

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

January 23, 2020
Date of Report (date of earliest event reported)

CROSSFIRST BANKSHARES, INC.
(Exact name of registrant as specified in its charter)

Kansas
(State or other jurisdiction of incorporation or organization)

001-39028
(Commission File Number)

26-3212879
(I.R.S. Employer Identification No.)

11440 Tomahawk Creek Parkway Leawood Kansas
(Address of Principal Executive Offices)

66211
(Zip Code)

(913) 312-6822
Registrant's telephone number, including area code

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of each class | Trading Symbol(s) | 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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.



FOR IMMEDIATE RELEASE

January 23, 2020

CROSSFIRST BANKSHARES, INC. CONTACT:

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<https://investors.crossfirstbankshares.com>

CrossFirst Bankshares, Inc. Reports Record Fourth Quarter & Full-Year 2019 Operating Revenue and Net Income

LEAWOOD, KS, January 23, 2020 (GLOBE NEWSWIRE) -- CrossFirst Bankshares, Inc. (Nasdaq: CFB), the bank holding company for CrossFirst Bank, reported its results for the fourth quarter and full-year of 2019, including record net income of \$11.4 million, or \$0.22 per diluted share, and full-year 2019 net income of \$40.6 million, or \$0.83 per diluted share. CrossFirst continued to deliver growth in operating revenue and earnings while managing through a declining interest rate environment.

"We are pleased to announce our 23rd consecutive quarter of record operating revenue performance," said CrossFirst CEO and President George F. Jones, Jr. "Despite the headwinds of a declining rate environment, we were able to deliver quarterly operating revenue growth through strong balance sheet growth and by maintaining our net interest margin. Doubling our net income year over year is a tremendous success for our Company. We have built a great organization and I am proud of what we have accomplished during the year."

2019 Fourth Quarter and Full-Year Highlights:

- Approaching \$5 billion of assets with 30% operating revenue growth compared to full-year 2018
- Record quarterly net income of \$11.4 million, an increase of 10% from the fourth quarter of 2018
- Record full-year net income of \$40.6 million, a year-over-year increase of 107%
- Diluted EPS of \$0.83 for full-year 2019, a year-over-year increase of 77%
- Achieved efficiency ratios of 55.6% for the quarter and 58.4% for the year
- Grew loans by \$223 million from the previous quarter and \$793 million or 26% since year-end December 31, 2018
- Grew deposits by \$266 million from the previous quarter and \$716 million or 22% since year-end December 31, 2018
- Book value per share of \$11.80 at December 31, 2019 compared to \$10.21 at December 31, 2018

| | Quarter-to-Date December 31, | | Year-to-Date December 31, | |
|--|--|---------|------------------------------|----------|
| | 2018 | 2019 | 2018 | 2019 |
| | <i>(Dollars in millions except per share data)</i> | | | |
| Operating revenue ⁽¹⁾ | \$ 33.5 | \$ 39.4 | \$ 116.5 | \$ 150.2 |
| Net income | \$ 10.3 | \$ 11.4 | \$ 19.6 | \$ 40.6 |
| Diluted EPS | \$ 0.22 | \$ 0.22 | \$ 0.47 | \$ 0.83 |
| Return on average assets | 1.06% | 0.94% | 0.56% | 0.90% |
| Non-GAAP core operating return on average assets ⁽²⁾ | 0.67% | 0.94% | 0.57% | 0.88% |
| Return on average common equity | 9.03% | 7.45% | 5.34% | 7.67% |
| Non-GAAP return on average tangible common equity ⁽²⁾ | 9.20% | 7.55% | 5.47% | 7.79% |
| Net interest margin | 3.44% | 3.17% | 3.29% | 3.26% |
| Net interest margin, fully tax-equivalent ⁽³⁾ | 3.51% | 3.23% | 3.39% | 3.31% |
| Efficiency ratio | 60.2% | 55.6% | 73.6% | 58.4% |
| Non-GAAP core operating efficiency ratio, fully tax-equivalent ⁽²⁾⁽³⁾ | 61.4% | 54.7% | 67.7% | 57.2% |

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

⁽²⁾ Represents a non-GAAP measure. See "Table 6. 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 taxes. The incremental federal tax rate used is 21.0%.

Income from Operations

Net Interest Income

The Company produced interest income of \$55.2 million for the fourth quarter of 2019, an increase of 17% from the fourth quarter of 2018 and remained flat from the previous quarter due to the declining interest rate environment. Full-year interest income is up 38% year-over-year primarily as a result of continued strong growth in average earning assets. The tax-equivalent yield on earning assets declined from 5.00% to 4.76% during the fourth quarter of 2019 primarily due to the movement of variable rate assets indexed to market rates.

Interest expense for the fourth quarter of 2019 was \$18.0 million, or 22% higher than the fourth quarter of 2018 and 9% lower than the third quarter of 2019. Average interest-bearing deposits in the fourth quarter of 2019 totaled \$3.3 billion, an increase of \$806 million or 33% from the same quarter in 2018. Compared to the third quarter of 2019, interest-bearing deposit mix changes during the quarter were a result of responding to declining rates to lower margin exposure, therefore most of the new deposit growth came from variable rate accounts. Non-deposit funding costs decreased to 1.86% from 1.95% in the third quarter of 2019 while overall cost of funds for the quarter was 1.71%, compared to 1.94% for the third quarter of 2019.

Tax-equivalent net interest margin declined to 3.23% for the quarter compared to 3.51% for the same quarter in 2018, reflecting the impact of the declining rate environment. For full-year 2019, the Company reported a tax equivalent net interest margin of 3.31%, slightly lower than full-year 2018 results. 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 fourth quarter of both 2019 and 2018, and \$0.6 million for the third quarter of 2019. Net interest income totaled \$37.2 million for the fourth quarter of 2019 or 4% greater than the third quarter of 2019. Full-year 2019 net interest income totaled \$141.4 million or 28% higher than the same period of 2018 reflecting the Company's strong balance sheet growth and maintenance of net interest margin.

Non-Interest Income

Non-interest income increased \$1.0 million in the fourth quarter of 2019 or 83% compared to the same quarter of 2018 and decreased \$1.0 million or 32% lower compared to the third quarter of 2019. While the Company continues to increase fee income commensurate with its growth, during the quarter the Company recorded \$0.5 million of bond gains as well as more income from the back to back swap program than in the fourth quarter in 2018. The reduction in non-interest income from the prior quarter was due to increased activity for swap fees and a one-time \$0.8 million gain related to a change in derivative valuation in the third quarter of 2019. For full-year 2019, non-interest income increased \$2.6 million compared to full-year 2018 primarily due to the increased swap activity, the revaluation of the swap program, and the additional activity derived from additional balance sheet and customer growth.

Non-Interest Expense

Non-interest expense for the fourth quarter of 2019 increased \$1.7 million, or 9%, compared to the fourth quarter of 2018 and increased \$0.7 million, or 3%, from the third quarter of 2019. Compared to the fourth quarter of 2018, salary and employment-related expenses increased \$1.4 million for additional employee headcount required to support growth and data processing costs were higher from the Company's increased volumes of activity from balance sheet growth and a larger customer base. As compared to the third quarter of 2019, salary and employment-related expenses decreased \$0.4 million as a result of continuing to manage resource allocation and hiring, FDIC insurance expense increased as a result of a one-time small bank credit in the third quarter and professional fees increased \$0.6 million. For full-year 2019, non-interest expense increased 2% or \$1.9 million compared to full-year 2018 primarily due to salary and employment expenses to support growth and higher data processing costs.

CrossFirst's effective tax rate for the twelve months ended December 31, 2019 was 16.6% as compared to (13.9)% for the twelve months ended December 31, 2018. The year-over-year change was due to higher earnings, state tax credits related to our new headquarters, a reduction in tax-exempt income due to average yields on tax exempt securities decreasing, and permanent tax benefits from stock-based compensation awards vested and exercised in 2018 as compared to 2019. The effective tax rate for the fourth quarter of 2019 was 19.4% compared to (16.8)% for the fourth quarter of 2018. For both of the comparable periods, the Company continued to benefit from the tax-exempt municipal bond portfolio creating an effective tax rate lower than the statutory tax rates.

Balance Sheet Performance & Analysis

During the fourth quarter of 2019, total assets increased by \$292 million or 6% compared to September 30, 2019 with both strong loan and deposit growth. Asset growth for CrossFirst was \$836 million or 20% year-over-year. During the fourth quarter of 2019, total available for sale investment securities increased \$9 million to \$742 million, while the overall average for the quarter was \$745 million. Tax-exempt municipal securities on average increased \$35 million and mortgage-backed securities decreased \$19 million. Overall, the Company increased the size of the bond portfolio during 2019 by \$78 million, or 12% compared to year-end 2018. The increase in investment securities was part of management's strategy to manage liquidity and optimize income.

Loan Growth Results

The Company continued to maintain a diversified loan portfolio while experiencing strong loan growth of 6% for the fourth quarter of 2019 and 26% since December 31, 2018. Loan yields declined 32 basis points in the overall portfolio commensurate with the adjustable rate loan movements in LIBOR and Prime during the quarter. The Company experienced \$174 million in payoffs for the quarter, but funded \$255 million in loans to new borrowers to replace and grow the overall portfolio.

| <i>(Dollars in millions)</i> | 4Q18 | 1Q19 | 2Q19 | 3Q19 | 4Q19 | % of Total | QoQ Growth (\$) | QoQ Growth (%) ⁽¹⁾ | YoY Growth (\$) | YoY Growth (%) ⁽¹⁾ |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------|-----------------|-------------------------------|-----------------|-------------------------------|
| Average loans (gross) | | | | | | | | | | |
| Commercial and industrial | \$ 1,021 | \$ 1,145 | \$ 1,224 | \$ 1,284 | \$ 1,315 | 35% | \$ 31 | 2 % | \$ 294 | 29% |
| Energy | 349 | 367 | 383 | 389 | 400 | 11 | 11 | 3 | 51 | 15 |
| Commercial real estate | 810 | 866 | 946 | 974 | 1,007 | 27 | 33 | 3 | 197 | 24 |
| Construction and land development | 449 | 444 | 457 | 487 | 599 | 16 | 112 | 23 | 150 | 33 |
| Residential real estate | 240 | 310 | 342 | 362 | 384 | 10 | 22 | 6 | 144 | 60 |
| Consumer & Equity Lines | 42 | 44 | 46 | 45 | 45 | 1 | — | (1) | 3 | 5 |
| Total | \$ 2,911 | \$ 3,176 | \$ 3,398 | \$ 3,541 | \$ 3,750 | 100% | \$ 209 | 6 % | \$ 839 | 29% |

Yield on loans for the period ending

5.56% 5.75% 5.66% 5.53% 5.21%

⁽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 Results

The Company continues to maintain a traditional deposit mix, with the goal of keeping pace with growth in the loan portfolio. Deposit growth was primarily funded with money market accounts during the fourth quarter, which have historically adjusted with movements in Federal Funds rates. During the fourth quarter, the Company added short term wholesale funding and \$62 million of brokered deposits to replace the brokered funding that previously rolled off in the third quarter of 2019.

| <i>(Dollars in millions)</i> | 4Q18 | 1Q19 | 2Q19 | 3Q19 | 4Q19 | % of Total | QoQ Growth (\$) | QoQ Growth (%) ⁽¹⁾ | YoY Growth (\$) | YoY Growth (%) ⁽¹⁾ |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------|-----------------|-------------------------------|-----------------|-------------------------------|
| Average deposits | | | | | | | | | | |
| Non-interest bearing deposits | \$ 492 | \$ 477 | \$ 513 | \$ 535 | \$ 522 | 14% | \$ (13) | (3)% | \$ 30 | 6% |
| Transaction deposits | 63 | 104 | 144 | 135 | 200 | 5% | 65 | 49 | 137 | 217 |
| Savings and money market deposits | 1,498 | 1,544 | 1,560 | 1,744 | 1,854 | 49% | 110 | 6 | 356 | 24 |
| Time deposits | 913 | 1,165 | 1,305 | 1,277 | 1,226 | 32% | (51) | (4) | 313 | 34 |
| Total | \$ 2,966 | \$ 3,290 | \$ 3,522 | \$ 3,691 | \$ 3,802 | 100% | \$ 111 | 3 % | \$ 836 | 28% |

Cost of deposits for the period ending

1.70% 1.96% 1.99% 1.94% 1.70%

Cost of interest-bearing deposits for the period ending

2.04% 2.30% 2.33% 2.26% 1.97%

⁽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.

Asset Quality Position

The Company continued to add to the allowance for loan loss in order to support loan growth and changes in relative risk for the overall portfolio, recording a provision expense of \$3.4 million for the fourth quarter. Net charge-offs were \$5.5 million for the quarter as a result of a partial charge-off of a previously identified non-performing commercial and industrial loan, as compared to charge-offs of \$0.2 million for the fourth quarter in 2018. During the quarter, non-performing assets to total assets and overall asset quality remained consistent with the previous quarters asset quality metrics.

| Asset quality (Dollars in millions) | 4Q18 | 1Q19 | 2Q19 | 3Q19 | 4Q19 |
|--|-------------|-------------|-------------|-------------|-------------|
| Non-accrual loans | \$ 17.8 | \$ 13.0 | \$ 50.0 | \$ 43.6 | \$ 39.7 |
| Other real estate owned | — | 2.5 | 2.5 | 2.5 | 3.6 |
| Non-performing assets | 17.8 | 15.5 | 52.8 | 46.7 | 47.9 |
| Loans 90+ days past due and still accruing | — | — | 0.2 | 0.6 | 4.6 |
| Loans 30 - 89 days past due | 3.7 | 31.1 | 23.6 | 64.7 | 4.5 |
| Net charge-offs (recoveries) | 0.2 | 0.7 | — | 4.7 | 5.5 |
| Asset quality metrics (%) | 4Q18 | 1Q19 | 2Q19 | 3Q19 | 4Q19 |
| Non-performing assets to total assets | 0.43% | 0.36% | 1.18% | 1.00% | 0.97% |
| Allowance for loan loss to total loans | 1.23 | 1.22 | 1.24 | 1.18 | 1.06 |
| Allowance for loan loss to non-performing loans | 212 | 307 | 85 | 97 | 92 |
| Net charge-offs (recoveries) to average loans ⁽¹⁾ | 0.03 | 0.09 | — | 0.53 | 0.58 |
| Provision to average loans ⁽¹⁾ | 0.61 | 0.36 | 0.34 | 0.54 | 0.09 |

⁽¹⁾ Interim periods annualized.

Capital Position

At December 31, 2019, stockholders' equity totaled \$613 million, or \$11.80 per share, compared to \$602 million, or \$11.59 per share, at September 30, 2019. Tangible common stockholders' equity was \$606 million and tangible book value per share was \$11.66 at December 31, 2019. The increase in stockholders' equity for the fourth quarter was primarily a result of quarterly earnings and modest movement in accumulated other comprehensive income for unrealized bond gains.

| Period-end (Dollars in millions, except per share data) | 4Q18 | 1Q19 | 2Q19 | 3Q19 | 4Q19 |
|--|-------------|-------------|-------------|-------------|-------------|
| Total Stockholders' Equity | \$ 490 | \$ 481 | \$ 499 | \$ 602 | \$ 613 |
| Book value per share | \$ 10.21 | \$ 10.63 | \$ 11.00 | \$ 11.59 | \$ 11.80 |
| Tangible book value per share ⁽¹⁾ | \$ 10.04 | \$ 10.46 | \$ 10.83 | \$ 11.44 | \$ 11.66 |
| Common equity tier 1 capital ratio | 11.75% | 11.23% | 11.02% | 12.91% | 12.19% |
| Tier 1 capital ratio | 12.53 | 11.23 | 11.04 | 12.93 | 12.21 |
| Total capital ratio | 13.51 | 12.20 | 12.04 | 13.90 | 13.08 |
| Leverage ratio | 12.43 | 11.15 | 10.87 | 12.57 | 12.08 |

⁽¹⁾ Represents a non-GAAP measure. See "Table 6. Non-GAAP Financial Measures" for a reconciliation of this measure.

During the third quarter of 2019, the Company issued 6,594,362 new shares in its initial public offering, including the over-allotment, bringing its total net proceeds from the offering to approximately \$87.0 million. The Company intends to use the net proceeds from the offering to support growth, organically or through mergers and acquisitions, and for general corporate purposes. As previously disclosed, the Company is currently considering using a portion of the net proceeds for the opening of a second smaller full-service branch in the Dallas MSA, in addition to consistently evaluating other strategic opportunities.

Conference Call and Webcast

CrossFirst will hold a conference call and webcast to discuss fourth quarter 2019 and year end results on Thursday, January 23, 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. 5624769. 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 January 30, 2020, accessible at (855) 859-2056 with conference ID no. 5624769.

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 Annual Report on Form 10-K 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. 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 seven full-service banking offices primarily along the I-35 corridor in Kansas, Missouri, Oklahoma and Texas.

Unaudited Financial Tables

- [Table 1. Consolidated Balance Sheets](#)
- [Table 2. Consolidated Statements of Income](#)
- [Table 3. Year-to-Date Analysis of Changes in Net Interest Income \(2018 & 2019\)](#)
- [Table 4. 2018 - 2019 Quarterly Analysis of Changes in Net Interest Income](#)
- [Table 5. Linked Quarterly Analysis of Changes in Net Interest Income](#)
- [Table 6. Non-GAAP Financial Measures](#)

TABLE 1. CONSOLIDATED BALANCE SHEETS

| | As of December 31, | |
|---|-------------------------------|---------------------|
| | 2018 | 2019 (unaudited) |
| | <i>(Dollars in thousands)</i> | |
| Assets | | |
| Cash and cash equivalents | \$ 216,541 | \$ 187,320 |
| Available for sale securities - taxable | 296,133 | 298,208 |
| Available for sale securities - tax-exempt | 367,545 | 443,426 |
| Premises and equipment, held for sale | 3,444 | — |
| Loans, net of allowance for loan losses of \$40,896 and \$37,826 at December 31, 2019 and 2018, respectively | 3,022,921 | 3,811,348 |
| Premises and equipment, net | 74,945 | 70,210 |
| Restricted equity securities | 14,525 | 17,278 |
| Interest receivable | 14,092 | 15,716 |
| Foreclosed assets held for sale | — | 3,619 |
| Deferred tax asset | 16,316 | 9,560 |
| Goodwill and other intangible assets, net | 7,796 | 7,694 |
| Bank-owned life insurance | 63,811 | 65,689 |
| Other | 9,146 | 12,943 |
| Total assets | <u>\$ 4,107,215</u> | <u>\$ 4,943,011</u> |
| Liabilities and stockholders' equity | | |
| Deposits | | |
| Non-interest bearing | \$ 484,284 | \$ 521,826 |
| Savings, NOW and money market | 1,714,136 | 2,162,187 |
| Time | 1,009,677 | 1,239,746 |
| Total deposits | <u>3,208,097</u> | <u>3,923,759</u> |
| Federal funds purchased and repurchase agreements | 75,406 | 14,921 |
| Federal Home Loan Bank advances | 312,985 | 358,743 |
| Other borrowings | 884 | 921 |
| Interest payable and other liabilities | 19,507 | 31,245 |
| Total liabilities | <u>3,616,879</u> | <u>4,329,589</u> |
| Stockholders' equity | | |
| Redeemable preferred stock, \$0.01 par value, \$25 liquidation value: authorized - 5,000,000 shares, issued - 0 and 1,200,000 shares at December 31, 2019 and 2018, respectively | 12 | — |
| Common stock, \$0.01 par value: authorized - 200,000,000 shares, issued - 51,969,203 and 45,074,322 shares at December 31, 2019 and 2018, respectively | 451 | 520 |
| Additional paid-in capital | 454,512 | 519,870 |
| Retained earnings | 38,567 | 76,666 |
| Other | (196) | (85) |
| Accumulated other comprehensive income (loss) | (3,010) | 16,451 |
| Total stockholders' equity | <u>490,336</u> | <u>613,422</u> |
| Total liabilities and stockholders' equity | <u>\$ 4,107,215</u> | <u>\$ 4,943,011</u> |

TABLE 2. CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

| | Three Months Ended | | Twelve Months Ended | |
|--|---|-----------|---------------------|------------|
| | December 31, | | December 31, | |
| | 2018 | 2019 | 2018 | 2019 |
| | <i>(Dollars in thousands except per share data)</i> | | | |
| Interest Income | | | | |
| Loans, including fees | \$ 40,813 | \$ 49,208 | \$ 130,075 | \$ 191,527 |
| Available for sale securities | | | | |
| Available for sale securities - Taxable | 2,243 | 1,894 | 7,972 | 8,540 |
| Available for sale securities - Tax-exempt | 3,135 | 3,191 | 14,757 | 12,011 |
| Deposits with financial institutions | 615 | 601 | 3,096 | 3,053 |
| Dividends on bank stocks | 262 | 286 | 980 | 1,087 |
| Total interest income | 47,068 | 55,180 | 156,880 | 216,218 |
| Interest Expense | | | | |
| Deposits | 12,733 | 16,247 | 39,372 | 67,668 |
| Fed funds purchased and repurchase agreements | 440 | 91 | 1,068 | 592 |
| Advances from Federal Home Loan Bank | 1,533 | 1,628 | 5,841 | 6,367 |
| Other borrowings | 47 | 35 | 231 | 147 |
| Total interest expense | 14,753 | 18,001 | 46,512 | 74,774 |
| Net Interest Income | 32,315 | 37,179 | 110,368 | 141,444 |
| Provision for Loan Losses | 4,500 | 3,350 | 13,500 | 13,900 |
| Net Interest Income after Provision for Loan Losses | 27,815 | 33,829 | 96,868 | 127,544 |
| Non-Interest Income | | | | |
| Service charges and fees (rebates) on customer accounts | (62) | 163 | 444 | 604 |
| Gain (loss) on sale of available for sale securities | (70) | 520 | 538 | 987 |
| Impairment of premises and equipment held for sale | — | — | (171) | (424) |
| Gain on sale of loans | 209 | — | 827 | 207 |
| Income from bank-owned life insurance | 458 | 462 | 1,969 | 1,878 |
| Swap fee income, net | (14) | 338 | 285 | 2,753 |
| Other non-interest income | 674 | 703 | 2,191 | 2,710 |
| Total non-interest income | 1,195 | 2,186 | 6,083 | 8,715 |
| Non-Interest Expense | | | | |
| Salaries and employee benefits | 12,429 | 13,818 | 56,118 | 57,114 |
| Occupancy | 2,015 | 2,048 | 8,214 | 8,349 |
| Professional fees | 899 | 1,041 | 3,320 | 2,964 |
| Deposit insurance premiums | 775 | 767 | 3,186 | 2,787 |
| Data processing | 525 | 676 | 1,995 | 2,544 |
| Advertising | 709 | 685 | 2,691 | 2,455 |
| Software and communication | 672 | 910 | 2,630 | 3,317 |
| Depreciation and amortization | 482 | 414 | 1,788 | 1,734 |
| Other non-interest expense | 1,660 | 1,526 | 5,813 | 6,384 |
| Total non-interest expense | 20,166 | 21,885 | 85,755 | 87,648 |
| Net Income Before Taxes | 8,844 | 14,130 | 17,196 | 48,611 |
| Income tax expense (benefit) | (1,490) | 2,746 | (2,394) | 8,054 |
| Net Income | \$ 10,334 | \$ 11,384 | \$ 19,590 | \$ 40,557 |
| Basic Earnings Per Share | \$ 0.22 | \$ 0.22 | \$ 0.48 | \$ 0.85 |
| Diluted Earnings Per Share | \$ 0.22 | \$ 0.22 | \$ 0.47 | \$ 0.83 |

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

| | Twelve Months Ended | | | | | |
|---|------------------------------|-----------------|--|------------------------------|------------|--|
| | December 31, | | | December 31, | | |
| | 2018 | | Average Yield / Rate ⁽³⁾ | 2019 | | Average Yield / Rate ⁽³⁾ |
| Average Balance | Interest Income / Expense | Average Balance | | Interest Income / Expense | | |
| | (Dollars in thousands) | | | | | |
| Interest-earning assets: | | | | | | |
| Securities - taxable | \$ 281,709 | \$ 8,952 | 3.18% | \$ 330,051 | \$ 9,627 | 2.92% |
| Securities - tax-exempt ⁽¹⁾ | 459,231 | 17,856 | 3.89 | 390,908 | 14,533 | 3.72 |
| Federal funds sold | 16,377 | 339 | 2.07 | 15,195 | 364 | 2.40 |
| Interest-bearing deposits in other banks | 159,279 | 2,757 | 1.73 | 139,538 | 2,689 | 1.93 |
| Gross loans, net of unearned income ⁽²⁾ | 2,435,424 | 130,075 | 5.34 | 3,468,079 | 191,527 | 5.52 |
| Total interest-earning assets ⁽¹⁾ | 3,352,020 | \$ 159,979 | 4.77% | 4,343,771 | \$ 218,740 | 5.04% |
| Allowance for loan losses | (30,921) | | | (41,971) | | |
| Other non-interest-earning assets | 173,556 | | | 197,963 | | |
| Total assets | \$ 3,494,655 | | | \$ 4,499,763 | | |
| Interest-bearing liabilities | | | | | | |
| Transaction deposits | \$ 56,321 | \$ 175 | 0.31% | \$ 146,109 | \$ 1,742 | 1.19% |
| Savings and money market deposits | 1,410,727 | 23,405 | 1.66 | 1,676,417 | 35,385 | 2.11 |
| Time deposits | 835,595 | 15,792 | 1.89 | 1,243,304 | 30,541 | 2.46 |
| Total interest-bearing deposits | 2,302,643 | 39,372 | 1.71 | 3,065,830 | 67,668 | 2.21 |
| FHLB and short-term borrowings | 395,825 | 7,004 | 1.77 | 366,577 | 6,959 | 1.90 |
| Trust preferred securities, net of fair value adjustments | 864 | 136 | 15.69 | 899 | 147 | 16.34 |
| Non-interest-bearing deposits | 425,243 | — | — | 512,142 | — | — |
| Cost of funds | 3,124,575 | \$ 46,512 | 1.49% | 3,945,448 | \$ 74,774 | 1.90% |
| Other liabilities | 12,634 | | | 25,708 | | |
| Stockholders' equity | 357,446 | | | 528,607 | | |
| Total liabilities and stockholders' equity | \$ 3,494,655 | | | \$ 4,499,763 | | |
| Net interest income ⁽¹⁾ | | \$ 113,467 | | | \$ 143,966 | |
| Net interest spread ⁽¹⁾ | | | 3.28% | | | 3.14% |
| Net interest margin ⁽¹⁾ | | | 3.39% | | | 3.31% |

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

Twelve Months Ended

December 31, 2019 over 2018

| | Average Volume | Yield/Rate | Net Change ⁽²⁾ |
|---|-------------------------------|-------------|---------------------------|
| | <i>(Dollars in thousands)</i> | | |
| Interest Income | | | |
| Securities - taxable | \$ 1,449 | \$ (774) | \$ 675 |
| Securities - tax-exempt ⁽¹⁾ | (2,568) | (755) | (3,323) |
| Federal funds sold | (26) | 51 | 25 |
| Interest-bearing deposits in other banks | (365) | 297 | (68) |
| Gross loans, net of unearned income | 56,927 | 4,525 | 61,452 |
| Total interest income ⁽¹⁾ | 55,417 | 3,344 | 58,761 |
| Interest Expense | | | |
| Transaction deposits | 564 | 1,003 | 1,567 |
| Savings and money market deposits | 4,911 | 7,069 | 11,980 |
| Time deposits | 9,115 | 5,634 | 14,749 |
| Total interest-bearing deposits | 14,590 | 13,706 | 28,296 |
| FHLB and short-term borrowings | (538) | 493 | (45) |
| Trust preferred securities, net of fair value adjustments | 5 | 6 | 11 |
| Total interest expense | 14,057 | 14,205 | 28,262 |
| Net interest income ⁽¹⁾ | \$ 41,360 | \$ (10,861) | \$ 30,499 |

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

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

TABLE 4. 2018 - 2019 QUARTERLY ANALYSIS OF CHANGES IN NET INTEREST INCOME (UNAUDITED)

| | Three Months Ended | | | | | |
|---|---------------------------|-------------------------------------|-----------------|---------------------------|-------------------------------------|--------------|
| | December 31, | | | | | |
| | 2018 | | | 2019 | | |
| Average Balance | Interest Income / Expense | Average Yield / Rate ⁽³⁾ | Average Balance | Interest Income / Expense | Average Yield / Rate ⁽³⁾ | |
| <i>(Dollars in thousands)</i> | | | | | | |
| Interest-earning assets: | | | | | | |
| Securities - taxable | \$ 305,995 | \$ 2,505 | 3.25% | \$ 317,524 | \$ 2,180 | 2.72% |
| Securities - tax-exempt ⁽¹⁾ | 385,463 | 3,793 | 3.90 | 427,280 | 3,861 | 3.59 |
| Federal funds sold | 9,239 | 58 | 2.49 | 4,750 | 19 | 1.61 |
| Interest-bearing deposits in other banks | 113,403 | 558 | 1.95 | 152,917 | 582 | 1.51 |
| Gross loans, net of unearned income ^{(2) (3)} | 2,911,350 | 40,812 | 5.56 | 3,749,865 | 49,208 | 5.21 |
| Total interest-earning assets ⁽¹⁾ | 3,725,450 | \$ 47,726 | 5.08% | 4,652,336 | \$ 55,850 | 4.76% |
| Allowance for loan losses | (34,818) | | | (43,877) | | |
| Other non-interest-earning assets | 194,010 | | | 201,117 | | |
| Total assets | <u>\$ 3,884,642</u> | | | <u>\$ 4,809,576</u> | | |
| Interest-bearing liabilities | | | | | | |
| Transaction deposits | \$ 63,223 | \$ 74 | 0.46% | \$ 200,480 | \$ 603 | 1.19% |
| Savings and money market deposits | 1,498,075 | 7,747 | 2.05 | 1,854,042 | 8,059 | 1.72 |
| Time deposits | 912,882 | 4,912 | 2.13 | 1,225,752 | 7,585 | 2.46 |
| Total interest-bearing deposits | 2,474,180 | 12,733 | 2.04 | 3,280,274 | 16,247 | 1.97 |
| FHLB and short-term borrowings | 439,322 | 1,984 | 1.79 | 366,190 | 1,719 | 1.86 |
| Trust preferred securities, net of fair value adjustments | 876 | 36 | 16.34 | 913 | 35 | 15.18 |
| Non-interest-bearing deposits | 491,689 | — | — | 521,799 | — | — |
| Cost of funds | 3,406,067 | \$ 14,753 | 1.72% | 4,169,176 | \$ 18,001 | 1.71% |
| Other liabilities | 17,694 | | | 34,443 | | |
| Total stockholders' equity | 460,881 | | | 605,957 | | |
| Total liabilities and stockholders' equity | <u>\$ 3,884,642</u> | | | <u>\$ 4,809,576</u> | | |
| Net interest income ⁽¹⁾ | | <u>\$ 32,973</u> | | | <u>\$ 37,849</u> | |
| Net interest spread ⁽¹⁾ | | | <u>3.36%</u> | | | <u>3.05%</u> |
| Net interest margin ⁽¹⁾ | | | <u>3.51%</u> | | | <u>3.23%</u> |

⁽¹⁾ Tax exempt income is calculated on a tax equivalent basis. Tax-free municipal securities are exempt from Federal taxes. The incremental 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
December 31, 2019 over 2018

| | Average Volume | Yield/Rate | Net Change ⁽²⁾ |
|---|-------------------------------|-------------------|---------------------------|
| | <i>(Dollars in thousands)</i> | | |
| Interest Income | | | |
| Securities - taxable | \$ 93 | \$ (418) | \$ (325) |
| Securities - tax-exempt ⁽¹⁾ | 387 | (319) | 68 |
| Federal funds sold | (23) | (16) | (39) |
| Interest-bearing deposits in other banks | 167 | (143) | 24 |
| Gross loans, net of unearned income | 11,105 | (2,709) | 8,396 |
| Total interest income ⁽¹⁾ | <u>11,729</u> | <u>(3,605)</u> | <u>8,124</u> |
| Interest Expense | | | |
| Transaction deposits | 305 | 224 | 529 |
| Savings and money market deposits | 1,672 | (1,360) | 312 |
| Time deposits | 1,841 | 832 | 2,673 |
| Total interest-bearing deposits | <u>3,818</u> | <u>(304)</u> | <u>3,514</u> |
| FHLB and short-term borrowings | (340) | 75 | (265) |
| Trust preferred securities, net of fair value adjustments | 1 | (2) | (1) |
| Total interest expense | <u>3,479</u> | <u>(231)</u> | <u>3,248</u> |
| Net interest income ⁽¹⁾ | <u>\$ 8,250</u> | <u>\$ (3,374)</u> | <u>\$ 4,876</u> |

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

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

TABLE 5. LINKED QUARTERLY ANALYSIS OF CHANGES IN NET INTEREST INCOME (UNAUDITED)

| | September 30, 2019 | | | Three Months Ended | | | December 31, 2019 | | |
|---|--------------------|---------------------------|-------------------------------------|--------------------|---------------------------|-------------------------------------|-------------------|---------------------------|-------------------------------------|
| | Average Balance | Interest Income / Expense | Average Yield / Rate ⁽³⁾ | Average Balance | Interest Income / Expense | Average Yield / Rate ⁽³⁾ | Average Balance | Interest Income / Expense | Average Yield / Rate ⁽³⁾ |
| <i>(Dollars in thousands)</i> | | | | | | | | | |
| Interest-earning assets: | | | | | | | | | |
| Securities - taxable | \$ 335,045 | \$ 2,263 | 2.68% | \$ 317,524 | \$ 2,180 | 2.72% | | | |
| Securities - tax-exempt ⁽¹⁾ | 392,644 | 3,592 | 3.63 | 427,280 | 3,861 | 3.59 | | | |
| Federal funds sold | 16,315 | 89 | 2.16 | 4,750 | 19 | 1.61 | | | |
| Interest-bearing deposits in other banks | 171,913 | 881 | 2.03 | 152,917 | 582 | 1.51 | | | |
| Gross loans, net of unearned income ^{(2) (3)} | 3,540,707 | 49,327 | 5.53 | 3,749,865 | 49,208 | 5.21 | | | |
| Total interest-earning assets ⁽¹⁾ | 4,456,624 | \$ 56,152 | 5.00% | 4,652,336 | \$ 55,850 | 4.76% | | | |
| Allowance for loan losses | (43,327) | | | (43,877) | | | | | |
| Other non-interest-earning assets | 197,661 | | | 201,117 | | | | | |
| Total assets | \$ 4,610,958 | | | \$ 4,809,576 | | | | | |
| Interest-bearing liabilities | | | | | | | | | |
| Transaction deposits | \$ 134,987 | \$ 386 | 1.13% | \$ 200,480 | \$ 603 | 1.19% | | | |
| Savings and money market deposits | 1,743,575 | 9,553 | 2.17 | 1,854,042 | 8,059 | 1.72 | | | |
| Time deposits | 1,276,571 | 8,064 | 2.51 | 1,225,752 | 7,585 | 2.46 | | | |
| Total interest-bearing deposits | 3,155,133 | 18,003 | 2.26 | 3,280,274 | 16,247 | 1.97 | | | |
| FHLB and short-term borrowings | 345,794 | 1,703 | 1.95 | 366,190 | 1,719 | 1.86 | | | |
| Trust preferred securities, net of fair value adjustments | 904 | 37 | 16.06 | 913 | 35 | 15.18 | | | |
| Non-interest-bearing deposits | 535,467 | — | — | 521,799 | — | — | | | |
| Cost of funds | 4,037,298 | \$ 19,743 | 1.94% | 4,169,176 | \$ 18,001 | 1.71% | | | |
| Other liabilities | 29,833 | | | 34,443 | | | | | |
| Total stockholders' equity | 543,827 | | | 605,957 | | | | | |
| Total liabilities and stockholders' equity | \$ 4,610,958 | | | \$ 4,809,576 | | | | | |
| Net interest income ⁽¹⁾ | | \$ 36,409 | | | \$ 37,849 | | | | |
| Net interest spread ⁽¹⁾ | | | 3.06% | | | 3.05% | | | |
| Net interest margin ⁽¹⁾ | | | 3.24% | | | 3.23% | | | |

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

LINKED QUARTER VOLUME & RATE VARIANCE TO NET INTEREST INCOME (UNAUDITED)

Three Months Ended

December 31, 2019 over September 30, 2019

| | Average Volume | Yield/Rate | Net Change ⁽²⁾ |
|---|-------------------------------|------------|---------------------------|
| | <i>(Dollars in thousands)</i> | | |
| Interest Income | | | |
| Securities - taxable | \$ (118) | \$ 35 | \$ (83) |
| Securities - tax-exempt ⁽¹⁾ | 310 | (41) | 269 |
| Federal funds sold | (51) | (19) | (70) |
| Interest-bearing deposits in other banks | (90) | (209) | (299) |
| Gross loans, net of unearned income | 2,825 | (2,944) | (119) |
| Total interest income ⁽¹⁾ | 2,876 | (3,178) | (302) |
| Interest Expense | | | |
| Transaction deposits | 195 | 22 | 217 |
| Savings and money market deposits | 576 | (2,070) | (1,494) |
| Time deposits | (319) | (160) | (479) |
| Total interest-bearing deposits | 452 | (2,208) | (1,756) |
| FHLB and short-term borrowings | 97 | (81) | 16 |
| Trust preferred securities, net of FV adjustments | — | (2) | (2) |
| Total interest expense | 549 | (2,291) | (1,742) |
| Net interest income ⁽¹⁾ | \$ 2,327 | \$ (887) | \$ 1,440 |

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

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

TABLE 6. 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 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" as net income adjusted to remove non-recurring or non-core income and expense items related to:
 - Restructuring charges and adjustments associated with the transition of a former executive - we incurred restructuring charges in the second quarter of 2018 related to the acceleration of certain stock-based compensation and employee costs, some of which were adjusted in the fourth quarter of 2018.
 - 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. We acquired a new, larger corporate headquarters to accommodate our business needs. Our purchase and improvement of the new headquarters resulted in state tax credits.

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

- We calculate "Non-GAAP core operating return on average assets" as non-GAAP core operating income (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 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" as non-interest expense adjusted to remove non-recurring non-interest expenses as defined above under non-GAAP core operating income 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.

| | Quarter Ended | | | | | Twelve Months Ended | |
|---|-------------------------------|--------------|--------------|--------------|--------------|---------------------|--------------|
| | 12/31/2018 | 03/31/2019 | 06/30/2019 | 09/30/2019 | 12/31/2019 | 12/31/2018 | 12/31/2019 |
| | <i>(Dollars in thousands)</i> | | | | | | |
| Non-GAAP return on average tangible common equity: | | | | | | | |
| Net income available to common stockholders | \$ 9,809 | \$ 9,175 | \$ 9,439 | \$ 10,384 | \$ 11,384 | \$ 17,490 | \$ 40,382 |
| Average common equity | 430,881 | 466,506 | 486,880 | 543,827 | 605,957 | 327,446 | 526,224 |
| Less: average goodwill and intangibles | 7,810 | 7,784 | 7,759 | 7,733 | 7,708 | 7,847 | 7,746 |
| Average tangible common equity | 423,071 | 458,722 | 479,121 | 536,094 | 598,249 | 319,599 | 518,478 |
| Return on average common equity | 9.03% | 7.98% | 7.78% | 7.58% | 7.45% | 5.34% | 7.67% |
| Non-GAAP Return on average tangible common equity | 9.20% | 8.11% | 7.90% | 7.68% | 7.55% | 5.47% | 7.79% |

| | Quarter Ended | | | | | Twelve Months Ended | |
|--|-------------------------------|-----------------|-----------------|------------------|------------------|---------------------|------------------|
| | 12/31/2018 | 03/31/2019 | 06/30/2019 | 09/30/2019 | 12/31/2019 | 12/31/2018 | 12/31/2019 |
| | <i>(Dollars in thousands)</i> | | | | | | |
| Non-GAAP core operating income: | | | | | | | |
| Net Income | \$ 10,334 | \$ 9,350 | \$ 9,439 | \$ 10,384 | \$ 11,384 | \$ 19,590 | \$ 40,557 |
| Add: restructuring charges | (815) | — | — | — | — | 4,733 | — |
| Less: tax effect ⁽¹⁾ | (210) | — | — | — | — | 1,381 | — |
| Restructuring charges, net of tax | (605) | — | — | — | — | 3,352 | — |
| Add: fixed asset impairments | — | — | 424 | — | — | 171 | 424 |
| Less: tax effect ⁽¹⁾ | — | — | 109 | — | — | 44 | 109 |
| Fixed asset impairments, net of tax | — | — | 315 | — | — | 127 | 315 |
| Add: state tax credit ⁽²⁾ | (3,129) | (1,361) | — | — | — | (3,129) | (1,361) |
| Non-GAAP core operating income | \$ 6,600 | \$ 7,989 | \$ 9,754 | \$ 10,384 | \$ 11,384 | \$ 19,940 | \$ 39,511 |

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

⁽²⁾ No tax effect

| | Quarter Ended | | | | | Twelve Months Ended | |
|--|-------------------------------|--------------|--------------|--------------|--------------|---------------------|--------------|
| | 12/31/2018 | 03/31/2019 | 06/30/2019 | 09/30/2019 | 12/31/2019 | 12/31/2018 | 12/31/2019 |
| | <i>(Dollars in thousands)</i> | | | | | | |
| Non-GAAP core operating return on average assets: | | | | | | | |
| Net income | 10,334 | 9,350 | 9,439 | 10,384 | 11,384 | 19,590 | 40,557 |
| Non-GAAP core operating income | 6,600 | 7,989 | 9,754 | 10,384 | 11,384 | 19,940 | 39,511 |
| Average assets | 3,884,642 | 4,168,243 | 4,402,002 | 4,610,958 | 4,809,576 | 3,494,655 | 4,499,763 |
| Return on average assets | 1.06% | 0.91% | 0.86% | 0.89% | 0.94% | 0.56% | 0.90% |
| Non-GAAP core operating return on average assets | 0.67% | 0.78% | 0.89% | 0.89% | 0.94% | 0.57% | 0.88% |

| | Quarter Ended | | | | | Twelve Months Ended | |
|---|------------------------|--------------|--------------|--------------|--------------|---------------------|--------------|
| | 12/31/2018 | 03/31/2019 | 06/30/2019 | 09/30/2019 | 12/31/2019 | 12/31/2018 | 12/31/2019 |
| | (Dollars in thousands) | | | | | | |
| Non-GAAP core operating return on common equity: | | | | | | | |
| Net income | \$ 10,334 | \$ 9,350 | \$ 9,439 | \$ 10,384 | \$ 11,384 | \$ 19,590 | \$ 40,557 |
| Non-GAAP core operating income | 6,600 | 7,989 | 9,754 | 10,384 | 11,384 | 19,940 | 39,511 |
| Less: Preferred stock dividends | 525 | 175 | — | — | — | 2,100 | 175 |
| Net income available to common stockholders | 9,809 | 9,175 | 9,439 | 10,384 | 11,384 | 17,490 | 40,382 |
| Non-GAAP core operating income available to common stockholders | 6,075 | 7,814 | 9,754 | 10,384 | 11,384 | 17,840 | 39,336 |
| Average common equity | \$ 430,881 | \$ 466,506 | \$ 486,880 | \$ 543,827 | \$ 605,957 | \$ 327,446 | \$ 526,224 |
| GAAP return on average common equity | 9.03% | 7.98% | 7.78% | 7.58% | 7.45% | 5.34% | 7.67% |
| Non-GAAP core operating return on common equity | 5.59% | 6.79% | 8.04% | 7.58% | 7.45% | 5.45% | 7.48% |

| | Quarter Ended | | | | | | |
|--|--|-------------------|-------------------|-------------------|-------------------|--|--|
| | 12/31/2018 | 03/31/2019 | 06/30/2019 | 09/30/2019 | 12/31/2019 | | |
| | (Dollars in thousands except per share data) | | | | | | |
| Tangible common stockholders' equity: | | | | | | | |
| Total stockholders' equity | \$ 490,336 | \$ 480,514 | \$ 499,195 | \$ 602,435 | \$ 613,422 | | |
| Less: goodwill and other intangible assets | 7,796 | 7,770 | 7,745 | 7,720 | 7,694 | | |
| Less: preferred stock | 30,000 | — | — | — | — | | |
| Tangible common stockholders' equity | \$ 452,540 | \$ 472,744 | \$ 491,450 | \$ 594,715 | \$ 605,728 | | |
| Tangible book value per share: | | | | | | | |
| Tangible common stockholders' equity | \$ 452,540 | \$ 472,744 | \$ 491,450 | \$ 594,715 | \$ 605,728 | | |
| Shares outstanding at end of period | 45,074,322 | 45,202,370 | 45,367,641 | 51,969,203 | 51,969,203 | | |
| Book value per share | \$ 10.21 | \$ 10.63 | \$ 11.00 | \$ 11.59 | \$ 11.80 | | |
| Tangible book value per share | \$ 10.04 | \$ 10.46 | \$ 10.83 | \$ 11.44 | \$ 11.66 | | |

| | Quarter Ended | | | | | Twelve Months Ended | |
|--|------------------------|---------------|---------------|---------------|---------------|---------------------|---------------|
| | 12/31/2018 | 03/31/2019 | 06/30/2019 | 09/30/2019 | 12/31/2019 | 12/31/2018 | 12/31/2019 |
| | (Dollars in thousands) | | | | | | |
| Non-GAAP Core Operating Efficiency Ratio - Fully Tax Equivalent | | | | | | | |
| Non-interest expense | \$ 20,166 | \$ 22,631 | \$ 21,960 | \$ 21,172 | \$ 21,885 | \$ 85,755 | \$ 87,648 |
| Less: restructuring charge | \$ (815) | \$ — | \$ — | \$ — | \$ — | \$ 4,733 | \$ — |
| Non-GAAP non-interest expense (numerator) | 20,981 | 22,631 | 21,960 | 21,172 | \$ 21,885 | \$ 81,022 | \$ 87,648 |
| Net interest income | 32,315 | 33,605 | 34,874 | 35,786 | 37,179 | 110,368 | 141,444 |
| Tax equivalent interest income | 658 | 616 | 612 | 624 | 670 | 3,099 | 2,522 |
| Non-interest income | 1,195 | 1,645 | 1,672 | 3,212 | 2,186 | 6,083 | 8,715 |
| Add: fixed asset impairments | \$ — | \$ — | \$ 424 | \$ — | \$ — | \$ 171 | \$ 424 |
| Total tax-equivalent income (denominator) | \$ 34,168 | \$ 35,866 | \$ 37,582 | \$ 39,622 | \$ 40,035 | \$ 119,721 | \$ 153,105 |
| Efficiency Ratio | 60.18% | 64.20% | 60.09% | 54.29% | 55.60% | 73.64% | 58.37% |
| Non-GAAP Core Operating Efficiency Ratio - Fully Tax Equivalent | 61.41% | 63.10% | 58.43% | 53.43% | 54.66% | 67.68% | 57.25% |



CROSSFIRST
BANKSHARES, INC.

NASDAQ: CFB | January 23, 2020

**Q4 2019 EARNINGS
PRESENTATION**

LEGAL DISCLAIMER

FORWARD-LOOKING STATEMENTS. This presentation and oral statements made during this meeting contain forward-looking statements. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as "may," "might," "should," "could," "predict," "potential," "believe," "expect," "continue," "will," "anticipate," "seek," "estimate," "intend," "plan," "strive," "projection," "goal," "target," "outlook," "aim," "would," "annualized" and "outlook," or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts and are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions, estimates and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. There are or will be important factors that could cause our actual results to differ materially from those indicated in these forward-looking statements, including, but not limited to, the following: risks related to general business and economic conditions and any regulatory responses to such conditions; our ability to effectively execute our growth strategy and manage our growth, including identifying and consummating suitable mergers and acquisitions; the geographic concentration of our markets; fluctuation of the fair value of our investment securities due to factors outside our control; our ability to successfully manage our credit risk and the sufficiency of our allowance; regulatory restrictions on our ability to grow due to our concentration in commercial real estate lending; our ability to attract, hire and retain qualified management personnel; interest rate fluctuations; our ability to raise or maintain sufficient capital; competition from banks, credit unions and other financial services providers; the effectiveness of our risk management framework in mitigating risks and losses; our ability to maintain effective internal control over financial reporting; our ability to keep pace with technological changes; system failures and interruptions, cyber-attacks and security breaches; employee error, fraudulent activity by employees or clients and inaccurate or incomplete information about our clients and counterparties; our ability to maintain our reputation; costs and effects of litigation, investigations or similar matters; risk exposure from transactions with financial counterparties; severe weather, acts of god, acts of war or terrorism; compliance with governmental and regulatory requirements; changes in the laws, rules, regulations, interpretations or policies relating to financial institution; accounting, tax, trade, monetary and fiscal matters; compliance with requirements associated with being a public company; level of coverage of our business by securities analysts; and future equity issuances.

Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

NON-GAAP FINANCIAL INFORMATION. This presentation contains certain non-GAAP measures. These non-GAAP measures, as calculated by CrossFirst, are not necessarily comparable to similarly titled measures reported by other companies. Additionally, these non-GAAP measures are not measures of financial performance or liquidity under GAAP and should not be considered alternatives to the Company's other financial information determined under GAAP. See the Appendix for reconciliations of certain non-GAAP measures.

MARKET AND INDUSTRY DATA. This presentation references certain market, industry and demographic data, forecasts and other statistical information. We have obtained this data, forecasts and information from various independent, third party industry sources and publications. Nothing in the data, forecasts or information used or derived from third party sources should be construed as advice. Some data and other information are also based on our good faith estimates, which are derived from our review of industry publications and surveys and independent sources. We believe that these sources and estimates are reliable but have not independently verified them. Statements as to our market position are based on market data currently available to us. Although we are not aware of any misstatements regarding the economic, employment, industry and other market data presented herein, these estimates involve inherent risks and uncertainties and are based on assumptions that are subject to change.

EXPERIENCED MANAGEMENT TEAM



George F. Jones Jr. – President, CEO and Director of CrossFirst

- Joined CrossFirst in 2016 after a short retirement from Texas Capital Bancshares, Inc. (TCBI)
- Founding executive of TCBI in 1998
- Led TCBI through 50 consecutive profitable quarters and growth to \$12 billion in assets



Mike Maddox – President, CEO of CrossFirst Bank and Director of CrossFirst

- Joined CrossFirst in 2008 after serving as Kansas City regional president for Intrust Bank
- Practicing lawyer for more than six years before joining Intrust Bank
- Graduate School of Banking at the University of Wisconsin - Madison



David O'Toole – CFO, Chief Investment Officer and Director of CrossFirst, CFO of CrossFirst Bank

- More than 40 years of experience in banking, accounting, valuation and investment banking
- Founding shareholder and director of CrossFirst Bank and became CFO in 2008
- Co-founder and managing partner of a national bank consulting and accounting firm
- Served on numerous boards of directors of banks and private companies, including the Continental Airlines, Inc. travel agency advisory board



Randy Rapp – Chief Credit Officer of CrossFirst Bank

- More than 30 years of experience in banking, primarily as a credit analyst, commercial relationship manager and credit officer
- Joined CrossFirst in April 2019 after serving as Executive Vice President and Chief Credit Officer of Texas Capital Bank, National Association from May 2015 until March 2019
- Mr. Rapp joined Texas Capital Bank in 2000



Matt Needham – Director of Strategy and Investor Relations of CrossFirst

- More than 15 years experience in banking, strategy, accounting and investment banking, five with CrossFirst
- Deep experience in capital markets including valuation, mergers, acquisitions and divestitures
- Provided assurance and advisory services with Ernst & Young
- Former Deputy Bank Commissioner in Kansas and has served on several bank boards
- MBA Wake Forest University, obtained CFA designation and CPA, Graduate School of Banking at the University of Colorado

Other Senior Executives

Amy Fauss
Chief Operating Officer of CrossFirst Bank
28+ years of banking experience
Joined CrossFirst in 2009

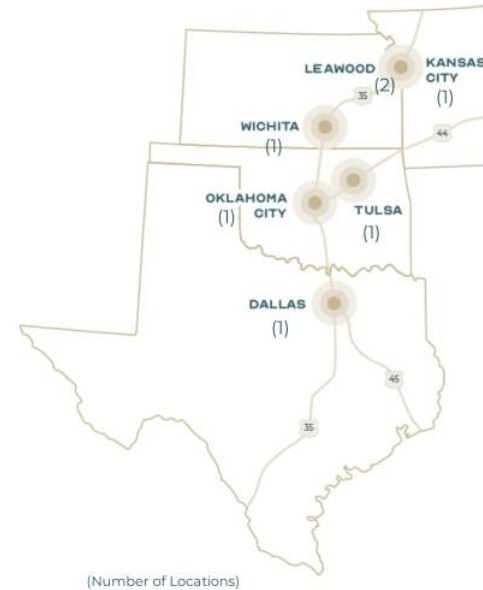
Tom Robinson
Chief Risk Officer of CrossFirst Bank
35+ years of banking experience
Joined CrossFirst in 2011

Aisha Reynolds
General Counsel of CrossFirst Bank
13+ years of experience
Joined CrossFirst in 2011

CROSSFIRST OVERVIEW



- **\$4.9 billion⁽¹⁾** asset banking operation founded in 2007
- **Branch-lite** structure operating 7 branches in key markets along the I-35 corridor
- **3rd largest** bank headquartered in the Kansas City MSA
- **High-growth** commercial banking franchise with 360 employees
- High quality people, strong culture & **relationship-oriented** business model
 - Serving businesses, business owners, professionals and their personal networks
- Core focus on **improving profitability & operating efficiency**



Financial Highlights (Full Year Ended 12/31/19)⁽²⁾

| | Balance Sheet | Performance Metrics | Asset Quality Metrics |
|-----------------------------------|---------------|-----------------------------------|-----------------------|
| Assets: | \$4,943 | ROAA: | 0.90% |
| Gross Loans:⁽³⁾ | \$3,852 | ROACE: | 7.67% |
| Deposits: | \$3,924 | Efficiency Ratio: | 58.37% |
| Tier 1 Leverage: | 12.08% | NIM(FTE): | 3.31% |
| Total Risk-Based Capital: | 13.08% | Net Income: | \$40.6 |
| | | NPAs / Assets: | 0.97% |
| | | NCOs / Avg. Loans: | 0.31% |
| | | Reserves / Loans: | 1.06% |
| | | Reserves / NPLs: | 92% |
| | | Classified Loans / Capital + ALLL | 13.3% |

(1) As of December 31, 2019.
 (2) Dollars are in millions.
 (3) Net of unearned income

OUR STRATEGIC APPROACH

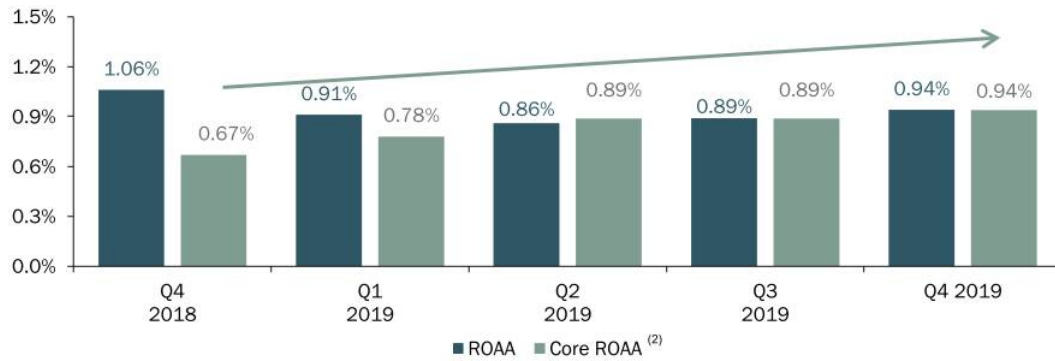
- ✓ Attract and develop highest level of talent
 - ✓ Active expansion through acquisitions and new market development to utilize capital from IPO and optimize capital structure
 - ✓ Serve businesses, business owners, professionals and their personal networks
 - ✓ Focus on core markets; grow organically using a “Relationship Banking” model
 - ✓ Maintain branch-lite model with strategically placed locations
 - ✓ Improve profitability and operating efficiency
 - ✓ Execute on our high-tech, high-touch banking strategy
 - ✓ Leverage technology to provide a high level of convenience
 - ✓ Employ effective enterprise risk management
 - ✓ Expand niche lending verticals: Enterprise Value Lending (2017), Relational Tribal Nations Lending (2017), Relational High Volume Builder Lending (2017)
-



Commentary

- Since 2010, CrossFirst historically invested in talent and acquisitions to grow its market presence and expand product lines or lending verticals, such as energy lending
- In 2018, we shifted to a focus on earnings and efficiency, while still maintaining robust balance sheet growth
- ROAA and Core Efficiency are trending consistent with management's plan

Return on Average Assets⁽¹⁾



Core Efficiency Ratio (Fully Tax Equivalent)



(1) Ratios are annualized.

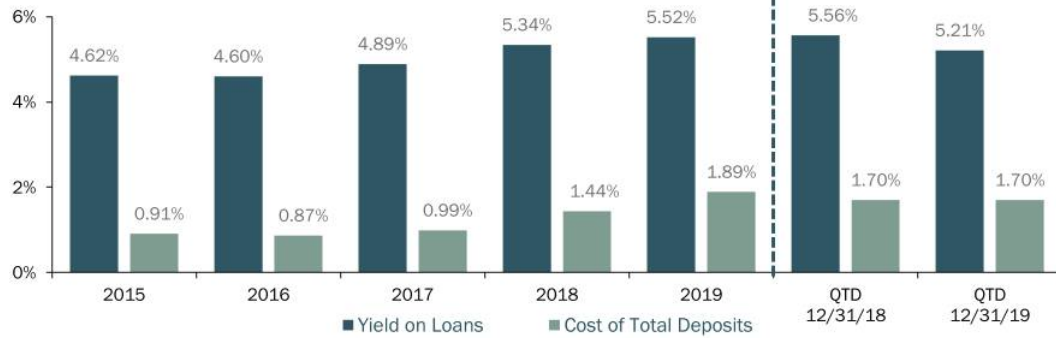
(2) Represents a non-GAAP financial measure. See Non-GAAP Reconciliation slides in Appendix for additional detail. Full Tax-equivalent efficiency ratio is presented.

Commentary

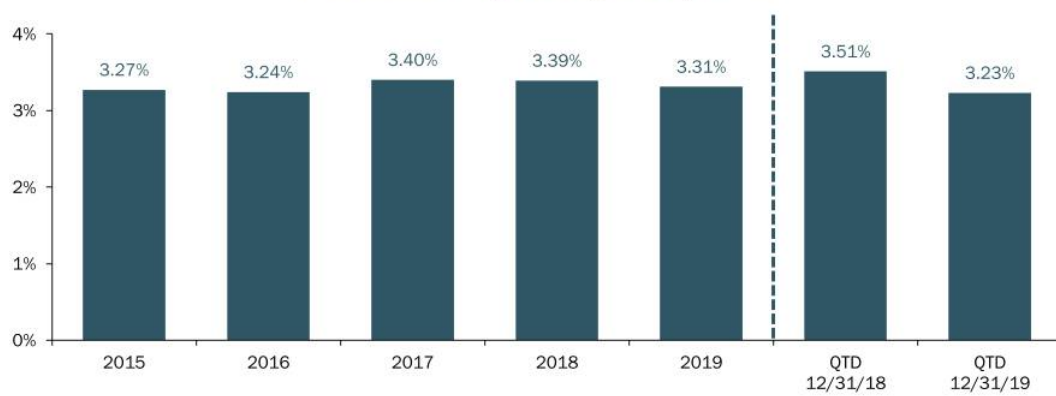
- Focus on commercial lending increased the asset sensitivity of our balance sheet, with approximately 76% floating rate loans or maturing within one year
- NIM has remained in a narrow range in spite of significant interest rate volatility
- Loan to deposit ratio decreased from 99.2% to 98.2%

NET INTEREST MARGIN

Yield on Loans and Cost of Total Deposits



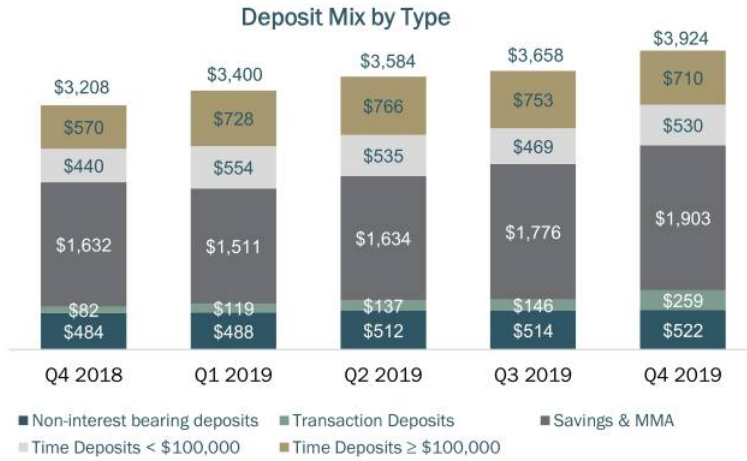
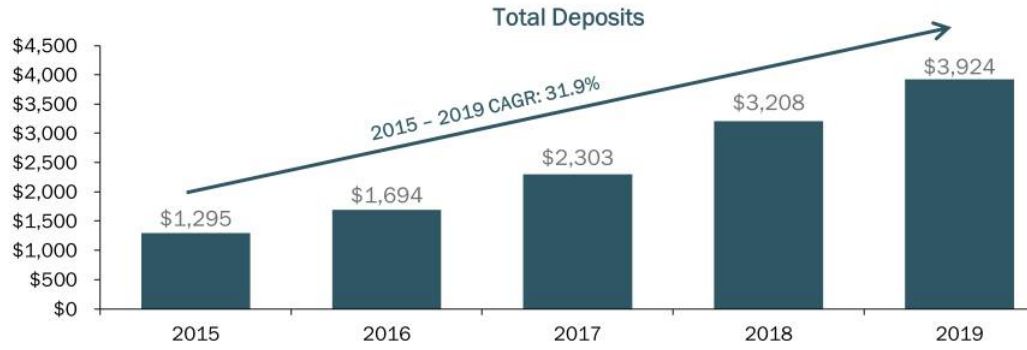
Net Interest Margin – Fully Tax Equivalent



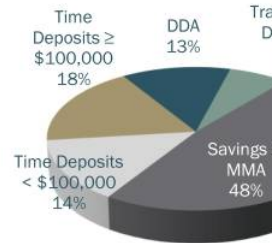
Commentary

- CrossFirst has generated significant growth in core deposits with modest reliance on wholesale funding
- Strategically focused on non-interest bearing deposits and treasury services led by an exceptional group of business and private bankers
- Brokered deposits of \$392 million or 9.9% of total deposits at December 31, 2019 were utilized primarily to minimize interest rate risk
- During Q4 2019, obtained \$62 million of brokered deposits to replace maturities from Q3 2019

GROWING CORE FUNDING BASE



2019 Deposit Composition



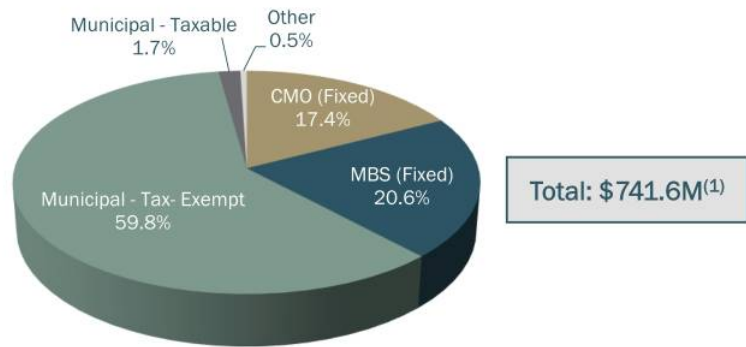
Dollars are in millions and amounts shown are as of the end of the period.

SECURITIES PORTFOLIO

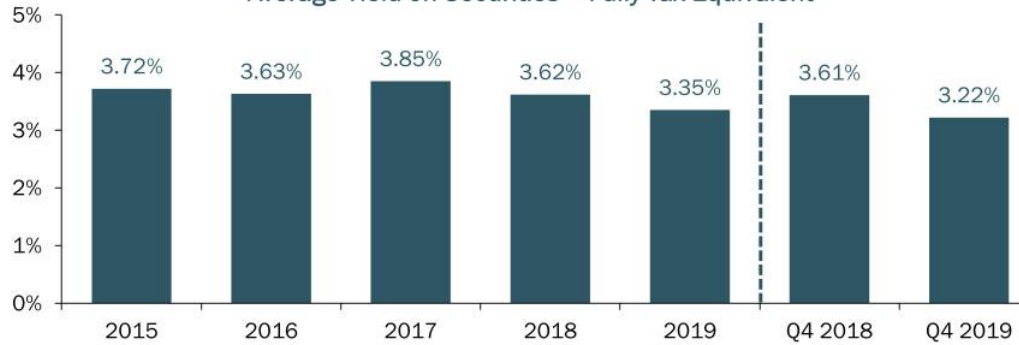
Commentary

- At year-end, the duration of the portfolio was approximately 4.7 years and fully taxable equivalent (FTE) yield for 2019 was 3.35%
- During Q4 2019, \$75 million of new securities were purchased with an average FTE yield of 3.11%
- During Q4 2019, \$37 million of securities (\$35 million were MBS/CMO) were sold to reposition the portfolio mix to lower sensitivity. Tax Exempt Municipals were purchased as the replacement
- Our marketable securities portfolio has a substantial unrealized gain of \$21.8 million at December 31, 2019

Investment Portfolio Breakout as of December 31, 2019⁽¹⁾



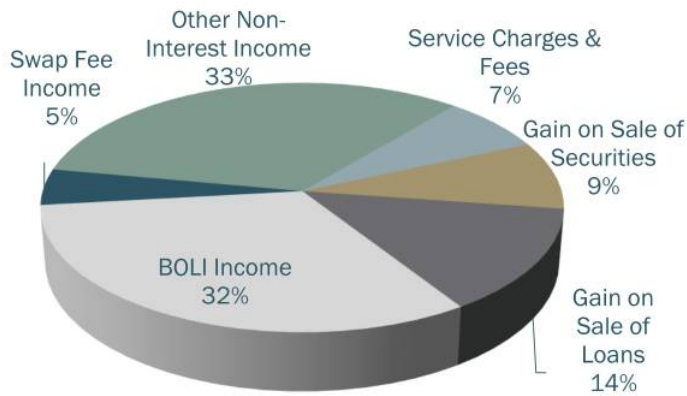
Average Yield on Securities – Fully Tax Equivalent



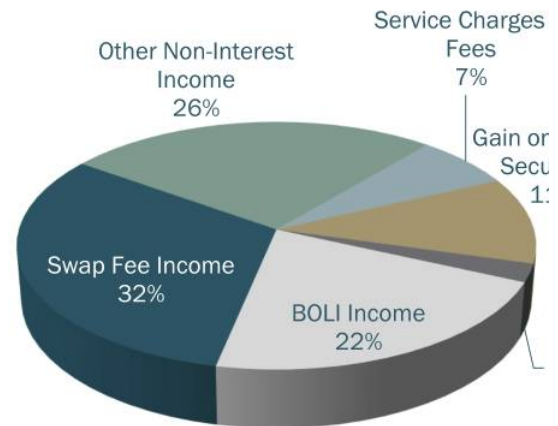
(1) Based on approximate fair value.

NON-INTEREST INCOME

2018 Non-Interest Income Composition (\$6,083)¹



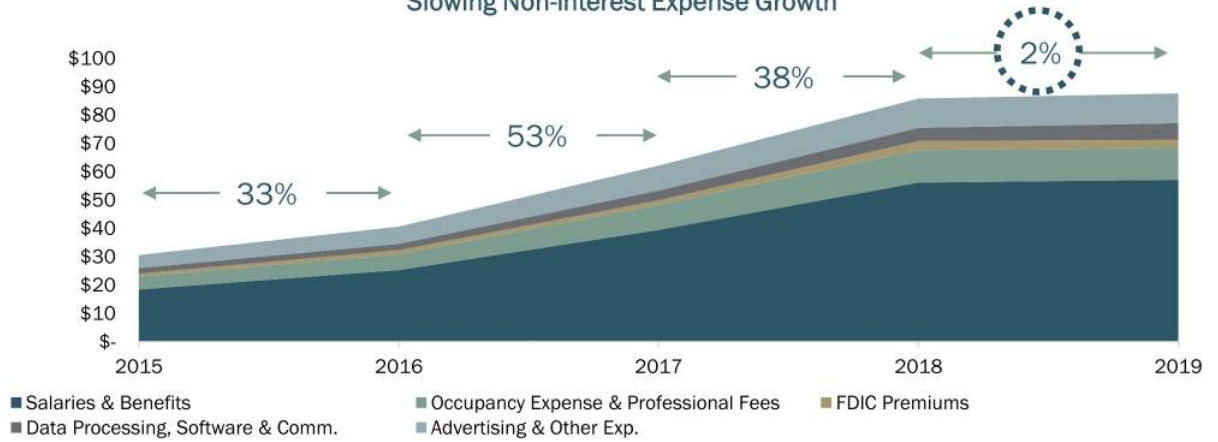
2019 Non-Interest Income Composition (\$8,715)¹



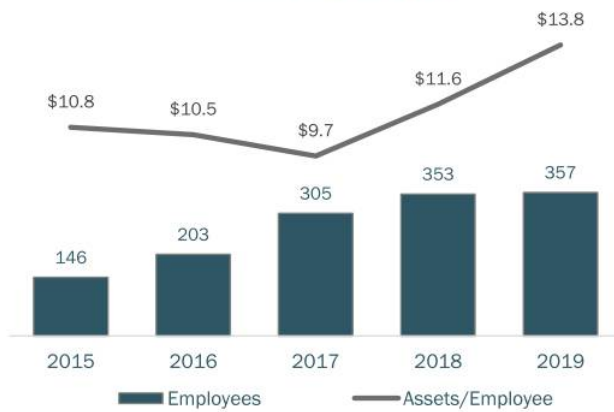
(1) Dollars are in thousands and amounts shown are as of the end of the period.

MANAGING NON-INTEREST EXPENSE

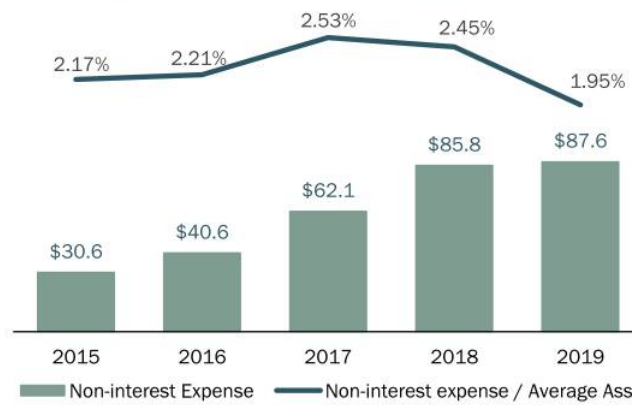
Slowing Non-interest Expense Growth



Assets per Employee



Lowering Expenses while Growing



Dollars are in millions and amounts shown are as of the end of the period.

Commentary

- Our balance sheet growth, combined with a relatively stable net interest margin, has enabled robust operating revenue growth
- Company redeemed all preferred shares in Q1 2019, which was accretive to EPS
- Historical loan growth has required significant loan loss provisions that impacted earnings (approximately \$51.9 million since the beginning of 2015)

STRONG GROWTH IN OPERATING REVENUE WITH SHIFTED FOCUS TO DRIVING PROFITABILITY



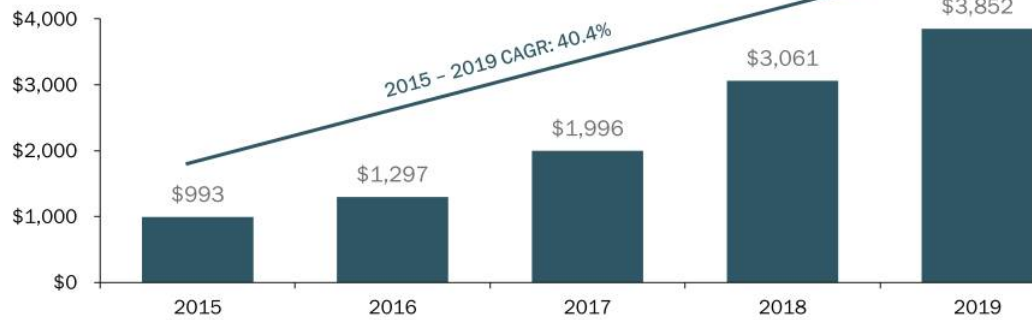
Note: Dollars in charts are in millions.
 (1) Defined as net-interest income + non-interest income.

HIGH GROWTH LOAN PORTFOLIO

Commentary

- Our loan growth has been nearly all organic and we continue to see ample opportunities within our existing markets
- Diversification remains a core tenet
- Purchased loan participations totaled \$99 million and a combination of shared national credits and syndications purchased totaled \$296 million at year end 2019
- Generally we only buy portions of participations or syndicated loans with borrowers with whom we could lead next lending opportunity
- Loan participations sold of \$224 million and \$177 million of syndications sold at year end 2019

Gross Loans (Net of Unearned Income)



Gross Loans by Type



2019 Gross Loan Composition



Dollars in charts are in millions. Amounts shown are as of the end of the period.

ASSET QUALITY PERFORMANCE

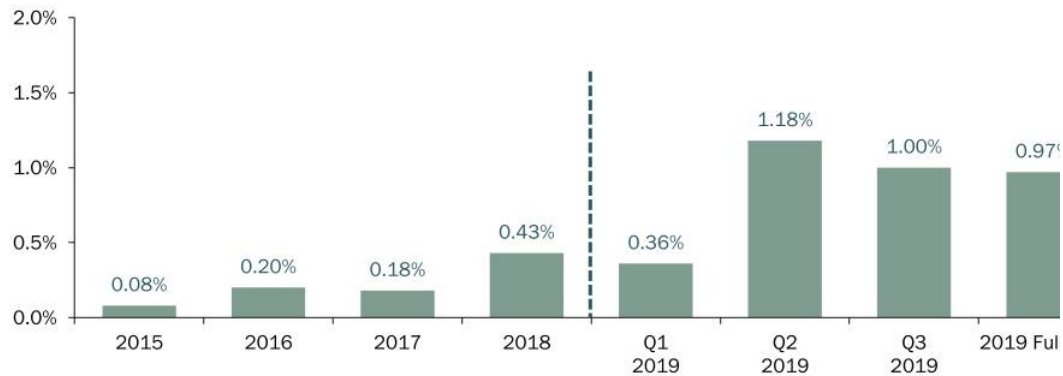
Pillars of CrossFirst Asset Quality

- Proven and comprehensive credit policy and procedures
- Highly competent and experienced bankers
- Effective credit administration process
- Commitment to diversification
- Disciplined and standardized underwriting
- Proactive problem management
- Decisive response to opportunities

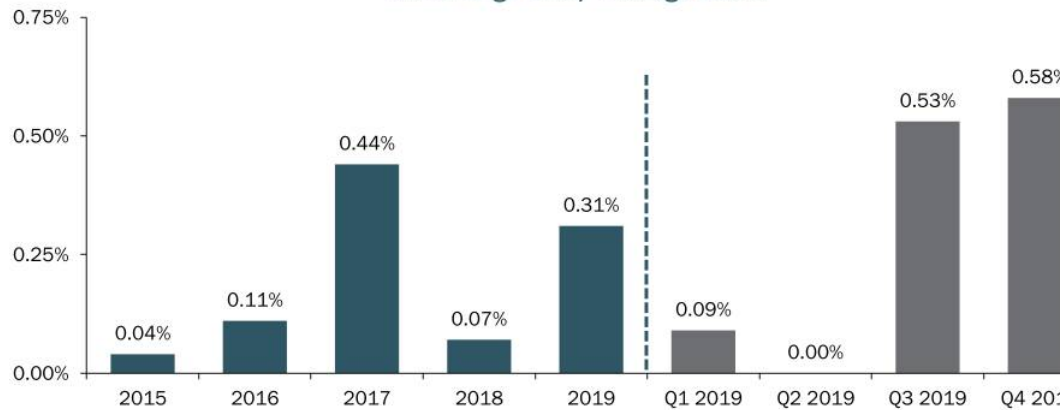
Commentary

- Credit quality has remained strong since inception
- In 2017, the Bank experienced one significant charge-off of approximately \$5 million (0.34% of average loans) on one C&I credit
- In Q3 the Bank charged-off \$4.7 million from liquidating two legacy NPAs, one C&I and one in Energy
- Increase in Q2 NPAs from one loan negatively impacted by a law change or 0.69% of the 1.18%
- \$5.5 million in charge-offs in Q4 includes a partial charge-off of large one-off non-performing credit

Nonperforming Assets / Assets



Net Charge-Offs / Average Loans⁽¹⁾



(1) Ratio is annualized.

Commentary

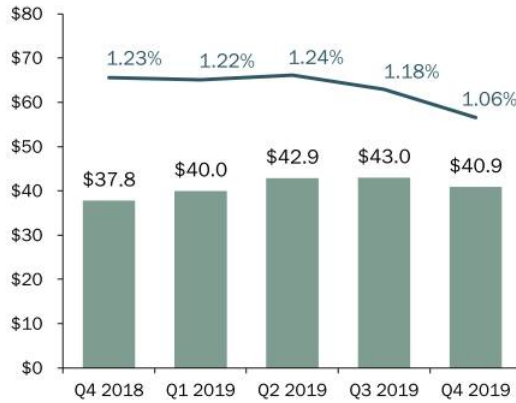
Recent Credit Quality & ALL Trends

- Reduction in reserve as a result of the charge-off of problem credits; reduction commensurate with the risk in the portfolio
- The Company is still assessing the timeline for which CECL will be adopted reviewing the impact it will have on the allowance and capital

Capital Analysis

- IPO during third quarter 2019 resulted in \$87 million of new capital
- Unfunded commitments totaled \$1.5 billion for year-ended 2019, 42% of which are commitments to fund C&I loans and 58% are other loan commitments
- Unfunded commitments have an impact on the Risk-Based Capital Ratios

Allowance for Loan Losses / Total Loans



Classified Loans / (Total Capital + LLR)



Capital Ratios



Amounts are in millions.



CROSSFIRST

BANKSHARES, INC.

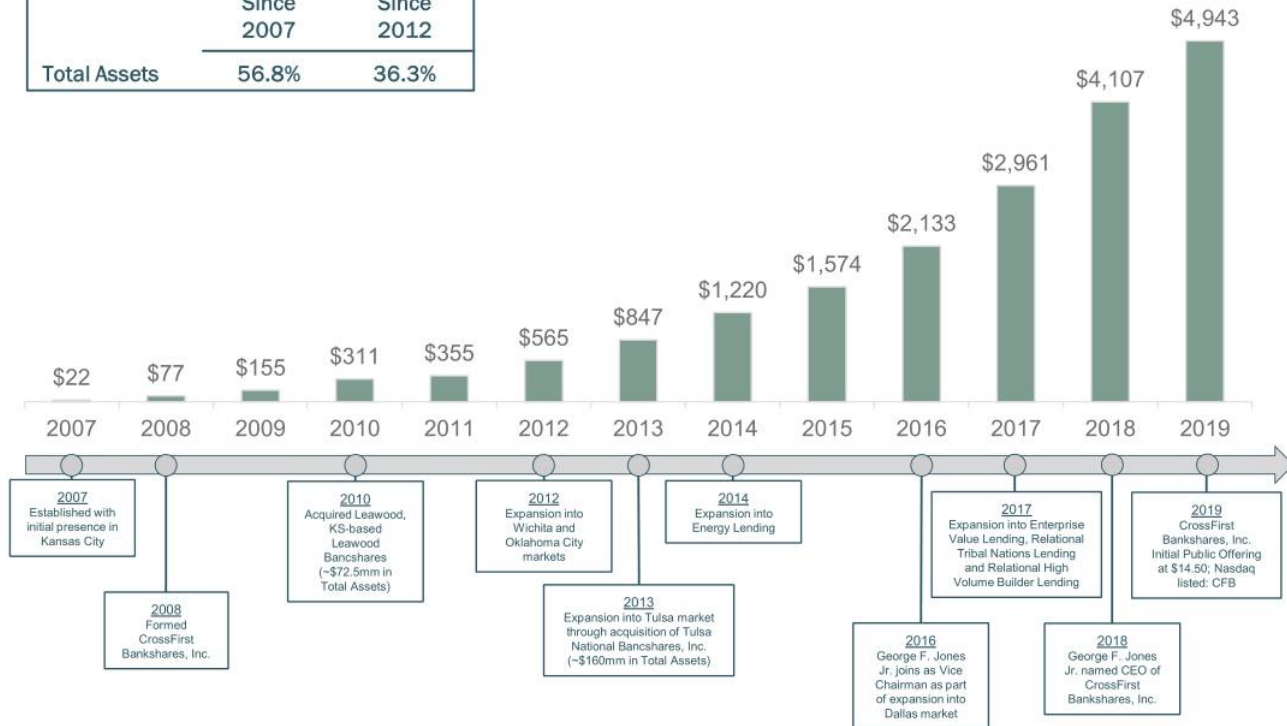
APPENDIX

OUR HISTORY OF STRONG GROWTH



| Compound Annual Growth Rates | | |
|------------------------------|------------|------------|
| | Since 2007 | Since 2012 |
| Total Assets | 56.8% | 36.3% |

Total Assets



Dollars in chart are in millions.

HISTORICAL ANNUAL FINANCIALS



As of or for the Year Ended
December 31,

| (Dollars in thousands, except per share data) | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------------|------------|------------|------------|------------|
| Income Statement Data | | | | | |
| Interest income | \$54,116 | \$69,069 | \$97,816 | \$156,880 | \$216,218 |
| Interest expense | 11,849 | 15,016 | 22,998 | 46,512 | 74,774 |
| Net interest income | 42,267 | 54,053 | 74,818 | 110,368 | 141,444 |
| Provision for loan losses | 5,975 | 6,500 | 12,000 | 13,500 | 13,900 |
| Non-interest income | 2,365 | 3,407 | 3,679 | 6,083 | 8,715 |
| Non-interest expense | 30,562 | 40,587 | 62,089 | 85,755 | 87,648 |
| Income before taxes | 8,095 | 10,373 | 4,408 | 17,196 | 48,611 |
| Income tax expense (benefit) | 626 | 62 | (1,441) | (2,394) | 8,054 |
| Net income | 7,469 | 10,311 | 5,849 | 19,590 | 40,557 |
| Preferred stock dividends | 2,066 | 2,100 | 2,100 | 2,100 | 175 |
| Net income available to common stockholders | 5,403 | 8,211 | 3,749 | 17,490 | 40,382 |
| Non-GAAP core operating income ⁽¹⁾ | 7,469 | 10,311 | 9,716 | 19,940 | 39,511 |
| Balance Sheet Data | | | | | |
| Cash and cash equivalents | \$79,418 | \$155,972 | \$130,820 | \$216,541 | \$187,320 |
| Available-for-sale securities | 460,542 | 593,012 | 703,581 | 663,678 | 741,634 |
| Gross loans (net of unearned income) | 992,726 | 1,296,886 | 1,996,029 | 3,060,747 | 3,852,244 |
| Allowance for loan losses | (15,526) | (20,786) | (26,091) | (37,826) | (40,896) |
| Goodwill and other intangibles | 8,100 | 7,998 | 7,897 | 7,796 | 7,694 |
| Total assets | 1,574,346 | 2,133,106 | 2,961,118 | 4,107,215 | 4,943,011 |
| Non-interest-bearing deposits | 123,430 | 198,088 | 290,906 | 484,284 | 521,826 |
| Total deposits | 1,294,812 | 1,694,301 | 2,303,364 | 3,208,097 | 3,923,759 |
| Borrowings and repurchase agreements | 112,430 | 216,709 | 357,837 | 388,391 | 373,664 |
| Trust preferred securities, net of fair value adj. | 792 | 819 | 850 | 884 | 921 |
| Preferred Stock, liquidation value | 30,000 | 30,000 | 30,000 | 30,000 | 0 |
| Total Stockholders' Equity | 160,004 | 214,837 | 287,147 | 490,336 | 613,422 |
| Tangible Stockholders' Equity ⁽¹⁾ | 121,904 | 176,839 | 249,250 | 452,540 | 605,728 |
| Share and Per Share Data: | | | | | |
| Basic earnings per share | \$0.29 | \$0.39 | \$0.12 | \$0.48 | \$0.85 |
| Diluted earnings per share | 0.28 | 0.39 | 0.12 | 0.47 | 0.83 |
| Book value per share | 6.61 | 7.34 | 8.38 | 10.21 | 11.80 |
| Tangible book value per share ⁽¹⁾ | 6.20 | 7.02 | 8.12 | 10.04 | 11.66 |
| Wtd. avg. common shares out. - basic | 18,640,678 | 20,820,784 | 30,086,530 | 36,422,612 | 47,679,184 |
| Wtd. avg. common shares out. - diluted | 19,378,290 | 21,305,874 | 30,963,424 | 37,492,567 | 48,480,324 |
| Shares outstanding at end of period | 19,661,718 | 25,194,872 | 30,686,256 | 45,074,322 | 51,969,203 |

Historic share counts and per share figures reflect 2:1 stock split effected on 12/21/18.

(1) Represents a non-GAAP financial measure. See Non-GAAP Reconciliation slides in Appendix for additional detail.

HISTORICAL ANNUAL FINANCIALS



As of or for the Year Ended
December 31,

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|----------|--------|--------|--------|------|
| Selected Ratios: | | | | | |
| Return on average assets | 0.53% | 0.56% | 0.24% | 0.56% | |
| Non-GAAP core operating return on average assets ⁽¹⁾ | 0.53 | 0.56 | 0.40 | 0.57 | |
| Return on average common equity ⁽¹⁾ | 4.60 | 5.51 | 1.53 | 5.34 | |
| Non-GAAP core operating return on average common equity ⁽¹⁾ | 4.60 | 5.51 | 3.11 | 5.45 | |
| Yield on earning assets - tax equivalent ⁽²⁾ | 4.14 | 4.08 | 4.37 | 4.77 | |
| Yield on securities - tax equivalent ⁽²⁾ | 3.72 | 3.63 | 3.85 | 3.62 | |
| Yield on loans | 4.62 | 4.60 | 4.89 | 5.34 | |
| Cost of interest-bearing deposits | 1.01 | 0.96 | 1.12 | 1.71 | |
| Cost of funds | 0.94 | 0.91 | 1.06 | 1.49 | |
| Cost of total deposits | 0.91 | 0.87 | 0.99 | 1.44 | |
| Net interest margin - tax equivalent ⁽²⁾ | 3.27 | 3.24 | 3.40 | 3.39 | |
| Non-interest expense to average assets | 2.17 | 2.21 | 2.53 | 2.45 | |
| Efficiency ratio ⁽³⁾ | 68.48 | 70.64 | 79.10 | 73.64 | 5 |
| Non-GAAP core operating efficiency ratio FTE ⁽¹⁾⁽³⁾ | 64.66 | 66.04 | 72.33 | 67.68 | 5 |
| Non-interest-bearing deposits to total deposits | 9.53 | 11.69 | 12.63 | 15.10 | 1 |
| Loans to deposits | 76.67 | 76.54 | 86.66 | 95.41 | 9 |
| Credit Quality Ratios: | | | | | |
| Allowance for loans losses to total loans | 1.56% | 1.60% | 1.30% | 1.23% | |
| Nonperforming assets to total assets | 0.08 | 0.20 | 0.18 | 0.43 | |
| Nonperforming loans to total loans | 0.12 | 0.33 | 0.27 | 0.58 | |
| Allowance for loans losses to nonperforming loans | 1,336.38 | 493.14 | 481.68 | 212.30 | 9 |
| Net charge-offs to average loans | 0.04 | 0.11 | 0.44 | 0.07 | |
| Capital Ratios: | | | | | |
| Total stockholders' equity to total assets | 10.16% | 10.07% | 9.70% | 11.94% | 1 |
| Common equity tier 1 capital ratio | 8.50 | 9.78 | 8.62 | 11.75 | 1 |
| Tier 1 risk-based capital ratio | 10.70 | 11.38 | 9.70 | 12.53 | 1 |
| Total risk-based capital ratio | 11.82 | 12.51 | 10.65 | 13.51 | 1 |
| Tier 1 leverage ratio | 9.72 | 10.48 | 9.71 | 12.43 | 1 |

(1) Represents a non-GAAP financial measure. See Non-GAAP Reconciliation slides in Appendix or press release for additional detail.

(2) Tax-exempt income is calculated on a tax equivalent basis. Tax-exempt income includes municipal securities, which is exempt from federal taxation. A tax rate of 21% is used for fiscal year 2018 and interim periods and a tax rate of 35% is used for fiscal years 2017 and prior.

(3) Efficiency ratio is non-interest expense divided by the sum of net interest income and non-interest income.

QUARTERLY SELECTED FINANCIALS



CrossFirst Bankshares, Inc Quarterly Financials

As of or for the Three Months Ended

| | 12/31/18 | 3/31/19 | 6/30/19 | 9/30/19 | 12/31/19 |
|---|------------|------------|------------|------------|------------|
| Income Statement Data | | | | | |
| Interest income | \$47,068 | \$51,317 | \$54,192 | \$55,529 | |
| Interest expense | 14,753 | 17,712 | 19,318 | 19,743 | |
| Net interest income | 32,315 | 33,605 | 34,874 | 35,786 | |
| Provision for loan losses | 4,500 | 2,850 | 2,850 | 4,850 | |
| Non-interest income | 1,195 | 1,645 | 1,672 | 3,212 | |
| Non-interest expense | 20,166 | 22,631 | 21,960 | 21,172 | |
| Income before taxes | 8,844 | 9,769 | 11,736 | 12,976 | |
| Income tax expense (benefit) | (1,490) | 419 | 2,297 | 2,592 | |
| Net income | 10,334 | 9,350 | 9,439 | 10,384 | |
| Preferred stock dividends | 525 | 175 | 0 | 0 | |
| Net income available to common stockholders | 9,809 | 9,175 | 9,439 | 10,384 | |
| Non-GAAP core operating income ⁽¹⁾ | 6,600 | 7,989 | 9,754 | 10,384 | |
| Balance Sheet Data | | | | | |
| Cash and cash equivalents | \$216,541 | \$117,317 | \$141,373 | \$128,126 | \$128,126 |
| Securities | 663,678 | 707,430 | 704,776 | 733,093 | 733,093 |
| Gross loans (net of unearned income) | 3,060,747 | 3,277,598 | 3,467,204 | 3,629,792 | 3,629,792 |
| Allowance for loan losses | (37,826) | (40,001) | (42,852) | (42,995) | (42,995) |
| Goodwill and intangibles | 7,796 | 7,770 | 7,745 | 7,720 | 7,720 |
| Total assets | 4,107,215 | 4,266,369 | 4,473,182 | 4,651,313 | 4,651,313 |
| Non-interest bearing deposits | 484,284 | 488,375 | 511,837 | 513,832 | 513,832 |
| Total deposits | 3,208,097 | 3,399,899 | 3,584,136 | 3,658,108 | 3,658,108 |
| Borrowings and repurchase agreements | 388,391 | 368,597 | 364,246 | 357,614 | 357,614 |
| Trust preferred securities, net of fair value adj. | 884 | 893 | 902 | 912 | 912 |
| Preferred Stock | 30,000 | 0 | 0 | 0 | 0 |
| Stockholders' Equity | 490,336 | 480,514 | 499,195 | 602,435 | 602,435 |
| Tangible Stockholders' Equity ⁽¹⁾ | 452,540 | 472,744 | 491,450 | 594,715 | 594,715 |
| Share and Per Share Data: | | | | | |
| Basic earnings per common share | \$0.22 | \$0.20 | \$0.21 | \$0.22 | \$0.22 |
| Dilutive earnings per common share | 0.22 | 0.20 | 0.20 | 0.21 | 0.21 |
| Book value per common share | 10.21 | 10.63 | 11.00 | 11.59 | 11.59 |
| Tangible book value per common share ⁽¹⁾ | 10.04 | 10.46 | 10.83 | \$11.44 | \$11.44 |
| Wtd. avg. common shares out. - basic | 43,853,170 | 45,093,442 | 45,236,264 | 48,351,553 | 48,351,553 |
| Wtd. avg. common shares out. - diluted | 44,920,448 | 45,960,267 | 46,211,780 | 49,164,549 | 49,164,549 |
| Shares outstanding at end of period | 45,074,322 | 45,202,370 | 45,367,641 | 51,969,203 | 51,969,203 |

Historic share counts and per share figures reflect 2:1 stock split effected on 12/21/18.

(1) Represents a non-GAAP financial measure. See Non-GAAP Reconciliation slides in Appendix for additional detail.

QUARTERLY SELECTED FINANCIALS



CrossFirst Bankshares, Inc Quarterly Financials

As of or for the Three Months Ended

| | 12/31/18 | 3/31/19 | 6/30/19 | 9/30/19 | 12/31/19 |
|--|----------|---------|---------|---------|----------|
| Selected Ratios: | | | | | |
| Return on average assets ⁽¹⁾ | 1.06% | 0.91% | 0.86% | 0.89% | 0.89% |
| Non-GAAP core operating return on average assets ⁽¹⁾⁽²⁾ | 0.67 | 0.78 | 0.89 | 0.89 | 0.89 |
| Return on average common equity | 9.03 | 7.98 | 7.78 | 7.58 | 7.58 |
| Yield on earning assets | 5.01 | 5.18 | 5.12 | 4.94 | 4.94 |
| Yield on earning assets - tax equivalent ⁽³⁾ | 5.08 | 5.25 | 5.18 | 5.00 | 5.00 |
| Yield on securities | 3.24 | 3.23 | 3.08 | 2.85 | 2.85 |
| Yield on securities - tax equivalent ⁽³⁾ | 3.61 | 3.59 | 3.42 | 3.19 | 3.19 |
| Yield on loans | 5.56 | 5.75 | 5.66 | 5.53 | 5.53 |
| Costs of interest bearing liabilities | 2.01 | 2.25 | 2.29 | 2.24 | 2.24 |
| Cost of interest-bearing deposits | 2.04 | 2.30 | 2.33 | 2.26 | 2.26 |
| Cost of funds | 1.72 | 1.96 | 1.99 | 1.94 | 1.94 |
| Cost of Deposits | 1.70 | 1.96 | 1.99 | 1.94 | 1.94 |
| Cost of other borrowings | 1.79 | 1.86 | 1.93 | 1.95 | 1.95 |
| Net interest margin - tax equivalent ⁽³⁾ | 3.51 | 3.46 | 3.35 | 3.24 | 3.24 |
| Noninterest expense to average assets | 2.06 | 2.20 | 2.00 | 1.82 | 1.82 |
| Efficiency ratio ⁽⁴⁾ | 60.18 | 64.20 | 60.09 | 54.29 | 54.29 |
| Non-GAAP core operating efficiency ratio (FTE) ⁽²⁾⁽⁴⁾ | 61.41 | 63.10 | 58.43 | 53.43 | 53.43 |
| Noninterest bearing deposits to total deposits | 15.10 | 14.36 | 14.28 | 14.05 | 14.05 |
| Loans to deposits | 95.41 | 96.40 | 96.74 | 99.23 | 99.23 |
| Credit Quality Ratios: | | | | | |
| Allowance for loans losses to total loans | 1.23% | 1.22% | 1.24% | 1.18% | 1.18% |
| Nonperforming assets to total assets | 0.43 | 0.36 | 1.18 | 1.00 | 1.00 |
| Nonperforming loans to total loans | 0.58 | 0.40 | 1.45 | 1.22 | 1.22 |
| Allowance for loans losses to nonperforming loans | 212.30 | 307.27 | 85.20 | 97.12 | 97.12 |
| Net charge-offs to average loans ⁽¹⁾ | 0.03 | 0.09 | 0.00 | 0.53 | 0.53 |
| Capital Ratios: | | | | | |
| Total stockholders' equity to total assets | 11.94% | 11.26% | 11.16% | 12.95% | 12.95% |
| Common equity tier 1 capital ratio | 11.75 | 11.23 | 11.02 | 12.91 | 12.91 |
| Tier 1 risk-based capital ratio | 12.53 | 11.23 | 11.04 | 12.93 | 12.93 |
| Total risk-based capital ratio | 13.51 | 12.20 | 12.04 | 13.90 | 13.90 |
| Tier 1 leverage ratio | 12.43 | 11.15 | 10.87 | 12.57 | 12.57 |

(1) Interim periods are annualized

(2) Represents a non-GAAP financial measure. See Non-GAAP Reconciliation slides in Appendix for additional detail.

(3) Tax-exempt income is calculated on a tax equivalent basis. Tax-exempt income includes municipal securities, which is exempt from federal taxation. A tax rate of 21% is used for 2018 & 2019.

(4) Efficiency ratio is non-interest expense divided by the sum of net interest income and non-interest income

NON-GAAP RECONCILIATION



As of or for the Year Ended
December 31,

| (Dollars in thousands) | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|-----------|-----------|-----------|-----------|-----------|
| Non-GAAP Core Operating Income: | | | | | |
| Net Income | \$7,469 | \$10,311 | \$5,849 | \$19,590 | \$40,557 |
| Add: restructuring charges | 0 | 0 | 0 | 4,733 | 0 |
| Less: Tax effect ⁽¹⁾ | 0 | 0 | 0 | 1,381 | 0 |
| Restructuring charges, net of tax | 0 | 0 | 0 | 3,352 | 0 |
| Add: fixed asset impairments | 0 | 0 | 1,903 | 171 | 424 |
| Less: Tax effect ⁽²⁾ | 0 | 0 | 737 | 44 | 109 |
| Fixed asset impairments, net of tax | 0 | 0 | 1,166 | 127 | 315 |
| Add: State tax credit ⁽³⁾ | 0 | 0 | 0 | (3,129) | (1,361) |
| Add: 2017 Tax Cut and Jobs Act ⁽³⁾ | 0 | 0 | 2,701 | 0 | 0 |
| Non-GAAP core operating income | \$7,469 | \$10,311 | \$9,716 | \$19,940 | \$39,511 |
| Non-GAAP Core Operating Return on Average Assets: | | | | | |
| Net Income | \$7,469 | \$10,311 | \$5,849 | \$19,590 | \$40,557 |
| Non-GAAP core operating income | 7,469 | 10,311 | 9,716 | 19,940 | 39,511 |
| Average Assets | 1,410,447 | 1,839,563 | 2,452,797 | 3,494,655 | 4,499,763 |
| GAAP return on average assets | 0.53% | 0.56% | 0.24% | 0.56% | 0.90% |
| Non-GAAP core operating return on average assets | 0.53% | 0.56% | 0.40% | 0.57% | 0.88% |
| Non-GAAP Core Operating Return on Average Equity: | | | | | |
| Net Income | \$7,469 | \$10,311 | \$5,849 | \$19,590 | \$40,557 |
| Non-GAAP core operating income | 7,469 | 10,311 | 9,716 | 19,940 | 39,511 |
| Less: Preferred stock dividends | 2,066 | 2,100 | 2,100 | 2,100 | 175 |
| Net Income available to common stockholders | 5,403 | 8,211 | 3,749 | 17,490 | 40,382 |
| Non-GAAP core operating income available to common stockholders | 5,403 | 8,211 | 7,616 | 17,840 | 39,336 |
| Average common equity | 117,343 | 149,132 | 245,193 | 327,446 | 526,224 |
| Tangible Assets | 8,100 | 7,998 | 7,897 | 7,796 | 7,694 |
| Average Tangible Equity | 109,243 | 141,134 | 237,296 | 319,650 | 518,530 |
| GAAP return on average common equity | 4.60% | 5.51% | 1.53% | 5.34% | 7.67% |
| Non-GAAP core return on average tangible common equity | 4.95% | 5.82% | 3.21% | 5.58% | 7.59% |
| Non-GAAP Core Operating Efficiency Ratio: | | | | | |
| Non-interest expense | \$30,562 | \$40,587 | \$62,089 | \$85,755 | \$87,648 |
| Less: restructuring charges | 0 | 0 | 0 | 4,733 | 0 |
| Non-GAAP non-interest expense (numerator) | 30,562 | 40,587 | 62,089 | 81,022 | 87,648 |
| Net interest income | 42,267 | 54,053 | 74,818 | 110,368 | 141,444 |
| Tax-equivalent interest income | 2,637 | 4,001 | 5,439 | 3,099 | 2,522 |
| Non-interest income | 2,365 | 3,407 | 3,679 | 6,083 | 8,715 |
| Add: fixed asset impairments | 0 | 0 | 1,903 | 171 | 424 |
| Non-GAAP Operating revenue (denominator) | 47,269 | 61,461 | 85,839 | 119,721 | 153,105 |
| GAAP efficiency ratio | 68.48% | 70.64% | 79.10% | 73.64% | 58.37% |
| Non-GAAP core operating efficiency ratio (FTE) | 64.66% | 66.04% | 72.33% | 67.68% | 57.25% |

- (1) Represents the tax impact of the adjustments above at a tax rate of 25.73%, plus a permanent tax benefit associated with stock-based grants that were exercised prior to our former CEO's departure.
(2) Represents the tax impact of the adjustments above at a tax rate of 25.73% for fiscal years 2018 and after; 38.73% for fiscal years prior to 2018.
(3) No tax effect associated with the 2017 Tax Act adjustment or state tax credit.

QUARTERLY NON-GAAP RECONCILIATION



| (Dollars in thousands) | As of or for the Three Months Ended | | | | |
|---|-------------------------------------|----------------|---------------|--------------------|-------------------|
| | December 31, 2018 | March 31, 2019 | June 30, 2019 | September 30, 2019 | December 31, 2019 |
| Non-GAAP Core Operating Income: | | | | | |
| Net Income | \$10,334 | \$9,350 | \$9,439 | \$10,384 | \$10,384 |
| Add: restructuring charges | (815) | 0 | 0 | 0 | 0 |
| Less: Tax effect ⁽¹⁾ | (210) | 0 | 0 | 0 | 0 |
| Restructuring charges, net of tax | (605) | 0 | 0 | 0 | 0 |
| Add: fixed asset impairments | 0 | 0 | 424 | 0 | 0 |
| Less: Tax effect ⁽²⁾ | 0 | 0 | 109 | 0 | 0 |
| Fixed asset impairments, net of tax | 0 | 0 | 315 | 0 | 0 |
| Add: State tax credit ⁽³⁾ | (3,129) | (1,361) | 0 | 0 | 0 |
| Add: 2017 Tax Cut and Jobs Act | 0 | 0 | 0 | 0 | 0 |
| Non-GAAP core operating income | \$6,600 | \$7,989 | \$9,754 | \$10,384 | \$10,384 |
| Non-GAAP Core Operating Return on Average Assets: | | | | | |
| Net Income | \$10,334 | \$9,350 | \$9,439 | \$10,384 | \$10,384 |
| Non-GAAP core operating income | 6,600 | 7,989 | 9,754 | 10,384 | 10,384 |
| Average Assets | 3,884,642 | 4,168,243 | 4,402,002 | 4,610,958 | 4,610,958 |
| GAAP return on average assets ⁽⁴⁾ | 1.06% | 0.91% | 0.86% | 0.89% | 0.89% |
| Non-GAAP core operating return on average assets ⁽⁴⁾ | 0.67% | 0.78% | 0.89% | 0.89% | 0.89% |
| Non-GAAP Core Operating Efficiency Ratio: | | | | | |
| Non-interest expense | \$20,166 | \$22,631 | \$21,960 | \$21,172 | \$21,172 |
| Less: restructuring charges | (815) | 0 | 0 | 0 | 0 |
| Non-GAAP non-interest expense (numerator) | 20,981 | 22,631 | 21,960 | 21,172 | 21,172 |
| Net interest income | 32,315 | 33,605 | 34,874 | 35,786 | 35,786 |
| Tax-equivalent interest income | 658 | 616 | 612 | 624 | 624 |
| Non-interest income | 1,195 | 1,645 | 1,672 | 3,212 | 3,212 |
| Add: fixed asset impairments | 0 | 0 | 424 | 0 | 0 |
| Non-GAAP operating revenue (denominator) | 34,168 | 35,866 | 37,582 | 39,622 | 39,622 |
| GAAP efficiency ratio | 60.18% | 64.20% | 60.09% | 54.29% | 54.29% |
| Non-GAAP core operating efficiency ratio (FTE) | 61.41% | 63.10% | 58.43% | 53.43% | 53.43% |

(1) Represents the tax impact of the adjustments above at a tax rate of 25.73%, plus a permanent tax benefit associated with stock-based grants that were exercised prior to our former CEO's departure.

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

(3) No tax effect associated with the state tax credit.

(4) Interim periods are annualized.

NON-GAAP RECONCILIATIONS (CONT.)



(Dollars in thousands, except per share data)

| | As of or for the Year Ended | | | | |
|---|-----------------------------|------------------|------------------|------------------|------------------|
| | December 31, | | | | |
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Tangible Stockholders' Equity: | | | | | |
| Stockholders' equity | \$160,004 | \$214,837 | \$287,147 | \$490,336 | \$613,422 |
| Less: goodwill and intangible assets | 8,100 | 7,998 | 7,897 | 7,796 | 7,694 |
| Less: preferred stock | 30,000 | 30,000 | 30,000 | 30,000 | 0 |
| Tangible Stockholders' Equity | \$121,904 | \$176,839 | \$249,250 | \$452,540 | \$605,728 |
| Shares outstanding at end of period | 19,661,718 | 25,194,872 | 30,686,256 | 45,074,322 | 51,969,203 |
| Book value per common share | \$6.61 | \$7.34 | \$8.38 | \$10.21 | \$11.80 |
| Tangible book value per common share | \$6.20 | \$7.02 | \$8.12 | \$10.04 | \$11.66 |

(Dollars in thousands, except per share data)

| | As of or for the Three Months Ended | | | | |
|---|-------------------------------------|------------------|------------------|------------------|------------------|
| | 12/31/18 | 3/31/19 | 6/30/19 | 9/30/19 | 12/31/19 |
| Tangible Stockholders' Equity: | | | | | |
| Stockholders' equity | \$490,336 | \$480,514 | \$499,195 | \$602,435 | \$613,422 |
| Less: goodwill and intangible assets | 7,796 | 7,770 | 7,745 | 7,720 | 7,694 |
| Less: preferred stock | 30,000 | 0 | 0 | 0 | 0 |
| Tangible Stockholders' Equity | \$452,540 | \$472,744 | \$491,450 | \$594,715 | \$605,728 |
| Shares outstanding at end of period | 45,074,322 | 45,202,370 | 45,367,641 | 51,969,203 | 51,969,203 |
| Book value per common share | \$10.21 | \$10.63 | \$11.00 | \$11.59 | \$11.80 |
| Tangible book value per common share | \$10.04 | \$10.46 | \$10.83 | \$11.44 | \$11.66 |

