

## CrossFirst Bankshares, Inc. Reports Third Quarter 2020 Results and Announces Share Repurchase Program

October 20, 2020

LEAWOOD, Kan., Oct. 20, 2020 (GLOBE NEWSWIRE) -- CrossFirst Bankshares, Inc. (Nasdaq: CFB), the bank holding company for CrossFirst Bank, today reported its results for the third quarter of 2020, including net income of \$8.0 million, or \$0.15 per diluted share, and year-to-date 2020 net income of \$4.5 million, or \$0.09 per diluted share. In addition, the Company announced today that its Board of Directors also approved a \$20 million program to repurchase CrossFirst's common stock.

"As we continue to serve our clients and communities in extraordinary ways, we are maintaining our focus on credit quality and being well capitalized, due to the on-going economic volatility caused by the pandemic and upcoming elections. Our overall operating performance remained strong, while we continued to prudently provision an additional \$10.9 million, commensurate with the risk in our portfolio and to strengthen the balance sheet," said CrossFirst's CEO and President Mike Maddox. "We are continuing to create operational efficiencies in our organization to offset margin compression and increased provisioning so we can emerge from the downturn a much stronger Company. We believe that the Company is well positioned to benefit from an economic recovery, continue increasing earnings power, and deliver long term value to our shareholders."

### Third Quarter 2020 Highlights:

- \$5.5 billion of assets with 11% operating revenue growth compared to the third quarter of 2019
- Pre-tax, pre-provision profit, a non-GAAP financial measure, for the third quarter of \$20.4 million and year-to-date pre-tax, pre-provision profit of \$51.3 million
- Efficiency ratio of 53% for the third quarter of 2020 and a non-GAAP core efficiency ratio of 52% after adjusting for nonrecurring or non-core items
- \$64 million of loan growth from the previous quarter and \$854 million or 23% over the last twelve months
- \$188 million of deposit growth from the previous quarter and \$834 million or 23% over the last twelve months
- Book value per share of \$11.84 at September 30, 2020 compared to \$11.59 at September 30, 2019

|  | Quarter-to-Date<br>September 30,                   |         | Year-to-Date<br>September 30, |          |
|--|--|---------|-------------------------------|----------|
|  | 2019   | 2020    | 2019                          | 2020     |
|  | <i>(Dollars in millions except per share data)</i> |         |                               |          |
| <b>Operating revenue<sup>(1)</sup></b>   | \$ 39.0  | \$ 43.4 | \$ 110.8                      | \$ 127.5 |
| <b>Net income</b>  | \$ 10.4  | \$ 8.0  | \$ 29.2                       | \$ 4.5   |
| <b>Diluted earnings per share</b>  | \$ 0.21  | \$ 0.15 | \$ 0.61                       | \$ 0.09  |
| Return on average assets   | 0.89%  | 0.58%   | 0.89%                         | 0.11%    |
| Non-GAAP core operating return on average assets <sup>(2)</sup>                  | 0.89%  | 0.58%   | 0.86%                         | 0.30%    |
| Return on average common equity  | 7.58%  | 5.19%   | 7.76%                         | 0.98%    |
| Non-GAAP return on average tangible common equity <sup>(2)</sup>                 | 7.68%  | 5.19%   | 7.89%                         | 0.99%    |
| Net interest margin  | 3.19%  | 2.93%   | 3.29%                         | 3.08%    |
| Net interest margin, fully tax-equivalent <sup>(3)</sup>                         | 3.24%  | 2.98%   | 3.35%                         | 3.13%    |
| Efficiency ratio   | 54.29%   | 53.03%  | 59.36%                        | 59.44%   |
| Non-GAAP core operating efficiency ratio, fully tax-equivalent <sup>(2)(3)</sup> | 53.43%   | 52.23%  | 58.16%                        | 53.14%   |

(1) Net interest income plus non-interest income.

(2) Represents a non-GAAP measure. See "Table 5. Non-GAAP Financial Measures" for a reconciliation of this measure.

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

### Share Repurchase Program

The Company's Board of Directors has approved up to \$20 million in share repurchases. Repurchases under the Company's new program will be made in open market or privately negotiated transactions in compliance with Securities and Exchange Commission Rule 10b-18, subject to market

conditions, applicable legal requirements, and other relevant factors. This share repurchase plan does not obligate the Company to acquire any particular amount of common stock, and it may be suspended at any time at the Company's discretion. CrossFirst had 52,195,778 shares of common stock outstanding as of September 30, 2020.

### **COVID-19 Update**

The COVID-19 pandemic and measures taken in response have created economic uncertainty and negatively impacted most of our customers in some capacity. During the third quarter of 2020, we continued to operate in accordance with our comprehensive pandemic plan, which includes social distancing measures for customers and employee interactions. In addition, the Company has continued to support key regulatory relief programs for customers, increased provisions for loan losses, increased monitoring of key loan portfolio segments, modified loans, experienced slower discretionary spending, optimized staffing levels, and elevated its risk management activities. Our branch-lite strategy, technology, and relationship banking model, have allowed us to effectively operate through the pandemic, work remotely, and provide us with the agility to effectively serve our customers when they need it most. The Company continues to assess and monitor the COVID-19 pandemic and federal and local requirements in evaluating the full re-opening of its offices and remains flexible regarding process and timeline.

### **Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Programs**

CrossFirst is committed to helping our local businesses and the communities that we serve during these extremely challenging times and will continue to help customers access regulatory relief and other programs. As of September 30, 2020, the Company still retains \$369 million in loans produced through the Paycheck Protection Program ("PPP") and has been working through the forgiveness process for those loans with the Small Business Administration ("SBA"). In addition to the PPP, we have been granting loan modifications and 90/180 day payment deferrals for many customers who have requested additional relief. As of September 30, 2020, the Company continues to have \$318 million in loans on modified payments related to COVID-19 on its balance sheet, which, excluding the PPP loans, represents almost 8% of our total loan balances. We are evaluating each modification on a case-by-case basis and assessing the borrowers' willingness and capacity to support the loan until maturity. The Company will continue to implement additional governmental assistance programs as more details become available around the processes and procedures for such programs and grant loan modifications when appropriate.

### **Income from Operations**

#### **Net Interest Income**

The Company produced interest income of \$48.5 million for the third quarter of 2020, a decrease of 13% from the third quarter of 2019 and a decrease of 5% from the previous quarter. Interest income was down from the third quarter of 2019 primarily due to declining interest rates. Average earning assets totaled \$5.3 billion for the third quarter of 2020, an increase of \$1 billion or 20% from the same quarter in 2019. The tax-equivalent yield on earning assets declined from 5.00% to 3.66% during the third quarter of 2020, compared to the third quarter of 2019, primarily due to the movement of variable rate assets indexed to declining market rates and the movement of loans to nonaccrual. Year-to-date, the Company produced interest income of \$153.9 million as the Company's asset growth was able to mitigate some of the impact of yield declines on earning assets.

Interest expense for the third quarter of 2020 was \$9.1 million, or 54% lower than the third quarter of 2019 and 10% lower than the previous quarter. While average interest-bearing deposits increased to \$3.6 billion in the third quarter of 2020, an increase of 15% from the same quarter in 2019, overall interest expense on interest-bearing deposits declined as a result of declining interest rates. Non-deposit funding costs increased to 1.50% from 1.35% in the second quarter of 2020 while overall cost of funds for the quarter was 0.75%, compared to 0.85% for the second quarter of 2020. Year-to-date, the Company had interest expense of \$35.2 million, a decrease of 38% from the same period in the prior year.

Tax-equivalent net interest margin decreased to 2.98% in the the current quarter, from 3.19% in the previous quarter and declined from 3.24% in the same quarter in 2019, reflecting the impact of the declining rate environment, changes in macro economic conditions, and lower loan yields from having an increased number of loans on non accrual. Year-to-date, the Company had a tax equivalent margin of 3.13% compared to 3.35% over the same period in the prior year. As of September 30, 2020, CrossFirst has realized \$3.2 million of the total \$9.9 million in fees anticipated from holding the \$369 million of PPP loans, which yielded 2.26% for the quarter, and the Company will continue to recognize these fees as the loans are forgiven. The tax-equivalent adjustment, which accounts for income taxes saved on the interest earned on nontaxable securities and loans, was \$0.7 million for the third quarter of 2020. Net interest income totaled \$39.3 million for the third quarter of 2020 or 4% lower than the second quarter of 2020, and 10% higher than the third quarter of 2019.

#### **Non-Interest Income**

Non-interest income increased \$0.9 million in the third quarter of 2020 or 26% compared to the same quarter of 2019 and increased \$1.4 million or 54% compared to the second quarter of 2020. While the Company continued to increase overall fee income commensurate with its customer growth, during the third quarter of 2020, it also recorded \$1 million of securities gains or \$0.7 million more than the previous quarter. The back-to-back swap fee income continued to remain low in the current interest rate environment; however, credit card fees continued to be a major contributor to other non-interest income growth for the quarter. Year-to-date non-interest income increased 35% compared to the same period in the prior year.

#### **Non-Interest Expense**

Non-interest expense for the third quarter of 2020 was \$23.0 million which increased 9% compared to the third quarter of 2019 and decreased 26% from the second quarter of 2020. The Company recorded a \$7.4 million expense related to a non-cash goodwill impairment charge in the previous quarter of 2020 primarily as a result of economic and industry conditions at June 30, 2020. In addition, during the third quarter of 2020, the Company optimized its staffing levels, which is anticipated to generate \$4.1 million of annualized savings going forward. The Company expects the full impact of the expense reductions to be realized in the fourth quarter. In addition, the Company continues to realize the benefits from reduced travel, entertainment, and other discretionary spending as a result of the COVID-19 pandemic. Year-to-date non-interest expense increased 16% compared to the same period in the prior year primarily from non reoccurring items reported in previous quarters .

CrossFirst's effective tax rate for the third quarter of 2020 was 16% as compared to 20% for the third quarter of 2019. The 2020 quarter-to-date income tax was impacted by a \$3.5 million decrease in income before income taxes that reduced taxes at the statutory rate by \$1 million. For both of the comparable periods, the Company continued to benefit from the tax-exempt municipal bond portfolio and bank-owned life insurance.

### **Balance Sheet Performance & Analysis**

During the third quarter of 2020, total assets increased by \$43 million or 1% compared to June 30, 2020 and \$854 million or 18% since September 30, 2019. During the third quarter of 2020, total available for sale investment securities decreased \$48 million to \$652 million compared to June 30, 2020, while the overall average for the third quarter was \$698 million. During the third quarter of 2020, tax-exempt municipal securities on average increased \$2 million and mortgage-backed securities decreased \$32 million compared to June 30, 2020. The securities yields declined 14 basis points to a tax equivalent yield of 2.93% for the third quarter of 2020 compared to the prior quarter as a result of lower reinvestment yields and prepayments on mortgage-backed securities increasing premium amortizations.

### Loan Growth Results

The Company experienced average loan growth of 3% during the third quarter of 2020, but has increased average loans 26% year over year from September 30, 2019. Loan yields declined 38 basis points during the third quarter commensurate with the effects from adjustable rate loan movements in LIBOR and Prime during 2020, lower loan yields from the PPP, and the impact of increased loans on nonaccrual.

| <i>(Dollars in millions)</i>      | 3Q19            | 4Q19            | 1Q20            | 2Q20            | 3Q20            | % of Total | QoQ Growth (\$) | QoQ Growth (%) <sup>(1)</sup> | YoY Growth (\$) | YoY Growth (%) <sup>(1)</sup> |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------|-----------------|-------------------------------|-----------------|-------------------------------|
| <b>Average loans (gross)</b>      |                 |                 |                 |                 |                 |            |                 |                               |                 |                               |
| Commercial                        | \$ 1,284        | \$ 1,315        | \$ 1,339        | \$ 1,381        | \$ 1,308        | 29%        | \$ (73)         | (5) %                         | \$ 24           | 2 %                           |
| Energy                            | 389             | 400             | 412             | 404             | 393             | 9          | (11)            | (3)                           | 4               | 1                             |
| Commercial real estate            | 974             | 1,007           | 1,034           | 1,115           | 1,169           | 26         | 54              | 5                             | 195             | 20                            |
| Construction and land development | 487             | 599             | 620             | 651             | 617             | 14         | (34)            | (5)                           | 130             | 27                            |
| Residential real estate           | 362             | 384             | 455             | 517             | 583             | 13         | 66              | 13                            | 221             | 61                            |
| Paycheck Protection Program       | —               | —               | —               | 245             | 362             | 8          | 117             | 48                            | 362             | NA                            |
| Consumer                          | 45              | 45              | 45              | 44              | 45              | 1          | 1               | 1                             | —               | —                             |
| Total                             | <u>\$ 3,541</u> | <u>\$ 3,750</u> | <u>\$ 3,905</u> | <u>\$ 4,357</u> | <u>\$ 4,477</u> | 100%       | <u>\$ 120</u>   | 3 %                           | <u>\$ 936</u>   | 26 %                          |

*Yield on loans for the period ending* 5.53% 5.21% 4.98% 4.28% 3.90%

(1) Actual unrounded values are used to calculate the reported percent disclosed. Accordingly, recalculations using the amounts in millions as disclosed in this release may not produce the same amounts.

### Deposit Growth & Other Borrowings

The Company continues to maintain a traditional deposit mix, with the goal of keeping pace with growth in the loan portfolio. Deposit growth continued to be funded primarily with money market accounts during the third quarter of 2020, which have historically adjusted with movements in Federal Funds rates. The Company has continued to have its transaction deposits increase as a result of more customers utilizing our insured cash sweep products. The Company's cost of interest bearing deposits declined 15 basis points, during the third quarter of 2020, reflective of changes made to deposit pricing in the prior quarter from declines in market rates.

| <i>(Dollars in millions)</i>      | 3Q19            | 4Q19            | 1Q20            | 2Q20            | 3Q20            | % of Total | QoQ Growth (\$) | QoQ Growth (%) <sup>(1)</sup> | YoY Growth (\$) | YoY Growth (%) <sup>(1)</sup> |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------|-----------------|-------------------------------|-----------------|-------------------------------|
| <b>Average deposits</b>           |                 |                 |                 |                 |                 |            |                 |                               |                 |                               |
| Non-interest bearing deposits     | \$ 535          | \$ 522          | \$ 540          | \$ 746          | \$ 714          | 16%        | \$ (32)         | (4) %                         | \$ 179          | 33 %                          |
| Transaction deposits              | 135             | 200             | 341             | 414             | 460             | 11%        | 46              | 11 %                          | 325             | 241 %                         |
| Savings and money market deposits | 1,744           | 1,854           | 1,887           | 1,933           | 1,995           | 46%        | 62              | 3 %                           | 251             | 14 %                          |
| Time deposits                     | 1,277           | 1,226           | 1,166           | 1,195           | 1,175           | 27%        | (20)            | (2) %                         | (102)           | (8) %                         |
| Total                             | <u>\$ 3,691</u> | <u>\$ 3,802</u> | <u>\$ 3,934</u> | <u>\$ 4,288</u> | <u>\$ 4,344</u> | 100%       | <u>\$ 56</u>    | 1 %                           | <u>\$ 653</u>   | 18 %                          |

*Cost of deposits for the period ending* 1.94% 1.70% 1.46% 0.79% 0.67%

*Cost of interest-bearing deposits for the period ending* 2.26% 1.97% 1.69% 0.95% 0.80%

(1) Actual unrounded values are used to calculate the reported percent disclosed. Accordingly, recalculations using the amounts in millions as disclosed in this release may not produce the same amounts.

At September 30, 2020, other borrowings totaled \$350.6 million, as compared to \$501.4 million at June 30, 2020, and \$358.5 million as of September 30, 2019.

### Asset Quality Position

Overall credit quality metrics were elevated as the Company added \$10.9 million to the allowance for loan loss, during the third quarter of 2020, commensurate with adverse movement of risk classifications and to strengthen the balance sheet as there remains continued economic uncertainty resulting from the COVID-19 pandemic and volatility in energy prices. While the Company currently believes the reserve is reflective of the risk in the portfolio, there may be cases where the borrowers or specific impairments related to COVID-19 may have not yet been identified. The majority of loans that migrated to classified status during the quarter were related to the energy portfolio and one commercial and industrial credit.

Net charge-offs were \$6.0 million for the third quarter of 2020 as compared to net charge-offs of \$1.3 million for the second quarter in 2020. Nonperforming assets to total assets quarter over quarter increased to 1.49% primarily as a result of several energy loans that moved to non-accrual. The elevated charge-offs and increase in nonperforming assets in the third quarter were primarily from a large commercial and industrial credit that moved to nonperforming as it was being restructured, but was completed subsequent to the quarter end. The following table provides information regarding asset quality.

| <b>Asset quality (Dollars in millions)</b> | <b>3Q19</b> | <b>4Q19</b> | <b>1Q20</b> | <b>2Q20</b> | <b>3Q20</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| Non-accrual loans                          | \$ 43.6     | \$ 39.7     | \$ 26.3     | \$ 37.5     | \$ 75.6     |
| Other real estate owned                    | 2.5         | 3.6         | 3.6         | 2.5         | 2.3         |
| Non-performing assets                      | 46.7        | 47.9        | 29.9        | 40.3        | 82.2        |
| Loans 90+ days past due and still accruing | 0.6         | 4.6         | —           | 0.2         | 4.3         |
| Loans 30 - 89 days past due                | 64.7        | 6.8         | 19.5        | 34.9        | 45.4        |
| Net charge-offs (recoveries)               | 4.7         | 5.5         | 19.4        | 1.3         | 6.0         |

  

| <b>Asset quality metrics (%)</b>                             | <b>3Q19</b> | <b>4Q19</b> | <b>1Q20</b> | <b>2Q20</b> | <b>3Q20</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| Non-performing assets to total assets                        | 1.00 %      | 0.97 %      | 0.59 %      | 0.74 %      | 1.49 %      |
| Allowance for loan loss to total loans                       | 1.18        | 1.48        | 1.29        | 1.61        | 1.70        |
| Allowance for loan loss to non-performing loans              | 97          | 129         | 196         | 189         | 95          |
| Net charge-offs (recoveries) to average loans <sup>(1)</sup> | 0.53        | 0.58        | 2.00        | 0.12        | 0.54        |
| Provision to average loans <sup>(1)</sup>                    | 0.54        | 2.05        | 1.44        | 1.94        | 0.97        |
| Classified Loans / (Total Capital + ALLL)                    | 13.2        | 13.2        | 15.8        | 34.9        | 43.2        |

(1) Interim periods annualized.

Depending upon the future impact of the COVID-19 pandemic, we may need to make additional increases to our provision in future periods. The future impact of the pandemic is highly uncertain and cannot be fully predicted. The extent of the impact on our customers and, in turn, on our business and operations, will depend on future developments, including actions taken to contain the pandemic. To the extent the pandemic continues to cause a recession or decreased economic activity for an extended time period, we expect our business and operations will be negatively impacted. Customers may continue to seek additional loan modifications or restructuring, or we may experience additional adverse movement in risk classifications, any of which could potentially result in the need to adjust the total allowances for loan losses.

#### Capital Position

At September 30, 2020, stockholders' equity totaled \$618 million, or \$11.84 per share, compared to \$602 million, or \$11.58 per share, at December 31, 2019. Tangible common equity was \$618 million and tangible book value per share was \$11.83 at September 30, 2020, compared to tangible common equity of \$594 million and tangible book value per common share of \$11.43 at December 31, 2019.

The ratio of common equity Tier 1 capital to risk-weighted assets was approximately 12% and the total capital to risk-weighted assets was approximately 13% at September 30, 2020. The Company remains well capitalized.

#### Conference Call and Webcast

CrossFirst will hold a conference call and webcast to discuss third quarter 2020 results on Tuesday, October 20, 2020, at 4 p.m. CDT / 5 p.m. EDT. The conference call and webcast may also include discussion of Company developments, forward-looking statements and other material information about business and financial matters. Investors, news media, and other participants should register for the call or audio webcast at <https://investors.CrossFirstBankshares.com>. Participants may dial into the call toll-free at (877) 621-5851 from anywhere in the U.S. or (470) 495-9492 internationally, using conference ID no. 4184367. Participants are encouraged to dial into the call or access the webcast approximately 10 minutes prior to the start time.

A replay of the webcast will be available on the Company's website. A replay of the conference call will be available two hours following the close of the call until October 27, 2020, accessible at (855) 859-2056 with conference ID no. 4184367.

#### Cautionary Notice about Forward-Looking Statements

The financial results in this press release reflect preliminary, unaudited results, which are not final until the Company's Quarterly Report on Form 10-Q is filed. This earnings release contains forward-looking statements. These forward-looking statements reflect the Company's current views with respect to, among other things, future events and its financial performance. Any statements about management's expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but not always, made through the use of words or phrases such as "anticipate," "believes," "can," "could," "may," "predicts," "potential," "should," "will," "estimate," "plans," "projects," "continuing," "ongoing," "expects," "intends" and similar words or phrases. Any or all of the forward-looking statements in this earnings release may turn out to be inaccurate. The inclusion of forward-looking information in this earnings release should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be achieved. The Company has based these forward-looking statements largely on its current expectations and projections about future events and financial trends that it believes may affect our financial condition, results of operations, business strategy and financial needs. Our actual results could differ materially from those anticipated in such forward-looking statements.

Accordingly, the Company cautions you that any such forward-looking statements are not a guarantee of future performance and that 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. Such factors include, without limitation, those listed from time to time in reports that the Company files with the Securities and Exchange Commission as well as the uncertain impact of the COVID-19 pandemic. These forward-looking statements are made as of the date of this communication, and the Company does not intend, and assumes no obligation, to update any forward-looking statement to reflect events or circumstances after the date on which the

statement is made or to reflect the occurrence of unanticipated events or circumstances, except as required by law.

## About CrossFirst

CrossFirst Bankshares, Inc., is a Kansas corporation and a registered bank holding company for its wholly owned subsidiary CrossFirst Bank, which is headquartered in Leawood, Kansas. CrossFirst Bank has eight full-service banking offices primarily along the I-35 corridor in Kansas, Missouri, Oklahoma and Texas.

### CROSSFIRST BANKSHARES, INC. CONTACT:

Matt Needham, Investor Relations/Media Contact  
(913) 312-6822

<https://investors.crossfirstbankshares.com>

## Unaudited Financial Tables

- o [Table 1. Consolidated Balance Sheets](#)
- o [Table 2. Consolidated Statements of Income](#)
- o [Table 3. 2019-2020 Year-to-Date Analysis of Changes in Net Interest Income](#)
- o [Table 4. 2019 - 2020 Quarterly Analysis of Changes in Net Interest Income](#)
- o [Table 5. Non-GAAP Financial Measures](#)

**TABLE 1. CONSOLIDATED BALANCE SHEETS**

|  | December 31,<br>2019          | September 30,<br>2020<br>(unaudited) |
|--|-------------------------------|--------------------------------------|
|  | <i>(Dollars in thousands)</i> |                                      |
| <b>Assets</b>  |                               |                                      |
| Cash and cash equivalents  | \$ 187,320                    | \$ 223,636                           |
| Available-for-sale securities - taxable  | 298,208                       | 214,735                              |
| Available-for-sale securities - tax-exempt   | 443,426                       | 437,411                              |
| Loans, net of allowance for loan losses of \$56,896 and \$76,035 at December 31, 2019 and September 30, 2020, respectively           | 3,795,348                     | 4,401,774                            |
| Premises and equipment, net  | 70,210                        | 70,599                               |
| Restricted equity securities   | 17,278                        | 20,923                               |
| Interest receivable  | 15,716                        | 19,003                               |
| Foreclosed assets held for sale  | 3,619                         | 2,349                                |
| Deferred tax asset   | 13,782                        | 15,864                               |
| Goodwill and other intangible assets, net  | 7,694                         | 227                                  |
| Bank-owned life insurance  | 65,689                        | 67,063                               |
| Other  | 12,943                        | 32,112                               |
| Total assets   | <u>\$ 4,931,233</u>           | <u>\$ 5,505,696</u>                  |
| <b>Liabilities and stockholders' equity</b>  |                               |                                      |
| Deposits   |                               |                                      |
| Noninterest bearing  | \$ 521,826                    | \$ 754,172                           |
| Savings, NOW and money market  | 2,162,187                     | 2,597,691                            |
| Time   | 1,239,746                     | 1,140,686                            |
| Total deposits   | 3,923,759                     | 4,492,549                            |
| Federal funds purchased and repurchase agreements  | 14,921                        | 13,531                               |
| Federal Home Loan Bank advances  | 358,743                       | 336,100                              |
| Other borrowings   | 921                           | 952                                  |
| Interest payable and other liabilities   | 31,245                        | 44,681                               |
| Total liabilities  | 4,329,589                     | 4,887,813                            |
| Stockholders' equity   |                               |                                      |
| Common stock, \$0.01 par value:  |                               |                                      |
| authorized - 200,000,000 shares, issued - 51,969,203 and 52,195,778 shares at December 31, 2019 and September 30, 2020, respectively | 520                           | 521                                  |
| Additional paid-in capital   | 519,870                       | 522,226                              |
| Retained earnings  | 64,803                        | 69,355                               |
| Accumulated other comprehensive income   | 16,451                        | 25,781                               |
| Total stockholders' equity   | 601,644                       | 617,883                              |
| Total liabilities and stockholders' equity   | <u>\$ 4,931,233</u>           | <u>\$ 5,505,696</u>                  |

TABLE 2. CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

|  | Three Months Ended |           | Nine Months Ended |            |
|--|--------------------|-----------|-------------------|------------|
|  | September 30,      |           | September 30,     |            |
|  | 2019               | 2020      | 2019              | 2020       |
| <i>(Dollars in thousands except per share data)</i>        |                    |           |                   |            |
| <b>Interest Income</b>                                     |                    |           |                   |            |
| Loans, including fees                                      | \$ 49,327          | \$ 43,929 | \$ 142,319        | \$ 138,591 |
| Available for sale securities                              |                    |           |                   |            |
| Available for sale securities - Taxable                    | 1,991              | 1,042     | 6,646             | 4,174      |
| Available for sale securities - Tax-exempt                 | 2,969              | 3,186     | 8,820             | 9,758      |
| Deposits with financial institutions                       | 970                | 47        | 2,452             | 583        |
| Dividends on bank stocks                                   | 272                | 248       | 801               | 808        |
| Total interest income                                      | 55,529             | 48,452    | 161,038           | 153,914    |
| <b>Interest Expense</b>                                    |                    |           |                   |            |
| Deposits   | 18,003             | 7,298     | 51,421            | 29,975     |
| Fed funds purchased and repurchase agreements              | 74                 | 54        | 501               | 162        |
| Advances from Federal Home Loan Bank                       | 1,629              | 1,749     | 4,739             | 4,980      |
| Other borrowings   | 37                 | 24        | 112               | 85         |
| Total interest expense                                     | 19,743             | 9,125     | 56,773            | 35,202     |
| <b>Net Interest Income</b>                                 | 35,786             | 39,327    | 104,265           | 118,712    |
| <b>Provision for Loan Losses</b>                           | 4,850              | 10,875    | 10,550            | 45,825     |
| <b>Net Interest Income after Provision for Loan Losses</b> | 30,936             | 28,452    | 93,715            | 72,887     |
| <b>Non-Interest Income</b>                                 |                    |           |                   |            |
| Service charges and fees on customer accounts              | 72                 | 792       | 441               | 1,947      |
| Gain on sale of available for sale securities              | 34                 | 1,012     | 467               | 1,725      |
| Impairment of premises and equipment held for sale         | —                  | —         | (424)             | —          |
| Gain on sale of loans                                      | 49                 | —         | 207               | —          |
| Income from bank-owned life insurance                      | 476                | 464       | 1,416             | 1,373      |
| Swap fee income, net                                       | 1,879              | 121       | 2,415             | 80         |
| ATM and credit card interchange income                     | 476                | 1,482     | 1,312             | 2,863      |
| Other non-interest income                                  | 226                | 192       | 695               | 804        |
| Total non-interest income                                  | 3,212              | 4,063     | 6,529             | 8,792      |
| <b>Non-Interest Expense</b>                                |                    |           |                   |            |
| Salaries and employee benefits                             | 14,256             | 14,628    | 43,296            | 43,022     |
| Occupancy  | 2,080              | 2,144     | 6,301             | 6,274      |
| Professional fees  | 427                | 1,132     | 1,923             | 3,098      |
| Deposit insurance premiums                                 | 302                | 1,096     | 2,020             | 3,151      |
| Data processing  | 649                | 652       | 1,868             | 2,065      |
| Advertising  | 580                | 147       | 1,770             | 870        |
| Software and communication                                 | 900                | 959       | 2,407             | 2,772      |
| Foreclosed assets, net                                     | 8                  | 20        | 33                | 1,174      |
| Goodwill impairment  | —                  | —         | —                 | 7,397      |
| Other non-interest expense                                 | 1,970              | 2,233     | 6,145             | 6,421      |
| Total non-interest expense                                 | 21,172             | 23,011    | 65,763            | 76,244     |
| <b>Net Income Before Taxes</b>                             | 12,976             | 9,504     | 34,481            | 5,435      |
| Income tax expense   | 2,592              | 1,498     | 5,308             | 928        |
| <b>Net Income</b>  | 10,384             | 8,006     | \$ 29,173         | \$ 4,507   |
| <b>Basic Earnings Per Share</b>                            | \$ 0.22            | \$ 0.15   | \$ 0.63           | \$ 0.09    |
| <b>Diluted Earnings Share</b>                              | \$ 0.21            | \$ 0.15   | \$ 0.61           | \$ 0.09    |

TABLE 3. YEAR-TO-DATE ANALYSIS OF CHANGES IN NET INTEREST INCOME (UNAUDITED)

| Nine Months Ended |                           |                                     |                 |                           |                                     |
|-------------------|---------------------------|-------------------------------------|-----------------|---------------------------|-------------------------------------|
| September 30,     |                           |                                     |                 |                           |                                     |
| 2019              |                           |                                     | 2020            |                           |                                     |
| Average Balance   | Interest Income / Expense | Average Yield / Rate <sup>(3)</sup> | Average Balance | Interest Income / Expense | Average Yield / Rate <sup>(3)</sup> |
|                   |                           |                                     |                 |                           |                                     |

(Dollars in thousands)

**Interest-earning assets:**

|  |                     |            |       |                     |            |       |
|--|---------------------|------------|-------|---------------------|------------|-------|
| Securities - taxable                               | \$ 334,272          | \$ 7,447   | 2.98% | \$ 285,363          | \$ 4,982   | 2.33% |
| Securities - tax-exempt <sup>(1)</sup>             | 378,651             | 10,672     | 3.77  | 443,506             | 11,807     | 3.56  |
| Federal funds sold                                 | 18,714              | 345        | 2.46  | 1,364               | 18         | 1.73  |
| Interest-bearing deposits in other banks           | 135,030             | 2,107      | 2.09  | 170,316             | 566        | 0.44  |
| Gross loans, net of unearned income <sup>(2)</sup> | 3,373,118           | 142,319    | 5.64  | 4,248,520           | 138,591    | 4.36  |
| Total interest-earning assets <sup>(1)</sup>       | 4,239,785           | \$ 162,890 | 5.14% | 5,149,069           | \$ 155,964 | 4.05% |
| Allowance for loan losses                          | (41,329)            |            |       | (64,896)            |            |       |
| Other non-interest-earning assets                  | 196,900             |            |       | 218,797             |            |       |
| Total assets                                       | <u>\$ 4,395,356</u> |            |       | <u>\$ 5,302,970</u> |            |       |

**Interest-bearing liabilities**

|   |                     |                   |       |                     |                   |       |
|---|---------------------|-------------------|-------|---------------------|-------------------|-------|
| Transaction deposits                                      | \$ 127,785          | \$ 1,139          | 1.19% | \$ 404,967          | \$ 1,391          | 0.46% |
| Savings and money market deposits                         | 1,616,558           | 27,326            | 2.26  | 1,938,669           | 11,689            | 0.81  |
| Time deposits   | 1,249,219           | 22,956            | 2.46  | 1,178,632           | 16,895            | 1.91  |
| Total interest-bearing deposits                           | 2,993,562           | 51,421            | 2.30  | 3,522,268           | 29,975            | 1.14  |
| FHLB and short-term borrowings                            | 366,708             | 5,240             | 1.91  | 456,048             | 5,145             | 1.51  |
| Trust preferred securities, net of fair value adjustments | 895                 | 112               | 16.74 | 933                 | 82                | 11.81 |
| Non-interest-bearing deposits                             | 508,888             | —                 | —     | 668,208             | —                 | —     |
| Cost of funds   | 3,870,053           | \$ 56,773         | 1.96% | 4,647,457           | \$ 35,202         | 1.01% |
| Other liabilities   | 22,762              |                   |       | 42,731              |                   |       |
| Stockholders' equity                                      | 502,541             |                   |       | 612,782             |                   |       |
| Total liabilities and stockholders' equity                | <u>\$ 4,395,356</u> |                   |       | <u>\$ 5,302,970</u> |                   |       |
| Net interest income <sup>(1)</sup>                        |                     | <u>\$ 106,117</u> |       |                     | <u>\$ 120,762</u> |       |
| Net interest spread <sup>(1)</sup>                        |                     |                   | 3.18% |                     |                   | 3.04% |
| Net interest margin <sup>(1)</sup>                        |                     |                   | 3.35% |                     |                   | 3.13% |

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

(2) Average loan balances include nonaccrual loans.

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

**YEAR-TO-DATE VOLUME & RATE VARIANCE TO NET INTEREST INCOME (UNAUDITED)**

| Nine Months Ended   |                  |                           |                  |
|---|------------------|---------------------------|------------------|
| September 30, 2020 over 2019                              |                  |                           |                  |
| Average Volume  | Yield/Rate       | Net Change <sup>(2)</sup> |                  |
| <i>(Dollars in thousands)</i>                             |                  |                           |                  |
| <b>Interest Income</b>                                    |                  |                           |                  |
| Securities - taxable                                      | \$ (993)         | \$ (1,472)                | \$ (2,465)       |
| Securities - tax-exempt <sup>(1)</sup>                    | 1,759            | (624)                     | 1,135            |
| Federal funds sold  | (247)            | (80)                      | (327)            |
| Interest-bearing deposits in other banks                  | 443              | (1,984)                   | (1,541)          |
| Gross loans, net of unearned income                       | 32,557           | (36,285)                  | (3,728)          |
| Total interest income <sup>(1)</sup>                      | 33,519           | (40,445)                  | (6,926)          |
| <b>Interest Expense</b>                                   |                  |                           |                  |
| Transaction deposits                                      | 1,287            | (1,035)                   | 252              |
| Savings and money market deposits                         | 4,632            | (20,269)                  | (15,637)         |
| Time deposits   | (1,236)          | (4,825)                   | (6,061)          |
| Total interest-bearing deposits                           | 4,683            | (26,129)                  | (21,446)         |
| FHLB and short-term borrowings                            | 1,135            | (1,230)                   | (95)             |
| Trust preferred securities, net of fair value adjustments | 4                | (34)                      | (30)             |
| Total interest expense                                    | 5,822            | (27,393)                  | (21,571)         |
| Net interest income <sup>(1)</sup>                        | <u>\$ 27,697</u> | <u>\$ (13,052)</u>        | <u>\$ 14,645</u> |

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

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

**TABLE 4. 2019 - 2020 QUARTERLY ANALYSIS OF CHANGES IN NET INTEREST INCOME (UNAUDITED)**

|   | Three Months Ended<br>September 30, |                                 |   |                     |                                 |   |
|---|-------------------------------------|---------------------------------|---|---------------------|---------------------------------|---|
|   | 2019                                |                                 |   | 2020                |                                 |   |
|   | Average<br>Balance                  | Interest<br>Income /<br>Expense | Average<br>Yield /<br>Rate <sup>(3)</sup> | Average<br>Balance  | Interest<br>Income /<br>Expense | Average<br>Yield /<br>Rate <sup>(3)</sup> |
| <i>(Dollars in thousands)</i>                                     |                                     |                                 |   |                     |                                 |   |
| <b>Interest-earning assets:</b>                                   |                                     |                                 |   |                     |                                 |   |
| Securities - taxable  | \$ 335,045                          | \$ 2,263                        | 2.68 %                                    | \$ 257,637          | \$ 1,290                        | 1.99 %                                    |
| Securities - tax-exempt <sup>(1)</sup>                            | 392,644                             | 3,592                           | 3.63                                      | 440,669             | 3,855                           | 3.48                                      |
| Federal funds sold  | 16,315                              | 89                              | 2.16                                      | —                   | —                               | —   |
| Interest-bearing deposits in other banks                          | 171,913                             | 881                             | 2.03                                      | 166,423             | 47                              | 0.11                                      |
| Gross loans, net of unearned income <sup>(2)</sup> <sup>(3)</sup> | 3,540,707                           | 49,327                          | 5.53                                      | 4,477,211           | 43,929                          | 3.90                                      |
| Total interest-earning assets <sup>(1)</sup>                      | 4,456,624                           | \$ 56,152                       | 5.00 %                                    | 5,341,940           | \$ 49,121                       | 3.66 %                                    |
| Allowance for loan losses   | (43,327)                            |                                 |   | (75,970)            |                                 |   |
| Other non-interest-earning assets                                 | 197,661                             |                                 |   | 220,282             |                                 |   |
| Total assets  | <u>\$ 4,610,958</u>                 |                                 |   | <u>\$ 5,486,252</u> |                                 |   |
| <b>Interest-bearing liabilities</b>                               |                                     |                                 |   |                     |                                 |   |
| Transaction deposits  | \$ 134,987                          | \$ 386                          | 1.13 %                                    | \$ 460,420          | \$ 260                          | 0.22 %                                    |
| Savings and money market deposits                                 | 1,743,575                           | 9,553                           | 2.17                                      | 1,995,307           | 2,301                           | 0.46                                      |
| Time deposits   | 1,276,571                           | 8,064                           | 2.51                                      | 1,174,555           | 4,737                           | 1.60                                      |
| Total interest-bearing deposits                                   | 3,155,133                           | 18,003                          | 2.26                                      | 3,630,282           | 7,298                           | 0.80                                      |
| FHLB and short-term borrowings                                    | 345,794                             | 1,703                           | 1.95                                      | 479,475             | 1,803                           | 1.50                                      |
| Trust preferred securities, net of fair value adjustments         | 904                                 | 37                              | 16.06                                     | 944                 | 24                              | 10.19                                     |
| Non-interest-bearing deposits                                     | 535,467                             | —                               | —   | 714,337             | —                               | —   |
| Cost of funds   | 4,037,298                           | \$ 19,743                       | 1.94 %                                    | 4,825,038           | \$ 9,125                        | 0.75 %                                    |
| Other liabilities   | 29,833                              |                                 |   | 47,304              |                                 |   |
| Total stockholders' equity  | 543,827                             |                                 |   | 613,910             |                                 |   |
| Total liabilities and stockholders' equity                        | <u>\$ 4,610,958</u>                 |                                 |   | <u>\$ 5,486,252</u> |                                 |   |
| Net interest income <sup>(1)</sup>                                |                                     | <u>\$ 36,409</u>                |   |                     | <u>\$ 39,996</u>                |   |
| Net interest spread <sup>(1)</sup>                                |                                     |                                 | 3.06 %                                    |                     |                                 | 2.91 %                                    |
| Net interest margin <sup>(1)</sup>                                |                                     |                                 | 3.24 %                                    |                     |                                 | 2.98 %                                    |

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

(2) Average loan balances include non-accrual loans.

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

**QUARTER-TO-DATE VOLUME & RATE VARIANCE TO NET INTEREST INCOME (UNAUDITED)**

|  | Three Months Ended<br>September 30, 2020 over 2019 |            |                              |
|--|--|------------|------------------------------|
|  | Average<br>Volume                                  | Yield/Rate | Net<br>Change <sup>(2)</sup> |
| <i>(Dollars in thousands)</i>          |  |            |                              |
| <b>Interest Income</b>                 |  |            |                              |
| Securities - taxable                   | \$ (460)   | \$ (513)   | \$ (973)                     |
| Securities - tax-exempt <sup>(1)</sup> | 418  | (155)      | 263                          |



|   |          |            |          |
|---|----------|------------|----------|
| Federal funds sold  | (44)     | (45)       | (89)     |
| Interest-bearing deposits in other banks                  | (28)     | (806)      | (834)    |
| Gross loans, net of unearned income                       | 11,169   | (16,567)   | (5,398)  |
| Total interest income <sup>(1)</sup>                      | 11,055   | (18,086)   | (7,031)  |
| <b>Interest Expense</b>                                   |          |            |          |
| Transaction deposits                                      | 373      | (499)      | (126)    |
| Savings and money market deposits                         | 1,198    | (8,450)    | (7,252)  |
| Time deposits   | (601)    | (2,726)    | (3,327)  |
| Total interest-bearing deposits                           | 970      | (11,675)   | (10,705) |
| FHLB and short-term borrowings                            | 553      | (453)      | 100      |
| Trust preferred securities, net of fair value adjustments | 1        | (14)       | (13)     |
| Total interest expense                                    | 1,524    | (12,142)   | (10,618) |
| Net interest income <sup>(1)</sup>                        | \$ 9,531 | \$ (5,944) | \$ 3,587 |

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

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

**TABLE 5. NON-GAAP FINANCIAL MEASURES**

#### Non-GAAP Financial Measures

In addition to disclosing financial measures determined in accordance with GAAP, the Company discloses non-GAAP financial measures in this release. The Company believes that the non-GAAP financial measures presented in this release reflect industry conventions, or standard measures within the industry, and provide useful information to the Company's management, investors and other parties interested in the Company's operating performance. These measurements should be considered in addition to, but not as a substitute for, financial information prepared in accordance with GAAP. We have defined below each of the non-GAAP measures we use in this release, but these measures may not be synonymous to similar measurement terms used by other companies.

CrossFirst provides reconciliations of these non-GAAP measures below. The measures used in this release include the following:

- We calculate "return on average tangible common equity" as net income (loss) available to common stockholders divided by average tangible common equity. Average tangible common equity is calculated as average common equity less average goodwill and intangibles and average preferred equity. The most directly comparable GAAP measure is return on average common equity.
- We calculate "non-GAAP core operating income (loss)" as net income (loss) adjusted to remove non-recurring or non-core income and expense items related to:
  - Impairment charges associated with two buildings that were held-for-sale. We acquired a new, larger corporate headquarters to accommodate our business needs, which eliminated the need for two smaller support buildings. The two smaller support buildings had been acquired recently and were extensively remodeled, which resulted in a difference between book and market value for those assets. We sold one of the buildings in 2018. The remaining building was sold during the second quarter of 2019.
  - State tax credits as a result of the purchase and improvement of our new corporate headquarters.
  - Goodwill impairment - We performed an interim review of goodwill as of June 30, 2020. The book value of goodwill exceeded its fair market value and resulted in a full \$7.4 million impairment.

The most directly comparable GAAP financial measure for non-GAAP core operating income (loss) is net income (loss).

- We calculate "Non-GAAP core operating return on average assets" as non-GAAP core operating income (loss) (as defined above) divided by average assets. The most directly comparable GAAP financial measure is return on average assets, which is calculated as net income (loss) divided by average assets.
- We calculate "non-GAAP core operating return on average common equity" as non-GAAP core operating income (as defined above) less preferred dividends divided by average common equity. The most directly comparable GAAP financial measure is return on average common equity, which is calculated as net income less preferred dividends divided by average common equity.
- We calculate "tangible common stockholders' equity" as total stockholders' equity less goodwill and intangibles and preferred equity. The most directly comparable GAAP measure is total stockholders' equity.
- We calculate "tangible book value per share" as tangible common stockholders' equity (as defined above) divided by the total number of shares outstanding. The most directly comparable GAAP measure is book value per share.

- We calculate "non-GAAP core operating efficiency ratio - fully tax equivalent (FTE)" as non-interest expense adjusted to remove non-recurring non-interest expenses as defined above under non-GAAP core operating income (loss) divided by net interest income on a fully tax-equivalent basis plus non-interest income adjusted to remove non-recurring non-interest income as defined above under non-GAAP core operating income. The most directly comparable financial measure is the efficiency ratio.
- We calculate "non-GAAP pre-tax pre-provision profit" as net income (loss) before taxes plus the provision for loan losses.

|   | Quarter Ended |                 |              |                 |              | Nine Months Ended |              |
|---|---------------|-----------------|--------------|-----------------|--------------|-------------------|--------------|
|   | 09/30/2019    | 12/31/2019      | 03/31/2020   | 06/30/2020      | 09/30/2020   | 09/30/2019        | 09/30/2020   |
| <i>(Dollars in thousands)</i>                             |               |                 |              |                 |              |                   |              |
| <b>Non-GAAP Return on average tangible common equity:</b> |               |                 |              |                 |              |                   |              |
| Net income (loss) available to common stockholders        | \$ 10,384     | \$ (700)        | \$ 3,857     | \$ (7,356)      | \$ 8,006     | \$ 28,998         | \$ 4,507     |
| Average common equity                                     | 543,827       | 605,960         | 612,959      | 611,466         | 613,910      | 499,354           | 612,782      |
| Less: average goodwill and intangibles                    | 7,733         | 7,708           | 7,683        | 7,576           | 238          | 7,759             | 5,138        |
| Average tangible common equity                            | 536,094       | 598,252         | 605,276      | 603,890         | 613,672      | 491,595           | 607,644      |
| <b>Return on average common equity</b>                    | <b>7.58%</b>  | <b>(0.46) %</b> | <b>2.53%</b> | <b>(4.84) %</b> | <b>5.19%</b> | <b>7.76%</b>      | <b>0.98%</b> |
| <b>Non-GAAP Return on average tangible common equity</b>  | <b>7.68%</b>  | <b>(0.46) %</b> | <b>2.56%</b> | <b>(4.90) %</b> | <b>5.19%</b> | <b>7.89%</b>      | <b>0.99%</b> |

|   | Quarter Ended    |                 |                 |              |                 | Nine Months Ended |                  |
|---|------------------|-----------------|-----------------|--------------|-----------------|-------------------|------------------|
|   | 09/30/2019       | 12/31/2019      | 03/31/2020      | 06/30/2020   | 09/30/2020      | 09/30/2019        | 09/30/2020       |
| <i>(Dollars in thousands)</i>                 |                  |                 |                 |              |                 |                   |                  |
| <b>Non-GAAP core operating income (loss):</b> |                  |                 |                 |              |                 |                   |                  |
| Net income (loss)                             | \$ 10,384        | \$ (700)        | \$ 3,857        | \$ (7,356)   | \$ 8,006        | \$ 29,173         | \$ 4,507         |
| Add: fixed asset impairments                  | —                | —               | —               | —            | —               | 424               | —                |
| Less: tax effect <sup>(1)</sup>               | —                | —               | —               | —            | —               | 109               | —                |
| Fixed asset impairments, net of tax           | —                | —               | —               | —            | —               | 315               | —                |
| Add: Goodwill impairment <sup>(2)</sup>       | —                | —               | —               | 7,397        | —               | —                 | 7,397            |
| Add: state tax credit <sup>(2)</sup>          | —                | —               | —               | —            | —               | (1,361)           | —                |
| <b>Non-GAAP core operating income (loss)</b>  | <b>\$ 10,384</b> | <b>\$ (700)</b> | <b>\$ 3,857</b> | <b>\$ 41</b> | <b>\$ 8,006</b> | <b>\$ 28,127</b>  | <b>\$ 11,904</b> |

(1) Represents the tax impact of the adjustments above at a tax rate of 25.73%

(2) No tax effect

|  | Quarter Ended |                 |              |                 |              | Nine Months Ended |              |
|--|---------------|-----------------|--------------|-----------------|--------------|-------------------|--------------|
|  | 09/30/2019    | 12/31/2019      | 03/31/2020   | 06/30/2020      | 09/30/2020   | 09/30/2019        | 09/30/2020   |
| <i>(Dollars in thousands)</i>                            |               |                 |              |                 |              |                   |              |
| <b>Non-GAAP core operating return on average assets:</b> |               |                 |              |                 |              |                   |              |
| Net income (loss)  | \$ 10,384     | \$ (700)        | \$ 3,857     | \$ (7,356)      | \$ 8,006     | \$ 29,173         | \$ 4,507     |
| Non-GAAP core operating income (loss)                    | 10,384        | (700)           | 3,857        | 41              | 8,006        | 28,127            | 11,904       |
| Average assets   | \$ 4,610,958  | \$ 4,809,579    | \$ 4,975,531 | \$ 5,441,513    | \$ 5,486,252 | \$ 4,395,356      | \$ 5,302,970 |
| <b>Return on average assets</b>                          | <b>0.89%</b>  | <b>(0.06) %</b> | <b>0.31%</b> | <b>(0.54) %</b> | <b>0.58%</b> | <b>0.89%</b>      | <b>0.11%</b> |
| <b>Non-GAAP core operating return on average assets</b>  | <b>0.89%</b>  | <b>(0.06) %</b> | <b>0.31%</b> | <b>— %</b>      | <b>0.58%</b> | <b>0.86%</b>      | <b>0.30%</b> |

|  | Quarter Ended |                 |              |                 |              | Nine Months Ended |              |
|--|---------------|-----------------|--------------|-----------------|--------------|-------------------|--------------|
|  | 09/30/2019    | 12/31/2019      | 03/31/2020   | 06/30/2020      | 09/30/2020   | 09/30/2019        | 09/30/2020   |
| <i>(Dollars in thousands)</i>  |               |                 |              |                 |              |                   |              |
| <b>Non-GAAP core operating return</b>                                  |               |                 |              |                 |              |                   |              |
| <b>on common equity:</b>   |               |                 |              |                 |              |                   |              |
| Net income (loss)  | \$ 10,384     | \$ (700)        | \$ 3,857     | \$ (7,356)      | \$ 8,006     | \$ 29,173         | \$ 4,507     |
| Non-GAAP core operating income (loss)                                  | 10,384        | (700)           | 3,857        | 41              | 8,006        | 28,127            | 11,904       |
| Less: Preferred stock dividends  | —             | —               | —            | —               | —            | 175               | —            |
| Net income (loss) available to common stockholders                     | 10,384        | (700)           | 3,857        | (7,356)         | 8,006        | 28,998            | 4,507        |
| Non-GAAP core operating income (loss) available to common stockholders | 10,384        | (700)           | 3,857        | 41              | 8,006        | 27,952            | 11,904       |
| Average common equity  | \$ 543,827    | \$ 605,960      | \$ 612,959   | \$ 611,466      | \$ 613,910   | \$ 499,354        | \$ 612,782   |
| <b>Return on average common equity</b>                                 | <b>7.58%</b>  | <b>(0.46) %</b> | <b>2.53%</b> | <b>(4.84) %</b> | <b>5.19%</b> | <b>7.76%</b>      | <b>0.98%</b> |
| <b>Non-GAAP core operating return on common equity</b>                 | <b>7.58%</b>  | <b>(0.46) %</b> | <b>2.53%</b> | <b>0.03 %</b>   | <b>5.19%</b> | <b>7.48%</b>      | <b>2.59%</b> |

|   | Quarter Ended     |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | 09/30/2019        | 12/31/2019        | 03/31/2020        | 06/30/2020        | 09/30/2020        |
| <i>(Dollars in thousands except per share data)</i> |                   |                   |                   |                   |                   |
| <b>Tangible common stockholders' equity:</b>        |                   |                   |                   |                   |                   |
| Total stockholders' equity                          | \$ 602,435        | \$ 601,644        | \$ 611,946        | \$ 608,092        | \$ 617,883        |
| Less: goodwill and other intangible assets          | 7,720             | 7,694             | 7,669             | 247               | 227               |
| <b>Tangible common stockholders' equity</b>         | <b>\$ 594,715</b> | <b>\$ 593,950</b> | <b>\$ 604,277</b> | <b>\$ 607,845</b> | <b>\$ 617,656</b> |
| <b>Tangible book value per share:</b>               |                   |                   |                   |                   |                   |
| Tangible common stockholders' equity                | \$ 594,715        | \$ 593,950        | \$ 604,277        | \$ 607,845        | \$ 617,656        |
| Shares outstanding at end of period                 | 51,969,203        | 51,969,203        | 52,098,062        | 52,167,573        | 52,195,778        |
| <b>Book value per share</b>                         | <b>\$ 11.59</b>   | <b>\$ 11.58</b>   | <b>\$ 11.75</b>   | <b>\$ 11.66</b>   | <b>\$ 11.84</b>   |
| <b>Tangible book value per share</b>                | <b>\$ 11.44</b>   | <b>\$ 11.43</b>   | <b>\$ 11.60</b>   | <b>\$ 11.65</b>   | <b>\$ 11.83</b>   |

|   | Quarter Ended |            |            |            |            | Nine Months Ended |            |
|---|---------------|------------|------------|------------|------------|-------------------|------------|
|   | 09/30/2019    | 12/31/2019 | 03/31/2020 | 06/30/2020 | 09/30/2020 | 09/30/2019        | 09/30/2020 |
| <i>(Dollars in thousands)</i>                 |               |            |            |            |            |                   |            |
| <b>Non-GAAP Core Operating Efficiency</b>     |               |            |            |            |            |                   |            |
| <b>Ratio - Fully Tax Equivalent (FTE)</b>     |               |            |            |            |            |                   |            |
| Non-interest expense                          | \$ 21,172     | \$ 21,885  | \$ 22,223  | \$ 31,010  | \$ 23,011  | \$ 65,763         | \$ 76,244  |
| Less: goodwill impairment                     | —             | —          | —          | 7,397      | —          | —                 | 7,397      |
| Adjusted Non-interest expense (numerator)     | \$ 21,172     | \$ 21,885  | \$ 22,223  | \$ 23,613  | \$ 23,011  | \$ 65,763         | \$ 68,847  |
| Net interest income                           | 35,786        | 37,179     | 38,228     | 41,157     | 39,327     | 104,265           | 118,712    |
| Tax equivalent interest income <sup>(1)</sup> | 624           | 670        | 695        | 685        | 669        | 1,852             | 2,050      |
| Non-interest income                           | 3,212         | 2,186      | 2,095      | 2,634      | 4,063      | 6,529             | 8,792      |
| Add: fixed asset impairments                  | —             | —          | —          | —          | —          | 424               | —          |
| Total tax-equivalent income (denominator)     | \$ 39,622     | \$ 40,035  | \$ 41,018  | \$ 44,476  | \$ 44,059  | \$ 113,070        | \$ 129,554 |

|  |               |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Efficiency Ratio</b>  | <u>54.29%</u> | <u>55.60%</u> | <u>55.11%</u> | <u>70.81%</u> | <u>53.03%</u> | <u>59.36%</u> | <u>59.44%</u> |
| <b>Non-GAAP Core Operating Efficiency Ratio - Fully Tax Equivalent (FTE)</b> | <u>53.43%</u> | <u>54.66%</u> | <u>54.18%</u> | <u>53.09%</u> | <u>52.23%</u> | <u>58.16%</u> | <u>53.14%</u> |

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

|  | <u>Quarter Ended</u> |                   |                   |                   | <u>Nine Months Ended</u> |                   |
|--|----------------------|-------------------|-------------------|-------------------|--------------------------|-------------------|
|  | <u>09/30/2019</u>    | <u>12/31/2019</u> | <u>03/31/2020</u> | <u>06/30/2020</u> | <u>09/30/2020</u>        | <u>09/30/2020</u> |

(Dollars in thousands)

**Non-GAAP Pre-Tax Pre-Provision Profit**

|  |                  |                  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Net income (loss) before taxes               | \$ 12,976        | \$ (1,870)       | \$ 4,150         | \$ (8,219)       | \$ 9,504         | \$ 34,481        | \$ 5,435         |
| Add: Provision for loan losses               | <u>4,850</u>     | <u>19,350</u>    | <u>13,950</u>    | <u>21,000</u>    | <u>10,875</u>    | <u>10,550</u>    | <u>45,825</u>    |
| <b>Non-GAAP Pre-Tax Pre-Provision Profit</b> | <u>\$ 17,826</u> | <u>\$ 17,480</u> | <u>\$ 18,100</u> | <u>\$ 12,781</u> | <u>\$ 20,379</u> | <u>\$ 45,031</u> | <u>\$ 51,260</u> |