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 September 30, 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 November 1, 2021, the registrant had 50,918,788 shares of common stock, par value $0.01, outstanding.

CrossFirst Bankshares, Inc.
Form 10-Q for the Quarter Ended September 30, 2021

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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

	September 30, 2021	December 31, 2020
	(Unaudited)	
	(Dollars in thousands)	
Assets		
Cash and cash equivalents	$ 316,722	$ 408,810
Available-for-sale securities - taxable	168,182	177,238
Available-for-sale securities - tax-exempt	539,924	477,350
Loans, net of allowance for loan losses of $64,152 and $75,295 at September 30, 2021 and December 31, 2020, respectively	4,168,965	4,366,602
Premises and equipment, net	66,598	70,509
Restricted equity securities	12,885	15,543
Interest receivable	15,928	17,236
Foreclosed assets held for sale	1,148	2,347
Bank-owned life insurance	67,104	67,498
Other	43,695	56,170
Total assets	$ 5,401,151	$ 5,659,303
Liabilities and stockholders' equity		
Deposits		
Noninterest-bearing	$ 960,999	$ 718,459
Savings, NOW and money market	2,774,477	2,932,799
Time	701,121	1,043,482
Total deposits	4,436,597	4,694,740
Federal funds purchased and repurchase agreements	-	2,306
Federal Home Loan Bank advances	276,600	293,100
Other borrowings	997	963
Interest payable and other liabilities	34,550	43,766
Total liabilities	4,748,744	5,034,875
Stockholders' equity		
Common stock, $0.01 par value:		
authorized - 200,000,000 shares, issued - 52,576,504 and 52,289,129 shares at September 30, 2021 and December 31, 2020, respectively	526	523
Treasury stock, at cost:		
1,573,806 and 609,613 shares held at September 30, 2021 and December 31, 2020, respectively	(20,000)	(6,061)
Additional paid-in capital	525,676	522,911
Retained earnings	126,299	77,652
Accumulated other comprehensive income	19,906	29,403
Total stockholders' equity	652,407	624,428
Total liabilities and stockholders' equity	$ 5,401,151	$ 5,659,303

See Notes to Consolidated Financial Statements (unaudited)

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CROSSFIRST BANKSHARES, INC.
CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
	(Dollars in thousands except per share data)			
Interest Income				
Loans, including fees	$ 42,664	$ 43,929	$ 130,268	$ 138,591
Available-for-sale securities - taxable	803	1,042	2,423	4,174
Available-for-sale securities - tax-exempt	3,562	3,186	10,410	9,758
Deposits with financial institutions	121	47	359	583
Dividends on bank stocks	161	248	488	808
Total interest income	47,311	48,452	143,948	153,914
Interest Expense				
Deposits	4,211	7,298	14,789	29,975
Fed funds purchased and repurchase agreements	-	54	3	162
Federal Home Loan Bank Advances	1,275	1,749	3,838	4,980
Other borrowings	24	24	72	85
Total interest expense	5,510	9,125	18,702	35,202
Net Interest Income	41,801	39,327	125,246	118,712
Provision for Loan Losses	(10,000)	10,875	1,000	45,825
Net Interest Income after Provision for Loan Losses	51,801	28,452	124,246	72,887
Non-Interest Income (Loss)				
Service charges and fees on customer accounts	1,196	792	3,330	1,947
Realized gains on available-for-sale securities	1,046	1,012	1,043	1,725
Unrealized gains (losses), net on equity securities	(6,210)	-	(6,243)	53
Income from bank-owned life insurance	427	464	3,088	1,373
Swap fees and credit valuation adjustments, net	31	121	156	80
ATM and credit card interchange income	1,735	1,482	5,569	2,863
Other non-interest income	670	192	1,921	751
Total non-interest income (loss)	(1,105)	4,063	8,864	8,792
Non-Interest Expense				
Salaries and employee benefits	15,399	14,628	44,612	43,022
Occupancy	2,416	2,144	7,307	6,274
Professional fees	618	1,132	2,538	3,098
Deposit insurance premiums	927	1,096	2,995	3,151
Data processing	700	652	2,136	2,065
Advertising	596	147	1,334	870
Software and communication	999	959	3,098	2,772
Foreclosed assets, net	(35)	20	680	1,174
Goodwill impairment	-	-	-	7,397
Other non-interest expense	2,416	2,233	7,967	6,421
Total non-interest expense	24,036	23,011	72,667	76,244
Net Income Before Taxes	26,660	9,504	60,443	5,435
Income tax expense	5,660	1,498	11,831	928
Net Income	$ 21,000	$ 8,006	$ 48,612	$ 4,507
Basic Earnings Per Share	$ 0.41	$ 0.15	$ 0.95	$ 0.09
Diluted Earnings Per Share	$ 0.41	$ 0.15	$ 0.93	$ 0.09

See Notes to Consolidated Financial Statements (unaudited)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(Dollars in thousands)			
Net Income	$ 21,000	$ 8,006	$ 48,612	$ 4,507
Other Comprehensive Income (Loss)				
Unrealized gain (loss) on available-for-sale securities	(7,989)	1,923	(11,532)	14,073
Less: income tax expense (benefit)	(1,956)	472	(2,823)	3,440
Unrealized gain (loss) on available-for-sale securities, net of income tax	(6,033)	1,451	(8,709)	10,633
Reclassification adjustment for realized gains included in income	1,046	1,012	1,043	1,725
Less: income tax expense	256	248	255	422
Less: reclassification adjustment for realized gains included in income, net of income tax	790	764	788	1,303
Other comprehensive income (loss)	(6,823)	687	(9,497)	9,330
Comprehensive Income	$ 14,177	$ 8,693	$ 39,115	$ 13,837

See Notes to Consolidated Financial Statements (unaudited)

CROSSFIRST BANKSHARES, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY - UNAUDITED

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
	Shares	Amount					
				(Dollars in thousands)			
Balance at June 30, 2020	52,167,573	$ 521	$ 521,133	$ 61,344	$ 25,094	$ -	$ 608,092
Net income	-	-	-	8,006	-	-	8,006
Change in unrealized appreciation on available-for-sale securities	-	-	-	-	687	-	687
Issuance of shares from equity-based awards	28,205	-	(115)	-	-	-	(115)
Employee receivables from sale of stock	-	-	1	5	-	-	6
Stock-based compensation	-	-	1,207	-	-	-	1,207
Balance at September 30, 2020	52,195,778	$ 521	$ 522,226	$ 69,355	$ 25,781	$ -	$ 617,883

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
	Shares	Amount					
				(Dollars in thousands)			
Balance at June 30, 2021	50,958,680	$ 525	$ 524,637	$ 105,299	$ 26,729	$ (20,000)	$ 637,190
Net income	-	-	-	21,000	-	-	21,000
Change in unrealized depreciation of available-for-sale securities	-	-	-	-	(6,823)	-	(6,823)
Issuance of shares from equity-based awards	44,018	1	(110)	-	-	-	(109)
Stock-based compensation	-	-	1,149	-	-	-	1,149
Balance September 30, 2021	51,002,698	$ 526	$ 525,676	$ 126,299	$ 19,906	$ (20,000)	$ 652,407

See Notes to Consolidated Financial Statements (unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
	Shares	Amount					
				(Dollars in thousands)			
Balance at December 31, 2019	51,969,203	$ 520	$ 519,870	$ 64,803	$ 16,451	$ -	$ 601,644
Net income	-	-	-	4,507	-	-	4,507
Change in unrealized appreciation on available-for-sale securities	-	-	-	-	9,330	-	9,330
Issuance of shares from equity-based awards	226,575	1	(869)	-	-	-	(868)
Employee receivables from sale of stock	-	-	2	45	-	-	47
Stock-based compensation	-	-	3,223	-	-	-	3,223
Balance at September 30, 2020	52,195,778	$ 521	$ 522,226	$ 69,355	$ 25,781	$ -	$ 617,883

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total
	Shares	Amount					
				(Dollars in thousands)			
Balance at December 31, 2020	51,679,516	$ 523	$ 522,911	$ 77,652	$ 29,403	$ (6,061)	$ 624,428
Net income	-	-	-	48,612	-	-	48,612
Change in unrealized depreciation of available-for-sale securities	-	-	-	-	(9,497)	-	(9,497)
Issuance of shares from equity-based awards	287,375	3	(608)	-	-	-	(605)
Open market common share repurchases	(964,193)	-	-	-	-	(13,939)	(13,939)
Employee receivables from sale of stock	-	-	-	35	-	-	35
Stock-based compensation	-	-	3,373	-	-	-	3,373
Balance September 30, 2021	51,002,698	$ 526	$ 525,676	$ 126,299	$ 19,906	$ (20,000)	$ 652,407

See Notes to Consolidated Financial Statements (unaudited)

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

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
	(Dollars in thousands)	
Operating Activities		
Net income	$ 48,612	$ 4,507
Items not requiring (providing) cash		
Depreciation and amortization	3,993	3,888
Provision for loan losses	1,000	45,825
Accretion of discounts and amortization of premiums on securities	3,876	4,632
Equity based compensation	3,373	3,223
Foreclosed asset impairment	630	1,270
Deferred income taxes	2,233	(5,098)
Net increase in bank owned life insurance	(3,088)	(1,373)
Net recognized gains (losses) on equity securities	6,243	(53)
Net realized gains on available-for-sale securities	(1,043)	(1,725)
Goodwill impairment	-	7,397
Changes in		
Interest receivable	1,308	(3,287)
Other assets	(1,753)	(1,472)
Other liabilities	(541)	(4,546)
Net cash provided by operating activities	64,843	53,188
Investing Activities		
Net change in loans	196,637	(652,251)
Purchases of available-for-sale securities	(168,705)	(35,326)
Proceeds from maturities of available-for-sale securities	83,546	102,529
Proceeds from sale of available-for-sale securities	15,923	31,810
Proceeds from the sale of foreclosed assets	628	-
Purchase of premises and equipment	(671)	(4,849)
Proceeds from the sale of premises and equipment and related insurance claims	547	121
Purchase of restricted equity securities	-	(2,839)
Proceeds from sale of restricted equity securities	3,143	-
Proceeds from death benefit on bank owned life insurance	3,483	-
Net cash provided by (used in) investing activities	134,531	(560,805)
Financing Activities		
Net increase in demand deposits, savings, NOW and money market accounts	84,218	667,849
Net decrease in time deposits	(342,361)	(99,060)
Net decrease in fed funds purchased and repurchase agreements	(2,306)	(1,390)
Proceeds from Federal Home Loan Bank advances	-	138,000
Repayment of Federal Home Loan Bank advances	(16,500)	(160,643)
Issuance of common shares, net of issuance cost	3	-
Proceeds from employee stock purchase plan	172	-
Repurchase of common stock	(13,939)	-
Acquisition of common stock for tax withholding obligations	(784)	(869)
Net decrease in employee receivables	35	46
Net cash provided by (used in) financing activities	(291,462)	543,933
Increase (Decrease) in Cash and Cash Equivalents	(92,088)	36,316
Cash and Cash Equivalents, Beginning of Period	408,810	187,320
Cash and Cash Equivalents, End of Period	$ 316,722	$ 223,636
Supplemental Cash Flows Information		
Interest paid	$ 19,402	$ 37,238
Income taxes paid	$ 8,370	$ 7,335

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.

The Bank is primarily engaged in providing a full range of banking and financial services to individual and corporate customers through its branches in: (i) Leawood, Kansas; (ii) Wichita, Kansas; (iii) Kansas City, Missouri; (iv) Oklahoma City, Oklahoma; (v) Tulsa, Oklahoma; (vi) Dallas, Texas; (vii) Frisco, Texas; and (viii) Phoenix, Arizona.

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 $253 million of cash and cash equivalents at the Federal Reserve Bank of Kansas City as of September 30, 2021. The reserve required at September 30, 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 troubled debt restructurings ("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. 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 September 30, 2021, the Company broke out “unrealized gains (losses), net on equity securities” that was previously consolidated in “other non-interest income”. 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 provided 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 expects to implement this standard on January 1, 2022.	Requires an entity to utilize a new impairment model known as the current expected credit loss ("CECL") 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 to formulate and oversee the implementation process including selection, implementation and testing of third-party software. The Company began parallel processing with the existing allowance for loan losses model during the first quarter of 2019 recalibrating inputs as necessary. The Company is formulating changes to policies, procedures, disclosures and internal controls that will be necessary to transition to the new standard. A third-party completed validation of the completeness, accuracy and reasonableness of the model in the fourth quarter of 2021. The Company plans to use a loss-rate ("cohort") method to estimate the expected allowance for credit losses ("ACL") for all loan pools. Upon adoption in 2022, a cumulative-effect adjustment for the change in the ACL will be recognized in retained earnings. Based on our forecasted economic conditions and portfolio balances at September 30, 2021, the adoption of the standard could result in an overall cumulative-effect adjustment of up to a 5% change in the ACL, as compared to our current reserve levels. These results include the adoption of a forecast based on several economic assumptions, including unemployment rates and management judgments. Adoption will not materially impact reporting for debt securities as the Company does not currently own held-to-maturity debt securities within the scope of ASU 2016-13. The actual impact could be significantly affected by the composition, characteristics, and quality of the underlying loan portfolio and economic assumptions at the time of adoption. The Company does not expect the adoption to have a significant impact on capital or capital ratios and will continue to evaluate the impact the adoption of ASU 2016-13 will have on the Company's consolidated financial statements.

Standard	Anticipated Date of Adoption	Description	Effect on Financial Statements or Other Significant Matters
ASU 2016-02 *Leases (Topic 842)*	The Company expects to implement this standard on January 1, 2022.	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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(Dollars in thousands except per share data)			
Earnings per Share				
Net income available to common stockholders	$ 21,000	$ 8,006	$ 48,612	$ 4,507
Weighted average common shares	50,990,113	52,136,286	51,368,957	52,104,372
Earnings per share	$ 0.41	$ 0.15	$ 0.95	$ 0.09
Diluted Earnings per Share				
Net income available to common stockholders	$ 21,000	$ 8,006	$ 48,612	$ 4,507
Weighted average common shares	50,990,113	52,136,286	51,368,957	52,104,372
Effect of dilutive shares	615,608	423,840	699,257	463,219
Weighted average dilutive common shares	51,605,721	52,560,126	52,068,214	52,567,591
Diluted earnings per share	$ 0.41	$ 0.15	$ 0.93	$ 0.09
Stock-based awards not included because to do so would be antidilutive	587,200	1,214,433	657,887	1,053,393

Note 3: Securities

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

	September 30, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
	(Dollars in thousands)			
Available-for-sale securities				
Mortgage-backed - GSE residential	$ 132,059	$ 2,326	$ 1,421	$ 132,964
Collateralized mortgage obligations - GSE residential	22,122	498	16	22,604
State and political subdivisions	523,324	27,922	2,968	548,278
Corporate bonds	4,242	85	67	4,260
Total available-for-sale securities	$ 681,747	$ 30,831	$ 4,472	$ 708,106

	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 September 30, 2021, by contractual maturity, are shown below:

	September 30, 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	$ -	$ 40	$ 148	$ 131,871	$ 132,059
Estimated fair value	$ -	$ 41	$ 159	$ 132,764	$ 132,964
Weighted average yield[2]	0.00 %	4.68 %	3.96 %	1.60 %	1.60 %
Collateralized mortgage obligations - GSE residential[1]					
Amortized cost	$ -	$ -	$ 2,438	$ 19,684	$ 22,122
Estimated fair value	$ -	$ -	$ 2,608	$ 19,996	$ 22,604
Weighted average yield[2]	0.00 %	0.00 %	2.77 %	1.16 %	1.34 %
State and political subdivisions					
Amortized cost	$ 522	$ 6,115	$ 78,231	$ 438,456	$ 523,324
Estimated fair value	$ 524	$ 6,319	$ 84,402	$ 457,033	$ 548,278
Weighted average yield[2]	3.25 %	3.88 %	3.35 %	2.76 %	2.86 %
Corporate bonds					
Amortized cost	$ -	$ 355	$ 3,887	$ -	$ 4,242
Estimated fair value	$ -	$ 360	$ 3,900	$ -	$ 4,260
Weighted average yield[2]	0.00 %	4.22 %	4.54 %	0.00 %	4.52 %
Total available-for-sale securities					
Amortized cost	$ 522	$ 6,510	$ 84,704	$ 590,011	$ 681,747
Estimated fair value	$ 524	$ 6,720	$ 91,069	$ 609,793	$ 708,106
Weighted average yield[2]	3.25%	3.90%	3.39%	2.44%	2.58%

[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 September 30, 2021 and December 31, 2020:

	September 30, 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	$ 70,590	$ 1,421	15	$ -	$ -	-	$ 70,590	$ 1,421	15
Collateralized mortgage obligations - GSE residential	1,561	15	3	161	1	1	1,722	16	4
State and political subdivisions	99,890	2,964	62	1,101	4	3	100,991	2,968	65
Corporate bonds	3,433	67	1	-	-	-	3,433	67	1
Total temporarily impaired securities	$ 175,474	$ 4,467	81	$ 1,262	$ 5	4	$ 176,736	$ 4,472	85

	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. The following tables show the gross gains and losses on securities that matured or were sold:

	For the Three Months Ended September 30, 2021			For the Nine Months Ended September 30, 2021		
	Gross Realized Gains	Gross Realized Losses	Net Realized Gain	Gross Realized Gains	Gross Realized Losses	Net Realized Gain
	(Dollars in thousands)					
Available-for-sale securities	$ 1,125	$ 79	$ 1,046	$ 1,151	$ 108	$ 1,043

	For the Three Months Ended September 30, 2020			For the Nine Months Ended September 30, 2020		
	Gross Realized Gains	Gross Realized Losses	Net Realized Gain	Gross Realized Gains[1]	Gross Realized Losses	Net Realized Gain
	(Dollars in thousands)					
Available-for-sale securities	$ 1,025	$ 13	$ 1,012	$ 1,785	$ 60	$ 1,725

[1]The gross gains for the nine-months ended September 30, 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, a $308 thousand private equity investment and a $5 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 at an initial value of $11 million. 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. During the third quarter of 2021, qualitative impairment factors required the Company to update the equity's fair market value and the Company recorded a $6 million unrealized loss on the equity security due to a reduction in its fair market value.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(Dollars in thousands)			
Net gains (losses) recognized during the reporting period on equity securities	$ (6,210)	$ -	$ (6,243)	$ 53
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	$ (6,210)	$ -	$ (6,243)	$ 53

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

Categories of loans at September 30, 2021 and December 31, 2020 include:

	September 30, 2021	December 31, 2020
	(Dollars in thousands)	
Commercial	$ 1,305,536	$ 1,338,757
Energy	296,365	345,233
Commercial real estate	1,266,694	1,179,534
Construction and land development	585,134	563,144
Residential and multifamily real estate	620,877	680,932
Paycheck Protection Program (“PPP”)	109,465	292,230
Consumer	62,113	55,270
Gross loans	4,246,184	4,455,100
Less: Allowance for loan losses	64,152	75,295
Less: Net deferred loan fees and costs	13,067	13,203
Net loans	$ 4,168,965	$ 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 considering 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 third 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 September 30, 2021								
Allowance for loan losses								
Beginning balance	$ 28,433	$ 17,849	$ 19,181	$ 3,885	$ 5,826	$ -	$ 319	$ 75,493
Provision	(3,666)	(4,798)	(236)	(694)	(561)	-	(45)	(10,000)
Charge-offs	(1,071)	(503)	-	-	-	-	(1)	(1,575)
Recoveries	225	-	-	-	5	-	4	234
Ending balance	$ 23,921	$ 12,548	$ 18,945	$ 3,191	$ 5,270	$ -	$ 277	$ 64,152

	Commercial	Energy	Commercial Real Estate	Construction and Land Development	Residential and Multifamily Real Estate	PPP	Consumer	Total
				(Dollars in thousands)				
Three Months Ended September 30, 2020								
Allowance for loan losses								
Beginning balance	$ 26,543	$ 17,372	$ 16,899	$ 5,019	$ 4,868	$ -	$ 484	$ 71,185
Provision	7,439	2,168	908	(530)	882	-	8	10,875
Charge-offs	(5,781)	-	-	-	(256)	-	-	(6,037)
Recoveries	2	-	-	-	-	-	10	12
Ending balance	$ 28,203	$ 19,540	$ 17,807	$ 4,489	$ 5,494	$ -	$ 502	$ 76,035

	Commercial	Energy	Commercial Real Estate	Construction and Land Development	Residential and Multifamily Real Estate	PPP	Consumer	Total
				(Dollars in thousands)				
Nine Months Ended September 30, 2021								
Allowance for loan losses								
Beginning balance	$ 24,693	$ 18,341	$ 22,354	$ 3,612	$ 5,842	$ -	$ 453	$ 75,295
Provision	10,881	(5,290)	(3,409)	(421)	(577)	-	(184)	1,000
Charge-offs	(11,903)	(503)	-	-	-	-	(1)	(12,407)
Recoveries	250	-	-	-	5	-	9	264
Ending balance	$ 23,921	$ 12,548	$ 18,945	$ 3,191	$ 5,270	$ -	$ 277	$ 64,152

	Commercial	Energy	Commercial Real Estate	Construction and Land Development	Residential and Multifamily Real Estate	PPP	Consumer	Total
				(Dollars in thousands)				
Nine Months Ended September 30, 2020								
Allowance for loan losses								
Beginning balance	$ 35,864	$ 6,565	$ 8,085	$ 3,516	$ 2,546	$ -	$ 320	$ 56,896
Provision	16,210	15,253	9,722	973	3,393	-	274	45,825
Charge-offs	(23,946)	(2,278)	-	-	(445)	-	(104)	(26,773)
Recoveries	75	-	-	-	-	-	12	87
Ending balance	$ 28,203	$ 19,540	$ 17,807	$ 4,489	$ 5,494	$ -	$ 502	$ 76,035

	Commercial	Energy	Commercial Real Estate	Construction and Land Development	Residential and Multifamily Real Estate	PPP	Consumer	Total
				(Dollars in thousands)				
September 30, 2021								
Period end allowance for loan losses allocated to:								
Individually evaluated for impairment	$ 1,760	$ 2,624	$ 2,872	$ -	$ -	$ -	$ -	$ 7,256
Collectively evaluated for impairment	$ 22,161	$ 9,924	$ 16,073	$ 3,191	$ 5,270	$ -	$ 277	$ 56,896
Ending balance	$ 23,921	$ 12,548	$ 18,945	$ 3,191	$ 5,270	$ -	$ 277	$ 64,152
Allocated to loans:								
Individually evaluated for impairment	$ 24,455	$ 25,503	$ 35,319	$ -	$ 8,942	$ -	$ 236	$ 94,455
Collectively evaluated for impairment	$ 1,281,081	$ 270,862	$ 1,231,375	$ 585,134	$ 611,935	$ 109,465	$ 61,877	$ 4,151,729
Ending balance	$ 1,305,536	$ 296,365	$ 1,266,694	$ 585,134	$ 620,877	$ 109,465	$ 62,113	$ 4,246,184

	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)			
September 30, 2021							
Commercial	$ 1,230,682	$ 47,492	$ 20,907	$ 6,455	$ -	$ -	$ 1,305,536
Energy	133,551	116,495	20,887	22,348	3,084	-	296,365
Commercial real estate	1,119,569	109,639	27,221	10,265	-	-	1,266,694
Construction and land development	585,134	-	-	-	-	-	585,134
Residential and multifamily real estate	607,588	546	6,984	5,759	-	-	620,877
PPP	109,465	-	-	-	-	-	109,465
Consumer	61,826	51	-	236	-	-	62,113
	$ 3,847,815	$ 274,223	$ 75,999	$ 45,063	$ 3,084	$ -	$ 4,246,184

	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 September 30, 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)			
September 30, 2021							
Commercial	$ 1,716	$ 12,700	$ 1,167	$ 15,583	$ 1,289,953	$ 1,305,536	$ 300
Energy	738	6,500	6,144	13,382	282,983	296,365	-
Commercial real estate	398	15,328	-	15,726	1,250,968	1,266,694	-
Construction and land development	-	-	-	-	585,134	585,134	-
Residential and multifamily real estate	191	-	1,844	2,035	618,842	620,877	42
PPP	-	-	-	-	109,465	109,465	-
Consumer	29	-	-	29	62,084	62,113	-
	$ 3,072	$ 34,528	$ 9,155	$ 46,755	$ 4,199,429	$ 4,246,184	$ 342

	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 September 30, 2021 and December 31, 2020:

	Recorded Balance	Unpaid Principal Balance	Specific Allowance
		(Dollars in thousands)	
September 30, 2021			
Loans without a specific valuation			
Commercial	$ 22,570	$ 22,651	$ -
Energy	809	1,809	-
Commercial real estate	9,398	10,982	-
Construction and land development	-	-	-
Residential and multifamily real estate	8,942	9,198	-
PPP	-	-	-
Consumer	236	236	-
Loans with a specific valuation			
Commercial	1,885	14,069	1,760
Energy	24,694	32,289	2,624
Commercial real estate	25,921	25,921	2,872
Construction and land development	-	-	-
Residential and multifamily real estate	-	-	-
PPP	-	-	-
Consumer	-	-	-
Total			
Commercial	24,455	36,720	1,760
Energy	25,503	34,098	2,624
Commercial real estate	35,319	36,903	2,872
Construction and land development	-	-	-
Residential and multifamily real estate	8,942	9,198	-
PPP	-	-	-
Consumer	236	236	-
	$ 94,455	$ 117,155	$ 7,256

	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- and nine-month periods ended September 30, 2021 and 2020 for impaired loans, including all restructured and formerly restructured loans, held at the end of each period:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(Dollars in thousands)			
Commercial	$ 307	$ 12	$ 930	$ 841
Energy	1	2	18	257
Commercial real estate	291	58	868	346
Construction and land development	-	-	-	-
Residential and multifamily real estate	16	36	78	108
PPP	-	-	-	-
Consumer	-	-	-	-
Total interest income recognized	$ 615	$ 108	$ 1,894	$ 1,552

The table below shows the three- and nine-month average balance of impaired loans for the periods ended September 30, 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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(Dollars in thousands)			
Commercial	$ 26,724	$ 45,482	$ 28,675	$ 49,538
Energy	26,298	21,396	26,863	23,220
Commercial real estate	35,488	17,937	35,856	18,132
Construction and land development	-	-	-	-
Residential and multifamily real estate	6,021	6,419	5,505	6,304
PPP	-	-	-	-
Consumer	238	248	240	253
Total average impaired loans	$ 94,769	$ 91,482	$ 97,139	$ 97,447

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 September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
	(Dollars in thousands)	
Commercial	$ 6,455	$ 26,691
Energy	25,432	25,927
Commercial real estate	10,265	19,088
Construction and land development	-	-
Residential and multifamily real estate	5,759	3,101
PPP	-	-
Consumer	236	244
Total non-accrual loans	$ 48,147	$ 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- and nine-month periods ended September 30, 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- and nine-month periods ended September 30, 2021 and 2020, including the post-modification outstanding balance and the type of concession made:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(Dollars in thousands)			
Commercial				
- Interest rate reduction	$ 1,000	$ -	$ 1,000	$ 3,171
Energy				
- Extension of maturity date	-	-	-	2,340
Residential and multifamily real estate				
- Interest rate reduction	3,750	-	3,750	-
- Payment deferral	-	-	-	65
Total troubled debt restructurings	$ 4,750	$ -	$ 4,750	$ 5,576

The balance of restructured loans, excluding loans restructured as a result of the COVID-19 pandemic, is provided below as of September 30, 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 September 30, 2021 and December 31, 2020 is provided below:

	September 30, 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	4	$ 19,395	$ 4,899	7	$ 22,759	$ 2,776
Energy	4	10,401	7,825	4	11,053	2,713
Commercial real estate	4	25,762	-	4	26,038	-
Construction and land development	0	-	-	0	-	-
Residential and multifamily real estate	2	6,933	89	2	3,245	-
PPP	0	-	-	0	-	-
Consumer	0	-	-	0	-	-
Total troubled debt restructured loans	14	$ 62,491	$ 12,813	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 $4 million as of both September 30, 2021 and December 31, 2020.

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 September 30, 2021 and December 31, 2020, the Company had the following outstanding derivatives that were not designated as hedges in qualifying hedging relationships:

	September 30, 2021		December 31, 2020	
Product	**Number of Instruments**	**Notional Amount**	**Number of Instruments**	**Notional Amount**
	(Dollars in thousands)			
Back-to-back swaps	56	$ 573,304	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 September 30, 2021 and December 31, 2020:

	Asset Derivatives			Liability Derivatives		
	Balance Sheet Location	**September 30, 2021**	**December 31, 2020**	**Balance Sheet Location**	**September 30, 2021**	**December 31, 2020**
	(Dollars in thousands)					
Derivatives not designated as hedging instruments						
Interest rate products	Other assets	$ 15,424	$ 24,094	Other liabilities	$ 15,628	$ 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 represent 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 September 30, 2021 were as follows:

	September 30, 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	$ 586,365	$ 83,090	$ 27,086	$ 187	$ 4,393	$ -	$ 701,121
FHLB borrowings	21,500	35,000	-	5,100	-	215,000	276,600
Trust preferred securities[(1)]	-	-	-	-	-	997	997
	$ 607,865	$ 118,090	$ 27,086	$ 5,287	$ 4,393	$ 215,997	$ 978,718

[(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- and nine-month periods ended September 30, 2021 and 2020, were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,		Affected Line Item in the Statements of Income
	2021	2020	2021	2020	
	(Dollars in thousands)				
Unrealized gains on available-for-sale securities	$ 1,046	$ 1,012	$ 1,043	$ 1,725	Gain on sale of available-for-sale securities
Less: tax benefit effect	256	248	255	422	Income tax benefit
Net reclassified amount	$ 790	$ 764	$ 788	$ 1,303	

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 September 30, 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 September 30, 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)			
September 30, 2021						
Total Capital to Risk-Weighted Assets						
Consolidated	$ 694,816	13.9 %	$ 525,431	10.5 %	N/A	N/A
Bank	663,787	13.3	525,157	10.5	$ 500,150	10.0 %
Tier I Capital to Risk-Weighted Assets						
Consolidated	632,244	12.6	425,349	8.5	N/A	N/A
Bank	601,248	12.0	425,127	8.5	400,120	8.0
Common Equity Tier 1 to Risk-Weighted Assets						
Consolidated	631,247	12.6	350,287	7.0	N/A	N/A
Bank	601,248	12.0	350,105	7.0	325,097	6.5
Tier I Capital to Average Assets						
Consolidated	632,244	11.8	214,865	4.0	N/A	N/A
Bank	$ 601,248	11.2 %	$ 214,943	4.0 %	$ 268,679	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 1,774,321 shares as of September 30, 2021.

The table below summarizes the stock-based compensation for the three- and nine-month periods ended September 30, 2021 and 2020:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(Dollars in thousands)			
Stock appreciation rights	$ 150	$ 250	$ 584	$ 744
Performance-based stock awards	75	79	337	175
Restricted stock units and awards	895	857	2,394	2,283
Employee stock purchase plan	29	21	58	21
Total stock-based compensation	$ 1,149	$ 1,207	$ 3,373	$ 3,223

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 nine-month period ended September 30, 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 Awards	
	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested, January 1, 2021	231,631	$ 10.51
Granted	63,631	12.89
Incremental performance shares	2,424	10.00
Vested	(77,426)	11.31
Forfeited	-	-
Unvested, September 30, 2021	220,260	$ 10.90

Unrecognized stock-based compensation related to the performance awards issued through September 30, 2021 was $678 thousand and is expected to be recognized over 2.4 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	281,197	13.27
Vested	(247,690)	11.91
Forfeited	(22,646)	13.65
Unvested, September 30, 2021	380,078	$ 13.50

Unrecognized stock-based compensation related to the RSUs and RSAs issued through September 30, 2021 was $4 million and is expected to be recognized over 1.9 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 September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(Dollars in thousands)			
Computed at the statutory rate (21%)	$ 5,598	$ 1,996	$ 12,693	$ 1,141
Increase (decrease) resulting from				
Tax-exempt income	(828)	(766)	(2,830)	(2,335)
Nondeductible expenses	55	21	145	119
State income taxes	912	320	2,090	501
Equity based compensation	(40)	(15)	(157)	24
Goodwill impairment	-	-	-	1,553
Other adjustments	(37)	(58)	(110)	(75)
Actual tax expense	$ 5,660	$ 1,498	$ 11,831	$ 928

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

	September 30, 2021	December 31, 2020
	(Dollars in thousands)	
Deferred tax assets		
Allowance for loan losses	$ 15,441	$ 18,124
Lease incentive	522	564
Unrecognized loss on equity investment	1,483	-
Loan fees	3,145	3,178
Accrued expenses	2,022	2,128
Deferred compensation	2,244	2,474
State tax credit	1,536	2,621
Other	614	946
Total deferred tax asset	27,007	30,035
Deferred tax liability		
Net unrealized gain on securities available-for-sale	(6,453)	(9,531)
FHLB stock basis	(969)	(1,209)
Premises and equipment	(2,739)	(2,881)
Other	(1,187)	(1,601)
Total deferred tax liability	(11,348)	(15,222)
Net deferred tax asset	$ 15,659	$ 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 September 30, 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 September 30, 2021 and December 31, 2020:

		September 30, 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	$ 45,244	$ -	$ -	$ 45,244
Equity security	$ 4,989	$ -	$ -	$ 4,989
Foreclosed assets held-for-sale	$ 1,148	$ -	$ -	$ 1,148

		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.

Equity securities

The Company’s equity investments without readily determinable fair values are held at cost and are adjusted for observable transactions during the reporting period or if the security is determined to be impaired. The estimated fair value of the equity security was determined based on the marketability of the investment. The equity investment is classified as Level 3 due to the infrequency of the observable prices.

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 September 30, 2021 and December 31, 2020:

	September 30, 2021			
	Fair Value	**Valuation Techniques**	**Unobservable Inputs**	**Range (Weighted Average)**
	(Dollars in thousands)			
Collateral-dependent impaired loans	$ 45,244	Market comparable properties	Marketability discount	7 % - 100% (30)%
Equity security	4,989	Market comparable transactions	Marketability discount	(55)%
Foreclosed assets held-for-sale	$ 1,148	Market comparable properties	Marketability discount	(10)%

	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 September 30, 2021 and December 31, 2020:

	September 30, 2021				
	Carrying Amount	Fair Value Measurements			
		Level 1	Level 2	Level 3	Total
	(Dollars in thousands)				
Financial Assets					
Cash and cash equivalents	$ 316,722	$ 316,722	$ -	$ -	$ 316,722
Available-for-sale securities	708,106	-	708,106	-	708,106
Loans, net of allowance for loan losses	4,168,965	-	-	4,154,406	4,154,406
Restricted equity securities	12,885	-	-	12,885	12,885
Interest receivable	15,928	-	15,928	-	15,928
Equity securities	7,521	-	2,224	5,297	7,521
Derivative assets	15,424	-	15,424	-	15,424
	$ 5,245,551	$ 316,722	$ 741,682	$ 4,172,588	$ 5,230,992
Financial Liabilities					
Deposits	$ 4,436,597	$ 960,999	$ -	$ 3,504,449	$ 4,465,448
Federal Home Loan Bank advances	276,600	-	285,876	-	285,876
Other borrowings	997	-	2,326	-	2,326
Interest payable	1,463	-	1,463	-	1,463
Derivative liabilities	15,628	-	15,628	-	15,628
	$ 4,731,285	$ 960,999	$ 305,293	$ 3,504,449	$ 4,770,741

	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 September 30, 2021 and December 31, 2020:

	September 30, 2021	December 31, 2020
	(Dollars in thousands)	
Commitments to originate loans	$ 238,863	$ 99,596
Standby letters of credit	50,669	48,607
Lines of credit	1,423,363	1,423,038
Total	$ 1,712,895	$ 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.

Note 14: Subsequent Events

On October 18, 2021, the Company announced that its Board of Directors adopted a new stock repurchase program. Under the repurchase program, the Company may repurchase Company common stock with up to $30 million in value.

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- and nine-month periods ended September 30, 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 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 because of several 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.

Third Quarter 2021 Highlights

During the third quarter ended September 30, 2021, we accomplished the following:

- $5.4 billion of assets at period end with 162% net income growth compared to the third quarter of 2020;
- Return on Average Assets of 1.54% and a Return on Equity of 12.92%;
- Efficiency ratio of 59.06% for the third quarter of 2021, impacted by a $6.2 million unrealized loss on an equity security;
- Net Interest Margin (Fully Tax-Equivalent) of 3.20% compared to 3.12% in the previous quarter;
- Noninterest-bearing deposit growth of 27% from September 30, 2020 and accounted for 22% of total deposits at September 30, 2021; and
- Book value per share of $12.79 at September 30, 2021 compared to $11.84 at September 30, 2020.

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 because of the COVID-19 pandemic. In April 2021, substantially all employees returned to on-premises work and the Company is evaluating hybrid working opportunities. In addition, the Bank’s 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 additional PPP funding. 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 following table summarizes the impact of the PPP loans on our financials:

	As of or for the Three Months Ended September 30,		As of or for the Nine Months Ended September 30,	
	2021	2020	2021	2020
	(Dollars in thousands)			
PPP Loan Activity				
Outstanding loan balance, beginning	$ 197,084	$ 369,022	$ 292,230	$ -
Loan increases	-	238	133,778	369,260
Loan payoffs	(87,619)	-	(316,543)	-
Outstanding loan balance, end	$ 109,465	$ 369,260	$ 109,465	$ 369,260
PPP Loan Fee Activity				
Unearned fee balance, beginning	$ 4,708	$ 7,885	$ 4,189	$ -
Unearned fees added	-	16	5,062	9,946
Earned fees recognized	(1,709)	(1,127)	(6,252)	(3,172)
Unearned fee balance, end	$ 2,999	$ 6,774	$ 2,999	$ 6,774

Loan Portfolio and Credit Quality

Credit quality metrics generally improved during the third quarter of 2021 as classified assets decreased $47 million and the ratio of nonperforming assets to total assets decreased to 0.92% from 1.09% in the previous quarter. The improvement in credit metrics were primarily driven by upgrades in COVID-19 impacted segments and the energy portfolio.

The COVID-19 pandemic impacted and may continue to impact our borrowers, which may result in additional charge-offs. However, the Company's key credit metrics have generally improved during 2021 and are expected to continue to improve should the overall economy continue its current trajectory.

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Performance Measures

	As of or For the Quarter Ended					As of or for the Nine Months Ended	
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	September 30, 2021	September 30, 2020
	(Dollars in thousands, except per share data)						
Return on average assets(1)	1.54 %	1.10 %	0.84 %	0.58 %	0.58 %	1.16 %	0.11 %
Return on average equity(1)	12.92 %	9.86 %	7.80 %	5.19 %	5.19 %	10.24 %	0.98 %
Earnings per share	$ 0.41	$ 0.30	$ 0.23	$ 0.16	$ 0.15	$ 0.95	$ 0.09
Diluted earnings per share	$ 0.41	$ 0.30	$ 0.23	$ 0.15	$ 0.15	$ 0.93	$ 0.09
Efficiency(2)	59.06 %	53.61 %	50.41 %	53.35 %	53.03%	54.18 %	59.44 %
Ratio of equity to assets	12.08 %	12.00 %	10.48 %	11.03 %	11.22 %	12.08 %	11.22 %

(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					For the Nine Months Ended	
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	September 30, 2021	September 30, 2020
Yield on securities - tax-equivalent(1)	2.87 %	2.93 %	2.89 %	2.96 %	2.93 %	2.90 %	3.08 %
Yield on loans	4.00	3.99	3.94	4.00	3.90	3.98	4.36
Yield on earning assets - tax-equivalent(1)	3.62	3.57	3.50	3.71	3.66	3.56	4.05
Cost of interest-bearing deposits	0.47	0.50	0.57	0.69	0.80	0.51	1.14
Cost of total deposits	0.38	0.41	0.48	0.58	0.67	0.42	0.96
Cost of FHLB and short-term borrowings	1.82	1.79	1.79	1.78	1.50	1.80	1.51
Cost of funds	0.46	0.49	0.56	0.65	0.75	0.50	1.01
Net interest margin - tax-equivalent(1)	3.20 %	3.12 %	3.00 %	3.12 %	2.98 %	3.10 %	3.13 %

(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:

	For the Quarter Ended					
	September 30, 2021			September 30, 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	$ 194,929	$ 964	1.96 %	$ 257,637	$ 1,290	1.99 %
Securities - tax-exempt[1]	534,917	4,310	3.20	440,669	3,855	3.48
Interest-bearing deposits in other banks	313,188	121	0.15	166,423	47	0.11
Gross loans, net of unearned income[2][3]	4,230,553	42,664	4.00	4,477,211	43,929	3.90
Total interest-earning assets[1]	5,273,587	$ 48,059	3.62 %	5,341,940	$ 49,121	3.66 %
Allowance for loan losses	(75,103)			(75,970)		
Other non-interest-earning assets	210,500			220,282		
Total assets	$ 5,408,984			$ 5,486,252		
Interest-bearing liabilities						
Transaction deposits	$ 510,823	$ 259	0.20 %	$ 460,420	$ 260	0.22 %
Savings and money market deposits	2,276,436	1,907	0.33	1,995,307	2,301	0.46
Time deposits	752,012	2,045	1.08	1,174,555	4,737	1.60
Total interest-bearing deposits	3,539,271	4,211	0.47	3,630,282	7,298	0.80
FHLB and short-term borrowings	278,154	1,275	1.82	479,475	1,803	1.50
Trust preferred securities, net of fair value adjustments	988	24	9.63	944	24	10.19
Non-interest-bearing deposits	909,750	-	-	714,337	-	-
Cost of funds	4,728,163	$ 5,510	0.46 %	4,825,038	$ 9,125	0.75 %
Other liabilities	36,106			47,304		
Stockholders' equity	644,715			613,910		
Total liabilities and stockholders' equity	$ 5,408,984			$ 5,486,252		
Net interest income - tax-equivalent[1]		$ 42,549			$ 39,996	
Net interest spread - tax-equivalent[1]			3.16 %			2.91 %
Net interest margin - tax-equivalent[1]			3.20 %			2.98 %

(1) Tax exempt income is calculated on a tax equivalent basis. Tax-free municipal securities are exempt from Federal income taxes. The incremental tax rate used is 21.0%.
(2) Loans, net of unearned income include non-accrual loans of $48 million and $76 million as of September 30, 2021 and 2020, respectively.
(3) Loan interest income includes loan fees of $4 million and $3 million for the quarter ended September 30, 2021 and 2020, respectively.
(4) Actual unrounded values are used to calculate the reported yield or rate. Accordingly, recalculations using the amounts in thousands as disclosed in this report may not produce the same amounts.

	For the Nine Months Ended					
	September 30, 2021			September 30, 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	$ 207,691	$ 2,911	1.87 %	$ 285,363	$ 4,982	2.33 %
Securities - tax-exempt[1]	507,986	12,596	3.32	443,506	11,807	3.56
Federal funds sold	-	-	-	1,364	18	1.73
Interest-bearing deposits in other banks	390,588	359	0.12	170,316	566	0.44
Gross loans, net of unearned income[2][3]	4,381,213	130,268	3.98	4,248,520	138,591	4.36
Total interest-earning assets[1]	5,487,478	$ 146,134	3.56 %	5,149,069	$ 155,964	4.05 %
Allowance for loan losses	(76,726)			(64,896)		
Other non-interest-earning assets	214,752			218,797		
Total assets	$ 5,625,504			$ 5,302,970		
Interest-bearing liabilities						
Transaction deposits	$ 629,959	$ 936	0.20 %	$ 404,967	$ 1,391	0.46 %
Savings and money market deposits	2,360,559	6,402	0.36	1,938,669	11,689	0.81
Time deposits	863,592	7,451	1.15	1,178,632	16,895	1.91
Total interest-bearing deposits	3,854,110	14,789	0.51	3,522,268	29,975	1.14
FHLB and short-term borrowings	285,371	3,841	1.80	456,048	5,145	1.51
Trust preferred securities, net of fair value adjustments	976	72	9.80	933	82	11.81
Non-interest-bearing deposits	814,924	-	-	668,208	-	-
Cost of funds	4,955,381	$ 18,702	0.50 %	4,647,457	$ 35,202	1.01 %
Other liabilities	35,385			42,731		
Stockholders' equity	634,738			612,782		
Total liabilities and stockholders' equity	$ 5,625,504			$ 5,302,970		
Net interest income - tax-equivalent[1]		$ 127,432			$ 120,762	
Net interest spread - tax-equivalent[1]			3.06 %			3.04 %
Net interest margin - tax-equivalent[1]			3.10 %			3.13 %

(1) Tax exempt income is calculated on a tax equivalent basis. Tax-free municipal securities are exempt from Federal income taxes. The incremental tax rate used is 21.0%.
(2) Loans, net of unearned income include non-accrual loans of $48 million and $76 million as of September 30, 2021 and 2020, respectively.
(3) Loan interest income includes loan fees of $13 million and $10 million for the nine months ended September 30, 2021 and 2020, respectively.
(4) Actual unrounded values are used to calculate the reported yield or rate. Accordingly, recalculations using the amounts in thousands as disclosed in this report may not produce the same amounts.

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).

	For the Quarter Ended September 30, 2021 over 2020			For the Nine Months Ended September 30, 2021 over 2020		
	Average Volume	Yield/Rate	Net Change[2]	Average Volume	Yield/Rate	Net Change[2]
	(Dollars in thousands)					
Interest Income						
Securities - taxable	$ (307)	$ (19)	$ (326)	$ (1,200)	$ (871)	$ (2,071)
Securities - tax-exempt[1]	782	(327)	455	1,627	(838)	789
Federal funds sold	-	-	-	(18)	-	(18)
Interest-bearing deposits in other banks	51	23	74	390	(597)	(207)
Gross loans, net of unearned income	(2,403)	1,138	(1,265)	4,176	(12,499)	(8,323)
Total interest income[1]	$ (1,877)	$ 815	$ (1,062)	$ 4,975	$ (14,805)	$ (9,830)
Interest Expense						
Transaction deposits	$ 26	$ (27)	$ (1)	$ 555	$ (1,010)	$ (455)
Savings and money market deposits	304	(698)	(394)	2,185	(7,472)	(5,287)
Time deposits	(1,414)	(1,278)	(2,692)	(3,795)	(5,649)	(9,444)
Total interest-bearing deposits	(1,084)	(2,003)	(3,087)	(1,055)	(14,131)	(15,186)
FHLB and short-term borrowings	(863)	335	(528)	(2,169)	865	(1,304)
Trust preferred securities, net of fair value adjustments	1	(1)	-	4	(14)	(10)
Total interest expense	(1,946)	(1,669)	(3,615)	(3,220)	(13,280)	(16,500)
Net interest income[1]	$ 69	$ 2,484	$ 2,553	$ 8,195	$ (1,525)	$ 6,670

[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- and nine-month periods ended September 30, 2021 compared to the same periods in 2020. For the three-month period ended September 30, 2021 compared to the same period in 2020, the average loan balance declined $247 million or 6% resulting in lower interest income, offset by higher yields on loans, driven by a $907 thousand increase in loan fees that increased the current period loan yield 10 basis points compared to the same period in 2020. For the nine-month period ended September 30, 2021, lower yields on earning assets were driven by a decline in the interest rate environment. This decline in asset yields was partially offset by year-over-year loan growth and PPP loan income.

Interest expense - Interest expense declined for the three- and nine-month periods ended September 30, 2021 compared to the same periods in 2020. The cost of interest-bearing deposits declined during the current periods due to strategic rate changes in our deposit products driven by the declining interest rate environment. For the three- and nine-month periods ended September 30, 2021 compared to the same periods in 2020, the average volume for interest-bearing deposits declined primarily because of time deposit maturities and current rates on time deposits.

Average FHLB and other borrowings declined for the three- and nine-month periods ended September 30, 2021 compared to the same periods in 2020, as the Company's increase in cash offset the need to renew or increase these borrowings. The increase in the cost of FHLB borrowings was the result of short-term duration borrowings with lower rates that matured in 2020 and were not renewed.

Net interest income - Net interest income increased for the three- and nine-month periods ended September 30, 2021 compared to the same periods in 2020 driven by rate and volume declines in interest-bearing liabilities. The Company anticipates net interest margin to remain stable or slightly decline during the fourth quarter of 2021 as time deposits continue to mature at higher rates, offset by lower yields on earning assets.

Impact of Transition Away from LIBOR

The Company had more than $1.4 billion in loans tied to LIBOR at September 30, 2021. Starting in October 2021, the Company began limiting loans originated using the LIBOR index. For current borrowers, the Company is modifying loan document language to account for the transition away from LIBOR as loans renew or originate. The Company plans to replace LIBOR-based loans with the Secured Overnight Financing Rate. 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.

Non-Interest Income (Expense)

	For the Quarter Ended					For the Nine Months Ended	
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	September 30, 2021	September 30, 2020
	(Dollars in thousands)						
Total non-interest income (expense)	$ (1,105)	$ 5,825	$ 4,144	$ 2,949	$ 4,063	$ 8,864	$ 8,792
Non-interest income (expense) to average assets[(1)]	(0.08)%	0.41 %	0.29 %	0.21 %	0.29 %	0.21 %	0.22 %

[(1)] Interim periods annualized.

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

	For the Quarter Ended September 30,				For the Nine Months Ended September 30,			
			Change				Change	
	2021	2020	$	%	2021	2020	$	%
				(Dollars in thousands)				
Service charges and fees on customer accounts	$ 1,196	$ 792	$ 404	51 %	$ 3,330	$ 1,947	$ 1,383	71 %
Realized gains on available-for-sale securities	1,046	1,012	34	3	1,043	1,725	(682)	(40)
Unrealized gains (losses), net on equity securities	(6,210)	-	(6,210)	-	(6,243)	53	(6,296)	(11,879)
Income from bank-owned life insurance	427	464	(37)	(8)	3,088	1,373	1,715	125
Swap fees and credit valuation adjustments, net	31	121	(90)	(74)	156	80	76	95
ATM and credit card interchange income	1,735	1,482	253	17	5,569	2,863	2,706	95
Other non-interest income	670	192	478	249	1,921	751	1,170	156
Total non-interest income (loss)	$ (1,105)	$ 4,063	$ (5,168)	(127)%	$ 8,864	$ 8,792	$ 72	1 %

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

Service charges and fees on customer accounts - The increase for the three- and nine-month periods ended September 30, 2021 compared to the same corresponding periods 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 transactions improved account analysis fees.

Realized gains on available-for-sale securities - The increase for the three-month period ended September 30, 2021 compared to the same corresponding period in 2020 resulted from the sale of $16 million in tax-exempt securities compared to $13 million of tax-exempt securities sold during the three-month period ended September 30, 2020. The decline for the nine-month period ended September 30, 2021 compared to the same corresponding period in 2020 was due to an additional $19 million of tax-exempt securities sold in 2020. The sales were a strategic decision by management to capitalize on attractive market conditions and improve credit quality.

Unrealized gains (losses), net on equity securities - During the quarter ended September 30, 2021, the Company recorded a $6 million unrealized loss related to an equity investment received as part of a modified loan agreement. The Company elected to account for this security at cost minus impairment, unless an orderly transaction for an identical or similar investment of the same issuer occurred that would result in an updated fair market value. Prior to the quarter ended September 30, 2021, the equity investment's key performance indicators were stable and no impairment indicators arose. During the three-month period ended September 30, 2021, significant adverse changes in market conditions for the investment resulted in the impairment review. The Company anticipates the equity investment will be sold during the fourth quarter of 2021.

Income from bank-owned life insurance - The increase for the nine-month period ended September 30, 2021 was due to the Company recognizing $2 million in tax-free death benefits from a bank-owned life insurance policy during the second quarter of 2021 compared to $0 of such proceeds for the nine-month period ended September 30, 2020.

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 three- and nine-month periods ended September 30, 2021, no new swaps were executed compared to one and three new swaps for the three- and nine-month periods ended September 30, 2020, respectively. The low volume of new swaps was due to management's loan and pricing strategy and lower long-term interest rates.

ATM and Credit Card Interchange Income - The increase in ATM and credit card interchange income for the three- and nine-month periods ended September 30, 2021 compared to the same periods in 2020 was primarily the result of customers that mobilized their workforce directly impacted by the COVID-19 pandemic. The Company saw a $229 thousand increase for the three-month period ended September 30, 2021 compared to the prior three-month period ended June 30, 2021 as COVID-19 cases increased. The Company anticipates the credit card activity and related income will continue to fluctuate in connection with changes in COVID-19 cases and the related vaccine rollout.

Other non-interest income - The increase in other non-interest income for the three- and nine-month periods ended September 30, 2021 compared to the same periods in 2020 was related to $305 thousand and $183 thousand in state employment incentives received in the third and second quarter of 2021, respectively. We expect to receive the incentives quarterly going forward for three years, but at significantly lower amounts. The Company also saw a $367 thousand increase in letter of credit and foreign exchange fees for the nine-month period ended September 30, 2021 compared to the corresponding period in 2020.

Non-Interest Expense

	For the Quarter Ended					For the Nine Months Ended	
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	September 30, 2021	September 30, 2020[1]
	(Dollars in thousands)						
Total non-interest expense	$ 24,036	$ 25,813	$ 22,818	$ 23,732	$ 23,011	$ 72,667	$ 76,244
Non-interest expense to average assets[2]	1.76 %	1.82 %	1.60 %	1.71 %	1.67 %	1.73 %	1.92 %

[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:

	For the Quarter Ended September 30,				For the Nine Months Ended September 30,			
			Change				Change	
	2021	2020	$	%	2021	2020	$	%
	(Dollars in thousands)							
Salary and employee benefits	$ 15,399	$ 14,628	$ 771	5 %	$ 44,612	$ 43,022	$ 1,590	4 %
Occupancy	2,416	2,144	272	13	7,307	6,274	1,033	16
Professional fees	618	1,132	(514)	(45)	2,538	3,098	(560)	(18)
Deposit insurance premiums	927	1,096	(169)	(15)	2,995	3,151	(156)	(5)
Data processing	700	652	48	7	2,136	2,065	71	3
Advertising	596	147	449	305	1,334	870	464	53
Software and communication	999	959	40	4	3,098	2,772	326	12
Foreclosed assets, net	(35)	20	(55)	(275)	680	1,174	(494)	(42)
Goodwill impairment	-	-	-	-	-	7,397	(7,397)	(100)
Other non-interest expense	2,416	2,233	183	8	7,967	6,421	1,546	24
Total non-interest expense	$ 24,036	$ 23,011	$ 1,025	4 %	$ 72,667	$ 76,244	$ (3,577)	(5)%

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

Salary and Employee Benefits - Salary and employee benefit costs increased for the three- and nine-month periods ended September 30, 2021 compared to the same periods in 2020 primarily due to an increase in anticipated payouts for performance-based awards that resulted from improved earnings and asset quality metrics, partially offset by changes in employee headcount. During the nine-month period ended September 30, 2021, the Company recognized $719 thousand in costs due to accelerated vesting of stock-based awards and the annual incentive award of a former employee.

Occupancy - Occupancy costs increased for the three- and nine-month periods ended September 30, 2021 compared to the same periods in 2020 primarily due to our new locations in the rapidly growing Frisco, Texas market and Phoenix, Arizona market and our more prominent location on the Country Club Plaza, in Kansas City, Missouri.

Professional Fees - Professional fees declined for the three- and nine-month periods ended September 30, 2021 compared to the same corresponding periods in 2020 primarily from a reduction in legal fees related to PPP loan originations and loan workouts.

Deposit Insurance Premiums - The FDIC uses a risk-based premium system to calculate quarterly fees. Our costs fluctuate because of changes in asset growth, changes in asset quality and changes in capital ratios.

Advertising - The increase in advertising costs was driven by increased in-person events for the three- and nine-month periods ended September 30, 2021 compared to the same periods in 2020 because of COVID-19 pandemic restrictions being lifted.

Software and Communication - Software and communication costs increased for the three- and nine-month periods ended September 30, 2021 compared to the same periods in 2020 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 analyze operational trends. In addition to the growing number of technologies implemented, a portion of costs increased because of our growth.

Foreclosed Assets, net - During the three-month period ended September 30, 2021, the Company sold a commercial use facility foreclosed upon in 2020 and raw land acquired in 2019. The facility was previously written down by $630 thousand during the three-month period ended June 30, 2021. The value of industrial facilities and raw land foreclosed upon in 2019 was reduced by $1 million during the nine-month period ended September 30, 2020.

Goodwill Impairment - The Company performed an interim review for goodwill impairment in 2020. A quantitative review was performed on the Tulsa market reporting unit and resulted in a $7 million impairment.

Other Non-interest Expense - Other non-interest expense increased for the three- and nine-month periods ended September 30, 2021 compared to the same periods in 2020 primarily due to a $43 thousand and $1 million increase in commercial card costs, respectively, 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.

Income Taxes

	For the Quarter Ended					For the Nine Months Ended	
	September 30, 2021	**June 30, 2021**	**March 31, 2021**	**December 31, 2020**	**September 30, 2020**	**September 30, 2021**	**September 30, 2020**
				(Dollars in thousands)			
Income tax expense	$ 5,660	$ 3,263	$ 2,908	$ 1,785	$ 1,498	$ 11,831	$ 928
Income before income taxes	26,660	18,840	14,943	9,879	9,504	60,443	5,435
Effective tax rate	21 %	17 %	19 %	18 %	16 %	20 %	17 %

Our income tax expense differs from the amount that would be calculated using the federal statutory tax rate, primarily from investments in tax advantaged assets, including bank-owned life insurance and tax-exempt municipal securities; state tax credits; and permanent tax differences from goodwill impairment and equity-based compensation. During the three-month period ended September 30, 2021, the Company's effective tax rate was impacted by improved net income before taxes of $8 million or 42% while tax-exempt income declined $2 million or 31%. During the three-month period ended June 30, 2021, the Company benefited from $2 million in bank owned life insurance settlement benefits that reduced income taxes by $387 thousand and reduced the effective tax rate by approximately 2%. We anticipate the Company's effective tax rate to remain within the 19% to 21% range in the near term. 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 September 30, 2021, available-for-sale investments totaled $708 million, an increase of $54 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 September 30, 2021, gross loans declined $209 million or 5% from December 31, 2020 and was driven by the following:

Commercial - The $33 million or 2% decline in commercial loans was driven by $12 million of charge-offs taken, an increase in paydowns and $28 million of loans sold to a third-party.

Energy - Our energy portfolio decreased $49 million or 14% from December 31, 2020 to September 30, 2021 primarily due to paydowns on outstanding lines of credit.

Commercial Real Estate and Construction and Land Development - The $109 million or 6% increase was driven by strong originations and customer drawdowns on lines of credit primarily for commercial projects.

Residential and Multifamily Real Estate - The $60 million or 9% decline was driven by payoffs of several, larger credit facilities.

PPP - PPP loans decreased $183 million or 63% from December 31, 2020 to September 30, 2021. PPP loan activity is detailed in the "Third 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.

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

	As of September 30, 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	$ 60,715	$ 282,092	$ 254,938	$ 604,032	$ 15,924	$ 87,835	$ -	$ -	$ 1,305,536
Energy	123	79,516	10,232	206,494	-	-	-	-	296,365
Commercial real estate	100,854	106,795	326,161	404,293	85,820	235,222	-	7,549	1,266,694
Construction and land development	6,944	66,893	35,954	411,689	5,242	27,522	4,163	26,727	585,134
Residential and multifamily real estate	23,401	61,161	73,950	112,716	100,496	8,667	22	240,464	620,877
PPP	11,643	-	97,822	-	-	-	-	-	109,465
Consumer	19,546	11,116	2,623	5,478	-	20,997	-	2,353	62,113
Gross loans	$ 223,226	$ 607,573	$ 801,680	$ 1,744,702	$ 207,482	$ 380,243	$ 4,185	$ 277,093	$ 4,246,184

Provision and Allowance for Loan Losses ("ALLL")

	For the Quarter Ended					For the Nine Months Ended	
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	September 30, 2021	September 30, 2020
	(Dollars in thousands)						
Provision for loan losses	$ (10,000)	$ 3,500	$ 7,500	$ 10,875	$ 10,875	$ 1,000	$ 45,825
Allowance for loan losses	64,152	75,493	74,551	75,295	76,035	64,152	76,035
Net charge-offs	$ 1,341	$ 2,558	$ 8,244	$ 11,615	$ 6,025	$ 12,143	$ 26,686

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 September 30, 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:

	September 30, 2021			December 31, 2020		
	Amount	Percent of Allowance to Total Allowance	Percent of Loan Type to Total Loans	Amount	Percent of Allowance to Total Allowance	Percent of Loan Type to Total Loans
	(Dollars in thousands)					
Commercial	$ 23,921	37 %	31 %	$ 24,693	33 %	30 %
Energy	12,548	20	7	18,341	24	8
Commercial real estate	18,945	30	30	22,354	29	26
Construction and land development	3,191	5	14	3,612	5	13
Residential and multifamily real estate	5,270	8	15	5,842	8	15
PPP	-	-	2	-	-	7
Consumer	277	-	1	453	1	1
Gross loans	$ 64,152	100 %	100 %	$ 75,295	100 %	100 %

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

Charge-offs and Recoveries:

During the three months ended September 30, 2021, charge-offs primarily related to one commercial loan and one energy loan. The energy charge-off related to the sale of collateral from a borrower that filed for bankruptcy in a previous year. Approximately $2 million remains on the energy loan at September 30, 2021. Recoveries totaled $234 thousand for the three months ended September 30, 2021 primarily from a commercial loan that was previously charged-off in 2020. During the three months ended June 30, 2021, charge-offs primarily related to a commercial borrower. During the three months ended March 31, 2021, charge-offs primarily related to two commercial borrowers that were unable to support their debt obligations.

During the three months ended September 30, 2020, the Company charged-off $6 million related to a commercial loan as part of a restructuring plan. The majority of the charge-off was not previously reserved for resulting in an increase to the quarterly provision. For the three months ended June 30, 2020, the Company charged-off one energy loan that was classified for several years and accounted for most net charge-offs. For the three months 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.

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

	For the Quarter Ended					For the Nine Months Ended	
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	September 30, 2021	September 30, 2020
Commercial	0.27 %	0.84 %	2.47 %	2.07 %	1.72 %	1.23 %	2.06 %
Energy	0.64	-	-	3.16	-	0.20	0.74
Commercial real estate	-	-	-	0.53	-	-	-
Construction and land development	-	-	-	-	-	-	-
Residential and multifamily real estate	-	-	-	(0.02)	0.18	-	0.12
PPP	-	-	-	-	-	-	-
Consumer	(0.02)	(0.03)	-	-	(0.09)	(0.02)	0.27
Total net charge-offs to average loans	0.13 %	0.23 %	0.74 %	1.03 %	0.54 %	0.37 %	0.84 %

(1) Interim periods annualized.

Impact of Risk Rating and Loan Balance Changes:

The Company upgraded approximately $109 million and $239 million of loans during the three-month and nine-month periods ended September 30, 2021, respectively, and downgraded $73 million and $137 million during the same, respective periods. Risk rating changes resulted in a $2 million and $5 million reduction in the required reserve for the three- and nine-month periods ended September 30, 2021, respectively.

Changes in loan balances, including payoffs and originations, reduced the required reserve by $8 million between December 31, 2020 and September 30, 2021.

Changes in the quantitative and qualitative factors on pass rated loans increased the allowance by approximately $600 thousand between December 31, 2020 and September 30, 2021. The increase was driven by the commercial loan portfolio that had elevated charge-offs over the past five quarters. The charge-offs impacted the commercial loan historical loss factor that resulted in a $2 million increase to the required reserve during the nine months ended September 30, 2021.

The Company downgraded approximately $833 million of loans between December 31, 2019 and September 30, 2020, including $731 million in the second quarter of 2020, representing 17% of the June 30, 2020 loan portfolio. Downgrades primarily resulted from the COVID-19 pandemic, lower economic activity, and lower oil and gas prices. The energy, commercial and commercial real estate portfolios were significantly impacted.

Impaired Loans and Other Factors:

Impaired loans declined $27 million between December 31, 2020 and September 30, 2021, driven by $19 million of loans upgraded, including an $8 million loan upgraded due to an increase in capital, and a $10 million decline as a result of payments made by several borrowers offset by approximately $9 million of loans impaired during the nine months ended September 30, 2021. The remainder of the change related to loan paydowns and charge-offs. The reduction in impaired loans and related reserve reduced the ALLL by $2 million.

For the nine-month period ended September 30, 2020, the impaired loan portfolio increased the ALLL by $2 million after taking out the impact of the charge-offs mentioned above. For the nine months ended September 30, 2020, changes in qualitative and quantitative rates on pass rated loans increased the ALLL by $5 million due to declines in economic activity and the COVID-19 pandemic.

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 debt securities.

Nonaccrual loans declined $7 million during the quarter ended September 30, 2021 primarily due to $1.6 million in charge-offs related to nonaccrual loans, $3 million placed back on accrual and paydowns on several loans, offset by a few commercial loans placed on nonaccrual.

Nonaccrual loans declined $9 million during the quarter ended June 30, 2021 primarily due to $6 million of loans placed back on accrual status due to payments made or being in the process of collection. In addition, two commercial loans were able to pay down their outstanding balance that decreased the nonaccrual total by $5 million. The reductions were offset by a $3 million commercial loan that matured in the first quarter of 2021 and for which the borrower was unable to make the required payments.

Nonaccrual loans declined $12 million during the three months ended March 31, 2021 primarily due to one commercial real estate loan borrower 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 three months 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.

During 2020, nonaccrual loans increased primarily from energy loans, impacted by low oil and natural gas prices, that did not meet the criteria to be modified under the CARES Act, several loans impacted by the COVID-19 pandemic and a commercial loan participation that was restructured in the fourth quarter of 2020.

Foreclosed assets held-for-sale declined $570 thousand during the three-month period ended September 30, 2021 due to the sale of land and commercial real estate. During the three-month period ended June 30, 2021, the Company had previously recorded a $630 thousand write-down on this commercial property.

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

	For the Quarter Ended				
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
	(Dollars in thousands)				
Nonaccrual loans	$ 48,147	$ 54,652	$ 63,319	$ 75,051	$ 75,560
Loans past due 90 days or more and still accruing	342	1,776	3,183	1,024	4,324
Total nonperforming loans	48,489	56,428	66,502	76,075	79,884
Foreclosed assets held for sale	1,148	1,718	2,347	2,347	2,349
Total nonperforming assets	$ 49,637	$ 58,146	$ 68,849	$ 78,422	$ 82,233
ALLL to total loans	1.51 %	1.78 %	1.65 %	1.70 %	1.70 %
ALLL to nonaccrual loans	133.24	138.14	117.74	100.33	100.63
ALLL to nonperforming loans	132.30	133.79	112.10	98.98	95.18
Nonaccrual loans to total loans	1.13	1.29	1.40	1.69	1.68
Nonperforming loans to total loans	1.15	1.33	1.48	1.71	1.78
Nonperforming assets to total assets	0.92 %	1.09 %	1.15 %	1.39 %	1.49 %

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:

	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
			(Dollars in thousands)		
Loan Past Due Detail					
30 - 59 days past due	$ 3,072	$ 18,758	$ 10,583	$ 10,137	$ 15,324
60 - 89 days past due	34,528	10	403	7,941	30,027
Total 30 - 89 days past due	$ 37,600	$ 18,768	$ 10,986	$ 18,078	$ 45,351
Loans 30 - 89 days past due / gross loans	0.89 %	0.44 %	0.24 %	0.41 %	1.01 %
Classified Loans					
Substandard - performing	$ 75,999	$ 116,078	$ 205,560	$ 211,008	$ 224,352
Substandard - nonperforming	45,063	49,300	57,967	70,734	67,765
Doubtful	3,084	5,352	5,352	4,315	7,794
Loss	-	-	-	-	-
Total classified loans	124,146	170,730	268,879	286,057	299,911
Foreclosed assets held for sale	1,148	1,718	2,347	2,347	2,349
Total classified assets	$ 125,294	$ 172,448	$ 271,226	$ 288,404	$ 302,260
Classified loans / (total capital + ALLL)	17.3 %	24.0 %	38.2 %	40.9 %	43.2 %
Classified assets / (total capital + ALLL)	17.5 %	24.2 %	38.6 %	41.2 %	43.6 %

The Company’s classified assets as of September 30, 2021 declined $47 million since June 30, 2021. The decline was driven by $25 million in energy loans upgraded and $2 million in energy paydowns because of improved oil prices. In addition, $18 million of commercial and commercial real estate loans were upgraded due to improved market conditions.

The Company's classified assets as of June 30, 2021 declined $99 million since March 31, 2021. The decline was driven by $18 million in loan payoffs, $56 million in loans upgraded, $35 million in pay downs partially offset by $11 million of new or increased loan balances. The decrease in classified assets was primarily related to commercial, energy and commercial real estate loans that improved due to better economic conditions.

The Company's classified assets as of March 31, 2021 decreased $17 million from 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 paydowns 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 September 30, 2021:

	As of September 30, 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	$ 61,242	$ 76,399	$ 87,670	$ 29,146	$ 254,457
Time deposits below FDIC insurance limit	121,859	107,007	132,187	85,611	446,664
Total	$ 183,101	$ 183,406	$ 219,857	$ 114,757	$ 701,121

At September 30, 2021, our deposits totaled $4 billion, a decrease of $258 million or 5% from December 31, 2020. Of this decrease, $158 million were money market, NOW and savings deposits and $342 million were time deposits. Declines were offset by a $243 million increase in non-interest bearing deposits. The decline in money market, NOW and savings deposits was driven by required payments from our customers to the Internal Revenue Service and interest rate competition. The decrease in time deposits resulted from maturities and the low interest rate environment.

Other borrowings include FHLB advances, repurchase agreements and our trust preferred security. At September 30, 2021, other borrowings totaled $278 million, a $19 million or 6% decrease from December 31, 2020. The decline was driven by borrowings that matured and were not replaced during the nine months ended September 30, 2021 due to increased Company liquidity.

As of September 30, 2021, the Company had approximately $190 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.

As of September 30, 2021, the Company had approximately $2.5 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.

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:

	September 30, 2021	December 31, 2020
	(Dollars in thousands)	
Total on-balance sheet liquidity	$ 1,027,051	$ 1,046,110
Total off-balance sheet liquidity	715,089	756,325
Total liquidity	$ 1,742,140	$ 1,802,435
On-balance sheet liquidity as a percent of assets	19 %	19 %
Total liquidity as a percent of assets	32 %	32 %

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

Subsequent to September 30, 2021, the Company's Board of Directors authorized a stock repurchase program under which the Company may repurchase up to $30 million of common stock over time. The actual timing, number and value of shares of common stock repurchased under the stock repurchase program will be determined by management at its discretion and will depend on a number of factors, including, but not limited to, the market price of the Company's common stock, general market and economic conditions, and applicable legal requirements. Stock repurchases under the program may be modified, suspended or terminated by the Company at any time without prior notice. Under the stock repurchase program, the Company may repurchase its common stock in the open market, through block trades, in privately negotiated transactions, pursuant to a trading plan separately adopted in the future, or by other means, in accordance with federal securities laws and other applicable laws.

Contractual Obligations

In the first quarter of 2021, the Company entered into an agreement with a third-party, venture capital firm. The Company invested $308 thousand during the nine months ended September 30, 2021 and will invest up to $3 million into the venture capital fund. The fund was designed to invest in companies that find solutions 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 September 30, 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 September 30, 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 September 30, 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

	September 30, 2021		September 30, 2020	
Change in Interest Rate (Basis Points)	**Percent change in net interest income**	**Percent change in fair value of equity**	**Percent change in net interest income**	**Percent change in fair value of equity**
+300	6.4 %	(8.9)%	1.2 %	(7.2)%
+200	3.6	(5.7)	1.0	(3.2)
+100	1.1	(3.0)	0.3	(0.8)
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

	September 30, 2021	September 30, 2020
Change in Interest Rate (Basis Points)	**Percent change in net interest income**	**Percent change in net interest income**
+300	2.5 %	1.3 %
+200	1.2	0.8
+100	0.2	0.3
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 slightly asset sensitive as of September 30, 2021. During the three-month period ended September 30, 2021, $88 million in PPP loans were paid off and was the main driver of the change in asset sensitivity to the prior quarter. The hypothetical change in net interest income as of September 30, 2021 in an up 100 basis point shock is mainly due to floors on variable rate loans that limit interest income growth as rates start to rise. 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 at a similar speed as our earning assets in an up 100 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 anticipates the use of cash flow hedges in the near term to manage rate sensitivity. Approximately 66% of the Company's earning assets reprice or mature over the next 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 September 30, 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 September 30, 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 third 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 and the updated risk factor below, 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.

We may not be able to manage the risks associated with our anticipated growth and expansion through de novo branching.

Our business strategy includes evaluating potential strategic opportunities to grow through de novo branching. We are in the process of opening a de novo branch in Phoenix, Arizona. De novo branching carries with it certain potential risks, including significant startup costs and anticipated initial operating losses; an inability to gain regulatory approval; an inability to secure the services of qualified senior management to operate the de novo banking location and successfully integrate and promote our corporate culture; poor market reception for de novo banking locations established in markets where we do not have a preexisting reputation; challenges posed by local economic conditions; challenges associated with securing attractive locations at a reasonable cost; and the additional strain on management resources and internal systems and controls. Failure to adequately manage the risks associated with our anticipated growth through de novo branching could have an adverse effect on our business, financial condition and results of operations.

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

None.

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 Benjamin R. Clouse, dated July 12, 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

† Indicates a compensatory Plan

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.

November 2, 2021

/s/ Benjamin R. Clouse

Benjamin R. Clouse
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

CROSSFIRST
BANKSHARES, INC.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is effective as of July 12, 2021 (the "Effective Date"), is by and between CrossFirst Bankshares, Inc. a Kansas Corporation (the "Company"), and Benjamin R. Clouse ("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 ("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 Financial Officer.

(a) LIMITS ON AUTHORITY. Employee shall, to the best of his abilities, perform his 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 his ability, the daily affairs in his scope of work or as assigned including but not limited to: (i) presenting to the Company all business opportunities that come to his attention that are reasonably in the scope of business of the Company; (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) ensuring that plans and policies are promulgated to and implemented by subordinate managers, (v) ensuring that each business plan provides those functions required for achieving its business objectives and that each plan is properly organized, staffed and directed to fulfill its responsibilities, (vi) assisting the Company in directing periodic reviews of the Company's strategic position and combining this information with corollary analysis of the Company's production and financial resources, (vii) providing periodic financial information concerning the operations of the projects and growth plans to the Company, and (viii) 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 his exclusive business time to the performance of his 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 his primary duties to the Company.

1.4 LOCATION. Employee shall perform his 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 he shall be required to travel (at the cost and expense of the Company) to such other locations in order to discharge his 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 four hundred thousand dollars ($400,000) 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, with equity compensation awards credited toward fulfillment of this requirement at their grant value.

2. COMPENSATION. The Company shall compensate Employee for his 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 Four Hundred and Twenty 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 his 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 50% 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 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 his 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 his 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, Employee will receive a grant of 5,000 time-based restricted stock units that vest in one third increments over the next three years and 25,000 stock settled appreciation rights that will vest on each anniversary of the date of grant in installments over a seven-year period in equal tranches at the Company's July 2021 Compensation Committee meeting. You will be eligible for additional awards under the Equity Incentive Plan in 2022 with a target opportunity of 40% of your Base Salary

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 he 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 hereu nder, Employee agrees:

(i) that, without the prior written consent of the Company, he 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 BANKSHARES, INC.

/s/ Michael J. Maddox
Mike Maddox,
President & CEO

BENJAMIN R. CLOUSE

/s/ Benjamin R. Clouse
Benjamin R. Clouse

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: November 2, 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, Benjamin R. Clouse, certify that:

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

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

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

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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: November 2, 2021

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

Exhibit 32.1

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

In connection with the Quarterly Report of CrossFirst Bankshares, Inc. (the "Company") on Form 10-Q for the period ended September 30, 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: November 2, 2021

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

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