UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 March 31, 2021

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) 312-6822
(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 May 5, 2021, the registrant had 51,580,761 shares of common stock, par value $0.01, outstanding.

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Forward-Looking Information

This report may contain forward-looking statements that reflect our current views with respect to, among other things, future events and our financial performance. 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,” “strive,” “projection,” “goal,” “target,” “outlook,” “aim,” “would,” “annualized” and “outlook,” or the negative version of those words or other comparable words or phrases of a future or forward-looking nature.

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 guarantees 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. Such possible events or factors include: risks associated with the current outbreak of the novel coronavirus, or the COVID-19 pandemic, changes in economic conditions in the Company’s market area, changes in policies by regulatory agencies, governmental legislation and regulation, fluctuations in interest rates, changes in liquidity requirements, demand for loans in the Company’s market area, changes in accounting and tax principles, estimates made on income taxes, competition with other entities that offer financial services, cybersecurity threats, and such other factors as discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, filed with the Securities and Exchange Commission (“SEC”) on February 26, 2021, any subsequent quarterly report on Form 10-Q as well as in our other filings with the SEC.

We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CROSSFIRST BANKSHARES, INC.
CONSOLIDATED BALANCE SHEETS

	March 31, 2021	December 31, 2020
	(Unaudited)	
	(Dollars in thousands)	
Assets		
Cash and cash equivalents	$ 630,787	$ 408,810
Available-for-sale securities - taxable	192,031	177,238
Available-for-sale securities - tax-exempt	493,423	477,350
Loans, net of allowance for loan losses of $74,551 and $75,295 at March 31, 2021 and December 31, 2020, respectively	4,434,049	4,366,602
Premises and equipment, net	69,270	70,509
Restricted equity securities	14,080	15,543
Interest receivable	17,987	17,236
Foreclosed assets held for sale	2,347	2,347
Bank-owned life insurance	67,914	67,498
Other	76,186	56,170
Total assets	$ 5,998,074	$ 5,659,303
Liabilities and stockholders’ equity		
Deposits		
Noninterest-bearing	$ 794,559	$ 718,459
Savings, NOW and money market	3,325,220	2,932,799
Time	931,791	1,043,482
Total deposits	5,051,570	4,694,740
Federal funds purchased and repurchase agreements	3,294	2,306
Federal Home Loan Bank advances	283,100	293,100
Other borrowings	974	963
Interest payable and other liabilities	30,302	43,766
Total liabilities	5,369,240	5,034,875
Stockholders’ equity		
Common stock, $0.01 par value:		
authorized - 200,000,000 shares, issued - 52,376,779 and 52,289,129 shares at March 31, 2021 and December 31, 2020, respectively	523	523
Treasury stock, at cost:		
698,110 and 609,613 shares held at March 31, 2021 and December 31, 2020, respectively	(7,113)	(6,061)
Additional paid-in capital	523,156	522,911
Retained earnings	89,722	77,652
Accumulated other comprehensive income	22,546	29,403
Total stockholders’ equity	628,834	624,428
Total liabilities and stockholders’ equity	$ 5,998,074	$ 5,659,303

See Notes to Consolidated Financial Statements (unaudited)

CROSSFIRST BANKSHARES, INC.
CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	(Dollars in thousands except per share data)	
Interest Income		
Loans, including fees	$ 43,758	$ 48,339
Available-for-sale securities - taxable	751	1,774
Available-for-sale securities - tax-exempt	3,351	3,312
Deposits with financial institutions	128	491
Dividends on bank stocks	165	292
Total interest income	48,153	54,208
Interest Expense		
Deposits	5,728	14,272
Fed funds purchased and repurchase agreements	1	62
Federal Home Loan Bank Advances	1,283	1,611
Other borrowings	24	35
Total interest expense	7,036	15,980
Net Interest Income	41,117	38,228
Provision for Loan Losses	7,500	13,950
Net Interest Income after Provision for Loan Losses	33,617	24,278
Non-Interest Income		
Service charges and fees on customer accounts	957	508
Realized gains on available-for-sale securities	10	393
Income from bank-owned life insurance	416	456
Swap fees and credit valuation adjustments, net	155	(9)
ATM and credit card interchange income	2,328	485
Other non-interest income	278	254
Total non-interest income	4,144	2,087
Non-Interest Expense		
Salaries and employee benefits	13,553	14,390
Occupancy	2,494	2,085
Professional fees	782	671
Deposit insurance premiums	1,151	1,016
Data processing	716	692
Advertising	303	500
Software and communication	1,065	876
Foreclosed assets, net	50	10
Other non-interest expense	2,704	1,975
Total non-interest expense	22,818	22,215
Net Income Before Taxes	14,943	4,150
Income tax expense	2,908	293
Net Income	$ 12,035	$ 3,857
Basic Earnings Per Share	$ 0.23	$ 0.07
Diluted Earnings Per Share	$ 0.23	$ 0.07

See Notes to Consolidated Financial Statements (unaudited)

CROSSFIRST BANKSHARES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME - UNAUDITED

	Three Months Ended March 31,	
	2021	**2020**
	(Dollars in thousands)	
Net Income	$ 12,035	$ 3,857
Other Comprehensive Income (Loss)		
Unrealized gain (loss) on available-for-sale securities	(9,070)	8,532
Less: income tax expense (benefit)	(2,221)	2,084
Unrealized gain (loss) on available-for-sale securities, net of income tax	(6,849)	6,448
Reclassification adjustment for realized gains included in income	10	393
Less: income tax	2	96
Less: reclassification adjustment for realized gains included in income, net of income tax	8	297
Other comprehensive income (loss)	(6,857)	6,151
Comprehensive Income	$ 5,178	$ 10,008

See Notes to Consolidated Financial Statements (unaudited)

CROSSFIRST BANKSHARES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY - UNAUDITED

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
	(Dollars in thousands)						
Balance at December 31, 2019	51,969,203	$ 520	$ 519,870	$ 64,803	$ 16,451	$ —	$ 601,644
Net income	—	—	—	3,857	—	—	3,857
Change in unrealized appreciation on available-for-sale securities	—	—	—	—	6,151	—	6,151
Issuance of shares from equity-based awards	128,859	1	(671)	—	—	—	(670)
Employee receivables from sale of stock	—	—	1	29	—	—	30
Stock-based compensation	—	—	934	—	—	—	934
Balance at March 31, 2020	52,098,062	$ 521	$ 520,134	$ 68,689	$ 22,602	$ —	$ 611,946

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
	(Dollars in thousands)						
Balance at December 31, 2020	51,679,516	$ 523	$ 522,911	$ 77,652	$ 29,403	$ (6,061)	$ 624,428
Net income	—	—	—	12,035	—	—	12,035
Change in unrealized depreciation on available-for-sale securities	—	—	—	—	(6,857)	—	(6,857)
Issuance of shares from equity-based awards	87,650	—	(404)	—	—	—	(404)
Open market common share repurchases	(88,497)	—	—	—	—	(1,052)	(1,052)
Employee receivables from sale of stock	—	—	—	35	—	—	35
Stock-based compensation	—	—	649	—	—	—	649
Balance at March 31, 2021	51,678,669	$ 523	$ 523,156	$ 89,722	$ 22,546	$ (7,113)	$ 628,834

See Notes to Consolidated Financial Statements (unaudited)

CROSSFIRST BANKSHARES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	(Dollars in thousands)	
Operating Activities		
Net income	$ 12,035	$ 3,857
Items not requiring (providing) cash		
Depreciation and amortization	1,375	1,295
Provision for loan losses	7,500	13,950
Accretion of discounts and amortization of premiums on securities	1,310	1,473
Equity based compensation	649	934
Deferred income taxes	1,824	2,881
Net realized gains on available-for-sale securities	(10)	(393)
Changes in		
Interest receivable	(751)	(1,242)
Other assets	(28,730)	(717)
Other liabilities	(4,937)	(9,368)
Net cash provided by (used in) operating activities	(9,735)	12,670
Investing Activities		
Net change in loans	(74,947)	(169,595)
Purchases of available-for-sale securities	(74,575)	(11,861)
Proceeds from maturities of available-for-sale securities	33,329	21,528
Proceeds from sale of available-for-sale securities	—	3,841
Purchase of premises and equipment	(118)	(331)
Purchase of restricted equity securities	—	(970)
Proceeds from sale of restricted equity securities	1,626	—
Net cash used in investing activities	(114,685)	(157,388)
Financing Activities		
Net increase in demand deposits, savings, NOW and money market accounts	468,521	185,747
Net decrease in time deposits	(111,691)	(136,684)
Net increase in fed funds purchased and repurchase agreements	988	24,025
Proceeds from Federal Home Loan Bank advances	—	70,000
Repayment of Federal Home Loan Bank advances	(10,000)	(26,063)
Issuance of common shares, net of issuance cost	—	1
Repurchase of common stock	(1,052)	—
Acquisition of common stock for tax withholding obligations	(404)	(671)
Net decrease in employee receivables	35	30
Net cash provided by financing activities	346,397	116,385
Increase (Decrease) in Cash and Cash Equivalents	221,977	(28,333)
Cash and Cash Equivalents, Beginning of Period	408,810	187,320
Cash and Cash Equivalents, End of Period	$ 630,787	$ 158,987
Supplemental Cash Flows Information		
Interest paid	$ 7,287	$ 17,199
Income taxes paid	$ 130	$ —

See 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 three subsidiaries including CrossFirst Investments, Inc. ("CFI") that holds investments in marketable securities, CFBSA I, LLC that holds foreclosed assets and CFBSA II, LLC that holds foreclosed assets.

Basis of Presentation

The Company's accounting and reporting policies conform to accounting principles generally accepted in the United States ("GAAP"). The consolidated financial statements include the accounts of the Company, the Bank, CFI, CFBSA I, LLC and CFBSA II, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation.

The consolidated interim financial statements are unaudited and certain information and footnote disclosures presented in accordance with GAAP have been condensed or omitted and should be read in conjunction with the Company's consolidated financial statements and footnotes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020 (the "2020 Form 10-K"), filed with the Securities and Exchange Commission (the "SEC") on February 26, 2021.

In the opinion of management, the interim financial statements include all adjustments which are of a normal, recurring nature necessary for the fair presentation of the financial position, results of operations, and cash flows of the Company and the disclosures made are adequate to make the interim financial information not misleading. The consolidated financial statements have been prepared in accordance with GAAP for interim financial information and the instructions to Form 10-Q adopted by the SEC.

No significant changes in the accounting policies of the Company occurred since December 31, 2020, the most recent date financial statements were provided within the Company's 2020 Form 10-K. Operating results for the interim periods disclosed herein are not necessarily indicative of the results that may be expected for a full year or any future period.

Use of Estimates

The Company identified accounting policies and estimates that, due to the difficult, subjective or complex judgments and assumptions inherent in those policies and estimates and the potential sensitivity of the Company's financial statements to those judgments and assumptions, are critical to an understanding of the Company's financial condition and results of operations. Actual results could differ from those estimates. In particular, the novel coronavirus ("COVID-19") pandemic and resulting impacts to economic conditions, as well as adverse impacts to the Company's operations, may impact future estimates. The allowance for loan losses, deferred tax asset, and fair value of financial instruments are particularly susceptible to significant change.

Cash Equivalents

The Company had $541 million of cash and cash equivalents at the Federal Reserve Bank of Kansas City as of March 31, 2021. The reserve required at March 31, 2021 was $0.

Coronavirus Aid, Relief, and Economic Security Act ("CARES Act")

The CARES Act gave financial institutions the right to elect to suspend GAAP principles and regulatory determinations for loan modifications relating to COVID-19 that would otherwise be categorized as TDRs from March 1, 2020, through December 31, 2020. On December 27, 2020, the Consolidated Appropriations Act, 2021 was signed into law, which extended the period during which the Company may suspend GAAP principles and regulatory determinations for loan modifications relating to COVID-19 that would otherwise be categorized as TDRs through January 1, 2022 or 60 days after the date when the national emergency concerning COVID-19 terminates. The Company elected to apply the guidance starting in the first quarter of 2020.

Changes Affecting Comparability

Beginning with the quarter ended March 31, 2021, the Company consolidated the "Goodwill and other intangible assets, net" into "other assets" within the Consolidated Balance Sheets. The consolidation was due to the immateriality of the remaining intangible assets. The change had no impact on net income.

For the quarter ended March 31, 2021, the Company consolidated “equipment costs, other asset depreciation and amortization” into “other noninterest expense” within the Consolidated Statements of Income. In addition, the Company broke out “foreclosed assets, net” that was previously consolidated. As a result, changes within the Consolidated Statements of Income in the prior periods were made to conform to the current period presentation. The changes: (i) consolidate lower balance line items or (ii) provide additional detail about the Company’s operations. The changes had no impact on net income.

Emerging Growth Company (“EGC”)

The Company is currently an EGC. An EGC may take advantage of reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. Among the reductions and reliefs, the Company elected to extend the transition period for complying with new or revised accounting standards affecting public companies. This means that the financial statements the Company files or furnishes, will not be subject to all new or revised accounting standards generally applicable to public companies for the transition period for so long as the Company remains an EGC or until the Company affirmatively and irrevocably opts out of the extended transition period under the JOBS Act.

Recent Accounting Pronouncements

The following table provides information about Accounting Standard Updates (“ASUs”) the Company anticipates to adopt in the future:

Standard	Anticipated Date of Adoption	Description	Effect on Financial Statements or Other Significant Matters
ASU 2016-13 *Financial Instruments-Credit Losses*	If the Company maintains its EGC status, the Company is not required to implement this standard until January 2023. The Company anticipates an adoption date of January 2022.	Requires an entity to utilize a new impairment model known as the current expected credit loss model to estimate its lifetime expected credit loss and record an allowance that, when deducted from amortized cost basis of the financial asset, presents the net amount expected to be collected on the financial asset.	The Company established a committee of individuals from applicable departments to oversee the implementation process. The Company completed the third-party software implementation phase that included data capture and portfolio segmentation amongst other items. The Company completed parallel runs in 2019. During the period ended December 31, 2020, the Company continued to perform parallel runs using 2020 data and continued to recalibrate inputs as necessary. The Company is evaluating the internal control changes that will be necessary to transition to the third-party platform and third-party testing is anticipated later in 2021. At this time, an estimate of the impact cannot be established as the Company continues to evaluate the inputs into the model. The actual impact could be significantly affected by the composition, characteristics, and quality of the underlying loan portfolio at the time of adoption.
ASU 2016-02 *Leases (Topic 842)*	The Company expects to implement this standard on January 1, 2022, unless the Company loses its EGC status during 2021. If EGC status changes, the Company would therefore be required to implement the ASU as of the beginning of 2021.	Requires lessees and lessors to recognize lease assets and lease liabilities on the balance sheet and disclose key information about leasing arrangements. The update requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach with the option to elect certain practical expedients. The update will also increase disclosures around leases, including qualitative and specific quantitative measures.	The Company expects to apply the update as of the beginning of the period of adoption and the Company does not plan to restate comparative periods. The Company expects to elect certain optional practical expedients. The Company gathered all potential lease and embedded lease agreements and is evaluating the applicability and impact to the financial statements. The Company’s current operating leases relate primarily to four branch locations. Based on the current leases, the Company anticipates recognizing a lease liability and related right-to-use asset on its balance sheet, with an immaterial impact to its income statement compared to the current lease accounting model. However, the ultimate impact of the standard will depend on the Company's lease portfolio as of the adoption date.

Note 2: Earnings Per Share

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

	Three Months Ended March 31, 2021		Three Months Ended March 31, 2020	
	(Dollars in thousands except per share data)			
Earnings per Share				
Net income available to common stockholders	$	12,035	$	3,857
Weighted average common shares		51,657,204		52,071,484
Earnings per share	$	0.23	$	0.07
Dilutive Earnings Per Share				
Net income available to common stockholders	$	12,035	$	3,857
Weighted average common shares		51,657,204		52,071,484
Effect of dilutive shares		724,270		588,786
Weighted average dilutive common shares		52,381,474		52,660,270
Diluted earnings per share	$	0.23	$	0.07
Stock-based awards not included because to do so would be antidilutive		669,112		905,406

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:

	March 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
	(Dollars in thousands)			
Available-for-sale securities				
Mortgage-backed - GSE residential	$ 138,231	$ 2,912	$ 1,464	$ 139,679
Collateralized mortgage obligations - GSE residential	38,206	785	26	38,965
State and political subdivisions	474,912	28,517	862	502,567
Corporate bonds	4,251	74	82	4,243
Total available-for-sale securities	$ 655,600	$ 32,288	$ 2,434	$ 685,454

	December 31, 2020			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
	(Dollars in thousands)			
Available-for-sale securities				
Mortgage-backed - GSE residential	$ 104,839	$ 4,277	$ —	$ 109,116
Collateralized mortgage obligations - GSE residential	52,070	984	42	53,012
State and political subdivisions	454,486	33,642	31	488,097
Corporate bonds	4,259	104	—	4,363
Total available-for-sale securities	$ 615,654	$ 39,007	$ 73	$ 654,588

The amortized cost and fair value of available-for-sale securities at March 31, 2021, by contractual maturity, are shown below:

	March 31, 2021				
	Within One Year	After One to Five Years	After Five to Ten Years	After Ten Years	Total
	(Dollars in thousands)				
Available-for-sale securities					
Mortgage-backed - GSE residential[1]					
Amortized cost	$ —	$ 48	$ 181	$ 138,002	$ 138,231
Estimated fair value	$ —	$ 50	$ 193	$ 139,436	$ 139,679
Weighted average yield[2]	— %	4.60 %	3.91 %	1.72 %	1.72 %
Collateralized mortgage obligations - GSE residential[1]					
Amortized cost	$ —	$ —	$ 2,469	$ 35,737	$ 38,206
Estimated fair value	$ —	$ —	$ 2,645	$ 36,320	$ 38,965
Weighted average yield[2]	— %	— %	2.75 %	1.59 %	1.66 %
State and political subdivisions					
Amortized cost	$ 652	$ 5,947	$ 65,518	$ 402,795	$ 474,912
Estimated fair value	$ 654	$ 6,024	$ 70,889	$ 425,000	$ 502,567
Weighted average yield[2]	3.54 %	3.86 %	3.32 %	2.82 %	2.90 %
Corporate bonds					
Amortized cost	$ —	$ 357	$ 3,894	$ —	$ 4,251
Estimated fair value	$ —	$ 366	$ 3,877	$ —	$ 4,243
Weighted average yield[2]	— %	4.10 %	4.54 %	— %	4.51 %
Total available-for-sale securities					
Amortized cost	$ 652	$ 6,352	$ 72,062	$ 576,534	$ 655,600
Estimated fair value	$ 654	$ 6,440	$ 77,604	$ 600,756	$ 685,454
Weighted average yield[2]	3.54 %	3.88 %	3.37 %	2.48 %	2.59 %

[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.

The following tables show the number of securities, unrealized loss, and fair value of the Company's investments with unrealized losses that are not deemed to be other-than-temporarily impaired ("OTTI"), aggregated by investment class and length of time that individual securities have been in a continuous unrealized loss position at March 31, 2021 and December 31, 2020:

	March 31, 2021								
	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	$ 55,185	$ 1,464	8	$ —	$ —	—	$ 55,185	$ 1,464	8
Collateralized mortgage obligations - GSE residential	7,591	26	6	—	—	—	7,591	26	6
State and political subdivisions	44,008	861	32	24	1	1	44,032	862	33
Corporate bonds	3,418	82	1	—	—	—	3,418	82	1
Total temporarily impaired securities	$ 110,202	$ 2,433	47	$ 24	$ 1	1	$ 110,226	$ 2,434	48

	December 31, 2020								
	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	$ —	$ —	—	$ —	$ —	—	$ —	$ —	—
Collateralized mortgage obligations - GSE residential	9,933	42	5	—	—	—	9,933	42	5
State and political subdivisions	8,525	31	8	25	—	1	8,550	31	9
Corporate bonds	—	—	—	—	—	—	—	—	—
Total temporarily impaired securities	$ 18,458	$ 73	13	$ 25	$ —	1	$ 18,483	$ 73	14

The Company expects to recover the amortized cost basis over the term of the securities. The Company does not intend to sell the investments and it is not more likely than not the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity.

Gains and losses on the sale of debt securities are recorded on the trade date and are determined using the specific identification method. Gross gains of $21 thousand and $402 thousand and gross losses of $11 thousand and $9 thousand resulting from sales of available-for-sale securities were realized for the three months ended March 31, 2021 and 2020, respectively. The gross gains as of March 31, 2020, included $75 thousand related to a previously disclosed OTTI municipal security that was settled in 2020.

Equity Securities

Equity securities consist of a $2 million investment in a Community Reinvestment Act (“CRA”) mutual fund and an $11 million privately-held security acquired in the fourth quarter of 2020 as part of a debt restructuring. Equity securities are included in “other assets” on the Consolidated Balance Sheets.

The privately-held security was acquired in partial satisfaction of debts previously contracted. The Company elected a measurement alternative that allows the security to remain at cost until an impairment is identified or an observable price change for an identical or similar investment of the same issuer occurs. Impairment is recorded when there is evidence that the expected fair value of the investment has declined to below the recorded cost. No changes to the cost basis occurred during the first quarter of 2021. The Company is required to make good faith efforts to dispose of the security. The shares may be held for a maximum of five years, subject to a five-year extension that would result in a change to Tier 1 capital.

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

	Three Months Ended March 31,	
	2021	**2020**
	(Dollars in thousands)	
Net gains (losses) recognized during the reporting period on equity securities	$ (39)	$ 34
Less: net gains recognized during the reporting period on equity securities sold during the reporting period	—	—
Unrealized gain (losses) recognized during the reporting period on equity securities still held at the reporting date	$ (39)	$ 34

Note 4: Loans and Allowance for Loan Losses (“ALLL”)

Categories of loans at March 31, 2021 and December 31, 2020 include:

	March 31, 2021	**December 31, 2020**
	(Dollars in thousands)	
Commercial	$ 1,284,047	$ 1,338,757
Energy	342,899	345,233
Commercial real estate	1,191,634	1,179,534
Construction and land development	617,200	563,144
Residential and multifamily real estate	687,893	680,932
Paycheck Protection Program (“PPP”)	336,355	292,230
Consumer	62,917	55,270
Gross loans	4,522,945	4,455,100
Less: Allowance for loan losses	74,551	75,295
Less: Net deferred loan fees and costs	14,345	13,203
Net loans	$ 4,434,049	$ 4,366,602

Allowance for Loan Losses

The ALLL is established as losses are estimated to have occurred through a provision for loan losses charged to income. Loan losses are charged against the allowance when management believes the loan balance is not collectible. Subsequent recoveries, if any, are credited to the allowance.

The ALLL is evaluated on a regular basis by management and is based upon management’s periodic review of its ability to collect the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower’s ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The ALLL consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers all loans on accrual and is based on historical charge-off experience and expected loss given default derived from the Company's internal risk rating process and loan categories. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

The Company evaluates the loan risk grading system definitions, portfolio segment definitions and ALLL methodology on an ongoing basis. No changes to loan definitions, segmentation, and ALLL methodology occurred during the first quarter of 2021.

The following tables summarize the activity in the ALLL by portfolio segment and disaggregated based on the Company's impairment methodology. The allocation in one portfolio segment does not preclude its availability to absorb losses in other segments:

	Commercial	Energy	Commercial Real Estate	Construction and Land Development	Residential and Multifamily Real Estate	PPP	Consumer	Total
	(Dollars in thousands)							
Three months ended March 31, 2021								
Allowance for loan losses								
Beginning balance	$ 24,693	$ 18,341	$ 22,354	$ 3,612	$ 5,842	$ —	$ 453	$ 75,295
Provision charged to expense	7,015	1,951	(1,745)	225	214	—	(160)	7,500
Charge-offs	(8,266)	—	—	—	—	—	—	(8,266)
Recoveries	22	—	—	—	—	—	—	22
Ending balance	$ 23,464	$ 20,292	$ 20,609	$ 3,837	$ 6,056	$ —	$ 293	$ 74,551

	Commercial	Energy	Commercial Real Estate	Construction and Land Development	Residential and Multifamily Real Estate	PPP	Consumer	Total
	(Dollars in thousands)							
Three months ended March 31, 2020								
Allowance for loan losses								
Beginning balance	$ 35,864	$ 6,565	$ 8,085	$ 3,516	$ 2,546	$ —	$ 320	$ 56,896
Provision charged to expense	3,271	2,313	4,538	1,505	2,141	—	182	13,950
Charge-offs	(18,077)	(1,279)	—	—	—	—	(104)	(19,460)
Recoveries	71	—	—	—	—	—	1	72
Ending balance	$ 21,129	$ 7,599	$ 12,623	$ 5,021	$ 4,687	$ —	$ 399	$ 51,458

	Commercial	Energy	Commercial Real Estate	Construction and Land Development	Residential and Multifamily Real Estate	PPP	Consumer	Total
	(Dollars in thousands)							
March 31, 2021								
Period end allowance for loan losses allocated to:								
Individually evaluated for impairment	$ 832	$ 4,938	$ 2,990	$ —	$ —	$ —	$ —	$ 8,760
Collectively evaluated for impairment	$ 22,632	$ 15,354	$ 17,619	$ 3,837	$ 6,056	$ —	$ 293	$ 65,791
Ending balance	$ 23,464	$ 20,292	$ 20,609	$ 3,837	$ 6,056	$ —	$ 293	$ 74,551
Allocated to loans:								
Individually evaluated for impairment	$ 39,287	$ 27,215	$ 36,028	$ —	$ 6,302	$ —	$ 241	$ 109,073
Collectively evaluated for impairment	$ 1,244,760	$ 315,684	$ 1,155,606	$ 617,200	$ 681,591	$ 336,355	$ 62,676	$ 4,413,872
Ending balance	$ 1,284,047	$ 342,899	$ 1,191,634	$ 617,200	$ 687,893	$ 336,355	$ 62,917	$ 4,522,945

	Commercial	Energy	Commercial Real Estate	Construction and Land Development	Residential and Multifamily Real Estate	PPP	Consumer	Total
	(Dollars in thousands)							
December 31, 2020								
Period end allowance for loan losses allocated to:								
Individually evaluated for impairment	$ 1,115	$ 3,370	$ 5,048	$ —	$ —	$ —	$ —	$ 9,533
Collectively evaluated for impairment	$ 23,578	$ 14,971	$ 17,306	$ 3,612	$ 5,842	$ —	$ 453	$ 65,762
Ending balance	$ 24,693	$ 18,341	$ 22,354	$ 3,612	$ 5,842	$ —	$ 453	$ 75,295
Allocated to loans:								
Individually evaluated for impairment	$ 44,678	26,045	$ 44,318	$ —	$ 6,329	$ —	$ 244	$ 121,614
Collectively evaluated for impairment	$ 1,294,079	$ 319,188	$ 1,135,216	$ 563,144	$ 674,603	$ 292,230	$ 55,026	$ 4,333,486
Ending balance	$ 1,338,757	$ 345,233	$ 1,179,534	$ 563,144	$ 680,932	$ 292,230	$ 55,270	$ 4,455,100

Credit Risk Profile

The Company analyzes its loan portfolio based on internal rating categories (grades 1 - 8), portfolio segmentation and payment activity. These categories are utilized to develop the associated ALLL. A description of the loan grades and segments 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 classified substandard. Substandard loans include both performing and nonperforming 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 which are considered uncollectible or of such little value that their continuance as a bankable asset is not warranted.

Loan Portfolio Segments

- **Commercial** - The category includes loans to commercial customers for use in financing working capital, equipment purchases and expansions. 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 that impact the cash flow stability from business operations.
- **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** - The category includes loans that typically involve larger principal amounts and repayment of these loans is generally dependent on the successful operations of the property securing the loan or the business conducted on the property securing the loan. These are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Credit risk may be impacted by the creditworthiness of a borrower, property values and the local economies in the borrower's market areas.
- **Construction and Land Development** - The category includes loans that are usually based upon estimates of costs and estimated value of the completed project and include independent appraisal reviews and a financial analysis of the developers and property owners. Sources of repayment include 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. Credit risk may be impacted by the creditworthiness of a borrower, property values and the local economies in the borrower's market areas.
- **Residential and Multifamily Real Estate** - The category includes loans that are generally secured by owner-occupied 1-4 family residences or multifamily properties. Repayment of these loans is primarily dependent on the personal income and credit rating of the borrowers or underlying tenants. 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, a borrower's personal income, or residents' income.

- **PPP** - The category includes loans that were established by the CARES Act which authorized forgivable loans to small businesses to pay their employees during the COVID-19 pandemic. The loans are 100 percent guaranteed by the SBA and repayment is primarily dependent on the borrower's cash flow or SBA repayment approval.
- **Consumer** - The category includes revolving 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.

The following tables present the credit risk profile of the Company's loan portfolio based on internal rating categories (grades 1 - 8), portfolio segmentation, and payment activity:

	Pass	Special Mention	Substandard Performing	Substandard Nonperforming	Doubtful	Loss	Total
	(Dollars in thousands)						
March 31, 2021							
Commercial	$ 1,171,818	$ 43,247	$ 46,912	$ 20,409	$ 1,661	$ —	$ 1,284,047
Energy	141,441	82,314	92,032	23,421	3,691	—	342,899
Commercial real estate	1,054,675	66,101	60,037	10,821	—	—	1,191,634
Construction and land development	616,061	—	1,139	—	—	—	617,200
Residential and multifamily real estate	679,335	43	5,440	3,075	—	—	687,893
PPP	336,355	—	—	—	—	—	336,355
Consumer	62,676	—	—	241	—	—	62,917
	$ 4,062,361	$ 191,705	$ 205,560	$ 57,967	$ 5,352	$ —	$ 4,522,945

	Pass	Special Mention	Substandard Performing	Substandard Nonperforming	Doubtful	Loss	Total
	(Dollars in thousands)						
December 31, 2020							
Commercial	$ 1,182,519	$ 66,142	$ 63,407	$ 26,124	$ 565	$ —	$ 1,338,757
Energy	145,598	90,134	83,574	22,177	3,750	—	345,233
Commercial real estate	1,035,056	67,710	57,680	19,088	—	—	1,179,534
Construction and land development	561,871	125	1,148	—	—	—	563,144
Residential and multifamily real estate	672,327	305	5,199	3,101	—	—	680,932
PPP	292,230	—	—	—	—	—	292,230
Consumer	55,026	—	—	244	—	—	55,270
	$ 3,944,627	$ 224,416	$ 211,008	$ 70,734	$ 4,315	$ —	$ 4,455,100

Loan Portfolio Aging Analysis

The following tables present the Company’s loan portfolio aging analysis as of March 31, 2021 and December 31, 2020:

	30-59 Days Past Due	60-89 Days Past Due	90 Days or More	Total Past Due	Current	Total Loans Receivable	Loans >= 90 Days and Accruing
	(Dollars in thousands)						
March 31, 2021							
Commercial	$ 7,813	$ 403	$ 15,709	$ 23,925	$ 1,260,122	$ 1,284,047	$ —
Energy	748	—	6,741	7,489	335,410	342,899	—
Commercial real estate	—	—	4,097	4,097	1,187,537	1,191,634	—
Construction and land development	862	—	—	862	616,338	617,200	—
Residential and multifamily real estate	1,160	—	6,028	7,188	680,705	687,893	3,183
PPP	—	—	—	—	336,355	336,355	—
Consumer	—	—	—	—	62,917	62,917	—
	$ 10,583	$ 403	$ 32,575	$ 43,561	$ 4,479,384	$ 4,522,945	$ 3,183

	30-59 Days Past Due	60-89 Days Past Due	90 Days or More	Total Past Due	Current	Total Loans Receivable	Loans >= 90 Days and Accruing
	(Dollars in thousands)						
December 31, 2020							
Commercial	$ 8,497	$ 264	$ 11,236	$ 19,997	$ 1,318,760	$ 1,338,757	$ —
Energy	—	—	7,173	7,173	338,060	345,233	372
Commercial real estate	63	7,677	4,825	12,565	1,166,969	1,179,534	—
Construction and land development	—	—	—	—	563,144	563,144	—
Residential and multifamily real estate	1,577	—	3,520	5,097	675,835	680,932	652
PPP	—	—	—	—	292,230	292,230	—
Consumer	—	—	—	—	55,270	55,270	—
	$ 10,137	$ 7,941	$ 26,754	$ 44,832	$ 4,410,268	$ 4,455,100	$ 1,024

Impaired Loans

A loan is considered impaired, in accordance with the impairment accounting guidance (ASC 310-10-35-16), when based on current information and events, it is probable the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming loans but also include loans modified in troubled debt restructurings where concessions have been granted to borrowers experiencing financial difficulties. The intent of concessions is to maximize collection.

Groups of loans with similar risk characteristics are collectively evaluated for impairment based on the group's historical loss experience adjusted for changes in trends, conditions and other relevant factors that affect repayment of the loans. The following tables present loans individually evaluated for impairment, including all restructured and formerly restructured loans, for the periods ended March 31, 2021 and December 31, 2020:

	Recorded Balance	Unpaid Principal Balance	Specific Allowance
		(Dollars in thousands)	
March 31, 2021			
Loans without a specific valuation			
Commercial	$ 36,174	$ 38,124	$ —
Energy	103	103	—
Commercial real estate	10,553	12,138	—
Construction and land development	—	—	—
Residential and multifamily real estate	6,302	6,558	—
PPP	—	—	—
Consumer	241	241	—
Loans with a specific valuation			
Commercial	3,113	15,297	832
Energy	27,112	35,204	4,938
Commercial real estate	25,475	25,475	2,990
Construction and land development	—	—	—
Residential and multifamily real estate	—	—	—
PPP	—	—	—
Consumer	—	—	—
Total			
Commercial	39,287	53,421	832
Energy	27,215	35,307	4,938
Commercial real estate	36,028	37,613	2,990
Construction and land development	—	—	—
Residential and multifamily real estate	6,302	6,558	—
PPP	—	—	—
Consumer	241	241	—
	$ 109,073	$ 133,140	$ 8,760

	Recorded Balance	Unpaid Principal Balance	Specific Allowance
		(Dollars in thousands)	
December 31, 2020			
Loans without a specific valuation			
Commercial	$ 36,111	$ 50,245	$ —
Energy	3,864	6,677	—
Commercial real estate	10,079	11,663	—
Construction and land development	—	—	—
Residential and multifamily real estate	6,329	6,585	—
PPP	—	—	—
Consumer	244	244	—
Loans with a specific valuation			
Commercial	8,567	8,567	1,115
Energy	22,181	27,460	3,370
Commercial real estate	34,239	34,239	5,048
Construction and land development	—	—	—
Residential and multifamily real estate	—	—	—
PPP	—	—	—
Consumer	—	—	—
Total			
Commercial	44,678	58,812	1,115
Energy	26,045	34,137	3,370
Commercial real estate	44,318	45,902	5,048
Construction and land development	—	—	—
Residential and multifamily real estate	6,329	6,585	—
PPP	—	—	—
Consumer	244	244	—
	$ 121,614	$ 145,680	$ 9,533

The table below shows interest income recognized during the three month periods ended March 31, 2021 and 2020 for impaired loans, including all restructured and formerly restructured loans, held at the end of each period:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	(Dollars in thousands)	
Commercial	$ 303	$ 910
Energy	16	122
Commercial real estate	287	123
Construction and land development	—	—
Residential and multifamily real estate	36	40
PPP	—	—
Consumer	—	—
Total interest income recognized	$ 642	$ 1,195

The table below shows the three month average balance of impaired loans for the periods ended March 31, 2021 and 2020 by loan category for impaired loans, including all restructured and formerly restructured loans, held at the end of each period:

	Three Months Ended March 31,	
	2021	2020
	(Dollars in thousands)	
Commercial	$ 41,919	$ 86,626
Energy	27,431	16,976
Commercial real estate	36,215	14,927
Construction and land development	—	—
Residential and multifamily real estate	6,316	5,230
PPP	—	—
Consumer	243	254
Total average impaired loans	$ 112,124	$ 124,013

Non-accrual Loans

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.

All interest accrued but not collected for loans that are placed on non-accrual or charged off are reversed against interest income. The interest on these loans is accounted for on the cash basis or cost-recovery method, until qualifying for return to accrual. 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 table presents the Company's non-accrual loans by loan category at March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
	(Dollars in thousands)	
Commercial	$ 22,070	$ 26,691
Energy	27,112	25,927
Commercial real estate	10,821	19,088
Construction and land development	—	—
Residential and multifamily real estate	3,075	3,101
PPP	—	—
Consumer	241	244
Total non-accrual loans	$ 63,319	$ 75,051

Troubled Debt Restructurings

Restructured loans are those extended to borrowers who are experiencing financial difficulty and who have been granted a concession, excluding loan modifications as a result of the COVID-19 pandemic. The modification of terms typically includes the extension of maturity, reduction or deferment of monthly payment, or reduction of the stated interest rate.

For the three month periods ended March 31, 2021 and 2020, the modifications related to the TDRs below did not impact the ALLL because the loans were previously impaired and evaluated on an individual basis or enough collateral was obtained.

The table below presents loans restructured, excluding loans restructured as a result of the COVID-19 pandemic, during the three months ended March 31, 2021 and 2020, including the post-modification outstanding balance and the type of concession made:

	Three Months Ended	
	March 31, 2021	March 31, 2020
	(Dollars in thousands)	
Commercial		
- Interest rate reduction	$ —	$ 3,171
Energy		
- Extension of maturity date	—	2,340
Total troubled debt restructurings	$ —	$ 5,511

The balance of restructured loans, excluding loans restructured as a result of the COVID-19 pandemic, is provided below as of March 31, 2021 and December 31, 2020. In addition, the balance of those loans that are in default at any time during the past twelve months at March 31, 2021 and December 31, 2020 is provided below:

	March 31, 2021			December 31, 2020		
	Number of Loans	Outstanding Balance	Balance 90 days past due at any time during previous 12 months[(1)]	Number of Loans	Outstanding Balance	Balance 90 days past due at any time during previous 12 months[(1)]
	(Dollars in thousands)					
Commercial	6	$ 21,631	$ 4,115	7	$ 22,759	$ 2,776
Energy	4	10,850	2,619	4	11,053	2,713
Commercial real estate	4	25,990	—	4	26,038	—
Construction and land development	—	—	—	—	—	—
Residential and multifamily real estate	2	3,244	—	2	3,245	—
PPP	—	—	—	—	—	—
Consumer	—	—	—	—	—	—
Total troubled debt restructured loans	16	$ 61,715	$ 6,734	17	$ 63,095	$ 5,489

(1) Default is considered to mean 90 days or more past due as to interest or principal.

The TDRs above had an allowance of $5 million and $4 million as of March 31, 2021 and December 31, 2020, respectively.

Note 5: Derivatives and Hedging

Derivatives not designated as hedges are not speculative and result from a service the Company provides 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. As the interest rate derivatives associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the customer derivatives and the offsetting derivatives are recognized directly in earnings.

As of March 31, 2021 and December 31, 2020, the Company had the following outstanding derivatives that were not designated as hedges in qualifying hedging relationships:

	March 31, 2021		December 31, 2020	
Product	Number of Instruments	Notional Amount	Number of Instruments	Notional Amount
	(Dollars in thousands)			
Back-to-back swaps	56	$ 546,947	56	$ 515,567

The table below presents the fair value of the Company's derivative financial instruments and their classification on the Balance Sheet as of March 31, 2021 and December 31, 2020:

	Asset Derivatives			Liability Derivatives		
	Balance Sheet Location	March 31, 2021	December 31, 2020	Balance Sheet Location	March 31, 2021	December 31, 2020
			(Dollars in thousands)			
Derivatives not designated as hedging instruments						
Interest rate products	Other assets	$ 15,561	$ 24,094	Other liabilities	$ 15,766	$ 24,454

The effect of the Company's derivative financial instruments that are not designated as hedging instruments are reported on the Consolidated Statements of Income as swap fee income, net, which includes swap fees earned upon origination and credit valuation adjustments that represents the risk of a counterparty's default. The effect of the Company's derivative financial instruments gain (loss) are reported on the Consolidated Statements of Cash Flows within "other assets" and "other liabilities".

Note 6: Time Deposits and Borrowings

The scheduled maturities, excluding interest, of the Company's borrowings at March 31, 2021 were as follows:

	March 31, 2021						
	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	$ 763,848	$ 115,321	$ 42,981	$ 8,193	$ 1,411	$ 37	$ 931,791
Fed funds purchased & repurchase agreements	3,294	—	—	—	—	—	3,294
FHLB borrowings	16,500	11,500	35,000	—	5,100	215,000	283,100
Trust preferred securities[(1)]	—	—	—	—	—	974	974
	$ 783,642	$ 126,821	$ 77,981	$ 8,193	$ 6,511	$ 216,011	$ 1,219,159

(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 7: Change in Accumulated Other Comprehensive Income ("AOCI")

Amounts reclassified from AOCI and the affected line items in the Consolidated Statements of Income during the three months ended March 31, 2021 and 2020, were as follows:

	Three Months Ended March 31,		Affected Line Item in the Statements of Income
	2021	2020	
	(Dollars in thousands)		
Unrealized gains on available-for-sale securities	$ 10	$ 393	Gain on sale of available-for-sale debt securities
Less: tax effect	2	96	Income tax expense
Net reclassified amount	$ 8	$ 297	

Note 8: 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 March 31, 2021, 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 "Minimum Capital Required - Basel III" 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's and the Bank's actual capital amounts and ratios as of March 31, 2021 and December 31, 2020 are presented in the following table:

	Actual		Minimum Capital Required - Basel III		Required to be Considered Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)					
March 31, 2021						
Total Capital to Risk-Weighted Assets						
Consolidated	$ 668,393	13.3 %	$ 528,882	10.5 %	N/A	N/A
Bank	624,240	12.4	528,704	10.5	$ 503,528	10.0 %
Tier I Capital to Risk-Weighted Assets						
Consolidated	605,281	12.0	428,143	8.5	N/A	N/A
Bank	561,155	11.1	427,999	8.5	402,822	8.0
Common Equity Tier 1 to Risk-Weighted Assets						
Consolidated	604,307	12.0	352,588	7.0	N/A	N/A
Bank	561,155	11.1	352,470	7.0	327,293	6.5
Tier I Capital to Average Assets						
Consolidated	605,281	10.5	230,468	4.0	N/A	N/A
Bank	$ 561,155	9.7 %	$ 230,354	4.0 %	$ 287,942	5.0 %
December 31, 2020						
Total Capital to Risk-Weighted Assets						
Consolidated	$ 656,806	13.1 %	$ 527,486	10.5 %	N/A	N/A
Bank	611,533	12.2	527,217	10.5	$ 502,111	10.0 %
Tier I Capital to Risk-Weighted Assets						
Consolidated	593,865	11.8	427,012	8.5	N/A	N/A
Bank	548,615	10.9	426,794	8.5	401,689	8.0
Common Equity Tier 1 to Risk-Weighted Assets						
Consolidated	592,902	11.8	351,657	7.0	N/A	N/A
Bank	548,615	10.9	351,478	7.0	326,372	6.5
Tier I Capital to Average Assets						
Consolidated	593,865	10.8	219,550	4.0	N/A	N/A
Bank	$ 548,615	10.0 %	$ 219,441	4.0 %	$ 274,302	5.0 %

Note 9: Stock-Based Compensation

The Company issues stock-based compensation in the form of nonvested restricted stock and stock appreciation rights under the 2018 Omnibus Equity Incentive Plan ("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 that was reinstated during the third quarter of 2020. The aggregate number of shares authorized for future issuance under the Omnibus Plan is 1,831,858 shares as of March 31, 2021.

The table below summarizes the stock-based compensation for the three months ended March 31, 2021 and 2020:

	Three Months Ended March 31,	
	2021	2020
	(Dollars in thousands)	
Stock appreciation rights	$ 236	$ 256
Performance-based stock awards	(266)	74
Restricted stock units and awards	665	604
Employee stock purchase plan	14	—
Total stock-based compensation	$ 649	$ 934

Performance-Based Stock Awards ("PBSAs")

The Company awards PBSAs to key officers of the Company. The performance-based shares 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 three months ended March 31, 2021, the Company granted 63,631 PBSAs. The performance metrics include three year cumulative, adjusted earnings per share and relative total shareholder return.

The following table summarizes the status of and changes in the performance-based awards:

	Performance Based Stock Awards	
	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested, January 1, 2021	231,631	$10.51
Granted	63,631	12.89
Vested	0	0.00
Forfeited	0	0.00
Unvested, March 31, 2021	295,262	$11.02

Unrecognized stock-based compensation related to the performance awards issued through March 31, 2021 was $968 thousand and is expected to be recognized over 2.7 years.

Restricted Stock Units ("RSUs") and Restricted Stock Awards ("RSAs")

The Company issues RSUs and RSAs to provide incentives to key officers, employees, and nonemployee directors. 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, 2021	369,217	$12.61
Granted	194,211	12.87
Vested	(109,770)	14.28
Forfeited	0	0.00
Unvested, March 31, 2021	453,658	$12.32

Unrecognized stock-based compensation related to the RSUs and RSAs issued through March 31, 2021 was $4 million and is expected to be recognized over 2.3 years.

Note 10: Income Tax

An income tax expense reconciliation at the statutory rate to the Company's actual income tax expense is shown below:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
	(Dollars in thousands)	
Computed at the statutory rate (21%)	$ 3,138	$ 872
Increase (decrease) resulting from		
Tax-exempt income	(790)	(790)
Nondeductible expenses	50	64
State income taxes	496	142
Equity based compensation	14	26
Other adjustments	—	(21)
Actual tax expense	$ 2,908	$ 293

The tax effects of temporary differences related to deferred taxes shown on the Consolidated Balance Sheets are presented below:

	March 31, 2021	December 31, 2020
	(Dollars in thousands)	
Deferred tax assets		
Allowance for loan losses	$ 17,944	$ 18,124
Lease incentive	550	564
Loan fees	3,453	3,178
Accrued expenses	874	2,128
Deferred compensation	2,197	2,474
State tax credit	2,447	2,621
Other	452	946
Total deferred tax asset	27,917	30,035
Deferred tax liability		
Net unrealized gain on securities available-for-sale	(7,308)	(9,531)
FHLB stock basis	(1,248)	(1,209)
Premises and equipment	(2,703)	(2,881)
Other	(1,446)	(1,601)
Total deferred tax liability	(12,705)	(15,222)
Net deferred tax asset	$ 15,212	$ 14,813

Note 11: 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 Balance Sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at March 31, 2021 and December 31, 2020:

	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 5: Derivatives and Hedging

Nonrecurring Measurements

The following tables present assets measured at fair value on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements fall at March 31, 2021 and December 31, 2020:

		March 31, 2021 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	$ 46,940	$ —	$ —	$ 46,940

		December 31, 2020 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	$ 55,454	$ —	$ —	$ 55,454
Foreclosed assets held-for-sale	$ 2,347	$ —	$ —	$ 2,347

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying Consolidated Balance Sheets.

Collateral-dependent Impaired Loans, Net of ALLL

The estimated fair value of collateral-dependent impaired loans is based on the appraised fair value of the collateral, less estimated cost to sell. Collateral-dependent impaired 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 the Office of the Chief Credit Officer. 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 nonrecurring Level 3 fair value measurements at March 31, 2021 and December 31, 2020:

	March 31, 2021			
	Fair Value	**Valuation Techniques**	**Unobservable Inputs**	**Range (Weighted Average)**
	(Dollars in thousands)			
Collateral-dependent impaired loans	$ 46,940	Market comparable properties	Marketability discount	10% - 98% (27%)

	December 31, 2020			
	Fair Value	**Valuation Techniques**	**Unobservable Inputs**	**Range (Weighted Average)**
	(Dollars in thousands)			
Collateral-dependent impaired loans	$ 55,454	Market comparable properties	Marketability discount	1% - 98% (24%)
Foreclosed assets held-for-sale	$ 2,347	Market comparable properties	Marketability discount	7% - 10% (9%)

The following tables present the estimated fair values of the Company’s financial instruments at March 31, 2021 and December 31, 2020:

	March 31, 2021				
	Carrying Amount	Fair Value Measurements			
		Level 1	Level 2	Level 3	Total
	(Dollars in thousands)				
Financial Assets					
Cash and cash equivalents	$ 630,787	$ 630,787	$ —	$ —	$ 630,787
Available-for-sale securities	685,454	—	685,454	—	685,454
Loans, net of allowance for loan losses	4,434,049	—	—	4,419,714	4,419,714
Restricted equity securities	14,080	—	—	14,080	14,080
Interest receivable	17,987	—	17,987	—	17,987
Equity securities	13,405	—	2,216	11,189	13,405
Derivative assets	15,561	—	15,561	—	15,561
	$ 5,811,323	$ 630,787	$ 721,218	$ 4,444,983	$ 5,796,988
Financial Liabilities					
Deposits	$ 5,051,570	$ 794,559	$ —	$ 4,289,169	$ 5,083,728
Federal funds purchased and repurchase agreements	3,294	—	3,294	—	3,294
Federal Home Loan Bank advances	283,100	—	292,667	—	292,667
Other borrowings	974	—	2,235	—	2,235
Interest payable	1,911	—	1,911	—	1,911
Derivative liabilities	15,766	—	15,766	—	15,766
	$ 5,356,615	$ 794,559	$ 315,873	$ 4,289,169	$ 5,399,601

	December 31, 2020				
	Carrying Amount	Fair Value Measurements			
		Level 1	Level 2	Level 3	Total
	(Dollars in thousands)				
Financial Assets					
Cash and cash equivalents	$ 408,810	$ 408,810	$ —	$ —	$ 408,810
Available-for-sale securities	654,588	—	654,588	—	654,588
Loans, net of allowance for loan losses	4,366,602	—	—	4,351,970	4,351,970
Restricted equity securities	15,543	—	—	15,543	15,543
Interest receivable	17,236	—	17,236	—	17,236
Equity securities	13,436	—	2,247	11,189	13,436
Derivative assets	24,094	—	24,094	—	24,094
	$ 5,500,309	$ 408,810	$ 698,165	$ 4,378,702	$ 5,485,677
Financial Liabilities					
Deposits	$ 4,694,740	$ 718,459	$ —	$ 4,015,792	$ 4,734,251
Federal funds purchased and repurchase agreements	2,306	—	2,306	—	2,306
Federal Home Loan Bank advances	293,100	—	309,020	—	309,020
Other borrowings	963	—	2,024	—	2,024
Interest payable	2,163	—	2,163	—	2,163
Derivative liabilities	24,454	—	24,454	—	24,454
	$ 5,017,726	$ 718,459	$ 339,967	$ 4,015,792	$ 5,074,218

Note 12: Commitments and Credit Risk

Commitments

The Company had the following commitments at March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
	(Dollars in thousands)	
Commitments to originate loans	$ 112,738	$ 99,596
Standby letters of credit	41,256	48,607
Lines of credit	1,401,710	1,423,038
Total	$ 1,555,704	$ 1,571,241

Note 13: Legal and Regulatory Proceedings

General Litigation

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, results of operations and cash flows of the Company.

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

The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes and with the statistical information and financial data appearing in this report as well as in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020 filed with the Securities and Exchange Commission ("SEC") on February 26, 2021 (the "2020 Form 10-K"). Results of operations for the three month period ended March 31, 2021 are not necessarily indicative of results to be attained for any other period. Certain statements in this report contain forward-looking statements regarding our future plans, objectives, beliefs, expectations, representations and projections. See "Forward-Looking Information" which is incorporated herein by reference. Actual results could differ materially from the anticipated results and other expectations expressed in our forward-looking statements as a result of a number of factors, including but not limited to those discussed in Item 1A – "Risk Factors" in the 2020 Form 10-K.

Unless we state otherwise or the context otherwise requires, references in the below section to "we," "our," "us," "ourselves," "our company," and the "Company" refer to CrossFirst Bankshares, Inc., and its consolidated subsidiaries. References to "CrossFirst Bank" and the "Bank" refer to CrossFirst Bank, our wholly-owned consolidated bank subsidiary.

First Quarter 2021 Highlights

During the first quarter ended March 31, 2021, we accomplished the following:

- $6 billion of assets, an increase of $339 million or 6% from December 31, 2020 driven by deposit growth;
- Efficiency ratio of 50.4% for the first quarter of 2020;
- $68 million of loan growth from the previous quarter and $512 million or 13% over the last twelve months driven by PPP loan funding;
- $357 million of deposit growth from the previous quarter and $1 billion or 27% over the last twelve months;
- Book value per share of $12.17 at March 31, 2021 compared to $11.75 at March 31, 2020;
- Hired Jana Merfen as our chief technology officer. Jana brings 16 years of financial services industry experience with a focus on evaluating investments in and benefits from technology. She will oversee customer-facing technology to better serve and respond to customer needs.

Update on the COVID-19 Global Pandemic ("COVID-19") Impact

The COVID-19 pandemic has caused, and may continue to cause, economic uncertainty and a disruption to the financial markets, the duration and extent of which is not currently known. A discussion of the impact of the COVID-19 pandemic on the Company and its operations and measures undertaken by the Company in response thereto is provided below.

Bank Operations

The Company implemented its business continuity procedures in March 2020 as a result of the COVID-19 pandemic. In April 2021, substantially all employees returned to on-premise work and the Company is evaluating hybrid working opportunities. In addition, the bank lobbies were re-opened to the public. No material interruptions to our business operations have occurred to date.

Paycheck Protection Program ("PPP") Lending Facility and Loans

The PPP was established by the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") in March 2020 and authorized forgivable loans to small businesses. The Bank provided PPP loans to support current customers and foster relationships with new customers. The loans earn interest at 1%, include fees between 1% and 5% and typically mature in two years. The loans originated under the PPP received a 0% risk weight under the regulatory capital rules which resulted in increased Common Equity Tier 1, Tier 1, and Tier 2 capital ratios, but the PPP loans are included in the calculation of our Leverage ratio.

The Consolidated Appropriations Act of 2021 allocated an additional $284 billion in PPP funding. On January 11, 2021, the Small Business Administration ("SBA") reopened PPP funds for first draw borrowers and on January 13, 2021, opened PPP funds for second draw borrowers. The second round of PPP loans have similar terms to the first round of PPP loans mentioned above, but typically mature in five years. The PPP loans were available through May 5, 2021. The SBA will continue to fund outstanding, approved PPP applications.

The following table summarizes the impact of the PPP loans on our financials:

	As of or for the Period Ended March 31,	
	2021	2020
	(Dollars in thousands)	
PPP Loan Activity		
Outstanding loan balance, beginning	$ 292,230	$ —
Loan originations	110,962	—
Loan payoffs	(66,837)	—
Outstanding loan balance, end	$ 336,355	$ —
PPP Loan Fee Activity		
Unearned fee balance, beginning	$ 4,189	$ —
Unearned fees added	4,105	—
Earned fees recognized	(2,415)	—
Unearned fee balance, end	$ 5,879	$ —

Loan Modifications

The CARES Act allowed financial institutions to elect to suspend GAAP principles and regulatory determinations for loan modifications relating to the COVID-19 pandemic that would otherwise require evaluation as troubled debt restructurings ("TDR"). On December 27, 2020, the Consolidated Appropriations Act of 2021 was signed into law, which extended the period during which the Company may elect not to consider whether loan modifications relating to the COVID-19 pandemic are TDRs through January 2, 2022. The Company elected to apply the guidance.

As of March 31, 2021, the Company had approximately $96 million of loans modified and not considered TDRs. The Company expects most of these modified loans to recover from the pandemic, but uncertainty regarding the short-term and long-term effects of the COVID-19 pandemic remain that may require the Company to (i) downgrade modified loans which may increase our Allowance for Loan Losses ("ALLL"), (ii) reverse interest income previously recognized but not received, and (iii) charge-off modified loans.

Loan Portfolio and Credit Quality

The COVID-19 pandemic continues to impact our borrowers and the Company's credit metrics remain elevated. However, the Company's key credit metrics improved during the first quarter of 2021. The Company remains cautiously optimistic that the economic outlook will continue to improve, which could continue to improve the Company's credit metrics.

Forty four percent of classified loans were within our energy portfolio at March 31, 2021. A portion of energy loans will receive updated borrowing base redeterminations in the next two quarters. The Company anticipates that higher, stabilized energy prices will improve the borrowers' first quarter results and related collateral that may lead to significant, positive grade migration in the second and third quarter of 2021.

Investment in Technology

In April 2021, the Company became a limited partner in a $150 million venture capital investment fund designed to help accelerate technology adoption at community banks. The Company committed to a total investment of $3 million. The investment fund will help community banks find solutions that make them more competitive and cost-efficient by identifying and investing in companies that solve problems the community banks face.

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Performance Measures

	As of or For the Quarter Ended				
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
	(Dollars in thousands, except per share data)				
Return on average assets[(1)]	0.84 %	0.58 %	0.58 %	(0.54)%	0.31 %
Return on average equity[(1)]	7.80 %	5.19 %	5.19 %	(4.84)%	2.53 %
Earnings (loss) per share	$ 0.23	$ 0.16	$ 0.15	$ (0.14)	$ 0.07
Diluted earnings (loss) per share	$ 0.23	$ 0.15	$ 0.15	$ (0.14)	$ 0.07
Efficiency[(2)]	50.41 %	53.35 %	53.03 %	70.81 %	55.10 %
Equity to assets	10.48 %	11.03 %	11.22 %	11.13 %	12.08 %

(1) Interim periods annualized

(2) We calculate efficiency ratio as noninterest expense divided by the sum of net interest income and noninterest income.

Results of Operations

Net Interest Income

Net interest income is presented on a tax-equivalent basis below. A tax-equivalent basis makes all income taxable at the same rate. For example, $100 of tax-exempt income would be presented as $126.58, an amount that, if taxed at the statutory federal income tax rate of 21% would yield $100. We believe a tax-equivalent basis provides for improved comparability between the various earning assets.

	For the Quarter Ended				
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Yield on securities - tax equivalent[(1)]	2.89 %	2.96 %	2.93 %	3.07 %	3.21 %
Yield on loans	3.94	4.00	3.90	4.28	4.98
Yield on earning assets - tax equivalent[(1)]	3.50	3.71	3.66	3.96	4.57
Cost of interest-bearing deposits	0.57	0.69	0.80	0.95	1.69
Cost of total deposits	0.48	0.58	0.67	0.79	1.46
Cost of FHLB and short-term borrowings	1.79	1.78	1.50	1.35	1.72
Cost of funds	0.56	0.65	0.75	0.85	1.49
Net interest margin - tax equivalent[(1)]	3.00 %	3.12 %	2.98 %	3.19 %	3.24 %

(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%.

The following tables present, for the periods indicated, average balance sheet information, interest income, interest expense and the corresponding average yield and rates paid:

	Three Months Ended March 31,					
	2021			2020		
	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	$ 217,231	$ 916	1.71 %	$ 308,671	$ 2,066	2.69 %
Securities - tax-exempt[1]	479,953	4,055	3.43	451,443	4,007	3.57
Federal funds sold	—	—	—	4,136	18	1.74
Interest-bearing deposits in other banks	452,305	128	0.11	158,044	473	1.20
Gross loans, net of unearned income[2][3]	4,506,843	43,758	3.94	3,905,005	48,339	4.98
Total interest-earning assets[1]	5,656,332	$ 48,857	3.50 %	4,827,299	$ 54,903	4.57 %
Allowance for loan losses	(78,371)			(57,627)		
Other non-interest-earning assets	220,206			205,859		
Total assets	$ 5,798,167			$ 4,975,531		
Interest-bearing liabilities						
Transaction deposits	$ 716,763	$ 364	0.21 %	$ 341,497	$ 865	1.02 %
Savings and money market deposits	2,421,765	2,388	0.40	1,886,785	6,735	1.44
Time deposits	972,006	2,976	1.24	1,165,800	6,672	2.30
Total interest-bearing deposits	4,110,534	5,728	0.57	3,394,082	14,272	1.69
FHLB and short-term borrowings	290,187	1,284	1.79	391,143	1,673	1.72
Trust preferred securities, net of fair value adjustments	965	24	9.96	923	35	14.69
Non-interest-bearing deposits	731,472	—	—	540,318	—	—
Cost of funds	5,133,158	$ 7,036	0.56 %	4,326,466	$ 15,980	1.49 %
Other liabilities	39,134			36,106		
Stockholders' equity	625,875			612,959		
Total liabilities and stockholders' equity	$ 5,798,167			$ 4,975,531		
Net interest income[1]		$ 41,821			$ 38,923	
Net interest spread[1]			2.94 %			3.08 %
Net interest margin[1]			3.00 %			3.24 %

[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 includes non-accrual loans of $63 million and $26 million as of March 31, 2021 and 2020, respectively.

[3] Loan interest income includes loan fees of $4 million and $2 million for the three months ended March 31, 2021 and 2020, respectively.

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

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. The following table sets forth the effects of changing rates and volumes on our net interest income during the periods shown. Information is provided with respect to: (i) changes in volume (change in volume times old rate); (ii) changes in rates (change in rate times old volume); and (iii) changes in rate/volume (change in rate times the change in volume).

	Three Months Ended March 31, 2021 over 2020		
	Average Volume	Yield/Rate	Net Change[2]
	(Dollars in thousands)		
Interest Income			
Securities - taxable	$ (511)	$ (639)	$ (1,150)
Securities - tax-exempt[1]	246	(198)	48
Federal funds sold	(18)	—	(18)
Interest-bearing deposits in other banks	344	(689)	(345)
Gross loans, net of unearned income	6,781	(11,362)	(4,581)
Total interest income[1]	6,842	(12,888)	(6,046)
Interest Expense			
Transaction deposits	510	(1,011)	(501)
Savings and money market deposits	1,520	(5,867)	(4,347)
Time deposits	(973)	(2,723)	(3,696)
Total interest-bearing deposits	1,057	(9,601)	(8,544)
FHLB and short-term borrowings	(444)	55	(389)
Trust preferred securities, net of fair value adjustments	1	(12)	(11)
Total interest expense	614	(9,558)	(8,944)
Net interest income[1]	$ 6,228	$ (3,330)	$ 2,898

[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] The change in interest not due solely to volume or rate has been allocated in proportion to the respective absolute dollar amounts of the change in volume or rate.

Interest income - Interest income declined for the three months ended March 31, 2021 compared to the same period in 2020. Lower yields on earning assets were driven by a decline in the interest rate environment. The decline in asset yields was partially offset by year-over-year loan growth and PPP loan income. We anticipate PPP loan fees to positively impact our yield going forward in 2021 as loans are forgiven and we accelerate the recognition of the unearned loan fees.

Interest expense - Interest expense declined for the three months ended March 31, 2021 compared to the same period in 2020. The cost of interest-bearing deposits continued to decline due to strategic rate changes in our deposit products driven by the declining interest rate environment. The decline in rates was offset by an increase in average volume due to increased liquidity in the market. The cost of FHLB and other borrowings remained relatively flat compared to 2020 as the Company's increase in cash offset the need to renew or increase these borrowings. We currently anticipate our cost of funds to decline slightly throughout 2021 as we continue to reduce rates on deposits and longer term borrowings.

Net interest income - Net interest income increased slightly for the three months ended March 31, 2021 compared to the same period in 2020 driven by growth in average earning assets, offset by compression in net interest margin as earning assets repriced quicker than interest-bearing liabilities. We currently expect the net interest margin to remain flat in 2021 as earning assets continue to reprice, offset by maturities in borrowed funds that have higher interest rates. Our expected margin may continue to be impacted by the COVID-19 pandemic, placing loans on non-accrual status, including loans with deferred payments, and changes in competition.

Impact of Transition Away from LIBOR

The Company had more than $1.5 billion in loans tied to LIBOR at March 31, 2021. The Company is replacing/adding loan document language to account for the transition away from LIBOR as loans renew or originate. The Company adopted Accounting Standards Update ("ASU") 2020-04 "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting" in 2020. The ASU allows the Company to recognize the modification related to LIBOR as a continuation of the old contract, rather than a cancellation of the old contract resulting in a write off of unamortized fees and creation of a new contract.

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Non-Interest Income

	For the Quarter Ended				
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
	(Dollars in thousands)				
Total non-interest income	$ 4,144	$ 2,949	$ 4,063	$ 2,634	$ 2,087
Non-interest income to average assets[(1)]	0.29 %	0.21 %	0.29 %	0.19 %	0.17 %

[(1)] Interim periods annualized.

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

	Three Months Ended March 31,			
			Change	
	2021	2020	$	%
	(Dollars in thousands)			
Service charges and fees on customer accounts	$ 957	$ 508	$ 449	88 %
Realized gains on available-for-sale securities	10	393	(383)	(97)
Income from bank-owned life insurance	416	456	(40)	(9)
Swap fees and credit valuation adjustments, net	155	(9)	164	1,822
ATM and credit card interchange income	2,328	485	1,843	380
Other non-interest income	278	254	24	9
Total non-interest income	$ 4,144	$ 2,087	$ 2,057	99 %

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

Service Charges and Fees on Customer Accounts - This category includes account analysis fees offset by a customer rebate program. The increase for the quarter ended March 31, 2021 compared to the same corresponding period in 2020 was driven by a decline in costs associated with our rebate program, including a reduction in the funded balance and reduction in rates used. In addition, customer growth and an increase in outstanding balances improved account analysis fees.

Realized Gains on Available-for-Sale Securities - The decrease for the quarter ended March 31, 2021 was primarily due to the value and volume of the Company's securities sold in 2020 in the declining rate environment. The 2020 sales were a strategic decision by management to capitalize on attractive market conditions and improve credit quality.

Swap Fee and Credit Valuation Adjustments, Net - This category includes swap fees from the execution of new swaps and the credit valuation adjustment ("CVA"). Swap fees on new swaps depend on the size and term of the underlying asset. During the first quarter of 2021, no new swaps were executed compared to two new swaps for the same period in 2020. The low volume of new swaps was due to management's loan and pricing strategy. Increased rates as of March 31, 2021 played a significant role in the year-over-year increase.

ATM and Credit Card Interchange Income - The increase in ATM and credit card interchange income for the quarter ended March 31, 2021 compared to the same period in 2020 was primarily the result of customers that mobilized their workforce directly impacted by the COVID-19 pandemic. The Company anticipates the credit card activity and related income will decline in connection with a decline in COVID-19 cases and the related vaccine rollout.

Non-Interest Expense

	For the Quarter Ended				
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020[1]	March 31, 2020
	(Dollars in thousands)				
Total non-interest expense	$ 22,818	$ 23,732	$ 23,011	$ 31,010	$ 22,215
Non-interest expense to average assets[2]	1.60 %	1.71 %	1.67 %	2.21 %	1.80 %

[1] Total non-interest expense includes $7 million related to goodwill impairment.

[2] Interim periods annualized.

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

	Three Months Ended March 31,			
			Change	
	2021	2020	$	%
	(Dollars in thousands)			
Salary and employee benefits	$ 13,553	$ 14,390	$ (837)	(6)%
Occupancy	2,494	2,085	409	20
Professional fees	782	671	111	17
Deposit insurance premiums	1,151	1,016	135	13
Data processing	716	692	24	3
Advertising	303	500	(197)	(39)
Software and communication	1,065	876	189	22
Foreclosed assets, net	50	10	40	400
Other non-interest expense	2,704	1,975	729	37
Total non-interest expense	$ 22,818	$ 22,215	$ 603	3 %

The changes in noninterest expense were driven by the following:

Salary and Employee Benefits - Salary and employee benefit costs decreased for the quarter ended March 31, 2021 compared to the same period in 2020 primarily due to changes in staffing levels. During the first quarter of 2020, the Company anticipated loan and deposit growth that required an increase in headcount and resulted in increased compensation costs. As result of the COVID-19 pandemic, the Company optimized staffing levels during the second half of 2020 and savings began to materialize in 2021.

Occupancy - Occupancy costs increased for the quarter ended March 31, 2021 compared to the same period in 2020 primarily due to our new locations in the rapidly growing Frisco, Texas market and our more prominent location on the Country Club Plaza, in Kansas City, Missouri.

Professional Fees - Professional fees increased for the quarter ended March 31, 2021 compared to the same corresponding period in 2020 primarily from an increase in legal fees as a result of PPP loans and loan workouts. In addition, the Company’s accounting and third-party consulting fees continue to increase due to asset growth and operation as a public company.

Deposit Insurance Premiums - The FDIC uses a risk-based premium system to calculate quarterly fees. Our premium costs increased for the quarter ended March 31, 2021 compared to the same period in 2020 as a result of strong asset growth, changes in asset quality and changes in capital ratios.

Advertising - The decline in advertising costs was driven by the COVID-19 pandemic that reduced in-person events.

Software and Communication - Software and communication costs increased for the quarter ended March 31, 2021 primarily due to our continued strategy to invest in technologies that allow us to cover beginning-to-end loan originations, provide customers with a suite of online tools and allow us to analyze reporting trends. In addition to the growing number of technologies implemented, a portion of costs increased as a result of our growth.

Other Non-interest Expense - Other non-interest expense increased for the quarter ended March 31, 2021 compared to the same period in 2020 primarily due to a $623 thousand increase in commercial card costs as a result of our growing customer base and increased use as a result of the COVID-19 pandemic. In addition, insured cash sweep ("ICS") deposits increased in 2021 from 2020, which drove related fees higher by $125 thousand. These changes were partly offset by the Company continuing to realize benefits in 2021 from reduced travel, entertainment and other discretionary spending as a result of the COVID-19 pandemic.

Income Taxes

	For the Quarter Ended				
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
	(Dollars in thousands)				
Income tax expense (benefit)	$ 2,908	$ 1,785	$ 1,498	$ (863)	$ 293
Income (loss) before income taxes	$ 14,943	$ 9,879	$ 9,504	$ (8,219)	$ 4,150
Effective tax rate	19 %	18 %	16 %	10 %	7 %

Our income tax expense (benefit) 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, tax-exempt municipal securities and tax credit bonds; state tax credits; and permanent tax differences from goodwill impairment and equity-based compensation. Refer to "Note 10: Income Tax" within the Notes to the Unaudited Financial Statements for more information.

Analysis of Financial Condition

Securities Portfolio

The securities portfolio is maintained to serve as a contingent, on-balance sheet source of liquidity. The objective of the investment portfolio is to optimize earnings, manage credit and interest rate risk, ensure adequate liquidity, and meet pledging and regulatory capital requirements. As of March 31, 2021, available-for-sale investments totaled $685 million, an increase of $31 million from December 31, 2020. For additional information, see "Note 3: Securities" in the Notes to the Unaudited Consolidated Financial Statements.

Loan Portfolio

Refer to "Note 4: Loans and Allowance for Loan Losses ("ALLL")" within the Notes to the Unaudited Consolidated Financial Statements for additional information regarding the Company's loan portfolio. As of March 31, 2021, gross loans increased $68 million or 2% from December 31, 2020 and was driven by the following:

PPP - PPP loans increased $44 million or 15% from December 31, 2020 to March 31, 2021. PPP loan activity is detailed in the "First Quarter 2021 Highlights" section within Management's Discussion and Analysis. The loans are guaranteed by the SBA, earn interest at 1.00%, and include a fee. The PPP loans will decline as the SBA forgives the loans and provides repayment to the Bank.

Construction and Land Development - The $54 million or 10% increase was driven by customer drawdowns on lines of credit primarily for commercial projects.

Energy - Our energy portfolio declined $2 million from December 31, 2020 to March 31, 2021. Customers remain impacted by lower oil and natural gas prices that has strained operating cash flow and ability to pay down their lines of credit. The Company expects the energy portfolio to decline further as part of management's strategy to lower our oil and gas loan concentrations.

Commercial - The $55 million decline in commercial loans was driven by charge-offs taken in the first quarter of 2021, an increase in pay downs and $28 million of loans sold to a third-party. The loans sold were written down to the sales price prior to the sale.

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

	As of March 31, 2021								
	Due in One Year or Less		Due after One Year through Five Years		Due after Five Years 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	$ 63,678	$ 329,338	$ 283,206	$ 513,545	$ 20,939	$ 73,341	$ —	$ —	$ 1,284,047
Energy	52	193,485	451	148,911	—	—	—	—	342,899
Commercial real estate	103,513	139,707	346,489	295,986	47,092	251,547	—	7,300	1,191,634
Construction and land development	4,411	75,857	33,557	444,016	—	29,768	6,860	22,731	617,200
Residential and multifamily real estate	20,344	112,806	69,230	143,924	110,117	8,675	176	222,621	687,893
PPP	—	—	336,355	—	—	—	—	—	336,355
Consumer	16,799	11,212	4,767	12,534	—	15,332	—	2,273	62,917
Gross loans	$ 208,797	$ 862,405	$ 1,074,055	$ 1,558,916	$ 178,148	$ 378,663	$ 7,036	$ 254,925	$ 4,522,945

Provision and Allowance for Loan Losses (“ALLL”)

	For the Quarter Ended				
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
	(Dollars in thousands)				
Provision for loan losses	$ 7,500	$ 10,875	$ 10,875	$ 21,000	$ 13,950
Allowance for loan losses	74,551	75,295	76,035	71,185	51,458
Net charge-offs	$ 8,244	$ 11,615	$ 6,025	$ 1,273	$ 19,388

Refer to “Note 4: Loans and Allowance for Loan Losses (“ALLL”)” within the Notes to the Unaudited Consolidated Financial Statements for information regarding the Company’s ALLL process. The ALLL at March 31, 2021 represents our best estimate of the incurred credit losses inherent in the loan portfolio at that date. The allocation in one portfolio segment does not preclude its availability to absorb losses in other segments. The table below presents the allocation of the allowance for loan losses as of the dates indicated:

	March 31, 2021		December 31, 2020	
	Amount	Percent of Allowance to Total Allowance	Amount	Percent of Allowance to Total Allowance
	(Dollars in thousands)			
Commercial	$ 23,464	32 %	$ 24,693	33 %
Energy	20,292	27	18,341	24
Commercial real estate	20,609	28	22,354	29
Construction and land development	3,837	5	3,612	5
Residential and multifamily real estate	6,056	8	5,842	8
PPP	—	—	—	—
Consumer	293	—	453	1
Gross loans	$ 74,551	100 %	$ 75,295	100 %

Activity in the allowance for loan losses is presented in the following table:

	Three Months Ended March 31,	
	2021	2020
	(Dollars in thousands)	
Allowance for loan losses:		
Balance at beginning of period	$ 75,295	$ 56,896
Provision for loan losses	7,500	13,950
Charge-offs:		
Commercial	(8,266)	(18,077)
Energy	—	(1,279)
Commercial real estate	—	—
Construction and land development	—	—
Residential and multifamily real estate	—	—
Consumer	—	(104)
Total charge-offs	(8,266)	(19,460)
Recoveries:		
Commercial	22	71
Energy	—	—
Commercial real estate	—	—
Construction and land development	—	—
Residential and multifamily real estate	—	—
Consumer	—	1
Total recoveries	22	72
Net charge-offs	(8,244)	(19,388)
Balance at end of period	$ 74,551	$ 51,458

A discussion of the changes in the ALLL is provided below:

Charge-offs and Recoveries:

During the three-months ended March 31, 2021, charge-offs primarily related to two commercial borrowers that were unable to support their debt obligations. The $8 million charged-off was greater than the reserved balance in the ALLL at December 31, 2020 resulting in a $5 million increase in the provision during the quarter ended March 31, 2021.

For the quarter ended March 31, 2020, net charge-offs included an $18 million charge-off related to a previously disclosed non-performing, commercial loan. The commercial loan had a specific reserve associated with it as of December 31, 2019, resulting in a limited impact to the first quarter 2020 provision. In addition, the Company charged off $1 million related to one oil exploration and production credit.

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The below table provides the ratio of net charge-offs (recoveries) during the period to average loans outstanding based on our loan categories:

	For the Quarter Ended[1]				
	March 31, 2021	**December 31, 2020**	**September 30, 2020**	**June 30, 2020**	**March 31, 2020**
Commercial	2.47 %	2.07 %	1.72 %	0.03 %	5.37 %
Energy	—	3.16	—	1.04	1.27
Commercial real estate	—	0.53	—	—	—
Construction and land development	—	—	—	—	—
Residential and multifamily real estate	—	(0.02)	0.18	0.15	—
PPP	—	—	—	—	—
Consumer	—	—	(0.09)	(0.01)	0.93
Total net charge-offs to average loans	0.74 %	1.03 %	0.54 %	0.12 %	2.00 %

[1] Interim periods annualized.

Impact of Risk Rating and Loss Ratio Changes:

Loans risk rated “special mention” and “accruing, substandard” that are not TDRs declined $38 million between December 31, 2020 and March 31, 2021 resulting in a $2 million decrease to the required reserve. The decline was driven by two commercial loans partially charged-off, discussed above, totaling $28 million that were sold in the first quarter of 2021. In addition, several loan upgrades were made due to an improving economy.

The commercial loan portfolio saw increased charge-offs over the past several quarters. The charge-offs impacted the commercial loan historical loss factor that resulted in an $860 thousand increase to the required reserve during the first quarter of 2021.

Impaired Loans and Other Factors:

Impaired loans declined $13 million between December 31, 2020 and March 31, 2021, driven by an $8 million loan upgraded due to an increase in capital that reduced the ALLL by $1 million and a $5 million decline as a result of payments made by several borrowers that reduced the ALLL by $1 million. The reduction in the ALLL was offset by an increase of $2 million as a result of changes in underlying collateral values.

Nonperforming Assets and Other Asset Quality Metrics

Nonperforming assets include: (i) nonperforming loans - includes non-accrual loans, loans past due 90 days or more and still accruing interest, and loans modified under troubled debt restructurings (“TDRs”) that are not performing in accordance with their modified terms; (ii) foreclosed assets held for sale; (iii) repossessed assets; and (iv) impaired securities.

Nonaccrual loans declined $12 million during the quarter ended March 31, 2021 primarily due to one commercial real estate loan that recapitalized its balance sheet and was placed back on accrual. In addition, several commercial borrowers were able to pay down a portion of the outstanding loan balance during the quarter ended March 31, 2021. Nonaccrual energy loans increased slightly between December 31, 2020 and March 31, 2021 as oil and natural gas borrowers struggled from the effects of low oil and gas prices over the past year. We anticipate improving credit metrics over the next quarter as the economy rebounds.

During 2020, nonaccrual loans increased primarily from energy loans that did not meet the criteria to be modified under the CARES Act and several loans impacted by the COVID-19 pandemic.

The table below summarizes our nonperforming assets and related ratios as of the dates indicated:

	For the Quarter Ended				
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
			(Dollars in thousands)		
Nonaccrual loans	$ 63,319	$ 75,051	$ 75,560	$ 37,534	$ 26,255
Loans past due 90 days or more and still accruing	3,183	1,024	4,324	220	—
Total nonperforming loans	66,502	76,075	79,884	37,754	26,255
Foreclosed assets held for sale	2,347	2,347	2,349	2,502	3,619
Total nonperforming assets	$ 68,849	$ 78,422	$ 82,233	$ 40,256	$ 29,874
ALLL to total loans	1.65 %	1.70 %	1.70 %	1.61 %	1.29 %
ALLL to nonaccrual loans	117.74	100.33	100.63	189.66	195.99
ALLL to nonperforming loans	112.10	98.98	95.18	188.55	195.99
Nonaccrual loans to total loans	1.40	1.69	1.68	0.85	0.66
Nonperforming loans to total loans	1.48	1.71	1.78	0.86	0.66
Nonperforming assets to total assets	1.15 %	1.39 %	1.49 %	0.74 %	0.59 %

Other asset quality metrics management reviews include loans past due 30 - 89 days and classified loans. The Company defines classified loans as loans categorized as substandard - performing, substandard - nonperforming, doubtful, or loss. The definitions of substandard, doubtful and loss are provided in "Note 4 Loans and Allowance for Loan Losses" in the Notes to the Unaudited Consolidated Financial Statements. The following table summarizes our loans past due 30 - 89 days, classified assets and related ratios as of the dates indicated:

	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
			(Dollars in thousands)		
Loan Past Due Detail					
30 - 59 days past due	$ 10,583	$ 10,137	$ 15,324	$ 14,205	$ 12,934
60 - 89 days past due	403	7,941	30,027	20,676	6,604
Total 30 - 89 days past due	$ 10,986	$ 18,078	$ 45,351	$ 34,881	$ 19,538
Loans 30 - 89 days past due / gross loans	0.24 %	0.41 %	1.01 %	0.79 %	0.49 %
Classified Loans					
Substandard - performing	$ 205,560	$ 211,008	$ 224,352	$ 199,595	$ 80,876
Substandard - nonperforming	57,967	70,734	67,765	29,030	19,555
Doubtful	5,352	4,315	7,794	8,504	4,088
Loss	—	—	—	—	—
Total classified loans	268,879	286,057	299,911	237,129	104,519
Foreclosed assets held for sale	2,347	2,347	2,349	2,502	3,619
Total classified assets	$ 271,226	$ 288,404	$ 302,260	$ 239,631	$ 108,138
Classified loans / (total capital + ALLL)	38.2 %	40.9 %	43.2 %	34.9 %	15.8 %
Classified assets / (total capital + ALLL)	38.6 %	41.2 %	43.6 %	35.3 %	16.3 %

During the quarter ended March 31, 2021, past due loans between 30 to 89 days declined primarily due to a commercial real estate loan that was recapitalized, which allowed the borrower to pay all past due amounts. Loans past due between 30 and 89 days at March 31, 2021 included a $6 million commercial loan and several smaller loans.

The Company's classified assets as of March 31, 2021 decreased $17 million since December 31, 2020. The decline was driven by $30 million of commercial and commercial real estate loans upgraded due to improvements in the borrowers' capital structure and $8 million in pay downs from classified loans, offset by an increase of approximately $21 million in downgraded loans, primarily from our energy and commercial loan portfolio.

Deposits and Other Borrowings

The following table sets forth the maturity of time deposits as of March 31, 2021:

	As of March 31, 2021				
	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	$ 111,656	$ 103,081	$ 63,493	$ 44,464	$ 322,694
Time deposits below FDIC insurance limit	198,577	141,545	145,496	123,479	609,097
Total	$ 310,233	$ 244,626	$ 208,989	$ 167,943	$ 931,791

At March 31, 2021, our deposits totaled $5 billion, an increase of $357 million or 8% from December 31, 2020. Of this increase, $76 million were noninterest-bearing deposits and $392 million were money market, NOW and savings deposits. Deposit increases were driven by a customer relationship that mobilized their workforce directly impacted by the COVID-19 pandemic. The increases were offset by a $112 million decrease in time deposits between December 31, 2020 to March 31, 2021 as a result of maturities and the current interest rate environment.

Other borrowings include repurchase agreements, fed funds purchased, FHLB advances, and our trust preferred security. At March 31, 2021, other borrowings totaled $287 million, a $9 million or 3% decrease from December 31, 2020. The decline was driven by borrowings that matured and were not replaced during the quarter due to increased Company liquidity.

As of March 31, 2021, the Company had approximately $3 billion of uninsured deposits, which is an estimated amount based on the same methodologies and assumptions used for the bank's regulatory requirements. The Company believes that its current capital ratios and liquidity are sufficient to mitigate the risks of uninsured deposits.

As of March 31, 2021, the Company had approximately $600 million of deposits with one customer relationship. The Company evaluated the deposit concentration and determined that a significant reduction to these deposits would not adversely impact the Company as sufficient liquidity is accessible and at favorable rates.

Liquidity

The Company's liquidity strategy is to maintain adequate, but not excessive, liquidity to meet the daily cash flow needs of its clients while attempting to achieve adequate earnings for its stockholders. The liquidity position is monitored continuously by the Company's finance department. Liquidity resources can be derived from two sources: (i) on-balance sheet liquidity resources, which represent funds currently on the balance sheet and (ii) off-balance sheet liquidity resources, which represent funds available from third-party sources. Our on-balance sheet and off-balance sheet liquidity resources consisted of the following as of the dates indicated:

	March 31, 2021	December 31, 2020
	(Dollars in thousands)	
Total on-balance sheet liquidity	$ 1,304,002	$ 1,046,110
Total off-balance sheet liquidity	748,177	756,325
Total liquidity	$ 2,052,179	$ 1,802,435
On-balance sheet liquidity as a percent of assets	22 %	19 %
Total liquidity as a percent of assets	34 %	32 %

The Company believes that its current liquidity will be sufficient to meet anticipated cash requirements for the next 12 months.

Contractual Obligations

In the first quarter of 2021, the Company entered into an agreement with a third-party, venture capital firm. The Company will invest up to $3 million into the venture capital fund. The fund was designed to invest in companies that solve problems for community banks and help accelerate technology adoption for community banks.

Refer to “Note 6: Time Deposits and Borrowings” within the Notes to the Unaudited Consolidated Financial Statements for our significant contractual cash obligations to third parties. In addition, the Company has various lease agreements with approximately $30 million of future minimum lease payments at March 31, 2021.

Contractual obligations may be satisfied through our on-balance sheet and off-balance sheet liquidity discussed above.

Capital Resources and Off-Balance Sheet Arrangements

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 8: Regulatory Matters” in the Notes to the Unaudited Consolidated Financial Statements for additional information. Management believes that as of March 31, 2021, the Company and the bank met all capital adequacy requirements to which they are subject.

The Company is subject to off-balance sheet risk in the normal course of business to meet the needs of its clients that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. Refer to “Note 12: Commitments and Credit Risk” in the Notes to Unaudited Consolidated Financial Statements for a breakout of our off-balance sheet arrangements. As of March 31, 2021, the Company believes it has sufficient access to liquid assets to support the funding of these commitments.

Critical Accounting Policies and Estimates

The Company identified several accounting policies that are critical to an understanding of our financial condition and results of operations. These policies require difficult, subjective or complex judgments and assumptions that create potential sensitivity of our financial statements to those judgments and assumptions. These policies relate to the allowance for loan and lease losses, investment securities impairment, deferred tax assets, and the fair value of financial instruments. 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 2020 Form 10-K.

There have been no additional changes in the Company’s application of critical accounting policies since December 31, 2020.

Recent Accounting Pronouncements

Refer to “Note 1: Nature of Operations and Summary of Significant Accounting Policies” included in the Notes to the Unaudited Consolidated Financial Statements 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 balance sheet management. Interest rate risk is the risk that NIM 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) balance sheet 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 Funds Management Committee (“FMC”). The FMC uses a combination of three systems to measure the balance sheet’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 FMC’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 FMC 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. 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

Change in Interest Rate (Basis Points)	March 31, 2021		March 31, 2020	
	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	0.7 %	(12.2)%	8.1 %	(4.5)%
+200	(0.1)	(7.5)	5.7	(0.7)
+100	(0.6)	(3.6)	2.9	1.2
Base	— %	— %	— %	— %
-100	NA[1]	NA[1]	NA[1]	NA[1]
-200	NA[1]	NA[1]	NA[1]	NA[1]

[1] The Company decided to exclude the down rate environment from its analysis due to the already low interest rate environment.

Hypothetical Change in Interest Rate - Rate Ramp

Change in Interest Rate (Basis Points)	March 31, 2021	March 31, 2020
	Percent change in net interest income	Percent change in net interest income
+300	0.3 %	4.8 %
+200	(0.2)	3.2
+100	(0.4)	1.6
Base	—	—
-100	NA[1]	NA[1]
-200	NA[1]	NA[1]

[1] The Company decided to exclude the down rate environment from its analysis due to the already low interest rate environment.

The Company's position is relatively neutral as of March 31, 2021. The hypothetical change in net interest income as of March 31, 2021 in an up 100 and 200 basis point shock is mainly due to floors on variable rate loans that limit interest income growth as rates start to rise and the number of fixed-rate PPP loans outstanding. In addition, the Company reduced wholesale deposits and time deposits to lower interest rate sensitivity in the current low rate environment. As a result, our interest-bearing liabilities reprice faster than our earning assets in an up 100 and 200 basis point rate environment. The FMC has several options available, including an increase in fixed-rate deposits and using on balance sheet derivatives, that could reduce the short-term, negative impact of a rising interest rate environment. The Company expects that forgiveness of our PPP loans over the near term may improve net interest income if rates were to increase. Approximately 67% of the Company's earning assets reprice or mature over the new 12 months.

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 interest 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 March 31, 2021. 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 March 31, 2021.

Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that occurred during the first quarter of 2021 that has materially affected, or is reasonably likely to materially affect, the Company's 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 nature, 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 anti-terrorism 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 2020 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 2020 Form 10-K.

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

Share Repurchase Program

The following table summarizes our repurchases of our common shares for the three-months ended March 31, 2021:

Calendar Month	Total Number of Shares Repurchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that may yet be Purchased as Part of Publicly Announced Plans or Programs
January 1 - 31	52,855	$ 10.84	52,855	$ 13,382,774
February 1 - 28	—	$ —	—	$ 13,382,774
March 1 - 31	35,642	$ 13.38	35,642	$ 12,905,314
Total	88,497	$ 11.87	88,497	

On October 20, 2020, the Company announced that its Board of Directors approved a share repurchase program under which the Company may repurchase up to $20 million of its common stock. Repurchases under the program may be made in 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 particular amount of common stock, and it may be suspended at any time at the Company's discretion. No time limit has been set for completion of the program.

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, File No. 333-232704).
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, File No. 333-232704).
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, File No. 333-232704).
10.1*	Employment Agreement with Jana D. Merfen Dated January 19, 2021
10.2	Amended and Restated Employment Agreement, dated March 15, 2021, between the Company and David O'Toole, incorporated by reference to Form 8-K filed on March 15, 2021
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

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.

May 6, 2021

/s/ David L. O'Toole
David L. O'Toole
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement”) is effective as of January 27, 2021 (the "Effective Date"), is by and between CrossFirst Bank, a state bank organized under the laws of the State of Kansas (the "Company"), CrossFirst Bankshares, Inc. a Kansas Corporation (the "Holding Company"), and Jana D. Merfen ("Employee"), with reference to the following facts:

RECITALS:

The parties have agreed to execute this Agreement in order to memorialize the terms and conditions on which the Company shall employ Employee from and after the Effective Date of this Agreement.

Certain rights described below may inure to the benefit of other companies affiliated with the Company by virtue of being controlled by the Company or under common control with the Holding Company (“Affiliated Companies”).

AGREEMENTS:

Now, THEREFORE, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. POSITION AND DUTIES.

1.1 POSITION AND TITLE. The Company hereby hires Employee to serve as Managing Partner, Chief Technology Officer.

a. LIMITS ON AUTHORITY. Employee shall, to the best of her abilities, perform her duties in such capacity pursuant to this Agreement in compliance with applicable law, consistent with such direction as the Company provides to Employee from time to time, and in accordance with Company's policies and procedures as published from time to time.

b. REPORTING AND AUTHORITY. Employee shall report to the Company as directed by the Company. Subject to the directions of the Company, Employee shall have full authority and responsibility for supervising and managing to the best of her ability, the daily affairs in her scope of work or as assigned including but not limited to: (i) provide strategic technology leadership with an integral role in the growth and continued development of digital services and automation and data strategies (ii) working with the Company to develop and approve business objectives, policies and plans that improve the Company’s profitability; (iii) communicating business objectives and plans to subordinates, (iv) working with the Company to ensure the technology strategy meets the long-term business strategy (v) identifying technology investment and innovation opportunities and managing the internal data environment to support data analytics solutions, (vi) providing periodic financial information concerning the operations of the projects and growth plans to the Company, and (vii) ensuring that the operation of the projects comply with applicable laws.

1.2 ACCEPTANCE. Employee hereby accepts employment by the Company in the capacity set forth in Section 1.1, above, and agrees to perform the duties of such position from and after the Effective Date of this Agreement in a diligent, efficient, trustworthy, and businesslike manner. Employee agrees that, to the best of the Employee's ability and experience, Employee at all times shall loyally and conscientiously discharge all of the duties and responsibilities imposed upon Employee pursuant to this Agreement.

1.3 BUSINESS TIME. Employee shall devote her exclusive business time to the performance of her duties to the Company under Section 1.1 and elsewhere in this Agreement. Employee shall not undertake any activities that conflict with or significantly detract from her primary duties to the Company.

1.4 LOCATION. Employee shall perform her duties under this Agreement primarily in Leawood, Kansas and potentially other regions of the United States where the Company, or its Affiliated Companies, are active in conducting banking and other related service activities. Employee acknowledges and agrees that from time to time she shall be required to travel (at the cost and expense of the Company) to such other locations in order to discharge her duties under this Agreement.

1.5 TERM. The term of this Agreement commenced as of the Effective Date and shall be for a term of two (2) years, which term shall thereafter automatically renew for successive one (1) year terms unless: i) Company or Employee serve a Notice of Termination upon the other party of intent to not renew the term of this Agreement within thirty (30) days prior to the ensuing termination date, or ii) earlier terminated in accordance with Section 3, below.

1.6 STOCKHOLDING REQUIREMENT. The Board of Directors of the Company believes that it will be essential for Employee to participate in the Company's future growth as an equity stakeholder as well as an employee. As a condition to Employee's employment with the Company, Employee will be required to hold a minimum of two hundred thousand dollars ($200,000) worth of Company stock ("Required Stock"). As a condition of Employee's continued employment with the Company, Employee shall not sell or transfer any Required Stock without the prior consent of the Compensation Committee of the Board of Directors (the "Compensation Committee"). In the event Employee fails to hold sufficient Company stock with a value equal to or in excess of the required minimum value for more than ninety (90) consecutive days, and unless such requirement is waived by the Compensation Committee, Employee shall be deemed to be in material breach of this Agreement. Employee will have three years from the date hereof to reach the Required Stock threshold.

2. COMPENSATION. The Company shall compensate Employee for her services pursuant to this Agreement as follows:

2.1 BASE COMPENSATION.

a. BASE SALARY. The Company shall pay to Employee an annual salary in the amount of Three Hundred Thousand Dollars ("Base Salary"), payable in periodic installments in accordance with the Company's regular payroll practices as in effect from time to time. Such annual salary shall be subject to approval by the Compensation Committee. In addition, such annual salary is subject to periodic increases, in such amounts (if any) as the Company may determine to be appropriate, at the time of Employee's annual review pursuant to Section 2.1(b), below, or at such other times (if any) as the Company may select.

b. PERIODIC REVIEWS. The Company shall review Employee's performance of her duties pursuant to this Agreement at least annually and from time to time and advise Employee of the results of that review. In connection with each such review, the Company shall evaluate whether any increase in Employee's compensation under Section 2.1(a), above, is appropriate. Any annual salary increase shall be effective as of such date as the Company, in its discretion, determines to be appropriate.

2.2 BONUSES.

a. CRITERIA. Employee shall be eligible to receive periodic incentive bonuses under the Company's Incentive Plan (the "Bonuses") in such amounts, if any, and at such times as may be determined by the Compensation Committee, in its sole discretion. Employee's bonus opportunity shall be 40% of Employee's Base Salary. By no later than March 15th of each year, the Compensation Committee will define the terms and conditions of such Bonuses for Employee for the following year based upon reasonable, measurable and obtainable goals for Employee and the Company.

b. TIMING OF PAYMENT. The Bonus, if any, payable for each calendar year during the term of this Agreement shall be payable on or before March 15st of the calendar year immediately following the end of the calendar year in which such Bonus is earned.

2.3 FRINGE BENEFITS/VACATION.

a. VACATION. Employee is trusted to take reasonable vacation time when needed. Employee will not receive compensation upon termination or credit in future calendar years for any unused vacation time.

b. OTHER FRINGE BENEFITS. Employee shall be eligible to participate, on the same terms and conditions as all other employees of the Company, in all reasonable and customary fringe benefit plans made available to the employees of the Company and its Affiliated Companies, including but not limited to, Group Health Insurance (medical, vision and dental) and Long and Short Term Disability Insurance.

c. MOBILE COMMUNICATIONS. The Company at its expense shall provide Employee with iPhones and iPads and data plan for her use in connection with the Company’s business with a provider acceptable to the Company. Employee shall use and maintain such devises in a reasonable manner. The Company shall pay for the purchase of such initial devices for Employee’s use and a replacement when such devices are eligible for full replacement under Employee’s data plan.

d. AUTOMOBILE ALLOWANCE. The Company shall provide Employee with an automobile allowance of $600 per month, prorated for partial months worked, which shall be in lieu of any expense reimbursement for automobile or automobile-related expenditures (other than expenditures for car service or other transportation costs associated with Employee's business travel, which shall be reimbursed in accordance with the terms of Section 2.4, below) or use of a Company owned or leased vehicle.

2.4 REIMBURSEMENT OF EXPENSES. The Company shall reimburse Employee for business expenses incurred by Employee in the performance of her duties, provided that such expenses are authorized under the Company’s Expense Reimbursement policy, in reasonable amounts, incurred for ordinary and necessary Company-related business expenses and are supported by itemized accountings and expense receipts that are timely submitted to the Company prior to any reimbursement.

2.5 EQUITY INCENTIVE PLAN. As an active key employee in Company and its affiliates, Employee shall have the right to participate in the current CrossFirst Bankshares, Inc. 2018 Omnibus Equity Incentive Plan, (the “Equity Incentive Plan”) for certain eligible key employees, a copy of which has been provided by Employer. As a part of Employee’s compensation under this Agreement, Employee shall have the right to participate in the Equity Incentive Plan as determined by the Committee, subject to vesting and other rights described in the Equity Incentive Plan or approved by the Compensation Committee. Employee’s rights in any equity may change in accordance with the provisions of the Equity Incentive Plan. The Committee reserves the right, in its sole discretion and at any time, to change the type of equity incentive awards granted to Employee, provided that the Committee shall only grant to Employee awards which may be granted under the terms of the Equity Incentive Plan. For 2021, you will receive a grant of 10,000 time-based RSUs that will vest in 1/3 increments. You will be eligible for additional awards under the Equity Incentive Plan in 2022.

3. TERMINATION.

3.1. DEFINTIONS. For purposes of this Agreement, the term:

a. “DATE OF TERMINATION” or "TERMINATION DATE" shall mean the date specified in a Notice of Termination (as defined below).

b. "NOTICE OF TERMINATION" shall mean a written notice, which includes the effective Date of Termination and (i) if delivered by the Company in connection with the Company's decision to terminate Employee's employment with the Company, sets forth in reasonable detail the reason for termination of Employee's employment, or (ii) if delivered by Employee in connection with a Constructive Termination (as such term is defined in the Severance Plan (as defined in Section 3.1(c) below)), specifies in reasonable detail the basis for such resignation.

c. "SEVERANCE PLAN" shall mean the CrossFirst Bankshares, Inc. Senior Executive Severance Plan.

3.2. TERMINATION BY EMPLOYEE OR COMPANY DUE TO DEATH OR DISABILITY. If the Company terminates Employee during the term of this Agreement due to death or Disability or Employee terminates this Agreement due to Disability then following such termination the Company shall pay to Employee or Employee’s legal representative:

a. ACCRUED OBLIGATION. A lump sum cash payment equal to Employee’s accrued, earned but unpaid compensation and bonuses for the period ending on the Date of Termination, provided, that such payment shall not include any potential or unearned bonuses or any other potential or unearned or benefits ("Accrued Obligations") shall be made on the sixtieth (60th) day following the Employee’s Date of Termination; and

b. COBRA PAYMENT. A lump sum cash payment equal to twelve (12) times the Company-paid portion of the monthly COBRA continuation premium for Employee and his eligible dependents, if any, for COBRA continuation coverage under the Company's health, vision and dental plans in effect as of Employee's Date of Termination due to Disability or death. Such amount will include the Company paid portion of the cost of the premiums for coverage of Employee's dependents if, and only to the extent that, such dependents were enrolled in a health, vision or dental plan sponsored by the Company before the Date of Termination.

For purposes of this Agreement, "Disability" shall have the meaning ascribed in the Severance Plan

3.3 OTHER TERMINATIONS. In the case of a termination for any reason other than Employee's death or Disability, Employee shall only be entitled to those severance benefits, if any, provided for under the Severance Plan ("Severance Payments").

3.4 CONDITIONAL NATURE OF SEVERANCE PAYMENTS. Notwithstanding any other provision of this Section 3 or any other provision of this Agreement to the contrary:

a. NONSOLICITATION. Employee understands and agrees that because of his employment with the Company that she will acquire or have access to certain information of a confidential and secret nature derived from the operations of the Company’s and its Affiliated Companies’ business. Employee further understands and agrees that all correspondence, customer and investor lists and information, loan pricing techniques, underwriting methods, systems and products of the Company are confidential and trade secrets (“Confidential Information”) and the disclosure or unauthorized use of such information would be detrimental to the Company. Employee understands and agrees that the nature of the Company's business is such that if Employee were to directly solicit, interfere with, or attempt to interfere with any of the

Company’s customer relationships or to directly or indirectly solicit, interfere with, or attempt to interfere with any of the Company’s other employees relationships that existed at Employee’s Termination Date and during the one (1) year period following the termination of Employee's employment with the Company, then it would be injurious to the Company. Therefore in consideration of the Employee and the Company complying with the terms of his employment, and subject to the condition precedent of the Company timely providing Employee the payments called for hereunder, Employee agrees:

i. that, without the prior written consent of the Company, she will not directly or indirectly solicit interfere with or attempt to interfere with any of the Company’s customer relationships or other employee relationships that existed at Employee’s Termination Date and during the one (1) year period of time thereafter;

ii. to assist in the avoidance of the unauthorized disclosure of the Company's Confidential Information, in addition to other remedies available to the Company and its Affiliated Companies, Employee will not, and understands and agrees that his right to receive the severance consideration described in Sections 3.2 and 3.3 above (to the extent Employee is otherwise entitled to such payments thereunder) shall be conditioned upon Employee not: i) directly or indirectly engaging in (whether as an employee, consultant, agent, proprietor, principal, partner, stockholder, corporate officer, director or otherwise); or ii) acquiring any ownership interest in or participating in the financing, operation, management or control of, any person, firm, corporation or business that directly or indirectly solicits, interferes with or attempts to interfere with any of the Company’s customer relationships or other employee relationships that existed at Employee’s Termination Date in any Metropolitan Statistical Area as defined from time to time by the U.S. Office of Management and Budget, Bureau of Labor Statistics, in which the Company or its successor owns controlling voting interest in any banking or other financial institution as such banking or other financial institutions are controlled by the Company or its Affiliated Companies upon Employee’s Termination Date. The limitation upon Employee’s ownership of outstanding shares or other units of ownership shall be excluded from this Section 3.4, provided such ownership is less than five (5) percent in any publicly-traded bank or financial institution;

iii. without the prior written consent of the Company, Employee will not solicit, directly or indirectly, actively or inactively, the employees or independent contractors of the Company to become employees or independent contractors of any person, firm, corporation, business, or banking or other financial institution that directly or indirectly competes with the Company or solicits, interferes with, or attempts to interfere with the Company’s customers; and,

iv. on or before the Date of Termination, Employee shall return to Company, all records, lists, compositions, documents and other items which contain, disclose and/or embody any Confidential Information (including, without limitation, all copies, reproductions, summaries and notes of the contents thereof, expressly including all electronically stored data, wherever stored), regardless of the person causing the same to be in such form, and Employee will certify that the provisions of this paragraph have been complied with.

If Employee violates any restriction described in Section 3.4(a), then all Severance Payments and consideration to which Employee otherwise may be entitled under Section 3.2 and 3.3 above, as applicable, thereupon shall cease and Employee shall promptly return to the Company all severance payments received and other severance benefits theretofore incurred by Company for Employee's benefit. The Company agrees that nothing herein shall preclude Employee from retaining copies of his calendar, contact list or documents related to his investment in Company or responsibilities as a director to Company, and that Employee shall be entitled to freely offer employment references to the Company's other current or former employees.

b. OTHER EMPLOYMENT. In the event Employee becomes employed as an employee or consultant for a company that provides banking services similar to services provided by the Company or its Affiliated Companies in a Metropolitan Statistical Area, described in Section 3.4(a)(ii), above, Employee shall not be entitled to receive any further amount of the severance consideration described in Sections 3.2 and 3.3 above, subsequent to the date of such employment. Employee acknowledges that this limitation is fair to both Employee and the Company and does not in any way restrain employee from exercising Employees lawful profession, trade or business.

c. GENERAL RELEASE. Employee shall not be entitled to receive any benefits upon termination of employment described in this Section 3 (including any Severance Payments under the Severance Plan or described in Section 3.2 above) unless prior to receiving the same Employee executes a release pursuant to Section 9 of the Severance Plan, as applicable, or a general release of all known claims against the Company and its directors, officers, employees, stockholders, and other agents and their respective insurers, successors, and assigns, of all claims arising from or in any way relating to Employee's employment by the Company or the termination of that employment, provided that such release shall not extend to (i) any claims for benefits under any qualified retirement plan maintained by the Company, (ii) any claims for governmental unemployment benefits, or (iii) any claims for workers compensation benefits; (iv) Employee's rights, if any, under the Plan, (v) Employee's rights, if any, as an owner of any Shares of the Company, (vi) Employee's rights under this Agreement, or (vii) Employee's right to receive indemnification from the Company under applicable provisions of the law of the State where Employee is employed or the articles of organization, articles of incorporation, By Laws or Operating Agreement of the Company or its Affiliated Companies, as the case may be.

3.5 EQUITABLE REMEDIES. Employee acknowledges that irreparable harm will result to the Company in the event of a material breach by Employee of any of the covenants contained in Section 3.4. Employee agrees that, in the event of such a breach and in addition to any other legal or equitable remedies available to the Company, the Company will be entitled to specific performance of the covenants in Section 3.4; to an injunction to restrain the violation of such covenants by Employee and all other persons acting for or with Employee; or to both specific performance and an injunction. Employee further agrees that, in the event the Company brings an action for the enforcement of any of those covenants, and if the court finds any part of the covenant unreasonable as to time, area or activity covered, then the court shall make a finding as to what is reasonable and shall enforce this Agreement by judgment or decree to the extent of such findings.

4. MISCELLANEOUS

4.1 NOTICES. All notices permitted or required by this Agreement shall be in writing, and shall be deemed to have been delivered and received (i) when personally delivered, or (ii) on the third (3rd) business day after the date on which deposited in the United States mail, postage prepaid, certified or registered mail, return receipt requested, or (iii) on the date on which transmitted by other electronic means generating a receipt confirming a successful transmission *provided that* on that same date a copy of such notice is deposited in the United States mail, postage prepaid, certified or registered mail, return receipt requested), or (iv) on the next business day after the date on which deposited with a regulated public carrier (e.g., Federal Express) designating overnight delivery service with a return receipt requested or equivalent thereof administered by such regulated public carrier, freight prepaid, and addressed in a sealed envelope to the party for whom intended at the address appearing on the signature page of this Agreement (if to the Company to the attention of the Secretary of the Company and if to the Employee to the attention of the Employee), or such other address or facsimile number, notice of which is given in a manner permitted by this Section 4.1.

4.2 EFFECT ON OTHER REMEDIES. Nothing in this Agreement is intended to preclude, and no provision of this Agreement shall be construed to preclude, the exercise of any other right or remedy which the Company or Employee may have by reason of the other's breach of obligations under this Agreement.

4.3 BINDING ON SUCCESSORS; ASSIGNMENT. This Agreement shall be binding upon, and inure to the benefit of, each of the parties hereto, as well as their respective heirs, successors, assigns, and personal representatives.

4.4 GOVERNING LAW, JURISDICTION AND VENUE. This Agreement shall be construed in accordance with and shall be governed by the laws of the State of Kansas, without regard to conflict of law principles. Each party consents to the jurisdiction of the courts of the State of Kansas as the exclusive jurisdiction for the purposes of construing or enforcing this Agreement and the venue of the District Court of the State of Kansas in Johnson, County, Kansas and that any dispute relating to this Agreement shall be brought in the District Court of the State of Kansas in Johnson, County, Kansas.

4.5 SEVERABILITY. If any of the provisions of this Agreement shall otherwise contravene or be invalid under the laws of any state, country or other jurisdiction where this Agreement is applicable but for such contravention or invalidity, such contravention or invalidity shall not invalidate all of the provisions of this Agreement but rather it shall be construed, insofar as the laws of that state or other jurisdiction are concerned, as not containing the provision or provisions contravening or invalid under the laws of that state or jurisdiction, and the rights and obligations created hereby shall be construed and enforced accordingly.

4.6 COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which, taken together, shall be one and the same instrument, binding on all the signatories.

4.7 FURTHER ASSURANCES. Each party agrees, upon the request of another party, to make, execute, and deliver, and to take such additional steps as may be necessary to effectuate the purposes of this Agreement.

4.8 REASONABLE VERIFICATION. Company agrees that Employee shall have reasonable access to the Company's books and records in order to verify the accuracy of Bonus calculations that may be necessary following termination.

4.9 ENTIRE AGREEMENT; AMENDMENT. This Agreement (a) represents the entire understanding of the parties with respect to the subject matter hereof, and supersedes all prior and contemporaneous understandings, whether written or oral, regarding the subject matter hereof, and (b) may not be modified or amended, except by a written instrument, executed by the party against whom enforcement of such amendment may be sought.

4.10 TAXES.

a. Anything to the contrary notwithstanding, all payments made by the Company to Employee or Employee’s estate or beneficiaries will be subject to tax withholding pursuant to any applicable laws or regulations. Employee will be solely liable and responsible for the payment of taxes arising as a result of any payment hereunder including without limitation any unexpected or adverse tax consequence.

b. This Agreement is intended to comply with the requirements of Code Section 409A (“Section 409A”). Accordingly, all provisions herein, or incorporated by reference, shall be construed and interpreted to comply with Section 409A and if necessary, any provision shall be held null and void to the extent such provision (or part thereof) fails to comply with Section 409A or regulations thereunder.

c. If Employee is a specified employee (within the meaning of Code Section 409A) at the time Employee incurs a separation from service (within the meaning of Section 409A), then to the extent necessary to comply with Code Section 409A and avoid the imposition of taxes under Code Section 409A, the payment of certain benefits owed to Employee under this Agreement will be delayed and instead paid (without interest) to Employee upon the earlier of the first business day of the seventh month following Employee's separation from service or death.

d. The Company and Employee agree that, for purposes of the limitations on nonqualified deferred compensation under Section 409A, each payment of compensation under this Agreement shall be treated as a separate payment of compensation for purposes of applying Section 409A deferral election rules and the exclusion from Section 409A for certain short-term deferral amounts. The Company and Employee also agree that any amounts payable solely on account of an involuntary separation from service of the Executive within the meaning of Section 409A shall be excludible from the requirements of Section 409A, either as involuntary separation pay or as short-term deferral amounts (e.g., amounts payable under the schedule prior to March 15 of the calendar year following the calendar year of involuntary separation) to the maximum possible extent.

e. Notwithstanding anything to the contrary in this Agreement, all reimbursements and in kind benefits provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during the period of time specified in this Agreement, (ii) the amount of expenses eligible for reimbursement, or in kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in kind benefits to be provided, in any other calendar year, (iii) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred, and (iv) the right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit.

4.11 409A. To the extent that any payment or other consideration due from the Company to Employee hereunder would trigger any tax or penalty under Section 409A, the Company agrees that it will accelerate such payment or other consideration to the extent allowed by law in order to eliminate such tax or penalty. To the extent that any payment or other consideration called to be made under this Agreement fails to meet the requirements of Section 409A and the regulations relating to that statute, the Company shall immediately pay to Employee an additional sum equal to any amount required to be included as income as a result of such noncompliance.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, effective as of the date set forth above.

CROSSFIRST BANK

/s/ Michael J. Maddox

Michael J. Maddox
President and CEO

CROSSFIRST BANKSHARES, INC.

/s/ Michael J. Maddox

Michael J. Maddox
President and CEO

JANA D. MERFEN

/s/ Jana D. Merfen

Jana D. Merfen
CTO

Certification of Chief Executive Officer
Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934
and 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)) 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) 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

   (c) 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: May 6, 2021

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

Certification of Chief Financial Officer
Pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934
and Section 302 of the Sarbanes-Oxley Act of 2002

I, David L. O'Toole, 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)) 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) 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

   (c) 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: May 6, 2021

/s/ David L. O'Toole
David L. O'Toole
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 March 31, 2021, 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: May 6, 2021

/s/ Michael J. Maddox

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

/s/ David L. O'Toole

David L. O'Toole
Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)