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## PRESENTATION

**Operator**

Good day, and thank you for standing by. Welcome to the CrossFirst Q1 2021 Earnings Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded. (Operator Instructions) I would now like to hand the conference over to your speaker today, Matt Needham, Director of Investor Relations. Please go ahead.

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**Matthew K. Needham** - *CrossFirst Bankshares, Inc. - Director of IR*

Welcome, and thank you for joining us today on the call. On the call are Mike Maddox, President and CEO; Dave O'Toole, Chief Financial Officer; and Randy Rapp, Chief Risk and Chief Credit Officer. As a reminder, a telephonic replay of this call, along with our earnings release and presentation will be available on our Investor Relations website.

Before we get underway, let me remind you that our release, quarterly investor update and presentation slides that accompany this call are available in the CrossFirst Investor Relations website. Slide 2 is a cautionary statement. I want to point out that in our remarks this afternoon, we will be discussing forward-looking information, which involve a number of risks and uncertainties that may cause actual results to differ materially from our forward-looking statements. We provide a comprehensive list of risk factors and I encourage you to review them.

Reconciliations of all non-GAAP financial measures to the nearest comparable GAAP measures are included in the release or presentation, copies of which are also available on the website. All earnings per share metrics today are discussed on a diluted per share basis. I'd now like to turn the call over to Mike Maddox. Thanks.

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**Michael J. Maddox** - *CrossFirst Bankshares, Inc. - President, CEO & Director*

Thank you, Matt, and thank you to everybody for joining the call. Our earnings this quarter showed continued momentum and strengthening of our core business. Strategically, we've been focused on continually improving our earnings, reducing our risk and improving our credit metrics post pandemic. Despite elevated provisioning, margin compression and a pandemic, we had the most profitable quarter in our company's history. This is due to our continued growth, increased revenue and the positive impact of the efficiency initiatives implemented during 2020.

The company finished the first quarter of 2021 with just under $6 billion in assets. Our performance metrics are continuing to trend in the right direction, and our asset quality continues to improve as the economy recovers and energy prices stabilize. Net income for the first quarter was a company record of $12 million, which included a provision of $7.5 million and resulted in earnings per share of $0.23.

We continue to grow operating revenue and our pretax pre-provision profit was again the best in company's history. I'm extremely proud to report an efficiency ratio approaching 50%, which has steadily improved since our initial investment in Dallas during 19 -- or during 2017. During the first quarter of 2021, we had a strong deposit growth of 8%, and we are pleased that our DDA accounts grew 11%.

Excluding PPP loans, the loan portfolio grew 4% compared to the first quarter of 2020 and 1% from our previous quarter. We continue to allocate additional reserves to the industry segments most affected by the pandemic and are comfortable with our current reserve levels. We are pleased that our nonperforming assets and classified assets decreased for the quarter, and we expect to see continued improvement over the coming quarters. Based on our current loan portfolio trends, the outlook for the economy -- and the outlook for the economy, we expect all loan provisioning to moderate through the remainder of 2021.

Lastly, our capital ratios remain strong and we continue to execute on our stock repurchase plan.

Our path to success is grounded in the ideals of 1 team, 1 bank with a shared vision of success. We are 1 team working together, moving our company forward. We remain focused and dedicated to our purpose of serving people in extraordinary ways and to our promise to contribute to the well-being of our employees, clients and the communities we serve.

For us to be successful in executing our business plan, attracting and retaining the highest-quality talent remains a strategic focus. I'd like to spend a few minutes to address some of the strategic changes that are occurring within our management team. As you probably read in our March announcement, our Chief Financial Officer and Chief Investment Officer, Dave O'Toole, has announced his plan to retire from CrossFirst after nearly 15 years of service.

He's had a long career in banking and banking advisory services. Dave is finishing up his storied career with CrossFirst after helping take the company public in 2019. Dave is a founding shareholder, Board member and a friend. And he's been instrumental in helping us become one of the most successful banks in the 2007 de novo class. We've executed on our strong relationship banking model that has led to a compounded annual asset growth rate of 52% since our founding in 2007.

During Dave's tenure, our footprint has expanded from 3,000-square-foot office suite in Overland Park, Kansas to 8 locations in 4 states and just under $6 billion in assets. Dave will continue serving as CFO until the company identifies his successor. Once our new CFO is hired, Dave will step down from that role and continue to serve as our Chief Investment Officer through the end of 2022. We are currently working through a national search process to find our next CFO.

During the quarter, we consolidated the leadership of our enterprise risk and credit management teams under Randy Rapp. Randy now assumes the roles of both Chief Credit Officer and Chief Risk Officer. This structure allows us to better leverage his expertise in these areas, increase efficiencies and enhance our capabilities for future growth. Tom Robinson will take on the title of Executive Director of Risk and Credit and will work closely with Randy to oversee these areas.

Tom continues to provide us great experience and depth in our credit group and the support we need for growth while continuing to be the point person with our regulators. I want to recognize Tom for the outstanding job he has done building out our enterprise risk management team and practices over the last 2 years.

Another major initiative in our strategic plan is making sure we stay competitive and current with our technology platforms. This is imperative in today's competitive banking landscape. We are evaluating new technologies that will further enhance our products, customer experience and efficiencies. Our new Chief Technology Officer, Jana Merfen, is benchmarking our technologies across the company to allow us to effectively grow, reduce customer acquisition costs, provide customer convenience and more efficiently serve our growing client base.

We also recently made a small investment in a bank-focused technology fund that we hope will keep us informed and provide us access to the most current technology available. The pandemic has accelerated the adoption of technology, and we expect to see increased investment and competition from the growing fintech industry.

I would now like to provide a brief update to our COVID plan and our perspective on our economic outlook. I'm happy to report that we've reopened our lobbies to the public on March 1 and commenced our return-to-work plan for our employees on April 5. We continue to prioritize the health and safety of our employees and clients, and we are excited to increase in-person interactions as conditions permit.

We continue to work with our employees and provide flexibility for in-office and remote working opportunities where necessary.

We are cautiously optimistic that the economic outlook will continue to improve as vaccinations roll out and the physical stimulus package fuels growth and consumer confidence. The continued reopening of our local economies and increases in national discretionary spending should provide a boost to several industries, including travel, leisure and hospitality. Additionally, the oil and gas markets have bounced back from last year's historic lows with a more favorable industry outlook.

In the first quarter of this year, we booked $111 million of second-round PPP loans, mostly to existing customers, and we were able to process $67 million in loan forgiveness. Slide 7 provides you with a complete overview of our fee recognition on these loans, and we will continue to work with our customers to take these loans through the forgiveness process. We believe the vast majority of these loans will be successfully forgiven by the SBA.

While there still remains uncertainty surrounding how the enduring pandemic-driven changes will affect different industries, we believe that the fiscal stimulus and improved local economies create a favorable scenario for our customers. We expect our balance sheet to continue to grow and our pipeline remains very strong.

During the quarter, we funded $312 million of new loans from new and existing customers, and we will continue to evaluate new market expansions and potential acquisitions to further supplement our growth strategy. I am really proud of how our teams have managed our risk and progressed on our strategic initiatives in the first quarter of this year. I am very optimistic for our future. I want to congratulate and thank all of our employees for their hard work and dedication over the last 12 months. Their efforts have really been truly amazing. We look forward to focusing on growth as the vaccination process continues and our cities continue to open up. I'd now like Dave to take you through the financial details of our results.

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**David L. O'Toole** - *CrossFirst Bankshares, Inc. - CFO, CIO & Director*

Thank you, Mike, and good afternoon, everyone. Our history of growth has provided a foundation for growing operating revenues. Combined with recent efficiency efforts, we are reporting record quarterly net income, operating revenue and pretax pre-provision profits. As Mike indicated, we just completed the most profitable quarter in our history, $12 million in net income, and our pretax pre-provision profits grew 24% over the last year and 8% during the quarter.

For the first quarter of 2021, the company had positive operating leverage as our expenses declined and operating revenue increased 12% to $45.3 million from the same quarter in 2020 and increased 2% compared to the previous quarter. Noninterest income for the quarter was $4.1 million, a 41% increase from the previous quarter. Credit card fees were the largest contributor. However, analysis and international fees were up for the quarter as well.

Net interest income for the quarter was $41.1 million, a slight decrease from the previous quarter, resulting in a net interest margin of 3% on a fully taxable basis. However, our larger balance sheet prevented margin compression from having a more significant impact on earnings. Comparing Q1 2021 to Q4 2020, the 12 basis point decline in NIM can be attributed to a 21 basis point decline in earning asset yields, partially offset by a 9 basis point reduction in cost of funds.

Earning asset yields were negatively impacted from an average of nearly $250 million in excess liquidity created from strong deposit growth and loan and investment prepayments during the quarter. We expect this low-yielding cash on our balance sheet to trend downward in Q2 from the loss of seasonal deposits and increasing loan and investment activity. The changing balance sheet mix, PPP loan activity and a few nonrecurring items contributed to the remainder of the NIM change.

The investment portfolio continues to present challenges as well as opportunities. As cash on the balance sheet accumulated during the quarter and elevated prepayments continued, we grew our investment portfolio holdings by over $31 million. The yield for taxable securities has declined 28 basis points from 1.99% in Q4 to 1.7% in Q1 of 2021 as we purchased nearly $40 million of mortgage-backed securities that went on the books at rates lower than the existing taxable bonds. As expected, with the recent increase in long-term rates, the portfolio surrendered some of its unrealized gains, but we remain at nearly -- but they remain at nearly $30 million.

Noninterest expenses for the quarter were $22.8 million, a reduction of $900,000 from the previous quarter, and noninterest expense to average assets declined to 1.6%. Our assets per employee increased again to a company high of $18 million. The current run rate of operating expenses reflects the efficiencies achieved from the staff reductions we made in Q3 2020. The current level of operating expenses should help stabilize our efficiency ratios in the low 50% range, making further improvements dependent primarily on growth in operating revenues.

For the quarter, we posted 50.4% efficiency ratio, down from 55.1% in Q1 2020 and 58.1% for the entire 2020 year. And we crossed below 50% on a non-GAAP basis. Our return on average assets continues to improve, climbing to 0.84% and would have exceeded 1% with pre-COVID provisioning levels. As illustrated, the overall investment portfolio yield compared to our cost of fund continues to be a very positive contributor to after-tax ROA and ROE metrics.

Total stockholders' equity on March 31 was $629 million. Our capital ratios remain strong, and we continued to repurchase shares in the first quarter under our previously disclosed program. We repurchased 88,497 shares of our stock during the quarter at an average price of $11.86, resulting in tangible book value per share of $12.16 at quarter end. Although not required of banks our size, we recently performed some portfolio-level credit stress testing that indicated CrossFirst remains well capitalized under the baseline and the harshest economic scenarios published by the Federal Reserve and certain pandemic scenarios created by the Oxford Economics economist.

Because earnings have continued to improve, we have been able to grow assets over $900 million in the last 12 months. And our common equity Tier 1 and total risk-based capital ratios have remained relatively flat. Overall, we feel good about the financial results for the quarter and look forward to continued improvement. I would like to turn the presentation over to Randy for a detailed discussion of credit at this time.

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**W. Randall Rapp** - *CrossFirst Bankshares, Inc. - Chief Credit Officer of CrossFirst Bank*

Thanks, Dave, and good afternoon, everyone. As Mike mentioned, we continued to see improvement in our key credit metrics in Q1, including nonperforming and classified assets. During the quarter, classified assets decreased almost 6% to $269 million, resulting in a classified to capital ratio plus allowance of 38.2%. Although our classified loan totals remain higher than our target, we have seen significant improvement since the peak in Q3 of 2020 and expect to see continued improvement in this total in the upcoming quarters.

Our allowance for loan and lease losses to total loans ended Q1 at a very strong 1.79%, excluding PPP loans. We maintained our higher reserve level despite the elevated charge-off activity reported in Q1. We are expecting to convert to CECL at the beginning of 2022 and are currently running parallel models. The elevated charge-offs in the past several quarters are related primarily to a few energy and C&I transactions, and we do not expect this elevated level of charge-offs to continue in the upcoming quarters.

Our nonperforming assets decreased 12% during Q1 to $68.9 million or 1.15% of total assets, primarily due to the upgrade of a lodging property negatively impacted by COVID. At the end of Q1, approximately 43% of our NPAs are related to energy exposure. As of the end of Q1, 44% of our classified assets are energy-related. We will continue to evaluate these loans in the upcoming quarter as many of our semiannual borrowing base redeterminations are set to occur in May and June. We expect these redeterminations with the higher commodity price environment and the receipt of Q1 financials showing the impact of higher prices to our borrowers to result in significant positive grade migration in the portfolio in Q2 and Q3. Since we remain on the incurred loss model for reserves, we expect this improved grade migration to also positively impact the required reserve level held against the energy portfolio.

As expected, our COVID-related loan modifications are coming to an end, and we have very few remaining modifications in the portfolio. Most of our borrowers are back to making regularly scheduled payments. I'm proud of how our bankers have continued to work with our clients to navigate the pandemic. As the vaccination rate increases, government stimulus continues to support consumers and businesses, the overall economic growth rate accelerates and energy prices continue to stabilize, we expect to see material improvement in our nonperforming assets, classified assets, charge-off activity and reserve levels in the coming quarters.

I look forward to answering any questions you might have shortly. This wraps up our prepared remarks, and now I'll turn it back over to the operator to begin the Q&A portion of the call.

## QUESTIONS AND ANSWERS

**Operator**

(Operator Instructions) Our first question comes from Michael Rose with Raymond James.

**Michael Edward Rose** - *Raymond James & Associates, Inc., Research Division - MD of Equity Research*

Congrats, Dave, on the retirement announcement, first of all. I wanted to start on loan demand. Last quarter, you guys had talked about kind of ex PPP growth in kind of the 6% to 8% range, I believe, and this quarter was some pretty decent growth. What are you hearing and seeing from your borrowers?

A lot of banks have talked about a pickup in the back half. Your outlook is obviously a little bit stronger than most. Can you talk about what your customers are saying and maybe where you're seeing demand and maybe just what competition is like?

**Michael J. Maddox** - *CrossFirst Bankshares, Inc. - President, CEO & Director*

Yes. Thanks, Michael. We are seeing a pickup in demand. I think our pipeline continues to grow. I would say competition is fairly fierce for high-quality credit, and that's resulting in driving loan yields down. So the key is not to compromise on credit quality. And -- but we're continuing to see continued growth in a variety of different areas.

On the real estate side, we still see a lot of demand in industrial, in particular. Multifamily continues to be strong. And then on the commercial side, we're seeing some opportunities in the QSR space that continues to be performing very well. And so you're seeing some health care opportunities. So -- and then we continue to see a lot of activity from some of our larger family office clients in a variety of different industries.

**Michael Edward Rose** - *Raymond James & Associates, Inc., Research Division - MD of Equity Research*

Okay. Any thoughts on where line utilization is, and is that going to be a pickup of the growth? And then it also looks like the syndications and shared national credits were down about $26 million this quarter. Do you expect those balances to come down and be a headwind to any sort of growth?

**Michael J. Maddox** - *CrossFirst Bankshares, Inc. - President, CEO & Director*

We're not -- I think the decline in those balances will be just kind of in the normal course. From a line utilization standpoint, it's been fairly consistent. As the PPP loans process and we get through that, it wouldn't surprise me if we see some increased line utilization. But we're not planning on that for growth. We're focused on new opportunities.

**Michael Edward Rose** - *Raymond James & Associates, Inc., Research Division - MD of Equity Research*

Okay. And maybe finally for me, just on the margin. Dave, you had talked about keeping the margin above 3%. It looks like that might be a challenging feat, just given the amount of liquidity that you and others have seen and obviously, some of the securities purchases will help. But just any sort of outlook as we think about the NIM moving forward.

**David L. O'Toole** - *CrossFirst Bankshares, Inc. - CFO, CIO & Director*

Yes. First of all, Michael, thanks for the nice comment. Margin is challenging right now. We did bounce back just a little bit from the 2.96% level that we were at in Q4. We do think we can hold above 3% although not by very much in the next quarter. The liquidity on our balance sheet is what's doing the most damage to our margin. We figured that had about a 16 basis point impact on margin this quarter because we were carrying balances, overnight funds and balances on average between -- about $250 million on average that we really weren't getting any real earnings off of the Fed.

So we do think that's going to drop down in Q2. That should help our NIM calculation. And then the PPP activity is somewhat irregular but we think it'll be some -- it'll be consistent in the second quarter compared to what it was in the first quarter. So optimistically, I think we can stay above 3% in the next quarter and then take a look at that point on down the road.

**Operator**

Your next question comes from Jennifer Demba with Truist Securities.

**Jennifer Haskew Demba** - *Truist Securities, Inc., Research Division - MD*

Just curious as you said you think the net charge-off levels are going to moderate in future periods here. But what kind of levels are you targeting over the near term?

**W. Randall Rapp** - *CrossFirst Bankshares, Inc. - Chief Credit Officer of CrossFirst Bank*

Jennifer, this is Randy. We do feel like we had some unique charge-off activity in the last several quarters isolated to certain areas of the portfolio and we don't expect that to continue. And as I said in my comments, we do expect that to moderate. We have an internal target that we try and keep charge-offs below on a go-forward basis. And so we would think that level would normalize somewhere sub-30 basis points.

**Operator**

Our next question comes from Brady Gailey with KBW.

**Brady Matthew Gailey** - *Keefe, Bruyette, & Woods, Inc., Research Division - MD*

So the cost of deposits is still around 50 basis points. I was just wondering, how much room do you think you have to continue to move that lower? And is that a real way that you can kind of protect the margin here?

**David L. O'Toole** - *CrossFirst Bankshares, Inc. - CFO, CIO & Director*

There's no question that we can -- Brady, this is Dave. No question, we can continue to try to protect margin on the cost of funds side. We are aggressively looking at further reductions this quarter. In our cost of funds, we think reasonably we can see 5 to 10 basis point reduction in cost of funds for the quarter. We remain a little high in relation to our peers out there.

But there are a couple of buckets of funding that we've got that we may just adjust aggressively. And if we lose some of the money, we have plenty of liquidity to handle that. So I think 5 maybe on the low side, 10 on the high side would be reasonable for Q2 in reduction -- further reductions.

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**Brady Matthew Gailey** - *Keefe, Bruyette, & Woods, Inc., Research Division - MD*

Okay. And then back on loan growth. I mean this year, you'll be working through PPP. A lot of your clients probably have some excess cash that they have to work through until they need to borrow money from you guys. So once you get through this year, you look to next year and beyond, what do you think is the right loan growth level for CrossFirst?

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**Michael J. Maddox** - *CrossFirst Bankshares, Inc. - President, CEO & Director*

Yes, good question. We would expect to see a 10% to 15% loan growth in a normal environment. And then that's not only from our existing markets but we're hopeful to have some expansion over the next couple of years that will allow us to continue to drive that growth.

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**Brady Matthew Gailey** - *Keefe, Bruyette, & Woods, Inc., Research Division - MD*

Okay. And then you mentioned you were active on the buyback. I think you repurchased about 90,000 shares. And that's not a ton of stock repurchase, I think about $1 million last quarter. In the fourth quarter, you did about $6 million. The stock is still, even today, at 1.1x tangible and you're north of 10% TCE. So maybe just talk about your appetite in doing buybacks kind of in size this year at this level?

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**David L. O'Toole** - *CrossFirst Bankshares, Inc. - CFO, CIO & Director*

Well, we have the authority to do up to $20 million of buyback for the year. We felt like it will probably go on most of the year. We do put some limits on price for that to try to be strategic. But I think we'll continue to pick up stock. I'm hopeful we can get all of that done. We haven't looked to do any block trades at this point in time, so we're just taking it 1 transaction at a time. But our objective would be to fully execute that plan in 2021.

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**Michael J. Maddox** - *CrossFirst Bankshares, Inc. - President, CEO & Director*

Yes. Brady, we'll continue to be methodical on our stock buyback, but our hope really is that our stock starts trading at a better multiple so we're out of the market.

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**Brady Matthew Gailey** - *Keefe, Bruyette, & Woods, Inc., Research Division - MD*

Yes, totally, totally. So Dave, is this your last call or will you be around in July?

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**David L. O'Toole** - *CrossFirst Bankshares, Inc. - CFO, CIO & Director*

Brady, I don't know. I think the process is underway right now. I suspect I'll be around somewhat in some form in July. But if it goes as way -- the way the Board and Mike wants, I think there'll be a new voice on the phone pretty soon. I really missed seeing some of you all this past year, this pandemic kind of had us close out virtually.

**Brady Matthew Gailey** - *Keefe, Bruyette, & Woods, Inc., Research Division - MD*

That's right. It's been a shame. Well, Dave, great, good luck to you and congrats on the successful career. It's great working with you during the IPO.

**David L. O'Toole** - *CrossFirst Bankshares, Inc. - CFO, CIO & Director*

Well, thank you.

**Operator**

Our next question comes from Andrew Liesch with Piper Sandler.

**Andrew Brian Liesch** - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*

The service charges referenced new customer account growth and deposit growth driving that. Is this a good run rate to build off of for overall fee income is north of $4 million? It was nice to see that dollar roundup there.

**Michael J. Maddox** - *CrossFirst Bankshares, Inc. - President, CEO & Director*

We have had nice fee income growth. Some of it has been a little abnormal related to 1 customer who's had a very successful year in an industry associated supporting pandemic services. So our credit card fee income is probably a little higher than it will normalize out at. But we do expect to continue to see solid growth in our fee income. We're very, very focused on it, and we're focused on building our C&I portfolio and all the related services that go with it.

**Andrew Brian Liesch** - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*

Great, that's helpful. And then on the expense side, it came in nicely lower from last quarter and below my forecast. So is this $23 million, just shy of $23 million a good run rate to use going forward?

**David L. O'Toole** - *CrossFirst Bankshares, Inc. - CFO, CIO & Director*

Yes. I think currently, the $23 million is a pretty good run rate. We are looking to make some investments, as we've talked to you before, in technology space and maybe in some expansion, which will have an impact on that. And we will start adding a few people back to the payroll. But the $23 million, $24 million run rate is pretty reasonable at this point in time.

**Andrew Brian Liesch** - *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*

Great to hear. And Dave, good luck, and congrats on your retirement announcement.

**David L. O'Toole** - *CrossFirst Bankshares, Inc. - CFO, CIO & Director*

Thank you, Andrew.

**Operator**

(Operator Instructions) Our next question comes from Matt Olney with Stephens.

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**Matthew Covington Olney** - *Stephens Inc., Research Division - MD*

Just want to follow up on that last point on operating expenses. Dave, I think you mentioned that $23 million, $24 million is a good run rate. I think last time, we talked about a 6% to 8% growth for the year off that base of $91.5 million from last year. Does that still hold? Or are you now thinking differently on that outlook for the full year?

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**David L. O'Toole** - *CrossFirst Bankshares, Inc. - CFO, CIO & Director*

Well, it kind of depends on what our balance sheet does. I think the 1.6% ratio is a pretty good ratio. And if we grow our balance sheet, obviously, that's going to track with that growth. Overall, for the year, 6% to 8% looks reasonable at the beginning of the year. We probably -- at this pace, we're going to be a little less than that, I would think. But there are investments we'll make in the second half of this year that could drive it up a little bit more. So I don't see it getting much beyond that level unless we expand into a new market, make an acquisition or whatever.

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**Matthew Covington Olney** - *Stephens Inc., Research Division - MD*

Okay, that's helpful. And then going back to the margin discussion and core loan yields. When I take out the impact of PPP, if I'm doing my math right, it looks like the loan yields were relatively flat quarter-to-quarter. Is that right and anything unusual in those numbers? Just trying to get a feel for what direction this could hit.

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**David L. O'Toole** - *CrossFirst Bankshares, Inc. - CFO, CIO & Director*

That's probably not too far off. The PPP impacted margin about 3% negatively this quarter. So you kind of take a look at that at the loan yields, it would be at a higher number if you're looking at just the loans in our earning asset pool. We have actually show a little bit of a -- yes, pretty flat, I guess, if you're excluding PPP on the loan yields. I don't have that exact number in front of me.

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**Matthew Covington Olney** - *Stephens Inc., Research Division - MD*

Any color on where new loan yields have been coming on more recently?

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**W. Randall Rapp** - *CrossFirst Bankshares, Inc. - Chief Credit Officer of CrossFirst Bank*

Matt, this is Randy. As Mike said, there's a lot of liquidity in the market and there's a lot of competition for the better transactions. And so loan yields, there's a lot of pressure on loan yields, but I'm proud of our bankers for really sifting through and finding the transactions that not only meet our risk tolerance but our profit tolerance and are doing a good job of building floors into transactions as well. So definitely some negative pressure there but I think, overall, it's holding fairly well.

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**Matthew Covington Olney** - *Stephens Inc., Research Division - MD*

Okay. And just lastly on the PPP side, Dave, I think you mentioned about $2.4 million of fees recognized in 1Q and that's the expectation that you hold that relatively close to that in 2Q. Did I catch that right? And any other color you can give beyond that for the remaining $5.9 million of fees yet to be recognized?

**David L. O'Toole** - *CrossFirst Bankshares, Inc. - CFO, CIO & Director*

Well, I had a discussion with my corporate treasurer this morning and a little bit of a bet on that. He thinks it will be just a little bit less than Q1 during the quarter. And the forgiveness is not certain at this point, how much of that will get in the quarter, but because that accelerates those fees. So that would be a nice level if we can get to that level and you might want to look a little bit below that. But looking so far -- this far into April, fees continue to be accelerated pretty quickly.

**Matthew Covington Olney** - *Stephens Inc., Research Division - MD*

And just one more. The tax rate was a little bit lower than I think we were expecting this quarter. What kind of color you can give us on the tax rate from here?

**David L. O'Toole** - *CrossFirst Bankshares, Inc. - CFO, CIO & Director*

We've come in low the last couple of quarters on our effective rate. I still think we use the 21% level pretty much for all of our internal modeling here. That may give you a little room to work with. It's been 20% or under, I think, for the -- as we look back the last few quarters.

**Matthew Covington Olney** - *Stephens Inc., Research Division - MD*

Okay, that's all for me. Congrats on the quarter. And Dave, congrats on the announcement.

**David L. O'Toole** - *CrossFirst Bankshares, Inc. - CFO, CIO & Director*

Thank you.

**Operator**

I'm not showing any further questions at this time. I would now like to turn the call back over to Matt Needham for closing remarks.

**Matthew K. Needham** - *CrossFirst Bankshares, Inc. - Director of IR*

Thank you for joining us on the call today. And as a quick reminder, this call can be accessed via a replay on our website. And as always, you can contact me with any follow-up questions you might have. Again, we appreciate your interest and/or investment in our company, and thank you for taking time with us this afternoon. Take care.

**Operator**

This concludes today's conference call. Thank you for participating. You may now disconnect.