UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2026

OR

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

For the transition period from _____ to _____

Commission File Number 001-38595

FIRST WESTERN FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Colorado	**37-1442266**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1900 16th Street, Suite 1200 Denver, CO	**80202**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: 303.531.8100

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

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

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

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

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

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

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

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

	Shares outstanding as of October 28, 2026
Common Stock, no par value	9,772,119

FIRST WESTERN FINANCIAL, INC.

TABLE OF CONTENTS

		Page
PART I. FINANCIAL INFORMATION		
Item 1.	Financial Statements (Unaudited):	7
	Condensed Consolidated Balance Sheets	7
	Condensed Consolidated Statements of Income	8
	Condensed Consolidated Statements of Comprehensive Income	9
	Condensed Consolidated Statements of Changes in Shareholders' Equity	10
	Condensed Consolidated Statements of Cash Flows	11
	Notes to Condensed Consolidated Financial Statements	13
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	53
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	80
Item 4.	Controls and Procedures	81
PART II. OTHER INFORMATION		82
Item 1.	Legal Proceedings	82
Item 1A.	Risk Factors	82
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	82
Item 3.	Defaults upon Senior Securities	82
Item 4.	Mine Safety Disclosures	82
Item 5.	Other Information	82
Item 6.	Exhibits	83
SIGNATURES		84

ABBREVIATIONS/ACRONYMS

The abbreviations and acronyms identified in alphabetical order below are used throughout this Quarterly Report on Form 10-Q:

ACL	Allowance for Credit Losses	FSC	Forward Sale Commitments
AFS	Available-for-Sale	GAAP	Generally Accepted Accounting Principles in the United States of America
ASC	Accounting Standards Codification	GDP	Gross Domestic Product
ASU	Accounting Standards Update	HPI	Housing Price Index
AUM	Assets Under Management	HTM	Held-to-Maturity
Bank	First Western Trust Bank	IRLC	Interest Rate Lock Commitments
CECL	Current Expected Credit Losses	ITC	Investment Tax Credit
CET1	Common Equity Tier 1 Capital	LIHTC	Low-Income Housing Tax Credit
CODM	Chief Operating Decision Maker	MBS	Mortgage-Backed Securities
Company, FWFI	First Western Financial, Inc.	OCI	Other Comprehensive Income
CRE	Commercial Real Estate	OREO	Other Real Estate Owned
DCF	Discounted Cash Flow	PPP	Paycheck Protection Program
FASB	Financial Accounting Standards Board	SBA	Small Business Administration
FDIC	Federal Deposit Insurance Corporation	SEC	Securities and Exchange Commission
FHLB	Federal Home Loan Bank	SOFR	Secured Overnight Financing Rate

Important Notice about Information in this Quarterly Report

Unless we state otherwise or the context otherwise requires, references in this Quarterly Report to "we," "our," "us," "the Company" and "First Western" refer to First Western Financial, Inc. and its consolidated subsidiaries, including First Western Trust Bank, which we sometimes refer to as "the Bank" or "our Bank."

The information contained in this Quarterly Report is accurate only as of the date of this Quarterly Report on Form 10-Q and as of the dates specified herein.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as "may," "should," "could," "predict," "potential," "believe," "will likely result," "expect," "continue," "will," "anticipate," "seek," "estimate," "intend," "plan," "projection," "would," and "outlook," or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about our industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control, particularly with regard to developments related to soundness of other financial institutions. Accordingly, we caution 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 we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

There are or will be important factors that could cause our actual results to differ materially from those indicated in these forward-looking statements, including, but not limited to, the following:

- geographic concentration in Colorado, Arizona, Wyoming, Montana, and California;
- changes in the economy affecting real estate values and liquidity;
- risks associated with higher inflation;
- changes in interest rates;
- weak economic conditions and global trade, including the imposition of tariffs;
- our ability to continue to originate residential real estate loans and sell such loans;
- risks related to non-performing assets, borrowers' solvency and ability to repay and the value of loan collateral;
- claims and litigation pertaining to our fiduciary responsibilities;
- competition for investment managers and professionals and our ability to retain our associates;
- fluctuation in the value of our investment securities;
- the terminable nature of our investment management contracts;
- changes to the level or type of investment activity by our clients;
- investment performance, in either relative or absolute terms;
- legislative changes or the adoption of tax reform policies;
- external business disruptors in the financial services industry;
- the adequacy of our allowance for credit losses;
- liquidity risks;
- our ability to maintain a strong core deposit base or other low-cost funding sources;
- continued positive interaction with and financial health of our referral sources;
- attracting and retaining clients, including our largest trust clients;
- competition from other banks, financial institutions, and wealth and investment management firms;
- the acquisition of other banks and financial services companies and integration risks and other unknown risks associated with acquisitions;
- our ability to protect against and manage fraudulent activity, breaches of our information security, and cybersecurity attacks;
- our reliance on communications, information, operating and financial control systems technology and related services from third-party service providers;
- technological change, including the use of artificial intelligence as a commonly used resource and its effects;

- unforeseen or catastrophic events, including public health crises, wars, terrorist attacks, extreme weather events or other natural disasters;
- legal and regulatory proceedings, investigations and inquiries, fines and sanctions;
- limited trading volume and liquidity in the market for our common stock;
- fluctuations in the market price of our common stock;
- actual or anticipated issuances or sales of our common stock or preferred stock in the future;
- potential impairment of goodwill recorded on our balance sheet and possible requirements to recognize significant charges to earnings due to impairment of intangible assets;
- our ability to manage our existing and future indebtedness;
- available cash flows from the Bank; and
- other factors that are discussed in "Item 1A - Risk Factors" in our Annual Report on Form 10-K.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in the section titled Risk Factors in Part I, Item 1A of our Annual Report on Form 10-K, filed with the SEC on February 27, 2026. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. New factors emerge from time to time, and it is not possible for us to predict which will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FIRST WESTERN FINANCIAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in thousands, except share amounts)

	September 30, 2026	December 31, 2025
Assets		
Cash and cash equivalents:		
Cash and due from banks	$ 11,067	$ 9,755
Interest-bearing deposits in other financial institutions	155,181	190,526
Total cash and cash equivalents	166,248	200,281
Available-for-sale debt securities, at fair value (amortized cost of $154,271 and $45,623, respectively)	152,544	45,607
Held-to-maturity debt securities, net of allowance for credit losses of $189 and $74 (fair value of $134,582 and $90,635), respectively	141,852	94,970
Correspondent bank stock, at cost	10,853	6,764
Mortgage loans held for sale, at fair value	18,989	40,176
Loans (includes $1,146 and $3,182 measured at fair value, respectively)	2,806,245	2,650,423
Allowance for credit losses	(20,785)	(21,441)
Loans, net	2,785,460	2,628,982
Premises and equipment, net	25,462	25,687
Accrued interest receivable	12,515	11,209
Accounts receivable	5,343	4,579
Other receivables	106	2,444
Other real estate owned, net	—	3,040
Goodwill and other intangible assets, net	31,277	31,422
Deferred tax assets, net	5,572	4,003
Company-owned life insurance	17,772	17,416
Other assets	46,849	38,401
Total assets	$ 3,420,842	$ 3,154,981
Liabilities		
Deposits:		
Noninterest-bearing	$ 420,566	$ 344,969
Interest-bearing	2,495,647	2,401,606
Total deposits	2,916,213	2,746,575
Borrowings:		
Federal Home Loan Bank and Federal Reserve borrowings	150,926	62,841
Subordinated notes	34,883	44,772
Accrued interest payable	1,586	1,295
Other liabilities	29,119	33,938
Total liabilities	3,132,727	2,889,421
Shareholders' Equity		
Preferred stock - no par value; 10,000,000 shares authorized; 0 issued and outstanding	—	—
Common stock - no par value; 90,000,000 shares authorized; 9,772,119 and 9,725,731 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively	—	—
Additional paid-in capital	195,705	194,166
Retained earnings	90,621	72,703
Accumulated other comprehensive income (loss)	1,789	(1,309)
Total shareholders’ equity	288,115	265,560
Total liabilities and shareholders’ equity	$ 3,420,842	$ 3,154,981

See accompanying notes to condensed consolidated financial statements (unaudited).

FIRST WESTERN FINANCIAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Interest and dividend income:				
Loans, including fees	$ 40,153	$ 37,701	$ 117,245	$ 106,813
Loans accounted for under the fair value option	35	64	97	260
Investment securities	2,819	1,387	6,128	2,887
Interest-bearing deposits in other financial institutions	834	3,468	3,051	7,086
Dividends, restricted stock	113	154	391	437
Total interest and dividend income	43,954	42,774	126,912	117,483
Interest expense:				
Deposits	20,136	22,177	58,133	58,901
Other borrowed funds	858	1,143	3,172	3,791
Total interest expense	20,994	23,320	61,305	62,692
Net interest income	22,960	19,454	65,607	54,791
Less: Provision for (release of) credit losses	647	2,257	(550)	4,110
Net interest income, after provision for (release of) credit losses	22,313	17,197	66,157	50,681
Non-interest income:				
Trust and investment management fees	4,865	4,629	14,358	13,818
Net gain on mortgage loans	483	1,394	2,847	3,648
Net gain on loans held for sale	—	—	—	222
Bank fees	329	312	1,063	1,027
Risk management and insurance fees	26	193	387	499
Income on company-owned life insurance	121	116	356	338
Net (loss) gain on loans accounted for under the fair value option	(76)	18	(105)	50
Net (loss) gain on other real estate owned	—	—	(7)	459
Unrealized (loss) gain recognized on equity securities	(24)	6	(30)	20
Other	82	174	(22)	411
Total non-interest income	5,806	6,842	18,847	20,492
Total income before non-interest expense	28,119	24,039	85,004	71,173
Non-interest expense:				
Salaries and employee benefits	12,704	11,884	38,673	34,383
Occupancy and equipment	2,087	2,188	5,973	6,644
Professional services	1,560	1,894	4,646	5,453
Technology and information systems	1,187	951	3,664	3,037
Data processing	1,308	1,251	3,853	3,539
Marketing	419	351	970	834
Amortization of other intangible assets	48	51	144	154
Other	1,527	1,504	4,298	4,490
Total non-interest expense	20,840	20,074	62,221	58,534
Income before income taxes	7,279	3,965	22,783	12,639
Income tax expense	1,298	779	4,865	2,765
Net income available to common shareholders	$ 5,981	$ 3,186	$ 17,918	$ 9,874
Earnings per common share:				
Basic	$ 0.61	$ 0.33	$ 1.84	$ 1.02
Diluted	0.60	0.32	1.80	1.00

See accompanying notes to condensed consolidated financial statements (unaudited).

FIRST WESTERN FINANCIAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income	$ 5,981	$ 3,186	$ 17,918	$ 9,874
Other comprehensive income items:				
Unrealized loss on available-for-sale debt securities	(1,597)	(230)	(1,711)	(230)
Income tax effect	377	55	404	55
Amortization of net unrealized loss for the reclassification of available-for-sale debt securities transferred to held-to-maturity included in interest income	44	63	204	196
Income tax effect	(10)	(15)	(48)	(46)
Unrealized gain (loss) on cash flow hedge	2,702	(952)	5,562	(1,044)
Income tax effect	(638)	224	(1,313)	238
Total other comprehensive income (loss)	878	(855)	3,098	(831)
Comprehensive income	$ 6,859	$ 2,331	$ 21,016	$ 9,043

See accompanying notes to condensed consolidated financial statements (unaudited).

FIRST WESTERN FINANCIAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
(in thousands, except share amounts)

	Shares Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
Balance as of July 1, 2025	9,717,922	$ 193,398	$ 66,203	$ (754)	$ 258,847
Net income	—	—	3,186	—	3,186
Other comprehensive loss, net of tax and reclassification	—	—	—	(855)	(855)
Repurchase of common stock	(13,946)	(301)	—	—	(301)
Settlement of share awards	10,735	(72)	—	—	(72)
Stock-based compensation	—	690	—	—	690
Balance as of September 30, 2025	9,714,711	$ 193,715	$ 69,389	$ (1,609)	$ 261,495
Balance as of July 1, 2026	9,765,129	$ 195,042	$ 84,640	$ 911	$ 280,593
Net income	—	—	5,981	—	5,981
Other comprehensive income, net of tax and reclassification	—	—	—	878	878
Net settlement of share awards	6,990	(62)	—	—	(62)
Stock-based compensation	—	725	—	—	725
Balance as of September 30, 2026	9,772,119	$ 195,705	$ 90,621	$ 1,789	$ 288,115
Balance as of January 1, 2025	9,667,142	$ 193,585	$ 59,515	$ (778)	$ 252,322
Net income	—	—	9,874	—	9,874
Other comprehensive loss, net of tax and reclassification	—	—	—	(831)	(831)
Repurchase of common stock	(40,333)	(784)	—	—	(784)
Net settlement of share awards	87,902	(706)	—	—	(706)
Stock-based compensation	—	1,620	—	—	1,620
Balance as of September 30, 2025	9,714,711	$ 193,715	$ 69,389	$ (1,609)	$ 261,495
Balance as of January 1, 2026	9,725,731	$ 194,166	$ 72,703	$ (1,309)	$ 265,560
Net income	—	—	17,918	—	17,918
Other comprehensive income, net of tax and reclassification	—	—	—	3,098	3,098
Repurchase of common stock	(6,123)	(146)	—	—	(146)
Net settlement of share awards	52,511	(559)	—	—	(559)
Stock-based compensation	—	2,244	—	—	2,244
Balance as of September 30, 2026	9,772,119	$ 195,705	$ 90,621	$ 1,789	$ 288,115

See accompanying notes to condensed consolidated financial statements (unaudited).

FIRST WESTERN FINANCIAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Nine Months Ended September 30,	
	2026	**2025**
Cash flows from operating activities		
Net income	$ 17,918	$ 9,874
Adjustments to reconcile net income to net cash provided by operating activities:		
Net amortization of investment securities	111	(21)
Stock dividends received on correspondent bank stock	(391)	(437)
(Release of) provision for credit losses	(550)	4,110
Net gain on loans held for sale	—	(222)
Net gain on mortgage loans	(2,847)	(3,648)
Origination of mortgage loans held for sale	(337,784)	(247,998)
Proceeds from mortgage loans	361,519	254,781
Loss on disposal of fixed assets	399	—
Depreciation and amortization	1,949	2,010
Net amortization of purchase accounting adjustments	545	412
Deferred income tax expense	602	174
Purchase of tax credits	(2,789)	(945)
Income on company-owned life insurance	(356)	(338)
Stock-based compensation	2,244	1,620
Net loss (gain) on other real estate owned	7	(459)
Unrealized loss (gain) recognized on equity securities	30	(20)
Net loss (gain) on loans accounted for under the fair value option	105	(50)
Net changes in operating assets and liabilities:		
Change in accounts receivable	(229)	(55)
Change in accrued interest receivable and other assets	(3,189)	302
Change in accrued interest payable and other liabilities	(1,506)	(8,418)
Net cash provided by operating activities	35,788	10,672
Cash flows from investing activities		
Activity in available-for-sale debt securities:		
Maturities, prepayments, and calls	11,082	553
Purchases	(120,014)	(49,947)
Activity in held-to-maturity debt securities:		
Maturities, prepayments, and calls	12,418	6,669
Purchases	(59,038)	(28,946)
Purchases of correspondent bank stock	(9,570)	(5,259)
Redemption of correspondent bank stock	5,872	5,079
Contributions to low-income housing tax credit investments	(865)	(1,442)
Contributions to investment funds	(1,439)	(1,830)
Distributions from investment funds	—	111
Loan and note receivable originations and principal collections, net	(156,306)	(161,717)
Purchases of premises and equipment	(2,012)	(2,685)
Purchases of loans	—	(4,600)
Proceeds from sale of other real estate owned	3,033	31,999
Net cash used in investing activities	(316,839)	(212,015)
Cash flows from financing activities		
Net change in deposits	169,638	334,702
Payments to Federal Home Loan Bank borrowings	(290,434)	(179,734)
Proceeds from Federal Home Loan Bank borrowings	379,027	174,734
Payments to Federal Reserve borrowings	(508)	(1,171)
Payments to subordinated note holders	(10,000)	(8,000)
Repurchase of common stock	(146)	(784)
Cash paid for withholding taxes on share-based awards	(559)	(706)
Net cash provided by financing activities	247,018	319,041
Net change in cash and cash equivalents	(34,033)	117,698
Cash and cash equivalents, beginning of year	200,281	237,941
Cash and cash equivalents, end of period	$ 166,248	$ 355,639

FIRST WESTERN FINANCIAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(continued)
(in thousands)

	Nine Months Ended September 30,	
	2026	**2025**
Supplemental cash flow information:		
Interest paid on deposits and borrowed funds	$ 61,014	$ 62,998
Income tax payment	1,518	—
Cash paid for lease liabilities	1,731	2,591
Supplemental noncash disclosures:		
Transfer to loans held for investment from loans held for sale	—	(594)
Lease right-of-use-asset obtained in exchange for lease liabilities	—	1,895

See accompanying notes to condensed consolidated financial statements (unaudited).

FIRST WESTERN FINANCIAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business and Basis of Presentation: The condensed consolidated financial statements include the accounts of First Western Financial, Inc. (FWFI), incorporated in Colorado on July 18, 2002, and its direct and indirect wholly-owned subsidiaries listed below (collectively referred to as the "Company," "we," "us," or "our").

FWFI is a bank holding company with financial holding company status registered with the Board of Governors of the Federal Reserve System. FWFI wholly owns the following subsidiary: First Western Trust Bank (the Bank). The Bank wholly owns First Western Merger Corporation (Merger Corp.), which is therefore indirectly wholly owned by FWFI.

The Company provides a fully-integrated suite of wealth management services including private banking, personal trust, investment management, mortgage loans, and institutional asset management services to individual and corporate clients principally in Colorado (metro Denver, Aspen, Boulder, Fort Collins, Loveland, and Vail Valley), Arizona (Phoenix and Scottsdale), California (Century City), Montana (Bozeman), and Wyoming (Jackson, Pinedale, Rock Springs and Cheyenne). The Company's revenues are generated from its full range of product offerings as noted above, but principally from net interest income (the interest income earned on the Bank's assets net of funding costs), fee-based wealth advisory, investment management, asset management and personal trust services, and net gains earned on mortgage loans.

The condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for interim financial information and pursuant to the rules and regulations of the SEC. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. The December 31, 2025 Condensed Consolidated Balance Sheet has been derived from the audited financial statements for the year ended December 31, 2025.

In the opinion of management, all adjustments that were recurring in nature and considered necessary for the fair presentation of the Company's financial position and results of operations have been included. Operating results for the three and nine months ended September 30, 2026 are not necessarily indicative of results that may be expected for the full year ending December 31, 2026. In preparing the condensed consolidated financial statements, the Company is required to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could be significantly different from those estimates.

The condensed consolidated financial statements and notes should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2025 as filed with the SEC.

Consolidation: The Company's policy is to consolidate all majority-owned subsidiaries in which it has a controlling financial interest and variable-interest entities where the Company is deemed to be the primary beneficiary. All material intercompany accounts and transactions have been eliminated in consolidation.

Business Combinations and Divestitures: Business combinations are accounted for under the acquisition method of accounting. Under the acquisition method of accounting, the total consideration transferred in connection with the acquisition is allocated to the tangible and intangible assets acquired, liabilities assumed, and any non-controlling interest in the acquired entity based on fair values. Goodwill acquired in connection with business combinations represents the excess of consideration transferred over the net tangible and identifiable intangible assets acquired. Certain assumptions and estimates are used in evaluating the fair value of assets acquired and liabilities assumed. These estimates may be affected by factors such as changing market conditions or changes in government regulations.

Use of Estimates: To prepare financial statements in conformity with GAAP, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the condensed consolidated financial statements and the disclosures provided, and actual results could differ. Information available which could affect these judgments include, but are not limited to, changes in interest rates, changes in the performance of the economy, and changes in the financial condition of borrowers. Material estimates that are particularly susceptible to significant change include: the determination of the allowance for credit losses, the evaluation of goodwill impairment, and the fair value of certain financial instruments.

Concentration of Credit Risk: Most of the Company's lending activity is to clients located in and around metro Denver, Aspen, Fort Collins, Loveland, Boulder, and Vail, Colorado; Phoenix and Scottsdale, Arizona; Bozeman, Montana; and Jackson, Cheyenne, Pinedale, and Rock Springs, Wyoming. The Company does not believe it has significant concentrations in any one industry or customer. As of September 30, 2026 and December 31, 2025, 82.9% and 84.2%, respectively, of the Company's loan portfolio was secured by real estate collateral. Declines in real estate values in the primary markets the Company operates in could negatively impact the Company.

Allowance for Credit Losses (ACL) - loans: The ACL is a valuation account that is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loans. The ACL excludes loans held for sale and loans accounted for under the fair value option. The Company elected to not measure an ACL for accrued interest receivables, as we write off applicable accrued interest receivable balances in a timely manner when a loan is placed on non-accrual status, in which any accrued but uncollected interest is reversed from current income. Loans are charged off against the allowance when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries do not exceed the aggregate of amounts previously charged-off and expected to be charged-off. Management estimates the allowance balance using relevant available information, from internal and external sources, related to past events, current conditions, and reasonable and supportable forecasts. Actual Company and regional peer historical credit loss experience provides the basis for the estimation of expected credit losses. The Company identified and grouped portfolio segments based on risk characteristics and underlying collateral. The call code for each financial asset type was assessed and expanded for certain call codes into separate segments based on risk characteristics.

The ACL for pooled loans are estimated using a discounted cash flow (DCF) methodology using the amortized cost basis (excluding interest) for all loans modeled within a performing pool of loans. The DCF analysis pairs loan-level term information, for example, maturity date, payment amount, interest rate, with top-down pool assumptions such as default rates, prepayment speeds, to produce individual expected cash flows for every loan in the segment. The results are then aggregated to produce segment level results and reserve requirements for each segment based on similar risk characteristics.

The quantitative DCF model also incorporates forward-looking macroeconomic information over a reasonable and supportable period of four quarters. Subsequent to the four quarter period, the Company reverts to its historical loss rate and historical prepayment and curtailment speeds on a straight-line basis over a four quarter reversion period. Expected credit losses are estimated over the contractual term of the loans, adjusted for expected prepayments when appropriate. The contractual term excludes expected extensions, renewals, and modifications. Annually the Company performs a rate study which updates the prepayment and curtailment rates used in the DCF model.

Loans that do not share risk characteristics are analyzed on an individual basis. Loans analyzed individually are not included in the pooled loan evaluation. When management determines that foreclosure is probable, expected credit losses are based on the fair value of the collateral at the reporting date, adjusted for selling costs as appropriate.

Qualitative adjustments to historical loss data are made based on management's assessment of the risks that may lead to a future credit loss or differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, changes in environmental and economic conditions, or other relevant factors.

ACL - Off-balance sheet credit exposures*:* The Company estimates expected credit losses over the contractual period in which the Company is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by the Company. The ACL on off-balance sheet credit exposures is adjusted through the Provision for credit losses and is recorded in Other liabilities. The estimate includes consideration of the likelihood that funding will occur and an estimate of expected credit losses on commitments expected to be funded over its estimated life. The probability of funding is based on historical utilization statistics for unfunded loan commitments. The loss rates used are calculated using the same assumptions as the associated funded balance.

ACL - Available-for-sale (AFS) debt securities: For AFS debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or it is more-likely-than-not that it will be required to sell the security before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the security's amortized cost basis is written down to fair value. For the AFS securities that do not meet the aforementioned criteria, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In such assessment, the Company considers the extent to which fair value is less than amortized cost and if there are any adverse conditions that impact the security. If this assessment indicates a credit loss exists, the present value of the cash flows expected to be collected from the security is compared to the amortized cost basis of the security. If the present value of the cash flows expected to be collected is less than the amortized cost basis, a potential credit loss exists and an ACL is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost. Any estimated credit losses that have not been recorded through an ACL are recognized in OCI.

The Company has elected to exclude accrued interest from the estimate of credit losses for AFS debt securities. As part of its non-accrual policy, the Company charges-off uncollectable interest at the time it is determined to be uncollectable.

ACL - Held-to-maturity (HTM) debt securities: The majority of our HTM investment portfolio consists of securities issued by U.S. government entities or agencies. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies, and have a long history of no credit losses. With respect to these securities, we consider the risk of credit loss to be zero and, therefore, we have elected the practical expedient to not record an ACL for these securities. The Company's non-government backed securities include private label mortgage-backed securities (MBS), corporate bonds, and municipal bonds. Private label refers to private institutions such as brokerage firms, banks, and home builders, that also securitize mortgages.

Management measures expected credit losses on HTM debt securities on a collective basis by major security type. Accrued interest receivable on HTM debt securities is excluded from the estimate of credit losses. The estimate of expected credit losses considers historical credit loss information that is adjusted for current conditions and reasonable and supportable forecasts. Management reviewed the collectability of municipal bonds, private label MBS, and corporate bonds taking into consideration factors such as the asset quality, delinquencies of the issuers, credit ratings, and available financial data.

The Company has elected to exclude accrued interest from the estimate of credit losses for HTM debt securities. As part of its non-accrual policy, the Company charges-off uncollectable interest at the time it is determined to be uncollectable.

Modifications: The Company identifies modifications to borrowers experiencing financial difficulty as a loan that has been modified for the borrower that is experiencing financial difficulties. The Company considers some of the indicators that a borrower is experiencing financial difficulty to be: currently in payment default on any of their debt, declaring bankruptcy, going concern, and other indicators of inability to meet obligations. This list does not include all potential indicators of a borrower’s financial difficulties. The ACL on loans that are considered modifications to borrowers experiencing financial difficulty are measured using the same method as all other loans held for investment.

Derivatives: The Company is exposed to certain risks relating to its ongoing operations. The primary risk managed by using derivative instruments is interest rate risk. Cash flow hedges have been entered into to manage interest rate risk associated with variable rate deposits and borrowings. Fair value hedges have been entered into to manage interest rate risk associated with fixed rate loans. The Company does not enter into derivative instruments for trading or speculative purposes.

Derivatives are recognized as Other assets or Other liabilities in the accompanying Condensed Consolidated Balance Sheets and are measured at fair value. At the inception of a derivative contract, the Company designates the derivative as one of three types based on the Company’s intentions and belief as to likely effectiveness of a hedge. These three types are as follows:

- Fair Value Hedge: a hedge of the fair value of a recognized asset or liability or an unrecognized firm commitment. For a fair value hedge, the gain or loss on the derivative, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk, are recognized in current earnings as fair values change.
- Cash Flow Hedge: a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability. For a cash flow hedge, the gain or loss on the derivative is reported in Other comprehensive income (OCI) and is reclassified into earnings in the same periods during which the hedged transactions affect earnings.
- Stand-alone derivative: an instrument with no hedging designation. Changes in the fair value of derivatives that do not qualify for hedge accounting are reported currently in earnings, as non-interest income.

Net cash settlements on derivatives that qualify for hedge accounting are recorded in interest income or interest expense, based on the item being hedged. Net cash settlements on derivatives that do not qualify for hedge accounting are reported in non-interest income. Cash flows on hedges are classified in the cash flow statement in the same line as the cash flows of the items being hedged.

The Company formally documents the relationship between derivatives and hedged items, as well as the risk-management objective and the strategy for undertaking hedge transactions at the inception of the hedging relationship. The Company also formally assesses, both at the hedge’s inception and on an ongoing basis, whether the derivative instruments that are used are highly effective in offsetting changes in fair values or cash flows of the hedged items. The Company discontinues hedge accounting when it determines that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item, the derivative is settled or terminates, a hedged forecasted transaction is no longer probable, a hedged firm commitment is no longer firm, or treatment of the derivative as a hedge is no longer appropriate or intended.

The Company is exposed to losses if a counterparty fails to make its payments under a contract in which the Company is in the net receiving position. The Company anticipates that the counterparties will be able to fully satisfy their obligations under the agreements. All of the contracts to which the Company is a party settle monthly or quarterly. In addition, the Company obtains collateral above certain thresholds of the fair value of its derivatives for each dealer counterparty based upon their credit standing and the Company has netting agreements with the dealers with which it does business.

Mortgage Loans Held for Sale: Mortgage loans held for sale generally consist of long-term, fixed rate, conforming, single-family residential real estate loans intended to be sold on the secondary market. Mortgage loans held for sale are recorded at fair value and are typically sold with servicing rights released. Changes in the fair values of mortgage loans held for sale are included in the Net gain on mortgage loans line of the Condensed Consolidated Statements of Income. Fair value elections are made at the time of origination based on the Company's fair value election policy.

Mortgage Banking Derivatives: Commitments to fund mortgage loans, interest rate lock commitments (IRLC), and forward sale commitments (FSC) to be sold in the secondary market for the future delivery of these loans are accounted for as free standing derivatives. The fair value of the IRLC is recorded at the time the commitment to fund the mortgage loan is executed and is adjusted for the expected exercise of the commitment before the loan is funded. The Company sells mortgage loans to third party investors at the best execution available which includes best efforts, mandatory, and bulk bids. Loans committed under mandatory or bulk bid are considered FSC and qualify as financial derivatives. Fair values of these mortgage derivatives are estimated based on the change in the loan pricing from the date of the commitment to the period end date for any unsettled commitments. Changes in the fair values of these derivatives are included in the Net gain on mortgage loans line of the Condensed Consolidated Statements of Income.

In order to manage the interest rate risk on our uncommitted IRLC and mortgage loans held for sale pipeline, the Company enters into mortgage derivative financial instruments called To Be Announced (TBA), which we refer to as forward commitments. TBA agreements are forward contracts to purchase MBS that will be issued by a US Government Sponsored Enterprise. The Bank purchases or sells these derivatives to offset the changes in value of our mortgage loans held for sale and IRLC adjusted pipeline where we have exposure to interest rate volatility. Changes in the fair values of these derivatives are included in the Net gain on mortgage loans line of the Condensed Consolidated Statements of Income.

Other Real Estate Owned (OREO): Property acquired by foreclosure or deed-in-lieu of foreclosure is initially recorded at fair value less estimated selling cost at acquisition date, establishing a new cost basis. The Company is considered to have received physical possession of real estate property collateralizing a loan upon the occurrence of either the Company obtaining legal title to the property or the borrower conveying all interest in the property through a deed-in-lieu or similar agreement. Fair value is determined as the amount that could be reasonably expected in a current sale between a willing buyer and a willing seller in an orderly transaction between market participants at the measurement date. Subsequent to the initial acquisition, if the fair value of the asset, less estimated selling cost, is less than the cost of the property, a loss is recognized within non-interest expense and the asset carrying value is reduced. Gain or loss on disposition of OREO is recorded in non-interest income. In determining the fair value of the properties on the date of transfer and any subsequent estimated losses of net realizable value, the fair value of other real estate acquired by foreclosure or deed-in-lieu of foreclosure is determined primarily based upon appraisal or evaluation of the underlying property value.

Low-Income Housing Tax Credits (LIHTC): The Company invests in projects to create affordable housing. These investments are classified as Other assets on the Consolidated Balance Sheets. Investments in affordable housing projects that qualify for LIHTC are accounted for using the proportional amortization method. Under the proportional amortization method, the initial cost of the investment is amortized in proportion to the tax credits and other benefits received and recognized as a component of applicable income tax expense in the Consolidated Statements of Income.

Solar Investment Tax Credit (ITC): The Company purchases ITCs that are transferable, nonrefundable federal tax incentives intended to encourage investment in renewable energy infrastructure in accordance with Accounting Standards Codification (ASC) 740, "Income Taxes" and Section 48 "Energy Credit" of the Internal Revenue Code. Upon entering into a binding agreement to acquire a transferable solar ITC, the Company recognizes a deferred tax asset equal to the amount paid for the credit, assuming it is more likely than not that the credit will be realized against future taxable income only to the extent that tax credits offset no more than 75% of the total tax liability. Upon utilization of the credit against current-year tax liabilities, the Company reduces the deferred tax asset with a corresponding reduction to current tax expense. The tax benefit is recorded in the period the credit is used. Management assesses realizability of the deferred tax asset in accordance with ASC 740, including the application of valuation allowances if needed.

Clean Fuel Production Tax Credit (ITC): The Company purchases ITCs that are transferable, nonrefundable federal tax incentives intended to encourage investment in low-carbon transfer fuels in accordance with Accounting Standards Codification (ASC) 740, “Income Taxes" and Section 45Z “Clean Fuel Production Credit” of the Internal Revenue Code. Upon entering into a binding agreement to acquire a transferable solar ITC, the Company recognizes a deferred tax asset equal to the amount paid for the credit, assuming it is more likely than not that the credit will be realized against future taxable income only to the extent that tax credits offset no more than 75% of the total tax liability. Upon utilization of the credit against current-year tax liabilities, the Company reduces the deferred tax asset with a corresponding reduction to current tax expense. The tax benefit is recorded in the period the credit is used. Management assesses realizability of the deferred tax asset in accordance with ASC 740, including the application of valuation allowances if needed.

Revenue Recognition: In accordance with the Financial Accounting Standards Board (FASB), ASC 606 Revenue from Contracts with Customers, Trust and investment management fees are earned by providing trust and investment services to customers. The Company’s performance obligation under these contracts is satisfied over time as the services are provided. Fees are recognized monthly based on the average monthly value of assets under management (AUM) and the corresponding fee rate based on the terms of the contract. Receivables are recorded on the Condensed Consolidated Balance Sheets in the Accounts receivable line item. Income related to Trust and investment management fees, Bank fees, and Risk management and insurance fees on the Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2026 and 2025 are considered in scope of Topic 606.

Reclassifications: Certain items in prior year financial statements were reclassified to conform to the current presentation. Such reclassifications had no impact on net income available to common shareholders or total shareholders’ equity.

Recently Adopted Accounting Pronouncements: The Company has not adopted any accounting pronouncements since the end of the Company's fiscal year ended December 31, 2025.

Recently Issued Accounting Pronouncements, Not Yet Adopted: The following reflects recently issued accounting pronouncements and the impact thereof to the Company.

On November 4, 2024, the FASB issued ASU 2024-03 Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures, which requires companies to disclose additional information about certain expenses. This guidance is effective for companies with fiscal years beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company expects to adopt this standard beginning January 1, 2027. The Company is currently evaluating these new disclosure requirements and does not expect the adoption to have a material impact.

On November 12, 2025, the FASB issued ASU 2025-08 Financial Instruments - Credit Losses (Topic 326): Purchased Loans, which expands the population of acquired financial assets subject to the gross-up approach in Topic 326. This guidance is effective for companies with fiscal years beginning after December 15, 2026, including interim reporting periods within those annual periods. Early adoption is permitted. The Company expects to adopt this standard beginning January 1, 2027. The Company is currently evaluating this standard and does not expect the adoption to have a material impact.

NOTE 2 – DEBT SECURITIES

The following presents the amortized cost, fair value, and allowance for credit losses of debt securities and the corresponding amounts of gross unrealized or unrecognized gains and losses as of the date noted (dollars in thousands):

September 30, 2026	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Allowance for Credit Losses
Debt securities available-for-sale:					
Residential mortgage-backed securities issued by U.S. government agencies and sponsored enterprises	$ 154,271	$ 40	$ (1,767)	$ 152,544	$ —
Total debt securities available-for-sale:	$ 154,271	$ 40	$ (1,767)	$ 152,544	$ —

September 30, 2026	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value	Allowance for Credit Losses
Debt securities held-to-maturity:					
U.S. Treasuries	$ 249	$ —	$ (2)	$ 247	$ —
U.S. government agencies and sponsored enterprises	3,126	2	(258)	2,870	—
Municipals	3,159	—	(138)	3,021	—
Residential mortgage-backed securities issued by U.S. government agencies and sponsored enterprises	66,176	42	(4,479)	61,739	—
Residential mortgage-backed securities - other	674	—	(47)	627	—
Commercial mortgage-backed securities issued by U.S. government agencies and sponsored enterprises	5,463	—	(15)	5,448	—
Corporate bonds	63,194	—	(2,564)	60,630	(189)
Total debt securities held-to-maturity	$ 142,041	$ 44	$ (7,503)	$ 134,582	$ (189)

December 31, 2025	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Allowance for Credit Losses
Debt securities available-for-sale:					
Residential mortgage-backed securities issued by U.S. government agencies and sponsored enterprises	$ 45,623	$ 54	$ (70)	$ 45,607	$ —
Total debt securities available-for-sale	$ 45,623	$ 54	$ (70)	$ 45,607	$ —

December 31, 2025	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value	Allowance for Credit Losses
Debt securities held-to-maturity:					
U.S. Treasuries	$ 248	$ 1	$ —	$ 249	$ —
U.S. government agencies and sponsored enterprises	3,412	3	(131)	3,284	—
Residential mortgage-backed securities issued by U.S. government agencies and sponsored enterprises	59,839	209	(3,005)	57,043	—
Residential mortgage-backed securities - other	751	—	(47)	704	—
Commercial mortgage-backed securities issued by U.S. government agencies and sponsored enterprises	6,138	—	(8)	6,130	—
Corporate bonds	24,656	116	(1,547)	23,225	(74)
Total debt securities held-to-maturity	$ 95,044	$ 329	$ (4,738)	$ 90,635	$ (74)

Net amortization related to debt securities during the three months ended September 30, 2026 and 2025 was immaterial, and is included in Net interest income in the Consolidated Statements of Income. Net amortization related to debt securities during the nine month periods ended September 30, 2026 and 2025 was $0.1 million and immaterial, and is included in Net interest income in the Consolidated Statements of Income.

As of September 30, 2026, the amortized cost and estimated fair value of debt securities have contractual maturity dates shown in the table below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Debt securities not due at a single maturity date are shown separately.

	September 30, 2026			
	Available-for-Sale		Held-to-Maturity	
(dollars in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	$ —	$ —	$ 2,247	$ 2,246
Due between one year and five years	—	—	2,000	1,983
Due between five years and ten years	—	—	59,196	56,648
Due after ten years	—	—	3,159	3,021
Securities (MBS and Agency)	154,271	152,544	75,439	70,684
Total	$ 154,271	$ 152,544	$ 142,041	$ 134,582

In 2022, the Company committed $6.0 million in total to two bank technology funds. Additionally, in 2025, the Company committed $3.0 million to a sale-leaseback fund as well as $3.0 million to a bank technology fund. During the nine months ended September 30, 2026, the Company made $1.4 million of contributions to the fund partnerships and received an immaterial return on investment. During the year ended December 31, 2025, the Company made $2.2 million of contributions to the partnerships and received $0.1 million of return on investments from the partnerships. As of September 30, 2026 and December 31, 2025, the Company held a balance of investments in the partnerships of $5.9 million and $4.5 million, respectively, which is included in Other assets in the accompanying Condensed Consolidated Balance Sheets. The Company may be obligated to invest up to an additional $5.9 million in future contributions.

In 2014, the Company began investing in a small business investment company (SBIC) fund administered by the Small Business Administration (SBA). During the nine months ended September 30, 2026 and year ended December 31, 2025, the Company made no contributions to the SBIC fund. As of September 30, 2026 and December 31, 2025, the Company held a balance of $2.4 million in the SBIC fund, which is included in Other assets in the accompanying Condensed Consolidated Balance Sheets. The Company may be obligated to invest up to an additional $0.5 million in future SBIC investments.

As of September 30, 2026 and December 31, 2025, AFS and HTM securities with carrying values of $49.7 million and $29.8 million, respectively, were pledged to secure various public deposits and credit facilities of the Company.

As of September 30, 2026 and December 31, 2025, there were no holdings of debt securities of any one issuer, other than the U.S. Government sponsored entities and agencies, in an amount greater than 10% of shareholders' equity.

The Company did not sell any debt securities during the nine months ended September 30, 2026 or 2025. The Company did not transfer any debt securities between AFS and HTM during the nine months ended September 30, 2026 or 2025.

The following presents AFS debt securities that were in an unrealized loss position, based on the length of time the individual debt securities have been in an unrealized loss position:

	September 30, 2026						
		Less than 12 Months		12 Months or More		Total	
(dollars in thousands)	Number of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Debt securities available-for-sale:							
Residential mortgage-backed securities issued by U.S. government agencies and sponsored enterprises	27	$ 118,930	$ (1,760)	$ 3,131	$ (7)	$ 122,061	$ (1,767)
Total debt securities available-for-sale	27	$ 118,930	$ (1,760)	$ 3,131	$ (7)	$ 122,061	$ (1,767)

(dollars in thousands)	Number of Securities	December 31, 2025					
		Less than 12 Months		12 Months or More		Total	
		Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Debt securities available-for-sale:							
Residential mortgage-backed securities issued by U.S. government agencies and sponsored enterprises	6	$ 27,693	$ (70)	$ —	$ —	$ 27,693	$ (70)
Total debt securities available-for-sale	6	$ 27,693	$ (70)	$ —	$ —	$ 27,693	$ (70)

Allowance for Credit Losses for Debt Securities

Management measures expected credit losses on debt securities on a collective basis by major security type. The majority of our investment portfolio consists of securities issued by U.S. government entities or agencies and we consider the risk of credit loss to be zero and, therefore, we do not record an ACL. The Company's non-government backed debt securities include private label MBS, corporate bonds, and municipal bonds. Refer to Note 1 – Organization and Summary of Significant Accounting Policies for additional information on the Company’s methodology for estimating credit losses.

As of September 30, 2026, accrued interest receivable for AFS debt securities and HTM debt securities was $0.2 million and $1.2 million, respectively. As of December 31, 2025, accrued interest receivable for AFS debt securities and HTM debt securities was $44 thousand and $0.4 million, respectively. Accrued interest receivable for debt securities is excluded from the estimate of credit losses.

As of September 30, 2026, no ACL has been recognized for AFS debt securities in an unrealized loss position as management does not believe any of the debt securities are impaired due to reasons of credit quality. The Company’s AFS portfolio is comprised of MBS issued by U.S. government entities and agencies, which we consider the risk of credit loss to be zero. Total gross unrealized losses were attributable to changes in interest rates, relative to when the debt securities were purchased, and not due to the credit quality of the debt securities. The Company does not intend to sell the AFS debt securities that were in an unrealized loss position and it is likely that the Company will not be required to sell the AFS debt securities before recovery of their amortized cost basis, which may be at maturity.

The ACL on HTM debt securities is estimated using relevant information, from internal and external sources, relating to past events, current conditions, and reasonable and supportable forecasts. The ACL on HTM debt securities was $0.2 million and $0.1 million as of September 30, 2026 and December 31, 2025, respectively.

The following presents the activity in the ACL for debt securities HTM by major security type for the periods noted:

(dollars in thousands)	Corporate Bonds Three Months Ended September 30, 2026	 2025
Allowance for credit losses:		
Beginning balance	$ 151	$ 71
Provision for credit losses	38	—
Securities charged-off (recoveries)	—	—
Total ending allowance balance	$ 189	$ 71

(dollars in thousands)	Corporate Bonds Nine Months Ended September 30, 2026	 2025
Allowance for credit losses:		
Beginning balance	$ 74	$ 71
Provision for credit losses	115	—
Securities charged-off (recoveries)	—	—
Total ending allowance balance	$ 189	$ 71

The Company monitors the credit quality of debt securities on a quarterly basis. As of September 30, 2026 and December 31, 2025, there were no debt securities past due or on non-accrual.

NOTE 3 – LOANS AND THE ALLOWANCE FOR CREDIT LOSSES

The following presents a summary of the Company's loans at amortized cost as of the dates noted:

(dollars in thousands)	September 30, 2026	December 31, 2025
Cash, securities, and other	$ 177,382	$ 164,726
Consumer and other	19,268	19,596
Construction and development	212,673	189,081
1-4 family residential	1,136,644	1,033,665
Non-owner occupied CRE	760,000	809,875
Owner occupied CRE	231,019	204,078
Commercial and industrial	272,705	225,281
Total[1]	2,809,691	2,646,302
Portfolio layer method basis adjustment for hedged portfolio	(4,592)	939
Allowance for credit losses	(20,785)	(21,441)
Total, net	$ 2,784,314	$ 2,625,800
Loans accounted for under the fair value option[2]	1,146	3,182
Loans, net	$ 2,785,460	$ 2,628,982

[1] Total loans include net unamortized loan origination fees of $0.7 million and $0.4 million as of September 30, 2026 and December 31, 2025, respectively, and net unamortized discounts on loan purchased or acquired of $2.4 million and $2.9 million as of September 30, 2026 and December 31, 2025, respectively.

[2] Includes $1.2 million and $3.2 million of unpaid principal balance of loans held for investment measured at fair value as of September 30, 2026 and December 31, 2025, respectively. Includes fair value adjustments on loans held for investment accounted for under the fair value option. See Note 12 – Fair Value.

As of September 30, 2026 and December 31, 2025, total loans held for investment included $94.7 million and $121.3 million, respectively, of performing loans purchased through mergers or acquisitions.

The following presents, by class, an aging analysis of the amortized cost basis in loans past due as of the date noted (dollars in thousands):

September 30, 2026	30-59 Days Past Due	60-89 Days Past Due	90 or More Days Past Due	Total Loans Past Due	Current	Total Amortized Cost	Loans Accounted for Under the Fair Value Option[1]	Total Loans
Cash, securities, and other	$ —	$ —	$ 1,704	$ 1,704	$ 175,678	$ 177,382	$ —	$ 177,382
Consumer and other	11	—	—	11	19,257	19,268	1,146	20,414
Construction and development	—	—	—	—	212,673	212,673	—	212,673
1-4 family residential	—	—	—	—	1,136,644	1,136,644	—	1,136,644
Non-owner occupied CRE	—	—	—	—	760,000	760,000	—	760,000
Owner occupied CRE	—	—	—	—	231,019	231,019	—	231,019
Commercial and industrial	—	—	11,364	11,364	261,341	272,705	—	272,705
Total	$ 11	$ —	$ 13,068	$ 13,079	$ 2,796,612	$ 2,809,691	$ 1,146	$ 2,810,837

December 31, 2025	30-59 Days Past Due	60-89 Days Past Due	90 or More Days Past Due	Total Loans Past Due	Current	Total Amortized Cost	Loans Accounted for Under the Fair Value Option[1]	Total Loans
Cash, securities, and other	$ —	$ —	$ 1,704	$ 1,704	$ 163,022	$ 164,726	$ —	$ 164,726
Consumer and other	—	—	—	—	19,596	19,596	3,182	22,778
Construction and development	—	—	—	—	189,081	189,081	—	189,081
1-4 family residential	417	—	—	417	1,033,248	1,033,665	—	1,033,665
Non-owner occupied CRE	—	—	—	—	809,875	809,875	—	809,875
Owner occupied CRE	—	—	—	—	204,078	204,078	—	204,078
Commercial and industrial	2,267	—	14,683	16,950	208,331	225,281	—	225,281
Total	$ 2,684	$ —	$ 16,387	$ 19,071	$ 2,627,231	$ 2,646,302	$ 3,182	$ 2,649,484

[1] Refer to Note 12 – Fair Value for additional information on the measurement of loans accounted for under the fair value option.

Loan Modifications

GAAP requires that certain types of loan modifications to borrowers experiencing financial difficulty be reported and include the following: (i) principal forgiveness, (ii) interest rate reduction, (iii) other than insignificant payment delay, (iv) term extension, or (v) any combination of the foregoing.

The following presents the amortized cost basis as of September 30, 2026 of the loans modified to borrowers experiencing financial difficulty disaggregated by class of financing receivable and type of concession granted during the nine months ended September 30, 2026.

(dollars in thousands)	Principal forgiveness	Interest rate reduction	Term extension	Total class of financing receivable
Commercial and industrial	$ —	$ —	$ 5,042	1.8 %
Total	$ —	$ —	$ 5,042	

The following presents the financial effect by type of modification made to borrowers experiencing financial difficulty during the periods noted:

	Nine Months Ended September 30, 2026		
(dollars in thousands)	Principal forgiveness	Weighted average interest rate reduction	Weighted average term extension
Commercial and industrial	$ —	— %	5 years

There were no loan modifications made to borrowers experiencing financial difficulty during the three months ended September 30, 2026. There were no loan modifications made to borrowers experiencing financial difficulty during the three and nine months ended September 30, 2025. During the three and nine months ended September 30, 2026, zero and one loan with an amortized cost of $0.0 and $0.7 million, respectively, as of September 30, 2026, defaulted subsequent to being granted a modification in the preceding twelve months. There were no loans that experienced a default during the three and nine months ended September 30, 2025 subsequent to being granted a modification in the preceding twelve months. Default is determined at 90 days or more past due, charge-off, or foreclosure.

Non-Accrual Loans

The accrual of interest on loans is discontinued at the time the loan becomes 90 days or more delinquent unless the loan is well secured and in the process of collection or renewal due to maturity. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on non-accrual status or charged off if collection of interest or principal is considered doubtful. The following presents the amortized cost basis of loans on non-accrual status and loans past due over 89 days still accruing by class as of the dates noted:

	September 30, 2026		
(dollars in thousands)	Non-accrual loans with no ACL	Total non-accrual loans[1]	Loans past due over 89 days still accruing
Cash, securities, and other	$ 1,704	$ 1,704	$ —
Commercial and industrial	—	11,521	—
Total	$ 1,704	$ 13,225	$ —

[1] As of September 30, 2026, the Company had an allowance of $2.2 million on non-accrual loans.

	December 31, 2025		
(dollars in thousands)	Non-accrual loans with no ACL	Total non-accrual loans[1]	Loans past due over 89 days still accruing
Cash, securities, and other	$ 1,704	$ 1,704	$ —
Commercial and industrial	790	14,855	—
Total	$ 2,494	$ 16,559	$ —

[1] As of December 31, 2025, the Company had an allowance of $3.3 million on non-accrual loans.

The Company recognized no interest income on non-accrual loans during the three and nine month periods ended September 30, 2026 and 2025. The Company reversed no interest income on non-accrual loans during the three month period ended September 30, 2026 and an immaterial amount of interest income on non-accrual loans during the nine month period ended September 30, 2026. The Company reversed $0.1 million of interest income on non-accrual loans during the three and nine month periods ended September 30, 2025, respectively.

Collateral Dependent Loans

A loan is considered collateral dependent when the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of the collateral. The following presents the amortized cost basis of collateral-dependent loans, which are individually analyzed to determine expected credit losses, by class of loans as of the date noted:

	September 30, 2026		
	Collateral Dependent Loans		
(dollars in thousands)	Secured by Cash and Securities	Secured by Other	Total
Cash, securities, and other	$ 1,704	$ —	$ 1,704
Commercial and industrial	—	11,521	11,521
Total	$ 1,704	$ 11,521	$ 13,225

	December 31, 2025		
	Collateral Dependent Loans		
(dollars in thousands)	Secured by Cash and Securities	Secured by Other	Total
Cash, securities, and other	$ 1,704	$ —	$ 1,704
Commercial and industrial	—	14,855	14,855
Total	$ 1,704	$ 14,855	$ 16,559

Other Real Estate Owned

Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. They are subsequently accounted for at lower of cost or fair value less estimated costs to sell. Fair value is commonly based on recent real estate appraisals which are updated no less frequently than on an annual basis. Appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers for differences between comparable sales and income data available. During the year ended December 31, 2025, the Company sold two OREO properties resulting in a net gain on sale of $0.5 million. During the three months ended March 31, 2026, the Company's last remaining OREO property was sold for a nominal loss. As of September 30, 2026 and December 31, 2025, OREO properties had carrying amounts of $0.0 million and $3.0 million, respectively. As of September 30, 2026 and December 31, 2025, there were no loans secured by real estate in the process of foreclosure.

Allowance for Credit Losses on Loans

The ACL for loans is measured on the loan's amortized cost basis, excluding interest receivable. Interest receivable excluded at September 30, 2026 and December 31, 2025 was $10.6 million and $10.4 million, respectively, presented in Accrued interest receivable on the Condensed Consolidated Balance Sheets. Refer to Note 1 – Organization and Summary of Significant Accounting Policies for additional information related to the Company's methodology on estimated credit losses.

The ACL represents management's best estimate of current expected credit losses (CECL) for loans considering available information, from internal and external sources, relevant to assessing collectability over the loans' contractual terms, adjusted for expected prepayments when appropriate. Our quantitative DCF models use economic forecasts, including housing price index (HPI), gross domestic product (GDP), and national unemployment.

Allocation of a portion of the ACL to one category of loans does not preclude its availability to absorb losses in other categories. The following presents the activity in the ACL by portfolio segment during the periods presented:

(dollars in thousands)	Cash, securities and other	Consumer and other	Construction and development	1-4 family residential	Non-Owner occupied CRE	Owner occupied CRE	Commercial and industrial	Total
Changes in ACL for the three months ended September 30, 2026								
Beginning balance	$ 1,229	$ 413	$ 2,179	$ 6,072	$ 3,766	$ 924	$ 5,714	$ 20,297
Provision for (release of) credit losses	23	(131)	182	145	(35)	6	416	606
Charge-offs	—	(123)	—	—	—	—	—	(123)
Recoveries	—	—	—	—	—	—	5	5
Ending balance	$ 1,252	$ 159	$ 2,361	$ 6,217	$ 3,731	$ 930	$ 6,135	$ 20,785
Changes in ACL for the nine months ended September 30, 2026								
Beginning balance	$ 1,150	$ 138	$ 2,210	$ 5,846	$ 4,359	$ 846	$ 6,892	$ 21,441
Provision for (release of) credit losses	102	144	151	371	(628)	84	(786)	(562)
Charge-offs	—	(123)	—	—	—	—	—	(123)
Recoveries	—	—	—	—	—	—	29	29
Ending balance	$ 1,252	$ 159	$ 2,361	$ 6,217	$ 3,731	$ 930	$ 6,135	$ 20,785

(dollars in thousands)	Cash, securities and other	Consumer and other	Construction and development	1-4 family residential	Non-Owner occupied CRE	Owner occupied CRE	Commercial and industrial	Total
Changes in ACL for the three months ended September 30, 2025								
Beginning balance	$ 1,150	$ 158	$ 3,651	$ 5,544	$ 4,323	$ 737	$ 3,431	$ 18,994
(Release of) provision for credit losses	(13)	27	(1,487)	254	(384)	(12)	3,847	2,232
Charge-offs	—	—	—	—	—	—	(430)	(430)
Recoveries	—	1	—	6	—	—	164	171
Ending balance	$ 1,137	$ 186	$ 2,164	$ 5,804	$ 3,939	$ 725	$ 7,012	$ 20,967
Changes in ACL for the nine months ended September 30, 2025								
Beginning balance	$ 410	$ 185	$ 5,184	$ 5,200	$ 4,340	$ 654	$ 2,357	$ 18,330
Provision for (release of) credit losses	727	(23)	(3,020)	591	(401)	71	6,173	4,118
Charge-offs	—	—	—	—	—	—	(1,690)	(1,690)
Recoveries	—	24	—	13	—	—	172	209
Ending balance	$ 1,137	$ 186	$ 2,164	$ 5,804	$ 3,939	$ 725	$ 7,012	$ 20,967

Credit Quality Indicators

The Company categorizes loans into risk categories based on relevant information about the ability of the borrowers to service their debt such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans by credit risk on a quarterly basis. The Company uses the following definitions for risk ratings:

Special mention: Loans classified as special mention have a potential weakness or borrowing relationships that require more than the usual amount of management attention. Adverse industry conditions, deteriorating financial conditions, declining trends, management problems, documentation deficiencies, or other similar weaknesses may be evident. Ability to meet current payment schedules may be questionable, even though interest and principal are still being paid as agreed. The asset has potential weaknesses that may result in deteriorating repayment prospects if left uncorrected. Loans in this risk grade are not considered adversely classified.

Substandard: Substandard loans are considered "classified" and are inadequately protected by the current net worth and paying capacity of the obligor or by the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardizes the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. Loans in this category may be placed on non-accrual status and may individually be analyzed.

Doubtful: Loans graded Doubtful are considered "classified" and have all the weaknesses inherent in those classified as Substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions, and values, highly questionable and improbable. However, the amount of certainty of eventual loss is not known because of specific pending factors.

Loans accounted for under the fair value option are not rated.

The following presents the amortized cost basis of loans by credit quality indicator, by class of financing receivable, and year of origination for term loans as of September 30, 2026 and December 31, 2025. For revolving lines of credit that converted to term loans, if the conversion involved a credit decision, such loans are included in the origination year in which the credit decision was made. If revolving lines of credit converted to term loans without a credit decision, such lines of credit are included in the “Revolving lines of credit converted to term” column in the following table (dollars in thousands):

	Term Loans Amortized Cost by Origination Year							
September 30, 2026	**2026**	**2025**	**2024**	**2023**	**2022**	**Prior**	**Revolving Loans Amortized Cost Basis**	**Total**
Cash, securities, and other								
Pass	$ 17,544	$ 49,951	$ 4,475	$ 379	$ 3,676	$ 21,148	$ 78,505	$ 175,678
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	1,704	1,704
Doubtful	—	—	—	—	—	—	—	—
Total Cash, securities, and other	$ 17,544	$ 49,951	$ 4,475	$ 379	$ 3,676	$ 21,148	$ 80,209	$ 177,382
Current year-to-date gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer and other								
Pass	$ 7,416	$ 28	$ 275	$ —	$ 224	$ 272	$ 11,053	$ 19,268
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Not rated[(1)]	—	—	1	—	1,082	63	—	1,146
Total Consumer and other	$ 7,416	$ 28	$ 276	$ —	$ 1,306	$ 335	$ 11,053	$ 20,414
Current year-to-date gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 123	$ —	$ 123
Construction and development								
Pass	$ 33,105	$ 58,695	$ 19,872	$ 42,701	$ 27,420	$ 6,354	$ 24,028	$ 212,175
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	498	—	—	—	498
Doubtful	—	—	—	—	—	—	—	—
Total Construction and development	$ 33,105	$ 58,695	$ 19,872	$ 43,199	$ 27,420	$ 6,354	$ 24,028	$ 212,673
Current year-to-date gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

	Term Loans Amortized Cost by Origination Year							
September 30, 2026	**2026**	**2025**	**2024**	**2023**	**2022**	**Prior**	**Revolving Loans Amortized Cost Basis**	**Total**
1-4 family residential								
Pass	$ 168,260	$ 166,230	$ 51,453	$ 58,114	$ 297,605	$ 241,302	$ 153,679	$ 1,136,643
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	1	1
Doubtful	—	—	—	—	—	—	—	—
Total 1-4 family residential	$ 168,260	$ 166,230	$ 51,453	$ 58,114	$ 297,605	$ 241,302	$ 153,680	$ 1,136,644
Current year-to-date gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-Owner occupied CRE								
Pass	$ 44,197	$ 110,947	$ 58,004	$ 41,211	$ 248,277	$ 159,795	$ 914	$ 663,345
Special mention	—	—	13,230	10,047	—	4,907	—	28,184
Substandard	—	—	3,693	22,922	22,750	19,106	—	68,471
Doubtful	—	—	—	—	—	—	—	—
Total Non-Owner occupied CRE	$ 44,197	$ 110,947	$ 74,927	$ 74,180	$ 271,027	$ 183,808	$ 914	$ 760,000
Current year-to-date gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Owner occupied CRE								
Pass	$ 43,064	$ 45,473	$ 3,599	$ 2,826	$ 26,365	$ 106,867	$ 2,825	$ 231,019
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total Owner occupied CRE	$ 43,064	$ 45,473	$ 3,599	$ 2,826	$ 26,365	$ 106,867	$ 2,825	$ 231,019
Current year-to-date gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial and industrial								
Pass	$ 70,340	$ 37,272	$ 21,174	$ 2,688	$ 17,322	$ 25,285	$ 72,873	$ 246,954
Special mention	—	2,649	—	—	—	—	—	2,649
Substandard	1,184	—	—	3,343	6,588	8,027	3,960	23,102
Doubtful	—	—	—	—	—	—	—	—
Total Commercial and industrial	$ 71,524	$ 39,921	$ 21,174	$ 6,031	$ 23,910	$ 33,312	$ 76,833	$ 272,705
Current year-to-date gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total pass	$ 383,926	$ 468,596	$ 158,852	$ 147,919	$ 620,889	$ 561,023	$ 343,877	$ 2,685,082
Total special mention	—	2,649	13,230	10,047	—	4,907	—	30,833
Total substandard	1,184	—	3,693	26,763	29,338	27,133	5,665	93,776
Total doubtful	—	—	—	—	—	—	—	—
Total not rated[(1)]	—	—	1	—	1,082	63	—	1,146
Total	$ 385,110	$ 471,245	$ 175,776	$ 184,729	$ 651,309	$ 593,126	$ 349,542	$ 2,810,837

[(1)] Includes loans held for investment measured at fair value as of September 30, 2026. Includes fair value adjustments on loans held for investment accounted for under the fair value option.

	Term Loans Amortized Cost by Origination Year							
December 31, 2025	2025	2024	2023	2022	2021	Prior	Revolving Loans Amortized Cost Basis	Total
Cash, securities, and other								
Pass	$ 49,565	$ 1,347	$ 1,805	$ 3,506	$ 9,260	$ 13,255	$ 84,284	$ 163,022
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	1,704	1,704
Doubtful	—	—	—	—	—	—	—	—
Total Cash, securities, and other	$ 49,565	$ 1,347	$ 1,805	$ 3,506	$ 9,260	$ 13,255	$ 85,988	$ 164,726
Current year-to-date gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer and other								
Pass	$ 212	$ 275	$ —	$ 765	$ 302	$ 512	$ 17,480	$ 19,546
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	50	50
Doubtful	—	—	—	—	—	—	—	—
Not rated[1]	—	1	—	2,874	268	39	—	3,182
Total Consumer and other	$ 212	$ 276	$ —	$ 3,639	$ 570	$ 551	$ 17,530	$ 22,778
Current year-to-date gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Construction and development								
Pass	$ 38,696	$ 53,248	$ 45,026	$ 23,589	$ 891	$ 9,560	$ 4,970	$ 175,980
Special mention	—	—	—	12,124	—	—	—	12,124
Substandard	—	461	516	—	—	—	—	977
Doubtful	—	—	—	—	—	—	—	—
Total Construction and development	$ 38,696	$ 53,709	$ 45,542	$ 35,713	$ 891	$ 9,560	$ 4,970	$ 189,081
Current year-to-date gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
1-4 family residential								
Pass	$ 220,541	$ 52,322	$ 61,879	$ 318,753	$ 113,011	$ 152,134	$ 112,114	$ 1,030,754
Special mention	—	—	—	1,370	—	1,421	118	2,909
Substandard	—	—	—	—	—	—	2	2
Doubtful	—	—	—	—	—	—	—	—
Total 1-4 family residential	$ 220,541	$ 52,322	$ 61,879	$ 320,123	$ 113,011	$ 153,555	$ 112,234	$ 1,033,665
Current year-to-date gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-Owner occupied CRE								
Pass	$ 119,685	$ 59,473	$ 50,166	$ 296,138	$ 72,242	$ 112,279	$ 31,170	$ 741,153
Special mention	—	—	—	—	—	—	—	—
Substandard	—	3,706	22,872	22,716	19,428	—	—	68,722
Doubtful	—	—	—	—	—	—	—	—
Total Non-Owner occupied CRE	$ 119,685	$ 63,179	$ 73,038	$ 318,854	$ 91,670	$ 112,279	$ 31,170	$ 809,875
Current year-to-date gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Owner occupied CRE								
Pass	$ 46,082	$ 4,105	$ 2,926	$ 36,535	$ 39,613	$ 73,657	$ 1,160	$ 204,078
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total Owner occupied CRE	$ 46,082	$ 4,105	$ 2,926	$ 36,535	$ 39,613	$ 73,657	$ 1,160	$ 204,078
Current year-to-date gross charge-offs	$ —	$ —	$ —	$ 111	$ —	$ —	$ —	$ 111
Commercial and industrial								
Pass	$ 45,718	$ 22,601	$ 3,948	$ 22,911	$ 8,573	$ 35,145	$ 58,429	$ 197,325
Special mention	—	—	—	—	—	—	—	—
Substandard	—	—	5,025	6,874	1,762	9,857	4,438	27,956
Doubtful	—	—	—	—	—	—	—	—
Total Commercial and industrial	$ 45,718	$ 22,601	$ 8,973	$ 29,785	$ 10,335	$ 45,002	$ 62,867	$ 225,281
Current year-to-date gross charge-offs	$ —	$ —	$ —	$ 1,403	$ —	$ 628	$ —	$ 2,031

December 31, 2025	Term Loans Amortized Cost by Origination Year						Revolving Loans Amortized Cost Basis	Total
	2025	2024	2023	2022	2021	Prior		
Total pass	$ 520,499	$ 193,371	$ 165,750	$ 702,197	$ 243,892	$ 396,542	$ 309,607	$ 2,531,858
Total special mention	—	—	—	13,494	—	1,421	118	15,033
Total substandard	—	4,167	28,413	29,590	21,190	9,857	6,194	99,411
Total doubtful	—	—	—	—	—	—	—	—
Total not rated[(1)]	—	1	—	2,874	268	39	—	3,182
Total	$ 520,499	$ 197,539	$ 194,163	$ 748,155	$ 265,350	$ 407,859	$ 315,919	$ 2,649,484

[(1)] Includes loans held for investment measured at fair value as of December 31, 2025. Includes fair value adjustments on loans held for investment accounted for under the fair value option.

NOTE 4 – GOODWILL

Goodwill is tested annually for impairment in the fourth quarter or earlier upon the occurrence of certain events. A significant amount of judgment is involved in determining if an indicator of goodwill impairment occurred. Such indicators may include, among others; a significant decline in expected future cash flows; a sustained significant decline in the Company's stock price and market capitalization; a significant adverse change in legal factors or in the business climate; adverse assessment or action by a regulator; and unanticipated competition.

The goodwill impairment analysis includes the determination of the carrying value of the reporting unit, including the existing goodwill, and estimating the fair value of the reporting unit. If the fair value is less than its carrying amount, goodwill impairment is recognized equal to the difference between the fair value and its carrying amount, not to exceed its carrying amount. As of September 30, 2026, there has not been an identified or recorded impairment of goodwill. Goodwill totaled $30.4 million as of September 30, 2026 and December 31, 2025.

NOTE 5 – LEASES

Leases in which the Company is determined to be the lessee are primarily operating leases comprised of real estate property and office space for our corporate headquarters and profit centers with terms that extend to 2036. In accordance with ASC 842, operating leases are required to be recognized as a right-of-use asset with a corresponding lease liability.

The Company elected to not include short-term leases with initial terms of twelve months or less on the Condensed Consolidated Balance Sheets. The following presents the classification of the right-of-use assets and corresponding liabilities within the Condensed Consolidated Balance Sheets, as of the dates noted:

(dollars in thousands)		September 30, 2026	December 31, 2025
Lease Right-of-Use Assets	**Classification**		
Operating lease right-of-use assets	Other assets	$ 17,744	$ 20,479
Lease Liabilities	**Classification**		
Operating lease liabilities	Other liabilities	$ 21,623	$ 23,012

The Company's operating lease agreements typically include an option to renew the lease at the Company's discretion. To the extent the Company is reasonably certain it will exercise the renewal option at the inception of the lease, the Company will include the extended term in the calculation of the right-of-use asset and lease liability. ASC 842 requires the use of the rate implicit in the lease when it is readily determinable. As this rate is typically not readily determinable, at the inception of the lease, the Company uses its collateralized incremental borrowing rate over a similar term. The amount of the right-of-use asset and lease liability are impacted by the discount rate used to calculate the present value of the minimum lease payments over the term of the lease. The following presents information related to operating leases:

	September 30, 2026	December 31, 2025
Weighted-Average Remaining Lease Term		
Operating leases	7.84 years	8.06 years
Weighted-Average Discount Rate		
Operating leases	4.26 %	4.19 %

The Company's operating leases contain fixed and variable lease components and it has elected to account for all classes of underlying assets as a single lease component. Variable lease costs primarily represent common area maintenance and parking. The Company recognized lease costs in Occupancy and equipment expense in the accompanying Condensed Consolidated Statements of Income. The following presents the Company's net lease costs during the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	2026	2025	2026	2025
Lease Costs				
Operating lease cost	$ 878	$ 892	$ 2,701	$ 2,670
Variable lease cost	460	571	1,065	1,765
Lease costs, net	$ 1,338	$ 1,463	$ 3,766	$ 4,435

The following presents a maturity analysis of the Company's operating lease liabilities on an annual basis for each of the next five years and total amounts thereafter (dollars in thousands):

Year Ending December 31,	Operating Leases
2026[1]	$ 43
2027	2,315
2028	2,076
2029	3,948
2030	3,810
Thereafter	14,448
Total future minimum lease payments	26,640
Less: imputed interest	(5,017)
Present value of net future minimum lease payments	$ 21,623

[1] Amount represents the remaining three months of year.

Leases in which the Company is determined to be the lessor are considered operating leases and consist of the partial lease of Company owned buildings. In accordance with ASC 842, these leases have been accounted for as operating leases. The Company recognized $0.1 million of lease income during the three months ended September 30, 2026 and 2025. During the nine months ended September 30, 2026 and September 30, 2025, the Company recognized $0.2 million of lease income.

The following presents a maturity analysis of the Company's lease payments to be received on an annual basis for each of the next five years and total amounts thereafter (dollars in thousands):

Year Ending December 31,	Undiscounted Operating Lease Income
2026[1]	$ 53
2027	185
2028	54
2029	56
2030	58
Thereafter	15
Total undiscounted operating lease income	$ 421

[1] Amount represents the remaining three months of the year.

NOTE 6 – DEPOSITS

The following presents the Company's Interest-bearing deposits as of the dates noted:

(dollars in thousands)	September 30, 2026	December 31, 2025
Money market deposit accounts	$ 2,004,098	$ 1,913,591
Time deposits	354,407	352,473
Interest checking accounts	124,677	122,292
Savings accounts	12,465	13,250
Total interest-bearing deposits	$ 2,495,647	$ 2,401,606
Aggregate time deposits of $250 or greater	$ 106,288	$ 115,313

Overdraft balances classified as loans totaled $0.1 million as of September 30, 2026 and December 31, 2025.

The following presents the scheduled maturities of all time deposits for each of the next five years and total amounts thereafter (dollars in thousands):

Year ending December 31,	Time Deposits
2026[1]	$ 152,079
2027	182,812
2028	8,683
2029	9,168
2030	1,665
Total	$ 354,407

[1] Amount represents the remaining three months of year.

NOTE 7 – BORROWINGS

The Bank has executed a blanket pledge and security agreement with the FHLB which requires certain loans and securities be pledged as collateral for any outstanding borrowings under the agreement. The collateral pledged as of September 30, 2026 and December 31, 2025 amounted to $1.50 billion and $1.45 billion, respectively. Based on this collateral and the Company's holdings of FHLB stock, the Company was eligible to borrow an additional $568 million as of September 30, 2026.

Upon maturity, the Company renewed a three-month $50 million FHLB advance on January 2, 2026. The rate for the borrowing is adjusted daily based on the SOFR rate plus 14.0 basis points. The advance matured on April 1, 2026 and was not renewed.

The following presents the Company's maturities of FHLB borrowings (dollars in thousands):

Maturity Date	Rate %	September 30, 2026	December 31, 2025
April 1, 2026	3.77 %	$ —	$ 50,000
October 1, 2026[1]	4.10	150,926	12,332
Total		$ 150,926	$ 62,332

[1] The borrowing has a one day, automatic daily renewal maturity date, subject to FHLB discretion not to renew.

To bolster the effectiveness of the SBA's PPP, the Federal Reserve supplied liquidity to participating financial institutions through term financing collateralized by PPP loans to small businesses. The Paycheck Protection Program Liquidity Facility (PPPLF) extended credit to eligible financial institutions that originated PPP loans, taking the loans as collateral at face value and bearing interest at 35 basis points. The terms of the loans are directly tied to the underlying PPP loans, which were originated at 2 or 5 years. As of September 30, 2026 and December 31, 2025, $0.0 million and $0.5 million, respectively, was outstanding under the PPPLF program, which is included in the FHLB and Federal Reserve borrowings line of the Condensed Consolidated Balance Sheets.

The Bank has borrowing capacity associated with two unsecured federal funds lines of credit up to $10.0 million and $19.0 million. As of September 30, 2026 and December 31, 2025, there were no amounts outstanding on any of the federal funds lines.

The following presents the Company's subordinated notes included in the Subordinated notes line of the Condensed Consolidated Balance Sheets as of the periods noted (dollars in thousands):

Issuance Date	Stated Rate	Interest Paid	Maturity	Carrying Value	Initial Debt Issuance Costs	Remaining Net Balance as of September 30, 2026 [1]
November 2020	SOFR plus 402 basis points until maturity	Quarterly	12/1/2030	$ 10,000	$ 162	$ —
August 2021	3.25% per annum until 9/1/2026, then SOFR plus 258 basis points until maturity	Semi-annual (Quarterly beginning 09/01/26)	9/1/2031	15,000	242	15,000
December 2022	7.00% per annum until 12/15/2027, then SOFR plus 328 basis points until maturity	Semi-annual (Quarterly beginning 12/15/27)	12/15/2032	20,000	506	19,883

[1] Remaining net balance includes amortization of debt issuance costs.

In 2025, a subordinated note with a carrying value of $8.0 million became eligible and was redeemed. During the third quarter of 2026, the Company redeemed $10.0 million of subordinated notes. For the three months ended September 30, 2026 and 2025, the Company recorded $0.6 million, of interest expense related to the collective subordinated notes. For the nine months ended September 30, 2026 and 2025, the Company recorded $2.0 million and $1.8 million, respectively, of interest expense related to the collective subordinated notes. The subordinated notes are included in Tier 2 capital under current regulatory guidelines and interpretations, subject to limitations.

The Company's borrowing facilities include various financial and other covenants, including, but not limited to, a requirement that the Bank maintains regulatory capital that is deemed "well capitalized" by federal banking agencies. See Note 16 – Regulatory Capital Matters for additional information. As of September 30, 2026 and December 31, 2025, the Company was in compliance with the covenant requirements.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

The Company is party to credit-related financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its clients. These financial instruments include commitments to extend credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the Condensed Consolidated Balance Sheets. Commitments may expire without being utilized. The Company's exposure to credit loss is represented by the contractual amount of these commitments, although material losses are not anticipated. The Company follows the same credit policies in making commitments as it does for on-balance sheet instruments.

The following presents the Company's financial instruments whose contract amounts represent credit risk, as of the dates noted:

	September 30, 2026		December 31, 2025	
(dollars in thousands)	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate
Unused lines of credit	$ 47,238	$ 528,616	$ 45,982	$ 506,809
Standby letters of credit	9,976	4,309	10,845	11,665
Commitments to make loans to sell	22,682	—	38,378	—
Commitments to make loans	38,812	38,850	20,316	20,212

Unused lines of credit are agreements to lend to a client as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Several of the commitments may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Company, is based on management's credit evaluation of the client.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a client's obligation to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. Substantially all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to clients. The Company holds collateral supporting those commitments if deemed necessary.

Commitments to make loans to sell are agreements to lend to a client which would then be sold to an investor in the secondary market for which the interest rate has been locked with the client, provided there is no violation of any condition within the contract with either party. Commitments to make loans to sell have fixed interest rates. Since commitments may expire without being extended, total commitment amounts may not necessarily represent cash requirements.

Commitments to make loans are agreements to lend to a client, provided there is no violation of any condition within the contract. Commitments to make loans generally have fixed expiration dates or other termination clauses. Since commitments may expire without being extended, total commitment amounts may not necessarily represent cash requirements.

Allowance for Credit Losses on Off-Balance Sheet Credit Exposures

To estimate the ACL on unfunded loan commitments that are not unconditionally cancellable, the Company determines the probability of funding based on historical utilization statistics for unfunded loan commitments. Loss rates are calculated using the same assumptions as the associated funded balance. Refer to Note 3 – Loans and the Allowance for Credit Losses for changes in the factors that influenced the current estimate of ACL and reasons for the changes. The following presents the changes in the ACL for unfunded loan commitments:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	**2026**	**2025**	**2026**	**2025**
Beginning balance	$ 595	$ 639	$ 701	$ 672
Provision for (release of) credit losses	3	25	(103)	(8)
Ending balance	$ 598	$ 664	$ 598	$ 664

Litigation, Claims and Settlements

The Company is, from time to time, involved in various legal actions arising in the normal course of business. While the ultimate outcome of any such proceedings cannot be predicted with certainty, it is the opinion of management, based on advice from legal counsel, that no proceedings exist, either individually or in the aggregate, which, if determined adversely to the Company, would have a material effect on the Company's condensed consolidated financial statements.

NOTE 9 – SHAREHOLDERS' EQUITY

Common Stock

The Company's common stock has no par value and each holder of common stock is entitled to one vote for each share held (though certain voting restrictions may exist on non-vested restricted stock).

On April 22, 2026, the Company authorized the repurchase of up to $5,000,000 of the Company's common stock, no par value, from time to time (the 2026 Repurchase Plan). On April 29, 2026, the Board of Governors of the Federal Reserve System advised the Company that it had no objection to the Company's 2026 Repurchase Plan. The 2026 Repurchase Plan is effective for one year beginning June 12, 2026, the date the prior repurchase plan expired.

The Company may repurchase shares in privately negotiated transactions, in the open market, including pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 promulgated by the SEC, or otherwise in a manner that complies with applicable federal securities laws. The 2026 Repurchase Plan does not obligate the Company to acquire a specific dollar amount or number of shares and it may be extended, modified or discontinued at any time without notice. During the nine months ended September 30, 2026, the Company repurchased 6,123 shares. During the year ended December 31, 2025, the Company repurchased 40,333 shares. As of September 30, 2026, there was $5,000,000 value of shares available for repurchase under the 2026 Repurchase Plan.

Stock-Based Compensation Plans

The 2008 Stock Incentive Plan (the 2008 Plan) was frozen in connection with the adoption of First Western Financial, Inc. 2016 Omnibus Incentive Plan (the 2016 Plan) and no new awards may be granted under the 2008 Plan. Remaining shares not issued under the 2008 Plan were authorized to be issued under the 2016 Plan. Effective June 4, 2025, the Company's stockholders approved the First Western Financial, Inc. Omnibus Incentive Plan, as amended and restated April 23, 2025 (the Omnibus Plan), which included an increase of 150,000 shares to the Omnibus Plan's share reserve. The Omnibus Plan is a continuation, and amendment and restatement, of the 2016 Plan. As of September 30, 2026, there were a total of 418,403 shares available for issuance under the Omnibus Plan. To the extent that an award granted under the Omnibus Plan is canceled, expired, forfeited, surrendered, settled by delivery of fewer shares than the number underlying the award, settled in cash or otherwise terminated without delivery of the shares to the participant, the shares retained by or returned to the Company will not be deemed to have been delivered under the Omnibus Plan, and will be available for future awards under the Omnibus Plan, subject to a maximum of 1,500,000 shares.

Stock Options

The Company did not grant any stock options during the nine months ended September 30, 2026 and 2025.

During the three and nine months ended September 30, 2026 and 2025, the Company recognized no stock based compensation expense associated with stock options. As of September 30, 2026, the Company has no unrecognized stock-based compensation expense related to stock options.

The following presents activity for nonqualified stock options during the nine months ended September 30, 2026:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding as of December 31, 2025	17,744	$ 26.77		
Forfeited or expired	(2,000)	25.00		
Outstanding as of September 30, 2026	15,744	27.00	0.02 years	(1)
Options fully vested / exercisable as of September 30, 2026	15,744	27.00	0.02 years	(1)

(1) Nonqualified stock options outstanding at the end of the period and those fully vested/exercisable had immaterial aggregate intrinsic values.

As of September 30, 2026, there were 15,744 options that were exercisable. The exercise price for all exercisable options is $27.00 per share, and the options are exercisable for a period of ten years from the original grant date and expire in 2026.

Restricted Stock Units

Pursuant to the Omnibus Plan, the Company may grant associates and non-associate directors long-term cash and stock-based compensation. Historically, the Company has granted certain associates restricted stock units which are earned over time or based on various performance measures and convert to common stock upon vesting, which are summarized here and expanded further below.

The following presents the activity for the Time Vesting Units and the Financial Performance Units during the nine months ended September 30, 2026:

	Time Vesting Units	Financial Performance Units
Outstanding as of December 31, 2025	196,728	173,456
Granted	51,821	85,116
Vested	(57,912)	(14,095)
Forfeited	(21,384)	(11,999)
Outstanding as of September 30, 2026	169,253	232,478

During the three months ended September 30, 2026, the Company issued 6,990 net shares of common stock upon the settlement of Restricted Stock Units. The remaining 1,921 shares, with a combined market value at the dates of settlement of $0.1 million, were withheld to cover employee withholding taxes. During the three months ended September 30, 2025, the Company issued 10,735 net shares of common stock upon the settlement of Restricted Stock Units. The remaining 3,448 shares, with a combined market value at the dates of settlement of $0.1 million, were withheld to cover employee withholding taxes and were subsequently added back to the Company's pool of shares available for issuance.

During the nine months ended September 30, 2026, the Company issued 52,511 net shares of common stock upon the settlement of Restricted Stock Units. The remaining 19,496 shares, with a combined market value at the dates of settlement of $0.6 million, were withheld to cover employee withholding taxes. During the nine months ended September 30, 2025, the Company issued 87,902 net shares of common stock upon the settlement of Restricted Stock Units. The remaining 34,492 shares, with a combined market value at the dates of settlement of $0.7 million, were withheld to cover employee withholding taxes and were subsequently added back to the Company's pool of shares available for issuance.

Time Vesting Units

Time Vesting Units are granted to full-time associates and members of the Board of Directors at the date approved by the Company's Board of Directors. The Company granted 51,821 and 75,939 Time Vesting Units during the nine months ended September 30, 2026 and 2025, respectively. During the three months ended September 30, 2026 and 2025, the Company recognized compensation expense of $0.3 million and $0.4 million, respectively, for the Time Vesting Units. During the nine months ended September 30, 2026 and 2025, the Company recognized compensation expense of $1.0 million and $1.1 million, respectively, for the Time Vesting Units. As of September 30, 2026, there was $3.3 million of unrecognized compensation expense related to the Time Vesting Units, which is expected to be recognized over a weighted-average period of 3.4 years.

Financial Performance Units

Financial Performance Units are granted to certain key associates and are earned based on the Company achieving various financial performance metrics. If the Company achieves the financial metrics, which include various thresholds from 0% up to 600%, then the Financial Performance Units will have a subsequent vesting period.

The following presents the Company's existing Financial Performance Units as of September 30, 2026 (dollars in thousands, except share amounts):

Grant Period	Threshold Accrual	Maximum Issuable Shares at Current Threshold	Unrecognized Compensation Expense	Weighted-Average Life[1]	Financial Metric End Date	Vesting Requirement End Date
On May 1, 2024[2]	121 %	38,905	$ 318	2.3 years	December 31, 2026	December 31, 2028
On March 17, 2025[3]	200	20,886	114	1.3 years	December 31, 2027	December 31, 2027
On May 1, 2025[2]	148	56,350	820	3.3 years	December 31, 2027	December 31, 2029
On June 4, 2025 & March 2, 2026[4]	100	92,928	999	2.4 years	December 31, 2025, 2026 & 2027	December 31, 2026, 2027, June 4, 2030 & March 2, 2031
On March 2, 2026[3]	118	9,440	167	2.3 years	December 31, 2028	December 31, 2028
On May 1, 2026[2]	100	25,853	672	4.3 years	December 31, 2028	December 31, 2030

[1] Represents the expected unrecognized stock-based compensation expense recognition period.
[2] Conditioned upon pre-established three-year Operating EPS goals.
[3] Conditioned on the Company's three-year annualized total shareholder return compared to the SPDR S&P Regional Banking ETF.
[4] Conditioned upon pre-established Operating EPS hurdles measured over the course of each fiscal year in the performance period.

The following presents the Company's Financial Performance Units activity for the periods noted (dollars in thousands, except share amounts):

	Units Granted		Compensation Expense Recognized			
	Nine Months Ended September 30,		Three Months Ended September 30,		Nine Months Ended September 30,	
Grant Period	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
On November 18, 2020	—	—	—	9	$ —	$ 28
May 3, 2021 through August 11, 2021	—	—	—	17	(2)	43
On May 1, 2024	2,769	7,745	28	39	100	133
On March 17, 2025	—	10,443	23	23	69	50
On May 1, 2025	19,415	46,574	56	50	231	84
On June 4, 2025 & March 2, 2026	27,556	66,700	214	158	771	158
On March 2, 2026	8,000	—	19	—	43	—
On May 1, 2026	27,376	—	38	—	66	—

NOTE 10 – EARNINGS PER COMMON SHARE

The following presents the calculation of basic and diluted earnings per common share during the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
dollars in thousands, except share and per share amounts	**2026**	**2025**	**2026**	**2025**
Earnings per common share - Basic				
Numerator:				
Net income available for common shareholders	$ 5,981	$ 3,186	$ 17,918	$ 9,874
Denominator:				
Basic weighted average shares	9,769,564	9,717,571	9,751,630	9,710,020
Earnings per common share - basic	$ 0.61	$ 0.33	$ 1.84	$ 1.02
Earnings per common share - Diluted				
Numerator:				
Net income available for common shareholders	$ 5,981	$ 3,186	$ 17,918	$ 9,874
Denominator:				
Basic weighted average shares	9,769,564	9,717,571	9,751,630	9,710,020
Diluted effect of common stock equivalents:				
Stock options	2,277	—	1,028	—
Time Vesting Units	61,195	43,346	62,753	44,023
Financial Performance Units	148,827	107,825	125,483	71,557
Total diluted effect of common stock equivalents	212,299	151,171	189,264	115,580
Diluted weighted average shares	9,981,863	9,868,742	9,940,895	9,825,600
Earnings per common share - diluted	$ 0.60	$ 0.32	$ 1.80	$ 1.00

Diluted earnings per share was computed without consideration to potentially dilutive instruments as their inclusion would have been anti-dilutive. The following presents potentially dilutive securities excluded from the diluted earnings per share calculation during the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Stock options	—	67,478	5,248	68,311
Time Vesting Units	—	37,684	2,528	42,044
Total potentially dilutive securities	—	105,162	7,776	110,355

NOTE 11 – INCOME TAXES

During the three months ended September 30, 2026 and 2025, the Company recorded an income tax provision of $1.3 million and $0.8 million, respectively, reflecting an effective tax rate of 17.8% and 19.6%, respectively. During the nine months ended September 30, 2026 and 2025, the Company recorded an income tax provision of $4.9 million and $2.8 million, respectively, reflecting an effective tax rate of 21.4% and 21.9%, respectively.

NOTE 12 – FAIR VALUE

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Recurring Fair Value

Available-for-sale debt securities: The fair values for AFS debt securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

Equity Securities: Fair value of equity securities represents the market value of mutual funds based on quoted market prices (Level 1) and the value of stock held in other companies, which is based on recent market transactions or quoted rates that are not actively traded (Level 2).

Equity Warrants: Fair value of equity warrants of private companies are priced using a Black-Scholes option pricing model to estimate the asset fair value by using strike prices, option expiration dates, risk-free interest rates, and option volatility assumptions (Level 3).

Guarantee Asset and Liability: The guarantee asset represents the fair value of the consideration received in exchange for the credit enhancement fee. The guarantee liability represents a financial guarantee to cover the second layer of any losses on loans sold to FHLB under the MPF 125 loan sales agreement. The guarantee liability value on day one is equivalent to the guarantee asset fair value, which is the consideration for the credit enhancement fee paid over the life of the loans. The liability is then carried at amortized cost. Significant inputs in the valuation analysis for the asset are Level 3, due to the nature of this asset and the lack of market quotes. The fair value of the guarantee asset is determined using a DCF model, for which significant unobservable inputs include assumed future prepayment rates (Conditional Prepayment Rate) and market discount rate (Level 3). An increase in prepayment rates or discount rate would generally reduce the estimated fair value of the guarantee asset.

Derivatives: Derivatives include our swap derivatives, which are compromised of cash flow hedges, fair value hedges, and derivatives not designated as hedges. The fair values of derivatives are based on valuation models using observable market data as of the measurement date (Level 2). Our derivatives are traded in an over-the-counter market where quoted market prices are not always available. Therefore, the fair values of derivatives are determined using quantitative models that utilize multiple market inputs. The inputs will vary based on the type of derivative, but could include interest rates, prices and indices to generate continuous yield or pricing curves, prepayment rates, and volatility factors to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services.

Mortgage Related Derivatives: Mortgage related derivatives include our IRLC, FSC, and the forward commitments on our loans held for sale pipeline. The fair value estimate of our IRLC is based on valuation models using market data from secondary market loan sales and direct contacts with third party investors as of the measurement date and pull through assumptions (Level 2). The FSC fair value estimate reflects the potential pair off fee associated with mandatory trades and is estimated by using a market differential and pair off penalty assessed by the investor (Level 3). The fair value estimate of the forward commitments is based on market prices of similar securities to the underlying MBS (Level 2).

Loans Held at Fair Value: The fair value of loans held for investment are typically determined based on DCF analysis using market-based interest rate spreads. DCF analyses are adjusted, as appropriate, to reflect current market conditions and borrower specific credit risk. Due to the nature of the valuation inputs, loans held for investment are classified within Level 3 of the valuation hierarchy.

Mortgage Loans Held for Sale: The fair value of mortgage loans held for sale is estimated based upon quotes from third party investors for similar assets resulting in a Level 2 classification.

Loans Held for Sale: The fair value of loans held for sale is determined using actual quoted commitments from third party investors resulting in Level 1 classification. Where commitments are not yet available, fair value is estimated based on quotes for similar assets resulting in Level 2 classification.

The following presents assets and liabilities measured on a recurring basis as of the dates noted (dollars in thousands):

September 30, 2026	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Reported Balance
Financial assets				
Available-for-sale debt securities, at fair value				
Residential mortgage-backed securities issued by U.S. government agencies and sponsored enterprises	$ —	$ 152,544	$ —	$ 152,544
Mortgage loans held for sale	—	18,989	—	18,989
Loans held at fair value	—	—	1,146	1,146
Forward commitments and FSC	—	558	—	558
Equity securities	619	122	—	741
Guarantee asset	—	—	255	255
IRLC, net	—	200	—	200
Equity warrants	—	—	756	756
Swap derivative assets	—	10,595	—	10,595
Total assets	$ 619	$ 183,008	$ 2,157	$ 185,784
Financial liabilities				
Forward commitments and FSC	$ —	$ —	$ 24	$ 24
Swap derivative liabilities	—	1,236	—	1,236
Total liabilities	$ —	$ 1,236	$ 24	$ 1,260

December 31, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Reported Balance
Financial assets				
Available-for-sale debt securities, at fair value				
Residential mortgage-backed securities issued by U.S. government agencies and sponsored enterprises	$ —	$ 45,607	$ —	$ 45,607
Mortgage loans held for sale	—	40,176	—	40,176
Loans held at fair value	—	—	3,182	3,182
Forward commitments and FSC	—	23	—	23
Equity securities	650	122	—	772
Guarantee asset	—	—	243	243
IRLC, net	—	748	—	748
Equity warrants	—	—	756	756
Swap derivative asset	—	952	—	952
Total assets	$ 650	$ 87,628	$ 4,181	$ 92,459
Financial liabilities				
Forward commitments and FSC	$ —	$ 174	$ —	$ 174
Swap derivative liabilities	—	2,472	—	2,472
Total liabilities	$ —	$ 2,646	$ —	$ 2,646

There were no transfers between levels during the nine months ended September 30, 2026 or year ended December 31, 2025.

As of September 30, 2026, equity securities, equity warrants, IRLC, and guarantee assets have been recorded at fair value within the Other assets line item in the Condensed Consolidated Balance Sheets. All changes are recorded in Non-interest income in the Condensed Consolidated Statements of Income.

Fair Value Option

The Company has elected to account for certain purchased whole loans held for investment under the fair value option in order to align the accounting presentation with the Company's viewpoint of the economics of the loans. Interest income on loans held for investment accounted for under the fair value option is recognized within Interest and dividend income in the accompanying Condensed Consolidated Statements of Income. Not electing fair value generally results in a larger discount being recorded on the date of the loan purchase. The discount is subsequently accreted into interest income over the underlying loan's remaining term using the effective interest method. Additionally, management has elected the fair value option for mortgage loans originated and held for sale.

During the nine months ended September 30, 2026, the Company did not reclassify any loans held for investment to loans held for sale or sell any loans held for sale. During the year ended December 31, 2025, the Company deemed a loan held for sale with a carrying value of $0.3 million and a principal balance of $0.6 million as unsellable. As such, the Company reversed the write-down recorded in the fourth quarter of 2024 and reclassified its principal balance of $0.6 million from Loans held for sale into Loans held for investment. Subsequent to the transfer into Loans held for investment, the loan was charged off through the ACL in the first quarter of 2025. The transfers occurred at the point in time the Company decided to sell the loans or when the loans were deemed unsellable. During the year ended December 31, 2025, no reclassified loans held for sale were sold. As of September 30, 2026 and December 31, 2025, there were no loans held for sale.

As of September 30, 2026, there were two loans totaling $16 thousand, accounted for under the fair value option on non-accrual. As of December 31, 2025, there were three loans totaling $17 thousand, accounted for under the fair value option that were on non-accrual. During the three months ended September 30, 2026 and 2025, the Company recorded immaterial net charge-offs for loans accounted for under the fair value option to Net gain/(loss) on loans accounted for under the fair value option on the Condensed Consolidated Statements of Income. During the nine months ended September 30, 2026 and 2025, the Company recorded net charge-offs of $0.1 million for loans accounted for under the fair value option to Net (loss) gain on loans accounted for under the fair value option on the Condensed Consolidated Statements of Income.

The following provide more information about the fair value carrying amount and unpaid principal outstanding of loans accounted for under the fair value option as of the dates noted:

	September 30, 2026								
	Total Loans			Non Accruals			90 Days or More Past Due		
(dollars in thousands)	Fair Value Carrying Amount	Unpaid Principal Balance	Difference	Fair Value Carrying Amount	Unpaid Principal Balance	Difference	Fair Value Carrying Amount	Unpaid Principal Balance	Difference
Mortgage loans held for sale	$ 18,989	$ 19,013	$ (24)	$ —	$ —	$ —	$ —	$ —	$ —
Loans held for investment	1,146	1,156	(10)	16	16	—	16	16	—
	$ 20,135	$ 20,169	$ (34)	$ 16	$ 16	$ —	$ 16	$ 16	$ —

	December 31, 2025								
	Total Loans			Non Accruals			90 Days or More Past Due		
(dollars in thousands)	Fair Value Carrying Amount	Unpaid Principal Balance	Difference	Fair Value Carrying Amount	Unpaid Principal Balance	Difference	Fair Value Carrying Amount	Unpaid Principal Balance	Difference
Mortgage loans held for sale	$ 40,176	$ 39,513	$ 663	$ —	$ —	$ —	$ —	$ —	$ —
Loans held for investment	3,182	3,215	(33)	16	17	(1)	16	17	(1)
	$ 43,358	$ 42,728	$ 630	$ 16	$ 17	$ (1)	$ 16	$ 17	$ (1)

The following presents the changes in fair value of loans accounted for under the fair value option as of the dates noted:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	2026	2025	2026	2025
Mortgage loans held for sale	$ (503)	$ (126)	$ (786)	$ 129
Loans held for sale	—	—	—	222
Loans held for investment	6	25	23	114
	$ (497)	$ (101)	$ (763)	$ 465

Level 3 Analysis

The following presents a reconciliation for Level 3 instruments measured at fair value on a recurring basis as of the dates noted (dollars in thousands):

Three Months Ended September 30, 2026	Loans Held at Fair Value	Guarantee Asset	Equity Warrants
Beginning balance	$ 1,758	$ 262	$ 756
Originations	—	5	—
Gains/(losses) in net income, net	6	12	—
Net charge-offs	(82)	—	—
Settlements	(536)	(24)	—
Ending balance	$ 1,146	$ 255	$ 756

Three Months Ended September 30, 2025	Loans Held at Fair Value	Guarantee Asset	Equity Warrants
Beginning balance	$ 5,099	$ 244	$ 765
Originations	—	9	—
Gains/(losses) in net income, net	25	37	—
Net charge-offs	(7)	—	—
Settlements	(909)	(24)	—
Ending balance	$ 4,208	$ 266	$ 765

Nine Months Ended September 30, 2026	Loans Held at Fair Value	Guarantee Asset	Equity Warrants
Beginning balance	$ 3,182	$ 243	$ 756
Originations	—	17	—
Gains/(losses) in net income, net	23	67	—
Net charge-offs	(128)	—	—
Settlements	(1,931)	(72)	—
Ending balance	$ 1,146	$ 255	$ 756

Nine Months Ended September 30, 2025	Loans Held at Fair Value	Guarantee Asset	Equity Warrants
Beginning balance	$ 7,283	$ 235	$ 765
Originations	—	29	—
Gains/(losses) in net income, net	114	69	—
Net charge-offs	(64)	—	—
Settlements	(3,125)	(67)	—
Ending balance	$ 4,208	$ 266	$ 765

Nonrecurring Fair Value

Other Real Estate Owned: Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. They are subsequently accounted for at lower of cost or fair value less estimated costs to sell. Fair value is commonly based on recent real estate appraisals which are updated no less frequently than on an annual basis. Appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between comparable sales and income data available. Such adjustments can be significant and typically result in Level 3 classifications of the inputs for determining fair value. OREO is evaluated quarterly for additional impairment and adjusted accordingly.

Collateral Dependent Loans, net of ACL: The fair value of collateral dependent loans individually analyzed and not included in the pooled loan analysis under the ACL is generally based on recent appraisals and the value of any credit enhancements associated with the loan. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments can be significant and typically result in Level 3 classifications of the inputs for determining fair value. Collateral dependent loans are analyzed monthly and adjusted accordingly if needed.

Appraisals for both collateral-dependent loans and OREO are performed by certified general appraisers (for commercial properties) or certified residential appraisers (for residential properties) whose qualifications and licenses have been reviewed and verified by the Company. Once received, the Company reviews the assumptions and approaches utilized in the appraisal as well as the overall resulting fair value in comparison with independent data sources such as recent market data or industry-wide statistics.

The following presents quantitative information about Level 3 assets measured on a recurring and nonrecurring basis as of the dates noted:

	Quantitative Information about Level 3 Fair Value Measurements as of September 30, 2026			
(dollars in thousands)	**Fair Value**	**Valuation Technique**	**Significant Unobservable Input**	**Range (Weighted Average)**
Recurring fair value				
Loans held for investment at fair value	$ 1,146	Discounted cash flow	Discount rate	6% to 7% (6%)
Guarantee asset	255	Discounted cash flow	Discount rate Prepayment rate	6% (6%) 10% (10%)
Equity warrants	756	Black-Scholes option pricing model	Volatility Risk-free interest rate Remaining life	33% to 74% (42%) 3% (3%) 2 years
Nonrecurring fair value				
Collateral dependent loans:				
Commercial and industrial	17	Sales comparison, Market approach - guideline transaction method	Loss given default	83% (83%)
Commercial and industrial	5,803	Appraisal value	Commission	10% to 20% (18%)
Commercial and industrial	2,996	Sales comparison - Market value approach	Market rate adjustments	7% to 75% (41%)
Commercial and industrial	514	Income and market approach	Commission, cost to sell, closing costs	10% (10%)

	Quantitative Information about Level 3 Fair Value Measurements as of December 31, 2025			
(dollars in thousands)	Fair Value	Valuation Technique	Significant Unobservable Input	Range (Weighted Average)
Recurring fair value				
Loans held for investment at fair value	$ 3,182	Discounted cash flow	Discount rate	6% to 7% (6%)
Guarantee asset	243	Discounted cash flow	Discount rate Prepayment rate	6% (6%) 20% (20%)
Equity warrants	756	Black-Scholes option pricing model	Volatility Risk-free interest rate Remaining life	33% to 74% (42%) 3% (3%) 2 years
Nonrecurring fair value				
OREO:				
1-4 family residential	3,040	Contract value	Commission, cost to sell, closing costs	5% (5%)
Collateral dependent loans:				
Commercial and industrial	43	Sales comparison, Market approach - Guideline transaction method	Loss given default	75% (75%)
Commercial and industrial	8,619	Appraisal value	Commission	10% to 20% (17%)
Commercial and industrial	2,071	Sales comparison - Market value approach	Market rate adjustments	7% to 75% (62%)

Estimated Fair Value of Other Financial Instruments

The following presents carrying amounts and estimated fair values for financial instruments not carried at fair value as of the dates noted (dollars in thousands):

September 30, 2026	Carrying Amount	Fair Value Measurements Using: Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 166,248	$ 166,248	$ —	$ —
Held-to-maturity debt securities, net of ACL	141,852	247	115,524	18,811
Loans, net[1]	2,784,314	—	—	2,702,385
Accrued interest receivable	12,515	12,515	—	—
Liabilities:				
Term deposits[2]	354,407	333,069	—	21,019
Non-term deposits	2,561,806	2,561,806	—	—
Borrowings:				
FHLB borrowings – fixed rate	150,926	150,926	—	—
Subordinated notes – fixed-to-floating rate	34,883	—	—	32,647
Accrued interest payable	1,586	1,586	—	—

December 31, 2025	Carrying Amount	Fair Value Measurements Using: Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 200,281	$ 200,281	$ —	$ —
Held-to-maturity debt securities, net of ACL	94,970	248	79,664	10,723
Loans, net[1]	2,625,800	—	—	2,567,911
Accrued interest receivable	11,209	11,209	—	—
Liabilities:				
Term deposits[2]	352,473	327,898	—	24,825
Non-term deposits	2,394,102	2,394,102	—	—
Borrowings:				
FHLB borrowings – fixed rate	12,332	12,332	—	—
FHLB borrowings – floating rate	50,000	—	50,000	—
Federal Reserve borrowings – fixed rate	509	509	—	—
Subordinated notes – fixed-to-floating rate	44,772	—	—	42,017
Accrued interest payable	1,295	1,295	—	—

[1] Excludes loans accounted for under the fair value option of $1.1 million and $3.2 million as of September 30, 2026 and December 31, 2025, respectively, as these are carried at fair value.
[2] Term deposits due within one year totaling $333.1 million and $327.9 million as of September 30, 2026 and December 31, 2025, respectively, are classified under Level 1 fair value measurement.

The fair value estimates presented and discussed above are based on pertinent information available to management as of the dates specified. The estimated fair value amounts are based on the exit price notion. Although management is not aware of any factors that would significantly affect the estimated fair values, such amounts have not been comprehensively revalued for purposes of these condensed consolidated financial statements since the balance sheet dates. Therefore, current estimates of fair value may differ significantly from the amounts presented herein.

The methods and assumptions, not previously presented, used to estimate fair values are described as follows:

Cash and Cash Equivalents: The carrying amounts of cash and cash equivalents approximate fair values as maturities are less than 90 days and balances are generally in accounts bearing current market interest rates.

Held-to-maturity securities: The fair values for HTM investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2). For securities where quoted prices or market prices of similar securities is not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

Loans, net: The fair values for all fixed-rate and variable-rate performing loans were estimated using the income approach and by discounting the projected cash flows of such loans. Principal and interest cash flows were projected based on the contractual terms of the loans, including maturity, contractual amortization and adjustments for prepayments and expected losses, where appropriate. A discount rate was developed based on the relative risk of the cash flows, considering the loan type, maturity and a required return on capital.

Accrued Interest Receivable and Payable: The carrying amounts of accrued interest approximate fair value due to their short-term nature.

Deposits: The fair values disclosed for demand deposits (e.g., interest and non-interest checking, passbook savings, and certain types of money market accounts) are, by definition, equal to the amounts payable on demand at the reporting date (i.e., their carrying amounts). The carrying amounts of variable-rate, fixed-term money market accounts and certificates of deposit approximate their fair values at the reporting dates. Fair values for fixed-rate certificates of deposit are estimated using a DCF calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

Fixed and Floating Rate Borrowings: Borrowings with fixed rates are valued using inputs such as discounted cash flows and current interest rates for similar instruments and borrowers with similar credit ratings.

Fixed-to-Floating Rate Borrowings: Borrowings with fixed-to-floating rates are valued using inputs such as discounted cash flows and current interest rates for similar instruments and assume the Company will redeem the instrument prior to the first interest rate reset date.

NOTE 13 – DERIVATIVES

The Company periodically enters into interest rate swap agreements as part of its asset liability management strategy to help manage its interest rate risk position. The notional amount of the interest rate swaps does not represent amounts exchanged by the parties. The amount exchanged is determined by reference to the notional amount and the other terms of the individual interest rate swap agreements.

Cash Flow Hedges: In 2023, the Company executed an interest rate swap with a notional amount that was designated as a cash flow hedge of certain FHLB borrowings. The swap hedged the benchmark index (SOFR) with a receive float/pay fixed swap for the period March 21, 2023 through April 1, 2026. Upon maturity on April 1, 2026, the interest rate swap was not renewed. The notional amount of this interest rate swap as of September 30, 2026 and December 31, 2025 was $0.0 million and $50.0 million.

In 2025, the Company executed interest rate swaps with notional amounts that were designated as cash flow hedges of certain variable rate interest-bearing deposits. The swaps hedge the benchmark index (Federal funds) with a receive float/pay fixed swap with various maturities over a four-year period and total notional amount of $200.0 million as of September 30, 2026. As of September 30, 2026, these hedges were determined to be effective, and the Company expects the hedge to remain effective during the remaining terms of the contracts.

Fair Value Hedges: In 2025, the Company entered into interest rate swaps with notional amounts that were designated as fair value hedges of closed pools of fixed-rate loans. The instruments are designated as fair value hedges as the changes in the fair value of the interest rate swap are expected to offset changes in the fair value of the hedged item. The swap hedges the benchmark index (Federal funds) with a receive float/pay fixed swap with various maturities over a five-year period and total notional amount of $200.0 million as of September 30, 2026. As of September 30, 2026, this hedge was determined to be effective, and the Company expects the hedge to remain effective during the remaining terms of the contracts.

Derivatives Not Designated as Hedges: The Company periodically enters into interest rate swaps to offset interest rate exposure with its commercial and residential variable rate loan clients. Clients with variable rate loans may choose to enter into an interest rate swap to hedge the interest rate risk on the loan and effectively pay a fixed rate payment. The Company will simultaneously enter into an interest rate swap on the same underlying loan and notional amount to hedge risk on the fixed rate loan. The notional amount of interest rate swaps with its loan customers as of September 30, 2026 and December 31, 2025 was $45.8 million and $70.7 million, respectively. While these derivatives represent economic hedges, they do not qualify as hedges for accounting purposes.

The Company presents derivative position gross on the balance sheet. The following reflects the fair value of derivatives recorded on the Condensed Consolidated Balance Sheets as of the dates noted:

(dollars in thousands)	As of September 30, 2026		As of December 31, 2025	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Included in other assets:				
Derivatives designated as hedges:				
Interest rate swaps – cash flow hedge	$ 200,000	$ 4,785	$ —	$ —
Interest rate swaps – fair value hedge	200,000	4,590	—	—
Derivatives not designated as hedging instruments:				
Interest rate swaps related to customer loans	45,790	1,220	70,703	952
Total included in other assets		$ 10,595		$ 952
Included in other liabilities:				
Derivatives designated as hedges:				
Interest rate swaps – cash flow hedge	$ —	$ —	$ 250,000	$ 777
Interest rate swaps – fair value hedge	—	—	200,000	719
Derivatives not designated as hedging instruments:				
Interest rate swaps related to customer loans	45,790	1,236	70,703	976
Total included in other liabilities		$ 1,236		$ 2,472

The effect of cash flow hedge accounting on Accumulated other comprehensive income were as follows:

		Three Months Ended September 30,			
		2026		2025	
(dollars in thousands)	Location of Gain (Loss) Reclassified from OCI into Income	Amount of Gain (Loss) Recognized in OCI on Derivative	Amount of Gain (Loss) Reclassified from OCI into Income	Amount of Gain (Loss) Recognized in OCI on Derivative	Amount of Gain (Loss) Reclassified from OCI into Income
Interest rate swap - FHLB borrowings	Interest expense - Other borrowed funds	$ —	$ —	$ 25	$ 62
Interest rate swaps - Variable rate deposits	Interest expense - Deposits	2,205	141	(324)	367
		$ 2,205	$ 141	$ (299)	$ 429

		Nine Months Ended September 30,			
		2026		2025	
(dollars in thousands)	Location of Gain (Loss) Reclassified from OCI into Income	Amount of Gain (Loss) Recognized in OCI on Derivative	Amount of Gain (Loss) Reclassified from OCI into Income	Amount of Gain (Loss) Recognized in OCI on Derivative	Amount of Gain (Loss) Reclassified from OCI into Income
Interest rate swap - FHLB borrowings	Interest expense - Other borrowed funds	$ (6)	$ (25)	$ 65	$ 180
Interest rate swaps - Variable rate deposits	Interest expense - Deposits	4,617	387	(324)	367
		$ 4,611	$ 362	$ (259)	$ 547

The following amounts were recorded on the Condensed Consolidated Balance Sheets related to cumulative basis adjustments for fair value hedges for the respective period (dollars in thousands):

	September 30, 2026	
Condensed Consolidated Balance Sheet line item	**Amortized Cost of the Hedged Assets**	**Amortized Cost of Fair Value Hedging Included in the Carrying Amount of the Hedged Assets**
Loans	$ 398,720	$ (4,592)

The effects of the fair value hedge relationships on the Condensed Consolidated Statements of Income were as follows:

		Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	**Location of Gain (Loss)**	**2026**	**2025**	**2026**	**2025**
Interest rate swap	Interest income - Loans	$ 2,817	$ (559)	$ 5,651	$ (559)
Loans	Interest income - Loans	(2,707)	$ 915	(5,531)	915

The effect of derivatives not designated as hedging instruments recorded in Other non-interest income on the Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2026 and 2025 was immaterial.

NOTE 14 – SEGMENT REPORTING

The Company has two reportable segments, which consist of Wealth Management and Mortgage. The chief operating decision maker (CODM) is the Chief Executive Officer. The measure of profit or loss used by the CODM to identify and measure the Company's reportable segments is income before income tax. The CODM uses income before income tax to determine resource allocation during the annual budget and forecast process and to monitor monthly budgeted versus actual results in assessing performance of the segments.

The Wealth Management segment consists of operations relative to the Company's fully integrated wealth management products and services. Services provided include deposit, loan, insurance, and trust and investment management advisory products and services. Parent company activity primarily consists of subordinated debt interest expense and is included within Wealth Management as management evaluates and makes business decisions for Wealth Management, including the parent company, collectively as one segment.

The Mortgage segment consists of operations relative to the Company's residential mortgage service offerings. Mortgage products and services are financial in nature for which premiums are recognized net of expenses, upon the sale of mortgage loans to third parties.

The following presents the financial information for each segment that is specifically identifiable or based on allocations using internal methods as of or during the periods presented (dollars in thousands):

As of or for the three months ended September 30, 2026	Wealth Management	Mortgage	Consolidated
Income Statement			
Total interest income	$ 43,663	$ 291	$ 43,954
Total interest expense	20,994	—	20,994
Provision for credit losses	647	—	647
Net interest income, after provision for credit losses	22,022	291	22,313
Net (loss) gain on mortgage loans	(33)	516	483
All other non-interest income[1]	5,323	—	5,323
Total income before non-interest expense	27,312	807	28,119
Salaries and employee benefits expense	11,777	927	12,704
Depreciation and amortization expense	648	8	656
All other non-interest expense[2]	7,114	366	7,480
Income (loss) before income taxes	$ 7,773	$ (494)	$ 7,279
Goodwill	$ 30,400	$ —	$ 30,400
Total assets	$ 3,399,996	$ 20,846	$ 3,420,842

[1] All other non-interest income for Wealth Management primarily includes Trust and investment management fees and Bank fees.
[2] All other non-interest expense for Wealth Management primarily includes Occupancy and equipment, Professional services, Technology and information systems, Data processing, and Other. All other non-interest expense for Mortgage primarily includes Data processing, Occupancy and equipment, and Other.

As of or for the three months ended September 30, 2025	Wealth Management	Mortgage	Consolidated
Income Statement			
Total interest income	$ 42,407	$ 367	$ 42,774
Total interest expense	23,320	—	23,320
Provision for credit losses	2,257	—	2,257
Net interest income, after provision for credit losses	16,830	367	17,197
Net (loss) gain on mortgage loans	(53)	1,447	1,394
All other non-interest income[1]	5,448	—	5,448
Total income before non-interest expense	22,225	1,814	24,039
Salaries and employee benefits expense	10,945	939	11,884
Depreciation and amortization expense	640	5	645
All other non-interest expense[2]	7,160	385	7,545
Income before income taxes	$ 3,480	$ 485	$ 3,965
Goodwill	$ 30,400	$ —	$ 30,400
Total assets	$ 3,216,173	$ 24,251	$ 3,240,424

[1] All other non-interest income for Wealth Management primarily includes Trust and investment management fees, Bank fees, and Other.
[2] All other non-interest expense for Wealth Management primarily includes Occupancy and equipment, Professional services, Data processing, Technology and information systems, and Other. All other non-interest expense for Mortgage primarily includes Data processing, Occupancy and equipment, and Other.

As of or for the nine months ended September 30, 2026	Wealth Management	Mortgage	Consolidated
Income Statement			
Total interest income	$ 125,902	$ 1,010	$ 126,912
Total interest expense	61,305	—	61,305
Release of provision for credit losses	(550)	—	(550)
Net interest income, after release of provision for credit losses	65,147	1,010	66,157
Net (loss) gain on mortgage loans	(54)	2,901	2,847
All other non-interest income[1]	15,995	5	16,000
Total income before non-interest expense	81,088	3,916	85,004
Salaries and employee benefits expense	35,431	3,242	38,673
Depreciation and amortization expense	1,932	17	1,949
All other non-interest expense[2]	20,413	1,186	21,599
Income (loss) before income taxes	$ 23,312	$ (529)	$ 22,783
Goodwill	$ 30,400	$ —	$ 30,400
Total assets	3,399,996	20,846	3,420,842

[1] All other non-interest income for Wealth Management primarily includes Trust and investment management fees, Bank fees, Risk management and Insurance fees, and Income on company-owned life insurance.
[2] All other non-interest expense for Wealth Management primarily includes Occupancy and equipment, Professional services, Technology and information systems, Data processing, and Other. All other non-interest expense for Mortgage primarily includes Data processing, Occupancy and equipment, and Other.

As of or for the nine months ended September 30, 2025	Wealth Management	Mortgage	Consolidated
Income Statement			
Total interest income	$ 116,623	$ 860	$ 117,483
Total interest expense	62,692	—	62,692
Provision for credit losses	4,110	—	4,110
Net interest income, after provision for credit losses	49,821	860	50,681
Net (loss) gain on mortgage loans	(110)	3,758	3,648
All other non-interest income[1]	16,844	—	16,844
Total income before non-interest expense	66,555	4,618	71,173
Salaries and employee benefits expense	31,706	2,677	34,383
Depreciation and amortization expense	1,995	15	2,010
All other non-interest expense[2]	20,979	1,162	22,141
Income before income taxes	$ 11,875	$ 764	$ 12,639
Goodwill	$ 30,400	$ —	$ 30,400
Total assets	3,216,173	24,251	3,240,424

[1] All other non-interest income for Wealth Management primarily includes Trust and investment management fees, Bank fees, and Net gain on other real estate owned.
[2] All other non-interest expense for Wealth Management primarily includes Occupancy and equipment, Professional services, Data processing, Technology and information systems, and Other. All other non-interest expense for Mortgage primarily includes Data processing, Occupancy and equipment, and Other.

NOTE 15 – TAX CREDIT INVESTMENTS

The Company periodically invests in low-income housing tax credit (LIHTC) investments. As of September 30, 2026 and December 31, 2025, total unfunded commitments related to LIHTC investments totaled $1.5 million and $2.4 million, respectively. As of September 30, 2026 and December 31, 2025, the total balance of all LIHTC investments was $4.5 million and $4.2 million, respectively. These balances are reflected in the Other assets line item of the Condensed Consolidated Balance Sheets.

The Company uses the proportional amortization method to account for this investment. Amortization expense is included within the Income tax expense line item of the Condensed Consolidated Statements of Income. During the three months ended September 30, 2026 and 2025, the Company recognized amortization expense of $0.2 million and $0.0, respectively. During the nine months ended September 30, 2026 and 2025, the Company recognized amortization expense of $0.6 million and $0.4 million, respectively.

During the three months ended September 30, 2026 and 2025, the Company recognized $0.2 million of tax credits from the LIHTC investments. During the nine months ended September 30, 2026 and 2025, the Company recognized $0.6 million of tax credits from the LIHTC investments. Additionally, during the three months ended September 30, 2026 and 2025, the Company recognized immaterial and $0.1 million of other benefits from the LIHTC investments. During the nine months ended September 30, 2026 and 2025, the Company recognized $0.1 million and $0.2 million, of other benefits from the LIHTC investments, respectively.

During the three and nine months ended September 30, 2026 and 2025, the Company did not incur any impairment losses.

During the three and nine months ended September 30, 2026, the Company purchased $3.2 million of clean fuel tax credits (ITC) and recognized $0.4 million of related tax benefits. During the three and nine months ended September 30, 2025, the Company purchased $0.0 and $1.0 million, respectively, of solar tax credits (ITC) and recognized $0.0 and $0.1 million, respectively, or related tax benefits. As of September 30, 2026 and 2025, the Company had no unrecognized investment tax credits.

NOTE 16 – REGULATORY CAPITAL MATTERS

First Western and the Bank are subject to various regulatory capital adequacy requirements administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's condensed consolidated financial statements. Under capital adequacy guidelines and, additionally for banks, the regulatory framework for prompt corrective action, First Western and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices.

First Western and the Bank's capital amounts and classification are also subject to qualitative judgments by the regulators regarding components, risk weightings, and other factors. The final rules implementing Basel Committee on Banking Supervision's capital guidelines for U.S. banks (Basel III) have been fully phased in. The net unrealized gain or loss on HTM securities included in AOCI and accumulated net gains or losses on cash flow hedges are not included in computing regulatory capital. During the nine months ended September 30, 2026 and the year ended December 31, 2025, First Western made no capital injections into the Bank. Management believes as of September 30, 2026, First Western and the Bank meet all capital adequacy requirements to which they are subject.

Prompt corrective action regulations for First Western and the Bank provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required.

The standard ratios established by First Western and the Bank's primary regulators to measure capital require First Western and the Bank to maintain minimum amounts and ratios, set forth in the following table. These ratios are common equity Tier 1 capital (CET1), Tier 1 capital and total capital (as defined in the regulations) to risk-weighted assets (as defined), and Tier 1 capital (as defined) to average assets (as defined).

The actual capital ratios of First Western and the Bank, along with the applicable regulatory capital requirements as of September 30, 2026, were calculated in accordance with the requirements of Basel III. The final rules of Basel III also established a "capital conservation buffer" of 2.5% above new regulatory minimum capital ratios. The minimum capital ratios inclusive of the capital conservation buffer are as follows: (i) a CET1 ratio of 7.0%; (ii) a Tier 1 capital ratio of 8.5%; and (iii) a total capital ratio of 10.5%. Banks are subject to limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses if its capital level falls below the buffer amount. These limitations establish a maximum percentage of eligible retained income that can be utilized for such activities.

As of September 30, 2026 and December 31, 2025, the most recent filings with the FDIC categorized the Bank as well capitalized under the regulatory guidelines. To be categorized as well capitalized, an institution must maintain minimum CET1 risk-based, Tier 1 risk-based, total risk-based, and Tier 1 leverage ratios as set forth in the following table. Management believes there are no conditions or events since September 30, 2026, that have changed the categorization of First Western and the Bank as well capitalized. Management believes First Western and the Bank met all capital adequacy requirements to which it was subject as of September 30, 2026 and December 31, 2025.

The following presents the actual and required capital amounts and ratios as of dates noted (dollars in thousands):

	Actual		Required for Capital Adequacy Purposes[1]		To be Well Capitalized Under Prompt Corrective Action Regulations	
September 30, 2026	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Tier 1 capital to risk-weighted assets						
Bank	$ 283,935	10.79 %	$ 157,957	6.0 %	$ 210,610	8.0 %
Consolidated	257,194	9.76	N/A	N/A	N/A	N/A
CET1 to risk-weighted assets						
Bank	283,935	10.79	118,468	4.5	171,120	6.5
Consolidated	257,194	9.76	N/A	N/A	N/A	N/A
Total capital to risk-weighted assets						
Bank	305,507	11.60	210,610	8.0	263,262	10.0
Consolidated	310,766	11.80	N/A	N/A	N/A	N/A
Tier 1 capital to average assets						
Bank	283,935	8.92	127,298	4.0	159,122	5.0
Consolidated	257,194	8.08	N/A	N/A	N/A	N/A

	Actual		Required for Capital Adequacy Purposes[1]		To be Well Capitalized Under Prompt Corrective Action Regulations	
December 31, 2025	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Tier 1 capital to risk-weighted assets						
Bank	$ 273,025	11.15 %	$ 146,854	6.0 %	$ 195,805	8.0 %
Consolidated	238,886	9.75	N/A	N/A	N/A	N/A
CET1 to risk-weighted assets						
Bank	273,025	11.15	110,140	4.5	159,092	6.5
Consolidated	238,886	9.75	N/A	N/A	N/A	N/A
Total capital to risk-weighted assets						
Bank	293,487	11.99	195,805	8.0	244,756	10.0
Consolidated	302,347	12.34	N/A	N/A	N/A	N/A
Tier 1 capital to average assets						
Bank	273,025	8.79	124,259	4.0	155,324	5.0
Consolidated	238,886	7.68	N/A	N/A	N/A	N/A

[1] Does not include capital conservation buffer.

The Company's principal source of funds for dividend payments is dividends received from the Bank. Banking regulations limit the amount of dividends that may be paid without prior approval of regulatory agencies. As of September 30, 2026, $149.2 million of retained earnings is available to pay dividends from the Bank. As of September 30, 2026 and December 31, 2025, no dividends were declared and paid by the Bank.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis is intended to assist readers in understanding our financial condition and results of operations for the three and nine months ended September 30, 2026 and should be read in conjunction with our consolidated financial statements and the accompanying notes thereto included in this Quarterly Report on Form 10-Q (this "Form 10-Q") and in our Annual Report on Form 10-K filed with the SEC on February 27, 2026. Unless we state otherwise or the context otherwise requires, references in this Form 10-Q to "we," "our," "us," "the Company," and "First Western" refer to First Western Financial, Inc. and its consolidated subsidiaries, including First Western Trust Bank, which we sometimes refer to as "the Bank" or "our Bank."

The following discussion contains "forward-looking statements" that reflect our future plans, estimates, beliefs, and expected performance. We caution that assumptions, expectations, projections, intentions, or beliefs about future events may, and often do, vary from actual results and the differences can be material. See "Cautionary Note Regarding Forward-Looking Statements." Also, see the risk factors and other cautionary statements described under the heading "Item 1A - Risk Factors" included in our Annual Report Form 10-K filed with the SEC on February 27, 2026 and in Part II–Item 1A of this Form 10-Q. We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law.

Company Overview

We are a financial holding company founded in 2002 and headquartered in Denver, Colorado. We provide a fully integrated suite of wealth management services to our clients including banking, trust, and investment management products and services. Our mission is to be the best private bank for the Western wealth management client. We target entrepreneurs, professionals, and high-net worth individuals, typically with $1.0 million-plus in liquid net worth, and their related philanthropic and business organizations, which we refer to as the "Western wealth management client". We believe that the Western wealth management client shares our entrepreneurial spirit and values our sophisticated, high-touch wealth management services that are tailored to meet their specific needs. We partner with our clients to solve their unique financial needs through our expert integrated services provided in a team approach.

We offer our services through a branded network of boutique private trust bank offices, which we believe are strategically located in affluent and high-growth markets in locations across Colorado, Arizona, Wyoming, Montana, and California. Our profit centers, which are comprised of private bankers, lenders, wealth planners, and portfolio managers, under the leadership of a president, are also supported centrally by teams providing management services such as operations, risk management, credit administration, marketing, technology support, human capital, and accounting/finance services, which we refer to as support centers.

From 2004, when we opened our first profit center, until September 30, 2026, we have expanded our footprint into fourteen full service profit centers, two loan production offices, and one trust office located across five states. As of and for the nine months ended September 30, 2026, we had $3.42 billion in total assets, $85.0 million in Total income before non-interest expense, and provided fiduciary and advisory services on $7.21 billion of AUM.

Primary Factors Used to Evaluate the Results of Operations

As a financial institution, we manage and evaluate various aspects of both our results of operations and our financial condition. We evaluate the comparative levels and trends of the line items in our Condensed Consolidated Balance Sheets and Statements of Income as well as various financial ratios that are commonly used in our industry. The primary factors we use to evaluate our results of operations include net interest income, non-interest income, and non-interest expense.

Net Interest Income

Net interest income represents interest income less interest expense. We generate interest income on interest-earning assets, primarily loans and investment securities. We incur interest expense on interest-bearing liabilities, primarily interest-bearing deposits and borrowings. To evaluate Net interest income, we measure and monitor: (i) yields on loans, investment securities, and other interest-earning assets; (ii) the costs of deposits and other funding sources; (iii) the rates incurred on borrowings and other interest-bearing liabilities; and (iv) the regulatory risk weighting associated with the assets. Interest income is primarily impacted by loan growth and loan repayments, along with changes in interest rates on the loans. Interest expense is primarily impacted by changes in deposit balances, changes in interest rates on deposits, and the volume and type of interest-bearing liabilities. Net interest income is primarily impacted by changes in market interest rates, the slope of the yield curve, and interest we earn on interest-earning assets or pay on interest-bearing liabilities.

Non-Interest Income

Non-interest income primarily consists of the following:

- *Trust and investment management fees*—fees and other sources of income charged to clients for managing their trust and investment assets, providing financial planning consulting services, 401(k) and retirement advisory consulting services, and other wealth management services. Trust and investment management fees are primarily impacted by rates charged and increases and decreases in AUM. AUM is primarily impacted by opening and closing of client advisory and trust accounts, contributions and withdrawals, and the fluctuations in market value.
- *Net gain on mortgage loans*—gain on originating and selling mortgages and origination fees, less commissions to loan originators, document review, and other costs specific to originating and selling the loan. The market adjustments for IRLC, mortgage derivatives, and gains and losses incurred on the mandatory trading of loans are also included in this line item. Net gain on mortgage loans is primarily impacted by the amount of loans sold, the type of loans sold, and market conditions.
- *Net gain on loans accounted for under the fair value option*—unrealized gains or losses on the fair value adjustments to held for investment loans on which the Bank has elected the fair value option of accounting. This also includes realized gains or losses on charge-offs and recoveries.
- *Bank fees*—income generated through bank-related service charges such as: electronic transfer fees, treasury management fees, bill pay fees, loan prepayment penalty fees, loan interest rate swap fees, and other banking fees. Bank fees are primarily impacted by the level of business activities and cash movement activities of our clients.
- *Risk management and insurance fees*—commissions earned on insurance policies we have placed for clients through our client risk management team who incorporate insurance services, primarily life insurance, to support our clients' wealth planning needs. Our insurance revenues are primarily impacted by the type and volume of policies placed for our clients.
- *Income on company-owned life insurance*—income earned on the growth of the cash surrender value of life insurance policies we hold on certain key associates. The income on the increase in the cash surrender value is non-taxable income.

Non-Interest Expense

Non-interest expense is comprised primarily of the following:

- *Salaries and employee benefits*—all forms of compensation-related expenses including salary, incentive compensation, payroll-related taxes, stock-based compensation, benefit plans, health insurance, 401(k) plan match costs, and other benefit-related expenses. Salaries and employee benefit costs are primarily impacted by changes in headcount and fluctuations in benefits costs.
- *Occupancy and equipment*—costs related to building and land maintenance, leasing our office space, depreciation charges for the buildings, building improvements, furniture, fixtures and equipment, amortization of leasehold improvements, utilities, and other occupancy-related expenses. Occupancy and equipment costs are primarily impacted by the number of locations we occupy.
- *Professional services*—costs related to legal, accounting, tax, consulting, personnel recruiting, insurance, and other outsourcing arrangements. Professional services costs are primarily impacted by corporate activities requiring specialized services. FDIC insurance expense is also included in this line and represents the assessments we pay to the FDIC for deposit insurance.
- *Technology and information systems*—costs related to software and information technology services to support office activities and internal networks. Technology and information system costs are primarily impacted by the number of locations we occupy, the number of associates we have, and the level of service we require from our third-party technology vendors.
- *Data processing*—costs related to processing fees paid to our third-party data processing system providers relating to our core private trust banking platform. Data processing costs are primarily impacted by the number of loan, deposit, and trust accounts we have and the level of transactions processed for our clients.

- *Marketing*—costs related to promoting our business through advertising, promotions, charitable events, sponsorships, donations, and other marketing-related expenses. Marketing costs are primarily impacted by the levels of advertising programs and other marketing activities and events held throughout the year.
- *Amortization of other intangible assets*—primarily represents the amortization of intangible assets including client lists, core deposit intangibles, and other similar items recognized in connection with acquisitions.
- *Other*—includes costs related to operational expenses associated with office supplies, postage, travel expenses, meals and entertainment, dues and memberships, costs to maintain or prepare OREO for sale, changes in OREO valuations subsequent to the initial acquisition when updated fair values are lower than the cost basis, director compensation and travel, and other general corporate expenses that do not fit within one of the specific non-interest expense lines described above. Other operational expenses are generally impacted by our business activities and needs.

Operating Segments

The Company's reportable segments consist of Wealth Management and Mortgage. We measure the overall profitability of operating segments based on Income before income tax. We believe this is a more useful measurement as our wealth management products and services are fully integrated with our private trust bank. We allocate costs to our segments, which consist primarily of compensation and overhead expense directly attributable to the products and services within the Wealth Management and Mortgage segments. We measure the profitability of each segment based on a post-allocation basis, as we believe it better approximates the operating cash flows generated by our reportable operating segments. A description of each segment is provided in Note 14 – Segment Reporting of the accompanying Notes to the Condensed Consolidated Financial Statements.

Primary Factors Used to Evaluate our Balance Sheet

The primary factors we use to evaluate our balance sheet include asset and liability levels, asset quality, capital, liquidity, and potential profit production from assets.

We manage our asset levels to ensure our lending initiatives are efficiently and profitably supported and to ensure we have the necessary liquidity and capital to meet the required regulatory capital ratios. Funding needs are evaluated and forecasted by communicating with clients, reviewing loan maturity and draw expectations, and projecting new loan opportunities.

We manage the diversification and quality of our assets based upon factors that include the level, distribution, severity, and trend of problem assets such as those determined to be classified, delinquent, non-accrual, non-performing or restructured; the adequacy of our ACL; the diversification and quality of loan and investment portfolios; and the extent of counterparty risks, credit risk concentrations, and other factors.

We manage our liquidity based upon factors that include the level and quality of capital and our overall financial condition, the trend and volume of problem assets, our balance sheet risk exposure, the level of deposits as a percentage of total loans, the amount of non-deposit funding used to fund assets, the availability of unused funding sources and off-balance sheet obligations, the availability of assets to be readily converted into cash without undue loss, the amount of cash and liquid securities we hold, and other factors.

Financial institution regulators have established guidelines for minimum capital ratios for banks and bank holding companies. The Company has adopted the Basel III regulatory capital framework. As of September 30, 2026, the Bank's capital ratios exceeded the current well capitalized regulatory requirements established under Basel III.

Results of Operations

Overview

The three months ended September 30, 2026 compared with the three months ended September 30, 2025. We reported Net income available to common shareholders of $6.0 million for the three months ended September 30, 2026, compared to $3.2 million of Net income available to common shareholders for the three months ended September 30, 2025, a $2.8 million, or 87.5% increase. For the three months ended September 30, 2026, our Income before income tax was $7.3 million, a $3.3 million, or 82.5% increase from the three months ended September 30, 2025. The increase was primarily driven by a $3.5 million increase in Net interest income and a $1.6 million decrease in Provision for credit losses, partially offset by a $1.0 million decrease in Non-interest income and a $0.8 million increase in Non-interest expense.

- The increase in Net interest income was driven by a 41 basis point increase in net interest margin and an increase in average interest-earning assets. The increase in net interest margin was primarily due to a 35 basis point decrease in total cost of funds as a result of reducing deposit rates commensurate with the short-term rate decreases in 2025 and runoff of higher cost deposit accounts.
- The decrease in Provision for credit losses was primarily due to specific reserves recorded during the three months ended September 30, 2025.
- The increase in Non-interest expense was primarily driven by increases in Salaries and employee benefits, partially offset by a decrease in Professional services. The increase in Salaries and employee benefits was primarily due to an increase in average headcount. The decrease in Professional services was primarily driven by decreases in legal expenses, recruiting expenses, and FDIC insurance fees.
- The decrease in Non-interest income was primarily driven by decreases in Net gain on mortgage loans and Risk management and insurance fees, partially offset by an increase in Trust and investment management fees. The decrease in Net gain on mortgage loans was due to lower origination volume. The decrease in Risk management and insurance fees was driven by a decrease in new insurance client agreements. The increase in Trust and investment management fees are primarily driven by increases in fee income from Investment Agency and Managed Trust accounts.

The nine months ended September 30, 2026 compared with the nine months ended September 30, 2025. We reported Net income available to common shareholders of $17.9 million for the nine months ended September 30, 2026, compared to $9.9 million of Net income available to common shareholders for the nine months ended September 30, 2025, a $8.0 million, or 80.8% increase. For the nine months ended September 30, 2026, our Income before income tax was $22.8 million, a $10.1 million, or 81.0% increase from the nine months ended September 30, 2025. The increase was primarily driven by a $10.8 million increase in Net interest income and a $4.7 million decrease in Provision for credit losses, partially offset by a $3.7 million increase in Non-interest expense and a $1.6 million decrease in Non-interest income.

- The increase in Net interest income was driven by a 28 basis point increase in net interest margin and an increase in average interest-earning assets. The increase in net interest margin was primarily due to a 28 basis point decrease in total cost of funds as a result of reducing deposit rates commensurate with the short-term rate decreases in 2025 and runoff of higher cost deposit accounts.
- The decrease in Provision for credit losses was primarily due to reductions in specific reserves due to credit resolution of an individually analyzed loan and pay downs, partially offset by loan growth for the nine months ended September 30, 2026. Activity during the nine months ended September 30, 2025 included a specific reserve.
- The increase in Non-interest expense was primarily driven by increases in Salaries and employee benefits and Technology and information systems, partially offset by decreases in Professional services and Occupancy and equipment. The increase in Technology and information systems was primarily attributable to a $0.4 million nonrecurring charge related to the write-off of certain previously capitalized technology assets. The increase in Salaries and employee benefits was primarily due to an increase in average headcount. The decrease in Professional services was primarily driven by decreases in legal expenses, recruiting expenses, and FDIC insurance fees. The decrease in Occupancy and equipment was driven by a decrease in variable lease expenses.

- The decrease in Non-interest income was primarily driven by decreases in Net gain on mortgage loans due to reduced margins, Net gain on other real estate owned due to the sale of two OREO properties in the first quarter of 2025 at a net gain, Other primarily due to changes in interest rate swap fair values, and Net gain on loans held for sale, partially offset by an increase in Trust and investment management fees.

Net Interest Income

The three months ended September 30, 2026 compared with the three months ended September 30, 2025. For the three months ended September 30, 2026, Net interest income, before the Provision for credit losses, was $23.0 million, an increase of $3.5 million, or 17.9%, compared to the three months ended September 30, 2025. The increase was primarily driven by a 41 basis point increase in net interest margin and a $51.9 million increase in average interest-earning assets. The increase in net interest margin was primarily driven by a 35 basis point decrease in total cost of funds.

Total interest and dividend income increased $1.2 million, or 2.8%, during the three months ended September 30, 2026 compared to the same period in 2025, primarily due to a $51.9 million increase in average interest-earning assets, and a 6 basis point increase in the average interest-earning assets yield. The increase in average interest-earning assets was primarily driven by increases in average loans of $172.3 million and average debt securities of $113.7 million, partially offset by a decrease in average interest-bearings deposits in other financial institutions of $219.8 million. The increase in the average interest-earning assets yield was primarily driven by an increase in average debt security yields of 31 basis points and improved average interest earning asset mix, offset partially by lower interest-bearing deposit yields.

Interest expense on Interest-bearing deposits decreased $2.0 million, or 9.2%, during the three months ended September 30, 2026 compared to the same period in 2025, primarily due to lower deposit rates, offset partially by a $34.0 million increase in average interest-bearing deposits. The increase in average interest-bearing deposits was driven by increases in money market deposit accounts, partially offset by decreases in time deposit accounts. Average interest-bearing deposit rates were 3.25% for the three months ended September 30, 2026, compared to 3.63% for the three months ended September 30, 2025. The decrease in average interest-bearing deposit rates was primarily attributable to reducing deposit rates commensurate with the short-term rate decreases in 2025 and runoff of higher cost deposit accounts.

The nine months ended September 30, 2026 compared with the nine months ended September 30, 2025. For the nine months ended September 30, 2026, Net interest income, before Provision for credit losses, was $65.6 million, an increase of $10.8 million, or 19.7%, compared to the nine months ended September 30, 2025. The increase was primarily driven by a 28 basis point increase in net interest margin and a $223.5 million increase in average interest-earning assets. The increase in net interest margin was primarily driven by a 28 basis point decrease in total cost of funds.

Total interest and dividend income increased $9.4 million, or 8.0%, during the nine months ended September 30, 2026 compared to the same period in 2025, primarily due to a $223.5 million increase in average interest-earning assets. The increase in average interest-earning assets was driven by increases in average loans of $239.0 million and debt securities of $86.3 million, partially offset by a decrease in average interest-bearing deposits in other financial institutions of $101.8 million.

Interest expense on Interest-bearing deposits decreased $0.8 million, or 1.3%, during the nine months ended September 30, 2026 compared to the same period in 2025, primarily due to lower deposit rates, offset partially by a $215.9 million increase in average interest-bearing deposits. The increase in average interest-bearing deposits was primarily driven by an increase in money market deposit accounts, partially offset by a decrease in time deposits. Average interest-bearing deposit rates were 3.23% for the nine months ended September 30, 2026, compared to 3.60% for the nine months ended September 30, 2025. The decrease in the average Interest-bearing deposits rate was primarily attributable to reducing deposit rates commensurate with short-term rate decreases in 2025 and runoff of higher cost deposit accounts.

The following presents an analysis of Net interest income and net interest margin during the periods presented, using daily average balances for each major category of interest-earning assets and interest-bearing liabilities, the interest earned or paid, and the average rate earned or paid on those assets or liabilities:

	As of or for the Three Months Ended September 30,					
	2026			2025		
(dollars in thousands)	Average Balance[1]	Interest Earned / Paid	Average Yield / Rate	Average Balance[1]	Interest Earned / Paid	Average Yield / Rate
Assets						
Interest-earning assets:						
Interest-bearing deposits in other financial institutions	$ 88,229	$ 834	3.75 %	$ 307,979	$ 3,468	4.47 %
Debt securities	240,811	2,819	4.64	127,154	1,387	4.33
Correspondent bank stock	5,672	113	7.90	7,500	154	8.15
Loans[2]	2,735,212	39,862	5.78	2,562,960	37,334	5.78
Mortgage loans held for sale[3]	16,938	291	6.82	26,037	367	5.59
Loans held at fair value	1,508	35	9.21	4,809	64	5.28
Total interest-earning assets[4]	3,088,370	43,954	5.65	3,036,439	42,774	5.59
Noninterest-earning assets	125,658			124,457		
Total assets	$ 3,214,028			$ 3,160,896		
Liabilities and Shareholders' Equity						
Interest-bearing liabilities:						
Interest-bearing deposits	$ 2,456,221	20,136	3.25	$ 2,422,177	22,177	3.63
FHLB and Federal Reserve borrowings	18,091	184	4.04	51,065	512	3.98
Subordinated notes	41,601	674	6.43	44,690	631	5.60
Total interest-bearing liabilities	2,515,913	20,994	3.31	2,517,932	23,320	3.67
Noninterest-bearing liabilities:						
Noninterest-bearing deposits	379,483			349,839		
Other liabilities	33,486			34,072		
Total noninterest-bearing liabilities	412,969			383,911		
Total shareholders' equity	285,146			259,053		
Total liabilities and shareholders' equity	$ 3,214,028			$ 3,160,896		
Net interest rate spread[5]			2.34			1.92
Net interest income[6]		$ 22,960			$ 19,454	
Net interest margin[7]			2.95			2.54

(dollars in thousands)	As of or for the Nine Months Ended September 30, 2026 Average Balance[1]	2026 Interest Income / Expense	2026 Average Yield / Rate	2025 Average Balance[1]	2025 Interest Income / Expense	2025 Average Yield / Rate
Assets						
Interest-earning assets:						
Interest-bearing deposits in other financial institutions	$ 109,269	$ 3,051	3.73 %	$ 211,069	$ 7,086	4.49 %
Debt securities	182,447	6,128	4.49	96,162	2,887	4.01
Correspondent bank stock	6,485	391	8.06	6,841	437	8.54
Loans[2]	2,710,962	116,235	5.73	2,471,970	105,953	5.73
Mortgage loans held for sale[3]	23,423	1,010	5.77	19,523	860	5.89
Loans held at fair value	2,232	97	5.81	5,775	260	6.02
Total interest-earning assets[4]	3,034,818	126,912	5.59	2,811,340	117,483	5.59
Noninterest-earning assets	123,969			130,962		
Total assets	$ 3,158,787			$ 2,942,302		
Liabilities and Shareholders' Equity						
Interest-bearing liabilities:						
Interest-bearing deposits	$ 2,403,879	58,133	3.23	$ 2,187,965	58,901	3.60
FHLB and Federal Reserve borrowings	36,494	1,083	3.97	59,434	1,792	4.03
Subordinated notes	43,725	2,089	6.39	47,246	1,999	5.66
Total interest-bearing liabilities	2,484,098	61,305	3.30	2,294,645	62,692	3.65
Noninterest-bearing liabilities:						
Noninterest-bearing deposits	364,215			355,332		
Other liabilities	34,270			36,147		
Total noninterest-bearing liabilities	398,485			391,479		
Total shareholders' equity	276,204			256,178		
Total liabilities and shareholders' equity	$ 3,158,787			$ 2,942,302		
Net interest rate spread[5]			2.29			1.94
Net interest income[6]		$ 65,607			$ 54,791	
Net interest margin[7]			2.89			2.61

[1] Average balance represents daily averages.
[2] Non-accrual loans are included in the respective average loan balances. Income, if any, is not recognized until all principal has been repaid.
[3] Mortgage loans held for sale are included in the interest-earning assets above, with interest income recognized in the Interest and dividend income on loans, including fees line in the Condensed Consolidated Statements of Income. These balances are included in the margin calculations in these tables.
[4] Tax-equivalent yield adjustments are immaterial.
[5] Net interest spread is the average yield on interest-earning assets minus the average rate on interest-bearing liabilities.
[6] Net interest income is the difference between income earned on interest-earning assets and expense paid on interest-bearing liabilities.
[7] Net interest margin is equal to annualized net interest income divided by average interest-earning assets.

The following presents the dollar amount of changes in interest income and interest expense during the periods presented for each component of interest-earning assets and interest-bearing liabilities, and distinguishes between changes attributable to volume and interest rates. Changes attributable to both rate and volume that cannot be separated have been allocated to volume:

	Three Months Ended September 30, 2026 Compared to Three Months Ended September 30, 2025			Nine Months Ended September 30, 2026 Compared to Nine Months Ended September 30, 2025		
	Increase (Decrease) Due to Change in:			Increase (Decrease) Due to Change in:		
(dollars in thousands)	Volume	Rate	Total Increase (Decrease)	Volume	Rate	Total Increase (Decrease)
Interest-earning assets:						
Interest-bearing deposits in other financial institutions	$ (2,079)	$ (555)	$ (2,634)	$ (2,843)	$ (1,192)	$ (4,035)
Debt securities	1,330	102	1,432	2,898	343	3,241
Correspondent bank stock	(37)	(4)	(41)	(21)	(25)	(46)
Loans	2,510	18	2,528	10,247	35	10,282
Mortgage loans held for sale	(156)	80	(76)	168	(18)	150
Loans held at fair value	(76)	47	(29)	(155)	(8)	(163)
Total increase (decrease) in interest income	$ 1,492	$ (312)	$ 1,180	$ 10,294	$ (865)	$ 9,429
Interest-bearing liabilities:						
Interest-bearing deposits	279	(2,320)	(2,041)	5,222	(5,990)	(768)
FHLB and Federal Reserve borrowings	(335)	7	(328)	(680)	(29)	(709)
Subordinated notes	(51)	94	43	(169)	259	90
Total increase (decrease) in interest expense	$ (107)	$ (2,219)	$ (2,326)	$ 4,373	$ (5,760)	$ (1,387)
Increase in net interest income	$ 1,599	$ 1,907	$ 3,506	$ 5,921	$ 4,895	$ 10,816

Provision for Credit Losses

We have a dedicated problem loan resolution team comprised of associates from our credit, senior leadership, risk, and accounting teams that meets frequently to ensure that watch list and problem credits are identified early and actively managed. We work to identify potential losses in a timely manner and proactively manage the problem credits to minimize losses. For the three and nine months ended September 30, 2026, we recorded a $0.6 million Provision for credit losses and a $0.6 million Release of provision for credit losses, respectively, compared to a $2.3 million and $4.1 million Provision for credit losses for the three and nine months ended September 30, 2025, respectively. The release of provision recorded for the nine months ended September 30, 2026 was primarily driven by reductions in specific reserves due to a credit resolution of an individually analyzed loan and pay downs, partially offset by loan growth.

The Company maintains a credit management program which includes internal and external loan review along with recurring portfolio monitoring activities to address the changing environment. Management believes the financial strength of the Bank's clientele and the diversity of the portfolio continues to mitigate the credit risk within the portfolio.

Non-Interest Income

The three months ended September 30, 2026 compared with the three months ended September 30, 2025. For the three months ended September 30, 2026 compared with the three months ended September 30, 2025, Non-interest income decreased $1.0 million, or 15.1%, to $5.8 million. The decrease in Non-interest income during the three months ended September 30, 2026 was primarily driven by decreases in Net gain on mortgage loans and Risk management and insurance fees, partially offset by increases in Trust and investment management fees.

The nine months ended September 30, 2026 compared with the nine months ended September 30, 2025. For the nine months ended September 30, 2026 compared with the nine months ended September 30, 2025, Non-interest income decreased $1.6 million, or 8.0%, to $18.8 million. The decrease in Non-interest income during the nine months ended September 30, 2026 was primarily driven by decreases in Net gain on mortgage loans, Net gain on other real estate owned, Other, and Net gain on loans held for sale, partially offset by an increase in Trust and investment management fees.

The following presents the significant categories of our Non-interest income during the periods presented:

	Three Months Ended September 30,		Change	
(dollars in thousands)	2026	2025	$	%
Non-interest income:				
Trust and investment management fees	$ 4,865	$ 4,629	$ 236	5.1 %
Net gain on mortgage loans	483	1,394	(911)	(65.4)
Bank fees	329	312	17	5.4
Risk management and insurance fees	26	193	(167)	(86.5)
Income on company-owned life insurance	121	116	5	4.3
Net (loss) gain on loans accounted for under the fair value option	(76)	18	(94)	(522.2)
Unrealized (loss) gain recognized on equity securities	(24)	6	(30)	(500.0)
Other	82	174	(92)	(52.9)
Total non-interest income	$ 5,806	$ 6,842	$ (1,036)	(15.1)

	Nine Months Ended September 30,		Change	
(dollars in thousands)	2026	2025	$	%
Non-interest income:				
Trust and investment management fees	$ 14,358	$ 13,818	$ 540	3.9 %
Net gain on mortgage loans	2,847	3,648	(801)	(22.0)
Net gain on loans held for sale	—	222	(222)	(100.0)
Bank fees	1,063	1,027	36	3.5
Risk management and insurance fees	387	499	(112)	(22.4)
Income on company-owned life insurance	356	338	18	5.3
Net (loss) gain on loans accounted for under the fair value option	(105)	50	(155)	(310.0)
Net (loss) gain on other real estate owned	(7)	459	(466)	(101.5)
Unrealized (loss) gain recognized on equity securities	(30)	20	(50)	(250.0)
Other	(22)	411	(433)	(105.4)
Total non-interest income	$ 18,847	$ 20,492	$ (1,645)	(8.0)

Trust and investment management fees—The increase in Trust and investment management fees of $0.2 million, or 5.1%, and $0.5 million, or 3.9%, for the three and nine months ended September 30, 2026, respectively, was primarily driven by increases in fee income from Investment Agency and Managed Trust accounts.

Net gain on mortgage loans—The decrease in Net gain on mortgage loans of $0.9 million, or 65.4%, and $0.8 million, or 22.0%, for the three and nine months ended September 30, 2026, respectively. For the three months ended September 30, 2026 compared to 2025, the decrease was primarily attributable to lower volume. For the nine months ended September 30, 2026 the decrease was driven by lower margins.

Net gain on loans held for sale—The decrease in Net gain on loans held for sale for the nine months ended September 30, 2026 was due to a $0.2 million gain recorded in the first quarter of 2025. The gain was due to the reversal of a write-down on a non-accrual loan recorded in the fourth quarter of 2024. This loan was classified as held for sale as of December 31, 2024; however, during the first quarter of 2025, it was transferred to held for investment and charged off through the ACL.

Risk management and insurance fees—The decrease in Risk management and insurance fees of $0.2 million, or 86.5%, and $0.1 million, or 22.4%, for the three and nine months ended September 30, 2026 was driven by a decrease in new insurance client agreements.

Net (loss) gain on loans accounted for under the fair value option —The decrease in Net gain on loans accounted for under the fair value option of $0.2 million, or 310.0%, for the nine months ended September 30, 2026 was primarily attributable to worsened overall performance of the portfolio and higher net charge-offs.

Net (loss) gain on other real estate owned—During the first quarter of 2025, two OREO properties were sold for a net gain of $0.5 million. During the first quarter of 2026, the last remaining OREO property was sold for a net loss of $7 thousand.

Other—The decrease in Other of $0.4 million, or 105.4%, for the nine months ended September 30, 2026 was primarily attributable to changes in interest rate swap fair values.

Non-Interest Expense

The three months ended September 30, 2026 compared with the three months ended September 30, 2025. For the three months ended September 30, 2026 compared with the three months ended September 30, 2025, Non-interest expense increased $0.8 million, or 3.8%, to $20.8 million. The increase in Non-interest expense during the three months ended September 30, 2026 was driven primarily by increases in Salaries and employee benefits and Technology and information systems, partially offset by a decrease in Professional services.

The nine months ended September 30, 2026 compared with the nine months ended September 30, 2025. For the nine months ended September 30, 2026 compared with the nine months ended September 30, 2025, Non-interest expense increased $3.7 million, or 6.3%, to $62.2 million. The increase in Non-interest expense during the nine months ended September 30, 2026 was driven primarily by increase in Salaries and employee benefits, Technology and information systems, and Data processing, partially offset by decreases in Occupancy and equipment and Professional services.

The following presents the significant categories of our Non-interest expense during the periods presented:

	Three Months Ended September 30,		Change	
(dollars in thousands)	**2026**	**2025**	**$**	**%**
Non-interest expense:				
Salaries and employee benefits	$ 12,704	$ 11,884	$ 820	6.9 %
Occupancy and equipment	2,087	2,188	(101)	(4.6)
Professional services	1,560	1,894	(334)	(17.6)
Technology and information systems	1,187	951	236	24.8
Data processing	1,308	1,251	57	4.6
Marketing	419	351	68	19.4
Amortization of other intangible assets	48	51	(3)	(5.9)
Other	1,527	1,504	23	1.5
Total non-interest expense	$ 20,840	$ 20,074	$ 766	3.8

	Nine Months Ended September 30,		Change	
(dollars in thousands)	**2026**	**2025**	**$**	**%**
Non-interest expense:				
Salaries and employee benefits	$ 38,673	$ 34,383	$ 4,290	12.5 %
Occupancy and equipment	5,973	6,644	(671)	(10.1)
Professional services	4,646	5,453	(807)	(14.8)
Technology and information systems	3,664	3,037	627	20.6
Data processing	3,853	3,539	314	8.9
Marketing	970	834	136	16.3
Amortization of other intangible assets	144	154	(10)	(6.5)
Other	4,298	4,490	(192)	(4.3)
Total non-interest expense	$ 62,221	$ 58,534	$ 3,687	6.3

Salaries and employee benefits—The increase in Salaries and employee benefits of $0.8 million, or 6.9%, and $4.3 million, or 12.5% for the three and nine months ended September 30, 2026, respectively, was primarily driven by an increase in average headcount.

Occupancy and equipment—The decrease in Occupancy and equipment of $0.7 million, or 10.1%, for the nine months ended September 30, 2026 was driven by a decrease in variable lease expenses.

Professional services—The decrease in Professional services of $0.3 million, or 17.6%, and $0.8 million, or 14.8%, for the three and nine months ended September 30, 2026, respectively, was primarily driven by decreases in legal expenses, recruiting expenses, and FDIC insurance fees.

Technology and information systems—The increase in Technology and information systems of $0.6 million, or 20.6%, for the nine months ended September 30, 2026, was primarily attributable to a $0.4 million nonrecurring charge related to the write-off of certain previously capitalized technology assets.

Data processing—The increase in Data processing of $0.3 million, or 8.9%, for the nine months ended September 30, 2026, was primarily driven by upgrades to our consumer digital banking platform.

Other—The decrease in Other of $0.2 million, or 4.3%, for the nine months ended September 30, 2026, was primarily driven by a fraud loss in the first quarter of 2025.

Income Tax

The Company recorded an income tax provision of $1.3 million and $0.8 million for the three months ended September 30, 2026 and 2025, respectively, reflecting an effective tax rate of 17.8% and 19.6%, respectively. The Company recorded an income tax provision of $4.9 million and $2.8 million for the nine months ended September 30, 2026 and 2025, respectively, reflecting an effective tax rate of 21.4% and 21.9%, respectively.

Segment Reporting

We have two reportable operating segments: Wealth Management and Mortgage. Our Wealth Management segment consists of operations relating to the Company's fully integrated wealth management products and services. Services provided include deposit, loan, insurance, and trust and investment management advisory products and services for which fee revenue is recognized. Parent company activity primarily consists of subordinated debt interest expense and is included within Wealth Management as management evaluates and makes business decisions for Wealth Management, including the parent company, collectively as one segment.

Our Mortgage segment consists of operations relating to the Company's residential mortgage service offerings. Services provided by our Mortgage segment include soliciting, originating, and selling mortgage loans into the secondary market. Mortgage products are financial in nature, for which origination fees are recognized net of origination expenses, upon the funding of the mortgage loans. Mortgage loans held for sale are accounted for under the fair value option with changes in fair value reported through earnings at inception when loans are locked to the borrower and until the loan is sold to third parties, at which time additional gains or losses on the sale are recorded. Mortgage loans originated and held for investment purposes are recorded in the Wealth Management segment, as this segment provides ongoing services to our clients.

The following presents key metrics related to our segments during the periods presented:

	Three Months Ended September 30, 2026			Three Months Ended September 30, 2025		
(dollars in thousands)	**Wealth Management**	**Mortgage**	**Consolidated**	**Wealth Management**	**Mortgage**	**Consolidated**
Income[(1)]	$ 27,312	$ 807	$ 28,119	$ 22,225	$ 1,814	$ 24,039
Income before income taxes	7,773	(494)	7,279	3,480	485	3,965
Profit margin	28.5 %	(61.2)%	25.9 %	15.7 %	26.7 %	16.5 %

	Nine Months Ended September 30, 2026			Nine Months Ended September 30, 2025		
(dollars in thousands)	**Wealth Management**	**Mortgage**	**Consolidated**	**Wealth Management**	**Mortgage**	**Consolidated**
Income[(1)]	$ 81,088	$ 3,916	$ 85,004	$ 66,555	$ 4,618	$ 71,173
Income before income taxes	23,312	(529)	22,783	11,875	764	12,639
Profit margin	28.7 %	(13.5)%	26.8 %	17.8 %	16.5 %	17.8 %

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

The following presents selected financial metrics of each segment as of and during the periods presented:

Wealth Management

	As of or for the Three Months Ended September 30,			
(dollars in thousands)	**2026**	**2025**	**$ Change**	**% Change**
Total interest and dividend income	$ 43,663	$ 42,407	$ 1,256	3.0 %
Total interest expense	20,994	23,320	(2,326)	(10.0)
Provision for credit losses	647	2,257	(1,610)	(71.3)
Net interest income, after provision for credit losses	22,022	16,830	5,192	30.8
Net loss on mortgage loans	(33)	(53)	20	(37.7)
All other non-interest income	5,323	5,448	(125)	(2.3)
Total income	27,312	22,225	5,087	22.9
Salaries and employee benefits expense	11,777	10,945	832	7.6
Depreciation and amortization expense	648	640	8	1.3
All other non-interest expense	7,114	7,160	(46)	(0.6)
Income before income taxes	$ 7,773	$ 3,480	$ 4,293	123.4
Goodwill	$ 30,400	$ 30,400	$ —	— %
Total assets	$ 3,399,996	$ 3,216,173	$ 183,823	5.7 %

	As of or for the Nine Months Ended September 30,			
(dollars in thousands)	**2026**	**2025**	**$ Change**	**% Change**
Total interest and dividend income	$ 125,902	$ 116,623	$ 9,279	8.0 %
Total interest expense	61,305	62,692	(1,387)	(2.2)
(Release of) provision for credit losses	(550)	4,110	(4,660)	(113.4)
Net interest income, after (release of) provision for credit losses	65,147	49,821	15,326	30.8
Net loss on mortgage loans	(54)	(110)	56	50.9
All other non-interest income	15,995	16,844	(849)	(5.0)
Total income before non-interest expense	81,088	66,555	14,533	21.8
Salaries and employee benefits expense	35,431	31,706	3,725	11.7
Depreciation and amortization expense	1,932	1,995	(63)	(3.2)
All other non-interest expense	20,413	20,979	(566)	(2.7)
Income before income taxes	$ 23,312	$ 11,875	$ 11,437	96.3
Goodwill	$ 30,400	$ 30,400	$ —	— %
Total assets	$ 3,399,996	$ 3,216,173	$ 183,823	5.7 %

The Wealth Management segment reported Income before income tax of $7.8 million for the three months ended September 30, 2026, compared to $3.5 million for the same period in 2025, as well as Income before income tax of $23.3 million for the nine months ended September 30, 2026, compared to $11.9 million for the same period in 2025. The majority of our assets and liabilities are on the Wealth Management segment balance sheet. The increase in Income before income taxes for the three month period ended September 30, 2026 was driven primarily by increases in Net interest income, after provision for credit losses, partially offset by an increase in Non-interest expense. The increase in Income before income taxes for the nine month period ended September 30, 2026 was driven primarily by an increase in Net interest income, after (release of) provision for credit losses, partially offset by an increase in Non-interest expense and a decrease in Non-interest income.

Mortgage

(dollars in thousands)	As of or for the Three Months Ended September 30, 2026	2025	$ Change	% Change
Total interest income	$ 291	$ 367	$ (76)	(20.7)%
Total interest expense	—	—	—	—
Provision for credit losses	—	—	—	—
Net interest income, after provision for credit losses	291	367	(76)	(20.7)
Net gain on mortgage loans	516	1,447	(931)	(64.3)
All other non-interest income	—	—	—	—
Total income before non-interest expense	807	1,814	(1,007)	(55.5)
Salaries and employee benefits expense	927	939	(12)	(1.3)
Depreciation and amortization expense	8	5	3	60.0
All other non-interest expense	366	385	(19)	(4.9)
(Loss) income before income taxes	$ (494)	$ 485	$ (979)	(201.9)
Total assets	$ 20,846	$ 24,251	$ (3,405)	(14.0)%

(dollars in thousands)	As of or for the Nine Months Ended September 30, 2026	2025	$ Change	% Change
Total interest and dividend income	$ 1,010	$ 860	$ 150	17.4 %
Total interest expense	—	—	—	—
Provision for credit losses	—	—	—	—
Net interest income, after provision for credit losses	1,010	860	150	17.4
Net gain on mortgage loans	2,901	3,758	(857)	(22.8)
All other non-interest income	5	—	5	—
Total income before non-interest expense	3,916	4,618	(702)	(15.2)
Salaries and employee benefits expense	3,242	2,677	565	21.1
Depreciation and amortization expense	17	15	2	13.3
All other non-interest expense	1,186	1,162	24	2.1
(Loss) income before income taxes	$ (529)	$ 764	$ (1,293)	(169.2)
Total assets	$ 20,846	$ 24,251	$ (3,405)	(14.0)%

The Mortgage segment reported Loss before income taxes of $0.5 million for the three months ended September 30, 2026, compared to $0.5 million of Income before income taxes for the same period in 2025. The mortgage segment reported Loss before income taxes of $0.5 million for the nine months ended September 30, 2026, compared to $0.8 million of Income before income taxes for the same period in 2025. The decrease in Income before taxes for the three month period ended September 30, 2026 was primarily driven by a decrease in Net gain on mortgage loans, which was primarily driven by lower origination volume. The decrease in Income before taxes for the nine month period ended September 30, 2026 was primarily driven by lower Net gain on mortgage loans and increases in Salaries and employee benefits.

Financial Condition

The following presents our Condensed Consolidated Balance Sheets as of the dates noted:

(dollars in thousands)	September 30, 2026	December 31, 2025	$ Change	% Change
Balance Sheet Data:				
Cash and cash equivalents	$ 166,248	$ 200,281	$ (34,033)	(17.0)%
Available-for-sale debt securities, at fair value (amortized cost of $154,271 and $45,623, respectively)	152,544	45,607	106,937	234.5
Held-to-maturity debt securities, net of allowance for credit losses of $189 and $74, (fair value of $134,582 and $90,635), respectively	141,852	94,970	46,882	49.4
Loans (includes $1,146 and $3,182 measured at fair value, respectively)	2,806,245	2,650,423	155,822	5.9
Allowance for credit losses	(20,785)	(21,441)	656	3.1
Loans, net of allowance	2,785,460	2,628,982	156,478	6.0
Mortgage loans held for sale, at fair value	18,989	40,176	(21,187)	(52.7)
Other real estate owned, net	—	3,040	(3,040)	(100.0)
Goodwill and other intangible assets, net	31,277	31,422	(145)	(0.5)
Company-owned life insurance	17,772	17,416	356	2.0
Other assets	106,700	93,087	13,613	14.6
Total assets	$ 3,420,842	$ 3,154,981	$ 265,861	8.4
Deposits	$ 2,916,213	$ 2,746,575	$ 169,638	6.2
Borrowings	185,809	107,613	78,196	72.7
Other liabilities	30,705	35,233	(4,528)	(12.9)
Total liabilities	3,132,727	2,889,421	243,306	8.4
Total shareholders' equity	288,115	265,560	22,555	8.5
Total liabilities and shareholders' equity	$ 3,420,842	$ 3,154,981	$ 265,861	8.4

Cash and cash equivalents decreased by $34.0 million, or 17.0%, to $166.2 million as of September 30, 2026 compared to December 31, 2025. The decrease was a result of increases in Debt securities and Loans, partially offset by an increase in Deposits.

Available-for-sale debt securities increased by $106.9 million, or 234.5%, to $152.5 million as of September 30, 2026 compared to December 31, 2025. The increase was due to the purchase of residential mortgage-backed securities issued by U.S. government agencies and sponsored enterprises, partially offset by principal pay downs.

Held-to-maturity debt securities increased by $46.9 million, or 49.4%, to $141.9 million as of September 30, 2026 compared to December 31, 2025. The increase was primarily due to the purchase of corporate and municipal bonds, offset by principal pay downs.

Loans, net of allowance increased by $156.5 million, or 6.0%, to $2.79 billion as of September 30, 2026 compared to December 31, 2025, primarily due to growth in the 1-4 family residential, Commercial and industrial, Owner occupied commercial real estate, and Construction and development portfolios, partially offset by a decrease in the Non-owner occupied commercial real estate portfolio.

Mortgage loans held for sale, at fair value decreased $21.2 million, or 52.7%, to $19.0 million as of September 30, 2026 compared to December 31, 2025. The decrease was primarily due to lower origination volume.

Other real estate owned, net decreased by $3.0 million as of September 30, 2026 compared to December 31, 2025. The decrease was due to the sale of the Company's last remaining OREO property in the first quarter of 2026.

Other assets increased by $13.6 million as of September 30, 2026 compared to December 31, 2025. The increase was due to interest rate swap fair values increasing driven by an upward shift in forward interest rates and an increase in Correspondent bank stock, at cost driven by FHLB borrowings.

Deposits increased $169.6 million, or 6.2%, to $2.92 billion as of September 30, 2026 compared to December 31, 2025, primarily driven by increases in Non-interest bearing deposit accounts and money market deposit accounts. Non-interest bearing deposit accounts increased $75.6 million, or 21.9%, to $420.6 million as of September 30, 2026 compared to December 31, 2025. Money market deposit accounts increased $90.5 million, or 4.7%, to $2.00 billion as of September 30, 2026 compared to December 31, 2025.

Borrowings increased $78.2 million, or 72.7%, to $185.8 million as of September 30, 2026 compared to December 31, 2025. The increase was primarily driven by FHLB borrowings, partially offset by repayment of a Subordinated note.

Other liabilities decreased $4.5 million, or 12.9%, to $30.7 million as of September 30, 2026 compared to December 31, 2025. The decrease was primarily due to decreases in salaries payable driven by the timing of bonus payments and interest rate swap fair values increasing driven by an upward shift in forward interest rates.

Total shareholders' equity increased $22.6 million, or 8.5%, from December 31, 2025 to $288.1 million as of September 30, 2026. The increase was primarily due to Net income for the period and an increase in Accumulated other comprehensive income from cash flow hedge fair values increasing driven by an upward shift in forward interest rates.

Assets Under Management

(dollars in millions)	Three Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2026	Nine Months Ended September 30, 2025
Managed Trust Balance as of Beginning of Period	**$ 1,729**	**$ 2,027**	**$ 1,901**	**$ 2,018**
New relationships	—	—	—	5
Closed relationships	(7)	—	(15)	(1)
Contributions	22	8	50	31
Withdrawals	(29)	(16)	(150)	(181)
Market change, net	(117)	(66)	(188)	81
Ending Balance	**$ 1,598**	**$ 1,953**	**$ 1,598**	**$ 1,953**
Yield*	0.23 %	0.17 %	0.22 %	0.16 %
Directed Trust Balance as of Beginning of Period	**$ 2,047**	**$ 1,958**	**$ 2,014**	**$ 1,934**
New relationships	—	—	—	—
Closed relationships	—	—	(2)	(4)
Contributions	38	95	75	193
Withdrawals	(8)	(99)	(52)	(187)
Market change, net	25	41	67	59
Ending Balance	**$ 2,102**	**$ 1,995**	**$ 2,102**	**$ 1,995**
Yield*	0.08 %	0.08 %	0.08 %	0.09 %
Investment Agency Balance as of Beginning of Period	**$ 1,699**	**$ 1,577**	**$ 1,635**	**$ 1,584**
New relationships	1	1	12	11
Closed relationships	(3)	(2)	(20)	(21)
Contributions	47	24	101	51
Withdrawals	(48)	(55)	(143)	(148)
Market change, net	(15)	75	96	143
Ending Balance	**$ 1,681**	**$ 1,620**	**$ 1,681**	**$ 1,620**
Yield*	0.74 %	0.73 %	0.72 %	0.72 %
Custody Balance as of Beginning of Period	**$ 651**	**$ 727**	**$ 575**	**$ 589**
New relationships	—	—	42	1
Closed relationships	—	—	(10)	—
Contributions	7	10	129	162
Withdrawals	(38)	(69)	(88)	(126)
Market change, net	(36)	(9)	(64)	33
Ending Balance	**$ 584**	**$ 659**	**$ 584**	**$ 659**
Yield*	0.06 %	0.05 %	0.06 %	0.05 %
Total Assets Under Management Excluding 401(k)/Retirement Balances at Beginning of Period	**$ 6,126**	**$ 6,289**	**$ 6,125**	**$ 6,125**
New relationships	1	1	54	17
Closed relationships	(10)	(2)	(47)	(26)
Contributions	114	137	355	437
Withdrawals	(123)	(239)	(433)	(642)
Market change, net	(143)	41	(89)	316
Total Assets Under Management Excluding 401(k)/Retirement Balances	**$ 5,965**	**$ 6,227**	**$ 5,965**	**$ 6,227**
Yield*	0.30 %	0.27 %	0.30 %	0.27 %
401(k)/Retirement Balance	**$ 1,250**	**$ 1,206**	**$ 1,250**	**$ 1,206**
Yield*	0.11 %	0.12 %	0.11 %	0.12 %
Total Assets Under Management	**$ 7,215**	**$ 7,433**	**$ 7,215**	**$ 7,433**
Yield*	**0.27 %**	**0.25 %**	**0.27 %**	**0.25 %**

* Trust & investment management fees divided by period end balance.

AUM decreased $61.0 million, or 0.8%, during the three months ended September 30, 2026, primarily attributable to lower market values in low fee account types. For the nine months ended September 30, 2026, AUM decreased $63.0 million, or 0.9%, primarily attributable to net withdrawals by one large relationship.

Debt Securities

Debt securities we intend to hold for an indefinite period of time, but not necessarily to maturity, are classified as available-for-sale and are recorded at fair value using current market information from a third-party pricing service, with unrealized gains and losses excluded from earnings and reported in OCI, net of tax. The carrying values of our debt securities classified as AFS are adjusted for unrealized gain or loss, and any gain or loss is reported on an after-tax basis as a component of OCI in shareholders' equity. As of September 30, 2026 and December 31, 2025, investments in debt securities classified as AFS totaled $152.5 million and $45.6 million, respectively.

Debt securities for which we have the intent and ability to hold to their maturity are classified as HTM debt securities and are recorded at amortized cost. Debt securities HTM are carried at cost, adjusted for the amortization of premiums and the accretion of discounts using the level-yield method over the remaining period until maturity. As of September 30, 2026 and December 31, 2025, investments in debt securities classified as HTM totaled $141.9 million and $95.0 million, respectively.

The following provides information regarding contractual maturities and weighted average yield for our investment securities as of the dates presented. Contractual maturities may differ from expected maturities because issuers can have the right to call or prepay obligations without penalties. Our investments are taxable securities. The weighted average yield for each range of maturities was calculated using the yield on each security within that range weighted by the amortized cost of each security. Weighted average yields are not presented on a taxable equivalent basis.

	Maturities as of September 30, 2026							
	One Year or Less		One to Five Years		Five to Ten Years		After Ten Years	
(dollars in thousands)	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield
Debt securities available-for-sale:								
Residential mortgage-backed securities issued by U.S. government agencies and sponsored enterprises	$ —	— %	$ —	— %	$ —	— %	$ 154,271	4.66 %
Total available for sale	$ —	—	$ —	—	$ —	—	$ 154,271	4.66
Debt securities held-to-maturity:								
U.S. treasuries	$ 249	3.74 %	$ —	— %	$ —	— %	$ —	— %
U.S. government agencies and sponsored enterprises	—	—	285	3.57	341	2.97	2,500	3.92
Municipals	—	—	—	—	—	—	3,159	5.52
Residential mortgage-backed securities issued by U.S. government agencies and sponsored enterprises	1	3.47	11,860	4.85	5,417	3.52	48,898	3.57
Residential mortgage-backed securities - other	—	—	7	4.52	397	4.86	270	3.80
Commercial mortgage-backed securities issued by U.S. government agencies and sponsored enterprises	—	—	—	—	5,352	4.25	111	2.05
Corporate bonds	1,998	4.38	2,000	7.37	59,196	6.07	—	—
Total held-to-maturity	$ 2,248	4.30	$ 14,152	5.18	$ 70,703	5.71	$ 54,938	3.70

(dollars in thousands)	Maturities as of December 31, 2025							
	One Year or Less		After One to Five Years		After Five to Ten Years		After Ten Years	
	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield
Debt securities available-for-sale:								
Residential mortgage-backed securities issued by U.S. government agencies and sponsored enterprises	$ —	— %	$ —	— %	$ —	— %	$ 45,623	4.87 %
Total available for sale	$ —	—	$ —	—	$ —	—	$ 45,623	4.87
Debt securities held-to-maturity:								
U.S. treasuries	$ —	— %	$ 248	3.74 %	$ —	— %	$ —	— %
U.S. government agencies and sponsored enterprises	—	—	360	3.78	395	2.75	2,657	3.99
Residential mortgage-backed securities issued by U.S. government agencies and sponsored enterprises	10	3.24	4,761	4.82	1,291	2.14	53,777	3.46
Residential mortgage-backed securities - other	—	—	11	4.76	305	5.02	435	4.03
Commercial mortgage-backed securities issued by U.S. government agencies and sponsored enterprises	—	—	—	—	6,000	4.61	138	2.01
Corporate bonds	—	—	6,690	6.62	17,966	5.25	—	—
Total held-to-maturity	$ 10	3.24	$ 12,070	5.77	$ 25,957	4.91	$ 57,007	3.49

Allowance for Credit Losses for Debt Securities

Management measures expected credit losses on debt securities on a collective basis by major security type. The majority of our HTM investment portfolio consists of debt securities issued by U.S. government entities and agencies and we consider the risk of credit loss to be zero and, therefore, we do not record an ACL. The Company's non-government backed debt securities include private label MBS, corporate bonds, and municipal bonds. The ACL on HTM debt securities was $0.2 million and $0.1 million as of September 30, 2026 and December 31, 2025, respectively. There was no ACL on AFS debt securities as of September 30, 2026 and December 31, 2025.

Loan Portfolio

Our primary source of interest income is derived through interest earned on loans to high net worth individuals and their related commercial interests. Our senior lending and credit team consists of seasoned, experienced personnel and we believe that our officers are well versed in the types of lending in which we are engaged. Underwriting policies and decisions are managed centrally and the approval process is tiered based on loan size, making the process consistent, efficient, and effective. The management team and credit culture demands prudent, practical, and conservative approaches to all credit requests in compliance with the credit policy guidelines to ensure strong credit underwriting practices.

In addition to originating loans for our own portfolio, we conduct mortgage banking activities in which we originate and sell servicing-released, whole loans in the secondary market. Our mortgage banking loan sale activities are primarily directed at originating single family mortgages that are priced and underwritten to conform to previously agreed-upon criteria before loan funding and are delivered to the investor shortly after funding. The level of future loan originations, loan sales, and loan repayments depends on overall credit availability, the interest rate environment, the strength of the general economy, local real estate markets and the housing industry, and conditions in the secondary loan sale market. The amount of gain or loss on the sale of loans is primarily driven by market conditions and changes in interest rates, as well as our pricing and asset liability management strategies. As of September 30, 2026 and December 31, 2025, we had Mortgage loans held for sale of $19.0 million and $40.2 million, respectively, of residential mortgage loans we originated.

As of September 30, 2026, the Company had $1.1 million in loans accounted for under the fair value option with an unpaid principal balance amount of $1.2 million. As of December 31, 2025, the Company had $3.2 million in loans accounted for under the fair value option with an unpaid principal balance amount of $3.2 million. See Note 12 – Fair Value in the Notes to Condensed Consolidated Financial Statements.

The following presents the amortized cost of our loan portfolio by type of loan as of the dates noted:

	September 30, 2026		December 31, 2025	
(dollars in thousands)	**Amount**	**% of Total**	**Amount**	**% of Total**
Cash, securities, and other	$ 177,382	6.3 %	$ 164,726	6.3 %
Consumer and other	19,268	0.7	19,596	0.7
Construction and development	212,673	7.6	189,081	7.1
1-4 family residential	1,136,644	40.5	1,033,665	39.1
Non-owner occupied CRE	760,000	27.0	809,875	30.6
Owner occupied CRE	231,019	8.2	204,078	7.7
Commercial and industrial	272,705	9.7	225,281	8.5
Loans held for investment at amortized cost	$ 2,809,691	100.0 %	$ 2,646,302	100.0 %
Portfolio layer method basis adjustment for hedged portfolio	(4,592)		939	
Loans accounted for under the fair value option[(1)]	1,146		3,182	
Total loans held for investment	$ 2,806,245		$ 2,650,423	
Mortgage loans held for sale, at fair value[(2)]	$ 18,989		$ 40,176	

(1) Includes $1.2 million and $3.2 million of unpaid principal balance of Loans held for investment accounted for under fair value option as of September 30, 2026 and December 31, 2025, respectively.
(2) Includes $19.0 million and $39.5 million of unpaid principal balance of Mortgage loans held for sale as of September 30, 2026 and December 31, 2025, respectively.

- *Cash, securities, and other*—consists of consumer and commercial purpose loans, which are primarily secured by securities managed and under custody with us, cash on deposit with us, or life insurance policies. In addition, loans in this portfolio are collateralized with other sources of collateral. This segment of our portfolio is affected by a variety of local and national economic factors affecting borrowers' employment prospects, income levels, and overall economic sentiment.
- *Consumer and other*—consists of unsecured consumer loans. This segment of our portfolio is affected by a variety of local and national economic factors affecting borrowers' employment prospects, income levels, and overall economic sentiment. Loans held for investment accounted for under the fair value option are primarily consumer and other loans and are presented separately within the above table.
- *Construction and development*—consists of loans to finance the construction of residential and non-residential properties. These loans are dependent on the strength of the industries of the related borrowers and the risks consistent with construction projects.
- *1-4 family residential*—consists of loans and home equity lines of credit secured by 1-4 family residential properties. These loans typically enable borrowers to purchase or refinance existing homes, most of which serve as the primary residence of the owner. In addition, some borrowers secure a commercial purpose loan with owner occupied or non-owner occupied 1-4 family residential properties. Loans in this segment are dependent on the industries tied to these loans as well as the national and local economies, and local residential and commercial real estate markets.
- *Commercial real estate, owner occupied, and non-owner occupied*—consists of commercial loans collateralized by real estate. These loans may be collateralized by owner occupied or non-owner occupied real estate, as well as multi-family residential real estate. These loans are dependent on the strength of the industries of the related borrowers and the success of their businesses.

- *Commercial and industrial*—consists of commercial and industrial loans, including working capital lines of credit, permanent working capital term loans, business asset loans, acquisition, expansion and development loans, and other loan products, primarily in our target markets. This portfolio primarily consists of term loans and lines of credit which are dependent on the strength of the industries of the related borrowers and the success of their businesses.

One of the larger categories of the Company's loan portfolio is Commercial Real Estate (CRE). The following provides balances by asset type of the Company's CRE portfolio:

	As of September 30, 2026			
(dollars in thousands)	Owner Occupied	Non-Owner Occupied	Total	Percent of Total CRE
Multi-family	$ —	$ 220,766	$ 220,766	22.3 %
Industrial and warehouse	74,195	155,609	229,804	23.2
Office	63,312	141,789	205,101	20.7
Retail	24,650	57,314	81,964	8.3
Hotel	3,069	43,915	46,984	4.7
Restaurant and entertainment	18,701	9,229	27,930	2.8
Other commercial real estate	47,092	131,378	178,470	18.0
Total CRE loan portfolio	$ 231,019	$ 760,000	$ 991,019	100.0 %

The following summarizes the Company's CRE portfolio by geographic location as of the dates indicated:

	As of September 30, 2026	
(dollars in thousands)	Amount	Percent of Total CRE
Colorado	$ 766,584	77.4 %
Montana	69,221	7.0
Wyoming	54,438	5.5
Arizona	33,726	3.4
California	16,585	1.7
Other	50,465	5.0
Total CRE loan portfolio	$ 991,019	100.0 %

The CRE portfolio is comprised of loans made to purchase and finance commercial real estate properties. On average, the balances are small and geographically dispersed across our footprint. Specifically, our CRE portfolio has an average loan balance of $2.94 million and $3.10 million with a weighted average loan-to-value ratio (LTV) of 56.0% and 54.3% as of September 30, 2026 and December 31, 2025, respectively.

Due to the recent trends in the banking industry, there has been increased risk associated with commercial real estate loans, including with respect to the higher vulnerability of these credits to pressure as interest rates remain elevated and market conditions in many large metropolitan areas continue to show signs of stress. The Company has limited exposure to the office building sector in central business districts as the office portfolio is generally diversified in suburban markets with strong occupancy levels. The Company maintains a practice of regular and ongoing loan reviews, stress tests, and sensitivity analyses to assess the level of risk in the loan portfolio. Loan reviews include monitoring past due rates, non-performing trends, concentrations, LTVs, among other qualitative factors. The Company believes its credit policies are robust and are updated as needed to meet the strategic and risk mitigation goals of the company.

The contractual maturity ranges of loans in our loan portfolio and the amount of such loans with fixed and floating interest rates in each maturity range, at amortized cost as of the dates noted, are summarized in the following:

	As of September 30, 2026				
(dollars in thousands)	One Year or Less	After One Through Five Years	After Five Through Fifteen Years	After Fifteen Years	Total
Cash, securities, and other	$ 55,839	$ 120,900	$ —	$ 643	$ 177,382
Consumer and other	10,547	7,583	—	1,138	19,268
Construction and development	105,804	100,675	5,696	498	212,673
1-4 family residential	90,700	135,561	70,349	840,034	1,136,644
Non-owner occupied CRE	264,935	428,512	59,398	7,155	760,000
Owner occupied CRE	26,559	155,378	42,724	6,358	231,019
Commercial and industrial	83,845	137,818	51,042	—	272,705
Total loans	$ 638,229	$ 1,086,427	$ 229,209	$ 855,826	$ 2,809,691
Loans accounted for under the fair value option[1]	921	225	—	—	1,146
Total loans	$ 639,150	$ 1,086,652	$ 229,209	$ 855,826	$ 2,810,837
Amounts with fixed rates	349,404	640,998	85,043	23,438	1,098,883
Amounts with floating rates	289,746	445,654	144,166	832,388	1,711,954
Total loans	$ 639,150	$ 1,086,652	$ 229,209	$ 855,826	$ 2,810,837

	As of December 31, 2025				
(dollars in thousands)	One Year or Less	After One Through Five Years	After Five Through Fifteen Years	After Fifteen Years	Total
Cash, securities, and other	$ 69,446	$ 94,628	$ —	$ 652	$ 164,726
Consumer and other	14,793	3,571	—	1,232	19,596
Construction and development	99,622	87,609	873	977	189,081
1-4 family residential	112,094	93,557	38,157	789,857	1,033,665
Non-owner occupied CRE	249,127	484,339	69,078	7,331	809,875
Owner occupied CRE	33,101	113,678	50,086	7,213	204,078
Commercial and industrial	68,006	132,347	24,928	—	225,281
Total loans	$ 646,189	$ 1,009,729	$ 183,122	$ 807,262	$ 2,646,302
Loans accounted for under the fair value option[1]	678	2,504	—	—	3,182
Total loans	$ 646,867	$ 1,012,233	$ 183,122	$ 807,262	$ 2,649,484
Amounts with fixed rates	300,949	624,158	94,365	23,091	1,042,563
Amounts with floating rates	345,918	388,075	88,757	784,171	1,606,921
Total loans	$ 646,867	$ 1,012,233	$ 183,122	$ 807,262	$ 2,649,484

[1] Loans accounted for under the fair value option are disclosed at fair value rather than amortized cost.

Non-Performing Assets

Non-performing assets include non-accrual loans and OREO. The accrual of interest on loans is discontinued at the time the loan becomes 90 or more days delinquent unless the loan is well secured and in the process of collection or renewal due to maturity. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on non-accrual status or charged off if collection of interest or principal is considered doubtful.

OREO represents assets acquired through, or in lieu of, foreclosure. The amounts reported as OREO are supported by recent appraisals, with the appraised values adjusted, where applicable, for expected transaction fees likely to be incurred upon sale of the property. We incur recurring expenses relating to OREO in the form of maintenance, taxes, insurance, and legal fees, among others, until the OREO property is disposed. During 2025, the Company sold two OREO properties resulting in a net gain on sale of $0.5 million. During the first quarter of 2026, the Company sold its last remaining OREO property resulting in a nominal loss. As of September 30, 2026, the Company had no OREO properties. As of December 31, 2025, the Company had one OREO property with a carrying amount of $3.0 million.

The Company reversed an immaterial amount and $0.1 million of interest on non-accrual loans during the three months ended September 30, 2026 and 2025, respectively. The amount of interest income that would have been recognized on loans accounted for on a non-accrual basis pursuant to contractual terms was $0.5 million and $0.6 million for the three month periods ended September 30, 2026 and 2025, respectively. The Company reversed an immaterial amount and $0.1 million of interest on non-accrual loans during the nine month periods ended September 30, 2026 and 2025, respectively. The amount of interest income that would have been recognized on loans accounted for on a non-accrual basis pursuant to contractual terms was $1.7 million and $1.8 million for the nine month periods ended September 30, 2026 and 2025, respectively.

We had amortized cost of $13.2 million and $19.6 million in non-performing assets as of September 30, 2026 and December 31, 2025, respectively. The decrease in non-performing assets was primarily driven by the sale of the Company's last remaining OREO property and pay downs.

The following presents the amortized cost basis of non-performing assets as of the dates noted:

(dollars in thousands)	September 30, 2026	December 31, 2025
Non-accrual loans by category		
Cash, securities, and other	$ 1,704	$ 1,704
Commercial and industrial	11,521	14,855
Total non-accrual loans	13,225	16,559
OREO[1]	—	3,040
Total non-performing assets	$ 13,225	$ 19,599
Non-accrual loans to total loans[2]	0.47 %	0.63 %
Non-performing assets to total assets	0.39 %	0.62 %
Allowance for credit losses to non-accrual loans	157.16 %	129.50 %
Accruing loans 90 or more days past due	$ —	$ —

[1] Held at the lower of cost or fair value as described in Note 12.

[2] Excludes Mortgage loans held for sale of $19.0 million and $40.2 million as of September 30, 2026 and December 31, 2025, respectively. Excludes $1.1 million and $3.2 million of loans held for investment accounted for under the fair value option as of September 30, 2026 and December 31, 2025, respectively.

Credit Quality Indicators

The following presents the amortized cost basis of loans by credit quality indicator, by class of financing receivable, as of the dates noted:

	As of September 30, 2026					
(dollars in thousands)	**Pass**	**Special Mention**	**Substandard**	**Doubtful**	**Not Rated**	**Total**
Cash, securities, and other	$ 175,678	$ —	$ 1,704	$ —	$ —	$ 177,382
Consumer and other[1]	19,268	—	—	—	1,146	20,414
Construction and development	212,175	—	498	—	—	212,673
1-4 family residential	1,136,643	—	1	—	—	1,136,644
Non-owner occupied CRE	663,345	28,184	68,471	—	—	760,000
Owner occupied CRE	231,019	—	—	—	—	231,019
Commercial and industrial	246,954	2,649	23,102	—	—	272,705
Total	$ 2,685,082	$ 30,833	$ 93,776	$ —	$ 1,146	$ 2,810,837

	As of December 31, 2025					
(dollars in thousands)	**Pass**	**Special Mention**	**Substandard**	**Doubtful**	**Not Rated**	**Total**
Cash, securities, and other	$ 163,022	$ —	$ 1,704	$ —	$ —	$ 164,726
Consumer and other[1]	19,546	—	50	—	3,182	22,778
Construction and development	175,980	12,124	977	—	—	189,081
1-4 family residential	1,030,754	2,909	2	—	—	1,033,665
Non-owner occupied CRE	741,153	—	68,722	—	—	809,875
Owner occupied CRE	204,078	—	—	—	—	204,078
Commercial and industrial	197,325	—	27,956	—	—	225,281
Total	$ 2,531,858	$ 15,033	$ 99,411	$ —	$ 3,182	$ 2,649,484

[1] Includes $1.1 million and $3.2 million of loans held for investment accounted for under fair value option as of September 30, 2026 and December 31, 2025, respectively.

As of September 30, 2026 and December 31, 2025, non-accrual loans of $13.2 million and $16.6 million, respectively, were included in the substandard category in the table above.

Allowance for Credit Losses on Loans

The ACL for loans represents Management's best estimate of CECL on loans considering available information, from internal and external sources, relevant to assessing collectability over the loans' contractual terms, adjusted for expected prepayments when appropriate. Our quantitative DCF models use twelve-month economic forecasts including; HPI, GDP, and national unemployment. The ACL decreased $0.7 million during the nine months ended September 30, 2026. The ACL on pooled loans was $18.5 million and $18.0 million as of September 30, 2026 and December 31, 2025, respectively. The $0.5 million increase in provision on pooled loans for the nine months ended September 30, 2026 was primarily due to loan growth. The ACL on individually analyzed loans was $2.3 million and $3.4 million as of September 30, 2026 and December 31, 2025, respectively. The $1.0 million release of provision on individually analyzed loans for the nine months ended September 30, 2026 was primarily attributable to a credit resolution of an individually analyzed loan and pay downs.

The following presents summary information regarding our ACL for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in thousands)	2026	2025	2026	2025
Average loans outstanding[1][2]	$ 2,735,212	$ 2,562,960	$ 2,710,962	$ 2,471,970
Total loans outstanding at end of period[3]	$ 2,809,691	$ 2,586,638	$ 2,809,691	$ 2,586,638
Allowance for credit losses at beginning of period	$ 20,297	$ 18,994	$ 21,441	$ 18,330
Provision for credit losses	606	2,232	(562)	4,118
Charge-offs:				
Consumer and other	(123)	—	(123)	—
Commercial and industrial	—	(430)	—	(1,690)
Total charge-offs	(123)	(430)	(123)	(1,690)
Recoveries:				
Consumer and other	—	1	—	24
1-4 family residential	—	6	—	13
Commercial and industrial	5	164	29	172
Total recoveries	5	171	29	209
Net charge-offs	(118)	(259)	(94)	(1,481)
Allowance for credit losses at end of period	$ 20,785	$ 20,967	$ 20,785	$ 20,967
Allowance for credit losses to total loans	0.74 %	0.81 %	0.74 %	0.81 %
Net charge-offs to average loans	*	0.01	*	0.06

[1] Average balances are average daily balances.
[2] Excludes average outstanding balances of Mortgage loans held for sale of $16.9 million and $26.0 million for the three months ended September 30, 2026 and 2025, respectively, and $23.4 million and $19.5 million for the nine months ended September 30, 2026 and 2025, respectively. Excludes average outstanding balances of loans held for investment under the fair value option of $1.5 million and $4.8 million for the three months ended September 30, 2026 and 2025, respectively, and $2.2 million and $5.8 million for the nine months ended September 30, 2026 and 2025, respectively.
[3] Excludes Mortgage loans held for sale of $19.0 million and $21.8 million as of September 30, 2026 and 2025, respectively. Excludes $1.1 million and $4.2 million of loans held for investment accounted for under the fair value option as of September 30, 2026 and 2025, respectively.
* Represents percentages that are not meaningful.

The following presents the allocation of the ACL among loan categories and other summary information. The allocation for credit losses by category should neither be interpreted as an indication of future charge-offs, nor as an indication that charge-offs in future periods will necessarily occur in these amounts or in the indicated proportions. The allocation of a portion of the ACL to one category of loans does not preclude its availability to absorb losses in other categories.

	As of September 30, 2026		As of December 31, 2025	
(dollars in thousands)	Amount	%[1]	Amount	%[1]
Cash, securities, and other	$ 1,252	6.3 %	$ 1,150	6.3 %
Consumer and other	159	0.7	138	0.7
Construction and development	2,361	7.6	2,210	7.1
1-4 family residential	6,217	40.5	5,846	39.1
Non-owner occupied CRE	3,731	27.0	4,359	30.6
Owner occupied CRE	930	8.2	846	7.7
Commercial and industrial	6,135	9.7	6,892	8.5
Total allowance for credit losses	$ 20,785	100.0 %	$ 21,441	100.0 %

[1] Represents the percentage of loans to total loans in the respective category.

Allowance for credit losses - off-balance sheet credit exposures

In the normal course of business, there may be various outstanding commitments to obtain funding and to extend credit, such as letters of credit and unfunded loan commitments, which are not reflected in the accompanying Condensed Consolidated Financial Statements. The Company assessed the off balance sheet credit exposures as of September 30, 2026 and determined an ACL of $0.6 million was adequate to absorb the estimated credit losses. For additional information regarding the Company's ACL on off-balance sheet credit exposures, see Note 8 – Commitments and Contingencies in the Notes to Condensed Consolidated Financial Statements.

Deferred Tax Assets, Net

Deferred tax assets, net of our valuation allowance, represent the differences in timing of when items are recognized for GAAP purposes and when they are recognized for tax purposes, as well as our net operating losses. Our deferred tax assets, net, are valued based on the amounts that are expected to be recovered in the future utilizing the tax rates in effect at the time recognized. Deferred tax assets, net as of September 30, 2026 were $5.6 million, an increase of $1.6 million, or 39.2%, from December 31, 2025. The increase was primarily attributable to the purchase of a clean fuel tax credit of $3.2 million during the third quarter of 2026, partially offset by changes in temporary differences, most notably the reversal of the OREO allowance upon the sale of the OREO property during the first quarter of 2026.

Deposits

Our deposit products include money market accounts, demand deposit accounts, time-deposit accounts (typically certificates of deposit), interest checking accounts, and savings accounts. Our accounts are federally insured by the FDIC up to the legal maximum amount.

Total deposits increased by $169.6 million, or 6.2%, to $2.92 billion as of September 30, 2026, from December 31, 2025. Total average deposits for the three months ended September 30, 2026 were $2.84 billion, an increase of $63.7 million, or 2.3%, compared to $2.77 billion for the three months September 30, 2025. Total average deposits for the nine months ended September 30, 2026 were $2.77 billion, an increase of $224.8 million, or 8.8%, compared to $2.54 billion for the nine months ended September 30, 2025. The increase in average deposits for the three months ended September 30, 2026 compared to the same period in 2025 was primarily due to increases in money market deposit accounts and Noninterest-bearing deposits. The increase in average deposits for the nine months ended September 30, 2026 compared to the same period in 2025 was driven primarily by an increase in money market deposit accounts, partially offset by a decrease in time deposit accounts.

The following presents the average balances and average rates paid on deposits during the periods presented:

	For the Three Month Period Ending September 30,			
	2026		2025	
(dollars in thousands)	Average Balance	Average Rate	Average Balance	Average Rate
Deposits				
Money market deposit accounts	$ 1,974,269	3.39 %	$ 1,927,764	3.77 %
Interest checking accounts	124,534	0.26	120,868	0.20
Uninsured time deposits	72,820	3.70	67,309	4.06
Other time deposits	271,755	3.68	292,809	4.24
Total time deposits	344,575	3.68	360,118	4.20
Savings accounts	12,843	0.06	13,427	0.09
Total interest-bearing deposits	2,456,221	3.25	2,422,177	3.63
Noninterest-bearing accounts	379,483		349,839	
Total deposits	$ 2,835,704	2.82	$ 2,772,016	3.17

	For the Nine Months Ended September 30,			
	2026		2025	
(dollars in thousands)	Average Balance	Average Rate	Average Balance	Average Rate
Deposits				
Money market deposit accounts	$ 1,908,642	3.35 %	$ 1,670,323	3.72 %
Interest checking accounts	124,385	0.30	129,196	0.20
Uninsured time deposits	76,510	3.80	60,963	4.13
Other time deposits	281,118	3.75	313,622	4.43
Total time deposits	357,628	3.76	374,585	4.38
Savings accounts	13,224	0.06	13,861	0.08
Total interest-bearing deposits	2,403,879	3.23	2,187,965	3.60
Noninterest-bearing accounts	364,215		355,332	
Total deposits	$ 2,768,094	2.81	$ 2,543,297	3.10

Average Noninterest-bearing deposits to average Total deposits was 13.4% and 12.6% for the three months ended September 30, 2026 and 2025, respectively, and 13.2% and 14.0% for the nine months ended September 30, 2026 and 2025, respectively.

Our average cost of deposits was 2.82% and 3.17% for the three months ended September 30, 2026 and 2025, respectively, and 2.81% and 3.10% for the nine months ended September 30, 2026 and 2025, respectively. The decrease in cost of deposits was primarily due to lower rates on money market and time deposits accounts as a result of the Company reducing deposit rates commensurate with short-term rate decreases in 2025 and runoff of higher cost deposit accounts.

Money market deposit accounts as of September 30, 2026 were $2.00 billion, an increase of $90.5 million, or 4.7%, compared to December 31, 2025. Interest checking accounts as of September 30, 2026 were $124.7 million, an increase of $2.4 million, or 2.0%, compared to December 31, 2025. Time deposits as of September 30, 2026 were $354.4 million, an increase of $1.9 million, or 0.5%, from December 31, 2025.

The following presents the amount of certificates of deposit by time remaining until maturity as of September 30, 2026:

(dollars in thousands)	Three Months or Less	Three to Six Months	Six to 12 Months	After 12 Months	Total
Uninsured time deposits	$ 24,250	$ 23,428	$ 26,531	$ 1,505	$ 75,714
Other	127,829	65,961	65,069	19,834	278,693
Total	$ 152,079	$ 89,389	$ 91,600	$ 21,339	$ 354,407

Borrowings

We have short-term and long-term borrowing sources available to supplement deposits and meet our liquidity needs. As of September 30, 2026 and December 31, 2025, borrowings totaled $185.8 million and $107.6 million, respectively.

The increase in borrowings as of September 30, 2026 compared to December 31, 2025 was primarily driven by increased FHLB borrowings, partially offset by the repayment of a subordinated note.

The following presents balances of each of the borrowing facilities as of the dates noted:

(dollars in thousands)	September 30, 2026	December 31, 2025
Borrowings		
FHLB borrowings	$ 150,926	$ 62,332
Federal Reserve borrowings	—	509
Subordinated notes	34,883	44,772
Total	$ 185,809	$ 107,613

FHLB

The following presents additional information on our FHLB borrowings:

(dollars in thousands)	As of or for the Nine Months Ended September 30, 2026
Short-term borrowings	
Maximum outstanding at any month-end during the period	$ 150,926
Balance outstanding at end of period	$ 150,926
Average outstanding during the period	$ 36,428
Average interest rate during the period	3.83 %
Average interest rate at the end of the period	4.10

Our borrowing facilities include various financial and other covenants, including, but not limited to, a requirement that the Bank maintains regulatory capital that is deemed "well capitalized" by federal banking agencies. As of September 30, 2026 and December 31, 2025, the Company was in compliance with the covenant requirements.

Liquidity and Capital Resources

Liquidity resources primarily include Interest-bearing and Noninterest-bearing deposits which contribute to our ability to raise funds to support asset growth, acquisitions, and meet deposit withdrawals and other payment obligations. Access to purchased funds include the ability to borrow from FHLB, other correspondent banks, and the use of brokered deposits.

The following presents the composition of our funding sources and the average assets in which those funds are invested as a percentage of average total assets during the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Sources of Funds:				
Deposits:				
Noninterest-bearing	11.81 %	11.07 %	11.53 %	12.08 %
Interest-bearing	76.42	76.62	76.10	74.35
FHLB and Federal Reserve borrowings	0.56	1.62	1.16	2.02
Subordinated notes	1.29	1.41	1.38	1.61
Other liabilities	1.04	1.08	1.08	1.23
Shareholders' equity	8.88	8.20	8.75	8.71
Total	100.00 %	100.00 %	100.00 %	100.00 %
Uses of Funds:				
Total loans	84.51 %	80.55 %	85.18 %	83.52 %
Investment securities	7.49	4.02	5.78	3.27
Correspondent bank stock	0.18	0.24	0.21	0.23
Mortgage loans held for sale	0.53	0.82	0.74	0.66
Interest-bearing deposits in other financial institutions	2.75	9.75	3.46	7.17
Noninterest-earning assets	4.54	4.62	4.63	5.15
Total	100.00 %	100.00 %	100.00 %	100.00 %
Average noninterest-bearing deposits to total average deposits	13.38 %	12.62 %	13.16 %	13.97 %
Average loans to total average deposits	96.46	92.46	97.94	97.20
Average interest-bearing deposits to total average deposits	86.62	87.38	86.84	86.03

Our primary source of funds is Interest-bearing and Noninterest-bearing deposits, and our primary use of funds is loans. We do not expect a change in the primary source or use of our funds in the foreseeable future.

Capital Resources

We are subject to various regulatory capital adequacy requirements at a consolidated level and the Bank level. These requirements are administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on our condensed consolidated financial statements. Under capital adequacy guidelines and, additionally for banks, the regulatory framework for prompt corrective action, we must meet specific capital guidelines that involve quantitative measures of our assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices.

Capital levels are viewed as important indicators of an institution's financial soundness by banking regulators. Generally, FDIC-insured depository institutions and their holding companies are required to maintain minimum capital relative to the amount and types of assets they hold. As of September 30, 2026 and December 31, 2025, our holding company and Bank were in compliance with all applicable regulatory capital requirements, and the Bank was classified as "well capitalized," for purposes of the prompt corrective action regulations. As we continue to grow our operations and maintain capital requirements, our regulatory capital levels may decrease depending on our level of earnings. We continue to monitor growth and control our capital activities in order to remain in compliance with all applicable regulatory capital standards.

Contractual Obligations and Off-Balance Sheet Arrangements

We enter into credit-related financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of our clients. These financial instruments include commitments to extend credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the Condensed Consolidated Balance Sheets. Commitments may expire without being utilized. Our exposure to credit loss is represented by the contractual amount of these commitments, although material losses are not anticipated. We follow the same credit policies in making commitments as we do for on-balance sheet instruments.

The following presents future contractual obligations to make future payments during the periods presented:

	As of September 30, 2026				
(dollars in thousands)	**1 Year or Less**	**After 1 Year Through 3 Years**	**After 3 Years Through 5 Years**	**After 5 Years**	**Total**
FHLB and Federal Reserve	$ 150,926	$ —	$ —	$ —	$ 150,926
Subordinated notes	—	—	—	34,883 [(1)]	34,883
Time deposits	333,068	19,674	1,665	—	354,407
Minimum lease payments	1,784	5,648	7,085	12,123	26,640
Total	$ 485,778	$ 25,322	$ 8,750	$ 47,006	$ 566,856

[(1)] Reflects contractual maturity dates of September 1, 2031 and December 15, 2032, although the Company can call the notes prior to contractual maturity.

We may enter into contracts for services in the conduct of ordinary business operations, which may require payment for services to be provided in the future and may contain penalty clauses for early termination of the contracts. We do not believe these off-balance sheet arrangements have or are reasonably likely to have a material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources. However, there can be no assurance that such arrangements will not have an effect on future operations.

Critical Accounting Policies

Our accounting policies and procedures are described in Note 1 – Organization and Summary of Significant Accounting Policies in the accompanying Notes to the Condensed Consolidated Financial Statements as well as the Company's Annual Report on Form 10-K for the year ended December 31, 2025 as filed with the SEC.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Sensitivity and Market Risk

Market risk is the risk of loss in a financial instrument arising from adverse changes in market prices and rates, foreign currency exchange rates, commodity prices, and equity prices. Our market risk arises primarily from interest rate risk inherent in lending, investing, and deposit taking activities. To that end, management actively monitors and manages interest rate risk exposure. We do not have any market risk sensitive instruments entered into for trading purposes.

Management uses various asset/liability strategies to manage the re-pricing characteristics of our assets and liabilities designed to ensure that exposure to interest rate fluctuations is limited within established guidelines of acceptable levels of risk-taking.

The Board of Directors monitors interest rate risk by analyzing the potential impact on the net economic value of equity and net interest income from potential changes in interest rates and considers the impact of alternative strategies or changes in balance sheet structure. We manage our balance sheet, in part, to maintain the potential impact on economic value of equity and net interest income within acceptable ranges despite changes in interest rates.

Our exposure to interest rate risk is reviewed at least quarterly by the Board of Directors. Interest rate risk exposure is measured using interest rate sensitivity analysis to determine the change in net interest income and economic value of equity in the event of hypothetical changes in interest rates. If potential changes to net economic value of equity and net interest income resulting from hypothetical interest rate changes are not within the limits established by our Board of Directors, the Board of Directors may direct management to adjust the asset and liability mix to bring interest rate risk within its approved limits.

The following presents the sensitivity in net interest income and fair value of equity during the periods presented, using a static balance sheet and parallel shock scenario:

	As of September 30, 2026		As of December 31, 2025	
Change in Interest Rates (Basis Points)	Percent Change in Net Interest Income	Percent Change in Fair Value of Equity	Percent Change in Net Interest Income	Percent Change in Fair Value of Equity
200	9.01 %	(8.15)%	7.76 %	(3.45)%
100	5.75	(3.44)	5.72	(0.26)
Base	—	—	—	—
-100	(1.81)	6.69	2.26	3.59
-200	(0.38)	2.96	9.68	(2.52)

The model simulations as of September 30, 2026 imply that our balance sheet maintains a similar interest rate risk profile in the rising rate scenarios, and a more neutral profile in the declining rate scenarios compared to our balance sheet as of December 31, 2025.

Although the simulation model is useful in identifying potential exposure to interest rate changes, actual results for net interest income and economic value of equity may differ. There are a variety of factors that can impact the outcomes such as timing and magnitude of interest rate changes, asset and liability mix, pre-payment speeds, deposit beta assumptions, and decay rates that differ from our projections. Additionally, the results do not account for actions implemented to manage our interest rate risk exposure.

Impact of Inflation

Our Condensed Consolidated Financial Statements and related notes included within this Form 10-Q have been prepared in accordance with GAAP, which requires the measurement of financial position and operating results in terms of historical dollars, without considering changes in the relative value of money over time due to inflation or recession.

Our assets and liabilities are substantially monetary in nature. Therefore, changes in interest rates can significantly impact our performance beyond the general effects of inflation. Interest rates do not necessarily move in the same direction or magnitude as prices of general goods and services, while other operating expenses can be correlated with the impact of general levels of inflation.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Form 10-Q, the Company carried out an evaluation, under the supervision and with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management was required to apply judgment in evaluating its controls and procedures. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the "Exchange Act") were effective as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the nine months ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company, from time to time, is involved in various legal actions arising in the normal course of business. While the ultimate outcome of any such proceedings cannot be predicted with certainty, it is the opinion of management, after consulting with our legal counsel, that no proceedings exist, either individually or in the aggregate, which, if determined adversely to the Company, would have a material effect on the Company's condensed consolidated financial statements. See Note 8 – Commitments and Contingencies in the Notes to Condensed Consolidated Financial Statements.

Item 1A. Risk Factors

There has been no material change in the risk factors previously disclosed under "Item 1A. Risk Factors" of the Company's 2025 Annual Report on Form 10-K filed with the SEC on February 27, 2026.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Issuer Purchases of Equity Securities

	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs[2]	Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs[2]
July 1, 2026 through July 31, 2026	—	$ —	—	$ 5,000,000
August 1, 2026 through August 31, 2026	1,921 [1]	32.16	—	5,000,000
September 1, 2026 through September 30, 2026	—	—	—	5,000,000

[1] These shares relate to the net settlement by employees related to vested, restricted stock awards and do not impact the shares available for repurchase. Net settlements represent instances where employees elect to satisfy their income tax liability related to the vesting of restricted stock through the surrender of a proportionate number of the vested shares to the Company.
[2] These shares relate to the 2026 Repurchase Plan. Refer to Note 9 - Shareholders' Equity for further information.

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibit No.	Description
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith.

** These exhibits are furnished herewith and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act.

† Indicates a management contract or compensatory plan.

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.

October 30, 2026	By: /s/ Scott C. Wylie
Date	Scott C. Wylie Chairman, Chief Executive Officer, and President of First Western Financial, Inc.
October 30, 2026	By: /s/ David R. Weber
Date	David R. Weber Chief Financial Officer and Treasurer

EXHIBIT 31.1

CERTIFICATION

I, Scott C. Wylie, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Western Financial, Inc.:

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

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

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

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2026

/s/ Scott C. Wylie

Scott C. Wylie
Chairman, Chief Executive Officer and President of First Western Financial, Inc.
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, David R. Weber, certify that:

1. I have reviewed this quarterly report on Form 10-Q of First Western Financial, Inc.:

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

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

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

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2026

/s/ David R. Weber

David R. Weber
Chief Financial Officer and Treasurer
(Principal Financial Officer)

Exhibit 32.1

Certification Pursuant to 18 U.S.C. Section 1350

In connection with this report of First Western Financial, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Scott C. Wylie, Chairman, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

FIRST WESTERN FINANCIAL, INC.

Date: October 30, 2026

/s/ Scott C. Wylie

Scott C. Wylie
Chairman, Chief Executive Officer and President of First Western Financial, Inc.

Exhibit 32.2

Certification Pursuant to 18 U.S.C. Section 1350

In connection with this report of First Western Financial, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David R. Weber, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

FIRST WESTERN FINANCIAL, INC.

Date: October 30, 2026

/s/ David R. Weber

David R. Weber
Chief Financial Officer and Treasurer