

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

FORM 8-K/A
(Amendment #1)

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

JANUARY 23, 2020
Date of Report (date of earliest event reported)
CROSSFIRST BANKSHARES, INC.
(Exact name of registrant as specified in its charter)

Kansas
(State or other jurisdiction of
incorporation or organization)

001-39028
(Commission File Number)

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

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

66211
(Zip Code)

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

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

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

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

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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



FOR IMMEDIATE RELEASE

February 24, 2020

CROSSFIRST BANKSHARES, INC. CONTACT:

Matt Needham, Director of Investor Relations

(913) 312-6822

<https://investors.crossfirstbankshares.com>

CrossFirst Bankshares, Inc. Reports Revised Fourth Quarter & Full-Year 2019 Results

LEAWOOD, KS, February 24, 2020 (GLOBE NEWSWIRE) -- CrossFirst Bankshares, Inc. (Nasdaq: CFB), the bank holding company for CrossFirst Bank, announced that it has revised its preliminary financial results for fourth quarter and full year 2019, which were previously reported on January 23, 2020. In connection with the preparation and review of its 2019 financial statements, the Company has concluded it is necessary to record an additional loan loss provision of \$16 million for fourth quarter 2019. The need for additional provision was determined through the Company's internal monitoring processes for reviewing problem credits and resulted from new information obtained in the first quarter of 2020. The additional provision is based on information obtained subsequent to preliminary results on January 23rd and related to the previously disclosed large nonperforming asset. The Company recorded the additional provision as a result of recent deterioration in the borrower's business and the value of the underlying collateral.

The Company's previously reported preliminary results included net income of \$11.4 million, or \$0.22 per diluted share, for fourth quarter 2019, and full-year 2019 net income of \$40.6 million, or \$0.83 per diluted share. After the impact of the additional provision (net of tax), the Company now reports a net loss of \$700 thousand, or (\$0.01) per diluted share for fourth quarter 2019, and full-year 2019 net income of \$28.5 million, or \$0.58 per diluted share. Full-year net income of \$28.5 million, still resulted in a year-over-year increase of 45% and \$0.11 per diluted change for full-year 2019, a 23% year-over-year increase.

"The provision had a negative impact on our fourth quarter and 2019 results, but it does not change our strong outlook for 2020 earnings," said CrossFirst's President and CEO George F. Jones, Jr. "I continue to remain very proud of our teams and what we have accomplished for the year. Even after the additional provision, we were able to deliver a 45% increase in net income for full-year 2019."

Material Updates to the Provision

The Company recorded a total provision of \$19.4 million for the fourth quarter and \$29.9 million for full year 2019 instead of the \$3.4 million and \$13.9 million initially reported. After the increased provision, the allowance to total loans increased to 1.48% at December 31, 2019 from 1.18% at the end of the third quarter of 2019. In addition, the total allowance was \$56.9 million at year end 2019 compared to \$37.8 million at year-end 2018. No additional charge-offs were recorded from what was originally reported on January 23, 2020.

Impact to Income Taxes

CrossFirst's revised effective tax rate for the twelve months ended December 31, 2019 was 12.7%, compared to the previously reported effective tax rate of 16.6%.

Updated Previously Furnished Earnings Materials

In addition to issuing this revised earnings release, the Company has revised its earnings presentation and posted the materials on the Company's website. The Company believes these revisions only relate to its fourth quarter and annual results for 2019 and do not impact any statements in its previously filed documents with the Securities and Exchange Commission for any other period, and therefore, those previous reports may continue to be relied upon as filed.

For completeness, the Company has included all previously announced financial results disclosures and related tables with this press release as revised. These results supersede the results previously disclosed in the January 23, 2020 press release.

2019 Fourth Quarter and Full-Year Highlights:

- Approaching \$5 billion of assets with 30% operating revenue growth compared to full-year 2018
- Quarterly net loss of \$700 thousand, compared to net income of \$10.3 million for the fourth quarter of 2018
- Full-year net income of \$28.5 million, a year-over-year increase of 45%
- Diluted EPS of \$0.58 for full-year 2019, a year-over-year increase of 23%
- Achieved efficiency ratios of 55.6% for the quarter and 58.4% for the year
- Grew loans by \$223 million from the previous quarter and \$793 million or 26% since year-end December 31, 2018
- Grew deposits by \$266 million from the previous quarter and \$716 million or 22% since year-end December 31, 2018
- Book value per share of \$11.58 at December 31, 2019 compared to \$10.21 at December 31, 2018

	Quarter-to-Date December 31,		Year-to-Date December 31,	
	2018	2019	2018	2019
	<i>(Dollars in millions except per share data)</i>			
Operating revenue⁽¹⁾	\$ 33.5	\$ 39.4	\$ 116.5	\$ 150.2
Net income (loss)	\$ 10.3	\$ (0.7)	\$ 19.6	\$ 28.5
Diluted earnings (loss) per share	\$ 0.22	\$ (0.01)	\$ 0.47	\$ 0.58
Return on average assets	1.06%	(0.06)%	0.56%	0.63%
Non-GAAP core operating return on average assets ⁽²⁾	0.67%	(0.06)%	0.57%	0.61%
Return on average common equity	9.03%	(0.46)%	5.34%	5.38%
Non-GAAP return on average tangible common equity ⁽²⁾	9.20%	(0.46)%	5.47%	5.46%
Net interest margin	3.44%	3.17 %	3.29%	3.26%
Net interest margin, fully tax-equivalent ⁽³⁾	3.51%	3.23 %	3.39%	3.31%
Efficiency ratio	60.2%	55.6 %	73.6%	58.4%
Non-GAAP core operating efficiency ratio, fully tax-equivalent ⁽²⁾⁽³⁾	61.4%	54.7 %	67.7%	57.2%

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

⁽²⁾ Represents a non-GAAP measure. See "Table 6. Non-GAAP Financial Measures" for a reconciliation of this measure.

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

Income from Operations

Net Interest Income

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

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

Tax-equivalent net interest margin declined to 3.23% for the quarter compared to 3.51% for the same quarter in 2018, reflecting the impact of the declining rate environment. For full-year 2019, the Company reported a tax equivalent net interest margin of 3.31%, slightly lower than full-year 2018 results. The tax-equivalent adjustment, which accounts for income taxes saved on the interest earned on nontaxable securities and loans, was \$0.7 million for the fourth quarter of both 2019 and 2018, and \$0.6 million for the third quarter of 2019. Net interest income totaled \$37.2 million for the fourth quarter of 2019 or 4% greater than the third quarter of 2019. Full-year 2019 net interest income totaled \$141.4 million or 28% higher than the same period of 2018 reflecting the Company's strong balance sheet growth and maintenance of net interest margin.

Non-Interest Income

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

Non-Interest Expense

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

CrossFirst's effective tax rate for the twelve months ended December 31, 2019 was 12.7% as compared to (13.9)% for the twelve months ended December 31, 2018. The year-over-year change was due to higher earnings, state tax credits related to our new headquarters, a reduction in tax-exempt income due to average yields on tax exempt securities decreasing, and permanent tax benefits from stock-based compensation awards vested and exercised in 2018 as compared to 2019. The effective tax rate for the fourth quarter of 2019 was not available due to a quarterly net loss, and was (16.8)% for the fourth quarter of 2018. For both of the comparable periods, the Company continued to benefit from the tax-exempt municipal bond portfolio creating an effective tax rate lower than the statutory tax rates.

Balance Sheet Performance & Analysis

During the fourth quarter of 2019, total assets increased by \$280 million or 6% compared to September 30, 2019 with both strong loan and deposit growth. Asset growth for CrossFirst was \$824 million or 20% year-over-year. During the fourth quarter of 2019, total available for sale investment securities increased \$9 million to \$742 million, while the overall average for the quarter was \$745 million. Tax-exempt municipal securities on average increased \$35 million and mortgage-backed securities decreased \$19 million. Overall, the Company increased the size of the bond portfolio during 2019 by \$78 million, or 12% compared to year-end 2018. The increase in investment securities was part of management's strategy to manage liquidity and optimize income.

Loan Growth Results

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

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

Yield on loans for the period ending 5.56% 5.75% 5.66% 5.53% 5.21%

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

Deposit Growth Results

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

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

Cost of deposits for the period ending 1.70% 1.96% 1.99% 1.94% 1.70%

Cost of interest-bearing deposits for the period ending 2.04% 2.30% 2.33% 2.26% 1.97%

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

Asset Quality Position

The Company added to the allowance for loan loss as a result of the adverse changes in the large nonperforming loan described above and in order to support loan growth and other changes in relative risk for the overall portfolio, recording a provision expense of \$19.4 million for the fourth quarter. Net charge-offs were \$5.5 million for the quarter, including a partial charge-off of the large non-performing loan described above, as compared to charge-offs of \$0.2 million for the fourth quarter in 2018. The following table provides information regarding asset quality as well as other asset quality metrics.

Asset quality (<i>Dollars in millions</i>)	4Q18	1Q19	2Q19	3Q19	4Q19
Non-accrual loans	\$ 17.8	\$ 13.0	\$ 50.0	\$ 43.6	\$ 39.7
Other real estate owned	—	2.5	2.5	2.5	3.6
Non-performing assets	17.8	15.5	52.8	46.7	47.9
Loans 90+ days past due and still accruing	—	—	0.2	0.6	4.6
Loans 30 - 89 days past due	3.7	31.1	23.6	64.7	6.8
Net charge-offs (recoveries)	0.2	0.7	—	4.7	5.5
Asset quality metrics (%)	4Q18	1Q19	2Q19	3Q19	4Q19
Non-performing assets to total assets	0.43%	0.36%	1.18%	1.00%	0.97%
Allowance for loan loss to total loans	1.23	1.22	1.24	1.18	1.48
Allowance for loan loss to non-performing loans	212	307	85	97	129
Net charge-offs (recoveries) to average loans ⁽¹⁾	0.03	0.09	—	0.53	0.58
Provision to average loans ⁽¹⁾	0.61	0.36	0.34	0.54	2.05

⁽¹⁾ Interim periods annualized.

Capital Position

At December 31, 2019, stockholders' equity totaled \$602 million, or \$11.58 per share, compared to \$602 million, or \$11.59 per share, at September 30, 2019. Tangible common stockholders' equity was \$594 million and tangible book value per share was \$11.43 at December 31, 2019.

Period-end (<i>Dollars in millions, except per share data</i>)	4Q18	1Q19	2Q19	3Q19	4Q19
Total Stockholders' Equity	\$ 490	\$ 481	\$ 499	\$ 602	\$ 602
Book value per share	\$ 10.21	\$ 10.63	\$ 11.00	\$ 11.59	\$ 11.58
Tangible book value per share ⁽¹⁾	\$ 10.04	\$ 10.46	\$ 10.83	\$ 11.44	\$ 11.43
Common equity tier 1 capital ratio	11.75%	11.23%	11.02%	12.91%	12.20%
Tier 1 capital ratio	12.53	11.23	11.04	12.93	12.22
Total capital ratio	13.51	12.20	12.04	13.90	13.43
Leverage ratio	12.43	11.15	10.87	12.57	12.06

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

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

Cautionary Notice about Forward-Looking Statements

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

Accordingly, the Company cautions you that any such forward-looking statements are not a guarantee of future performance and that actual results may prove to be materially different from the results expressed or implied by the forward-looking statements due to a number of factors. Such factors include, without limitation, those listed from time to time in reports that the Company files with the Securities and Exchange Commission. These forward-looking statements are made as of the date of this communication, and the Company does not intend, and assumes no obligation, to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events or circumstances, except as required by law.

About CrossFirst

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

Unaudited Financial Tables

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

TABLE 1. CONSOLIDATED BALANCE SHEETS

	As of December 31,	
	2018	2019 (unaudited)
	<i>(Dollars in thousands)</i>	
Assets		
Cash and cash equivalents	\$ 216,541	\$ 187,320
Available-for-sale securities - taxable	296,133	298,208
Available-for-sale securities - tax-exempt	367,545	443,426
Premises and equipment, held for sale	3,444	—
Loans, net of allowance for loan losses of \$56,896 and \$37,826 at December 31, 2019 and 2018, respectively	3,022,921	3,795,348
Premises and equipment, net	74,945	70,210
Restricted equity securities	14,525	17,278
Interest receivable	14,092	15,716
Foreclosed assets held for sale	—	3,619
Deferred tax asset	16,316	13,782
Goodwill and other intangible assets, net	7,796	7,694
Bank-owned life insurance	63,811	65,689
Other	9,146	12,943
Total assets	<u>\$ 4,107,215</u>	<u>\$ 4,931,233</u>
Liabilities and stockholders' equity		
Deposits		
Noninterest bearing	\$ 484,284	\$ 521,826
Savings, NOW and money market	1,714,136	2,162,187
Time	1,009,677	1,239,746
Total deposits	<u>3,208,097</u>	<u>3,923,759</u>
Federal funds purchased and repurchase agreements	75,406	14,921
Federal Home Loan Bank advances	312,985	358,743
Other borrowings	884	921
Interest payable and other liabilities	19,507	31,245
Total liabilities	<u>3,616,879</u>	<u>4,329,589</u>
Stockholders' equity		
Redeemable preferred stock, \$0.01 par value, \$25 liquidation value: authorized - 5,000,000 shares, issued - 0 and 1,200,000 shares at December 31, 2019 and 2018, respectively	12	—
Common stock, \$0.01 par value: authorized - 200,000,000 shares, issued - 51,969,203 and 45,074,322 shares at December 31, 2019 and 2018, respectively	451	520
Additional paid-in capital	454,512	519,870
Retained earnings	38,567	64,888
Other	(196)	(85)
Accumulated other comprehensive income (loss)	(3,010)	16,451
Total stockholders' equity	<u>490,336</u>	<u>601,644</u>
Total liabilities and stockholders' equity	<u>\$ 4,107,215</u>	<u>\$ 4,931,233</u>

TABLE 2. CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2018	2019	2018	2019
	<i>(Dollars in thousands except per share data)</i>			
Interest Income				
Loans, including fees	\$ 40,813	\$ 49,208	\$ 130,075	\$ 191,527
Available for sale securities				
Available for sale securities - Taxable	2,243	1,894	7,972	8,540
Available for sale securities - Tax-exempt	3,135	3,191	14,757	12,011
Deposits with financial institutions	615	601	3,096	3,053
Dividends on bank stocks	262	286	980	1,087
Total interest income	47,068	55,180	156,880	216,218
Interest Expense				
Deposits	12,733	16,247	39,372	67,668
Fed funds purchased and repurchase agreements	440	91	1,068	592
Advances from Federal Home Loan Bank	1,533	1,628	5,841	6,367
Other borrowings	47	35	231	147
Total interest expense	14,753	18,001	46,512	74,774
Net Interest Income	32,315	37,179	110,368	141,444
Provision for Loan Losses	4,500	19,350	13,500	29,900
Net Interest Income after Provision for Loan Losses	27,815	17,829	96,868	111,544
Non-Interest Income				
Service charges and fees (rebates) on customer accounts	(62)	163	444	604
Gain (loss) on sale of available for sale securities	(70)	520	538	987
Impairment of premises and equipment held for sale	—	—	(171)	(424)
Gain on sale of loans	209	—	827	207
Income from bank-owned life insurance	458	462	1,969	1,878
Swap fee income, net	(14)	338	285	2,753
Other non-interest income	674	703	2,191	2,710
Total non-interest income	1,195	2,186	6,083	8,715
Non-Interest Expense				
Salaries and employee benefits	12,429	13,818	56,118	57,114
Occupancy	2,015	2,048	8,214	8,349
Professional fees	899	1,041	3,320	2,964
Deposit insurance premiums	775	767	3,186	2,787
Data processing	525	676	1,995	2,544
Advertising	709	685	2,691	2,455
Software and communication	672	910	2,630	3,317
Depreciation and amortization	482	414	1,788	1,734
Other non-interest expense	1,660	1,526	5,813	6,384
Total non-interest expense	20,166	21,885	85,755	87,648
Net Income (Loss) Before Taxes	8,844	(1,870)	17,196	32,611
Income tax expense (benefit)	(1,490)	(1,170)	(2,394)	4,138
Net Income (Loss)	\$ 10,334	\$ (700)	\$ 19,590	\$ 28,473
Basic Earnings (Loss) Per Share	\$ 0.22	\$ (0.01)	\$ 0.48	\$ 0.59
Diluted Earnings (Loss) Share	\$ 0.22	\$ (0.01)	\$ 0.47	\$ 0.58

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

	Twelve Months Ended					
	December 31,			December 31,		
	2018		Average Yield / Rate ⁽³⁾	2019		Average Yield / Rate ⁽³⁾
Average Balance	Interest Income / Expense	Average Balance		Interest Income / Expense		
	(Dollars in thousands)					
Interest-earning assets:						
Securities - taxable	\$ 281,709	\$ 8,952	3.18%	\$ 330,051	\$ 9,627	2.92%
Securities - tax-exempt ⁽¹⁾	459,231	17,856	3.89	390,908	14,533	3.72
Federal funds sold	16,377	339	2.07	15,195	364	2.40
Interest-bearing deposits in other banks	159,279	2,757	1.73	139,538	2,689	1.93
Gross loans, net of unearned income ⁽²⁾	2,435,424	130,075	5.34	3,468,079	191,527	5.52
Total interest-earning assets ⁽¹⁾	3,352,020	\$ 159,979	4.77%	4,343,771	\$ 218,740	5.04%
Allowance for loan losses	(30,921)			(42,015)		
Other non-interest-earning assets	173,556			198,008		
Total assets	\$ 3,494,655			\$ 4,499,764		
Interest-bearing liabilities						
Transaction deposits	\$ 56,321	\$ 175	0.31%	\$ 146,109	\$ 1,742	1.19%
Savings and money market deposits	1,410,727	23,405	1.66	1,676,417	35,385	2.11
Time deposits	835,595	15,792	1.89	1,243,304	30,541	2.46
Total interest-bearing deposits	2,302,643	39,372	1.71	3,065,830	67,668	2.21
FHLB and short-term borrowings	395,825	7,004	1.77	366,577	6,959	1.90
Trust preferred securities, net of fair value adjustments	864	136	15.69	899	147	16.34
Non-interest-bearing deposits	425,243	—	—	512,142	—	—
Cost of funds	3,124,575	\$ 46,512	1.49%	3,945,448	\$ 74,774	1.90%
Other liabilities	12,634			25,708		
Stockholders' equity	357,446			528,608		
Total liabilities and stockholders' equity	\$ 3,494,655			\$ 4,499,764		
Net interest income ⁽¹⁾		\$ 113,467			\$ 143,966	
Net interest spread ⁽¹⁾			3.28%			3.14%
Net interest margin ⁽¹⁾			3.39%			3.31%

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

⁽²⁾ Average loan balances include nonaccrual loans.

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

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

Twelve Months Ended

December 31, 2019 over 2018

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

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

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

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

	Three Months Ended					
	2018			2019		
	Average Balance	Interest Income / Expense	Average Yield / Rate ⁽³⁾	Average Balance	Interest Income / Expense	Average Yield / Rate ⁽³⁾
	December 31,					
	(Dollars in thousands)					
Interest-earning assets:						
Securities - taxable	\$ 305,995	\$ 2,505	3.25%	\$ 317,524	\$ 2,180	2.72%
Securities - tax-exempt ⁽¹⁾	385,463	3,793	3.90	427,280	3,861	3.59
Federal funds sold	9,239	58	2.49	4,750	19	1.61
Interest-bearing deposits in other banks	113,403	558	1.95	152,917	582	1.51
Gross loans, net of unearned income ^{(2) (3)}	2,911,350	40,812	5.56	3,749,865	49,208	5.21
Total interest-earning assets ⁽¹⁾	3,725,450	\$ 47,726	5.08%	4,652,336	\$ 55,850	4.76%
Allowance for loan losses	(34,818)			(44,051)		
Other non-interest-earning assets	194,010			201,294		
Total assets	<u>\$ 3,884,642</u>			<u>\$ 4,809,579</u>		
Interest-bearing liabilities						
Transaction deposits	\$ 63,223	\$ 74	0.46%	\$ 200,480	\$ 603	1.19%
Savings and money market deposits	1,498,075	7,747	2.05	1,854,042	8,059	1.72
Time deposits	912,882	4,912	2.13	1,225,752	7,585	2.46
Total interest-bearing deposits	2,474,180	12,733	2.04	3,280,274	16,247	1.97
FHLB and short-term borrowings	439,322	1,984	1.79	366,190	1,719	1.86
Trust preferred securities, net of fair value adjustments	876	36	16.34	913	35	15.18
Non-interest-bearing deposits	491,689	—	—	521,799	—	—
Cost of funds	3,406,067	\$ 14,753	1.72%	4,169,176	\$ 18,001	1.71%
Other liabilities	17,694			34,443		
Total stockholders' equity	460,881			605,960		
Total liabilities and stockholders' equity	<u>\$ 3,884,642</u>			<u>\$ 4,809,579</u>		
Net interest income ⁽¹⁾		<u>\$ 32,973</u>			<u>\$ 37,849</u>	
Net interest spread ⁽¹⁾			<u>3.36%</u>			<u>3.05%</u>
Net interest margin ⁽¹⁾			<u>3.51%</u>			<u>3.23%</u>

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

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

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

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

Three Months Ended
December 31, 2019 over 2018

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

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

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

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

	September 30, 2019			Three Months Ended			December 31, 2019		
	Average Balance	Interest Income / Expense	Average Yield / Rate ⁽³⁾	Average Balance	Interest Income / Expense	Average Yield / Rate ⁽³⁾	Average Balance	Interest Income / Expense	Average Yield / Rate ⁽³⁾
<i>(Dollars in thousands)</i>									
Interest-earning assets:									
Securities - taxable	\$ 335,045	\$ 2,263	2.68%	\$ 317,524	\$ 2,180	2.72%			
Securities - tax-exempt ⁽¹⁾	392,644	3,592	3.63	427,280	3,861	3.59			
Federal funds sold	16,315	89	2.16	4,750	19	1.61			
Interest-bearing deposits in other banks	171,913	881	2.03	152,917	582	1.51			
Gross loans, net of unearned income ^{(2) (3)}	3,540,707	49,327	5.53	3,749,865	49,208	5.21			
Total interest-earning assets ⁽¹⁾	4,456,624	\$ 56,152	5.00%	4,652,336	\$ 55,850	4.76%			
Allowance for loan losses	(43,327)			(44,051)					
Other non-interest-earning assets	197,661			201,294					
Total assets	\$ 4,610,958			\$ 4,809,579					
Interest-bearing liabilities									
Transaction deposits	\$ 134,987	\$ 386	1.13%	\$ 200,480	\$ 603	1.19%			
Savings and money market deposits	1,743,575	9,553	2.17	1,854,042	8,059	1.72			
Time deposits	1,276,571	8,064	2.51	1,225,752	7,585	2.46			
Total interest-bearing deposits	3,155,133	18,003	2.26	3,280,274	16,247	1.97			
FHLB and short-term borrowings	345,794	1,703	1.95	366,190	1,719	1.86			
Trust preferred securities, net of fair value adjustments	904	37	16.06	913	35	15.18			
Non-interest-bearing deposits	535,467	—	—	521,799	—	—			
Cost of funds	4,037,298	\$ 19,743	1.94%	4,169,176	\$ 18,001	1.71%			
Other liabilities	29,833			34,443					
Total stockholders' equity	543,827			605,960					
Total liabilities and stockholders' equity	\$ 4,610,958			\$ 4,809,579					
Net interest income ⁽¹⁾		\$ 36,409			\$ 37,849				
Net interest spread ⁽¹⁾			3.06%			3.05%			
Net interest margin ⁽¹⁾			3.24%			3.23%			

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

⁽²⁾ Average loan balances include nonaccrual loans.

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

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

Three Months Ended

December 31, 2019 over September 30, 2019

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

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

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

TABLE 6. NON-GAAP FINANCIAL MEASURES

Non-GAAP Financial Measures

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

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

- We calculate "return on average tangible common equity" as net income (loss) available to common stockholders divided by average tangible common equity. Average tangible common equity is calculated as average common equity less average goodwill and intangibles and average preferred equity. The most directly comparable GAAP measure is return on average common equity.
- We calculate "non-GAAP core operating income (loss)" as net income (loss) adjusted to remove non-recurring or non-core income and expense items related to:
 - Restructuring charges and adjustments associated with the transition of a former executive - we incurred restructuring charges in the second quarter of 2018 related to the acceleration of certain stock-based compensation and employee costs, some of which were adjusted in the fourth quarter of 2018.
 - Impairment charges associated with two buildings that were held-for-sale - We acquired a new, larger corporate headquarters to accommodate our business needs, which eliminated the need for two smaller support buildings. The two smaller support buildings had been acquired recently and were extensively remodeled, which resulted in a difference between book and market value for those assets. We sold one of the buildings in 2018. The remaining building was sold during the second quarter of 2019.
 - State tax credits as a result of the purchase and improvement of our new corporate headquarters. We acquired a new, larger corporate headquarters to accommodate our business needs. Our purchase and improvement of the new headquarters resulted in state tax credits.

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

- We calculate "Non-GAAP core operating return on average assets" as non-GAAP core operating income (loss) (as defined above) divided by average assets. The most directly comparable GAAP financial measure is return on average assets, which is calculated as net income (loss) divided by average assets.
- We calculate "non-GAAP core operating return on average common equity" as non-GAAP core operating income (as defined above) less preferred dividends divided by average common equity. The most directly comparable GAAP financial measure is return on average common equity, which is calculated as net income less preferred dividends divided by average common equity.
- We calculate "tangible common stockholders' equity" as total stockholders' equity less goodwill and intangibles and preferred equity. The most directly comparable GAAP measure is total stockholders' equity.
- We calculate "tangible book value per share" as tangible common stockholders' equity (as defined above) divided by the total number of shares outstanding. The most directly comparable GAAP measure is book value per share.
- We calculate "non-GAAP core operating efficiency ratio - fully tax equivalent" as non-interest expense adjusted to remove non-recurring non-interest expenses as defined above under non-GAAP core operating income (loss) divided by net interest income on a fully tax-equivalent basis plus non-interest income adjusted to remove non-recurring non-interest income as defined above under non-GAAP core operating income. The most directly comparable financial measure is the efficiency ratio.

	Quarter Ended					Twelve Months Ended	
	12/31/2018	03/31/2019	06/30/2019	09/30/2019	12/31/2019	12/31/2018	12/31/2019
	(Dollars in thousands)						
Non-GAAP return on average tangible common equity:							
Net income (loss) available to common stockholders	\$ 9,809	\$ 9,175	\$ 9,439	\$ 10,384	\$ (700)	\$ 17,490	\$ 28,298
Average common equity	430,881	466,506	486,880	543,827	605,960	327,446	526,225
Less: average goodwill and intangibles	7,810	7,784	7,759	7,733	7,708	7,847	7,746
Average tangible common equity	423,071	458,722	479,121	536,094	598,252	319,599	518,479
Return on average common equity	9.03%	7.98%	7.78%	7.58%	(0.46)%	5.34%	5.38%
Non-GAAP Return on average tangible common equity	9.20%	8.11%	7.90%	7.68%	(0.46)%	5.47%	5.46%

	Quarter Ended					Twelve Months Ended	
	12/31/2018	03/31/2019	06/30/2019	09/30/2019	12/31/2019	12/31/2018	12/31/2019
	(Dollars in thousands)						
Non-GAAP core operating income (loss):							
Net Income (Loss)	\$ 10,334	\$ 9,350	\$ 9,439	\$ 10,384	\$ (700)	\$ 19,590	\$ 28,473
Add: restructuring charges	(815)	—	—	—	—	4,733	—
Less: tax effect ⁽¹⁾	(210)	—	—	—	—	1,381	—
Restructuring charges, net of tax	(605)	—	—	—	—	3,352	—
Add: fixed asset impairments	—	—	424	—	—	171	424
Less: tax effect ⁽¹⁾	—	—	109	—	—	44	109
Fixed asset impairments, net of tax	—	—	315	—	—	127	315
Add: state tax credit ⁽²⁾	(3,129)	(1,361)	—	—	—	(3,129)	(1,361)
Non-GAAP core operating income (loss)	\$ 6,600	\$ 7,989	\$ 9,754	\$ 10,384	\$ (700)	\$ 19,940	\$ 27,427

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

⁽²⁾ No tax effect

	Quarter Ended					Twelve Months Ended	
	12/31/2018	03/31/2019	06/30/2019	09/30/2019	12/31/2019	12/31/2018	12/31/2019
	(Dollars in thousands)						
Non-GAAP core operating return on average assets:							
Net income (loss)	10,334	9,350	9,439	10,384	(700)	19,590	28,473
Non-GAAP core operating income (loss)	6,600	7,989	9,754	10,384	(700)	19,940	27,427
Average assets	3,884,642	4,168,243	4,402,002	4,610,958	4,809,579	3,494,655	4,499,764
Return on average assets	1.06%	0.91%	0.86%	0.89%	(0.06)%	0.56%	0.63%
Non-GAAP core operating return on average assets	0.67%	0.78%	0.89%	0.89%	(0.06)%	0.57%	0.61%

	Quarter Ended					Twelve Months Ended	
	12/31/2018	03/31/2019	06/30/2019	09/30/2019	12/31/2019	12/31/2018	12/31/2019
	(Dollars in thousands)						
Non-GAAP core operating return on common equity:							
Net income (loss)	\$ 10,334	\$ 9,350	\$ 9,439	\$ 10,384	\$ (700)	\$ 19,590	\$ 28,473
Non-GAAP core operating income (loss)	6,600	7,989	9,754	10,384	(700)	19,940	27,427
Less: Preferred stock dividends	525	175	—	—	—	2,100	175
Net income (loss) available to common stockholders	9,809	9,175	9,439	10,384	(700)	17,490	28,298
Non-GAAP core operating income (loss) available to common stockholders	6,075	7,814	9,754	10,384	(700)	17,840	27,252
Average common equity	\$ 430,881	\$ 466,506	\$ 486,880	\$ 543,827	\$ 605,960	\$ 327,446	\$ 526,225
GAAP return on average common equity	9.03%	7.98%	7.78%	7.58%	(0.46)%	5.34%	5.38%
Non-GAAP core operating return on common equity	5.59%	6.79%	8.04%	7.58%	(0.46)%	5.45%	5.18%

	Quarter Ended					Twelve Months Ended	
	12/31/2018	03/31/2019	06/30/2019	09/30/2019	12/31/2019	12/31/2018	12/31/2019
	(Dollars in thousands except per share data)						
Tangible common stockholders' equity:							
Total stockholders' equity	\$ 490,336	\$ 480,514	\$ 499,195	\$ 602,435	\$ 601,644	\$ 601,644	\$ 601,644
Less: goodwill and other intangible assets	7,796	7,770	7,745	7,720	7,694	7,694	7,694
Less: preferred stock	30,000	—	—	—	—	—	—
Tangible common stockholders' equity	\$ 452,540	\$ 472,744	\$ 491,450	\$ 594,715	\$ 593,950	\$ 593,950	\$ 593,950
Tangible book value per share:							
Tangible common stockholders' equity	\$ 452,540	\$ 472,744	\$ 491,450	\$ 594,715	\$ 593,950	\$ 593,950	\$ 593,950
Shares outstanding at end of period	45,074,322	45,202,370	45,367,641	51,969,203	51,969,203	51,969,203	51,969,203
Book value per share	\$ 10.21	\$ 10.63	\$ 11.00	\$ 11.59	\$ 11.58	\$ 11.58	\$ 11.58
Tangible book value per share	\$ 10.04	\$ 10.46	\$ 10.83	\$ 11.44	\$ 11.43	\$ 11.43	\$ 11.43

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



CROSSFIRST
BANKSHARES, INC.

NASDAQ: CFB | February 24, 2020

**Q4 2019 EARNINGS
PRESENTATION**

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

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

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

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

EXPERIENCED MANAGEMENT TEAM



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

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



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

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



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

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



Randy Rapp – Chief Credit Officer of CrossFirst Bank

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



Matt Needham – Director of Strategy and Investor Relations of CrossFirst

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

Other Senior Executives

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

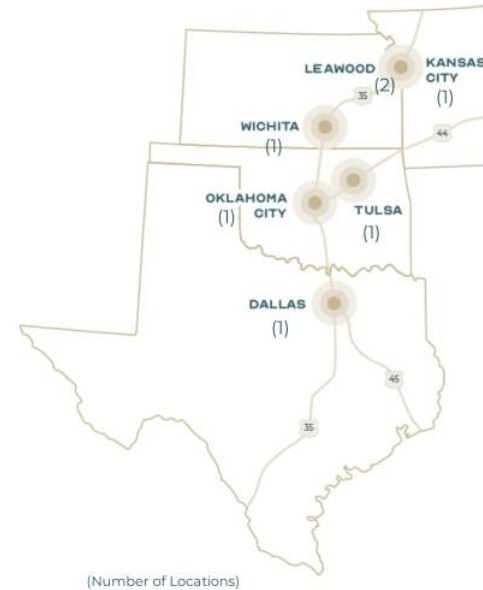
Tom Robinson
Chief Risk Officer of CrossFirst Bank
35+ years of banking experience
Joined CrossFirst in 2011

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

CROSSFIRST OVERVIEW



- **\$4.9 billion⁽¹⁾** asset banking operation founded in 2007
- **Branch-lite** structure operating 7 branches in key markets along the I-35 corridor
- **3rd largest** bank headquartered in the Kansas City MSA
- **High-growth** commercial banking franchise with 357 full time equivalent employees
- High quality people, strong culture & **relationship-oriented** business model
 - Serving businesses, business owners, professionals and their personal networks
- Core focus on **improving profitability & operating efficiency**



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

Balance Sheet	Performance (Year-to-Date)		Asset Quality Metrics		
Assets:	\$4,931	ROAA:	0.63%	NPAs / Assets:	0.97%
Gross Loans:⁽³⁾	\$3,852	ROACE:	5.38%	NCOs / Avg. Loans:	0.31%
Deposits:	\$3,924	Efficiency Ratio:	58.37%	Reserves / Loans:	1.48%
Tier 1 Leverage:	12.06%	NIM(FTE):	3.31%	Reserves / NPLs:	129%
Total Risk-Based Capital:	13.43%	Net Income:	\$28.5	Classified Loans / Capital + ALL	13.2%

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

OUR STRATEGIC APPROACH

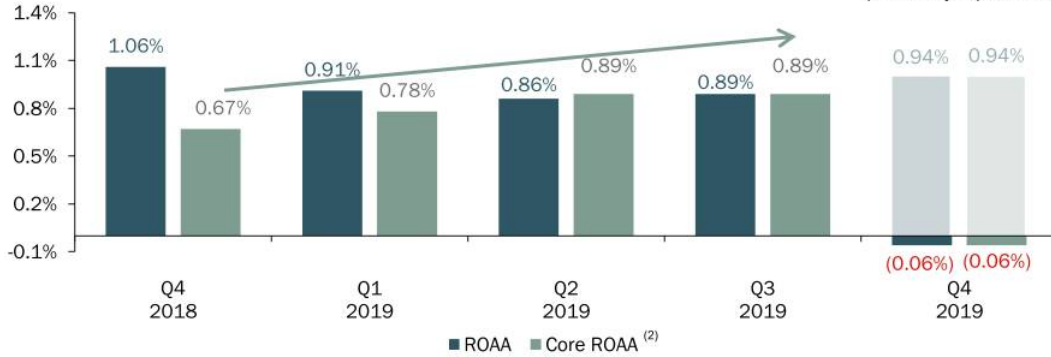
- ✓ Attract and develop highest level of talent
 - ✓ Active expansion through acquisitions and new market development to utilize capital from IPO and optimize capital structure
 - ✓ Serve businesses, business owners, professionals and their personal networks
 - ✓ Focus on core markets; grow organically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



Commentary

- Since 2010, CrossFirst historically invested in talent and acquisitions to grow its market presence and expand product lines or lending verticals, such as energy lending
- In 2018, we shifted to a focus on earnings and efficiency, while still maintaining robust balance sheet growth
- In Q4 the Company took an additional \$16 million provision for its large non-performing credit that was adversely impacted due to deterioration of the borrowers business and underlying collateral

Return on Average Assets⁽¹⁾



Core Efficiency Ratio (Fully Tax Equivalent)



(1) Ratios are annualized.

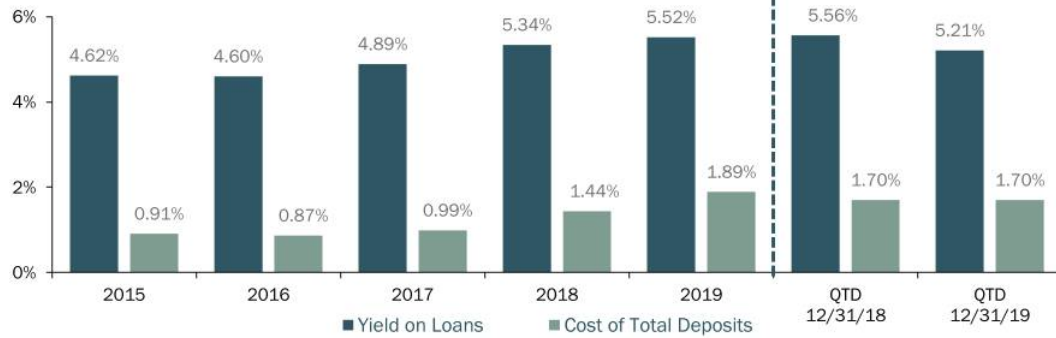
(2) Represents a non-GAAP financial measure. See Non-GAAP Reconciliation slides in Appendix for additional detail. Full Tax-equivalent efficiency ratio is presented.

Commentary

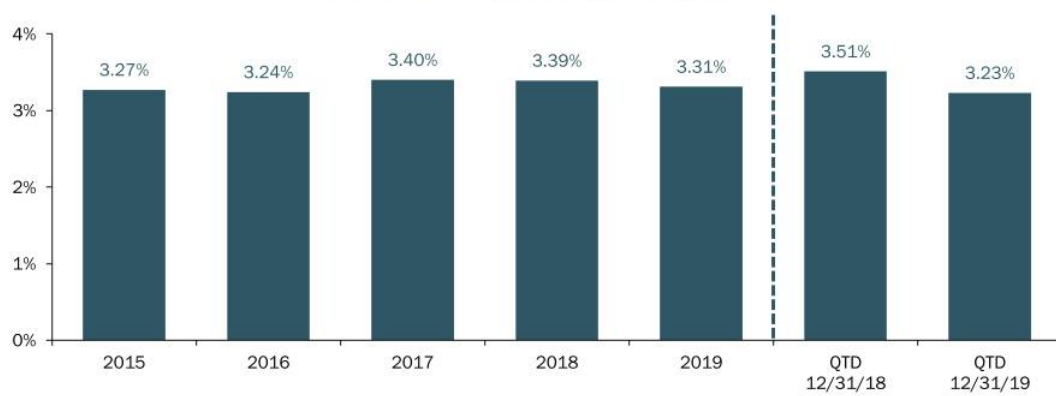
- Focus on commercial lending increased the asset sensitivity of our balance sheet, with approximately 76% floating rate loans or maturing within one year
- NIM has remained in a narrow range in spite of significant interest rate volatility
- Loan to deposit ratio decreased from 99.2% to 98.2%

NET INTEREST MARGIN

Yield on Loans and Cost of Total Deposits



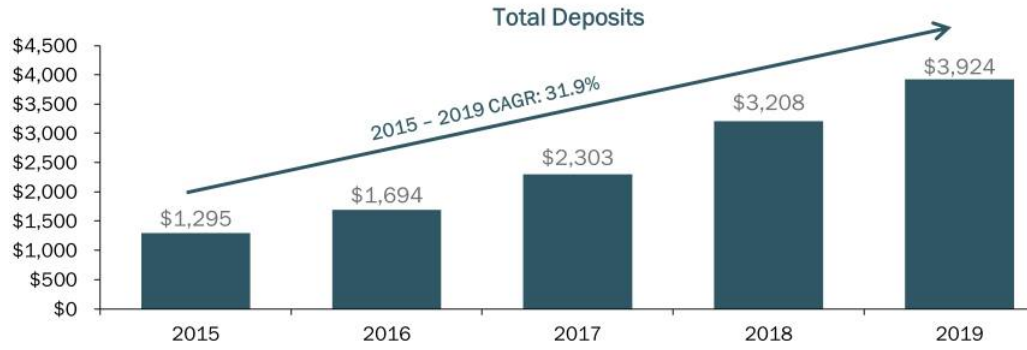
Net Interest Margin – Fully Tax Equivalent



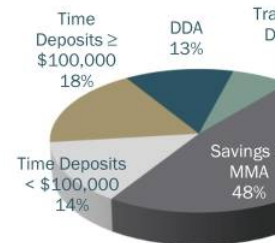
GROWING CORE FUNDING BASE

Commentary

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



2019 Deposit Composition



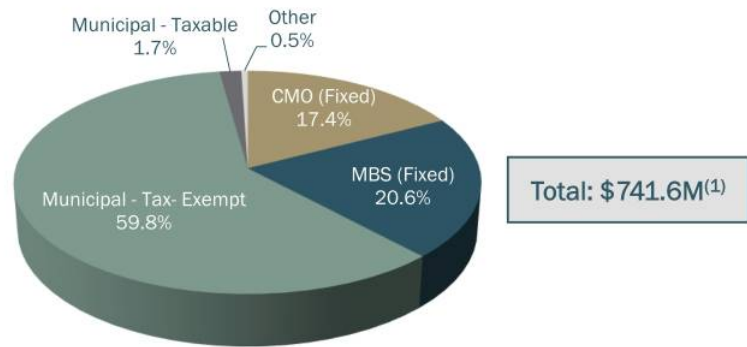
Dollars are in millions and amounts shown are as of the end of the period.

SECURITIES PORTFOLIO

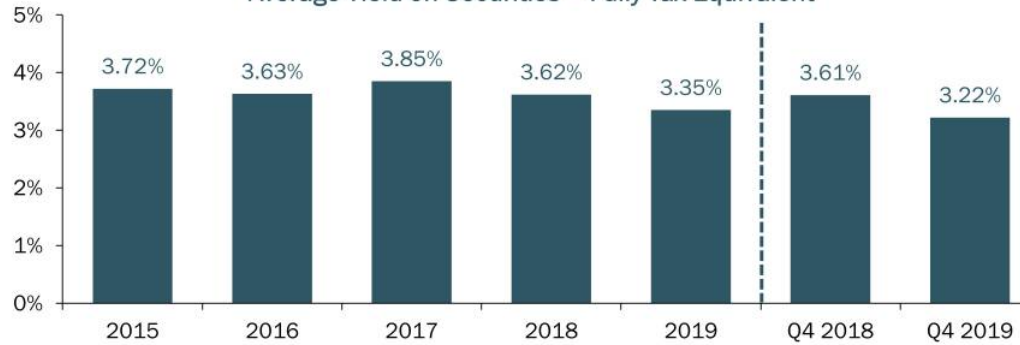
Commentary

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

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



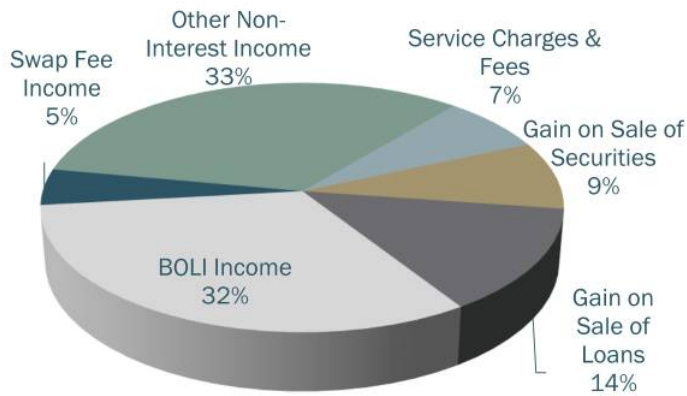
Average Yield on Securities – Fully Tax Equivalent



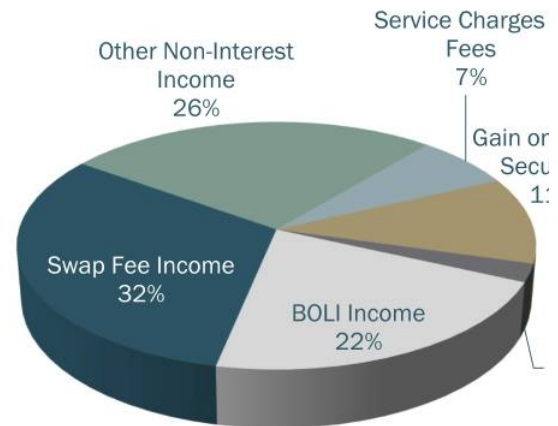
(1) Based on approximate fair value.

NON-INTEREST INCOME

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



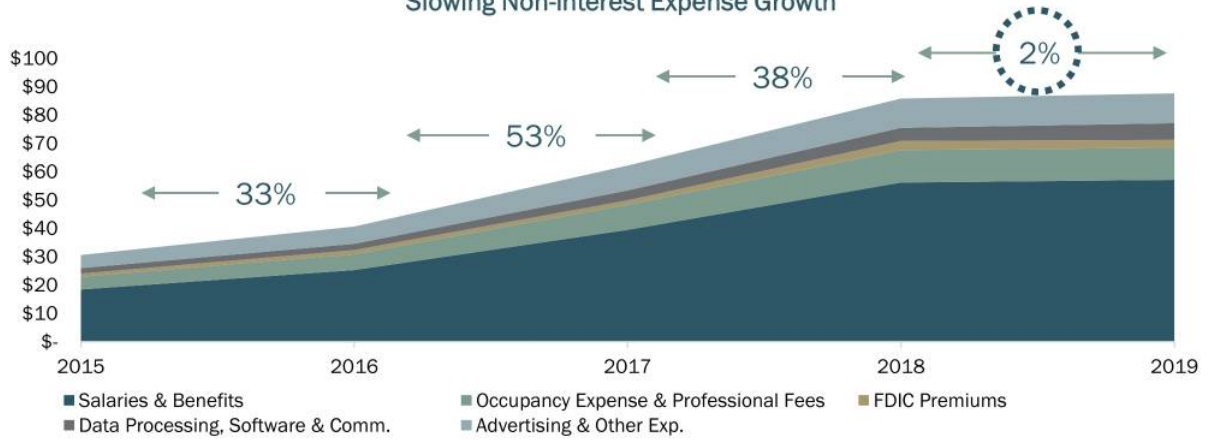
2019 Non-Interest Income Composition (\$8,715)¹



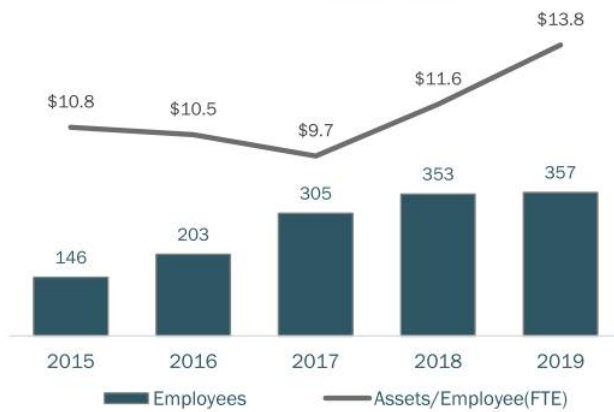
(1) Dollars are in thousands and amounts shown are as of the end of the period.

MANAGING NON-INTEREST EXPENSE

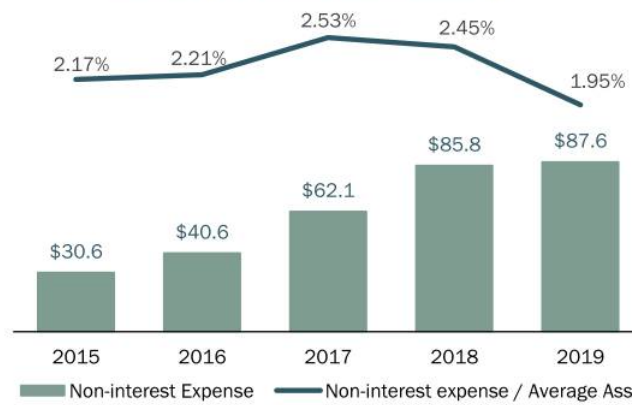
Slowing Non-interest Expense Growth



Assets per Employee



Lowering Expenses while Growing

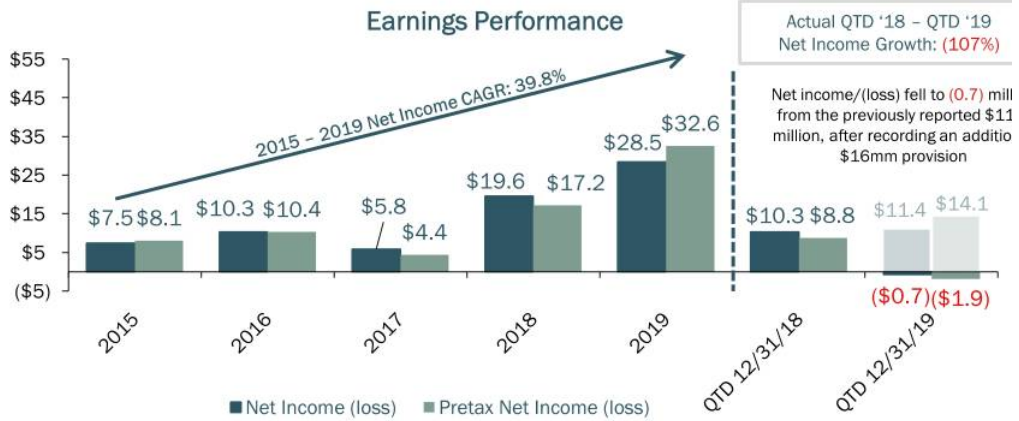


Dollars are in millions and amounts shown are as of the end of the period.

Commentary

- Our balance sheet growth, combined with a relatively stable net interest margin, has enabled robust operating revenue growth
- Company redeemed all preferred shares in Q1 2019, which was accretive to EPS
- Historical loan growth and change in relative risk for the overall portfolio has required significant loan loss provisions that impacted earnings (approximately \$67.9 million since the beginning of 2015)

STRONG GROWTH IN OPERATING REVENUE WITH SHIFTED FOCUS TO DRIVING PROFITABILITY



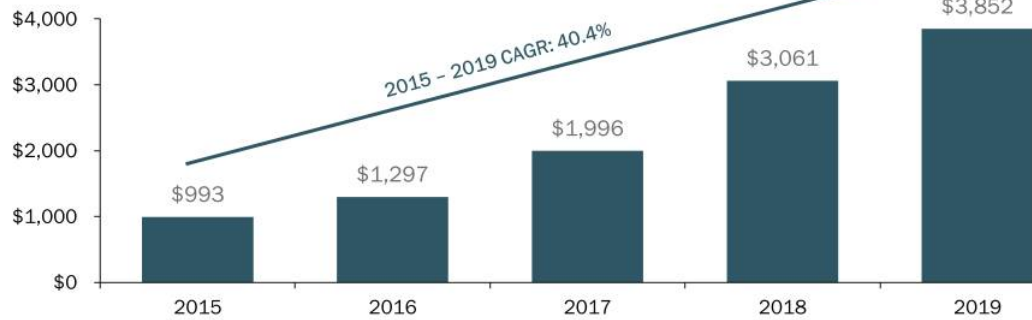
Note: Dollars in charts are in millions.
 (1) Defined as net-interest income + non-interest income.

HIGH GROWTH LOAN PORTFOLIO

Commentary

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

Gross Loans (Net of Unearned Income)



Gross Loans by Type



2019 Gross Loan Composition



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

ASSET QUALITY PERFORMANCE

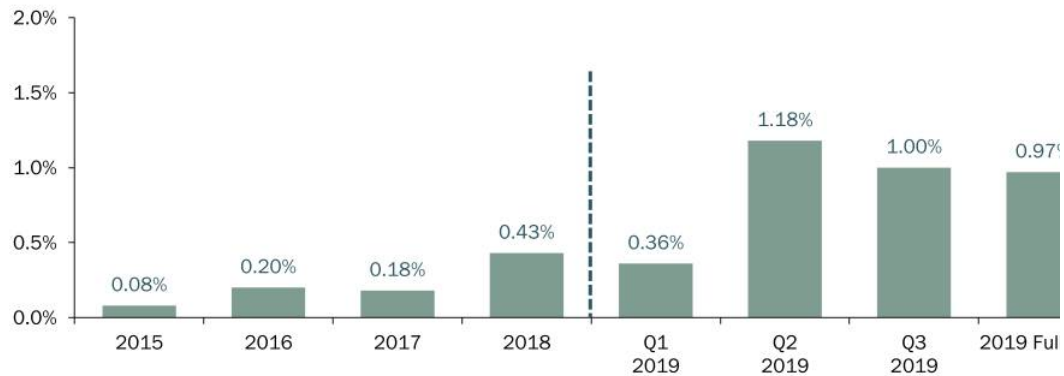
Pillars of CrossFirst Asset Quality

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

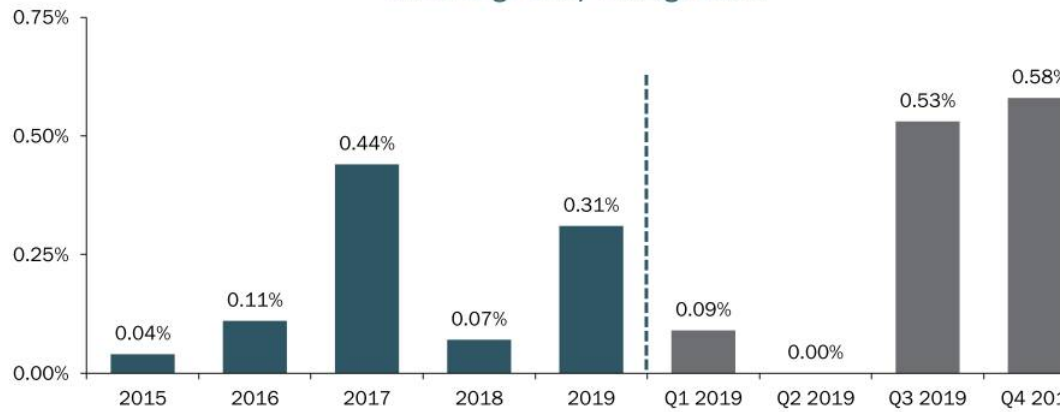
Commentary

- In 2017, the Bank experienced one significant charge-off of approximately \$5 million (0.34% of average loans) on one C&I credit
- In Q3 the Bank charged-off \$4.7 million from liquidating two legacy NPAs, one C&I and one in Energy
- Increase in Q2 NPAs from one loan negatively impacted in part by a law change and deterioration in the borrowing business and underlying collateral, or 0.69% of the 1.18%
- \$5.5 million in charge-offs in Q4 includes a partial charge-off relating to one of the NPAs described immediately above

Nonperforming Assets / Assets



Net Charge-Offs / Average Loans⁽¹⁾



(1) Ratio is annualized.

Commentary

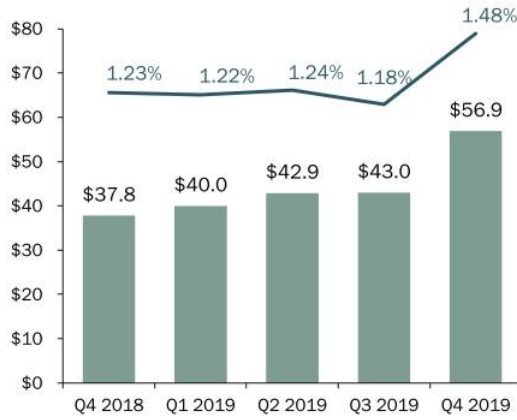
Recent Credit Quality & ALL Trends

- The Company is still assessing the timeline for which CECL will be adopted reviewing the impact it will have on the allowance and capital
- Q4 includes an additional \$16 million provision for a previously disclosed non-performing asset

Capital Analysis

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

Allowance for Loan Losses / Total Loans



Classified Loans / (Total Capital + LLR)



Capital Ratios



Amounts are in millions.



CROSSFIRST

BANKSHARES, INC.

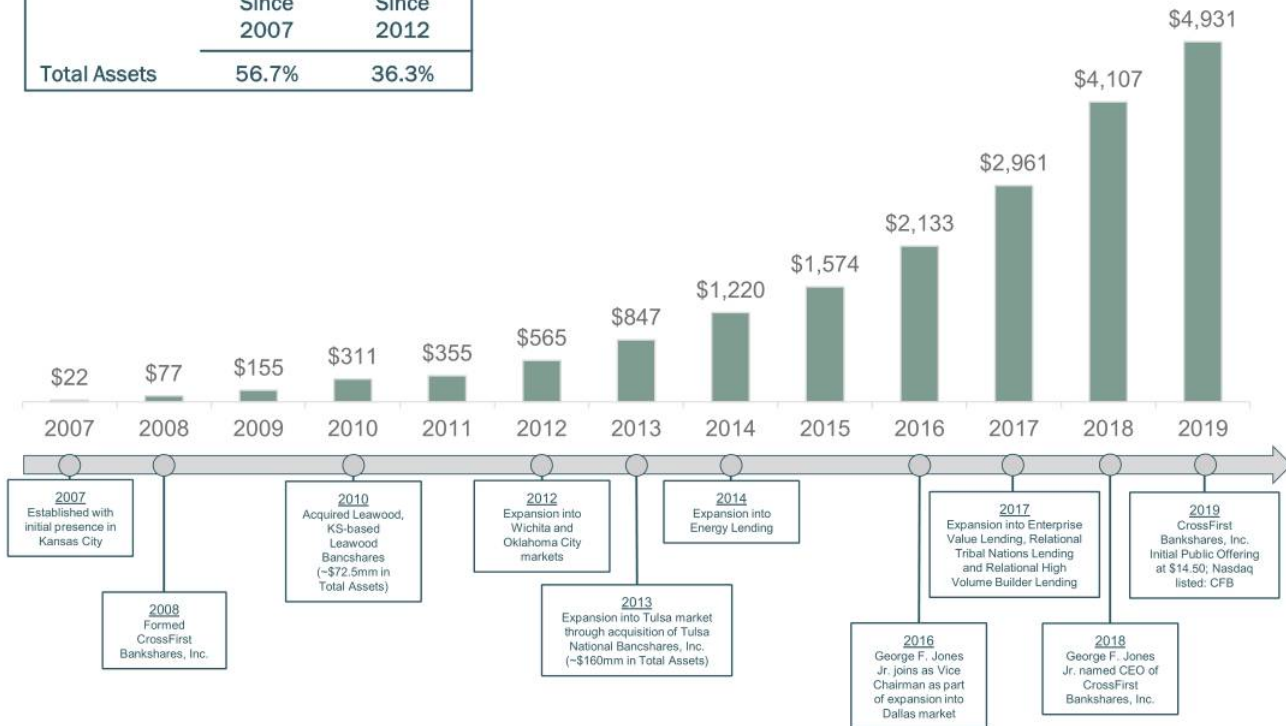
APPENDIX

OUR HISTORY OF STRONG GROWTH



Compound Annual Growth Rates		
	Since 2007	Since 2012
Total Assets	56.7%	36.3%

Total Assets



Dollars in chart are in millions.

HISTORICAL ANNUAL FINANCIALS



As of or for the Year Ended
December 31,

	2015	2016	2017	2018	2019
Income Statement Data					
Interest income	\$54,116	\$69,069	\$97,816	\$156,880	\$216,218
Interest expense	11,849	15,016	22,998	46,512	74,774
Net interest income	42,267	54,053	74,818	110,368	141,444
Provision for loan losses	5,975	6,500	12,000	13,500	29,900
Non-interest income	2,365	3,407	3,679	6,083	8,715
Non-interest expense	30,562	40,587	62,089	85,755	87,648
Income before taxes	8,095	10,373	4,408	17,196	32,611
Income tax expense (benefit)	626	62	(1,441)	(2,394)	4,138
Net income	7,469	10,311	5,849	19,590	28,473
Preferred stock dividends	2,066	2,100	2,100	2,100	175
Net income available to common stockholders	5,403	8,211	3,749	17,490	28,298
Non-GAAP core operating income ⁽¹⁾	7,469	10,311	9,716	19,940	27,427
Balance Sheet Data					
Cash and cash equivalents	\$79,418	\$155,972	\$130,820	\$216,541	\$187,320
Available-for-sale securities	460,542	593,012	703,581	663,678	741,634
Gross loans (net of unearned income)	992,726	1,296,886	1,996,029	3,060,747	3,852,244
Allowance for loan losses	(15,526)	(20,786)	(26,091)	(37,826)	(56,896)
Goodwill and other intangibles	8,100	7,998	7,897	7,796	7,694
Total assets	1,574,346	2,133,106	2,961,118	4,107,215	4,931,233
Non-interest-bearing deposits	123,430	198,088	290,906	484,284	521,826
Total deposits	1,294,812	1,694,301	2,303,364	3,208,097	3,923,759
Borrowings and repurchase agreements	112,430	216,709	357,837	388,391	373,664
Trust preferred securities, net of fair value adj.	792	819	850	884	921
Preferred Stock, liquidation value	30,000	30,000	30,000	30,000	0
Total Stockholders' Equity	160,004	214,837	287,147	490,336	601,644
Tangible Stockholders' Equity ⁽¹⁾	121,904	176,839	249,250	452,540	593,950
Share and Per Share Data:					
Basic earnings per share	\$0.29	\$0.39	\$0.12	\$0.48	\$0.59
Diluted earnings per share	0.28	0.39	0.12	0.47	0.58
Book value per share	6.61	7.34	8.38	10.21	11.58
Tangible book value per share ⁽¹⁾	6.20	7.02	8.12	10.04	11.43
Wtd. avg. common shares out. - basic	18,640,678	20,820,784	30,086,530	36,422,612	47,679,184
Wtd. avg. common shares out. - diluted	19,378,290	21,305,874	30,963,424	37,492,567	48,576,135
Shares outstanding at end of period	19,661,718	25,194,872	30,686,256	45,074,322	51,969,203

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

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

HISTORICAL ANNUAL FINANCIALS



	As of or for the Year Ended				
	December 31,				
	2015	2016	2017	2018	2019
Selected Ratios:					
Return on average assets	0.53%	0.56%	0.24%	0.56%	
Non-GAAP core operating return on average assets ⁽¹⁾	0.53	0.56	0.40	0.57	
Return on average common equity ⁽¹⁾	4.60	5.51	1.53	5.34	
Non-GAAP core operating return on average common equity ⁽¹⁾	4.60	5.51	3.11	5.45	
Yield on earning assets - tax equivalent ⁽²⁾	4.14	4.08	4.37	4.77	
Yield on securities - tax equivalent ⁽²⁾	3.72	3.63	3.85	3.62	
Yield on loans	4.62	4.60	4.89	5.34	
Cost of interest-bearing deposits	1.01	0.96	1.12	1.71	
Cost of funds	0.94	0.91	1.06	1.49	
Cost of total deposits	0.91	0.87	0.99	1.44	
Net interest margin - tax equivalent ⁽²⁾	3.27	3.24	3.40	3.39	
Non-interest expense to average assets	2.17	2.21	2.53	2.45	
Efficiency ratio ⁽³⁾	68.48	70.64	79.10	73.64	
Non-GAAP core operating efficiency ratio FTE ⁽¹⁾⁽³⁾	64.66	66.04	72.33	67.68	
Non-interest-bearing deposits to total deposits	9.53	11.69	12.63	15.10	
Loans to deposits	76.67	76.54	86.66	95.41	
Credit Quality Ratios:					
Allowance for loans losses to total loans	1.56%	1.60%	1.30%	1.23%	
Non-performing assets to total assets	0.08	0.20	0.18	0.43	
Non-performing loans to total loans	0.12	0.33	0.27	0.58	
Allowance for loans losses to non-performing loans	1,336.38	493.14	481.68	212.30	1:
Net charge-offs to average loans	0.04	0.11	0.44	0.07	
Capital Ratios:					
Total stockholders' equity to total assets	10.16%	10.07%	9.70%	11.94%	:
Common equity tier 1 capital ratio	8.50	9.78	8.62	11.75	:
Tier 1 risk-based capital ratio	10.70	11.38	9.70	12.53	:
Total risk-based capital ratio	11.82	12.51	10.65	13.51	:
Tier 1 leverage ratio	9.72	10.48	9.71	12.43	:

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

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

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

QUARTERLY SELECTED FINANCIALS



CrossFirst Bankshares, Inc Quarterly Financials

As of or for the Three Months Ended

(Dollars in thousands, except per share data)

	12/31/18	3/31/19	6/30/19	9/30/19	12/31/19
Income Statement Data					
Interest income	\$47,068	\$51,317	\$54,192	\$55,529	\$55,118
Interest expense	14,753	17,712	19,318	19,743	18,000
Net interest income	32,315	33,605	34,874	35,786	37,118
Provision for loan losses	4,500	2,850	2,850	4,850	19,300
Non-interest income	1,195	1,645	1,672	3,212	2,100
Non-interest expense	20,166	22,631	21,960	21,172	21,800
Income (loss) before taxes	8,844	9,769	11,736	12,976	(1,875)
Income tax expense (benefit)	(1,490)	419	2,297	2,592	(1,175)
Net income (loss)	10,334	9,350	9,439	10,384	(700)
Preferred stock dividends	525	175	0	0	0
Net income (loss) available to common stockholders	9,809	9,175	9,439	10,384	(700)
Non-GAAP core operating income (loss) ⁽¹⁾	6,600	7,989	9,754	10,384	(700)
Balance Sheet Data					
Cash and cash equivalents	\$216,541	\$117,317	\$141,373	\$128,126	\$187,300
Securities	663,678	707,430	704,776	733,093	741,600
Gross loans (net of unearned income)	3,060,747	3,277,598	3,467,204	3,629,792	3,852,200
Allowance for loan losses	(37,826)	(40,001)	(42,852)	(42,995)	(56,800)
Goodwill and intangibles	7,796	7,770	7,745	7,720	7,600
Total assets	4,107,215	4,266,369	4,473,182	4,651,313	4,931,200
Non-interest bearing deposits	484,284	488,375	511,837	513,832	521,800
Total deposits	3,208,097	3,399,899	3,584,136	3,658,108	3,923,700
Borrowings and repurchase agreements	388,391	368,597	364,246	357,614	373,600
Trust preferred securities, net of fair value adj.	884	893	902	912	900
Preferred Stock	30,000	0	0	0	0
Stockholders' Equity	490,336	480,514	499,195	602,435	601,600
Tangible Stockholders' Equity ⁽¹⁾	452,540	472,744	491,450	594,715	593,900
Share and Per Share Data:					
Basic earnings (loss) per common share	\$0.22	\$0.20	\$0.21	\$0.22	\$ (0.02)
Dilutive earnings (loss) per common share	0.22	0.20	0.20	0.21	(0.02)
Book value per common share	10.21	10.63	11.00	11.59	11.00
Tangible book value per common share ⁽¹⁾	10.04	10.46	10.83	11.44	11.00
Wtd. avg. common shares out. - basic	43,853,170	45,093,442	45,236,264	48,351,553	51,952,700
Wtd. avg. common shares out. - diluted	44,920,448	45,960,267	46,211,780	49,164,549	52,748,300
Shares outstanding at end of period	45,074,322	45,202,370	45,367,641	51,969,203	51,969,200

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

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

QUARTERLY SELECTED FINANCIALS



CrossFirst Bankshares, Inc Quarterly Financials

As of or for the Three Months Ended

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

(1) Interim periods are annualized

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

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

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

NON-GAAP RECONCILIATION



As of or for the Year Ended

December 31,

(Dollars in thousands)

	2015	2016	2017	2018	2019
Non-GAAP Core Operating Income:					
Net Income	\$7,469	\$10,311	\$5,849	\$19,590	\$28,473
Add: restructuring charges	0	0	0	4,733	0
Less: Tax effect ⁽¹⁾	0	0	0	1,381	0
Restructuring charges, net of tax	0	0	0	3,352	0
Add: fixed asset impairments	0	0	1,903	171	424
Less: Tax effect ⁽²⁾	0	0	737	44	109
Fixed asset impairments, net of tax	0	0	1,166	127	315
Add: State tax credit ⁽³⁾	0	0	0	(3,129)	(1,361)
Add: 2017 Tax Cut and Jobs Act ⁽³⁾	0	0	2,701	0	0
Non-GAAP core operating income	\$7,469	\$10,311	\$9,716	\$19,940	\$27,427
Non-GAAP Core Operating Return on Average Assets:					
Net Income	\$7,469	\$10,311	\$5,849	\$19,590	\$28,473
Non-GAAP core operating income	7,469	10,311	9,716	19,940	27,427
Average Assets	1,410,447	1,839,563	2,452,797	3,494,655	4,499,764
GAAP return on average assets	0.53%	0.56%	0.24%	0.56%	0.63%
Non-GAAP core operating return on average assets	0.53%	0.56%	0.40%	0.57%	0.61%
Non-GAAP Core Operating Return on Average Equity:					
Net Income	\$7,469	\$10,311	\$5,849	\$19,590	\$28,473
Non-GAAP core operating income	7,469	10,311	9,716	19,940	27,427
Less: Preferred stock dividends	2,066	2,100	2,100	2,100	175
Net Income available to common stockholders	5,403	8,211	3,749	17,490	28,298
Non-GAAP core operating income available to common stockholders	5,403	8,211	7,616	17,840	27,252
Average common equity	117,343	149,132	245,193	327,446	526,225
Tangible Assets	8,100	7,998	7,897	7,796	7,746
Average Tangible Equity	109,243	141,134	237,296	319,650	518,479
GAAP return on average common equity	4.60%	5.51%	1.53%	5.34%	5.38%
Non-GAAP core return on average tangible common equity	4.95%	5.82%	3.21%	5.58%	5.26%
Non-GAAP Core Operating Efficiency Ratio:					
Non-interest expense	\$30,562	\$40,587	\$62,089	\$85,755	\$87,648
Less: restructuring charges	0	0	0	4,733	0
Non-GAAP non-interest expense (numerator)	30,562	40,587	62,089	81,022	87,648
Net interest income	42,267	54,053	74,818	110,368	141,444
Tax-equivalent interest income	2,637	4,001	5,439	3,099	2,522
Non-interest income	2,365	3,407	3,679	6,083	8,715
Add: fixed asset impairments	0	0	1,903	171	424
Non-GAAP Operating revenue (denominator)	47,269	61,461	85,839	119,721	153,105
GAAP efficiency ratio	68.48%	70.64%	79.10%	73.64%	58.37%
Non-GAAP core operating efficiency ratio (FTE)	64.66%	66.04%	72.33%	67.68%	57.25%

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

(2) Represents the tax impact of the adjustments above at a tax rate of 25.73% for fiscal years 2018 and after; 38.73% for fiscal years prior to 2018.

(3) No tax effect associated with the 2017 Tax Act adjustment or state tax credit.

QUARTERLY NON-GAAP RECONCILIATION



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

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

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

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

(4) Interim periods are annualized.

NON-GAAP RECONCILIATIONS (CONT.)



(Dollars in thousands, except per share data)	As of or for the Year Ended December 31,				
	2015	2016	2017	2018	2019
Tangible Stockholders' Equity:					
Stockholders' equity	\$160,004	\$214,837	\$287,147	\$490,336	\$601,644
Less: goodwill and intangible assets	8,100	7,998	7,897	7,796	7,694
Less: preferred stock	30,000	30,000	30,000	30,000	0
Tangible Stockholders' Equity	\$121,904	\$176,839	\$249,250	\$452,540	\$593,950
Shares outstanding at end of period	19,661,718	25,194,872	30,686,256	45,074,322	51,969,203
Book value per common share	\$6.61	\$7.34	\$8.38	\$10.21	\$11.58
Tangible book value per common share	\$6.20	\$7.02	\$8.12	\$10.04	\$11.43

(Dollars in thousands, except per share data)	As of or for the Three Months Ended				
	12/31/18	3/31/19	6/30/19	9/30/19	12/31/19
Tangible Stockholders' Equity:					
Stockholders' equity	\$490,336	\$480,514	\$499,195	\$602,435	\$601,644
Less: goodwill and intangible assets	7,796	7,770	7,745	7,720	7,694
Less: preferred stock	30,000	0	0	0	0
Tangible Stockholders' Equity	\$452,540	\$472,744	\$491,450	\$594,715	\$593,950
Shares outstanding at end of period	45,074,322	45,202,370	45,367,641	51,969,203	51,969,203
Book value per common share	\$10.21	\$10.63	\$11.00	\$11.59	\$11.58
Tangible book value per common share	\$10.04	\$10.46	\$10.83	\$11.44	\$11.43

