

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

FORM 8-K

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

Date of Report (Date of earliest event reported): April 18, 2024

FIRST WESTERN FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Colorado
(State or other jurisdiction of
incorporation or organization)

1900 16th Street, Suite 1200
Denver, Colorado
(Address of principal executive offices)

001-38595
(Commission
File Number)

37-1442266
(I.R.S. Employer
Identification No.)

80202
(Zip Code)

Registrant's telephone number, including area code: 303.531.8100

Former name or former address, if changed since last report: Not Applicable

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:

- ☐ 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))

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.

Title of each class
Common Stock, no par value

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

Name of each exchange on which registered
NASDAQ Stock Market LLC

Item 2.02 Results of Operations and Financial Condition.

On April 18, 2024, First Western Financial, Inc. (the “Company”) issued a press release announcing its financial results for the first quarter ended March 31, 2024. A copy of the press release is furnished as Exhibit 99.1 and is incorporated by reference herein.

The information in this Item 2.02, including Exhibit 99.1, is being furnished pursuant to Item 2.02 of Form 8-K and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to liabilities of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, unless specifically identified therein as being incorporated therein by reference.

Item 7.01 Regulation FD Disclosure.

The Company intends to hold an investor call and webcast to discuss its financial results for the first quarter ended March 31, 2024 on Friday, April 19, 2024, at 10:00 a.m. Mountain Time. The Company’s presentation to analysts and investors contains additional information about the Company’s financial results for the first quarter ended March 31, 2024 and is furnished as Exhibit 99.2 and is incorporated by reference herein.

The information in this Item 7.01, including Exhibit 99.2, is being furnished pursuant to Item 7.01 of Form 8-K and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to liabilities of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act, unless specifically identified therein as being incorporated therein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press Release issued by First Western Financial, Inc. dated April 18, 2024
99.2	First Western Financial, Inc. Earnings Presentation
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded in the Inline XBRL document)

SIGNATURES

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

FIRST WESTERN FINANCIAL, INC.

Date: April 18, 2024

By: /s/ Scott C. Wylie

Scott C. Wylie

Chairman, Chief Executive Officer and President



First Western Reports First Quarter 2024 Financial Results

First Quarter 2024 Summary

- Net income available to common shareholders of \$2.5 million in Q1 2024, compared to a Net loss of \$3.2 million in Q4 2023.
- Diluted earnings/(loss) per share of \$0.26 in Q1 2024, compared to \$(0.34) in Q4 2023
- Non-interest income increased 19.7% to \$7.3 million compared to \$6.1 million in Q4 2023 and 25.3% compared to \$5.8 million in Q1 2023
- Loan to deposit ratio decreased to 98.4% in Q1 2024, compared to 100.6% in Q4 2023
- Book value per common share increased 0.8% from \$25.33 in Q4 2023 to \$25.52 in Q1 2024. Tangible book value per common share⁽¹⁾ increased 0.9% from \$22.01 in Q4 2023, to \$22.21 in Q1 2024.
- Total capital to risk-weighted assets ratio of 13.15% in Q1 2024, compared to 12.59% in Q4 2023

Denver, Colo., April 18, 2024 – First Western Financial, Inc. (“First Western” or the “Company”) (NASDAQ: MYFW), today reported financial results for the first quarter ended March 31, 2024.

Net income available to common shareholders was \$2.5 million, or \$0.26 per diluted share, for the first quarter of 2024. This compares to Net loss of \$3.2 million, or \$(0.34) per diluted share, for the fourth quarter of 2023, and Net income of \$3.8 million, or \$0.39 per diluted share, for the first quarter of 2023.

Scott C. Wylie, CEO of First Western, commented, “While continuing to prioritize prudent risk management and a conservative approach to new loan production, we delivered a higher level of profitability during the first quarter compared to Q4 2023. As a result of strong execution on our strategic priorities, we saw positive trends in a number of key areas including further improvement in our loan-to-deposit ratio, a higher level of non-interest income driven by our wealth management and mortgage banking businesses, and improvement in our asset quality with a decline in non-performing loans and net charge-offs to average loans of 0.00% in the quarter. Given our higher level of profitability and prudent balance sheet management, we were able to continue increasing our tangible book value per share and our risk-based capital ratios.

“While economic conditions remain uncertain, we will continue to prioritize prudent risk management and be conservative in new loan production, while focusing on adding new full banking relationships with high quality clients that need the multiple products and services we can provide in banking, wealth management, and other areas. When economic conditions improve, given the strength of our balance sheet, including the higher level of liquidity that we now have, we believe we are well positioned to capitalize on increased loan demand to grow our balance sheet, increase revenue, and realize more operating leverage, which should result in further increases in our level of profitability and additional value being created for shareholders,” said Mr. Wylie.

(Dollars in thousands, except per share data)	For the Three Months Ended		
	March 31,	December 31,	March 31,
	2024	2023	2023
Earnings Summary			
Net interest income	\$ 16,070	\$ 16,331	\$ 19,573
Provision/(release) for credit losses	72	8,493	(310)
Total non-interest income	7,277	6,081	5,806
Total non-interest expense	19,696	18,276	20,528
Income/(loss) before income taxes	3,579	(4,357)	5,161
Income tax expense/(benefit)	1,064	(1,138)	1,341
Net income/(loss) available to common shareholders	2,515	(3,219)	3,820
Basic earnings/(loss) per common share	0.26	(0.34)	0.40
Diluted earnings/(loss) per common share	0.26	(0.34)	0.39
Return on average assets (annualized)	0.35 %	(0.45)%	0.54 %
Return on average shareholders' equity (annualized)	4.10	(5.17)	6.40
Return on tangible common equity (annualized) ⁽¹⁾	4.71	(6.11)	7.35
Net interest margin	2.34	2.37	2.93
Efficiency ratio ⁽¹⁾	83.44	80.93	78.44

⁽¹⁾ Represents a Non-GAAP financial measure. See "Reconciliations of Non-GAAP Measures" for a reconciliation of our Non-GAAP measures to the most directly comparable GAAP financial measure.

Operating Results for the First Quarter 2024

Revenue

Total income before non-interest expense was \$23.3 million for the first quarter of 2024, an increase of 67.2%, compared to \$13.9 million for the fourth quarter of 2023. Gross revenue⁽¹⁾ was \$23.5 million for the first quarter of 2024, an increase of 4.6%, from \$22.5 million for the fourth quarter of 2023. The increase in Total income before non-interest expense was primarily driven by a decrease in Provision for credit losses. Relative to the first quarter of 2023, Total income before non-interest expense decreased 9.4% from \$25.7 million. Gross revenue decreased 9.8% from \$26.1 million for the first quarter of 2023. The decrease was driven by a decrease in Net interest income as a result of higher Interest expense due to higher deposit costs, offset partially by higher Interest income.

⁽¹⁾ Represents a Non-GAAP financial measure. See "Reconciliations of Non-GAAP Measures" for a reconciliation of our Non-GAAP measures to the most directly comparable GAAP financial measure.

Net Interest Income

Net interest income for the first quarter of 2024 was \$16.1 million, a decrease of 1.6% from \$16.3 million in the fourth quarter of 2023. Relative to the first quarter of 2023, Net interest income decreased 17.9% from \$19.6 million. The decreases were due to higher Interest expense driven primarily by higher deposit costs, offset partially by higher Interest income.

Net Interest Margin

Net interest margin for the first quarter of 2024 decreased 3 basis points to 2.34% from 2.37% reported in the fourth quarter of 2024, primarily due to continued pricing pressure on interest-bearing deposits and an unfavorable mix shift in the deposit portfolio.

The yield on interest-earning assets increased 7 basis points to 5.58% in the first quarter of 2024 from 5.51% in the fourth quarter of 2023 and the cost of interest-bearing deposits increased 19 basis points to 4.13% in the first quarter of 2024 from 3.94% in the fourth quarter of 2023.

Relative to the first quarter of 2023, net interest margin decreased from 2.93%, primarily due to pricing pressure on interest-bearing deposits and an unfavorable mix shift in the deposit portfolio.

Non-interest Income

Non-interest income for the first quarter of 2024 was \$7.3 million compared to \$6.1 million in the fourth quarter of 2023, primarily driven by an increase in Net gain on mortgage loans and higher Bank fees during the first quarter of 2024, partially offset by lower Risk management and insurance fees, which tend to be seasonally higher in the fourth quarter.

Relative to the first quarter of 2023, Non-interest income increased 25.3% from \$5.8 million. Increases were driven by most components of Non-interest income, including Bank fees, Net gain on loans held for sale, Trust and investment management fees, Net gain on mortgage loans, and Net gain on loans accounted for under the fair value option.

Non-interest Expense

Non-interest expense for the first quarter of 2024 was \$19.7 million compared to \$18.3 million for the fourth quarter of 2023. The increase was driven by higher Salaries and employee benefits due to a higher bonus accrual commensurate with improved earnings in the first quarter of 2024 as compared to the fourth quarter of 2023 and higher payroll taxes, which tend to be seasonally higher in the first quarter.

Relative to the first quarter of 2023, Non-interest expense decreased 4.1% from \$20.5 million, driven primarily by lower Salaries and employee benefits as a result of staffing reductions in 2023 to better align expenses with lower revenue. The decrease was partially offset by increased Professional services and Other operational costs related to higher legal, audit and other professional fees.

The Company’s efficiency ratio⁽¹⁾ was 83.4% in the first quarter of 2024, compared with 80.9% in the fourth quarter of 2023 and 78.4% in the first quarter of 2023.

⁽¹⁾ Represents a Non-GAAP financial measure. See “Reconciliations of Non-GAAP Measures” for a reconciliation of our Non-GAAP measures to the most directly comparable GAAP financial measure.

Income Taxes

The Company recorded Income tax expense of \$1.1 million for the first quarter of 2024, compared to Income tax benefit of \$1.1 million for the fourth quarter of 2023 and Income tax expense of \$1.3 million for the first quarter of 2023.

Loans

Total loans held for investment were \$2.48 billion as of March 31, 2024, a decrease of 2.2% from \$2.54 billion as of December 31, 2023, the decline was due to a net decrease in Commercial and Industrial and 1-4 Family Residential portfolios. Relative to the first quarter of 2023, Total loans held for investment were flat year over year at \$2.48 billion as of March 31, 2023.

Deposits

Total deposits were \$2.53 billion as of March 31, 2024, which were flat compared to December 31, 2023. Relative to the first quarter of 2023, Total deposits increased 5.9% from \$2.39 billion as of March 31, 2023, driven primarily by Interest-bearing deposits due to new and expanded deposit relationships.

Borrowings

Federal Home Loan Bank (“FHLB”) and Federal Reserve borrowings were \$69.5 million as of March 31, 2024, a decrease of \$56.2 million from \$125.7 million as of December 31, 2023. Relative to the first quarter of 2023, borrowings decreased \$191.9 million from \$261.4 million as of March 31, 2023. The change in borrowings from December 31, 2023 and March 31, 2023 is driven by a \$31.0 million repayment of a Bank Term Funding Program loan that matured in March 2024. The change when compared to March 31, 2023 was also driven by a decline in FHLB borrowing reliance as a result of increased deposits.

Subordinated notes were \$52.4 million as of March 31, 2024, compared to \$52.3 million as of December 31, 2023. Subordinated notes increased \$0.2 million from \$52.2 million as of March 31, 2023.

Assets Under Management

Assets Under Management ("AUM") increased by \$388.5 million during the first quarter to \$7.14 billion as of March 31, 2024, compared to \$6.75 billion as of December 31, 2023. This increase was primarily attributable to an increase in market values throughout the first quarter of 2024, resulting in an increase in the value of AUM balances. Total AUM increased by \$759.4 million compared to March 31, 2023 from \$6.38 billion, which was primarily attributable to improving market conditions year-over-year resulting in an increase in the value of AUM.

Credit Quality

Non-performing assets totaled \$46.0 million, or 1.57% of total assets, as of March 31, 2024, compared to \$51.1 million, or 1.72% of total assets, as of December 31, 2023. The decrease is primarily due to the sale of a non-performing Construction and Development note at a gain, a large principal payment received on a Cash, securities and other note offset partially by one new Non-performing Commercial and Industrial loan. As of March 31, 2023, non-performing assets totaled \$12.5 million, or 0.42% of total assets. Relative to the first quarter of 2023, the increase in non-performing assets was due to the net addition of \$33.5 million in loans added throughout 2023.

During the first quarter of 2024 the Company recorded a provision expense of \$0.1 million, compared to a provision expense of \$8.5 million in the fourth quarter of 2023 and a \$0.3 million release to its provision in the first quarter of 2023. The decrease in provision expense recorded in the first quarter of 2024 compared to fourth quarter of 2023 reflects a Commercial and Industrial loan where the borrower filed for bankruptcy resulting in a charge-off of the entire loan balance during the fourth quarter of 2023.

Capital

As of March 31, 2024, First Western (“Consolidated”) and First Western Trust Bank (“Bank”) exceeded the minimum capital levels required by their respective regulators. As of March 31, 2024, the Bank was classified as “well capitalized,” as summarized in the following table:

	March 31, 2024
Consolidated Capital	
Tier 1 capital to risk-weighted assets	9.77 %
Common Equity Tier 1 ("CET1") to risk-weighted assets	9.77
Total capital to risk-weighted assets	13.15
Tier 1 capital to average assets	7.73
Bank Capital	
Tier 1 capital to risk-weighted assets	11.00
CET1 to risk-weighted assets	11.00
Total capital to risk-weighted assets	12.02
Tier 1 capital to average assets	8.70

Book value per common share increased 0.8% from \$25.33 as of December 31, 2023 to \$25.52 as of March 31, 2024. Book value per common share increased 1.2% from \$25.22 as of March 31, 2023.

Tangible book value per common share⁽¹⁾ increased 0.9% from \$22.01 as of December 31, 2023, to \$22.21 as of March 31, 2024. Tangible book value per common share increased 1.5% from \$21.85 as of March 31, 2023.

⁽¹⁾ Represents a Non-GAAP financial measure. See “Reconciliations of Non-GAAP Measures” for a reconciliation of our Non-GAAP measures to the most directly comparable GAAP financial measure.

Conference Call, Webcast and Slide Presentation

The Company will host a conference call and webcast at 10:00 a.m. MT/ 12:00 p.m. ET on Friday, April 19, 2024. Telephone access: <https://register.vevent.com/register/BId5870626426740ff9c585b6c315ea36c>.

A slide presentation relating to the fourth quarter 2024 results will be accessible prior to the scheduled conference call. The slide presentation and webcast of the conference call can be accessed on the Events and Presentations page of the Company’s investor relations website at <https://myfw.gcs-web.com>.

About First Western

First Western is a financial services holding company headquartered in Denver, Colorado, with operations in Colorado, Arizona, Wyoming, California, and Montana. First Western and its subsidiaries provide a fully integrated suite of wealth management services on a private trust bank platform, which includes a comprehensive selection of deposit, loan, trust, wealth planning and investment management products and services. First Western’s common stock is traded on the Nasdaq Global Select Market under the symbol “MYFW.” For more information, please visit www.myfw.com.

Non-GAAP Financial Measures

Some of the financial measures included in this press release are not measures of financial performance recognized in accordance with generally accepted accounting principles in the United States ("GAAP"). These non-GAAP financial measures include "Tangible Common Equity," "Tangible Common Book Value per Share," "Return on Tangible Common Equity," "Efficiency Ratio," "Gross Revenue," and "Allowance for Credit Losses to Adjusted Loans". The Company believes these non-GAAP financial measures provide both management and investors a more complete understanding of the Company's financial position and performance. These non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP financial measures. Not all companies use the same calculation of these measures; therefore, this presentation may not be comparable to other similarly titled measures as presented by other companies. Reconciliation of non-GAAP financial measures, to GAAP financial measures are provided at the end of this press release.

Forward-Looking Statements

Statements in this news release regarding our expectations and beliefs about our future financial performance and financial condition, as well as trends in our business and markets are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements often include words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “project,” “position,” “outlook,” or words of similar meaning, or future or conditional verbs such as “will,” “would,” “should,” “opportunity,” “could,” or “may.” The forward-looking statements in this news release are based on current information and on assumptions that we make about future events and circumstances that are subject to a number of risks and uncertainties that are often difficult to predict and beyond our control. As a result of those risks and uncertainties, our actual financial results in the future could differ, possibly materially, from those expressed in or implied by the forward-looking statements contained in this news release and could cause us to make changes to our future plans. Those risks and uncertainties include, without limitation, the lack of soundness of other financial institutions or financial market utilities may adversely affect the Company; the Company’s ability to engage in routine funding and other transactions could be adversely affected by the actions and commercial soundness of other financial institutions; financial institutions are interrelated because of trading, clearing, counterparty or other relationships; defaults by, or even rumors or questions about, one or more financial institutions or financial market utilities, or the financial services industry generally, may lead to market-wide liquidity problems and losses of client, creditor and counterparty confidence and could lead to losses or defaults by other financial institutions, or the Company; integration risks and projected cost savings in connection with acquisitions; the risk of geographic concentration in Colorado, Arizona, Wyoming, California, and Montana; the risk of changes in the economy affecting real estate values and liquidity; the risk in our ability to continue to originate residential real estate loans and sell such loans; risks specific to commercial loans and borrowers; the risk of claims and litigation pertaining to our fiduciary responsibilities; the risk of competition for investment managers and professionals; the risk of fluctuation in the value of our investment securities; the risk of changes in interest rates; and the risk of the adequacy of our allowance for credit losses and the risk in our ability to maintain a strong core deposit base or other low-cost funding sources. Additional information regarding these and other risks and uncertainties to which our business and future financial performance are subject is contained in our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (“SEC”) on March 15, 2024 (“Form 10-K”), and other documents we file with the SEC from time to time. We urge readers of this news release to review the “Risk Factors” section our Form 10-K and any updates to those risk factors set forth in our subsequent Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and our other filings with the SEC. Also, our actual financial results in the future may differ from those currently expected due to additional risks and uncertainties of which we are not currently aware or which we do not currently view as, but in the future may become, material to our business or operating results. Due to these and other possible uncertainties and risks, readers are cautioned not to place undue reliance on the forward-looking statements contained in this news release, which speak only as of today’s date, or to make predictions based solely on historical financial performance. 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.

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First Western Financial, Inc.
Condensed Consolidated Statements of Income (unaudited)

	Three Months Ended		
	March 31,	December 31,	March 31,
	2024	2023	2023
<i>(Dollars in thousands, except per share amounts)</i>			
Interest and dividend income:			
Loans, including fees	\$ 35,139	\$ 35,625	\$ 32,080
Loans accounted for under the fair value option	209	257	427
Investment securities	603	600	629
Interest-bearing deposits in other financial institutions	2,352	1,350	1,403
Dividends, restricted stock	95	161	173
Total interest and dividend income	38,398	37,993	34,712
Interest expense:			
Deposits	20,622	19,037	13,092
Other borrowed funds	1,706	2,625	2,047
Total interest expense	22,328	21,662	15,139
Net interest income	16,070	16,331	19,573
Less: provision/(release) for credit losses	72	8,493	(310)
Net interest income, after provision/(release) for credit losses	15,998	7,838	19,883
Non-interest income:			
Trust and investment management fees	4,930	4,705	4,635
Net gain on mortgage loans	1,264	379	1,019
Net gain/(loss) on loans held for sale	117	—	(178)
Bank fees	891	412	592
Risk management and insurance fees	49	544	127
Income on company-owned life insurance	105	101	90
Net loss on loans accounted for under the fair value option	(302)	(91)	(543)
Unrealized (loss)/gain recognized on equity securities	(6)	(2)	10
Other	229	33	54
Total non-interest income	7,277	6,081	5,806
Total income before non-interest expense	23,275	13,919	25,689
Non-interest expense:			
Salaries and employee benefits	11,267	9,988	13,098
Occupancy and equipment	1,976	1,937	1,914
Professional services	2,411	1,990	1,923
Technology and information systems	1,010	928	832
Data processing	948	1,189	1,139
Marketing	194	415	391
Amortization of other intangible assets	57	62	64
Other	1,833	1,767	1,167
Total non-interest expense	19,696	18,276	20,528
Income/(loss) before income taxes	3,579	(4,357)	5,161
Income tax (benefit)/expense	1,064	(1,138)	1,341
Net income/(loss) available to common shareholders	\$ 2,515	\$ (3,219)	\$ 3,820
Earnings/(loss) per common share:			
Basic	\$ 0.26	\$ (0.34)	\$ 0.40
Diluted	0.26	(0.34)	0.39

First Western Financial, Inc.
Condensed Consolidated Balance Sheets (unaudited)

<i>(Dollars in thousands)</i>	March 31, 2024	December 31, 2023	March 31, 2023
Assets			
Cash and cash equivalents:			
Cash and due from banks	\$ 8,136	\$ 7,284	\$ 6,920
Interest-bearing deposits in other financial institutions	249,753	247,158	288,147
Total cash and cash equivalents	257,889	254,442	295,067
Held-to-maturity securities (fair value of \$64,908, \$66,617 and \$73,570, respectively), net of allowance for credit losses of \$71	72,303	74,102	79,565
Correspondent bank stock, at cost	4,461	7,155	13,222
Mortgage loans held for sale, at fair value	10,470	7,254	9,873
Loans (includes \$11,922, \$13,726, and \$20,807 measured at fair value, respectively)	2,475,524	2,530,915	2,469,038
Allowance for credit losses	(24,630)	(23,931)	(19,843)
Loans, net	2,450,894	2,506,984	2,449,195
Premises and equipment, net	24,869	25,256	25,383
Accrued interest receivable	11,919	11,428	10,976
Accounts receivable	4,980	5,095	4,713
Other receivables	5,254	4,467	2,396
Goodwill and other intangible assets, net	31,797	31,854	32,040
Deferred tax assets, net	5,695	6,407	6,792
Company-owned life insurance	16,635	16,530	16,242
Other assets	35,051	24,488	23,043
Total assets	\$ 2,932,217	\$ 2,975,462	\$ 2,968,507
Liabilities			
Deposits:			
Noninterest-bearing	\$ 434,236	\$ 482,579	\$ 545,064
Interest-bearing	2,097,734	2,046,460	1,846,863
Total deposits	2,531,970	2,529,039	2,391,927
Borrowings:			
Federal Home Loan Bank and Federal Reserve borrowings	69,484	125,711	261,385
Subordinated notes	52,397	52,340	52,167
Accrued interest payable	2,415	3,793	1,786
Other liabilities	30,423	21,841	21,420
Total liabilities	2,686,689	2,732,724	2,728,685
Shareholders' Equity			
Total shareholders' equity	245,528	242,738	239,822
Total liabilities and shareholders' equity	\$ 2,932,217	\$ 2,975,462	\$ 2,968,507

First Western Financial, Inc.
Consolidated Financial Summary (unaudited)

<i>(Dollars in thousands)</i>	March 31,	December 31,	March 31,
	2024	2023	2023
Loan Portfolio			
Cash, Securities, and Other ⁽¹⁾	\$ 151,178	\$ 140,053	\$ 157,308
Consumer and Other	18,556	27,446	22,183
Construction and Development	333,284	347,515	283,999
1-4 Family Residential	910,129	925,984	889,782
Non-Owner Occupied CRE	562,862	546,966	536,679
Owner Occupied CRE	194,338	197,205	223,449
Commercial and Industrial	297,573	336,842	340,632
Total	2,467,920	2,522,011	2,454,032
Loans accounted for under the fair value option	12,276	14,129	21,052
Total loans held for investment	2,480,196	2,536,140	2,475,084
Deferred (fees) costs and unamortized premiums/(unaccreted discounts), net ⁽²⁾	(4,672)	(5,225)	(6,046)
Loans (includes \$11,922, \$13,726, and \$20,807 measured at fair value, respectively)	\$ 2,475,524	\$ 2,530,915	\$ 2,469,038
Mortgage loans held for sale	10,470	7,254	9,873
Deposit Portfolio			
Money market deposit accounts	\$ 1,503,598	\$ 1,386,149	\$ 1,277,988
Time deposits	442,834	496,452	354,545
Negotiable order of withdrawal accounts	132,415	147,488	192,011
Savings accounts	18,887	16,371	22,319
Total interest-bearing deposits	2,097,734	2,046,460	1,846,863
Noninterest-bearing accounts	434,236	482,579	545,064
Total deposits	\$ 2,531,970	\$ 2,529,039	\$ 2,391,927

⁽¹⁾ Includes PPP loans of \$3.8 million as of March 31, 2024, \$4.3 million as of December 31, 2023, and \$6.1 million as of March 31, 2023.

⁽²⁾ Includes fair value adjustments on loans held for investment accounted for under the fair value option.

First Western Financial, Inc.
Consolidated Financial Summary (unaudited) (continued)

	As of or for the Three Months Ended		
	March 31,	December 31,	March 31,
	2024	2023	2023
<i>(Dollars in thousands)</i>			
Average Balance Sheets			
Assets			
Interest-earning assets:			
Interest-bearing deposits in other financial institutions	\$ 177,523	\$ 104,789	\$ 127,608
Investment securities	74,666	76,331	82,106
Correspondent bank stock	4,451	7,576	9,592
Loans	2,490,300	2,521,532	2,456,922
Mortgage loans held for sale	6,752	9,915	7,521
Loans held at fair value	13,134	14,755	22,722
Total interest-earning assets	2,766,826	2,734,898	2,706,471
Allowance for credit losses	(23,974)	(23,308)	(20,325)
Noninterest-earning assets	124,144	126,132	125,201
Total assets	<u>\$ 2,866,996</u>	<u>\$ 2,837,722</u>	<u>\$ 2,811,347</u>
Liabilities and Shareholders' Equity			
Interest-bearing liabilities:			
Interest-bearing deposits	\$ 2,008,246	\$ 1,914,856	\$ 1,805,994
FHLB and Federal Reserve borrowings	92,195	139,316	142,642
Subordinated notes	52,360	52,299	52,135
Total interest-bearing liabilities	2,152,801	2,106,471	2,000,771
Noninterest-bearing liabilities:			
Noninterest-bearing deposits	446,457	456,787	545,670
Other liabilities	22,250	25,387	26,206
Total noninterest-bearing liabilities	468,707	482,174	571,876
Total shareholders' equity	245,488	249,077	238,700
Total liabilities and shareholders' equity	<u>\$ 2,866,996</u>	<u>\$ 2,837,722</u>	<u>\$ 2,811,347</u>
Yields/Cost of funds (annualized)			
Interest-bearing deposits in other financial institutions	5.33 %	5.11 %	4.46 %
Investment securities	3.25	3.12	3.11
Correspondent bank stock	8.58	8.43	7.31
Loans	5.66	5.58	5.28
Loan held at fair value	6.40	6.91	7.62
Mortgage loans held for sale	6.79	6.60	6.04
Total interest-earning assets	5.58	5.51	5.20
Interest-bearing deposits	4.13	3.94	2.94
Total deposits	3.38	3.18	2.26
FHLB and Federal Reserve borrowings	4.23	5.36	3.89
Subordinated notes	5.66	5.63	5.38
Total interest-bearing liabilities	4.17	4.08	3.07
Net interest margin	2.34	2.37	2.93
Net interest rate spread	1.41	1.43	2.13

First Western Financial, Inc.
Consolidated Financial Summary (unaudited) (continued)

	As of or for the Three Months Ended		
	March 31,	December 31,	March 31,
	2024	2023	2023
<i>(Dollars in thousands, except share and per share amounts)</i>			
Asset Quality			
Non-performing loans	\$ 46,044	\$ 51,125	\$ 12,460
Non-performing assets	46,044	51,125	12,460
Net charge-offs	—	8,595	5
Non-performing loans to total loans	1.86 %	2.02 %	0.50 %
Non-performing assets to total assets	1.57	1.72	0.42
Allowance for credit losses to non-performing loans	53.49	46.81	159.25
Allowance for credit losses to total loans	1.00	0.95	0.81
Allowance for credit losses to adjusted loans ⁽¹⁾	1.00	0.95	0.81
Net charge-offs to average loans	—	0.34	*
Assets Under Management	\$ 7,141,453	\$ 6,752,981	\$ 6,382,036
Market Data			
Book value per share at period end	25.52	25.33	25.22
Tangible book value per common share ⁽¹⁾	22.21	22.01	21.85
Weighted average outstanding shares, basic	9,621,309	9,572,582	9,503,715
Weighted average outstanding shares, diluted	9,710,764	9,572,582	9,732,674
Shares outstanding at period end	9,621,309	9,581,183	9,507,564
Consolidated Capital			
Tier 1 capital to risk-weighted assets	9.77 %	9.40 %	9.28 %
CET1 to risk-weighted assets	9.77	9.40	9.28
Total capital to risk-weighted assets	13.15	12.59	12.39
Tier 1 capital to average assets	7.73	7.77	7.75
Bank Capital			
Tier 1 capital to risk-weighted assets	11.00	10.54	10.29
CET1 to risk-weighted assets	11.00	10.54	10.29
Total capital to risk-weighted assets	12.02	11.45	11.12
Tier 1 capital to average assets	8.70	8.71	8.59

⁽¹⁾ Represents a Non-GAAP financial measure. See "Reconciliation of Non-GAAP Measures" for a reconciliation of our Non-GAAP measures to the most directly comparable GAAP financial measure.

* Value results in an immaterial amount.

First Western Financial, Inc.
Consolidated Financial Summary (unaudited) (continued)

Reconciliations of Non-GAAP Financial Measures

	As of or for the Three Months Ended		
	March 31,	December 31,	March 31,
	2024	2023	2023
<i>(Dollars in thousands, except share and per share amounts)</i>			
Tangible Common			
Total shareholders' equity	\$ 245,528	\$ 242,738	\$ 239,822
Less: goodwill and other intangibles, net	31,797	31,854	32,040
Tangible common equity	<u>\$ 213,731</u>	<u>\$ 210,884</u>	<u>\$ 207,782</u>
Common shares outstanding, end of period	9,621,309	9,581,183	9,507,564
Tangible common book value per share	\$ 22.21	\$ 22.01	\$ 21.85
Net income/(loss) available to common shareholders	2,515	(3,219)	3,820
Return on tangible common equity (annualized)	4.71 %	(6.11)%	7.35 %
Efficiency			
Non-interest expense	\$ 19,696	\$ 18,276	\$ 20,528
Less: amortization	57	62	64
Adjusted non-interest expense	<u>\$ 19,639</u>	<u>\$ 18,214</u>	<u>\$ 20,464</u>
Total income before non-interest expense	\$ 23,275	\$ 13,919	\$ 25,689
Less: unrealized (loss)/gain recognized on equity securities	(6)	(2)	10
Less: net loss on loans accounted for under the fair value option	(302)	(91)	(543)
Less: net gain/(loss) on loans held for sale at fair value	117	—	(178)
Plus: provision/(release) for credit losses	72	8,493	(310)
Gross revenue	<u>\$ 23,538</u>	<u>\$ 22,505</u>	<u>\$ 26,090</u>
Efficiency ratio	83.44 %	80.93 %	78.44 %
Allowance for Credit Loss to Adjusted Loans			
Total loans held for investment	2,480,196	2,536,140	2,475,084
Less: PPP loans	3,779	4,343	6,100
Less: loans accounted for under fair value	12,276	14,129	21,052
Adjusted loans	<u>\$ 2,464,141</u>	<u>\$ 2,517,668</u>	<u>\$ 2,447,932</u>
Allowance for credit losses	\$ 24,630	\$ 23,931	\$ 19,843
Allowance for credit losses to adjusted loans	<u>1.00 %</u>	<u>0.95 %</u>	<u>0.81 %</u>



FIRSTwestern

First Quarter 2024
Conference Call

Safe Harbor

Statements in this presentation regarding our expectations and beliefs about our future financial performance and financial condition, as well as trends in our business and markets are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements often include words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “project,” “position,” “outlook,” or words of similar meaning, or future or conditional verbs such as “will,” “would,” “should,” “opportunity,” “could,” or “may.” The forward-looking statements in this presentation are based on current information and on assumptions that we make about future events and circumstances that are subject to a number of risks and uncertainties that are often difficult to predict and beyond our control. As a result of those risks and uncertainties, our actual financial results in the future could differ, possibly materially, from those expressed in or implied by the forward-looking statements contained in this presentation and could cause us to make changes to our future plans. Those risks and uncertainties include, without limitation, the lack of soundness of other financial institutions or financial market utilities may adversely affect the Company; the Company’s ability to engage in routine funding and other transactions could be adversely affected by the actions and commercial soundness of other financial institutions; financial institutions are interrelated because of trading, clearing, counterparty or other relationships; defaults by, or even rumors or questions about, one or more financial institutions or financial market utilities, or the financial services industry generally, may lead to market-wide liquidity problems and losses of client, creditor and counterparty confidence and could lead to losses or defaults by other financial institutions, or the Company; integration risks and projected cost savings in connection with acquisitions; the risk of geographic concentration in Colorado, Arizona, Wyoming, California, and Montana; the risk of changes in the economy affecting real estate values and liquidity; the risk in our ability to continue to originate residential real estate loans and sell such loans; risks specific to commercial loans and borrowers; the risk of claims and litigation pertaining to our fiduciary responsibilities; the risk of competition for investment managers and professionals; the risk of fluctuation in the value of our investment securities; the risk of changes in interest rates; and the risk of the adequacy of our allowance for credit losses and the risk in our ability to maintain a strong core deposit base or other low-cost funding sources. Additional information regarding these and other risks and uncertainties to which our business and future financial performance are subject is contained in our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (“SEC”) on March 15, 2024 (“Form 10-K”), and other documents we file with the SEC from time to time. We urge readers of this presentation to review the “Risk Factors” section our Form 10-K and any updates to those risk factors set forth in our subsequent Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and our other filings with the SEC. Also, our actual financial results in the future may differ from those currently expected due to additional risks and uncertainties of which we are not currently aware or which we do not currently view as, but in the future may become, material to our business or operating results. Due to these and other possible uncertainties and risks, readers are cautioned not to place undue reliance on the forward-looking statements contained in this presentation, which speak only as of today’s date, or to make predictions based solely on historical financial performance. 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.

Overview of 1Q24

1Q24 Earnings

- Net income available to common shareholders of \$2.5 million, or \$0.26 per diluted share
- Pre-tax, pre-provision net income⁽¹⁾ of \$3.7 million

Continued Execution on Balance Sheet Management Strategies

- Continued improvement in loan-to-deposit ratio
- Higher level of liquidity enabled repayment of higher cost borrowings
- Total loans declined due to conservative approach to new loan production, continued high levels of payoffs, and lower level of draws on credit lines than previous quarters

Positive Trends in Key Metrics

- Increase in non-interest income from prior quarter resulting from higher Net Gain on Mortgage Loans, Bank fees and Trust and Investment Management fees
- Non-performing loans declined from prior quarter
- Net charge-offs/average loans were 0.00%
- Further increase in tangible book value per share⁽¹⁾

(1) See Non-GAAP reconciliation

Net Income Available to Common Shareholders and Earnings per Share

- Net income of \$2.5 million, or \$0.26 diluted earnings per share, in 1Q24
- Tangible book value per share⁽¹⁾ increased approximately 1% to \$22.21



(1) See Non-GAAP reconciliation



Loan Portfolio

Loan Portfolio Details

- Total loans held for investment decreased \$55.9 million from prior quarter
- Decrease due to limited new production that was more than offset by payoffs and a lower level of draws on existing credit lines than previous quarters
- New loan production of \$31 million, with focus primarily on non-CRE lending to clients that also bring deposits to the bank
- Average rate on new loan production of 6.95% negatively impacted by a large cash secured origination

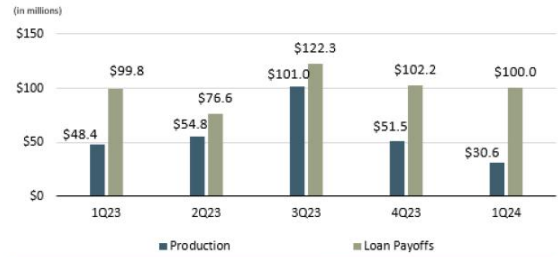
Loan Portfolio Composition⁽¹⁾

(\$ in thousands, as of quarter end)	1Q 2023	4Q 2023	1Q 2024
Cash, Securities and Other	\$ 157,308	\$ 140,053	\$ 151,178
Consumer and Other	22,183	27,446	18,556
Construction and Development	283,999	347,515	333,284
1-4 Family Residential	889,782	925,984	910,129
Non-Owner Occupied CRE	536,679	546,966	562,862
Owner Occupied CRE	223,449	197,205	194,338
Commercial and Industrial	340,632	336,842	297,573
Total	\$ 2,454,032	\$ 2,522,011	\$ 2,467,920
Loans accounted for at fair value ⁽²⁾	21,052	14,129	12,276
Total Loans HFI	\$ 2,475,084	\$ 2,536,140	\$ 2,480,196
Loans held-for-sale (HFS)	9,873	7,254	10,470
Total Loans	\$ 2,484,957	\$ 2,543,394	\$ 2,490,666

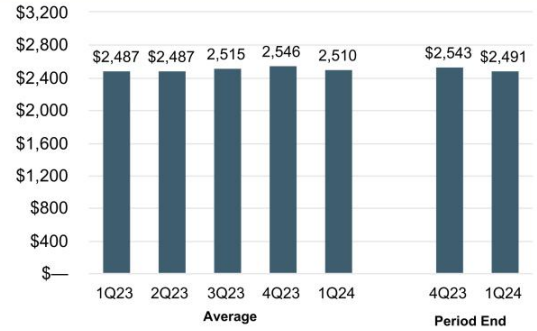
(1) Represents unpaid principal balance. Excludes deferred (fees) costs, and amortized premium/ (unaccreted discount).

(2) Excludes fair value adjustments on loans accounted for under the fair value option.

Loan Production & Loan Payoffs



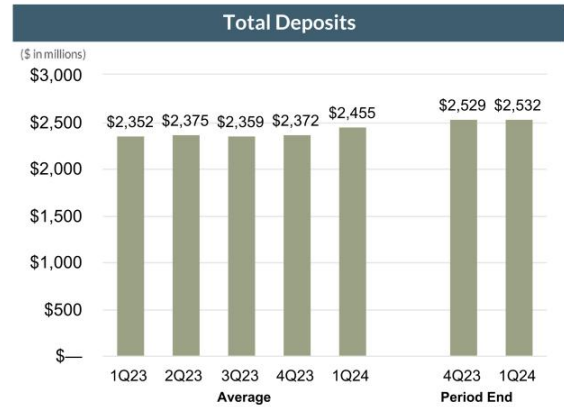
Total Loans⁽¹⁾



Total Deposits

- Total deposits trending up again in 1Q24, with average balances up 3.5% or 14% annualized over 4Q23
- Success in new business development, with \$17 million in new deposit relationships added in 1Q24
- Strongest growth in money market accounts resulting from expanded relationships with existing clients and funds moved from CDs

Deposit Portfolio Composition			
	1Q 2023	4Q 2023	1Q 2024
Money market deposit accounts	\$ 1,277,988	\$ 1,386,149	\$ 1,503,598
Time deposits	354,545	496,452	442,834
NOW	192,011	147,488	132,415
Savings accounts	22,319	16,371	18,887
Noninterest-bearing accounts	545,064	482,579	434,236
Total Deposits	\$ 2,391,927	\$ 2,529,039	\$ 2,531,970

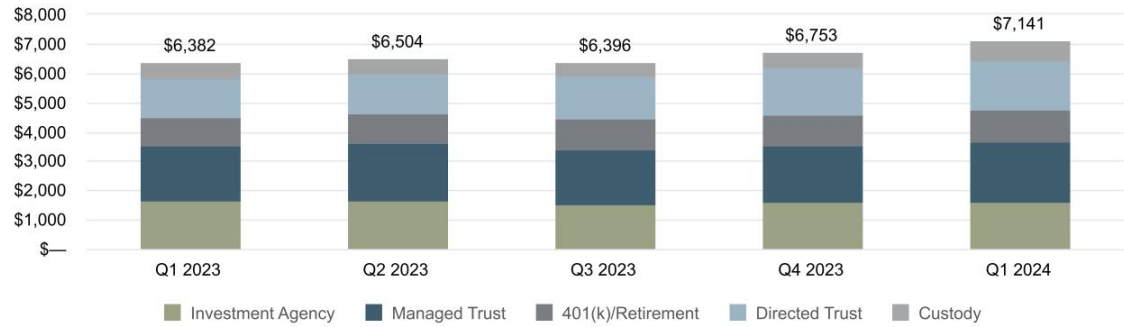


Trust and Investment Management

- Total assets under management increased \$388.5 million from December 31, 2023 to \$7.1 billion as of March 31, 2024
- Increase in AUM driven by an increase in market values throughout 1Q24, resulting in a 6% increase compared to 4Q23, and a 12% increase year-over-year

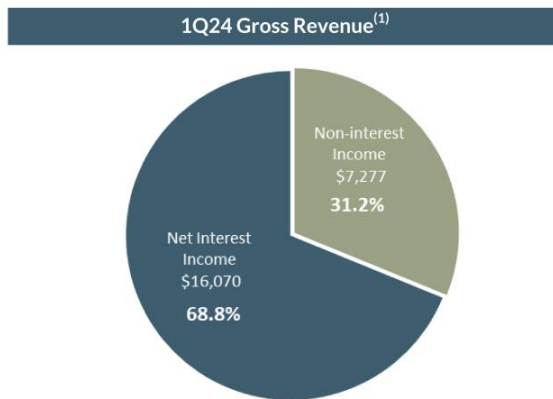
Total Assets Under Management

(in millions, as of quarter end)



Gross Revenue

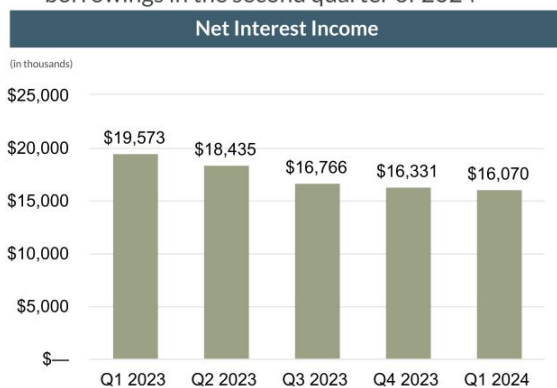
- Gross revenue⁽¹⁾ increased 4.6% from prior quarter
- Net interest income relatively consistent with prior quarter
- Non-interest income increased 19.7% from prior quarter



(1) See Non-GAAP reconciliation

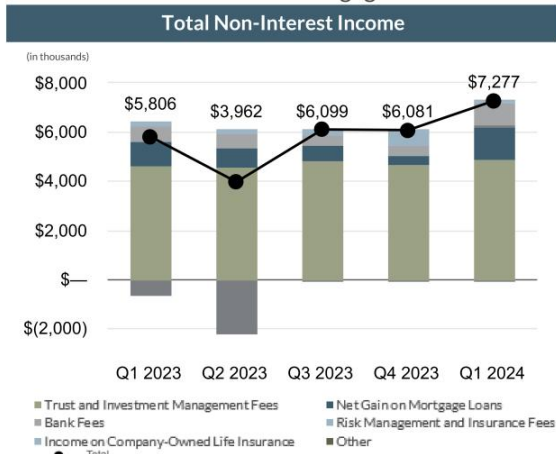
Net Interest Income and Net Interest Margin

- Net interest income decreased slightly to \$16.1 million, or 1.6%, from \$16.3 million in 4Q23, due primarily to higher deposit costs
- Net interest margin decreased 3 bps to 2.34%. The rate of decline in net interest margin has decelerated over the past four quarters, nearing a point of stabilization
- Yield on interest earning assets increased 7 bps from prior quarter
- Repayment of \$31 million of borrowings from Bank Term Funding Program in March will reduce level of borrowings in the second quarter of 2024



Non-Interest Income

- Non-interest income increased 19.7% from prior quarter
- Increase driven by higher Trust and Investment Management fees, Net Gain on Mortgage Loans, and Bank Fees, partially offset by lower Risk Management and Insurance Fees, which are seasonally higher in the fourth quarter each year
- Mortgage production increased to \$91 million from \$67 million in prior quarter, primarily due to increased home buying activity in our markets and production from mortgage loan originators hired in 2024
- Increase in Net Gain on Mortgage Loans also resulted from higher average gain on sale margins



Non-Interest Expense and Efficiency Ratio

- Non-interest expense increased to \$19.7 million, primarily due to seasonal impact of higher payroll taxes, higher incentive compensation resulting from improved financial performance, and higher legal costs
- Non-interest expense expected to be relatively consistent over next few quarters with primary variable being incentive compensation dependent upon financial performance



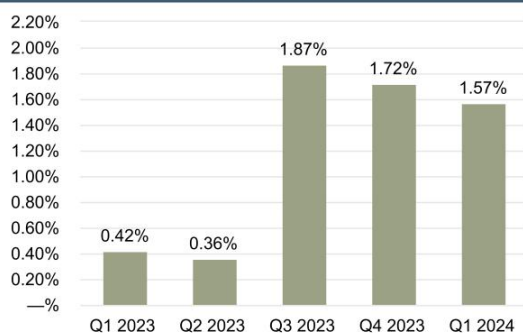
(1) See Non-GAAP reconciliation



Asset Quality

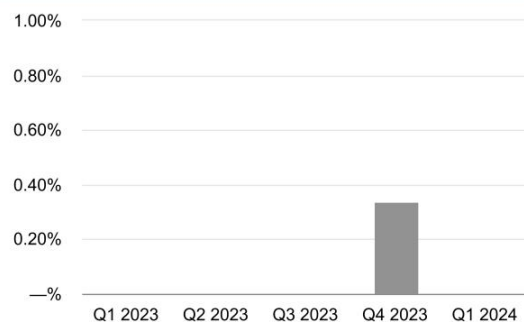
- NPAs decreased \$5.1 million due to the sale of a non-performing construction loan at a gain and a paydown on the largest NPL following the sale of one of the properties held as collateral
- Remainder of portfolio continues to perform well as indicated by a decline in past due loans during the quarter
- ACL/Adjusted Total Loans⁽¹⁾ increased to 1.00% in 1Q24 from 0.95% in 4Q23
- Continue to experience immaterial amount of credit losses
- Multifamily represent just 7% of total loans

Non-Performing Assets/Total Assets



(1) Adjusted Total Loans – Total Loans minus PPP loans and loans accounted for under fair value option; see non-GAAP reconciliation

Net Charge-Offs/Average Loans



Near-Term Outlook

- Well positioned to manage through and perform well in any economic scenario that emerges in 2024
- Prudent risk management and conservative underwriting criteria expected to result in modest asset growth in 2024 until economic conditions improve
- Deposit gathering will remain a top priority throughout the organization with increased focus on targeting deposit rich industries
- Business development focus remains on full banking relationships with high quality clients who need multiple products and services First Western provides in banking, wealth management, and other areas
- Positive trends in non-interest income expected to continue largely driven by wealth management and mortgage banking businesses
- Progress on working through credits placed on non-performing status
- Increase in TBV/share, capital ratios, and improvement in asset quality provides flexibility to consider additional options for capital utilization
- Strength of franchise and balance sheet enables First Western to continue capitalizing on our attractive markets to consistently add new clients, realize more operating leverage as we increase scale, generate profitable growth, and further enhance the long-term value of our franchise



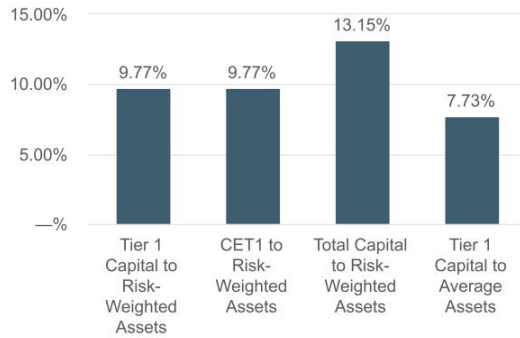
Appendix

Capital and Liquidity Overview

Tangible Common Equity / TBV per Share⁽¹⁾



Consolidated Capital Ratios (as of 03/31/24)



Liquidity Funding Sources (as of 03/31/24)

(In thousands)

Liquidity Reserves:

Total Available Cash	\$256,492
Unpledged Investment Securities	25,840

Borrowed Funds:

Secured:

FHLB Available	722,747
FRB Available	23,430

Other:

Brokered Remaining Capacity	128,993 ⁽²⁾
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Unsecured:

Credit Lines	29,000
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Total Liquidity Funding Sources

\$1,186,502

Loan to Deposit Ratio

98.4 %

(1) See Non-GAAP reconciliation
(2) Based on internal policy guidelines

Non-GAAP Reconciliation

Consolidated Efficiency Ratio (Dollars in thousands)	For the Three Months Ended,				
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
Non-interest expense	\$20,528	\$18,519	\$18,314	\$18,276	\$16,696
Less: amortization	64	62	62	62	57
Adjusted non-interest expense	\$20,464	\$18,457	\$18,252	\$18,214	\$19,639
Net interest income	\$19,573	\$18,435	\$16,766	\$16,331	\$16,070
Non-interest income	5,806	3,962	6,099	6,081	7,277
Less: unrealized gains/(losses) recognized on equity securities	10	(11)	(19)	(2)	(6)
Less: impairment of contingent consideration assets	-	(1,249)	-	-	-
Less: net gain/(loss) on loans accounted for under the fair value option	(543)	(1,124)	(252)	(91)	(302)
Less: net gain on equity interests	-	-	-	-	-
Less: net (loss)/gain on loans held for sale at fair value	(178)	-	-	-	117
Adjusted non-interest income	6,517	6,346	6,370	6,174	7,468
Total income	\$26,090	\$24,781	\$23,136	\$22,505	\$23,538
Efficiency ratio	78.44%	74.48%	78.89%	80.93%	83.44%

Consolidated Tangible Common Book Value Per Share (Dollars in thousands)	As of,						
	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2023	Mar. 31, 2024
Total shareholders' equity	\$116,875	\$127,678	\$154,962	\$219,041	\$240,864	\$242,738	\$245,528
Less:							
Goodwill and other intangibles, net	25,213	19,714	24,258	31,902	32,104	31,854	31,797
Intangibles held for sale ⁽¹⁾	-	3,553	-	-	-	-	-
Tangible common equity	91,662	104,411	\$130,704	187,139	208,760	210,884	213,731
Common shares outstanding, end of period	7,968,420	7,940,168	7,951,773	9,419,271	9,495,440	9,581,183	9,621,309
Tangible common book value per share	\$11.50	\$13.15	\$16.44	\$19.87	\$21.99	\$22.01	\$22.21
Net income available to common shareholders							\$2,515
Return on tangible common equity (annualized)							4.71%

(1) Represents the intangible portion of assets held for sale

Non-GAAP Reconciliation

Wealth Management Gross Revenue		For the Three Months Ended,			
(Dollars in thousands)	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
Total income before non-interest expense	\$24,543	\$19,529	\$21,647	\$13,362	\$21,890
Less: unrealized gains/(losses) recognized on equity securities	10	(11)	(19)	(2)	(6)
Less: impairment of contingent consideration assets	-	(1,249)	-	-	-
Less: net gain/(loss) on loans accounted for under the fair value option	(543)	(1,124)	(252)	(91)	(302)
Less: net gain on equity interests	-	-	-	-	-
Less: net (loss)/gain on loans held for sale at fair value	(178)	-	-	-	117
Plus: (release) provision for credit loss	(310)	1,843	329	\$8,493	72
Gross revenue	\$24,944	\$23,756	\$22,247	\$21,948	\$22,153
Mortgage Gross Revenue		For the Three Months Ended,			
(Dollars in thousands)	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
Total income before non-interest expense	\$1,146	\$1,025	\$889	\$557	\$1,385
Plus: provision for credit loss	-	-	-	-	-
Gross revenue	\$1,146	\$1,025	\$889	\$557	\$1,385
Consolidated Gross Revenue		For the Three Months Ended,			
(Dollars in thousands)	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
Total income before non-interest expense	\$25,689	\$20,554	\$22,536	\$13,919	\$23,275
Less: unrealized gains/(losses) recognized on equity securities	10	(11)	(19)	(2)	(6)
Less: impairment of contingent consideration assets	-	(1,249)	-	-	-
Less: net gain/(loss) on loans accounted for under the fair value option	(543)	(1,124)	(252)	(91)	(302)
Less: net gain on equity interests	-	-	-	-	-
Less: net (loss)/gain on loans held for sale at fair value	(178)	-	-	-	117
Plus: (release) provision for credit loss	(310)	1,843	329	8,493	72
Gross revenue	\$26,090	\$24,781	\$23,136	\$22,505	\$23,538
Gross Revenue excluding net gain on mortgage loans					
(Dollars in thousands)	March 31, 2023	December 31, 2023	March 31, 2024		
Gross revenue	\$26,090	\$22,505	\$23,538		
Less: net gain on mortgage loans	1,019	379	1,264		
Gross revenue excluding net gain on mortgage loans	\$25,071	\$22,126	\$22,274		

Non-GAAP Reconciliation

Pre-tax, pre-provision net income (Dollars in thousands)	For the Three Months Ended,		
	March 31, 2023	December 31, 2023	March 31, 2024
Income before income taxes	\$5,161	\$(4,357)	\$3,579
Plus: provision (release) for credit losses	(310)	8,493	72
Pre-tax, pre-provision (release) net income	\$4,851	\$4,136	\$3,651

Allowance for credit losses to Bank originated loans excluding PPP (Dollars in thousands)	As of				
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
Total loans held for investment	\$2,475,084	\$2,501,926	\$2,536,503	\$2,536,140	\$2,480,196
Less: PPP loans	6,100	5,558	4,876	4,343	3,779
Less: Purchased loans accounted for under fair value ("FVO")	21,052	18,274	16,105	14,129	12,276
Adjusted Loans excluding acquired, PPP and FVO	\$2,447,932	\$2,478,094	\$2,515,522	\$2,517,668	\$2,464,141
Allowance for credit losses	19,843	22,044	23,175	23,931	24,630
Allowance for credit losses to adjusted loans	0.81%	0.89%	0.92%	0.95%	1.00%

