

**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): September 21, 2020

**FIRST WESTERN FINANCIAL, INC.**

(Exact name of registrant as specified in its charter)

<b>Colorado</b> (State or other jurisdiction of incorporation or organization)	<b>001-38595</b> (Commission File Number)	<b>37-1442266</b> (I.R.S. Employer Identification No.)
<b>1900 16th Street, Suite 1200</b> <b>Denver, Colorado</b> (Address of principal executive offices)		<b>80202</b> (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.

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

<b>Title of each class</b>	<b>Trading Symbol</b>	<b>Name of each exchange on which registered</b>
Common Stock, no par value	MYFW	The Nasdaq Stock Market LLC

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**Item 7.01 Regulation FD Disclosure.**

First Western Financial, Inc. (the “Company”) is furnishing investor presentation materials as Exhibit 99.1 to this Form 8-K, which may be presented at meetings with investors, analysts, and others, in whole or in part and possibly with modifications, during the fiscal year ending December 31, 2020.

As provided in General Instruction B.2 to Form 8-K, the information furnished in Exhibit 99.1 of this Current Report on Form 8-K 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 the liabilities of that section, and such information shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	<a href="#">First Western Financial, Inc. Investor Presentation</a>
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: September 21, 2020

By: /s/ Scott C. Wylie

Scott C. Wylie

Chairman, Chief Executive Officer and President



# First Western Financial, Inc.

*The First, Western-Based Private Trust Bank*

Investor Presentation  
Stephens Bank Forum 2020



This presentation contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements reflect the current views of First Western Financial, Inc.'s ("First Western") management with respect to, among other things, future events and First Western's financial performance. These statements are often, but not always, made through the use of words or phrases such as "may," "should," "could," "predict," "potential," "believe," "will likely result," "expect," "continue," "will," "anticipate," "seek," "estimate," "intend," "plan," "project," "future," "forecast," "goal," "target," "would" and "outlook," or the negative variations of those words or other comparable words 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 First Western's industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond First Western's control. Accordingly, First Western cautions you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. Although First Western believes 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. Those following risks and uncertainties, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: the COVID-19 pandemic and its effects; integration risks in connection with acquisitions; the risk of geographic concentration in Colorado, Arizona, Wyoming and California; 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 12, 2020 and other documents we file with the SEC from time to time. All subsequent written and oral forward-looking statements attributable to First Western or persons acting on First Western's behalf are expressly qualified in their entirety by this paragraph. Forward-looking statements speak only as of the date of this presentation. First Western undertakes no obligation to publicly update or otherwise revise any forward-looking statements, whether as a result of new information, future events or otherwise (except as required by law).

Certain of the information contained herein may be derived from information provided by industry sources. The Company believes that such information is accurate and the sources from which it has been obtained are reliable; however, the Company cannot guaranty the accuracy of such information and has not independently verified such information.

This presentation contains certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. Reconciliations of non-GAAP financial measures to GAAP financial measures are provided at the end of this presentation. Numbers in the presentation may not sum due to rounding.

Our common stock is not a deposit or savings account. Our common stock is not insured by the Federal Deposit Insurance Corporation or any governmental agency or instrumentality.

This presentation is not an offer to sell any securities and it is not soliciting an offer to buy any securities in any state or jurisdiction where the offer or sale is not permitted. Neither the SEC nor any state securities commission has approved or disapproved of the securities of the Company or passed upon the accuracy or adequacy of this presentation. Any representation to the contrary is a criminal offense. Except as otherwise indicated, this presentation speaks as of the date hereof. The delivery of this presentation shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company after the date hereof.

# A Wealth Manager on Private Trust Bank Platform

## Overview

- Niche-focused regional wealth manager built on a private trust bank platform
- Headquartered in Denver, Colorado and positioned in desirable, affluent and high growth markets

## Target Market

- Households of \$1+ million liquid net worth
- High net worth and high growth markets
- Colorado, Arizona, Wyoming and California

## Competitive Advantage

- Operates as one integrated firm, not silos
- Team approach benefits clients, First Western
- Local boutique private trust bank offices with central product experts

## Company Highlights as of 6/30/2020

- |                   |                |
|-------------------|----------------|
| ▪ Assets:         | \$1.81 billion |
| ▪ Gross Loans:    | \$1.42 billion |
| ▪ Total Deposits: | \$1.41 billion |
| ▪ AUM:            | \$5.75 billion |
| ▪ Tier 1 Ratio:   | 9.67%          |
| ▪ CET 1 Ratio:    | 9.67%          |
| ▪ Leverage Ratio: | 8.30%          |
| ▪ TRBC Ratio:     | 11.84%         |



## Office Locations

**First Western Financial, Inc. (FW)**  
Financial Holding Company

**First Western Trust Bank**  
Colorado state chartered bank (14 locations)

**First Western Merger Corporation**  
State licensed insurance agency

**First Western Capital Management Co.**  
Registered investment advisor (1 location)

## First Western Market Favorability<sup>(1)</sup>

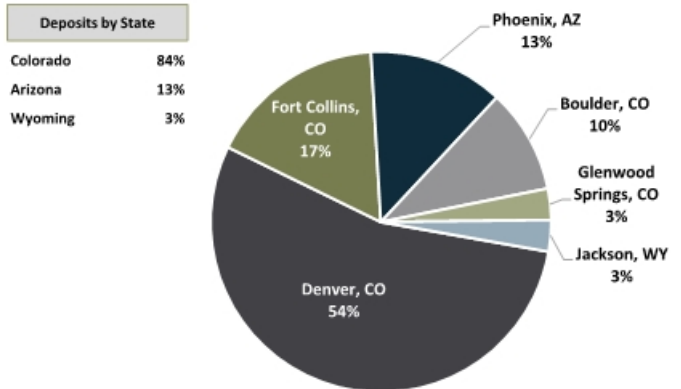
- **Colorado (2019)**
  - #4 fastest growing state with GDP CAGR of 3.6% (2014-2018)
  - #4 best state economy (Business Insider)
  - #8 best state for business (Forbes)
- **Denver, Colorado (2019)**
  - #3 best large city to start a business
  - #5 highest job growth among major cities (2010-2018)
  - #7 highest gross metro product among major cities (2012-2017)
- **Fort Collins, Colorado (2019)**
  - Gross metro product CAGR of 6.2% (2013-2018)
  - Manufacturing for Anheuser-Busch, Broadcom, Intel
- **Phoenix, Arizona (2018)**
  - Added nearly 100,000 residents from July 2017-July 2018
  - Second fastest growing metro in the U.S.

## Colorado Chartered Banks (Assets > ~\$1.0 billion)

As of March 31, 2020	Current Ownership	Total Assets (\$bn)
FirstBank	Private	20.2
NBH Bank	Public (NYSE: NBHC)	6.0
Bank of Colorado	Private (Sub. of Pinnacle Bancorp-NE)	4.6
Sunflower Bank	Private	4.3
Alpine Bank	Private	3.9
ANB Bank	Private	2.7
Citywide Banks	HTLF (Acquired in 2017)	2.3
First Western Trust Bank	Public (Nasdaq: MYFW)	1.4

(1) Source: 2019 Downtown Denver Partnership Report; Raymond James research; Ft. Collins Chamber of Commerce; City of Phoenix; U.S. Census Bureau  
 (2) Source: S&P Global Market Intelligence as of 06/30/2019.  
 (3) Percentage income growth for households with over \$200,000 in current household income (HHI).  
 Note: Demographic data provided by Nielsen per US Census data.

## Deposits by MSA<sup>(2)</sup>



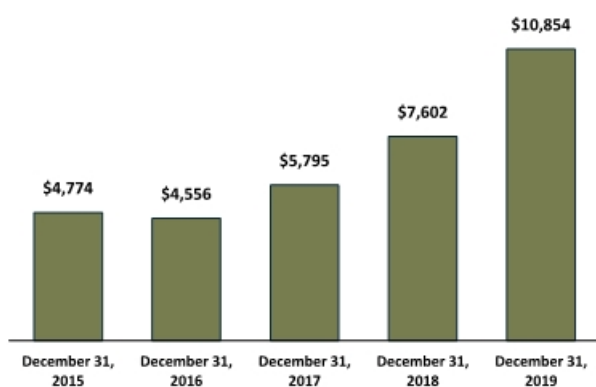
MSA	State	Market Share	Projected % Change in HHI of \$200M+ (2019-2024) <sup>(3)</sup>
Denver-Aurora-Lakewood	CO	0.64	35.49
Fort Collins	CO	2.10	44.99
Phoenix-Mesa-Scottsdale	AZ	0.12	41.62
Boulder	CO	0.94	28.76
Jackson	WY/ID	1.49	21.42
Glenwood Springs	CO	0.93	24.61
<b>National Average</b>			<b>31.93</b>

*Small market share and growing household income means lots of room to grow*

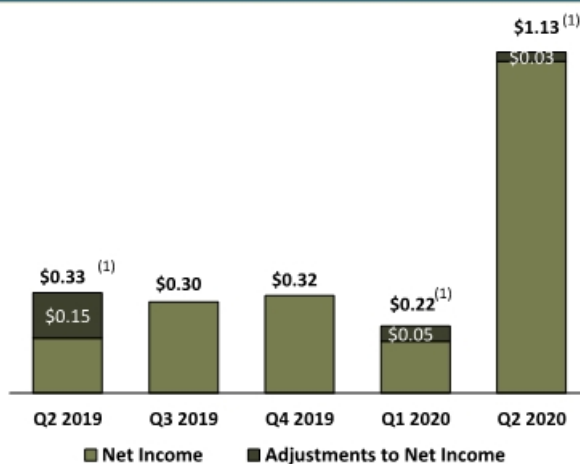
## Drivers of Improved Performance

- Robust balance sheet growth
- Higher fee income driven by robust mortgage activity
- Consistent new client acquisition activity driving growth in assets under management
- Highly leverageable operating platform driving improved efficiencies
- Outstanding asset quality and low credit costs

### 2015-2019 Pre-Tax, Pre-Provision Income<sup>(1)</sup> (\$000s)

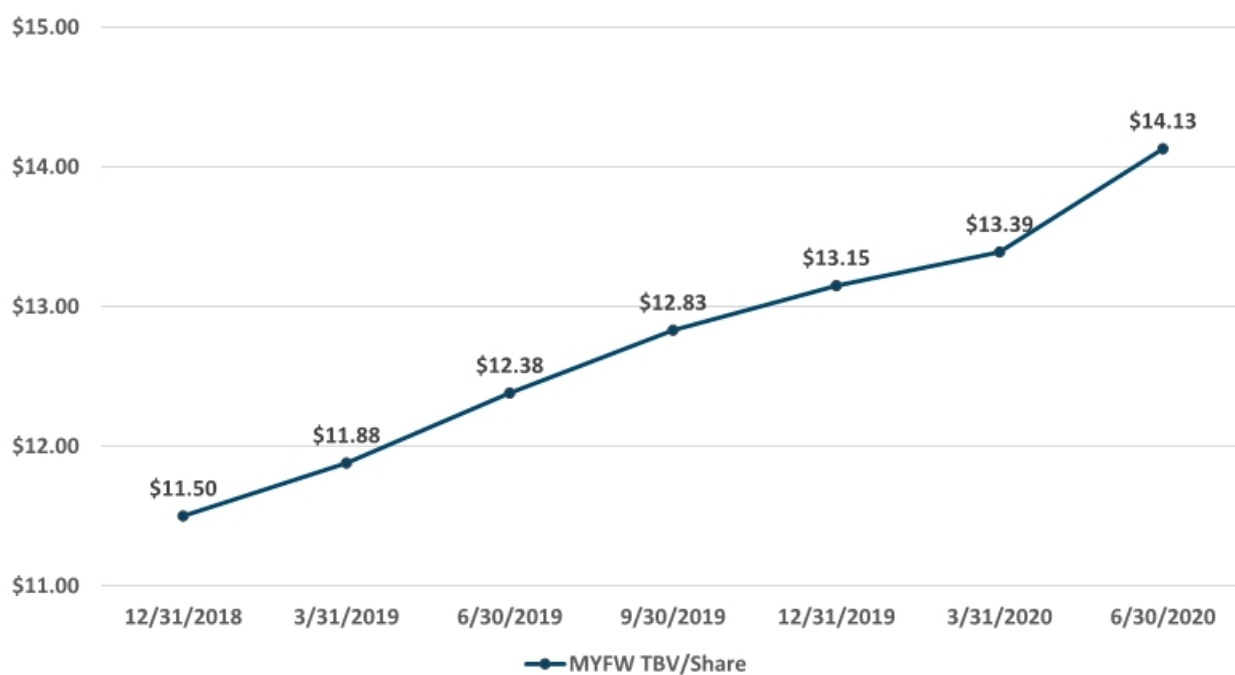


### Earnings Per Share



(1) See Non-GAAP reconciliation

## Strong Performance Creating Shareholder Value



# Improving Earnings Driving Outperformance



Source: S&P Global Market Intelligence (as of September 15, 2020)



## Franchise Overview

# MYFW: Our Five Core Strengths

## Differentiated, Proven in the Marketplace

- **Niche-focused** franchise headquartered in Denver, Colorado
- Well-positioned in many **attractive markets** in Arizona, California, Colorado and Wyoming
- **Specialized central expertise** to compete with siloed national, regional firms
- Delivered through **local, boutique trust banking teams** so clients “owned” by MYFW, not associates

## Built in Operating Leverage

- **Strong profit center margins at maturity**, growth opportunities in current and new markets
- **Revenue growth** in both fee income and net interest income, with neutral balance sheet
- Scalable, **leverageable high fixed cost Product and Support Centers**
- Operating **expense investment already in place** for growth and expansion

## Highly Desirable Recurring Fee Income

- **~50% fee income**, consistently through MYFW’s history
- Primarily **recurring** trust and investment management (“TIM”) fees
- **Low risk, “sticky” wealth/trust business** with comprehensive product offering
- **Multiple entry points with ConnectView®** – proprietary review process to service, **cross-sell**

## Experienced and Tested Team

- Executives are **major bank/professional firm trained**, with deep relationships in communities
- Achieved **growth through** business and economic **cycles**, capital constraints
- Healthy relationship with all regulators with **strong risk management** culture
- CEO with **proven track record** for creating value in previous bank ownership

## Unique Opportunity for Investors

- At critical mass but small market share, **many current and new market** opportunities
- **Proven ability to expand: (1) Organically, (2) By expansion and (3) By acquisition**
- Few large Colorado bank alternatives for investors and clients, creating **lift-out opportunities**
- Attractive revenue and earnings growth story **trading at discount to tangible book value**

*First Western’s core strengths provide the foundation for driving shareholder value*

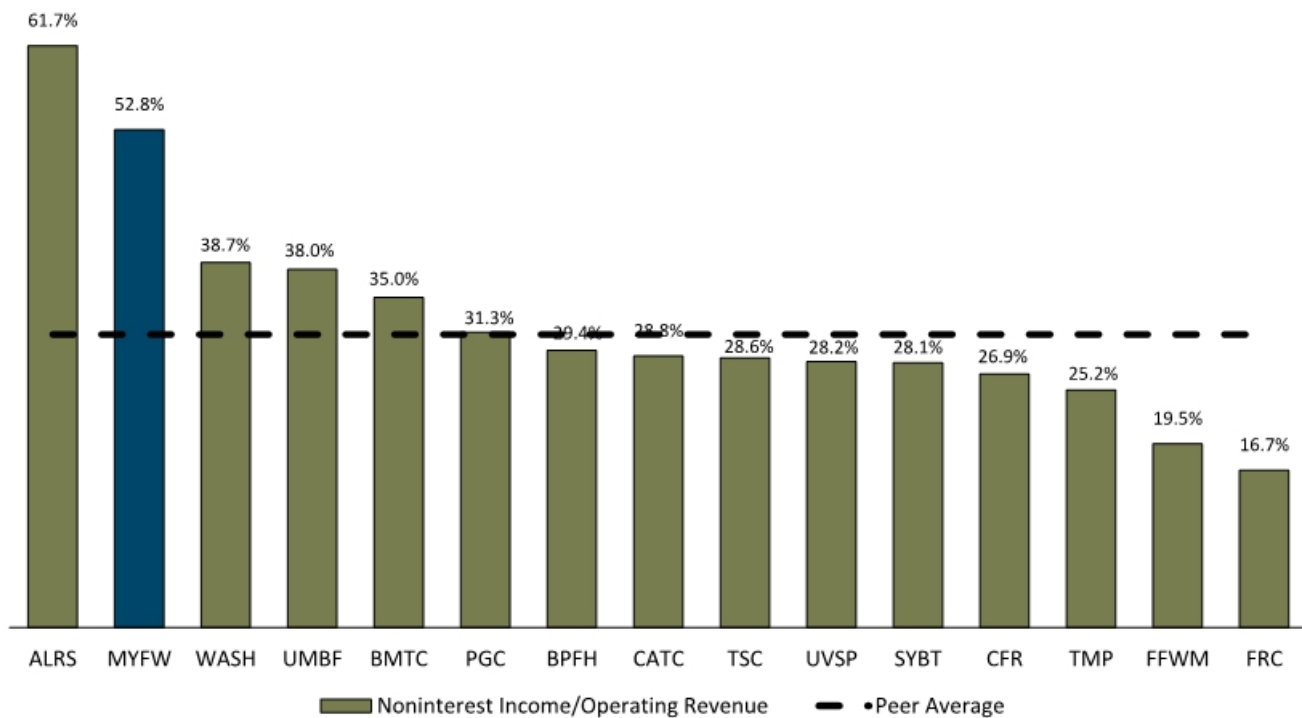


*Our local profit centers team with specialized product experts through ConnectView®*

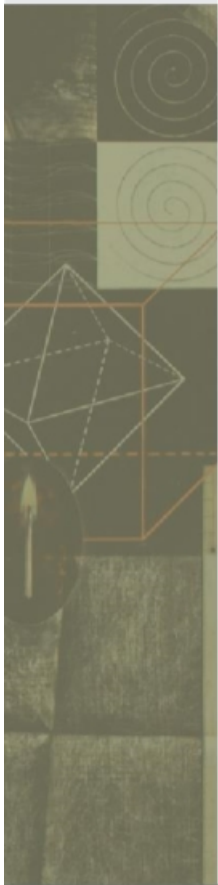
Commercial Banking	<ul style="list-style-type: none"> <li>▪ Corporate loans to match specific needs</li> <li>▪ Well-versed in working with <b>complex cash flows and business models</b></li> <li>▪ Customized treasury management products and services</li> </ul>
Retirement / 401(k) Plan Consulting	<ul style="list-style-type: none"> <li>▪ <b>Retirement plan consultants</b> partnering with businesses to sponsor retirement plans</li> <li>▪ Creative corporate retirement plan design, analysis solutions, fiduciary liability management</li> <li>▪ ERISA compliance and education</li> </ul>
Residential Mortgage Lending	<ul style="list-style-type: none"> <li>▪ Mortgage banking <b>specializing in high net worth lending</b></li> <li>▪ Underwritten to Fannie Mae and Freddie Mac guidelines</li> <li>▪ Portfolio lending and secondary sales</li> </ul>
Wealth Planning	<ul style="list-style-type: none"> <li>▪ Wealth planning with specialized services (e.g. philanthropic)</li> <li>▪ <b>Proprietary ConnectView® approach</b>, with access to CFPs, CPAs and estate planning attorneys</li> <li>▪ Charitable giving tax strategies, deferred-compensation plans, life insurance, key person insurance</li> </ul>
Investment Management	<ul style="list-style-type: none"> <li>▪ Provide a <b>broad range of asset and sub asset classes</b></li> <li>▪ Create unique solutions through internal research, proprietary and third-party investment options</li> <li>▪ Central team creates the platform for Portfolio Managers to service clients, manage accounts</li> </ul>
Trust	<ul style="list-style-type: none"> <li>▪ <b>Fiduciary wealth management</b> with expert review of client objectives, creating solutions</li> <li>▪ Irrevocable life insurance trust, conservatorship, successor trustee, directed custodial trusteeship</li> <li>▪ WY tax-exempt asset protection, special needs trusts, escrow services, family office services</li> </ul>

# Private Bank Model Generates Strong Fee Income

Half of Operating Revenue Generated by Fee Income

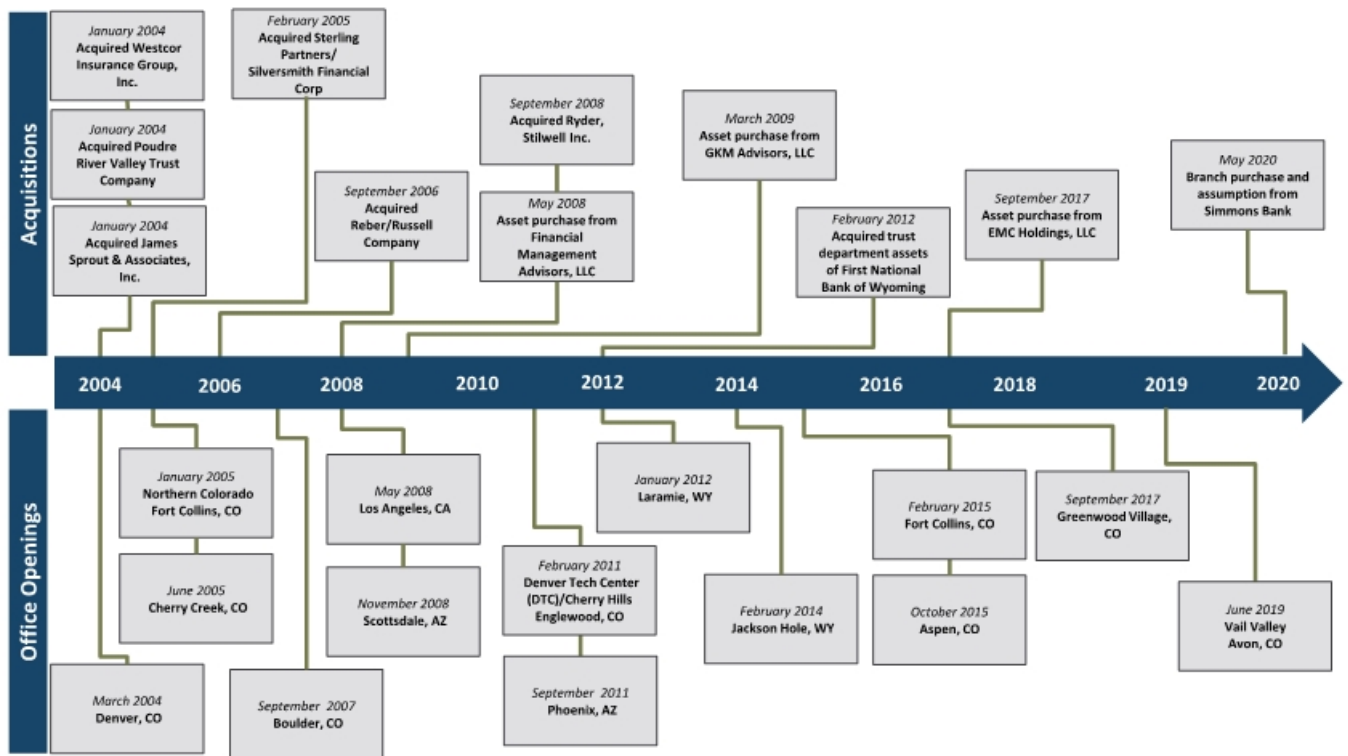


Source: S&P Global Market Intelligence (for the 12 months ended June 30, 2020)

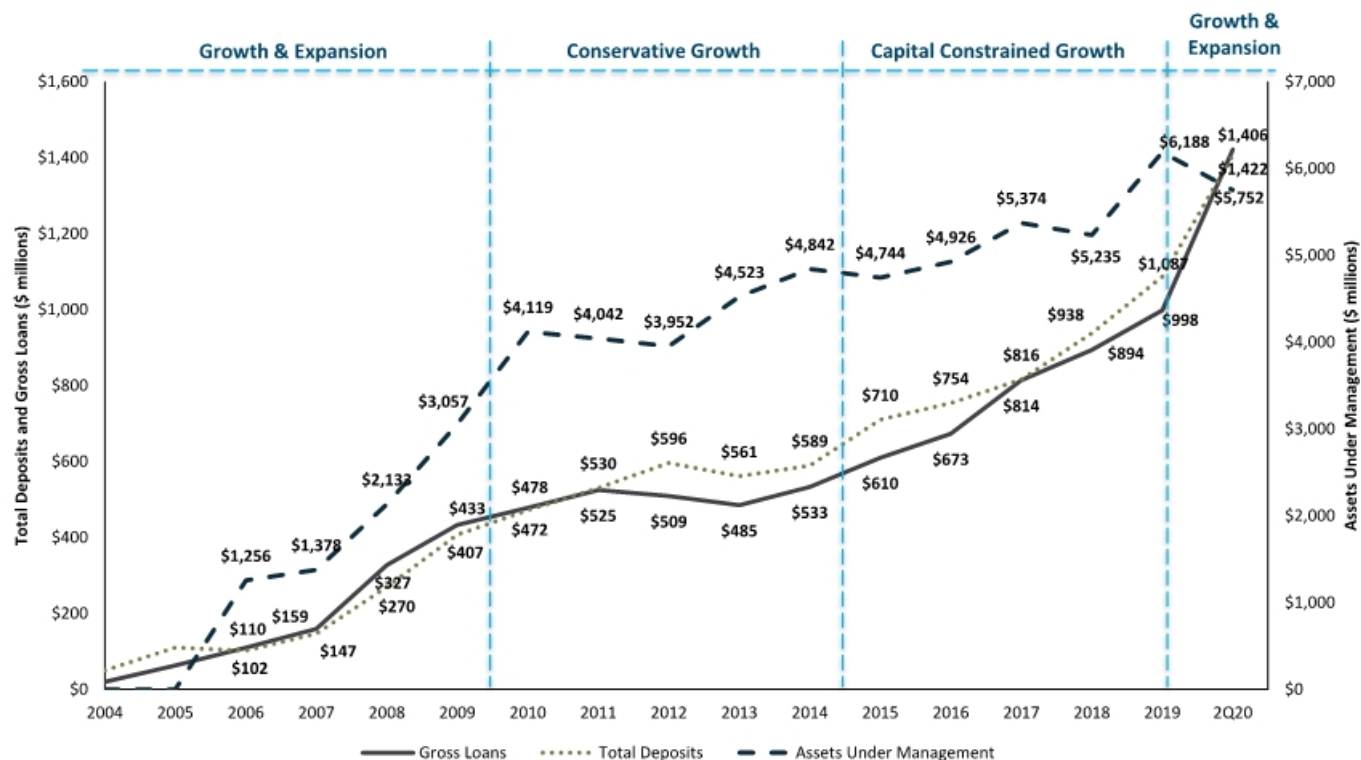


## Driving Profitable Growth

# Success in Expansion and Acquisition Growth



# Emerging From a Cycle of Capital Constraint

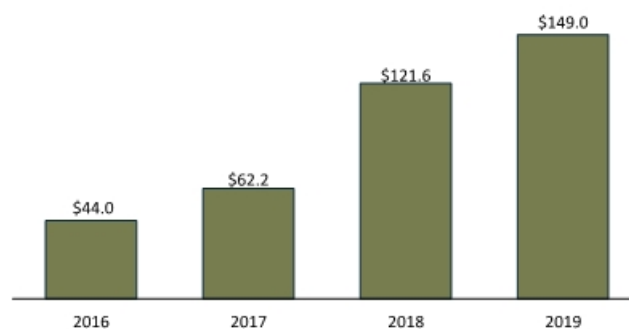


*Capital raised in July 2018 IPO has allowed for increased business development activities...*

## New Loan Production

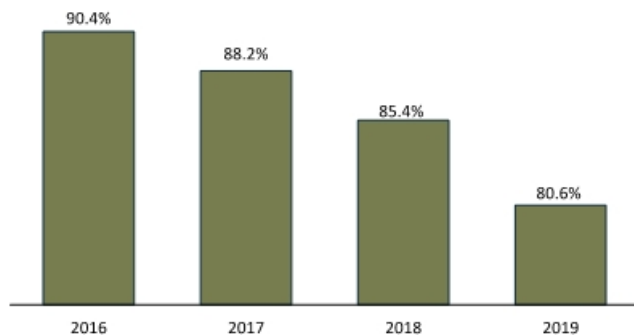


## Net Deposit Growth

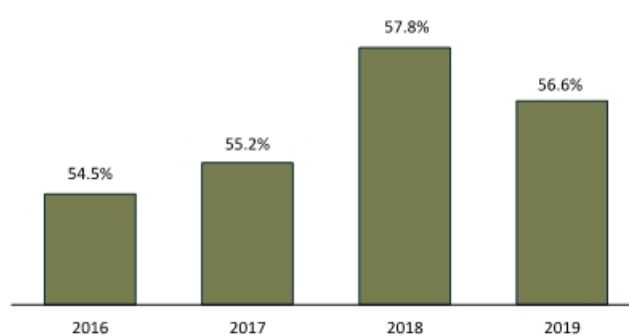


## Increased Scale and Back-Office Streamlining Driving Improved Efficiencies

Efficiency Ratio<sup>(1)</sup>



Percentage of Revenue Generating FTEs



(1) See Non-GAAP reconciliation

# Revenue Growth Strategies

## Expand commercial loan production platform

- Building expertise in specific vertical markets
- Launched medical and dental practice group in 1Q20
- Replicate same model in additional vertical markets

## Expand into new markets with attractive demographics

- Vail Valley office opened in 2019
- Building team to focus on Broomfield, CO market in 2020

## Capitalize on opportunities to add highly productive MLOs

- MLO count increased 24% in 2019
- Continuing to attract proven MLOs in 2020

## Execute on low-risk strategic transactions that add value to the MYFW franchise

- Branch acquisition deals
- Asset purchases



# Highly Accretive Branch Purchase and Assumption Expands Denver Presence

## Transaction Overview

- Acquisition of all of the Denver locations of Simmons Bank (three branches and one loan production office)
  - Three of the locations will be consolidated into an existing First Western branch
- Assumed \$65.2 million in deposits and \$123.8 million in loans related to the acquired locations
- Adds scale, an attractive client base, and banking talent
- Closed on May 18, 2020

## Financial Impact

- Expected to be highly accretive to earnings
  - 7-8% accretive in 2020, excluding pre-tax transaction charges<sup>(1)</sup>
  - 15-16% accretive in 2021<sup>(1)</sup>

<sup>(1)</sup> Accretive estimates based on December 31, 2019 data



## Recent Financial Trends

## Record Financial Performance

- Net income available to common shareholders of \$8.7 million, or \$1.10 EPS
- Gross revenue<sup>(1)</sup> of \$26.2 million, up 57.0% from 1Q20
- Book value, and tangible book value<sup>(1)</sup>, per share increased 8.0% and 5.5%, respectively, from 1Q20

## Strong Balance Sheet Growth and Stable Asset Quality

- Strong Balance Sheet growth with a combination of PPP, branch acquisition and organic growth
  - Gross loans increased 36.3% from 1Q20
  - Total deposits increased 19.4% from 1Q20
- Non-performing loans increased just \$1.0 million, NPA to total assets down 15 bps to 0.67%

## Record Quarter of Mortgage Production

- Total residential mortgage originations of \$344.3 million
- Net gain on mortgage loans of \$10.2 million

## Completion of Branch Purchase and Assumption Agreement

- Earlier than anticipated closing reduced deposit premium by 1%
- Smooth integration of new employees and clients
- Updated review of acquired loans prior to closing resulted in adversely graded loans not being purchased in the branch acquisition
- Branch consolidation to occur during 3Q20

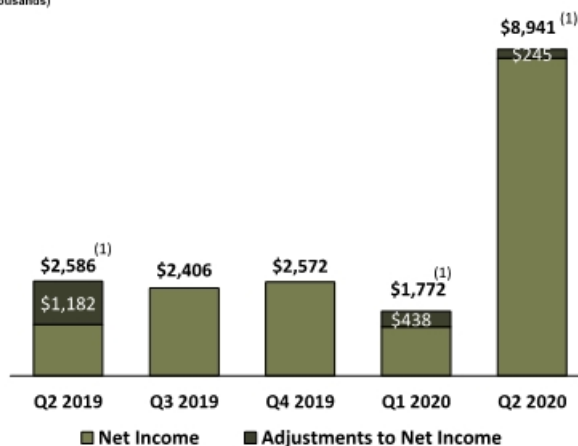
(1) See Non-GAAP reconciliation

# Net Income Available to Common Shareholders and Earnings per Share

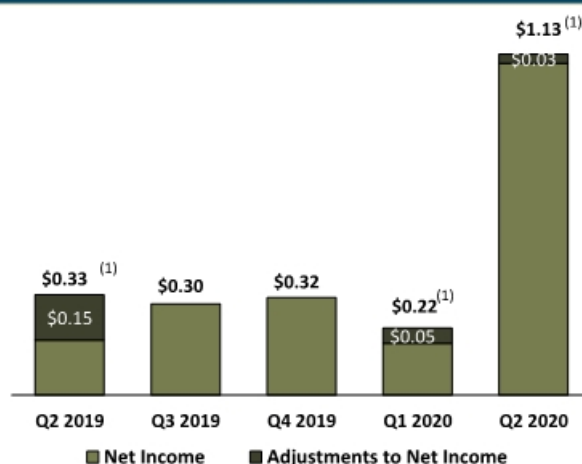
- Record financial performance despite impact of COVID-19 pandemic
- Financial results impacted by \$0.2 million (or \$0.03 per diluted share)<sup>(1)</sup> in tax effected acquisition-related expenses related to branch acquisition
- Net income of \$8.7 million, or \$1.10 diluted earnings per share, in 2Q20

## Net Income Available to Common Shareholders

(In thousands)



## Earnings per Share



(1) See Non-GAAP reconciliation

- Total loans held-for-investment (HFI) increased \$381.7 million, or 36.6% from prior quarter
  - PPP contributed \$191.7 million
  - Branch acquisition contributed \$123.8 million
- Non-PPP organic loan growth, including Mortgage loans held for sale of \$71.7 million
- Strongest growth in C&I, CRE, Construction, and Cash, Securities and Other portfolios

## Loan Portfolio Composition<sup>(2)</sup>

(In thousands, as of quarter-end)

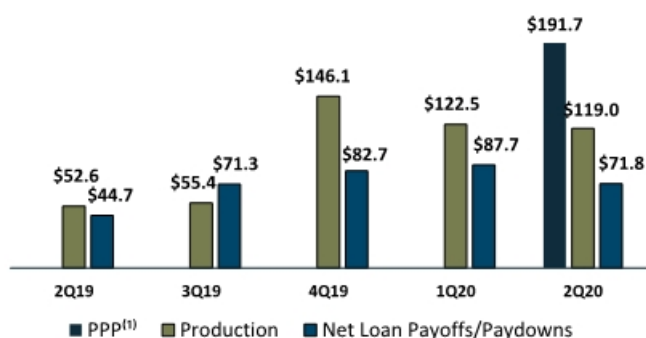
	2Q 2019	1Q 2020	2Q 2020
Cash, Securities and Other	\$149,503	\$147,157	\$371,111
Construction and Development	40,826	25,461	74,793
1 - 4 Family Residential	373,836	412,306	418,409
Non-Owner Occupied CRE	152,664	192,350	229,150
Owner Occupied CRE	112,660	121,138	117,426
Commercial and Industrial	108,516	144,066	213,271
<b>Total Loans HFI</b>	<b>\$938,005</b>	<b>\$1,042,478</b>	<b>\$1,424,160</b>
Mortgage loans held for sale	36,289	64,120	69,604
<b>Total Loans</b>	<b>\$974,294</b>	<b>\$1,106,598</b>	<b>\$1,493,764</b>

(1) Bank originated

(2) Excludes deferred costs, and amortized premium/(unaccreted discount), net

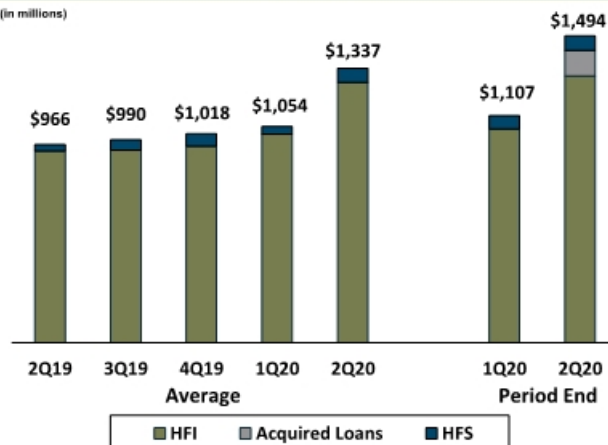
## Loan Production & Net Loan Payoffs/Paydowns

(in millions)



## Total Loans<sup>(2)</sup>

(in millions)



# Total Deposits

- Total deposits increased \$228.5 million, or 19.4%, from end of prior quarter
- Branch acquisition contributed \$65.2 million in deposits at quarter end
- PPP contributed to \$62.4 million in deposits at quarter end
- Growth almost entirely attributable to increases in noninterest-bearing and money market accounts
- Non-maturity deposits increased to 89.1% of total deposits in 2Q20 from 82.5% in 2Q19

## Deposit Portfolio Composition

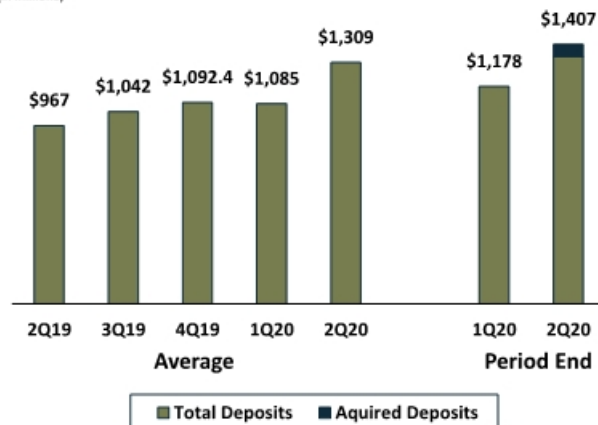
(In thousands, as of quarter-end)

	2Q 2019	1Q 2020	2Q 2020 <sup>(1)</sup>
Money market deposit accounts	\$508,263	\$671,641	\$759,997
Time deposits	176,128	150,190	152,897
NOW	88,687	82,092	88,560
Savings accounts	2,833	3,923	7,415
Noninterest-bearing accounts	229,266	270,604	398,063
<b>Total Deposits</b>	<b>\$1,005,177</b>	<b>\$1,178,450</b>	<b>\$1,406,932</b>

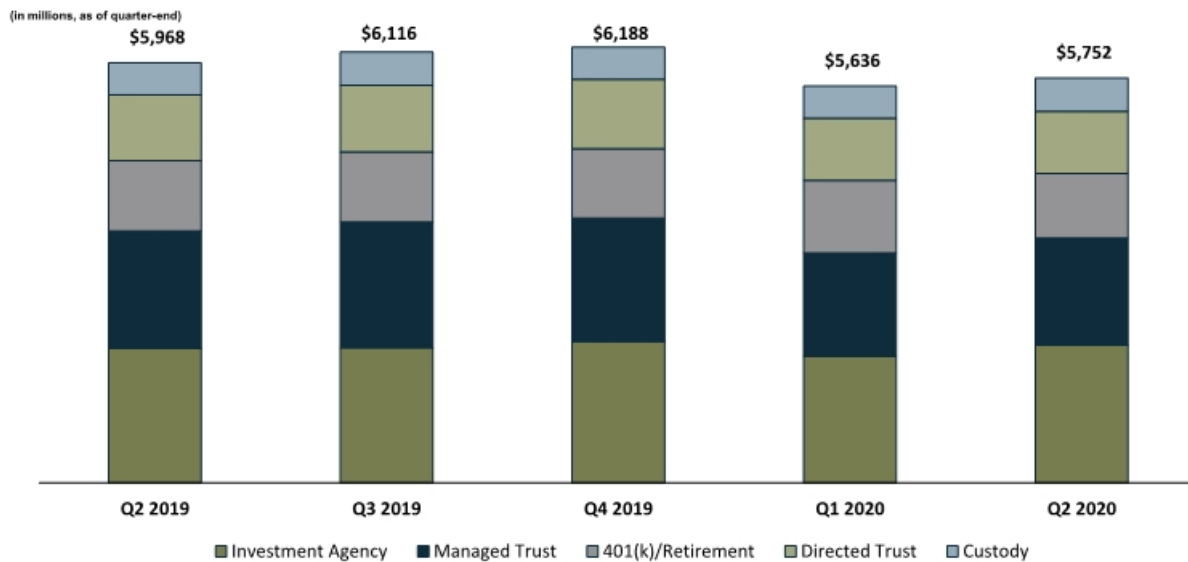
(1) PPP related deposits accounted for \$62.4 million of total deposit balances at 6/30/20

## Total Deposits

(in millions)

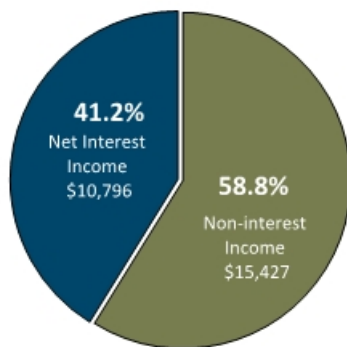


- Total assets under management increased \$115.9 million from March 31, 2020 to \$5.75 billion at June 30, 2020
- Increase was primarily attributable to improving market conditions



- Gross revenue<sup>(1)</sup> increased 57.0% from 1Q20
- Strong year-over-year growth in both net interest income and non-interest income

2Q20 Gross Revenue<sup>(1)</sup>



Gross Revenue<sup>(1)</sup> (\$millions)



(1) See Non-GAAP reconciliation

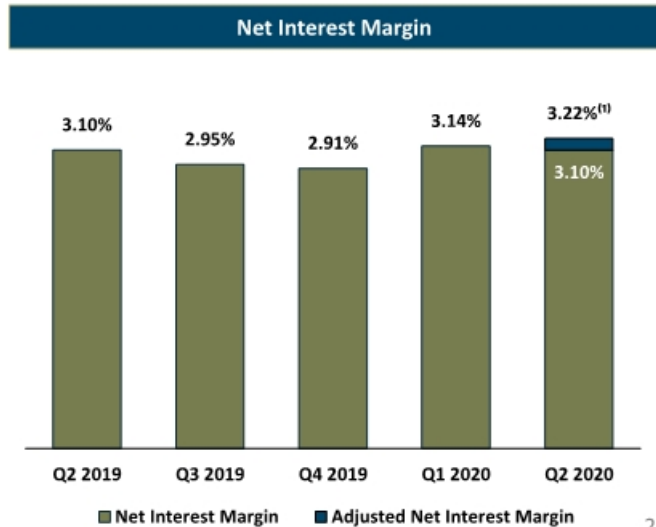
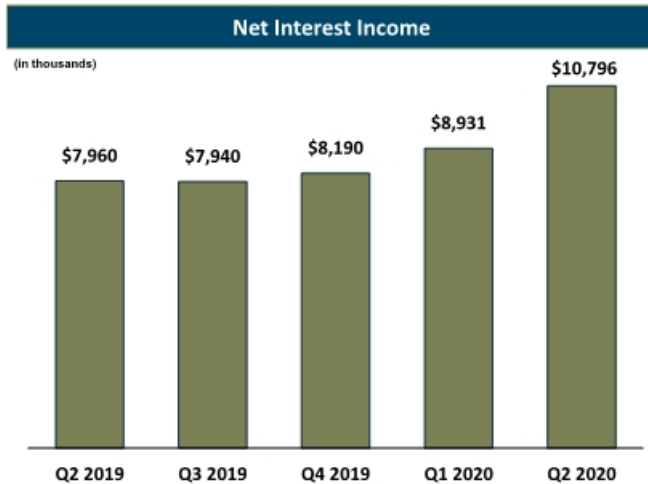




FIRSTwestern

## Net Interest Income & Net Interest Margin

- Net interest income increased 20.9% from 1Q20, due to three primary factors: \$0.7 million from branch acquisition, \$0.6 million from PPP loans and \$0.6 million from higher average loan balances attributed to organic growth
- Net interest margin decreased to 3.10%, due to a 46 bp decline in earning asset yields
- Cost of deposits decreased 48 bps to 0.40% from 0.88% in 1Q20
- Net interest margin, excluding impact of PPP<sup>(1)</sup>, was 3.22% in 2Q20



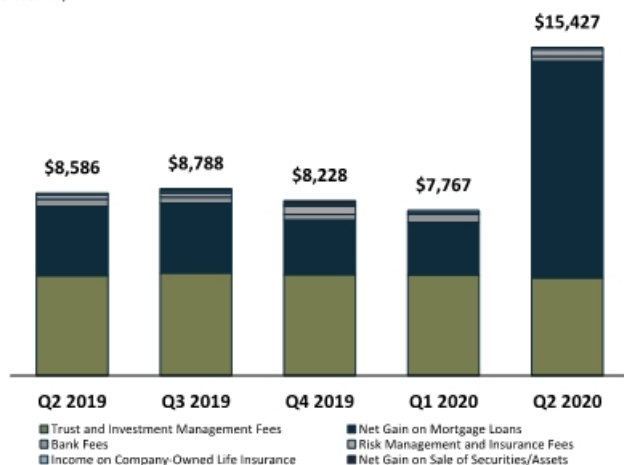
(1) See Non-GAAP reconciliation

# Non-Interest Income

- Non-interest income increased 98.6% from 1Q20
- Increase primarily due to record quarter of net gain on mortgage loans
- Increase in risk management and insurance fees offset slight decline in trust and investment management fees

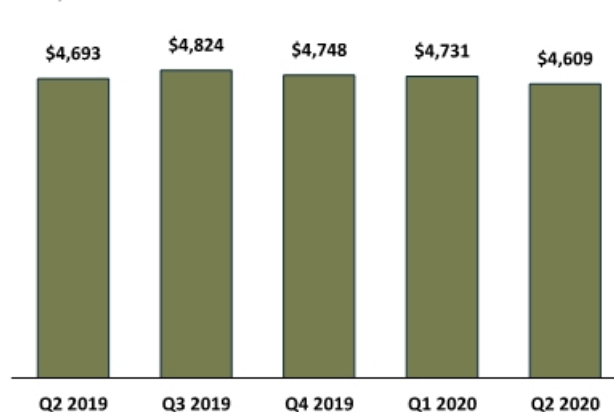
**Total Non-Interest Income**

(in thousands)



**Trust & Investment Management Fees**

(in thousands)

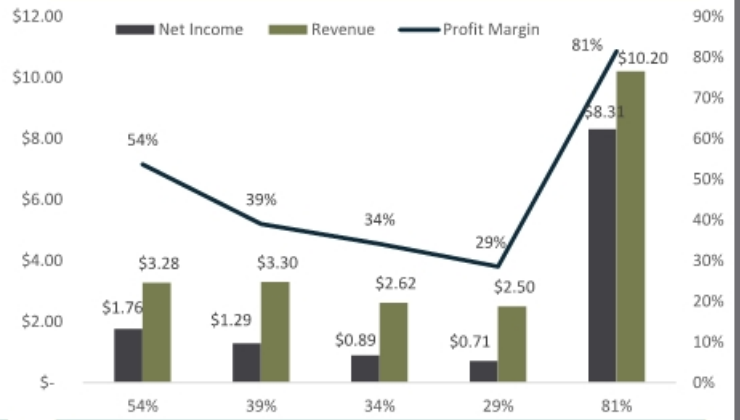


- Record mortgage originations in 2Q20
- Refi/Purchase mix of 73%/27% in 2Q20, compared to 63%/37% in 1Q20 and 30%/70% in 2Q19
- Mortgage sale margins have increased by 27.8% from 2Q19 to 2Q20 to 81.5%

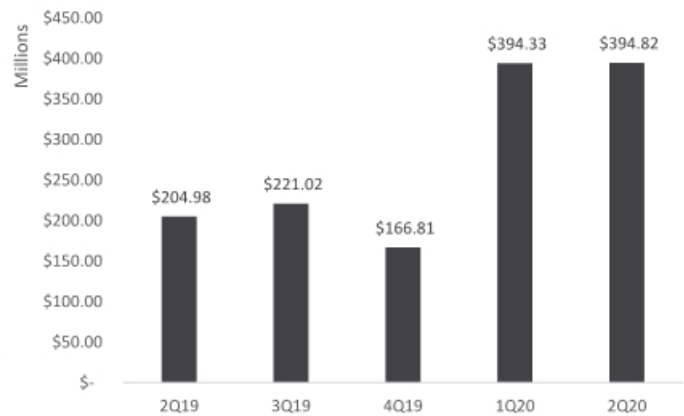
## Mortgage Originations



## Profit Margin



## Mortgage Loan Locks

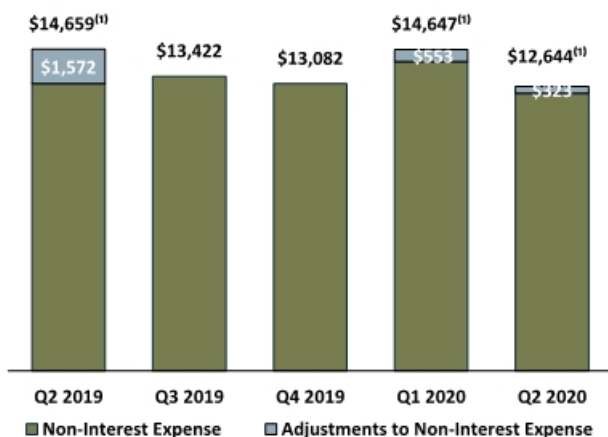


## Non-Interest Expense and Efficiency Ratio

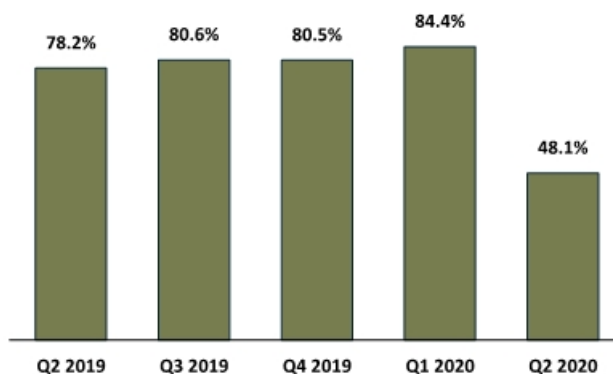
- Non-interest expense decreased 13.7% from 1Q20
- Decrease was attributable to the capitalization of \$2.9 million in PPP loan origination expense that will be amortized over the expected 24-month life of the loans, or earlier as borrowers receive forgiveness.
- Non-interest expense in 2Q20 included \$0.3 million in pretax expense related to branch acquisition
- Balance sheet growth and mortgage activity accelerated improvement in efficiency ratio
- Following branch consolidations in 3Q20, run rate for non-interest expense expected to range from \$15.3-\$15.7 million per quarter

Total Non-Interest Expense

(In thousands)



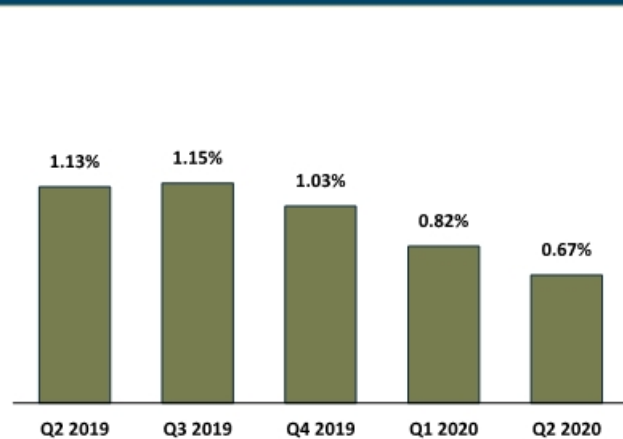
Operating Efficiency Ratio<sup>(1)</sup>



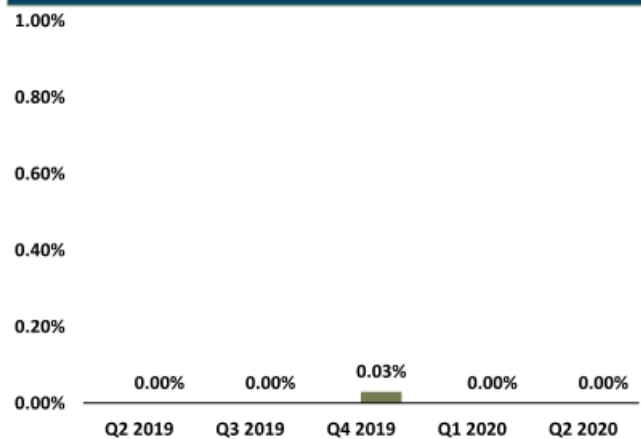
(1) See Non-GAAP reconciliation

- Non-performing assets increased by \$1.0 million, but declined as a percentage of total assets to 0.67% from 0.82% in 1Q20
- Minimal charge-offs in the quarter
- \$1.1 million discount based on fair value of loans added through branch acquisition

Non-Performing Assets/Total Assets

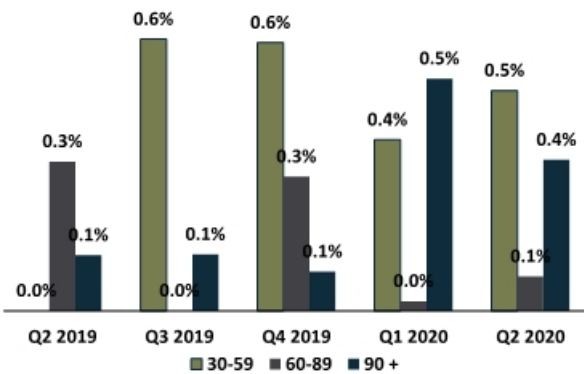


Net Charge-Offs/Average Loans

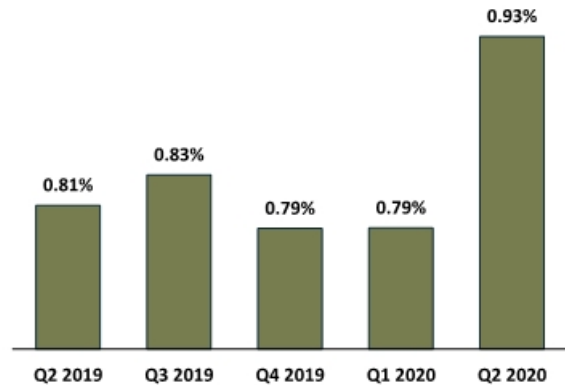


- \$2.1 million provision expense resulting from an increase based on the additional variability surrounding the COVID modifications made during the quarter and increased economic uncertainty.
- Increased loan level reviews and portfolio monitoring
- Past due loans as a % of total loans remains steady

**Total Past Due as a % of Total Loans**



**ALLL/ Adjusted Total Loans<sup>(1)</sup>**



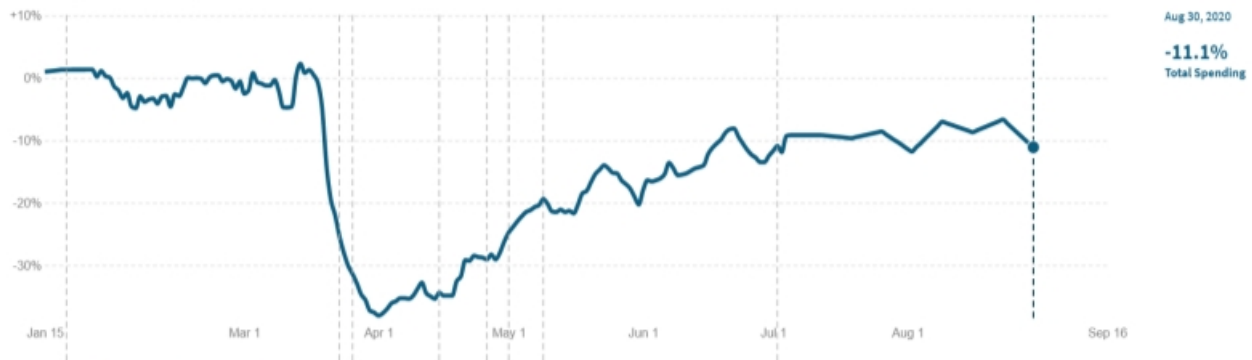
(1) Adjusted Total Loans – Total Loans minus PPP loans and Acquired Loans



## COVID-19 Impact Overview

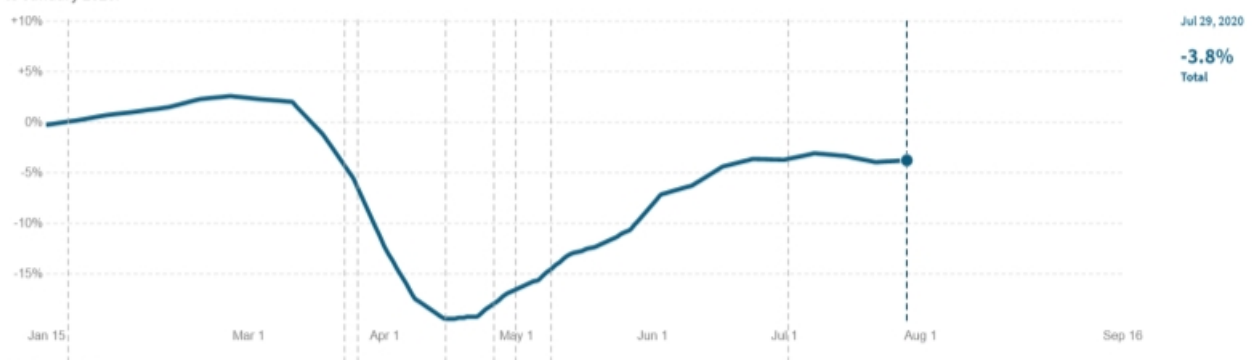
## Percent Change in All Consumer Spending\*

In **Colorado**, as of August 30 2020, total spending by all consumers decreased by **11.1%** compared to January 2020.



## Percent Change in Employment\*

In **Colorado**, as of July 29 2020, employment rates decreased by **3.8%** compared to January 2020.





# Paycheck Protection Program Overview

- \$204.6 million in total PPP loans originated, including \$12.9 million purchased PPP loans
- 281 new relationships added, total loans of \$93.0 million
- \$2.4 million <sup>(2)</sup> income remaining to be recognized <sup>(1)</sup>
- Amortizing PPP fees and loan origination expense over 24-month life of loans but expected to be recognized in the second half of 2020 as the borrowers apply for forgiveness

## Impact on 2Q20 Financials <sup>(2)</sup>

(\$ in Millions)	At or for the three months ended 6/30/20
<b>Total Loans</b>	\$204.6
<b>Average Loan Size</b>	\$0.3
<b>Total Deposits</b>	\$62.4
<b>PPPLF Advances</b>	\$204.3
<b>Net Interest Margin Impact</b>	-12 bps

(\$ in Millions)	
<b>Net Interest Income</b>	
Amortization of SBA Fee Income and Deferred Loan Origination Expense <sup>(3)</sup>	\$0.3
Interest Income from PPP loans, less PPPLF funding cost	\$0.3
<b>Net Interest Income</b>	<b>\$0.6</b>
<b>Expense: Salaries &amp; Employee Benefits</b>	
Deferred Loan Origination Expense	(\$2.9)
<b>Net Impact of PPP</b>	<b>\$3.5</b>

(1) Includes \$5.0 million in SBA fee income less \$2.6 million of deferred loan origination expense

(2) All numbers represented do not include the impact of taxes

(3) The deferred loan origination expenses are recorded in non-interest expenses (Salaries and Benefits) and amortized through net interest income

# Loan Modification Overview

- Modified 98 loans totaling \$176.9 million during 2Q20, including \$30.8 million acquired with branch acquisition
- New deferral requests have slowed considerably, offering on exception basis only as of June 30
  - One new loan modification made in July and one expected in September
- Most initial modifications were for either 90 or 180 days
- Modified loan balances have declined by 51% during 3Q20
  - Only one modified loan has been granted a second 90-day deferral (\$750,000)

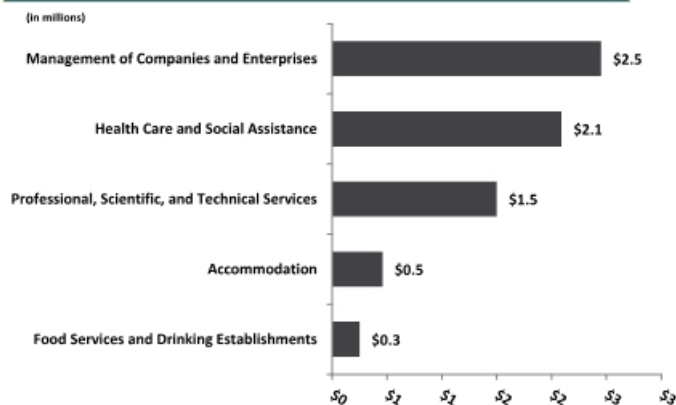
	As reported June 30, 2020			As of August 31, 2020		
	Modified Loan Balances	Loan Count	% of Loans (ex. PPP)	Modified Loan Balances	Loan Count	% of Loans (ex. PPP)
Commercial Real Estate	\$83.0 million	40	6.8%	\$68.1 million	37	5.4%
Commercial & Industrial	\$42.5 million	18	3.5%	\$5.3 million	6	0.4%
1-4 Family	\$41.7 million	31	3.4%	\$12.2 million	10	1.0%
All Other	\$9.7 million	9	0.8%	\$1.5 million	1	0.1%
<b>Total</b>	<b>\$176.9 million</b>	<b>98</b>	<b>14.5%</b>	<b>\$87.1 million</b>	<b>54</b>	<b>6.9%</b>

## Portfolio Loan Level Reviews

- Borrowers providing current financials and cash flow forecasts
- Increased monitoring and oversight
- Identify emerging issues early

Modified Loan Characteristics (as of August 31, 2020)	
Commercial / Consumer Mix	89% / 11%
Total Modified Loans	\$87.1 million
Number of Loans	54
Average Loan Size	\$1.6 million
Loan-to-Value (Avg)	48%
Seasoning (Avg)	3.2 years

### Modified C&I Loans by Industry Exposure

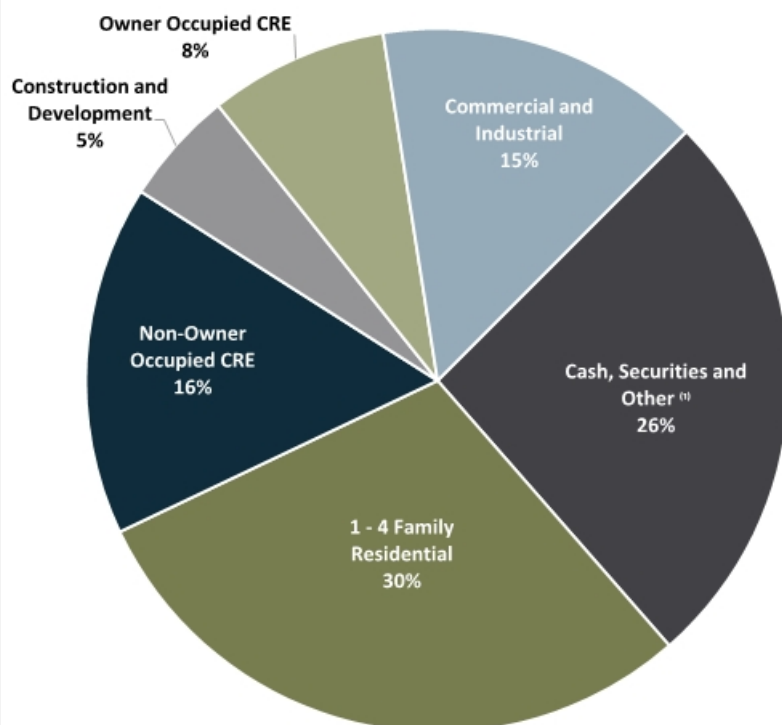


### Modified CRE Loans by Collateral Type

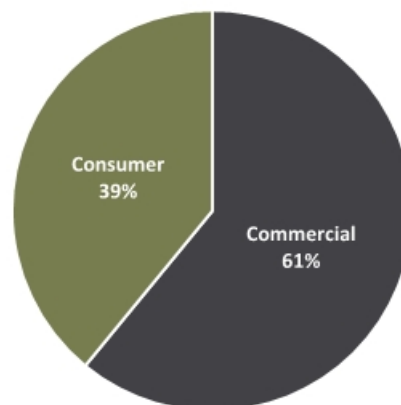


# Loan Portfolio Composition

**\$1.4 Billion**  
(as of 6/30/20)



## Commercial vs. Consumer

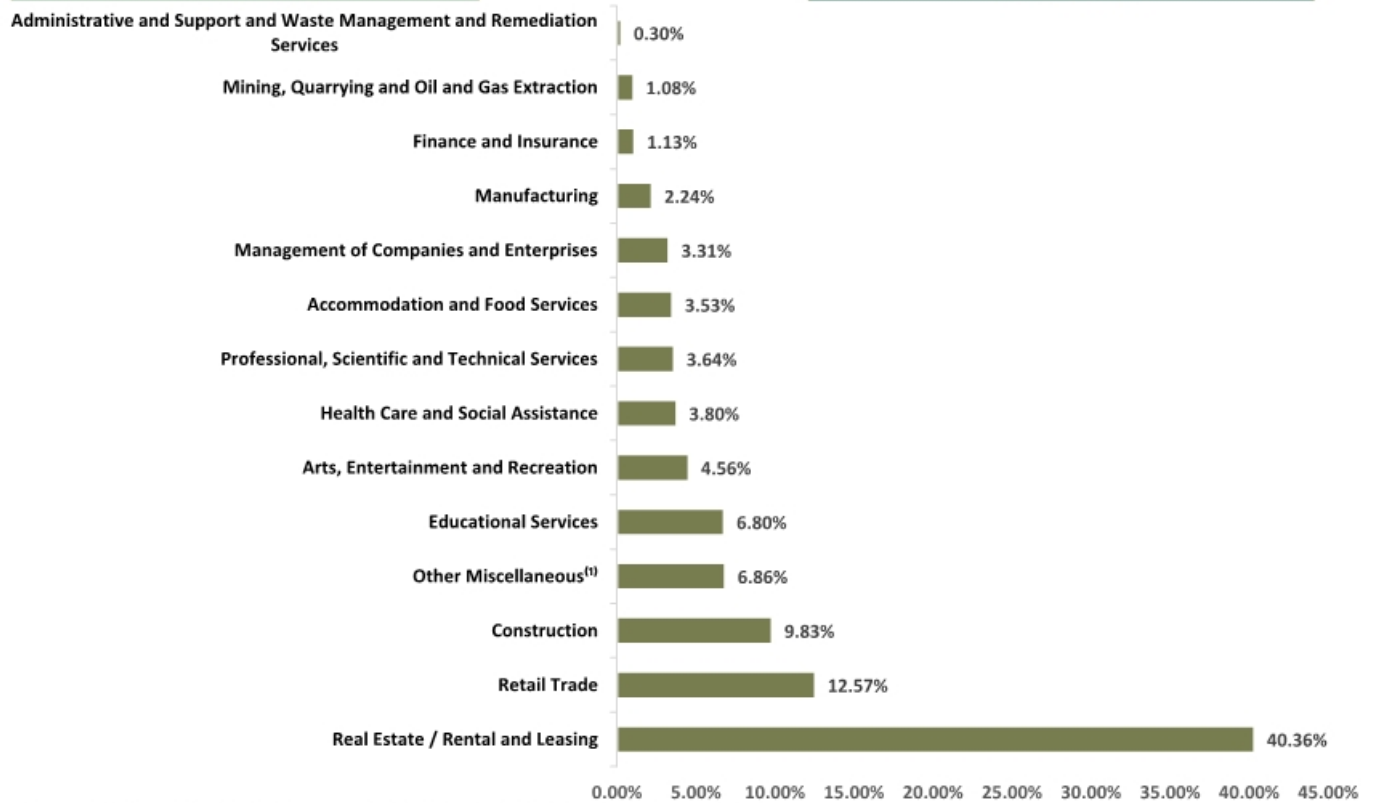


<sup>(1)</sup> PPP loans accounted for \$204.6 million of total loans, including \$12.9 of acquired PPP at 6/30/20

# Commercial Loans by Industry<sup>(2)</sup>

**\$785.2 Million**  
(as of 6/30/20)

**Industry as a Percentage of Commercial Loans**  
(as of 6/30/20)



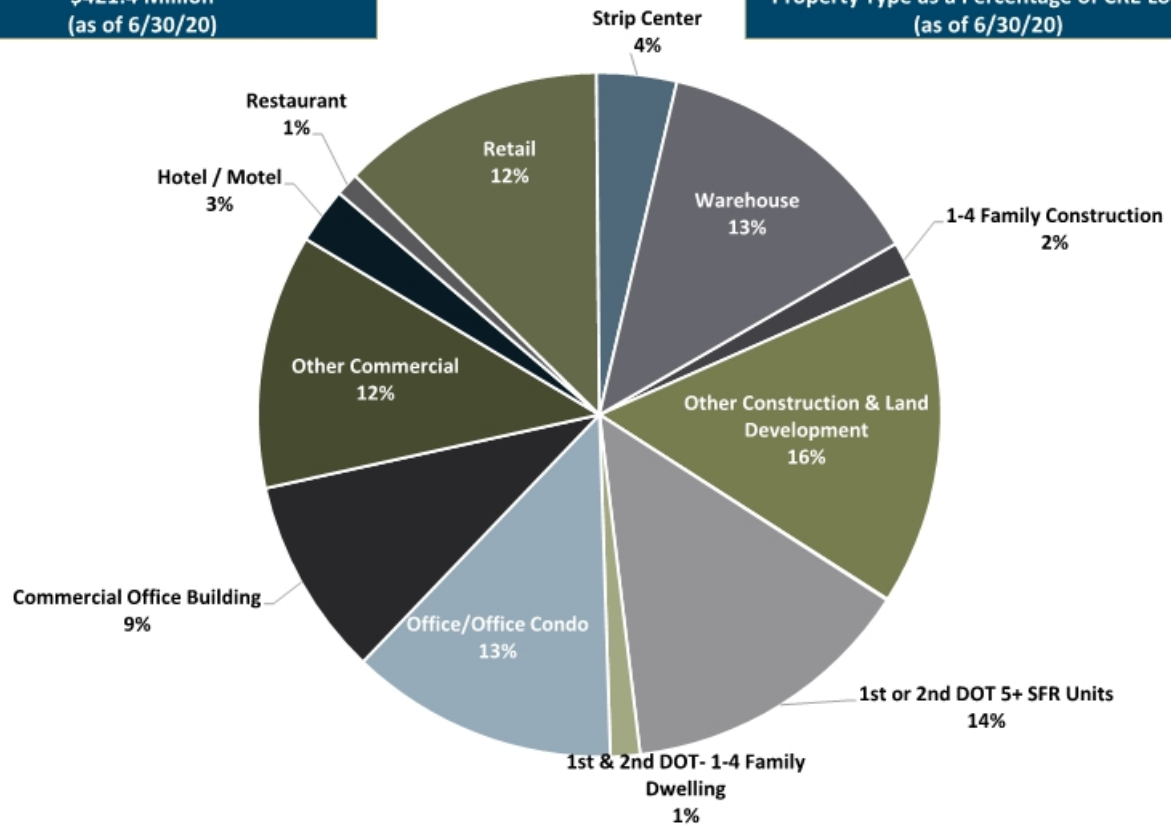
(1) Represents the aggregate of individual industries; no one industry is more than 2% of Commercial loans

(2) Excludes PPP loans

# CRE<sup>(1)</sup> Loans By Property Type

**\$421.4 Million**  
(as of 6/30/20)

**Property Type as a Percentage of CRE Loans**  
(as of 6/30/20)



(1) Commercial Real Estate including Owner Occupied, Non-Owner Occupied, and Construction and Development

# CRE Portfolio Characteristics and Underwriting

Portfolio Characteristics - CRE	
Loan Balances Outstanding (6/30/20)	\$421.4 million
Number of Loans	219
Average Loan Size	\$1.9 million
Loan-to-Value (Avg)	47.4%
Seasoning (Avg)	3 years
Net Charge-offs in 2019 & 2020	0.00%

## Underwriting Criteria

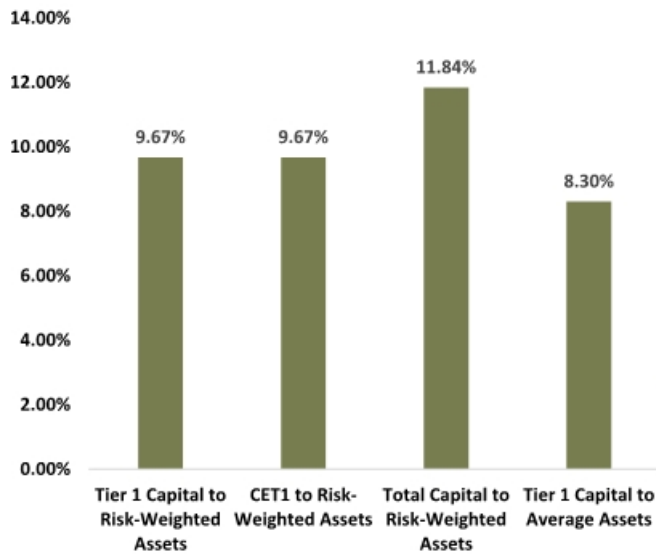
- We require our CRE loans to be secured by seasoned and well-managed properties with adequate margins
- We generally obtain a guaranty from experienced owners and managers with outside cash flows and/or other assets
- Loan amounts generally do not exceed 80% or 75% of the property's appraised value for owner-occupied and non-owner occupied, respectively
- Aggregate debt service ratios, including the guarantor's cash flow and the borrower's other projects, are required by policy to have a minimum annual cash flow to debt service ratio of 2.0x

## Exposure to Stressed Industries (as of 6/30/20)

Industry Exposure	Outstanding Balances (\$ in millions)	% of Total Loans	Unused Commitments (\$ in Millions)	Portfolio Characteristics
Energy Related	\$8.4	0.6%	\$16.3	<ul style="list-style-type: none"> <li>Indirect business or personal exposure to energy industry</li> <li>Collateral type: 54% IM accounts, 32% life insurance, 14% other assets</li> </ul>
Accommodations	\$17.7	1.2%	\$5.7	<ul style="list-style-type: none"> <li>Portfolio consists of eight loans</li> <li>Largest loan is in prominent geographic region with multiple sources of repayment and personal guarantee</li> </ul>
Food Service, Drinking Establishments	\$9.8	0.7%	\$2.8	<ul style="list-style-type: none"> <li>Portfolio consists of nineteen borrowers</li> <li>Average loan balance of approximately \$517,000</li> <li>Includes loans directly to restaurants and those with &gt; 50% cash flows from restaurants</li> </ul>



## Consolidated Capital Ratios (as of 6/30/20)



## Liquidity Funding Sources (as of 6/30/20)

### Liquidity Reserves:

Total Available Cash	\$190,159,663
Unpledged Investment Securities	\$ 42,123,068

### Borrowed Funds:

#### Unsecured:

Credit Lines	\$ 54,000,000
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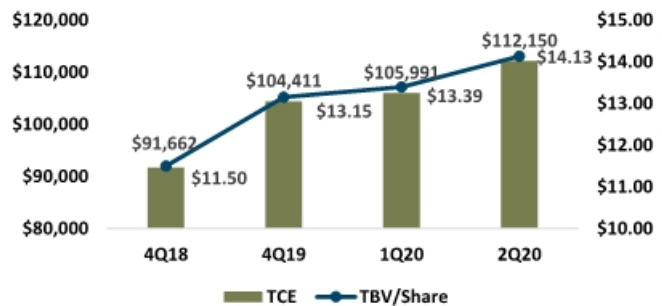
#### Secured:

FHLB Available	\$402,470,791
FRB Available	\$ 1,174,905
Brokered Remaining Capacity	\$209,154,867

<b>Total Liquidity Funding Sources</b>	<b>\$899,083,294</b>
<b>Loan to Deposit Ratio</b>	<b>101.1%</b>

## Tangible Common Equity / TBV Per Share<sup>(1)</sup>

(in thousands)



(1) See Non-GAAP reconciliation



## Creating Additional Shareholder Value

- Healthy loan pipeline should continue to drive organic loan growth in second half of 2020
- Strong mortgage originations continuing in 3Q20
- Net interest margin expected to expand as earning asset yields stabilize and deposit costs continue to decline
- Positive trends in fee income resulting from higher AUM
- Asset quality continues to show strength despite continuation of pandemic
- Initial synergies realized from branch acquisition

# Long-Term Goals to Drive Shareholder Value

- **Drive to \$5 billion in total assets, \$25 billion TIM assets through both organic growth and acquisitions**
  - ~50 offices
  - \$7-8 million in revenue per office
  - 60% contribution margin per office
- **Build footprint, scale and operating leverage with M&A**
  - Capital and earnings accretive
- **Create, roll out virtual private bank**
  - Robo advisor tied to bank
  - “Buy up” into expert advice
- **Upgrade wealth management platform**
  - Fully integrated front end
- **Sell wholesale TIM services to other banks**

*Our mission is to be the BPBFWWMC – Best Private Bank for the Western Wealth Management Client*  
*We believe First Western can be a unique, niche focused regional powerhouse with high fee income and consistent strong earnings from our scalable wealth management platform*

## A Unique and Attractive Investment

*MYFW's core strengths provide the foundation for driving shareholder value*

**Differentiated, Proven in the Marketplace**

**Built-in Operating Leverage**

**Highly Desirable Recurring Fee Income**

**Experienced, Tested Team**

**Unique Opportunity for Investors**



## Appendix



## Organizational Overview

## Team: Ready to Take MYFW to the Next Level

Name	Title	Years at FW	Years in Industry	Prior Experience
Scott C. Wylie	Chairman, CEO & President	18	33	<ul style="list-style-type: none"> <li>Chairman &amp; CEO, Northern Trust Bank of Colorado</li> <li>Chairman &amp; CEO, Trust Bank of Colorado</li> <li>CEO, Equitable Bancshares of Colorado and Women's Bank, Chairman, Equitable Bank</li> <li>Chairman, American Fundware</li> <li>President &amp; CEO, Bank and Trust of Puerto Rico</li> <li>Associate, First Boston Corporation</li> </ul>
Julie A. Courkamp	Chief Financial Officer & Treasurer	14	20	<ul style="list-style-type: none"> <li>Assurance services with PricewaterhouseCoopers</li> <li>Executive roles within First Western with responsibility for Accounting &amp; Finance, Risk, Technology and Operations</li> </ul>
John E. Sawyer	Chief Investment Officer	3	27	<ul style="list-style-type: none"> <li>Chief Investment &amp; Fiduciary Officer, BBVA Compass Bank</li> <li>President &amp; COO, Florida-based boutique wealth management firm</li> <li>Executive with Credit Suisse, Morgan Keegan &amp; Co., and First Tennessee Capital Markets</li> </ul>
Scott J. Lawley	Chief Credit Officer	2	33	<ul style="list-style-type: none"> <li>Sr. Credit Officer &amp; Segment Risk Officer, Huntington National Bank</li> <li>Credit advisor, chief underwriter, CRE credit officer PNC Bank, US Bank</li> <li>Lending positions with Fleet Bank</li> </ul>
Josh M. Wilson	Regional President, CO / WY	8	21	<ul style="list-style-type: none"> <li>CFO, international oil and gas operating company</li> <li>PC President at First Western</li> <li>Executive with Bank One, JP Morgan and Vectra Private Bank</li> </ul>
Dan C. Thompson	Regional President, AZ / CA	16	27	<ul style="list-style-type: none"> <li>Team Leader within Private Wealth Advisors , Merrill Lynch</li> <li>Positions in the High Net Worth and Q.A. group, Charles Schwab &amp; Co.</li> </ul>

***Senior management team upgraded over past year to prepare for next phase of growth***

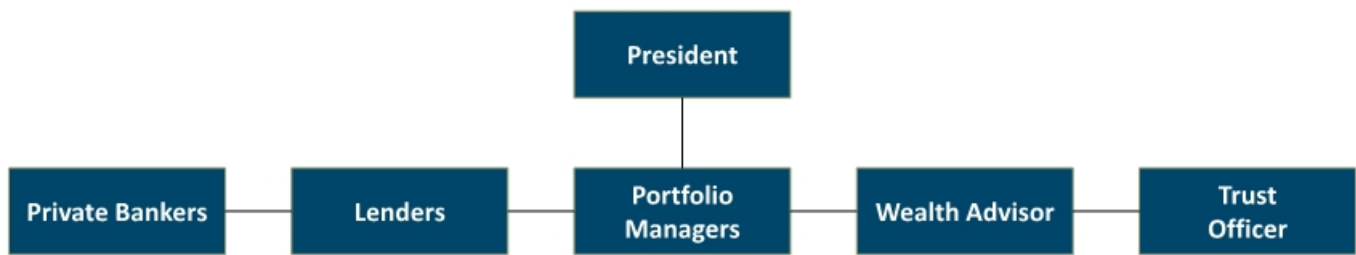


Name	Title	Primary Business
Scott C. Wylie	Chairman, CEO & President	<ul style="list-style-type: none"> <li>First Western Financial, Inc.</li> </ul>
Julie A. Caponi, CPA	Board Director / Trustee	<ul style="list-style-type: none"> <li>Former Finance Executive at Arconic, Inc. (fka Alcoa Inc.)</li> <li>Former audit partner at Deloitte</li> <li>Board member &amp; Audit Committee chair for FCF (NYSE)</li> </ul>
David R. Duncan	Board Director / Trustee	<ul style="list-style-type: none"> <li>Energy</li> <li>Winery Executive, Silver Oak Cellars</li> <li>Entrepreneur, board member, business leader</li> </ul>
Thomas A. Gart	Board Director / Trustee	<ul style="list-style-type: none"> <li>Real Estate Developer</li> <li>Specialty Retail Executive</li> <li>Family business, PE investing across broad range of industries</li> </ul>
Patrick H. Hamill	Board Director / Trustee	<ul style="list-style-type: none"> <li>Real Estate Developer</li> <li>Home Builder Executive</li> <li>Entrepreneur, business/community leader, real estate expertise</li> </ul>
Luke A. Latimer	Board Director / Trustee	<ul style="list-style-type: none"> <li>Utility Maintenance</li> <li>Construction Executive</li> <li>Family business, public bank board</li> </ul>
Eric D. Sipf, CPA <sup>(1)</sup>	Board Director / Trustee	<ul style="list-style-type: none"> <li>Former Healthcare Executive</li> <li>US Army</li> <li>Asset management, finance, bank board, M&amp;A</li> </ul>
Mark L. Smith	Board Director / Trustee	<ul style="list-style-type: none"> <li>Real Estate Developer</li> <li>Entrepreneur, community leadership, real estate expertise</li> </ul>
Joseph C. Zimlich, CPA	Board Director / Trustee	<ul style="list-style-type: none"> <li>Family Office Executive</li> <li>Corporate leadership, board, investment management</li> </ul>

(1) CPA license inactive.

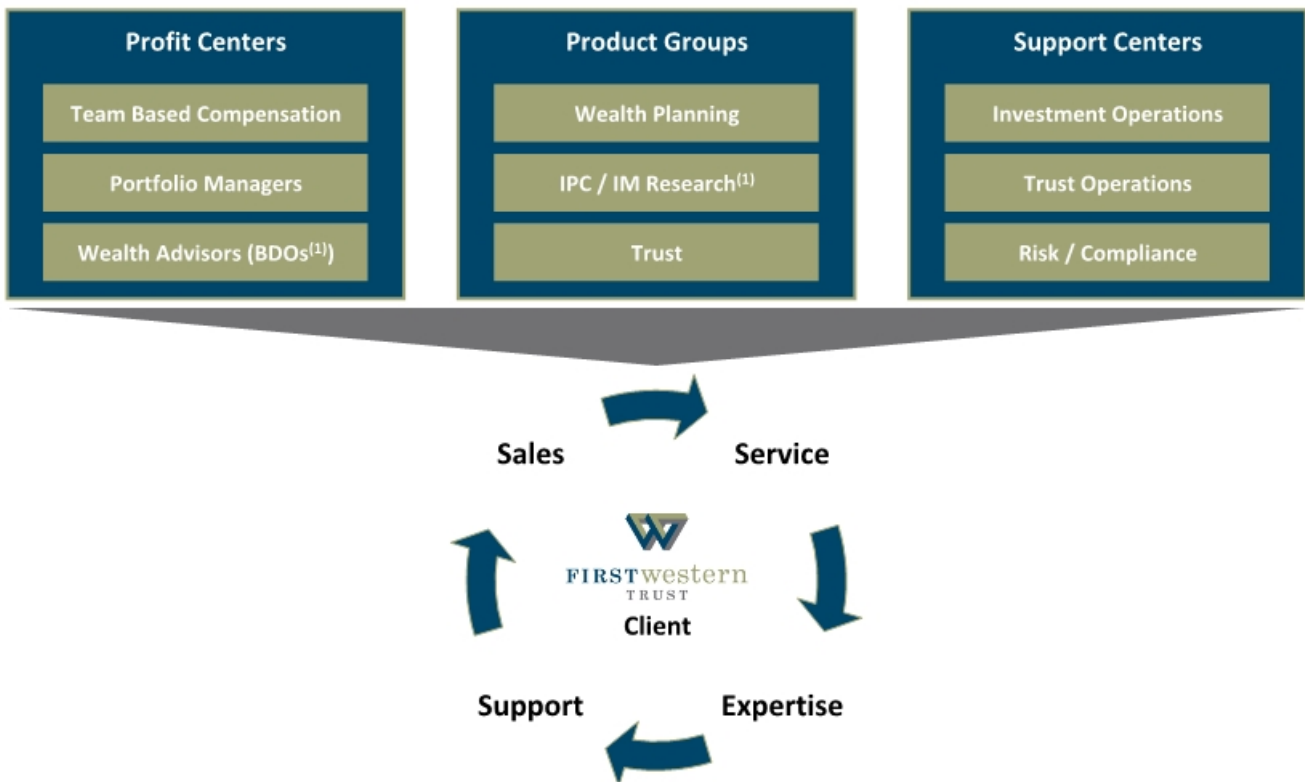
# Integrated Team Approach in Boutique Offices

*... by working as a team to grow relationships*



# Teamwork Drives Client Satisfaction, Retention

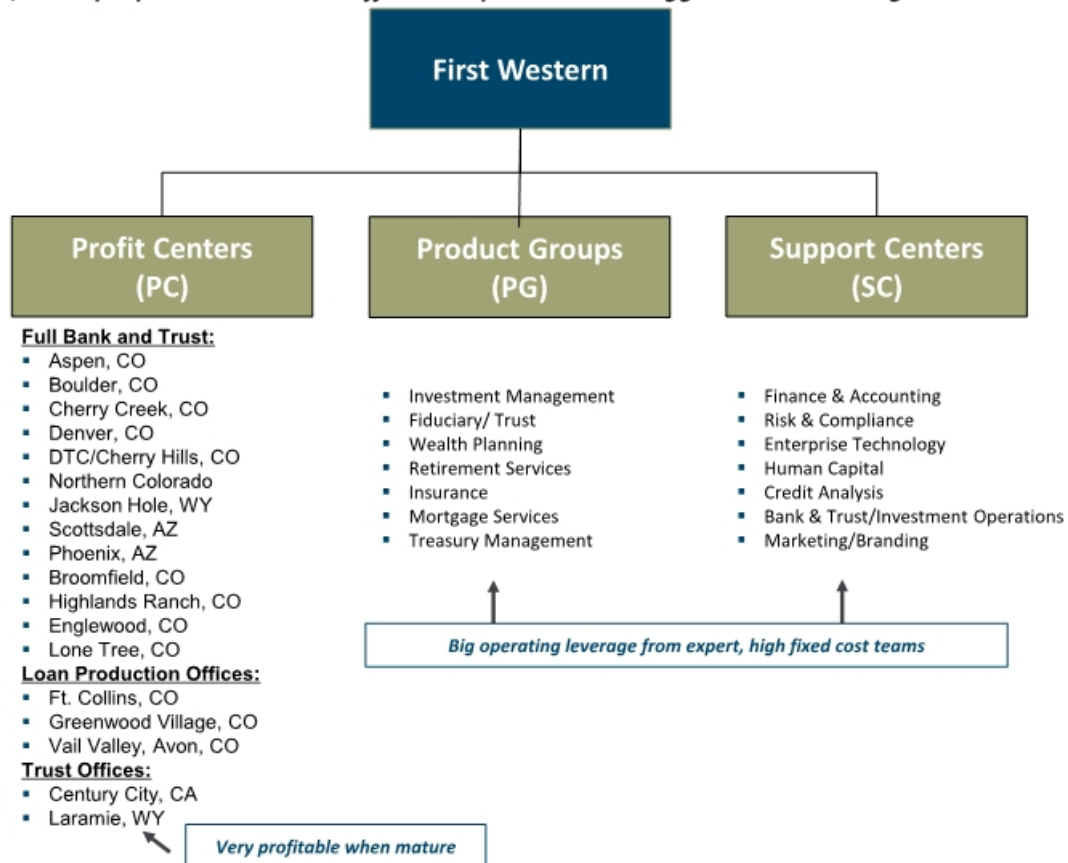
*Example of investment management teamwork shows how MYFW, not relationship managers, owns our clients*



(1) Investment Policy Committee (IPC), Investment Management (IM), Business Development Officers (BDO).

# Organizational Structure Built for Scale

*Our local, boutique private trust bank offices compete with the biggest wealth managers in the country...*



## Purpose

- Holistic approach for the oversight, control, and discipline to drive continuous improvement
- Everyone's responsibility and non-compliance is not an option
- Governance framework for the process of anticipating, identifying, assessing, managing and monitoring risks

## Objectives

- Define risk appetite framework
- Define risk areas and responsibilities
- Identify key risk activities for the defined risk areas
- Establish risk tolerance for defined risk areas
- Establish systems for identifying and reporting risks, including emerging risks
- Monitor compliance with strategies designed to mitigate identified risks
- Ensure effective and timely implementation of corrective actions
- Integrate risk management framework objectives into performance evaluation framework

## Responsibilities

### ERM Committee:

- Oversee and support the Senior Risk Officer
- Establish risk tolerances and parameters ("risk appetite") to assess risks and design adequate mitigation strategies

### Senior Risk Officer:

- ERM program to create and monitor risk management practices
  - Perform company-wide risk assessment, including relative risk ratings
  - Assign risk owners and approve action plans
  - Review and monitor risk mitigation initiatives and status
  - Review and report to ERM committee:
    - Specific areas of risk and respective Risk Area Owner responsible for the risks existing in that area
    - Magnitude of all material business risks
    - Processes, procedures and controls in place to manage material risks
    - Overall effectiveness of the risk management process
- Evaluate risks and provide guidance on new or proposed products, services or businesses

## Ensure Compliance

- Meet regulatory requirements
- Comply with good industry practices including placing a priority on cybersecurity
- Effective, efficient, and smart compliance – a change agent for better business decisions

## Limit Potential Losses

- Create appropriate transparency on risk, capital and balance-sheet usage, accounting implications
- Effectively limit risks and avoid reputational damage
- Strong risk controlling and monitoring
- Maintain both economic as well as accounting perspective

## Improve Profitability

- Ensure decision-oriented processes
- Maintain efficient and lean risk management – standardization and differentiation
- Improve quality of problem loan management
- Optimize ALM and transfer pricing in cooperation with CFO/treasury

## Support Growth

- Anticipate changes in the Company's risk profile
- Ensure scalability and flexibility of core processes
- Improve balance-sheet management
- Contribute to powerful product offering

## Risk Overlay for Decision Making

- Integrated risk, finance and capital perspective into business planning and management process
- Strong risk and finance capabilities through frontline tools, trainings, and incentives in IT/operations, HC

## Improve Stakeholder Management

- Implement a strong risk and performance culture throughout the organization
- Improve planning and steering concepts, data management with CEO, CFO and treasury
- Satisfy Board requirements on transparency and decisions support
- Maintain effective relations with regulators

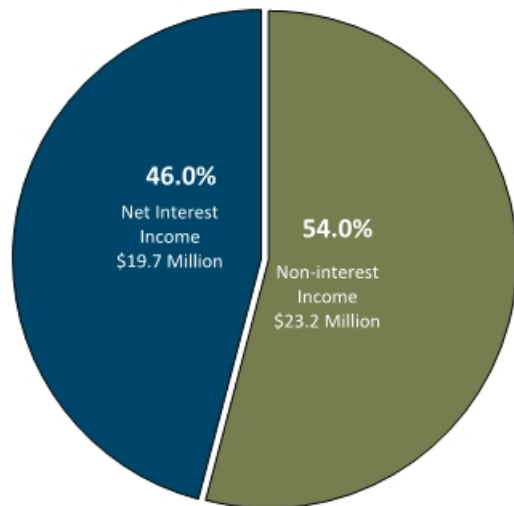
## Define Governance and Organization

- Define risk structure's mandate and organization, create independent risk view in core decisions
- Ensure CFO's mandate and organization in capital and balance-sheet management, ALM, treasury, funding
- Define and implement ERM approach
- Ensure appropriate people development: knowledge, experience, stature, motivation and culture

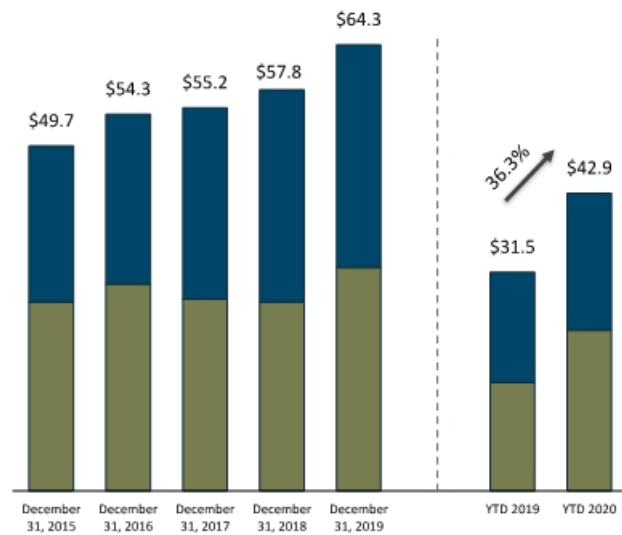


## Historical Financial Trends

YTD Gross Revenue<sup>(1)</sup>



Gross Revenue<sup>(1)</sup> (\$millions)



(1) See Non-GAAP reconciliation

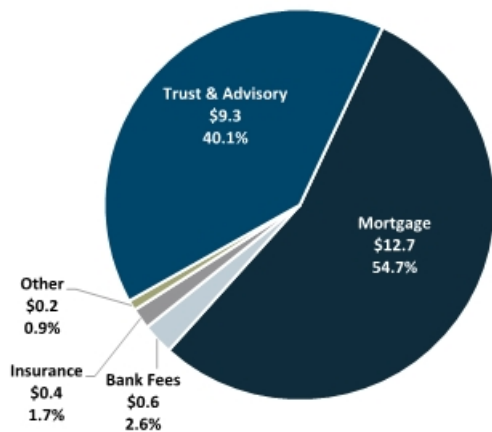
■ Non-interest Income, excluding net gain/(loss) on sale of securities and assets ■ Net Interest Income



# Predictable, Growing Sources of Fee Income

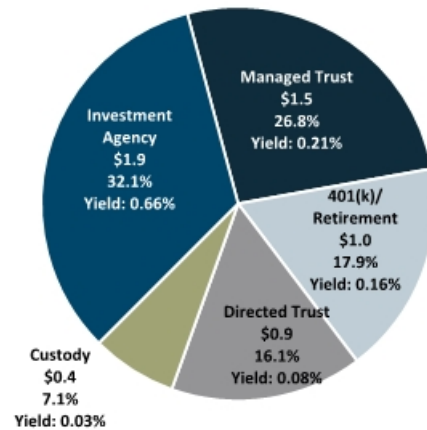
## YTD Non-Interest Income (\$millions)

**\$23.2 million**



## AUM Composition by Account Type (\$billions)

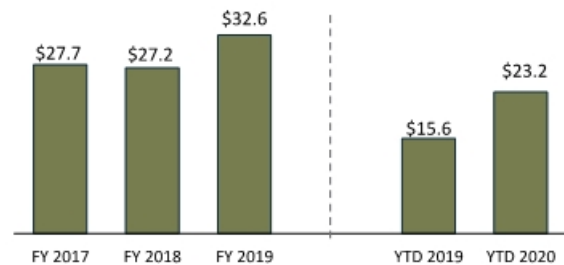
**\$5.7 billion | Avg. Yield: 0.32%**



## Trust and Investment Management

- Guided architecture
- Customized investment solutions
- Internally manage ~\$1.0 billion in AUM

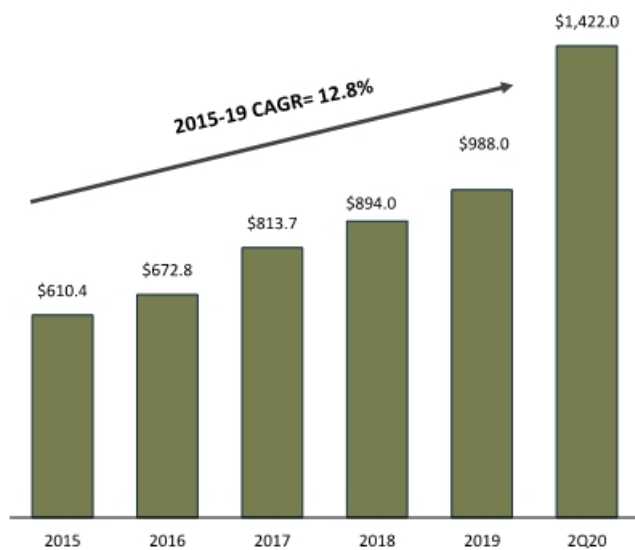
## Non-Interest Income (\$millions)



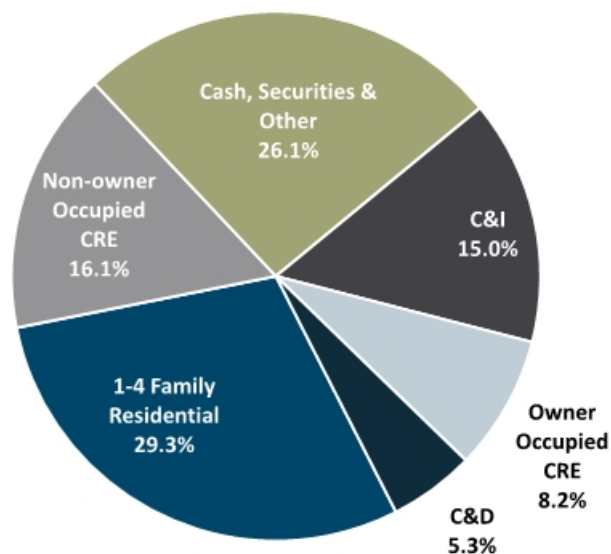
Note: As of or for the period ended June 30, 2020. Totals may not add up due to rounding.

# A Balanced, Private Banking Loan Portfolio

Historical Gross Loans (\$millions)



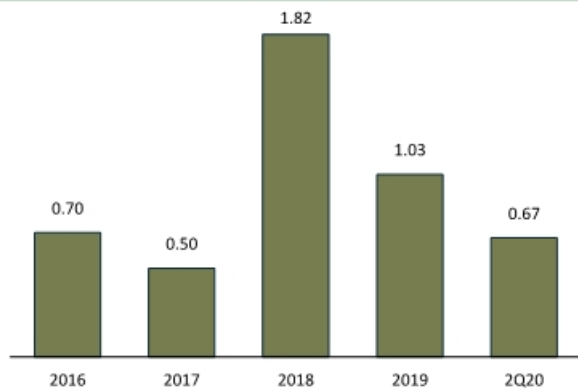
Q2 2020 Loan Portfolio by Collateral Type <sup>(1)</sup>



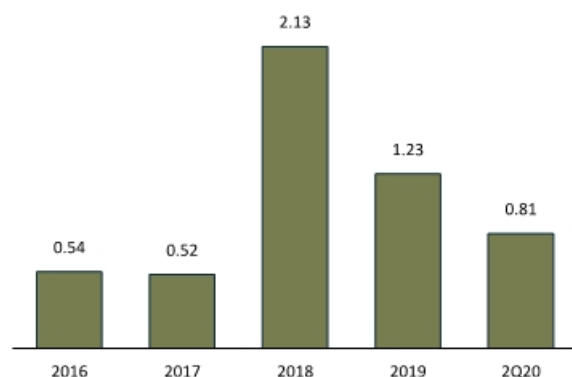
(1) As of June 30, 2020, excluding deferred costs/(fees) and unamortized discounts/(unaccreted premiums), net

# Strong Asset Quality with Low Credit Losses

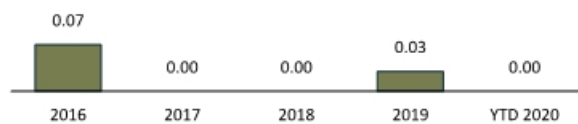
**NPAs / Assets (%)**



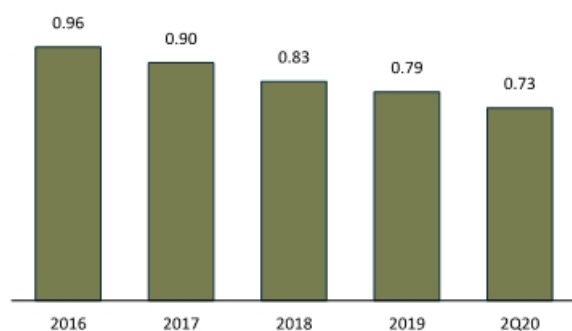
**NPLs / Loans (%)**



**Net Charge-off (Recovery) / Average Loans (%)**

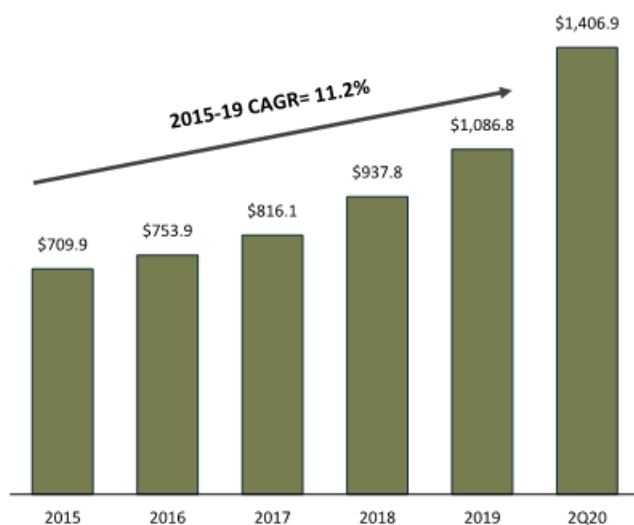


**Loan Loss Reserves / Gross Loans (%)**

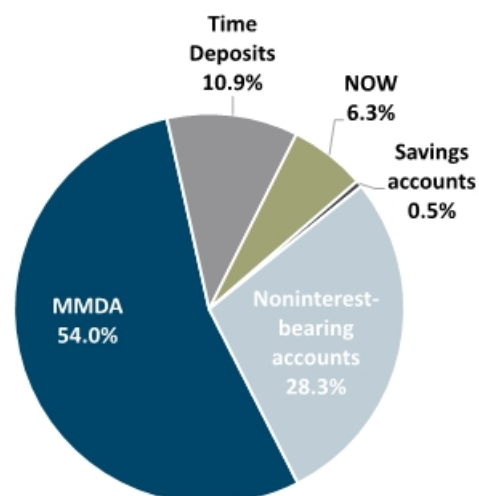


# A Balanced, Growing Core Deposit Base

Historical Total Deposits (\$millions)



Q2 2020 Deposit Composition<sup>(1)</sup>



(1) As of June 30, 2020.



## Non-GAAP Reconciliations

Consolidated Efficiency Ratio (Dollars in thousands)	For the Three Months Ended,				
	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
Non-interest expense	\$14,659	\$13,442	\$13,082	\$14,647	\$12,644
Less: Amortization	142	52	7	2	38
Less: Goodwill impairment	1,572	-	-	-	-
Less: loss on assets held for sale	-	-	-	553	-
Adjusted non-interest expense	\$12,945	\$13,390	\$13,075	\$14,092	\$12,606
Net interest income	\$7,960	\$7,940	\$8,190	\$8,931	\$10,796
Non-interest income	8,586	8,788	8,228	7,767	15,427
Less: Net gain on sale of securities	-	119	-	-	-
Less: Net gain on sale of assets	-	-	183	-	-
Total income	\$16,546	\$16,609	\$16,235	\$16,698	\$26,223
<b>Efficiency ratio</b>	<b>78.2%</b>	<b>80.6%</b>	<b>80.5%</b>	<b>84.4%</b>	<b>48.1%</b>
Consolidated Tangible Common Book Value Per Share (Dollars in thousands)	As of the Three Months Ended,				
	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
Total shareholders' equity	\$122,157	\$125,732	\$127,678	\$128,703	\$139,417
Less:					
Goodwill	23,239	19,686	\$19,686	\$19,686	\$24,191
Intangibles held for sale <sup>(1)</sup>	-	3,553	3,553	3,000	3,000
Other intangibles, net	88	36	28	26	76
<b>Tangible common equity</b>	<b>98,830</b>	<b>102,457</b>	<b>104,411</b>	<b>105,991</b>	<b>112,150</b>
Common shares outstanding, end of period	7,983,866	7,983,284	7,940,168	7,917,489	7,939,024
<b>Tangible common book value per share</b>	<b>\$12.38</b>	<b>\$12.83</b>	<b>\$13.15</b>	<b>\$13.39</b>	<b>\$14.13</b>

(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)	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
Total income before non-interest expense	\$12,550	\$12,554	\$12,534	\$13,023	\$13,114
Less: Net gain on sale of securities	-	119	-	-	-
Less: Net gain on sale of assets	-	-	183	-	-
Plus: Provision for (recovery of) credit loss	(78)	100	447	367	2,124
<b>Gross revenue</b>	<b>\$12,472</b>	<b>\$12,535</b>	<b>\$12,798</b>	<b>\$13,390</b>	<b>\$15,238</b>

Capital Management Gross Revenue	For the Three Months Ended,				
(Dollars in thousands)	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
Total income before non-interest expense	\$798	\$776	\$815	\$804	\$788
Less: Net gain on sale of securities	-	-	-	-	-
Less: Net gain on sale of assets	-	-	-	-	-
Plus: Provision for (recovery of) credit loss	-	-	-	-	-
<b>Gross revenue</b>	<b>\$798</b>	<b>\$776</b>	<b>\$815</b>	<b>\$804</b>	<b>\$788</b>

Mortgage Gross Revenue	For the Three Months Ended,				
(Dollars in thousands)	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
Total income before non-interest expense	\$3,276	\$3,298	\$2,622	\$2,504	\$10,197
Less: Net gain on sale of securities	-	-	-	-	-
Less: Net gain on sale of assets	-	-	-	-	-
Plus: Provision for (recovery of) credit loss	-	-	-	-	-
<b>Gross revenue</b>	<b>\$3,276</b>	<b>\$3,298</b>	<b>\$2,622</b>	<b>\$2,504</b>	<b>\$10,197</b>

Consolidated Gross Revenue	For the Three Months Ended,				
(Dollars in thousands)	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
Total income before non-interest expense	\$16,624	\$16,628	\$15,971	\$16,331	\$24,099
Less: Net gain on sale of securities	-	119	-	-	-
Less: Net gain on sale of assets	-	-	183	-	-
Plus: Provision for (recovery of) credit loss	(78)	100	447	367	2,124
<b>Gross revenue</b>	<b>\$16,546</b>	<b>\$16,609</b>	<b>\$16,235</b>	<b>\$16,698</b>	<b>\$26,223</b>

# Non-GAAP Reconciliation

Adjusted net income available to common shareholders	For the Three Months Ended,				
(Dollars in thousands, except per share data)	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
Net income available to common shareholders	\$1,404	\$2,406	\$2,572	\$1,334	\$8,696
Plus: acquisition related expense including tax impact	-	-	-	-	245
Plus: goodwill impairment including tax impact	1,182	-	-	-	-
Plus: loss on intangibles held for sale including tax impact	-	-	-	438	-
<b>Adjusted net income to common shareholders</b>	<b>\$2,586</b>	<b>\$2,406</b>	<b>\$2,572</b>	<b>\$1,772</b>	<b>\$8,941</b>
Adjusted earnings per share	For the Three Months Ended,				
(Dollars in thousands, except per share data)	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
Earnings per share	\$0.18	\$0.30	\$0.32	\$0.17	\$1.10
Plus: acquisition related expenses including tax impact	-	-	-	-	0.03
Plus: goodwill impairment including tax impact	0.15	-	-	-	-
Plus: loss on intangibles held for sale including tax impact	-	-	-	0.05	-
<b>Adjusted earnings per share</b>	<b>\$0.33</b>	<b>\$0.30</b>	<b>\$0.32</b>	<b>\$0.22</b>	<b>\$1.13</b>
Allowance for loan losses to loans excluding PPP	As of				
(Dollars in thousands)	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
Total loans held for investment	938,005	924,356	996,559	1,042,478	1,424,160
Less: Branch acquisition	-	-	-	-	123,786
Less: PPP loans	-	-	-	-	191,676
Loans excluding acquired and PPP	938,005	924,356	996,559	1,042,478	1,108,698
Allowance for loan losses	7,575	7,675	7,875	8,242	10,354
<b>Allowance for loan losses to loans excluding PPP</b>	<b>0.81%</b>	<b>0.83%</b>	<b>0.79%</b>	<b>0.79%</b>	<b>0.93%</b>
Total Non-Interest Expense adjusted for Non-Operating items	For the Three Months Ended,				
(Dollars in thousands)	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
Net income available to common shareholders	\$14,659	\$13,422	\$13,082	\$14,647	\$12,644
Less: acquisition related expense	-	-	-	-	323
Less: goodwill impairment	1,572	-	-	-	-
Less: loss on intangibles held for sale	-	-	-	553	-
<b>Total Non-Interest Expense adjusted for Non-Operating items</b>	<b>\$13,087</b>	<b>\$13,422</b>	<b>\$13,082</b>	<b>\$14,094</b>	<b>\$12,321</b>

(1) Quarterly information has not been audited.



# Non-GAAP Reconciliation

Adjusted net interest margin (Dollars in thousands)	For the Three Months Ended June 30,		
	Average Balance	Interest Earned/Paid	Average Yield/Rate
Interest-bearing deposits in other financial institutions	76,463	44	
PPP adjustment	20,587	25	
Available-for-sale securities	48,614	224	
PPP adjustment	-	-	
Loans	1,268,797	12,202	
PPP adjustment	(152,893)	(718)	
Adjusted total Interest-earning assets	1,261,568	11,777	
Interest-bearing deposits		1,319	
PPP adjustment		-	
Federal Home Loan Bank Topeka and Federal Reserve borrowings		129	
PPP adjustment		(39)	
Subordinated notes		226	
Adjusted total interest-bearing liabilities		1,635	
Net interest income		10,142	
Adjusted net interest margin			3.22%

Consolidated Gross Revenue (Dollars in thousands)	For the Six Months Ended June 30,	
	2019	2020
Total income before non-interest expense	\$31,377	\$40,430
Plus: Provision for credit loss	116	2,491
Gross revenue	\$31,493	\$42,921

# Non-GAAP Reconciliation

<b>Consolidated Gross Revenue</b>	<b>For the Years Ended,</b>				
<b>(Dollars in thousands)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Total income before non-interest expense	\$49,339	\$53,394	\$54,501	\$57,617	\$63,976
Less: Net gain on sale of securities	717	114	81	-	119
Less: Net gain on sale of assets	-	-	-	-	183
Plus: Provision for credit loss	1,071	985	788	180	662
<b>Gross revenue</b>	<b>\$49,693</b>	<b>\$54,265</b>	<b>\$55,208</b>	<b>\$57,797</b>	<b>\$64,336</b>

<b>Consolidated Pre-tax, Pre-provision Income</b>	<b>For the Twelve Months Ended December 31,</b>				
<b>(Dollars in thousands)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Net Income, as reported	\$2,650	\$2,302	\$2,023	\$5,647	\$8,009
Provision for loan losses	1,071	985	788	180	662
Income tax (benefit) expense	1,053	1,269	2,984	1,775	2,183
<b>Pre-tax, Pre-provision Income</b>	<b>\$4,774</b>	<b>\$4,556</b>	<b>\$5,795</b>	<b>\$7,602</b>	<b>\$10,854</b>

<b>Consolidated Efficiency Ratio</b>	<b>For the Years Ended,</b>			
<b>(Dollars in thousands)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Non-interest expense	\$49,823	\$49,494	\$50,195	\$53,784
Less: Amortization	747	784	831	374
Less: Goodwill impairment	-	-	-	1,572
Adjusted non-interest expense	\$49,076	\$48,710	\$49,364	\$51,838
Net interest income	\$24,457	\$27,576	\$30,624	\$32,061
Non-interest income	29,922	27,713	27,173	32,577
Less: Net gain on securities	114	81	-	119
Less: Net gain on sale of assets	-	-	-	183
Total income	\$54,265	\$55,208	\$57,797	\$64,336
<b>Efficiency ratio</b>	<b>90.4%</b>	<b>88.2%</b>	<b>85.4%</b>	<b>80.6%</b>