UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2023
or

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

For the transition period from ______ to ______

Commission file number 001-39028

CROSSFIRST BANKSHARES, INC.

(Exact Name of Registrant as Specified in its Charter)

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

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

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

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

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

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

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

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

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

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

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

As of August 1, 2023, the registrant had 49,290,990 shares of common stock, par value $0.01, outstanding.

CROSSFIRST BANKSHARES, INC.
Form 10-Q for the Quarter Ended June 30, 2023

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Forward-Looking Information

All statements contained in this quarterly report on Form 10-Q that do not directly and exclusively relate to historical facts constitute forward-looking statements. These statements are often, but not always, made through the use of words or phrases such as “may,” “might,” “could,” “predict,” “potential,” “believe,” “expect,” “continue,” “will,” “anticipate,” “seek,” “estimate,” “intend,” “plan,” “projection,” “goal,” “target,” “outlook,” “aim,” “would,” “annualized,” “position” and “outlook,” or the negative of these words or other comparable words or phrases of a future or forward-looking nature. For example, our forward-looking statements include statements regarding our business plans, expectations, or opportunities for growth; the impact of the acquisition of Canyon Bancorporation, Inc. and Canyon Community Bank, N.A. (collectively “Canyon”); our expense management initiatives and the results expected to be realized from those initiatives; our anticipated financial results, expenses, cash requirements and sources of liquidity; and our capital allocation strategies and plans.

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

These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management’s beliefs 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 a guarantee of future performance and are subject to risks, assumptions, estimates and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements due to a number of factors, including, without limitation: impacts on us and our clients of a decline in general business and economic conditions and any regulatory responses thereto, including uncertainty and volatility in the financial markets; interest rate fluctuations; our ability to effectively execute our growth strategy and manage our growth, including identifying and consummating suitable mergers and acquisitions, entering new lines of business or offering new or enhanced services or products; fluctuations in fair value of our investments due to factors outside of our control; our ability to successfully manage credit risk and the sufficiency of our allowance; geographic concentration of our markets; economic impact on our commercial real estate and commercial-based loan portfolios, including declines in commercial and residential real estate values; an increase in non-performing assets; our ability to attract, hire and retain key personnel; maintaining and increasing customer deposits, funding availability, liquidity and our ability to raise and maintain sufficient capital; competition from banks, credit unions and other financial services providers; the effectiveness of our risk management framework; accounting estimates; our ability to maintain effective internal control over financial reporting; our ability to keep pace with technological changes; cyber incidents or other failures, disruptions or security breaches; employee error, fraud committed against the Company or our clients, or incomplete or inaccurate information about clients and counterparties; mortgage markets; our ability to maintain our reputation; costs and effects of litigation; environmental liability; risk exposure from transactions with financial counterparties; severe weather, natural disasters, pandemics or other external events; changes in laws, rules, regulations, interpretations or policies relating to financial institutions, including stringent capital requirements, higher FDIC insurance premiums and assessments, consumer protection laws and privacy laws; volatility in our stock price; the ability of our Board to issue our preferred stock; risks inherent with proposed business acquisitions and the failure to achieve projected synergies; or other external events. Additional discussion of these and other risk factors can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (“2022 Form 10-K”), filed with the Securities and Exchange Commission (“SEC”) on March 3, 2023, and in our other filings with the SEC.

Except as required by law, the Company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in our business, results of operations or financial condition over time. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

PART I - FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

CROSSFIRST BANKSHARES, INC.
Consolidated Statements of Financial Condition – Unaudited

	June 30, 2023	December 31, 2022
	(Dollars in thousands)	
Assets		
Cash and cash equivalents	$ 342,497	$ 300,138
Available-for-sale securities - taxable	297,097	198,808
Available-for-sale securities - tax-exempt	446,803	488,093
Loans, net of unearned fees	5,796,599	5,372,729
Allowance for credit losses on loans	67,567	61,775
Loans, net of the allowance for credit losses on loans	5,729,032	5,310,954
Premises and equipment, net	68,539	65,984
Restricted equity securities	13,060	12,536
Interest receivable	33,303	29,507
Foreclosed assets held for sale	-	1,130
Goodwill and other intangible assets, net	27,457	29,081
Bank-owned life insurance	69,929	69,101
Other	92,461	95,754
Total assets	$ 7,120,178	$ 6,601,086
Liabilities and stockholders' equity		
Deposits		
Non-interest-bearing	$ 928,098	$ 1,400,260
Savings, NOW and money market	3,333,514	3,305,481
Time	1,838,455	945,567
Total deposits	6,100,067	5,651,308
Federal Home Loan Bank advances	262,708	218,111
Other borrowings	14,320	35,457
Interest payable and other liabilities	91,600	87,611
Total liabilities	6,468,695	5,992,487
Stockholders' equity		
Preferred stock, $0.01 par value: Authorized - 15,000 shares, issued - 7,750 shares at June 30, 2023 and no shares at December 31, 2022	-	-
Common stock, $0.01 par value: Authorized - 200,000,000 shares, issued - 53,241,885 and 53,036,613 shares at June 30, 2023 and December 31, 2022, respectively	532	530
Treasury stock, at cost: 4,588,398 shares held at June 30, 2023 and December 31, 2022	(64,127)	(64,127)
Additional paid-in capital	539,793	530,658
Retained earnings	238,147	206,095
Accumulated other comprehensive loss	(62,862)	(64,557)
Total stockholders' equity	651,483	608,599
Total liabilities and stockholders' equity	$ 7,120,178	$ 6,601,086

CROSSFIRST BANKSHARES, INC.

Consolidated Statements of Operations – Unaudited

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
	(Dollars in thousands except per share data)			
Interest Income				
Loans, including fees	$ 98,982	$ 47,327	$ 188,600	$ 90,055
Available-for-sale securities - taxable	2,622	1,086	4,471	2,130
Available-for-sale securities - tax-exempt	3,571	3,845	7,365	7,537
Deposits with financial institutions	1,609	369	3,623	521
Dividends on bank stocks	364	213	626	357
Total interest income	107,148	52,840	204,685	100,600
Interest Expense				
Deposits	48,663	4,732	85,388	8,243
Fed funds purchased and repurchase agreements	-	74	46	74
Federal Home Loan Bank Advances	3,734	1,294	6,125	2,403
Other borrowings	212	31	366	56
Total interest expense	52,609	6,131	91,925	10,776
Net Interest Income	54,539	46,709	112,760	89,824
Provision for Credit Losses	2,640	2,135	7,061	1,510
Net Interest Income after Provision for Credit Losses	51,899	44,574	105,699	88,314
Non-Interest Income				
Service charges and fees on customer accounts	2,110	1,546	3,939	2,954
ATM and credit card interchange income	1,213	1,521	2,477	4,185
Realized gains (losses) on available-for-sale securities	-	(12)	63	(38)
Gain on sale of loans	1,205	-	1,392	-
Gains (losses) on equity securities, net	6	(71)	16	(174)
Income from bank-owned life insurance	418	407	829	795
Swap fees and credit valuation adjustments, net	84	12	174	130
Other non-interest income	743	798	1,310	1,291
Total non-interest income	5,779	4,201	10,200	9,143
Non-Interest Expense				
Salaries and employee benefits	24,061	17,095	46,683	35,036
Occupancy	3,054	2,622	6,028	5,115
Professional fees	970	1,068	3,588	1,873
Deposit insurance premiums	1,881	713	3,412	1,450
Data processing	1,057	1,160	2,299	1,972
Advertising	649	757	1,401	1,449
Software and communication	1,655	1,198	3,306	2,468
Foreclosed assets, net	(21)	15	128	(38)
Other non-interest expense	3,304	4,555	7,035	7,505
Core deposit intangible amortization	802	20	1,624	39
Total non-interest expense	37,412	29,203	75,504	56,869
Net Income Before Taxes	20,266	19,572	40,395	40,588
Income tax expense	$ 4,219	$ 4,027	$ 8,240	$ 8,215
Net Income	$ 16,047	$ 15,545	$ 32,155	$ 32,373
Basic Earnings Per Common Share	$ 0.33	$ 0.31	$ 0.66	$ 0.65
Diluted Earnings Per Common Share	$ 0.33	$ 0.31	$ 0.65	$ 0.64

See Notes to Consolidated Financial Statements – Unaudited

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CROSSFIRST BANKSHARES, INC.

Consolidated Statements of Comprehensive Income (Loss) – Unaudited

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
	(Dollars in thousands)			
Net Income	$ 16,047	$ 15,545	$ 32,155	$ 32,373
Other Comprehensive Income (Loss)				
Unrealized (loss) gain on available-for-sale securities	(10,430)	(39,026)	4,521	(97,982)
Less: income tax (benefit) expense	(2,482)	(9,554)	1,175	(23,987)
Unrealized (loss) gain on available-for-sale securities, net of income tax	(7,948)	(29,472)	3,346	(73,995)
Reclassification adjustment for realized (loss) gain included in income	-	(12)	63	(38)
Less: income tax expense (benefit)	-	(3)	15	(9)
Less: reclassification adjustment for realized (loss) gain included in income, net of income tax	-	(9)	48	(29)
Unrealized (loss) gain on cash flow hedges	(3,632)	1,385	(2,092)	4,040
Less: income tax expense (benefit)	(865)	339	(496)	992
Unrealized (loss) gain on cash flow hedges, net of income tax	(2,767)	1,046	(1,596)	3,048
Reclassification adjustment for interest income included in income	9	-	9	-
Less: income tax expense	2	-	2	-
Less: reclassification adjustment for interest income included in income, net of income tax	7	-	7	-
Other comprehensive (loss) income	(10,722)	(28,417)	1,695	(70,918)
Comprehensive Income (Loss)	$ 5,325	(12,872)	33,850	(38,545)

See Notes to Consolidated Financial Statements – Unaudited

CROSSFIRST BANKSHARES, INC.

Consolidated Statements of Stockholders' Equity – Unaudited

	Preferred Stock		Common Stock						
	Shares	Amount	Shares	Amount	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
					(Dollars in thousands)				
Balance at March 31, 2022	-	$ -	49,728,253	$ 529	$ (45,109)	$ 527,468	$ 161,323	$ (21,012)	$ 623,199
Net income	-	-	-	-	-	-	15,545	-	15,545
Other comprehensive loss - available-for-sale securities	-	-	-	-	-	-	-	(29,463)	(29,463)
Other comprehensive gain - cash flow hedges	-	-	-	-	-	-	-	1,046	1,046
Issuance of shares from equity-based awards	-	-	45,689	-	-	(40)	-	-	(40)
Open market common share repurchases	-	-	(237,993)	-	(3,392)	-	-	-	(3,392)
Stock-based compensation	-	-	-	-	-	1,120	-	-	1,120
Balance at June 30, 2022	-	$ -	49,535,949	$ 529	$ (48,501)	$ 528,548	$ 176,868	$ (49,429)	$ 608,015

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

	Preferred Stock		Common Stock						
	Shares	Amount	Shares	Amount	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
					(Dollars in thousands)				
Balance at December 31, 2021	-	$ -	50,450,045	$ 526	$ (28,347)	$ 526,806	$ 147,099	$ 21,489	$ 667,573
Adoption of ASU 2016-13	-	-	-	-	-	-	(2,610)	-	(2,610)
Net income	-	-	-	-	-	-	32,373	-	32,373
Other comprehensive loss - available-for-sale securities	-	-	-	-	-	-	-	(73,966)	(73,966)
Other comprehensive gain - cash flow hedges	-	-	-	-		-	-	3,048	3,048
Issuance of shares from equity-based awards	-	-	382,229	3	-	(493)	-	-	(490)
Open market common share repurchases	-	-	(1,296,325)	-	(20,154)	-	-	-	(20,154)
Employee receivables from sale of stock	-	-	-	-	-	-	6	-	6
Stock-based compensation	-	-	-	-	-	2,235	-	-	2,235
Balance at June 30, 2022	-	$ -	49,535,949	$ 529	$ (48,501)	$ 528,548	$ 176,868	$ (49,429)	$ 608,015

See Notes to Consolidated Financial Statements – Unaudited

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

See Notes to Consolidated Financial Statements – Unaudited

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

	Six Months Ended June 30, 2023	2022
	(Dollars in thousands)	
Operating Activities		
Net income	$ 32,155	$ 32,373
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	4,642	2,474
Provision for credit losses	7,061	1,510
Accretion of discounts on loans	(1,371)	-
Accretion of discounts and amortization of premiums on securities	1,732	2,192
Equity based compensation	2,503	2,235
Gain on disposal of fixed assets	(67)	-
Loss on sale of foreclosed assets and related impairments	80	-
Gain on sale of loans	(1,392)	-
Origination of loans held for sale	(23,550)	-
Proceeds from sales of loans held for sale	23,368	-
Deferred income taxes	(79)	2,557
Net increase in bank owned life insurance	(829)	(795)
Net realized (gains) losses on available-for-sale securities	(63)	38
Dividends on FHLB stock	(625)	-
Changes in:		
Interest receivable	(3,796)	(1,886)
Other assets	3,057	3,780
Other liabilities	3,373	(21,268)
Net cash provided by operating activities	46,199	23,210
Investing Activities		
Net change in loans	(426,834)	(274,206)
Purchases of available-for-sale securities	(121,251)	(73,399)
Proceeds from maturities of available-for-sale securities	11,605	22,513
Proceeds from sale of available-for-sale securities	54,572	-
Proceeds from the sale of foreclosed assets	1,050	237
Purchase of premises and equipment	(5,251)	(1,135)
Proceeds from the sale of premises and equipment and related insurance claims	67	13
Purchase of restricted equity securities	(11,953)	(4,208)
Proceeds from sale of restricted equity securities	12,062	1,544
Net cash used in investing activities	(485,933)	(328,641)
Financing Activities		
Net decrease in demand deposits, savings, NOW and money market accounts	(444,129)	(47,861)
Net increase in time deposits	892,782	108,684
Net (decrease) increase in fed funds purchased and repurchase agreements	(20,000)	6
Proceeds from Federal Home Loan Bank advances	22,414	50,000
Repayment of Federal Home Loan Bank advances	(70,201)	(130,000)
Net proceeds of Federal Home Loan Bank line of credit	94,696	140,000
Proceeds from issuance of preferred shares, net of issuance cost	7,750	-
Issuance of common shares, net of issuance cost	2	170
Proceeds from employee stock purchase plan	167	364
Repurchase of common stock	-	(20,154)
Acquisition of common stock for tax withholding obligations	(867)	(833)
Settlement of warrants	(418)	-
Dividends paid on preferred stock	(103)	-
Net decrease in employee receivables	-	6
Net cash provided by financing activities	482,093	100,382
Increase (Decrease) in Cash and Cash Equivalents	42,359	(205,049)
Cash and Cash Equivalents, Beginning of Period	300,138	482,727
Cash and Cash Equivalents, End of Period	$ 342,497	$ 277,678
Supplemental Cash Flows Information		
Interest paid	83,157	10,862
Income taxes paid	7,754	3,880

See Notes to Consolidated Financial Statements – Unaudited

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

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

Organization and Nature of Operations

CrossFirst Bankshares, Inc. (the “Company”) is a bank holding company whose principal activities are the ownership and management of its wholly-owned subsidiary, CrossFirst Bank (the “Bank”). In addition, the Bank has three subsidiaries including CrossFirst Investments, Inc. (“CFI”), which holds investments in marketable securities, CFBSA I, LLC and CFBSA II, LLC.

The Bank is primarily engaged in providing a full range of banking and financial services to individual and corporate customers through its branches in: (i) Leawood, Kansas; (ii) Wichita, Kansas; (iii) Kansas City, Missouri; (iv) Oklahoma City, Oklahoma; (v) Tulsa, Oklahoma; (vi) Dallas, Texas; (vii) Fort Worth, Texas; (viii) Frisco, Texas; (ix) Phoenix, Arizona; (x) Colorado Springs, Colorado; (xi) Denver, Colorado; and (xii) Clayton, New Mexico. As described in "Note 16: Subsequent Events" below, the Company added one full-service branch in Tucson, Arizona to the Company’s footprint on August 1, 2023 in connection with an acquisition

Basis of Presentation

The accompanying interim unaudited consolidated financial statements serve to update the CrossFirst Bankshares, Inc. Annual Report on Form 10-K for the year ended December 31, 2022 and include the accounts of the Company, the Bank, CFI, CFBSA I, LLC and CFBSA II, LLC. The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and where applicable, with general practices in the banking industry or guidelines prescribed by bank regulatory agencies. However, they may not include all information and notes necessary to constitute a complete set of financial statements under GAAP applicable to annual periods and accordingly should be read in conjunction with the financial information contained in the Company's most recent Annual Report on Form 10-K. The unaudited consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the results presented. All such adjustments are of a normal recurring nature. All significant intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications of prior years' amounts are made whenever necessary to conform to current period presentation. The results of operations for the interim period are not necessarily indicative of the results that may be expected for the full year or any other interim period. All amounts are in thousands, except share data, or as otherwise noted.

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

The Company's significant accounting policies followed in the preparation of the unaudited consolidated financial statements are disclosed in Note 1 of the audited financial statements and notes for the year ended December 31, 2022 and are contained in the Company's Annual Report on Form 10-K for that period. There have been no significant changes to the application of significant accounting policies since December 31, 2022 .

Related Party Transactions

The Bank extends credit and receives deposits from related parties. In management’s opinion, the loans and deposits were made in the ordinary course of business and made on similar terms as those prevailing at the time with other persons. Related party loans totaled $11 million and $13 million while related party deposits totaled $85 million and $92 million at June 30, 2023 and December 31, 2022, respectively.

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Note 2: Securities

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

	June 30, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
	(Dollars in thousands)			
Available-for-sale securities				
Mortgage-backed - GSE residential	$ 297,941	$ 216	$ 25,224	$ 272,933
Collateralized mortgage obligations - GSE residential	10,256	-	740	9,516
State and political subdivisions	504,236	464	51,751	452,949
Corporate bonds	9,749	-	1,247	8,502
Total available-for-sale securities	$ 822,182	$ 680	$ 78,962	$ 743,900

	December 31, 2022			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
	(Dollars in thousands)			
Available-for-sale securities				
Mortgage-backed - GSE residential	$ 197,243	$ 232	$ 25,166	$ 172,309
Collateralized mortgage obligations - GSE residential	11,629	-	743	10,886
State and political subdivisions	551,007	929	57,440	494,496
Corporate bonds	9,762	-	552	9,210
Total available-for-sale securities	$ 769,641	$ 1,161	$ 83,901	$ 686,901

The carrying value of securities pledged as collateral was $ 16 million and $22 million at June 30, 2023 and December 31, 2022, respectively.

As of June 30, 2023 and December 31, 2022, the available-for-sale securities had $ 7 million and $6 million, respectively of accrued interest, excluded from the amortized cost basis, and presented in "interest receivable" on the consolidated statements of financial condition.

The following tables summarize the gross realized gains and losses from sales or maturities of available-for-sale securities:

	For the Three Months Ended June 30, 2023			For the Six Months Ended June 30, 2023		
	Gross Realized Gains	Gross Realized Losses	Net Realized Gain	Gross Realized Gains	Gross Realized Losses	Net Realized Gain
	(Dollars in thousands)					
Available-for-sale securities	$ 74	$ (74)	$ -	$ 267	$ (204)	$ 63

	For the Three Months Ended June 30, 2022			For the Six Months Ended June 30, 2022		
	Gross Realized Gains	Gross Realized Losses	Net Realized Loss	Gross Realized Gains	Gross Realized Losses	Net Realized Loss
	(Dollars in thousands)					
Available-for-sale securities	$ 2	$ (14)	$ (12)	$ 3	$ (41)	$ (38)

The following table shows available-for-sale securities gross unrealized losses, the number of securities that are in an unrealized loss position, and fair value of the Company's investments with unrealized losses, aggregated by investment class and length of time that individual securities have been in a continuous unrealized loss position at June 30, 2023 and December 31, 2022:

	June 30, 2023								
	Less than 12 Months			12 Months or More			Total		
	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities
	(Dollars in thousands)								
Available-for-sale securities									
Mortgage-backed - GSE residential	$ 100,527	$ 1,751	28	$ 131,007	$ 23,473	41	$ 231,534	$ 25,224	69
Collateralized mortgage obligations - GSE residential	-	-	-	9,515	740	19	9,515	740	19
State and political subdivisions	123,696	1,366	111	275,023	50,385	195	398,719	51,751	306
Corporate bonds	4,380	621	1	4,122	626	4	8,502	1,247	5
Total temporarily impaired securities	$ 228,603	$ 3,738	140	$ 419,667	$ 75,224	259	$ 648,270	$ 78,962	399

	December 31, 2022								
	Less than 12 Months			12 Months or More			Total		
	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities
	(Dollars in thousands)								
Available-for-sale securities									
Mortgage-backed - GSE residential	$ 91,929	$ 10,410	41	$ 66,036	$ 14,756	16	$ 157,965	$ 25,166	57
Collateralized mortgage obligations - GSE residential	10,636	733	18	251	10	1	10,887	743	19
State and political subdivisions	350,884	36,697	266	52,519	20,743	40	403,403	57,440	306
Corporate bonds	9,210	552	5	-	-	-	9,210	552	5
Total temporarily impaired securities	$ 462,659	$ 48,392	330	$ 118,806	$ 35,509	57	$ 581,465	$ 83,901	387

Based on the Company's evaluation at each respective period end, we recorded no credit loss impairment during the six-months ended June 30, 2023 or the year ended December 31, 2022. The unrealized losses in the Company's investment portfolio were caused by interest rate changes. As of June 30, 2023 the Company does not intend to sell the investments in loss positions, and it is not more likely than not the Company will be required to sell the investments before recovery of their amortized cost basis.

The amortized cost, fair value, and weighted average yield of available-for-sale securities at June 30, 2023, by contractual maturity, are shown below:

	June 30, 2023				
	Within One Year	After One to Five Years	After Five to Ten Years	After Ten Years	Total
	(Dollars in thousands)				
Available-for-sale securities					
Mortgage-backed - GSE residential [1]					
Amortized cost	$ -	$ 14	$ 1,053	$ 296,874	$ 297,941
Estimated fair value	$ -	$ 13	$ 965	$ 271,955	$ 272,933
Weighted average yield [2]	- %	4.82 %	2.40 %	3.29 %	3.29 %
Collateralized mortgage obligations - GSE residential [1]					
Amortized cost	$ -	$ -	$ 2,296	$ 7,960	$ 10,256
Estimated fair value	$ -	$ -	$ 2,165	$ 7,351	$ 9,516
Weighted average yield [2]	- %	- %	2.77 %	2.34 %	2.43 %
State and political subdivisions					
Amortized cost	$ 1,068	$ 5,900	$ 91,244	$ 406,024	$ 504,236
Estimated fair value	$ 1,076	$ 5,966	$ 90,275	$ 355,632	$ 452,949
Weighted average yield [2]	3.55 %	4.32 %	3.10 %	2.72 %	2.81 %
Corporate bonds					
Amortized cost	$ -	$ 144	$ 9,605	$ -	$ 9,749
Estimated fair value	$ -	$ 140	$ 8,362	$ -	$ 8,502
Weighted average yield [2]	- %	4.29 %	5.70 %	- %	5.68 %
Total available-for-sale securities					
Amortized cost	$ 1,068	$ 6,058	$ 104,198	$ 710,858	$ 822,182
Estimated fair value	$ 1,076	$ 6,119	$ 101,767	$ 634,938	$ 743,900
Weighted average yield [2]	3.55%	4.32%	3.33%	2.96%	3.01%

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

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

Equity Securities

Equity securities consist of $4 million of private equity investments as well as $13 million of restricted equity securities. The private equity investments are included in “other” assets on the consolidated statements of financial condition.

The Company elected a measurement alternative for three private equity investments that did not have a readily determinable fair value and did not qualify for the practical expedient to estimate fair value using the net asset value per share. A cost basis was calculated for the equity investments. The recorded balance will adjust for any impairment or any observable price changes for an identical or similar investment of the same issuer. No such events occurred during the three- or six-month period ended June 30, 2023.

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

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
	(Dollars in thousands)			
Net gains (losses) recognized during the reporting period on equity securities	$ 6	$ (71)	$ 16	$ (174)
Less: net gains recognized during the reporting period on equity securities sold during the reporting period	-	-	-	-
Unrealized gains (losses) recognized during the reporting period on equity securities still held at the reporting date	$ 6	$ (71)	$ 16	$ (174)

Note 3: Loans and Allowance for Credit Losses

The table below shows the loan portfolio composition including carrying value by segment as of the dates shown. The carrying value of loans is net of discounts, fees, costs, and fair value marks of $23 million and $24 million as of June 30, 2023 and December 31, 2022, respectively.

	June 30, 2023		December 31, 2022	
	Amount	% of Loans	Amount	% of Loans
	(Dollars in thousands)			
Commercial and industrial	$ 2,057,912	36 %	$ 1,974,932	37 %
Energy	232,863	4	173,218	3
Commercial real estate - owner-occupied	542,827	9	437,119	8
Commercial real estate - non-owner-occupied	2,480,282	42	2,314,600	43
Residential real estate	439,434	8	439,367	8
Consumer	43,281	1	33,493	1
Loans, net of unearned fees	5,796,599	100 %	5,372,729	100 %
Less: allowance for credit losses on loans	(67,567)		(61,775)	
Loans, net of the allowance for credit losses on loans	$ 5,729,032		$ 5,310,954	

Accrued interest of $26 million and $23 million at June 30, 2023 and December 31, 2022, respectively, presented in “interest receivable” on the consolidated statements of financial condition is excluded from the carrying value disclosed in the above table.

The Company aggregates the loan portfolio by similar credit risk characteristics. Effective with the second quarter of 2023, we revised the reported loan segments to better reflect how management monitors the portfolio, assesses credit risk and evaluates the ACL. All prior period disclosures have been revised to reflect the changes to the loan segments. The loan segments are described in additional detail below:

- **Commercial and Industrial** - The category includes loans and lines of credit to commercial and industrial clients for use in property, plant, and equipment purchases, business operations, expansions and for working capital needs. Loan terms typically require amortizing payments that decrease the outstanding loan balance while the lines of credit typically require interest-only payments with maturities ranging from one- to three-years. Lines of credit allow the borrower to draw down and repay the line of credit based on the client’s cash flow needs. Repayment is primarily from the cash flow of a borrower’s principal business operation. Credit risk is driven by creditworthiness of a borrower and the economic conditions.
- **Energy** - The category includes loans to oil and natural gas customers for use in financing working capital needs, exploration and production activities, and acquisitions. The loans are repaid primarily from the conversion of crude oil and natural gas to cash. Credit risk is driven by creditworthiness of a borrower and the economic conditions that impact the cash flow stability from business operations. Energy loans are typically collateralized with the underlying oil and gas reserves.
- **Commercial Real Estate – Owner-Occupied** - The category includes relationships where we are usually the primary provider of financial services for the company and/or the principals and the primary source of repayment is through the cash flows generated by the borrowers’ business operations. Owner-occupied commercial real estate loans are typically secured by a first lien mortgage on real property plus assignments of all leases related to the properties. Credit risk may be impacted by the creditworthiness of a borrower, property values and the local economies in the borrower’s market areas.
- **Commercial Real Estate – Non-Owner-Occupied** - The category includes loans that typically involve larger principal amounts and repayment of these loans is generally dependent on the leasing income generated from tenants. These are viewed primarily as cash flow loans and secondarily as loans secured by real estate.

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

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

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

- **Residential Real Estate** - The category includes loans that are generally secured by owner-occupied 1-4 family residences. Repayment of these loans is primarily dependent on the personal income and credit rating of the borrowers. We also offer open- and closed-ended home equity loans, which are loans generally secured by second lien positions on residential real estate. Credit risk in these loans can be impacted by economic conditions within or outside the borrower's market areas that might impact either property values or a borrower's personal income.
- **Consumer** - The category includes personal lines of credit and various term loans such as automobile loans and loans for other personal purposes. Repayment is primarily dependent on the personal income and credit rating of the borrowers. Credit risk is driven by consumer economic factors (such as unemployment and general economic conditions in the borrower's market area) and the creditworthiness of a borrower.

Allowance for Credit Losses

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

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

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

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

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

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

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

Internal Credit Risk Ratings

The Company uses a weighted average risk rating factor to adjust the historical loss factors for current events. Risk ratings incorporate the criteria utilized by regulatory authorities to describe criticized assets, but separate various levels of risk concentrated within the regulatory “Pass” category. Risk ratings are established for loans at origination and are monitored on an ongoing basis. The rating assigned to a loan reflects the risks posed by the borrower’s expected performance and the transaction’s structure. Performance metrics used to determine a risk rating include, but are not limited to, cash flow adequacy, liquidity, and collateral. A description of the loan risk ratings follows:

Loan Grades

- **Pass (risk rating 1-4)** - The category includes loans that are considered satisfactory. The category includes borrowers that generally maintain good liquidity and financial condition, or the credit is currently protected with sales trends remaining flat or declining. Most ratios compare favorably with industry norms and Company policies. Debt is programmed and timely repayment is expected.
- **Special Mention (risk rating 5)** - The category includes borrowers that generally exhibit adverse trends in operations or an imbalanced position in their balance sheet that has not reached a point where repayment is jeopardized. Credits are currently protected but, if left uncorrected, the potential weaknesses may result in deterioration of the repayment prospects for the credit or in the Company’s credit or lien position at a future date. These credits are not adversely classified and do not expose the Company to enough risk to warrant adverse classification.
- **Substandard (risk rating 6)** - The category includes borrowers that generally exhibit well-defined weakness(es) that jeopardize repayment. Credits are inadequately protected by the current worth and paying capacity of the obligor or of the collateral pledged. A distinct possibility exists that the Company will sustain some loss if deficiencies are not corrected. Loss potential, while existing in the aggregate amount of substandard assets, does not have to exist in individual assets classified substandard. Substandard loans include both performing and non-performing loans and are broken out in the table below.
- **Doubtful (risk rating 7)** - The category includes borrowers that exhibit weaknesses inherent in a substandard credit and characteristics that these weaknesses make collection or liquidation in full highly questionable or improbable based on existing facts, conditions, and values. Because of reasonably specific pending factors, which may work to the advantage and strengthening of the assets, classification as a loss is deferred until its more exact status may be determined.

- **Loss (risk rating 8)** - Credits which are considered uncollectible or of such little value that their continuance as a bankable asset is not warranted.

The following tables present the credit risk profile of the Company's loan portfolio based on internal rating categories and loan segments as of June 30, 2023 and December 31, 2022:

As of June 30, 2023

	Amortized Cost Basis by Origination Year and Internal Risk Rating						Amortized Cost Basis		
	2023	**2022**	**2021**	**2020**	**2019**	**2018 and Prior**	**Revolving Loans**	**Revolving Loans converted to Term Loans**	**Total**
					(Dollars in thousands)				
Commercial and industrial									
Pass	$ 283,048	$ 306,846	$ 207,224	$ 60,219	$ 44,139	$ 43,384	$ 946,803	$ 37,305	$ 1,928,968
Special mention	11,750	5,809	16,002	2,310	758	305	34,185	6,785	77,904
Substandard - accrual	1,419	64	67	157	983	844	20,303	17,610	41,447
Substandard - non-accrual	-	-	(8)	57	-	-	8,511	1,033	9,593
Doubtful	-	-	-	-	-	-	-	-	-
Total	$ 296,217	$ 312,719	$ 223,285	$ 62,743	$ 45,880	$ 44,533	$ 1,009,802	$ 62,733	$ 2,057,912
Energy									
Pass	$ -	$ 7,278	$ 105	$ 192	$ -	$ -	$ 224,677	$ 143	$ 232,395
Special mention	-	-	-	-	-	-	-	-	-
Substandard - accrual	-	-	-	-	-	-	-	-	-
Substandard - non-accrual	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	468	-	468
Total	$ -	$ 7,278	$ 105	$ 192	$ -	$ -	$ 225,145	$ 143	$ 232,863
Commercial real estate - owner-occupied									
Pass	$ 43,160	$ 77,915	$ 134,076	$ 59,154	$ 49,994	$ 37,095	$ 72,630	$ 39,009	$ 513,033
Special mention	10,311	5,847	5,905	431	1,196	5,267	-	-	28,957
Substandard - accrual	65	-	203	407	89	73	-	-	837
Substandard - non-accrual	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total	$ 53,536	$ 83,762	$ 140,184	$ 59,992	$ 51,279	$ 42,435	$ 72,630	$ 39,009	$ 542,827

	As of June 30, 2023								
	Amortized Cost Basis by Origination Year and Internal Risk Rating						Amortized Cost Basis		
	2023	2022	2021	2020	2019	2018 and Prior	Revolving Loans	Revolving Loans converted to Term Loans	Total
	(Dollars in thousands)								
Commercial real estate - non-owner-occupied									
Pass	$ 292,061	$ 915,099	$ 298,948	$ 147,121	$ 79,500	$ 80,385	$ 535,380	$ 89,707	$ 2,438,201
Special mention	-	-	7,528	137	16,398	4,154	-	33	28,250
Substandard - accrual	10,092	365	-	-	-	314	439	-	11,210
Substandard - non-accrual	-	-	2,448	173	-	-	-	-	2,621
Doubtful	-	-	-	-	-	-	-	-	-
Total	$ 302,153	$ 915,464	$ 308,924	$ 147,431	$ 95,898	$ 84,853	$ 535,819	$ 89,740	$ 2,480,282
Residential real estate									
Pass	$ 19,066	$ 76,723	$ 86,898	$ 115,256	$ 39,976	$ 67,055	$ 26,962	$ -	$ 431,936
Special mention	253	-	3,560	165	210	-	-	-	4,188
Substandard - accrual	-	-	-	3,125	-	-	-	-	3,125
Substandard - non-accrual	-	-	-	-	-	-	-	185	185
Doubtful	-	-	-	-	-	-	-	-	-
Total	$ 19,319	$ 76,723	$ 90,458	$ 118,546	$ 40,186	$ 67,055	$ 26,962	$ 185	$ 439,434
Consumer									
Pass	$ 8,007	$ 6,360	$ 621	$ 113	$ 245	$ 123	$ 27,776	$ -	$ 43,245
Special mention	-	-	-	-	-	7	-	-	7
Substandard - accrual	-	-	-	29	-	-	-	-	29
Substandard - non-accrual	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Total	$ 8,007	$ 6,360	$ 621	$ 142	$ 245	$ 130	$ 27,776	$ -	$ 43,281

As of June 30, 2023									
	Amortized Cost Basis by Origination Year and Internal Risk Rating						Amortized Cost Basis		
	2023	2022	2021	2020	2019	2018 and Prior	Revolving Loans	Revolving Loans converted to Term Loans	Total
	(Dollars in thousands)								
Total									
Pass	$ 645,342	$ 1,390,221	$ 727,872	$ 382,055	$ 213,854	$ 228,042	$ 1,834,228	$ 166,164	$ 5,587,778
Special mention	22,314	11,656	32,995	3,043	18,562	9,733	34,185	6,818	139,306
Substandard - accrual	11,576	429	270	3,718	1,072	1,231	20,742	17,610	56,648
Substandard - non-accrual	-	-	2,440	230	-	-	8,511	1,218	12,399
Doubtful	-	-	-	-	-	-	468	-	468
Total	$ 679,232	$ 1,402,306	$ 763,577	$ 389,046	$ 233,488	$ 239,006	$ 1,898,134	$ 191,810	$ 5,796,599

	As of December 31, 2022								
	Amortized Cost Basis by Origination Year and Internal Risk Rating						Amortized Cost Basis		
	2022	2021	2020	2019	2018	2017 and Prior	Revolving Loans	Revolving Loans converted to Term Loans	Total
	(Dollars in thousands)								
Commercial and industrial									
Pass	$ 465,963	$ 281,166	$ 55,934	$ 50,445	$ 48,595	$ 20,648	$ 890,109	$ 19,089	$ 1,831,949
Special mention	2,531	23,055	14,573	2,951	4,947	86	49,861	41	98,045
Substandard - accrual	290	677	1,647	1,330	740	299	10,805	21,166	36,954
Substandard - non-accrual	-	104	-	6	1,383	-	6,479	-	7,972
Doubtful	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	12	-	-	12
Total	$ 468,784	$ 305,002	$ 72,154	$ 54,732	$ 55,665	$ 21,045	$ 957,254	$ 40,296	$ 1,974,932
Energy									
Pass	$ 7,585	$ 306	$ 228	$ -	$ -	$ -	$ 162,834	$ 171	$ 171,124
Special mention	-	-	-	-	-	-	-	-	-
Substandard - accrual	-	-	-	-	-	-	1,476	-	1,476
Substandard - non-accrual	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	618	-	618
Loss	-	-	-	-	-	-	-	-	-
Total	$ 7,585	$ 306	$ 228	$ -	$ -	$ -	$ 164,928	$ 171	$ 173,218
Commercial real estate - owner-occupied									
Pass	$ 79,695	$ 127,489	$ 56,607	$ 49,620	$ 28,143	$ 20,299	$ 28,814	$ 14,024	$ 404,691
Special mention	17,292	6,603	452	1,330	98	2,486	-	2,469	30,730
Substandard - accrual	-	-	403	-	-	1,295	-	-	1,698
Substandard - non-accrual	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-
Total	$ 96,987	$ 134,092	$ 57,462	$ 50,950	$ 28,241	$ 24,080	$ 28,814	$ 16,493	$ 437,119

As of December 31, 2022									
	Amortized Cost Basis by Origination Year and Internal Risk Rating						Amortized Cost Basis		
	2022	2021	2020	2019	2018	2017 and Prior	Revolving Loans	Revolving Loans converted to Term Loans	Total
	(Dollars in thousands)								
Commercial real estate - non-owner-occupied									
Pass	$ 827,420	$ 442,176	$ 200,090	$ 101,827	$ 49,834	$ 73,940	$ 458,297	$ 111,322	$ 2,264,906
Special mention	5,931	7,727	114	-	6,460	1,853	2,429	9,852	34,366
Substandard - accrual	10,545	310	607	82	60	253	-	992	12,849
Substandard - non-accrual	-	2,479	-	-	-	-	-	-	2,479
Doubtful	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-
Total	$ 843,896	$ 452,692	$ 200,811	$ 101,909	$ 56,354	$ 76,046	$ 460,726	$ 122,166	$ 2,314,600
Residential real estate									
Pass	$ 77,416	$ 84,158	$ 121,078	$ 45,265	$ 37,395	$ 34,852	$ 31,892	$ -	$ 432,056
Special mention	253	3,272	187	226	-	-	-	-	3,938
Substandard - accrual	34	-	3,148	-	-	-	-	-	3,182
Substandard - non-accrual	-	-	-	-	-	-	-	191	191
Doubtful	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-
Total	$ 77,703	$ 87,430	$ 124,413	$ 45,491	$ 37,395	$ 34,852	$ 31,892	$ 191	$ 439,367
Consumer									
Pass	$ 7,917	$ 1,347	$ 2,611	$ 265	$ 129	$ 6	$ 21,173	$ -	$ 33,448
Special mention	-	-	-	-	8	-	-	-	8
Substandard - accrual	-	-	32	-	5	-	-	-	37
Substandard - non-accrual	-	-	-	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-
Total	$ 7,917	$ 1,347	$ 2,643	$ 265	$ 142	$ 6	$ 21,173	$ -	$ 33,493

	As of December 31, 2022								
	Amortized Cost Basis by Origination Year and Internal Risk Rating						Amortized Cost Basis		
	2022	2021	2020	2019	2018	2017 and Prior	Revolving Loans	Revolving Loans converted to Term Loans	Total
	(Dollars in thousands)								
Total									
Pass	$ 1,465,996	$ 936,642	$ 436,548	$ 247,422	$ 164,096	$ 149,745	$ 1,593,119	$ 144,606	$ 5,138,174
Special mention	26,007	40,657	15,326	4,507	11,513	4,425	52,290	12,362	167,087
Substandard - accrual	10,869	987	5,837	1,412	805	1,847	12,281	22,158	56,196
Substandard - non-accrual	-	2,583	-	6	1,383	-	6,479	191	10,642
Doubtful	-	-	-	-	-	-	618	-	618
Loss	-	-	-	-	-	12	-	-	12
Total	$ 1,502,872	$ 980,869	$ 457,711	$ 253,347	$ 177,797	$ 156,029	$ 1,664,787	$ 179,317	$ 5,372,729

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Loan Portfolio Aging Analysis

The following tables present the Company's loan portfolio aging analysis as of June 30, 2023 and December 31, 2022:

As of June 30, 2023									
	Amortized Cost Basis by Origination Year and Past Due Status						Amortized Cost Basis		
	2023	2022	2021	2020	2019	2018 and Prior	Revolving loans	Revolving loans converted to term loans	Total
	(Dollars in thousands)								
Commercial and industrial									
30-59 days	$ -	$ -	$ 2	$ -	$ -	$ -	$ 2,946	$ 152	$ 3,100
60-89 days	-	31	80	-	-	-	1,536	843	2,490
Greater than 90 days	-	7	-	205	-	-	7,293	-	7,505
Total past due	-	38	82	205	-	-	11,775	995	13,095
Current	296,217	312,681	223,203	62,538	45,880	44,533	998,027	61,738	2,044,817
Total	$ 296,217	$ 312,719	$ 223,285	$ 62,743	$ 45,880	$ 44,533	$ 1,009,802	$ 62,733	$ 2,057,912
Greater than 90 days and accruing	$ -	$ 7	$ -	$ 148	$ -	$ -	$ 242	$ -	$ 397
Energy									
30-59 days	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
60-89 days	-	-	-	-	-	-	-	-	-
Greater than 90 days	-	-	-	-	-	-	468	-	468
Total past due	-	-	-	-	-	-	468	-	468
Current	-	7,278	105	192	-	-	224,677	143	232,395
Total	$ -	$ 7,278	$ 105	$ 192	$ -	$ -	$ 225,145	$ 143	$ 232,863
Greater than 90 days and accruing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

	As of June 30, 2023								
	Amortized Cost Basis by Origination Year and Past Due Status						Amortized Cost Basis		
	2023	2022	2021	2020	2019	2018 and Prior	Revolving loans	Revolving loans converted to term loans	Total
	(Dollars in thousands)								
Commercial real estate - owner-occupied									
30-59 days	$ -	$ -	$ 203	$ -	$ -	$ -	$ -	$ -	$ 203
60-89 days	-	-	-	-	-	-	-	-	-
Greater than 90 days	-	-	-	-	-	-	-	-	-
Total past due	-	-	203	-	-	-	-	-	203
Current	53,536	83,762	139,981	59,992	51,279	42,435	72,630	39,009	542,624
Total	$ 53,536	$ 83,762	$ 140,184	$ 59,992	$ 51,279	$ 42,435	$ 72,630	$ 39,009	$ 542,827
Greater than 90 days and accruing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial real estate - non-owner-occupied									
30-59 days	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
60-89 days	-	-	6,029	-	-	-	-	-	6,029
Greater than 90 days	-	-	-	-	-	-	-	-	-
Total past due	-	-	6,029	-	-	-	-	-	6,029
Current	302,153	915,464	302,895	147,431	95,898	84,853	535,819	89,740	2,474,253
Total	$ 302,153	$ 915,464	$ 308,924	$ 147,431	$ 95,898	$ 84,853	$ 535,819	$ 89,740	$ 2,480,282
Greater than 90 days and accruing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Residential real estate									
30-59 days	$ -	$ -	$ -	$ -	$ -	$ -	$ 176	$ -	$ 176
60-89 days	-	-	1,320	-	-	-	-	-	1,320
Greater than 90 days	-	-	-	-	-	-	-	-	-
Total past due	-	-	1,320	-	-	-	176	-	1,496
Current	19,319	76,723	89,138	118,546	40,186	67,055	26,786	185	437,938
Total	$ 19,319	$ 76,723	$ 90,458	$ 118,546	$ 40,186	$ 67,055	$ 26,962	$ 185	$ 439,434
Greater than 90 days and accruing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

	As of June 30, 2023								
	Amortized Cost Basis by Origination Year and Past Due Status						Amortized Cost Basis		
	2023	2022	2021	2020	2019	2018 and Prior	Revolving loans	Revolving loans converted to term loans	Total
	(Dollars in thousands)								
Consumer									
30-59 days	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
60-89 days	-	-	1	14	-	-	-	-	15
Greater than 90 days	-	36	-	-	-	-	-	-	36
Total past due	-	36	1	14	-	-	-	-	51
Current	8,007	6,324	620	128	245	130	27,776	-	43,230
Total	$ 8,007	$ 6,360	$ 621	$ 142	$ 245	$ 130	$ 27,776	$ -	$ 43,281
Greater than 90 days and accruing	$ -	$ 36	$ -	$ -	$ -	$ -	$ -	$ -	$ 36
Total									
30-59 days	$ -	$ -	$ 205	$ -	$ -	$ -	$ 3,122	$ 152	$ 3,479
60-89 days	-	31	7,430	14	-	-	1,536	843	9,854
Greater than 90 days	-	43	-	205	-	-	7,761	-	8,009
Total past due	-	74	7,635	219	-	-	12,419	995	21,342
Current	679,232	1,402,232	755,942	388,827	233,488	239,006	1,885,715	190,815	5,775,257
Total	$ 679,232	$ 1,402,306	$ 763,577	$ 389,046	$ 233,488	$ 239,006	$ 1,898,134	$ 191,810	$ 5,796,599
Greater than 90 days and accruing	$ -	$ 43	$ -	$ 148	$ -	$ -	$ 242	$ -	$ 433

	As of December 31, 2022								
	Amortized Cost Basis by Origination Year and Past Due Status						Amortized Cost Basis		
	2022	2021	2020	2019	2018	2017 and Prior	Revolving loans	Revolving loans converted to term loans	Total
	(Dollars in thousands)								
Commercial and industrial									
30-59 days	$ 20	$ 4,784	$ -	$ -	$ -	$ 1,049	$ 2,814	$ -	$ 8,667
60-89 days	-	55	-	-	-	-	980	430	1,465
Greater than 90 days	-	143	7	6	1,383	12	7,063	-	8,614
Total past due	20	4,982	7	6	1,383	1,061	10,857	430	18,746
Current	468,764	300,020	72,147	54,726	54,282	19,984	946,397	39,866	1,956,186
Total	$ 468,784	$ 305,002	$ 72,154	$ 54,732	$ 55,665	$ 21,045	$ 957,254	$ 40,296	$ 1,974,932
Greater than 90 days and accruing	$ -	$ 39	$ 7	$ -	$ -	$ -	$ 584	$ -	$ 630
Energy									
30-59 days	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
60-89 days	-	-	-	-	-	-	-	-	-
Greater than 90 days	-	-	-	-	-	-	618	-	618
Total past due	-	-	-	-	-	-	618	-	618
Current	7,585	306	228	-	-	-	164,310	171	172,600
Total	$ 7,585	$ 306	$ 228	$ -	$ -	$ -	$ 164,928	$ 171	$ 173,218
Greater than 90 days and accruing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial real estate - owner-occupied									
30-59 days	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
60-89 days	-	-	-	-	-	-	-	-	-
Greater than 90 days	-	-	-	-	-	-	-	-	-
Total past due	-	-	-	-	-	-	-	-	-
Current	96,987	134,092	57,462	50,950	28,241	24,080	28,814	16,493	437,119
Total	$ 96,987	$ 134,092	$ 57,462	$ 50,950	$ 28,241	$ 24,080	$ 28,814	$ 16,493	$ 437,119
Greater than 90 days and accruing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

	As of December 31, 2022								
	Amortized Cost Basis by Origination Year and Past Due Status						Amortized Cost Basis		
	2022	2021	2020	2019	2018	2017 and Prior	Revolving loans	Revolving loans converted to term loans	Total
	(Dollars in thousands)								
Commercial real estate - non-owner-occupied									
30-59 days	$ 4,293	$ -	$ -	$ 1,180	$ -	$ -	$ -	$ -	$ 5,473
60-89 days	-	-	-	-	-	-	-	-	-
Greater than 90 days	-	-	-	-	-	-	-	-	-
Total past due	4,293	-	-	1,180	-	-	-	-	5,473
Current	839,603	452,692	200,811	100,729	56,354	76,046	460,726	122,166	2,309,127
Total	$ 843,896	$ 452,692	$ 200,811	$ 101,909	$ 56,354	$ 76,046	$ 460,726	$ 122,166	$ 2,314,600
Greater than 90 days and accruing	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Residential real estate									
30-59 days	$ -	$ 3,867	$ -	$ 10	$ -	$ -	$ 30	$ -	$ 3,907
60-89 days	-	-	-	-	-	-	-	-	-
Greater than 90 days	-	120	-	-	-	-	-	-	120
Total past due	-	3,987	-	10	-	-	30	-	4,027
Current	77,703	83,443	124,413	45,481	37,395	34,852	31,862	191	435,340
Total	$ 77,703	$ 87,430	$ 124,413	$ 45,491	$ 37,395	$ 34,852	$ 31,892	$ 191	$ 439,367
Greater than 90 days and accruing	$ -	$ 120	$ -	$ -	$ -	$ -	$ -	$ -	$ 120
Consumer									
30-59 days	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
60-89 days	-	-	2	-	5	-	-	-	7
Greater than 90 days	-	-	-	-	-	-	-	-	-
Total past due	-	-	2	-	5	-	-	-	7
Current	7,917	1,347	2,641	265	137	6	21,173	-	33,486
Total	$ 7,917	$ 1,347	$ 2,643	$ 265	$ 142	$ 6	$ 21,173	$ -	$ 33,493

	As of December 31, 2022								
	Amortized Cost Basis by Origination Year and Past Due Status						Amortized Cost Basis		
	2022	2021	2020	2019	2018	2017 and Prior	Revolving loans	Revolving loans converted to term loans	Total
	(Dollars in thousands)								
Total									
30-59 days	$ 4,313	$ 8,651	$ -	$ 1,190	$ -	$ 1,049	$ 2,844	$ -	$ 18,047
60-89 days	-	55	2	-	5	-	980	430	1,472
Greater than 90 days	-	263	7	6	1,383	12	7,681	-	9,352
Total past due	4,313	8,969	9	1,196	1,388	1,061	11,505	430	28,871
Current	1,498,559	971,900	457,702	252,151	176,409	154,968	1,653,282	178,887	5,343,858
Total	$ 1,502,872	$ 980,869	$ 457,711	$ 253,347	$ 177,797	$ 156,029	$ 1,664,787	$ 179,317	$ 5,372,729
Greater than 90 days and accruing	$ -	$ 159	$ 7	$ -	$ -	$ -	$ 584	$ -	$ 750

Non-accrual Loan Analysis

Non-accrual loans are loans for which the Company does not record interest income. The accrual of interest on loans is discontinued at the time the loan is 90 days past due unless the credit is well secured and in process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on non-accrual or charged off at an earlier date, if collection of principal or interest is considered doubtful. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. The following tables present the Company's non-accrual loans by loan segments at June 30, 2023 and December 31, 2022:

	As of June 30, 2023									
	Amortized Cost Basis by Origination Year and On Non-accrual						Amortized Cost Basis			
	2023	2022	2021	2020	2019	2018 and Prior	Revolving loans	Revolving loans converted to term loans	Total Non-accrual Loans	Non-accrual Loans with no related Allowance
	(Dollars in thousands)									
Commercial and industrial	$ -	$ -	$ -	$ 57	$ -	$ -	$ 8,503	$ 1,033	$ 9,593	$ 6,991
Energy	-	-	-	-	-	-	468	-	468	468
Commercial real estate - owner-occupied	-	-	-	-	-	-	-	-	-	-
Commercial real estate - non-owner-occupied	-	-	2,448	173	-	-	-	-	2,621	2,621
Residential real estate	-	-	-	-	-	-	-	185	185	185
Consumer	-	-	-	-	-	-	-	-	-	-
Total	$ -	$ -	$ 2,448	$ 230	$ -	$ -	$ 8,971	$ 1,218	$ 12,867	$ 10,265

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As of December 31, 2022										
	Amortized Cost Basis by Origination Year and On Non-accrual						Amortized Cost Basis			
	2022	2021	2020	2019	2018	2017 and Prior	Revolving loans	Revolving loans converted to term loans	Total Non-accrual Loans	Non-accrual Loans with no related Allowance
	(Dollars in thousands)									
Commercial and industrial	$ -	$ 104	$ -	$ 6	$ 1,383	$ 12	$ 6,479	$ -	$ 7,984	$ 7,984
Energy	-	-	-	-	-	-	618	-	618	618
Commercial real estate - owner-occupied	-	-	-	-	-	-	-	-	-	-
Commercial real estate - non-owner-occupied	-	2,479	-	-	-	-	-	-	2,479	2,479
Residential real estate	-	-	-	-	-	-	-	191	191	191
Consumer	-	-	-	-	-	-	-	-	-	-
Total	$ -	$ 2,583	$ -	$ 6	$ 1,383	$ 12	$ 7,097	$ 191	$ 11,272	$ 11,272

Interest income recognized on non-accrual loans was $0.1 million and $0.3 million for the three- and six-months ended June 30, 2023, respectively. For the three-and six-months ended June 30, 2022, the interest income recognized on non-accrual loans was $0.3 million and $0.4 million, respectively.

Allowance for Credit Losses

The following table presents the activity in the allowance for credit losses and allowance for credit losses on off-balance sheet credit exposures by portfolio segment for the three- and six-months ended June 30, 2023:

	For the Three Months Ended June 30, 2023						
	Commercial and Industrial	Energy	Commercial Real Estate - Owner-occupied	Commercial Real Estate - Non-owner-occupied	Residential Real Estate	Consumer	Total
	(Dollars in thousands)						
Allowance for Credit Losses:							
Beginning balance	$ 27,660	$ 4,679	$ 5,610	$ 23,807	$ 3,265	$ 109	$ 65,130
Charge-offs	(738)	-	-	-	-	(5)	(743)
Recoveries	3	137	-	-	-	-	140
Provision	2,004	98	751	174	3	10	3,040
Ending balance	$ 28,929	$ 4,914	$ 6,361	$ 23,981	$ 3,268	$ 114	$ 67,567
Allowance for Credit Losses on Off-Balance Sheet Credit Exposures:							
Beginning balance	$ 461	$ 541	$ 226	$ 6,819	$ 59	$ 7	$ 8,113
Provision (release)	(12)	(45)	(21)	(323)	8	(7)	(400)
Ending balance	$ 449	$ 496	$ 205	$ 6,496	$ 67	$ -	$ 7,713

	For the Six Months Ended June 30, 2023						
	Commercial and Industrial	Energy	Commercial Real Estate - Owner-occupied	Commercial Real Estate - Non-owner-occupied	Residential Real Estate	Consumer	Total
	(Dollars in thousands)						
Allowance for Credit Losses:							
Beginning balance	$ 26,803	$ 4,396	$ 5,214	$ 21,880	$ 3,333	$ 149	$ 61,775
Charge-offs	(2,380)	-	-	-	-	(5)	(2,385)
Recoveries	4	137	-	-	-	-	141
Provision (release)	4,502	381	1,147	2,101	(65)	(30)	8,036
Ending balance	$ 28,929	$ 4,914	$ 6,361	$ 23,981	$ 3,268	$ 114	$ 67,567
Allowance for Credit Losses on Off-Balance Sheet Credit Exposures:							
Beginning balance	$ 319	$ 787	$ 221	$ 7,323	$ 35	$ 3	$ 8,688
Provision (release)	130	(291)	(16)	(827)	32	(3)	(975)
Ending balance	$ 449	$ 496	$ 205	$ 6,496	$ 67	$ -	$ 7,713

The ACL increased $2.4 million during the quarter. Provision expense of $3.0 million was driven primarily by loan growth, and was partially offset by $ 0.6 million in net charge-offs, primarily due to two commercial and industrial loans. The reserve on unfunded commitments decreased $0.4 million due to a decrease in unfunded commitments in the quarter.

The ACL increased $5.8 million during the six-months ended June 30, 2023 and included provision of $8.0 million due to loan growth and changes in credit quality and economic factors and an increase in reserves on impaired loans of $ 0.8 million, partially offset by $2.2 million in net charge-offs. The reserve on unfunded commitments decreased $1.0 million due to a decrease in unfunded commitments.

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The following tables presents the Company's gross charge-offs by year of origination for the three- and six-months ended June 30, 2023:

For the Quarter Ended June 30, 2023

	Gross Charge-offs by Origination Year						Gross Charge-offs		
	2023	2022	2021	2020	2019	2018 and Prior	Revolving loans	Revolving loans converted to term loans	Gross Charge-offs
	(Dollars in thousands)								
Commercial and industrial	$ 6	$ -	$ 2	$ -	$ -	$ 11	$ 569	$ 150	$ 738
Energy	-	-	-	-	-	-	-	-	-
Commercial real estate - owner-occupied	-	-	-	-	-	-	-	-	-
Commercial real estate - non-owner-occupied	-	-	-	-	-	-	-	-	-
Residential real estate	-	-	-	-	-	-	-	-	-
Consumer	-	-	-	-	-	5	-	-	5
Total	$ 6	$ -	$ 2	$ -	$ -	$ 16	$ 569	$ 150	$ 743

For the Six Months Ended June 30, 2023

	Gross Charge-offs by Origination Year						Gross Charge-offs		
	2023	2022	2021	2020	2019	2018 and Prior	Revolving loans	Revolving loans converted to term loans	Gross Charge-offs
	(Dollars in thousands)								
Commercial and industrial	$ 6	$ -	$ 72	$ -	$ -	$ 1,358	$ 569	$ 375	$ 2,380
Energy	-	-	-	-	-	-	-	-	-
Commercial real estate - owner-occupied	-	-	-	-	-	-	-	-	-
Commercial real estate - non-owner-occupied	-	-	-	-	-	-	-	-	-
Residential real estate	-	-	-	-	-	-	-	-	-
Consumer	-	-	-	-	-	5	-	-	5
Total	$ 6	$ -	$ 72	$ -	$ -	$ 1,363	$ 569	$ 375	$ 2,385

Collateral Dependent Loans:

Collateral dependent loans are loans for which the repayment is expected to be provided substantially through the operation or sale of the collateral and the borrower is experiencing financial difficulty. The following table presents the amortized cost balance of loans considered collateral dependent by loan segment and collateral type as of June 30, 2023 and December 31, 2022:

As of June 30, 2023			
Loan Segment and Collateral Description	**Amortized Cost of Collateral Dependent Loans**	**Related Allowance for Credit Losses**	**Amortized Cost of Collateral Dependent Loans with no related Allowance**
		(Dollars in thousands)	
Commercial and industrial			
All business assets	$ 7,984	$ 883	$ 6,065
Energy			
Oil and natural gas properties	468	-	468
Commercial real estate - owner-occupied			
Commercial real estate properties	-	-	-
Commercial real estate - non-owner-occupied			
Commercial real estate properties	-	-	-
Residential real estate			
Residential real estate properties	-	-	-
Consumer			
Vehicles & other personal assets	-	-	-
	$ 8,452	$ 883	$ 6,533

As of December 31, 2022			
Loan Segment and Collateral Description	**Amortized Cost of Collateral Dependent Loans**	**Related Allowance for Credit Losses**	**Amortized Cost of Collateral Dependent Loans with no related Allowance**
		(Dollars in thousands)	
Commercial and industrial			
All business assets	$ 7,981	$ -	$ 7,981
Energy			
Oil and natural gas properties	618	-	618
Commercial real estate - owner-occupied			
Commercial real estate properties	-	-	-
Commercial real estate - non-owner-occupied			
Commercial real estate properties	92	-	92
Residential real estate			
Residential real estate properties	-	-	-
Consumer			
Vehicles & other personal assets	39	22	-
	$ 8,728	$ 22	$ 8,689

Loan Modifications

The Company considers loans to borrowers experiencing financial difficulties to be troubled loans. Effective January 1, 2023, the Company adopted ASU 2022-02, which eliminates the accounting guidance for troubled debt restructurings ("TDR") and requires an entity evaluate whether loan modifications represent a new loan or a continuation of an existing loan. Such troubled debt modifications ("TDM") may include principal forgiveness, interest rate reductions, other-than-insignificant-payment delays, term extensions or any combination thereof. The Company adopted this accounting standard on a prospective basis.

During the three- and six-months ended June 30, 2023, the Company modified three loans with an amortized cost basis of $4.7 million to facilitate repayment that are considered TDMs. The following table presents, by loan segment, the amortized cost basis as of the date shown for modified loans to borrowers experiencing financial difficulty:

	June 30, 2023		
	Term Extension		
	Amortized Cost Basis		% of Loan Class
	(Dollars in thousands)		
Commercial and industrial	$	4,607	0.2 %
Commercial real estate - owner-occupied		65	0.0
Total Loans	$	4,672	

The following schedule presents the payment status, by loan class, as of June 30, 2023, of the amortized cost basis of loans that have been modified since January 1, 2023:

	June 30, 2023	
	Current	
	(Dollars in thousands)	
Commercial and industrial	$	4,607
Commercial real estate - owner-occupied		65
Total Loans	$	4,672

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

The following schedule presents the financial effect of the modifications made to borrowers experiencing financial difficulty as of June 30, 2023:

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

Troubled Debt Restructurings

Prior to the adoption of ASU 2022-02, TDRs were extended to borrowers who were experiencing financial difficulty and who had been granted a concession, excluding loan modifications as a result of the COVID-19 pandemic. The modification of terms typically included the extension of maturity, reduction or deferment of monthly payment, or reduction of the stated interest rate.

The outstanding balance of TDRs recognized prior to the adoption of ASU 2022-02 was $ 28.4 million and $30.5 million as of June 30, 2023 and December 31, 2022, respectively.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

The Company estimates expected credit losses for off-balance sheet credit exposures unless the obligation is unconditionally cancellable by the Company. The ACL on off-balance sheet credit exposures is adjusted as a provision for credit loss expense. The estimate is calculated for each loan segment and includes consideration of the likelihood that funding will occur and an estimate of the expected credit losses on commitments expected to be funded over its estimated life. For each pool of contractual obligations expected to be funded, the Company uses the reserve rate established for the related loan pools. The $8 million and $9 million allowance for credit losses on off-balance sheet credit exposures at June 30, 2023 and December 31, 2022, respectively, are included in “interest payable and other liabilities” on the statements of financial condition.

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

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

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

Note 4: Leases

The Company’s leases primarily include bank branches located in Kansas City, Missouri; Tulsa, Oklahoma; Dallas, Texas; Frisco, Texas; Phoenix, Arizona; Denver, Colorado and Colorado Springs, Colorado. The remaining lease terms on these branch leases range from less than one year to nineteen years with certain options to renew. Renewal terms can extend the lease term between five years and twenty years. The exercise of lease renewal options is at the Company’s sole discretion. When it is reasonably certain that the Company will exercise its option to renew or extend the lease term, that option is included in the estimated value of the right of use (“ROU”) asset and lease liability. The Company’s lease agreements do not contain any material residual value guarantees or material restrictive covenants. As of June 30, 2023, the Company recognized one finance lease and the remaining Company leases are classified as operating leases.

During the second quarter of 2023, the Company entered into a lease agreement for a new bank branch in Oklahoma City, Oklahoma. The lease is expected to commence at the beginning of 2025. The lease will be recognized in the Company’s consolidated financial statements during the period that includes the lease’s commencement date.

The ROU asset is included in “other assets” on the consolidated statements of financial condition, and was $29 million and $31 million at June 30, 2023 and December 31, 2022, respectively. Certain adjustments to the ROU asset may be required for items such as initial direct costs paid or incentives received. The lease liability is located in “Interest payable and other liabilities” on the consolidated statements of financial condition and was $32 million and $34 million at June 30, 2023 and December 31, 2022, respectively.

As of June 30, 2023, the remaining weighted-average lease term is 11.3 years, and the weighted-average discount rate was 2.55% utilizing the Company’s incremental Federal Home Loan Bank (“FHLB”) borrowing rate for borrowings of a similar term at the date of lease commencement.

The following table presents components of operating lease expense in the accompanying consolidated statements of operations for the three-and six-month periods ended June 30, 2023 and 2022:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
	(Dollars in thousands)			
Finance lease amortization of right-of-use asset	$ 71	$ 92	$ 141	$ 92
Finance lease interest on lease liability	68	46	137	46
Operating lease expense	731	603	1,463	1,329
Variable lease expense	488	345	881	558
Short-term lease expense	5	5	10	10
Total lease expense	$ 1,363	$ 1,091	$ 2,632	$ 2,035

Future minimum commitments due under these lease agreements as of June 30, 2023 are as follows:

	Operating Leases	Finance Lease
	(Dollars in thousands)	
Remainder of 2023	$ 2,059	$ 245
2024	3,289	490
2025	3,309	490
2026	3,350	490
2027	3,340	528
Thereafter	12,619	8,296
Total lease payments	$ 27,966	$ 10,539
Less imputed interest	3,421	3,027
Total	$ 24,545	$ 7,512

Supplemental cash flow information – Operating cash flows paid for operating lease amounts included in the measurement of lease liabilities were $1.8 million and $1.4 million for the six-months ended June 30, 2023 and 2022, respectively. Operating cash flows paid for finance lease amounts included in the measurement of lease liabilities was $ 0.2 million and $0.1 million for the six-months ended June 30, 2023 and 2022, respectively. During the six-months ended June 30, 2023, the Company did not record any ROU assets that were exchanged for operating lease liabilities.

Note 5: Goodwill and Core Deposit Intangible

Goodwill is measured as the excess of the fair value of consideration paid over the fair value of net assets acquired. In accordance with GAAP, the Company performs annual tests to identify impairment of goodwill and more frequently if events or circumstances indicate a potential impairment may exist. No goodwill impairment was recorded during the six-months ended June 30, 2023.

The Company is amortizing the core deposit intangible (“CDI”) from the Farmers & Stockmens acquisition over its estimated useful life of approximately 10 years using the sum of the years’ digits accelerated method. The Company recognized core deposit intangible amortization expense of $0.8 million and $1.6 million for the three- and six-month periods ended June 30, 2023, respectively.

The gross carrying amount of goodwill and the gross carrying amount and accumulated amortization of the CDI at June 30, 2023 and December 31, 2022 were:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
		(Dollars in thousands)	
June 30, 2023			
Goodwill	$ 12,836	$ -	$ 12,836
Core deposit intangible	17,479	2,858	14,621
Total goodwill and intangible assets	$ 30,315	$ 2,858	$ 27,457
December 31, 2022			
Goodwill	$ 12,836	$ -	$ 12,836
Core deposit intangible	17,479	1,234	16,245
Total goodwill and intangible assets	$ 30,315	$ 1,234	$ 29,081

The following table shows the estimated future amortization expense for the CDI as of June 30, 2023:

	Amount
Years ending December 31,	*(Dollars in thousands)*
For the six months ending December 31, 2023	$ 1,517
For the year ending December 31, 2024	2,762
For the year ending December 31, 2025	2,436
For the year ending December 31, 2026	2,109
For the year ending December 31, 2027	1,783

Note 6: Derivatives and Hedging

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

Cash Flow Hedges of Interest Rate Risk

The Company uses interest rate derivatives to add stability to interest income and expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company uses interest rate swaps and collars as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Interest rate collars designated as cash flow hedges involve payments of variable-rate amounts if interest rates rise above the cap strike rate on the contract and the receipt of variable-rate amounts if interest rates fall below the floor strike rate on the contract. During 2023, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt and loan assets. Previously, five swaps that were entered into in 2021 were terminated during the third quarter of 2022, however, the amortization of the gains on these instruments will start in 2023 based on the original effective dates of these swaps. Derivatives designated and that qualify as cash flow hedges include five instruments with a notional amount of $340 million and one instrument with a notional amount of $250 million at June 30, 2023 and December 31, 2022, respectively.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the gain or loss on the derivative is recorded in Accumulated Other Comprehensive Income (Loss) ("AOCI") and subsequently reclassified into interest income or expense in the same period(s) during which the hedged transaction affects earnings. Amounts reported in AOCI related to derivatives will be reclassified to interest income and expense as interest payments are received and made on the Company's variable-rate assets and debt. The Company currently estimates that $1.5 million will be reclassified as a decrease to net interest income during the next twelve months.

The Company is hedging its exposure to the variability in future cash flows for forecasted transactions over a maximum period of 5.9 years.

Non-designated Hedges

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

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

These 48 and 49 swaps had an aggregate notional amount of $ 378 million and $421 million at June 30, 2023 and December 31, 2022, respectively.

Fair Values of Derivative Instruments on the Statements of Financial Condition

The table below presents the fair value of the Company's derivative financial instruments and their classification on the Statements of Financial Condition as of June 30, 2023 and December 31, 2022:

	Asset Derivatives			Liability Derivatives		
	Statement of Financial Condition Location	**June 30, 2023**	**December 31, 2022**	**Statement of Financial Condition Location**	**June 30, 2023**	**December 31, 2022**
			(Dollars in thousands)			
Interest rate products:						
Derivatives designated as hedging instruments	Other assets and Interest receivable	$ 211	$ -	Interest payable and other liabilities	$ 7,726	$ 5,403
Derivatives not designated as hedging instruments	Other assets and Interest receivable	10,415	11,038	Interest payable and other liabilities	10,415	11,039
Total		$ 10,626	$ 11,038		$ 18,141	$ 16,442

The table below presents the effect of cash flow hedge accounting on Accumulated Other Comprehensive Income (Loss) for the three- and six-months ended June 30, 2023 and 2022.

	Location of Gain or (Loss) Recognized from Accumulated Other Comprehensive Income into Earnings	Gain or (Loss) Recognized in OCI on Derivative	Gain or (Loss) Recognized in OCI Included Component	Gain or (Loss) Recognized in OCI Excluded Component	Gain or (Loss) Reclassified from Accumulated OCI into Earnings	Gain or (Loss) Reclassified from Accumulated OCI into Earnings Included Component	Gain or (Loss) Reclassified from Accumulated OCI into Earnings Excluded Component
				(Dollars in thousands)			
For the Three Months Ended June 30, 2023							
Derivatives in Cash Flow Hedging Relationships:							
Interest Rate Products	Interest Income	$ (3,839)	$ (3,839)	$ -	$ -	$ -	$ -
Interest Rate Products	Interest Expense	207	207	-	9	9	-
Total		$ (3,632)	$ (3,632)	$ -	$ 9	$ 9	$ -
For the Three Months Ended June 30, 2022							
Derivatives in Cash Flow Hedging Relationships:							
Interest Rate Products	Interest Expense	1,385	1,385	-	-	-	-
Total		$ 1,385	$ 1,385	$ -	$ -	$ -	$ -

	Location of Gain or (Loss) Recognized from Accumulated Other Comprehensive Income into Earnings	Gain or (Loss) Recognized in OCI on Derivative	Gain or (Loss) Recognized in OCI Included Component	Gain or (Loss) Recognized in OCI Excluded Component	Gain or (Loss) Reclassified from Accumulated OCI into Earnings	Gain or (Loss) Reclassified from Accumulated OCI into Earnings Included Component	Gain or (Loss) Reclassified from Accumulated OCI into Earnings Excluded Component
				(Dollars in thousands)			
For the Six Months Ended June 30, 2023							
Derivatives in Cash Flow Hedging Relationships:							
Interest Rate Products	Interest Income	$ (2,299)	$ (2,299)	$ -	$ -	$ -	$ -
Interest Rate Products	Interest Expense	207	207	-	9	9	-
Total		$ (2,092)	$ (2,092)	$ -	$ 9	$ 9	$ -
For the Six Months Ended June 30, 2022							
Derivatives in Cash Flow Hedging Relationships:							
Interest Rate Products	Interest Expense	4,040	4,040	-	-	-	-
Total		$ 4,040	$ 4,040	$ -	$ -	$ -	$ -

As of June 30, 2023 and December 31, 2022, the Company had minimum collateral thresholds with certain of its derivative counterparties and has received collateral of $ 2.8 million and $4.9 million, respectively.

Note 7: Time Deposits and Borrowings

The scheduled maturities, excluding interest, of the Company's borrowings at June 30, 2023 were as follows:

	June 30, 2023						
	Within One Year	One to Two Years	Two to Three Years	Three to Four Years	Four to Five Years	After Five Years	Total
	(Dollars in thousands)						
Time deposits	$ 1,709,991	$ 122,995	$ 1,849	$ 2,208	$ 1,181	$ 231	$ 1,838,455
FHLB borrowings	4,153	11,391	-	-	65,000	15,000	95,544
FHLB line of credit	167,164	-	-	-	-	-	167,164
Line of credit	-	7,500	-	-	-	-	7,500
SBA secured borrowing	-	-	-	-	-	5,731	5,731
Trust preferred securities[1]	-	-	-	-	-	1,089	1,089
	$ 1,881,308	$ 141,886	$ 1,849	$ 2,208	$ 66,181	$ 22,051	$ 2,115,483

[1] The contract value of the trust preferred securities is $ 2.6 million and is currently being accreted to the maturity date of 2035.

Note 8: Income Tax

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Dollars in thousands)			
Computed at the statutory rate (21%)	$ 4,256	$ 4,110	$ 8,483	$ 8,523
Increase (decrease) resulting from				
Tax-exempt income	(835)	(890)	(1,715)	(1,744)
Nondeductible expenses	67	111	160	193
State income taxes	670	728	1,302	1,424
Equity based compensation	80	15	35	(154)
Other adjustments	(19)	(47)	(25)	(27)
Actual tax expense	$ 4,219	$ 4,027	$ 8,240	$ 8,215

The tax effects of temporary differences related to deferred taxes located in "other assets" on the consolidated statements of financial condition are presented below:

	June 30, 2023	December 31, 2022
	(Dollars in thousands)	
Deferred tax assets		
Net unrealized loss on securities available-for-sale	$ 19,634	$ 20,295
Allowance for credit losses	17,857	16,710
Lease incentive	424	451
Loan fees	4,078	4,048
Accrued expenses	2,171	3,379
Deferred compensation	2,023	2,166
Other	1,419	1,469
Total deferred tax asset	47,606	48,518
Deferred tax liability		
FHLB stock basis	(287)	(436)
Premises and equipment	(1,819)	(2,042)
Other	(1,062)	(1,018)
Total deferred tax liability	(3,168)	(3,496)
Net deferred tax asset	$ 44,438	$ 45,022

Note 9: Change in Accumulated Other Comprehensive Income (Loss)

Amounts reclassified from AOCI and the affected line items in the consolidated statements of operations during the three- and six-month periods ended June 30, 2023 and 2022, were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,		Affected Line Item in the Statements of Operations
	2023	2022	2023	2022	
	(Dollars in thousands)				
Realized (losses) gains on available-for-sale securities	$ -	$ (12)	$ 63	$ (38)	Realized gains (losses) on sale of available-for-sale securities
Less: tax (benefit) expense effect	-	(3)	15	(9)	Income tax expense
Realized (losses) gains on available-for-sale securities, net of income tax	-	(9)	48	(29)	
Interest income on cash flow hedges	9	-	9	-	Interest expense - Deposits
Less: tax expense effect	2	-	2	-	Income tax expense
Interest income on cash flow hedges, net of tax	7	-	7	-	
Total reclassified amount	$ 7	(9)	55	(29)	

Note 10: Regulatory Matters

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Management believes that, as of June 30, 2023, the Company and the Bank met all capital adequacy requirements to which they are subject.

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

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

The Company's and the Bank's actual capital amounts and ratios as of June 30, 2023 and December 31, 2022 are presented in the following table:

	Actual		Required to be Considered Well Capitalized		Required to be Considered Adequately Capitalized[1]	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)					
June 30, 2023						
Total Capital to Risk-Weighted Assets						
Consolidated	$ 763,079	10.7 %	N/A	N/A	$ 751,833	10.5 %
Bank	765,483	10.7	$ 715,561	10.0 %	751,339	10.5
Tier I Capital to Risk-Weighted Assets						
Consolidated	687,799	9.6	N/A	N/A	608,626	8.5
Bank	690,203	9.6	572,449	8.0	608,227	8.5
Common Equity Tier 1 to Risk-Weighted Assets						
Consolidated	678,960	9.5	N/A	N/A	501,222	7.0
Bank	690,203	9.6	465,115	6.5	500,893	7.0
Tier I Capital to Average Assets						
Consolidated	687,799	9.9	N/A	N/A	279,015	4.0
Bank	$ 690,203	9.9 %	$ 348,828	5.0 %	$ 279,063	4.0 %
December 31, 2022						
Total Capital to Risk-Weighted Assets						
Consolidated	$ 715,416	10.5 %	N/A	N/A	$ 714,162	10.5 %
Bank	714,300	10.5	$ 679,793	10.0 %	713,783	10.5
Tier I Capital to Risk-Weighted Assets						
Consolidated	644,953	9.5	N/A	N/A	578,131	8.5
Bank	643,837	9.5	543,835	8.0	577,824	8.5
Common Equity Tier 1 to Risk-Weighted Assets						
Consolidated	643,892	9.5	N/A	N/A	476,108	7.0
Bank	643,837	9.5	441,866	6.5	475,855	7.0
Tier I Capital to Average Assets						
Consolidated	644,953	10.3	N/A	N/A	249,270	4.0
Bank	$ 643,837	10.3 %	$ 311,623	5.0 %	$ 249,299	4.0 %

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

Note 11: Stock-Based Compensation

The Company issues stock-based compensation in the form of non-vested restricted stock, restricted stock units and stock appreciation rights under the 2018 Omnibus Equity Incentive Plan (as amended, the "Omnibus Plan"). The Omnibus Plan will expire on the tenth anniversary of its effective date. In addition, the Company has an Employee Stock Purchase Plan that was reinstated during the third quarter of 2020. The aggregate number of shares authorized for future issuance under the Omnibus Plan is 1,275,410 shares as of June 30, 2023.

The table below summarizes the stock-based compensation for the three- and six-months-ended June 30, 2023 and 2022:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
	(Dollars in thousands)			
Stock appreciation rights	$ 42	$ 88	$ 141	$ 187
Performance-based stock awards	298	200	534	411
Restricted stock units and awards	889	795	1,768	1,573
Employee stock purchase plan	36	37	60	64
Total stock-based compensation	$ 1,265	$ 1,120	$ 2,503	$ 2,235

Performance-Based Restricted Stock Units

The Company awards performance-based restricted stock units ("PBRSUs") to key officers of the Company. The PBRSUs typically cliff-vest at the end of three years based on attainment of certain performance metrics developed by the Compensation Committee. The ultimate number of shares issuable under each performance award is the product of the award target and the award payout percentage given the level of achievement. The award payout percentages by level of achievement range between 0% of target and 150% of target.

During the six-month period ended June 30, 2023, the Company granted 128,005 PBRSUs. The performance metrics include three-year cumulative earnings per share and relative total shareholder return.

The following table summarizes the status of and changes in the PBRSUs:

	Performance-Based Restricted Stock Unit Awards	
	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested, January 1, 2023	134,286	$ 14.52
Granted	128,005	14.13
Vested	(20,736)	13.55
Forfeited	(5,335)	14.49
Unvested, June 30, 2023	236,220	$ 14.40

Unrecognized stock-based compensation related to the performance awards issued through June 30, 2023 was $2.4 million and is expected to be recognized over 2.3 years.

Restricted Stock Units and Restricted Stock Awards

The Company issues time-based restricted stock units ("RSUs") and restricted stock awards ("RSAs") to provide incentives to key officers, employees, and non-employee directors. Awards are typically granted annually as determined by the Compensation Committee. The service-based RSUs typically vest in equal amounts over three years. The service-based RSAs typically cliff-vest after one year.

The following table summarizes the status of and changes in the RSUs and RSAs:

	Restricted Stock Units and Awards	
	Number of Shares	Weighted-Average Grant Date Fair Value
Unvested, January 1, 2023	416,980	$ 14.13
Granted	333,979	13.20
Vested	(209,641)	13.74
Forfeited	(18,751)	14.31
Unvested, June 30, 2023	522,567	$ 13.68

Unrecognized stock-based compensation related to the RSUs and RSAs issued through June 30, 2023 was $6.0 million and is expected to be recognized over 2.1 years.

Note 12: Stock Warrants

The Company had 80,000 outstanding, fully vested warrants to purchase common stock at a strike price of $5.00 per share as of December 31, 2022. During the six-month period ended June 30, 2023, the remaining, fully vested 80,000 warrants were exercised and cash settled resulting in a reduction to additional paid in capital of $ 0.4 million. There were no outstanding warrants as of June 30, 2023.

Note 13: Stockholders' Equity

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
	(Dollars in thousands except per share data)			
Earnings per Common Share				
Net Income	$ 16,047	$ 15,545	$ 32,155	$ 32,373
Less: preferred stock dividends	103	-	103	-
Net income available to common stockholders	$ 15,944	$ 15,545	$ 32,052	$ 32,373
Weighted average common shares	48,744,507	49,758,263	48,690,509	50,003,418
Earnings per common share	$ 0.33	$ 0.31	$ 0.66	$ 0.65
Diluted Earnings per Common Share				
Net Income	$ 16,047	$ 15,545	$ 32,155	$ 32,373
Less: preferred stock dividends	103	-	103	-
Net income available to common stockholders	$ 15,944	$ 15,545	$ 32,052	$ 32,373
Weighted average common shares	48,744,507	49,758,263	48,690,509	50,003,418
Effect of dilutive shares	198,818	445,462	304,298	558,450
Weighted average dilutive common shares	48,943,325	50,203,725	48,994,807	50,561,868
Diluted earnings per common share	$ 0.33	$ 0.31	$ 0.65	$ 0.64
Stock-based awards not included because to do so would be antidilutive	920,812	711,375	917,479	450,541

Dividends of $103 thousand related to the Series A Non-Cumulative Perpetual Preferred Stock were declared and paid during the three-months ended June 30, 2023. In July 2023, the Board of Directors declared a quarterly dividend on Series A Non-Cumulative Perpetual Preferred Stock in the amount of $ 20.00 per share to be payable on September 15, 2023 to shareholders of record as of August 31, 2023.

Note 14: Disclosures about Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs supported by little or no market activity and significant to the fair value of the assets or liabilities.

Recurring Measurements

The following list presents the assets and liabilities recognized in the accompanying consolidated statements of financial condition measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2023 and December 31, 2022:

	Fair Value Description	Valuation Hierarchy Level	Where Fair Value Balance Can Be Found
Available-for-Sale Securities	Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows.	Level 2	Note 2: Securities
Derivatives	Fair value of the interest rate swaps is obtained from independent pricing services based on quoted market prices for similar derivative contracts.	Level 2	Note 6: Derivatives and Hedging

Non-recurring Measurements

The following tables present assets measured at fair value on a non-recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2023 and December 31, 2022:

		June 30, 2023 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
		(Dollars in thousands)		
Collateral-dependent loans	$ 8,452	$ -	$ -	$ 8,452

		December 31, 2022 Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
		(Dollars in thousands)		
Collateral-dependent impaired loans	$ 8,728	$ -	$ -	$ 8,728
Foreclosed assets held-for-sale	$ 1,745	$ -	$ -	$ 1,745

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a non-recurring basis and recognized in the accompanying consolidated statements of financial condition.

Collateral-Dependent Loans, Net of ACL

The estimated fair value of collateral-dependent loans is based on the appraised fair value of the collateral, less estimated cost to sell. If the fair value of the collateral is below the loan’s amortized cost, the ACL is netted against the loan balance. Collateral-dependent loans are classified within Level 3 of the fair value hierarchy.

The Company considers the appraisal or evaluation as the starting point for determining fair value and then considers other factors and events in the environment that may affect the fair value. Appraisals of the collateral underlying collateral dependent loans are obtained when the loan is determined to be collateral dependent and subsequently as deemed necessary by the Office of the Chief Credit Officer.

Appraisals are reviewed for accuracy and consistency by management. Appraisers are selected from the list of approved appraisers maintained by management. The appraised values are reduced by discounts to consider lack of marketability and estimated cost to sell if repayment or satisfaction of the loan is dependent on the sale of the collateral. These discounts and estimates are developed by the Office of the Chief Credit Officer by comparison to historical results.

Foreclosed Assets Held-for-Sale

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

Unobservable (Level 3) Inputs

The following tables present quantitative information about unobservable inputs used in non-recurring Level 3 fair value measurements at June 30, 2023 and December 31, 2022:

	June 30, 2023			
	Fair Value	**Valuation Techniques**	**Unobservable Inputs**	**Range (Weighted Average)**
	(Dollars in thousands)			
Collateral dependent loans	$ 8,452	Market comparable properties	Marketability discount	0% - 25% (16)%

	December 31, 2022			
	Fair Value	**Valuation Techniques**	**Unobservable Inputs**	**Range (Weighted Average)**
	(Dollars in thousands)			
Collateral dependent loans	$ 8,728	Market comparable properties	Marketability discount	0% - 100 % (13)%
Foreclosed assets held-for-sale	$ 1,745	Market comparable properties	Marketability discount	10% (10)%

The following tables present the estimated fair values of the Company's financial instruments at June 30, 2023 and December 31, 2022:

	June 30, 2023			
	Carrying Amount	Fair Value Measurements		
		Level 1	Level 2	Level 3
	(Dollars in thousands)			
Financial Assets				
Cash and cash equivalents	$ 342,497	$ 342,497	$ -	$ -
Available-for-sale securities	743,900	-	743,900	-
Loans, net of allowance for credit losses	5,729,032	-	-	5,718,780
Restricted equity securities	13,060	-	-	13,060
Interest receivable	33,303	-	33,303	-
Equity securities	3,993	-	-	3,993
Derivative assets	10,626	-	10,626	-
Financial Liabilities				
Deposits	$ 6,100,067	$ 928,098	$ -	$ 5,142,980
Federal Home Loan Bank line of credit	167,164	-	167,164	-
Federal Home Loan Bank advances	95,544	-	88,189	-
Other borrowings	14,320	-	15,021	-
Interest payable	14,479	-	14,479	-
Derivative liabilities	18,141	-	18,141	-

	December 31, 2022			
	Carrying Amount	Fair Value Measurements		
		Level 1	Level 2	Level 3
	(Dollars in thousands)			
Financial Assets				
Cash and cash equivalents	$ 300,138	$ 300,138	$ -	$ -
Available-for-sale securities	769,641	-	686,901	-
Loans, net of allowance for loan losses	5,310,954	-	-	5,307,607
Restricted equity securities	12,536	-	-	12,536
Interest receivable	29,507	-	29,507	-
Equity securities	2,870	-	-	2,870
Derivative assets	11,038	-	11,038	-
Financial Liabilities				
Deposits	$ 5,651,308	$ 1,400,260	$ -	$ 4,142,673
Federal funds purchased and repurchase agreements	74,968	-	74,968	-
Federal Home Loan Bank advances	143,143	-	135,086	-
Other borrowings	35,457	-	36,529	-
Interest payable	5,713	-	5,713	-
Derivative liabilities	16,442	-	16,442	-

Note 15: Commitments and Credit Risk

Commitments

The Company had the following commitments at June 30, 2023 and December 31, 2022:

	June 30, 2023	December 31, 2022
	(Dollars in thousands)	
Commitments to originate loans	$ 118,369	$ 134,961
Standby letters of credit	66,851	66,889
Lines of credit	2,518,588	2,705,730
Future lease commitments	5,833	1,888
Commitments related to investment fund	2,548	3,403
	$ 2,712,189	$ 2,912,871

Note 16: Subsequent Events

On August 1, 2023, the Company completed its acquisition of Canyon Bancorporation, Inc. and its wholly owned subsidiary, Canyon Community Bank, N.A. (collectively, “Canyon”) whereby Canyon Bancorporation, Inc. was ultimately merged with and into CrossFirst Bankshares, Inc. and Canyon Community Bank, N.A. was merged with and into CrossFirst Bank. Pursuant to the merger agreement executed in April 2023, the Company paid approximately $9.1 million of cash consideration and issued 597,645 shares of Company common stock, and the Company and the Bank assumed all of the assets and liabilities of the Canyon entities with which they merged by operation of law. The acquisition added one full-service branch in Tucson, Arizona to the Company’s footprint.

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

The following management's discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes as of and for the three- and six-months ended June 30, 2023, and with our 2022 Form 10-K, which includes our audited consolidated financial statements and related notes as of December 31, 2022 and 2021 and for the years ended December 31, 2022, 2021 and 2020. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions that may cause actual results to differ materially from management's expectations. Factors that could cause such differences are discussed in the section entitled “Cautionary Note Regarding Forward-Looking Statements” located elsewhere in this quarterly report and in Item 1A “Risk Factors” in our 2022 Form 10-K and should be read herewith.

Second Quarter 2023 Highlights

During the second quarter ended June 30, 2023, we accomplished the following:

- Received regulatory approval for the acquisition of Canyon Bancorporation, Inc. and its wholly owned subsidiary, Canyon Community Bank, N.A. (collectively, “Canyon”), which is expected to add low-cost liquidity and deepen our Arizona franchise; the transaction closed on August 1, 2023
- Loans grew $149 million, or 2.6%, for the quarter and grew 7.9% year-to date; loan growth was well diversified across commercial and industrial, energy and commercial real estate – owner-occupied
- Credit metrics remained strong with annualized net charge-offs of just 0.04% of average total loans and a non-performing assets to total assets ratio of 0.19%
- Non-interest-bearing deposits stabilized, decreasing 4% from the prior quarter, while total deposits increased 4.5% due to an increase in wholesale funding sources at quarter-end
- Identified meaningful non-interest expense savings for the remainder of 2023, advancing our efficiency improvement goal
- Book value per common share grew to $13.39 while tangible book value per common share[(1)] grew to $12.67

(1) Represents a non-GAAP financial measure. See “Non-GAAP Financial Measures” below for a reconciliation of these measures.

Mergers and Acquisitions Update

On August 1, 2023, the Company completed its acquisition of Canyon whereby Canyon Bancorporation, Inc. was ultimately merged with and into CrossFirst Bankshares, Inc. and Canyon Community Bank, N.A. was merged with and into CrossFirst Bank. In accordance with the agreement, the Company paid approximately $9.1 million of cash consideration and issued 597,645 shares of Company common stock, and the Company and the Bank assumed all of the assets and liabilities of the Canyon entities with which they merged by operation of law.

Performance Measures

	As of or For the Three Months Ended					As of or For the Six Months Ended	
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	June 30, 2023	June 30, 2022
	(Dollars in thousands, except per share data)						
Return on average assets[1]	0.93 %	0.97 %	0.77 %	1.19 %	1.12 %	0.95 %	1.18 %
Adjusted return on average assets[1][2]	1.00 %	1.04 %	1.15 %	1.19 %	1.20 %	1.02 %	1.21 %
Return on average common equity[1]	10.00 %	10.54 %	8.04 %	11.18 %	10.15 %	10.26 %	10.30 %
Adjusted return on average common equity[1][2]	10.81 %	11.30 %	12.03 %	11.22 %	10.82 %	11.05 %	10.62 %
Earnings per common share - basic	$ 0.33	$ 0.33	$ 0.25	$ 0.35	$ 0.31	$ 0.66	$ 0.65
Earnings per common share - diluted	$ 0.33	$ 0.33	$ 0.24	$ 0.35	$ 0.31	$ 0.65	$ 0.64
Adjusted earnings per common share - diluted[1]	$ 0.35	$ 0.35	$ 0.36	$ 0.35	$ 0.33	$ 0.70	$ 0.66
Efficiency ratio[2]	62.02 %	60.81 %	62.40 %	53.20 %	57.36 %	61.41 %	57.46 %
Adjusted efficiency ratio - FTE[2][3][4]	57.27 %	56.42 %	55.01 %	52.25 %	53.95 %	56.84 %	55.26 %
Ratio of equity to assets	9.15 %	9.36 %	9.22 %	9.93 %	10.65 %	9.15 %	10.65 %

[1] Interim periods annualized

[2] Represents a non-GAAP financial measure. See "Non-GAAP Financial Measures" below for a reconciliation of these measures.

[3] We calculate efficiency ratio as non-interest expense divided by the sum of net interest income and non-interest income.

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

Results of Operations

Net Interest Income

Net interest income is presented on a fully tax equivalent basis. We believe reporting on an FTE basis provides for improved comparability between the various earning assets. Changes in interest income and interest expense result from changes in average balances (volume) of interest earning assets and interest-bearing liabilities, as well as changes in average interest rates.

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

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	Three Months Ended June 30,					
	2023			2022		
	Average Balance	Interest Income / Expense	Average Yield / Rate[4]	Average Balance	Interest Income / Expense	Average Yield / Rate[4]
	(Dollars in thousands)					
Interest-earning assets:						
Securities - taxable	$ 336,446	$ 2,986	3.55 %	$ 220,763	$ 1,299	2.35 %
Securities - tax-exempt[1]	511,993	4,321	3.38	553,960	4,653	3.36
Interest-bearing deposits in other banks	145,559	1,609	4.43	198,210	369	0.75
Gross loans, net of unearned income[2][3]	5,776,137	98,982	6.87	4,437,917	47,327	4.28
Total interest-earning assets - FTE[1]	6,770,135	$ 107,898	6.39 %	5,410,850	$ 53,648	3.98 %
Allowance for credit losses	(66,078)			(56,732)		
Other non-interest-earning assets	225,915			191,539		
Total assets	$ 6,929,972			$ 5,545,657		
Interest-bearing liabilities						
Transaction deposits	$ 598,646	$ 4,339	2.91 %	$ 508,403	$ 374	0.29 %
Savings and money market deposits	2,707,637	26,927	3.99	2,334,103	2,869	0.49
Time deposits	1,612,105	17,397	4.33	559,708	1,489	1.07
Total interest-bearing deposits	4,918,388	48,663	3.97	3,402,214	4,732	0.56
FHLB and short-term borrowings	349,763	3,888	4.46	330,064	1,368	1.66
Trust preferred securities, net of fair value adjustments	1,077	58	21.60	1,024	29	11.94
Non-interest-bearing deposits	921,259	-	-	1,149,654	-	-
Cost of funds	6,190,487	$ 52,609	3.41 %	4,882,956	$ 6,129	0.50 %
Other liabilities	91,994			48,160		
Stockholders' equity	647,491			614,541		
Total liabilities and stockholders' equity	$ 6,929,972			$ 5,545,657		
Net interest income - FTE[1]		$ 55,289			$ 47,519	
Net interest spread - FTE[1]			2.98 %			3.48 %
Net interest margin - FTE[1]			3.27 %			3.52 %

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

(2) Loans, net of unearned income include non-accrual loans of $13 million and $28 million as of June 30, 2023 and 2022, respectively.

(3) Loan interest income includes loan fees of $3 million for the three-months ended June 30, 2023 and 2022.

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

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	Six Months Ended June 30,					
	2023			2022		
	Average Balance	Interest Income / Expense	Average Yield / Rate[4]	Average Balance	Interest Income / Expense	Average Yield / Rate[4]
	(Dollars in thousands)					
Interest-earning assets:						
Securities - taxable	$ 302,763	$ 5,097	3.37 %	$ 220,783	$ 2,487	2.26 %
Securities - tax-exempt - FTE[1]	527,047	8,912	3.38	543,873	9,120	3.35
Federal funds sold	873	6	1.39	-	-	-
Interest-bearing deposits in other banks	170,287	3,617	4.28	253,771	521	0.41
Gross loans, net of unearned income[2][3]	5,658,698	188,600	6.72	4,385,664	90,055	4.14
Total interest-earning assets - FTE[1]	6,659,668	$ 206,232	6.24 %	5,404,091	$ 102,183	3.81 %
Allowance for credit losses	(64,664)			(57,324)		
Other non-interest-earning assets	226,983			207,881		
Total assets	$ 6,821,987			$ 5,554,648		
Interest-bearing liabilities						
Transaction deposits	$ 570,661	$ 7,839	2.77 %	$ 546,982	$ 596	0.22 %
Savings and money market deposits	2,794,201	50,496	3.64	2,318,415	4,716	0.41
Time deposits	1,357,688	27,053	4.02	573,503	2,931	1.03
Total interest-bearing deposits	4,722,550	85,388	3.65	3,438,900	8,243	0.48
FHLB and short-term borrowings	311,471	6,423	4.16	280,883	2,477	1.78
Trust preferred securities, net of fair value adjustments	1,070	114	21.49	1,018	56	11.11
Non-interest-bearing deposits	1,057,268	-	-	1,153,499	-	-
Cost of funds	6,092,359	$ 91,925	3.04 %	4,874,300	$ 10,776	0.44 %
Other liabilities	95,702			46,312		
Stockholders' equity	633,926			634,036		
Total liabilities and stockholders' equity	$ 6,821,987			$ 5,554,648		
Net interest income - FTE[1]		$ 114,307			$ 91,407	
Net interest spread - FTE[1]			3.20 %			3.37 %
Net interest margin - FTE[1]			3.46 %			3.41 %

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

(2) Loans, net of unearned income include non-accrual loans of $13 million and $28 million as of June 30, 2023 and 2022, respectively.

(3) Loan interest income includes loan fees of $7 million for the six-months ended June 30, 2023 and 2022.

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

Net interest income - Net interest income and net interest income - FTE increased $7.8 million and $22.9 million for the three- and six-month periods ended June 30, 2023 compared to the same periods in 2022, respectively. Compared to the second quarter of 2022, net interest margin - FTE for the second quarter of 2023 decreased 25 basis points. For the six-months ended June 30, 2023 compared to the same period in 2022, net interest margin - FTE increased 5 basis points.

Average earning assets totaled $6.8 billion for the three-month period ended June 30, 2023 and $6.7 billion for the six-month period ended June 30, 2023, resulting in increases of $1.4 billion, or 25%, and $1.3 billion, or 23%, respectively, compared to the same periods in 2022, inclusive of the impact of acquisition of Farmers & Stockmens Bank, which we refer to herein as the Colorado and New Mexico acquisition. The increases were driven by higher average loan and investment portfolio balances, partially offset by lower average cash balances for the three- and six-month periods ended June 30, 2023 compared to the corresponding periods in 2022.

The FTE yield on earning assets increased 2.41% from the second quarter of 2022 to the second quarter of 2023 and increased 2.43% for the six-months ended June 30, 2023, compared to the same period in 2022 due to new loan production as well as repricing of variable rate loans. The cost of funds increased 2.91% and 2.60% over the same periods due to pricing pressure on deposits as well as client migration into higher cost deposit products compared to the prior year.

The Company currently anticipates net interest margin - FTE to remain consistent with the current quarter and to be in a range of 3.20% to 3.35% for the full year 2023.

Provision

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
	(Dollars in thousands)			
Provision for credit losses - loans	$ 3,040	$ 1,690	$ 8,036	$ 1,374
Provision for credit losses - off-balance sheet	(400)	445	(975)	136
Allowance for credit losses - loans	67,567	55,817	67,567	55,817
Allowance for credit losses - off-balance sheet	7,713	5,320	7,713	5,320
Net charge-offs	$ 603	$ 1,104	$ 2,244	$ 2,185

The ACL increased $2.4 million during the quarter. Provision expense of $3.0 million was primarily driven by loan growth and was partially offset by $0.6 million in net charge-offs, primarily due to two commercial and industrial loans. The reserve on unfunded commitments decreased $0.4 million due to a decrease in unfunded commitments in the quarter.

The ACL increased $5.8 million during the six-months ended June 30, 2023 and included provision of $8.0 million due to loan growth and changes in credit quality and economic factors and an increase in reserves on impaired loans of $0.8 million, partially offset by $2.2 million in net charge-offs. The reserve on unfunded commitments decreased $1.0 million due to a decrease in unfunded commitments.

Non-Interest Income

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

	Three Months Ended June 30,				Six Months Ended June 30,			
			Change				Change	
	2023	2022	$	%	2023	2022	$	%
	(Dollars in thousands)							
Service charges and fees on customer accounts	$ 2,110	$ 1,546	$ 564	36 %	$ 3,939	$ 2,954	$ 985	33 %
ATM and credit card interchange income	1,213	1,521	(308)	(20)	2,477	4,185	(1,708)	(41)
Realized gains (losses) on available-for-sale securities	-	(12)	12	N/M	63	(38)	101	N/M
Gain on sale of loans	1,205	-	1,205	N/M	1,392	-	1,392	N/M
Gains (losses) on equity securities, net	6	(71)	77	N/M	16	(174)	190	N/M
Income from bank-owned life insurance	418	407	11	3	829	795	34	4
Swap fees and credit valuation adjustments, net	84	12	72	600	174	130	44	34
Other non-interest income	743	798	(55)	(7)	1,310	1,291	19	1
Total non-interest income	$ 5,779	$ 4,201	$ 1,578	38 %	$ 10,200	$ 9,143	$ 1,057	12 %

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

Service charges and fees on customer accounts - The increases for the three- and six-month periods ended June 30, 2023 compared to the corresponding periods in 2022 were driven primarily by increases in account analysis fees due to increased client volume from new markets and acquired accounts as well as various fee increases on commercial accounts.

ATM and credit card interchange income - The decrease in ATM and credit card interchange income was driven primarily by a decrease in credit card fees due to one large customer with pandemic-related activity that did not occur in the current year.

Gain on sale of loans – The increase for the three- and six-month periods ended June 30, 2023 compared to the same periods for 2022 were primarily due to SBA loan sale activity. Our SBA lending team is a specialty lending vertical we augmented from the Colorado and New Mexico acquisition in 2022.

Non-Interest Expense

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

	Three Months Ended June 30,				Six Months Ended June 30,			
			Change				Change	
	2023	2022	$	%	2023	2022	$	%
	(Dollars in thousands)							
Salaries and employee benefits	$ 24,061	$ 17,095	$ 6,966	41 %	$ 46,683	$ 35,036	$ 11,647	33 %
Occupancy	3,054	2,622	432	16	6,028	5,115	913	18
Professional fees	970	1,068	(98)	(9)	3,588	1,873	1,715	92
Deposit insurance premiums	1,881	713	1,168	164	3,412	1,450	1,962	135
Data processing	1,057	1,160	(103)	(9)	2,299	1,972	327	17
Advertising	649	757	(108)	(14)	1,401	1,449	(48)	(3)
Software and communication	1,655	1,198	457	38	3,306	2,468	838	34
Foreclosed assets, net	(21)	15	(36)	N/M	128	(38)	166	N/M
Other non-interest expense	3,304	4,555	(1,251)	(27)	7,035	7,505	(470)	(6)
Core deposit intangible amortization	802	20	782	3,910	1,624	39	1,585	4,064
Total non-interest expense	$ 37,412	$ 29,203	$ 8,209	28 %	$ 75,504	$ 56,869	$ 18,635	33 %

Non-interest expense increased $8.2 million and $18.6 million for the three- and six-month periods ended June 30, 2023 compared to the same periods in 2022. The second quarter of 2023 included $0.3 million of acquisition-related expenses, most of which were included in professional fees, and $1.3 million of employee separation costs included in salaries and employee benefits. The six-months ended June 30, 2023 included $1.8 million of acquisition-related expenses, most of which were included in professional fees, and $1.3 million of employee separation costs included in salaries and employee benefits. The three- and six-month periods ended June 30, 2022 included $0.2 million of acquisition-related expenses, most of which were included in professional fees, and $1.0 million of employee separation costs included in other non-interest expense. The changes in non-interest expense were driven primarily by the following:

Salary and Employee Benefits – For both the three- and six-months ended June 30, 2023 as compared to the same periods in the prior year, excluding the employee separation costs in 2023 previously mentioned above, increases were primarily due to the addition of employees from the Colorado and New Mexico acquisition, hiring in new markets and merit increases.

Occupancy – For both comparative periods, the increases in occupancy costs was driven by the addition of a second location in Dallas, Texas and new properties in Colorado and New Mexico.

Professional Fees – Professional fees for both the three- and six-months ended June 30, 2023 were consistent with the prior year periods after adjusting for the acquisition related costs.

Deposit Insurance Premiums – The increase in deposit insurance premiums was due to an increase in the assessment rate and increases in assets for both comparative periods.

Software and communication – For both the three- and six-months ended June 30, 2023 as compared to the same periods in the prior year, increases in software and communications were due to technology for additional employees and clients as well as new technology implementation.

Other Non-interest Expense – For the three-months ended June 30, 2023 compared to the same period in 2022, the decrease was due to employee separation costs in 2022. For the six-months ended June 30, 2023 as compared to the same period in the prior year, the decrease for employee separation costs was partially offset by increased post-pandemic travel expenses and transaction fraud-related losses.

Core Deposit Intangible Amortization – For both the three- and six-months ended June 30, 2023 as compared to the same periods in the prior year, increases were due to expense related to the Colorado and New Mexico acquisition.

We currently anticipate non-interest expense to be in a range of $34 to $35 million per quarter for the remainder of 2023. The efficiency ratios were 62.02% and 61.41% and the adjusted efficiency ratios – FTE[(1)] were 57.27% and 56.84% for the three- and six-month periods ended June 30, 2023, respectively.

(1) Represents a non-GAAP financial measure. See "Non-GAAP Financial Measures" below for a reconciliation of these measures.

Income Taxes

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	**2022**	**2023**	**2022**
	(Dollars in thousands)			
Income tax expense	$ 4,219	$ 4,027	$ 8,240	$ 8,215
Income before income taxes	20,266	19,572	40,395	40,588
Effective tax rate	21 %	21 %	20 %	20 %

Our income tax expense differs from the amount that would be calculated using the federal statutory tax rate, primarily from investments in tax advantaged assets, including bank-owned life insurance and tax-exempt municipal securities; state tax credits; and permanent tax differences from equity-based compensation. Refer to “Note 8: Income Tax” within the notes to consolidated financial statements – unaudited for a reconciliation of the statutory rate to the Company’s actual income tax expense.

During the three- and six-month periods ended June 30, 2023 and 2022, the Company's effective tax rate benefited primarily from permanent tax differences related to tax-exempt interest. We currently anticipate the Company's effective tax rate to remain within the 20% to 22% range in the near term.

Non-GAAP Financial Measures

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

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

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

	Quarter Ended					Six Months Ended	
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022	6/30/2023	6/30/2022
	(Dollars in thousands, except per share data)						
Adjusted net income:							
Net income (GAAP)	$ 16,047	$ 16,108	$ 11,946	$ 17,280	$ 15,545	$ 32,155	$ 32,373
Add: Acquisition costs	338	1,477	3,570	81	239	1,815	239
Add: Acquisition - Day 1 CECL provision	-	-	4,400	-	-	-	-
Add: Employee separation	1,300	-	-	-	1,063	1,300	1,063
Less: Tax effect[(1)]	(344)	(310)	(2,045)	(17)	(273)	(654)	(273)
Adjusted net income	**$ 17,341**	**$ 17,275**	**$ 17,871**	**$ 17,344**	**$ 16,574**	**$ 34,616**	**$ 33,402**
Preferred stock dividends	**$ 103**	**$ -**	**$ -**	**$ -**	**$ -**	**103**	**-**
Diluted weighted average common shares outstanding	**48,943,325**	**49,043,621**	**49,165,578**	**49,725,207**	**50,203,725**	**48,994,807**	**50,561,868**
Earnings per common share – diluted (GAAP)	**$ 0.33**	**$ 0.33**	**$ 0.24**	**$ 0.35**	**$ 0.31**	**$ 0.65**	**$ 0.64**
Adjusted earnings per common share – diluted	**$ 0.35**	**$ 0.35**	**$ 0.36**	**$ 0.35**	**$ 0.33**	**$ 0.70**	**$ 0.66**

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

	Quarter Ended					Six Months Ended	
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022	6/30/2023	6/30/2022
	(Dollars in thousands)						
Adjusted return on average assets:							
Net income (GAAP)	$ 16,047	$ 16,108	$ 11,946	$ 17,280	$ 15,545	$ 32,155	$ 32,373
Adjusted net income	17,341	17,275	17,871	17,344	16,574	34,616	33,402
Average assets	$ 6,929,972	$ 6,712,801	$ 6,159,783	$ 5,764,347	$ 5,545,657	$ 6,821,987	$ 5,554,648
Return on average assets (GAAP)	**0.93 %**	**0.97 %**	**0.77 %**	**1.19 %**	**1.12 %**	**0.95 %**	**1.18 %**
Adjusted return on average assets	**1.00 %**	**1.04 %**	**1.15 %**	**1.19 %**	**1.20 %**	**1.02 %**	**1.21 %**

	Quarter Ended					Six Months Ended	
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022	6/30/2023	6/30/2022
	(Dollars in thousands)						
Adjusted return on average common equity:							
Net income (GAAP)	$ 16,047	$ 16,108	$ 11,946	$ 17,280	$ 15,545	$ 32,155	$ 32,373
Preferred stock dividends	103	-	-	-	-	103	-
Net income attributable to common shareholders (GAAP)	$ 15,944	$ 16,108	$ 11,946	$ 17,280	$ 15,545	$ 32,052	$ 32,373
Adjusted net income	$ 17,341	$ 17,275	$ 17,871	$ 17,344	$ 16,574	$ 34,616	$ 33,402
Preferred stock dividends	103	-	-	-	-	103	-
Adjusted net income attributable to common shareholders	$ 17,238	$ 17,275	$ 17,871	$ 17,344	$ 16,574	$ 34,513	$ 33,402
Average common equity	$ 639,741	$ 619,952	$ 589,587	$ 613,206	$ 614,541	$ 629,901	$ 634,036
Return on average common equity (GAAP)	**10.00 %**	**10.54 %**	**8.04 %**	**11.18 %**	**10.15 %**	**10.26 %**	**10.30 %**
Adjusted return on average common equity	**10.81 %**	**11.30 %**	**12.03 %**	**11.22 %**	**10.82 %**	**11.05 %**	**10.62 %**

	Quarter Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
	(Dollars in thousands, except per share data)				
Tangible common stockholders' equity:					
Total stockholders' equity (GAAP)	$ 651,483	$ 645,491	$ 608,599	$ 580,547	$ 608,016
Less: goodwill and other intangible assets	27,457	28,259	29,081	71	91
Less: preferred stock	7,750	7,750	-	-	-
Tangible common stockholders' equity	**$ 616,276**	**$ 609,482**	**$ 579,518**	**$ 580,476**	**$ 607,925**
Tangible book value per common share:					
Tangible common stockholders' equity	$ 616,276	$ 609,482	$ 579,518	$ 580,476	$ 607,925
Common shares outstanding at end of period	48,653,487	48,600,618	48,448,215	48,787,696	49,535,949
Book value per common share (GAAP)	**$ 13.39**	**$ 13.28**	**$ 12.56**	**$ 11.90**	**$ 12.27**
Tangible book value per common share	**$ 12.67**	**$ 12.54**	**$ 11.96**	**$ 11.90**	**$ 12.27**

	Quarter Ended					Six Months Ended	
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022	6/30/2023	6/30/2022
	(Dollars in thousands)						
Adjusted Efficiency Ratio - FTE[1]							
Non-interest expense	$ 37,412	$ 38,092	$ 36,423	$ 28,451	$ 29,203	$ 75,504	$ 56,869
Less: Acquisition costs	(338)	(1,477)	(3,570)	(81)	(239)	(1,815)	(239)
Less: Core deposit intangible amortization	(802)	(822)	(291)	-	-	(1,624)	-
Less: Employee separation	(1,300)	-	-	-	(1,063)	(1,300)	(1,063)
Adjusted Non-interest expense (numerator)	$ 34,972	$ 35,793	$ 32,562	$ 28,370	$ 27,901	$ 70,765	$ 55,567
Net interest income	54,539	58,221	54,015	49,695	46,709	112,760	89,824
Tax equivalent interest income[1]	750	797	818	820	808	1,547	1,583
Non-interest income	5,779	4,421	4,359	3,780	4,201	10,200	9,143
Total tax-equivalent income (denominator)	$ 61,068	$ 63,439	$ 59,192	$ 54,295	$ 51,718	$ 124,507	$ 100,550
Efficiency Ratio (GAAP)	**62.02 %**	**60.81 %**	**62.40 %**	**53.20 %**	**57.36 %**	**61.41 %**	**57.46 %**
Adjusted Efficiency Ratio - FTE[1]	**57.27 %**	**56.42 %**	**55.01 %**	**52.25 %**	**53.95 %**	**56.84 %**	**55.26 %**

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

Analysis of Financial Condition

Investment Portfolio

The objective of our investment portfolio is to optimize earnings, manage credit and interest rate risk, ensure adequate liquidity, and meet pledging and regulatory capital requirements. Our investment portfolio is also maintained to serve as a contingent, on-balance sheet source of liquidity. As of June 30, 2023, available-for-sale investments totaled $744 million, an increase of $57 million from December 31, 2022.

The increase in the investment portfolio was driven by the purchase of $107 million in SBA securities and $12 million in tax-exempt municipal securities, and a $4 million reduction in the unrealized loss on available-for-sale securities. The increase was partially offset by the sale of $55 million in tax-exempt municipal securities at a modest gain and $9 million of paydowns and maturities in mortgage-backed securities as we intentionally improved the liquidity of the portfolio during the six-month period. For additional information, including information regarding other securities owned by the Company, see "Note 2: Securities" in the notes to consolidated financial statements – unaudited.

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

	As of June 30, 2023			As of December 31, 2022		
	Estimated Fair Value	**Percent of portfolio**	**Weighted Average Yield[1]**	**Estimated Fair Value**	**Percent of portfolio**	**Weighted Average Yield[1]**
Available-for-sale securities	*(Dollars in thousands)*					
Mortgage-backed - GSE residential	$ 272,933	37 %	3.29 %	$ 172,309	25 %	2.39 %
Collateralized mortgage obligations - GSE residential	9,516	1	2.43	10,886	2	2.36
State and political subdivisions	452,949	61	2.81	494,496	72	2.80
Corporate bonds	8,502	1	5.68	9,210	1	5.70
Total available-for-sale securities	$ 743,900	100 %	3.01 %	$ 686,901	100 %	2.74 %

[1] Yields are calculated based on amortized cost using 30/360 day basis. Tax-exempt securities are not tax effected.

Loan Portfolio

Refer to “Note 3: Loans and Allowance for Credit Losses” within the notes to consolidated financial statements – unaudited for additional information regarding the Company’s loan portfolio. As of June 30, 2023, gross loans, net of unearned fees increased $424 million or 8% from December 31, 2022. The following table presents the balance and associated percentage change of each segment within our portfolio as of the dates indicated:

	As of June 30, 2023	As of December 31, 2022	December 31, 2022 vs. June 30, 2023 % Change
	(Dollars in thousands)		
Commercial and industrial	$ 2,057,912	$ 1,974,932	4.2 %
Energy	232,863	173,218	34.4
Commercial real estate - owner-occupied	542,827	437,119	24.2
Commercial real estate - non-owner-occupied	2,480,282	2,314,600	7.2
Residential real estate	439,434	439,367	-
Consumer	43,281	33,493	29.2
Total	$ 5,796,599	$ 5,372,729	7.9 %

Our loan portfolio remains diversified with 45% of loans in commercial and industrial and owner-occupied real estate and 42% of loans in commercial real estate. There remains diversity within our loan portfolios with the highest commercial real estate property type accounting for 17% of total commercial real estate exposure, and the largest industry segment in commercial and industrial being manufacturing at 11% of commercial and industrial exposure.

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

	As of June 30, 2023								
	Due in One Year or Less		Due in One Year through Five Years		Due in Five Year through Fifteen Years		Due after Fifteen Years		
	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Fixed Rate	Adjustable Rate	Total
	(Dollars in thousands)								
Commercial and industrial	$ 112,736	$ 528,269	$ 348,572	$ 909,898	$ 62,302	$ 75,766	$ 19,855	$ 514	$ 2,057,912
Energy	-	27,661	634	204,568	-	-	-	-	232,863
Commercial real estate - owner-occupied	12,378	28,532	163,234	64,081	117,395	104,700	1,523	50,984	542,827
Commercial real estate - non-owner-occupied	90,267	274,361	587,757	1,160,478	96,681	199,587	12,513	58,638	2,480,282
Residential real estate	7,381	4,316	21,434	8,758	69,479	21,973	4,333	301,760	439,434
Consumer	18,989	11,597	4,624	7,674	302	95	-	-	43,281
Total	$ 241,751	$ 874,736	$ 1,126,255	$ 2,355,457	$ 346,159	$ 402,121	$ 38,224	$ 411,896	$ 5,796,599

Allowance for Credit Losses

The ACL at June 30, 2023 represents our best estimate of the expected credit losses in the Company's loan portfolio and off-balance sheet commitments, measured over the contractual life of the underlying instrument.

The table below presents the allocation of the allowance for credit losses as of the dates indicated. The allocation in one portfolio segment does not preclude its availability to absorb losses in other segments.

	June 30, 2023					December 31, 2022				
	ACL Amount					ACL Amount				
	Loans	Off-Balance Sheet	Total	Percent of ACL to Total ACL	Percent of Loans to Total Loans	Loans	Off-Balance Sheet	Total	Percent of ACL to Total ACL	Percent of Loans to Total Loans
	(Dollars in thousands)									
Commercial and industrial	$ 28,929	$ 449	$ 29,378	39 %	36 %	$ 26,803	$ 319	$ 27,122	39 %	37 %
Energy	4,914	496	5,410	7	4	4,396	787	5,183	7	3
Commercial real estate - owner-occupied	6,361	205	6,566	9	9	5,214	221	5,435	8	8
Commercial real estate - non-owner-occupied	23,981	6,496	30,477	41	42	21,880	7,323	29,203	41	43
Residential real estate	3,268	67	3,335	4	8	3,333	35	3,368	5	8
Consumer	114	-	114	-	1	149	3	152	-	1
Total	$ 67,567	$ 7,713	$ 75,280	100 %	100 %	$ 61,775	$ 8,688	$ 70,463	100 %	100 %

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

Charge-offs and Recoveries

Net charge-offs were $0.6 million and $2.2 million for the three- and six-month periods ended June 30, 2023, respectively. For the three-month period ended June 30, 2023, charge-offs were primarily related to charge-offs of two commercial and industrial loans. Recoveries primarily included a recovery related to an energy loan. For the six-month period ended June 30, 2023, charge-offs also included a charge-off of a collateral-dependent commercial and industrial loan. The below table provides the ratio of net charge-offs (recoveries) to average loans outstanding based on our loan categories for the periods indicated:

	For the Quarter Ended				
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Commercial and industrial	0.14 %	0.31 %	(0.02) %	0.48 %	(0.11) %
Energy	(0.23)	-	(0.46)	1.19	4.77
Commercial real estate - owner-occupied	-	-	-	-	-
Commercial real estate - non-owner-occupied	-	-	-	(0.15)	(0.35)
Residential real estate	-	-	-	-	0.20
Consumer	0.04	-	(0.04)	-	-
Total net charge-offs to average loans	0.04 %	0.12 %	(0.02) %	0.16 %	0.10 %

Non-performing Assets and Other Asset Quality Metrics

Non-performing assets include: (i) non-performing loans, which includes non-accrual loans, loans past due 90 days or more and still accruing interest, and loans modified prior to January 1, 2023 under TDRs that are not performing in accordance with their modified terms; (ii) foreclosed assets held for sale; (iii) repossessed assets; and (iv) impaired debt securities.

Credit quality metrics remained strong during the second quarter of 2023. Non-performing assets increased $2.1 million during the quarter to $13.3 million at June 30, 2023 primarily due to two commercial and industrial loans moving to non-accrual, partially offset by the sale of one other real estate owned property. The non-performing assets to total assets ratio decreased from 0.54% at June 30, 2022 to 0.19% at June 30, 2023. Annualized net charge-offs were 0.04% for the quarter compared to 0.12% in the prior quarter and 0.10% in the prior year second quarter.

The Company continues to monitor the U.S. economic indicators, including the inflation rate, commodity prices, interest rates, and potential supply chain disruptions and the impact they may have on the Company's markets, clients, and prospects. The Company is monitoring the impact of a rising interest rate environment on the commercial real estate market and enterprise and leverage loans that is currently partially mitigated by low debt-to-equity ratios. As of June 30, 2023, the Company did not identify any systemic issues within its loan portfolio that would materially affect the credit quality of the loan portfolio. However, there could be some risk rating migration in certain sectors of the commercial real estate portfolio in the future as many projects are faced with higher interest rates, operating costs, and property taxes.

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

	For the Quarter Ended				
	June 30, 2023	**March 31, 2023**	**December 31, 2022**	**September 30, 2022**	**June 30, 2022**
Asset Quality			*(Dollars in thousands)*		
Non-accrual loans	$ 12,867	$ 9,490	$ 11,272	$ 16,923	$ 27,698
Loans past due 90 days or more and still accruing	433	868	750	303	2,163
Total non-performing loans	13,300	10,358	12,022	17,226	29,861
Foreclosed assets held for sale	-	855	1,130	973	973
Total non-performing assets	$ 13,300	$ 11,213	$ 13,152	$ 18,199	$ 30,834
Loans 30-89 days past due	$ 13,333	$ 5,056	$ 19,519	$ 21,383	$ 16,635
Asset quality metrics (%)					
Non-performing loans to total loans	0.23 %	0.18 %	0.22 %	0.37 %	0.66 %
Non-performing assets to total assets	0.19	0.16	0.20	0.31	0.54
ACL to total loans	1.17	1.15	1.15	1.19	1.23
ACL + RUC to total loans [1]	1.30	1.30	1.31	1.34	1.35
ACL to non-performing loans	508	629	514	324	187
Classified loans / (total capital + ACL)	9.7	9.4	10.1	11.3	12.1
Classified loans / (total capital + ACL + RUC) [1]	9.6	9.3	10.0	11.2	12.0

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

Deposits and Other Borrowings

At June 30, 2023, our deposits totaled $6.1 billion, an increase of $449 million or 8% from December 31, 2022. The increase included an $893 million increase in time deposits and $28 million in money market, NOW and savings deposits, partially offset by a decrease of $472 million in non-interest-bearing deposits. Approximately one-third of the time deposit increase was from new client money and shifts from other deposit categories with the remainder representing an increase in wholesale funding. The decrease in non-interest-bearing deposits was primarily due to elevated deposits at year-end that were deployed by clients late in the first quarter of 2023.

The following table sets forth the maturity of time deposits as of June 30, 2023:

	As of June 30, 2023				
	Three Months or Less	Three to Six Months	Six to Twelve Months	After Twelve Months	Total
			(Dollars in thousands)		
Time deposits in excess of FDIC insurance limit	$ 28,183	$ 42,042	$ 333,875	$ 21,740	$ 425,840
Time deposits below FDIC insurance limit	409,149	357,659	539,083	106,724	1,412,615
Total	$ 437,332	$ 399,701	$ 872,958	$ 128,464	$ 1,838,455

Other borrowings include FHLB advances, a line of credit, SBA loan secured borrowings, and our trust preferred security. At June 30, 2023, other borrowings totaled $277 million, a $23 million, or 9% increase from December 31, 2022. During the six-month period ended June 30, 2023, $31.0 million of FHLB advances matured and were converted into a drawdown on the FHLB line of credit, an additional $10.0 million matured and $6.5 million of net FHLB advances were paid off. The Company utilized an additional $61.2 million of net draws on the FHLB line of credit and the conversion of $31.0 million of FHLB advances to the FHLB line of credit to support loan growth and changes in deposits, resulting in a balance of $167.2 million outstanding on the FHLB line of credit as of June 30, 2023.

As of June 30, 2023, the Company's top 25 customer relationships represented approximately 20% or $1.2 billion of total deposits, $0.5 billion of which are insured cash sweep ("ICS") deposits. The Company believes it has sufficient funding sources, including on-balance sheet liquid assets and wholesale deposit options, so that an immediate reduction in these deposit balances would not be expected to have a material, detrimental effect on the Company's financial position or operations.

As of June 30, 2023, the Company had approximately $2.3 billion of uninsured deposits, which is an estimated amount based on the same methodologies and assumptions used for the Bank's regulatory requirements. Excluding pass-thru accounts where clients have deposit insurance at the correspondent financial institution, our uninsured deposits are $2.0 billion, or 32% of total deposits as of June 30, 2023. The average client account balance as of June 30, 2023 is less than $250 thousand for both individual accounts and business accounts in total after excluding pass-through and ICS deposits. We have geographic and industry diversity within our deposit base as the majority of our deposits are located in our footprint states of Kansas, Oklahoma, Texas, Missouri, and Colorado. The Company believes that its current capital ratios and liquidity are sufficient to mitigate the risks of uninsured deposits.

Liquidity and Capital Resources

Contractual Obligations and Off-Balance Sheet Arrangements

The Company is subject to contractual obligations made in the ordinary course of business. The obligations include deposit liabilities, other borrowed funds, and operating leases. Refer to "Note 7: Time Deposits and Other Borrowings" and "Note 4: Leases" within the notes to consolidated financial statements – unaudited for information regarding the Company's significant contractual cash obligations and contractual obligations to third parties on lease obligations, respectively.

As a financial services provider, the Company is a party to various financial instruments with off-balance sheet risks, such as commitments to extend credit. Off-balance sheet arrangements represent the Company's future cash requirements. However, a portion of these commitments may expire without being drawn upon. Refer to "Note 15: Commitments and Credit Risk" within the notes to consolidated financial statements – unaudited for a listing of the Company's off-balance sheet arrangements.

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

Liquidity

We manage our liquidity based upon factors that include the level and quality of capital and our overall financial condition, the trend and volume of problem assets, our balance sheet risk exposure, the level of deposits as a percentage of total loans, the amount of non-deposit funding used to fund assets, the availability of unused funding sources and off-balance sheet obligations, the availability of assets to be readily converted into cash without undue loss, the amount of cash and liquid securities we hold, and other factors. The Company's liquidity strategy is to maintain adequate, but not excessive, liquidity to meet the daily cash flow needs of clients while attempting to achieve adequate earnings for stockholders. The liquidity position is monitored continuously by management. The Company's short-term and long-term liquidity requirements are primarily met through cash flow from operations, redeployment of prepaying and maturing balances in our loan portfolio and security portfolio, increases in client deposits and wholesale deposits. Liquidity resources can be derived from two sources: (i) on-balance sheet liquidity resources, which represent funds currently on the statement of financial condition and (ii) off-balance sheet liquidity resources, which represent funds available from third-party sources. The Company's on-balance sheet and off-balance sheet liquidity resources consisted of the following as of the dates indicated:

	June 30, 2023	December 31, 2022
	(Dollars in thousands)	
Total on-balance sheet liquidity	$ 1,086,397	$ 986,482
Total off-balance sheet liquidity	1,492,762	770,165
Total liquidity	$ 2,579,159	$ 1,756,647
On-balance sheet liquidity as a percent of assets	15 %	15 %
Total liquidity as a percent of assets	36 %	27 %

For the six-months ended June 30, 2023, the Company's cash and cash equivalents increased $42 million from December 31, 2022 to $342 million, representing 5% of total assets. During the six-month period ended June 30, 2023, the Company increased the available-for-sale securities portfolio on an amortized cost basis by $53 million, net of paydowns, maturities, and amortization. As of June 30, 2023, the Company had $282 million in securities that could be pledged and $169 million that could be sold at a net gain based on market conditions at the time. In addition, the Company increased funded loans by $427 million, net of payoffs and charge-offs during the six-month period ended June 30, 2023 that reduced cash and cash equivalents.

The Company's time deposits increased by $893 million primarily from wholesale funding, while savings and money market deposits increased by $28 million. Non-interest-bearing deposits decreased $472 million as elevated year-end balances were deployed by clients in the first quarter in addition to clients migrating into savings and money market accounts. Other borrowings decreased $21 million during the six-month period ended June 30, 2023, largely related to a reduction in Federal Funds purchased.

The Company did not purchase any common stock during the first six months of 2023. As of June 30, 2023, $16 million remains available for repurchase under our share repurchase program. The amount and timing of such future share repurchases will be dependent on a number of factors, including the price of our common stock, overall capital levels and cash flow needs. There is no assurance that we will repurchase up to the full amount remaining under our program.

A dividend of $103 thousand related to the Series A Non-cumulative Perpetual Preferred Stock was declared and paid by the Company during the three- and six-months ended June, 2023. In July 2023, the Board of Directors declared a quarterly dividend on Series A Non-Cumulative Perpetual Preferred Stock in the amount of $20.00 per share to be payable on September 15, 2023 to shareholders of record as of August 31, 2023.

The Company believes that its current on and off-balance sheet liquidity will be sufficient to meet anticipated cash requirements for the next 12 months and thereafter. The Company believes that it has several on and off-balance sheet options to address reductions in cash and cash equivalents in order to maintain appropriate liquidity. In addition, we expect the acquisition of Canyon will modestly improve our liquidity position and loan-to-deposit ratio post-merger.

Capital Requirements

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. The regulatory capital requirements involve quantitative measures of the Company's assets, liabilities, select off-balance sheet items and equity. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Refer to "Note 10: Regulatory Matters" in the notes to consolidated financial statements – unaudited for additional information. Management believes that as of June 30, 2023, the Company and the Bank met all capital adequacy requirements to which they are subject.

Critical Accounting Policies and Estimates

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

A discussion of these policies can be found in the section captioned "Critical Accounting Policies and Estimates" in Management's Discussion and Analysis of Financial Condition and Results of Operations included in the 2022 Form 10-K. There have been no changes in the Company's application of critical accounting policies and estimates since December 31, 2022.

Recent Accounting Pronouncements

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

A primary component of market risk is interest rate volatility. Interest rate risk management is a key element of the Company's statement of financial condition management. Interest rate risk is the risk that net interest margins will erode over time due to changing market conditions. Many factors can cause margins to erode: (i) lower loan demand; (ii) increased competition for funds; (iii) weak pricing policies; (iv) statement of financial condition mismatches; and (v) changing liquidity demands. The objective is to maximize income while minimizing interest rate risk. The Company manages its sensitivity position using its interest rate risk policy. The management of interest rate risk is a three-step process and involves: (i) measuring the interest rate risk position; (ii) policy constraints; and (iii) strategic review and implementation.

Our exposure to interest rate risk is managed by the Asset/Liability Committee ("ALCO"). The ALCO uses a combination of three systems to measure the statement of financial condition's interest rate risk position. The three systems in combination are expected to provide a better overall result than a single system alone. The three systems include: (i) gap reports; (ii) earnings simulation; and (iii) economic value of equity. The ALCO's primary tools to change the interest rate risk position are: (i) investment portfolio duration; (ii) deposit and borrowing mix; and (iii) on-balance sheet derivatives.

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

Hypothetical Change in Interest Rate - Rate Shock

	June 30, 2023		June 30, 2022	
Change in Interest Rate (Basis Points)	**Percent change in net interest income**	**Percent change in fair value of equity**	**Percent change in net interest income**	**Percent change in fair value of equity**
+300	3.5 %	(18.1)%	6.4 %	(9.2)%
+200	2.2	(12.3)	4.1	(5.8)
+100	0.9	(5.9)	2.0	(3.0)
Base	- %	- %	- %	- %
-100	(1.4)	5.9	(2.7)	2.7
-200	(2.5)	12.4	NA[1]	NA[1]
-300	(4.5)	19.4	NA[1]	NA[1]

[1] The Company excluded a portion of the down rate environment from its analysis due to the low interest rate environment.

Hypothetical Change in Interest Rate - Rate Ramp

	June 30, 2023	June 30, 2022
Change in Interest Rate (Basis Points)	**Percent change in net interest income**	**Percent change in net interest income**
+300	0.2 %	3.1 %
+200	-	2.0
+100	(0.1)	1.0
Base	- %	- %
-100	(0.4)	(1.1)
-200	(0.4)	NA[1]
-300	(0.7)	NA[1]

[1] The Company excluded a portion of the down rate environment from its analysis due to the low interest rate environment.

The Company’s position is slightly asset sensitive as of June 30, 2023, which is less sensitive as compared to both June 30, 2022 and December 31, 2022 due to deposit mix changes with demand deposits as the main driver. Compared to December 31, 2022, the Company’s position is slightly less asset sensitive due to the reduction in demand deposits. The aggregate beta assumption utilized as of June 30, 2023 was approximately 60% which is unchanged from our previous assumption. Other key assumptions updated year-to-date 2023 include updated deposit decay rates, new business spreads and updating market yield curves. Other assumptions included in the model that are periodically updated include loan prepayments and call provisions within investment and debt holdings. The Company is monitoring interest rate sensitivity closely as $4.0 billion, or 69%, of loans and $0.4 billion, or 32%, of investments mature or reprice within the twelve-month period following June 30, 2023, including $2.7 billion and $0.4 billion, respectively, that repriced in the first month of the third quarter. $5.3 billion of interest-bearing liabilities mature or reprice over the same twelve-month period. As of June 30, 2023 and December 31, 2022, the investment portfolio duration was approximately 5.3 years. The Company is reviewing additional options to manage the statement of financial condition sensitivity based on the interest rate environment and anticipated composition of assets and liabilities in the next twelve months and beyond.

The models the Company uses include assumptions regarding interest rates while balances remain unchanged. These assumptions are inherently uncertain and, as a result, the model cannot precisely estimate net interest income or precisely predict the impact of higher or lower interest rates on net interest income. Actual results will differ from simulated results due to timing, magnitude, and frequency of interest rate changes as well as changes in market conditions, customer behavior and management strategies, among other factors.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (“Exchange Act”)) as of June 30, 2023. Based on that evaluation, the Company’s Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective as of June 30, 2023.

Changes in Internal Control over Financial Reporting

Our internal control over financial reporting continues to be updated as necessary to accommodate modifications to our business processes and accounting procedures. There has been no change in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during the second quarter of 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our 2022 Form 10-K, which could materially affect our business, financial condition, or results of operations in future periods. There were no material changes from the risk factors disclosed in the 2022 Form 10-K.

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

(a) Not applicable.

(b) Not applicable.

(c) Share Repurchase Program

On May 10, 2022, the Company announced that its Board of Directors approved a share repurchase program under which the Company may repurchase up to $30 million of its common stock. No shares were repurchased during the three-months ended June 30, 2023. As of June 30, 2023, $16 million remains available for repurchase under this share repurchase program. Repurchases under the program may be made in the open market or privately negotiated transactions in compliance with SEC Rule 10b-18, subject to market conditions, applicable legal requirements, and other relevant factors. The program does not obligate the Company to acquire any amount of common stock and may be suspended at any time at the Company's discretion. No time limit has been set for completion of the program.

ITEM 5. OTHER INFORMATION

(a) None

(b) None

(c) Trading Arrangements

During the three months ended June 30, 2023, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408 of Regulation S-K.

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ITEM 6. EXHIBITS

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

* Filed Herewith

** Furnished Herewith

† Indicates a management contract or compensatory plan arrangement

SIGNATURE

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

CrossFirst Bankshares, Inc.

Date: August 4, 2023

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

CROSSFIRST BANKSHARES, INC.
2018 OMNIBUS EQUITY INCENTIVE PLAN

DIRECTOR RESTRICTED STOCK AWARD AGREEMENT

Date of Grant: [●]

Number of Restricted Shares Granted: _________

This Restricted Stock Award Agreement (this "Award Agreement"), is entered into on the Date of Grant above, by and between CrossFirst Bankshares, Inc., a Kansas Corporation (the "Company") and _____________ (the "Grantee").

RECITALS:

A. Effective October 25, 2018, the Company adopted the CrossFirst Bankshares, Inc. 2018 Omnibus Equity Incentive Plan (the "Plan") pursuant to which the Company may, from time to time, grant Restricted Stock to eligible Service Providers of the Company and its Affiliates.

B. The Grantee is a Service Provider of the Company or one of its Affiliates, and the Company desires to grant to the Grantee shares of Restricted Stock of the Company on the terms and conditions reflected in this Award Agreement, the Plan and as otherwise established by the Committee.

AGREEMENT:

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

Section 1. Incorporation of the Plan. All provisions of this Award Agreement and the rights of the Grantee hereunder are subject in all respects to the provisions of the Plan, the terms of which are incorporated herein by reference, and the powers of the Committee therein provided. Capitalized terms used in this Award Agreement but not defined herein have the meanings set forth in Plan.

Section 2. Grant of Restricted Stock. As of the Date of Grant identified above and subject to Section 21 below, the Company grants to the Grantee, subject to the conditions and restrictions set forth in this Award Agreement and in the Plan, that number of shares of Restricted Stock identified above opposite the heading "Number of Restricted Shares Granted" (the "Restricted Shares").

Section 3. Restrictions on Transfer; Vesting Date. Subject to any exceptions set forth in this Award Agreement or in the Plan, the Restricted Shares or the rights relating thereto may not be sold, transferred, gifted, bequeathed, pledged, assigned, or otherwise alienated or hypothecated, voluntarily or involuntarily, prior to the vesting date for such Restricted Shares identified below (the "Vesting Date"). Subject to Section 21 below, on the Vesting Date, such restriction on transfer shall lapse and the Restricted Shares, if not previously forfeited pursuant to Section 4 below, will become freely transferable under this Award Agreement and the Plan, subject only to such further limitations on transfer, if any, as may exist under applicable law or any other agreement binding upon Grantee. Subject to any exceptions listed in this Award Agreement or in the Plan, the Restricted Shares shall become vested in accordance with the schedule set forth below:

Vest Date	Restricted Shares
[●]	___________

Notwithstanding the foregoing, (a) if Grantee's position as a Service Provider with the Company or any of its Affiliates is terminated by reason of the Grantee's death or Disability (and assuming Participant continuously served as a Director on the Board through the date of such death or Disability), the Vesting Date for all of the Restricted Shares automatically will be accelerated to the date of Grantee's termination as a Service Provider; or (b) if Grantee’s position as a Service Provider with the Company or any of its Affiliates is terminated prior to vesting due to the natural termination of the Grantee’s current Board service period prior to vesting in accordance with this Award Agreement, the unvested Restricted Shares shall instead continue to vest in accordance with the vesting schedule shown above.

Section 4. **Forfeiture Prior to Vesting**. Unless otherwise provided in this Award Agreement or the Plan, if Grantee's position as a Service Provider with the Company or any of its Affiliates is terminated by the Company or any such Affiliate for any reason (other than the Grantee’s death, Disability or natural termination of Board service period), prior to the Vesting Date for the Restricted Shares, Grantee will thereupon immediately forfeit any and all unvested Restricted Shares, and the full ownership of such Restricted Shares and rights will revert to the Company. Upon such forfeiture, Grantee shall have no further rights under this Award Agreement. For purposes of this Award Agreement, the transfer of employment between the Company and any of its Affiliates (or between Affiliates) shall not constitute a termination of the Grantee's position as a Service Provider.

Section 5. **Dividends and Voting.** Subject to Section 21 below, Grantee is entitled to (i) receive all dividends, payable in stock, in cash or in kind, or other distributions, declared on or with respect to any Restricted Shares as of a record date that occurs on or after the Date of Grant hereunder and before any transfer or forfeiture of the Restricted Shares by Grantee, provided that any such dividends paid in cash are to be held in escrow by the Company and, such cash dividends and distributions are to be subject to the same rights, restrictions on transfer and conditions regarding vesting and forfeiture as the Restricted Shares with respect to which such dividends or distributions are paid at the time of payment, and (ii) exercise all voting rights with respect to the Restricted Shares, if the record date for the exercise of such voting rights occurs on or after the Date of Grant hereunder and prior to any transfer or forfeiture of such Restricted Shares. In the event of forfeiture by Grantee of any or all of the Restricted Shares or any of the equity securities distributed to Grantee with respect thereto, Grantee shall forfeit all cash dividends held in escrow and relating to the underlying forfeited Restricted Shares and must return to the Company any distributions previously paid to Grantee with respect to such Restricted Shares.

Section 6. **No Right to Continue as a Service Provider.** Neither the Plan nor this Award Agreement confers upon the Grantee any right to be retained in any position as an Employee, Consultant, or Director of the Company. Further, nothing in the Plan or this Award Agreement shall be construed to limit the discretion of the Company to terminate the Grantee as a Service Provider at any time, with or without Cause.

Section 7. **Compliance with Law.** The issuance and transfer of Shares shall be subject to compliance by the Company and the Grantee with all applicable requirements of federal and state securities laws and with all applicable requirements of any stock exchange on which the Company's Shares may be listed. The Grantee understands that the Company is under no obligation to register the Shares with the Securities and Exchange Commission, any state securities commission, or any stock exchange to effect such compliance.

Section 9. **Notices.** Any notice required to be delivered to the Company under this Award Agreement shall be in writing and addressed to the General Counsel and Corporate Secretary of the Company at the Company's principal corporate office. Any notice required to be delivered to the Grantee under this Award Agreement shall be in writing and addressed to the Grantee at the Grantee's address as shown in the records of the Company. Either party may designate another address in writing (or such other method approved by the Company) from time to time.

Section 10. **Governing Law.** This Award Agreement will be construed and interpreted in accordance with the laws of the State of Kansas without regard to conflict of law principles.

Section 11. **Adjustments.** If any change is made to the outstanding Stock or capital structure of the Company, if required, the Restricted Shares shall be adjusted or terminated in any manner as contemplated by the Plan.

Section 12. **Amendment.** This Award Agreement may be amended in a manner that is materially adverse to the Grantee only by a writing executed by the parties hereto which specifically states that it is amending this Award Agreement.

Section 13. **Interpretation.** Any dispute regarding the interpretation of this Award Agreement shall be submitted by the Grantee or the Company to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the Grantee and the Company.

Section 14. **Titles.** Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Award Agreement.

Section 15. **Successors and Assigns.** The Company may assign any of its rights under this Award Agreement. This Award Agreement will be binding upon and inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth herein, this Award Agreement will be binding upon the Grantee and the Grantee's beneficiaries, executors, administrators and the person(s) to whom the Restricted Shares may be transferred by will or the laws of descent or distribution.

Section 16. **Severability.** The invalidity or unenforceability of any provision of the Plan or this Award Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Award Agreement, and each provision of the Plan and this Award Agreement shall be severable and enforceable to the extent permitted by law.

Section 17. **Counterparts.** This Award Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Award Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

Section 18. **Acceptance.** The Grantee hereby acknowledges receipt of a copy of the Plan and this Agreement. The Grantee has read and understands the terms and provisions thereof, and accepts the subject to all of the terms and conditions of the Plan and this Award Agreement.

Section 19. **Entire Agreement and Binding Effect.** This Award Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof. Except as expressly stated herein to the contrary, this Award Agreement will be binding upon and inure to the benefit of the respective heirs, legal representatives, successors and assigns of the parties hereto.

Section 20. **409A Compliance**. Notwithstanding any provision of the Plan or this Award Agreement to the contrary, (i) this Award Agreement shall not be amended in any manner that would cause any amounts payable hereunder that are not subject to Code Section 409A ("Section 409A") to become subject thereto (unless they also are in compliance therewith), and the provisions of any purported amendment that may reasonably be expected to result in such non-compliance shall be of no force or effect with respect to this Award Agreement and (ii) the Company, to the extent it deems necessary or advisable in its sole discretion, reserves the right, but shall not be required, to unilaterally amend or modify this Award Agreement to reflect the intention that the Plan qualifies for exemption from or complies with Section 409A in a manner that as closely as practicable achieves the original intent of this Award Agreement and with the least reduction, if any, in overall benefit to the Grantee to comply with Section 409A on a timely basis, which may be made on a retroactive basis, in accordance with regulations and other guidance issued under Section 409A. Neither the Company nor the Committee makes any representation that this Award Agreement shall be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to this Award Agreement.

Section 21. **Applicability of Directors' Deferred Fee Plan.** In the event that the Grantee has made an election under the Company's 2018 Directors' Deferred Fee Plan (the "Deferred Fee Plan") to defer the receipt of any of the Restricted Shares, no shares of Stock shall be issued to the Grantee and the Grantee shall only have a right to receive the shares of Stock subject to this Award Agreement (i) if the Restricted Shares would have become vested on the Vesting Date if no election to defer the receipt of the Restricted Shares had been made, and (ii) following and in accordance with the issuance date provisions specified under the Deferred Fee

Plan. Any of the Restricted Shares deferred under the Deferred Fee Plan shall be treated as Deferred Shares under such plan and under the Omnibus Plan.

[Signature Page Follows]

The parties to this Award Agreement have executed this Award Agreement as of the date provided in the preamble to this agreement.

CROSSFIRST BANKSHARES, INC.

By: ____________________________
Name:
Title:

GRANTEE

____
[●]

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

I, Michael J. Maddox, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: August 4, 2023

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

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

I, Benjamin R. Clouse, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CrossFirst Bankshares, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2023

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

Exhibit 32.1

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

In connection with the Quarterly Report of CrossFirst Bankshares, Inc. (the "Company") on Form 10-Q for the period ended on June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, in his respective capacities indicated below, hereby certifies, pursuant to 18 U.S.C. § 1350, as enacted by Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge and belief, (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 4, 2023

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

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