30, 2022
Return on average assets[1]	0.94 %	0.93 %	0.97 %	0.77 %	1.19 %	0.95 %	1.18 %
Adjusted return on average assets[1][2]	1.04 %	1.00 %	1.04 %	1.15 %	1.19 %	1.03 %	1.21 %
Return on average common equity[1]	10.19 %	10.00 %	10.54 %	8.04 %	11.18 %	10.24 %	10.59 %
Adjusted return on average common equity[1][2]	11.26 %	10.81 %	11.30 %	12.03 %	11.22 %	11.12 %	10.82 %
Earnings per common share - basic	$ 0.34	$ 0.33	$ 0.33	$ 0.25	$ 0.35	$ 1.00	$ 1.00
Earnings per common share - diluted	$ 0.34	$ 0.33	$ 0.33	$ 0.24	$ 0.35	$ 0.99	$ 0.99
Adjusted earnings per common share - diluted[1]	$ 0.37	$ 0.35	$ 0.35	$ 0.36	$ 0.35	$ 1.08	$ 1.01
Efficiency ratio[3]	59.49 %	62.02 %	60.81 %	62.40 %	53.20 %	60.77 %	55.97 %
Adjusted efficiency ratio - FTE[2][3][4]	55.17 %	57.27 %	56.42 %	55.01 %	52.25 %	56.28 %	54.21 %
Ratio of equity to assets	8.96 %	9.15 %	9.36 %	9.22 %	9.93 %	8.96 %	9.93 %

[1] Interim periods annualized

[2] Represents a non-GAAP financial measure. See "Non-GAAP Financial Measures" below for a reconciliation of these measures.

[3] We calculate efficiency ratio as non-interest expense divided by the sum of net interest income and non-interest income.

[4] Tax exempt income (tax-free municipal securities) is calculated on a tax equivalent basis. The incremental tax rate used is 21.0%

Third Quarter 2023 Highlights

During the third quarter ended September 30, 2023, we accomplished the following:

- Improved profitability as operating revenue, adjusted diluted earnings per common share[1], and adjusted return on average common equity[1] increased compared to the prior quarter and the prior year third quarter; year-to-date 2023 operating revenue grew 21% compared to the prior year
- Completed the previously-announced acquisition of Canyon Bancorporation, Inc. and its wholly owned subsidiary, Canyon Community Bank, N.A. (the "Tucson acquisition")
  - Added $106 million of loans net of $5.2 million in acquired loan marks, $165 million of deposits and $4.5 million of core deposit intangible
  - Deepened our Arizona franchise; system integration planned for the fourth quarter of 2023
- Loans grew $149 million, or 2.6%, for the quarter and grew 10.7% year-to date
  - Excluding the Tucson acquisition, loans grew 0.8% for the quarter and 8.7% year-to-date
- Deposits grew $232 million, or 3.8%, for the quarter and grew 12.0% year-to-date
  - Excluding the Tucson acquisition, deposits grew 1.1% for the quarter and 9.1% year-to-date
  - Non-interest-bearing deposits increased 11% from the prior quarter, and increased 6% excluding the impact of the Tucson acquisition

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- Non-performing assets increased to 0.50% of total assets but were contained within a few relationships of manageable size;
- Net charge-offs of $1.3 million were previously reserved and represented an annualized rate of 0.09% of average loans;
- Reduced non-interest expense compared to the linked quarter, progressing towards our longer-term efficiency goal

(1) Represents a non-GAAP financial measure. See “Non-GAAP Financial Measures” below for a reconciliation of these measures.

Mergers and Acquisitions Update

During the third quarter of 2023, the Company completed its acquisition of Canyon Bancorporation, Inc. whereby Canyon Bancorporation, Inc. was ultimately merged with and into CrossFirst Bankshares, Inc. and Canyon Community Bank, N.A. was merged with and into CrossFirst Bank. In accordance with the agreement, the Company paid approximately $9.1 million of cash consideration and issued 597,645 shares of Company common stock, and the Company and the Bank assumed all of the assets and liabilities of the Canyon entities with which they merged by operation of law. System integration is expected to occur during the fourth quarter of 2023.

Non-GAAP Financial Measures

In addition to disclosing financial measures determined in accordance with U.S. generally accepted accounting principles (GAAP), the Company discloses certain non-GAAP financial measures including "tangible common stockholders' equity," "tangible book value per common share," "adjusted efficiency ratio – FTE," "adjusted net income," "adjusted earnings per common share – diluted," "adjusted return on average assets," and "adjusted return on average common equity." We consider the use of select non-GAAP financial measures and ratios to be useful for financial and operational decision making and useful in evaluating period-to-period comparisons. We believe that these non-GAAP financial measures provide meaningful supplemental information to investors regarding our performance by excluding certain expenditures or gains that we believe are not indicative of our primary business operating results. We believe that management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting, analyzing, and comparing past, present and future periods.

These non-GAAP financial measures should not be considered a substitute for financial information presented in accordance with GAAP and you should not rely on non-GAAP financial measures alone as measures of our performance. The non-GAAP financial measures we present may differ from non-GAAP financial measures used by our peers or other companies. We compensate for these limitations by providing the equivalent GAAP measures whenever we present the non-GAAP financial measures and by including a reconciliation of the impact of the components adjusted for in the non-GAAP financial measure so that both measures and the individual components may be considered when analyzing our performance.

A reconciliation of non-GAAP financial measures to the comparable GAAP financial measures follows.

	Quarter Ended					Nine Months Ended	
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022	9/30/2023	9/30/2022
	(Dollars in thousands, except per share data)						
Adjusted net income:							
Net income (GAAP)	$ 16,863	$ 16,047	$ 16,108	$ 11,946	$ 17,280	$ 49,018	$ 49,653
Add: Acquisition costs	1,328	338	1,477	3,570	81	3,143	320
Add: Acquisition - Day 1 CECL provision	900	-	-	4,400	-	900	-
Add: Employee separation	-	1,300	-	-	-	1,300	1,063
Less: Tax effect[1]	(468)	(344)	(310)	(2,045)	(17)	(1,122)	(290)
Adjusted net income	**$ 18,623**	**$ 17,341**	**$ 17,275**	**$ 17,871**	**$ 17,344**	**$ 53,239**	**$ 50,746**
Preferred stock dividends	$ 155	$ 103	$ -	$ -	$ -	$ 258	$ -
Diluted weighted average common shares outstanding	49,480,107	48,943,325	49,043,621	49,165,578	49,725,207	49,184,810	50,280,593
Earnings per common share – diluted (GAAP)	**$ 0.34**	**$ 0.33**	**$ 0.33**	**$ 0.24**	**$ 0.35**	**$ 0.99**	**$ 0.99**
Adjusted earnings per common share – diluted	**$ 0.37**	**$ 0.35**	**$ 0.35**	**$ 0.36**	**$ 0.35**	**$ 1.08**	**$ 1.01**

[1] Represents the tax impact of the adjustments at a tax rate of 21.0%, plus permanent tax expense associated with merger related transactions.

	Quarter Ended					Nine Months Ended	
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022	9/30/2023	9/30/2022
				(Dollars in thousands)			
Adjusted return on average assets:							
Net income (GAAP)	$ 16,863	$ 16,047	$ 16,108	$ 11,946	$ 17,280	$ 49,018	$ 49,653
Adjusted net income	18,623	17,341	17,275	17,871	17,344	53,239	50,746
Average assets	$ 7,114,228	$ 6,929,972	$ 6,712,801	$ 6,159,783	$ 5,764,347	$ 6,920,471	$ 5,625,317
Return on average assets (GAAP)	**0.94 %**	**0.93 %**	**0.97 %**	**0.77 %**	**1.19 %**	**0.95 %**	**1.18 %**
Adjusted return on average assets	**1.04 %**	**1.00 %**	**1.04 %**	**1.15 %**	**1.19 %**	**1.03 %**	**1.21 %**

	Quarter Ended					Nine Months Ended	
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022	9/30/2023	9/30/2022
				(Dollars in thousands)			
Adjusted return on average common equity:							
Net income (GAAP)	$ 16,863	$ 16,047	$ 16,108	$ 11,946	$ 17,280	$ 49,018	$ 49,653
Preferred stock dividends	155	103	-	-	-	258	-
Net income attributable to common shareholders (GAAP)	$ 16,708	$ 15,944	$ 16,108	$ 11,946	$ 17,280	$ 48,760	$ 49,653
Adjusted net income	$ 18,623	$ 17,341	$ 17,275	$ 17,871	$ 17,344	$ 53,239	$ 50,746
Preferred stock dividends	155	103	-	-	-	258	-
Adjusted net income attributable to common shareholders	$ 18,468	$ 17,238	$ 17,275	$ 17,871	$ 17,344	$ 52,981	$ 50,746
Average common equity	$ 650,494	$ 639,741	$ 619,952	$ 589,587	$ 613,206	$ 636,841	$ 627,016
Return on average common equity (GAAP)	**10.19 %**	**10.00 %**	**10.54 %**	**8.04 %**	**11.18 %**	**10.24 %**	**10.59 %**
Adjusted return on average common equity	**11.26 %**	**10.81 %**	**11.30 %**	**12.03 %**	**11.22 %**	**11.12 %**	**10.82 %**

	Quarter Ended				
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022
			(Dollars in thousands, except per share data)		
Tangible common stockholders' equity:					
Total stockholders' equity (GAAP)	$ 643,051	$ 651,483	$ 645,491	$ 608,599	$ 580,547
Less: goodwill and other intangible assets	32,293	27,457	28,259	29,081	71
Less: preferred stock	7,750	7,750	7,750	-	-
Tangible common stockholders' equity	$ 603,008	$ 616,276	$ 609,482	$ 579,518	$ 580,476
Common shares outstanding at end of period	49,295,036	48,653,487	48,600,618	48,448,215	48,787,696
Book value per common share (GAAP)	**$ 13.04**	**$ 13.39**	**$ 13.28**	**$ 12.56**	**$ 11.90**
Tangible book value per common share	**$ 12.23**	**$ 12.67**	**$ 12.54**	**$ 11.96**	**$ 11.90**

	Quarter Ended					Nine Months Ended	
	9/30/2023	6/30/2023	3/31/2023	12/31/2022	9/30/2022	9/30/2023	9/30/2022
				(Dollars in thousands)			
Adjusted Efficiency Ratio - FTE[(1)]							
Non-interest expense	$ 36,354	$ 37,412	$ 38,092	$ 36,423	$ 28,451	$ 111,858	$ 85,319
Less: Acquisition costs	(1,328)	(338)	(1,477)	(3,570)	(81)	(3,143)	(320)
Less: Core deposit intangible amortization	(922)	(802)	(822)	(291)	-	(2,546)	-
Less: Employee separation	-	(1,300)	-	-	-	(1,300)	(1,063)
Adjusted Non-interest expense (numerator)	$ 34,104	$ 34,972	$ 35,793	$ 32,562	$ 28,370	$ 104,869	$ 83,936
Net interest income	55,127	54,539	58,221	54,015	49,695	167,887	139,519
Tax equivalent interest income[(1)]	707	750	797	818	820	2,254	2,403
Non-interest income	5,981	5,779	4,421	4,359	3,780	16,181	12,922
Total tax-equivalent income (denominator)	$ 61,815	$ 61,068	$ 63,439	$ 59,192	$ 54,295	$ 186,322	$ 154,844
Efficiency Ratio (GAAP)	**59.49 %**	**62.02 %**	**60.81 %**	**62.40 %**	**53.20 %**	**60.77 %**	**55.97 %**
Adjusted Efficiency Ratio - FTE[(1)]	**55.17 %**	**57.27 %**	**56.42 %**	**55.01 %**	**52.25 %**	**56.28 %**	**54.21 %**

(1) Tax exempt income (tax-free municipal securities) is calculated on a tax equivalent basis. The incremental tax rate used is 21.0%.

Results of Operations

Overview

Net income totaled $16.9 million, or $0.34 per diluted common share, for the three-months ended September, 30, 2023 compared to $17.3 million, or $0.35 per diluted common share, during the three-months ended September 30, 2022. For the nine-month periods ending September 30, 2023 and 2022, net income totaled $49.0 million, or $0.99 per diluted common share, and $49.7 million, or $0.99 per diluted common share, respectively. For both comparative periods, increases in net interest income and non-interest income were more than offset by higher non-interest expense.

The third quarter of 2023 included acquisition-related charges of $1.3 million and Day 1 CECL provision expense on acquired loans of $0.9 million, resulting in adjusted net income[1] of $18.6 million, or $0.37 per diluted common share on an adjusted basis[1]. The nine-months ended September 30, 2023 included acquisition-related charges of $3.1 million, Day 1 CECL provision expense on acquired loans of $0.9 million and employee separation costs of $1.3 million resulting in adjusted net income[1] of $53.2 million, or $1.08 per diluted common share, on an adjusted basis[1].

Return on average assets was 0.94% and 0.95% for the three- and nine-months ended September 30, 2023, respectively. Adjusted return on average assets[1] was 1.04% and 1.03% for the same periods. Return on average common equity was 10.19% and 10.24% for the three- and nine-months ended September 30, 2023, respectively. Adjusted return on average common equity[1] was 11.26% and 11.12% for the same periods.

(1) Represents a non-GAAP financial measure. See "Non-GAAP Financial Measures" above for a reconciliation of these measures.

Net Interest Income

Net interest income is presented on a fully tax equivalent basis. We believe reporting on an FTE basis provides for improved comparability between the various earning assets. Changes in interest income and interest expense result from changes in average balances (volume) of interest earning assets and interest-bearing liabilities, as well as changes in average interest rates.

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The following tables present, for the periods indicated, average statement of financial condition information, interest income, interest expense and the corresponding average yield and rates paid:

	Three Months Ended					
	September 30, 2023			September 30, 2022		
	Average Balance	Interest Income / Expense	Average Yield / Rate[4]	Average Balance	Interest Income / Expense	Average Yield / Rate[4]
	(Dollars in thousands)					
Interest-earning assets:						
Securities - taxable	$ 357,260	$ 3,216	3.60%	$ 213,775	$ 1,241	2.32%
Securities - tax-exempt[1]	489,320	4,072	3.33	560,541	4,725	3.37
Federal funds sold	332	5	5.97	-	-	-
Interest-bearing deposits in other banks	198,068	2,439	4.89	231,345	1,193	2.05
Gross loans, net of unearned income[2][3]	5,907,730	103,631	6.96	4,626,684	59,211	5.08
Total interest-earning assets - FTE[1]	6,952,710	$ 113,363	6.47%	5,632,345	$ 66,370	4.68%
Allowance for credit losses	(69,415)			(56,995)		
Other non-interest-earning assets	230,933			188,997		
Total assets	$ 7,114,228			$ 5,764,347		
Interest-bearing liabilities						
Transaction deposits	$ 689,973	$ 5,727	3.29%	$ 531,999	$ 1,539	1.95%
Savings and money market deposits	2,775,549	29,655	4.24	2,519,574	10,568	1.66
Time deposits	1,795,798	20,915	4.62	733,607	2,802	1.52
Total interest-bearing deposits	5,261,320	56,297	4.25	3,785,180	14,909	1.56
FHLB and short-term borrowings	131,420	1,169	3.53	165,196	907	2.18
Trust preferred securities, net of fair value adjustments	1,091	63	22.91	1,037	39	14.58
Non-interest-bearing deposits	954,005	-	-	1,137,626	-	-
Cost of funds	6,347,836	$ 57,529	3.60%	5,089,039	$ 15,855	1.23%
Other liabilities	108,148			62,102		
Stockholders’ equity	658,244			613,206		
Total liabilities and stockholders’ equity	$ 7,114,228			$ 5,764,347		
Net interest income - FTE[1]		$ 55,834			$ 50,515	
Net interest spread - FTE[1]			2.87%			3.46%
Net interest margin - FTE[1]			3.19%			3.56%

(1) Tax exempt income is calculated on a tax equivalent basis. Tax-free municipal securities are exempt from Federal income taxes. The incremental tax rate used is 21.0%.

(2) Loans, net of unearned income include non-accrual loans of $20 million and $17 million as of September 30, 2023 and 2022, respectively.

(3) Loan interest income includes loan fees of $3 million for the three-months ended September 30, 2023 and 2022.

(4) Actual unrounded values are used to calculate the reported yield or rate. Accordingly, recalculations using the amounts in thousands as disclosed in this report may not produce the same amounts.

	Nine Months Ended					
	2023			2022		
	Average Balance	Interest Income / Expense	Average Yield / Rate[4]	Average Balance	Interest Income / Expense	Average Yield / Rate[4]
	(Dollars in thousands)					
Interest-earning assets:						
Securities - taxable	$ 321,128	$ 8,313	3.45%	$ 218,421	$ 3,728	2.28%
Securities - tax-exempt - FTE[1]	514,333	12,984	3.37	549,490	13,845	3.36
Federal funds sold	691	11	2.13	-	-	-
Interest-bearing deposits in other banks	179,649	6,056	4.51	246,213	1,714	0.93
Gross loans, net of unearned income[2][3]	5,742,621	292,231	6.80	4,466,887	149,266	4.47
Total interest-earning assets - FTE[1]	6,758,422	$ 319,595	6.32%	5,481,011	$ 168,553	4.11%
Allowance for credit losses	(66,265)			(57,213)		
Other non-interest-earning assets	228,314			201,519		
Total assets	$ 6,920,471			$ 5,625,317		
Interest-bearing liabilities						
Transaction deposits	$ 610,869	$ 13,566	2.97%	$ 541,933	$ 2,134	0.89%
Savings and money market deposits	2,787,915	80,151	3.84	2,386,205	15,285	0.86
Time deposits	1,505,329	47,968	4.26	627,458	5,733	1.22
Total interest-bearing deposits	4,904,113	141,685	3.86	3,555,596	23,152	0.87
FHLB and short-term borrowings	250,795	7,593	4.05	241,897	3,385	1.87
Trust preferred securities, net of fair value adjustments	1,077	176	21.85	1,024	94	12.29
Non-interest-bearing deposits	1,022,469	-	-	1,148,150	-	-
Cost of funds	6,178,454	$ 149,454	3.23%	4,946,667	$ 26,631	0.72%
Other liabilities	99,896			51,634		
Stockholders’ equity	642,121			627,016		
Total liabilities and stockholders’ equity	$ 6,920,471			$ 5,625,317		
Net interest income - FTE[1]		$ 170,141			$ 141,922	
Net interest spread - FTE[1]			3.09%			3.39%
Net interest margin - FTE[1]			3.36%			3.46%

[1] Tax exempt income is calculated on a tax equivalent basis. Tax-free municipal securities are exempt from Federal income taxes. The incremental tax rate used is 21.0%.

[2] Loans, net of unearned income include non-accrual loans of $20 million and $17 million as of September 30, 2023 and 2022, respectively.

[3] Loan interest income includes loan fees of $10 million for the nine-months ended September 30, 2023 and 2022.

[4] Actual unrounded values are used to calculate the reported yield or rate. Accordingly, recalculations using the amounts in thousands as disclosed in this report may not produce the same amounts.

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Net interest income – Net interest income increased $5.4 million and $28.4 million and net interest income - FTE increased $5.3 million and $28.2 million for the three- and nine-month periods ended September 30, 2023 compared to the same periods in 2022, respectively. Compared to the third quarter of 2022, net interest margin - FTE for the third quarter of 2023 decreased 37 basis points. For the nine months ended September 30, 2023 compared to the same period in 2022, net interest margin - FTE decreased 10 basis points.

Average earning assets totaled $7.0 billion for the three-month period ended September 30, 2023 and $6.8 billion for the nine-month period ended September 30, 2023, resulting in increases of $1.3 billion for both periods, compared to the same periods in 2022, inclusive of the impact of the acquisition of Farmers & Stockmens Bank (the "Colorado/New Mexico acquisition") and the Tucson acquisition. The increases were driven by higher average loan and investment portfolio balances, partially offset by lower average cash balances for the three- and nine-month periods ended September 30, 2023 compared to the corresponding periods in 2022.

The FTE yield on earning assets increased 1.79% from the third quarter of 2022 to the third quarter of 2023 and increased 2.21% for the nine months ended September 30, 2023, compared to the same period in 2022 due to new loan production as well as repricing of variable rate loans, partially offset by the impact of non-accrual loan interest reversals. The cost of funds increased 2.37% and 2.51% over the same periods due to pricing pressure on interest-bearing deposits from the higher interest rate environment as well as client migration into higher cost deposit products compared to the prior year.

The Company currently anticipates net interest margin - FTE to be in a range of 3.20% to 3.25% for the fourth quarter of 2023.

Provision

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Dollars in thousands)			
Provision for credit losses - loans	$ 4,929	$ 1,923	$ 12,965	$ 3,297
Provision for credit losses - off-balance sheet	(1,600)	1,411	(2,575)	1,547
Total provision for credit losses	$ 3,329	$ 3,334	$ 10,390	$ 4,844

Provision expense of $3.3 million for the third quarter of 2023 was consistent with the same period in 2022. For the nine months ended September 30, 2023 provision expense of $10.4 million increased $5.5 million compared to the same period in 2022. Increases due to loan growth, changes in credit quality, economic factors, an increase in specific reserves and $0.9 million of Day 1 CECL provision expense related to the Tucson acquisition were partially offset by a decrease related to the decrease in unfunded commitments.

Non-Interest Income

The components of non-interest income were as follows for the periods shown:

	Three Months Ended September 30,				Nine Months Ended September 30,			
			Change				Change	
	2023	2022	$	%	2023	2022	$	%
	(Dollars in thousands)							
Service charges and fees on customer accounts	$ 2,249	$ 1,566	$ 683	44%	$ 6,188	$ 4,520	$ 1,668	37%
ATM and credit card interchange income	1,436	1,326	110	8	3,913	5,513	(1,600)	(29)
Gain on sale of loans	739	-	739	NM	2,131	-	2,131	NM
Income from bank-owned life insurance	437	405	32	8	1,266	1,200	66	6
Swap fees and credit valuation adjustments, net	57	(7)	64	NM	231	123	108	88
Other non-interest income	1,063	490	573	117	2,452	1,566	886	57
Total non-interest income	$ 5,981	$ 3,780	$ 2,201	58%	$ 16,181	$ 12,922	$ 3,259	25%

The changes in non-interest income were driven primarily by the following:

Service charges and fees on customer accounts – The increases for the three- and nine-month periods ended September 30, 2023 compared to the corresponding periods in 2022 were driven primarily by increases in account analysis fees due to increased client volume from new markets and acquired accounts as well as various fee increases on commercial accounts.

ATM and credit card interchange income – The increase in ATM and credit card interchange income for the three-months ended September 30, 2023 compared to the three-months ended September 30, 2022 was primarily due to increases in ATM fee income due to higher transaction volume. The decrease in ATM and credit card interchange income for the nine-months ended September 30, 2023 compared to the same period in 2022 was driven primarily by a decrease in credit card fees due to one large customer with elevated activity that did not occur in the current year, partially offset by increases in ATM fee income.

Gain on sale of loans – The increases for the three- and nine-month periods ended September 30, 2023 compared to the same periods for 2022 were due to more mortgage and SBA loan sale activity in 2023. Our SBA lending team is a specialty lending vertical we acquired from the Colorado/New Mexico acquisition in the fourth quarter of 2022.

Other non-interest income – The increases for the three- and nine-month periods ended September 30, 2023 compared to the same periods for 2022 were due to stronger client-related transactional income and an increase in gains on equity securities.

Non-Interest Expense

The components of non-interest expense were as follows for the periods indicated:

	Quarter Ended September 30,				Nine Months Ended September 30,			
			Change				Change	
	2023	2022	$	%	2023	2022	$	%
				(Dollars in thousands)				
Salaries and employee benefits	$ 22,017	$ 18,252	$ 3,765	21 %	$ 68,700	$ 53,288	$ 15,412	29 %
Occupancy	3,183	2,736	447	16	9,211	7,851	1,360	17
Professional fees	1,945	580	1,365	235	5,533	2,453	3,080	126
Deposit insurance premiums	1,947	903	1,044	116	5,359	2,355	3,004	128
Data processing	904	877	27	3	3,203	2,849	354	12
Advertising	593	796	(203)	(26)	1,994	2,247	(253)	(11)
Software and communication	1,898	1,222	676	55	5,204	3,689	1,515	41
Foreclosed assets, net	-	9	(9)	(100)	128	(30)	158	NM
Other non-interest expense	2,945	3,057	(112)	(4)	9,980	10,559	(579)	(5)
Core deposit intangible amortization	922	19	903	4,753	2,546	58	2,488	4,290
Total non-interest expense	$ 36,354	$ 28,451	$ 7,903	28 %	$ 111,858	$ 85,319	$ 26,539	31 %

Non-interest expense increased $7.9 million and $26.5 million for the three- and nine-month periods ended September 30, 2023 compared to the same periods in 2022. The third quarter of 2023 included $1.3 million of acquisition-related expenses, with $0.8 million included in professional fees, $0.3 million in salaries and employee benefits, $0.1 million in software and communication, and $0.1 million in other non-interest expense. The nine-months ended September 30, 2023 included $3.1 million of acquisition related expenses, most of which were included in professional fees and salaries and employee benefits, and $1.3 million of employee separation costs included in salaries and employee benefits. The three-month period ended September 30, 2022 included $0.1 million of acquisition-related expenses, most of which were included in professional fees. The nine-months ended September 30, 2022 included $0.2 million of acquisition-related expenses, most of which were included in professional fees, and $1.1 million of employee separation costs included in other non-interest expense. The changes in non-interest expense were driven primarily by the following:

Salary and Employee Benefits – For both the three- and nine-months ended September 30, 2023 as compared to the same periods in the prior year, excluding the employee separation costs in 2023 previously mentioned, increases were primarily due to the addition of employees from the Colorado/New Mexico acquisition and the Tucson acquisition, hiring in new markets and merit increases.

Occupancy – For both comparative periods, the increases in occupancy costs were driven by the addition of a second headquarters in Dallas, Texas as well as the additional occupancy cost from acquired locations in Colorado, New Mexico and Tucson.

Professional Fees – Professional fees for both the three- and nine-months ended September 30, 2023 were consistent with the prior year periods after adjusting for the acquisition related costs.

Deposit Insurance Premiums – The increase in deposit insurance premiums was due to an increase in the assessment rate and increases in assets for both comparative periods.

Software and communication – For both the three- and nine-months ended September 30, 2023 as compared to the same periods in the prior year, increases in software and communications were due to technology for additional employees and clients as well as new technology implementation.

Other Non-interest Expense – For the nine-months ended September 30, 2023 as compared to the same period in the prior year, the decrease for employee separation costs was partially offset by increased post-pandemic travel expenses and transaction related losses.

Core Deposit Intangible Amortization – For both the three- and nine-months ended September 30, 2023 as compared to the same periods in the prior year, increases were due to expense related to the Colorado/New Mexico acquisition and the Tucson acquisition.

We currently anticipate non-interest expense to be in a range of $34 to $35 million for the fourth quarter of 2023. The efficiency ratios were 59.49% and 60.77% and the adjusted efficiency ratios[1] FTE were 55.17% and 56.28% for the three- and nine-month periods ended September 30, 2023, respectively.

(1) Represents a non-GAAP financial measure. See "Non-GAAP Financial Measures" above for a reconciliation of these measures.

Income Taxes

	For the Quarter Ended		For the Nine Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(Dollars in thousands)			
Income tax expense (benefit)	$ 4,562	$ 4,410	$ 12,802	$ 12,625
Income (loss) before income taxes	21,425	21,690	61,820	62,278
Effective tax rate	21%	20%	21%	20%

Our income tax expense differs from the amount that would be calculated using the federal statutory tax rate, primarily from investments in tax advantaged assets, including bank-owned life insurance and tax-exempt municipal securities; state tax credits; and permanent tax differences from stock-based compensation.

The Company's effective tax rate benefited from tax-exempt interest in both the three- and nine- month periods ended September 30, 2023 compared to the same periods in 2022. However, the impact of tax-exempt interest on the overall tax rate is lower in 2023 as its proportion to total income was lower as compared to 2022. We currently anticipate the Company's effective tax rate to remain in the 20% to 22% range in the near term.

Analysis of Financial Condition

Total assets were $7.2 billion at September 30, 2023 compared to $6.6 billion at December 31, 2022, an increase of $0.6 billion, or 9%, including $0.2 billion as a result of the Tucson acquisition. Cash and cash equivalents decreased $67 million, or 22%, from December 31, 2022, and investment securities increased $64 million, or 9%. Loans increased $0.6 billion, or 11%, including $0.1 billion as a result of the Tucson acquisition, and the allowance for credit losses increased $10 million to $72 million at September 30, 2023. Total deposits increased $0.7 billion to $6.3 billion at September 30, 2023, compared to December 31, 2022, including $0.2 billion as a result of the Tucson acquisition. Federal Home Loan Bank ("FHLB") advances totaled $89 million and decreased $130 million compared to December 31, 2022.

Investment Portfolio

The primary objective of our investment portfolio is to ensure adequate liquidity, including serving as a contingent, on-balance sheet source of liquidity. In addition, we manage the portfolio in a manner that optimizes earnings, manages credit and interest rate risk, and meets pledging and regulatory capital requirements. Our portfolio is 100% available-for-sale and as of September 30, 2023 totaled $750 million, an increase of $64 million from December 31, 2022.

The increase in the investment portfolio was driven by the purchase of $107 million in SBA securities, $45 million in mortgage-backed securities, $15 million in U.S. Treasury securities, and $12 million in tax-exempt municipal securities. The increase was partially offset by an increase of $37 million in the unrealized loss on available-for-sale securities. Additional offsets include the sale of $67 million in tax-exempt municipal securities at a modest gain and $14 million of paydowns and maturities in mortgage-backed securities as we intentionally improved the liquidity of the portfolio during the year, consistent with our current investment strategy. Our future investment strategy includes reducing the concentration in municipal investments, investing in lower risk-weighted assets and restructuring the portfolio to increase liquidity and provide more balanced cash flow. For additional information, including information regarding other securities owned by the Company, see “Note 3: Securities” in the notes to consolidated financial statements – unaudited.

The following table shows the estimated fair value, percent of the portfolio and weighted average yield of our available-for-sale securities as of the dates indicated:

	As of September 30, 2023			As of December 31, 2022		
	Estimated Fair Value	**Percent of portfolio**	**Weighted Average Yield[1]**	**Estimated Fair Value**	**Percent of portfolio**	**Weighted Average Yield[1]**
Available-for-sale securities	*(Dollars in thousands)*					
U.S. Treasury securities	$ 14,803	2 %	5.11%	$ -	- %	- %
Mortgage-backed - GSE residential	298,044	40	3.58	172,309	25	2.39%
Collateralized mortgage obligations - GSE residential	18,724	2	4.68	10,886	2	2.36
State and political subdivisions	410,442	55	2.80	494,496	72	2.80
Corporate bonds	8,474	1	5.69	9,210	1	5.70
Total available-for-sale securities	$ 750,487	100%	3.21%	$ 686,901	100%	2.74%

[1] Yields are calculated based on amortized cost using 30/360 day basis. Tax-exempt securities are not tax effected.

Loan Portfolio

Refer to “Note 4: Loans and Allowance for Credit Losses” within the notes to consolidated financial statements – unaudited for additional information regarding the Company's loan portfolio. As of September 30, 2023, gross loans, net of unearned fees increased $573 million or 11% from December 31, 2022. The increase in loans includes $106 million related to the Tucson acquisition. The following table presents the balance and associated percentage change of each segment within our portfolio as of the dates indicated:

	As of September 30, 2023	As of December 31, 2022	December 31, 2022 vs. September 30, 2023 % Change
	(Dollars in thousands)		
Commercial and industrial	$ 2,056,171	$ 1,974,932	4.1 %
Energy	214,166	173,218	23.6
Commercial real estate - owner-occupied	583,442	437,119	33.5
Commercial real estate - non-owner-occupied	2,592,684	2,314,600	12.0
Residential real estate	456,047	439,367	3.8
Consumer	43,243	33,493	29.1
Total	$ 5,945,753	$ 5,372,729	10.7 %

Our loan portfolio remains balanced with 44% of loans in commercial and industrial and owner-occupied commercial real estate and 43% of loans in non-owner-occupied commercial real estate. There remains diversity within our loan portfolio segments with the highest commercial real estate property type accounting for 19% of total commercial real estate exposure, and the largest industry segment in commercial and industrial being manufacturing at 10% of commercial and industrial exposure.

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The following table shows the contractual maturities of our gross loans and sensitivity to interest rate changes:

	As of September 30, 2023								
	Due in One Year or Less		Due in One Year through Five Years		Due in Five Year through Fifteen Years		Due after Fifteen Years		
	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Total
	(Dollars in thousands)								
Commercial and industrial	$ 122,203	$ 578,059	$ 336,284	$ 856,655	$ 65,863	$ 76,728	$ 20,115	$ 264	$ 2,056,171
Energy	-	18,834	489	194,843	-	-	-	-	214,166
Commercial real estate - owner-occupied	13,268	31,738	174,065	83,324	109,329	114,691	2,540	54,487	583,442
Commercial real estate - non-owner-occupied	93,247	289,764	582,605	1,196,536	104,175	218,449	12,926	94,982	2,592,684
Residential real estate	5,253	2,039	25,172	10,187	67,731	26,434	3,524	315,707	456,047
Consumer	20,407	12,267	5,953	4,300	218	98	-	-	43,243
Total	$ 254,378	$ 932,701	$ 1,124,568	$ 2,345,845	$ 347,316	$ 436,400	$ 39,105	$ 465,440	$ 5,945,753

Allowance for Credit Losses

The ACL at September 30, 2023 represents our best estimate of the expected credit losses in the Company’s loan portfolio and off-balance sheet commitments, measured over the contractual life of the underlying instrument.

The table below presents the allocation of the allowance for credit losses as of the dates indicated. The allocation in one portfolio segment does not preclude its availability to absorb losses in other segments.

	September 30, 2023					December 31, 2022				
	ACL Amount					ACL Amount				
	Loans	Off-Balance Sheet	Total	Percent of ACL to Total ACL	Percent of Loans to Total Loans	Loans	Off-Balance Sheet	Total	Percent of ACL to Total ACL	Percent of Loans to Total Loans
	(Dollars in thousands)									
Commercial and industrial	$ 30,744	$ 185	$ 30,929	39 %	34 %	$ 26,803	$ 319	$ 27,122	39 %	37 %
Energy	4,343	174	4,517	6	4	4,396	787	5,183	7	3
Commercial real estate - owner-occupied	7,294	264	7,558	10	10	5,214	221	5,435	8	8
Commercial real estate - non-owner-occupied	25,616	5,426	31,042	40	43	21,880	7,323	29,203	41	43
Residential real estate	3,460	64	3,524	5	8	3,333	35	3,368	5	8
Consumer	99	-	99	-	1	149	3	152	-	1
Total	$ 71,556	$ 6,113	$ 77,669	100%	100%	$ 61,775	$ 8,688	$ 70,463	100%	100%

Refer to "Note 4: Loans and Allowance for Credit Losses" within the notes to consolidated financial statements – unaudited for a summary of the changes in the ACL.

Charge-offs and Recoveries

Net charge-offs were $1.3 million and $3.5 million for the three- and nine-month periods ended September 30, 2023, respectively. For the three-month period ended September 30, 2023, charge-offs were primarily due to one commercial and industrial loan that was previously reserved. For the nine-month period ended September 30, 2023, there were charge-offs of three additional commercial and industrial loans. The below table provides the ratio of net charge-offs (recoveries) to average loans outstanding based on loan categories for the periods indicated:

	For the Quarter Ended				
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
Commercial and industrial	0.24 %	0.14 %	0.31 %	(0.02)%	0.48 %
Energy	-	(0.23)	-	(0.46)	1.19
Commercial real estate - owner-occupied	-	-	-	-	-
Commercial real estate - non-owner-occupied	-	-	-	-	(0.15)
Residential real estate	-	-	-	-	-
Consumer	-	0.04	-	(0.04)	-
Total net charge-offs to average loans	0.09 %	0.04 %	0.12 %	(0.02)%	0.16 %

Non-performing Assets and Other Asset Quality Metrics

Non-performing assets include: (i) non-performing loans, which includes non-accrual loans, loans past due 90 days or more and still accruing interest, and loans modified prior to January 1, 2022 under TDRs that are not performing in accordance with their modified terms; (ii) foreclosed assets held for sale; (iii) repossessed assets; and (iv) impaired debt securities.

Non-performing assets increased $22.8 million during the quarter to $36.1 million at September 30, 2023 primarily due to one commercial and industrial credit and one commercial real estate – non-owner-occupied credit moving to non-accrual and several credits that were 90+ days past due and still accruing at quarter-end. The non-performing assets to total assets ratio increased from 0.31% at September 30, 2022 to 0.50% at September 30, 2023. Annualized net charge-offs were 0.09% for the quarter compared to 0.04% in the prior quarter and 0.06% in the prior year third quarter. With respect to one commercial and industrial credit with a $13.6 million balance that was over 90 days past due, the borrower raised new equity capital and brought the credit current after quarter end, reducing our non-performing assets to total assets ratio to 0.31%.

The Company continues to monitor the U.S. economic indicators, including the inflation rate, the unemployment rate, commodity prices, interest rates, and potential supply chain disruptions and the impact they may have on the Company’s markets, clients, and prospects. The Company is monitoring the impact of a rising interest rate environment on the commercial real estate market and enterprise and leverage loans that is currently partially mitigated by low debt-to-equity ratios. As of September 30, 2023, the Company did not identify any systemic issues within its loan portfolio that would materially affect the credit quality of the loan portfolio. However, there could be some risk rating migration in certain sectors of the commercial real estate portfolio in the future as many projects are faced with higher interest rates, operating costs, and property taxes.

The table below summarizes our non-performing assets and related ratios as of the dates indicated:

	For the Quarter Ended				
	September 30, 2023	**June 30, 2023**	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**
Asset Quality			*(Dollars in thousands)*		
Non-accrual loans	$ 20,380	$ 12,867	$ 9,490	$ 11,272	$ 16,923
Loans past due 90 days or more and still accruing	15,750	433	868	750	303
Total non-performing loans	36,130	13,300	10,358	12,022	17,226
Foreclosed assets held for sale	-	-	855	1,130	973
Total non-performing assets	$ 36,130	$ 13,300	$ 11,213	$ 13,152	$ 18,199
Loans 30-89 days past due	$ 29,457	$ 13,333	$ 5,056	$ 19,519	$ 21,383
Asset quality metrics (%)					
Non-performing loans to total loans	0.61%	0.23%	0.18%	0.22%	0.37%
Non-performing assets to total assets	0.50	0.19	0.16	0.20	0.31
ACL to total loans	1.20	1.17	1.15	1.15	1.19
ACL + RUC to total loans [(1)]	1.31	1.30	1.30	1.31	1.34
ACL to non-performing loans	198	508	629	514	324
Classified loans / (total capital + ACL)	14.2	9.7	9.4	10.1	11.3
Classified loans / (total capital + ACL + RUC) [(1)]	14.0%	9.6%	9.3%	10.0%	11.2%

(1) Includes the accrual for off-balance sheet credit risk from unfunded commitments.

Deposits and Other Borrowings

At September 30, 2023, our deposits totaled $6.3 billion, an increase of $680 million or 12% from December 31, 2022. The increase included a $798 million increase in time deposits and $253 million increase in money market, NOW and savings deposits, partially offset by a decrease of $371 million in non-interest-bearing deposits. The increase includes $165 million in deposits related to the Tucson acquisition. Approximately 45% of the time deposit increase was from new client money and shifts from other deposit categories with the remainder representing an increase in wholesale funding. The decrease in non-interest-bearing deposits was primarily due to elevated deposits at year-end that were deployed by clients in the first quarter of 2023.

The following table sets forth the maturity of time deposits as of September 30, 2023:

	As of September 30, 2023				
	Three Months or Less	Three to Six Months	Six to Twelve Months	After Twelve Months	Total
	(Dollars in thousands)				
Time deposits in excess of FDIC insurance limit	$ 65,429	$ 229,548	$ 169,110	$ 17,895	$ 481,982
Time deposits below FDIC insurance limit	433,065	390,354	324,581	113,671	1,261,671
Total	$ 498,494	$ 619,902	$ 493,691	$ 131,566	$ 1,743,653

Other borrowings include FHLB advances, repurchase agreements, a line of credit, SBA loan secured borrowings, and our trust preferred security. At September 30, 2023, other borrowings totaled $107 million, a $147 million, or 58% decrease from December 31, 2022. Borrowings were reduced due to client deposit growth and acquired deposit balances. During the nine-month period ended September 30, 2023, $31 million of FHLB advances matured and were converted into a drawdown on the FHLB line of credit, and an additional $12 million of net FHLB advances were paid off. With respect to the FHLB line of credit, the Company paid down the converted $31 million of FHLB advances and an additional $75 million, net, resulting in a zero balance on the FHLB line of credit as of September 30, 2023.

As of September 30, 2023, the Company had approximately $2.4 billion of uninsured deposits, which is an estimated amount based on the same methodologies and assumptions used for the Bank's regulatory requirements. Excluding pass-thru accounts where clients have deposit insurance at the correspondent financial institution, our uninsured deposits are $2.1 billion, or 33% of total deposits as of September 30, 2023. The average client account balance as of September 30, 2023 is less than $250 thousand for both individual accounts and business accounts in total after excluding pass-through and insured cash sweep deposits. We have geographic and industry diversity within our deposit base as the majority of our deposits are located in our footprint states of Kansas, Oklahoma, Texas, Missouri, and Colorado. The Company believes that its current capital ratios and liquidity are sufficient to mitigate the risks of uninsured deposits.

Liquidity and Capital Resources

Liquidity

We manage our liquidity based upon factors that include the level and quality of capital and our overall financial condition, the trend and volume of problem assets, our balance sheet risk exposure, the level of deposits as a percentage of total loans, the amount of non-deposit funding used to fund assets, the availability of unused funding sources and off-balance sheet obligations, the availability of assets to be readily converted into cash without undue loss, the amount of cash and liquid securities we hold, and other factors. We also conduct contingency funding plan stress tests at least annually to assess potential liquidity outflows or funding problems resulting from economic disruptions, volatility in the financial markets, unexpected credit events or other significant occurrences deemed potentially problematic by management. The Company’s liquidity strategy is to maintain adequate, but not excessive, liquidity to meet the daily cash flow needs of clients while attempting to achieve adequate earnings for stockholders. The Company measures liquidity needs through daily balance sheet monitoring, weekly cash projections and monthly liquidity measures reviewed in conjunction with Board-approved liquidity policy limits. The Company's short-term and long-term liquidity requirements are primarily met through cash flow from operations, redeployment of proceeds from prepaying and maturing balances in our loan portfolio and security portfolio, increases in client deposits and wholesale deposits. Liquidity resources can be derived from two sources: (i) on-balance sheet liquidity resources, which represent funds currently on the statement of financial condition and (ii) off-balance sheet liquidity resources, which represent funds available from third-party sources. The Company’s on-balance sheet and off-balance sheet liquidity resources consisted of the following as of the dates indicated:

	September 30, 2023	December 31, 2022
	(Dollars in thousands)	
Total on-balance sheet liquidity	$ 983,678	$ 986,482
Total off-balance sheet liquidity	1,435,631	770,165
Total liquidity	$ 2,419,309	$ 1,756,647
On-balance sheet liquidity as a percent of assets	14%	15%
Total liquidity as a percent of assets	34%	27%

Off-balance sheet liquidity increased from December 31, 2022 to September 30, 2023 primarily due to increases in available funding with FHLB and the Federal Reserve Bank.

For the nine-months ended September 30, 2023, the Company’s cash and cash equivalents decreased $67 million from December 31, 2022 to $233 million, representing 3% of total assets. During the nine-month period ended September 30, 2023, the Company increased the available-for-sale securities portfolio on an amortized cost basis by $101 million, net of paydowns, maturities, and amortization. As of September 30, 2023, the Company had $332 million in securities that could be pledged and $46 million that could be sold at a net gain based on market conditions at the time. In addition, the Company increased funded loans by $471 million, net of payoffs and charge-offs during the nine-month period ended September 30, 2023 that reduced cash and cash equivalents.

The Company’s time deposits increased by $780 million primarily from wholesale funding, new client money and shifts from other deposit categories. Savings and money market deposits increased by $253 million. Non-interest-bearing deposits decreased $371 million as elevated year-end balances were deployed by clients in the first quarter of 2023 in addition to clients migrating into interest-bearing deposits. FHLB advances and other borrowings decreased $147 million during the nine-month period ended September 30, 2023, largely related to a reduction in FHLB advances due to client deposit growth and acquired deposit balances.

The Company did not purchase any common stock during the first nine months of 2023. As of September 30, 2023, $16 million remains available for repurchase under our share repurchase program. The amount and timing of such future share repurchases will be dependent on a number of factors, including the price of our common stock, overall capital levels and cash flow needs. There is no assurance that we will repurchase up to the full amount remaining under our program.

Dividends of $258 thousand related to the Series A Non-Cumulative Perpetual Preferred Stock were declared and paid by the Company during the nine-months ended September, 2023. In October 2023, the Board of Directors declared a quarterly dividend on

Series A Non-Cumulative Perpetual Preferred Stock in the amount of $20.00 per share to be payable on December 15, 2023 to shareholders of record as of November 30, 2023.

The Company believes that its current on and off-balance sheet liquidity will be sufficient to meet anticipated cash requirements for the next 12 months and thereafter. The Company believes that it has several on and off-balance sheet options to address reductions in cash and cash equivalents in order to maintain appropriate liquidity.

Contractual Obligations and Off-Balance Sheet Arrangements

The Company is subject to contractual obligations made in the ordinary course of business. The obligations include deposit liabilities, other borrowed funds, and operating leases. Refer to “Note 8: Time Deposits and Other Borrowings” and “Note 5: Leases” within the notes to consolidated financial statements – unaudited for information regarding the Company’s significant contractual obligations and cash contractual obligations to third parties on lease obligations, respectively.

As a financial services provider, the Company is a party to various financial instruments with off-balance sheet risks, such as commitments to extend credit. Off-balance sheet arrangements represent the Company’s future cash requirements. However, a portion of these commitments may expire without being drawn upon. Refer to “Note 15: Commitments and Credit Risk” within the notes to consolidated financial statements – unaudited for a listing of the Company’s off-balance sheet arrangements.

The Company’s short-term and long-term contractual obligations, including off-balance sheet obligations, may be satisfied through the Company’s on-balance sheet and off-balance sheet liquidity discussed above.

Capital Requirements

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. The regulatory capital requirements involve quantitative measures of the Company’s assets, liabilities, select off-balance sheet items and equity. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company’s consolidated financial statements. Refer to “Note 10: Regulatory Matters” in the notes to consolidated financial statements – unaudited for additional information. Management believes, as of September 30, 2023, the Company and the Bank met all capital adequacy requirements to which they are subject.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with GAAP and with general practices within the financial services industry. Application of these principles requires management to make complex and subjective estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company bases estimates on historical experience and on various other assumptions that it believes to be reasonable under current circumstances. These assumptions form the basis for management’s judgments about the carrying values of assets and liabilities that are not readily available from independent, objective sources. The Company evaluates estimates on an ongoing basis. Use of alternative assumptions may have resulted in significantly different estimates. Actual results may differ from these estimates.

A discussion of these policies can be found in the section captioned “Critical Accounting Policies and Estimates” in Management’s Discussion and Analysis of Financial Condition and Results of Operations included in the 2022 Form 10-K. There have been no changes in the Company’s application of critical accounting policies and estimates since December 31, 2022.

Recent Accounting Pronouncements

Refer to “Note 1: Nature of Operations and Summary of Significant Accounting Policies” included in the notes to consolidated financial statements – unaudited included elsewhere in this Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

A primary component of market risk is interest rate volatility. Interest rate risk management is a key element of the Company's statement of financial condition management. Interest rate risk is the risk that net interest margins will erode over time due to changing market conditions. Many factors can cause margins to erode: (i) lower loan demand; (ii) increased competition for funds; (iii) weak pricing policies; (iv) statement of financial condition mismatches; and (v) changing liquidity demands. The objective is to maximize income while minimizing interest rate risk. The Company manages its sensitivity position using its interest rate risk policy. The management of interest rate risk is a three-step process and involves: (i) measuring the interest rate risk position; (ii) policy constraints; and (iii) strategic review and implementation.

Our exposure to interest rate risk is managed by the Asset/Liability Committee ("ALCO"). The ALCO uses a combination of three systems to measure the statement of financial condition's interest rate risk position. The three systems in combination are expected to provide a better overall result than a single system alone. The three systems include: (i) gap reports; (ii) earnings simulation; and (iii) economic value of equity. The ALCO's primary tools to change the interest rate risk position are: (i) investment portfolio duration; (ii) deposit and borrowing mix; and (iii) on-balance sheet derivatives.

The ALCO evaluates interest rate risk using a rate shock method and rate ramp method. In a rate shock analysis, rates change immediately and the change is sustained over the time horizon. In a rate ramp analysis, rate changes occur gradually over time. Management reviews and utilizes both methods in managing interest rate risk; however, both methods represent a risk indicator, not a forecast. The following tables summarize the simulated changes in net interest income and fair value of equity over a 12-month horizon using a rate shock and rate ramp method as of the dates indicated:

Hypothetical Change in Interest Rate - Rate Shock

	September 30, 2023		**September 30, 2022**	
Change in Interest Rate (Basis Points)	**Percent change in net interest income**	**Percent change in fair value of equity**	**Percent change in net interest income**	**Percent change in fair value of equity**
+300	(0.1)%	(18.1)%	6.1 %	(11.1)%
+200	(0.1)	(12.9)	4.1	(7.3)
+100	(0.1)	(7.0)	2.0	(3.2)
Base	- %	- %	- %	- %
-100	0.3	7.4	(1.9)	3.2
-200	1.0	13.6	(5.7)	5.7
-300	0.8	20.6	(10.1)	7.1

Hypothetical Change in Interest Rate - Rate Ramp

	September 30, 2023	**September 30, 2022**
Change in Interest Rate (Basis Points)	**Percent change in net interest income**	**Percent change in net interest income**
+300	(1.0)%	2.9 %
+200	(0.7)	1.9
+100	(0.4)	1.0
Base	- %	- %
-100	0.4	(0.9)
-200	0.8	(2.1)
-300	1.1	(4.1)

The Company’s position is relatively neutral as of September 30, 2023, which is less sensitive as compared to both September 30, 2022 and December 31, 2022 due to deposit mix changes with demand deposits as the main driver. Compared to December 31, 2022, the Company’s position is less asset sensitive due to the reduction in demand deposits and an on-balance sheet interest rate collar that becomes effective in the first quarter of 2024. The aggregate beta assumption utilized as of September 30, 2023 was approximately 60% which is unchanged from our previous assumption. Other key assumptions updated during 2023 include updated deposit decay rates, new business spreads and updating market yield curves. Other assumptions included in the model that are periodically updated include loan prepayments and call provisions within investment and debt holdings. The Company is monitoring interest rate sensitivity closely, as $4.1 billion, or 68%, of loans mature or reprice within the twelve-month period following September 30, 2023, including $2.8 billion that reprice in the first month of the fourth quarter. $5.3 billion of interest-bearing liabilities mature or reprice over the same twelve month period. As of September 30, 2023 and December 31, 2022, the investment portfolio duration was approximately 5.6 and 5.2 years, respectively. The Company is reviewing additional options to manage the statement of financial condition sensitivity based on the interest rate environment and anticipated composition of assets and liabilities in the next twelve months and beyond.

The models the Company uses include assumptions regarding interest rates while balances remain unchanged. These assumptions are inherently uncertain and, as a result, the model cannot precisely estimate net interest income or precisely predict the impact of higher or lower rates on net interest income. Actual results will differ from simulated results due to timing, magnitude, and frequency of interest rate changes as well as changes in market conditions, customer behavior and management strategies, among other factors.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (“Exchange Act”)) as of September 30, 2023. Based on that evaluation, the Company’s Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective as of September 30, 2023.

Changes in Internal Control over Financial Reporting

Our internal control over financial reporting continues to be updated as necessary to accommodate modifications to our business processes and accounting procedures. There has been no change in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during the third quarter of 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the normal course of business, we are named or threatened to be named as a defendant in various lawsuits. Management, following consultation with legal counsel, does not expect the ultimate disposition of any or a combination of these matters to have a material adverse effect on our business, financial condition, results of operations, cash flows or growth prospects. However, given the scope and complexity of the extensive legal and regulatory landscape applicable to our business (including laws and regulations governing consumer protection, fair lending, fair labor, privacy, information security and anti-money laundering and antiterrorism laws), we, like all banking organizations, are subject to heightened legal and regulatory compliance and litigation risk.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors," in our 2022 Form 10-K, which could materially affect our business, financial condition, or results of operations in future periods. There were no material changes from the risk factors disclosed in the 2022 Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(a) On August 1, 2023, the Company issued 597,645 shares of its common stock to Canyon Bancorporation, Inc. stockholders as partial merger consideration in the Tucson acquisition. The Company’s common stock was valued at a per share price of approximately $14.01 for purposes of calculating the merger consideration. The shares of common stock issued as partial merger consideration were not registered under the Securities Act of 1933, as amended (the "Securities Act"), in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder and were issued in compliance with such exemption only to "accredited investors."

(b) Not applicable.

(c) Share Repurchase Program

On May 10, 2022, the Company announced that its Board of Directors approved a share repurchase program under which the Company may repurchase up to $30 million of its common stock. The objective of the program is to give the Company the ability to opportunistically acquire undervalued shares and return capital to shareholders. No shares were repurchased during the three months ended September 30, 2023. As of September 30, 2023, $16 million remains available for repurchase under this share repurchase program. Repurchases under the program may be made in the open market or privately negotiated transactions in compliance with SEC Rule 10b-18, subject to market conditions, applicable legal requirements, and other relevant factors. The program does not obligate the Company to acquire any amount of common stock and may be suspended at any time at the Company's discretion. No time limit has been set for completion of the program. Our officers and directors are prohibited from trading in the Company’s securities if they are in possession of material non-public information and must at all times comply with the Company’s Insider Trading Policy, including quarterly blackout periods and pre-clearance procedures.

ITEM 5. OTHER INFORMATION

(a) None

(b) None

(c) Trading Arrangements

During the three months ended September 30, 2023, (i) no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K; and (ii) the Company did not adopt or terminate a “Rue 10b5-1 trading arrangement,” as such term is defined in Item 408 of Regulation S-K.

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ITEM 6. EXHIBITS

Exhibit Number	Exhibit Description
3.1	Articles of Incorporation of CrossFirst Bankshares, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 as filed with the SEC on July 18, 2019)
3.2	Amendment to Articles of Incorporation of CrossFirst Bankshares, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-1 as filed with the SEC on July 18, 2019)
3.3	Bylaws of CrossFirst Bankshares, Inc. (incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form S-1 as filed with the SEC on July 18, 2019)
3.4	Certificate of Designations of Series A Non-Cumulative Perpetual Preferred Stock of CrossFirst Bankshares, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K as filed with the SEC on March 31, 2023)
31.1*	Certification of Principal Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formation in Inline XBRL and contained in Exhibit 101)

* Filed Herewith

** Furnished Herewith

† Indicates a management contract or compensatory plan arrangement

SIGNATURE

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

CrossFirst Bankshares, Inc.

Date: November 3, 2023

/s/ Benjamin R. Clouse
Benjamin R. Clouse
Chief Financial Officer
(Duly authorized officer and principal financial officer)

Certification of Principal Executive Officer
Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Michael J. Maddox, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CrossFirst Bankshares, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2023

/s/ Michael J. Maddox
Michael J. Maddox
President and Chief Executive Officer
(Principal Executive Officer)

Certification of Principal Financial Officer
Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Benjamin R. Clouse, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CrossFirst Bankshares, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: November 3, 2023

/s/ Benjamin R. Clouse
Benjamin R. Clouse
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER UNDER 18 U.S.C. § 1350 FURNISHED PURSUANT TO SECURITIES EXCHANGE ACT RULE 13a-14(b)

In connection with the Quarterly Report of CrossFirst Bankshares, Inc. (the "Company") on Form 10-Q for the period ended on September 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in his respective capacities indicated below, hereby certifies, pursuant to 18 U.S.C. § 1350, as enacted by Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge and belief, (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 3, 2023

/s/ Michael J. Maddox
Michael J. Maddox
President and Chief Executive Officer (Principal Executive Officer)

/s/ Benjamin R. Clouse
Benjamin R. Clouse
Chief Financial Officer (Principal Financial Officer)