UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2024

or

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

For the transition period from _______ to _______

Commission file number 001-39028

CROSSFIRST BANKSHARES, INC.

(Exact Name of Registrant as Specified in its Charter)

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

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

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

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

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

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

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

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

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

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

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

As of July 26, 2024, the registrant had 49,286,587 shares of common stock, par value $0.01, outstanding.

CROSSFIRST BANKSHARES, INC.
Form 10-Q for the Quarter Ended June 30, 2024

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Cautionary Note Regarding Forward-Looking Information

All statements contained in this quarterly report on Form 10-Q that do not directly and exclusively relate to historical facts constitute forward-looking statements. These statements are often, but not always, made through the use of words or phrases such as "may," "might," "could," "predict," "potential," "believe," "expect," "will," "anticipate," "estimate," "intend," "projection," "would," "annualized," "position," "future" and "strategy," or the negative of these words or other comparable words or phrases of a future or forward-looking nature. For example, our forward-looking statements include, without limitation, statements regarding our business plans, expectations, or opportunities for growth; our expense control initiatives and the results expected to be realized from those initiatives; our anticipated financial results, expenses, cash requirements and sources of liquidity; our capital allocation strategies and plans; and our anticipated future financial performance.

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

These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management's beliefs, certain assumptions made by management, and financial trends that may affect our financial condition, results of operations, business strategy or financial needs, many of which, by their nature, are inherently uncertain and beyond our control. Our actual results could differ materially from those anticipated in such forward-looking statements. 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 due to a number of factors, including, without limitation: uncertain or unfavorable business or economic conditions and any regulatory responses thereto, including uncertainty and volatility in the financial markets, possible slowing or recessionary economic conditions and continuing or increasing inflation; geographic concentration of our markets; changes in market interest rates that affect the pricing of our products and our net interest income; our ability to effectively execute our growth strategy and manage our growth, including identifying, consummating and integrating suitable mergers, acquisitions or other business combinations, entering new lines of business or offering new or enhanced services or products; fluctuations in the fair value of our investments; our ability to successfully manage our credit risk, particularly in our commercial real estate, energy and commercial-based loan portfolios, and the sufficiency of our allowance for credit losses; declines in the values of the real estate and other collateral securing loans in our portfolio; an increase in non-performing assets; borrower and depositor concentration risks; risks associated with originating Small Business Administration loans; our dependence on our management team, including our ability to attract, hire and retain key employees and their client and community relationships; our ability to raise and maintain sufficient liquidity and capital; competition from banks, credit unions, FinTech companies and other financial services providers; the effectiveness of our risk management framework; accounting estimates; our ability to maintain effective internal control over financial reporting; our ability to keep pace with technological changes; system failures, service denials, cyber incidents or other failures, disruptions or security breaches; employee error, employee or client misconduct, fraud committed against the Company or our clients, or incomplete or inaccurate information about clients and counterparties; disruptions to our business caused by our third-party service providers; our ability to maintain our reputation; environmental liability or failure to comply with regulatory requirements affecting foreclosed properties; costs and effects of litigation, investigations or similar matters to which we may be subject; risk exposure from transactions with financial counterparties; severe weather, natural disasters, pandemics or other health crises, acts of war or terrorism, climate change and responses thereto, or other external events; compliance with (and changes in) laws, rules, regulations, interpretations or policies relating to or affecting financial institutions, including stringent capital requirements, higher FDIC insurance premiums and assessments, consumer protection laws and privacy laws and accounting, tax, trade, monetary and fiscal matters, including the policies of the Federal Reserve and as a result of government initiatives; systemic risks across the banking industry associated with the soundness of other financial institutions; volatility in our stock price and other risks associated with our common stock; changes in our dividend or share repurchase policies and practices; or other external events. Additional discussion of these and other risk factors can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 ("2023 Form 10-K"), filed with the Securities and Exchange Commission ("SEC") on February 29, 2024, and in our other filings with the SEC.

These forward-looking statements are made as of the date hereof, and the Company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in our business, results of operations or financial condition over time, 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. CONSOLIDATED FINANCIAL STATEMENTS

CROSSFIRST BANKSHARES, INC.

Consolidated Statements of Financial Condition - Unaudited

	June 30, 2024	December 31, 2023
	(Dollars in thousands)	
Assets		
Cash and cash equivalents	$ 250,364	$ 255,229
Available-for-sale securities - taxable	461,018	413,217
Available-for-sale securities - tax-exempt	341,331	353,436
Loans, net of unearned fees	6,344,407	6,127,690
Allowance for credit losses on loans	76,218	73,462
Loans, net of the allowance for credit losses on loans	6,268,189	6,054,228
Premises and equipment, net	69,898	70,869
Restricted equity securities	3,768	3,950
Interest receivable	39,497	37,294
Foreclosed assets held for sale	4,818	—
Goodwill and other intangible assets, net	29,499	31,335
Bank-owned life insurance	71,766	70,810
Other	98,403	90,312
Total assets	$ 7,638,551	$ 7,380,680
Liabilities and stockholders' equity		
Deposits		
Non-interest-bearing	$ 957,584	$ 990,458
Savings, NOW and money market	3,836,070	3,669,726
Time	1,939,972	1,831,092
Total deposits	6,733,626	6,491,276
Federal Home Loan Bank advances	76,256	77,889
Other borrowings	8,875	8,950
Interest payable and other liabilities	91,916	94,422
Total liabilities	6,910,673	6,672,537
Stockholders' equity		
Preferred stock, $0.01 par value: Authorized - 5,000,000 shares; issued - 7,750 at June 30, 2024 and December 31, 2023	—	—
Common stock, $0.01 par value: Authorized - 200,000,000 shares; issued - 53,590,173 and 53,326,641 shares at June 30, 2024 and December 31, 2023, respectively	536	533
Treasury stock, at cost: 4,340,033 and 3,990,753 shares held at June 30, 2024 and December 31, 2023, respectively	(62,761)	(58,251)
Additional paid-in capital	545,716	543,556
Retained earnings	308,886	272,351
Accumulated other comprehensive loss	(64,499)	(50,046)
Total stockholders' equity	727,878	708,143
Total liabilities and stockholders' equity	$ 7,638,551	$ 7,380,680

See Notes to Consolidated Financial Statements - Unaudited

CROSSFIRST BANKSHARES, INC.
Consolidated Statements of Operations - Unaudited

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(Dollars in thousands, except per share data)			
Interest Income				
Loans, including fees	$ 113,346	$ 98,982	$ 223,445	$ 188,600
Available-for-sale securities - taxable	5,052	2,622	9,580	4,471
Available-for-sale securities - tax-exempt	2,554	3,571	5,107	7,365
Deposits with financial institutions	1,985	1,609	3,966	3,623
Dividends on bank stocks	161	364	239	626
Total interest income	123,098	107,148	242,337	204,685
Interest Expense				
Deposits	63,700	48,663	125,811	85,388
Fed funds purchased and repurchase agreements	—	—	—	46
Federal Home Loan Bank Advances	1,442	3,734	1,913	6,125
Other borrowings	64	212	127	366
Total interest expense	65,206	52,609	127,851	91,925
Net Interest Income	57,892	54,539	114,486	112,760
Provision for Credit Losses	2,383	2,640	4,038	7,061
Net Interest Income after Provision for Credit Losses	55,509	51,899	110,448	105,699
Non-Interest Income				
Service charges and fees on client accounts	2,333	2,110	4,437	3,939
ATM and credit card interchange income	1,568	1,213	3,055	2,477
Gain on sale of loans	440	1,205	977	1,392
Income from bank-owned life insurance	501	418	957	829
Swap fees and credit valuation adjustments, net	88	84	246	174
Other non-interest income	771	749	1,618	1,389
Total non-interest income	5,701	5,779	11,290	10,200
Non-Interest Expense				
Salaries and employee benefits	23,162	24,061	46,747	46,683
Occupancy	3,181	3,054	6,387	6,028
Professional fees	1,083	970	2,055	3,588
Deposit insurance premiums	1,851	1,881	3,757	3,412
Data processing	1,719	1,057	2,689	2,299
Advertising	491	649	1,049	1,401
Software and communication	1,833	1,655	3,657	3,306
Foreclosed assets, net	24	(21)	253	128
Core deposit intangible amortization	906	802	1,837	1,624
Other non-interest expense	3,475	3,304	6,799	7,035
Total non-interest expense	37,725	37,412	75,230	75,504
Net Income Before Taxes	23,485	20,266	46,508	40,395
Income tax expense	4,863	4,219	9,663	8,240
Net Income	$ 18,622	$ 16,047	$ 36,845	$ 32,155
Basic Earnings Per Common Share	$ 0.37	$ 0.33	$ 0.74	$ 0.66
Diluted Earnings Per Common Share	$ 0.37	$ 0.33	$ 0.73	$ 0.65

See Notes to Consolidated Financial Statements - Unaudited

CROSSFIRST BANKSHARES, INC.
Consolidated Statements of Comprehensive Income - Unaudited

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
	(Dollars in thousands)			
Net Income	$ 18,622	$ 16,047	$ 36,845	$ 32,155
Other Comprehensive (Loss) Income				
Unrealized (loss) gain on available-for-sale securities	(5,300)	(10,430)	(16,170)	4,521
Less: income tax (benefit) expense	(1,223)	(2,482)	(3,419)	1,175
Unrealized (loss) gain on available-for-sale securities, net of income tax	(4,077)	(7,948)	(12,751)	3,346
Reclassification adjustment for realized (loss) gain included in income	(2)	—	—	63
Less: income tax expense	—	—	—	15
Less: reclassification adjustment for realized (loss) gain included in income, net of income tax	(2)	—	—	48
Unrealized loss on cash flow hedges	(1,072)	(3,632)	(4,277)	(2,092)
Less: income tax benefit	(255)	(865)	(999)	(496)
Unrealized loss on cash flow hedges, net of income tax	(817)	(2,767)	(3,278)	(1,596)
Reclassification adjustment for (loss) gain on cash flow hedges	(1,131)	9	(2,059)	9
Less: income tax (benefit) expense	(269)	2	(483)	2
Less: reclassification adjustment for (loss) gain on cash flow hedges, net of income tax	(862)	7	(1,576)	7
Other comprehensive (loss) income	(4,030)	(10,722)	(14,453)	1,695
Comprehensive Income	$ 14,592	$ 5,325	$ 22,392	$ 33,850

See Notes to Consolidated Financial Statements - Unaudited

CROSSFIRST BANKSHARES, INC.

Consolidated Statements of Stockholders' Equity - Unaudited

	Preferred Stock		Common Stock		Treasury	Additional Paid-in	Retained	Accumulated Other Comprehensive	
	Shares	Amount	Shares	Amount	Stock	Capital	Earnings	Loss	Total
					(Dollars in thousands)				
Balance at March 31, 2023	7,750	$ —	48,600,618	$ 532	$ (64,127)	$ 539,023	$ 222,203	$ (52,140)	$ 645,491
Net income	—	—	—	—	—	—	16,047	—	16,047
Other comprehensive loss - available-for-sale securities	—	—	—	—	—	—	—	(7,948)	(7,948)
Other comprehensive loss - cash flow hedges	—	—	—	—	—	—	—	(2,774)	(2,774)
Preferred dividends $13.33 per share	—	—	—	—	—	—	(103)	—	(103)
Issuance of shares from equity-based awards	—	—	52,869	—	—	(77)	—	—	(77)
Warrants exercised, cash settled	—	—	—	—	—	(418)	—	—	(418)
Stock-based compensation	—	—	—	—	—	1,265	—	—	1,265
Balance at June 30, 2023	7,750	$ —	48,653,487	$ 532	$ (64,127)	$ 539,793	$ 238,147	$ (62,862)	$ 651,483

	Preferred Stock		Common Stock		Treasury	Additional Paid-in	Retained	Accumulated Other Comprehensive	
	Shares	Amount	Shares	Amount	Stock	Capital	Earnings	Loss	Total
					(Dollars in thousands)				
Balance March 31, 2024	7,750	$ —	49,400,466	$ 535	$ (59,720)	$ 544,206	$ 290,419	$ (60,469)	$ 714,971
Net income	—	—	—	—	—	—	18,622	—	18,622
Other comprehensive loss - available-for-sale securities	—	—	—	—	—	—	—	(4,075)	(4,075)
Other comprehensive gain - cash flow hedges	—	—	—	—	—	—	—	45	45
Preferred dividends $20.00 per share	—	—	—	—	—	—	(155)	—	(155)
Issuance of shares from equity-based awards	—	—	86,782	1	—	(30)	—	—	(29)
Open market common shares repurchases	—	—	(237,108)	—	(3,041)	—	—	—	(3,041)
Stock-based compensation	—	—	—	—	—	1,540	—	—	1,540
Balance June 30, 2024	7,750	$ —	49,250,140	$ 536	$ (62,761)	$ 545,716	$ 308,886	$ (64,499)	$ 727,878

	Preferred Stock		Common Stock		Treasury	Additional Paid-in	Retained	Accumulated Other Comprehensive	
	Shares	Amount	Shares	Amount	Stock	Capital	Earnings	Loss	Total
					(Dollars in thousands)				
Balance at December 31, 2022	—	$ —	48,448,215	$ 530	$ (64,127)	$ 530,658	$ 206,095	$ (64,557)	$ 608,599
Net income	—	—	—	—	—	—	32,155	—	32,155
Other comprehensive gain - available-for-sale securities	—	—	—	—	—	—	—	3,298	3,298
Other comprehensive loss - cash flow hedges	—	—	—	—	—	—	—	(1,603)	(1,603)
Issuance of preferred shares	7,750	—	—	—	—	7,750	—	—	7,750
Preferred dividends $13.33 per share	—	—	—	—	—	—	(103)	—	(103)
Issuance of shares from equity-based awards	—	—	205,272	2	—	(700)	—	—	(698)
Warrants exercised, cash settled	—	—	—	—	—	(418)	—	—	(418)
Stock-based compensation	—	—	—	—	—	2,503	—	—	2,503
Balance at June 30, 2023	7,750	$ —	48,653,487	$ 532	$ (64,127)	$ 539,793	$ 238,147	$ (62,862)	$ 651,483

	Preferred Stock		Common Stock		Treasury	Additional Paid-in	Retained	Accumulated Other Comprehensive	
	Shares	Amount	Shares	Amount	Stock	Capital	Earnings	Loss	Total
				(Dollars in thousands)					
Balance at December 31, 2023	7,750	$ —	49,335,888	$ 533	$ (58,251)	$ 543,556	$ 272,351	$ (50,046)	$ 708,143
Net income	—	—	—	—	—	—	36,845	—	36,845
Other comprehensive loss - available-for-sale securities	—	—	—	—	—	—	—	(12,751)	(12,751)
Other comprehensive loss - cash flow hedges	—	—	—	—	—	—	—	(1,702)	(1,702)
Preferred dividends $40.00 per share	—	—	—	—	—	—	(310)	—	(310)
Issuance of shares from equity-based awards	—	—	263,532	3	—	(650)	—	—	(647)
Open market common shares repurchases	—	—	(349,280)	—	(4,510)	—	—	—	(4,510)
Stock-based compensation	—	—	—	—	—	2,810	—	—	2,810
Balance June 30, 2024	7,750	$ —	49,250,140	$ 536	$ (62,761)	$ 545,716	$ 308,886	$ (64,499)	$ 727,878

See Notes to Consolidated Financial Statements - Unaudited

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

	For the Six Months Ended June 30, 2024	2023
	(Dollars in thousands)	
Operating Activities		
Net income	$ 36,845	$ 32,155
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,842	4,642
Provision for credit losses	4,038	7,061
Accretion of discounts on loans	(928)	(1,371)
Accretion of discounts and amortization of premiums on securities	468	1,732
Stock-based compensation	2,810	2,503
Loss (gain) on disposal of fixed assets	50	(67)
Loss on sale of foreclosed assets and related impairments	—	80
Gain on sale of loans	(977)	(1,392)
Origination of loans held for sale	(1,612)	(23,550)
Proceeds from sale of loans held for sale	3,353	23,368
Deferred income taxes	1,238	(79)
Net increase in bank owned life insurance	(957)	(829)
Net realized gains on equity securities	(18)	—
Net realized gains on available-for-sale securities	—	(63)
Dividends on FHLB stock	(227)	(625)
Changes in:	—	
Interest receivable	(2,203)	(3,796)
Other assets	(359)	3,057
Other liabilities	(6,848)	3,373
Net cash provided by operating activities	39,515	46,199
Investing Activities		
Net change in loans	(223,959)	(426,834)
Purchases of available-for-sale and equity securities	(76,992)	(121,251)
Proceeds from maturities of available-for-sale securities	23,266	11,605
Proceeds from sale of available-for-sale and equity securities	—	54,572
Proceeds from the sale of foreclosed assets	—	1,050
Purchase of premises and equipment	(2,077)	(5,251)
Proceeds from the sale of premises and equipment and related insurance claims	145	67
Purchase of restricted equity securities	(6,606)	(11,953)
Proceeds from sale of restricted equity securities	7,029	12,062
Terminated cash flow hedges	(324)	—
Net cash used in investing activities	(279,518)	(485,933)
Financing Activities		
Net increase (decrease) in demand deposits, savings, NOW and money market accounts	133,470	(444,129)
Net increase in time deposits	108,880	892,782
Net decrease in federal funds sold	—	(20,000)
Proceeds from Federal Home Loan Bank advances	—	22,414
Repayment of Federal Home Loan Bank advances	(1,755)	(70,201)
Net proceeds of lines of credit	—	94,696
Proceeds from issuance of preferred shares, net of issuance cost	—	7,750
Issuance of common shares, net of issuance cost	3	2
Proceeds from employee stock purchase plan	240	167
Repurchase of common stock	(4,500)	—
Acquisition of common stock for tax withholding obligations	(890)	(867)
Settlement of warrants	—	(418)
Dividends paid on preferred stock	(310)	(103)
Net cash provided by financing activities	235,138	482,093
(Decrease) increase in Cash and Cash Equivalents	(4,865)	42,359
Cash and Cash Equivalents, Beginning of Period	255,229	300,138
Cash and Cash Equivalents, End of Period	$ 250,364	$ 342,497
Supplemental Cash Flows Information		
Interest paid	$ 125,914	$ 83,157
Income taxes paid	12,215	7,754
Repossessed assets in settlement of loans	4,818	—

See Notes to Consolidated Financial Statements - Unaudited

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

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

Organization and Nature of Operations

CrossFirst Bankshares, Inc. (“Bankshares”) 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”), which holds investments in marketable securities, CFBSA I, LLC and CFBSA II, LLC.

The Bank is engaged in providing a full range of banking and financial services to individual and corporate clients primarily 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) Fort Worth, Texas; (viii) Frisco, Texas; (ix) Phoenix, Arizona; (x) Tucson, Arizona; (xi) Colorado Springs, Colorado; (xii) Denver, Colorado; and (xiii) Clayton, New Mexico.

Basis of Presentation

The accompanying interim unaudited consolidated financial statements serve to update the CrossFirst Bankshares, Inc. Annual Report on Form 10-K for the year ended December 31, 2023 and include the consolidated accounts of Bankshares, the Bank, CFI, CFBSA I, LLC and CFBSA II, LLC (together, referred to herein as the “Company”). The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and where applicable, with general practices in the banking industry or guidelines prescribed by bank regulatory agencies. However, they may not include all information and notes necessary to constitute a complete set of financial statements under GAAP applicable to annual periods and accordingly should be read in conjunction with the financial information contained in the Company's most recent Annual Report on Form 10-K. The unaudited consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the results presented. All such adjustments are of a normal recurring nature. All significant intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications of prior years' amounts are made whenever necessary to conform to current period presentation. The results of operations for the interim period are not necessarily indicative of the results that may be expected for the full year or any other interim period. All amounts are in thousands, except share data, or as otherwise noted.

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

The Company's significant accounting policies followed in the preparation of the unaudited consolidated financial statements are disclosed in Note 1 of the audited financial statements and notes for the year ended December 31, 2023 and are contained in the Company's Annual Report on Form 10-K for that period. There have been no significant changes to the application of significant accounting policies since December 31, 2023.

Related Party Transactions

The Bank extends credit and receives deposits from related parties. In management’s opinion, the loans and deposits were made in the ordinary course of business and made on similar terms as those prevailing at the time with other persons. Related party loans totaled $10 million and $12 million, while related party deposits totaled $90 million and $106 million, at June 30, 2024 and December 31, 2023, respectively. Related parties also owned $6 million of the

Company's Series A Non-Cumulative Perpetual Preferred Stock, par value $0.01 per share ("Series A Preferred Stock"), at June 30, 2024.

Recent Accounting Pronouncements

Accounting pronouncements not yet adopted by the Company

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires enhanced disclosures on both an annual and interim basis about significant segment expenses, including for companies with only one reportable segment. This ASU is effective on a retrospective basis for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company is evaluating the impact the adoption of this ASU will have on its consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures which requires updates to rate reconciliation disclosures and information on income taxes paid on an annual basis. This ASU is effective on a prospective basis with retrospective application permitted for annual periods beginning after December 15, 2024. The Company is evaluating the impact the adoption of this ASU will have on its consolidated financial statements and related disclosures.

Note 2: Securities

Available-for-Sale ("AFS") Securities

AFS securities are summarized as follows as of the dates indicated:

	June 30, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
	(Dollars in thousands)			
Federal agency obligations	$ 9,989	$ 4	$ —	$ 9,993
Mortgage-backed - GSE residential	245,822	182	24,288	221,716
Collateralized mortgage obligations - GSE residential	100,300	312	1,713	98,899
State and political subdivisions	393,380	240	50,094	343,526
Small Business Administration loan pools	122,173	279	2,702	119,750
Corporate bonds	9,589	—	1,124	8,465
Total available-for-sale securities	$ 881,253	$ 1,017	$ 79,921	$ 802,349

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
	(Dollars in thousands)			
Federal agency obligations	$ 9,988	$ 84	$ —	$ 10,072
U.S. Treasury securities	4,965	3	—	4,968
Mortgage-backed - GSE residential	233,203	629	21,370	212,462
Collateralized mortgage obligations - GSE residential	50,125	493	674	49,944
State and political subdivisions	396,349	497	40,949	355,897
Small Business Administration loan pools	125,017	722	961	124,778
Corporate bonds	9,740	—	1,208	8,532
Total available-for-sale securities	$ 829,387	$ 2,428	$ 65,162	$ 766,653

The carrying value of securities pledged as collateral was $45 million and $40 million at June 30, 2024 and December 31, 2023, respectively.

As of both June 30, 2024 and December 31, 2023, the AFS securities had $7 million of accrued interest, excluded from the amortized cost basis, and presented in “interest receivable” on the consolidated statements of financial condition.

The following tables summarize the gross realized gains and losses from sales or maturities of AFS securities as of the dates shown:

	For the Three Months Ended June 30, 2024			For the Six Months Ended June 30, 2024		
	Gross Realized Gains	Gross Realized Losses	Net Realized Loss	Gross Realized Gains	Gross Realized Losses	Net Realized Gain
	(Dollars in thousands)					
Available-for-sale securities	$ 3	$ (5)	$ (2)	$ 5	$ (5)	$ —

	For the Three Months Ended June 30, 2023			For the Six Months Ended June 30, 2023		
	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	$ 74	$ (74)	$ —	$ 267	$ (204)	$ 63

The following tables summarize AFS securities gross unrealized losses, as of the dates shown, along with the length of time in an unrealized loss position:

	June 30, 2024								
	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									
Federal agency obligations	$ —	$ —	—	$ —	$ —	—	$ —	$ —	—
Mortgage-backed - GSE residential	58,648	641	16	129,514	23,647	52	188,162	24,288	68
Collateralized mortgage obligations - GSE residential	72,985	1,208	16	7,236	505	17	80,221	1,713	33
State and political subdivisions	21,513	288	16	309,457	49,806	210	330,970	50,094	226
Small Business Administration loan pools	52,084	795	6	57,523	1,907	12	109,607	2,702	18
Corporate bonds	—	—	—	8,465	1,124	4	8,465	1,124	4
Total temporarily impaired AFS securities	$ 205,230	$ 2,932	54	$ 512,195	$ 76,989	295	$ 717,425	$ 79,921	349

	December 31, 2023								
	Less than 12 Months			12 Months or More			Total		
	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities
	(Dollars in thousands)								
Available-for-Sale Securities									
Federal agency obligations	$ —	$ —	—	$ —	$ —	—	$ —	$ —	—
U.S. Treasury securities	—	—	—	—	—	—	—	—	—
Mortgage-backed - GSE residential	21,523	56	5	137,626	21,314	52	159,149	21,370	57
Collateralized mortgage obligations - GSE residential	17,707	135	4	8,469	539	17	26,176	674	21
State and political subdivisions	33,577	207	20	287,128	40,742	190	320,705	40,949	210
Small Business Administration loan pools	76,380	959	11	91	2	4	76,471	961	15
Corporate bonds	—	—	—	8,532	1,208	5	8,532	1,208	5
Total temporarily impaired AFS securities	$ 149,187	$ 1,357	40	$ 441,846	$ 63,805	268	$ 591,033	$ 65,162	308

Management evaluated all of the AFS securities in an unrealized loss position at June 30, 2024. The unrealized losses in the Company’s investment portfolio were primarily caused by interest rate changes. 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. The Company did not record any credit losses on AFS securities during the six months ended June 30, 2024 or the year ended December 31, 2023.

The amortized cost, fair value, and weighted average yield of AFS securities by contractual maturity, are shown below:

	June 30, 2024				
	Within One Year	After One to Five Years	After Five to Ten Years	After Ten Years	Total
	(Dollars in thousands)				
Available-for-sale securities					
Federal agency obligations[1]					
Amortized cost	$ —	$ —	$ —	$ 9,989	$ 9,989
Estimated fair value	$ —	$ —	$ —	$ 9,993	$ 9,993
Weighted average yield[2]	— %	— %	— %	6.41 %	6.41 %
Mortgage-backed - GSE residential[1]					
Amortized cost	$ —	$ —	$ 815	$ 245,007	$ 245,822
Estimated fair value	$ —	$ —	$ 744	$ 220,972	$ 221,716
Weighted average yield[2]	— %	— %	2.24 %	3.29 %	3.29 %
Collateralized mortgage obligations - GSE residential[1]					
Amortized cost	$ —	$ 2,096	$ —	$ 98,204	$ 100,300
Estimated fair value	$ —	$ 2,003	$ —	$ 96,896	$ 98,899
Weighted average yield[2]	— %	2.80 %	— %	5.92 %	5.86 %
State and political subdivisions[1]					
Amortized cost	$ 519	$ 3,465	$ 60,306	$ 329,090	$ 393,380
Estimated fair value	$ 525	$ 3,417	$ 58,911	$ 280,673	$ 343,526
Weighted average yield[2]	4.05 %	4.35 %	2.95 %	2.57 %	2.64 %
Small Business Administration loan pools[1]					
Amortized cost	$ 6	$ —	$ 76	$ 122,091	$ 122,173
Estimated fair value	$ 6	$ —	$ 73	$ 119,671	$ 119,750
Weighted average yield[2]	4.95 %	— %	4.12 %	4.85 %	4.85 %
Corporate bonds[1]					
Amortized cost	$ —	$ 97	$ 9,492	$ —	$ 9,589
Estimated fair value	$ —	$ 91	$ 8,374	$ —	$ 8,465
Weighted average yield[2]	— %	5.07 %	5.71 %	— %	5.70 %
Total available-for-sale securities					
Amortized cost	$ 525	$ 5,658	$ 70,689	$ 804,381	$ 881,253
Estimated fair value	$ 531	$ 5,511	$ 68,102	$ 728,205	$ 802,349
Weighted average yield[2]	4.06 %	3.79 %	3.32 %	3.59 %	3.57 %

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

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

Equity Securities

Equity securities consist of $7.1 million of private equity investments. Equity securities are included in other assets on the consolidated statements of financial condition.

The Company elected a measurement alternative for its private equity investments that did not have a readily determinable fair value and did not qualify for the practical expedient to estimate fair value using the net asset value per share. A cost basis was calculated for the equity investments. The recorded balance will adjust for any impairment or any observable price changes for an identical or similar investment of the same issuer. No such events occurred during the three- or six-month periods ended June 30, 2024.

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

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
	(Dollars in thousands)			
Net (losses) gains recognized during the reporting period on equity securities	$ (8)	$ 6	$ 13	$ 16
Less: net gains recognized during the period on equity securities sold during the period	—	—	18	—
Unrealized (loss) gain recognized during the reporting period on equity securities still held at the reporting date	$ (8)	$ 6	$ (5)	$ 16

Note 3: Loans and Allowance for Credit Losses

The table below shows the loan portfolio composition including carrying value by segment as of the dates shown. The carrying value of loans is net of discounts, fees, costs, and fair value marks of $24 million and $25 million as of June 30, 2024 and December 31, 2023, respectively.

	June 30, 2024		December 31, 2023	
	Amount	% of Loans	Amount	% of Loans
	(Dollars in thousands)			
Commercial and industrial	$ 2,206,879	35 %	$ 2,160,212	35 %
Energy	234,297	4	214,218	3
Commercial real estate - owner-occupied	592,464	9	566,253	9
Commercial real estate - non-owner-occupied	2,812,231	44	2,685,534	44
Residential real estate	473,712	7	464,095	8
Consumer	24,824	1	37,378	1
Loans, net of unearned fees	6,344,407	100 %	6,127,690	100 %
Less: Allowance for credit losses on loans	(76,218)		(73,462)	
Loans, net of the allowance for credit losses on loans	$ 6,268,189		$ 6,054,228	

Accrued interest of $32 million and $30 million at June 30, 2024 and December 31, 2023, respectively, presented in "interest receivable" on the consolidated statements of financial condition is excluded from the amortized cost basis disclosed in the above table.

The Company aggregates the loan portfolio by similar credit risk characteristics. The loan segments are described in additional detail below:

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

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

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

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

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

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

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

- **Residential Real Estate** - The category includes loans that are generally secured by owner-occupied 1-4 family residences. Repayment of these loans is primarily dependent on the personal income and credit rating of the borrowers. We also offer open- and closed-ended home equity loans, which are loans generally secured by second lien positions on residential real estate. Credit risk in these loans can be impacted by economic conditions within or outside the borrower's market areas that might impact either property values or a borrower's personal income.

- **Consumer** - The category includes personal lines of credit and various term loans such as automobile loans and loans for other personal purposes. Repayment is primarily dependent on the personal income and credit rating of the borrowers. Credit risk is driven by consumer economic factors (such as unemployment and general economic conditions in the borrower's market area) and the creditworthiness of a borrower.

Risk Ratings

The Company uses a series of grades which reflect its assessment of the credit quality of loans based on an analysis of the borrower's financial condition, liquidity and ability to meet contractual debt service requirements. Risk ratings are established for loans at origination and are monitored on an ongoing basis. The rating assigned to a loan reflects the risks posed by the borrower's expected performance and the transaction's structure. Performance metrics used to determine a risk rating include, but are not limited to, cash flow adequacy, liquidity, and collateral. A description of the loan risk ratings follows:

- **Pass** - 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** - 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** - 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 non-performing loans and are broken out in the table below.

- **Doubtful** - 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** - Credits that are considered uncollectible or of such little value that their continuance as a bankable asset is not warranted.

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The following tables present the credit risk profile of the Company’s loan portfolio based on internal rating categories and loan segments:

	As of June 30, 2024								
	Amortized Cost Basis by Origination Year and Internal Risk Rating						Amortized Cost Basis		
	2024	2023	2022	2021	2020	2019 and Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
	(Dollars in thousands)								
Commercial and industrial									
Pass	$ 229,977	$ 258,064	$ 227,341	$ 141,191	$ 36,502	$ 31,757	$ 1,078,641	$ 75,157	$ 2,078,630
Special mention	749	5,195	13,037	1,575	—	18	28,865	1,228	50,667
Substandard - accrual	1,855	12,486	1,828	6,351	141	1,925	25,742	18,022	68,350
Substandard - non-accrual	—	1,040	39	262	—	117	5,279	496	7,233
Doubtful	—	—	—	—	—	—	1,999	—	1,999
Loss	—	—	—	—	—	—	—	—	—
Total	$ 232,581	$ 276,785	$ 242,245	$ 149,379	$ 36,643	$ 33,817	$ 1,140,526	$ 94,903	$ 2,206,879
Energy									
Pass	$ —	$ —	$ 6,161	$ —	$ —	$ —	$ 227,153	$ 905	$ 234,219
Special mention	—	—	—	—	—	—	—	—	—
Substandard - accrual	—	—	—	—	—	—	—	—	—
Substandard - non-accrual	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	78	—	78
Loss	—	—	—	—	—	—	—	—	—
Total	$ -	$ -	$ 6,161	$ -	$ -	$ -	$ 227,231	$ 905	$ 234,297
Commercial real estate - owner-occupied									
Pass	$ 29,885	$ 56,210	$ 102,706	$ 113,208	$ 62,649	$ 70,760	$ 77,325	$ 32,734	$ 545,477
Special mention	9,478	1,909	5,254	9,717	1,725	3,090	—	566	31,739
Substandard - accrual	3,236	2,977	5,477	—	1,625	69	—	1,528	14,912
Substandard - non-accrual	—	—	336	—	—	—	—	—	336
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total	$ 42,599	$ 61,096	$ 113,773	$ 122,925	$ 65,999	$ 73,919	$ 77,325	$ 34,828	$ 592,464
Commercial real estate - non-owner-occupied									
Pass	$ 208,723	$ 398,698	$ 840,819	$ 219,509	$ 166,543	$ 103,686	$ 676,674	$ 144,211	$ 2,758,863
Special mention	—	—	18,882	7,123	—	15,047	—	—	41,052
Substandard - accrual	3,600	4,549	—	—	3,622	298	—	—	12,069
Substandard - non-accrual	—	—	247	—	—	—	—	—	247
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total	$ 212,323	$ 403,247	$ 859,948	$ 226,632	$ 170,165	$ 119,031	$ 676,674	$ 144,211	$ 2,812,231
Residential real estate									
Pass	$ 12,201	$ 49,688	$ 92,577	$ 78,235	$ 97,158	$ 92,260	$ 43,035	$ —	$ 465,154
Special mention	—	4,167	492	1,626	173	—	—	—	6,458
Substandard - accrual	253	—	—	1,300	—	199	176	—	1,928
Substandard - non-accrual	—	—	—	—	—	—	—	172	172
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total	$ 12,454	$ 53,855	$ 93,069	$ 81,161	$ 97,331	$ 92,459	$ 43,211	$ 172	$ 473,712
Consumer									
Pass	$ 2,130	$ 3,507	$ 4,230	$ 346	$ 34	$ 239	$ 14,316	$ —	$ 24,802
Special mention	—	—	—	—	—	3	—	—	3
Substandard - accrual	—	—	—	—	19	—	—	—	19
Substandard - non-accrual	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total	$ 2,130	$ 3,507	$ 4,230	$ 346	$ 53	$ 242	$ 14,316	$ -	$ 24,824
Total									
Pass	$ 482,916	$ 766,167	$ 1,273,834	$ 552,489	$ 362,886	$ 298,702	$ 2,117,144	$ 253,007	$ 6,107,145
Special mention	10,227	11,271	37,665	20,041	1,898	18,158	28,865	1,794	129,919
Substandard - accrual	8,944	20,012	7,305	7,651	5,407	2,491	25,918	19,550	97,278
Substandard - non-accrual	—	1,040	622	262	—	117	5,279	668	7,988
Doubtful	—	—	—	—	—	—	2,077	—	2,077
Loss	—	—	—	—	—	—	—	—	—
Total	$ 502,087	$ 798,490	$ 1,319,426	$ 580,443	$ 370,191	$ 319,468	$ 2,179,283	$ 275,019	$ 6,344,407

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	As of December 31, 2023								
	Amortized Cost Basis by Origination Year and Internal Risk Rating						Amortized Cost Basis		
	2023	2022	2021	2020	2019	2018 and Prior	Revolving Loans	Revolving Loans Converted to Term Loans	Total
					(Dollars in thousands)				
Commercial and industrial									
Pass	$ 379,360	$ 258,182	$ 193,302	$ 54,901	$ 38,762	$ 18,801	$ 1,061,365	$ 53,015	$ 2,057,688
Special mention	2,442	925	6,000	2,674	1,460	26	9,748	3,175	26,450
Substandard - accrual	12,655	1,877	5,101	238	598	815	28,652	16,831	66,767
Substandard - non-accrual	—	—	266	24	—	—	6,848	178	7,316
Doubtful	—	—	—	—	—	—	1,991	—	1,991
Loss	—	—	—	—	—	—	—	—	—
Total	$ 394,457	$ 260,984	$ 204,669	$ 57,837	$ 40,820	$ 19,642	$ 1,108,604	$ 73,199	$ 2,160,212
Energy									
Pass	$ 4,581	$ 6,868	$ —	$ 156	$ —	$ —	$ 202,218	$ 107	$ 213,930
Special mention	—	—	—	—	—	—	—	—	—
Substandard - accrual	—	—	—	—	—	—	—	—	—
Substandard - non-accrual	—	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	288	—	288
Loss	—	—	—	—	—	—	—	—	—
Total	$ 4,581	$ 6,868	$ —	$ 156	$ —	$ —	$ 202,506	$ 107	$ 214,218
Commercial real estate - owner-occupied									
Pass	$ 56,236	$ 92,148	$ 119,684	$ 62,072	$ 49,992	$ 32,936	$ 76,782	$ 36,263	$ 526,113
Special mention	10,095	6,798	8,522	1,747	793	2,448	—	576	30,979
Substandard - accrual	2,977	—	—	1,635	770	2,047	—	1,528	8,957
Substandard - non-accrual	—	—	204	—	—	—	—	—	204
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total	$ 69,308	$ 98,946	$ 128,410	$ 65,454	$ 51,555	$ 37,431	$ 76,782	$ 38,367	$ 566,253
Commercial real estate - non-owner-occupied									
Pass	$ 477,238	$ 842,755	$ 242,405	$ 161,845	$ 65,540	$ 50,062	$ 626,998	$ 145,621	$ 2,612,464
Special mention	—	18,939	7,331	—	17,208	4,052	—	—	47,530
Substandard - accrual	10,341	—	2,396	3,626	—	298	—	439	17,100
Substandard - non-accrual	—	713	6,029	1,698	—	—	—	—	8,440
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total	$ 487,579	$ 862,407	$ 258,161	$ 167,169	$ 82,748	$ 54,412	$ 626,998	$ 146,060	$ 2,685,534
Residential real estate									
Pass	$ 37,676	$ 86,919	$ 82,390	$ 110,853	$ 36,589	$ 62,288	$ 37,619	$ —	$ 454,334
Special mention	—	813	3,519	176	—	—	—	—	4,508
Substandard - accrual	253	—	1,317	3,125	203	—	176	—	5,074
Substandard - non-accrual	—	—	—	—	—	—	—	179	179
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total	$ 37,929	$ 87,732	$ 87,226	$ 114,154	$ 36,792	$ 62,288	$ 37,795	$ 179	$ 464,095
Consumer									
Pass	$ 11,591	$ 6,004	$ 462	$ 54	$ 221	$ 25	$ 18,960	$ —	$ 37,317
Special mention	—	—	—	—	—	5	—	—	5
Substandard - accrual	—	—	—	23	—	—	—	—	23
Substandard - non-accrual	—	33	—	—	—	—	—	—	33
Doubtful	—	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—	—
Total	$ 11,591	$ 6,037	$ 462	$ 77	$ 221	$ 30	$ 18,960	$ —	$ 37,378
Total									
Pass	$ 966,682	$ 1,292,876	$ 638,243	$ 389,881	$ 191,104	$ 164,112	$ 2,023,942	$ 235,006	$ 5,901,846
Special mention	12,537	27,475	25,372	4,597	19,461	6,531	9,748	3,751	109,472
Substandard - accrual	26,226	1,877	8,814	8,647	1,571	3,160	28,828	18,798	97,921
Substandard - non-accrual	—	746	6,499	1,722	—	—	6,848	357	16,172
Doubtful	—	—	—	—	—	—	2,279	—	2,279
Loss	—	—	—	—	—	—	—	—	—
Total	$ 1,005,445	$ 1,322,974	$ 678,928	$ 404,847	$ 212,136	$ 173,803	$ 2,071,645	$ 257,912	$ 6,127,690

The following tables present the Company's loan portfolio aging analysis as of June 30, 2024 and December 31, 2023:

	As of June 30, 2024								
	Amortized Cost Basis by Origination Year and Past Due Status						Amortized Cost Basis		
	2024	2023	2022	2021	2020	2019 and Prior	Revolving loans	Revolving loans converted to term loans	Total
	(Dollars in thousands)								
Commercial and industrial									
30-59 days	$ -	$ -	$ 22	$ -	$ -	$ 19	$ 841	$ 1,855	$ 2,737
60-89 days	-	-	20	-	-	71	329	-	420
Greater than 90 days	-	1,040	25	454	-	152	7,279	-	8,950
Total past due	-	1,040	67	454	-	242	8,449	1,855	12,107
Current	232,581	275,745	242,178	148,925	36,643	33,575	1,132,077	93,048	2,194,772
Total	$ 232,581	$ 276,785	$ 242,245	$ 149,379	$ 36,643	$ 33,817	$ 1,140,526	$ 94,903	$ 2,206,879
Greater than 90 days and accruing	$ -	$ -	$ -	$ 192	$ -	$ 35	$ -	$ -	$ 227
Energy									
30-59 days	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
60-89 days	-	-	-	-	-	-	-	-	-
Greater than 90 days	-	-	-	-	-	-	78	-	78
Total past due	-	-	-	-	-	-	78	-	78
Current	-	-	6,161	-	-	-	227,153	905	234,219
Total	$ -	$ -	$ 6,161	$ -	$ -	$ -	$ 227,231	$ 905	$ 234,297
Greater than 90 days and accruing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial real estate - owner-occupied									
30-59 days	$ 3,236	$ -	$ -	$ -	$ 506	$ -	$ -	$ -	$ 3,742
60-89 days	-	-	4,024	-	-	-	-	-	4,024
Greater than 90 days	-	-	336	-	-	-	-	-	336
Total past due	3,236	-	4,360	-	506	-	-	-	8,102
Current	39,363	61,096	109,413	122,925	65,493	73,919	77,325	34,828	584,362
Total	$ 42,599	$ 61,096	$ 113,773	$ 122,925	$ 65,999	$ 73,919	$ 77,325	$ 34,828	$ 592,464
Greater than 90 days and accruing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial real estate - non-owner-occupied									
30-59 days	$ 4,319	$ -	$ -	$ -	$ -	$ 68	$ -	$ -	$ 4,387
60-89 days	-	-	-	-	-	-	-	-	-
Greater than 90 days	-	-	247	-	-	141	-	-	388
Total past due	4,319	-	247	-	-	209	-	-	4,775
Current	208,004	403,247	859,701	226,632	170,165	118,822	676,674	144,211	2,807,456
Total	$ 212,323	$ 403,247	$ 859,948	$ 226,632	$ 170,165	$ 119,031	$ 676,674	$ 144,211	$ 2,812,231
Greater than 90 days and accruing	$ -	$ -	$ -	$ -	$ -	$ 141	$ -	$ -	$ 141
Residential real estate									
30-59 days	$ -	$ -	$ 5	$ 86	$ -	$ -	$ 71	$ -	$ 162
60-89 days	253	-	-	-	-	199	-	-	452
Greater than 90 days	-	-	-	1,300	-	-	176	-	1,476
Total past due	253	-	5	1,386	-	199	247	-	2,090
Current	12,201	53,855	93,064	79,775	97,331	92,260	42,964	172	471,622
Total	$ 12,454	$ 53,855	$ 93,069	$ 81,161	$ 97,331	$ 92,459	$ 43,211	$ 172	$ 473,712
Greater than 90 days and accruing	$ -	$ -	$ -	$ 1,300	$ -	$ -	$ 176	$ -	$ 1,476
Consumer									
30-59 days	$ -	$ -	$ 6	$ 15	$ -	$ -	$ 50	$ -	$ 71
60-89 days	-	-	-	1	-	-	53	-	54
Greater than 90 days	-	-	-	-	-	-	-	-	-
Total past due	-	-	6	16	-	-	103	-	125
Current	2,130	3,507	4,224	330	53	242	14,213	-	24,699
Total	$ 2,130	$ 3,507	$ 4,230	$ 346	$ 53	$ 242	$ 14,316	$ -	$ 24,824
Greater than 90 days and accruing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total									
30-59 days	$ 7,555	$ -	$ 33	$ 101	$ 506	$ 87	$ 962	$ 1,855	$ 11,099
60-89 days	253	-	4,044	1	-	270	382	-	4,950
Greater than 90 days	-	1,040	608	1,754	-	293	7,533	-	11,228
Total past due	7,808	1,040	4,685	1,856	506	650	8,877	1,855	27,277
Current	494,279	797,450	1,314,741	578,587	369,685	318,818	2,170,406	273,164	6,317,130
Total	$ 502,087	$ 798,490	$ 1,319,426	$ 580,443	$ 370,191	$ 319,468	$ 2,179,283	$ 275,019	$ 6,344,407
Greater than 90 days and accruing	$ -	$ -	$ -	$ 1,492	$ -	$ 176	$ 176	$ -	$ 1,844

	As of December 31, 2023								
	Amortized Cost Basis by Origination Year and Past Due Status						Amortized Cost Basis		
	2023	2022	2021	2020	2019	2018 and Prior	Revolving loans	Revolving loans converted to term loans	Total
	(Dollars in thousands)								
Commercial and industrial									
30-59 days	$ 250	$ 178	$ —	$ 81	$ —	$ 136	$ 158	$ 151	$ 954
60-89 days	—	—	—	—	—	—	—	—	—
Greater than 90 days	30	28	347	24	199	—	10,800	2,376	13,804
Total past due	280	206	347	105	199	136	10,958	2,527	14,758
Current	394,177	260,778	204,322	57,732	40,621	19,506	1,097,646	70,672	2,145,454
Total	$ 394,457	$ 260,984	$ 204,669	$ 57,837	$ 40,820	$ 19,642	$ 1,108,604	$ 73,199	$ 2,160,212
Greater than 90 days and accruing	$ 30	$ 28	$ 81	$ —	$ 199	$ —	$ 2,000	$ 2,199	$ 4,537
Energy									
30-59 days	$ —	$ —	$ —	$ —	$ —	$ —	$ 30	$ —	$ 30
60-89 days	—	—	—	—	—	—	—	—	—
Greater than 90 days	—	—	—	—	—	—	288	—	288
Total past due	—	—	—	—	—	—	318	—	318
Current	4,581	6,868	—	156	—	—	202,188	107	213,900
Total	$ 4,581	$ 6,868	$ —	$ 156	$ —	$ —	$ 202,506	$ 107	$ 214,218
Greater than 90 days and accruing	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial real estate - owner-occupied									
30-59 days	$ —	$ —	$ —	$ 371	$ —	$ 71	$ —	$ —	$ 442
60-89 days	—	—	—	—	—	—	—	—	—
Greater than 90 days	—	—	204	—	—	—	—	—	204
Total past due	—	—	204	371	—	71	—	—	646
Current	69,308	98,946	128,206	65,083	51,555	37,360	76,782	38,367	565,607
Total	$ 69,308	$ 98,946	$ 128,410	$ 65,454	$ 51,555	$ 37,431	$ 76,782	$ 38,367	$ 566,253
Greater than 90 days and accruing	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial real estate - non-owner-occupied									
30-59 days	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
60-89 days	—	—	—	—	—	—	—	—	—
Greater than 90 days	—	713	6,029	1,698	—	307	—	—	8,747
Total past due	—	713	6,029	1,698	—	307	—	—	8,747
Current	487,579	861,694	252,132	165,471	82,748	54,105	626,998	146,060	2,676,787
Total	$ 487,579	$ 862,407	$ 258,161	$ 167,169	$ 82,748	$ 54,412	$ 626,998	$ 146,060	$ 2,685,534
Greater than 90 days and accruing	$ —	$ —	$ —	$ —	$ —	$ 307	$ —	$ —	$ 307
Residential real estate									
30-59 days	$ —	$ 6	$ —	$ 137	$ —	$ —	$ —	$ —	$ 143
60-89 days	—	—	—	—	—	—	—	—	—
Greater than 90 days	—	—	1,317	—	—	—	176	—	1,493
Total past due	—	6	1,317	137	—	—	176	—	1,636
Current	37,929	87,726	85,909	114,017	36,792	62,288	37,619	179	462,459
Total	$ 37,929	$ 87,732	$ 87,226	$ 114,154	$ 36,792	$ 62,288	$ 37,795	$ 179	$ 464,095
Greater than 90 days and accruing	$ —	$ —	$ 1,317	$ —	$ —	$ —	$ 176	$ —	$ 1,493
Consumer									
30-59 days	$ —	$ 219	$ 40	$ —	$ —	$ —	$ 200	$ —	$ 459
60-89 days	—	—	—	—	—	—	—	—	—
Greater than 90 days	—	35	—	—	—	—	—	—	35
Total past due	—	254	40	—	—	—	200	—	494
Current	11,591	5,783	422	77	221	30	18,760	—	36,884
Total	$ 11,591	$ 6,037	$ 462	$ 77	$ 221	$ 30	$ 18,960	$ —	$ 37,378
Greater than 90 days and accruing	$ —	$ 2	$ —	$ —	$ —	$ —	$ —	$ —	$ 2
Total									
30-59 days	$ 250	$ 403	$ 40	$ 589	$ —	$ 207	$ 388	$ 151	$ 2,028
60-89 days	—	—	—	—	—	—	—	—	—
Greater than 90 days	30	776	7,897	1,722	199	307	11,264	2,376	24,571
Total past due	280	1,179	7,937	2,311	199	514	11,652	2,527	26,599
Current	1,005,165	1,321,795	670,991	402,536	211,937	173,289	2,059,993	255,385	6,101,091
Total	$ 1,005,445	$ 1,322,974	$ 678,928	$ 404,847	$ 212,136	$ 173,803	$ 2,071,645	$ 257,912	$ 6,127,690
Greater than 90 days and accruing	$ 30	$ 30	$ 1,398	$ —	$ 199	$ 307	$ 2,176	$ 2,199	$ 6,339

Non-accrual loans are loans for which the Company does not record interest income. The accrual of interest on loans is discontinued at the time the loan is 90 days past due unless the credit is well secured and in process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on non-accrual or charged off at an earlier date, if collection of principal or interest is considered doubtful. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. The following table presents the Company's non-accrual loans by loan segments at June 30, 2024 and December 31, 2023:

As of June 30, 2024

	Amortized Cost Basis by Origination Year						Amortized Cost Basis			
	2024	2023	2022	2021	2020	2019 and Prior	Revolving loans	Revolving loans converted to term loans	Total Non-accrual Loans	Non-accrual Loans with no related Allowance
						(Dollars in thousands)				
Commercial and industrial	$ —	$ 1,040	$ 39	$ 262	$ —	$ 117	$ 7,278	$ 496	$ 9,232	$ 5,279
Energy	—	—	—	—	—	—	78	—	78	78
Commercial real estate - owner-occupied	—	—	336	—	—	—	—	—	336	336
Commercial real estate - non-owner-occupied	—	—	247	—	—	—	—	—	247	—
Residential real estate	—	—	—	—	—	—	—	172	172	—
Consumer	—	—	—	—	—	—	—	—	—	—
Total	$ —	$ 1,040	$ 622	$ 262	$ —	$ 117	$ 7,356	$ 668	$ 10,065	$ 5,693

As of December 31, 2023

	Amortized Cost Basis by Origination Year						Amortized Cost Basis			
	2023	2022	2021	2020	2019	2018 and Prior	Revolving loans	Revolving loans converted to term loans	Total Non-accrual Loans	Non-accrual Loans with no related Allowance
						(Dollars in thousands)				
Commercial and industrial	$ —	$ —	$ 266	$ 24	$ —	$ —	$ 8,839	$ 178	$ 9,307	$ 6,198
Energy	—	—	—	—	—	—	288	—	288	288
Commercial real estate - owner-occupied	—	—	204	—	—	—	—	—	204	204
Commercial real estate - non-owner-occupied	—	713	6,029	1,698	—	—	—	—	8,440	1,698
Residential real estate	—	—	—	—	—	—	—	179	179	179
Consumer	—	33	—	—	—	—	—	—	33	33
Total	$ —	$ 746	$ 6,499	$ 1,722	$ —	$ —	$ 9,127	$ 357	$ 18,451	$ 8,600

Interest income recognized on non-accrual loans was zero during the three and six months ended June 30, 2024. For the three and six months ended June 30, 2023, the interest income recognized on non-accrual loans was $0.1 million and $0.3 million, respectively.

Allowance for Credit Losses

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

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

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

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

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

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

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

The following table presents the activity in the allowance for credit losses and allowance for credit losses on off-balance sheet credit exposures by loan segment for the three and six months ended June 30, 2024:

	For the Three Months Ended June 30, 2024						
	Commercial and Industrial	Energy	Commercial Real Estate Owner-Occupied	Commercial Real Estate Non-owner-Occupied	Residential Real Estate	Consumer	Total
	(Dollars in thousands)						
Allowance for Credit Losses:							
Beginning balance	$ 33,821	$ 3,169	$ 6,385	$ 27,989	$ 3,466	$ 26	$ 74,856
Charge-offs	(743)	—	—	(549)	—	(13)	(1,305)
Recoveries	25	—	—	—	259	—	284
Provision (release)	524	156	306	1,642	(302)	57	2,383
Ending balance	$ 33,627	$ 3,325	$ 6,691	$ 29,082	$ 3,423	$ 70	$ 76,218
Allowance for Credit Losses on Off-Balance Sheet Credit Exposures:							
Beginning balance	$ 1,008	$ —	$ 89	$ 4,020	$ 95	$ 1	$ 5,213
Provision (release)	(225)	133	18	99	(28)	3	—
Ending balance	$ 783	$ 133	$ 107	$ 4,119	$ 67	$ 4	$ 5,213

	For the Six Months Ended June 30, 2024						
	Commercial and Industrial	Energy	Commercial Real Estate Owner-Occupied	Commercial Real Estate Non-owner-Occupied	Residential Real Estate	Consumer	Total
	(Dollars in thousands)						
Allowance for Credit Losses:							
Beginning balance	$ 32,244	$ 3,143	$ 6,445	$ 28,130	$ 3,456	$ 44	$ 73,462
Charge-offs	(1,529)	—	—	(1,397)	—	(13)	(2,939)
Recoveries	80	118	—	—	259	—	457
Provision (release)	2,832	64	246	2,349	(292)	39	5,238
Ending balance	$ 33,627	$ 3,325	$ 6,691	$ 29,082	$ 3,423	$ 70	$ 76,218
Allowance for Credit Losses on Off-Balance Sheet Credit Exposures:							
Beginning balance	$ 954	$ 149	$ 125	$ 5,096	$ 89	$ —	$ 6,413
Provision (release)	(171)	(16)	(18)	(977)	(22)	4	(1,200)
Ending balance	$ 783	$ 133	$ 107	$ 4,119	$ 67	$ 4	$ 5,213

The ACL balance increased $1.4 million during the quarter ended June 30, 2024 and included provision of $2.4 million primarily due to loan growth and economic factors. Net charge-offs for the quarter were $1.0 million, primarily due to charge-offs on one commercial and industrial loan and one commercial real estate – non-owner-occupied loan related to a commercial construction non-accrual credit that moved to foreclosed assets held for sale during the prior quarter. The reserve on unfunded commitments remained consistent with the prior quarter.

The ACL balance increased $2.8 million during the six months ended June 30, 2024 and included provision of $5.2 million due to loan growth and an increase in specific reserves. Net charge-offs were $2.5 million for the six months ended June 30, 2024, primarily due to charge-offs on three commercial and industrial loans, one commercial real estate – non-owner-occupied loan and one credit card account. The reserve on unfunded commitments decreased $1.2 million due to a decrease in unfunded commitments.

The following table presents the Company’s gross charge-offs by year of origination for the three and six months ended June 30, 2024:

	For the Three Months Ended June 30, 2024								
	Gross Charge-offs by Origination Year						Gross Charge-offs		
	2024	2023	2022	2021	2020	2019 and Prior	Revolving loans	Revolving loans converted to term loans	Gross Charge-offs
	(Dollars in thousands)								
Commercial and industrial	$ —	$ 644	$ 16	$ —	$ —	$ —	$ 83	$ —	$ 743
Energy	—	—	—	—	—	—	—	—	—
Commercial real estate - owner-occupied	—	—	—	—	—	—	—	—	—
Commercial real estate - non-owner-occupied	—	—	23	—	—	—	—	526	549
Residential real estate	—	—	—	—	—	—	—	—	—
Consumer	—	—	13	—	—	—	—	—	13
Total	$ —	$ 644	$ 52	$ —	$ —	$ —	$ 83	$ 526	$ 1,305

	For the Six Months Ended June 30, 2024								
	Gross Charge-offs by Origination Year						Gross Charge-offs		
	2024	2023	2022	2021	2020	2019 and Prior	Revolving loans	Revolving loans converted to term loans	Gross Charge-offs
	(Dollars in thousands)								
Commercial and industrial	$ —	$ 644	$ 16	$ —	$ 24	$ —	$ 667	$ 178	$ 1,529
Energy	—	—	—	—	—	—	—	—	—
Commercial real estate - owner-occupied	—	—	—	—	—	—	—	—	—
Commercial real estate - non-owner-occupied	—	—	186	—	—	—	—	1,211	1,397
Residential real estate	—	—	—	—	—	—	—	—	—
Consumer	—	—	13	—	—	—	—	—	13
Total	$ —	$ 644	$ 215	$ —	$ 24	$ —	$ 667	$ 1,389	$ 2,939

Collateral Dependent Loans:

Collateral dependent loans are loans for which the repayment is expected to be provided substantially through the operation or sale of the collateral and the borrower is experiencing financial difficulty. The following tables present the amortized cost balance of loans considered collateral dependent by loan segment and collateral type as of June 30, 2024 and December 31, 2023:

As of June 30, 2024			
Loan Segment and Collateral Description	Amortized Cost of Collateral Dependent Loans	Related Allowance for Credit Losses	Amortized Cost of Collateral Dependent Loans with no related Allowance
	(Dollars in thousands)		
Commercial and industrial			
All business assets	$ 8,674	$ 2,263	$ 5,279
Energy			
Oil and natural gas properties	78	—	78
Commercial real estate - owner-occupied			
Commercial real estate properties	336	—	336
Commercial real estate - non-owner-occupied			
Commercial real estate properties	247	24	—
Residential real estate			
Residential real estate properties	—	—	—
	$ 9,335	$ 2,287	$ 5,693

Loan Segment and Collateral Description	Amortized Cost of Collateral Dependent Loans	Related Allowance for Credit Losses	Amortized Cost of Collateral Dependent Loans with no related Allowance
	As of December 31, 2023		
		(Dollars in thousands)	
Commercial and industrial			
All business assets	$ 9,308	$ 1,392	$ 6,198
Energy			
Oil and natural gas properties	288	—	288
Commercial real estate - owner-occupied			
Commercial real estate properties	204	—	204
Commercial real estate - non-owner-occupied			
Commercial real estate properties	8,440	571	1,698
Residential real estate			
Residential real estate properties	179	—	179
Consumer			
Vehicles & other personal assets	—	—	—
	$ 18,419	$ 1,963	$ 8,567

Loan Modifications

The Company considers loans to borrowers experiencing financial difficulties to be troubled loans and is required to evaluate whether loan modifications represent a new loan or a continuation of an existing loan. Such troubled debt modifications ("TDMs") may include principal forgiveness, interest rate reductions, other-than-insignificant-payment delays, term extensions or any combination thereof.

The amortized cost basis of TDMs, which were modified to facilitate repayment, were $13.9 million and $4.7 million at June 30, 2024 and 2023, respectively. At June 30, 2024, the TDMs include loans modified during the prior twelve months in accordance with the accounting guidance for TDMs. At June 30, 2023, the TDMs include loans modified in the prior six months based on the January 1, 2023 adoption of the accounting standard for TDMs. The following tables present, by loan segment, the amortized cost basis as of the dates shown for modified loans to borrowers experiencing financial difficulty:

	June 30, 2024					
	Term Extension		Payment Delay		Combination - Term Extension and Payment Delay	
	Amortized Cost Basis	% of Loan Class	Amortized Cost Basis	% of Loan Class	Amortized Cost Basis	% of Loan Class
	(Dollars in thousands)					
Commercial and industrial	$ 2,697	0.12 %	$ 2,368	0.11 %	$ 460	0.02 %
Commercial real estate - owner-occupied	3,236	0.56	418	0.07	4,504	0.78
Residential real estate	253	0.05	—	—	—	—
Total Loans	$ 6,186		$ 2,786		$ 4,964	

	June 30, 2023	
	Term Extension	
	Amortized Cost Basis	% of Loan Class
	(Dollars in thousands)	
Commercial and industrial	$ 4,607	0.22 %
Commercial real estate - owner-occupied	65	0.01
Total Loans	$ 4,672	

The following tables present the payment status by loan segment of the amortized cost basis of loans that have been modified as of the dates shown:

	Balance at June 30, 2024				
	Current	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days Past Due	Total Past Due
	(Dollars in thousands)				
Commercial and industrial	$ 3,341	$ 1,855	$ 329	$ —	$ 2,184
Commercial real estate - owner-occupied	4,923	3,235	—	—	3,235
Residential real estate	—	—	253	—	253
Total Loans	$ 8,264	$ 5,090	$ 582	$ —	$ 5,672

	Balance at June 30, 2023				
	Current	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days Past Due	Total Past Due
	(Dollars in thousands)				
Commercial and industrial	$ 4,607	$ —	$ —	$ —	$ —
Commercial real estate - owner-occupied	65	—	—	—	—
Total Loans	$ 4,672	$ —	$ —	$ —	$ —

The Company had no TDMs that were modified and had defaulted on their modified terms during the three and six months ended June 30, 2024 and 2023. For purposes of this disclosure, the Company considers “default” to mean 90 days or more past due on principal or interest. The allowance for credit losses related to TDMs on non-accrual status is determined by individual evaluation, including collateral adequacy, using the same process as loans on non-accrual status which are not classified as TDMs.

The following schedules present the financial effect of the modifications made to borrowers experiencing financial difficulty as of the dates shown:

	June 30, 2024		
	Financial Effect		
	Term Extension	Payment Delay	Combination - Term Extension and Payment Delay
Commercial and industrial	Added a weighted average of 1.3 years to the life of loan, which reduced monthly payment amounts	Delayed payments for a weighted average of 0.8 years	Added a weighted average of 0.9 years to the life of loans, which reduced monthly payment amounts and delayed payments for a weighted average of 0.4 years
Commercial real estate - owner-occupied	Added a weighted average of 0.5 years to the life of loan, which reduced monthly payment amounts	Delayed payments for a weighted average of 1.0 years	Added a weighted average of 0.4 years to the life of loans, which reduced monthly payment amounts and delayed payments for a weighted average of 0.4 years
Residential real estate	Added a weighted average of 0.4 years to the life of loan, which reduced monthly payment amounts		

	June 30, 2023
	Financial Effect
	Term Extension
Commercial and industrial	Added a weighted average of 1.2 years to the life of loan, which reduced monthly payment amounts
Commercial real estate - owner-occupied	Added a weighted average of 0.6 years to the life of loan, which reduced monthly payment amounts

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

The Company estimates expected credit losses for off-balance sheet credit exposures unless the obligation is unconditionally cancellable by the Company. The ACL on off-balance sheet credit exposures is adjusted as a provision (release) for credit loss expense. The estimate is calculated for each loan segment and includes consideration of the likelihood that funding will occur and an estimate of the expected credit losses on commitments expected to be funded over its estimated life. For each pool of contractual obligations expected to be funded, the Company uses the reserve rate established for the related loan pools. The $5 million and $6 million allowance for credit losses on off-balance sheet credit exposures at June 30, 2024 and December 31, 2023, respectively, are included in “interest payable and other liabilities” on the statements of financial condition.

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

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

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

Note 4: Leases

The Company's leases primarily include bank branches located in Kansas City, Missouri; Tulsa, Oklahoma; Dallas, Texas; Frisco, Texas; Fort Worth, Texas; Phoenix, Arizona; Denver, Colorado; and Colorado Springs, Colorado. The remaining lease terms on these branch leases range from less than two years to 18 years with certain options to renew. Renewal terms can extend the lease term between five years and 20 years. The exercise of lease renewal options is at the Company's sole discretion. When it is reasonably certain that the Company will exercise its option to renew or extend the lease term, that option is included in the estimated value of the right of use ("ROU") asset and lease liability. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. As of June 30, 2024, the Company recognized one finance lease and the remaining Company leases were classified as operating leases.

The ROU asset is included in "Other assets" on the consolidated statements of financial condition, and was $28 million and $30 million at June 30, 2024 and December 31, 2023, respectively. Certain adjustments to the ROU asset may be required for items such as initial direct costs paid or incentives received. The lease liability is located in "Interest payable and other liabilities" on the consolidated statements of financial condition and was $32 million and $34 million at June 30, 2024 and December 31, 2023, respectively.

As of June 30, 2024, the remaining weighted-average lease term was 10.3 years, and the weighted-average discount rate was 2.77% utilizing the Company's incremental Federal Home Loan Bank ("FHLB") borrowing rate for borrowings of a similar term at the date of lease commencement.

The following table presents components of operating lease expense in the accompanying consolidated statements of operations for the three- and six-month periods ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(Dollars in thousands)			
Finance lease amortization of right-of-use asset	$ 74	$ 71	$ 147	$ 141
Finance lease interest on lease liability	66	68	132	137
Operating lease expense	862	731	1,724	1,463
Variable lease expense	302	488	641	881
Short-term lease expense	10	5	16	10
Total lease expense	$ 1,314	$ 1,363	$ 2,660	$ 2,632

Future minimum commitments under operating and finance leases as of June 30, 2024 were as follows:

	Operating Leases	Finance Leases
	(Dollars in thousands)	
Remainder of 2024	$ 1,883	$ 245
2025	3,806	490
2026	3,852	490
2027	3,847	528
2028	3,427	540
Thereafter	10,750	7,704
Total lease payments	27,565	9,997
Less: imputed interest	2,620	2,710
Total	$ 24,945	$ 7,287

Supplemental cash flow information

Operating cash flows paid for operating leases included in the measurement of lease liabilities were $1.9 million and $1.8 million, respectively, for the six months ended June 30, 2024 and 2023. Operating cash flows paid for finance lease amounts included in the measurement of lease liabilities were $0.2 million for both the six months ended

June 30, 2024 and 2023. During the six months ended June 30, 2024, the Company did not record any ROU assets that were exchanged for operating lease liabilities.

Note 5: Goodwill and Core Deposit Intangible

Goodwill is measured as the excess of the fair value of consideration paid over the fair value of net assets acquired. In accordance with GAAP, the Company performs annual tests to identify impairment of goodwill and more frequently if events or circumstances indicate a potential impairment may exist. No goodwill impairment was recorded during the six months ended June 30, 2024.

The Company is amortizing the core deposit intangible ("CDI") over its estimated useful life of approximately 10 years from the date of each respective acquisition using the sum of the years' digits accelerated method.

The gross carrying amount of goodwill and the gross carrying amount and accumulated amortization of the CDI at June 30, 2024 and December 31, 2023 were as follows:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
		(Dollars in thousands)	
June 30, 2024			
Goodwill	$ 14,135	$ —	$ 14,135
Core deposit intangible	21,938	6,574	15,364
Total goodwill and intangible assets	$ 36,073	$ 6,574	$ 29,499
December 31, 2023			
Goodwill	$ 14,135	$ —	$ 14,135
Core deposit intangible	21,938	4,738	17,200
Total goodwill and intangible assets	$ 36,073	$ 4,738	$ 31,335

The estimated aggregate future amortization expense over the next five years for the CDI is as follows at June 30, 2024:

(Dollars in thousands)	
For the six months ending December 31, 2024	$ 1,732
For the year ending December 31, 2025	3,155
For the year ending December 31, 2026	2,739
For the year ending December 31, 2027	2,325
For the year ending December 31, 2028	1,909

Note 6: Derivatives and Hedging

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

Cash Flow Hedges of Interest Rate Risk

The Company uses interest rate derivatives to add stability to interest income and expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company may utilize interest rate swaps, including forwards, interest rate caps, floors, collars, corridors and swaptions as part of its interest rate risk management strategy. During the second quarter of 2024, the Company had interest rate swaps and a collar to hedge the variable cash flows associated with existing variable-rate debt and loan assets in place. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Interest rate collars designated as cash flow hedges involve payments of variable-rate amounts if interest rates rise above the cap strike rate on the contract and the receipt of variable-rate amounts if interest rates fall below the floor strike rate on the contract. During the first six months of 2024, two cash flow hedges matured and two cash flow hedges were terminated. Derivatives that qualify as cash flow hedges and are designated as such include one instrument with a total notional value of $250 million at June 30, 2024, and five instruments with a total notional value of $340 million at December 31, 2023.

For derivatives that qualify as cash flow hedges of interest rate risk and are designated as such, the gain or loss on the derivative is recorded in Accumulated Other Comprehensive Loss (“AOCI”) and subsequently reclassified into interest income or expense in the same period(s) during which the hedged transaction affects earnings. Amounts reported in AOCI related to derivatives will be reclassified to interest income and expense as interest payments are received and made on the Company’s variable-rate assets and debt. The Company currently estimates that $3.2 million will be reclassified as a net decrease to net interest income during the next twelve months. These reclassifications are for active hedges, as well as amounts related to five hedged swaps that were terminated in 2022 and the two hedged swaps terminated in the first quarter of 2024, that continue to be recognized based on the original effective dates of the hedged transactions.

The Company is hedging its exposure to the variability in future cash flows for forecasted transactions over a maximum period of 2.5 years.

Non-designated Hedges

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

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

The Company had 48 and 46 swaps outstanding with an aggregate notional amount of $349 million and $307 million at June 30, 2024 and December 31, 2023, respectively.

The table below presents the fair value of the Company's derivative financial instruments and their classification on the consolidated statements of financial condition as of June 30, 2024 and December 31, 2023:

	Asset Derivatives			Liability Derivatives		
	Statement of Financial Condition Location	June 30, 2024	December 31, 2023	Statement of Financial Condition Location	June 30, 2024	December 31, 2023
			(Dollars in thousands)			
Interest rate products:						
Derivatives designated as hedging instruments	Other assets and Interest receivable	$ —	$ 101	Interest payable and other liabilities	$ 8,056	$ 5,992
Derivatives not designated as hedging instruments	Other assets and Interest receivable	9,354	7,830	Interest payable and other liabilities	9,394	7,837
Total		$ 9,354	$ 7,931		$ 17,450	$ 13,829

The tables below present the effect of cash flow hedge accounting on AOCI for the three and six months ended June 30, 2024 and 2023.

	Location of Gain or (Loss) Recognized from Accumulated Other Comprehensive Income into Earnings	Gain or (Loss) Recognized in OCI on Derivative	Gain or (Loss) Recognized in OCI Included Component	Gain or (Loss) Recognized in OCI Excluded Component	Gain or (Loss) Reclassified from Accumulated OCI into Earnings	Gain or (Loss) Reclassified from Accumulated OCI into Earnings Included Component	Gain or (Loss) Reclassified from Accumulated OCI into Earnings Excluded Component
					(Dollars in thousands)		
Three Months Ended June 30, 2024							
Derivatives in Cash Flow Hedging Relationships							
Interest Rate Products	Interest Income	$ (1,072)	$ (1,072)	$ —	$ (1,333)	$ (1,333)	$ —
Interest Rate Products	Interest Expense	—	—	—	202	202	—
Total		$ (1,072)	$ (1,072)	$ —	$ (1,131)	$ (1,131)	$ —
Three Months Ended June 30, 2023							
Derivatives in Cash Flow Hedging Relationships							
Interest Rate Products	Interest Income	$ (3,839)	$ (3,839)	$ —	$ —	$ —	$ —
Interest Rate Products - terminated	Interest Expense	207	207	—	9	9	—
Total		$ (3,632)	$ (3,632)	$ —	$ 9	$ 9	$ —

	Location of Gain or (Loss) Recognized from Accumulated Other Comprehensive Income into Earnings	Gain or (Loss) Recognized in OCI on Derivative	Gain or (Loss) Recognized in OCI Included Component	Gain or (Loss) Recognized in OCI Excluded Component	Gain or (Loss) Reclassified from Accumulated OCI into Earnings	Gain or (Loss) Reclassified from Accumulated OCI into Earnings Included Component	Gain or (Loss) Reclassified from Accumulated OCI into Earnings Excluded Component
				(Dollars in thousands)			
Six Months Ended June 30, 2024							
Derivatives in Cash Flow Hedging Relationships							
Interest Rate Products	Interest Income	$ (4,287)	$ (4,287)	$ —	$ (2,457)	$ (2,457)	$ —
Interest Rate Products	Interest Expense	10	10	—	398	398	—
Total		$ (4,277)	$ (4,277)	$ —	$ (2,059)	$ (2,059)	$ —
Six Months Ended June 30, 2023							
Derivatives in Cash Flow Hedging Relationships							
Interest Rate Products	Interest Income	$ (2,299)	$ (2,299)	$ —	$ —	$ —	$ —
Interest Rate Products	Interest Expense	207	207	—	9	9	—
Total		$ (2,092)	$ (2,092)	$ —	$ 9	$ 9	$ —

As of June 30, 2024 and December 31, 2023, the Company had minimum collateral thresholds with certain of its derivative counterparties and had pledged collateral of $1.6 million and $1.0 million, respectively, and received collateral of $0.9 million and $1.5 million, respectively.

Note 7: Time Deposits and Borrowings

The scheduled maturities, excluding interest, of the Company's borrowings at June 30, 2024 were as follows:

	As of June 30, 2024						
	Within One Year	One to Two Years	Two to Three Years	Three to Four Years	Four to Five Years	After Five Years	Total
				(Dollars in thousands)			
Time deposits	$ 1,781,833	$ 153,142	$ 3,722	$ 468	$ 807	$ —	$ 1,939,972
FHLB borrowings	11,256	—	—	50,000	15,000	—	76,256
SBA secured borrowing	—	—	—	—	—	7,726	7,726
Trust preferred securities[1]	—	—	—	—	—	1,149	1,149
Total	$ 1,793,089	$ 153,142	$ 3,722	$ 50,468	$ 15,807	$ 8,875	$ 2,025,103

(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 8: Change in Accumulated Other Comprehensive Loss

Amounts reclassified from AOCI and the affected line items in the consolidated statements of operations were as follows:

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Affected Line Item in the Statements of Operations
	(Dollars in thousands)				
Realized gain on available-for-sale securities	$ (2)	$ —	$ —	$ 63	Other non-interest income
Less: tax expense effect	—	—	—	15	Income tax expense
Realized gain on available-for-sale securities, net of income tax	(2)	—	—	48	
Loss on cash flow hedges	(1,333)	—	(2,457)	—	Interest income - Loans
Gain on cash flow hedges	202	9	398	9	Interest expense - Deposits
Less: tax (benefit) expense effect	(269)	2	(483)	2	Income tax expense
Net loss on cash flow hedges, net of tax	(862)	7	(1,576)	7	
Total reclassified amount	$ (864)	$ 7	$ (1,576)	$ 55	

Note 9: 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 June 30, 2024, the Company and the Bank met all capital adequacy requirements to which they are subject.

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

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

The Company's and the Bank's actual capital amounts and ratios as of June 30, 2024 and December 31, 2023 are presented in the following table:

	Actual		Required to be Considered Well Capitalized		Required to be Considered Adequately Capitalized[1]	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Dollars in thousands)			
June 30, 2024						
Total Capital to Risk-Weighted Assets						
Consolidated	$ 844,301	11.4 %	N/A	N/A	$ 777,729	10.5 %
Bank	829,688	11.2	$ 740,263	10.0 %	777,276	10.5
Tier 1 Capital to Risk-Weighted Assets						
Consolidated	763,150	10.3	N/A	N/A	629,590	8.5
Bank	748,538	10.1	592,210	8.0	629,224	8.5
Common Equity Tier 1 to Risk-Weighted Assets						
Consolidated	754,251	10.2	N/A	N/A	518,486	7.0
Bank	748,538	10.1	481,171	6.5	518,184	7.0
Tier 1 Capital to Average Assets						
Consolidated	763,150	10.1	N/A	N/A	302,015	4.0
Bank	$ 748,538	9.9 %	$ 377,573	5.0 %	$ 302,058	4.0 %
December 31, 2023						
Total Capital to Risk-Weighted Assets						
Consolidated	$ 807,018	11.2 %	N/A	N/A	$ 756,285	10.5 %
Bank	800,522	11.1	$ 719,705	10.0 %	755,691	10.5
Tier 1 Capital to Risk-Weighted Assets						
Consolidated	727,723	10.1	N/A	N/A	612,231	8.5
Bank	721,227	10.0	575,764	8.0	611,750	8.5
Common Equity Tier 1 to Risk-Weighted Assets						
Consolidated	718,855	10.0	N/A	N/A	504,190	7.0
Bank	721,227	10.0	467,809	6.5	503,794	7.0
Tier 1 Capital to Average Assets						
Consolidated	727,723	10.0	N/A	N/A	292,517	4.0
Bank	$ 721,227	9.9 %	$ 365,675	5.0 %	$ 292,540	4.0 %

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

Note 10: Stockholders' Equity

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(Dollars in thousands, except per share data)			
Earnings per Common Share				
Net Income	$ 18,622	$ 16,047	$ 36,845	$ 32,155
Less: preferred stock dividends	155	103	310	103
Net income available to common stockholders	18,467	15,944	36,535	32,052
Weighted average common shares	49,401,820	48,744,507	49,456,314	48,690,509
Earnings per common share	$ 0.37	$ 0.33	$ 0.74	$ 0.66
Diluted Earnings per Common Share				
Net Income	$ 18,622	$ 16,047	$ 36,845	$ 32,155
Less: preferred stock dividends	155	103	310	103
Net income available to common stockholders	18,467	15,944	36,535	32,052
Weighted average common shares	49,401,820	48,744,507	49,456,314	48,690,509
Effect of dilutive shares	382,247	198,818	426,339	304,298
Weighted average dilutive common shares	49,784,067	48,943,325	49,882,653	48,994,807
Diluted earnings per common share	$ 0.37	$ 0.33	$ 0.73	$ 0.65
Stock-based awards not included because to do so would be antidilutive	280,237	920,812	280,237	917,479

Dividends of $155 thousand and $310 thousand related to the Series A Preferred Stock were declared and paid during the three and six months ended June 30, 2024, respectively. On July 19, 2024, the Board of Directors declared a quarterly dividend on Series A Preferred Stock in the amount of $20.00 per share to be payable on September 16, 2024 to stockholders of record as of August 30, 2024.

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 statements of financial condition measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2024 and December 31, 2023:

	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 2: 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 6: Derivatives and Hedging

The following tables present the estimated fair values of the Company's financial instruments at June 30, 2024 and December 31, 2023:

	June 30, 2024			
	Carrying Amount	Fair Value Measurements		
		Level 1	Level 2	Level 3
		(Dollars in thousands)		
Financial Assets				
Cash and cash equivalents	$ 250,364	$ 250,364	$ —	$ —
Available-for-sale securities	802,349	—	802,349	—
Loans, net of allowance for credit losses	6,268,189	—	—	6,257,829
Restricted equity securities	3,768	—	—	3,768
Interest receivable	39,497	—	39,497	—
Equity securities	7,130	—	—	7,130
Derivative assets	9,054	—	9,054	—
Financial Liabilities				
Deposits	$ 6,733,626	$ 957,584	$ —	$ 5,775,159
Federal Home Loan Bank advances	76,256	—	70,937	—
Other borrowings	8,875	—	9,828	—
Interest payable	20,466	—	20,466	—
Derivative liabilities	16,917	—	16,917	—

	December 31, 2023			
	Carrying Amount	Fair Value Measurements		
		Level 1	Level 2	Level 3
	(Dollars in thousands)			
Financial Assets				
Cash and cash equivalents	$ 255,229	$ 255,229	$ —	$ —
Available-for-sale securities	766,653	—	766,653	—
Loans, net of allowance for credit losses	6,054,228	—	—	6,036,887
Restricted equity securities	3,950	—	—	3,950
Interest receivable	37,294	—	37,294	—
Equity securities	5,794	—	—	5,794
Derivative assets	7,581	—	7,581	—
Financial Liabilities				
Deposits	$ 6,491,276	$ 990,458	$ —	$ 5,547,203
Federal Home Loan Bank advances	77,889	—	72,123	—
Other borrowings	8,950	—	9,891	—
Interest payable	18,529	—	18,529	—
Derivative liabilities	13,594	—	13,594	—

Nonrecurring Measurements

The following tables present the fair value measurement on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2024 and December 31, 2023:

		June 30, 2024 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	$ 2,152	$ —	$ —	$ 2,152
Foreclosed assets held-for-sale	4,890	—	—	4,890

		December 31, 2023 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
		(Dollars in thousands)		
Collateral-dependent impaired loans	$ 10,570	$ —	$ —	$ 10,570

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 statements of financial condition, as well as the general classification of such assets pursuant to the valuation hierarchy. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Collateral-Dependent Impaired Loans, Net of ACL - The estimated fair value of collateral-dependent loans is based on the appraised fair value of the collateral, less estimated cost to sell. If the fair value of the collateral is below the loan’s amortized cost, the ACL is netted against the loan balance. Collateral-dependent loans are classified within Level 3 of the fair value hierarchy. The Company considers the appraisal or evaluation as the starting point for determining fair value and then considers other factors and events in the environment that may affect the fair value. Appraisals of the collateral underlying collateral dependent loans are obtained when the loan is determined to be collateral dependent and subsequently as deemed necessary by the Office of the Chief Credit Officer. Appraisals are reviewed for accuracy and consistency by management. Appraisers are selected from the list of approved appraisers maintained by management. The appraised values are reduced by discounts to consider lack of marketability and estimated costs to sell if repayment or satisfaction of the loan is dependent on the sale of the collateral. These discounts and estimates are developed by the Office of the Chief Credit Officer by comparison to historical results.

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

Unobservable (Level 3) Inputs

The following tables present quantitative information about unobservable inputs used in nonrecurring Level 3 fair value measurements at June 30, 2024 and December 31, 2023:

	June 30, 2024			
	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted Average)
	(Dollars in thousands)			
Collateral-dependent impaired loans	$ 2,152	Appraisal of collateral	Appraisal adjustments [1]	7% - 38% (31%)
Foreclosed assets held-for-sale	$ 4,890	Appraisal of held property	Appraisal adjustments [1]	10% - 10% (10%)

	December 31, 2023			
	Fair Value	Valuation Techniques	Unobservable Inputs	Range (Weighted Average)
	(Dollars in thousands)			
Collateral-dependent impaired loans	$ 10,570	Appraisal of collateral	Appraisal adjustments [1]	0% - 56% (22%)

(1) Appraisals may be adjusted by management for qualitative factors such as economic conditions and estimated liquidation expenses.

Note 12: Commitments and Credit Risk

The Company had the following commitments at June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
	(Dollars in thousands)	
Commitments to originate loans	$ 255,833	$ 59,728
Standby letters of credit	77,292	74,139
Lines of credit	1,812,206	2,008,356
Commitment related to investment fund	2,814	4,206
Total	$ 2,148,145	$ 2,146,429

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

The following management's discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes as of and for the three and six months ended June 30, 2024, and with our 2023 Form 10-K, which includes our audited consolidated financial statements and related notes as of December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions that may cause actual results to differ materially from management's expectations. Factors that could cause such differences are discussed in the section entitled "Cautionary Note Regarding Forward-Looking Information" located elsewhere in this quarterly report and in Item 1A "Risk Factors" in our 2023 Form 10-K and should be read herewith.

Performance Measures

	For the Three Months Ended					For the Six Months Ended	
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	June 30, 2024	June 30, 2023
	(Dollars in thousands, except per share data)						
Return on average assets[1]	1.00 %	1.00 %	0.97 %	0.94 %	0.93 %	1.00 %	0.95 %
Adjusted return on average assets[1][2]	1.00 %	1.00 %	1.07 %	1.04 %	1.00 %	1.00 %	1.02 %
Return on average common equity[1]	10.59 %	10.36 %	10.71 %	10.19 %	10.00 %	10.47 %	10.26 %
Adjusted return on average common equity[1][2]	10.59 %	10.36 %	11.89 %	11.26 %	10.81 %	10.47 %	11.05 %
Basic earnings per common share	$ 0.37	$ 0.36	$ 0.35	$ 0.34	$ 0.33	$ 0.74	$ 0.66
Diluted earnings per common share	$ 0.37	$ 0.36	$ 0.35	$ 0.34	$ 0.33	$ 0.73	$ 0.65
Adjusted diluted earnings per common share[2]	$ 0.37	$ 0.36	$ 0.39	$ 0.37	$ 0.35	$ 0.73	$ 0.70
Efficiency ratio[3]	59.32 %	60.31 %	57.05 %	59.49 %	62.02 %	59.81 %	61.41 %
Adjusted efficiency ratio - fully tax equivalent ("FTE")[2][3][4]	57.41 %	58.31 %	51.87 %	55.17 %	57.27 %	57.86 %	56.84 %
Ratio of equity to assets	9.53 %	9.56 %	9.59 %	8.96 %	9.15 %	9.53 %	9.15 %

(1) Interim periods annualized
(2) Represents a non-GAAP financial measure. See "Non-GAAP Financial Measures" below for a reconciliation to the most directly comparable financial measure calculated and presented in accordance with generally accepted accounting principles ("GAAP").
(3) We calculate efficiency ratio as non-interest expense divided by the sum of net interest income and non-interest income.
(4) Tax exempt income (tax-free municipal securities) is calculated on a tax equivalent basis. The incremental tax rate used is 21.0%.

Second Quarter 2024 Highlights

During the second quarter ended June 30, 2024, we accomplished the following:

- Operating revenue[1] improved $1.4 million, or 2%, from the prior quarter
- Net income improved $0.4 million and diluted earnings per common share improved $0.01 from the prior quarter
  - Incurred $0.7 million of expense, net related to the renegotiation of our core system contract with an expected earn-back period of four months
- Net interest margin – FTE remained consistent with the prior quarter at 3.20%
- Grew loans $95 million, or 2%, for the quarter and $216 million, or 4%, year-to-date
- Grew deposits $147 million, or 2%, for the quarter and $243 million, or 4%, year-to-date
- Credit quality improved with non-performing assets decreasing to 0.22% of total assets, annualized net charge-offs representing 0.07% of average loans and classified loans declining meaningfully
- Returned capital to stockholders of $3.0 million during the quarter via share buybacks at a weighted average price of $12.78 per share

- Remained well capitalized with total risk-based capital of 11.4% and common equity Tier 1 capital of 10.2%
- Grew book value per common share 2% to $14.78 at June 30, 2024 compared to the prior quarter; tangible book value per common share[2] also grew 2% to $14.02 during the same period

(1) Net interest income plus non-interest income.
(2) Represents a non-GAAP financial measure. See “Non-GAAP Financial Measures” below for a reconciliation to the most directly comparable financial measure calculated and presented in accordance with GAAP.

Results of Operations

Income from Operations

Net income totaled $18.6 million, or $0.37 per diluted common share, for the three months ended June 30, 2024 compared to $16.0 million, or $0.33 per diluted common share, for the three months ended June 30, 2023. For the six-month periods ended June 30, 2024 and 2023, net income totaled $36.8 million, or $0.73 per diluted common share, and $32.2 million, or $0.65 per diluted common share, respectively. Compared to the second quarter of 2023, the results for the second quarter of 2024 reflect higher net interest income, as well as lower provision expense, partially offset by lower non-interest income and higher non-interest expense. Compared to the six months ended June 30, 2023, the results for the six months ended June 30, 2024 include higher net interest income and non-interest income and lower provision expense and non-interest expense.

Annualized return on average assets was 1.00% for both the three and six months ended June 30, 2024. Annualized return on average common equity was 10.59% and 10.47% for the three and six months ended June 30, 2024, respectively.

Net Interest Income

Our profitability depends in substantial part on our net interest income, which is discussed below on a GAAP and FTE basis. We believe providing disclosure on an FTE basis provides for improved comparability between the various earning assets. Changes in interest income and interest expense result from changes in average balances (volume) of interest-earning assets and interest-bearing liabilities, as well as changes in interest yields.

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

	For the Three Months Ended June 30,					
	2024			2023		
	Average Balance	Interest Income / Expense	Yield / Rate[4]	Average Balance	Interest Income / Expense	Yield / Rate[4]
	(Dollars in thousands)					
Interest-earning assets:						
Securities - taxable	$ 485,849	$ 5,213	4.29 %	$ 336,446	$ 2,986	3.55 %
Securities - tax-exempt - FTE[1]	391,655	3,090	3.16	511,993	4,321	3.38
Interest-bearing deposits in other banks	167,007	1,985	4.78	145,559	1,609	4.43
Gross loans, net of unearned income[2][3]	6,282,649	113,346	7.26	5,776,137	98,982	6.87
Total interest-earning assets - FTE[1]	7,327,160	$ 123,634	6.78 %	6,770,135	$ 107,898	6.39 %
Allowance for credit losses	(76,032)			(66,078)		
Other non-interest-earning assets	243,813			225,915		
Total assets	$ 7,494,941			$ 6,929,972		
Interest-bearing liabilities						
Transaction deposits	$ 800,709	$ 7,357	3.70 %	$ 598,646	$ 4,339	2.91 %
Savings and money market deposits	2,907,375	31,948	4.42	2,707,637	26,927	3.99
Time deposits	1,918,195	24,395	5.12	1,612,105	17,397	4.33
Total interest-bearing deposits	5,626,279	63,700	4.55	4,918,388	48,663	3.97
FHLB and short-term borrowings	147,816	1,442	3.92	349,763	3,888	4.46
Trust preferred securities, net of fair value adjustments	1,135	64	22.68	1,077	58	21.60
Non-interest-bearing deposits	909,434	—	—	921,259	—	—
Cost of funds	6,684,664	$ 65,206	3.92 %	6,190,487	$ 52,609	3.41 %
Other liabilities	101,044			91,994		
Stockholders’ equity	709,233			647,491		
Total liabilities and stockholders’ equity	$ 7,494,941			$ 6,929,972		
Net interest income - FTE[1]		$ 58,428			$ 55,289	
Net interest spread - FTE[1]			2.86 %			2.98 %
Net interest margin - FTE[1]			3.20 %			3.27 %

(1) Calculated on an FTE basis. Tax-free municipal securities are exempt from Federal taxes. The incremental tax rate used is 21.0%.
(2) Loans, net of unearned income includes non-accrual loans of $10 million and $13 million as of June 30, 2024 and 2023, respectively.
(3) Loan interest income includes loan fees of $4 million and $3 million for the three months ended June 30, 2024 and 2023, 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 Six Months Ended June 30,					
	2024			2023		
	Average Balance	Interest Income / Expense	Yield / Rate[4]	Average Balance	Interest Income / Expense	Yield / Rate[4]
	(Dollars in thousands)					
Interest-earning assets:						
Securities - taxable	$ 466,010	$ 9,819	4.21 %	$ 302,763	$ 5,097	3.37 %
Securities - tax-exempt - FTE[1]	392,077	6,179	3.15	527,047	8,912	3.38
Federal funds sold	—	—	—	873	6	1.39
Interest-bearing deposits in other banks	167,826	3,966	4.75	170,287	3,617	4.28
Gross loans, net of unearned income[2][3]	6,221,388	223,445	7.22	5,658,698	188,600	6.72
Total interest-earning assets - FTE[1]	7,247,301	$ 243,409	6.75 %	6,659,668	$ 206,232	6.24 %
Allowance for credit losses	(74,864)			(64,664)		
Other non-interest-earning assets	247,501			226,983		
Total assets	$ 7,419,938			$ 6,821,987		
Interest-bearing liabilities						
Transaction deposits	$ 839,363	$ 15,287	3.66 %	$ 570,661	$ 7,839	2.77 %
Savings and money market deposits	2,878,339	63,623	4.45	2,794,201	50,496	3.64
Time deposits	1,869,375	46,901	5.05	1,357,688	27,053	4.02
Total interest-bearing deposits	5,587,077	125,811	4.53	4,722,550	85,388	3.65
FHLB and short-term borrowings	113,038	1,913	3.40	311,471	6,423	4.16
Trust preferred securities, net of fair value adjustments	1,128	127	22.64	1,070	114	21.49
Non-interest-bearing deposits	904,850	—	—	1,057,268	—	—
Cost of funds	6,606,093	$ 127,851	3.89 %	6,092,359	$ 91,925	3.04 %
Other liabilities	104,555			95,702		
Stockholders' equity	709,290			633,926		
Total liabilities and stockholders' equity	$ 7,419,938			$ 6,821,987		
Net interest income - FTE[1]		$ 115,558			$ 114,307	
Net interest spread - FTE[1]			2.86 %			3.20 %
Net interest margin -FTE[1]			3.20 %			3.46 %

(1) Calculated on an FTE basis. Tax-free municipal securities are exempt from Federal taxes. The incremental tax rate used is 21.0%.
(2) Loans, net of unearned income includes non-accrual loans of $10 million and $13 million as of June 30, 2024 and 2023, respectively.
(3) Loan interest income includes loan fees of $9 million and $7 million for the six months ended June 30, 2024 and 2023, 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.

Net interest income increased $3.4 million and $1.7 million for the three- and six-month periods ended June 30, 2024, compared to the same periods in 2023. Compared to the second quarter of 2023, net interest income – FTE for the second quarter of 2024 increased $3.1 million as the benefit from higher average earning assets was partially offset by a seven basis point reduction in net interest margin - FTE. Compared to the six months ended June 30, 2023, net interest income – FTE for the six months ended June 30, 2024 increased $1.3 million as the benefits from higher average earning assets and one additional day were partially offset by a 26 basis point reduction in net interest margin – FTE.

The FTE yield on earning assets for the second quarter of 2024 increased 39 basis points compared to the second quarter of 2023 due to stronger loan yields and higher yields on securities. The cost of a rate hedge partially offset the earning asset yield increase by eight basis points. The cost of funds increased 51 basis points compared to the second quarter of 2023 due to pricing pressure on deposits, client migration into higher cost deposit products and a reduction in average non-interest-bearing deposits compared to the prior year. The $557 million increase in average earning assets was driven by higher average loan and securities balances, as well as higher average cash balances.

The FTE yield on earning assets for the six months ended June 30, 2024 increased 51 basis points compared to the six months ended June 30, 2023 due to stronger loan yields and higher yields on securities. The cost of a rate hedge partially offset the earning asset yield increase by seven basis points. The cost of funds increased 85 basis points for the same comparative period due to pricing pressure on deposits, client migration into higher cost deposit products and a reduction in average non-interest-bearing deposits compared to the prior year. The $588 million increase in average earning assets was driven by higher average loan and securities balances, partially offset by lower average cash balances.

The Company currently anticipates net interest margin - FTE to be in a range of 3.20% to 3.25% for the full year 2024.

Provision for Credit Losses

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
	(Dollars in thousands)			
Provision for credit losses - loans	$ 2,383	$ 3,040	$ 5,238	$ 8,036
Provision for credit losses - off-balance sheet	—	(400)	(1,200)	(975)
Total provision for credit losses	$ 2,383	$ 2,640	$ 4,038	$ 7,061

Provision expense of $2.4 million for the second quarter of 2024 was primarily driven by loan growth and economic factors. Provision expense of $2.6 million for the second quarter of 2023 was driven primarily by loan growth partially offset by a $0.4 million decrease in the reserve for unfunded commitments ("RUC"). For the six months ended June 30, 2024, provision expense decreased $3.0 million compared to the same period in 2023 primarily due to lower loan growth.

Non-Interest Income

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

	Three Months Ended June 30,				Six Months Ended June 30,			
			Change				Change	
	2024	2023	$	%	2024	2023	$	%
	(Dollars in thousands)							
Service charges and fees on client accounts	$ 2,333	$ 2,110	$ 223	11 %	$ 4,437	$ 3,939	$ 498	13 %
ATM and credit card interchange income	1,568	1,213	355	29	3,055	2,477	578	23
Gain on sale of loans	440	1,205	(765)	(63)	977	1,392	(415)	(30)
Income from bank-owned life insurance	501	418	83	20	957	829	128	15
Swap fees and credit valuation adjustments, net	88	84	4	5	246	174	72	41
Other non-interest income	771	749	22	3	1,618	1,389	229	16
Total non-interest income	$ 5,701	$ 5,779	$ (78)	(1)%	$ 11,290	$ 10,200	$ 1,090	11 %
Non-interest income to average assets	*0.31 %*	*0.33 %*			*0.31 %*	*0.30 %*		

The changes in non-interest income for the three-month period ended June 30, 2024 compared to the corresponding period in 2023 were driven primarily by a decrease in gain on sale of loans, partially offset by increases in service charges and fees on client accounts and ATM and credit card interchange income. The decrease in gain on sale of loans was due to timing of loan sale activity. The increase in service charges and fees on client accounts was driven by rate increases, new clients and an increase in client activity. The increase in ATM and credit card interchange income was due to higher interchange income from an increase in spend volume.

The changes in non-interest income for the six-month period ended June 30, 2024 compared to the corresponding period in 2023 were driven primarily by increases in service charges and fees on client accounts, ATM and credit card interchange income and other non-interest income, partially offset by a decrease in gain on sale of loans. The increase in service charges and fees on client accounts was driven by new clients as well as an increase in client activity. The increase in ATM and credit card interchange income was due to higher interchange income from an increase in spend volume and higher foreign ATM transaction volume. The increase in other non-interest income was primarily due to higher client-related fees. The decrease in gain on sale of loans was due to timing of loan sale activity.

Non-Interest Expense

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

	Three Months Ended June 30,				Six Months Ended June 30,			
			Change				Change	
	2024	2023	$	%	2024	2023	$	%
				(Dollars in thousands)				
Salary and employee benefits	$ 23,162	$ 24,061	$ (899)	(4)%	$ 46,747	$ 46,683	$ 64	— %
Occupancy	3,181	3,054	127	4	6,387	6,028	359	6
Professional fees	1,083	970	113	12	2,055	3,588	(1,533)	(43)
Deposit insurance premiums	1,851	1,881	(30)	(2)	3,757	3,412	345	10
Data processing	1,719	1,057	662	63	2,689	2,299	390	17
Advertising	491	649	(158)	(24)	1,049	1,401	(352)	(25)
Software and communication	1,833	1,655	178	11	3,657	3,306	351	11
Foreclosed assets, net	24	(21)	45	(214)	253	128	125	98
Core deposit intangible amortization	906	802	104	13	1,837	1,624	213	13
Other non-interest expense	3,475	3,304	171	5	6,799	7,035	(236)	(3)
Total non-interest expense	$ 37,725	$ 37,412	$ 313	1 %	$ 75,230	$ 75,504	$ (274)	— %
Non-interest expense to average assets	*2.02 %*	*2.17 %*			*2.04 %*	*2.23 %*		

Non-interest expense for the three months ended June 30, 2024 increased $0.3 million compared to the same period in 2023. The increase was primarily due to an increase in data processing expense, as well as smaller increases among various other categories, partially offset by a decrease in salary and employee benefits. Data processing expense increased due to $0.7 million of net cost incurred in the second quarter of 2024 related to the renegotiation of our core systems contract, which is expected to be earned back over the next four months. Salaries and employee benefits were lower primarily due to a decrease in severance expenses and lower benefits costs, partially offset by merit increases and higher equity compensation expense.

Non-interest expense for the six months ended June 30, 2024 decreased $0.3 million compared to the same period in 2023. The decrease was primarily due to decreases in professional fees and advertising, partially offset by increases in occupancy costs, deposit insurance premiums, data processing expense, and software and communications expense. Professional fees decreased primarily due to acquisition-related and digital banking project costs in the prior year. Advertising expense decreased due to less discretionary spending. Occupancy costs increased primarily due to depreciation expense on new assets placed in service. Deposit insurance premiums increased primarily due to a higher assessment rate due to balance sheet composition. Data processing expense increased due to $0.7 million of net cost incurred in the second quarter of 2024 related to the renegotiation of our core systems contract, which is expected to be earned back over the next four months, partially offset by decreases in internet banking expenses. Software and communications expense increased primarily due to new locations from both organic expansion in the high-growth Dallas-Fort Worth market and from an acquisition in Arizona.

Our GAAP efficiency ratio for the second quarter of 2024 was 59.32% and our adjusted efficiency ratio – FTE was 57.41% compared to 62.02% and 57.27% on a GAAP reported and adjusted basis, respectively, for the three-month period ended June 30, 2023. Our GAAP efficiency ratio for the six-month period ended June 30, 2024 was 59.81% and our adjusted efficiency ratio – FTE was 57.86% compared to 61.41% and 56.84% on a GAAP reported and adjusted basis, respectively, for the six-month period ended June 30, 2023. See "Non-GAAP Financial Measures" below for a reconciliation of our adjusted efficiency ratio – FTE to our GAAP efficiency ratio. We currently expect our non-interest expense to be approximately $37 million per quarter for the remainder of 2024.

Income Taxes

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, such as bank-owned life insurance and tax-exempt municipal securities, state tax credits and permanent tax differences from stock-based compensation.

The tax-exempt benefit diminishes as the Company's ratio of taxable income to tax-exempt income increases. We currently anticipate the effective tax rate to remain in the range of 20% to 22% for the remainder of 2024. Our income tax and effective tax rate is presented below for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(Dollars in thousands)			
Income tax expense	$ 4,863	$ 4,219	$ 9,663	$ 8,240
Income before income taxes	$ 23,485	$ 20,266	$ 46,508	$ 40,395
Effective tax rate	21 %	21 %	21 %	20 %

Discussion and Analysis - Financial Condition

Total assets were $7.6 billion at June 30, 2024 compared to $7.4 billion at December 31, 2023, an increase of $0.2 billion, or 3%. Cash and cash equivalents decreased $5 million, or 2%, and investment securities increased $36 million, or 5%, from December 31, 2023. Loans increased $217 million, or 4%, from December 31, 2023, and the allowance for credit losses increased $3 million to $76 million at June 30, 2024. Total deposits increased $242 million to $6.7 billion at June 30, 2024, compared to December 31, 2023. Federal Home Loan Bank ("FHLB") advances totaled $76 million and decreased slightly compared to December 31, 2023.

Investment Portfolio

The primary objective of our investment portfolio is to ensure adequate liquidity, including serving as a contingent, on-balance sheet source of liquidity. In addition, we manage the portfolio in a manner that optimizes earnings, manages credit and interest rate risk, and meets pledging and regulatory capital requirements. As of June 30, 2024, our portfolio was 100% available-for-sale and totaled $802 million, an increase of $36 million from December 31, 2023.

The increase in the investment portfolio was driven by the purchase of $71 million in mortgage-backed securities and $5 million in collateralized mortgage obligations. The increase was partially offset by $16 million of additional unrealized losses on available-for-sale securities and $23 million of paydowns and maturities of investment securities. Our current investment strategy includes reducing the concentration in municipal investments, investing in lower risk-weighted assets and restructuring the portfolio to increase liquidity and provide more balanced cash flow. For additional information, including information regarding other securities owned by the Company, see "Note 2: Securities" in the notes to consolidated financial statements – unaudited.

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

	As of June 30, 2024			As of December 31, 2023		
Available-for-sale securities	**Estimated Fair Value**	**Percent of portfolio**	**Weighted Average Yield**	**Estimated Fair Value**	**Percent of portfolio**	**Weighted Average Yield**
			(Dollars in thousands)			
Federal agency obligations	$ 9,993	1	6.41 %	$ 10,072	1 %	6.41 %
U.S. Treasury securities	—	—	—	4,968	1	5.56
Mortgage-backed - GSE residential	221,716	28	3.29	212,462	28	3.15
Collateralized mortgage obligations - GSE residential	98,899	12	5.86	49,944	7	5.12
State and political subdivisions	343,526	43	2.64	355,897	46	2.61
Small Business Administration loan pools	119,750	15	4.85	124,778	16	4.87
Corporate bonds	8,465	1	5.70	8,532	1	5.68
Total available-for-sale securities	$ 802,349	100 %	3.57 %	$ 766,653	100 %	3.35 %

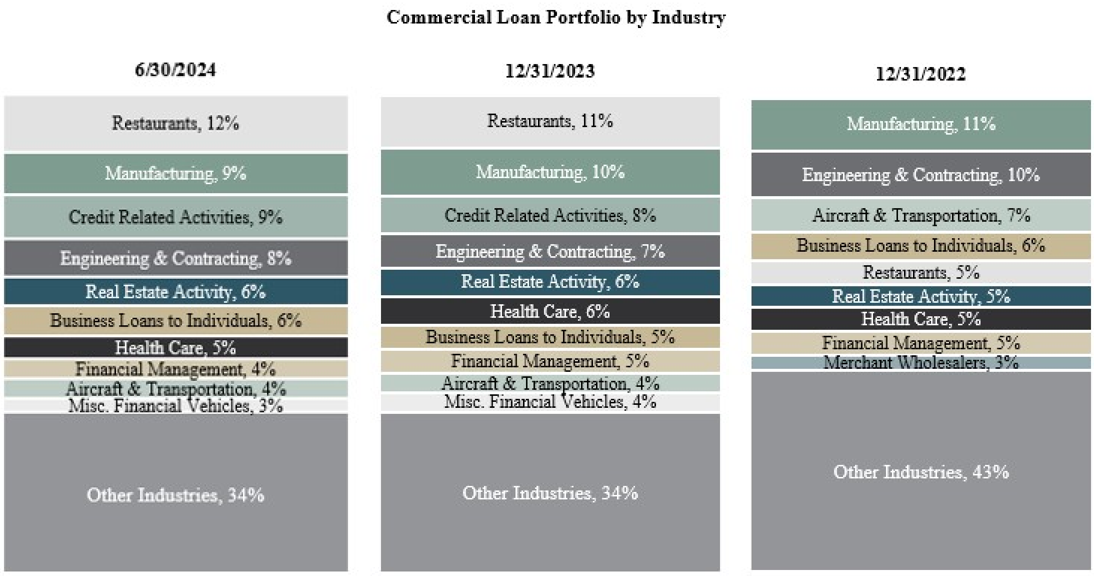
Loan Portfolio

Refer to "Note 3: Loans and Allowance for Credit Losses" within the notes to consolidated financial statements – unaudited for additional information regarding the Company's loan portfolio. As of June 30, 2024, gross loans, net of unearned fees increased $217 million or 4% from December 31, 2023. The following table presents the balance and associated percentage change of each segment within our portfolio as of the dates indicated:

	As of June 30, 2024	**As of December 31, 2023**	**December 31, 2023, vs. June 30, 2024 % Change**
	(Dollars in thousands)		
Commercial and industrial	$ 2,206,879	$ 2,160,212	2 %
Energy	234,297	214,218	9
Commercial real estate - owner-occupied	592,464	566,253	5
Commercial real estate - non-owner-occupied	2,812,231	2,685,534	5
Residential real estate	473,712	464,095	2
Consumer	24,824	37,378	(34)
Total	$ 6,344,407	$ 6,127,690	4 %

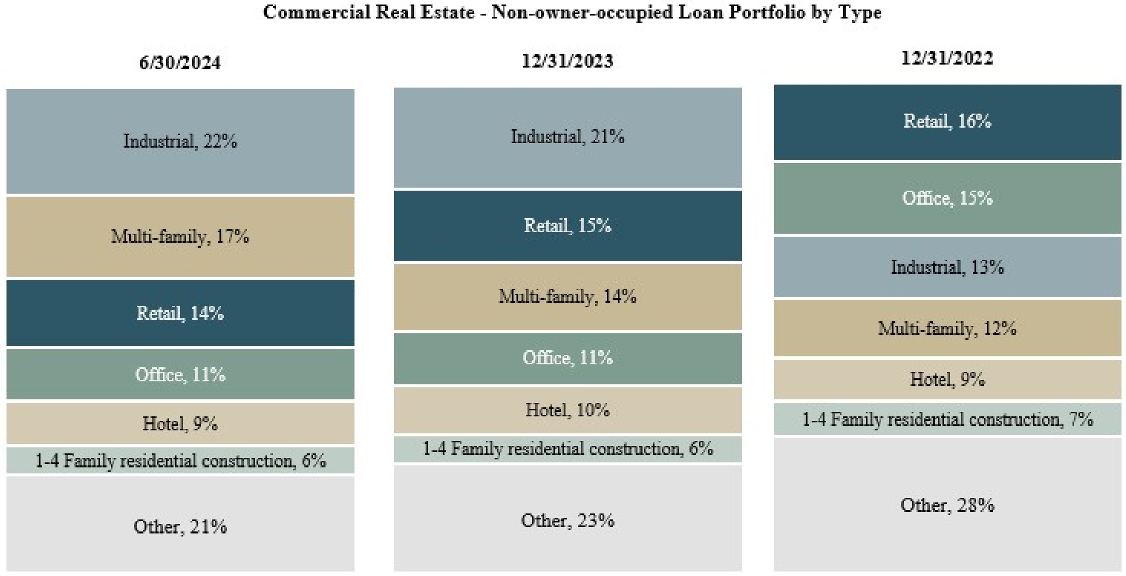
Our loan portfolio remains balanced with 44% of loans in commercial and industrial and owner-occupied commercial real estate and 44% of loans in non-owner-occupied commercial real estate.

The Company provides a mix of variable- and fixed-rate commercial and industrial loans across various industries. Our commercial and industrial loan portfolio is comprised of diverse industry segments. The largest segment as of June 30, 2024 was restaurants. Details of the Company's commercial and industrial loan portfolio by industry as of June 30, 2024, December 31, 2023, and December 31, 2022 are provided below with loans acquired in 2022 excluded as of December 31, 2022:



Our commercial real estate - non-owner-occupied loan portfolio is comprised of construction and development loans, multifamily loans and investor commercial real estate loans. Management regularly monitors the credit risk of our commercial real estate portfolio, including periodic portfolio reviews of all outstanding credits, sensitivity testing of the impacts of the current interest rate environment on borrower financial condition and overall credit risk profile. In addition, management engages third-party specialists to review the loan portfolio on a regular basis. Management actively monitors credit risk including oversight of credit and lending strategies, exposures and objectives of the Company. Management's monitoring activities are reviewed by the Risk Committee of the Board of Directors of the Company on a regular basis.

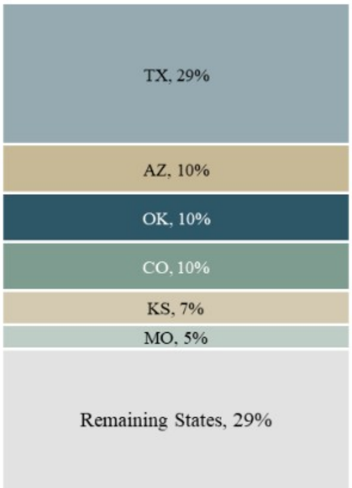
As of June 30, 2024, the highest commercial real estate - non-owner-occupied property type, industrial, accounted for 22% of total commercial real estate - non-owner-occupied exposure. Details of our commercial real estate - non-owner-occupied loan portfolio by type as of June 30, 2024, December 31, 2023, and December 31, 2022 are provided below with loans acquired in 2022 excluded from December 31, 2022:



Our commercial real estate - non-owner-occupied loan portfolio is comprised predominately of in-market relationships with 71% of commercial real estate loans located within our footprint of Kansas, Missouri, Texas, Oklahoma, Arizona and Colorado as of June 30, 2024. A detail of our commercial real estate - non-owner-occupied loan portfolio by geography (based upon location of collateral) as of June 30, 2024 is presented below:

Commercial Real Estate - Non-owner-occupied Loan Portfolio by Geography

6/30/2024



The following tables show the contractual maturities of our gross loans and sensitivity to interest rate changes at June 30, 2024 and December 31, 2023:

	As of June 30, 2024								
	Due in One Year or Less		Due in One Year through Five Years		Due in Five Year through Fifteen Years		Due after Fifteen Years		
	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Total
	(Dollars in thousands)								
Commercial and industrial	$ 92,904	$ 610,052	$ 267,851	$ 1,077,836	$ 72,106	$ 66,468	$ 19,634	$ 28	$ 2,206,879
Energy	65	6,597	—	227,635	—	—	—	—	234,297
Commercial real estate - owner-occupied	16,504	32,839	182,653	77,126	115,251	120,266	2,496	45,329	592,464
Commercial real estate - non-owner-occupied	94,566	577,817	569,676	1,216,477	76,464	180,699	7,228	89,304	2,812,231
Residential real estate	4,847	4,718	16,824	14,608	69,859	27,317	4,458	331,081	473,712
Consumer	1,537	15,801	5,888	1,469	31	98	—	—	24,824
Total	$ 210,423	$ 1,247,824	$ 1,042,892	$ 2,615,151	$ 333,711	$ 394,848	$ 33,816	$ 465,742	$ 6,344,407

	As of December 31, 2023								
	Due in One Year or Less		Due in One Year through Five Years		Due in Five Year through Fifteen Years		Due after Fifteen Years		
	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Total
	(Dollars in thousands)								
Commercial and industrial	$ 125,460	$ 608,786	$ 335,330	$ 926,646	$ 64,907	$ 78,996	$ 19,826	$ 261	$ 2,160,212
Energy	107	3,631	340	210,140	—	—	—	—	214,218
Commercial real estate - owner-occupied	14,772	25,907	180,194	76,358	101,018	117,019	2,524	48,461	566,253
Commercial real estate - non-owner-occupied	75,518	427,082	596,545	1,161,103	113,622	197,637	16,436	97,591	2,685,534
Residential real estate	5,537	1,364	29,156	11,717	65,086	27,356	3,036	320,843	464,095
Consumer	15,464	13,763	6,448	1,633	23	47	—	—	37,378
Total	$ 236,858	$ 1,080,533	$ 1,148,013	$ 2,387,597	$ 344,656	$ 421,055	$ 41,822	$ 467,156	$ 6,127,690

The stated interest rate (which excludes the effects of non-refundable loan origination and commitment fees, net of costs and the accretion of fair value marks) of gross loans was as follows at June 30, 2024:

	As of June 30, 2024					
	Fixed		Variable		Total	
	Balance	Weighted average rate	Balance	Weighted average rate	Balance	Weighted average rate
	(Dollars in thousands)					
Commercial and industrial	$ 452,495	5.20 %	$ 1,754,384	8.54 %	$ 2,206,879	7.90 %
Energy	65	6.50 %	234,232	8.95 %	234,297	8.95 %
Commercial real estate - owner-occupied	316,904	4.61 %	275,560	6.60 %	592,464	5.54 %
Commercial real estate - non-owner-occupied	747,934	5.21 %	2,064,297	7.68 %	2,812,231	7.03 %
Residential real estate	95,988	4.14 %	377,724	4.18 %	473,712	4.17 %
Consumer	7,456	6.27 %	17,368	8.65 %	24,824	7.94 %
Total	$ 1,620,842		$ 4,723,565		$ 6,344,407	

Allowance for Credit Losses

The ACL represents our best estimate of the expected credit losses in the Company's loan portfolio and off-balance sheet commitments, measured over the contractual life of the underlying instrument. The 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 credit losses as of the dates indicated:

	June 30, 2024					December 31, 2023				
	ACL Amount					ACL Amount				
	Loans	Off-Balance Sheet	Total	Percent of ACL to Total ACL	Percent of Loans to Total Loans	Loans	Off-Balance Sheet	Total	Percent of ACL to Total ACL	Percent of Loans to Total Loans
	(Dollars in thousands)									
Commercial and industrial	$ 33,627	$ 783	$ 34,410	43 %	35 %	$ 32,244	$ 954	$ 33,198	42 %	35 %
Energy	3,325	133	3,458	4	4	3,143	149	3,292	4	3
Commercial real estate - owner-occupied	6,691	107	6,798	8	9	6,445	125	6,570	8	9
Commercial real estate - non-owner-occupied	29,082	4,119	33,201	41	44	28,130	5,096	33,226	42	44
Residential real estate	3,423	67	3,490	4	7	3,456	89	3,545	4	8
Consumer	70	4	74	—	1	44	—	44	—	1
Gross loans	$ 76,218	$ 5,213	$ 81,431	100 %	100 %	$ 73,462	$ 6,413	$ 79,875	100 %	100 %

Refer to "Note 3: Loans and Allowance for Credit Losses" within the notes to consolidated financial statements - unaudited for a summary of the changes in the ACL.

Charge-offs and Recoveries

Net charge-offs were $1.0 million and $2.5 million for the three- and six-month periods ended June 30, 2024, respectively. For the three-month period ended June 30, 2024, charge-offs were primarily due to one commercial and industrial loan and one commercial real estate – non-owner-occupied loan related to a commercial construction non-accrual credit that moved to foreclosed assets held for sale during the prior quarter. For the six-month period ended June 30, 2024, there were charge-offs of three commercial and industrial loans, one commercial real estate – non-owner-occupied loan and one credit card account. The table below 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				
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Commercial and industrial	0.13 %	0.14 %	0.35 %	0.24 %	0.14 %
Energy	—	(0.23)	—	—	(0.23)
Commercial real estate - owner-occupied	—	—	—	—	—
Commercial real estate - non-owner-occupied	0.08	0.13	—	—	—
Residential real estate	(0.18)	—	—	—	—
Consumer	0.15	—	0.01	—	0.04
Total net charge-offs to average loans	0.07 %	0.10 %	0.12 %	0.09 %	0.04 %

Non-performing Assets and Other Asset Quality Metrics

Non-performing assets include: (i) non-performing loans - includes non-accrual loans and loans past due 90 days or more and still accruing; (ii) foreclosed assets held for sale; (iii) repossessed assets; and (iv) impaired debt securities.

Non-performing assets decreased $3.7 million during the quarter to $16.7 million at June 30, 2024. The decrease was due to a reduction in loans 90+ days past due and still accruing, client principal payments and partial charge-offs. The non-performing assets to total assets ratio decreased from 0.27% at March 31, 2024 to 0.22% at June 30, 2024. Annualized net charge-offs were 0.07% for the second quarter of 2024 compared to 0.10% in the quarter ended March 31, 2024 and 0.04% in the second quarter of 2023.

The Company continues to monitor the U.S. economic indicators, including the inflation rate, the unemployment rate, commodity prices, interest rates, and potential supply chain disruptions and the impact they may have on the Company's markets, clients, and prospects. The Company is monitoring the impact of the interest rate environment on the commercial real estate market and enterprise and leverage loans that is currently partially mitigated by low debt-to-equity ratios. As of June 30, 2024, the Company did not identify any systemic issues within its loan portfolio that would materially affect the credit quality of the loan portfolio. However, there could be some risk rating migration in certain sectors of the commercial real estate portfolio in the future as many projects are faced with higher interest rates, operating costs, and property taxes.

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

	For the Quarter Ended				
	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Asset quality	*(Dollars in thousands)*				
Non-accrual loans	$ 10,065	$ 12,082	$ 18,451	$ 20,380	$ 12,867
Loans 90+ days past due and still accruing	1,844	2,925	6,339	15,750	433
Total non-performing loans	11,909	15,007	24,790	36,130	13,300
Foreclosed assets held-for-sale	4,818	5,377	—	—	—
Total non-performing assets	$ 16,727	$ 20,384	$ 24,790	$ 36,130	$ 13,300
Loans 30 - 89 days past due	$ 16,049	$ 46,381	$ 2,028	$ 29,457	$ 13,333
Asset quality metrics (%)					
Non-performing loans to total loans	0.19 %	0.24 %	0.40 %	0.61 %	0.23 %
Non-performing assets to total assets	0.22	0.27	0.34	0.50	0.19
ACL to total loans	1.20	1.20	1.20	1.20	1.17
ACLs + RUC to total loans[(1)]	1.28	1.28	1.30	1.31	1.30
ACL to non-performing loans	640	499	296	198	508
Classified Loans / (Capital + ACL)	13.3	15.9	14.9	14.2	9.7
Classified Loans / (Capital + ACL + RUC)[(1)]	13.3	15.8	14.8	14.0	9.6

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

Deposits and Other Borrowings

At June 30, 2024, our deposits totaled $6.7 billion, an increase of $242 million or 4% from December 31, 2023. The increase included a $166 million increase in money market, NOW and savings deposits and $109 million in time deposits, partially offset by a decrease of $33 million in non-interest-bearing deposits. The increase in money market, NOW and savings deposits was related to new clients, while the increase in time deposits was primarily related to new clients and shifts from other deposit products. Other borrowings include FHLB advances, SBA loan secured borrowings, and our trust preferred security and totaled $85 million and $87 million at June 30, 2024 and December 31, 2023, respectively.

The following table sets forth the maturity of time deposits as of June 30, 2024:

	As of June 30, 2024				
	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	$ 162,184	$ 219,053	$ 64,820	$ 25,015	$ 471,072
Time deposits below FDIC insurance limit	524,931	415,408	395,437	133,124	1,468,900
Total time deposits	$ 687,115	$ 634,461	$ 460,257	$ 158,139	$ 1,939,972

As of June 30, 2024, the Company had approximately $2.6 billion of uninsured deposits, which is an estimated amount based on the same methodologies and assumptions used for the Bank’s regulatory reporting requirements. Excluding pass-thru accounts where clients have deposit insurance at the correspondent financial institution, our uninsured deposits were $2.2 billion, or 33% of total deposits as of June 30, 2024. The average client account balance as of June 30, 2024 was less than $250 thousand for both individual accounts and business accounts in total after excluding pass-through and insured cash sweep deposits. We have geographic and industry diversity within our deposit base as the majority of our deposits are located in our footprint states of Kansas, Oklahoma, Texas, Missouri, Arizona, Colorado and New Mexico. The Company believes that its current capital ratios and liquidity are sufficient to mitigate the risks of uninsured deposits.

Liquidity and Capital Resources

Liquidity

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

	June 30, 2024	December 31, 2023
	(Dollars in thousands)	
On-balance sheet liquidity[1]	$ 1,052,713	$ 1,021,882
Off-balance sheet liquidity[2]	1,532,553	1,496,225
Total liquidity	$ 2,585,266	$ 2,518,107
On-balance sheet liquidity as a percent of assets	14 %	14 %
Total liquidity as a percent of assets	34 %	34 %

(1) On-balance sheet liquidity represents funds on the consolidated statements of financial condition – unaudited. It consists of overnight funds, short-term deposits with other banks, and unpledged AFS securities.

(2) Off-balance sheet liquidity represents funds available from third-party sources including credit lines, FHLB and Federal Reserve Bank.

The consolidated statements of cash flows - unaudited summarize our sources and uses of cash by type of activity for the six months ended June 30, 2024 and 2023. As of June 30, 2024 and 2023, we had cash and cash equivalents of $250 million and $342 million, respectively. During the six months ended June 30, 2024 and 2023, operating activities provided $39.5 million and $46.2 million of cash, respectively, while financing activities provided $235.1 million and $482.1 million of cash, respectively. The primary drivers of lower cash provided by financing activities in the six months ended June 30, 2024 were a smaller increase in time deposits, lower FHLB and line of credit borrowings, year-to-date 2024 share repurchases and the year-to-date 2023 preferred share issuance, partially offset by an increase in demand and savings, NOW and money market accounts, year-to-date 2023 decreases in federal funds sold and lower FHLB borrowings repayments. Cash usage from investing activities was $279.5 million and $485.6 million for the six months ended June 30, 2024 and 2023, respectively. The primary drivers of lower cash used in the six months ended June 30, 2024 for investing activities was that the prior year included more loan origination volume and more purchases of AFS securities, partially offset by higher proceeds from AFS maturities and sales in the prior year.

Off-balance sheet liquidity slightly increased from December 31, 2023 to June 30, 2024 due to normal fluctuations in our available capacity from third party sources.

The Company purchased $4.5 million of common stock during the first six months of 2024 under its previously approved share repurchase program. As of June 30, 2024, $11.4 million remained available for repurchase under our share repurchase program. The amount and timing of such future share repurchases will be dependent on a number of factors, including the price of our common stock, overall capital levels and cash flow needs. There is no assurance that we will repurchase up to the full amount remaining under our program.

Dividends of $310 thousand related to the Series A Non-Cumulative Perpetual Preferred Stock were declared and paid by the Company during the six months ended June 30, 2024. On July 19, 2024, the Board of Directors declared a quarterly dividend on Series A Non-Cumulative Perpetual Preferred Stock in the amount of $20.00 per share to be payable on September 16, 2024 to stockholders of record as of August 30, 2024.

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

Contractual Obligations and Off-Balance Sheet Arrangements

The Company is subject to contractual obligations made in the ordinary course of business. The obligations include deposit liabilities, other borrowed funds, operating leases, and preferred dividends. To the extent declared by the Board of Directors, the Company may pay $0.6 million of cash dividends per year to holders of our preferred stock. Refer to “Note 7: Time Deposits and Borrowings” and “Note 4: Leases” within the notes to consolidated financial statements – unaudited for information regarding the Company’s significant contractual cash obligations and contractual obligations to third parties on lease obligations, respectively.

As a financial services provider, the Company is a party to various financial instruments with off-balance sheet risks, such as commitments to extend credit. Off-balance sheet arrangements represent the Company’s future cash requirements. However, a portion of these commitments may expire without being drawn upon. Refer to “Note 12: Commitments and Credit Risk” within the notes to consolidated financial statements – unaudited for a listing of the Company’s off-balance sheet arrangements.

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

Capital Requirements

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. The regulatory capital requirements involve quantitative measures of the Company’s assets, liabilities, select off-balance sheet items and equity. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company’s consolidated financial statements. Refer to “Note 9: Regulatory Matters” in the notes to consolidated financial statements – unaudited for additional information. Management believes that as of June 30, 2024, the Company and the Bank met all capital adequacy requirements to which they are subject.

Critical Accounting Policies and Estimates

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

A discussion of these policies can be found in the section captioned “Critical Accounting Policies and Estimates” in Management’s Discussion and Analysis of Financial Condition and Results of Operations included in the 2023 Form 10-K. There have been no changes in the Company’s application of critical accounting policies and estimates since December 31, 2023.

Recent Accounting Pronouncements

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

Non-GAAP Financial Measures

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

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

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

	Three Months Ended					Six Months Ended	
	6/30/2024	3/31/2024	12/31/2023	9/30/2023	6/30/2023	6/30/2024	6/30/2023
Adjusted net income:	*(Dollars in thousands, except per share data)*						
Net income (GAAP)	$ 18,622	$ 18,223	$ 17,651	$ 16,863	$ 16,047	$ 36,845	$ 32,155
Add: Acquisition costs	—	—	1,300	1,328	338	—	1,815
Add: Acquisition - Day 1 CECL provision	—	—	—	900	—	—	—
Add: Employee separation	—	—	—	—	1,300	—	1,300
Add: Loss on bond repositioning	—	—	1,130	—	—	—	—
Less: Tax effect[1]	—	—	(510)	(468)	(344)	—	(654)
Adjusted net income	**$ 18,622**	**$ 18,223**	**$ 19,571**	**$ 18,623**	**$ 17,341**	**$ 36,845**	**$ 34,616**
Preferred stock dividends	155	155	155	155	103	310	103
Diluted weighted average common shares outstanding	49,784,067	49,967,638	49,788,962	49,480,107	48,943,325	49,882,653	48,994,807
Diluted earnings per common share (GAAP)	**$ 0.37**	**$ 0.36**	**$ 0.35**	**$ 0.34**	**$ 0.33**	**$ 0.73**	**$ 0.65**
Adjusted diluted earnings per common share	**$ 0.37**	**$ 0.36**	**$ 0.39**	**$ 0.37**	**$ 0.35**	**$ 0.73**	**$ 0.70**

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

	Three Months Ended					Six Months Ended	
	6/30/2024	3/31/2024	12/31/2023	9/30/2023	6/30/2023	6/30/2024	6/30/2023
Adjusted return on average assets:	*(Dollars in thousands, except per share data)*						
Net income	$ 18,622	$ 18,223	$ 17,651	$ 16,863	$ 16,047	$ 36,845	$ 32,155
Adjusted net income	18,622	18,223	19,571	18,623	17,341	36,845	34,616
Average assets	$ 7,494,941	$ 7,344,102	$ 7,231,611	$ 7,114,228	$ 6,929,972	$ 7,419,938	$ 6,821,987
Return on average assets (GAAP)	**1.00** %	**1.00** %	**0.97** %	**0.94** %	**0.93** %	**1.00** %	**0.95** %
Adjusted return on average assets	**1.00** %	**1.00** %	**1.07** %	**1.04** %	**1.00** %	**1.00** %	**1.02** %

	Three Months Ended					Six Months Ended	
	6/30/2024	3/31/2024	12/31/2023	9/30/2023	6/30/2023	6/30/2024	6/30/2023
Adjusted return on average common equity:	*(Dollars in thousands, except per share data)*						
Net income	$ 18,622	$ 18,223	$ 17,651	$ 16,863	$ 16,047	$ 36,845	$ 32,155
Preferred stock dividends	155	155	155	155	103	310	103
Net income attributable to common stockholders	$ 18,467	$ 18,068	$ 17,496	$ 16,708	$ 15,944	$ 36,535	$ 32,052
Adjusted net income	18,622	18,223	19,571	18,623	17,341	36,845	34,616
Preferred stock dividends	155	155	155	155	103	310	103
Adjusted net income attributable to common stockholders	$ 18,467	$ 18,068	$ 19,416	$ 18,468	$ 17,238	$ 36,535	$ 34,513
Average common equity	$ 701,483	$ 701,598	$ 647,882	$ 650,494	$ 639,741	$ 701,540	$ 629,901
Return on average common equity (GAAP)	**10.59** %	**10.36** %	**10.71** %	**10.19** %	**10.00** %	**10.47** %	**10.26** %
Adjusted return on average common equity	**10.59** %	**10.36** %	**11.89** %	**11.26** %	**10.81** %	**10.47** %	**11.05** %

	Three Months Ended				
	6/30/2024	3/31/2024	12/31/2023	9/30/2023	6/30/2023
Tangible common stockholders' equity:	*(Dollars in thousands, except per share data)*				
Total stockholders' equity (GAAP)	$ 727,878	$ 714,971	$ 708,143	$ 643,051	$ 651,483
Less: goodwill and other intangible assets	29,499	30,404	31,335	32,293	27,457
Less: preferred stock	7,750	7,750	7,750	7,750	7,750
Tangible common stockholders' equity	**$ 690,629**	**$ 676,817**	**$ 669,058**	**$ 603,008**	**$ 616,276**
Common Shares outstanding at end of period	49,250,140	49,400,466	49,335,888	49,295,036	48,653,487
Book value per common share (GAAP)	**$ 14.78**	**$ 14.47**	**$ 14.35**	**$ 13.04**	**$ 13.39**
Tangible book value per common share	**$ 14.02**	**$ 13.70**	**$ 13.56**	**$ 12.23**	**$ 12.67**

	Three Months Ended					Six Months Ended	
	6/30/2024	3/31/2024	12/31/2023	9/30/2023	6/30/2023	6/30/2024	6/30/2023
	(Dollars in thousands, except per share data)						
Adjusted Efficiency Ratio - FTE[1]							
Non-interest expense	$ 37,725	$ 37,505	$ 35,049	$ 36,354	$ 37,412	$ 75,230	$ 75,504
Less: Acquisition costs	—	—	(1,300)	(1,328)	(338)	—	(1,815)
Less: Core deposit intangible amortization	(906)	(931)	(957)	(922)	(802)	(1,837)	(1,624)
Less: Employee separation	—	—	—	—	(1,300)	—	(1,300)
Adjusted Non-interest expense (numerator)	$ 36,819	$ 36,574	$ 32,792	$ 34,104	$ 34,972	$ 73,393	$ 70,765
Net interest income	57,892	56,594	56,954	55,127	54,539	114,486	112,760
Tax equivalent interest income[1]	536	536	654	707	750	1,072	1,547
Non-interest income	5,701	5,589	4,483	5,981	5,779	11,290	10,200
Add: Loss on bond repositioning	—	—	1,130	—	—	—	—
Total tax-equivalent income (denominator)	$ 64,129	$ 62,719	$ 63,221	$ 61,815	$ 61,068	$ 126,848	$ 124,507
Efficiency Ratio (GAAP)	**59.32** %	**60.31** %	**57.05** %	**59.49** %	**62.02** %	**59.81** %	**61.41** %
Adjusted Efficiency Ratio - FTE[1]	**57.41** %	**58.31** %	**51.87** %	**55.17** %	**57.27** %	**57.86** %	**56.84** %

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

A primary component of market risk is interest rate volatility. Interest rate risk management is a key element of the Company's statement of financial condition management. Interest rate risk is the risk that net interest margins will erode over time due to changing market conditions. Many factors can cause margins to erode including, without limitation, (i) lower loan demand; (ii) increased competition for funds; (iii) weak pricing policies; (iv) statement of financial condition mismatches; and (v) changing liquidity demands. The objective is to maximize income while minimizing interest rate risk. The Company manages its sensitivity position using its interest rate risk policy. The management of interest rate risk is a three-step process and involves: (i) measuring the interest rate risk position; (ii) assessing policy constraints; and (iii) strategic review and implementation.

Our exposure to interest rate risk is managed by the Asset/Liability Committee ("ALCO") in accordance with policies approved by the Board of Directors. ALCO uses a combination of three systems to measure the statement of financial condition's interest rate risk position. The three systems in combination are expected to provide a better overall result than a single system alone. The three systems include: (i) gap reports; (ii) earnings simulation; and (iii) economic value of equity. ALCO's primary instruments for managing interest rate risk include: (i) modifying the duration of interest-bearing liabilities; (ii) modifying the duration of interest-earning assets, including our investment portfolio; and (iii) entering into on-balance sheet derivatives. The Company may utilize interest swaps for the purpose of managing interest rate risk, including forwards, interest rate caps, floors, collars, corridors and swaptions.

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

Hypothetical Change in Interest Rate - Rate Shock

	June 30, 2024		June 30, 2023	
Change in Interest Rate (Basis Points)	**Percent Change in Net Interest Income**	**Percent Change in Fair Value of Equity**	**Percent Change in Net Interest Income**	**Percent Change in Fair Value of Equity**
+300	0.84 %	(17.31)%	3.50 %	(18.06)%
+200	0.51	(12.05)	2.19	(12.32)
+100	0.25	(6.28)	0.93	(5.92)
Base	— %	— %	— %	— %
-100	0.13	6.59	1.40	5.87
-200	0.45	12.35	2.52	12.43
-300	0.05	18.40	4.51	19.39

Hypothetical Change in Interest Rate - Rate Ramp

	June 30, 2024	June 30, 2023
Change in Interest Rate (Basis Points)	**Percent Change in Net Interest Income**	**Percent Change in Net Interest Income**
+300	0.08 %	0.17 %
+200	0.04	0.01
+100	0.01	(0.14)
Base	— %	— %
-100	0.04	(0.36)
-200	0.13	(0.42)
-300	0.26	(0.73)

The Company's position is relatively rate neutral as of June 30, 2024. Loans remain the largest portion of the Company's variable rate earning assets, and $4.6 billion, or 73%, of loans mature or reprice within the twelve-month period following June 30, 2024, including $3.8 billion that repriced in July 2024. The Company expects $3.6 billion of time deposits, indexed deposits and other borrowings will reprice in the next twelve months. Approximately 92% of the Company's time deposits mature within the next twelve months, with 36% maturing in the third quarter of 2024. In addition, the Company has 27% of its deposits indexed to the federal funds rate. The Company also holds a $250 million notional interest rate collar, which was executed in July 2022 and became effective in January 2024. The collar contributes to the Company's liability sensitive position. The Company continuously monitors the interest rate environment and believes that derivative strategies to protect net interest margin are available if needed. Additional information regarding the Company's on-balance sheet derivative activity is incorporated herein from "Note 6: Derivatives and Hedging" within the notes to consolidated financial statements – unaudited. The Company's relatively rate neutral position as of June 30, 2024 is less asset sensitive compared to June 30, 2023 primarily due to the collar derivative and an increase in the percentage of indexed deposits.

The models the Company uses include assumptions regarding interest rates and balance changes. The aggregate non-maturity beta assumption utilized as of June 30, 2024 was approximately 57%, which is unchanged from our previous assumption. Other key assumptions updated during the second quarter of 2024 include new loan spreads and updated market yield curves. Other assumptions included in the model that are periodically updated include deposit decay rates, loan prepayments and call provisions within investment and debt holdings. 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, client 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 June 30, 2024. 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 June 30, 2024.

Changes in Internal Control over Financial Reporting

Our internal control over financial reporting continues to be updated as necessary to accommodate modifications to our business processes and accounting procedures. There has been no change in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during the second quarter of 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our 2023 Form 10-K, which could materially affect our business, financial condition, or results of operations in future periods. There were no material changes from the risk factors disclosed in the 2023 Form 10-K.

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

(a) None.

(b) Not applicable.

(c) Share Repurchase Program

The following table summarized the Company's repurchases of its common stock for the three months ended June 30, 2024.

Calendar Month	Total Number of Shares Repurchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that may yet be Purchased as Part of Publicly Announced Plans or Programs
April 1 - 30	127,489	$ 12.57	127,489	$ 12,800,635
May 1 - 31	109,619	$ 13.02	109,619	$ 11,372,882
June 1 - 30	—	$ —	—	$ 11,372,882
Total	237,108	$ 12.78	237,108	

On May 10, 2022, the Company announced that its Board of Directors approved a share repurchase program under which the Company may repurchase up to $30 million of its common stock. The objective of the program is to give the Company the ability to opportunistically acquire undervalued shares and return capital to stockholders. As of June 30, 2024, $11.4 million remained available for repurchase under this share repurchase program. Repurchases under the program may be made in the open market or privately negotiated transactions in compliance with SEC Rule 10b-18, subject to market conditions, applicable legal requirements, and other relevant factors. The program does not obligate the Company to acquire any amount of common stock and may be suspended at any time at the Company's discretion. No time limit has been set for completion of the program.

The Company's ability to pay dividends to its stockholders and repurchase shares is affected by both general corporate law requirements and the regulations and policies of the Federal Reserve applicable to bank holding companies, including the Basel III Capital Rules. In addition, so long as any Series A Preferred Stock remains outstanding, unless full dividends for the most recently completed dividend period have been declared and paid (or declared and the payment amount has been set aside), the Company may not, subject to certain exceptions, declare, pay or set aside for payment any dividend on its common stock, or repurchase or redeem its common stock. The Company's principal source of funds to pay distributions on its common stock, other than further issuances of securities, is dividends received from its wholly owned subsidiaries. Furthermore, the ability of the Company's wholly owned subsidiaries to pay dividends to the Company would depend on the earnings or financial condition of such wholly owned subsidiaries and various business considerations. In addition, various federal and state statutes limit the amount of dividends that the Company's wholly owned subsidiaries may pay to the Company without regulatory approval.

ITEM 5. OTHER INFORMATION

(a) None

(b) None

(c) Trading Arrangements

During the three months ended June 30, 2024, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

ITEM 6. EXHIBITS

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

* Filed Herewith

** Furnished Herewith

† Indicates a management contract or compensatory plan arrangement

SIGNATURE

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

CrossFirst Bankshares, Inc.

Date: August 2, 2024

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

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

I, Michael J. Maddox, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 2, 2024

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

Exhibit 31.2

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

I, Benjamin R. Clouse, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 2, 2024

/s/ Benjamin R. Clouse

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

Exhibit 32.1

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

In connection with the Quarterly Report of CrossFirst Bankshares, Inc. (the "Company") on Form 10-Q for the period ended on June 30, 2024, 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: August 2, 2024

/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)