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As filed with the Securities and Exchange Commission on June 19, 2018.

Registration No. 333-

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

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

FIRST WESTERN FINANCIAL, INC.
(Exact Name of Registrant as Specified in Its Charter)

Colorado	**6022**	**37-1442266**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification No.)	(I.R.S. Employer Identification No.)

1900 16th Street, Suite 1200
Denver, Colorado 80202
(303) 531-8100
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Scott C. Wylie
Chairman, Chief Executive Officer and President
1900 16th Street, Suite 1200
Denver, Colorado 80202
(303) 531-8100
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Michael G. Keeley, Esq.	**Brian H. Blaney, Esq.**
Paul Conneely, Esq.	**Katherine A. Beck, Esq.**
Norton Rose Fulbright US LLP	**Greenberg Traurig, LLP**
2200 Ross Ave., Suite 3600	**2375 East Camelback Road, Suite 700**
Dallas, TX 75201	**Phoenix, AZ 85016**
(214) 855-3906	**(602) 445-8322**
(214) 855-8200 (facsimile)	**(602) 445-8603 (facsimile)**

Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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 o	Accelerated filer o	Non-accelerated filer ☒ (Do not check if a smaller reporting company)	Smaller reporting company o 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 7(a)(2)(B) of the Securities Act. ☒

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price[(1)(2)]	Amount of Registration Fee
Common Stock, no par value	$25,000,000	$3,113

(1) Includes the aggregate offering price of additional shares of common stock that the underwriters have the option to purchase from the Registrant in this offering.

(2) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended. This amount represents the proposed maximum aggregate offering price of the securities registered hereunder to be sold by the Registrant.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file an amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. Neither we nor the selling shareholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated June 19, 2018

PRELIMINARY PROSPECTUS

Shares

FIRSTwestern
FINANCIAL, INC.

Common Stock

This prospectus relates to the initial public offering of First Western Financial, Inc.'s common stock. We are a financial holding company for First Western Trust Bank, with operations in Colorado, Arizona, Wyoming and California. We are offering shares of our common stock and the selling shareholders identified in this prospectus are offering shares of our common stock. We will not receive any proceeds from the sale of such shares by the selling shareholders.

Prior to this offering there has been no established public market for our common stock. We currently estimate that the initial public offering price of our common stock will be between $ and $ per share. We have applied to list our common stock on the Nasdaq Global Select Market under the symbol "MYFW."

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 25 of this prospectus.

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 and are eligible for reduced public company reporting requirements. See "Implications of Being an Emerging Growth Company."

	Per share	Total
Initial public offering price	$	$
Underwriting discounts and commissions[(1)]	$	$
Proceeds, before expenses, to us	$	$
Proceeds, before expenses, to the selling shareholders	$	$

(1) See "Underwriting" for additional information regarding the underwriting discounts and commissions and certain expenses payable to the underwriters by us.

We have granted the underwriters an option for a period of 30 days following the date of this prospectus to purchase up to an additional shares of our common stock from us on the same terms set forth above.

Neither the Securities and Exchange Commission, nor any other state securities commission nor any other regulatory authority has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

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

The underwriters expect to deliver the shares of our common stock to purchasers on or about , 2018, subject to customary closing conditions.

Keefe, Bruyette & Woods
A Stifel Company

Stephens Inc.

Sandler O'Neill + Partners, L.P.

The date of this prospectus is , 2018

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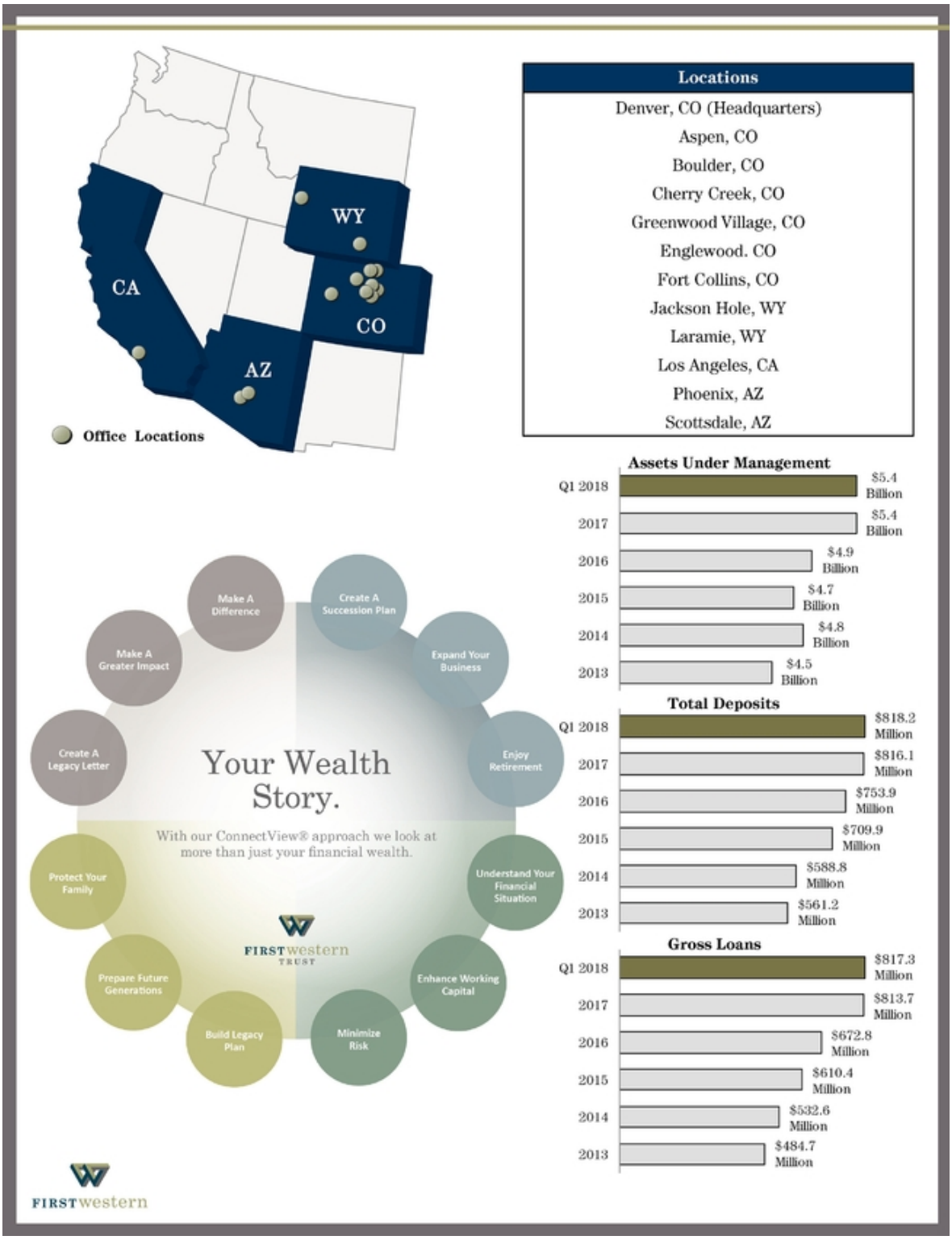

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ABOUT THIS PROSPECTUS

In this prospectus, unless otherwise indicated or the context otherwise requires, all references to "we," "our," "us," "ourselves," "First Western," and "the Company" refer to First Western Financial, Inc., a Colorado corporation, and its consolidated subsidiaries. All references in this prospectus to "First Western Trust Bank," "the Bank," or "our Bank" refer to First Western Trust Bank, our wholly owned bank subsidiary, and all references in this prospectus to "FWCM" refer to "First Western Capital Management Company," our wholly owned, registered investment advisor subsidiary.

You should rely only on the information contained in this prospectus and any free writing prospectus prepared by us or on our behalf that we have referred you to. We and the underwriters have not authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We, the selling shareholders and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, and only under circumstances and in jurisdictions where it is lawful to do so. We, the selling shareholders and the underwriters are not making an offer of these securities in any state, country or other jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus or any free writing prospectus is accurate as of any date other than the date of the applicable document regardless of its time of delivery or the time of any sales of our common stock. Our business, financial condition, results of operations and cash flows may have changed since the date of the applicable document.

This prospectus describes the specific details regarding this offering and the terms and conditions of our common stock being offered hereby and the risks of investing in our common stock. For additional information, please see the section entitled "Where You Can Find More Information."

You should not interpret the contents of this prospectus or any free writing prospectus to be legal, business, investment or tax advice. You should consult with your own advisors for that type of advice and consult with them about the legal, tax, business, financial and other issues that you should consider before investing in our common stock.

Unless otherwise stated, all information in this prospectus assumes that the underwriters have not exercised their option to purchase additional shares of common stock.

MARKET AND INDUSTRY DATA

This prospectus includes industry and trade association data, forecasts and information that we have prepared based, in part, upon data, forecasts and information obtained from independent trade associations, industry publications and surveys, government agencies and other independent information publicly available to us. Statements as to our market position are based on market data currently available to us. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. Although we believe these sources are reliable, we have not independently verified the information obtained from these sources. Some data is also based on our good faith estimates, which are derived from management's knowledge of the industry and independent sources. We believe our internal research is reliable, even though such research has not been verified by any independent sources. While we are not aware of any misstatements regarding our industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors" in this prospectus. In addition, forward-looking information obtained from these sources is subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements in this prospectus. Trademarks used in this prospectus are the property of their respective owners, although for presentational convenience we may not use the ® or the ™ symbols to identify such trademarks.

IMPLICATIONS OF BEING AN EMERGING GROWTH COMPANY

We are an "emerging growth company" as defined in the Jumpstart our Business Startups Act of 2012 (the "JOBS Act"). For as long as we are an emerging growth company, unlike other public companies that are not emerging growth companies under the JOBS Act, we are not required to:

- Provide an auditor's attestation report on our system of internal control over financial reporting;
- Provide more than two years of audited financial statements and related management's discussion and analysis of financial condition and results of operations in this Form S-1;
- Comply with any new requirements adopted by the Public Company Accounting Oversight Board, or the PCAOB, requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer;
- Provide certain disclosure regarding executive compensation required of larger public companies or hold shareholder advisory votes on executive compensation as required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"); or
- Obtain shareholder approval of any golden parachute payments not previously approved.

We will cease to be an "emerging growth company" upon the earliest of:

- The last day of the fiscal year in which we have $1.07 billion or more in annual revenues;
- The date on which we become a "large accelerated filer" (the fiscal year end on which the total market value of our common equity securities held by non-affiliates is $700 million or more as of June 30);
- The date on which we issue more than $1.0 billion of non-convertible debt over a three-year period; or
- The last day of the fiscal year following the fifth anniversary of our initial public offering.

We have elected to adopt the reduced disclosure requirements above for purposes of the registration statement of which this prospectus is a part. In addition, we expect to take advantage of certain of the reduced reporting and other requirements of the JOBS Act with respect to the periodic reports we will file with the Securities and Exchange Commission (the "SEC") and proxy statements that we use to solicit proxies from our shareholders.

In addition, Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards, but we have irrevocably opted out of the extended transition period, and as a result, we will adopt new or revised accounting standards on the relevant dates in which adoption of such standards is required for other public companies.

PROSPECTUS SUMMARY

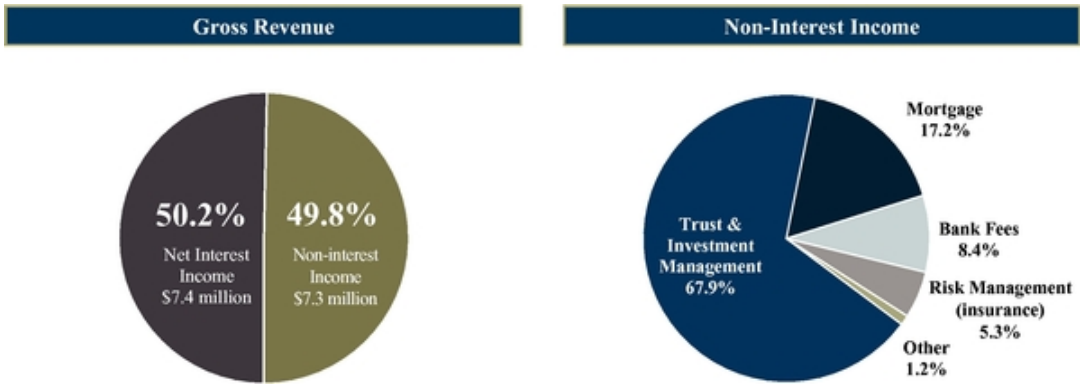
This summary highlights selected information contained elsewhere in this prospectus. It does not contain all the information that you should consider before deciding to invest in our common stock. You should read the entire prospectus carefully, including the sections titled "Risk Factors," "Cautionary Note Regarding Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the historical consolidated financial statements and the accompanying notes included in this prospectus, before deciding to purchase our common stock in this offering.

Our Company

First Western Financial, Inc. is a financial holding company headquartered in Denver, Colorado. We provide a fully integrated suite of wealth management services on our private trust bank platform, which includes a comprehensive selection of deposit, loan, trust, wealth planning and investment management products and services. We believe our integrated business model distinguishes us from other banks and non-bank financial services companies in the markets in which we operate. As of March 31, 2018, we provided fiduciary and advisory services on $5.4 billion of trust and investment management assets (referred to as "AUM"), and we had total assets of $991.6 million, total loans of $817.3 million, total deposits of $818.2 million and total shareholders' equity of $104.2 million.

Our mission is to be the best private bank for 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. Our target clients include successful entrepreneurs, professionals and other high net worth individuals or families, along with their businesses and philanthropic organizations. 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 thirteen locations across Colorado, Arizona, Wyoming and California.

We generate a significant portion of our revenues from non-interest income, which we produce primarily from our trust, investment management and other advisory services as well as through the origination and sale of mortgage loans. The balance of our revenue we generate from net interest income, which we derive from our traditional banking products and services. For the year ended December 31, 2017, non-interest income was $27.7 million, or 50.1% of gross revenue (which is our total income before non-interest expense, less gains on securities sold, plus provision for credit losses), and net interest income was $27.6 million, or 49.9% of gross revenue. For the quarter ended March 31, 2018 non-interest income was $7.3 million, or 49.8% of gross revenue, and net interest income was $7.4 million, or 50.2% of gross revenue, as indicated in the diagram below:

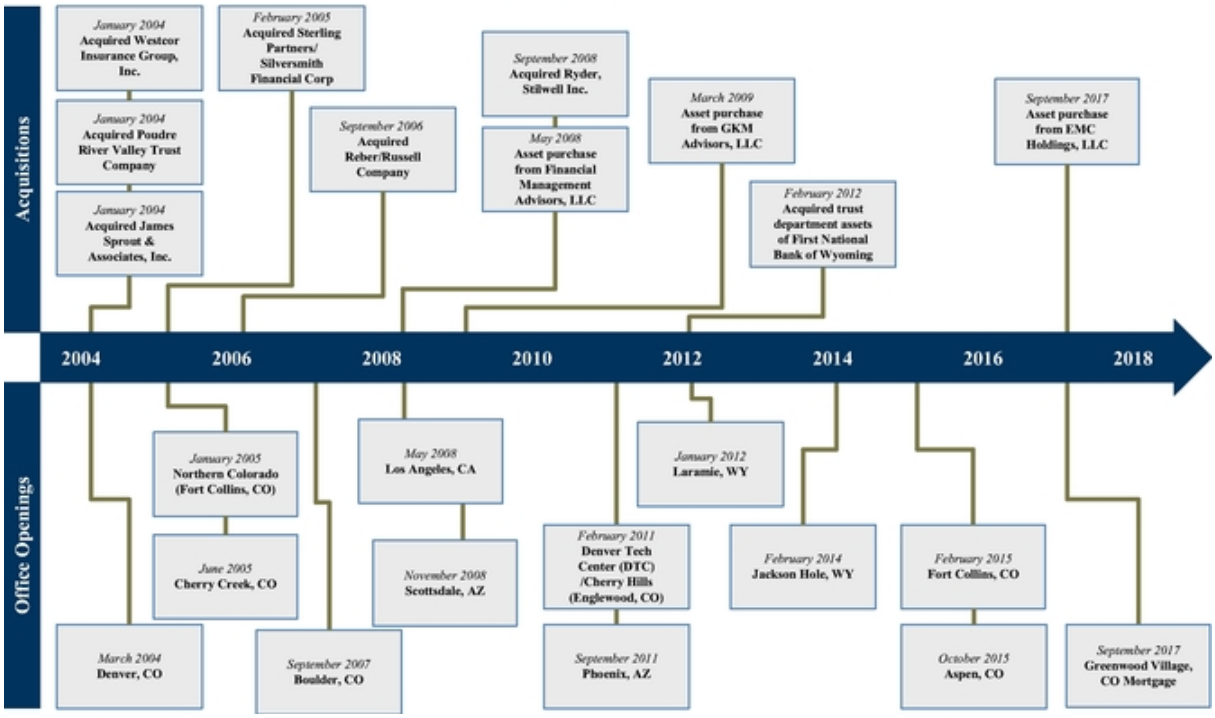


We believe that we have developed a unique approach to private banking to best serve our Western wealth management clients primarily as a result of the combination of the following factors:

- Offering sophisticated wealth management products and services, including traditional banking as well as trust, wealth planning, investment management and other related services, often provided by larger financial institutions with the high-touch and personalized experience that is typically associated with community and trust banks;
- Delivering services through our strategically located private trust bank offices, which we refer to internally as "profit centers"; and
- Using our relationship-based team approach to become a "trusted advisor" to our clients by understanding their investment management, ultimate goals and banking needs and tailoring our products and services to meet those needs.

Our History and Growth

We were founded in 2002 by our Chairman, Chief Executive Officer and President, Scott C. Wylie, and a group of local business leaders with the vision of building the best private bank for the Western wealth management client. Since opening our first profit center in Denver, Colorado in 2004, we have grown organically primarily by establishing thirteen offices, attracting new clients and expanding our relationships with existing clients, as well as through a series of ten strategic acquisitions of various trust, registered investment advisory and other financial services firms. The following timeline illustrates how we developed our current footprint through *de novo* office openings and acquisitions since opening our first profit center in 2004.



Office Openings

Historically, we have used two primary models to expand our footprint and open new offices. We have been successful starting *de novo* profit centers. In markets where we have identified well-respected

registered investment advisors (referred to as a "RIA"), we seek to acquire the RIA and augment the RIA's existing services with our wealth management private trust bank platform. Examples of each expansion model are described below:

- *De Novo Profit Centers*—In our Aspen, Colorado profit center, we hired local banking professionals to lead our *de novo* expansion into that market. Since its inception in October 2015, our Aspen profit center has increased gross loans, total deposits and AUM to $50.5 million, $43.2 million and $38.9 million, respectively, at March 31, 2018. In our Jackson Hole, Wyoming profit center, we hired local investment management leaders and added our fully integrated suite of wealth management services on our private trust bank platform. Since we hired such team in January 2014, the Jackson Hole profit center has increased gross loans, total deposits and AUM to $26.2 million, $39.0 million and $260.4 million, respectively, at March 31, 2018. We believe the investments we have made in our two latest, less mature profit centers in Jackson Hole, Wyoming and Aspen, Colorado provide the foundation for future organic growth and high contribution margins consistent with our more mature profit centers.

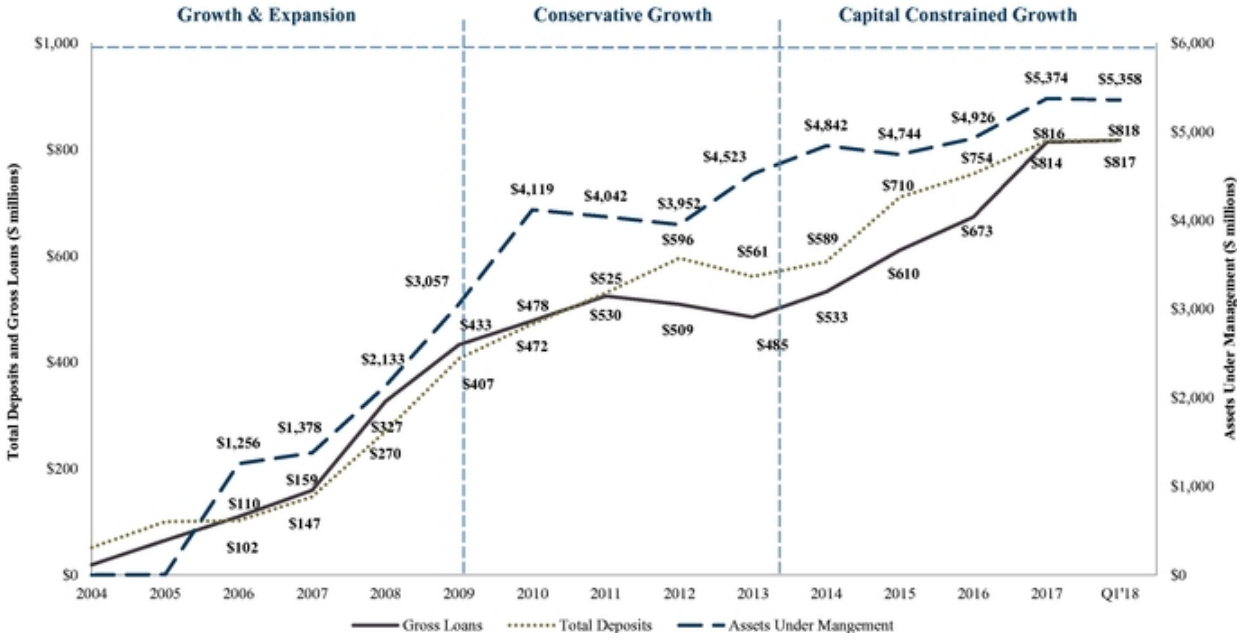
- *RIA Acquisition*—We acquired an existing RIA and trust company to open our Fort Collins, Colorado profit center in 2004. Our Fort Collins profit center has increased gross loans from $22.5 million at December 31, 2005 to $71.2 million at March 31, 2018 and increased total deposits from $7.7 million at December 31, 2005 to $108.0 million at March 31, 2018.

Balance Sheet Growth

Since opening our first profit center in 2004, we have also experienced growth in gross loans, total deposits and AUM throughout various economic cycles. From 2004 to 2008, which we refer to as our "Growth & Expansion" period in the chart below, we experienced significant growth in our gross loans, total deposits and assets under management primarily through the opening of six profit centers and organic growth, enhanced with seven acquisitions.

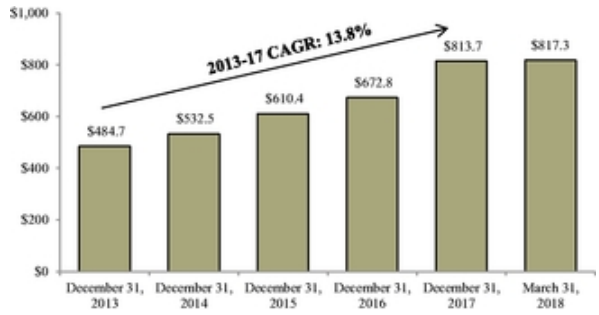
From 2009 to 2013, which we refer to as our "Conservative Growth" period in the chart below due to difficult economic and industry conditions prevalent at such time, growth in gross loans, total deposits and assets under management was limited as we focused our efforts on integrating prior acquisitions, opening three new profit centers and improving our asset quality. During this time, we strengthened our regulatory capital position through a number of preferred stock and subordinated debt offerings, which limited dilution to our common shareholders.

From 2013 to March 31, 2018, which we refer to as our "Capital Constrained Growth" period in the chart below, we have strategically focused our efforts on building our team, distribution channels and products for improved growth and earnings, while managing our balance sheet to stay below $1.0 billion in assets in order to retain the benefits available to us under the Small Bank Holding Company Policy Statement of the Board of Governors of the Federal Reserve System (referred to as the "Federal Reserve"), including not being subject to consolidated capital ratio requirements under Basel III.

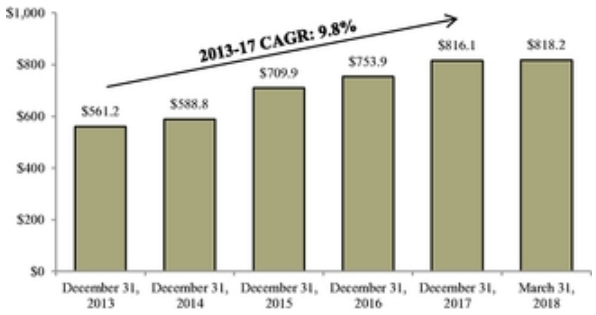


Since December 31, 2013, we have increased gross loans from $484.7 million at December 31, 2013 to $817.3 million at March 31, 2018, and we have increased total deposits from $561.2 million at December 31, 2013 to $818.2 million at March 31, 2018.

Gross Loans ($ millions)



Total Deposits ($ millions)

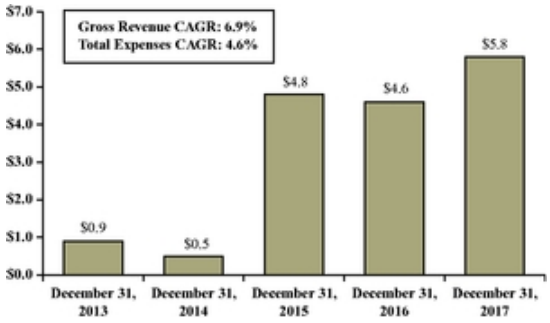


Revenue, Expense & Pre-Tax, Pre-Provision Income Growth

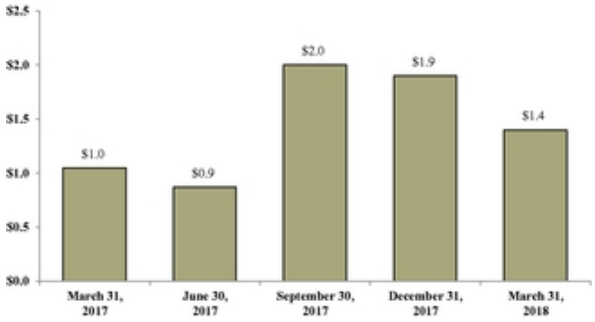
Since December 31, 2013, we have increased gross revenues from $42.4 million for the year ended December 31, 2013 to $55.2 million for the year ended December 31, 2017, representing a CAGR of 6.9%, while total non-interest expense increased from $41.4 million for the year ended December 31, 2013 to $49.5 million for the year ended December 31, 2017, representing a CAGR of 4.6%. This 150% operating leverage (which we calculate as the ratio of gross revenue CAGR to total non-interest expense CAGR) has resulted in improved pre-tax, pre-provision income, which increased 6.5 times over the same time period. We believe that while the higher fixed costs of our product groups have limited our earnings, we have demonstrated significant operating leverage by growing pre-tax, pre-provision income at a faster rate than expenses. Pre-tax, pre-provision income is a non-GAAP measure. The nearest GAAP measure is income before income tax, which was $5.0 million for the year ended December 31, 2017. See "Non-GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures." Pre-tax, pre-provision income increased from $0.9 million for the year ended December 31, 2013 to $5.8 million for the year

ended December 31, 2017, as indicated in the charts below. In addition, we have increased our quarterly pre-tax, pre-provision income from $1.0 million in the three months ended March 31, 2017 to $1.4 million in the three months ended March 31, 2018.

Pre-Tax, Pre-Provision Income ($ millions)



Pre-Tax, Pre-Provision Income ($ millions)



Capitalization

Our current capital structure is set forth in the chart below. We intend to use a portion of our proceeds from this offering to redeem all outstanding shares of our preferred stock and all of our subordinated notes due 2020. For the year ended December 31, 2017, we paid a total of $2.3 million in dividends to our preferred shareholders and $0.6 million in interest on our subordinated notes due 2020. Although we intend to use a portion of the net proceeds of this offering to redeem all outstanding shares of our preferred stock and all of our subordinated notes due 2020, the redemption of such securities is subject to regulatory approval, and accordingly, no assurance can be given as to when we will be able to redeem such securities, if at all. See "Use of Proceeds" and "Capitalization" for further information. The chart below sets forth our capitalization as of March 31, 2018.

Capital Structure (As of March 31, 2018)	Amount ($ millions)	Conversion Price ($)	Dividend / Coupon (%)	Common Shares if Converted	Maturity Date/ Date Redeemable
Subordinated Debt					
Subordinated Notes due 2020	$ 6.9	—	8.00%	—	7/31/2020
Subordinated Notes due 2026	6.6	—	7.25%	—	12/31/2026
Total	$ 13.5				
Preferred Equity					
Cumulative Perpetual Preferred Stock, Series A	$ 8.6	—	9.00%	—	2/15/2012
Cumulative Perpetual Preferred Stock, Series B	0.4	—	9.00%	—	2/15/2012
Cumulative Perpetual Preferred Stock, Series C	11.9	—	9.00%	—	2/15/2013
Noncumulative Perpetual Convertible Preferred Stock, Series D	4.1	$ 27.00	9.00%	151,700	7/20/2017
Total	$ 25.0				
Common Equity					
Common Equity	$ 79.2	—	—	—	—

Our Service Model and Products

We deliver a broad array of wealth management products and services through our profit centers using our proprietary ConnectView® approach, which looks holistically across a client's current and projected financial situation. We believe providing financial solutions in one area (such as estate, retirement planning or lending) often impacts other areas of our clients' wealth planning (such as risk or balance sheet management), which provides us opportunities to evaluate proposed solutions across multiple business lines and offer additional services to our clients.

We have designed our business around having each profit center staffed with seasoned management. Typically, each profit center team is led by a president, who is a senior investment advisor or banker with strong client relationships and sales and leadership skills. The local team includes deposit, loan, trust, wealth planning, and related professionals, creating a strong interdisciplinary sales and service team. In addition to this service team, we recently added wealth advisors as a commissioned sales force to several profit centers to enhance our acquisition of new clients. Beyond traditional banking, trust and investment management activities, at each profit center we provide:

- Consumer, mortgage and commercial lending;
- Treasury management;
- Risk management in the form of life insurance and annuities;
- Specialized philanthropic services;
- Retirement services, including 401(k) plan consulting; and
- Other complementary wealth management products and services.

Our profit centers are supported by central specialized product expertise of our "product groups," which include experienced professionals in commercial banking, investment management, wealth planning, risk management/insurance, personal trust, retirement planning and mortgage lending. We believe that the sophistication of our product groups rivals the offerings and experts typically provided by larger financial institutions. Our product groups are led and staffed with highly accredited and well known professionals, each with significant experience in their fields.

Our profit centers and product groups are also supported centrally by teams providing management services such as operations, risk management, credit administration, technology support, human capital and accounting/finance services, which we refer to as "support centers." Our employees, which we refer to as "associates," in our support centers have significant experience in wealth management, investment advisory, and commercial banking, including areas such as lending, underwriting, credit administration, risk management, accounting/finance, operations and information technology. We have structured our teams, services and product offerings to provide our clients with a high-touch, solution-oriented experience, that we believe is scalable and provides operating leverage for future growth.

To demonstrate how these three groups—profit centers, product groups and support centers—work together to deliver a highly competitive product offering through a team of local professionals, our investment management offering is an example:

- In each profit center, there are one or more portfolio managers that work as part of that local team's sales and service delivery. These portfolio managers are typically Certified Financial Planners with experience in wealth planning and portfolio construction. They meet with clients and develop an overall wealth management strategy, specific goals and objectives, an investment policy statement, and an implementation plan. They use our guided architecture, a diverse array of select

third party and proprietary investment products covering a broad range of asset classes, as their source for structure, asset allocation and products.

- Our investment platform is controlled by our central investment management product group, which has a strong research focus and many of whom have Chartered Financial Analyst designations, with oversight by our Chief Investment Officer and our Investment Policy Committee.

- Operational support for these profit center and product group teams is provided by our central trust and investment management support center team.

Our Management

The members of our board of directors have demonstrated significant executive management and board leadership experience across a diverse range of industries, including financial services, private equity, manufacturing, family office, real estate, accounting, legal and insurance. Most of our board members have been invested in First Western since our inception, and as of June 15, 2018, our board members and associates beneficially owned, in the aggregate, approximately 30.4% of the outstanding shares of our common stock at such time.

Our board of directors governs our experienced senior leadership team, who have held management-level positions at leading banking and professional services franchises within our markets, including throughout various economic cycles. Our senior leadership team, reflecting our entrepreneurial and ownership-based culture, has a long and successful history of starting and growing financial institutions, leading acquisition projects, managing organic growth and developing a disciplined credit, trust and wealth management culture.

The members of our senior leadership team, each of whom has a diverse and complementary background that is an integral part of our success, includes the following professionals:

Name	Title	Experience with First Western / Industry	Prior Experience
Scott C. Wylie	Chairman, Chief Executive Officer and President	16 / 31 years	• Chairman & CEO, Northern Trust Bank of Colorado • Chairman & CEO, Trust Bank of Colorado • CEO, Equitable Bancshares of Colorado and Women's Bank, Chairman, Equitable Bank • Chairman, American Fundware • President & CEO, Bank and Trust of Puerto Rico • Associate, First Boston Corporation
Julie A. Courkamp	Treasurer and Chief Financial Officer	12 / 18 years	• Various audit positions with PricewaterhouseCoopers
Scott J. Lawley	Chief Credit Officer	— / 31 years	• Senior Credit Officer and Segment Risk Officer, Huntington National Bank • Various credit positions (credit advisor, chief underwriter, CRE credit officer) with PNC Bank and US Bank • Various lending positions with Fleet Bank

Gary B. Lutz	President, Product Groups	1 / 34 years	• Various executive positions with Wells Fargo, including:
			  • Head of the Private Bank/Wealth Management Group in Colorado
			  • Head of Commercial Banking for Colorado, Wyoming and Montana
			  • Commercial Banking National Sales Manager
			• President, boutique wealth management firm

John E. Sawyer	Chief Investment Officer	1 / 25 years	• Chief Investment & Fiduciary Officer, BBVA Compass Bank • President & COO, Florida-based boutique wealth management firm • Various executive positions with Credit Suisse, Morgan Keegan & Co., and First Tennessee Capital Markets
Josh M. Wilson	Regional President, Colorado/Wyoming	6 / 19 years	• CFO, international oil and gas operating company • Various executive positions with Bank One, JP Morgan and Vectra Private Bank
Dan C. Thompson	Regional President, Arizona/California	14 / 25 years	• Team Leader within Private Wealth Advisors, Merrill Lynch • Various positions in the High Net Worth and Quality Assurance group, Charles Schwab & Co.

For additional information about our directors, management team and other key associates, see "Management—Our Directors and Executive Officers" and "Management—The Business Background of our Directors and Executive Officers."

Our Market Opportunity

Our strategic market area is defined by metropolitan areas in the Western United States having strong long-term economic growth prospects, a significant wealth demographic measured by growth in high net

worth households, a dynamic commercial business landscape and the ability to sustain one or more of our profit centers. We target households with more than $1.0 million in liquid net worth and their related businesses and philanthropic interests. We believe that the complex and diverse financial needs of this market segment presents an opportunity to serve a broad array of client needs efficiently and cost effectively.

Our current operating markets have a high concentration of our targeted client segment and are expected to experience high growth, providing opportunity for continued future organic growth through demographic and market share growth.

		Deposit Market Share*				Market Demographics			
						Total Population		$200,000+ Household Income Population	
MSA	State	Number of Profit Centers	Deposits in Market ($000)	Market Share (%)	Market Rank	2018 Population (actual)	Proj. '18 - '23 Population Change (%)	2018 Population (actual)	Proj. '18 - '23 Population Change (%)
Denver-Aurora-Lakewood	CO	3	354,633	0.4%	21	2,933,089	7.7%	10.2%	41.9%
Fort Collins	CO	1	135,702	1.8%	13	350,005	8.1%	8.1%	51.6%
Phoenix-Mesa-Scottsdale	AZ	2	131,806	0.1%	36	4,789,980	7.2%	6.5%	36.8%
Boulder	CO	1	95,763	1.0%	16	329,524	6.8%	13.8%	30.3%
Jackson	WY/ID	1	20,983	1.0%	9	34,916	5.8%	10.4%	18.5%
Glenwood Springs	CO	1	31,248	1.2%	10	77,708	4.7%	7.6%	24.9%
United States of America						**326,533,070**	**3.5%**	**7.4%**	**32.1%**

Source: S&P Global Market Intelligence; Population projections per Nielsen Holdings PLC

* Data as of June 30, 2017 per the FDIC's Summary of Deposits

We seek to expand our presence in our existing markets as well as other Western markets with similar demographic profiles. With improved access to capital as a result of our initial public offering, we expect to proactively evaluate opportunities to accelerate our organic growth and acquire banks, investment management firms and related businesses, while also seeking to hire talented personnel. We believe consolidation in the financial services industry along with the industry's movement towards automated and impersonal client service further presents a unique and significant opportunity for our Company. Our business model differentiates us from the industry, which we expect will enable us to increase our market share in existing markets and, on a strategic and opportunistic basis, expand our geographic footprint into new markets in the Western United States that share similar characteristics to our current markets.

Our Competitive Strengths

We believe that the following strengths differentiate us and will help us to achieve our principal financial objectives of increased shareholder value and generation of earnings:

- *Scalable Platform with Capacity to Support Our Growth.* Through significant investments in technology, staff, processes and procedures, we have built a scalable corporate infrastructure, which we believe will support our continued growth. In particular, our product group specialists, as well as other support and administrative functions, are provided to our profit centers from a central location, which provides operating leverage and allows us to deliver specialized expertise to our Western wealth management clients. By leveraging our central teams across a growing base of profit centers, we intend to continue to take advantage of our existing operating leverage, which we expect will continue to enhance our earnings growth.

- *Diversified, Stable and Growing Revenue.* A significant portion of our revenue is fee-based, much of which is recurring from our trust and investment management services. Our revenue mix is diversified and balanced, which we believe differentiates us from our peers and provides us with a

platform for earnings growth and stability through various economic and interest rate cycles. Additionally, since 2015 we have significantly grown our residential mortgage loan origination business with the objective of adding another client service as well as a new client acquisition channel, which also provides another source of non-interest income sources.

- *Experienced Management Team with a Proven Track Record.* Our management team has deep relationships in the communities that we serve and proven track records of successfully growing institutions. We have assembled a management team composed of individuals with significant banking and investment advisory experience as well as diverse backgrounds in other related industries. We believe that we have developed an entrepreneurial culture that is intensely focused on our clients and on executing our strategy.

- *Strong Asset Quality.* Sound asset quality and robust credit underwriting are integral to our strategy and culture. We place a considerable emphasis on effective risk management and preserving sound credit underwriting standards as we grow our loan portfolio. Our high net worth clients are typically well diversified and we normally require collateral, three sources of repayment and a guarantor. As a result, we believe we are less susceptible to credit losses and have historically had excellent credit quality. Our nonperforming assets to total assets ratio was 0.4% as of March 31, 2018 and 0.7% as of December 31, 2017.

- *Expansion Focus.* We have demonstrated the ability to enter new markets either by acquiring a local firm or by entering the market *de novo*. Having added several successful *de novo* profit centers and having also completed ten acquisitions since 2004, we believe we have the team and expertise to identify and successfully execute organic expansion opportunities as well as acquisitions that will enhance shareholder value.

- *Strong and Trusted Fiduciary-Based Relationships.* We maintain a client centric, "trusted advisor" approach that allows us to develop strong, trusted team-based relationships with our clients. While individual relationship managers at our competitors often control the client relationship, at First Western, each client has a team of professionals who deliver our multi-disciplinary expertise to address such client's financial needs. Our client relationships frequently include in-depth proprietary ConnectView® financial plans and sophisticated, institutional quality investment management that is driven by comprehensive investment policy statements and access to industry-leading money managers. These characteristics provide a level of financial strength, product depth, integrated team delivery, corporate governance, and oversight not typically found in boutique wealth advisory firms.

- *Distinctive Western-Based Approach.* As one of the first Western-based private banks, we are uniquely equipped to understand the needs and goals of the financially savvy, first- and second-generation wealth creators that have come to symbolize the dynamic economies of the Western United States. We understand the Western wealth management client is distinctive and the connection that first- and second-generation wealth creators have with their wealth is unique from that of generational wealth inheritors. We recognize the hands-on analytical approach that many Western wealth management clients appreciate and our entrepreneurial spirit that our teams share with our clients helps us better manage our client relationships.

Income before income tax in our largest segment, wealth management, continues to improve with growth in net interest income due to increases in our net interest rate spread and growth in non-interest income. Our capital management segment recorded a loss before income tax for the years ended December 31, 2017 and 2016 of $0.9 million and $1.1 million, respectively. We seek to improve efficiencies in our capital management segment by reducing expenses to improve profitability. Our mortgage segment also recorded a loss before tax for the year ended December 31, 2017 and 2016 of $0.4 million and $0.7 million, respectively. We acquired the assets of a mortgage company in the third quarter of 2017.

Subsequent to the asset acquisition, we have reduced costs and increased the volume of our mortgage loan production and origination into both the secondary market and the wealth management loan portfolio.

Our Business Strategy

We believe we have built a premier private trust bank in the Western United States that is focused on providing the best financial solutions to our clients. We are service-driven, solution-oriented and relationship-based. We intend to accomplish this by continuing to execute on the following strategies:

- *Building Out Existing Markets.* Once we have established a presence in a particular geographic market that contains attractive high net worth household demographics, we then look to establish additional locations that are closely situated to sub-concentrations of affluent households and/or commercial activity (a "hub and spoke" market build-out, as we have commenced in Denver and Phoenix). We also seek to employ highly capable associates with local market experience and relationships.

- *Deepening Existing Client Relationships.* We deliver our services though our local boutique private trust bank offices. This allows us to use multi-discipline sales and client service teams, in market, to ensure we are meeting our client's comprehensive set of needs. These teams take the time to understand the complexities of our clients' financial world through wealth planning solutions and create the financial plan that helps them reach their goals. This profit center-based service model is a critical component of our future growth as we continue to develop our understanding of our clients' evolving needs we can deepen, broaden and grow our existing relationships.

- *Generating Referrals for New Client Relationships.* We believe we have demonstrated a successful sales and marketing capability, built around the personal and professional networks and centers of influence of our local profit center leadership. Our existing client base also provides a significant amount of new clients through referrals. In surveys, our clients generally rate us very favorably overall in areas of professionalism, reliability, service-orientation, and trust. We also recently added wealth advisors to several of our profit centers as commissioned sales associates to enhance our acquisition of new clients.

- *Developing Client Relationships through our Product Groups.* Each profit center is designed to feel like a boutique private trust bank office and is staffed with business development and client service personnel. The profit centers work closely with our central product groups to customize our services to each client's specific situation, without sacrificing the flexibility, expertise and authority to quickly meet complex client needs. Our central product groups are designed to support a significantly larger client and AUM base, providing an opportunity for significant operating leverage as we open additional profit centers. We have sales and service specialists in our product groups, such as Retirement Services and Mortgage Services, who are able to build relationships within their area of expertise and provide expertise and high quality service that creates an opportunity for a broader relationship across our suite of products and services.

- *Expanding to New Markets.* We believe that our profit centers are profitable and stable businesses when mature. We also believe that our product group and support center teams have a high degree of operating leverage (i.e., we believe that increasing the number of profit centers would not require a proportionate increase in our product group or support center expenses). Therefore, a key strategy of ours is to add incremental profit centers and grow them to maturity. The trends in the financial services industry that make our business model successful in our existing geographic markets also exist in other locations in the Western United States. Our analysis indicates that there are hundreds of markets and submarkets in the Western United States that could support our profit centers and fit our target demographics. As such, we will continue to explore new Western United States markets with favorable high net worth demographics and competitive marketplaces.

- *Growing our Core Deposit Franchise.* The strength of our deposit franchise is derived from the long-standing relationships we have with our clients and the strong ties we have to the markets we serve. Our deposit footprint has provided, and we believe will continue to provide, primary support for our loan growth. A key part of our strategy is to continue to enhance our funding sources by continuing to build our private and commercial banking capabilities to keep building our base of attractively priced core deposits.

- *Attracting Talent.* Our team of seasoned associates has been, and will continue to be, an important driver of our organic growth by further developing relationships with current and potential clients. We have a record of hiring experienced associates to enhance our organic growth, and sourcing and hiring talent will continue to be a core focus for us. We believe that this initial public offering will further enhance our ability to attract and retain this talent.

- *Developing New Products.* We seek to be the primary source of financial products and services for our clients. By continuing to expand our product offerings—either by internal product development or establishing third-party relationships—we work to meet expanding client needs while further diversifying our revenue streams. Most recently, we have added a Health Savings Account consulting capability to our business services team, again providing additional client ties to increase revenues per client, improve "stickiness," and allow for building broader relationships.

Risks Related to Our Company

An investment in our common stock involves substantial risks and uncertainties. Investors should carefully consider all of the information in this prospectus, including the detailed discussion of these risks under "Risk Factors" beginning on page 25, prior to investing in our common stock. Some of the more significant risks include the following:

- Our banking, trust and wealth advisory operations are geographically concentrated in Colorado, Arizona, Wyoming and California, leading to significant exposure to those markets.

- Because a significant portion of our loan portfolio is comprised of real estate loans, negative changes in the economy affecting real estate values and liquidity could impair the value of collateral securing our real estate loans and result in loan and other losses.

- The investment management contracts we have with our clients are terminable without cause and on relatively short notice by our clients, which makes us vulnerable to short term declines in the performance of the securities under our management.

- Our loan portfolio includes a significant number of commercial loans, which involve risks specific to commercial borrowers.

- We may be subject to claims and litigation pertaining to our fiduciary responsibilities.

- The market for investment managers and professionals is extremely competitive and the loss of a key investment manager to a competitor could adversely affect our investment advisory and wealth management business.

- If we are unable to continue to originate residential real estate loans and sell them into the secondary market for a profit, our earnings could decrease.

- The financial services industry is highly regulated, and legislative or regulatory actions taken now or in the future may have a significant adverse effect on our operations.

- There is currently no regular market for our common stock. An active, liquid market for our common stock may not develop or be sustained upon completion of this offering, which may impair your ability to sell your shares.

- The market price of our common stock may be subject to substantial fluctuations, which may make it difficult for you to sell your shares at the volume, prices and times desired.

Corporate Information

Our principal executive offices are located at 1900 16th Street, Suite 1200, Denver, Colorado 80202, and our telephone number at that address is (303) 531-8100. Our website address is *www.myfw.com*. We expect to make our periodic reports and other information filed with, or furnished to, the SEC available free of charge through our website as soon as reasonably practicable after those reports and other information are electronically filed with, or furnished to, the SEC. The information contained on our website is not a part of, or incorporated by reference into, this prospectus.

THE OFFERING

Common stock offered by us	shares of our common stock, no par value (or shares if the underwriters exercise their option in full to purchase additional shares).
Common stock offered by selling shareholders	shares of our common stock, no par value.
Common stock to be outstanding after this offering	shares (or shares if the underwriters exercise their option in full to purchase additional shares).
Underwriter's option to purchase additional shares	We have granted the underwriters an option for a period of 30 days after the date of this prospectus to purchase up to an additional shares of our common stock from us.
Use of proceeds	Assuming an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, we estimate that the net proceeds to us from this offering, after deducting estimated underwriting discounts and commissions but before payment of estimated offering expenses payable by us, will be approximately $ million (or approximately $ million if the underwriters exercise their option in full to purchase additional shares from us). We intend to use approximately $25.0 million of the net proceeds from this offering to redeem all of the outstanding shares of our preferred stock and approximately $6.8 million of the net proceeds from this offering to redeem all of our subordinated notes due 2020. Although we intend to use a portion of the net proceeds of this offering to redeem all outstanding shares of our preferred stock and all of our subordinated notes due 2020, the redemption of such securities is subject to regulatory approval, and accordingly, no assurance can be given as to when we will be able to redeem such securities, if at all. We intend to use the remaining net proceeds from this offering to support our organic growth and for general corporate purposes, including maintenance of our required regulatory capital, and to fund potential future acquisition opportunities (although we do not have any definitive agreements in place to make any such acquisitions at this time). We will not receive any proceeds from the sale of shares of common stock by the selling shareholders. See "Use of Proceeds."

Dividend policy	We have not declared or paid any cash dividends on our common stock and we do not currently anticipate paying any cash dividends on our common stock in the foreseeable future. Instead, we anticipate that all of our earnings in the foreseeable future will be retained to support our operations and finance the growth and development of our business. Any future determination to pay dividends on our common stock will be made by our board of directors and will depend upon our results of operations, financial condition, capital requirements, general economic conditions, regulatory and contractual restrictions, our business strategy, our ability to service any equity or debt obligations senior to our common stock and other factors that our board of directors deems relevant. For additional information, see "Dividend Policy."
Directed share program	At our request, the underwriters have reserved for sale at the initial public offering price up to % of the shares of our common stock being offered by this prospectus for sale to certain of our associates, executive officers, directors, business associates and related persons who have expressed an interest in purchasing our common stock in this offering. We will offer these shares to the extent permitted under applicable regulations in the United States through a directed share program. Reserved shares purchased by our directors and executive officers will be subject to the lock-up provisions described in "Underwriting—Lock-Up Agreements." We do not know if these persons will choose to purchase all or any portion of the reserved shares, but any purchases they do make will reduce the number of shares available to the general public. Any reserved shares of our common stock that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of our common stock offered by this prospectus. See "Underwriting."
Nasdaq Global Select Market listing	We have applied to list our common stock on the Nasdaq Global Select Market under the trading symbol "MYFW."
Risk factors	Investing in our common stock involves certain risks. See "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" along with all other information set forth in this prospectus before investing in our common stock.

Except as otherwise indicated, all information in this prospectus:

- Assumes no exercise by the underwriters of their option to purchase additional shares of our common stock from us;
- Does not attribute to any director, executive officer or principal shareholder any purchase of shares of our common stock in this offering, including through the directed share program described in "Underwriting—Directed Share Program;"

- Excludes 592,714 shares of our common stock issuable upon the exercise of stock options outstanding as of March 31, 2018 under our First Western Financial, Inc. 2008 Stock Incentive Plan (referred to as the "2008 Plan") with a weighted exercise price of $29.24 per share;
- Excludes 199,263 shares subject to restricted stock units with time-based vesting outstanding as of March 31, 2018 under our First Western Financial, Inc. 2016 Omnibus Incentive Plan (referred to as the "2016 Plan");
- Excludes 20,840 shares (which could increase to 36,021 shares if targeted financial metrics are exceeded) subject to performance stock units with vesting conditions based on the financial performance of the Company and time-based vesting outstanding as of March 31, 2018 under our 2016 Plan;
- Excludes 21,467 shares subject to performance stock units with vesting conditions based on the performance of the Company's common stock following an initial public offering and time-based vesting outstanding as of March 31, 2018 under our 2016 Plan;
- Excludes up to 128,977 shares of our common stock issuable as of March 31, 2018 pursuant to the Make Whole Rights described in "Certain Relationships and Related Persons Transactions—Make Whole Rights"; and
- Assumes an initial offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

You should read the following selected historical consolidated financial and other data in conjunction with our consolidated financial statements and related notes and the sections entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Capitalization" included elsewhere in this prospectus. The following tables set forth selected historical consolidated financial data (i) as of and for the three months ended March 31, 2018 and 2017, and (ii) as of and for the years ended December 31, 2017, 2016, 2015, 2014 and 2013. We have derived certain of the selected financial data as of and for the years ended December 31, 2017 and 2016 from our audited financial statements included elsewhere in this prospectus. We have derived certain of the selected financial data as of and for the years ended December 31, 2015, 2014 and 2013 from our audited financial statements not included in this prospectus. We have derived certain of the selected financial data as of and for the three months ended March 31, 2018 and 2017 from our unaudited interim financial statements included elsewhere in this prospectus. While unaudited, such selected financial data, in the opinion of our management, contains all adjustments (consisting of only normal or recurring adjustments) necessary to present fairly in all material respects our financial position and results of operations for the period in accordance with generally accepted accounting principles in the United States ("GAAP"). Our historical results are not necessarily indicative of any future period. The performance, asset quality and capital ratios are unaudited. Unless otherwise noted, ratios in this table are as of the period end presented.

	As of and for the Three Months Ended March 31,		As of and for the Years Ended December 31,				
(Dollars in thousands, except share and per share data)	2018	2017	2017	2016	2015	2014	2013
Selected Period End Balance Sheet Data:							
Cash and cash equivalents	$ 37,076	$ 36,704	$ 9,502	$ 62,685	$ 79,636	$ 45,906	$ 62,812
Available-for-sale securities	49,859	114,016	53,650	97,655	66,064	84,127	75,483
Mortgage loans held for sale	22,146	5,756	22,940	8,053	19,903	—	—
Loans[1]	817,292	695,704	813,689	672,815	610,416	532,537	484,707
Allowance for loan losses	7,100	6,702	7,287	6,478	5,956	5,960	4,839
Promissory notes from related parties	5,795	10,465	5,792	10,384	19,254	25,457	24,977
Goodwill	24,811	24,811	24,811	24,811	24,811	24,811	24,811
Other intangible assets, net	1,003	1,267	1,233	1,452	2,198	2,988	3,790
Company owned life insurance	14,410	14,003	14,316	13,898	10,477	10,130	—
Other real estate owned, net	658	2,836	658	2,836	3,016	4,573	5,347
Total assets	991,621	925,536	969,659	915,998	857,001	752,581	696,977
Noninterest-bearing deposits	223,582	192,251	198,685	195,460	148,184	161,256	137,760
Interest-bearing deposits	594,645	584,910	617,432	558,440	561,753	427,587	423,443
FHLB Topeka borrowings	47,928	23,983	28,563	37,000	25,000	41,000	20,000
Convertible subordinated debentures	—	4,764	—	4,749	14,548	20,962	20,605
Subordinated notes	13,435	13,435	13,435	13,150	7,625	7,625	7,625
Credit note payable	—	2,436	—	2,736	3,936	5,036	5,952
Preferred stock (liquidation preference)	24,968	25,468	24,968	25,468	28,168	28,168	28,168
Total shareholders' equity	104,155	96,981	101,846	95,928	87,259	80,367	70,939
Selected Income Statement Data:							
Interest income	$ 9,006	$ 7,546	$ 33,337	$ 29,520	$ 26,370	$ 25,134	$ 25,160
Interest expense	1,646	1,282	5,761	5,063	3,904	4,422	5,250
Net interest income	7,360	6,264	27,576	24,457	22,466	20,712	19,910
Provision (release) for credit losses	(187)	224	788	985	1,071	1,455	(1,676)
Net interest income after provision for credit losses	7,547	6,040	26,788	23,472	21,395	19,257	21,586
Trust and investment management fees	4,954	4,773	19,455	20,167	20,863	20,852	20,187
Net mortgage gain	1,251	552	3,469	6,702	3,549	—	—
Net realized gain (loss) on sale of securities	—	—	81	114	717	321	(101)
Other	1,087	725	4,708	2,939	2,815	2,103	2,267
Non-interest income	7,292	6,050	27,713	29,922	27,944	23,276	22,353
Non-interest expense	13,286	11,268	49,494	49,823	45,636	43,502	41,366
Income (loss) before income tax	1,553	822	5,007	3,571	3,703	(969)	2,573
Income tax expense (benefit)	367	296	2,984	1,269	1,053	(11,959)	358
Net income	1,186	526	2,023	2,302	2,650	10,990	2,215
Preferred dividends paid to preferred shareholders	561	574	2,291	2,840	2,419	2,003	1,718
Per Share Data:							
Earnings (loss) per share, basic	$ 0.11	$ (0.01)	$ (0.05)	$ (0.11)	$ 0.05	$ 1.92	$ 0.11
Earnings (loss) per share, diluted	0.11	$ (0.01)	(0.05)	(0.11)	0.04	1.68	0.10
Book value per share[2]	13.42	12.90	13.18	12.74	11.74	11.65	9.78
Preferred dividends per share	9.07	8.58	37.03	42.47	25.77	21.34	18.30
Weighted average outstanding shares, basic	5,870,813	5,536,935	5,586,620	5,120,507	4,863,236	4,688,213	4,387,134
Weighted average outstanding shares, diluted	5,938,426	5,536,935	5,586,620	5,120,507	5,863,236	5,360,498	5,000,632
Common shares outstanding, end of period	5,900,698	5,543,121	5,833,456	5,529,542	5,033,565	4,482,059	4,373,874
Convertible preferred shares outstanding, end of period	41,000	46,000	41,000	46,000	73,000	73,000	73,000
Preferred shares outstanding, end of period	20,868	20,868	20,868	20,868	20,868	20,868	20,868
Summary Performance Ratios:							
Return on average assets[3]	0.48%	0.23%	0.21%	0.26%	0.35%	1.60%	0.34%
Return on average equity[3]	4.59%	2.17%	2.02%	2.55%	3.10%	15.42%	3.12%
Net interest margin[3]	3.25%	2.98%	3.15%	3.06%	3.28%	3.32%	3.42%
Efficiency ratio[4]	89.11%	90.00%	88.10%	90.25%	88.96%	97.07%	95.98%
Loans to deposits ratio	99.89%	89.52%	99.70%	89.24%	85.98%	90.44%	86.37%
Interest rate spread	2.99%	2.76%	2.91%	2.89%	3.15%	3.10%	3.19%

(Dollars in thousands, except share and per share data)	As of and for the Three Months Ended March 31, 2018	2017	As of and for the Years Ended December 31, 2017	2016	2015	2014	2013
Non-interest income to average assets	2.95%	2.65%	2.90%	3.34%	3.67%	3.38%	3.39%
Non-interest expense to average assets	5.37%	4.94%	5.18%	5.57%	6.00%	6.31%	6.28%
Non-interest income to total income before non-interest expense	49.14%	50.04%	50.85%	56.04%	56.64%	54.72%	50.87%
Summary Credit Quality Ratios:							
Nonperforming loans to total loans	0.42%	0.50%	0.52%	0.54%	1.19%	2.03%	2.58%
Nonperforming assets to total assets	0.41%	0.68%	0.50%	0.70%	1.20%	2.04%	2.56%
Allowance for loan losses to nonperforming loans	209.19%	191.32%	172.55%	179.60%	81.69%	55.20%	38.76%
Allowance for loan losses to total loans	0.87%	0.96%	0.90%	0.96%	0.98%	1.12%	1.00%
Net charge-offs to average loans outstanding	0.00%	0.00%	0.00%	0.07%	0.19%	0.07%	0.62%
Other Selected Ratios and Data:							
Total noninterest-bearing deposits to total deposits	27.33%	24.74%	24.35%	25.93%	20.87%	27.39%	24.55%
Interest bearing deposits to total deposits	72.67%	75.26%	75.65%	74.07%	79.13%	72.61%	75.45%
Cost of funds	0.74%	0.63%	0.67%	0.63%	0.58%	0.72%	0.89%
Loan yield	4.20%	3.90%	4.11%	4.10%	4.22%	4.54%	4.84%
Total assets under management	$5,358,316	$5,080,217	$5,374,471	$4,925,939	$4,743,668	$4,842,177	$4,522,682
Total assets under management yield	0.37%	0.38%	0.36%	0.41%	0.44%	0.43%	0.45%
Summary Capital Ratios:							
Average equity to average assets ratio	10.45%	10.61%	10.47%	10.10%	11.23%	10.34%	10.77%
Non-GAAP Ratios:							
Tangible common equity[5]	$ 53,373	$ 45,435	$ 50,834	$ 44,197	$ 32,082	$ 24,400	$ 14,120
Tangible common equity ratio[6]	5.53%	5.05%	5.39%	4.97%	3.87%	3.37%	2.12%
Tangible book value per common share[7]	$ 9.05	$ 8.20	$ 8.71	$ 7.99	$ 6.37	$ 5.44	$ 3.24
Return on tangible common equity[8]	1.17%	(0.11)%	(0.53)%	(1.22)%	0.72%	36.83%	3.51%
Consolidated:							
CET 1 capital ratio	7.04%	6.06%	6.56%	6.28%	5.15%	—	—
Tier 1 capital ratio	9.44%	8.28%	8.79%	8.43%	7.80%	10.80%	11.40%
Total risk based capital ratio	12.31%	11.91%	11.70%	12.07%	9.97%	8.40%	8.90%
Leverage ratio	7.72%	6.72%	7.41%	7.00%	6.47%	7.30%	7.20%
Bank:							
CET 1 capital ratio	10.36%	10.08%	9.81%	9.20%	9.54%	—	—
Tier 1 capital ratio	10.36%	10.08%	9.81%	9.20%	9.54%	10.90%	12.60%
Total risk based capital ratio	11.29%	11.04%	10.75%	10.16%	10.54%	9.80%	11.60%
Leverage ratio	8.43%	8.24%	8.27%	7.63%	7.97%	8.30%	8.80%

(1) Total loans net of loan fees and costs do not include loans held for sale of $22.1 million, $5.8 million, $22.9 million, $8.1 million and $19.9 million on March 31, 2018 and 2017, December 31, 2017, 2016 and 2015, respectively.

(2) We calculate book value per share as total shareholders' equity less preferred stock (liquidation preference), at the end of the relevant period divided by the outstanding number of shares of our common stock at the end of the relevant period.

(3) Three month periods are annualized.

(4) Efficiency ratio is non-interest expense, less intangible amortization, divided by net interest income plus non-interest income. See our reconciliation of non-GAAP financial measures to their most directly comparable GAAP financial measures under the caption "Non-GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures."

(5) Tangible common equity is a non-GAAP financial measure. We calculate tangible common equity as total shareholders' equity less preferred stock (liquidation preference), goodwill and other intangible assets, net, and tangible assets are total assets less goodwill and other intangible assets, net. See our reconciliation of non-GAAP financial measures to their most directly comparable GAAP financial measures under the caption "Non-GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures."

(6) Tangible common equity ratio is a non-GAAP financial measure. We calculate the tangible common equity ratio as tangible common equity divided by total assets less goodwill and other intangible assets, net. See our reconciliation of non-GAAP financial measures to their most directly comparable GAAP financial measures under the caption "Non-GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures."

(7) Tangible book value per common share is a non-GAAP financial measure. We calculate tangible book value per common share as tangible common equity divided by common shares outstanding.

(8) Return on tangible common equity is a non-GAAP financial measure. We calculate return on tangible common equity as net income available to common shareholders (net income less dividends paid on preferred stock) divided by tangible common equity. See our reconciliation of non-GAAP financial measures to their most directly comparable GAAP financial measures under the caption "Non-GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures."

Non-GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures

Our accounting and reporting policies conform to GAAP and the prevailing practices in the banking industry. However, we also evaluate our performance based on certain additional financial measures discussed in this prospectus as being non-GAAP financial measures. We classify a financial measure as being a non-GAAP financial measure if that financial measure excludes or includes amounts, or is subject to adjustments that have the effect of excluding or including amounts, that are not included or excluded, as the case may be, in the most directly comparable measure calculated and presented in accordance with GAAP as in effect from time to time in the United States in our statements of income, balance sheets or statements of cash flows. Non-GAAP financial measures do not include operating and other statistical measures or ratios or statistical measures calculated using exclusively financial measures calculated in accordance with GAAP.

The non-GAAP financial measures that we discuss in this prospectus should not be considered in isolation or as a substitute for the most directly comparable or other financial measures calculated in accordance with GAAP. Moreover, the manner in which we calculate the non-GAAP financial measures that we discuss in this prospectus may differ from that of other companies, reporting measures with similar names. It is important to understand how other banking organizations calculate their financial measures with names similar to the non-GAAP financial measures we have discussed in this prospectus when comparing such non-GAAP financial measures.

Efficiency Ratio. We calculate our efficiency ratio as non-interest expense, less intangible amortization divided by net interest income (which is pre-provision), plus non-interest income. The following table reconciles, as of the dates set forth below, non-interest expense, less intangible amortization which is a non-GAAP measure, to non-interest expense, and presents the calculation of our efficiency ratios:

	For the Three Months Ended March 31,		For the Year Ended December 31,				
(Dollars in thousands)	**2018**	**2017**	**2017**	**2016**	**2015**	**2014**	**2013**
Non-interest expense	$ 13,286	$ 11,268	$ 49,494	$ 49,823	$ 45,636	$ 43,502	$ 41,366
Less amortization	230	185	784	747	790	802	803
Adjusted non-interest expense	$ 13,056	$ 11,083	$ 48,710	$ 49,076	$ 44,846	$ 42,700	$ 40,563
Net interest income	$ 7,360	$ 6,264	$ 27,576	$ 24,457	$ 22,466	$ 20,712	$ 19,910
Non-interest income	7,292	6,050	27,713	29,922	27,944	23,276	22,353
	$ 14,652	$ 12,314	$ 55,289	$ 54,379	$ 50,410	$ 43,988	$ 42,263
Efficiency ratio	89.11%	90.00%	88.10%	90.25%	88.96%	97.07%	95.98%

Tangible Common Equity and Tangible Common Equity Ratio. We calculate tangible common equity as total shareholders' equity, less preferred stock (liquidation preference), goodwill and other intangible assets, net of accumulated amortization. We calculate tangible assets as total assets less goodwill and other intangible assets, net of accumulated amortization. We calculate the tangible common equity ratio as tangible common equity divided by tangible assets. The most directly comparable GAAP financial measure for tangible common equity is total shareholders' equity and the most directly comparable GAAP financial measure for tangible assets is total assets.

We believe the use of tangible common book value has less relevance for high fee banks and investment management firms than for most banks, as our goodwill is all associated with highly desirable fee business. We recognize that the tangible common book value per common share measure is important to many investors in the marketplace who are interested in changes from period to period in book value per share exclusive of changes in intangible assets. Goodwill and other intangible assets have the effect of increasing total book value while not increasing our tangible book value.

The following table reconciles and presents, as of the dates set forth below, total shareholders' equity to tangible common equity, total assets to tangible assets and presents the calculation of the tangible common equity ratio:

	As of March 31,		As of December 31,				
(Dollars in thousands)	2018	2017	2017	2016	2015	2014	2013
Total shareholders' equity	$ 104,155	$ 96,981	$ 101,846	$ 95,928	$ 87,259	$ 80,367	$ 70,939
Less							
Preferred stock	24,968	25,468	24,968	25,468	28,168	28,168	28,168
Goodwill	24,811	24,811	24,811	24,811	24,811	24,811	24,811
Intangibles, net	1,003	1,267	1,233	1,452	2,198	2,988	3,790
Tangible common equity	$ 53,373	$ 45,435	$ 50,834	$ 44,197	$ 32,082	$ 24,400	$ 14,170
Total assets	$ 991,621	$ 925,536	$ 969,659	$ 915,998	$ 857,001	$ 752,581	$ 696,977
Less							
Goodwill	24,811	24,811	24,811	24,811	24,811	24,811	24,811
Intangibles, net	1,003	1,267	1,233	1,452	2,198	2,988	3,790
Tangible assets	$ 965,807	$ 899,458	$ 943,615	$ 889,735	$ 829,992	$ 724,782	$ 668,376
Tangible common equity ratio	5.53%	5.05%	5.39%	4.97%	3.87%	3.37%	2.12%

Tangible Book Value per Common Share. We calculate tangible book value per common share as tangible common equity divided by common shares outstanding as detailed in the table below:

	As of March 31,		As of December 31,				
(Dollars in thousands, except share and per share data)	2018	2017	2017	2016	2015	2014	2013
Total shareholders' equity	$ 104,155	$ 96,981	$ 101,846	$ 95,928	$ 87,259	$ 80,367	$ 70,939
Less							
Preferred stock	24,968	25,468	24,968	25,468	28,168	28,168	28,168
Goodwill	24,811	24,811	24,811	24,811	24,811	24,811	24,811
Intangibles, net	1,003	1,267	1,233	1,452	2,198	2,988	3,790
Tangible common equity	$ 53,373	$ 45,435	$ 50,834	$ 44,197	$ 32,082	$ 24,400	$ 14,170
Common shares outstanding, end of period	5,900,698	5,543,121	5,833,456	5,529,542	5,033,565	4,482,059	4,373,874
Tangible common book value per share	$ 9.05	$ 8.20	$ 8.71	$ 7.99	$ 6.37	$ 5.44	$ 3.24

Return on Tangible Common Equity. We calculate return on tangible common equity as net income available to common shareholders (net income less dividends paid on preferred stock) divided by tangible common equity. The most directly comparable GAAP financial measure for tangible common equity is total shareholders' equity.

The following table reconciles net income to income (loss) available to common shareholders and presents the calculation of return on tangible common equity:

	As of and for the Three Months Ended March 31,		As of and for the Year Ended December 31,				
(Dollars in thousands)	2018	2017	2017	2016	2015	2014	2013
Net income, as reported	$ 1,186	$ 526	$ 2,023	$ 2,302	$ 2,650	$ 10,990	$ 2,215
Less preferred stock dividends	561	574	2,291	2,840	2,419	2,003	1,718
Income (loss) available to common shareholders	625	(48)	$ (268)	$ (538)	$ 231	$ 8,987	$ 497
Tangible common equity	$ 53,373	$ 45,435	$ 50,834	$ 44,197	$ 32,082	$ 24,400	$ 14,170
Return on tangible common equity	1.17%	(0.11)%	(0.53)%	(1.22)%	0.72%	36.83%	3.51%

Pre-tax, Pre-Provision Income. Pre-tax, pre-provision income is income (loss) before income tax with provision for credit loss added back. The most directly comparable GAAP financial measure is net income (loss). We believe pre-tax, pre-provision income provides the readers of the financial statements information on our performance trends absent fluctuations in credit trends and loan balance changes which both drive provision, and elimination of taxes which provides readers more insight into our performance without consideration of changes in statutory tax rates.

The following table reconciles, as of the dates set forth below, pre-tax, pre-provision income to net income:

	For the Three Months Ended March 31,		For the Year Ended December 31,				
(Dollars in thousands)	2018	2017	2017	2016	2015	2014	2013
Income (loss) before income tax, as reported	$ 1,553	$ 822	$ 5,007	$ 3,571	$ 3,703	$ (969)	$ 2,573
Provision (release) for loan losses	(187)	224	788	985	1,071	1,455	(1,676)
Pre-tax, pre-provision income	$ 1,366	$ 1,046	$ 5,795	$ 4,556	$ 4,774	$ 486	$ 897

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

In 2017, we entered into an asset purchase agreement with EMC Holdings, LLC (referred to as "EMC"), WHMC, LLC and Mr. Alan Schrum (collectively, "Seller Group"). As consideration in full for the acquisition of the assets, we paid, or could pay up to a total of $5.0 million ($2.0 million in cash due at closing and approximately $3.0 million in earn-out common stock based on a per share price of $28.50, which was the price in the Company's private placement at the time of the acquisition) to Seller Group. Of this, $1.0 million is deemed purchase consideration, and the remaining $4.0 million will be recognized as compensation expense as discussed below. The Company used cash on hand to pay the $2.0 million in closing consideration.

The following unaudited pro forma condensed combined statement of income for the year ended December 31, 2017, has been prepared to reflect the acquisition of the assets of EMC after giving effect to the adjustments reflected in the notes following the table. The unaudited pro forma condensed combined statement of income includes the historical results of EMC for the six months ended June 30, 2017, with the pro forma adjustments reflecting the results of EMC from January 1, 2017 through August 31, 2017. The acquisition date of EMC was September 15, 2017, however, pursuant to the asset purchase agreement, we began recognizing EMC's revenue and expenses in our financials effective September 1, 2017. Beginning September 1, 2017, the financial results of EMC are recorded in the Company's historical financial statements. As a result, the pro forma information presented here reflects EMC's estimated results through August 31, 2017. The unaudited pro forma condensed combined statement of income for the year ended December 31, 2017 is presented as if the transaction occurred on January 1, 2017.

The unaudited pro forma condensed combined statement of income has been prepared assuming the acquisition method of accounting in accordance with Accounting Standards Codification Topic 805, *Business Combinations* ("ASC 805"). Under ASC 805, all the assets acquired and liabilities assumed in a business combination are recognized at their acquisition date fair value, while transaction costs associated with the business combination are expensed as incurred.

The unaudited pro forma condensed combined statement of income is presented for illustrative purposes only and is not intended to present future results of operations. The unaudited pro forma condensed combined statement of income is based upon assumptions and adjustments that we believe are reasonable. These adjustments, which are described above and in the accompanying footnotes, have been applied in a manner to give effect to the transaction. The assumptions and adjustments are subject to change as future events materialize and fair value estimates are refined.

The unaudited pro forma condensed combined statement of income should be read together with the following:

- The accompanying notes to the unaudited pro forma condensed combined statement of income;
- Our audited consolidated financial statements and accompanying notes as of and for the years ended December 31, 2017 and 2016, included elsewhere this prospectus;
- EMC's audited financial statements and accompanying notes as of and for the years ended December 31, 2016 and 2015, included elsewhere this prospectus; and
- EMC's unaudited financial statements and accompanying notes as of and for the six-month period ended June 30, 2017, included elsewhere this prospectus.

The following unaudited pro forma condensed combined statement of income for the year ended December 31, 2017 combines our consolidated historical income statement and EMC's assuming the companies had been combined as of January 1, 2017 on a purchase accounting basis.

Unaudited Pro Forma Condensed Combined Statement of Income
For the Year Ended December 31, 2017

(Dollars in thousands, except share and per share data)	First Western Historical	EMC Historical	Pro Forma Adjustments[1]		Pro Forma Combined
Interest and dividend income:					
Loans, including fees	$ 30,908	$ —	$ —		$ 30,908
Investment securities	2,115	—	—		2,115
Federal funds sold and other	314	—	—		314
Total interest and dividend income	33,337	—	—		33,337
Interest expense:					
Deposits	3,778	—	—		3,778
Other borrowed funds	1,983	—	—		1,983
Total interest expense	5,761	—	—		5,761
Net interest income	27,576	—	—		27,576
Less: Provision for credit losses	788	—	—		788
Net interest income, after provision for credit losses	26,788	—	—		26,788
Non-interest income:					
Trust and investment management fees	19,455	—	—		19,455
Net gain on mortgage loans sold	3,469	1,782	999	a	6,250
Bank fees	2,176	—	—		2,176
Risk management and insurance fees	1,289	—	—		1,289
Income on company-owned life insurance	418	—	—		418
Net gain on sale of securities	81	—	—		81
Gain on legal settlement	825	—	—		825
Total non-interest income	27,713	1,782	999		30,494
Total income before non-interest expense	54,501	1,782	999		57,282
Non-interest expense:					
Salaries and employee benefits	28,663	1,068	664	b	30,395
Occupancy and equipment	5,884	146	71	c	6,101
Professional services	3,490	15	—		3,505
Technology, software licenses, and maintenance	3,911	—	—		3,911
Data processing	2,436	—	—		2,436
Marketing	1,492	—	—		1,492
Amortization of other intangible assets	784	24	289	d	1,097
Total loss on sales/provision of other real estate owned	311	—	—		311
Other	2,523	167	55	e	2,745
Total non-interest expense	49,494	1,420	1,079		51,993
Income (loss) before income taxes	5,007	362	(80)		5,289
Income tax expense	2,984	—	109	f	3,093
Net income	$ 2,023	$ 362	$ (189)		$ 2,196
Preferred stock dividends	(2,291)	—	—		(2,291)
Net (loss) available to common shareholders	$ (268)	$ 362	$ (189)		$ (95)
Earnings (loss) per common share:					
Basic and diluted	$ (0.05)				$ —
Weighted average shares outstanding, basic and diluted	5,586,620				—

(1) The pro forma adjustments column includes the following items:

a. Net gains recognized by EMC on originating and selling mortgage loans from July 1, 2017 through August 31, 2017. Also includes gains estimated on loans sold and fair value of interest rate lock derivatives related to EMC from July 1, 2017 through August 31, 2017. Due to a difference in accounting policy between the Company and EMC, the net gain on sale related to the acquired mortgage loans that EMC locked prior to

September 1, 2017, but did not fund prior to closing, was not recorded in EMC's historical financial statement of operations and was recognized by the Company through purchase price accounting adjustments.

b. Salary and employee benefits recorded by EMC from July 1, 2017 through August 31, 2017, and the following expenses related to the sole selling shareholder of EMC as a result of the acquisition accounting:

   i. Stock-based compensation expense for the period January 1, 2017 through August 31, 2017, which represents the vesting of restricted stock awards granted to the selling shareholder of EMC. These shares have a time vesting feature, which is being recognized ratably over a five-year period which we began expensing after the acquisition. This pro forma adjustment results in a full year of pro forma reported expenses and is an adjustment of $0.2 million; and

   ii. Cash compensation expense for the period January 1, 2017 through August 31, 2017, which is being recognized over the eight year estimated service period of the sole selling shareholder of EMC after the acquisition date. This adjustment, which is $0.1 million, results in a full year of pro forma reported expense.

c. Adjustments to remove EMC's historical depreciation and record estimated depreciation expense related to the acquired fixed assets over their remaining estimated useful lives. The acquired fixed assets were not material to the Company's consolidated financial statements.

d. Removal of EMC's historical amortization related to goodwill that was not acquired from January 1, 2017 through August 31, 2017, and recording amortization for this same period for the acquired non-competition agreement.

e. Other estimated expenses recorded by EMC for the period July 1, 2017 through August 31, 2017.

f. EMC is a limited liability company, therefore, EMC does not pay taxes. This adjustment is to record the tax effect of the results of EMC operations for the six months ended June 30, 2017, as well as the reclassification and pro forma adjustments, assuming a current year tax rate of 38.5% and a future tax rate of 21.0%.

RISK FACTORS

Investing in our common stock involves a significant degree of risk. You should carefully consider the following risk factors, in addition to the other information contained in this prospectus, including our consolidated financial statements and related notes, before deciding to invest in our common stock. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and future prospects. As a result, the trading price of our common stock could decline, and you could lose all or part of your investment. Some statements in this prospectus, including statements in the following risk factors section, constitute forward-looking statements. Please refer to "Cautionary Note Regarding Forward-Looking Statements."

Risks Related to Our Business

Our banking, trust and wealth advisory operations are geographically concentrated in Colorado, Arizona, Wyoming and California, leading to significant exposure to those markets.

Our business activities and credit exposure, including real estate collateral for many of our loans, are concentrated in Colorado, Arizona, Wyoming and California. As of March 31, 2018, 93.5% of the loans in our loan portfolio were made to borrowers who live in or conduct business in those states. This geographic concentration imposes risks from lack of geographic diversification. Difficult economic conditions, including state and local government deficits, in Colorado, Arizona, Wyoming and California may affect our business, financial condition, results of operations and future prospects, where adverse economic developments, among other things, could affect the volume of loan originations, increase the level of nonperforming assets, increase the rate of foreclosure losses on loans and reduce the value of our loans and loan servicing portfolio. Any regional or local economic downturn that affects Colorado, Arizona, Wyoming and California or existing or prospective borrowers or property values in such areas may affect us and our profitability more significantly and more adversely than our competitors whose operations are less geographically concentrated. This includes a sustained downturn in the oil and gas market, which is important for the general economic health of Colorado in particular. We are unable to predict when or if oil prices will rise, and a prolonged period of low oil prices could have a material adverse effect on our results of operations and financial condition.

Because a significant portion of our loan portfolio is comprised of real estate loans, negative changes in the economy affecting real estate values and liquidity could impair the value of collateral securing our real estate loans and result in loan and other losses.

As of March 31, 2018, approximately $586.9 million, or 71.8%, of our gross loans were loans with real estate as a primary or secondary component of collateral. The repayment of such loans is highly dependent on the ability of the borrowers to meet their loan repayment obligations to us, which can be adversely affected by economic downturns that can lead to (i) declines in the rents and, therefore, in the cash flows generated by those real properties on which the borrowers depend to fund their loan payments to us, (ii) decreases in the values of those real properties, which make it more difficult for the borrowers to sell those real properties for amounts sufficient to repay their loans in full, and (iii) job losses of residential home buyers, which makes it more difficult for these borrowers to fund their loan payments. As a result, our operating results are more vulnerable to adverse changes in the real estate market than other financial institutions with more diversified loan portfolios, and we could incur losses in the event of changes in economic conditions that disproportionately affect the real estate markets.

Real estate values in many of our markets have generally experienced periods of fluctuation over the last five years. The market value of real estate can fluctuate significantly in a short period of time. As a result, adverse developments affecting real estate values and the liquidity of real estate in our primary markets could increase the credit risk associated with our loan portfolio, and could result in losses that

adversely affect credit quality, financial condition and results of operations. Negative changes in the economy affecting real estate values and liquidity in our market areas could significantly impair the value of property pledged as collateral on loans and affect our ability to sell the collateral upon foreclosure without a loss or additional losses or our ability to sell these loans on the secondary securitization market. Collateral may have to be sold for less than the outstanding balance of the loan, which could result in losses on such loans. Such declines and losses would have a material adverse effect on our business, financial condition and results of operations. If real estate values decline, it is also more likely that we would be required to increase our allowance for loan and lease losses ("ALLL"), which would adversely affect our business, financial condition and results of operations. In addition, adverse weather events, including wildfires, flooding, and mudslides, can cause damages to the property pledged as collateral on loans, which could result in additional losses upon a foreclosure.

If we are unable to continue to originate residential real estate loans and sell them into the secondary market for a profit, our earnings could decrease.

We derive a portion of our non-interest income from the origination of residential real estate loans and the subsequent sale of such loans into the secondary market. If we are unable to continue to originate and sell residential real estate loans at historical or greater levels, our residential real estate loan volume would decrease, which could decrease our earnings. A rising interest rate environment, general economic conditions, market volatility, or other factors beyond our control could adversely affect our ability to originate residential real estate loans. The financial services industry is experiencing an increase in regulations and compliance requirements related to mortgage loan originations necessitating technology upgrades and other changes. If new regulations continue to increase and we are unable to make technology upgrades, our ability to originate mortgage loans will be reduced or eliminated. Additionally, we sell a large portion of our residential real estate loans to third party investors, and rising interest rates could negatively affect our ability to generate suitable profits on the sale of such loans. If interest rates increase after we originate the loans, our ability to market those loans is impaired as the profitability on the loans decreases. These fluctuations can have an adverse effect on the revenue we generate from residential real estate loans and in certain instances, could result in a loss on the sale of the loans.

Further, for the mortgage loans we sell in the secondary market, the mortgage loan sales contracts contain indemnification clauses should the loans default, generally within the first 90 – 120 days, or if documentation is determined not to be in compliance with regulations. While the Company has had no historic losses as a result of these indemnities, we could be required to repurchase the mortgage loans or reimburse the purchaser of our loans for losses incurred. Both of these situations could have an adverse effect on the profitability of our mortgage loan activities and negatively impact our net income.

Our loan portfolio includes a significant number of commercial loans, which involve risks specific to commercial borrowers.

Our loan portfolio includes a significant amount of commercial real estate loans and commercial lines of credit. Our typical commercial borrower is a small or medium-sized privately owned Colorado business entity. Our commercial loans typically have greater credit risks than standard residential mortgage or consumer loans because commercial loans often have larger balances, and repayment usually depends on the borrowers' successful business operations. Commercial loans also involve some additional risk because they generally are not fully repaid over the loan period and thus may require refinancing or a large payoff at maturity. If the general economy turns substantially downward, commercial borrowers may not be able to repay their loans, and the value of their assets, which are usually pledged as collateral, may decrease rapidly and significantly. Also, when credit markets tighten due to adverse developments in specific markets or the general economy, opportunities for refinancing may become more expensive or unavailable, resulting in loan defaults.

We may be subject to claims and litigation pertaining to our fiduciary responsibilities.

Some of the services we provide, such as trust and investment services, require us to act as fiduciaries for our clients and others. From time to time, third parties make claims and take legal action against us pertaining to the performance of our fiduciary responsibilities. If these claims and legal actions are not resolved in a manner favorable to us, we may be exposed to significant financial liability or our reputation could be damaged. Either of these results may adversely impact demand for our products and services or otherwise have a material adverse effect on our business, financial condition or results of operations.

The market for investment managers and professionals is extremely competitive and the loss of a key investment manager to a competitor could adversely affect our investment advisory and wealth management business.

We believe that investment performance is one of the most important factors that affect the amount of assets under our management and, for that reason, the success of our business is heavily dependent on the quality and experience of our senior wealth management professionals and their track records in terms of making investment decisions that result in attractive investment returns for our clients. We consider the "chairman" and "president" roles in each of our profit center teams to be instrumental to executing our business strategy. However, the market for such investment professionals is extremely competitive and is increasingly characterized by frequent movement of these individuals among different firms. In addition, our individual investment professionals often have direct contact with particular clients, which can lead to a strong client relationship based on the client's trust in that individual manager. As a result, the loss of a key investment manager to a competitor could jeopardize our relationships with some of our clients and lead to the loss of client accounts, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

The fair value of our investment securities can fluctuate due to factors outside of our control.

As of March 31, 2018, the fair value of our investment securities portfolio was $49.9 million. Factors beyond our control can significantly influence and cause adverse changes to occur in the fair values of securities in that portfolio. These factors include, but are not limited to, rating agency actions in respect of the investment securities in our portfolio, defaults by the issuers of such securities, concerns with respect to the enforceability of the payment or other key terms of such securities, changes in market interest rates and continued instability in the capital markets. Any of these factors, as well as others, could cause other-than-temporary impairments and realized or unrealized losses in future periods and declines in other comprehensive income, which could materially and adversely affect our business, results of operations, financial condition and prospects. In addition, the process for determining whether an impairment of a security is other-than-temporary usually requires complex, subjective judgments, which could subsequently prove to have been wrong, regarding the future financial performance and liquidity of the issuer of the security, the fair value of any collateral underlying the security and whether and the extent to which the principal of and interest on the security will ultimately be paid in accordance with its payment terms.

We may be adversely affected by the soundness of certain securities brokerage firms.

We do not provide custodial services for our clients. Instead, client investment accounts are maintained under custodial arrangements with large, well established securities brokerage firms or bank institutions that provide custodial services (collectively, "brokerage firms"), either directly or through arrangements made by us with those firms. As a result, the performance of, or even rumors or questions about the integrity or performance of, any of those brokerage firms could adversely affect the confidence of our clients in the services provided by those firms or otherwise adversely impact their custodial holdings. Such an occurrence could negatively impact our ability to retain existing or attract new clients and, as a

result, could have a material adverse effect on our business, financial condition, results of operations and prospects.

The investment management contracts we have with our clients are terminable without cause and on relatively short notice by our clients, which makes us vulnerable to short-term declines in the performance of the securities under our management.

Like most investment advisory and wealth management businesses, the investment advisory contracts we have with our clients are typically terminable by the client without cause upon less than 30 days' notice. As a result, even short-term declines in the performance of the securities we manage, which can result from factors outside our control, such as adverse changes in market or economic condition or the poor performance of some of the investments we have recommended to our clients, could lead some of our clients to move assets under our management to other asset classes such as broad index funds or treasury securities, or to investment advisors which have investment product offerings or investment strategies different than ours. Therefore, our operating results are heavily dependent on the financial performance of our investment portfolios and the investment strategies we employ in our investment advisory businesses and even short-term declines in the performance of the investment portfolios we manage for our clients, whatever the cause, could result in a decline in assets under management and a corresponding decline in investment management fees, which would adversely affect our results of operations.

Fee revenue represents a significant portion of our consolidated revenue and is subject to decline, among other things, in the event of a reduction in, or changes to, the level or type of investment activity by our clients.

A significant portion of our revenue results from fee-based services related to wealth advisory, private banking, personal trust, investment management, mortgage lending and institutional asset management services to derive revenue. This contrasts with many commercial banks that may rely more heavily on interest-based sources of revenue, such as loans. For the three months ended March 31, 2018 and the year ended December 31, 2017, non-interest income represented approximately 49.8% and 50.1%, respectively, of our consolidated gross revenue. The level of these fees is influenced by several factors, including the mix and volume of our assets under custody and administration and our assets under management, the value and type of securities positions held (with respect to assets under custody) and the volume of portfolio transactions, and the types of products and services used by our clients.

In addition, our clients include institutional investors, such as mutual funds, collective investment funds, hedge funds and other investment pools, corporate and public retirement plans, insurance companies, foundations, endowments and investment managers. Economic, market or other factors that reduce the level or rates of savings in or with those institutions, either through reductions in financial asset valuations or through changes in investor preferences, could materially reduce our fee revenue or have a material adverse effect on our consolidated results of operations. These clients also, by their nature, are often able to exert considerable market influence, and this, combined with strong competitive forces in the markets for our services, has resulted in, and may continue to result in, significant pressure to reduce the fees we charge for our services in both our asset servicing and asset management business lines.

The trust wealth management fees we receive may decrease as a result of poor investment performance, in either relative or absolute terms, which could decrease our revenues and net earnings.

We derive a significant amount of our revenues primarily from investment management fees based on assets under management. Our ability to maintain or increase assets under management is subject to a number of factors, including investors' perception of our past performance, in either relative or absolute terms, market and economic conditions, including changes in oil and gas prices, and competition from investment management companies. Financial markets are affected by many factors, all of which are

beyond our control, including general economic conditions, including changes in oil and gas prices; securities market conditions; the level and volatility of interest rates and equity prices; competitive conditions; liquidity of global markets; international and regional political conditions; regulatory and legislative developments; monetary and fiscal policy; investor sentiment; availability and cost of capital; technological changes and events; outcome of legal proceedings; changes in currency values; inflation; credit ratings; and the size, volume and timing of transactions. A decline in the fair value of the assets under management, caused by a decline in general economic conditions, would decrease our wealth management fee income.

Investment performance is one of the most important factors in retaining existing clients and competing for new wealth management clients. Poor investment performance could reduce our revenues and impair our growth in the following ways:

- Existing clients may withdraw funds from our wealth management business in favor of better performing products;
- Asset-based management fees could decline from a decrease in assets under management;
- Our ability to attract funds from existing and new clients might diminish; and
- Our portfolio managers may depart, to join a competitor or otherwise.

Even when market conditions are generally favorable, our investment performance may be adversely affected by the investment style of our asset managers and the particular investments that they make. To the extent our future investment performance is perceived to be poor in either relative or absolute terms, the revenues and profitability of our wealth management business will likely be reduced and our ability to attract new clients will likely be impaired. As such, fluctuations in the equity and debt markets can have a direct impact upon our net earnings.

Changes in interest rates could reduce our net interest margins and net interest income.

Interest rates are key drivers of our net interest margin and subject to many factors beyond our control. Income and cash flows from our banking operations depend to a great extent on the difference or "spread" between the interest we earn on interest-earning assets, such as loans and investment securities, and the rates at which we pay interest on interest-bearing liabilities, such as deposits and borrowings. As interest rates change, net interest income is affected. Rapidly increasing interest rates in the future could result in interest expense increasing faster than interest income because of a divergence in financial instrument maturities or competitive pressures. Further, substantially higher interest rates generally reduce loan demand and may result in slower loan growth. Decreases or increases in interest rates could have a negative effect on the spreads between the interest rates earned on assets and the rates of interest paid on liabilities, and therefore decrease net interest income. Also, changes in interest rates might also impact the values of equity and debt securities under management and administration, which may have a negative impact on fee income.

Interest rates are highly sensitive to many factors that are beyond our control, including (among others) general and regional and local economic conditions, the monetary policies of the Federal Reserve, bank regulatory requirements, competition from other banks and financial institutions and a change over time in the mix of our loans and investment securities, on the one hand, and on our deposits and other liabilities, on the other hand. Changes in monetary policy will, in particular, influence the origination and market value of and the yields we can realize on loans and investment securities, and the interest we pay on deposits. Additionally, sustained low levels of market interest rates, as we have experienced during the past nine years, could continue to place downward pressure on our net interest margins and, therefore, on our earnings.

Our net interest margins and earnings also could be adversely affected if we are unable to adjust our interest rates on loans and deposits on a timely basis in response to changes in economic conditions or monetary policies. For example, if the rates of interest we pay on deposits, borrowings and other interest-bearing liabilities increase faster than we are able to increase the rates of interest we charge on loans or the yields we realize on investments and other interest-earning assets, our net interest income and, therefore, our earnings will decrease. In particular, the rates of interest we charge on loans may be subject to longer fixed interest periods compared to the interest we must pay on deposits. On the other hand, increasing interest rates generally lead to increases in net interest income; however, such increases also may result in a reduction in loan originations, declines in loan prepayment rates and reductions in the ability of borrowers to repay their current loan obligations, which could result in increased loan defaults and charge-offs and could require increases to our ALLL, thereby offsetting either partially or totally the increases in net interest income resulting from the increase in interest rates. Additionally, we could be prevented from increasing the interest rates we charge on loans or from reducing the interest rates we offer on deposits due to "price" competition from other banks and financial institutions with which we compete. Conversely, in a declining interest rate environment, our earnings could be adversely affected if the interest rates we are able to charge on loans or other investments decline more quickly than those we pay on deposits and borrowings.

Our allowance for credit losses may not be adequate to cover actual losses.

In accordance with regulatory requirements and GAAP, we maintain an ALLL to provide for incurred loan and lease losses and a reserve for unfunded loan commitments. Our allowance for credit losses may not be adequate to absorb actual credit losses, and future provisions for credit losses could materially and adversely affect our operating results. Our allowance for credit losses is based on prior experience and an evaluation of the risks inherent in our then-current portfolio. The amount of future losses may also vary depending on changes in economic, operating and other conditions, including changes in interest rates that may be beyond our control, and these losses may exceed current estimates. Federal and state regulators, as an integral part of their examination process, review our loans and leases and allowance for credit losses. While we believe our allowance for credit losses is appropriate for the risk identified in our loan and lease portfolio, we may need to increase the allowance for credit losses, such increases may not be sufficient to address losses, and regulators may require us to increase this allowance even further. Any of these occurrences could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business and operations may be adversely affected in numerous and complex ways by weak economic conditions and global trade.

Our businesses and operations, including our private bank and trust services, which primarily consist of lending money to clients in the form of loans, borrowing money from clients in the form of deposits, investing in securities and investment management, are sensitive to general business and economic conditions in the United States. If the United States economy weakens, our growth and profitability from our lending, deposit and investment operations could be constrained. Uncertainty about the federal fiscal policymaking process, the medium- and long-term fiscal outlook of the federal government, and future tax rates is a concern for businesses, consumers and investors in the United States. In addition, economic conditions in foreign countries and weakening global trade due to increased anti-globalization sentiment could affect the stability of global financial markets, which could hinder the economic growth of the United States. Weak economic conditions are characterized by deflation, fluctuations in debt and equity capital markets, a lack of liquidity or depressed prices in the secondary market for loans, increased delinquencies on mortgage, consumer and commercial loans, residential and commercial real estate price declines and lower home sales and commercial activity. The current economic environment is also characterized by interest rates remaining at historically low levels, which impacts our ability to attract deposits and to

generate attractive earnings through our investment portfolio. Further, a general economic slowdown could decrease the value of assets under management and administration by our trust services resulting in lower fee income, and clients potentially seeking alternative investment opportunities with other providers, which could result in lower fee income to us. All of these factors are detrimental to our business, and the interplay between these factors can be complex and unpredictable. Adverse economic conditions and government policy responses to such conditions could have a material adverse effect on our business, financial condition, results of operations and prospects. Broad market performance may not be favorable in the future.

Our results of operations and financial condition could be materially affected by the enactment of legislation implementing changes in the U.S. or the adoption of other tax reform policies.

On December 22, 2017, the legislation commonly referred to as the Tax Cuts and Jobs Act ("Tax Reform Act") was enacted, which contains significant changes to U.S. tax law, including, but not limited to, a reduction in the corporate tax rate and a transition to a new territorial system of taxation. The primary impact of the new legislation on our provision for income taxes was a reduction of the future tax benefits of our deferred tax assets by approximately $1.2 million as a result of the reduction in the corporate tax rate. The impact of the Tax Reform Act will likely be subject to ongoing technical guidance and accounting interpretation, which we will continue to monitor and assess. Provisional accounting impacts may change in future reporting periods until the accounting analysis is finalized, which will occur no later than one year from the date the Tax Reform Act was enacted.

Our business and operations may be adversely affected in numerous and complex ways by external business disruptors in the financial services industry.

The financial services industry is undergoing rapid change, as technology enables non-traditional new entrants to compete in certain segments of the banking market, in some cases with reduced regulation. New entrants may use new technologies, advanced data and analytic tools, lower cost to serve, reduced regulatory burden or faster processes to challenge traditional banks. For example, new business models have been observed in retail payments, consumer and commercial lending, foreign exchange and low-cost investment advisory services. While we closely monitor business disruptors and seek to adapt to changing technologies, matching the pace of innovation exhibited by new and differently situated competitors may require us and policy-makers to adapt at a greater pace.

Liquidity risk could adversely affect our ability to fund operations and hurt our financial condition.

Liquidity is essential to our banking business, as we use cash to make loans and purchase investment securities and other interest-earning assets and to fund deposit withdrawals that occur in the ordinary course of our business. Our principal sources of liquidity include earnings, deposits, repayment by clients of loans we have made to them, and the proceeds from sales by us of our equity securities or from borrowings that we may obtain. Potential alternative sources of liquidity include the sale of loans, the acquisition of national market non-core deposits, the issuance of additional collateralized borrowings such as Federal Home Loan Bank advances, access to the Federal Reserve discount window and the issuance of additional equity securities. If our ability to obtain funds from these sources becomes limited or the costs of those funds increase, whether due to factors that affect us specifically, including our financial performance, or due to factors that affect the financial services industry in general, including weakening economic conditions or negative views and expectations about the prospects for the financial services industry as a whole, then our ability to grow our banking and investment advisory and trust businesses would be harmed, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to maintain a strong core deposit base or other low-cost funding sources.

We depend on checking and savings deposit account balances and other forms of client deposits as our primary source of funding for our lending activities. Our future growth will largely depend on our ability to maintain and grow a strong deposit base and our ability to retain our largest trust clients, many of whom are also depositors. We may not be able to grow and maintain our deposit base. The account and deposit balances can decrease when clients perceive alternative investments, such as the stock market or real estate, as providing a better risk/return tradeoff. If clients, including our trust clients, move money out of bank deposits and into investments (or similar deposit products at other institutions that may provide a higher rate of return), we could lose a relatively low cost source of funds, increasing our funding costs and reducing our net interest income and net income. We also have increased risks from losses of bank deposit clients due to the large deposits we hold from certain clients. For example, as of December 31, 2017, our 10 largest depositors make up 29.1% of our total deposits. Losses of any one of these deposit clients would have an outsized impact on our results of operations. Additionally, any such loss of funds could result in lower loan originations, which could materially negatively impact our growth strategy.

We receive substantial deposits and assets under management as a result of referrals by professionals, such as attorneys, accountants, and doctors, and such referrals are dependent upon the continued positive interaction with and financial health of those referral sources.

Many of our deposit clients and clients of our private trust bank offices are individuals involved in professional vocations, such as lawyers, accountants, and doctors. These clients are a significant source of referrals for new clients in both the deposit and wealth management areas. If we fail to adequately serve these professional clients with our deposit services, lending, and wealth management products, this source of referrals may diminish, which could have a negative impact on our results. Further, if the economy in the geographic areas that we serve is negatively impacted, the amount of deposits and services that these professional individuals will utilize and the amount of referrals that they will make may decrease, which may have a material and adverse impact on our business, financial condition or results of operations.

Our largest trust client accounts for 35.9% of our total assets under management.

As of March 31, 2018, our largest trust client accounted for, in the aggregate, 35.9% of our total assets under management and 2.3% of our non-interest income. As a result, a material decrease in the volume of those trust assets by that client could materially reduce our assets under management, which would adversely affect our non-interest income and, therefore, our results of operations.

The success of our business depends on achieving our strategic objectives, including through acquisitions which may not increase our profitability and may adversely affect our future operating results.

Since we commenced our banking business in 2004, we have grown our banking franchise and now have thirteen locations in Colorado, Arizona, Wyoming and California, including a centralized operations center in downtown Denver. We plan to continue to grow our banking business both organically and through acquisitions of other banks and financial service providers, which may include entry into new markets. However, the implementation of our growth strategy poses a number of risks for us, including that:

- Any newly established offices will not generate revenues in amounts sufficient to cover the start-up costs of those offices, which would reduce our earnings;

- Acquisitions we might consummate in the future will prove not to be accretive to or may reduce our earnings if we do not realize anticipated cost savings, or if we incur unanticipated costs in

integrating the acquired businesses into our operations or if a substantial number of the clients of any of the acquired businesses move their business to our competitors;

- Such expansion efforts will divert management time and effort from our existing banking operations, which could adversely affect our future financial performance; and

- Additional capital which we may need to support our growth or the issuance of shares in any acquisitions will be dilutive of the investments that our existing shareholders have in the shares of our common stock that they own and in their respective percentage ownership interests they have in the Company.

We face intense competition from other banks and financial institutions and other wealth and investment management firms that could hurt our business.

We conduct our business operations in markets where the banking business is highly competitive and is dominated by large multi-state and in-state banks with operations and offices covering wide geographic areas. We also compete with other financial service businesses, including investment advisory and wealth management firms, mutual fund companies, financial technology companies, and securities brokerage and investment banking firms that offer competitive banking and financial products and services as well as products and services that we do not offer. Larger banks and many of those other financial service organizations have greater financial and marketing resources than we do that enable them to conduct extensive advertising campaigns and to shift resources to regions or activities of greater potential profitability. They also have substantially more capital and higher lending limits than we do, which enable them to attract larger clients and offer financial products and services that we are unable to offer, putting us at a disadvantage in competing with them for loans and deposits and investment management clients. If we are unable to compete effectively with those banking or other financial services businesses, we could find it more difficult to attract new and retain existing clients and our net interest margins, net interest income and investment management fees could decline, which would materially adversely affect our business, results of operations and prospects, and could cause us to incur losses in the future.

In addition, our ability to successfully attract and retain investment advisory and wealth management clients is dependent on our ability to compete with competitors' investment products, level of investment performance, client services and marketing and distribution capabilities. If we are not successful in retaining existing and attracting new investment management clients, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may not be successful in implementing our internal growth strategy or be able to manage the risks associated with our anticipated growth through opening new boutique private trust bank offices, which could have a material adverse effect on our business, financial condition and results of operations.

Our business strategy includes pursuing organic and internal growth and evaluating strategic opportunities to grow through opening new boutique private trust bank offices. We believe that banking location expansion has been meaningful to our growth since inception. We intend to pursue an organic growth strategy in addition to our acquisition strategy, the success of which is dependent on our ability to generate an increasing level of loans, deposits and assets under management at acceptable risk levels without incurring corresponding increases in noninterest expense. Opening new offices carries with it certain potential risks, including significant startup costs and anticipated initial operating losses; an inability to gain regulatory approval; an inability to secure the services of qualified senior management to operate the new offices and successfully integrate and promote our corporate culture; poor market reception for our new offices established in markets where we do not have a preexisting reputation; challenges posed by local economic conditions; challenges associated with securing attractive locations at a reasonable cost; and the additional strain on management resources and internal systems and controls.

Further, we may not be successful in our organic growth strategies generally due to, among other factors, delays in introducing and implementing new products and services and other impediments resulting from regulatory oversight, lack of qualified personnel at existing locations. In addition, the success of our internal growth strategy will depend on maintaining sufficient regulatory capital levels and on favorable economic conditions in our primary market areas. Failure to adequately manage the risks associated with our anticipated growth, including growth through creating new boutique private trust bank offices, could have a material adverse effect on our business, financial condition and results of operations.

Although we plan to grow our business internally, we may expand our business by acquiring other banks and financial services companies, and we may not be successful in doing so.

While a key element of our business plan is to grow our banking franchise and increase our market share through internal and organic growth, we intend to take advantage of opportunities to acquire other banks, investment advisors, and other financial services companies as such opportunities present themselves. However, we may not succeed in seizing such opportunities when they arise. Our ability to execute on acquisition opportunities may require us to raise additional capital and to increase our capital position to support the growth of our franchise. It will also depend on market conditions; over which we have no control. Moreover, any acquisitions may require the approval of our bank regulators and we may not be able to obtain such approvals on acceptable terms, if at all.

Acquisitions may subject us to integration risks and other unknown risks.

Although we plan to continue to grow our business organically and through opening new boutique private trust bank offices, we also intend to pursue acquisition opportunities that we believe complement our activities and have the ability to enhance our profitability and provide attractive risk-adjusted returns. Our acquisition activities could be material to our business and involve a number of risks, including the failure to: adequately centralize and standardize policies, procedures, products, and processes; combine employee benefit plans and compensation cultures; implement a unified investment policy and make related adjustments to combined investment portfolios; implement a unified loan policy and conform lending authority; implement a standard loan management system; avoid delays in implementing new policies or procedures; and apply new policies or procedures.

Certain events may arise after the date of an acquisition, or we may learn of certain facts, events or circumstances after the closing of an acquisition, that may affect our financial condition or performance or subject us to risk of loss. It is possible that we could undertake an acquisition that subsequently does not perform in line with our financial or strategic objectives or expectations. These events include, but are not limited to: retaining key associates and clients, achieving anticipated synergies, meeting expectations and otherwise realizing the undertaking's anticipated benefits; litigation resulting from circumstances occurring at the acquired entity prior to the date of acquisition; loan downgrades and credit loss provisions resulting from underwriting of certain acquired loans determined not to meet our credit standards; personnel changes that cause instability within a department; and other events relating to the performance of our business. In addition, if we determined that the value of an acquired business had decreased and that the related goodwill was impaired, an impairment of goodwill charge to earnings would be recognized. Acquisitions involve inherent uncertainty and we cannot determine all potential events, facts and circumstances that could result in loss or increased costs. Our due diligence or mitigation efforts may not be sufficient to protect against any such loss or increased costs.

We are required to make significant estimates and assumptions in the preparation of our financial statements and our estimates and assumptions may not be accurate.

The preparation of our consolidated financial statements in conformity with GAAP requires our management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of income and expense during the reporting periods. Critical estimates are made by management in determining, among other things, the ALLL, amounts of impairment of assets, and valuation of income taxes. If our underlying estimates and assumptions prove to be incorrect, our financial condition and results of operations may be materially adversely affected.

The occurrence of fraudulent activity, breaches of our information security, and cybersecurity attacks could adversely affect our ability to conduct our business, manage our exposure to risk or expand our businesses, result in the disclosure or misuse of confidential or proprietary information, increase our costs to maintain and update our operational and security systems and infrastructure, and adversely impact our results of operations, liquidity and financial condition, as well as cause legal or reputational harm.

As a financial institution, we are susceptible to fraudulent activity, information security breaches and cybersecurity-related incidents that may be committed against us, our clients, or third parties with whom we interact and that may result in financial losses or increased costs to us or our clients, disclosure or misuse of confidential information belonging to us or personal or confidential information belonging to our clients, misappropriation of assets, litigation, or damage to our reputation. Our industry has seen increases in electronic fraudulent activity, hacking, security breaches, sophisticated social engineering and cyber-attacks within the financial services industry, including in the commercial banking sector, as cyber-criminals have been targeting commercial bank and brokerage accounts on an increasing basis.

Our business is highly dependent on the security and efficacy of our infrastructure, computer and data management systems, as well as those of third parties with whom we interact or on whom we rely. Our business relies on the secure processing, transmission, storage and retrieval of confidential, proprietary and other information in our computer and data management systems and networks, and in the computer and data management systems and networks of third parties. In addition, to access our network, products and services, our customers and other third parties may use personal mobile devices or computing devices that are outside of our network environment and are subject to their own cybersecurity risks. All of these factors increase our risks related to cyber-threats and electronic disruptions.

In addition to well-known risks related to fraudulent activity, which take many forms, such as check "kiting" or fraud, wire fraud, and other dishonest acts, information security breaches and cybersecurity-related incidents have become a material risk in the financial services industry. These threats may include fraudulent or unauthorized access to data processing or data storage systems used by us or by our clients, electronic identity theft, "phishing," account takeover, denial or degradation of service attacks, and malware or other cyber-attacks. These electronic viruses or malicious code are typically designed to, among other things:

- Obtain unauthorized access to confidential information belonging to us or our clients and customers;
- Manipulate or destroy data;
- Disrupt, sabotage or degrade service on a financial institution's systems; or
- Steal money.

In recent periods, several governmental agencies and large corporations, including financial service organizations and retail companies, have suffered major data breaches, in some cases exposing not only their confidential and proprietary corporate information, but also sensitive financial and other personal information of their clients or clients and their employees or other third parties, and subjecting those agencies and corporations to potential fraudulent activity and their clients, clients and other third parties to identity theft and fraudulent activity in their credit card and banking accounts. Therefore, security breaches and cyber-attacks can cause significant increases in operating costs, including the costs of compensating clients and customers for any resulting losses they may incur and the costs and capital expenditures required to correct the deficiencies in and strengthen the security of data processing and storage systems.

Unfortunately, it is not always possible to anticipate, detect, or recognize these threats to our systems, or to implement effective preventative measures against all breaches, whether those breaches are malicious or accidental. Cybersecurity risks for banking organizations have significantly increased in recent years and have been difficult to detect before they occur because, among other reasons:

- The proliferation of new technologies, and the use of the Internet and telecommunications technologies to conduct financial transactions;
- These threats arise from numerous sources, not all of which are in our control, including among others human error, fraud or malice on the part of employees or third parties, accidental technological failure, electrical or telecommunication outages, failures of computer servers or other damage to our property or assets, natural disasters or severe weather conditions, health emergencies or pandemics, or outbreaks of hostilities or terrorist acts;
- The techniques used in cyberattacks change frequently and may not be recognized until launched or until well after the breach has occurred;
- The increased sophistication and activities of organized crime groups, hackers, terrorist organizations, hostile foreign governments, disgruntled employees or vendors, activists and other external parties, including those involved in corporate espionage;
- The vulnerability of systems to third parties seeking to gain access to such systems either directly or using equipment or security passwords belonging to employees, customers, third-party service providers or other users of our systems; and
- Our frequent transmission of sensitive information to, and storage of such information by, third parties, including our vendors and regulators, and possible weaknesses that go undetected in our data systems notwithstanding the testing we conduct of those systems.

Although to date we have not experienced any losses or other material consequences relating to technology failure, cyber-attacks or other information, we may suffer such losses or other consequences in the future. While we invest in systems and processes that are designed to detect and prevent security breaches and cyber-attacks and we conduct periodic tests of our security systems and processes, we may not succeed in anticipating or adequately protecting against or preventing all security breaches and cyber-attacks from occurring. Even the most advanced internal control environment may be vulnerable to compromise. Targeted social engineering attacks are becoming more sophisticated and are extremely difficult to prevent. Additionally, the existence of cyber-attacks or security breaches at third parties with access to our data, such as vendors, may not be disclosed to us in a timely manner. While we had insurance against losses related to cyber insurance as of the date of this prospectus, we may not be able to insure against losses related to cyber-threats in the future and our insurance may not insure against all possible losses. As cyber-threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities or incidents.

As is the case with non-electronic fraudulent activity, cyber-attacks or other information or security breaches, whether directed at us or third parties, may result in a material loss or have material consequences. Furthermore, the public perception that a cyber-attack on our systems has been successful, whether or not this perception is correct, may damage our reputation with customers and third parties with whom we do business. A successful penetration or circumvention of system security could cause us negative consequences, including loss of customers and business opportunities, disruption to our operations and business, misappropriation or destruction of our confidential information and/or that of our customers, or damage to our customers' and/or third parties' computers or systems, and could expose us to additional regulatory scrutiny and result in a violation of applicable privacy laws and other laws, litigation exposure, regulatory fines, penalties or intervention, loss of confidence in our security measures, reputational damage, reimbursement or other compensatory costs, additional compliance costs, and could adversely impact our results of operations, liquidity and financial condition.

We rely on communications, information, operating and financial control systems technology and related services from third-party service providers and we may suffer an interruption in those systems.

We also face indirect technology, cybersecurity and operational risks relating to the third parties with whom we do business or upon whom we rely to facilitate or enable our business activities. In addition to customers and clients, the third parties with whom we interact and upon whom we rely include financial counterparties; financial intermediaries such as clearing agents, exchanges and clearing houses; vendors; regulators; providers of critical infrastructure such as internet access and electrical power; and other parties for whom we process transactions. Each of these third parties faces the risk of cyber-attack, information breach or loss, or technology failure. Any such cyber-attack, information breach or loss, or technology failure of a third party could, among other things, adversely affect our ability to effect transactions, service our clients, manage our exposure to risk or expand our businesses. Additionally, interruptions in service and security breaches could damage our reputation, lead existing clients to terminate their business relationships with us, make it more difficult for us to attract new clients and subject us to additional regulatory scrutiny and possibly financial liability, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We continually encounter technological change, and we may have fewer resources than many of our competitors to invest in technological improvements.

The financial services industry is undergoing rapid technological changes with frequent introductions of new technology-driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve clients and to reduce costs. Our future success will depend, in part, upon our ability to address the needs of our clients by using technology to provide products and services that will satisfy client demands for convenience, as well as to create additional efficiencies in our operations. Many national vendors provide turn-key services that allow smaller banks to compete with institutions that have substantially greater resources to invest in technological improvements. We may not be able, however, to effectively implement new technology-driven products and services or be successful in marketing these products and services to our clients.

Our ability to attract and retain clients and key associates could be adversely affected if our reputation is harmed.

Our ability to attract and retain clients and key associates could be adversely affected if our reputation is harmed. Any actual or perceived failure to address various issues could cause reputational harm, including a failure to address any of the following types of issues: legal and regulatory requirements; the proper maintenance or protection of the privacy of client and employee financial or other personal information; record keeping deficiencies or errors; money-laundering; and potential conflicts of interest or ethical issues. Moreover, any failure to appropriately address any issues of this nature could give rise to

additional regulatory restrictions, and legal risks, which could lead to costly litigation or subject us to enforcement actions, fines, or penalties and cause us to incur related costs and expenses. In addition, our banking, investment advisory and wealth management businesses are dependent on the integrity of our banking personnel and our investment advisory and wealth managers. Lapses in integrity could cause reputational harm to our businesses that could lead to the loss of existing clients and make it more difficult for us to attract new clients and, therefore, could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may incur significant losses due to ineffective risk management processes and strategies.

We seek to monitor and control our risk exposures through a risk and control framework encompassing a variety of separate but complementary financial, credit, operational and compliance systems, and internal control and management review processes. However, those systems and review processes and the judgments that accompany their application may not be effective and, as a result, we may not anticipate every economic and financial outcome in all market environments or the specifics and timing of such outcomes, particularly in the event of the kinds of dislocations in market conditions experienced in recent years, which highlight the limitations inherent in using historical data to manage risk. If those systems and review processes prove to be ineffective in identifying and managing risks, we could be subjected to increased regulatory scrutiny and regulatory restrictions could be imposed on our business, including on our potential future business lines, as a result of which our business and operating results could be adversely affected.

A natural disaster could harm our business.

Historically, Colorado, Wyoming, Arizona, and especially California, in which a substantial portion of our business is located, have been susceptible to natural disasters, such as earthquakes, floods, mudslides, and wild fires. The nature and level of natural disasters cannot be predicted. These natural disasters could harm our operations through interference with communications, including the interruption or loss of our computer systems, which could prevent or impede us from gathering deposits, originating loans and processing and controlling our flow of business, as well as through the destruction of facilities and our operational, financial and management information systems. Additionally, natural disasters could negatively impact the values of collateral securing our borrowers' loans and interrupt our borrowers' abilities to conduct their business in a manner to support their debt obligations, either of which could result in losses and increased provisions for loan losses for us.

We are exposed to risk of environmental liabilities with respect to real properties that we may acquire.

From time to time, in the ordinary course of our business, we acquire, by or in lieu of foreclosure, real properties which collateralize nonperforming loans. As an owner of such properties, we could become subject to environmental liabilities and incur substantial costs for any property damage, personal injury, investigation and clean-up that may be required due to any environmental contamination that may be found to exist at any of those properties, even if we did not engage in the activities that led to such contamination and those activities took place prior to our ownership of the properties. In addition, if we are the owner or former owner of a contaminated site, we may be subject to common law claims by third parties seeking damages for environmental contamination emanating from the site. If we were to become subject to significant environmental liabilities or costs, our business, financial condition, results of operations and prospects could be materially and adversely affected.

New lines of business or new products and services may subject us to additional risks.

From time to time, we may implement new lines of business or offer new products and services within existing lines of business. There are substantial risks and uncertainties associated with these efforts. We may invest significant time and resources in developing and marketing new lines of business or new products and services. Initial timetables for the introduction and development of new lines of business or new products or services may not be achieved and price and profitability targets may not prove feasible or may be dependent on identifying and hiring a qualified person to lead the division. In addition, existing management personnel may not have the experience or capacity to provide effective oversight of new lines of business or new products and services.

External factors, such as compliance with regulations, competitive alternatives, and shifting market preferences, may also impact the successful implementation of a new line of business or a new product or service. Furthermore, any new line of business or new product or service could have a significant impact on the effectiveness of our system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business or new products or services could have a material adverse effect on our business, results of operations, financial condition and prospects.

We rely on customer and counterparty information, which subjects us to risks if that information is not accurate or is incomplete.

When deciding whether to extend credit or enter into other transactions with customers or counterparties, we may rely on information provided by or on behalf of those customers and counterparties, including audited financial statements and other financial information. We may also rely on representations made by customers and counterparties that the information they provide is accurate and complete. We conduct appropriate due diligence on such customer information and, where practical and economical, we engage valuation and other experts or sources of information to assist with assessing collateral and other customer risks. Our financial results could be adversely affected if the financial statements, collateral value or other financial information provided by customers or counterparties are incorrect.

Risks Related to Our Regulatory Environment

The financial services industry is highly regulated, and legislative or regulatory actions taken now or in the future may have a significant adverse effect on our operations.

The financial services industry is extensively regulated and supervised under both federal and state laws and regulations that are intended primarily to protect clients, depositors, the Federal Deposit Insurance Corporation ("FDIC") deposit insurance fund, and the banking system as a whole, not our shareholders. We are subject to the regulation and supervision of the Federal Reserve, the FDIC and the Colorado Division of Banking ("CDB"). The banking laws, regulations and policies applicable to us govern matters ranging from the maintenance of adequate capital, safety and soundness, mergers and changes in control to the general business operations conducted by us, including permissible types, amounts and terms of loans and investments, the amount of reserves held against deposits, restrictions on dividends, imposition of specific accounting requirements, establishment of new offices and the maximum interest rate that may be charged on loans.

We are subject to changes in federal and state banking statutes, regulations and governmental policies, or the interpretation or implementation of them, and are subject to changes and increased complexity in regulatory requirements as governments and regulators continue reforms intended to strengthen the stability of the financial system and protect key markets and participants. Any changes in any federal or state banking statute, regulation or governmental policy, including changes which occurred in 2017 and

may occur in 2018 and beyond during the current and future administration, could affect us in substantial and unpredictable ways, including ways that may adversely affect our business, results of operations, financial condition or prospects. Compliance with laws and regulations can be difficult and costly, and changes to laws and regulations often impose additional compliance costs. In addition, federal and state banking regulators have broad authority to supervise our banking business and that of our subsidiaries, including the authority to prohibit activities that represent unsafe or unsound banking practices or constitute violations of statute, rule, regulation, or administrative order. Failure to comply with any such laws, regulations or regulatory policies could result in sanctions by regulatory agencies, restrictions on our business activities, civil money penalties or damage to our reputation, all of which could adversely affect our business, results of operations, financial condition or prospects.

Federal and state banking agencies periodically conduct examinations of our business, including compliance with laws and regulations, and our failure to comply with any supervisory actions which we are, or may become, subject to as a result of such examinations may adversely affect us.

The Federal Reserve, the FDIC, and the CDB may conduct examinations of our business, including for compliance with applicable laws and regulations. As a result of an examination, regulatory agencies may determine that the financial condition, capital resources, asset quality, asset concentrations, earnings prospects, management, liquidity, sensitivity to market risk, or other aspects of any of our operations are unsatisfactory, or that we or our management are in violation of any law, regulation or guideline in effect from time to time. Regulatory agencies may take a number of different remedial actions, including the power to enjoin "unsafe or unsound" practices, to require affirmative actions to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced, to direct an increase in our capital, to restrict our growth, to change the composition of our concentrations in portfolio or balance sheet assets, to assess civil monetary penalties against officers or directors, to remove officers and directors and, if such conditions cannot be corrected or there is an imminent risk of loss to depositors, the FDIC may terminate our deposit insurance. A regulatory action against us could have a material adverse effect on our business, results of operations, financial condition and prospects.

The Dodd-Frank Act may have a material effect on our operations.

The Dodd-Frank Act imposes significant regulatory and compliance changes on financial institutions and non-bank providers of financial products. The Dodd-Frank Act has had and will continue to have an impact on our business in the following ways:

- Changes to regulatory capital requirements;
- Creation of government regulatory agencies (particularly the Consumer Financial Protection Bureau (the "CFPB"), which develops and enforces rules for bank and non-bank providers of consumer financial products);
- Changes to deposit insurance assessments;
- Regulation of debit interchange fees we earn;
- Changes in retail banking regulations, including potential limitations on certain fees we may charge; and
- Changes in the regulation of consumer mortgage loan origination and risk retention.

In addition, the Dodd-Frank Act restricts the ability of banks to engage in certain proprietary trading or to sponsor or invest in private equity or hedge funds. The Dodd-Frank Act also contains provisions designed to limit the ability of insured depository institutions, their holding companies, and their affiliates to conduct certain swaps and derivatives activities and to take certain principal positions in financial

instruments. Some provisions of the Dodd-Frank Act have not been completely implemented and future implementation is uncertain in light of the transition of power in the United States federal government to the new administration following the 2016 election. The changes resulting from the Dodd-Frank Act may impact the profitability of our business activities or otherwise adversely affect our business. Failure to comply with the requirements may negatively impact our results of operations and financial condition. While we cannot predict what effect any presently contemplated or future changes in the laws or regulations or their interpretations would have on us, these changes could be materially adverse to investors in our equity securities.

As a result of the Dodd-Frank Act and associated rulemaking, we have become subject to more stringent capital requirements.

On July 2, 2013, the Federal Reserve, and on July 9, 2013, the FDIC and the Office of the Comptroller of the Currency (the "OCC"), adopted a final rule that implements the Basel III changes to the international regulatory capital framework and revises the U.S. risk-based and leverage capital requirements for U.S. banking organizations to strengthen identified areas of weakness in capital rules and to address relevant provisions of the Dodd-Frank Act.

The final rule established a stricter regulatory capital framework that requires banking organizations to hold more and higher-quality capital to act as a financial cushion to absorb losses and help banking organizations better withstand periods of financial stress. The final rule increased capital ratios for all banking organizations and introduced a "capital conservation buffer" which is in addition to each capital ratio. If a banking organization dips into its capital conservation buffer, it may be restricted in its ability to pay dividends and discretionary bonus payments to its executive officers. The final rule assigned a higher risk weight (150%) to exposures that are more than 90 days past due or are on nonaccrual status and to certain commercial real estate facilities that finance the acquisition, development or construction of real property. The final rule also required unrealized gains and losses on certain "available-for-sale" securities holdings to be included for purposes of calculating regulatory capital requirements unless a one-time opt-out is exercised. We exercised this opt-out right in our March 31, 2015 quarterly financial filing. The final rule also included changes in what constitutes regulatory capital, some of which are subject to a two-year transition period. These changes included the phasing-out of certain instruments as qualifying capital. In addition, Tier 2 capital is no longer limited to the amount of Tier 1 capital included in total capital. Mortgage servicing rights, certain deferred tax assets and investments in unconsolidated subsidiaries over designated percentages of common stock are required to be deducted from capital, subject to a two-year transition period.

The final rule became effective for us on January 1, 2015. As of December 31, 2017, we met all of these new requirements, including the full capital conservation buffer.

Although we currently cannot predict the specific impact and long-term effects that Basel III will have on our Company and the banking industry more generally, the Company will be required to maintain higher regulatory capital levels which could impact our operations, net income and ability to grow. Furthermore, the Company's failure to comply with the minimum capital requirements could result in our regulators taking formal or informal actions against us which could restrict our future growth or operations.

New and future rulemaking by the CFPB and other regulators, as well as enforcement of existing consumer protection laws, may have a material and adverse effect on our operations and operating costs.

The CFPB has the authority to implement and enforce a variety of existing federal consumer protection statutes and to issue new regulations but, with respect to institutions of our size, does not have

primary examination and enforcement authority with respect to such laws and regulations. The authority to examine depository institutions with $10.0 billion or less in assets, like us, for compliance with federal consumer laws remains largely with our primary federal regulator, the FDIC. However, the CFPB may participate in examinations of smaller institutions on a "sampling basis" and may refer potential enforcement actions against such institutions to their primary regulators. In some cases, regulators such as the Federal Trade Commission and the Department of Justice also retain certain rulemaking or enforcement authority, and we also remain subject to certain state consumer protection laws. As an independent bureau within the Federal Reserve, the CFPB may impose requirements more severe than the previous bank regulatory agencies. The CFPB has placed significant emphasis on consumer complaint management and has established a public consumer complaint database to encourage consumers to file complaints they may have against financial institutions. We are expected to monitor and respond to these complaints, including those that we deem frivolous, and doing so may require management to reallocate resources away from more profitable endeavors.

The level of our commercial real estate loan portfolio may subject us to heightened regulatory scrutiny.

The FDIC and the Federal Reserve have promulgated joint guidance on sound risk management practices for financial institutions with concentrations in commercial real estate lending. Under the guidance, a financial institution that is actively involved in commercial real estate lending should perform a risk assessment to identify potential concentrations in commercial real estate lending. A financial institution may have such a concentration if, among other factors: (i) total outstanding loans for construction, land development, and other land represent 100% or more of total risk-based capital ("CRE 1 Concentration"); or (ii) total outstanding loans for construction, land development and other land and loans secured by multifamily and non-owner occupied non-farm, non-residential properties (excluding loans secured by owner-occupied properties) represent 300% or more of total risk-based capital ("CRE 2 Concentration") and the institution's commercial real estate loan portfolio has increased by 50% or more during the prior 36-month period. In such an instance, management should employ heightened risk management practices, including board and management oversight and strategic planning, development of underwriting standards, risk assessment and monitoring through market analysis and stress testing. As of March 31, 2018, our CRE 1 Concentration level was 56.1% and our CRE 2 Concentration level was 195.5%. We may, at some point, be considered to have a concentration in the future, or our risk management practices may be found to be deficient, which could result in increased reserves and capital costs as well as potential regulatory enforcement action.

We are subject to numerous laws designed to protect consumers, including the Community Reinvestment Act and fair lending laws, and failure to comply with these laws could lead to a wide variety of sanctions.

The Community Reinvestment Act, the Equal Credit Opportunity Act, the Fair Housing Act and other fair lending laws and regulations impose nondiscriminatory lending requirements on financial institutions. The Department of Justice, the CFPB and other federal agencies are responsible for enforcing these laws and regulations. A successful regulatory challenge to an institution's performance under the Community Reinvestment Act or fair lending laws and regulations could result in a wide variety of sanctions, including damages and civil money penalties, injunctive relief, restrictions on mergers and acquisitions activity, restrictions on expansion, and restrictions on entering new business lines. Private parties may also have the ability to challenge an institution's performance under fair lending laws in private class action litigation. Any such actions could have a material adverse effect on our business, financial condition, results of operations and prospects.

We face a risk of noncompliance and enforcement action with the Bank Secrecy Act and other anti-money laundering statutes and regulations.

The federal Bank Secrecy Act, Title III of the USA PATRIOT Act of 2001 and other laws and regulations require financial institutions, among other duties, to institute and maintain effective anti-money laundering programs and file suspicious activity and currency transaction reports as appropriate. The federal Financial Crimes Enforcement Network, established by the Treasury to administer the Bank Secrecy Act, is authorized to impose significant civil money penalties for violations of those requirements and has recently engaged in coordinated enforcement efforts with the individual federal banking regulators, as well as the U.S. Department of Justice, Drug Enforcement Administration and Internal Revenue Service. There is also increased scrutiny of compliance with the sanctions rules enforced by the Office of Foreign Assets Control. If our policies, procedures and systems are deemed deficient or the policies, procedures and systems of any financial institutions that we may acquire in the future are deemed deficient, we would be subject to liability, including fines and regulatory actions such as restrictions on our ability to pay dividends and the necessity to obtain regulatory approvals to proceed with certain aspects of our business plan, which would negatively impact our business, financial condition and results of operations. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for us. Any of these results could materially and adversely affect our business, financial condition, results of operations and prospects.

Regulations relating to privacy, information security and data protection could increase our costs, affect or limit how we collect and use personal information and adversely affect our business opportunities.

We are subject to various privacy, information security and data protection laws, including requirements concerning security breach notification, and we could be negatively impacted by these laws. For example, our business is subject to the Gramm-Leach-Bliley Act which, among other things: (i) imposes certain limitations on our ability to share non-public personal information about our clients with non-affiliated third parties; (ii) requires that we provide certain disclosures to clients about our information collection, sharing and security practices and afford clients the right to "opt out" of any information sharing by us with non-affiliated third parties (with certain exceptions); and (iii) requires we develop, implement and maintain a written comprehensive information security program containing safeguards appropriate based on our size and complexity, the nature and scope of our activities, and the sensitivity of client information we process, as well as plans for responding to data security breaches. Various state and federal banking regulators and states and foreign countries have also enacted data security breach notification requirements with varying levels of individual, consumer, regulatory or law enforcement notification in certain circumstances in the event of a security breach. Moreover, legislators and regulators in the United States and other countries are increasingly adopting or revising privacy, information security and data protection laws that potentially could have a significant impact on our current and planned privacy, data protection and information security-related practices, our collection, use, sharing, retention and safeguarding of consumer or employee information, and some of our current or planned business activities. This could also increase our costs of compliance and business operations and could reduce income from certain business initiatives. This includes increased privacy-related enforcement activity at the federal level, by the Federal Trade Commission, as well as at the state level, such as with regard to mobile applications.

Compliance with current or future privacy, data protection and information security laws (including those regarding security breach notification) affecting client or employee data to which we are subject could result in higher compliance and technology costs and could restrict our ability to provide certain products and services, which could have a material adverse effect on our business, financial conditions or results of operations. Our failure to comply with privacy, data protection and information security laws could result in potentially significant regulatory or governmental investigations or actions, litigation, fines,

sanctions and damage to our reputation, which could have a material adverse effect on our business, financial condition or results of operations.

We can be subject to legal and regulatory proceedings, investigations and inquiries related to conduct risk.

Such legal and regulatory activities could result in significant penalties and other negative impacts on our businesses and results of operations. At any given time, we can be involved in defending legal and regulatory proceedings and are subject to numerous governmental and regulatory examinations, investigations and other inquiries. The frequency with which such proceedings, investigations and inquiries are initiated have increased over the last few years, and the global judicial, regulatory and political environment generally remains hostile to financial institutions. For example, the U.S. Department of Justice, or the DOJ, conditions the granting of cooperation credit in civil and criminal investigations of corporate wrongdoing on the company involved having provided to investigators all relevant facts relating to the individuals responsible for the alleged misconduct. The complexity of the federal and state regulatory and enforcement regimes in the U.S., means that a single event or issue may give rise to a large number of overlapping investigations and regulatory proceedings, either by multiple federal and state agencies in the U.S. or by multiple regulators and other governmental entities in different jurisdictions. Moreover, U.S. authorities have been increasingly focused on "conduct risk," a term that is used to describe the risks associated with behavior by employees and agents, including third-party vendors, that could harm clients, consumers, investors or the markets, such as failures to safeguard consumers' and investors' personal information, failures to identify and manage conflicts of interest and improperly creating, selling and marketing products and services. In addition to increasing compliance risks, this focus on conduct risk could lead to more regulatory or other enforcement proceedings and litigation, including for practices which historically were acceptable but are now receiving greater scrutiny. Further, while we take numerous steps to prevent and detect conduct by employees and agents that could potentially harm customers, investors or the markets, such behavior may not always be deterred or prevented. Banking regulators have also focused on the overall culture of financial services firms. In addition to regulatory restrictions or structural changes that could result from perceived deficiencies in our culture, such focus could also lead to additional regulatory proceedings.

FWCM's business is highly regulated, and the regulators have the ability to limit or restrict, and impose fines or other sanctions on, FWCM's business.

FWCM is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act"), and its business is highly regulated. The Investment Advisers Act imposes numerous obligations on registered investment advisers, including fiduciary, record keeping, operational and disclosure obligations. Moreover, the Investment Advisers Act grants broad administrative powers to regulatory agencies such as the SEC to regulate investment advisory businesses. If the SEC or other government agencies believe that FWCM has failed to comply with applicable laws or regulations, these agencies have the power to impose fines, suspensions of individual employees or other sanctions, which could include revocation of FWCM's registration under the Investment Advisers Act. We are also subject to the provisions and regulations of ERISA to the extent that we act as a "fiduciary" under ERISA with respect to certain of our clients. ERISA and the applicable provisions of the federal tax laws, impose a number of duties on persons who are fiduciaries under ERISA and prohibit certain transactions involving the assets of each ERISA plan which is a client, as well as certain transactions by the fiduciaries (and certain other related parties) to such plans. Additionally, like other investment advisory and wealth management companies, FWCM also faces the risks of lawsuits by clients. The outcome of regulatory proceedings and lawsuits is uncertain and difficult to predict. An adverse resolution of any regulatory proceeding or lawsuit against FWCM could result in substantial costs or reputational harm to FWCM and, therefore, could have an adverse effect on the ability of FWCM to retain key relationship and wealth

managers, and to retain existing clients or attract new clients, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Risks Related to an Investment in our Common Stock

There is currently no regular market for our common stock. An active, liquid market for our common stock may not develop or be sustained upon completion of this offering, which may impair your ability to sell your shares.

Our common stock is not currently traded on an established public trading market. As a result, there is no regular market for our common stock. We contemplate that we will list our common stock on the Nasdaq Global Select Market, but an active, liquid trading market for our common stock may not develop or be sustained following this offering. A public trading market having the desired characteristics of depth, liquidity and orderliness depends upon the presence in the marketplace and independent decisions of willing buyers and sellers of our common stock, over which we have no control. Without an active, liquid trading market for our common stock, shareholders may not be able to sell their shares at the volume, prices and times desired. Moreover, the lack of an established market could materially and adversely affect the value of our common stock. The market price of our common stock could decline significantly due to actual or anticipated issuances or sales of our common stock in the future.

The market price of our common stock may be subject to substantial fluctuations, which may make it difficult for you to sell your shares at the volume, prices and times desired.

The market price of our common stock may be highly volatile, which may make it difficult for you to resell your shares at the volume, prices and times desired. There are many factors that may affect the market price and trading volume of our common stock, including, without limitation:

- Actual or anticipated fluctuations in our operating results, financial condition or asset quality;
- Changes in economic or business conditions;
- The effects of, and changes in, trade, monetary and fiscal policies, including the interest rate policies of the Federal Reserve;
- Publication of research reports about us, our competitors, or the financial services industry generally, or changes in, or failure to meet, securities analysts' estimates of our financial and operating performance, or lack of research reports by industry analysts or ceasing of coverage;
- Operating and stock price performance of companies that investors deemed comparable to us;
- Additional or anticipated sales of our common stock or other securities by us or our existing shareholders;
- Additions or departures of key personnel;
- Perceptions in the marketplace regarding our competitors or us;
- Significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving our competitors or us;
- Other economic, competitive, governmental, regulatory and technological factors affecting our operations, pricing, products and services; and
- Other news, announcements or disclosures (whether by us or others) related to us, our competitors, our primary markets or the financial services industry.

The stock market and, in particular, the market for financial institution stocks have experienced substantial fluctuations in recent years, which in many cases have been unrelated to the operating performance and prospects of particular companies. In addition, significant fluctuations in the trading volume in our common stock may cause significant price variations to occur. Increased market volatility may materially and adversely affect the market price of our common stock, which could make it difficult to sell your shares at the volume, prices and times desired.

The market price of our common stock could decline significantly due to actual or anticipated issuances or sales of our common stock in the future.

Actual or anticipated issuances or sales of substantial amounts of our common stock following this offering could cause the market price of our common stock to decline significantly and make it more difficult for us to sell equity or equity-related securities in the future at a time and on terms that we deem appropriate. The issuance of any shares of our common stock in the future also would, and equity-related securities could, dilute the percentage ownership interest held by shareholders prior to such issuance. Our articles of incorporation authorize us to issue up to 90 million shares of our common stock, of which will be outstanding following the completion of this offering (or shares if the underwriters exercise in full their option to purchase additional shares). All of the shares of common stock sold in this offering will be freely tradable, except that any shares purchased by our "affiliates" (as that term is defined in Rule 144 under the Securities Act of 1933, as amended, or the Securities Act) may be resold only in compliance with the limitations described under "Shares Eligible for Future Sale." The remaining outstanding shares of our common stock will be deemed to be "restricted securities" as that term is defined in Rule 144, and may be resold in the United States only if they are registered for resale under the Securities Act or an exemption, such as Rule 144, is available. We also intend to file a registration statement on Form S-8 under the Securities Act to register shares of common stock issued or reserved for issuance under our equity incentive plans. We may issue all of these shares without any additional action or approval by our shareholders, and these shares, once issued (including upon exercise of outstanding options), will be available for sale into the public market, subject to the restrictions described above, if applicable, for affiliate holders.

Further, in connection with this offering, we, our directors and our executive officers have agreed to enter into lock-up agreements that restrict the sale of their holdings of our common stock for a period of 180 days from the date of this prospectus. The underwriters, in their discretion, may release any of the shares of our common stock subject to these lock-up agreements at any time without notice. The resale of such shares could cause the market price of our stock to drop significantly, and concerns that those sales may occur could cause the trading price of our common stock to decrease or to be lower than it should be.

In addition, we may issue shares of our common stock or other securities from time to time as consideration for future acquisitions and investments and pursuant to compensation and incentive plans. If any such acquisition or investment is significant, the number of shares of our common stock, or the number or aggregate principal amount, as the case may be, of other securities that we may issue may in turn be substantial. We may also grant registration rights covering those shares of our common stock or other securities in connection with any such acquisitions and investments.

We cannot predict the size of future issuances of our common stock or the effect, if any, that future issuances and sales of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares of our common stock issued in connection with an acquisition or under a compensation or incentive plan), or the perception that such sales could occur, may adversely affect prevailing market prices for our common stock and could impair our ability to raise capital through future sales of our securities.

The obligations associated with being a public company will require significant resources and management attention, which will increase our costs of operations and may divert focus from our business operations.

As a public company, we will face increased legal, accounting, administrative and other costs and expenses that we have not incurred as a private company, particularly after we no longer qualify as an emerging growth company. We expect to incur substantial costs related to operating as a public company, and these costs may be higher when we no longer qualify as an emerging growth company. After the completion of this offering, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, which requires that we file annual, quarterly and current reports with respect to our business and financial condition and proxy and other information statements, and the rules and regulations implemented by the SEC, the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, the Dodd-Frank Act, the PCAOB and the Nasdaq Global Select Market, each of which imposes additional reporting and other obligations on public companies. As a public company, compliance with these reporting requirements and other SEC and the Nasdaq Global Select Market rules will make certain operating activities more time-consuming, and we will also incur significant new legal, accounting, insurance and other expenses. Furthermore, the need to establish the corporate infrastructure demanded of a public company may divert management's attention from implementing our operating strategy, which could prevent us from successfully implementing our strategic initiatives and improving our results of operations. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems to meet our reporting obligations as a public company. However, we cannot predict or estimate the amount of additional costs we may incur in order to comply with these requirements. We anticipate that these costs will materially increase our general and administrative expenses and such increases will reduce our profitability.

We had a material weakness in internal control over financial reporting relating to the accounting treatment of a non-recurring asset acquisition treated as a business combination in 2017. Failure to implement and maintain effective internal control over financial reporting could result in material misstatements in our financial statements, which could require us to restate financial statements, impair investor confidence in our reported financial information and have a negative effect on the trading price of our common stock.

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. For the year ended December 31, 2017, in connection with the preparation of year-end financial statements, a material weakness was identified in our internal control design over financial reporting for a business combination transaction related to our asset acquisition with EMC. The control designed to evaluate the accounting for the business combination during 2017 did not operate at a precise level to timely prevent and detect a misstatement prior to submission to the independent auditor.

To address this material weakness, we designed and implemented controls to review the data inputs, expanded research inclusive of the relevant GAAP as well as industry technical guidance and documentation, models, valuations and other processes related to significant and unusual transactions, including business combinations. We will continue to periodically test and update, as necessary, our internal control systems, including our financial reporting controls. We have also hired additional accounting personnel in anticipation of our transition from a private company to a public company. Our actions, however, may not be sufficient to result in an effective internal control environment, and any future failure to maintain effective internal control over financial reporting could impair the reliability of our financial statements, which in turn could harm our business, impair investor confidence in the accuracy and completeness of our financial reports, impair our access to the capital markets, cause the price of our common stock to decline and subject us to regulatory penalties.

Investors in this offering will experience immediate and substantial dilution.

The initial public offering price is substantially higher than the tangible book value per share of our common stock immediately following this offering. Therefore, if you purchase shares in this offering, you will experience immediate and substantial dilution in tangible book value per share in relation to the price that you paid for your shares. The dilution to new investors as a result of this offering is $ per share, based on the initial public offering price of $ per share, and our pro forma tangible book value of $ per share as of March 31, 2018. Further, this initial public offering may trigger certain rights held by shareholders who have Make Whole Rights, as discussed in "Certain Relationships and Related Persons Transactions—Make Whole Rights." These Make Whole Rights will result in the issuance of up to 128,977 additional shares of common stock, which will have an immediately dilutive effect on the shares issued in this offering. Accordingly, if we were liquidated at our pro forma tangible book value, you would not receive the full amount of your investment. See "Dilution."

Securities analysts may not initiate or continue coverage on us.

The trading market for our common stock will depend, in part, on the research and reports that securities analysts publish about us and our business. We do not have any control over these securities analysts, and they may not cover us. If one or more of these analysts cease to cover us or fail to publish regular reports on us, we could lose visibility in the financial markets, which could cause the price or trading volume of our common stock to decline. If we are covered by securities analysts and are the subject of an unfavorable report, the price of our common stock may decline.

Our management and board of directors have significant control over our business.

As of June 15, 2018, our directors and executive officers beneficially owned an aggregate of 1,862,133 shares, or 30.4% of our issued and outstanding shares of common stock. Following the completion of this offering, our directors and executive officers will beneficially own approximately % of our outstanding common stock as a group (or % if the underwriters exercise in full their option to purchase additional shares), excluding any shares that may be purchased in this offering by our directors and executive officers through the directed share program described in "Underwriting—Directed Share Program." Consequently, our management and board of directors may be able to significantly affect our affairs and policies, including the outcome of the election of directors and the potential outcome of other matters submitted to a vote of our shareholders, such as mergers, the sale of substantially all of our assets and other extraordinary corporate matters. This influence may also have the effect of delaying or preventing changes of control or changes in management, or limiting the ability of our other shareholders to approve transactions that they may deem to be in the best interests of our Company. The interests of these insiders could conflict with the interests of our other shareholders, including you.

We have broad discretion in the use of the net proceeds to us from this offering, and our use of these proceeds may not yield a favorable return on your investment.

We intend to use the net proceeds to us from this offering to further implement our expansion strategy, fund organic growth in our banking markets, to redeem our preferred stock, repay our subordinated notes due 2020 and for general corporate purposes, which may include paying off other debt. We have not specifically allocated the amount of net proceeds to us that will be used for these purposes and our management will have broad discretion over how these proceeds are used and could spend these proceeds in ways with which you may not agree. In addition, we may not use the net proceeds to us from this offering effectively or in a manner that increases our market value or enhances our profitability. We have not established a timetable for the effective deployment of the net proceeds to us, and we cannot predict how long it will take to deploy these proceeds. Investing the net proceeds to us in securities until we

are able to deploy these proceeds will provide lower yields than we generally earn on loans, which may have an adverse effect on our profitability. Although we may, from time to time in the ordinary course of business, evaluate potential acquisition opportunities that we believe provide attractive risk-adjusted returns, we do not have any immediate plans, arrangements or understandings relating to any acquisitions, nor are we engaged in negotiations with any potential acquisition targets. Likewise, although we regularly consider establishing private trust bank office locations and organic growth initiatives within our current and potential new markets, we do not have any immediate plans, arrangements or understandings relating to the establishment of any office locations or any other organic growth initiatives outside of the ordinary course of business.

We may not be able to redeem our preferred stock.

Subject to consultation with, and approval from, our banking regulators, we currently intend to repurchase the Fixed Rate Cumulative Perpetual Preferred Stock, Series A (referred to as "Series A preferred stock"), Fixed Rate Cumulative Perpetual Preferred Stock, Series B (referred to as "Series B preferred stock"), Fixed Rate Cumulative Perpetual Preferred Stock, Series C (referred to as "Series C preferred stock") and Noncumulative Perpetual Convertible Preferred Stock, Series D (referred to as "Series D preferred stock") following this offering. However, we may not be able to, or may not decide to, consummate the redemption of the preferred stock for any number of reasons, including, but not limited to failure to obtain approval or change in business circumstances. Until such time as the preferred stock are repurchased, the Company will remain subject to the terms and conditions of the respective certificates of designations governing those series, which, among other things, limit the Company's ability to pay dividends on common stock, repurchase or redeem common stock, and the preferred have priority in liquidation before our common stock.

The holders of our preferred stock will have priority over our common stock with respect to payment in the event of liquidation, dissolution or winding up and with respect to the payment of interest and preferred dividends.

As of June 15, 2018, we had outstanding: (i) 8,559 shares of Series A preferred stock that were issued February 6, 2009; (ii) 428 shares of Series B preferred stock that were issued February 6, 2009; (iii) 11,881 shares of Series C preferred stock were issued December 11, 2009; and (iv) 41,000 shares of Series D preferred stock that were issued in July and August 2012. These shares have rights that are senior to our common stock. As a result, we must make dividend payments on these series of preferred stock before any dividends can be paid on our common stock and, in the event of our bankruptcy, dissolution or liquidation, the holders of the series of preferred stock must be satisfied in full before any distributions can be made to the holders of our common stock. Furthermore, our board of directors, in its sole discretion, has the authority to designate and issue one or more series of preferred stock from our authorized and unissued preferred stock, which may have preferences with respect to common stock in dissolution, dividends, liquidation or otherwise. Future issuances of equity securities may negatively affect the market price of our common stock.

We may issue new debt securities, which would be senior to our common stock and may cause the market price of our common stock to decline.

We have issued $6.6 million aggregate principal amount of subordinated notes due 2026 and $6.8 million aggregate principal amount of subordinated notes due 2020. In the future, we may increase our capital resources by making additional offerings of debt or equity securities, which may include senior or additional subordinated notes, classes of preferred shares or common shares. Holders of our common stock are not entitled to preemptive rights or other protections against dilution. Preferred shares and debt, if issued, have a preference on liquidating distributions or a preference on dividend or interest payments that could limit our ability to make a distribution to the holders of our common stock. Future issuances

and sales of parity preferred stock, or the perception that such issuances and sales could occur, may also cause prevailing market prices for the series of preferred stock and our common stock to decline and may adversely affect our ability to raise additional capital in the financial markets at times and prices favorable to us. Further issuances of our common stock could be dilutive to holders of our common stock.

Our common stock constitutes equity and is subordinate to our existing and future indebtedness and our series of preferred stock, and is effectively subordinated to all the indebtedness and other non-common equity claims against our subsidiaries.

Shares of our common stock represent equity interests in the Company and do not constitute indebtedness. Accordingly, the shares of our common stock rank junior to all of our indebtedness and to other non-equity claims on the Company with respect to assets available to satisfy such claims. Additionally, dividends to holders of the Company's common stock are subject to the prior dividend and liquidation rights of the holders of the Company's series of preferred stock and any additional preferred stock we may issue. The Series A, B, and C preferred stock, collectively have an aggregate liquidation preference of $20.9 million, plus any accrued and unpaid dividends, and the Series D preferred stock has an aggregate liquidation preference of $4.1 million.

The Company's right to participate in any distribution of assets of any of its subsidiaries upon the subsidiary's liquidation or otherwise, and thus the ability of the Company's common shareholders to benefit indirectly from such distribution, will be subject to the prior claims of creditors of that subsidiary. As a result, holders of the Company's common stock will be effectively subordinated to all existing and future liabilities and obligations of its subsidiaries, including claims of depositors.

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our common stock, which could depress the price of our common stock.

Our articles of incorporation authorize us to issue up to 10 million shares of one or more series of preferred stock. Our board of directors has the authority to determine the preferences, limitations and relative rights of shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our shareholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discourage bids for our common stock at a premium over the market price and materially adversely affect the market price and the voting and other rights of the holders of our common stock.

The preferred stock that we have issued impacts net income available to our common shareholders and our earnings per share.

As long as the series of preferred stock are outstanding, no dividends may be paid on our common stock unless all dividends on the preferred stock have been paid in full. The dividends declared on the preferred stock, whether we are able to pay such dividends or not, along with the accretion of the discount upon issuance, will reduce the net income available to common shareholders and our earnings per share of common stock. Holders of the preferred stock have rights that are senior to those of the holders of our common stock.

We are dependent upon the Bank for cash flow, and the Bank's ability to make cash distributions is restricted.

Our primary tangible asset is the stock of the Bank. As such, we depend upon the Bank for cash distributions (through dividends on the Bank's common stock) that we use to pay our operating expenses,

satisfy our obligations (including our preferred dividends, subordinated debentures, notes, and our other debt obligations) and to pay dividends on our common stock. Federal statutes, regulations and policies restrict the Bank's ability to make cash distributions to us. These statutes and regulations require, among other things, that the Bank maintain certain levels of capital in order to pay a dividend. In addition, there are certain restrictions imposed by federal banking laws, regulations and authorities on the payment of dividends by us and by the Bank. If the Bank is unable to pay dividends to us, we will not be able to satisfy our obligations or pay dividends on our common stock. Our dividend policy may change without notice, and our future ability to pay dividends is subject to restrictions.

We are a separate and distinct legal entity from the Bank. We receive substantially all of our revenue from dividends paid to us by the Bank, which we use as the principal source of funds to pay our expenses and to pay dividends to our shareholders, if any. Various federal and state laws and regulations limit the amount of dividends that the Bank may pay us. If the Bank does not receive regulatory approval or does not maintain a level of capital sufficient to permit it to make dividend payments to us while maintaining adequate capital levels, our ability to pay our expenses and our business, financial condition or results of operations could be materially and adversely impacted.

As a bank holding company, we are subject to regulation by the Federal Reserve. The Federal Reserve has indicated that bank holding companies should carefully review their dividend policy in relation to the organization's overall asset quality, current and prospective earnings and level, composition and quality of capital. The guidance provides that we inform and consult with the Federal Reserve prior to declaring and paying a dividend that exceeds earnings for the period for which the dividend is being paid or that could result in an adverse change to our capital structure, including interest on the subordinated debentures underlying our trust preferred securities and our other debt obligations. If required payments on our outstanding junior subordinated debentures, held by our unconsolidated subsidiary trusts, or our other debt obligations, are not made or are deferred, or dividends on any preferred stock we may issue are not paid, we will be prohibited from paying dividends on our common stock.

Our corporate organizational documents and provisions of federal and state law to which we are subject contain certain provisions that could have an anti-takeover effect and may delay, make more difficult or prevent an attempted acquisition that you may favor or an attempted replacement of our board of directors or management.

Our articles of incorporation and our bylaws (each as amended and restated and in effect prior to the completion of this offering) may have an anti-takeover effect and may delay, discourage or prevent an attempted acquisition or change of control or a replacement of our incumbent board of directors or management. Our governing documents include provisions that:

- Empower our board of directors, without shareholder approval, to issue our preferred stock, the terms of which, including voting power, are to be set by our board of directors;
- Provide that directors may only be removed from office for cause;
- Eliminate cumulative voting in elections of directors;
- Permit our board of directors to alter, amend or repeal our amended and restated bylaws or to adopt new bylaws;
- Prohibit shareholder action by less than unanimous written consent, thereby requiring virtually all actions to be taken at a meeting of the shareholders;
- Require shareholders that wish to bring business before annual or special meetings of shareholders, or to nominate candidates for election as directors at our annual meeting of shareholders, to provide timely notice of their intent in writing; and

- Enable our board of directors to increase, between annual meetings, the number of persons serving as directors and to fill the vacancies created as a result of the increase by a majority vote of the directors present at a meeting of directors.

Banking laws also impose notice, approval, and ongoing regulatory requirements on any shareholder or other party that seeks to acquire direct or indirect "control" of an FDIC-insured depository institution or its holding company. These laws include the Bank Holding Company Act of 1956, as amended, or the BHC Act, and the Change in Bank Control Act, or the CBCA. These laws could delay or prevent an acquisition.

Furthermore, our bylaws provide that the state or federal courts located in Denver County, Colorado, the county in which the city of Denver is located, will be the exclusive forum for: (i) any actual or purported derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of breach of fiduciary duty by any of our directors or officers; (iii) any action asserting a claim against us or our directors or officers arising pursuant to the Colorado Business Corporations Act, our articles of incorporation, or our bylaws; or (iv) any action asserting a claim against us or our officers or directors that is governed by the internal affairs doctrine. By becoming a shareholder of our Company, you will be deemed to have notice of and have consented to the provisions of our bylaws related to choice of forum. The choice of forum provision in our bylaws may limit our shareholders' ability to obtain a favorable judicial forum for disputes with us. Alternatively, if a court were to find the choice of forum provision contained in our bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business, operating results and financial condition.

An investment in our common stock is not an insured deposit and is subject to risk of loss.

Any shares of our common stock you purchase in this offering will not be savings accounts, deposits or other obligations of any of our bank or nonbank subsidiaries and will not be insured or guaranteed by the FDIC or any other government agency. Your investment will be subject to investment risk, and you must be capable of affording the loss of your entire investment.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus 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. 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 and California;
- Changes in the economy affecting real estate values and liquidity;
- Our ability to continue to originate residential real estate loans and sell such loans;
- Risks specific to commercial loans and borrowers;
- Claims and litigation pertaining to our fiduciary responsibilities;
- Competition for investment managers and professionals;
- Fluctuation in the value of our investment securities;
- The soundness of certain securities brokerage firms;
- 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;
- Changes in interest rates;
- The adequacy of our allowance for credit losses;
- Weak economic conditions and global trade;
- Legislative changes or the adoption of tax reform policies;
- External business disruptors in the financial services industry;
- 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;
- Retaining our largest trust clients;
- Our ability to achieve our strategic objectives;
- Competition from other banks, financial institutions and wealth and investment management firms;

- Our ability to implement our internal growth strategy;
- Our ability to manage the risks associated with our anticipated growth;
- The acquisition of other banks and financial services companies;
- Integration risks and other unknown risks;
- The accuracy of estimates and assumptions;
- 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;
- Our ability to attract and retain clients and key associates;
- Natural disasters;
- Environmental liabilities;
- New lines of business or new products and services;
- The accuracy of information from customers and counterparties;
- Regulation of the financial services industry;
- Compliance with laws and regulations, supervisory actions, the Dodd-Frank Act, capital requirements; the Bank Secrecy Act, anti-money laundering laws, and other statutes and regulations;
- Regulatory scrutiny related to our commercial real estate loan portfolio;
- Compliance with future and existing laws designed to protect consumers;
- The enactment of regulations relating to privacy, information security and data protection;
- Legal and regulatory proceedings, investigations and inquiries, fines and sanctions;
- The development of an active, liquid market for our common stock;
- Fluctuations in the market price of our common stock;
- Actual or anticipated issuances or sales of our common stock in the future;
- Our ability to manage the obligations and costs associated with being a public company;
- Material weaknesses in our internal control over financial reporting;
- The initiation and continuation of securities analysts coverage of the Company;
- Our management and board of directors have significant control over our business;
- The use of the net proceeds to us from this offering;
- Our ability to redeem our preferred stock;
- The priority of our preferred stock relative to our common stock;
- Future issuances of debt securities;
- Our ability to manage our existing and future indebtedness;

- Future issuances of preferred stock and its impact on our common stock;
- Available cash flows from the Bank; and
- Other factors that are discussed in the section entitled "Risk Factors," beginning on page 25.

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this prospectus. 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.

USE OF PROCEEDS

Assuming an initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, we estimate that the net proceeds to us from the sale of our common stock in this offering, after deducting underwriting discounts and commissions but before payment of estimated offering expenses payable by us, will be approximately $ million, or approximately $ million if the underwriters exercise their option in full to purchase additional shares from us.

Each $1.00 increase (decrease) in the assumed initial public offering price would increase (decrease) the net proceeds to us from this offering by approximately $ million, or approximately $ million if the underwriters exercise their option in full to purchase additional shares from us in each case, assuming the number of shares set forth on the cover page of this prospectus remains the same and after deducting underwriting discounts and commissions but before payment of estimated offering expenses payable by us.

We intend to use approximately $25.0 million of the net proceeds from this offering to redeem all of the outstanding shares of our preferred stock, which consists of 8,559 shares of Series A preferred stock, 428 shares of Series B preferred stock, 11,881 shares of Series C preferred stock, and 41,000 shares of Series D preferred stock, and approximately $6.8 million of the net proceeds from this offering to redeem all of our subordinated notes due 2020. Although we intend to use a portion of the net proceeds of this offering to redeem all outstanding shares of our preferred stock and all of our subordinated notes due 2020 as promptly as practicable following the completion of this offering, the redemption of such securities is subject to regulatory approval, and accordingly, no assurance can be given as to when we will be able to redeem such securities, if at all.

We currently pay cumulative cash dividends at a rate per annum of 9.0% per share on our Series A preferred stock, Series B preferred stock and Series C preferred stock. Similarly, we pay non-cumulative cash dividends at a rate per annum of 9.0% on our Series D preferred stock. For a further description of our preferred stock, see "Description of Capital Stock—Preferred Stock—Capital Purchase Program Preferred Stock" and "Description of Capital Stock—Preferred Stock—Series D Preferred Stock."

The subordinated notes due 2020 bear interest at a fixed rate of 8.0% per annum and mature in July 2020. For a further description of our subordinated notes due 2020, see "Description of Certain Indebtedness—Subordinated Notes due 2020."

We intend to use the remaining net proceeds from this offering (which will be approximately $ million) to support our organic growth and for general corporate purposes, including maintenance of our required regulatory capital and potential future acquisition opportunities. From time to time, we evaluate and conduct due diligence with respect to potential acquisitions, although we do not have any definitive agreements in place to make any such acquisitions at this time. Our management will retain broad discretion to allocate the net proceeds of this offering and we may elect to contribute a portion of the net proceeds to the Bank as regulatory capital. The precise amounts and timing of our use of the proceeds will depend upon market conditions and other factors.

We will not receive any proceeds from the sale of common stock by the selling shareholders.

DIVIDEND POLICY

We have not declared or paid any dividends on our common stock and we do not currently anticipate paying any cash dividends on our common stock in the foreseeable future. Instead, we anticipate that all of our earnings in the foreseeable future will be retained to support our operations and finance the growth and development of our business. Any future determination to pay dividends on our common stock will be made by our board of directors and will depend upon our results of operations, financial condition, capital requirements, general economic conditions, regulatory and contractual restrictions, our business strategy, our ability to service any equity or debt obligations senior to our common stock and other factors that our board of directors deems relevant. We are not obligated to pay dividends on our common stock and are subject to restrictions on paying dividends on our common stock.

As a bank holding company, our ability to pay dividends is affected by the policies and enforcement powers of the Federal Reserve. See "Supervision and Regulation—Regulation of the Company—Dividends." In addition, because we are a holding company, we are dependent upon the payment of dividends by the Bank to us as our principal source of funds to pay dividends in the future, if any, and to make other payments. The Bank is also subject to various legal, regulatory and other restrictions on its ability to pay dividends and make other distributions and payments to us. See "Supervision and Regulation—Regulation of the Bank—Dividends." The present and future dividend policy of the Bank is subject to the discretion of the board of directors. The Bank is not obligated to pay us dividends.

As a Colorado corporation, we are subject to certain restrictions on distributions under the Colorado Business Corporation Act. Generally, a Colorado corporation may not make a distribution to its shareholders if, after giving the distribution effect: (i) the corporation would not be able to pay its debts as they become due in the usual course of business; or (ii) the corporation's total assets would be less than the sum of its total liabilities plus the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution.

In addition, so long as any share of Series A preferred stock, Series B preferred stock, Series C preferred stock or Series D preferred stock remains outstanding, we generally may not declare or pay any dividend or distribution on our common stock, and we generally may not directly or indirectly, purchase, redeem or otherwise acquire for consideration any shares of common stock unless all accrued and unpaid dividends for all past dividend periods on all outstanding shares of Series A preferred stock, Series B preferred stock, Series C preferred stock and Series D preferred stock have been or are contemporaneously declared and paid in full.

We are also subject to certain restrictions on our right to pay dividends to our shareholders under the terms of our credit agreement with BMO Harris Bank, N.A.

CAPITALIZATION

The following table sets forth our capitalization, including regulatory capital ratios, on a consolidated basis, as of March 31, 2018 on:

- An actual basis; and
- A pro forma as adjusted basis after giving effect to the issuance and sale by us of shares of our common stock in this offering (assuming the underwriters do not exercise their option to purchase any additional shares of common stock) and the receipt of the net proceeds from the sale of these shares at the initial public offering price of $ per share, which is the midpoint of the price range on the cover page of this prospectus, after deducting underwriting discounts and commissions but before payment of estimated offering expenses payable by us.

This table should be read in conjunction with, and is qualified in its entirety by reference to, "Use of Proceeds," "Selected Historical Consolidated Financial and Other Data," "Description of Capital Stock," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus.

	As of March 31, 2018	
(Dollars in thousands, except share and per share information)	**Actual**	**As Adjusted[1]**
Long-term Indebtedness:		
Federal Home Loan Bank Topeka borrowings	$ 47,928	$ 47,928
Subordinated Notes due 2020	6,560	—
Subordinated Notes due 2026	6,875	6,875
Shareholders' Equity:		
Preferred stock—no par value; 1,000,000 shares authorized; 20,868 issued and outstanding (actual) and no shares issued and outstanding (as adjusted); liquidation preference: $20,868	$ —	$ —
Convertible preferred stock—no par value; 150,000 shares authorized; 41,000 shares issued and outstanding (actual) and no shares issued and outstanding (as adjusted); liquidation preference: $4,100	—	—
Common Stock—no par value; 10,000,000 shares authorized; 5,900,698 shares issued and outstanding (actual); and shares issued and outstanding (as adjusted)[1]	—	—
Additional paid-in capital	132,520	
Accumulated deficit	(26,712)	(26,712)
Accumulated other comprehensive loss	(1,653)	(1,653)
Total shareholders' equity	$ 104,155	$
Total capitalization	$ 165,518	$
Capital Ratios:		
Total shareholders' equity to total assets	10.50%	
Tangible common equity ratio[2]	5.53%	
CET 1	7.04%	
Tier 1 leverage ratio	7.72%	
Tier 1 risk based capital ratio	9.44%	
Total risk based capital ratio	12.31%	

(1) References in this section to the number of shares of our common stock outstanding after this offering are based on shares of our common stock issued and outstanding as of March 31, 2018. Unless otherwise noted, these references exclude any shares reserved for issuance under our equity

compensation plans, any shares of common stock issuable upon the conversion of our Series D preferred stock and any shares of common stock issuable pursuant to the Make Whole Rights.

(2) The tangible common equity ratio is a non-GAAP financial measure. We calculate the tangible common equity ratio as tangible common equity divided by total assets less goodwill and other intangible assets, net. See our reconciliation of non-GAAP financial measures to their most directly comparable GAAP financial measures under the caption "Non-GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures."

Each $1.00 increase or (decrease) in the assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus) would increase or (decrease), respectively, the amount of cash and cash equivalents, total shareholders' equity and total capitalization by approximately $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts but before payment of estimated offering expenses payable by us.

DILUTION

If you invest in our common stock, your ownership interest will be diluted to the extent that the initial public offering price per share of our common stock exceeds the tangible book value per share of our common stock immediately following this offering. Tangible book value per share is equal to our total shareholders' equity, less intangible assets, divided by the number of our common shares outstanding. As of March 31, 2018, the tangible common book value of our common stock was $53.4 million, or $9.05 per share.

After giving effect to our sale of shares of common stock in this offering (assuming the underwriters do not exercise their purchase option) at an assumed initial public offering price of $ per share, which is the midpoint of the price range on the cover page of this prospectus, and after deducting estimated underwriting discounts and offering expenses payable by us, the pro forma net tangible book value of our common stock at March 31, 2018 would have been approximately $ million, or $ per share. Therefore, this offering will result in an immediate increase of $ in the tangible book value per share of our common stock of existing shareholders and an immediate dilution of $ in the tangible book value per share of our common stock to investors purchasing shares in this offering, or approximately % of the assumed initial public offering price of $ per share. Sales of shares by our selling shareholders in this offering do not affect our net tangible book value.

The following table illustrates the calculation of the amount of dilution per share that a purchaser of our common stock in this offering will incur given the assumptions above:

Assumed initial public offering price per share		$
Tangible book value per common share at March 31, 2018	$ 9.05	
Increase in tangible book value per common share attributable to new investors purchasing shares in this offering	$	
Pro forma tangible book value per common share upon completion of this offering		$
Dilution per share to new investors from offering		$

A $1.00 increase (decrease) in the assumed public offering price of $ per share, which is the midpoint of the price range on the cover page of this prospectus, would increase (decrease) our tangible book value by $ million, or $ per share, and the dilution to new investors by $ per share, assuming no change to the number of shares offered by us as set forth on the cover page of this prospectus, and after deducting underwriting discounts and estimated offering expenses payable by us.

If the underwriters exercise their option to purchase additional shares from us in full, the pro forma tangible book value after giving effect to this offering would be $ per share. This represents an increase in tangible book value of $ per share to existing shareholders and dilution of $ per share to new investors.

The following table summarizes, as of March 31, 2018, the total consideration paid to us and the average price paid per share by existing shareholders and investors purchasing common stock in this offering. This information is presented on a pro forma basis after giving effect to the sale of the shares of common stock in this offering (assuming the underwriters do not exercise their over-allotment option) at an assumed initial public offering price of $ per share, the midpoint of the price range on

the cover page of this prospectus, after deducting the underwriting discounts and commissions and offering expenses payable by us.

	Shares Purchased/ Issued		Total Consideration		Average Price Per Share
	Number	Percent	Amount (in millions)	Percent	
Shareholders as of March 31, 2018		%	$	%	$
New investors in this offering		%	$	%	$
Total		100%	$	100%	$

Assuming no shares are sold to existing shareholders in this offering, sales of shares of our common stock by the selling shareholders in this offering will reduce the number of shares of common stock held by existing shareholders to , or approximately % of the total shares of our common stock outstanding after this offering, and will result in new investors holding shares, or approximately % of the total shares of our common stock after this offering.

In addition, if the underwriters' option to purchase additional shares is exercised in full, the number of shares of common stock held by existing shareholders will be further reduced to % of the total number of shares of common stock to be outstanding upon the completion of this offering, and the number of shares of common stock held by investors participating in this offering will be further increased to shares, or % of the total number of shares of common stock to be outstanding upon the completion of this offering.

The number of shares of our common stock to be outstanding after this offering is based on 5,900,698 shares of common stock outstanding as of March 31, 2018, and excludes (i) 592,714 shares of our common stock issuable upon the exercise of stock options outstanding under our 2008 Plan, (ii) 199,263 shares subject to restricted stock units with time-based vesting under our 2016 Plan, (iii) 20,840 shares (which could increase to 36,021 shares if targeted financial metrics are exceeded) subject to performance stock units with vesting conditions based on the financial performance of the Company and time-based vesting under our 2016 Plan, (iv) 21,467 shares subject to performance stock units with vesting conditions based on the performance of the Company's common stock following an initial public offering and time-based vesting under our 2016 Plan, and (v) up to 128,977 shares issuable pursuant to the Make Whole Rights described in "Certain Relationships and Related Persons Transactions—Make Whole Rights," in each case as of March 31, 2018. To the extent that the outstanding but unexercised options under our equity compensation plans are exercised or other equity awards are issued under our equity compensation plans, investors participating in this offering will experience further dilution. We may choose to raise additional capital through the sale of equity or convertible debt securities due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent we issue additional shares of common stock or other equity or convertible debt securities in the future, there will be further dilution to investors participating in this offering.

PRICE RANGE OF OUR COMMON STOCK

Prior to this offering, our common stock has not been traded on an established public trading market and quotations for our common stock were not reported on any market. As a result, there has been no regular market for our common stock. Although our shares may have been sporadically traded in private transactions, the prices at which such transactions occurred may not necessarily reflect the price that would be paid for our common stock in an active market. As of June 15, 2018, there were 347 holders of record of our common stock.

We anticipate that this offering and the listing of our common stock on the Nasdaq Global Select Market will result in a more active trading market for our common stock. However, we cannot assure you that a liquid trading market for our common stock will develop or be sustained after this offering. You may not be able to sell your shares quickly or at the market price if trading in our common stock is not active. See "Underwriting" for more information regarding our arrangements with the underwriters and the factors considered in setting the initial public offering price.

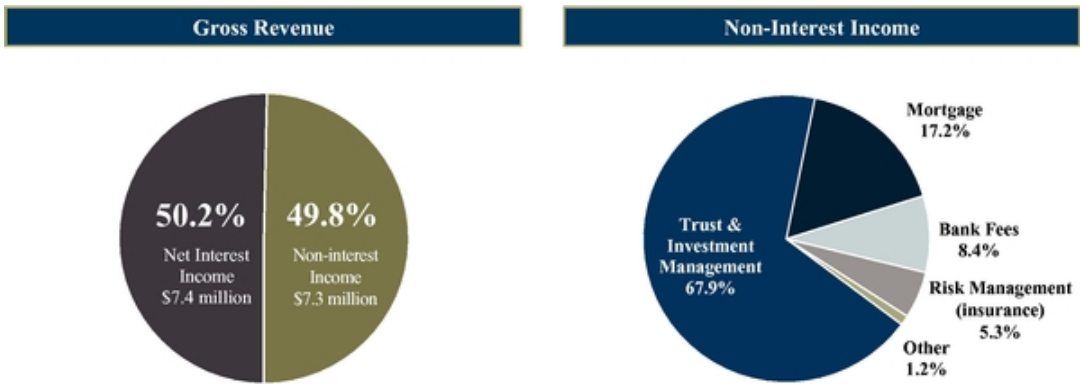
BUSINESS

Our Company

We are a financial holding company headquartered in Denver, Colorado. We provide a fully integrated suite of wealth management services on our private trust bank platform, which includes a comprehensive selection of deposit, loan, trust, wealth planning and investment management products and services. We believe our integrated business model distinguishes us from other banks and non-bank financial services companies in the markets in which we operate. As of March 31, 2018, we provided fiduciary and advisory services on $5.4 billion of AUM, and had total assets of $991.6 million, total loans of $817.3 million, total deposits of $818.2 million and total shareholders' equity of $104.2 million.

Our mission is to be the best private bank for 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. Our target clients include successful entrepreneurs, professionals and other high net worth individuals or families, along with their businesses and philanthropic organizations. 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 thirteen locations across Colorado, Arizona, Wyoming and California.

We generate a significant portion of our revenues from non-interest income, which we produce primarily from our trust, investment management and other advisory services as well as through the origination and sale of mortgage loans. The balance of our revenue we generate from net interest income, which we derive from our traditional banking products and services. For the year ended December 31, 2017, non-interest income was $27.7 million, or 50.1% of gross revenue (which is our total income before non-interest expense, less gains on securities sold, plus provision for credit losses), and net interest income was $27.6 million, or 49.9% of gross revenue. For the quarter ended March 31, 2018, non-interest income was $7.3 million, or 49.8% of gross revenue, and net interest income was $7.4 million, or 50.2% of gross revenue, as indicated in the diagram below:



We believe that we have developed a unique approach to private banking to best serve our Western wealth management clients primarily as a result of the combination of the following factors:

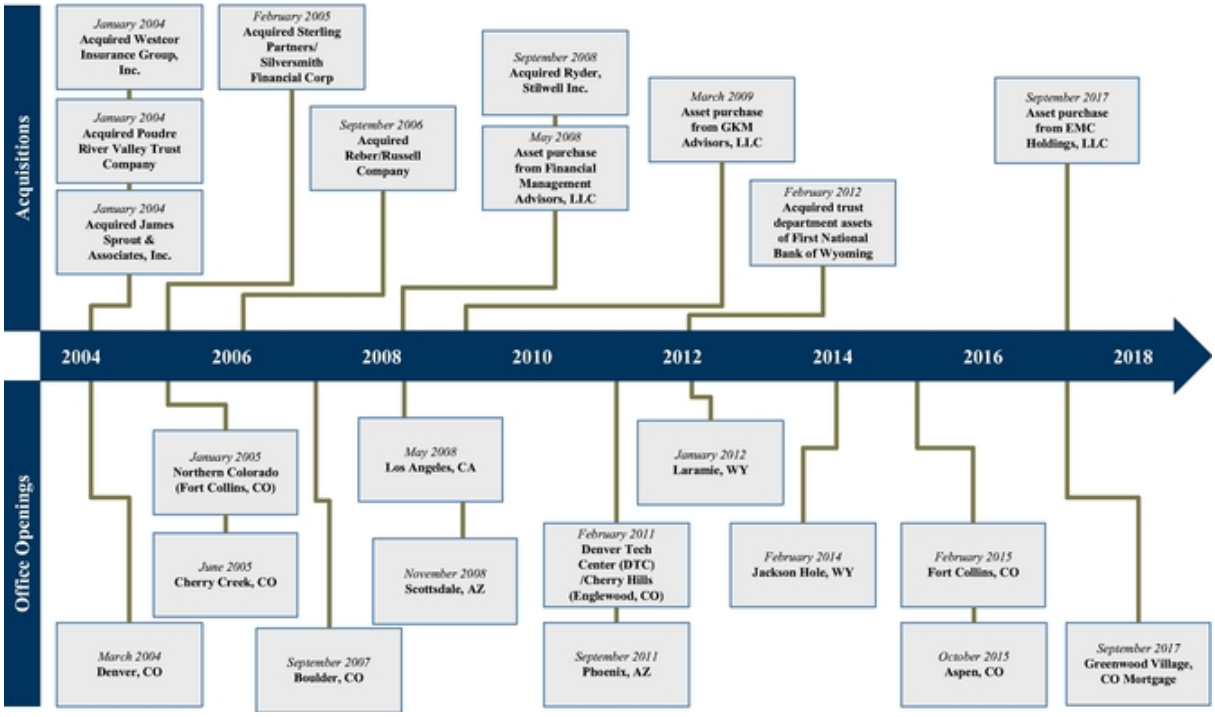
- Offering sophisticated wealth management products and services, including traditional banking as well as trust, wealth planning, investment management and other related services often provided by larger financial institutions with the high-touch and personalized experience that is typically associated with community and trust banks;

- Delivering services through our strategically located private trust bank offices, which we refer to internally as "profit centers"; and

- Using our relationship-based team approach, to become a "trusted advisor" to our clients by understanding their investment management, ultimate goals and banking needs and tailoring our products and services to meet those needs.

Our History and Growth

We were founded in 2002 by our Chairman, Chief Executive Officer and President, Scott C. Wylie, and a group of local business leaders with the vision of building the best private bank for the Western wealth management client. Since opening our first profit center in Denver, Colorado in 2004, we have grown organically primarily by establishing thirteen offices, attracting new clients and expanding our relationships with existing clients, as well as through a series of ten strategic acquisitions of various trust, registered investment advisory and other financial services firms. The following timeline illustrates how we developed our current footprint through *de novo* office openings and acquisitions since opening our first profit center in 2004.



Office Openings

Historically, we have used two primary models to expand our footprint and open new offices. We have been successful starting *de novo* profit centers. In markets where we have identified well-respected RIAs, we seek to acquire the RIA and augment the RIA's existing services with our wealth management private trust bank platform. Examples of each expansion model are described below:

- *De Novo Profit Centers*—In our Aspen, Colorado profit center, we hired local banking professionals to lead our *de novo* expansion into that market. Since its inception in October 2015, our Aspen profit center has increased gross loans, total deposits and AUM to $50.5 million, $43.2 million and $38.9 million, respectively, at March 31, 2018. In our Jackson Hole, Wyoming profit center, we hired local investment management leaders and added our fully integrated suite of wealth management services on our private trust bank platform. Since we hired such team in January 2014, the Jackson Hole profit center has increased gross loans, total deposits and AUM to $26.2 million,

$39.0 million and $260.4 million, respectively, at March 31, 2018. We believe the investments we have made in our two latest, less mature profit centers in Jackson Hole, Wyoming and Aspen, Colorado provide the foundation for future organic growth and high contribution margins consistent with our more mature profit centers.

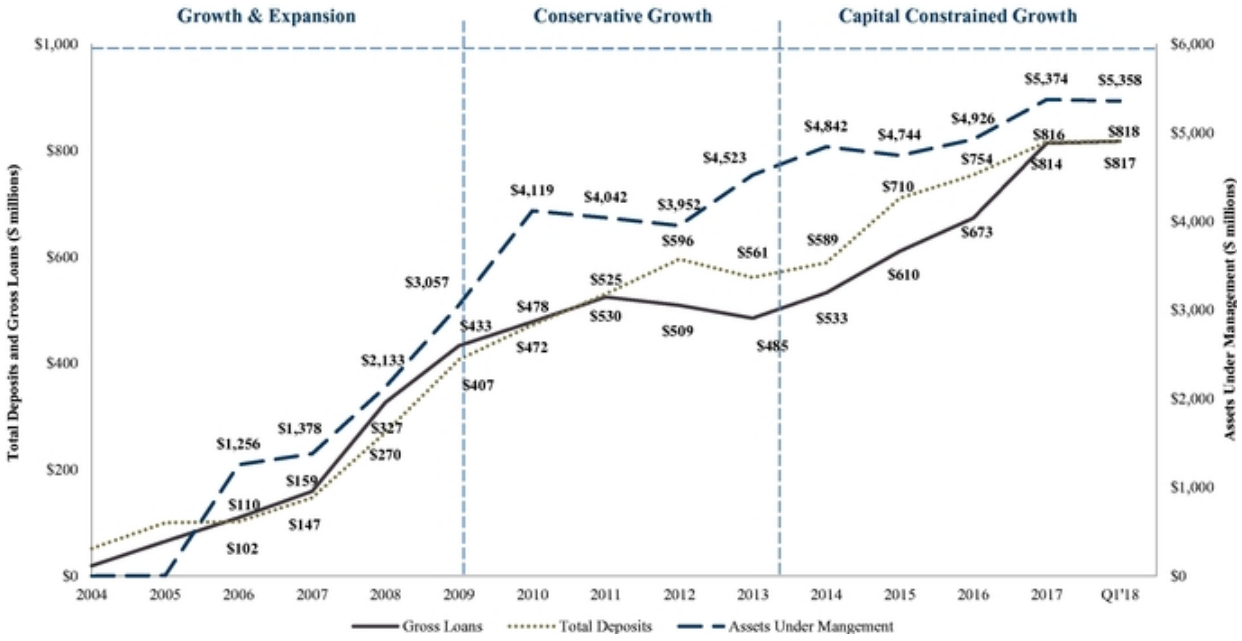
- *RIA Acquisition*—We acquired an existing RIA and trust company to open our Fort Collins, Colorado profit center. Our Fort Collins profit center has increased gross loans from $22.5 million at December 31, 2005 to $71.2 million at March 31, 2018 and increased total deposits from $7.7 million at December 31, 2005 to $108.0 million at March 31, 2018.

Balance Sheet Growth

Since opening our first profit center in 2004, we have also experienced growth in gross loans, total deposits and AUM throughout various economic cycles. From 2004 to 2008, which we refer to as our "Growth & Expansion" period in the chart below, we experienced significant growth in our gross loans, total deposits and assets under management primarily through the opening of six profit centers and organic growth, enhanced with seven acquisitions.

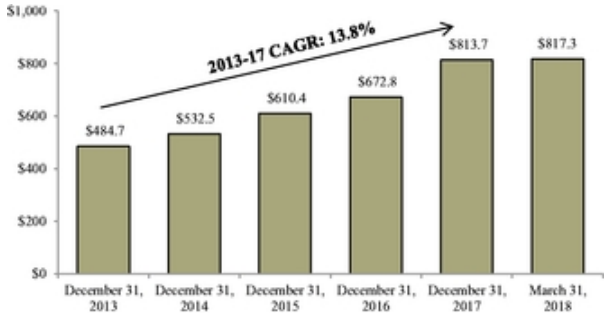
From 2009 to 2013, which we refer to as our "Conservative Growth" period in the chart below due to difficult economic and industry conditions prevalent at such time, growth in gross loans, total deposits and assets under management was limited as we focused our efforts on integrating prior acquisitions, opening three new profit centers and improving our asset quality. During this time, we strengthened our regulatory capital position through a number of preferred stock and subordinated debt offerings, which limited dilution to our common shareholders.

From 2013 to March 31, 2018, which we refer to as our "Capital Constrained Growth" period in the chart below, we have strategically focused our efforts on building our team, distribution channels and products for improved growth and earnings, while managing our balance sheet to stay below $1.0 billion in assets in order to retain the benefits available to us under the Small Bank Holding Company Policy Statement of the Federal Reserve, including not being subject to consolidated capital ratio requirements under Basel III.

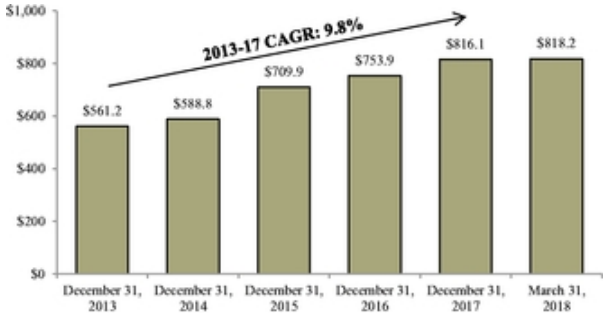


Since December 31, 2013, we have increased gross loans from $484.7 million at December 31, 2013 to $817.3 million at March 31, 2018, and we have increased total deposits from $561.2 million at December 31, 2013 to $818.2 million at March 31, 2018.

Gross Loans ($ millions)



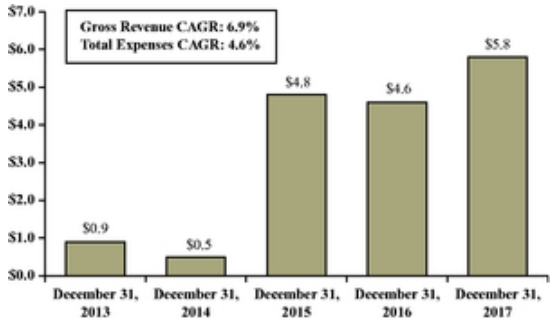
Total Deposits ($ millions)



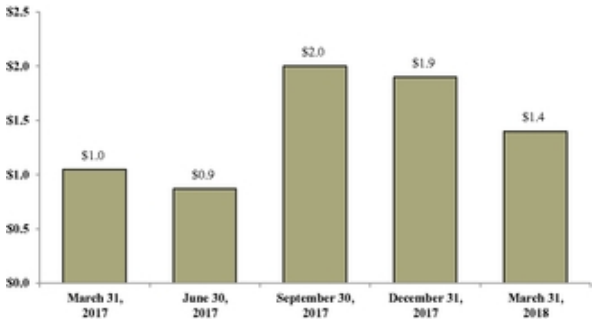
Revenue, Expense & Pre-Tax, Pre-Provision Income Growth

Since December 31, 2013, we have increased gross revenues from $42.4 million for the year ended December 31, 2013 to $55.2 million for the year ended December 31, 2017, representing a CAGR of 6.9%, while total non-interest expense increased from $41.4 million for the year ended December 31, 2013 to $49.5 million for the year ended December 31, 2017, representing a CAGR of 4.6%. This 150% operating leverage (which we calculate as the ratio of gross revenue CAGR to total non-interest expense CAGR) has resulted in improved pre-tax, pre-provision income, which increased 6.5 times over the same time period. We believe that while the higher fixed costs of our product groups have limited our earnings, we have demonstrated significant operating leverage by growing pre-tax, pre-provision income at a faster rate than expenses. Pre-tax, pre-provision income is a non-GAAP measure. The nearest GAAP measure is income before income tax, which was $5.0 million for the year ended December 31, 2017. See "Non-GAAP Reconciliation and Management Explanation of Non-GAAP Financial Measures." Pre-tax, pre-provision income increased from $0.9 million for the year ended December 31, 2013 to $5.8 million for the year ended December 31, 2017, as indicated in the charts below. In addition, we have increased our quarterly pre-tax, pre-provision income from $1.0 million in the three months ended March 31, 2017 to $1.4 million in the three months ended March 31, 2018.

Pre-Tax, Pre-Provision Income ($ millions)



Pre-Tax, Pre-Provision Income ($ millions)



Our Market Opportunity

Our strategic market area is defined by metropolitan areas in the Western United States having strong long-term economic growth prospects, a significant wealth demographic measured by growth in high net

worth households, a dynamic commercial business landscape and the ability to sustain one or more of our profit centers. We target households with more than $1.0 million in liquid net worth and their related businesses and philanthropic interests. We believe that the complex and diverse financial needs of this market segment presents an opportunity to serve a broad array of client needs efficiently and cost effectively.

Our current operating markets have a high concentration of our targeted client segment and are expected to experience high growth, providing opportunity for continued future organic growth through demographic and market share growth.

						Market Demographics			
		Deposit Market Share*				Total Population		$200,000+ Household Income Population	
MSA	State	Number of Profit Centers	Deposits in Market ($000)	Market Share (%)	Market Rank	2018 Population (actual)	Proj. '18 - '23 Population Change (%)	2018 Population (actual)	Proj. '18 - '23 Population Change (%)
Denver-Aurora-Lakewood	CO	3	354,633	0.4%	21	2,933,089	7.7%	10.2%	41.9%
Fort Collins	CO	1	135,702	1.8%	13	350,005	8.1%	8.1%	51.6%
Phoenix-Mesa-Scottsdale	AZ	2	131,806	0.1%	36	4,789,980	7.2%	6.5%	36.8%
Boulder	CO	1	95,763	1.0%	16	329,524	6.8%	13.8%	30.3%
Jackson	WY/ID	1	20,983	1.0%	9	34,916	5.8%	10.4%	18.2%
Glenwood Springs	CO	1	31,248	1.2%	10	77,708	4.7%	7.6%	24.9%
United States of America						**326,533,070**	**3.5%**	**7.4%**	**32.1%**

Source: S&P Global Market Intelligence; Population projections per Nielsen Holdings PLC

* Data as of June 30, 2017 per the FDIC's Summary of Deposits

We seek to expand our presence in our existing markets as well as other Western markets with similar demographic profiles. With improved access to capital as a result of our initial public offering, we expect to proactively evaluate opportunities to accelerate our organic growth and acquire banks, investment management firms and related businesses, while also seeking to hire talented personnel. We believe consolidation in the financial services industry along with the industry's movement towards automated and impersonal client service further presents a unique and significant opportunity for our Company. Our business model differentiates us from the industry, which we expect will enable us to increase our market share in existing markets and, on a strategic and opportunistic basis, expand our geographic footprint into new markets in the Western United States that share similar characteristics to our current markets.

Our Competitive Strengths

We believe that the following strengths differentiate us and will help us to achieve our principal financial objectives of increased shareholder value and generation of earnings:

- *Scalable Platform with Capacity to Support Our Growth.* Through significant investments in technology, staff, processes and procedures, we have built a scalable corporate infrastructure, which we believe will support our continued growth. In particular, our product group specialists, as well as other support and administrative functions, are provided to our profit centers from a central location, which provides operating leverage and allows us to deliver specialized expertise to our Western wealth management clients. By leveraging our central teams across a growing base of profit centers, we intend to continue to take advantage of our existing operating leverage, which we expect will continue to enhance our earnings growth.

- *Diversified, Stable and Growing Revenue.* A significant portion of our revenue is fee-based, much of which is recurring from our trust and investment management services. Our revenue mix is diversified and balanced, which we believe differentiates us from our peers and provides us with a platform for earnings growth and stability through various economic and interest rate cycles.

Additionally, since 2015 we have significantly grown our residential mortgage loan origination business with the objective of adding another client service as well as a new client acquisition channel, which also provides another source of non-interest income sources.

- *Experienced Management Team with a Proven Track Record.* Our management team has deep relationships in the communities that we serve and proven track records of successfully growing institutions. We have assembled a management team composed of individuals with significant banking and investment advisory experience as well as diverse backgrounds in other related industries. We believe that we have developed an entrepreneurial culture that is intensely focused on our clients and on executing our strategy.

- *Strong Asset Quality.* Sound asset quality and robust credit underwriting are integral to our strategy and culture. We place a considerable emphasis on effective risk management and preserving sound credit underwriting standards as we grow our loan portfolio. Our high net worth clients are typically well diversified and we normally require collateral, three sources of repayment and a guarantor. As a result, we believe we are less susceptible to credit losses and have historically had excellent credit quality. Our nonperforming assets to total assets ratio was 0.4% as of March 31, 2018 and 0.7% as of December 31, 2017.

- *Expansion Focus.* We have demonstrated the ability to enter new markets either by acquiring a local firm or by entering the market *de novo*. Having added several successful *de novo* profit centers and having also completed ten acquisitions since 2004, we believe we have the team and expertise to identify and successfully execute organic expansion opportunities as well as acquisitions that will enhance shareholder value.

- *Strong and Trusted Fiduciary-Based Relationships.* We maintain a client centric, "trusted advisor" approach that allows us to develop strong, trusted team-based relationships with our clients. While individual relationship managers at our competitors often control the client relationship, at First Western, each client has a team of professionals who deliver our multi-disciplinary expertise to address such client's financial needs. Our client relationships frequently include in-depth proprietary ConnectView® financial plans and sophisticated, institutional quality investment management that is driven by comprehensive investment policy statements and access to industry-leading money managers. These characteristics provide a level of financial strength, product depth, integrated team delivery, corporate governance, and oversight not typically found in boutique wealth advisory firms.

- *Distinctive Western-Based Approach.* As one of the first Western-based private banks, we are uniquely equipped to understand the needs and goals of the financially savvy, first- and second-generation wealth creators that have come to symbolize the dynamic economies of the Western United States. We understand the Western wealth management client is distinctive and the connection that first- and second-generation wealth creators have with their wealth is unique from that of generational wealth inheritors. We recognize the hands-on analytical approach that many Western wealth management clients appreciate and our entrepreneurial spirit that our teams share with our clients helps us better manage our client relationships.

Income before income tax in our largest segment, wealth management, continues to improve with growth in net interest income due to increases in our net interest rate spread and growth in non-interest income. Our capital management segment recorded a loss before income tax for the years ended December 31, 2017 and 2016 of $0.9 million and $1.1 million, respectively. We seek to improve efficiencies in our capital management segment by reducing expenses to improve profitability. Our mortgage segment also recorded a loss before tax for the year ended December 31, 2017 and 2016 of $0.4 million and $0.7 million, respectively. We acquired the assets of a mortgage company in the third quarter of 2017. Subsequent to the asset acquisition, we have reduced costs and increased the volume of our mortgage loan production and origination into both the secondary market and the wealth management loan portfolio.

Our Business Strategy

We believe we have built a premier private trust bank in the Western United States that is focused on providing the best financial solutions to our clients. We are service-driven, solution-oriented and relationship-based. We intend to accomplish this by continuing to execute on the following strategies:

- *Building Out Existing Markets.* Once we have established a presence in a particular geographic market that contains attractive high net worth household demographics, we then look to establish additional locations that are closely situated to sub-concentrations of affluent households and/or commercial activity (a "hub and spoke" market build-out, as we have commenced in Denver and Phoenix). We also seek to employ highly capable associates with local market experience and relationships.

- *Deepening Existing Client Relationships.* We deliver our services though our local boutique private trust bank offices. This allows us to use multi-discipline sales and client service teams, in market, to ensure we are meeting our client's comprehensive set of needs. These teams take the time to understand the complexities of our clients' financial world through wealth planning solutions and create the financial plan that helps them reach their goals. This profit center-based service model is a critical component of our future growth as we continue to develop our understanding of our clients' evolving needs we can deepen, broaden and grow our existing relationships.

- *Generating Referrals for New Client Relationships.* We believe we have demonstrated a successful sales and marketing capability, built around the personal and professional networks and centers of influence of our local profit center leadership. Our existing client base also provides a significant amount of new clients through referrals. In surveys, our clients generally rate us very favorably overall in areas of professionalism, reliability, service-orientation, and trust. We also recently added wealth advisors to several of our profit centers as commissioned sales associates to enhance our acquisition of new clients.

- *Developing Client Relationships through our Product Groups.* Each profit center is designed to feel like a boutique private trust bank office and is staffed with business development and client service personnel. The profit centers work closely with our central product groups to customize our services to each client's specific situation, without sacrificing the flexibility, expertise and authority to quickly meet complex client needs. Our central product groups are designed to support a significantly larger client and AUM base, providing an opportunity for significant operating leverage as we open additional profit centers. We have sales and service specialists in our product groups, such as Retirement Services and Mortgage Services, who are able to build relationships within their area of expertise and provide expertise and high quality service that creates an opportunity for a broader relationship across our suite of products and services.

- *Expanding to New Markets.* We believe that our profit centers are profitable and stable businesses when mature. We also believe that our product group and support center teams have a high degree of operating leverage (i.e., we believe that increasing the number of profit centers would not require a proportionate increase in our product group or support center expenses). Therefore, a key strategy of ours is to add incremental profit centers and grow them to maturity. The trends in the financial services industry that make our business model successful in our existing geographic markets also exist in other locations in the Western United States. Our analysis indicates that there are hundreds of markets and submarkets in the Western United States that could support our profit centers and fit our target demographics. As such, we will continue to explore new Western United States markets with favorable high net worth demographics and competitive marketplaces.

- *Growing our Core Deposit Franchise.* The strength of our deposit franchise is derived from the long-standing relationships we have with our clients and the strong ties we have to the markets we serve. Our deposit footprint has provided, and we believe will continue to provide, primary support

for our loan growth. A key part of our strategy is to continue to enhance our funding sources by continuing to build our private and commercial banking capabilities to keep building our base of attractively priced core deposits.

- *Attracting Talent.* Our team of seasoned associates has been, and will continue to be, an important driver of our organic growth by further developing relationships with current and potential clients. We have a record of hiring experienced associates to enhance our organic growth, and sourcing and hiring talent will continue to be a core focus for us. We believe that this initial public offering will further enhance our ability to attract and retain this talent.

- *Developing New Products.* We seek to be the primary source of financial products and services for our clients. By continuing to expand our product offerings—either by internal product development or establishing third-party relationships—we work to meet expanding client needs while further diversifying our revenue streams. Most recently, we have added a Health Savings Account consulting capability to our business services team, again providing additional client ties to increase revenues per client, improve "stickiness," and allow for building broader relationships.

Our Service Model and Products

We deliver a broad array of wealth management products and services through our profit centers using our proprietary ConnectView® approach, which looks holistically across a client's current and projected financial situation. We believe providing financial solutions in one area (such as estate, retirement planning or lending) often impacts other areas of our clients' wealth planning (such as risk or balance sheet management), which provides us opportunities to evaluate proposed solutions across multiple business lines and offer additional services to our clients.

We have designed our business around having each profit center staffed with seasoned management. Typically, each profit center team is led by a president, who is a senior investment advisor or banker with strong client relationships and sales and leadership skills. The local team includes deposit, loan, trust, wealth planning, and related professionals, creating a strong interdisciplinary sales and service team. In addition to this service team, we recently added wealth advisors as a commissioned sales force to several profit centers to enhance our acquisition of new clients.

We provide a broad array of products and services through our boutique private trust bank offices, largely comprised of the products and services described below.

Lending

General. Through our relationship-oriented private bank lending approach, our strategy is to offer a broad range of customized consumer and commercial lending products for the personal investment and business needs of our clients. Our clients are typically well diversified and the purpose for their loan and liquidity needs often does not correlate to the collateral used to secure the loan.

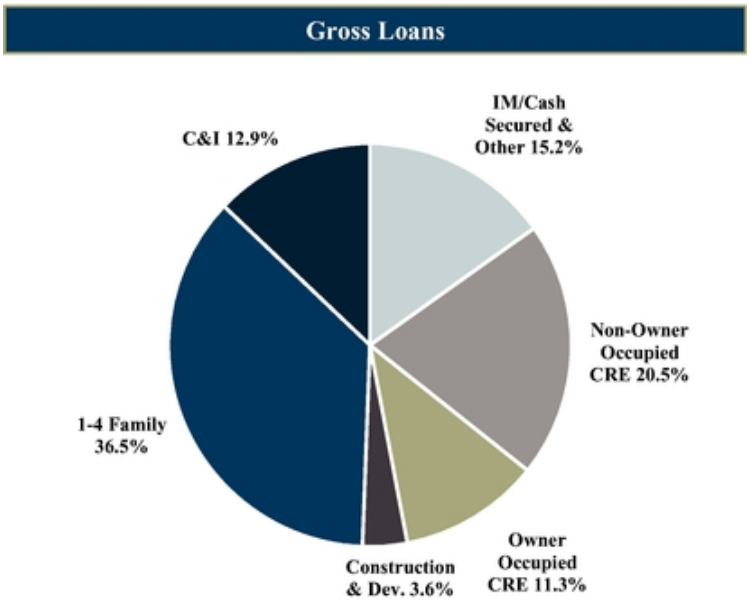
Our commercial lending products include commercial loans, business term loans and lines of credit to a diversified mix of small and midsized businesses. We offer both owner occupied and non-owner occupied commercial real estate loans, as well as construction loans.

Our consumer lending products include residential first mortgage loans, which 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 sales activities are primarily directed at originating single family mortgages, which generally conform to Fannie Mae guidelines and are delivered to the investor shortly after funding. Additionally, we offer installment loans

and lines of credit, typically to facilitate investment opportunities for consumer clients whose financial characteristics support the request. We also provide clients and prospects loans collateralized by cash and marketable securities.

We employ experienced banking and business development teams who provide superior client service, value-add lending solutions and competitive pricing to market our lending products and services. We have increased gross loans from $484.7 million at December 31, 2013 to $817.3 million at March 31, 2018. As of March 31, 2018, total loans were $817.3 million, an increase of $121.6 million, or 17.5%, compared to $695.7 million as of March 31, 2017. These increases were primarily due to our continued organic growth in our market areas and in the commercial and residential mortgage segments of our loan portfolio.

As of March 31, 2018, our loan portfolio contained a balanced and diverse mix of loans, as shown below:



Our loan portfolio includes commercial and industrial loans, residential real estate loans, commercial real estate loans and other consumer loans. The principal risk associated with each category of loans we make is the creditworthiness of the borrower. Borrower creditworthiness is affected by general economic conditions and the attributes of the borrower and the borrower's market or industry. We underwrite for strong cash flow, multiple sources of repayment, adequate collateral, borrower experience and backup guarantors. Attributes of the relevant business market or industry include the competitive environment, client and supplier availability, the threat of substitutes and barriers to entry and exit.

1-4 Family Residential. Our 1-4 family residential loan portfolio 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. At March 31, 2018, 1-4 family residential loans were $298.0 million, or 36.5% of our total loan portfolio, consisting of $116.0 million and $182.0 million of fixed-rate and adjustable-rate loans, respectively. While we typically originate loans with adjustable rates and maturities up to 30 years, as of March 31, 2018, the average term on our 1-4 family portfolio was 13.7 years with an average remaining term of 11.4 years. Such loans typically remain outstanding for substantially shorter

periods because borrowers often prepay their loans in full either upon sale of the property pledged as security or upon refinancing the original loan.

Commercial loans secured by 1-4 family residential are dependent on the strength of the local economy, and local residential and commercial real estate markets. Borrower demand for adjustable-rate compared to fixed-rate loans is a function of the level of interest rates, the expectations of changes in the level of interest rates, and the difference between the interest rates and loans fees offered for fixed-rate mortgage loans as compared to the interest-rates and loans fees for adjustable rate loans.

The loan fees, interest rates, and other provisions of mortgage loans are determined by us on the basis of our own pricing criteria and competitive market conditions. The loans are secured by the real estate, and appraisals are obtained to support the loan amount at origination. Loans collateralized by 1-4 family residential real estate generally are originated in amounts of no more than 80% of appraised value. Generally, our loans conform to Fannie Mae and Freddie Mac underwriting guidelines and conform to internal policies for debt-to-income or free cash flow levels. We retain a valid lien on real estate, obtain a title insurance policy that insures that the property is free from encumbrances and require hazard insurance.

Our focus for mortgage lending is to originate high-quality loans to drive growth in our mortgage loan portfolio. Our mortgage strategy includes attracting new loan clients with our mortgage loan products and services, which we believe will provide an opportunity for our profit centers to bring in well-qualified prospects, and to cross-sell other products and services to clients. We believe that cross-selling enables us to generate additional revenues, increase client retention, and provide products that benefit our clients. We have developed a scalable platform, including loan processing, underwriting and closings, for both secondary sales and origination of 1-4 family residential mortgages maintained on the portfolio and believe we have significant opportunities to grow this business.

Cash, Securities and Other. Our cash, securities and other loan portfolio consists of consumer and commercial purpose loans that 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 consumer collateral, which typically leaves an immaterial amount of the loan balance unsecured. At March 31, 2018, loans secured with cash, marketable securities and other were $123.7 million, or 15.2% of our total loan portfolio. 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.

Commercial and Industrial. We make 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. These loans are underwritten on the basis of the borrower's ability to service the debt from income, with maturities tied to the underlying life of the collateral. We generally take a lien on all business assets, including, among other things, available real estate, accounts receivable, inventory and equipment and generally obtain a personal guaranty of the principal(s). Our commercial and industrial loans generally have variable interest rates and terms that typically range from one to five years. Fixed-rate commercial and industrial loan maturities are generally short-term, with three- to five-year maturities, including periodic interest rate resets. At March 31, 2018, commercial and industrial loans were $105.3 million, or 12.9% of our total loan portfolio. The average maturity on our commercial and industrial portfolio was four years with an average remaining term of one year. 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.

Commercial Real Estate, Owner Occupied and Non-Owner Occupied. We make 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. Commercial real estate lending typically involves higher loan principal amounts and the repayment is dependent, in large part, on sufficient income from the properties securing the loans to cover operating expenses and debt service. We require our commercial real estate loans to be secured by well-managed property with adequate margins and generally obtain a guaranty from responsible parties who have outside cash flows, experience and/or other assets. Our commercial real estate loans are generally secured by properties used for business purposes such as office buildings, industrial facilities and retail facilities, loan amounts generally do not exceed 80% or 75% of the property's appraised value for owner occupied and non-owner occupied respectively. In addition, aggregate debt service ratios, including the guarantor's cash flow and the borrower's other projects, are by policy, required to have a minimum annual cash flow to debt service ratio of 2.0x. We require independent appraisals or evaluations on all loans secured by commercial real estate from an approved appraisers list. At March 31, 2018, owner occupied commercial real estate loans were $92.5 million, or 11.3% of our total loan portfolio and non-owner occupied commercial real estate loans were $167.6 million, or 20.5% of our total loan portfolio. These loans are dependent on the strength of the industries of the related borrowers and the success of their businesses.

Construction and Development. We make loans to finance the construction of residential and non-residential properties. Construction and development loans generally are collateralized by first liens on real estate and generally have floating interest rates. Our construction and development loans typically have maturities of up to two years depending on factors such as the type and size of the development and the financial strength of the borrower/guarantor. Loans are typically structured with an interest only construction period. Loans are underwritten to either mature at the completion of construction, or transition to a traditional amortizing commercial real estate facility at the completion of construction, the terms and characteristic of which are in line with other commercial real estate loans we hold in our portfolio. At March 31, 2018, construction and development loans were $29.2 million, or 3.6% of our total loan portfolio.

Concentrations. Most of our lending activity and credit exposure, including real estate collateral for many of our loans, are concentrated in Colorado, Arizona, Wyoming and California, as approximately 93.5% of the loans in our loan portfolio were made to borrowers who live in or conduct business in those states. Our commercial real estate loans are generally secured by first liens on real property. The remaining commercial and industrial loans are typically secured by general business assets, accounts receivable inventory and/or the corporate guaranty of the borrower and personal guaranty of its principals. The geographic concentration subjects the loan portfolio to the general economic conditions within Colorado, Arizona, Wyoming and California. The risks created by such concentrations have been considered by management in the determination of the adequacy of the allowance for loan losses. Management believes the allowance for loan losses is adequate to cover incurred losses in our loan portfolio as of March 31, 2018.

Sound risk management practices and appropriate levels of capital are essential elements of a sound commercial real estate lending program. Concentrations of commercial real estate exposures add a dimension of risk that compounds the risk inherent in individual loans. Interagency guidance on commercial real estate concentrations describe sound risk management practices which include board and management oversight, portfolio management, management information systems, market analysis, portfolio stress testing and sensitivity analysis, credit underwriting standards, and credit risk review functions. Management believes it has implemented these practices in order to monitor concentrations in commercial real estate in our loan portfolio.

Credit Policies and Procedures

General. Asset quality and robust underwriting are integral to our strategy and credit culture. We place a considerable emphasis on effective risk management and preserving sound credit underwriting standards as we grow our loan portfolio. Underwriting considerations include collateral, defined sources of repayment, strength of guarantor(s) and opportunities to broaden the relationship with the client. Our credit policy requires key risks be identified and measured, documented and mitigated, to the extent possible, to seek to ensure the soundness of our loan portfolio.

Loan Underwriting and Approval. Historically, we believe we have made sound, high quality loans while recognizing that lending money involves a degree of business risk. We have loan policies designed to assist us in managing this business risk. These policies provide a general framework for our loan origination, monitoring and funding activities, while recognizing that not all risks can be anticipated. Our board of directors delegates limited lending authority to individuals and internal loan committee. When the total relationship exceeds an individual's loan authority, a higher authority or credit committee approval is required. The objective of our approval process is to provide a disciplined, collaborative approach to larger credits while maintaining responsiveness to client needs. Loan decisions are documented as to the borrower's business, purpose of the loan, evaluation of the repayment source and the associated risks, evaluation of collateral, covenants and monitoring requirements, and the risk rating rationale.

Managing credit risk is an enterprise-wide process. Our strategy for credit risk management includes well-defined, central credit policies, uniform underwriting criteria and ongoing risk monitoring and review processes. Our processes emphasize early stage review of loans, regular credit evaluations and management reviews of loans, which supplement the ongoing and proactive credit monitoring and loan servicing provided by our bankers. Our Chief Credit Officer, together with our central underwriting, credit administration and loan operations teams, provides credit oversight. We periodically review all credit risk portfolios to ensure that the risk identification processes are functioning properly and that our credit standards are followed. In addition, a third party loan review is performed to assist in the identification of problem assets and to confirm our internal risk rating of loans.

Our loan policies include other underwriting guidelines for loans collateralized by real estate. These underwriting standards are designed to determine the maximum loan amount that a borrower has the capacity to repay based upon the type of collateral securing the loan and the borrower's income. Such loan policies include maximum amortization schedules and loan terms for each category of loans collateralized by liens on real estate. In addition, our loan policies provide guidelines for personal guarantees; an environmental review; loans to employees, executive officers and directors; problem loan identification; maintenance of an adequate allowance for loan losses and other matters relating to lending practices.

We believe that an important part of our assessment of client risk is the ongoing completion of periodic risk rating reviews. As part of these reviews, we seek to review the risk rating of each facility within a client relationship and may recommend an upgrade or downgrade to the risk rating. We categorize 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. We analyze loans individually by classifying the loans as to credit risk on a quarterly basis. We attempt to identify potential problem loans early in an effort to seek aggressive resolution of these situations before the loans become a loss, record any necessary charge-offs promptly and maintain adequate allowance levels for probable incurred loan losses in the loan portfolio.

Lending Limits. Our lending activities are subject to a variety of lending limits imposed by state and federal regulation. The Bank is subject to a legal lending limit on loans to related borrowers based on the Bank's capital level. The dollar amounts of the Bank's lending limit increases or decreases as the Bank's capital increases or decreases. The Bank is able to sell participations in its larger loans to other financial institutions, which allows it to manage the risk involved in these loans and to meet the lending needs of its clients requiring extensions of credit in excess of these limits.

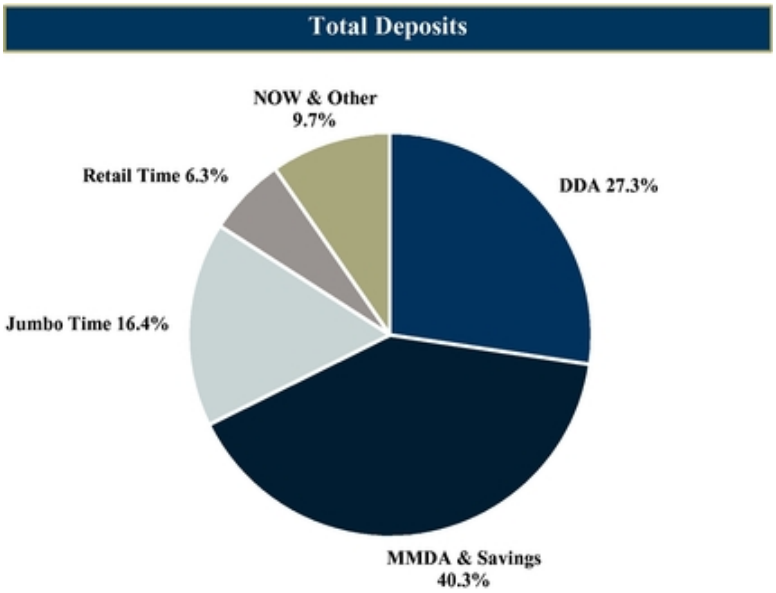
Deposits

The strength of our deposit franchise is derived from the long-standing relationships we have with our clients and the strong ties we have to the markets we serve. Our deposit footprint has provided, and we believe will continue to provide, primary support for our loan growth. A key part of our strategy is to continue to enhance our funding sources by continuing to build our private and commercial banking capabilities to keep building our base of attractively priced core deposits.

We provide a broad range of deposit products and services, including demand deposits, interest-bearing transaction accounts, money market accounts, time and savings deposits, certificates of deposit and CDARS® reciprocal products. Other than client deposits obtained through our locations that choose to use the CDARS program, we do not accept brokered deposits as a source of funding. We offer a range of treasury management products including electronic receivables management, remote deposit capture, cash vault services, merchant services and other cash management services. Deposit flows are significantly influenced by general and local economic conditions, changes in prevailing interest rates, internal pricing decisions and competition. Our deposits are primarily obtained from depositors located in our geographic footprint, and we believe that we have attractive opportunities to capture additional deposits in our markets. In order to attract and retain deposits, we rely on providing quality service, offering a suite of retail and commercial products and services and introducing new products and services that meet our clients' needs as they evolve.

We have experienced banking and business development teams who we believe provide superior client service, creative cash management solutions and competitive pricing to market our depository products and services. Since December 31, 2013, we have increased total deposits from $561.2 million at December 31, 2013 to $818.2 million at March 31, 2018. As of March 31, 2018, total deposits were $818.2 million, an increase of $41.0 million, or 5.3%, compared to $777.2 million as of March 31, 2017.

As of March 31, 2018, our deposit portfolio contained a balanced and diverse mix of deposits, as shown below:



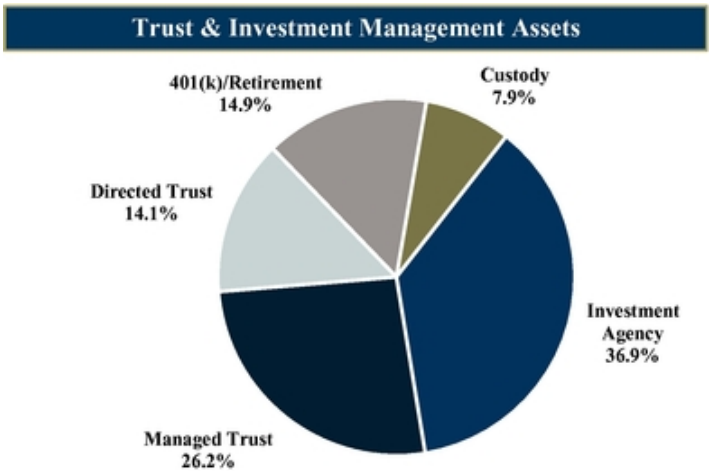
Trust and Investment Management, Advisory

We offer sophisticated wealth advisory and planning services including investment management, trusts and estate services, philanthropic services, insurance planning and retirement consulting. Our client relationships frequently include in-depth proprietary ConnectView® financial plans and sophisticated, institutional quality investment management that is driven by comprehensive investment policy statements and access to industry-leading money managers. These customized documents—ConnectView® wealth plans and investment policy statements—form the roadmap for how we serve each client and monitor our progress in achieving their goals.

We have experienced trust officers in several profit centers, plus expert trust and estate attorneys on our central product group team, to provide fiduciary services through our profit centers. These include traditional fiduciary, directed trusts, special needs trusts, and custody services. Most of our investment management business is conducted through the trust department in agency accounts where we are not serving as trustee.

We also have experienced portfolio managers and business development teams in our profit centers who provide superior client service, high-touch tailored solutions. These local teams have personal and professional networks and relationships with centers of influence to market our wealth advisory products and services. Since December 31, 2013, we have increased AUM from $4.5 billion at December 31, 2013 to $5.4 billion at March 31, 2018. As of March 31, 2018, total AUM was $5.4 billion, an increase of $278.1 million, or 5.5%, compared to $5.1 billion as of March 31, 2017.

As of March 31, 2018, we provided fiduciary and advisory services on $5.4 billion of trust and investment management assets, as shown below:



Our investment management platform combines a broad range of asset and sub asset classes meeting the needs of both taxable and tax-free private client accounts as well as trust investment services. We deliver most of our discretionary money management by allocating client portfolios across a centrally controlled platform of select third-party managers in each asset and sub asset class, including separately managed and comingled options, and with active and passive management strategies. We also have a limited number of proprietary products that further differentiates us from many of our competitors.

We believe acting as an investment manager, and not just a manager of managers, has a number of critical benefits for our clients. These include the ability to have our money managers available to meet with clients and prospects, to tailor products and separately managed accounts for our clients, to better educate and inform our client-facing portfolio managers, and to develop new solutions as market conditions and client needs change. We manage proprietary fixed income and equity strategies, including acting as the advisor on our three highly rated First Western mutual funds. By combining internal research, pairing proprietary and third-party investment options, and a dedicated team of accredited specialized advisors like Certified Financial Analysts and Certified Financial Planners, we create unique solutions tailored to the specific needs of each of our clients.

Other Products

In addition to the traditional loan, deposit and trust and investment management products and services, our profit centers are supported by a central team of specialized product experts in our "product groups," which include experienced professionals in commercial banking, investment management, wealth planning, risk management/insurance, personal trust, retirement planning and tax-advantaged products, and mortgage lending. We believe that the sophistication of our product groups rivals the offerings and expertise typically provided by larger financial institutions. Our product groups are led and staffed with highly accredited and well known professionals, each with significant experience in their fields. Beyond traditional banking, trust and wealth management activities, at each profit center we provide other services including:

- *Mortgage Lending.* Although our primary objective is to originate loans for our own portfolio, we also conduct mortgage banking activities in which we originate and sell, servicing-released, whole loans in the secondary market. Typically, loans with a fixed interest rate of greater than 10 years are available-for-sale and sold on the secondary market. Our mortgage banking loan sales activities are

primarily directed at originating single family mortgages that are priced and underwritten to conform to previously agreed 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 March 31, 2018 and December 31, 2017, we had mortgage loans held for sale of $22.1 million and $22.9 million, respectively, in residential mortgage loans we originated. For the three months ended March 31, 2018 and the year ended December 31, 2017, we had net proceeds of $109.1 million and $290.7 million, respectively, on mortgage loans sold into the secondary market, which we originated.

- *Treasury Management.* We offer a broad range of customized treasury management products and services for commercial accounts, including disbursement and payables management, liquidity management and online business banking services. Our profit center sales and service teams are supported by a central team of treasury management specialists and deposit operations professionals.

- *Risk Management.* Through the wealth planning process, our profit center teams are supported by a central team of insurance planning experts, specializing in risk management services, estate tax law, trusts and tax planning. We offer customized solutions in the form of, inter alia, charitable giving tax strategies, deferred-compensation plans, irrevocable life insurance trusts, long-term care insurance, and executive key person insurance.

- *Specialized Philanthropic Services.* We provide advisory services for both nonprofit organizations seeking to effectively manage their funds as well individuals seeking to use philanthropic strategies to build a legacy, instill shared values in the next generation, or contribute to causes they are passionate about.

- *Retirement Services, including 401(k) Plan Consulting.* We have a team of retirement plan consultants who partner with businesses to sponsor retirement plans. We offer creative corporate retirement plan design and analysis solutions and fiduciary liability management, providing tools such as corporate retirement plans, health savings accounts, third party administrative services along with ERISA regulation compliance, education and expertise.

Our profit centers and product groups are also supported centrally by teams providing management services such as operations, risk management, credit administration, technology support, marketing, human capital and accounting/finance services, which we refer to as "support centers." Our associates in our support centers have significant experience in wealth management, investment advisory, and commercial banking, including areas such as lending, underwriting, credit administration, risk management, accounting/finance, operations and information technology. We have structured our teams, services and product offerings to use technology to efficiently provide our clients with a high-touch, solution-oriented experience, that we believe is scalable and provides operating leverage for future growth.

To demonstrate how these three groups—profit centers, product groups and supports centers—work together to deliver a highly competitive product offering through a team of local professionals, our investment management offering is an example:

- In each profit center, there are one or more portfolio managers that work as part of that local team's sales and service delivery. These portfolio managers are typically Certified Financial Planners with experience in wealth planning and portfolio construction. They meet with clients and develop an overall wealth management strategy, specific goals and objectives, an investment policy statement, and an implementation plan. They use our guided architecture, a diverse array of select

third party and proprietary investment products covering a broad range of asset classes as their source for structure, asset allocation and products. Sales and marketing support is provided centrally but delivered locally.

- Our investment platform is controlled by our central investment management product group, which has a strong research focus and many of whom have Chartered Financial Analyst designations, with oversight by our Chief Investment Officer and our Investment Policy Committee.

- Operational support for these profit center and product group teams is provided by our central trust and investment management support center team.

Investment Activities

The primary objectives of our Bank portfolio investment policy are to provide a source of liquidity, to provide an appropriate return on funds invested, to manage interest rate risk, to meet pledging requirements and to meet regulatory capital requirements. As of March 31, 2018, the carrying value of our investment portfolio totaled $49.9 million, with an average yield of 2.14%.

Our investment policy outlines investment type limitations, security mix parameters, authorization guidelines and risk management guidelines. The policy authorizes us to invest in a variety of investment securities, subject to various limitations. Our current investment portfolio consists of obligations of the U.S. Treasury and other U.S. government agencies, corporate or sponsored entities, including mortgage-backed securities, collateralized mortgage obligations and mutual funds. We are required to maintain an investment in Federal Home Loan Bank of Topeka ("FHLB Topeka") stock, which investment is based on the level of our FHLB Topeka borrowings. Our board of directors has the overall responsibility for the investment portfolio, including approval of our investment policy. Our Asset and Liability Committee ("ALCO") and management are responsible for implementation of the investment policy and monitoring of our investment performance. Our ALCO and management review the status of our investment portfolio monthly.

Information Technology

We continue to make investments in our information technology systems as we adapt to the changing technology, online and mobile, and other platform needs and wants of our clients. We believe that this investment is essential to our ability to offer new products and optimize overall client experience, provide opportunities for future growth and acquisitions, and provide a control structure that supports our operations. We leverage the experience of a third-party service provider to provide managed information technology services, enhance our IT security, and deliver the technical expertise around network design and architecture required to operate effectively. The majority of our systems are hosted by third-party service providers. The scalability of this infrastructure supports our growth strategy. In addition, the tested capability of these vendors to switch over to standby systems should allow us to recover our systems and provide redundancy and business continuity quickly in case of a disaster.

Enterprise Risk Management

We place significant emphasis on our holistic approach to integrated risk management that provides oversight, control, and discipline to drive continuous improvement. Our governance framework includes a process of anticipating, identifying, assessing, managing and monitoring risks within the organization. We have developed an Enterprise Risk Management ("ERM") Committee that oversees our ERM program. This group contains at least five members including the Chief Executive Officer and the Chief Financial

Officer and meets no less than quarterly. In order to carry out the ERM program, we have developed the following objectives to:

- Integrate ERM practices with our strategy setting process and performance management practices to realize benefits related to value;
- Improve the Company's ability to identify risks and establish appropriate responses to reduce costs and limit losses;
- Identify operational gaps to reduce performance variability;
- Identify interrelated risks within First Western and establish an integrated response; and
- Assess the positive and negative aspects of risk to address challenges and opportunities within our internal and external environment.

We routinely monitor and measure risk throughout the organization and allocate resources and capital to maintain the quality of information and compliance within our regulatory environment.

Competition

The financial services industry is highly competitive and we compete in a number of areas, including commercial and consumer banking, residential mortgages, wealth advisory, investment management, trust, and insurance among others. We compete with other bank and nonbank institutions located within our market area, along with competitors situated regionally, nationally and others with only an online presence. These include large banks and other financial intermediaries, such as consumer finance companies, brokerage firms, mortgage banking companies, business leasing and finance companies, insurance agencies as well as major retailers, all actively engaged in providing various types of loans and other financial services. We also face growing competition from online businesses with few or no physical locations, including online banks, lenders and consumer and commercial lending platforms as well as automated retirement and investment services providers. Competition involves efforts to retain current clients, obtain new loans, deposit and advisory services, increase the scope and type of services offered, and offer competitive interest rates paid on deposits, charged on loans, or charged for advisory services. We believe our integrated and high-touch service offering, along with our sophisticated relationship-oriented approach sets us apart from our competitors.

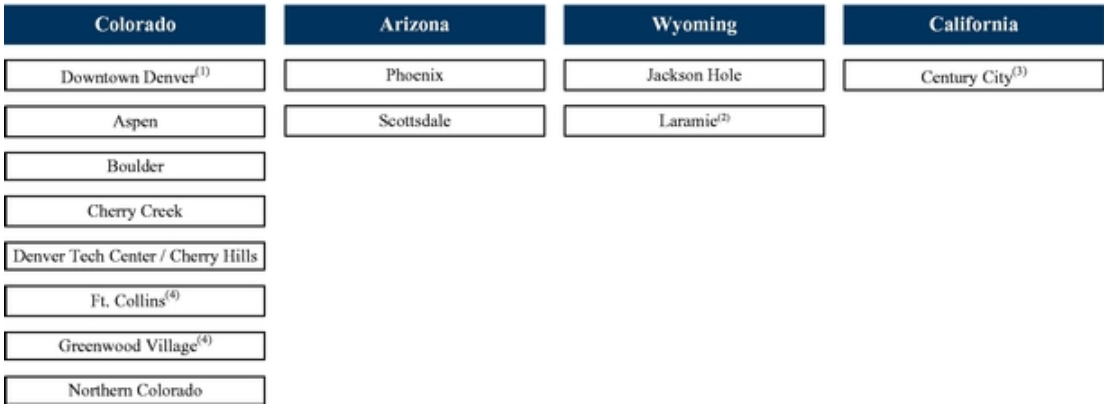
Associates

As of December 31, 2017, we had 262 associates. We provide extensive training to our associates in an effort to ensure that our clients receive superior service and that our risks are well managed. None of our associates are represented by any collective bargaining unit or are parties to a collective bargaining agreement. We believe that our relations with our associates are good.

Our Properties

Our corporate headquarters is located at 1900 16th Street, Suite 1200, Denver, Colorado 80202. Including our corporate headquarters, the Bank operates thirteen profit centers, which consists of nine boutique private trust bank offices with two locations in Arizona, six locations in Colorado and one location in Wyoming; two loan production offices with one location in Ft. Collins, Colorado and one location in Greenwood Village, Colorado; and two trust offices with one location in Laramie, Wyoming and one location in Century City, California which co-locates with our registered investment advisor, FWCM. We lease all of our locations. We believe that our facilities are suitable and adequate to meet our present needs. The chart below describes our locations, which we believe are strategically located in

affluent and high-growth markets in thirteen locations (listed below) across Colorado, Arizona, Wyoming and California:



(1) Heaquarters-co-location of profit center, product groups and support centers

(2) Trust office

(3) Co-location of trust office and FWCM

(4) Loan production office

Legal Proceedings

We are not currently subject to any material legal proceedings. We are from time to time subject to claims and litigation arising in the ordinary course of business. These claims and litigation may include, among other things, allegations of violation of banking and other applicable regulations, competition law, labor laws and consumer protection laws, as well as claims or litigation relating to intellectual property, securities, breach of contract and tort. We intend to defend ourselves vigorously against any pending or future claims and litigation.

At this time, in the opinion of management, the likelihood is remote that the impact of such proceedings, either individually or in the aggregate, would have a material adverse effect on our consolidated results of operations, financial condition or cash flows. However, one or more unfavorable outcomes in any claim or litigation against us could have a material adverse effect for the period in which they are resolved. In addition, regardless of their merits or their ultimate outcomes, such matters are costly, divert management's attention and may materially and adversely affect our reputation, even if resolved in our favor.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with "Selected Historical Consolidated Financial and Other Data" and our consolidated financial statements and the accompanying notes included elsewhere in this prospectus. This discussion and analysis contains forward-looking statements that are subject to certain risks and uncertainties and are based on certain assumptions that we believe are reasonable but may prove to be inaccurate. Certain risks, uncertainties and other factors, including those set forth under "Cautionary Note Regarding Forward-Looking Statements," "Risk Factors" and elsewhere in this prospectus, may cause actual results to differ materially from those projected results discussed in the forward-looking statements appearing in this discussion and analysis. We assume no obligation to update any of these forward-looking statements.

Company Overview

First Western Financial, Inc., is 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 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 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. 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 and California. Our profit centers, which are comprised of private bankers, lenders, wealth planners and portfolio managers, under the leadership of a local chairman and/or president, are also supported centrally by teams providing management services such as operations, risk management, credit administration, 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 March 31, 2018, we have expanded our footprint into nine full service profit centers, two mortgage loan production offices, two trust offices, and one registered investment advisor located across four states. As of March 31, 2018, we have $991.6 million in total assets, $14.7 million in gross revenues and provide fiduciary and advisory services on $5.4 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 consolidated balance sheet and income statement 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 available-for-sale 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, available-for-sale 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 along with 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 fluctuation in market values.

- *Net mortgage gains*—gain on originating and selling mortgages, origination fees, and lender credits, less commissions to loan originators, borrower credits, document review and other costs specific to originating and selling the loan. The market adjustments for interest rate lock commitments and gains and losses incurred on the mandatory trading of loans are also included in this line item. Net mortgage gains are primarily impacted by the amount of loans sold, the type of loans sold and market conditions.

- *Banking fees*—income generated through bank-related service charges such as: electronic transfer fees, treasury management fees, bill pay fees, and other banking fees. Banking fees are primarily impacted by the level of business activities and cash movement activities of our clients.

- *Risk management (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*—include 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 leasing our office space, depreciation charges for the 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.

- *Technology and information systems*—costs related to software and information technology services to support office activities and internal networks. We believe our technology spending enhances the efficiency of our associates and enables us to provide outstanding personal service to our clients. 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.

- *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 that we pay to the FDIC for deposit insurance.

- *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*—primarily represents the amortization of intangible assets including client lists and other similar items recognized in connection with acquisitions.

- *Provision for losses on OREO*—represents the change in the holding value, or in the reserve balance on other real estate owned, or OREO, properties representing a change in the carrying value of the asset.

- *Other operational expenses*—includes costs related to expenses associated with office supplies, postage, travel expenses, meals and entertainment, dues and memberships, costs to maintain or prepare OREO for sale, 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

We measure the overall profitability of business operations 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 wealth management, capital 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 18—Segment reporting of the accompanying notes to the consolidated financial statements included elsewhere in this prospectus.

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 of 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, classified, delinquent, non-accrual, non-performing and restructured assets, the adequacy of our allowance for loan losses, the diversification and quality of loan and investment portfolios, 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. During the first quarter of 2015, the Bank adopted the new Basel III regulatory capital framework as approved by federal banking agencies, which are subject to a multi-year phase-in period. The adoption of this new framework modified the calculation of the various capital ratios, added a new ratio, CET 1, and revised the adequately and well capitalized thresholds. In addition, Basel III establishes a new capital conservation buffer of 2.5% of risk-weighted assets, which is phased-in over a four-year period beginning January 1, 2016. At December 31, 2017, our Bank capital ratios exceeded the current well capitalized regulatory requirements established under Basel III. As of December 31, 2017, the consolidated Company was below $1.0 billion in total assets and therefore retained the benefits available to us under the Small Bank Holding Company Policy Statement including not being subject to consolidated capital ratios. For additional information on our capital ratios refer to Note 20—Regulatory Capital Matters in the accompanying notes to the consolidated financial statements included elsewhere in this prospectus.

Results of Operations

Overview

For the three months ended March 31, 2018, our income before income tax was $1.6 million, a $0.7 million, or 88.9%, increase from March 31, 2017. Income before income tax increased primarily as a result of a $1.1 million, or $17.5%, increase in net interest income and an increase of $1.2 million, or 20.5%, in non-interest income. The increase in non-interest income was primarily a result of a $37.1 million increase in mortgage loans funded, which resulted in a $0.7 million increase in net gain on mortgage loans sold, as well as an increase of $0.2 million in trust and investment management fees during the three months ended March 31, 2018 compared to the three months ended March 31, 2017. For the three months ended March 31, 2018, net income was $1.2 million, which is an increase over 2017 of $0.7 million, or 125.5%. As a result of paying dividends to preferred shareholders, we reported income available to common shareholders of $0.6 million for the three months ended March 31, 2018, compared to a loss available to common shareholders for the three months ended March 31, 2017 of less than $0.1 million.

For the year ended December 31, 2017, our income before income tax was $5.0 million, a $1.4 million, or 40.2%, increase from 2016. Income before income tax increased primarily as a result of increases in net interest income and decreases in non-interest expenses, which were partially offset by a decline in non-interest income. For the year ended December 31, 2017, net income was $2.0 million, which is a decline from 2016 of $0.3 million, or 12.1%. As a result of us paying dividends to preferred shareholders,

we reported losses available to common shareholders of $0.3 million and $0.6 million for the years ended December 31, 2017 and December 31, 2016, respectively. In addition to the detailed information presented below regarding our results of operations, our net income was materially impacted by the passing of the Tax Reform Act in December 2017. As a result of the reduction in corporate tax rates, as of December 31, 2017, the value of our deferred tax assets was reduced by $1.2 million, with the offset recorded as income tax expense. This reduction in tax rates is expected to have a material positive impact on our net income over the next several years.

Net Interest Income

For the three months ended March 31, 2018, net interest income, which is before the provision for loan losses, increased $1.1 million, or 17.5%, to $7.4 million. This increase was partially attributable to a $121.3 million increase in average outstanding loan balances since March 31, 2017, along with an increase in our average yield on loans from 3.9% to 4.2%. The increase in average loans outstanding was primarily due to growth in our 1-4 family residential loans (24.0%), and our owner and non-owner occupied CRE loans (17.9%) during the three-month period ended March 31, 2018 compared to the same period in 2017. Net interest income is also impacted by changes in the amount and type of interest earning assets and interest bearing liabilities. To evaluate net interest income, we measure and monitor the yields on our loans and other interest earning assets and the costs of our deposits and other funding sources. For the three months ended March 31, 2018, our net interest margin was 3.25% and our net interest spread was 2.99%. For the three months ended March 31, 2017, our net interest margin was 2.98% and our net interest spread was 2.76%.

For the year ended December 31, 2017, net interest income, before provision for loan losses, increased $3.1 million, or 12.8%, to $27.6 million. This increase was partially attributable to a $93.7 million increase in average outstanding loan balances along with an increase in our average yield on loans from 4.10% to 4.11%. The increase in average loans outstanding was primarily due to growth in our 1-4 family residential loans (16.4%), and our owner and non-owner occupied CRE loans (25.3%) during 2017. This growth was primarily attributable to growth in the housing market, both detached and multi-family in our markets. Net interest income is also impacted by changes in the amount and type of interest-earning assets and interest-bearing liabilities. To evaluate net interest income, we measure and monitor the yields on our loans and other interest-earning assets and the costs of our deposits and other funding sources. For the year ended December 31, 2017, our net interest margin was 3.15% and our net interest spread was 2.91%. For the year ended December 31, 2016, our net interest margin was 3.06% and our net interest spread was 2.89%.

Interest income on our available-for-sale securities portfolio decreased as a result of lower average investment balances maintained for the three months ended March 31, 2018 compared to the same period in 2017. Our average available-for-sale securities balance during the three months ended March 31, 2018 was $51.7 million, a decrease of $53.1 million over the three months ended March 31, 2017. The decrease was primarily a result of sales of securities to support funding and liquidity needs.

Interest income on our available-for-sale securities portfolio increased as a result of higher average investment balances maintained throughout 2017, and improving interest rates on investment securities driven by a rising rate environment. Our average available-for-sale securities balance for the year ended December 31, 2017 was $94.1 million, an increase of $12.6 million over the year ended December 31, 2016. The increase was primarily a result of increased deposits, which fund our investments in available-for-sale securities.

Interest expense on deposits increased during the three months ended March 31, 2018 compared to the same period in 2017 driven by a rising rate environment, which resulted in increases in rates on

depository accounts, along with a $27.7 million increase in average interest bearing deposit accounts as of March 31, 2018 compared to the same period in 2017.

Interest expense on deposits increased year-over-year primarily due to the federal funds rate increases by the Federal Reserve throughout 2017, which resulted in increases in rates on depository accounts, along with a $59.0 million increase in interest-bearing deposit accounts in 2017. We also incurred additional interest expense associated with our issuance in 2016 of the subordinated notes due 2026.

The following tables present an analysis of net interest income and net interest margin for 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.

	For the Three Months Ended March 31,					
	2018			2017		
(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	$ 36,375	$ 127	1.40%	$ 34,586	$ 68	0.79%
Available-for-sale securities[2]	51,732	277	2.14%	104,856	592	2.26%
Loans	812,306	8,537	4.20%	691,051	6,740	3.90%
Promissory notes from related parties	5,756	65	4.52%	10,412	146	5.61%
Interest-earning assets	906,169	9,006	3.98%	840,905	7,546	3.59%
Mortgage loans held-for-sale[3]	18,416	200	4.34%	6,427	66	4.11%
Total interest-earning assets, plus loans held-for-sale	924,585	9,206	3.98%	847,332	7,612	3.59%
Allowance for loan losses	(7,170)			(3,219)		
Noninterest-earning assets	72,070			68,427		
Total assets	$ 989,485			$ 912,540		
Liabilities and Shareholders' Equity						
Interest-bearing liabilities:						
Interest-bearing deposits	$ 595,148	1,160	0.78%	$ 567,408	811	0.57%
Federal Home Loan Bank Topeka borrowings	55,517	229	1.65%	27,556	105	1.52%
Convertible subordinated debentures	—	—	—%	4,754	80	6.73%
Subordinated notes	13,436	257	7.65%	13,251	255	7.70%
Credit Note	—	—	—%	2,542	31	4.88%
Total interest-bearing liabilities	664,101	1,646	0.99%	615,511	1,282	0.83%
Noninterest-bearing liabilities:						
Noninterest-bearing deposits	214,980			193,974		
Other liabilities	7,049			6,227		
Total noninterest-bearing liabilities	222,029			200,201		
Shareholders' equity	103,355			96,868		
Total liabilities and shareholders' equity	$ 989,485			$ 912,540		
Net interest rate spread[4]			2.99%			2.76%
Net interest income[5]		$ 7,360			$ 6,264	
Net interest margin[6]			3.25%			2.98%

(Dollars in thousands)	For the Years Ended December 31, 2017 Average Balance(1)	2017 Interest Earned / Paid	2017 Average Yield / Rate	2016 Average Balance(1)	2016 Interest Earned / Paid	2016 Average Yield / Rate
Assets						
Interest-earning assets:						
Interest-bearing deposits in other financial institutions	$ 31,791	$ 314	0.99%	$ 51,004	$ 273	0.54%
Available-for-sale securities[2]	94,139	2,115	2.25%	81,557	1,583	1.94%
Loans	740,903	30,484	4.11%	647,228	26,547	4.10%
Promissory notes from related parties	8,079	424	5.25%	18,364	1,117	6.08%
Interest-earning assets	874,912	33,337	3.81%	798,153	29,520	3.70%
Mortgage loans held-for-sale[3]	12,652	507	4.01%	19,034	694	3.65%
Total interest-earning assets, plus loans held-for-sale	887,564	33,844	3.81%	817,187	30,214	3.70%
Allowance for loan losses	(6,947)			(6,410)		
Noninterest-earning assets	74,154			84,066		
Total assets	$ 954,771			$ 894,843		
Liabilities and Shareholders' Equity						
Interest-bearing liabilities:						
Interest-bearing deposits	$ 574,307	$ 3,778	0.66%	$ 568,310	$ 2,919	0.51%
Federal Home Loan Bank Topeka borrowings	51,237	748	1.46%	31,878	441	1.38%
Convertible subordinated debentures	2,348	167	7.11%	12,918	853	6.60%
Subordinated notes	13,390	1,025	7.65%	8,501	699	8.22%
Credit Note	874	43	4.92%	3,292	151	4.59%
Total interest-bearing liabilities	642,156	5,761	0.90%	624,899	5,063	0.81%
Noninterest-bearing liabilities:						
Noninterest-bearing deposits	205,603			172,102		
Other liabilities	7,024			7,484		
Total noninterest-bearing liabilities	212,627			179,586		
Shareholders' equity	99,988			90,358		
Total liabilities and shareholders' equity	$ 954,771			$ 894,843		
Net interest rate spread[4]			2.91%			2.89%
Net interest income[5]		$ 27,576			$ 24,457	
Net interest margin[6]			3.15%			3.06%

(1) Average balance represents daily averages, unless otherwise noted.

(2) Available-for-sale securities represents monthly averages.

(3) Mortgage loans held-for-sale are separated from the interest earning assets above as these loans are held for a short period of time until sold in the secondary market and are not held for investment purposes, with interest income recognized in the net mortgage gain line in the income statement. These balances are excluded from the margin calculations in these tables.

(4) Net interest rate spread is the average yield on interest-earning assets (excludes mortgage loans held-for-sale) minus the average rate on interest-bearing liabilities.

(5) Net interest income is income earned on interest-earning assets, which does not include interest earned on mortgage loans held-for-sale.

(6) Net interest margin is equal to net interest income divided by the average interest-earning assets (excludes mortgage loans held-for-sale).

The following tables present the dollar amount of changes in interest income and interest expense for the periods presented, for each component of interest-earning assets and interest-bearing liabilities (excluding mortgage loans held for sale) 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 the volume.

	For the Three Months Ended March 31, 2018 compared to 2017		
	Increase (Decrease) Due to Change in:		Total Increase (Decrease)
	Volume	Rate	
Interest-earning assets:			
Interest-bearing deposits in other financial institutions	$ 6	$ 53	$ 59
Available-for-sale securities	(284)	(31)	(315)
Total loans	1,274	523	1,797
Promissory notes from related parties	(52)	(29)	(81)
Total increase (decrease) in interest income	944	516	1,460
Interest-bearing liabilities:			
Interest-bearing deposits	54	295	349
Federal Home Loan Bank Topeka borrowings	115	9	124
Convertible subordinated debentures	—	(80)	(80)
Subordinated notes	4	(2)	2
Credit note	—	(31)	(31)
Total increase (decrease) in interest expense	173	191	364
Increase (decrease) in net interest income	$ 771	$ 325	$ 1,096

	For the Year Ended December 31, 2017 compared to 2016		
	Increase (Decrease) Due to Change in:		Total Increase (Decrease)
	Volume	Rate	
Interest-earning assets:			
Interest-bearing deposits in other financial institutions	$ (190)	$ 231	$ 41
Available-for-sale securities	283	249	532
Total loans	3,854	83	3,937
Promissory notes from related parties	(540)	(153)	(693)
Total increase (decrease) in interest income	3,407	410	3,817
Interest-bearing liabilities:			
Interest-bearing deposits	39	820	859
Federal Home Loan Bank Topeka borrowings	283	24	307
Convertible subordinated debentures	(752)	66	(686)
Subordinated notes	374	(48)	326
Credit note	(119)	11	(108)
Total increase (decrease) in interest expense	(175)	873	698
Increase (decrease) in net interest income	$ 3,582	$ (463)	$ 3,119

Non-Interest Income

For the three months ended March 31, 2018, non-interest income increased $1.2 million, or 20.5%, to $7.3 million from $6.1 million compared to the same period in 2017. This was primarily due to increases in trust and investment management fees as a result of a $432.2 million increase in assets under management. Additionally, we had a $0.7 million increase in net mortgage gains as a result of increased mortgage originations and sales driven by the asset purchase of EMC in September 2017, as more fully described below.

The table below presents the significant categories of our non-interest income for the three-month period ended March 31, 2018 and 2017.

	Three Months Ended March 31,		Change	
(Dollars in thousands)	**2018**	**2017**	**$**	**%**
Non-interest income:				
Trust and investment management fees	$ 4,954	$ 4,773	$ 181	3.8%
Net gain on mortgage loans sold	1,251	552	699	126.6%
Banking fees	610	447	163	36.5%
Risk management (insurance) fees	383	173	210	121.4%
Income on company-owned life insurance	94	105	(11)	(10.5)%
Total non-interest income	$ 7,292	$ 6,050	$ 1,242	20.5%

Trust and investment management fees—For the three months ended March 31, 2018 compared to the three months ended March 31, 2017, our trust and investment management fees increased in the wealth management segment by $0.4 million, or 10.7%, while our trust and investment management fees declined within our capital management segment by $0.2 million, or 19.8%, due to client attrition related to our decision to terminate a senior portfolio manager in September 2016.

Net gain on mortgage loans sold—For the three months ended March 31, 2018, our net gain on mortgage loans sold increased by $0.7 million, or 126.6%, to $1.3 million. For the three months ended March 31, 2018 and 2017, our average net gain on sale was 115 and 76 basis points, respectively, on loans sold. The net gain on sales of loans will fluctuate with the amount and type of loans sold and market conditions. The increase in gain on mortgage loans sold was primarily related to an increase in origination volume in 2018 compared to 2017.

Risk management (insurance) fees—Risk management fees include fees earned by our risk management product group as a result of assisting clients with obtaining life insurance policies, and fees from the trailing annuity revenue streams. During the three months ended March 31, 2018, we recognized $0.4 million of risk management fees as compared to $0.2 million for the same period in 2017. The increase in 2018 was attributed to an increase in the size and number of client policies placed through the risk management group.

For the year ended December 31, 2017, non-interest income declined $2.2 million, or 7.4%, to $27.7 million from $29.9 million in 2016. This was primarily due to declines in trust and investment management fees as a result of streamlining our business to services that fit well within our mission and strategy. Part of our streamlining process included the proactive termination of a portfolio manager in late 2016, which was the primary cause of the revenue decline in 2017 and is described in greater detail below in the discussion of our trust and investment management fees. Additionally, we had a $3.2 million decline in net mortgage gains as a result of the closing of our loan production office in Scottsdale, Arizona ("AZ LPO") in September 2016, as more fully described below. The trust and investment management fee income and mortgage gain declines were partially offset by a $0.5 million increase in risk management (insurance) fees and a $0.8 million gain on a legal settlement in 2017 described below.

The table below presents the significant categories of our non-interest income for the years ended December 31, 2017 and 2016.

	Year Ended December 31,		Change	
(Dollars in thousands)	**2017**	**2016**	**$**	**%**
Non-interest income:				
Trust and investment management fees	$ 19,455	$ 20,167	$ (712)	(3.5)%
Net gain on mortgage loans sold	3,469	6,702	(3,233)	(48.2)%
Banking fees	2,176	1,826	350	19.2%
Risk management (insurance) fees	1,289	755	534	70.7%
Income on company-owned life insurance	418	358	60	16.8%
Net gain on sale of securities	81	114	(33)	(28.9)%
Gain on legal settlement	825	—	825	100.0%
Total non-interest income	$ 27,713	$ 29,922	$ (2,209)	(7.4)%

Trust and investment management fees—For the year ended December 31, 2017, our trust and investment management fees increased in the wealth management segment by $0.7 million, or 4.8%, while our trust and investment management fees declined within our capital management segment by $1.4 million, or 25%, due to client attrition related to our decision to terminate a senior portfolio manager in September 2016. During the year ended December 31, 2017, we subsequently settled a lawsuit with that portfolio manager and recorded a gain on legal settlement of $0.8 million.

Net gain on mortgage loans sold—For the year ended December 31, 2017, our net gain on mortgage loans sold declined by $3.2 million, or 48.2%, to $3.5 million. For the years ended December 31, 2017 and

2016, our average net gain on sale was 119 and 190 basis points, respectively, on loans sold. The net gain on sales of loans will fluctuate with the amount and type of loans sold and market conditions. The decline in gain on mortgage loans sold was primarily impacted by the closing of our AZ LPO office in late 2016. After establishing our mortgage department in 2015, we opened our AZ LPO. The AZ LPO had approximately 40 associates and funded $149.8 million of mortgages (all of which were sold in the secondary market) during the first three quarters of 2016. As the mortgage lending offering expanded and matured, we knew the loan type and cultural fit of the AZ LPO was not complementary to our longer term mortgage strategy and, effective the end of the third quarter 2016, we terminated our relationship with the associates working at our AZ LPO. The AZ LPO closure allowed us to re-align our mortgage efforts with our overall strategic growth plans, although, closing the AZ LPO had a material impact on our net mortgage earnings, non-interest income, and net income. In 2017, we entered into an asset purchase agreement with EMC (which is now referred to as our "Greenwood Village LPO"). Our Greenwood Village LPO, which is located in an affluent suburb of Denver, focuses on high net worth mortgage lending and originating high-quality loans that can either be sold in the secondary market or be retained to drive growth in our mortgage loan portfolio. The AZ LPO closure and subsequent acquisition of EMC are part of a mortgage strategy to attract new loan clients with our mortgage loan products and services, which we believe will provide an opportunity for our profit centers to attract well-qualified prospects, and to cross-sell other products and services to selected clients. We believe that enhancing our cross-selling capabilities will enable us to generate additional revenues, increase client retention, and provide products that benefit our clients.

We accounted for the acquisition of EMC as a business combination. Pursuant to the asset purchase agreement, we paid $2.0 million in cash on the closing date of September 15, 2017, and issued, subject to forfeiture, 105,264 shares (or $3.0 million based on a per share price of $28.50) of our common stock. Half of the common stock, 52,632 shares (or $1.5 million), vests ratably over five years as long as the sole shareholder of EMC remains employed with us. The remaining half of the common stock, 52,632 shares (or $1.5 million), will be earned based on performance of our mortgage division. As a result of certain provisions of the Mortgage Purchase Agreement being tied to the employment of the sole selling shareholder of EMC, we will record $1.0 million of the cash paid and all of the common stock issued as compensation expense in future periods. The $1.0 million of cash will be expensed ratably over the estimated service period of the selling shareholder. The $1.5 million of stock with a time-vesting feature will be expensed ratably over five years, and the remaining $1.5 million of common stock will be expensed as earned. During the year ended December 31, 2017, we expensed an immaterial amount of compensation related to the EMC acquisition, and since the assets we acquired had a value that exceeded the consideration paid, we recorded an immaterial gain on bargain purchase. The shares of common stock issued in the EMC transaction are included in our issued and outstanding shares of common stock, but are excluded from basic earnings per share until they vest or are earned. Additional information on the accounting for the EMC acquisition is included in Note 2—Acquisitions in the accompanying notes to the consolidated financial statements included elsewhere in this prospectus.

Risk management (insurance) fees—Risk management fees include fees earned by our risk management product group as a result of assisting clients with obtaining life insurance policies, and fees from the trailing annuity revenue streams. During the year ended December 31, 2017, we recognized $1.3 million of risk management fees as compared to $0.8 million for the year ended December 31, 2016. The increase in 2017 was attributed to an increase in the size and number of client policies placed through the risk management group.

Provision for Credit Losses

For the three months ended March 31, 2018, we released $0.2 million of our provision for credit loss. This release is a result of (i) our continued efforts to reduce our problem loans, which results in lower

specific provisions, and (ii) a reduction in our loan loss factors applied to our non-individually evaluated loan pools as a result of lower charge-offs over the corresponding look-back period utilized in our provision calculation.

For the years ended December 31, 2017 and 2016, we recorded a provision for credit losses of $0.8 million and $1.0 million, respectively. The decline in provision expense in 2017 is primarily a result of our focused efforts to actively manage loans that are showing signs of weakness or credit deterioration and work with the borrower to resolve issues before they worsen. In 2017, we effectively reduced our impaired loans by $1.8 million, or 49.1%, and improved the quality of our overall loan portfolio primarily by reducing unsecured loans $0.9 million, or 12.2%, from December 31, 2016 to December 31, 2017, which resulted in a decline in our loan loss reserves. We have a dedicated problem loan resolution team comprised of associates from our credit, senior leadership, risk and accounting teams that meet frequently to ensure watch list and problem credits are identified early and actively worked to ensure potential losses are identified in a timely manner, proactively managed and losses are minimized.

Non-Interest Expense

The table below presents the significant categories of our non-interest expense for the periods noted:

	Three Months Ended March 31,		Change	
(Dollars in thousands)	**2018**	**2017**	**$**	**%**
Non-interest expense:				
Salaries and employee benefits	$ 8,180	$ 6,540	$ 1,640	25.1%
Occupancy and equipment	1,485	1,449	36	2.5%
Technology and information systems	1,063	898	165	18.4%
Professional services	824	733	91	12.4%
Data processing	640	623	17	2.7%
Marketing	285	329	(44)	(13.4)%
Amortization	230	185	45	24.3%
Other operational	579	511	68	13.3%
Total non-interest expense	$ 13,286	$ 11,268	$ 2,018	17.9%

Generally, the increase in non-interest expense of 17.9% to $13.3 million for the three months ended March 31, 2018, was due to an increase in expenses, particularly salaries and employee benefits, resulting from the asset purchase of EMC.

Technology and information systems—Technology and information system costs increased primarily as a result of an increase in information security, compliance, and other technology related infrastructure costs.

Professional services—The increase in professional services is primarily related to increases in legal, audit, and recruiting fees associated with our growth strategy and capital raise activities.

Amortization—The increase during the three months ended March 31, 2018 compared to the same period in 2017 is primarily related to amortization of the non-compete intangible associated with the asset acquisition of EMC in September 2017.

The table below presents the significant categories of our non-interest expense for the periods noted:

(Dollars in thousands)	Year Ended December 31, 2017	2016	Change $	Change %
Non-interest expense:				
Salaries and employee benefits	$ 28,663	$ 28,659	$ 4	0.0%
Occupancy and equipment	5,884	5,881	3	0.0%
Technology and information systems	3,911	3,446	465	13.5%
Professional services	3,490	3,468	22	0.6%
Data processing	2,436	2,658	(222)	(8.4)%
Marketing	1,492	2,176	(684)	(31.4)%
Amortization	784	747	37	5.0%
Total loss on sale/provision of other real estate owned	311	180	131	72.8%
Other operational	2,523	2,608	(85)	(3.3)%
Total non-interest expense	$ 49,494	$ 49,823	$ (329)	(0.7)%

Generally, the decline in non-interest expense of 0.7% to $49.5 million for the year ended December 31, 2017, was due to a decline in expenses resulting from the closing of our AZ LPO office.

Technology and information systems—Technology and information system costs increased primarily as a result of an increase in the level of support provided by our third-party managed services and new software and systems primarily related to information security, compliance and other technology-related investments.

Data processing—Data processing expenses declined primarily as a result of the reduction in costs to originate and sell loans due to the closing of the AZ LPO.

Marketing—Marketing declined due primarily to expense control efforts and the departure of our AZ LPO, which accounted for $0.6 million of the total marketing spend in 2016, compared to no related expenses in 2017.

Total loss on sale/provision of other real estate owned—During the year ended December 31, 2017, we sold one OREO property for a loss of $0.2 million. We did not sell any OREO properties in 2016. The $0.2 million of expense in 2016 represents an increase in the reserve on one of our OREO properties as a result of an updated appraised value.

Income Tax

Income tax expense for the three months ended March 31, 2018 totaled $0.4 million compared to $0.3 million for the three months ended March 31, 2017. Despite the $0.7 million increase in income before taxes, tax expense remained relatively flat due to decreased corporate tax rates as a result of the passing of the Tax Reform Act in December 2017.

On December 22, 2017, the United States Congress enacted the Tax Reform Act, which had a material impact on our net income. The Tax Reform Act, among other things, (i) permanently reduces the U.S. corporate income tax rate to 21% beginning in 2018, (ii) repealed the corporate alternative minimum tax (AMT) allowing for corresponding refunds of prior period AMT credits, (iii) provides for a five-year period of 100% bonus depreciation followed by a phase-down of the bonus depreciation percentage, and

(iv) imposes a new limitation on the utilization of net operating losses generated in taxable years beginning after December 31, 2017.

The Tax Reform Act is complex and far-reaching and the ultimate impact of the Tax Reform Act may differ from our estimates due to changes in interpretations and assumptions made by us as well as additional regulatory guidance that may be issued. As of December 31, 2017, the value of our deferred tax assets was reduced by $1.2 million as a result of the Tax Reform Act, which among other changes reduced the federal corporate income tax rate from 33% to 21% effective January 1, 2018, with the offset recorded as income tax expense. This reduction in tax rates is expected to have a material positive impact on our net income over the next several years.

Segment Reporting

We have three reportable operating segments: wealth management, capital management and mortgage. Our wealth management segment consists of operations relating to our fully integrated wealth management business. Services provided by our wealth management segment include deposit, loan, insurance, and trust and investment management advisory products and services. Our capital management segment consists of operations relating to our institutional investment management services over proprietary fixed income, high yield and equity strategies, including acting as the advisor of three owned, managed and rated proprietary mutual funds. Capital management products and services are financial in nature for which revenues are generally based on a percentage of assets under management or paid premiums. Our mortgage segment consists of operations relating to the origination and sale of residential mortgage loans. Mortgage products and services are financial in nature for which gains and fees are recognized net of expenses, upon the sale of mortgage loans to third parties. Services provided by our mortgage segment include soliciting, originating and selling mortgage loans into the secondary market. Mortgage loans originated and held for investment purposes are recorded in the wealth management segment as this is the segment that provides on-going services to the client.

The following table presents key metrics related to our segments as of the dates presented:

	Three Months Ended March 31, 2018			
(Dollars in thousands)	Wealth Management	Capital Management	Mortgage	Consolidated
Income[(1)]	$ 12,711	$ 861	$ 1,267	$ 14,839
Income before taxes	$ 2,252	$ (465)	$ (234)	$ 1,553
Profit margin	17.7%	(54.0)%	(18.5)%	10.5%

	Three Months Ended March 31, 2017			
(Dollars in thousands)	Wealth Management	Capital Management	Mortgage	Consolidated
Income[(1)]	$ 9,960	$ 1,074	$ 1,056	$ 12,090
Income before taxes	$ 491	$ (244)	$ 575	$ 822
Profit margin	4.9%	(22.7)%	54.5%	6.8%

	Year Ended December 31, 2017			
(Dollars in thousands)	Wealth Management	Capital Management	Mortgage	Consolidated
Income[(1)]	$ 45,689	$ 4,993	$ 3,819	$ 54,501
Income before taxes	$ 6,292	$ (874)	$ (411)	$ 5,007
Profit margin	13.8%	(17.5)%	(10.8)%	9.2%

(Dollars in thousands)	Year Ended December 31, 2016			
	Wealth Management	Capital Management	Mortgage	Consolidated
Income[1]	$ 41,209	$ 5,581	$ 6,604	$ 53,394
Income before taxes	$ 5,377	$ (1,059)	$ (747)	$ 3,571
Profit margin	13.0%	(19.0)%	(11.3)%	6.7%

(1) Net interest income, less provision for loan losses plus non-interest income.

The tables below present selected financial metrics of each segment as of and for the periods presented:

Wealth Management

(Dollars in thousands)	Three Months Ended March 31,			
	2018	2017	$ Change	% Change
Total interest income	$ 9,006	$ 7,546	$ 1,460	19.3%
Total interest expense	1,646	1,282	364	28.4%
Provision for loan losses	(187)	224	(411)	(183.5)%
Net interest income	7,547	6,040	1,507	25.0%
Non-interest income	5,164	3,920	1,244	31.7%
Total income	12,711	9,960	2,751	27.6%
Depreciation and amortization expense	337	480	(143)	(29.8)%
All other non-interest expense	10,122	8,989	1,133	12.6%
Income before income tax	$ 2,252	$ 491	$ 1,761	358.7%
Goodwill	$ 15,994	$ 15,994	$ —	—%
Identifiable assets	$ 958,511	$ 906,555	$ 51,956	5.7%

The wealth management segment reported income before income tax of $2.3 million for the three months ended March 31, 2018 compared to $0.5 million for the same period in 2017. The increase is primarily related to increases in the average volume of our interest-earning assets and yield in the three months ended March 31, 2018 compared to the same period in 2017. Average loans increased $121.3 million and the yield on total interest-earning assets increased to 4.0% from 3.6% compared to the same period in 2017. The increase in non-interest income of $1.2 million is primarily due to an increase in net gain on mortgage loans sold during the three months ended March 31, 2018 compared to the same period in 2017. The increase in non-interest expense of $1.0 million is primarily due to the increase in salaries and benefits related to the EMC asset acquisition and stock-based compensation awards granted

to associates in 2017. We continue to work on operational changes to reduce redundancy and improve profitability within the capital management segment.

(Dollars in thousands)	Year Ended December 31, 2017	2016	$ Change	% Change
Total interest income	$ 33,337	$ 29,520	$ 3,817	12.9%
Total interest expense	5,761	5,063	698	13.8%
Provision for loan losses	788	985	(197)	(20.0)%
Net interest income	26,788	23,472	3,316	14.1%
Non-interest income	18,901	17,737	1,164	6.6%
Total income	45,689	41,209	4,480	10.9%
Depreciation and amortization expense	2,339	2,300	39	1.7%
All other non-interest expense	37,058	33,532	3,526	10.5%
Income before income tax	$ 6,292	$ 5,377	$ 915	17.0%
Goodwill	$ 15,994	$ 15,994	$ —	—%
Identifiable assets	$ 934,719	$ 894,093	$ 40,626	4.5%

The wealth management segment reported income before income tax of $6.3 million for the year ended December 31, 2017 compared to $5.4 million for the year ended December 31, 2016. The increase is primarily related to increases in the average volume of our interest-earning assets and yield in 2017 compared to 2016. Average loans increased $83.4 million and the yield on interest-earning assets increased. The increase in non-interest income of $1.1 million is primarily due to an increase in risk management (insurance) fees in 2017 compared to 2016. The increase in non-interest expense of $3.5 million is primarily due to increased employee salaries and benefits related to risk management and stock-based compensation awards granted to associates in 2017.

Capital Management

(Dollars in thousands)	Three Months Ended March 31, 2018	2017	$ Change	% Change
Total interest income	$ —	$ —	$ —	—%
Total interest expense	—	—	—	—%
Provision for loan losses	—	—	—	—%
Net interest income	—	—	—	—%
Non-interest income	861	1,074	(213)	(19.8)%
Total income	861	1,074	(213)	(19.8)%
Depreciation and amortization expense	132	$ 138	$ (6)	(4.3)%
All other non-interest expense	1,194	1,180	14	1.2%
Income (loss) before income tax	(465)	(244)	(221)	90.6%
Goodwill	$ 8,817	$ 8,817	$ —	—%
Identifiable assets	$ 10,964	$ 13,224	$ (2,260)	(17.1)%

The capital management segment reported a loss before income tax of $0.5 million for the three months ended March 31, 2018 compared to a loss of $0.2 million for the same period in 2017. The decrease

in non-interest income is the result of the liquidation of several limited partnerships in the three-month period ended March 31, 2018 compared to 2017.

(Dollars in thousands)	Year Ended December 31, 2017	2016	$ Change	% Change
Total interest income	$ —	$ —	$ —	—%
Total interest expense	—	—	—	—%
Provision for loan losses	—	—	—	—%
Net interest income	—	—	—	—%
Non-interest income	4,993	5,581	(588)	(10.5)%
Total income	4,993	5,581	(588)	(10.5)%
Depreciation and amortization expense	108	$ 123	$ (15)	(12.2)%
All other non-interest expense	5,759	6,517	(758)	(11.6)%
Income (loss) before income tax	(874)	(1,059)	185	17.5%
Goodwill	$ 8,817	$ 8,817	$ —	—%
Identifiable assets	$ 12,000	$ 13,852	$ (1,852)	(13.4)%

The capital management segment reported a loss before income tax of $0.9 million for the year ended December 31, 2017 compared to a loss of $1.1 million for the year ended December 31, 2016. The overall decrease in non-interest income and non-interest expense is primarily related to the termination of a senior portfolio manager and subsequent client attrition. Improvements in operating performance in 2017 compared to 2016 were driven by our focused efforts to control expenses, drive efficiencies and increase profitability. We continue to work on operational changes to reduce redundancy and improve profitability within the capital management segment.

Mortgage

(Dollars in thousands)	Three Months Ended March 31, 2018	2017	$ Change	% Change
Total interest income	$ —	$ —	$ —	—%
Total interest expense	—	—	—	—%
Provision for loan losses	—	—	—	—%
Net interest income	—	—	—	—%
Non-interest income	1,267	1,056	211	20.0%
Total income	1,267	1,056	211	20.0%
Depreciation and amortization expense	104	—	$ 104	100%
All other non-interest expense	1,397	481	916	190.4%
Income (loss) before income tax	(234)	575	(809)	(140.7)%
Goodwill	$ —	$ —	$ —	—%
Identifiable assets	$ 22,146	$ 5,756	$ 16,390	284.7%

The mortgage segment reported a loss before income tax of $0.2 million for the three months ended March 31, 2018 compared to income of $0.6 million for the same period in 2017. The overall increase in non-interest income and non-interest expense is related to an increase in the origination of mortgage loans sold and related operations as a result of the acquisition of the assets of EMC in September 2017. We continue to work on operational changes to reduce redundancy and improve profitability within the capital management segment. Additionally, we incurred $0.1 million of compensation expenses related to the

purchase accounting treatment of the stock and cash consideration paid to the sole shareholder of EMC and we recorded $0.1 million of amortization expense related to the sole shareholders covenant not to compete.

(Dollars in thousands)	Year Ended December 31, 2017	2016	$ Change	% Change
Total interest income	$ —	$ —	$ —	—%
Total interest expense	—	—	—	—%
Provision for loan losses	—	—	—	—%
Net interest income	—	—	—	—%
Non-interest income	3,819	6,604	(2,785)	(42.2)%
Total income	3,819	6,604	(2,785)	(42.2)%
Depreciation and amortization expense	—	—	$ —	—%
All other non-interest expense	4,230	7,351	(3,121)	(42.5)%
Loss before income tax	(411)	(747)	336	(45.0)%
Goodwill	$ —	$ —	$ —	—%
Identifiable assets	$ 22,940	$ 8,053	$ 14,887	185%

The mortgage segment reported a loss before income tax of $0.4 million for the year ended December 31, 2017 compared to a loss of $0.7 million for the year ended December 31, 2016. The overall decrease in non-interest income and non-interest expense is related to an increase in size and scale of production and related operations as a result of the acquisition of the assets of EMC in September 2017 offset by the closure of our AZ LPO in 2016.

Financial Condition

The table below presents our condensed consolidated balance sheets as of the dates presented:

(Dollars in thousands)	As of March 31, 2018	As of December 31, 2017	$ Change	% Change
Balance Sheet Data:				
Cash and cash equivalents	$ 37,076	$ 9,502	$ 27,574	290.2%
Investments	52,185	55,205	(3,020)	(5.5)%
Loans	817,292	813,689	3,603	0.4%
Allowance for loan losses	(7,100)	(7,287)	187	(2.6)%
Loans, net of allowance	810,192	806,402	3,790	0.5%
Mortgage loans held for sale	22,146	22,940	(794)	(3.5)%
Promissory notes, net of discount	5,795	5,792	3	0.1%
Goodwill & intangibles, net	25,814	26,044	(230)	(0.9)%
Company-owned life insurance	14,410	14,316	94	0.7%
Other assets	24,003	29,458	(5,455)	(18.5)%
Total assets	$ 991,621	$ 969,659	$ 21,962	2.3%
Deposits	$ 818,227	$ 816,117	$ 2,110	0.3%
Borrowings	61,363	41,998	19,365	46.1%
Other liabilities	7,876	9,698	(1,822)	(18.8)%
Total liabilities	887,466	867,813	19,653	2.3%
Total shareholders' equity	104,155	101,846	2,309	2.3%
Total liabilities and shareholders' equity	$ 991,621	$ 969,659	$ 21,962	2.3%

Cash and cash equivalents increased by $27.6 million, or 290.2%, to $37.1 million at March 31, 2018. Investments declined by $3.0 million, or 5.5%, to $52.2 million at March 31, 2018. We continue to manage our balance sheet to ensure the amount of cash not being readily utilized is actively invested for optimal earnings.

Goodwill and intangible assets, net decreased by $0.2 million at March 31, 2018 due to amortization on our intangible assets.

In conjunction with our segment analysis for the reporting period ended December 31, 2017, we performed a goodwill impairment test and determined there was no goodwill impairment in any of our reporting units. As of December 31, 2017, we believe there are no reporting units at risk of failing "step 1" of the goodwill impairment test. However, as of December 31, 2017, the Capital Management Reporting Unit had an estimated fair value that was not substantially in excess of the carrying value of the reporting unit. We used the income and market approach to estimate the fair value of the reporting unit that exceeded the carrying value ranging from 13% to 39% for Capital Management. As of December 31, 2017, Capital Management had approximately $8.8 million of allocated goodwill.

To estimate the fair value of our reporting units, we use an income approach, specifically a discounted cash flow methodology, and a market approach. The discounted cash flow methodology includes assumptions for forecasted revenues, growth rates, discount rates, and market multiples, which all require significant judgment and estimates by management and are inherently uncertain. As required, these assumptions, judgments, and estimates are updated during our annual impairment testing in October. If management determines these assumptions, judgments and estimates have substantially and negatively charged, they may be updated prior to the annual testing date. During the three months ended March 31, 2018, no negative events occurred that management considered to be an indicator of impairment that would require testing goodwill and indefinite lived intangible assets for impairment prior to our regular annual testing.

Other assets decreased by $5.5 million, or 18.5%, to $24.0 million at March 31, 2018. This was primarily related to cash from investment securities received in January 2018 that were sold in December 2017.

Total deposits increased $2.1 million, or 0.3%, to $818.2 million at March 31, 2018. Total interest-bearing deposits decreased $22.8 million, or 3.7%, to $594.6 million at March 31, 2018 and noninterest-bearing deposits increased $24.9 million, to $223.6 million, at March 31, 2018.

Money market deposit accounts decreased $2.6 million, or 0.8%, to $328.4 million at March 31, 2018. Certificates of deposit and other time deposit accounts decreased $24.8 million, or 11.8%, to $185.5 million at March 31, 2018. Interest-bearing deposit accounts increased $4.7 million, or 6.3%, to $79.0 million. The decrease in certificate of deposit accounts was due to the maturity of a $17.4 million public deposit funds during the three months ended March 31, 2018.

Our loan to deposit ratio increased to 99.9% at March 31, 2018 compared to 99.7% at December 31, 2017.

Total borrowings increased $19.4 million, or 46.1%, to $61.4 million at March 31, 2018. The increase was attributable to a $27.9 million balance on our FHLB line of credit at March 31, 2018 compared to a $8.6 million balance at December 31, 2017.

Total shareholders' equity increased $2.3 million, or 2.3%, to $104.2 million at March 31, 2018. The increase is primarily due to the sale of common stock through a private placement offering of $1.9 million,

$0.5 million of stock-based compensation charges, and net income of $1.2 million. These increases were partially offset by the payment of $0.6 million of dividends on our preferred stock and a $0.8 million increase in the unrealized loss on our available-for-sale investments.

The table below presents our condensed consolidated balance sheets as of the dates presented:

(Dollars in thousands)	As of December 31, 2017	2016	$ Change	% Change
Balance Sheet Data:				
Cash and cash equivalents	$ 9,502	$ 62,685	$ (53,183)	(84.8)%
Investments	55,205	99,424	(44,219)	(44.5)%
Loans	813,689	672,815	140,874	20.9%
Allowance for loan losses	(7,287)	(6,478)	(809)	(12.5)%
Loans, net of allowance	806,402	666,337	140,065	21.0%
Mortgage loans held for sale	22,940	8,053	14,887	184.9%
Promissory notes, net of discount	5,792	10,384	(4,592)	(44.2)%
Goodwill & intangibles, net	26,044	26,263	(219)	(0.8)%
Company-owned life insurance	14,316	13,898	418	3.0%
Other assets	29,458	28,954	504	1.7%
Total assets	$ 969,659	$ 915,998	$ 53,661	5.9%
Deposits	$ 816,117	$ 753,900	$ 62,217	8.3%
Borrowings	41,998	57,635	(15,637)	(27.1)%
Other liabilities	9,698	8,535	1,163	13.6%
Total liabilities	867,813	820,070	47,743	5.8%
Total shareholders' equity	101,846	95,928	5,918	6.2%
Total liabilities and shareholders' equity	$ 969,659	$ 915,998	$ 53,661	5.9%

Cash and cash equivalents declined by $53.2 million, or 84.8%, to $9.5 million at December 31, 2017 as part of our efforts to comply with the Federal Reserve's Small Bank Holding Company Policy Statement, which exempts bank holding companies with less than $1 billion in assets from Basel III capital rules. Investments in available-for-sale securities declined by $44.0 million, or 45.1%, to $53.7 million at December 31, 2017. We manage our balance sheet to ensure the amount of cash not being readily utilized is actively invested in various investment products which allow us to manage liquidity and asset levels for optimal earnings, and the most advantageous capital treatment.

Mortgage loans held for sale increased $14.9 million, or 184.9%, to $22.9 million at December 31, 2017. This was due to the acquisition of assets of EMC in September 2017 which increased our loan originations in the fourth quarter of 2017.

The promissory notes declined by $4.6 million, or 44.2%, to $5.8 million at December 31, 2017, which is primarily due to the expiration of the related subordinated debentures.

Total deposits increased $62.2 million, or 8.3%, to $816.1 million at December 31, 2017. Interest-bearing deposits increased $59.0 million, or 10.6%, to $617.4 million at December 31, 2017 and noninterest-bearing deposits increased $3.2 million, or 1.6%, to $198.7 million, at December 31, 2017.

Money market deposit accounts increased $70.2 million, or 26.9%, to $331.0 million at December 31, 2017. Certificates of deposit and other time deposit accounts decreased $12.1 million, or 5.4%, to $210.3 million at December 31, 2017. Interest-bearing deposit accounts increased $0.7 million, or 0.9%, to

$74.3 million and savings deposits increased $0.2 million, or 14.3% to $1.8 million at December 31, 2017. The increase in money market deposits was primarily due to us transferring off-balance sheet trust investment portfolio cash into our on-balance sheet money market institutional portfolio accounts.

Our loan to deposit ratio increased to 99.7% at December 31, 2017 compared to 89.2% at December 31, 2016, which we believe is a result of clients deploying their capital and reducing deposit balances along with our focused loan growth initiatives. We have historically been able to grow deposits to match loan growth and we have launched a number of deposit initiatives with the intent to balance our loan growth success.

Total borrowings decreased $15.6 million, or 27.1%, to $42.0 million at December 31, 2017. The decline was partially attributable to the subordinated notes payable (described below) expiring in 2017, paying off our Credit Notes Payable, and reduction of FHLB Topeka borrowings.

Total shareholders' equity increased $5.9 million, or 6.2%, to $101.8 million at December 31, 2017. The increase is primarily due to the sale of common stock through a private placement offering of $5.3 million, $1.3 million of stock-based compensation charges, and net income of $2.0 million. These increases were partially offset by the payment of $2.3 million of dividends on our preferred stock and the return of $0.2 million of stock related to a legal settlement.

Assets Under Management

The following table presents changes in our assets under management for the periods presented:

	Three Months Ended		For the Year Ended	
(Dollars in millions)	**March 31, 2018**	**March 31, 2017**	**December 31, 2017**	**December 31, 2016**
Managed Trust Balance at Beginning of Period	**$ 1,438**	**$ 1,213**	**$ 1,213**	**$ 1,082**
New relationships	2	1	35	14
Closed relationships	(2)	(13)	(24)	(20)
Contributions	15	8	62	59
Withdrawals	(84)	(64)	(110)	(112)
Market change, net	39	90	262	190
Ending Balance	**$ 1,408**	**$ 1,235**	**$ 1,438**	**$ 1,213**
Yield*	0.19%	0.21%	0.17%	0.20%
Directed Trust Balance at Beginning of Period	**$ 714**	**$ 652**	**$ 652**	**$ 552**
New relationships	37	—	7	90
Closed relationships	—	—	—	(7)
Contributions	3	12	27	8
Withdrawals	(3)	(13)	(35)	(13)
Market change, net	5	29	63	22
Ending Balance	**$ 756**	**$ 680**	**$ 714**	**$ 652**
Yield*	0.07%	0.05%	0.06%	0.05%
Investment Agency Balance at Beginning of Period	**$ 2,100**	**$ 2,055**	**$ 2,055**	**$ 2,252**
New relationships	21	37	130	134
Closed relationships	(107)	(113)	(259)	(415)
Contributions	51	134	382	406
Withdrawals	(80)	(166)	(422)	(451)
Market change, net	(11)	96	214	129
Ending Balance	**$ 1,974**	**$ 2,043**	**$ 2,100**	**$ 2,055**
Yield*	0.74%	0.71%	0.70%	0.76%
Custody Balance at Beginning of Period	**$ 374**	**$ 335**	**$ 335**	**$ 246**
New relationships	1	—	12	26
Closed relationships	—	(1)	(3)	(1)
Contributions	83	64	167	156
Withdrawals	(48)	(18)	(184)	(144)
Market change, net	11	9	47	52
Ending Balance	**$ 421**	**$ 389**	**$ 374**	**$ 335**
Yield*	0.04%	0.03%	0.04%	0.04%
401(k)/Retirement Balance at Beginning of Period	**$ 748**	**$ 671**	**$ 671**	**$ 612**
New relationships	52	31	46	29
Closed relationships	(21)	—	(95)	(1)
Contributions	24	17	70	70
Withdrawals	(15)	(11)	(48)	(54)
Market change, net	11	25	104	15
Ending Balance	**$ 799**	**$ 733**	**$ 748**	**$ 671**
Yield*	0.25%	0.22%	0.24%	0.25%
Total Assets Under Management at Beginning of Period	**5,374**	**4,926**	**4,926**	**4,744**
New relationships	113	69	230	293
Closed relationships	(130)	(127)	(381)	(444)
Contributions	176	235	708	699
Withdrawals	(230)	(272)	(799)	(774)
Market change, net	55	249	690	408
Total Assets Under Management	**$ 5,358**	**$ 5,080**	**$ 5,374**	**$ 4,926**
Yield*	**0.37%**	**0.38%**	**0.36%**	**0.41%**

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

Assets under management for the three months ended March 31, 2018 was relatively unchanged. Assets under management increased $448.5 million, or 9.1%, to $5.4 billion at December 31, 2017, primarily due to large contributions and market gains. Our fiduciary portfolio accounted for $225.1 million, or 50.2%, of the total increase, which is attributed to large contributions at our Fort Collins profit center. The remaining change over the year resulted from a mix of new managed accounts, 401(k) and other retirement accounts, market gains, and contributions at the Bank. These increases were slightly offset by several large managed accounts that closed at our capital management segment.

Available-for-Sale Securities

Investments 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 pricing service, with unrealized gains and losses excluded from earnings and reported in other comprehensive income (loss), net of tax. All our investments in securities were classified as available-for-sale for the periods presented below. The carrying values of our investment securities classified as available-for-sale are adjusted for unrealized gain or loss, and any gain or loss is reported on an after-tax basis as a component of other comprehensive income in shareholders' equity.

The following table summarizes the amortized cost and estimated fair value of our investment securities as of March 31, 2018:

(Dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investment securities available-for-sale:				
U.S. treasury and federal agency	$ 250	$ —	$ (1)	$ 249
Government National Mortgage	—		—	—
Association ("GNMA") mortgage-backed securities—residential	39,990	14	(1,808)	38,196
Collateralized mortgage obligations issued by U.S. government sponsored entities and agencies	9,352	3	(408)	8,947
Corporate collateralized mortgage obligations and mortgage-backed securities	1,502	—	(52)	1,450
Small Business Investment Company ("SBIC")	1,017	—	—	1,017
Total securities available-for-sale	$ 52,111	$ 17	$ (2,269)	$ 49,859

The following table summarizes the amortized cost and estimated fair value of our investment securities as of December 31, 2017:

(Dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investment securities available-for-sale:				
U.S. treasury and federal agency	$ 250	$ —	$ (1)	$ 249
Government National Mortgage Association ("GNMA") mortgage-backed securities—residential	42,001	27	(1,192)	40,836
Collateralized mortgage obligations issued by U.S. government sponsored entities and agencies	9,736	13	(296)	9,453
Corporate collateralized mortgage obligations and mortgage-backed securities	1,529	—	(50)	1,479
SBIC	930	—	—	930
Equity mutual funds	750	—	(47)	703
Total securities available-for-sale	$ 55,196	$ 40	$ (1,586)	$ 53,650

The following table summarizes the amortized cost and estimated fair value of our investment securities as of December 31, 2016:

(Dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investment securities available-for-sale:				
U.S. treasury and federal agency	$ 251	$ —	$ (2)	$ 249
GNMA mortgage-backed securities—residential	79,872	112	(1,276)	78,708
Collateralized mortgage obligations issued by U.S. government sponsored entities and agencies	11,867	33	(367)	11,533
Corporate collateralized mortgage obligations and mortgage-backed securities	5,873	27	(165)	5,735
SBIC	721	—	—	721
Equity mutual funds	750	—	(41)	709
Total securities available-for-sale	$ 99,334	$ 172	$ (1,851)	$ 97,655

The following tables represent the book value of our 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. Weighted average yields are not presented on a taxable equivalent basis.

	Maturity as of March 31, 2018							
	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
Available-for-sale:								
U.S. treasury and federal agency	$ 250	0.00%	$ —	—%	$ —	—%	$ —	—%
Government National Mortgage Association ("GNMA") mortgage-backed securities—residential	—	—	—	—	—	—	39,990	1.89%
Collateralized mortgage obligations issued by U.S. government sponsored entities and agencies	—	—	—	—	438	0.03	8,914	0.42%
Corporate collateralized mortgage obligations and mortgage-backed securities	—	—	—	—	—	—	1,502	0.07%
Total available-for-sale	$ 250	0.00%	$ —	—%	$ 438	0.03%	$ 50,406	2.38%

	Maturity as of December 31, 2017							
	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
Available-for-sale:								
U.S. treasury and federal agency	$ 250	—%	$ —	—%	$ —	—%	$ —	—%
Government National Mortgage Association ("GNMA") mortgage-backed securities—residential	—	—	—	—	—	—	42,001	1.88%
Collateralized mortgage obligations issued by U.S. government sponsored entities and agencies	—	—	—	—	—	—	9,736	0.45%
Corporate collateralized mortgage obligations and mortgage-backed securities	—	—	—	—	—	—	1,529	0.06%
Total available-for-sale	$ 250	—%	$ —	—%	$ —	—%	$ 53,266	2.39%

(Dollars in thousands)	Maturity as of December 31, 2016							
	One Year or Less		One to Five Years		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
Available-for-sale:								
U.S. treasury and federal agency	$ 251	—%	$ —	—%	$ —	—%	$ —	—%
Government National Mortgage Association ("GNMA") mortgage-backed securities—residential	—	—	—	—	2,696	0.06%	77,176	1.92%
Collateralized mortgage obligations issued by U.S. government sponsored entities and agencies	—	—	1,085	0.03%	—	—	10,782	0.29%
Corporate collateralized mortgage obligations and mortgage-backed securities	—	—	—	—	—	—	5,873	0.16%
Total available-for-sale	$ 251	—%	$ 1,085	0.03%	$ 2,696	0.06%	$ 93,831	2.37%

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. 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 loan policy guidelines to ensure strong credit underwriting practices.

At March 31, 2018 and December 31, 2017, total loans, excluding loans held for sale, as a percentage of deposits were 99.9% and 99.7%, respectively, and as a percentage of assets were 82.4% and 83.9%, respectively.

As of December 31, 2017, total loans were $813.7 million, an increase of $140.9 million, or 20.9%, compared to $672.8 million as of December 31, 2016. These increases were primarily due to our continued organic growth in our market areas and growth in our commercial and residential mortgage loans.

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 sales activities are primarily directed at originating single family mortgages that are priced and underwritten to conform to previously agreed 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 December 31, 2017 and 2016, we had mortgage loans held for sale of $22.9 million and $8.0 million, respectively, in residential mortgage loans we originated.

At December 31, 2017 and 2016, total loans, excluding loans held for sale, as a percentage of deposits were 99.7% and 89.2%, respectively, and as a percentage of assets were 83.9% and 73.5%, respectively.

The following table summarizes our loan portfolio by type of loan as of the dates indicated:

	As of March 31, 2018		As of December 31,									
			2017		2016		2015		2014		2013	
(Dollars in thousands)	$	%	$	%	$	%	$	%	$	%	$	%
Cash, Securities and Other	$ 123,659	15.2%	$ 131,756	16.2%	$ 111,966	16.7%	$ 137,523	22.6%	$ 115,805	21.8%	$ 97,732	20.2%
Construction and development	29,150	3.6%	24,914	3.1%	39,702	5.9%	28,632	4.7%	16,618	3.1%	10,580	2.2%
1 - 4 Family Residential	298,007	36.5%	282,014	34.7%	242,221	36.0%	184,477	30.3%	162,672	30.6%	154,627	31.9%
Non-Owner Occupied CRE	167,617	20.5%	176,987	21.8%	152,317	22.7%	142,217	23.3%	124,542	23.4%	94,580	19.5%
Owner Occupied CRE	92,508	11.3%	92,742	11.4%	62,879	9.4%	62,893	10.3%	51,021	9.6%	55,948	11.5%
Commercial and Industrial	105,265	12.9%	104,284	12.8%	62,940	9.3%	54,087	8.8%	61,776	11.5%	71,017	14.7%
Total loans held for investment[1]	$ 816,206	100%	$ 812,697	100%	$ 672,025	100%	$ 609,829	100%	$ 532,434	100%	$ 484,484	100%
Total loans held for sale	$ 22,146		$ 22,940		$ 8,053		$ 19,903		$ —		$ —	

(1) Loans held for investment do not include deferred loan fees of $1.1 million, $1.0 million, $0.8 million, $0.6 million, $0.1 million and $0.2 million as of March 31, 2018 and December 31, 2017, 2016, 2015, 2014 and 2013, respectively.

- *Cash, Securities and Other*—consists of consumer and commercial purpose loans that 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 consumer collateral and an immaterial amount of each loan may be unsecured. 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.

- *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.

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, excluding deferred loan fees, as of the date indicated are summarized in the following tables:

	As of March 31, 2018			
(Dollars in thousands)	One Year or Less	One Through Five Years	After Five Years	Total
Cash, Securities and Other	$ 16,587	$ 97,647	$ 9,425	$ 123,659
Construction and development	1,910	25,507	1,733	29,150
1 - 4 Family Residential	3,939	133,133	160,935	298,007
Non-Owner Occupied CRE	3,008	80,689	83,920	167,617
Owner Occupied CRE	296	30,106	62,106	92,508
Commercial and Industrial	2,488	83,016	19,761	105,265
Total loans	$ 28,228	$ 450,098	$ 337,880	$ 816,206
Amounts with fixed rates	$ 6,182	$ 246,809	$ 160,770	$ 413,761
Amounts with floating rates	22,046	203,289	177,110	402,445
Total loans	$ 28,228	$ 450,098	$ 337,880	$ 816,206

	As of December 31, 2017			
(Dollars in thousands)	One Year or Less	One Through Five Years	After Five Years	Total
Cash, Securities and Other	$ 1,775	$ 120,866	$ 9,115	$ 131,756
Construction and development	1,959	21,591	1,364	24,914
1 - 4 Family Residential	5,926	129,511	146,577	282,014
Non-Owner Occupied CRE	750	97,990	78,247	176,987
Owner Occupied CRE	—	29,152	63,590	92,742
Commercial and Industrial	6,728	77,269	20,287	104,284
Total loans	$ 17,138	$ 476,379	$ 319,180	$ 812,697
Amounts with fixed rates	$ 6,274	$ 258,233	$ 169,950	$ 434,457
Amounts with floating rates	10,864	218,146	149,230	378,240
Total loans	$ 17,138	$ 476,379	$ 319,180	$ 812,697

	As of December 31, 2016			
(Dollars in thousands)	One Year or Less	One Through Five Years	After Five Years	Total
Cash, Securities and Other	$ 2,129	$ 101,359	$ 8,478	$ 111,966
Construction and development	3,416	32,845	3,441	39,702
1 - 4 Family Residential	1,188	143,922	97,111	242,221
Non-Owner Occupied CRE	—	84,833	67,484	152,317
Owner Occupied CRE	—	29,500	33,379	62,879
Commercial and Industrial	6,752	52,285	3,903	62,940
Total loans	$ 13,485	$ 444,744	$ 213,796	$ 672,025
Amounts with fixed rates	$ 1,743	$ 255,695	$ 129,596	$ 387,034
Amounts with floating rates	11,742	189,049	84,200	284,991
Total loans	$ 13,485	$ 444,744	$ 213,796	$ 672,025

Non-performing Assets

Non-performing assets include loans past due 90 days or more and still accruing interest, 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. 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 parcel is disposed. While disposition efforts with respect to our OREO are generally ongoing, if these properties are appraised at lower-than-expected values or if we are unable to sell the properties at the prices for which we expect to be able to sell them, we may incur additional losses.

We had $4.1 million in non-performing assets as of March 31, 2018 compared to $6.3 million in March 31, 2017. The $2.3 million decrease in our non-performing assets was primarily a result of the sale of a $2.1 million OREO property in 2017.

The following table presents information regarding non-performing loans as of the dates indicated:

(Dollars in thousands)	As of March 31, 2018	2017
Non-accrual loans by category		
Cash, Securities and Other	$ 96	$ —
Construction and development	—	—
1 - 4 Family Residential	246	—
Non-Owner Occupied CRE	—	—
Owner Occupied CRE	—	—
Commercial and Industrial	1,835	3,503
Total non-accrual loans	2,177	3,503
TDRs, still accruing	—	—
Accruing loans 90 or more days past due	1,217	—
Total non-performing loans	3,394	3,503
OREO	658	2,836
Total non-performing assets	$ 4,052	$ 6,339
Ratio of non-performing loans to total loans(1)	0.42%	0.50%
Ratio of non-performing assets to total assets	0.41%	0.68%
Allowance as a percentage of non-performing loans	209.19%	191.32%

(1) Excludes loans held for sale of $22.1 million and $5.8 million as of March 31, 2018 and March 31, 2017, respectively.

We had $4.9 million in non-performing assets as of December 31, 2017 compared to $6.4 million in December 31, 2016. The $1.6 million decrease in our non-performing assets was primarily a result of the sale of a $2.1 million OREO property in 2017.

The following table presents information regarding non-performing loans as of the dates indicated:

	As of December 31,				
(Dollars in thousands)	2017	2016	2015	2014	2013
Non-accrual loans by category					
Cash, Securities and Other	$ —	$ —	$ 249	$ 283	$ —
Construction and development	—	—	—	—	—
1 - 4 Family Residential	1,171	—	2,325	3,974	1,105
Non-Owner Occupied CRE	—	—	225	2,448	1,340
Owner Occupied CRE	—	—	—	—	—
Commercial and Industrial	1,835	3,607	4,492	591	—
Total non-accrual loans	3,006	3,607	7,291	7,296	2,445
TDRs, still accruing	—	—	—	3,501	10,040
Accruing loans 90 or more days past due	1,217	—	—	—	—
Total non-performing loans	4,223	3,607	7,291	10,797	12,485
OREO	658	2,836	3,016	4,573	5,347
Total non-performing assets	$ 4,881	$ 6,443	$ 10,307	$ 15,370	$ 17,832
Ratio of non-performing loans to total loans[(1)]	0.52%	0.54%	1.19%	2.03%	2.58%
Ratio of non-performing assets to total assets	0.50%	0.70%	1.20%	2.04%	2.56%
Allowance as a percentage of non-performing loans	172.55%	179.60%	81.69%	55.20%	38.76%

(1) Excludes loans held for sale of $22.9 million, $8.1 million, $19.9 million, $0 million and $0 million for the years ended December 31, 2017, 2016, 2015, 2014 and 2013, respectively.

Potential Problem Loans

We categorize 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. We analyze loans individually by classifying the loans as to credit risk on a quarterly basis, which are segregated into 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 of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize 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 are evaluated for impairment.

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 or certainty of eventual loss is not known because of specific pending factors.

Loans not meeting any of the three criteria above are considered to be pass-rated loans.

The following tables present, by class and by credit quality indicator, the recorded investment in our loans as of the dates indicated:

	As of March 31, 2018				As of December 31, 2017			
(Dollars in thousands)	Pass	Special Mention	Substandard	Total	Pass	Special Mention	Substandard	Total
Cash, Securities and Other	$ 122,431	$ —	$ 1,228	$ 123,659	$ 131,756	$ —	$ —	$ 131,756
Construction and Development	29,150	—	—	29,150	23,756	1,158	—	24,914
1 - 4 Family Residential	296,346	—	1,661	298,007	279,424	—	2,590	282,014
Non-Owner Occupied CRE	167,617	—	—	167,617	174,794	—	2,193	176,987
Owner Occupied CRE	90,315	—	2,193	92,508	92,742	—	—	92,742
Commercial and Industrial	94,492	—	10,773	105,265	93,624	114	10,546	104,284
Total	$ 800,351	$ —	$ 15,855	$ 816,206	$ 796,096	$ 1,272	$ 15,329	$ 812,697

	As of December 31, 2017				As of December 31, 2016			
(Dollars in thousands)	Pass	Special Mention	Substandard	Total	Pass	Special Mention	Substandard	Total
Cash, Securities and Other	$ 131,756	$ —	$ —	$ 131,756	$ 111,966	$ —	$ —	$ 111,966
Construction and Development	23,756	1,158	—	24,914	38,686	1,016	—	39,702
1 - 4 Family Residential	279,424	—	2,590	282,014	228,870	13,351	—	242,221
Non-Owner Occupied CRE	174,794	—	2,193	176,987	152,317	—	—	152,317
Owner Occupied CRE	92,742	—	—	92,742	62,879	—	—	62,879
Commercial and Industrial	93,624	114	10,546	104,284	56,902	664	5,374	62,940
Total	$ 796,096	$ 1,272	$ 15,329	$ 812,697	$ 651,620	$ 15,031	$ 5,374	$ 672,025

Allowance for Loan Losses

The allowance for loan losses is established through a provision for credit losses, which is a noncash charge to earnings. Loan losses are charged against the allowance when management believes the un-collectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance for loan losses.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and dollar volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral and prevailing economic conditions. Allocations of the

allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged off.

As of March 31, 2018, the allowance for loan losses totaled $7.1 million, or 0.9%, of total loans. As of March 31, 2017, the allowance for loan losses totaled $6.7 million, or 1.0%, of total loans.

(Dollars in thousands)	March 31, 2018	March 31, 2017
Average loans outstanding[1],[2]	$ 812,306	$ 691,051
Gross loans outstanding at end of period[3]	$ 817,292	$ 695,704
Allowance for loan losses at beginning of period	$ 7,287	$ 6,478
Provision for (release of) loan losses	(187)	232
Charge-offs:		
Cash, Securities and Other	—	—
Construction and development	—	—
1 - 4 Family Residential	—	—
Non-Owner Occupied CRE	—	—
Owner Occupied CRE	—	—
Commercial and Industrial	—	—
Total charge-offs	—	—
Recoveries:		
Cash, Securities and Other	—	(8)
Construction and development	—	—
1 - 4 Family Residential	—	—
Non-Owner Occupied CRE	—	—
Owner Occupied CRE	—	—
Commercial and Industrial	—	—
Total recoveries	—	(8)
Net charge-offs (recoveries)	—	8
Allowance for loan losses at end of period	$ 7,100	$ 6,702
Ratio of allowance to end of period loan	0.87%	0.96%
Ratio of net charge-offs to average loans[1],[2]	—%	—%

(1) Average balances are average daily balances.

(2) Excludes average outstanding balances of loans held for sale of $18.4 million and $6.4 million as of March 31, 2018 and March 31, 2017, respectively.

(3) Excludes loans held for sale of $22.1 million and $5.8 million for the three months ended March 31, 2018 and March 31, 2017, respectively.

As of December 31, 2017, the allowance for loan losses totaled $7.3 million, or 0.9%, of total loans. As of December 31, 2016, the allowance for loan losses totaled $6.5 million, or 1.0%, of total loans.

The following table presents summary information regarding our allowance for loan losses for the periods indicated:

(Dollars in thousands)	As of and for the years ended December 31, 2017	2016	2015	2014	2013
Average loans outstanding[1],[2]	$ 740,903	$ 647,228	$ 563,802	$ 471,743	$ 469,703
Gross loans outstanding at end of period[3]	$ 813,689	$ 672,815	$ 610,416	$ 532,537	$ 484,707
Allowance for loan losses at beginning of period	$ 6,478	$ 5,956	$ 5,960	$ 4,839	$ 9,413
Provision for (release of) loan losses	788	985	1,071	1,455	(1,676)
Charge-offs:					
Cash, Securities and Other	—	124	—	94	4
Construction and development	—	—	—	—	1,244
1 - 4 Family Residential	—	—	4	74	2,731
Non-Owner Occupied CRE	—	—	938	344	342
Owner Occupied CRE	—	—	—	—	—
Commercial and Industrial	—	687	375	—	—
Total charge-offs	—	811	1,317	512	4,321
Recoveries:					
Cash, Securities and Other	10	17	116	44	—
Construction and development	—	163	—	24	117
1 - 4 Family Residential	11	33	126	84	1,285
Non-Owner Occupied CRE	—	135	—	15	18
Owner Occupied CRE	—	—	—	—	—
Commercial and Industrial	—	—	—	11	3
Total recoveries	21	348	242	178	1,423
Net charge-offs (recoveries)	(21)	463	1,075	334	2,898
Allowance for loan losses at end of period	$ 7,287	$ 6,478	$ 5,956	$ 5,960	$ 4,839
Ratio of allowance to end of period loan	0.90%	0.96%	0.98%	1.12%	1.00%
Ratio of net charge-offs to average loans[1],[2]	0.00%	0.07%	0.19%	0.07%	0.62%

(1) Average balances are average daily balances.

(2) Excludes average outstanding balances of loans held for sale of $12.7 million, $19.0 million, $8.8 million, $0 million and $0 million for the years ended December 31, 2017, 2016, 2015, 2014 and 2013, respectively.

(3) Excludes loans held for sale of $22.9 million, $8.1 million, $19.9 million, $0 million and $0 million for the years ended December 31, 2017, 2016, 2015, 2014 and 2013, respectively.

The following tables represent the allocation of the allowance for loan losses among loan categories and other summary information. The allocation for loan 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 allowance for loan losses to one category of loans does not preclude its availability to absorb losses in other categories.

	As of March 31, 2018	
(Dollars in thousands)	Amount	% of Total
Cash, Securities and Other	$ 969	13.6%
Construction and development	228	3.2%
1 - 4 Family Residential	2,334	32.9%
Non-Owner Occupied CRE	1,313	18.5%
Owner Occupied CRE	724	10.2%
Commercial and Industrial	1,532	21.6%
Total allowance for loan losses	$ 7,100	

	As of December 31,									
	2017		2016		2015		2014		2013	
(Dollars in thousands)	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Cash, Securities and Other	$ 1,066	14.6%	$ 846	13.1%	$ 1,175	19.7%	$ 1,328	22.3%	$ 944	19.5%
Construction and development	202	2.8%	301	4.6%	242	4.1%	150	2.5%	93	1.9%
1 - 4 Family Residential	2,283	31.3%	1,833	28.3%	1,539	25.8%	1,434	24.1%	1,379	28.5%
Non-Owner Occupied CRE	1,433	19.7%	1,153	17.8%	1,199	20.1%	1,288	21.6%	833	17.2%
Owner Occupied CRE	751	10.3%	476	7.3%	531	8.9%	461	7.7%	489	10.1%
Commercial and Industrial	1,552	21.3%	1,869	28.9%	1,270	21.4%	1,299	21.8%	1,101	22.8%
Total allowance for loan losses	$ 7,287		$ 6,478		$ 5,956		$ 5,960		$ 4,839	

Deferred Tax Assets

Deferred tax assets represent the differences in timing of when items are recognized for GAAP purposes as opposed to tax purposes, as well as our net operating losses. As a result of the Tax Reform Act, our deferred tax assets, which 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, was reduced by $1.2 million.

As a result of book and tax basis differences, our deferred tax assets for the three months ended March 31, 2018 decreased $0.2 million from December 31, 2017.

Deposits

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

Total deposits increased by $2.1 million, or 0.3%, to $818.2 million at March 31, 2018. Total average deposits for the three months ended March 31, 2018 were $810.1 million, an increase of $48.7 million, or 6.4%, compared to $761.4 million as of March 31, 2017, primarily due to our general deposit growth initiatives, the cross-selling of products, the skills of our sales and service team, as well as additional deposits added from our trust and investment management relationships for which we also provide deposit products. The increase in average rates in 2018 and 2017 was driven primarily by an increase in market rates and competition.

The following table presents the average balances and average rates paid on deposits for the periods below:

	As of and for the three months ended March 31,			
	2018		2017	
(Dollars in thousands)	Average Balance	Average Rate	Average Balance	Average Rate
Deposits				
Money market deposit accounts	$ 323,206	0.81%	$ 276,025	0.37%
Demand deposit accounts	75,400	0.14%	69,485	0.39%
Certificates and other time deposits < $250k	78,624	0.82%	85,564	0.75%
Certificates and other time deposits > $250k	116,120	1.29%	134,831	1.05%
Total time deposits	194,744	0.99%	220,395	0.88%
Savings accounts	1,798	0.12%	1,503	0.32%
Total interest-bearing deposits	595,148	0.78%	567,408	0.57%
Noninterest-bearing accounts	214,980		193,974	
Total deposits	$ 810,128	0.57%	$ 761,382	0.43%

Average noninterest-bearing deposits to average total deposits for the three months ended March 31, 2018 and 2017 was 26.5% and 25.5%, respectively.

Our cost of funds was 0.74% and 0.63% during the three months ended March 31, 2018 and 2017, respectively. The increase in our cost of funds for 2018 and 2017 was primarily due to an increase in our average rates on interest-bearing deposits of 0.78% during the three months ended March 31, 2018 compared to 0.57% in the same period in 2017. This increase is primarily due to the impact of a rising rate environment.

Total money market accounts as of March 31, 2018 were $328.4 million, a decrease of $2.6 million, or 0.8%, compared to $331.0 million as of December 31, 2017. This decrease was primarily due to us transferring trust cash balances to manage liquidity.

Total certificates and other time deposits as of March 31, 2018 were $185.5 million, a decrease of $24.8 million, or 11.8%, over December 31, 2017.

Total deposits increased by $62.2 million, or 8.3%, from December 31, 2016 to $816.1 million at December 31, 2017. This deposit growth has resulted from our general deposit growth initiatives, the cross-selling of products and the skills of our sales and service team. Growth has primarily been in time deposits and money markets.

Total average deposits for the year ended December 31, 2017 were $779.9 million, an increase of $39.5 million, or 5.3%, compared to $740.4 million as of December 31, 2016, primarily due to continued growth in our primary market areas as well as additional deposits added from our trust and investment management relationships for which we also provide deposit products. The increase in average rates in 2017 and 2016 was driven primarily by an increase in market rates and competition.

The following table presents the average balances and average rates paid on deposits for the periods below:

(Dollars in thousands)	Years Ended December 31, 2017 Average Balance	2017 Average Rate	2016 Average Balance	2016 Average Rate
Deposits				
Money market deposit accounts	$ 282,968	0.57%	$ 275,518	0.35%
Demand deposit accounts	71,921	0.17%	71,103	0.20%
Certificates and other time deposits < $250k	86,865	0.77%	85,702	0.61%
Certificates and other time deposits > $250k	130,949	1.15%	134,346	1.00%
Total time deposits	217,814	0.94%	220,048	0.83%
Savings accounts	1,604	0.04%	1,641	—%
Total interest-bearing deposits	574,307	0.66%	568,310	0.51%
Noninterest-bearing accounts	205,603		172,102	
Total deposits	$ 779,910	0.48%	$ 740,412	0.39%

Average noninterest-bearing deposits to average total deposits for the years ended December 31, 2017 and 2016 was 26.4% and 23.2%, respectively.

Costs to fund interest-bearing assets primarily include the volume of interest-bearing and noninterest-bearing deposits, changes in market interest rates, and economic conditions in our primary market areas and their related impact on interest paid on deposits. Cost of funds is calculated as total interest expense divided by average total deposits plus average total borrowings. Our cost of funds was 0.67% and 0.63% in 2017 and 2016, respectively. The increase in our cost of funds for 2017 and 2016 was primarily due to an increase in our average rates on interest-bearing deposits from 0.51% in 2016 to 0.66% in 2017. This increase is primarily due to the impact of increases in the federal funds rates.

Total money market accounts as of December 31, 2017 were $331.0 million, an increase of $70.2 million, or 26.9%, compared to $260.8 million as of December 31, 2016. This increase was primarily due to us transferring cash balances to manage liquidity.

Total certificates and other time deposits as of December 31, 2017 were $210.3 million, a decrease of $12.1 million, or 5.4%, over December 31, 2016. We believe this decrease was primarily a result of clients deploying deposits in alternative investment vehicles to take advantage of the Federal Reserve rate increases throughout 2017.

The following table represents the amount of certificates of deposit by time remaining until maturity as of March 31, 2018:

(Dollars in thousands)	
Years Ended March 31:	
2018	$ 124,003
2019	42,783
2020	10,435
2021	5,196
2022	1,339
Thereafter	1,704
	$ 185,460

The following table represents the amount of certificates of deposit by time remaining until maturity as of December 31, 2017:

(Dollars in thousands)	
Years Ended December 31:	
2018	$ 170,959
2019	27,256
2020	7,413
2021	3,332
2022	1,332
Thereafter	—
	$ 210,292

Borrowings

We have short-term and long-term borrowing sources available to supplement deposits and meet our liquidity needs.

As of March 31, 2018 and December 31, 2017, borrowings totaled $61.4 million and $42.0 million, respectively. The table below presents balances of each of the borrowing facilities as of the periods indicated:

(Dollars in thousands)	March 31, 2018	December 31, 2017
Borrowings		
FHLB Topeka	$ 47,928	$ 28,563
Convertible subordinated debentures	—	—
Subordinated notes	13,435	13,435
Credit Note	—	—
	$ 61,363	$ 41,998

FHLB Topeka. We have a blanket pledge and security agreement with the FHLB Topeka that requires certain loans and securities be pledged as collateral for any outstanding borrowings under the agreement. The collateral pledged as of March 31, 2018 and December 31, 2017 amounted to $407.2 million and $361.7 million, respectively. Based on this collateral together with our ownership of FHLB Topeka stock, we were eligible to borrow an additional $227.8 million at March 31, 2018.

Credit and Term Promissory Notes and Bankers Bank of the West. On July 31, 2014, we entered into an Amended and Restated Promissory Note (the "Promissory Note") and an Amended and Restated Revolving Credit Note (the "Credit Note") with a correspondent lending partner, Bankers Bank of the West. Both the Promissory Note and Credit Note matured on March 31, 2015. On March 31, 2015, the Promissory Note and Credit Note maturity dates were extended to March 31, 2017, then on March 31, 2017, the Promissory Note and Credit Note maturity dates were extended to March 31, 2018. On March 31, 2018, the Credit Note maturity date was extended until May 31, 2019. The Promissory Note and Credit Note are secured by stock of the Bank and bear interest at the 30 day London Interbank Offered Rate ("LIBOR") plus 4.0%. As of March 31, 2018 and December 31, 2017, there were no amounts outstanding on either the Promissory Note or the Credit Note.

As of December 31, 2017 and 2016, borrowings totaled $42.0 million and $57.6 million, respectively. The table below presents balances of each of the borrowing facilities as of the periods indicated:

(Dollars in thousands)	December 31, 2017	2016
Borrowings		
Federal Home Loan Bank Topeka borrowings	$ 28,563	$ 37,000
Convertible subordinated debentures	—	4,749
Subordinated notes	13,435	13,150
Credit note payable	—	2,736
	$ 41,998	$ 57,635

FHLB Topeka. We have a blanket pledge and security agreement with the FHLB Topeka that requires certain loans and securities be pledged as collateral for any outstanding borrowings under the agreement. The collateral pledged as of December 31, 2017 and 2016 amounted to $361.7 million and $227.4 million, respectively. Based on this collateral together with our ownership of FHLB Topeka stock, we were eligible to borrow an additional $196.6 million at December 31, 2017.

Subordinated Debentures. In 2005, 2006 and 2007, we issued convertible subordinated debentures to Scott Wylie, our Chairman, Chief Executive Officer and President, and Warren Olsen, our Chief Investment Officer at the time of issuance. The convertible subordinated debentures were convertible into our common stock at fixed rates of exchange during the contract term, accrued interest which was compounded annually, and were subject to certain conditions. In exchange for the issuance of the debentures, we received promissory notes from the officers with like terms to the issued debentures. At the date of issuance, the difference between the fair value and the face amount of each instrument was accounted for as a premium, which was amortized over the 10-year term within interest expense. The promissory notes were required to be prepaid prior to any conversion of the convertible subordinated debentures to common stock. The number of shares of common stock into which these debentures were convertible was determined by dividing the outstanding principal and accrued but unpaid interest at the time of the conversion by the conversion price. As of December 31, 2017, none of the debentures or related promissory notes remain outstanding as they were all exercised or expired unexercised. Additional information on the debentures is included in Note 9—Borrowings to the accompanying notes to the consolidated financial statements included elsewhere in this prospectus.

Subordinated Notes. In 2012, we issued $7.6 million of subordinated notes to various investors which are due in 2020 (the "subordinated notes due 2020"). The subordinated notes due 2020 accrue interest at a fixed rate of 8.0% per annum, mature in July 2020, are redeemable at our option after July 2015 (none of the subordinated notes due 2020 were redeemed in 2017 and $0.8 million were redeemed in 2016), and pay interest quarterly. If the subordinated notes due 2020 are redeemed after 3 years, we would pay a premium

of 3.0% of par, which declines 1.0% each year thereafter. We paid $15,000 of premiums related to the subordinated notes due 2020 that were redeemed in 2016. After six years (i.e., in July 2018) we can repay the subordinated notes due 2020 with no premium.

In 2017 and 2016, we issued $0.3 million and $6.3 million, respectively, of subordinated notes to various investors which are due in 2026 (the "subordinated notes due 2026"). The subordinated notes due 2026 accrue interest at a rate of 7.25% per annum until December 31, 2021, at which time the rate will adjust each quarter to the then current 90 day LIBOR plus 587 basis points, mature on December 31, 2026, are redeemable at our option after January 1, 2022, and pay interest quarterly.

For the years ended December 31, 2017 and 2016, we recorded $1.0 million and $0.7 million of interest expense related to the subordinated notes due 2026 and the subordinated notes due 2020. The subordinated notes due 2026 and the subordinated notes due 2020 are included in Tier 2 capital under current regulatory guidelines and interpretations, subject to limitations.

Credit and Term Promissory Notes and Bankers Bank of the West. As of December 31, 2017, there were no amounts outstanding on either the Promissory Note or the Credit Note. At December 31, 2016, $2.7 million was outstanding on the Credit Note and $0 was outstanding on the Promissory Note. The interest rate on the Credit Note and Promissory Note was 4.63% at December 31, 2016.

Short-term borrowings consist of debt with maturities of one year or less. Our short-term borrowings consist of an FHLB line of credit. The following table is a summary of our short-term borrowings as of and for the period presented.

(Dollars in thousands)		**As of and for the Three Months Ended March 31, 2018**
Short-term borrowings:		
Maximum outstanding at any month-end during the period	$	56,128
Balance outstanding at end of period	$	27,928
Average outstanding during the period	$	35,517
Average interest rate during the period		1.55%
Average interest rate at the end of the period		1.47%

As of March 31, 2018 and December 31, 2017, we had two unsecured federal funds lines of credit with up to $13.0 million and $25.0 million, respectively, available to us under such federal funds lines. As of March 31, 2018 and December 31, 2017, there were no amounts drawn on either federal funds line.

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 March 31, 2018 and December 31, 2017, the Company was in compliance with the covenant requirements.

(Dollars in thousands)	As of and for the Year Ended December 31, 2017
Short-term borrowings:	
Maximum outstanding at any month-end during the period	$ 66,563
Balance outstanding at end of period	$ 8,563
Average outstanding during the period	$ 31,237
Average interest rate during the period	1.20%
Average interest rate at the end of the period	1.10%

As of December 31, 2017 and 2016, we had two unsecured federal funds lines of credit with up to $13.0 million and $25.0 million, respectively, available to us under such federal funds lines. As of December 31, 2017 and 2016, there were no amounts drawn on either federal funds line.

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 December 31, 2017 and 2016, the Company was in compliance with the covenant requirements.

Liquidity and Capital Resources

Liquidity resources primarily include interest-bearing and non-interest bearing deposits which primarily contribute to our ability to raise funds to support asset growth, acquisitions, and meet deposit withdrawals and other payment obligations. Access to purchased funds primarily include borrowing from FHLB Topeka and from correspondent banks.

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

period indicated. For the three-months ended March 31, 2018 and the same period in 2017, average assets were $989.5 million and $912.5 million, respectively.

	Average Percentage for the Three-Month Period Ended March 31, 2018	Average Percentage for the Three-Month Period Ended March 31, 2017
Sources of Funds:		
Deposits:		
Noninterest-bearing	21.73%	21.26%
Interest-bearing	60.15%	62.18%
Federal Home Loan Bank Topeka borrowings	5.61%	3.02%
Convertible subordinated debentures	—%	0.52%
Subordinated notes	1.36%	1.45%
Credit Note	—%	0.28%
Other liabilities	0.71%	0.68%
Shareholders' equity	10.45%	10.61%
Total	100.0%	100.0%
Uses of Funds:		
Total loans	82.09%	75.73%
Available-for-sale securities	5.23%	11.49%
Mortgage loans held for sale	1.86%	0.70%
Promissory notes from related parties	0.58%	1.14%
Interest-bearing deposits in other financial institutions	3.68%	3.79%
Non-interest earning assets	6.56%	7.15%
Total	100.0%	100.0%
Average noninterest-bearing deposits to average deposits	26.54%	25.48%
Average loans to average deposits	100.27%	90.76%
Total interest-bearing deposits to total deposits	73.46%	74.52%

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

period indicated. For the years ended December 31, 2017 and 2016, average assets were $954.8 million and $894.8 million, respectively.

	Average Percentage for the Years Ended December 31,	
	2017	2016
Sources of Funds:		
Deposits:		
Noninterest-bearing	21.53%	19.23%
Interest-bearing	60.15%	63.51%
Federal Home Loan Bank Topeka borrowings	5.37%	3.56%
Convertible subordinated debentures	0.25%	1.44%
Subordinated notes	1.40%	0.95%
Credit Note	0.09%	0.37%
Other liabilities	0.74%	0.84%
Shareholders' equity	10.47%	10.10%
Total	100.00%	100.00%
Uses of Funds:		
Total loans	77.04%	71.81%
Available-for-sale securities	9.79%	9.05%
Mortgage loans held for sale	1.32%	2.11%
Promissory notes from related parties	0.84%	2.04%
Interest-bearing deposits in other financial institutions	3.31%	5.66%
Non-interest earning assets	7.70%	9.33%
Total	100.00%	100.00%
Average noninterest-bearing deposits to average deposits	26.36%	23.24%
Average loans to average deposits	95.00%	87.41%
Total interest-bearing deposits to total deposits	73.64%	76.76%

Our primary source of funds is interest-bearing and noninterest-bearing deposits, and our primary use of funds is loans and available-for-sale securities. We do not expect a change in the primary source or use of our funds in the foreseeable future.

Capital Resources

Total shareholders' equity increased by $2.3 million, or 2.3%, to $104.2 million at March 31, 2018, compared to December 31, 2017. This increase was primarily the result of the sale of 67,242 shares of common stock through a private placement for $1.9 million in cash, $0.5 million of stock based compensation and $1.2 million in net earnings for the period. These increases were partially offset by the payment of $0.6 million of dividends on our preferred stock and other comprehensive loss of $0.8 million.

Total shareholders' equity increased by $5.9 million, or 6.2%, to $101.8 million at December 31, 2017. This increase was primarily the result of the sale of 186,791 shares of common stock through a private placement for $5.3 million, $1.3 million of stock-based compensation, and $2.0 million in net earnings for the period. These increases were partially offset by the payment of $2.3 million of dividends on our preferred stock and the return of $0.2 million of stock related to a legal settlement. Although it did not

impact total equity, during 2017, $0.5 million of Series D preferred stock, or 5,000 shares of Series D preferred stock, converted into 17,500 shares common stock, which the holder of the Series D preferred stock also received a Make Whole Right upon conversion. See "Certain Relationships and Related Persons Transactions—Make Whole Rights" for additional discussion of the Make Whole Right. Additionally, although the shares were legally issued, the 105,264 shares of common stock with a value of $3.0 million issued to EMC for the acquisition of the mortgage operations from EMC are reflected as outstanding, but the $3.0 million will be amortized to expense, with the offset being paid in capital, as the shares are vested or earned as more fully described in Note 2—Acquisitions in the accompanying notes to the consolidated financial statements included elsewhere in this prospectus.

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 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 March 31, 2018 and December 31, 2017, 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.

The following table presents our regulatory capital ratios for the dates noted.

	March 31, 2018		December 31, 2017	
(Dollars in thousands)	**Amount**	**Ratio**	**Amount**	**Ratio**
Common Equity Tier 1(CET1) to risk-weighted assets				
Bank	$ 80,414	10.36%	$ 77,879	9.81%
Consolidated Company	$ 55,267	7.04%	$ 52,703	6.56%
Tier 1 capital to risk-weighted assets				
Bank	$ 80,414	10.36%	$ 77,879	9.81%
Consolidated Company	$ 74,152	9.44%	$ 70,573	8.79%
Total capital to risk-weighted assets				
Bank	$ 87,655	11.29%	$ 85,304	10.75%
Consolidated Company	$ 96,656	12.31%	$ 93,903	11.70%
Tier 1 capital to average assets				
Bank	$ 80,414	8.43%	$ 77,879	8.27%
Consolidated Company	$ 74,152	7.72%	$ 70,573	7.41%

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 customers. 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 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 table presents future contractual obligations to make future payments with respect to borrowings for the periods indicated (amounts in thousands):

	As of March 31, 2018				
	1 year or less	More than 1 year but less than 3 years	More than 3 years but less than 5 years	5 years or more	Total
FHLB Topeka	$ 37,928	$ 10,000	$ —	$ —	$ 47,928
Subordinated notes	—	6,875	—	6,560	13,435
Total	$ 37,928	$ 16,875	$ —	$ 6,560	$ 61,363

	As of December 31, 2017				
	1 year or less	More than 1 year but less than 3 years	More than 3 years but less than 5 years	5 years or more	Total
FHLB Topeka	$ 18,563	$ 10,000	$ —	$ —	$ 28,563
Subordinated notes	—	6,875	—	6,560	13,435
Total	$ 18,563	$ 16,875	$ —	$ 6,560	$ 41,998

The following tables present financial instruments whose contract amounts represent credit risk, as of the periods indicated.

	March 31, 2018	
	Fixed Rate	Variable Rate
Unused lines of credit	$ 36,407	$ 230,668
Standby letters of credit	$ 40	$ 15,532
Commitments to make loans	$ 250	$ 20,102

	December 31,			
	2017		2016	
	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate
Unused lines of credit	$ 42,971	$ 218,536	$ 52,678	$ 180,951
Standby letters of credit	$ 40	$ 15,532	$ 187	$ 17,376
Commitments to make loans	$ 4,596	$ 20,572	$ —	$ 5,660

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.

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.

Interest rate risk is addressed by our board of directors. The board 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 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 board-approved limits.

The following tables summarize the sensitivity in net interest income and fair value of equity over the periods indicated, using a non-parallel ramp scenario.

The model simulations as of March 31, 2018 imply that our balance sheet is less asset sensitive compared to our balance sheet as of December 31, 2017. The change to a less asset sensitive position over the period is driven by an increase in short-term borrowings and an extension in the duration of the loan portfolio, partially offset by an increase in interest-bearing cash.

	As of March 31, 2018	
Change in Interest Rates (Basis Points)	Percent Change in Net Interest Income	Percent Change in Fair Value of Equity
300	1.64%	(4.65)%
200	1.60%	(0.67)%
100	1.65%	1.49%
Base	—%	—%
–100	(3.66)%	(6.17)%

	As of December 31, 2017		As of December 31, 2016	
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
300	1.95%	(2.94)%	7.87%	1.62%
200	1.85%	0.56%	5.78%	3.64%
100	1.76%	2.16%	3.65%	4.10%
Base	0.00%	0.00%	0.00%	0.00%
–100	(7.74)%	(10.59)%	(4.30)%	(11.79)%

The model simulations as of December 31, 2017 imply that our balance sheet is less asset sensitive compared to our balance sheet as of December 31, 2016. The change to a less asset sensitive position over the period is due to an increase in longer term fixed and variable rate loans, funded through short-term

liabilities. Interest-bearing deposits increased significantly over this period, in which money market and savings accounts made up for 40.8% of the total deposit mix as of December 31, 2017, compared to 34.8% as of December, 31, 2016.

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, 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 consolidated financial statements and related notes included within this prospectus 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 on 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.

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 consolidated financial statements included elsewhere in this prospectus.

MANAGEMENT

General

We have a seasoned executive management team and board of directors. Our board of directors is composed of nine directors who are elected by our shareholders at each annual meeting of shareholders for a term of one year. Our directors hold office until the next annual meeting of shareholders following their election and thereafter until their successor shall have been elected and qualified. Our executive officers are appointed by our board of directors and hold office until their successors are duly appointed and qualified, or until their earlier death, resignation or removal.

The board of directors of the Bank consists of nine directors, each of whom also serves on our board of directors. As the sole shareholder of the Bank, we elect the directors of the Bank annually for a term of one year. Directors of the Bank hold office until the next annual meeting of shareholders following their election and thereafter until their successor shall have been elected and qualified.

Our Directors and Executive Officers

The following table states our directors' names, their ages, and the years that they began serving as directors of the Company.

Name	Position(s)	Age at June 15, 2018	Director Since
Scott C. Wylie	Chairman, Chief Executive Officer and President	60	2002
Julie A. Caponi	Director	56	2017
David R. Duncan	Director	52	2011
Thomas A. Gart	Director	59	2013
Patrick H. Hamill	Director	58	2004
Luke A. Latimer	Director	41	2015
Eric D. Sipf	Director	69	2003
Mark L. Smith	Director	66	2002
Joseph C. Zimlich	Director, Lead Director	58	2004

The following table sets forth information regarding our executive officers and their ages.

Name	Position(s)	Age at June 15, 2018
Scott C. Wylie	Chairman, Chief Executive Officer and President of the Company and the Bank	60
Julie A. Courkamp	Chief Financial Officer and Treasurer of the Company and the Bank	39
Dawn M. Thompson	Chief Credit Officer of the Bank (retired on February 21, 2018)	57

In addition to our executive officers, our business is managed by other highly qualified and experienced bankers, who report directly to Mr. Wylie and oversee various aspects of our organization including lending, credit administration, treasury services, finance, operations, information technology, regulatory compliance and risk management. Our team has a demonstrated track record of achieving profitable growth, maintaining a strong credit culture, implementing a relationship-driven approach to banking and successfully executing acquisitions. The depth of our team's experience, market knowledge

and long-term relationships in our markets provide us with a steady source of referral business. The following table sets forth information regarding our senior leadership team and their ages.

Name	Position(s) with the Bank	Age at June 15, 2018
Scott J. Lawley	Chief Credit Officer	54
Gary B. Lutz	President of Product Groups	55
John E. Sawyer	Chief Investment Officer	49
Josh M. Wilson	Regional President, Colorado/Wyoming	41
Daniel C. Thompson	Regional President, Arizona/California	48

The Business Background of Our Directors and Executive Officers

The following is a brief discussion of the business and banking background and experience of our directors and executive officers for at least the past five years. With respect to directors, the biographies also contain information regarding the person's experience, qualifications, attributes or skills that led to the conclusion that the person should serve as a director. Unless otherwise indicated, directors and senior officers have held their positions for the past five years. No director or executive officer has any family relationship, as defined in Item 401 of Regulation S-K, with any other director or with any of our executive officers.

Our Directors

Julie A. Caponi. Ms. Caponi is a Certified Public Accountant. She retired in 2017 from Arconic, Inc. (formerly known as Alcoa Inc.), a manufacturer of engineered products from aluminum and other lightweight metals, after serving in a number of finance leadership roles. In her seventeen years at Arconic, Ms. Caponi served as Assistant Treasurer, Vice President-Audit and Assistant Controller. Before joining Arconic, she was an audit partner at Deloitte, principally serving clients in the financial services industry. Since 2007, she has served as a director of First Commonwealth Financial Corporation, an NYSE-listed financial holding company, where she chairs the Audit Committee and is a member of the Compensation and Human Resources Committee. She is also a director of First Commonwealth Bank. Ms. Caponi earned a Bachelor of Science in Accounting from the Indiana University of Pennsylvania. Ms. Caponi's qualifications for service on our board of directors include her leadership, audit and public bank holding company board experience. Her knowledge of financial accounting, auditing and internal controls is also beneficial to our board of directors.

David R. Duncan. Mr. Duncan has been President and Chief Executive Officer of Silver Oak Cellars since 2002. He is also a Managing Partner of Twomey Cellars and the Proprietor of Ovid Winery. He also is President of Denver-based Duncan Oil, Inc. where he has served since 1988. Mr. Duncan is the former Chapter Chairman and member of the Northern California Chapter of the Young Presidents Organization. Mr. Duncan is also involved in the community serving as Chairman of the board of the St. Helena Hospital Foundation, Co-Chair of the capital campaign for the Saint Helena Montessori School and has been on the board the Napa Valley Vintners, serving as Chairman in 2014. Mr. Duncan earned a Bachelor of Arts from the University of Notre Dame and a Master of Business Administration from the University of Denver. Mr. Duncan's qualifications for service on our board of directors include his experience as an entrepreneur, business leader, board member and manager in private equity and growth company investments. He also has extensive experience and knowledge of the operation of family businesses.

Thomas A. Gart. Mr. Gart is President of The Gart Companies, which is a private equity investment company focusing on real estate and specialty retail that he co-founded in 1993. Mr. Gart's career started with Gart Brothers Sporting Goods Company, a three generation family owned and operated business

founded in 1927 by Mr. Gart's grandfather, where Mr. Gart was President and Chief Operating Officer from 1985 until the company's sale in 1992. Mr. Gart currently serves on the board of National Jewish Hospital and is an emeritus board member of the Colorado Chapter of The Nature Conservancy. Mr. Gart is a member of the World Presidents Organization (WPO), holds a Bachelor of Arts with honors from Stanford University and a Master of Business Administration from Harvard University Graduate School of Business. Mr. Gart brings a sophisticated financial background with leadership experience in family businesses and private equity investing across a broad range of industries. He also has a deep background in real estate and specialty retail.

Patrick H. Hamill. Mr. Hamill is Chairman and Chief Executive Officer of Oakwood Homes, LLC, which he founded in 1991 and sold to Berkshire Hathaway in 2017. Mr. Hamill's other interests include Bright Door Properties, PHH Equipment Leasing, Green Valley Ranch Golf Club, and GVR Landscape. Mr. Hamill founded the BuildStrong Foundation, which focuses on early childhood education, along with work force development. BuildStrong founded the Colorado Homebuilding Academy which trains workers for careers in the housing industry. Mr. Hamill has served in various civic positions including: Vice-Chair of Metropolitan Football Stadium District, Trustee at the University of Denver, Boys & Girls Club of Metro Denver, and National Trustee of First Tee of America. Mr. Hamill has been recognized over the years for various honors and recognitions; Professional Achievement Award through the University of Denver's Founders Day in 1999, Champion for Youth Boys & Girls Club in 2007, Urban Nights Benefits Homeless Youth Award in August 2016, Colorado "I Have a Dream" Foundation Award in September 2017, Bill Daniels Ethical Leader of the Year Award in October 2017, St. Jude Hope Award in May 2018, and the Hearthstone Builder Humanitarian Award in May 2018, to name a few. Mr. Hamill received a Bachelor of Science in Business Administration from the University of Denver's School of Real Estate and Construction Management. Mr. Hamill's qualifications for service as a director include his entrepreneurial success in business, community leadership and his expertise in real estate, homebuilding and economic development.

Luke A. Latimer. Mr. Latimer has served as Chairman, Chief Executive Officer and President of R&L Development, a heavy construction company in New Alexandria, Pennsylvania since 2015. He previously served as Executive Vice President and Treasurer of R&L Development from 1999 to 2015. Mr. Latimer is Chairman, Chief Executive Officer and President of Derry International LTD, Incorporated, a mining company based in New Alexandria, Pennsylvania, and is a General Partner of SML Limited Partnership, a real estate holding and development partnership in New Alexandria, Pennsylvania. Since 2011, he has served as a director of First Commonwealth Financial Corporation, an NYSE-listed financial holding company. He is also a director of First Commonwealth Bank. Mr. Latimer previously served as Chairman of First National Bank of Santa Fe and a director of New Mexico Banquest Corporation, a bank and bank holding company in Santa Fe, New Mexico, until May 2013. He earned a Bachelor of Science in Business Management from Saint Vincent College. Mr. Latimer's qualifications for service as a director include his leadership in his family business as well as his experience on multiple bank and bank holding company boards, including a publicly held bank holding company.

Eric D. Sipf. Mr. Sipf has more than thirty years of experience running public and private health care services organizations. Retired since 2009, he served as a division president for one of America's largest managed health care companies, PacifiCare (which was acquired by United Healthcare in 2005). Mr. Sipf is on the Board of Trustees of Association for Choice in Education and a member of the Development Committee for Colorado Uplift. Mr. Sipf is a former President of the Colorado HMO Association and a past board member of the Comprecare Foundation, the Southeast Business Partnership, the South Metro Chamber, Aurora Economic Development Council, BankOne Colorado, The TriZetto Group, Intrado, Northern Trust Bank of Colorado, Imerica Life and Health, The Rocky Mountain Adoption Exchange, The Denver Area Council of the Boy Scouts of America and The Denver Museum of Nature and Science. He was also past Chairman of the Aurora Chamber of Commerce. Mr. Sipf is a graduate of Indiana

University and a United States Army veteran having served in Vietnam. As a Certified Public Accountant (inactive), Mr. Sipf's qualifications for service as a director include his extensive experience in the areas of asset management, finance, accounting, control systems, banking relationships, information technology projects and strategic planning. He also has experience serving on several bank and bank holding company boards and has significant merger and acquisition experience.

Mark L. Smith. Mr. Smith is a Principal of Slifer Smith and Frampton, which he founded in 1989, and he has over 45 years of experience in real estate development, sales and marketing. He was also a founding principal of both East West Partners and Union Station Neighborhood Company. Mr. Smith was the founder of the Youth Foundation (now Youth Power 365), Platte Forum and the Riverfront Park Community Foundation. Current board affiliations include the Clyfford Still Museum, Colorado Forum, the Riverfront Park Community Foundation and Slifer Smith and Frampton Foundation. Mark was named Ernst and Young Entrepreneur of the Year for the Rocky Mountain Region in 2001, received the first ever Friend of the River award from the Greenway Foundation in 2011, received the Colorado Business Magazine CEO of the Year award in 2014 and has been the recipient of numerous other awards. Mr. Smith holds an undergraduate degree in real estate from Florida International University and a master's degree in management from Nova University. Mr. Smith's qualifications for service as a director include his entrepreneurial success in business, community leadership and expertise in real estate development and economic development. He also has extensive knowledge of the Colorado markets that we serve.

Scott C. Wylie. Mr. Wylie has served as the Chairman, Chief Executive Officer and President of the Company and First Western Trust Bank since founding the Company in 2002. Mr. Wylie served as Chairman and Chief Executive Officer of Northern Trust Bank of Colorado from 1998 to 2002 after selling his prior institution, Trust Bank of Colorado, to Northern Trust in 1998. He previously led the acquisition in 1994 of Equitable Bankshares of Colorado, a Denver-based bank holding company with two subsidiary banks now known as Colorado Business Bank. His first bank, Universal Trust, started as a subsidiary of the First Boston Corporation. He organized a 1998 management buyout of that bank, which he renamed The Bank and Trust of Puerto Rico. He also led the buyout of a software company, American Fundware, which, as Chairman, he sold at a significant premium to Intuit in 2001. Mr. Wylie is involved in an array of community organizations and he currently serves on the boards of the Denver Convention Center Hotel Authority, Colorado Succeeds, Roundup River Ranch and the Museum of Contemporary Art Denver. Mr. Wylie earned a Bachelor of Arts from the University of Michigan, a Master of Arts in Economic Development from the School of International Service at American University and a Master of Business Administration from Harvard Graduate School of Business. As our founder and Chief Executive Officer since the inception of the Company, Mr. Wylie's extensive banking, leadership and board experience, as well as his entrepreneurial activities in the financial services and software industries, qualify him to serve on our board of directors.

Joseph C. Zimlich. Mr. Zimlich has served as the Chief Executive Officer of Bohemian Companies since 1997. Bohemian Companies, a private family financial office, includes the Bohemian Foundation, a family foundation, and Bohemian Asset Management, an investment management company with public equity, fixed income securities and private equity holdings. Mr. Zimlich provides leadership and oversight to the major program areas of the Bohemian Foundation, including its community programs, civic programs, contemporary music programs and global impact programs; steers the investment and management of more than $1.0 billion in financial assets; and directs the development and management of a family portfolio of early stage value investments and global real estate assets, primarily in eastern Europe. Mr. Zimlich has held board of director-level positions in the following industries: technology, semi-conductors, water filtration, trust, private and commercial banking, food service and venture capital funds. He currently serves as a director of the Bohemian Foundation, Ampt, LLC, Indotek Group and Third Way, and is a member of the Colorado Forum. Mr. Zimlich graduated from the University of Iowa with of Bachelor of Business in Accounting. He is also a Certified Public Accountant

and a Human Resources Professional. Mr. Zimlich's qualifications for service as a director include his substantial experience in financial, accounting, governance and human resource matters, as well as his leadership experience developed while serving on numerous boards. He also has an extensive background in investment management and private equity investing.

Our Senior Leadership Team

Julie A. Courkamp, Chief Financial Officer. Ms. Courkamp has served as Treasurer and Chief Financial Officer of the Company and First Western Trust Bank since 2013. She joined the Company in 2006 as its Controller and was promoted to Director of Finance and Accounting in 2010. Ms. Courkamp oversees all accounting and finance functions, including financial performance and reporting, liquidity management and planning, investment portfolio performance and positioning, capital and interest rate risk management, strategic planning, budgeting and forecasting, income taxes, and coordination with external auditors and banking regulators. Ms. Courkamp works directly with our board of directors and banking regulators relative to our current financial position and forecasted performance. She also oversees the activities related to corporate development and mergers and acquisitions, information technology and enterprise risk management. Prior to joining the Company, Ms. Courkamp held positions with PwC in Denver researching issues related to SEC reporting, and coordinating and supervising audits and interim quarterly reviews of public and private companies. Ms. Courkamp holds a Bachelor of Science in Accounting from the University of Colorado at Boulder.

Scott J. Lawley, Chief Credit Officer. Mr. Lawley joined First Western Trust Bank on June 4, 2018 as its Chief Credit Officer. In this role, he is responsible for our asset quality, including private banking, commercial and real estate loans. Additionally, he is responsible for product development and loan structuring, loan review and management of credit administration. Prior to joining the Company, Mr. Lawley was the Senior Credit Officer and Segment Risk Officer for Huntington National Bank, a full-service banking provider that operates in eight states. Mr. Lawley has also held various credit positions with PNC Bank and US Bank as well as held various lending positions with Fleet Bank. Mr. Lawley has a Bachelor's Degree from the University of Rochester and a Master of Business Administration with an emphasis in Finance from the University of Cincinnati.

Gary B. Lutz, Product Group President. Mr. Lutz joined First Western Trust Bank in 2017 as its Product Group President. In this role, he is responsible for growing and leading our teams of subject matter experts. Specifically, Mr. Lutz provides strong technical skills and knowledge of areas that include banking and finance, while building and leading client-centric teams. Prior to joining the Company, Mr. Lutz was President of a Denver-based boutique wealth management firm providing high net worth clients with comprehensive financial planning and goals-based investing. He was previously an executive for more than 33 years with Wells Fargo and its predecessors in Colorado. Leadership roles included Commercial Banking National Sales Manager, Head of Commercial Banking for Colorado, Wyoming and Montana and Head of the Private Bank/Wealth Management Group in Colorado. Mr. Lutz holds a Bachelor of Science in Business Administration and Finance from the University of Colorado at Boulder.

John E. Sawyer, Chief Investment Officer. Mr. Sawyer joined First Western Trust Bank in 2017 as its Chief Investment Officer. In this role, he is responsible for developing our overall investment strategy and leading the Investment Policy Committee, which designs the asset allocation guidelines to be implemented by our portfolio managers. He also directs the firm's partnerships with outside investment managers. Prior to joining the Company, Mr. Sawyer served as Chief Investment and Fiduciary Officer for BBVA Compass Bank, headquartered in Texas, overseeing the company's North American investments with more than $10 billion in assets under management. Mr. Sawyer has held prior executive positions with Credit Suisse, Morgan Keegan & Co. and First Tennessee Capital Markets. Mr. Sawyer holds a Bachelor of Science from

the University of Tennessee and a Master of Business Administration from Southern Methodist University. He also holds a Series 65 License and a Chartered Financial Analyst designation.

Daniel C. Thompson, Regional President, Arizona/California. Mr. Thompson joined First Western Trust Bank in 2004 and has held many senior roles with the Company, including Senior Vice President, Business Development, and President and Chairman of the Scottsdale, Arizona profit center. Today, Mr. Thompson serves as a Regional President covering the areas of Arizona and California. In this role, he is responsible for the overall direction and strategy of those offices, driving profitable growth and operational efficiency and supporting the sales force in achieving its goals. Prior to joining the Company, Mr. Thompson held senior positions with Merrill Lynch and Charles Schwab & Co. Mr. Thompson holds a Bachelor of Science in Finance and Business Administration from the University of Arizona.

Josh M. Wilson, Regional President, Colorado/Wyoming. Mr. Wilson joined First Western Trust Bank in 2007 and currently serves as a Regional President, covering the areas of Colorado and Wyoming. In this role, he is responsible for managing the strategy, operations and profitability of those offices. Mr. Wilson partners with each office to ensure high service quality and optimized efficiencies. Prior to this role, Mr. Wilson was Chief Financial Officer of an international oil and gas operating company. He has also held executive positions with Bank One, JP Morgan and Vectra Private Bank. Mr. Wilson holds a Bachelor of Science in Business Administration and Finance from Regis University, as well as Life and Health certifications. He is also a member of the Institute for Private Investors.

Director Independence

Under the rules of the Nasdaq Global Select Market, independent directors must comprise a majority of our board of directors within a specified period of time of this offering. The rules of the Nasdaq Global Select Market, as well as those of the SEC, also impose several other requirements with respect to the independence of our directors.

Our board of directors has evaluated the independence of its members based upon the rules of the Nasdaq Global Select Market and the SEC. Applying these standards, our board of directors has affirmatively determined that, with the exception of Mr. Wylie, each of our directors is an "independent director" under the applicable rules.

Lead Independent Director

Our Corporate Governance Guidelines require that at any time the Chairman of the board of directors is not independent, the board of directors will designate a lead independent director. Mr. Wylie currently serves as our Chairman, Chief Executive Officer and President and Mr. Zimlich currently serves as our lead independent director. As our lead independent director, Mr. Zimlich is required to be independent and is responsible for (i) presiding over executive sessions of the Company or any of our subsidiaries' independent directors, (ii) presiding over meetings of our board of directors when the Chairman is not present, (iii) facilitating information flow and communication between the directors and the Chairman, (iv) consulting with the Chairman and review and advise on the schedules and agendas for meetings of the board of directors along with the information provided to the board of directors in connection with such meetings, (v) being available for consultation and direct communication with major shareholders upon request, (vi) consulting with the Chairman on such other matters pertinent to the Company and the board of directors, and (vii) performing such other duties as the board of directors may prescribe from time to time.

Compensation Committee Interlocks and Insider Participation

Upon completion of the offering, none of the members of our Compensation Committee will be or will have been an officer or employee of the Company or the Bank. In addition, none of our executive officers serves or has served as a member of the board of directors, compensation committee or other board committee performing equivalent functions of any entity that has one or more executive officers serving as one of our directors or on our Compensation Committee.

Board Committees

Our board of directors has established standing committees in connection with the discharge of its responsibilities. These committees include the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee. Our board of directors also may establish such other committees as it deems appropriate, in accordance with applicable law and regulations and our corporate governance documents.

Audit Committee. The members of our Audit Committee are Ms. Caponi, Mr. Latimer and Mr. Sipf with Mr. Sipf serving as chair of our Audit Committee. Our board of directors has evaluated the independence of each of the members of our Audit Committee and has affirmatively determined that each of the members of our Audit Committee (1) is an "independent director" under Nasdaq Global Select Market rules, (2) satisfies the additional independence standards under applicable SEC rules for audit committee service, and (3) has the ability to read and understand fundamental financial statements. In addition, our board of directors has determined that Mr. Sipf is a financial expert and has the financial sophistication required of at least one member of the Audit Committee by the rules of the Nasdaq Global Select Market due to his experience and background.

The Audit Committee oversees our accounting and financial reporting processes and the audits of our financial statements and, in that regard, assists our board of directors in its oversight of the integrity of our financial statements, the selection, engagement, management and performance of our independent auditor that audits and reports on our consolidated financial statements, the performance of our internal audit function, the review of reports of bank regulatory agencies and monitoring management's compliance with the recommendations contained in those reports and our compliance with legal and regulatory requirements related to our financial statements and reporting. Among other things, our Audit Committee has responsibility for:

- Compensating and overseeing our independent auditor (including resolution of disagreements between management and our independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work;
- Appointing, retaining, evaluating, and where appropriate, replacing our independent auditor and advising the board of directors on such matters;
- Obtaining from our independent auditor, at least annually, a report regarding our independent auditor's internal quality control procedures and any material issues raised by the most recent internal quality-control or peer review or by any inquiry or investigations by governmental or professional authorities, and any steps taken to deal with such issues;
- Obtaining and reviewing each inspection report issued by the PCAOB;
- Obtaining from our independent auditor, at least annually, a formal written statement delineating all relationships between us and our independent auditor, and discussing whether any disclosed relationships or services, or any other factors, have affected or may affect the independence of our independent auditor;

- Approving all fees and terms of engagement of our independent auditor, and approving in advance all audit and non-audit services to be performed by the independent auditor and any other registered public accounting firm;
- Setting policies for hiring employees or former employees of our independent auditor and for audit partner rotation and independent auditor rotation in accordance with applicable laws, rules and regulations;
- Discussing and resolving any disagreements regarding financial reporting between management and our independent auditor, and reviewing with our independent auditor any audit problems, disagreements or difficulties and management's response thereto;
- Overseeing our internal audit function;
- Reviewing at least annually our risk areas, assessing the extent of auditing involvement needed over each area, and determining what type of auditing program will best meet our needs;
- Reviewing operating and control issues identified in internal audit reports, management letters, examination reports of regulatory agencies and any communications regarding the initiation and status of significant special investigations;
- Meeting with management and our independent auditor regarding the identification and resolution status of material weaknesses and reportable conditions in the internal control environment;
- Reviewing management's periodic assessment of the effectiveness of our internal controls and procedures for financial reporting and our independent auditor's report as to management's assessments, as well as the periodic certifications of management as to the internal controls and procedures for financial reporting and related matters, each as required by applicable laws, rules and regulations;
- Monitoring management's compliance with all applicable laws, rules and regulations;
- Reviewing regulatory authorities' examination reports pertaining to the Company, our subsidiaries and associated companies;
- Reviewing management reports issued in accordance with 12 C.F.R. Part 363 and the corresponding independent auditor's attestation and agreed-upon procedures reports;
- Reviewing and overseeing all related person transactions in accordance with our policies and procedures;
- Reviewing and discussing the scope of the audit of our consolidated financial statements for each fiscal year, at least annually, with management and our independent auditor;
- Reviewing with management and our independent auditor, prior to filing, our interim consolidated financial statements and the disclosures in the related Management's Discussion and Analysis of Financial Condition and Results of Operations to be included in a Quarterly Report on Form 10-Q;
- Reviewing the results of the quarterly review and any other matters required to be communicated to the Audit Committee by our independent auditor under GAAP and PCAOB auditing standards;
- Reviewing with management and our independent auditor, prior to filing, our annual consolidated financial statements and the disclosures in the related Management's Discussion and Analysis of Financial Condition and Results of Operations to be included in that Annual Report on Form 10-K, and recommending to the board of directors whether the audited consolidated financial statements should be included in the Annual Report on Form 10-K;

- Reviewing and discussing with management and our independent auditor our representations that the consolidated financial statements were prepared in accordance with GAAP and fairly present our consolidated results of operations and consolidated financial condition;

- Reviewing and discussing with management communications with governmental officials and generally reliable reports raising material issues regarding our financial statements or accounting matters;

- Reviewing and discussing with management and the independent auditor any significant estimates made in connection with the preparation, or audit, of our consolidated financial statements and other financial or informational reports, and obtaining from our independent auditor reports regarding such significant estimates and any material communications between our independent auditor and management;

- Reviewing internal accounting control reports (management letters) and monitoring testing of the internal accounting control reports, and reviewing our independent auditor's reports on the effectiveness of disclosures controls and procedures and the certifications of our officers with respect thereto;

- Reviewing and discussing with management our earnings press releases, the substance of any earnings calls, and any earnings guidance provided to the investment community, as well as financial and other information provided to analysts and rating agencies;

- Preparing the Audit Committee report required by SEC rules to be included in the proxy statement relating to our annual meeting of shareholders;

- Discussing with our independent auditor the matters required to be described by PCAOB AU Section 380 (Communication with Audit Committees);

- Establishing and overseeing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and for the confidential anonymous submission by Company associates of concerns regarding questionable accounting or auditing matters;

- Conducting an annual evaluation of the performance of the Audit Committee and the adequacy of its charter and recommending to our board of directors any changes that it deems necessary; and

- Handling such other matters that are specifically delegated to the Audit Committee by our board of directors from time to time.

Our board of directors has adopted a written charter, which sets forth the committee's duties and responsibilities. The charter of the Audit Committee will be available on our website at www.myfw.com upon completion of this offering.

Compensation Committee. The members of our Compensation Committee are Mr. Duncan, Mr. Hamill and Mr. Zimlich with Mr. Hamill serving as chair of our Compensation Committee. Our board of directors has evaluated the independence of each of the members of our Compensation Committee and has affirmatively determined that each of the members of our Compensation Committee meets the definition of an "independent director" under Nasdaq Global Select Market rules.

Our board of directors has also determined that each of the members of the Compensation Committee qualifies as a "nonemployee director" within the meaning of Rule 16b-3 under the Exchange Act and an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code.

The Compensation Committee assists our board of directors in its oversight of our overall compensation structure, policies and programs and assessing whether such structure establishes appropriate incentives and meets our corporate objectives, the compensation of our executive officers and the administration of our compensation and benefit plans.

Among other things, our Compensation Committee has responsibility for:

- Reviewing and determining, and recommending to our board of directors for its confirmation, the annual compensation, annual incentive opportunities and any other matter relating to the compensation of our executive officers; all employment agreements, severance or termination agreements, change in control agreements or similar agreements proposed to be entered into between any executive officer and us; and modifications to our philosophy and compensation practices relating to compensation of our directors and management;

- Reviewing and determining, and recommending to our board of directors for its confirmation, modifications to our philosophy and practices relating to compensation of our directors, executive officers, and other members of management;

- Reviewing and determining, and recommending to our board of directors for its confirmation, the establishment of performance measures and the applicable performance targets for each performance-based cash and equity incentive award to be made under any benefit plan;

- Taking all actions required or permitted under the terms of our benefit plans, with separate but concurrent authority, and reviewing at least annually the overall performance, operation, and administration of our benefit plans;

- Reviewing and recommending action by our board of directors with respect to various other matters in connection with each of our benefit plans;

- Reviewing with our Chief Executive Officer the compensation payable to associates other than our executive officers, including equity and non-equity incentive compensation and other benefits and our total incentive compensation program envisioned for each fiscal year;

- Consulting with our Chief Executive Officer regarding a succession plan for our executive officers, including our Chief Executive Officer, and the review of our leadership development process for senior management positions;

- Reviewing the performance of our executive officers for each fiscal year;

- Reviewing annually and recommending to our board of directors the non-management director compensation program for each year;

- Administering our compensation and benefit plans with respect to associates and consultants who are subject to the short-swing profit restrictions of Section 16(b) of the Exchange Act to ensure the exemption provided under Rule 16b-3 under the Exchange Act is available to our directors and those officers subject to the provisions of Section 16(b) of the Exchange Act;

- Retaining, or obtaining the advice of, such compensation consultants, legal counsel or other advisers as the Compensation Committee deems necessary or appropriate for it to carry out its duties, with direct responsibility for the appointment, compensation and oversight of the work of such consultant, counsel or adviser;

- Overseeing and making recommendations to our board of directors regarding the Company's compliance with SEC rules and regulations regarding shareholder approval of certain executive compensation matters, including advisory votes on executive compensation and golden parachute compensation and approval of equity compensation plans;

- Conducting an annual evaluation of the performance of the Compensation Committee and the adequacy of its charter and recommending to our board of directors any changes that it deems necessary; and

- Handling such other matters that are specifically delegated to the Compensation Committee by our board of directors from time to time.

Our board of directors has adopted a written charter, which sets forth the committee's duties and responsibilities. The charter of the Compensation Committee will be available on our website at www.myfw.com upon completion of this offering.

Corporate Governance and Nominating Committee. The members of our Corporate Governance and Nominating Committee are Mr. Latimer, Mr. Smith and Mr. Zimlich with Mr. Zimlich serving as chair of our Corporate Governance and Nominating Committee. Our board of directors has evaluated the independence of each of the members of our Corporate Governance and Nominating Committee and has affirmatively determined that each of the members of our Corporate Governance and Nominating Committee meets the definition of an "independent director" under Nasdaq Global Select Market rules.

The Corporate Governance and Nominating Committee assists our board of directors in its oversight of identifying and recommending persons to be nominated for election as directors and to fill any vacancies on our board of directors, monitoring the composition and functioning of the standing committees of our board of directors, developing, reviewing and monitoring our corporate governance policies and practices, and otherwise taking a leadership role in shaping the corporate governance of the Company.

Among other things, our Corporate Governance and Nominating Committee is responsible for:

- Reviewing the performance of our board of directors and each of its committees;

- Identifying, assessing and determining the qualification, attributes and skills of, and recommending, persons to be nominated by our board of directors for election as directors and to fill any vacancies on our board of directors;

- Reviewing the background, qualifications and independence of individuals being considered as director candidates, including persons proposed by our shareholders;

- Reviewing and recommending to our board of directors each director's suitability for continued service as a director upon the expiration of his or her term and upon any material change in his or her status;

- Reviewing the size and composition of our board of directors as a whole, and recommending any appropriate changes to reflect the appropriate balance of required independence, knowledge, experience, skills, expertise and diversity;

- Monitoring the function of our standing committees and recommending any changes, including the director assignments, creation or elimination of any committee;

- Developing, reviewing and monitoring compliance with our corporate governance guidelines and policies and the corporate governance provisions of the federal securities laws and the listing rules applicable to us and/or our subsidiaries;

- Investigating any alleged violations of such guidelines and the applicable corporate governance provisions of federal securities laws and listing rules, and reporting such violations to our board of directors with recommended corrective actions;

- Reviewing our and our subsidiaries' corporate governance practices in light of best corporate governance practices among our peers, determining whether any changes in such corporate governance practices are necessary and recommending any proposed changes in such corporate governance policies;

- Considering any resignation tendered to our board of directors by a director and recommending the acceptance of such resignation if appropriate;
- Considering questions of possible conflicts of interest involving directors, including operations that could be considered competitive with our operations or that otherwise present a conflict of interest;
- Developing and recommending to our board of directors for approval standards for determining whether a director has a relationship with the Company that would impair his or her independence;
- Overseeing our director orientation and continuing education programs for our board of directors;
- Reviewing its charter and recommending to our board of directors any modifications or changes; and
- Handling such other matters that are specifically delegated to the Corporate Governance and Nominating by our board of directors from time to time.

Our board of directors has adopted a written charter, which sets forth the committee's duties and responsibilities. The charter of the Corporate Governance and Nominating Committee will be available on our website at www.myfw.com upon completion of this offering.

In carrying out its functions, the Corporate Governance and Nominating Committee will develop qualification criteria for all potential nominees for election, including incumbent directors, board nominees and shareholder nominees to be included in the Company's future proxy statements. These criteria may include the following attributes:

- Adherence to high ethical standards and high standards of integrity;
- Sufficient educational background, professional experience, business experience, service on other boards of directors and other experience, qualifications, diversity of viewpoints, attributes and skills that will allow the candidate to serve effectively on our board of directors and the specific committee for which he or she is being considered;
- Evidence of leadership, sound professional judgment and professional acumen;
- Evidence the nominee is well recognized in the community and has a demonstrated record of service to the community;
- A willingness to abide by each published code of conduct or ethics for the Company and to objectively appraise management performance;
- The ability and willingness to devote sufficient time to carrying out the duties and responsibilities required of a director;
- Any related person transaction in which the candidate has or may have a material direct or indirect interest and in which we participate; and
- The fit of the individual's skills and personality with those of other directors and potential directors in building a board of directors that is effective, collegial and responsive to the needs of the Company and the interests of our shareholders.

Code of Business Conduct and Ethics

Our board of directors has adopted a Code of Business Conduct and Ethics that applies to all of our directors, officers and associates. The Code of Business Conduct and Ethics sets forth the standard of conduct that we expect all of our directors, officers and associates to follow, including our Chairman, Chief Executive Officer and President and Chief Financial Officer. Our Code of Business Conduct and Ethics will be available on our website at www.myfw.com upon completion of this offering. We expect that any amendments to the Code of Business Conduct and Ethics, or any waivers of its requirements, will be disclosed on our website, as well as by any other means required by Nasdaq Global Select Market rules or the SEC.

EXECUTIVE COMPENSATION

As an emerging growth company under the JOBS Act, we have opted to comply with the executive compensation disclosure rules applicable to "smaller reporting companies" as such term is defined in the rules promulgated under the Securities Act, permitting us to limit reporting of executive compensation to our principal executive officer and our two other most highly compensated executive officers who were serving as executive officers on December 31, 2017, which are referred to as our "named executive officers."

Summary Compensation Table

The following table sets forth information regarding the compensation paid, awarded to, or earned by each of our named executive officers for the year ended December 31, 2017. Ms. Thompson retired on February 21, 2018.

Name and Principal Position	Year	Salary	Bonus	Stock Awards[1]	All Other Compensation[2]	Total
Scott C. Wylie *Chairman of the Board, Chief Executive Officer and President*	2017	$ 450,000	$ 220,000	$ 3,145,491	$ 30,175	$ 3,845,666
Julie A. Courkamp *Treasurer and Chief Financial Officer*	2017	220,000	55,000	165,000	7,350	447,350
Dawn M. Thompson[3] *Chief Credit Officer*	2017	217,000	20,000	54,250	7,639	298,889

(1) Amounts reflect aggregate grant date fair value determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 of (i) performance stock unit awards with financial performance-based vesting conditions ("Financial Performance Units"), (ii) performance stock unit awards subject to vesting upon the completion of an initial public offering ("Market Performance Units") and (iii) restricted stock unit awards subject to time-based vesting ("Time Vesting Units"), all granted under the 2016 Plan. The discussion of the assumptions used for purposes of valuation of these equity grants appears in Note 10—Shareholders' Equity in the accompanying notes to the consolidated financial statements included elsewhere in this prospectus.

Aggregate grant date fair values of Financial Performance Units granted in 2017 were: Mr. Wylie, $112,500, Ms. Courkamp, $55,000, and Ms. Thompson, $10,850. Vesting requirements applicable to Financial Performance Units are further described in Note 10—Shareholders' Equity in the accompanying notes to the consolidated financial statements included elsewhere in this prospectus.

Market Performance Units were granted in 2017 as follows: Mr. Wylie, 4,167 units, Ms. Courkamp, 2,037 units and Ms. Thompson, 402 units. Market Performance Units vest when our common stock trades at or above $32.16 for a defined period of time following the completion of an initial public offering, followed by a time vesting requirement. Because the likelihood of completing an initial public offering in the future was outside of the Company's control at the grant date, we were unable to estimate a probability associated with meeting the applicable performance condition, which affects the determination of the grant date fair value. Therefore, a grant date fair value cannot be determined for Market Performance Units.

Aggregate grant date fair values of Time Vesting Units granted in 2017 were: Mr. Wylie, $3,032,991, Ms. Courkamp, $110,000, and Ms. Thompson, $43,400. Mr. Wylie and Ms. Courkamp's units were granted on May 1, 2017, and vest in equal installments of 20% on the first five anniversaries of the grant date. Ms. Thompson's units were granted on June 30, 2017 and were forfeited upon her retirement.

(2) Amounts for Ms. Courkamp and Ms. Thompson consist entirely of matching contributions to their respective 401(k) accounts. Mr. Wylie received a matching contribution of $7,950 to his 401(k) account and country club dues and assessments totaling $22,225.

(3) Ms. Thompson retired on February 21, 2018.

Narrative Disclosure to Summary Compensation Table

The compensation reported in the Summary Compensation Table below is not necessarily indicative of how we will compensate our named executive officers in the future. We will continue to review, evaluate and modify our compensation framework in an effort to maintain a competitive total compensation package. As such, and as a result of our becoming a publicly traded company, the compensation program following this offering could vary from our historical practices.

Base Salary

Each named executive officer's base salary is a fixed component of compensation for each year for performing specific job duties and functions. Historically, we have established annual base salary rates for Mr. Wylie and Ms. Courkamp, subject in each case to their employment agreements, at a level necessary to retain the individual's services and we have reviewed base salaries on an annual basis at the end of each year. We have historically made adjustments to the base salary rates of the named executive officers upon consideration of any factors that our board of directors deems relevant, including but not limited to (i) any increase or decrease in the executive's responsibilities, (ii) the executive's job performance and (iii) the level of compensation paid to executives of other companies with which we compete for executive talent, as estimated based on publicly available information and the experience of members of the board of directors and management.

Bonus

Mr. Wylie is paid an annual bonus at the discretion of the Compensation Committee based on its evaluation of his individual performance and the Company's performance during the year. Ms. Courkamp and Ms. Thompson were paid an annual bonus at the discretion of our Chief Executive Officer based upon an evaluation of their respective individual performances and the performance of the Company during the year.

Stock-Based Compensation Awards

Stock-based compensation awards may consist of options to acquire shares of our common stock, restricted stock awards, restricted stock units or performance stock units issued pursuant to the 2016 Plan, which, as described more fully below, allows the Compensation Committee to establish the terms and conditions of the awards, subject to the terms of the 2016 Plan.

Benefits

401(k) Plan. Our named executive officers may elect to participate in our 401(k) plan, which is designed to provide retirement benefits to all eligible associates. Our 401(k) plan provides our associates with the opportunity to save for retirement on a tax-deferred basis, and permits our associates to defer between 1% and 100% of their compensation to the 401(k) plan, subject to applicable statutory limits. We may make discretionary matching contributions or any additional contributions.

Health and Welfare Benefits. Our named executive officers are eligible to participate in our standard health and welfare benefits program, which offers medical, dental, vision, life, accident and disability coverage, on the same terms and conditions generally available to our other associates.

Perquisites. Prior to January 1, 2018, we paid monthly dues and assessments for country club memberships for Mr. Wylie. Beginning January 1, 2018, the Company ceased paying for such country club expenses. We do not provide any other perquisites to our named executive officers.

Employment Agreements

We have entered into employment agreements with Mr. Wylie and Ms. Courkamp. Ms. Thompson does not have an employment agreement. The following is a summary of the material terms of each such agreement.

Employment Agreement with Scott C. Wylie

We entered into an employment agreement with Mr. Wylie effective January 1, 2017, with an initial term through December 31, 2019, and automatic one-year renewals thereafter unless either party provides written notice of its intent to not renew at least 90 days prior to the renewal date (in which case the term will end on the first anniversary of the renewal date). Under Mr. Wylie's employment agreement, he is entitled to an annual base salary of no less than $450,000 and is eligible to receive an annual incentive payment in an amount up to 100% of his annual base salary for a given fiscal year. Mr. Wylie is also eligible to receive employee benefits, fringe benefits and perquisites in accordance with our established policies, and to participate in stock-based or other long-term incentive compensation programs at the discretion of the Compensation Committee. In addition, Mr. Wylie's employment agreement provides for certain severance benefits in the event of a qualifying termination of employment and certain payments in connection with a "change in control" of the Company. See "—Potential Payments upon a Termination of Employment or a Change in Control."

Employment Agreement with Julie A. Courkamp

We entered into an amended and restated employment agreement with Ms. Courkamp effective March 5, 2018, with an initial term through December 31, 2019, and automatic one-year renewals thereafter unless either party provides written notice of its intent not to renewal at least 90 days prior to the renewal date (in which case the term will end on the first anniversary of the renewal date). Under Ms. Courkamp's employment agreement, she is entitled to an annual base salary of no less than $220,000 and is eligible to receive an annual incentive payment in an amount up to 30% of her base salary for a given fiscal year. Ms. Courkamp is also eligible to receive employee benefits, fringe benefits and perquisites in accordance with our established policies and to participate in stock-based or other long-term incentive compensation programs at the discretion of the Compensation Committee. In addition, Ms. Courkamp's employment agreement provides for certain severance benefits in the event of a qualifying termination of employment and certain payments in connection with a "change in control" of the Company. See "—Potential Payments upon a Termination of Employment or a Change in Control."

Long-Term Incentive Plans

Stock-based compensation awards are currently made though the 2016 Plan. As further described in Note 10—Shareholders' Equity in the accompanying notes to the consolidated financial statements included elsewhere in this prospectus, no further awards are to be granted under our stock plans prior to the 2016 Plan. However, any previously outstanding award granted under our prior plans remain subject to the terms of such plans until such award is no longer outstanding.

First Western Financial, Inc. 2008 Stock Incentive Plan.

On March 31, 2008, our board of directors adopted the First Western Financial, Inc. 2008 Stock Incentive Plan (referred to as the "2008 Plan"). The 2008 Plan was adopted with the intent to enhance the Company's ability to attract and retain highly qualified officers, directors, key associates and other persons, and to motivate such persons to serve the Company with maximum effort to improve its business results and earnings by providing to such persons an opportunity to acquire or increase a direct proprietary interest in the Company's operations and future success. To this end, the 2008 Plan provided for the grant of stock options and restricted stock. The 2008 Plan was frozen in connection with the adoption of the 2016 Plan and no new awards may be granted under the 2008 Plan. As of March 31, 2018, there were options outstanding to acquire 592,714 shares of our common stock under the 2008 Plan.

First Western Financial, Inc. 2016 Omnibus Incentive Plan ("the 2016 Plan")

General. The 2016 Plan was adopted by our Board on December 7, 2016, and approved by our shareholders on April 19, 2017. In connection with our initial public offering, our Board intend to amend the 2016 Plan to conform the 2016 Plan to certain tax law changes made by the Tax Reform Act and to reflect the terms described herein. The 2016 Plan is designed to promote the long-term financial success of the Company and its subsidiaries by attracting and retaining key associates and other individuals, and highly qualified officers and directors, by offering a competitive compensation program that is linked to the performance of our common stock. The 2016 Plan is also intended to further align the interests of our directors and management with the interests of our shareholders through increasing the ownership interests of directors and officers in the Company.

There were a total of 665,373 shares of common stock available for issuance under the 2016 Plan as of March 31, 2018. Shares of our common stock covered by options outstanding under the 2008 Plan that are forfeited or expire will be transferred to the 2016 Plan and increase the number of shares available for issuance under the 2016 Plan. As of March 31, 2018, there were 592,714 options outstanding under the 2008 Plan, all of which could be transferred to the 2016 Plan if such options are forfeited or expire unexercised. Any shares of our common stock delivered under the 2016 Plan will consist of authorized but unissued shares or treasury shares.

To the extent that an award granted under the 2016 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 us will not be deemed to have been delivered under the 2016 Plan, and will be available for future awards under the 2016 Plan. Shares that are withheld from an award in payment of the exercise or purchase price or taxes relating to such award, or not issued or delivered as a result of the net settlement of an outstanding stock option or stock appreciation right also will not be deemed to have been delivered under the 2016 Plan, and will be available for future awards under the 2016 Plan.

The 2016 Plan is administered by a committee of our board of directors that complies with the applicable requirements of Section 16 of the Exchange Act and other applicable legal and stock exchange listing requirements (the committee sometimes being referred to as the administering committee).

Eligibility. Each employee, director, consultant or other personal service provider of the Company or any of its subsidiaries is eligible to receive awards under the 2016 Plan, except that non-employees may not be granted incentive stock options.

Non-Employee Director Annual Limitations on Awards Under the 2016 Plan. The 2016 Plan authorizes the issuance of stock options, stock appreciation rights, restricted stock awards, restricted stock units and

stock awards to non-employee directors of up to 100,000 shares of Company common stock, in the aggregate, for all such award types in any calendar year.

Types of Awards. The administering committee may determine the type and terms and conditions of awards under the 2016 Plan, which are set forth in an award agreement delivered to each participant. Awards may be granted as incentive and non-statutory stock options, stock appreciation rights, restricted stock awards, restricted stock units or any combination thereof, as follows:

- *Stock Options.* Stock options give the participant the right to purchase shares of common stock at a specified price for a specified period of time. The exercise price may not be less than the fair market value on the date the stock option is granted. The administering committee will determine the fair market value in accordance with Section 422 of the Code and the applicable requirements of Section 409A of the Code. Stock options have a maximum term of 10 years or such shorter term as determined by the administering committee. An award agreement covering each stock option grant identifies the award as either a non-qualified stock option or an option intended to qualify as an "incentive stock option" under Section 422 of the Code.

- *Stock Appreciation Rights.* Stock appreciation rights ("SARs") entitle the participant to receive cash or stock equal in value to, or based on the value of, the amount by which the fair market value of a specified number of shares on the exercise date exceeds an exercise price established by the administering committee. Generally, the exercise price for a SAR may not be less than the fair market value of the stock on the date the SAR is granted, although the exercise price may be higher or lower than fair market value for a SAR granted in replacement of an existing award held by an employee or director of, or a service provider to, a third party that is acquired by the Company or one of its subsidiaries, or for SARs granted under a predecessor plan. SARs are exercisable in accordance with the terms established by the administering committee.

- *Restricted Stock.* The administering committee may award restricted shares to such persons, in such amounts and subject to such terms and conditions (including the attainment of performance goals) as it may determine in its discretion. Prior to the vesting of restricted stock, unless otherwise determined by the administering committee, the award recipient may exercise voting rights and receive dividends and distributions in the same manner as holders of our common stock.

- *Restricted Stock Units.* Awards of restricted stock units are denominated in shares of stock, but unlike awards of restricted stock, no shares of common stock are transferred to the participant until certain requirements or conditions associated with the award are satisfied.

- *Cash Performance Awards.* Cash performance awards are denominated by a cash amount and are payable based on or conditioned upon the attainment of pre-established business and/or individual performance goals over a specified performance period and subject to such conditions as are set forth in the 2016 Plan and the applicable award agreement.

- *Stock Awards.* Stock awards are issued free of transfer restrictions and forfeiture conditions and are payable in fully vested shares. A stock award may be granted for past services, in lieu of bonus or other cash compensation, as directors' compensation or for any other valid purpose as determined by the administering committee.

Performance Awards. With respect to any award granted under the 2016 Plan, the administering committee may condition the vesting and/or exercisability (in the case of stock options and SARs) of such award on satisfaction of one or more performance conditions. The administering committee may select any performance measure(s) for this purpose, including, but in no way limited to: net earnings; earnings per share; net debt; revenue or sales growth; net or operating income; net operating profit; return measures (including, but not limited to, return on assets, capital, equity or sales); cash flow (including, but not limited to, operating cash flow, distributable cash flow and free cash flow); earnings before or after taxes,

interest, depreciation, amortization and/or rent; share price (including, but not limited to growth measures and total shareholder return); expense control or loss management; customer satisfaction; market share; economic value added; working capital; the formation of joint ventures or the completion of other corporate transactions; gross or net profit margins; revenue mix; operating efficiency; product diversification; market penetration; measurable achievement in quality, operation or compliance initiatives; quarterly dividends or distributions; employee retention or turnover; assets under management; return on average tangible common equity (defined as a ratio, the numerator of which is income before amortization of intangibles, and the denominator of which is average tangible common equity); "efficiency ratio" determined as the ratio of total noninterest operating expenses (less amortization of intangibles) divided by total tax-equivalent revenues; "burden ratio" determined as the ratio of total noninterest operating expenses (less amortization of intangibles) less noninterest income over total tax-equivalent revenues; noninterest income to total revenue ratio; noninterest income to average assets ratio; net interest margin; net interest margin—tax equivalent; ratio of noninterest expense (less amortization of intangibles) to average assets; credit quality measures (including nonperforming asset ratio, net charge-off ratio, ratio of allowance to non-performing loans, and classified assets as a percentage of tier 1 capital plus allowance of loan losses); noninterest bearing deposits as a percentage of total deposits; brokered deposits as a percentage of total deposits; loan growth; deposit growth; core deposit growth (defined as deposit growth excluding time deposits); noninterest income growth; budgeted noninterest income; yield on earning assets; tax-equivalent yield on earning assets; loan yield; tax-equivalent loan yield; cost of funds; net interest income; pre-provision, pretax income; regulatory criteria or measures, including compliance with a regulatory enforcement action or regulation (including a regulation that would exclude certain income from being included in any of the above criteria); other strategic milestones based on objective criteria established by the Company; or any combination of or a specified increase in any of the foregoing. Each of the performance criteria will be applied and interpreted in accordance with an objective formula or standard established by the administering committee at the time the applicable award is granted including, without limitation, GAAP.

The performance goals may be applied on an absolute basis or relative to an identified index, peer group, or one or more competitors or other companies (including particular business segments or divisions or such companies), as specified by the administering committee. The performance goals need not be the same for all participants. At the time that an award is granted, the administering committee may provide for the performance goals or the manner in which performance will be measured against the performance goals to be adjusted in such objective manner as it deems appropriate, including, without limitation, adjustments to reflect charges for restructurings, non-operating income, the impact of corporate transactions or discontinued operations, extraordinary and other unusual or non-recurring items and the cumulative effects of accounting or tax law changes. When a participant is hired or promoted following the beginning of a performance period, the administering committee may determine to prorate the performance goals and/or the amount of any payment in respect of such participant's cash performance awards for the partial performance period.

Change in Control. Upon the occurrence of a "change in control" (as defined in the 2016 Plan), unless otherwise provided in the applicable award agreement, the administering committee is authorized (but not obligated) to make adjustments in the terms and conditions of outstanding awards, including without limitation the following (or any combination thereof): (a) continuation or assumption of outstanding awards under the 2016 Plan by surviving company or its parent; (b) substitution by the surviving company or its parent of awards with substantially the same terms for outstanding awards (with appropriate adjustments to the type of consideration payable); (c) accelerated exercisability, vesting and/or payment in respect of awards outstanding immediately prior to or upon the occurrence of such event or upon a termination of employment following such event; and (d) if all or substantially all of the Company's common stock is transferred in exchange for cash consideration in connection with such change in control: (i) upon written notice, provide that any outstanding stock options and SARs (A) are exercisable during a

reasonable period of time immediately prior to the scheduled consummation of the event or such other reasonable period as determined by the administering committee (contingent upon the consummation of the event), and at the end of such period, (B) will terminate to the extent not so exercised; and (ii) cancellation of all or any portion of outstanding awards for fair value (in the form of any combination of property) as determined in the sole discretion of the administering committee, subject to certain specified requirements for determining the fair value of stock options and SARs.

Right to Recapture. If at any time within one (1) year (or such longer time specified in an award agreement or other agreement with a participant) after the date on which a participant exercises a stock option or stock appreciation right or on which a restricted stock award or restricted stock unit vests or becomes payable or on which a cash performance award is paid to such participant, or on which income otherwise is realized by such participant in connection with an award, (a) the participant's service to the Company or any subsidiary is terminated for cause (as defined in the 2016 Plan) or (b) after the participant's service otherwise terminates for any other reason, the administering committee determines in its discretion that, after termination, the participant breached any of the material terms contained in any non-competition agreement, confidentiality agreement or similar restrictive covenant agreement to which such participant is a party, then any gain realized by the participant from the exercise, vesting, payment or other realization of income by the participant in connection with an award, shall be paid by the participant to the Company upon notice from the Company, subject to applicable state law. Such gain shall be determined as of the date or dates on which the gain is realized by the participant, without regard to any subsequent change in the fair market value of a share of common stock. To the extent not otherwise prohibited by law, the Company shall have the right to offset such gain against any amounts otherwise owed to the participant by the Company (whether as wages, vacation pay or pursuant to any benefit plan or other compensatory arrangement).

Clawback Policy. The 2016 Plan provides that if the Company is required to prepare an accounting restatement due to its material noncompliance, as a result of misconduct, with any financial reporting requirement under the federal securities law, any participant who is subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002 or who is subject to clawback under Section 954 of the Dodd—Frank Wall Street Reform and Consumer Protection Act shall reimburse the Company with the required amount of any payment in settlement of an award earned or accrued during the 12-month period following the first public issuance or filing with the SEC (whichever first occurred) of the financial document embodying such financial reporting requirement. In addition, awards granted under the 2016 Plan are subject to any clawback policy adopted by our Board.

Amendment and Termination. Our Board may from time to time and in any respect amend, modify, suspend or terminate the 2016 Plan, subject to certain protections specified in the 2016 Plan for holders of previously granted awards from adverse effects. The Board may seek the approval of any amendment, modification, suspension or termination by the Company's shareholders to the extent it deems necessary or advisable in its discretion for purposes of compliance with Section 422 of the Code, the listing requirements of NASDAQ or any other exchange or securities market or any other purpose.

Duration of 2016 Plan. The 2016 Plan will remain in effect as long as any awards granted under it are outstanding; however, no awards may be granted under the 2016 Plan on or after December 7, 2026. At any time, the board of directors may terminate the 2016 Plan, but any such termination will not affect outstanding awards.

Form S-8. We intend to file with the SEC a registration statement on Form S-8 covering the shares issuable under the 2016 Plan (including shares that become available for issuance under the 2016 Plan from the 2008 Plan).

Incentive Compensation Plan for Named Executive Officers

In March 2018, our board of directors adopted the First Western Financial Inc. NEO Discretionary Incentive Compensation Plan (the "Cash Incentive Plan"). The purpose of the Cash Incentive Plan is to motivate the Company's eligible senior executive officers to improve shareholder value by linking a portion of their cash compensation to the Company's financial performance, reward participants for superior individual performance, and help attract and retain key associates. A participant's incentive opportunity under the Cash Incentive Plan are based upon three factors: satisfaction of the established criteria for the fiscal year, the Company's financial performance over the fiscal year, and the participants individual performance over the fiscal year.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information for each of our named executive officers regarding outstanding equity awards held by the named executive officers at December 31, 2017.

	Option awards				Stock awards	
Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date	Equity incentive plan awards: number of unearned shares, units or other rights that have not vested (#)	Equity incentive plan awards: market or payout value of unearned shares, units or other rights that have not vested ($)
Scott C. Wylie	20,000	—	$ 25.00	1/24/2022	112,333(1)	$ 3,201,491
	80,000	—	40.00	1/24/2022	4,167(2)	118,760
	9,000	6,000	20.00	7/1/2024	4,167(3)	118,760
	6,600	9,900	25.00	12/23/2025		
Julie A. Courkamp	750	—	$ 25.00	1/24/2022	4,074(1)	$ 116,109
	1,500	—	40.00	1/24/2022	2,037(2)	58,055
	2,400	600	20.00	9/1/2023	2,037(3)	58,055
	1,500	1,000	20.00	7/1/2024		
	1,200	1,800	25.00	12/23/2025		
Dawn M. Thompson(5)	800	1,200	$ 25.00	6/15/2025	1,607(4)	$ 45,800
	800	1,200	25.00	12/23/2025	402(2)	11,457
					402(3)	11,457

(1) Time Vesting Units granted on May 1, 2017, vest, if at all, 20% on each grant date anniversary for five years. If the holder's employment is terminated for cause or the holder resigns for other than good reason, unvested units are immediately forfeited. If employment is terminated for any reason other than cause, or if the holder resigns for good reason, the remaining unvested shares vest immediately. In the event of a change in control in which stock-based awards are not assumed, continued or substituted, the board of directors may elect to immediately vest the awards or cancel the awards and deliver in cash or securities an amount equal to the number of shares of stock covered by the award multiplied by the formula or fixed price per share paid to holders of shares of stock pursuant to the change in control.

(2) Financial Performance Units granted on May 1, 2017, and June 30, 2017, are earned pursuant to defined financial performance criteria covering the period ending on December 31, 2019. If the holder's employment is terminated, all unvested Financial Performance Units will be immediately forfeited. In the event of a change in control (excluding an initial public offering) during the holder's continuous employment with the Company, the amount of Financial Performance Units earned shall be determined according to the performance criteria detailed in Note 10 of the accompanying notes to the consolidated financial statements based on a truncated performance period ending immediately prior to such change in control, and the number of Financial Performance Units earned shall

immediately vest in full. If the change in control (excluding an initial public offering) occurs following the performance determination date, the number of Financial Performance Units earned as of the performance determination date shall immediately vest in full.

(3) Market Performance Units granted on May 1, 2017, are determined to be earned following completion of the performance period ending on December 31, 2019. In the event of employment termination, the holder shall immediately forfeit all of the awarded Market Performance Units which have not yet vested. In the event of a change in control (excluding an initial public offering) during the holder's continuous employment with the Company, the amount of Market Performance Units earned shall be determined according to the performance criteria detailed in Note 10 of the accompanying notes to the consolidated financial statements based on a truncated performance period ending immediately prior to such change in control, and the number of Market Performance Units earned shall immediately vest in full. If the change in control (excluding an initial public offering) occurs following the performance determination date, the number of Market Performance Units earned as of the performance determination date shall immediately vest in full.

(4) Time Vesting Units granted on June 30, 2017, vest, if at all, in equal installments of 50% on the third and fifth anniversaries of the grant date. In the event of employment termination, unvested units will be immediately forfeited. In the event of a change in control in which equity awards are not assumed, continued or substituted, the board of directors may elect to immediately vest the awards or cancel the awards and deliver in cash or securities an amount equal to the number of shares of stock covered by award multiplied by the formula or fixed price per share paid to holders of shares of stock pursuant to the change of control.

(5) Ms. Thompson retired on February 21, 2018.

Potential Payments upon a Termination of Employment or a Change in Control

Below we have described the severance and other change in control benefits to which Mr. Wylie and Ms. Courkamp would be entitled upon a termination of employment and in connection with certain terminations of their employment or a change in control. Ms. Thompson was not party to an employment agreement and was not eligible for severance or change in control benefits.

Termination of Employment without Cause or Resignation with Good Reason. The employment agreements with Mr. Wylie and Ms. Courkamp provide for severance benefits if the executive is terminated without "cause" or the executive resigns with "good reason" (as each of those terms is defined in the applicable employment agreement). In such circumstances, the executive shall be entitled to be paid in accordance with the Company's normal payroll practice: (i) all accrued compensation and benefits, (ii) one year's base salary, (iii) one years' target bonus and (iv) COBRA benefits.

Change in Control. The employment agreements with Mr. Wylie and Ms. Courkamp provide for severance benefits if the Company undergoes a change in control, and within twenty-four months of such change in control the executive is terminated without "cause" or resigns for "good reason" (as each of those terms is defined in the applicable employment agreement). In such circumstances, the executive shall be entitled to be paid in a lump sum: (i) all accrued compensation and benefits, (ii) two years' base salary, (iii) two years' target bonus and (iv) COBRA benefits.

Director Compensation

The following table sets forth information regarding 2017 compensation for each of our non-employee directors:

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Total ($)
Julie A. Caponi	$ —	$ —	$ —
David R. Duncan	10,000	20,000	30,000
Thomas A. Gart	10,000	20,000	30,000
Patrick H. Hamill	—	30,000	30,000
Luke A. Latimer	10,000	20,000	30,000
Eric D. Sipf(1)	22,500	20,000	42,500
Mark L. Smith	—	30,000	30,000
Joseph C. Zimlich	10,000	20,000	30,000

(1) Mr. Sipf served as a director of both the Company and the Bank during 2017.

Non-employee director fees for 2017 were established at $30,000, and each director could elect to receive up to 1/3 of such amount in cash, with the balance paid in stock-based compensation. Stock-based compensation was issued in the form of restricted stock unit subject to time-based vesting which vest, if at all, in equal installments of 50% on the third and fifth anniversaries of the grant date, assuming continuous service through the scheduled vesting dates. Non-employee Bank director fees for 2017 were based upon meeting attendance, and non-employee Bank directors were paid $1,500 per board meeting attended. Members of the committees of the Bank's board of directors, were paid an additional $500 per committee meeting attended. No additional compensation was paid to our directors for service as a director on the Bank's board of directors.

Members of our board of directors that are also associates of the Company or the Bank do not receive compensation for their attendance at board meetings. Annual board compensation is recommended by the Compensation Committee and approved by the board of directors of the Company. Directors are also entitled to the protection provided by the indemnification provisions in our amended and restated articles of incorporation and amended and restated bylaws, and, to the extent that they are also directors of the Bank, the articles of incorporation and bylaws of the Bank.

PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth the beneficial ownership of our common stock, both immediately prior to and immediately after the completion of this offering by:

- Each person known to us to be the beneficial owner of more than five percent of our outstanding common stock;
- Each of our directors;
- Each of our named executive officers;
- All directors and executive officers, as a group; and
- The selling shareholders.

Beneficial ownership is determined in accordance with the rules of the SEC. The SEC has defined "beneficial" ownership of a security to mean the possession, directly or indirectly, of voting power and/or investment power. A security holder is also deemed to be, as of any date, the beneficial owner of all securities that such security holder has the right to acquire within 60 days after such date through (i) the exercise of any option, warrant or right, (ii) the conversion of a security, (iii) the power to revoke a trust, discretionary account or similar arrangement or (iv) the automatic termination of a trust, discretionary account or similar arrangement. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the tables below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws. Other than the directors and entities affiliated with such directors set forth in the table below, no person is known to us to be the beneficial owner of more than five percent of our outstanding common stock. Unless otherwise noted, the address for each shareholder listed on the table below is: c/o First Western Financial, Inc., 1900 16th Street, Suite 1200, Denver, Colorado 80202.

The table below calculates the percentage of beneficial ownership based on 5,917,667 shares of common stock outstanding as of June 15, 2018 and shares of common stock outstanding upon completion of this offering, assuming no exercise of the underwriters' option to purchase additional shares, and shares of our common stock to be outstanding after the completion of this offering, assuming full exercise of the underwriters' option to purchase additional shares of our common stock. No shareholder listed in the table below holds Series D preferred stock. The table below does not reflect shares that may

be purchased in this offering by the shareholders listed in the table through the directed share program described under "Underwriting."

	Shares Beneficially Owned Prior to this Offering		Shares to be Sold in this Offering	Shares Beneficially Owned After this Offering			
				Assuming No Exercise of the Underwriters' Option		Assuming Full Exercise of the Underwriters' Option	
Name of Beneficial Owner	Number	Percentage	Number	Number	Percentage	Number	Percentage
Named Executive Officers and Directors:							
Julie A. Caponi[1]	7,720	*					
Julie A. Courkamp[2]	8,742	*					
David R. Duncan[3]	176,761	3.0%					
Thomas A. Gart[4]	81,974	1.4%					
Patrick H. Hamill[5]	79,961	1.3%					
Luke A. Latimer[6]	41,321	*					
Eric D. Sipf[7]	187,204	3.2%					
Mark L. Smith[8]	44,114	*					
Dawn M. Thompson[9]	—	*					
Scott C. Wylie[10]	857,464	14.2%					
Joseph C. Zimlich[11]	339,533	5.7%					
All directors and executive officers, as a group (16 persons)[12]	1,862,133	30.4%					
Other Selling Shareholders							

* Represents beneficial ownership of less than 1%.

(1) Consists of 7,720 shares of common stock jointly held by Ms. Caponi and her spouse. Excludes up to 3,860 shares issuable pursuant to Make Whole Rights jointly held by Ms. Caponi and her spouse. See ``Certain Relationships and Related Persons Transactions—Make Whole Rights."

(2) Consists of (i) 892 shares of common stock held by Ms. Courkamp, and (ii) 7,850 shares of common stock issuable upon the exercise of stock options within 60 days of June 15, 2018.

(3) Consists of (i) 2,500 shares of common stock held by Mr. Duncan, (ii) 153,177 shares of common stock held by Rawah Partners, LLC of which Mr. Duncan serves as Manager, (iii) 8,772 shares of common stock held by Electra Energy Company over which Mr. Duncan has shared voting and investment control through DKD, LLC, a limited liability company of which Mr. Duncan is the sole member, and (iv) 12,312 shares of common stock issuable upon the exercise of stock options within 60 days of June 15, 2018. Excludes up to 4,386 and 8,750 shares issuable pursuant to Make Whole Rights held by Electra Energy Company and Rawah Partners, LLC, respectively. See ``Certain Relationships and Related Persons Transactions—Make Whole Rights."

(4) Consists of (i) 14,421 shares of common stock held by Mr. Gart, (ii) 64,137 shares of common stock held by Gart Investments of which Mr. Gart serves as the Managing Partner, and (iii) 3,416 shares of common stock issuable upon the exercise of stock options within 60 days of June 15, 2018. Excludes up to 8,772 shares issuable pursuant to Make Whole Rights held by Mr. Gart. See ``Certain Relationships and Related Persons Transactions—Make Whole Rights."

(5) Consists of (i) 68,508 shares of common stock held by Mr. Hamill, and (ii) 11,453 shares of common stock issuable upon the exercise of stock options within 60 days of June 15, 2018. Excludes up to 8,772 shares issuable pursuant to Make Whole Rights held by Mr. Hamill. See ``Certain Relationships and Related Persons Transactions—Make Whole Rights."

(6) Consists of (i) 40,222 shares of common stock held by Mr. Latimer, and (ii) 1,099 shares of common stock issuable upon the exercise of stock options within 60 days of June 15, 2018. Excludes up to 1,197 shares issuable pursuant to Make Whole Rights held by Mr. Latimer. See ``Certain Relationships and Related Persons Transactions—Make Whole Rights."

(7) Consists of (i) 159,561 shares of common stock held by Mr. Sipf, (ii) 10,323 shares jointly held by Mr. Sipf and his spouse, (iii) 7,086 shares of common stock held by the Eric & Susan Sipf Family Foundation of which Mr. Sipf serves as Chairman, and (iii) 10,234 shares of common stock issuable upon the exercise of stock options within 60 days of June 15, 2018. Excludes up to 5,000 shares issuable pursuant to Make Whole Rights held by Mr. Sipf. See ``Certain Relationships and Related Persons Transactions—Make Whole Rights."

(8) Consists of (i) 32,452 shares of common stock held by Mr. Smith, and (ii) 11,662 shares of common stock issuable upon the exercise of stock options within 60 days of June 15, 2018. Excludes up to 1,500 shares issuable pursuant to Make Whole Rights held by Mr. Smith. See ``Certain Relationships and Related Persons Transactions—Make Whole Rights."

(9) Ms. Thompson retired on February 21, 2018.

(10) Consists of (i) 722,923 shares of common stock held by Mr. Wylie, (ii) 13,941 shares of common stock held by Mr. Wylie's individual retirement account, (iii) 2,000 shares held by the Wylie Family Foundation of which Mr. Wylie serves as President

and Trustee, and (iv) 118,600 shares of common stock issuable upon the exercise of stock options within 60 days of June 15, 2018. Mr. Wylie has pledged shares as collateral to secure outstanding debt obligations.

(11) Consists of (i) 18,763 shares of common stock held by Mr. Zimlich, (ii) 4,923 shares of common stock jointly held by Mr. Zimlich and his spouse, (iii) 81,374 shares of common stock held by Bohemian Investments, LLC of which Mr. Zimlich serves as the Managing Member of its sole member, (iv) 108,597 shares of common stock held by BOCO Investments, LLC of which Mr. Zimlich serves as the President of the Managing Member, (v) 114,441 share of common stock held by L. Lee Stryker Irrevocable Trust UAD 09-10-1974 of which Mr. Zimlich serves as President of Bohemian Asset Management, Inc., which is the agent for PS Family Advisors, LLC and is authorized to make investment decisions on behalf of the L. Lee Stryker Irrevocable Trust UAD 09-10-1974, and (vi) 11,435 shares of common stock issuable upon the exercise of stock options within 60 days of June 15, 2018. Excludes up to 8,772 and 875 shares issuable pursuant to Make Whole Rights held by Bohemian Investments, LLC and Mr. Zimlich, respectively. See ``Certain Relationships and Related Persons Transactions—Make Whole Rights."

(12) Consists of (i) 1,659,513 shares of common stock directly and beneficially owned by our directors and executive officers, and (ii) 202,620 shares of common stock issuable upon the exercise of stock options within 60 days of June 15, 2018. Excludes an aggregate of up to 54,384 shares issuable pursuant to Make Whole Rights beneficially owned by our directors and executive officers. See ``Certain Relationships and Related Persons Transactions—Make Whole Rights."

CERTAIN RELATIONSHIPS AND RELATED PERSONS TRANSACTIONS

In addition to the compensation arrangements with directors and executive officers described in "Executive Compensation" above, the following is a description of each transaction since January 1, 2015, and each proposed transaction in which:

- We have been or are to be a participant;
- The amount involved exceeds or will exceed $120,000; and
- Any of our directors, executive officers or beneficial holders of more than five percent of our capital stock, or any immediate family member of or person sharing the household with any of these individuals (other than tenants or associates), had or will have a direct or indirect material interest.

Lease of Cherry Creek Location

We lease office space from an entity controlled by Mr. Gart, one of our directors. During the years ended December 31, 2017, 2016 and 2015, we paid $247,000, $219,000 and $264,000, respectively, related to this lease.

Registration Rights

Registration Rights of CPP Preferred Stock. Pursuant to the terms of the securities purchase agreements, between the Company and the United States Treasury, each series of preferred stock (which consists of our Series A preferred stock, Series B preferred stock and Series C preferred stock and that we collectively refer to as the "CPP preferred stock") has registration rights. Generally, if the Company proposes to register any of its equity securities and the registration form to be filed may be used for the registration or qualification for distribution of registrable securities, the Company must give prompt written notice to the holders of CPP preferred stock of its intention to effect such a registration (but in no event less than ten days prior to the anticipated filing date) and the Company is required to include in such registration all registrable securities with respect to which the Company has received written requests for inclusion therein within ten business days after the date of the Company's notice; provided, however, that if the registration statement related to an underwritten offering, the securities to be included on such registration statement must be of the same class of securities as the securities to be offered in the underwritten offering. As a result, the CPP preferred stock was not eligible to participate in this offering as no preferred stock is being offered. The Company also has additional registration obligations with respect to the CPP preferred stock, which are set forth in the respective securities purchase agreements and arise primarily following the time that the Company becomes eligible to file a registration statement on Form S-3.

Registration Rights of Series D Preferred Stock. Pursuant to the terms of the certificate of designations of the Series D preferred stock, each share of Series D preferred stock has registration rights. Beginning in October 2016, the Company began offering the holders of Series D preferred stock the opportunity to convert their Series D preferred stock into common stock for a conversion incentive payment equal to the amount of dividends the converting holder would have otherwise been entitled to receive had the holder continued to hold his or her shares of Series D preferred stock through a specified date. Holders of Series D preferred stock that converted their shares of Series D preferred stock also retained their piggyback registration rights pursuant the terms of a conversion and investment agreement. The piggyback registration rights generally provide the holders of common stock issued upon the conversion of Series D preferred stock with the right to include such shares of common stock on this registration statement relating to the initial public offering of the Company, subject to certain limited exceptions. For additional information concerning the registration rights of the Series D preferred stock, see "Description of Capital Stock—Preferred Stock—Series D Preferred Stock—Registration Rights."

Make Whole Rights

Certain of our common stock holders received "Make Whole Rights" pursuant to an Investor Agreement (referred to as the "Make Whole Agreement") in connection with the conversion of Series D preferred stock into common stock and our private placement conducted from August 2017 to February 2018, which entitles the holder of such Make Whole Rights to, among other things, receive additional shares of our common stock (referred to as "Make Whole Shares") following the consummation of this offering if the 10 day volume weighted average price for our common stock commencing on the trading day that is 20 business days following the effective date of this offering is less than $31.35 (referred to as the "Reference Price"). If our stock price is less than the Reference Price, for each share with Make Whole Rights we will issue a number of Make Whole Shares equal to the quotient of $31.35 divided by the Reference Price, minus one; provided, however, that the Company shall not issue more than 0.5 Make Whole Shares per share of common stock with a Make Whole Right. In the event that the result of such calculation is zero or a negative number, no Make Whole Shares shall be issued. The Make Whole Agreement and the rights thereunder shall terminate upon, among other events, the earlier of (i) the issuance of any Make Whole Shares, and (ii) the consummation of this offering with a Reference Price greater than $31.35 in which case no Make Whole Shares will be issued. As of March 31, 2018, an aggregate of 257,954 shares of our common stock had Make Whole Rights. If the Reference Price is equal to the initial public offering price of $, then an aggregate of Make Whole Shares will be issued for all shares of common stock with Make Whole Rights. The maximum aggregate number of Make Whole Shares that may be issued is 128,977 shares. The following table sets forth a sensitivity analysis showing (i) the number of Make Whole Shares issuable for each share of common stock with a Make Whole Right, and (ii) the total number of Make Whole Shares to be issued, at specified reference prices. Holders of Make Whole Rights also have rights not involving an initial public offering consummated in 2018, which are described in the Make Whole Agreement.

Make Whole Shares to be Issued by Reference Price

Reference Price	$20.90 or less	$21.00	$22.00	$23.00	$24.00	$25.00	$26.00	$27.00	$28.00	$29.00	$30.00	$31.00	$31.35 or greater
Number of Make Whole Shares	0.50	0.49	0.43	0.36	0.31	0.25	0.21	0.16	0.12	0.08	0.05	0.01	—
Aggregate Number of Make Whole Shares to be Issued	128,977	127,135	109,631	93,649	78,999	65,521	53,079	41,560	30,863	20,904	11,608	2,913	—

Private Placement Offerings

We have engaged in several private offerings of our common stock in which certain of our executive officers, directors and principal shareholders participated. The following table summarizes the purchases of our securities in private placement transactions since January 1, 2015 by certain of our directors,

executive officers and beneficial holders of more than 5.0% of our capital stock and their respective affiliates:

Name	Security	Issue Date	Shares	Aggregate Purchase Price
Joseph C. Zimlich	Subordinated Notes due 2026[1]	10/11/2016	N/A	$ 2,500,000
	Common Stock[1]	10/17/2016	20,819	$ 562,113
	Subordinated Notes due 2026	10/24/2016	N/A	$ 100,000
	Common Stock	11/14/2016	2,177	$ 58,779
	Common Stock[2]	9/29/2017	1,750	$ 49,875
	Common Stock[1][2]	9/29/2017	17,543	$ 499,976
David R. Duncan	Common Stock[1]	10/17/2016	18,819	$ 508,113
Eric D. Sipf	Subordinated Notes due 2026	10/17/2016	N/A	$ 125,000
	Common Stock	10/17/2016	4,629	$ 124,983
	Common Stock[2]	9/15/2017	10,000	$ 285,000
Mark L. Smith	Common Stock	10/17/2016	2,019	$ 54,513
	Common Stock[2]	9/15/2017	3,000	$ 85,500
Julie A. Courkamp	Common Stock	10/17/2016	77	$ 2,079
Luke A. Latimer	Subordinated Notes due 2026	10/17/2016	N/A	$ 500,000
	Common Stock	10/17/2016	2,588	$ 69,876
	Common Stock	9/15/2017	2,394	$ 68,229
Thomas A. Gart	Common Stock	11/14/2016	4,175	$ 112,725
	Common Stock[2]	11/16/2017	17,543	$ 499,976
Patrick H. Hamill	Common Stock[2]	9/29/2017	17,544	$ 500,004
Julie A. Caponi	Common Stock[2]	2/9/2018	7,720	$ 220,020
John E. Sawyer	Common Stock[2]	11/16/2017	5,000	$ 142,500

(1) Represents securities purchased by an affiliate(s) of such person.

(2) Purchase of common stock also included Make Whole Rights.

Conversion of Series D Preferred Stock

In 2016, we offered the holders of the Series D preferred stock the option to convert their Series D preferred stock to common stock, with dividends prepaid through March 2018. During the year ended December 31, 2016, (i) Eric Sipf converted 2,500 shares of Series D preferred stock into 9,250 shares of common stock and he received prepaid dividends of $33,750 in connection with such conversion, and (ii) an entity affiliated with Joseph Zimlich converted 2,000 shares of Series D preferred stock into 7,400 shares of common stock and such entity received prepaid dividends of $27,000 in connection with such conversion.

In 2017, we offered the holders of the Series D preferred stock the option to convert their Series D preferred stock to common stock, with dividends prepaid through December 2017 and an election to receive a Make Whole Right and to convert the Series D preferred stock to common stock at the rate of 3.5 shares of common stock per share of Series D preferred stock. During the year ended December 31, 2017, an entity affiliated with David Duncan converted 5,000 shares of Series D preferred stock into 17,500 shares of common stock and such entity received prepaid dividends of $11,250 and Make Whole Rights in connection with such conversion. For more information concerning the Make Whole Right see "Certain Relationships and Related Persons Transactions—Make Whole Rights."

Subordinated Debentures

On May 1, 2006 and August 1, 2007, we issued convertible subordinated debentures to Mr. Wylie, our Chairman, Chief Executive Officer and President, and Warren Olsen, a former director and executive officer. The convertible subordinated debentures were convertible into common stock at fixed rates of exchange during the contract term, accrued interest which is compounded annually, and were subject to certain conditions. In exchange for the issuance of the debentures, we received promissory notes from the Mr. Wylie and Mr. Olsen with like terms to the issued debentures. At the date of issuance, the difference between the fair value and the face amount of each instrument was accounted for as a premium, which was amortized over the 10-year term within other operational expense. The promissory notes were required to be prepaid prior to any conversion of the convertible subordinated debentures to common stock. The number of shares of common stock into which these debentures were convertible was determined by dividing the outstanding principal and accrued but unpaid interest at the time of the conversion by the conversion price. As of December 31, 2017, none of the debentures or related promissory notes remain outstanding as they were all exercised or expired unexercised.

The debentures issued on May 1, 2006, accrued interest at 5.9%. Of the $9.9 million related to the 2006 debentures, $6.6 million was exercised by Mr. Wylie in 2016, while the remaining $3.3 million was not exercised and therefore the subordinated debenture and related promissory note expired. Mr. Wylie exercised the convertible subordinate debenture in 2016 by paying us $6.6 million in cash to repay the 2006 promissory note. We issued 300,000 shares of common stock to Mr. Wylie as consideration for the convertible subordinated debentures, which equates to a conversion price of $22.00 per share. We did not loan the holder the funds to exercise the debenture.

The debentures issued on August 1, 2007, which accrued interest at 5.5%, were not exercised and therefore the subordinated debentures and related promissory note expired.

Notes Receivable

We had notes receivable from Scott C. Wylie, our Chairman, Chief Executive Officer and President, and Warren Olsen, a former executive officer and director, totaling $5.8 million and $5.7 million, as of March 31, 2018 and 2017. The notes bore interest at Prime plus 1.0% per annum (4.75% at March 31, 2018). The note from Mr. Wylie was repaid in full on June 19, 2018 and the note from Mr. Olsen matures on June 30, 2018. These amounts are included in the promissory notes from related parties on the accompanying historical consolidated balance sheet.

Employment Agreements

We have entered into employment agreements with Scott C. Wylie, our Chairman, Chief Executive Officer and President, and Julie A. Courkamp, our Treasurer and Chief Financial Officer. For more information, please read "Executive Compensation—Employment Agreements."

Ordinary Banking Relationships

Certain of our officers, directors and principal shareholders, as well as their immediate family members and affiliates, are customers of, or have or have had transactions with, the Bank or us in the ordinary course of business. These transactions include deposits, loans, and other financial services related transactions. Related person transactions are made in the ordinary course of business, on substantially the same terms, including interest rates and collateral (where applicable), as those prevailing at the time for comparable transactions with persons not related to us, and do not involve more than normal risk of collectability or present other features unfavorable to us. Our loans and deposits with these parties have

been made and accepted in compliance with applicable regulations and our written policies. As of December 31, 2017, we had $14.0 million of loans outstanding to our directors and officers and those of the Bank. As of December 31, 2017, no related person loans were categorized as non-accrual, past due, restructured or potential problem loans. We expect to continue to enter into transactions in the ordinary course of business on similar terms with our officers, directors and principal shareholders, as well as their immediate family members and affiliates.

Directed Share Program

At our request, the underwriters have reserved up to shares of our common stock offered by this prospectus for sale, at the initial public offering price, to our directors, executive officers, associates and certain other persons who have expressed an interest in purchasing our common stock in this offering. We will offer these shares to the extent permitted under applicable regulations in the United States through a directed share program. See "Underwriting—Directed Share Program."

Policies and Procedures Regarding Related Person Transactions

Transactions by the Bank or us with related persons are subject to a formal written policy, as well as regulatory requirements and restrictions. These requirements and restrictions include Sections 23A and 23B of the Federal Reserve Act and the Federal Reserve's Regulation W (which govern certain transactions by the Bank with its affiliates) and the Federal Reserve's Regulation O (which governs certain loans by the Bank to its executive officers, directors, and principal shareholders). We have adopted policies to comply with these regulatory requirements and restrictions.

In addition, our board of directors has adopted a written policy governing the approval of related person transactions that complies with all applicable requirements of the SEC and the Nasdaq Global Select Market concerning related person transactions. Related person transactions are transactions in which we are a participant, the amount involved exceeds $120,000 and a related person has or will have a direct or indirect material interest. Related persons of the Company include directors, executive officers, beneficial holders of more than five percent of our capital stock and the immediate family members of these persons. Our executive management team, in consultation with outside counsel, as appropriate, will review potential related person transactions to determine if they are subject to the policy. If so, the transaction will be referred to a committee of the board of directors for approval. The committee of the board of directors shall review the related person transaction in accordance with the criteria set forth in policy, taking into account all of the relevant facts and circumstances available to the committee of the board of directors. Based on the conclusions reached, the committee of the board of directors shall evaluate all options, including, without limitation, approval, ratification, amendment or termination of the related person transaction or, with respect to any related person transaction that is no longer pending or ongoing, rescission and/or disciplinary action. Approval of such transactions shall be given only if it is determined by the committee of the board of directors that such transaction is in, or not inconsistent with, the best interests of the Company and our shareholders. Upon completion of the offering, our Related Person Transactions Policy will be available on our website at https://www.myfw.com.

DESCRIPTION OF CAPITAL STOCK

The following descriptions include summaries of the material terms of our form of amended and restated articles of incorporation and our form of amended and restated bylaws. The forms of amended and restated articles of incorporation and amended and restated bylaws will be adopted prior to the consummation of this offering. Reference is made to the more detailed provisions of, and the descriptions are qualified in their entirety by reference to, our forms of amended and restated articles of incorporation and our amended and restated bylaws, copies of which will be filed with the SEC as exhibits to the registration statement of which this prospectus is a part, and applicable law.

General

We are incorporated in the state of Colorado. The rights of our shareholders are generally covered by Colorado law and our articles of incorporation and bylaws (each as amended and restated and in effect as of consummation of this offering). The terms of our capital stock are therefore subject to Colorado law, including the Colorado Business Corporation Act, and the common and constitutional law of Colorado.

Upon the closing of this offering, our amended and restated articles of incorporation will authorize us to issue up to 90 million shares of common stock, no par value, and 10 million shares of preferred stock, no par value, of which 8,559 shares have been designated as Fixed Rate Cumulative Perpetual Preferred Stock, Series A (referred to as "Series A preferred stock"), 429 shares have been designated as Fixed Rate Cumulative Perpetual Preferred Stock, Series B (referred to as "Series B preferred stock"), 11,881 shares have been designated as Fixed Rate Cumulative Perpetual Preferred Stock, Series C (referred to as "Series C preferred stock") and 150,000 shares have been designated as Noncumulative Perpetual Convertible Preferred Stock, Series D (referred to as "Series D preferred stock").

As of March 31, 2018, there were issued and outstanding 5,900,698 shares of our common stock, 8,559 shares of our Series A preferred stock, 428 shares of our Series B preferred stock, 11,881 shares of our Series C preferred stock and 41,000 shares of our Series D preferred stock. As of March 31, 2018, we had reserved 592,714 shares of our common stock for issuance upon the exercise of outstanding stock options, 42,307 performance stock units and 199,263 restricted stock units issued under our existing equity incentive plans.

The authorized but unissued shares of our capital stock will be available for future issuance without shareholder approval, unless otherwise required by applicable law or the rules of any applicable securities exchange. All of our issued and outstanding shares of capital stock are validly issued, fully paid and non-assessable.

Common Stock

Voting. Each holder of our common stock is entitled to one vote for each share held of record on all matters on which shareholders generally are entitled to vote, except as otherwise required by law. Rights of common stock to vote on certain matters may be subject to the rights and preferences of the holders of any outstanding shares of any preferred stock that we may issue. Our amended and restated articles of incorporation expressly prohibits cumulative voting.

Dividends and Other Distributions. Subject to certain regulatory restrictions and to the rights of holders of our preferred stock and any other class or series of stock having a preference as to dividends over the common shares then outstanding, dividends may be paid on the shares of common stock out of assets legally available for dividends, but only at such times and in such amounts as our board of directors shall determine and declare. Subject to applicable law, upon any voluntary or involuntary liquidation,

dissolution or winding up of our affairs, all shares of our common stock would be entitled to share, ratably in proportion to the number of shares held by them, in all of our remaining assets available for distribution to our shareholders after payment of creditors and subject to any prior distribution rights related to our preferred stock and any other class or series of stock having a preference over the common shares then outstanding. See "Supervision and Regulation—Regulation of the Company—Dividends."

Preemptive Rights. Holders of our common stock do not have preemptive or subscription rights to acquire any authorized but unissued shares of our capital stock upon any future issuance of shares.

Other. Our holders of common stock have no conversion rights or other subscription rights. There are no other redemption or sinking fund provisions that are applicable to our common stock.

Preferred Stock

Our amended and restated articles of incorporation authorizes our board of directors to establish one or more series of preferred stock. Unless required by law or any stock exchange, the authorized but unissued shares of preferred stock will be available for issuance without further action by our shareholders. Our board of directors is authorized to divide the preferred stock into series and, with respect to each series, to fix and determine the designation, terms, preferences, limitations and relative rights thereof, including dividend rights, dividend rates, conversion rights, voting rights, redemption rights and terms, liquidation preferences, sinking fund provisions and the number of shares constituting the series. Subject to the rights of the holders of any series of preferred stock, the number of authorized shares of any series of preferred stock may be increased (but not above the total number of shares of preferred stock authorized under our amended and restated certificate of incorporation) or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the outstanding shares.

Without shareholder approval, we may issue shares of, or rights to purchase shares of, one or more series of our preferred stock that have been designated from time to time, the terms of which might adversely affect voting or other rights evidenced by, or amounts otherwise payable with respect to, the common stock or other series of preferred stock by providing superior rights; dilute the ownership of the holders of our common stock; discourage unsolicited proposals to acquire us; or facilitate a particular business combination involving us. Any of these actions could have an anti-takeover effect and discourage a transaction that some or a majority of our shareholders might believe to be in their best interests or in which our shareholders might receive a premium for their stock over our then market price.

We have four series of preferred stock outstanding as of the date of this prospectus, the terms of which are summarized below.

Capital Purchase Program Preferred Stock

General. On February 6, 2009, we issued 8,559 shares of Series A preferred stock and 428 shares of Series B preferred stock to the United States Treasury pursuant to its Capital Purchase Program of the Emergency Economic Stabilization Act of 2008 (the "CPP Program"). Likewise, on December 11, 2009, we issued 11,881 shares of our Series C preferred stock to the United States Treasury pursuant to the CPP Program. The United States Treasury subsequently sold all of its shares of our Series A preferred stock, Series B preferred stock and Series C preferred stock to third-party investors. All such shares of CPP preferred stock are issued and outstanding. The terms of the CPP preferred stock are substantially similar and are summarized below.

Ranking. The CPP preferred stock ranks senior to our common stock as to dividend rights and/or as to rights upon our liquidation, dissolution or winding up. Each series of our preferred stock that composes the CPP preferred stock (i.e., the Series A preferred stock, Series B preferred stock and Series C preferred stock) rank on parity with each other series and with the Series D preferred stock rank on parity with our Series B preferred stock, Series C preferred stock and Series D preferred stock as to dividend rights and/or as to rights upon our liquidation, dissolution or winding up.

Dividend Rights. Holders of shares of CPP preferred stock are entitled to receive if, as and when declared by our board of directors or a duly authorized committee of the board, out of assets legally available for payment, cumulative cash dividends at a rate per annum of 9.0% per share on a liquidation preference of $1,000 per share of CPP preferred stock.

Dividends are payable quarterly in arrears on each February 15, May 15, August 15 and November 15, each a dividend payment date. Dividends payable during any dividend period are computed on the basis of a 360-day year consisting of twelve 30-day months.

We are subject to various regulatory policies and requirements relating to the payment of dividends, including requirements to maintain adequate capital above regulatory minimums. In addition, we are subject to Colorado state laws relating to the payment of dividends. For more information, see "Supervision and Regulation—Regulation of the Company—Dividends."

So long as any shares of CPP preferred stock remain outstanding, unless all accrued and unpaid dividends for all prior dividend periods have been paid or are contemporaneously declared and paid in full, no dividend whatsoever shall be paid or declared on our common stock or other junior stock, other than a dividend payable solely in common stock. Subject to certain limited exceptions described in the certificates of designation, we and our subsidiaries also may not purchase, redeem or otherwise acquire for consideration any shares of our common stock or other junior stock unless we have paid in full all accrued dividends on the CPP preferred stock for all prior dividend periods.

On any dividend payment date for which dividends are not paid in full, or declared and funds set aside therefor, on the CPP preferred stock and any other parity stock, all dividends paid or declared for payment on that dividend payment date (or, with respect to parity stock with a different dividend payment date, on the applicable dividend date therefor falling within the dividend period and related to the dividend payment date for the CPP preferred stock), with respect to the CPP preferred stock and any other parity stock shall be declared ratably among the holders of any such shares who have the right to receive dividends, in proportion to the respective amounts of the undeclared and unpaid dividends relating to the dividend period.

Subject to the foregoing, such dividends (payable in cash, stock or otherwise) as may be determined by our board of directors (or a duly authorized committee of the board) may be declared and paid on our common stock and any other stock ranking equally with or junior to the CPP preferred stock from time to time out of any funds legally available for such payment, and the CPP preferred stock shall not be entitled to participate in any such dividend.

Liquidation Rights. In the event that we voluntarily or involuntarily liquidate, dissolve or wind up our affairs, holders of CPP preferred stock will be entitled to receive an amount per share, referred to as the total liquidation amount, equal to the fixed liquidation preference of $1,000 per share, plus any accrued and unpaid dividends, whether or not declared, to the date of payment. Holders of the CPP preferred stock will be entitled to receive the total liquidation amount out of our assets that are available for distribution to shareholders, after payment or provision for payment of our debts and other liabilities but

before any distribution of assets is made to holders of our common stock or any other shares ranking, as to that distribution, junior to the CPP preferred stock.

If our assets are not sufficient to pay the total liquidation amount in full to all outstanding shares of CPP preferred stock and all outstanding shares of parity stock, the holders of CPP preferred stock and other shares of parity stock shall share ratably in any such distribution in proportion to the full respective distributions to which they are entitled. If the total liquidation amount per share of CPP preferred stock has been paid in full to all holders of CPP preferred stock and other shares of parity stock, the holders of our common stock or any other shares ranking, as to such distribution, junior to the CPP preferred stock will be entitled to receive all of our remaining assets according to their respective rights and preferences.

For purposes of the liquidation rights, neither the sale, conveyance, exchange or transfer of all or substantially all of our property and assets, nor the consolidation or merger by us with or into any other corporation or by another corporation with or into us, will constitute a liquidation, dissolution or winding-up of our affairs.

Redemption. The CPP preferred stock is currently redeemable at any time, subject to the approval of the Federal Reserve, in whole or in part, subject to the procedures set forth in the certificate of designations. In any redemption, the redemption price is an amount equal to the per share liquidation amount plus accrued and unpaid dividends to but excluding the date of redemption. The CPP preferred stock is not subject to any mandatory redemption, sinking fund or similar provisions. Holders of shares of CPP preferred stock have no right to require the redemption or repurchase of the CPP preferred stock. If fewer than all of the outstanding shares of CPP preferred stock are to be redeemed, the shares to be redeemed will be selected either pro rata from the holders of record of shares of CPP preferred stock in proportion to the number of shares held by those holders or in such other manner as our board of directors or a committee thereof may determine to be fair and equitable. Shares of CPP preferred stock that are redeemed, repurchased or otherwise acquired by us will revert to authorized but unissued shares of our preferred stock.

Voting Rights. Except as indicated below or otherwise required by law, the holders of CPP preferred stock do not have any voting rights.

Election of Two Directors upon Non-Payment of Dividends. If the dividends on the CPP preferred stock have not been paid for an aggregate of six quarterly dividend periods or more (whether or not consecutive), the authorized number of directors then constituting our board of directors will automatically be increased by two. Holders of CPP preferred stock, together with the holders of any outstanding parity stock with like voting rights, referred to as voting parity stock, voting as a single class, will be entitled to elect the two additional members of our board of directors, referred to as the preferred stock directors, at the next annual meeting (or at a special meeting called for the purpose of electing the preferred stock directors prior to the next annual meeting) and at each subsequent annual meeting until all accrued and unpaid dividends for all past dividend periods have been paid in full. The election of any preferred stock director is subject to the qualification that the election would not cause us to violate the corporate governance requirement of any securities exchange on which our securities may be listed or traded. Upon the termination of the right of the holders of CPP preferred stock and voting parity stock to vote for preferred stock directors, the preferred stock directors will immediately cease to be qualified as directors, their term of office shall terminate immediately and the number of our authorized directors will be reduced by the number of preferred stock directors that the holders of CPP preferred stock and voting parity stock had been entitled to elect. The holders of a majority of the shares of CPP preferred stock and voting parity stock, voting as a class, may remove any preferred stock director, with or without cause, and the holders of a majority of the shares of CPP preferred stock and voting parity stock, voting as a class, may fill any vacancy created by the removal of a preferred stock director. If the office of a preferred stock

director becomes vacant for any other reason, the remaining preferred stock director may choose a successor to fill such vacancy for the remainder of the unexpired term.

Other Voting Rights. So long as any shares of CPP preferred stock are outstanding, in addition to any other vote or consent of shareholders required by law or by our articles of incorporation, the vote or consent of the holders of at least $66^{2}/_{3}\%$ of the shares of CPP preferred stock at the time outstanding, voting separately as a single class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating: (i) any amendment or alteration of our articles of incorporation to authorize or create or increase the authorized amount of, or any issuance of, any shares of, or any securities convertible into or exchangeable or exercisable for shares of, any class or series of capital stock ranking senior to the CPP preferred stock with respect to payment of dividends and/or distribution of assets upon our liquidation, dissolution or winding up; (ii) any amendment, alteration or repeal of any provision of the certificate of designations for the CPP preferred stock or our articles of incorporation so as to adversely affect the rights, preferences, privileges or voting powers of the CPP preferred stock; or (iii) any consummation of a binding share exchange or reclassification involving the CPP preferred stock or of a merger or consolidation of us with another entity, unless the shares of CPP preferred stock remain outstanding following any such transaction or, if we are not the surviving entity, are converted into or exchanged for preference securities and such remaining outstanding shares of CPP preferred stock or preference securities have rights, preferences, privileges and voting powers that are not materially less favorable than the rights, preferences, privileges or voting powers of the CPP preferred stock, taken as a whole.

No Preemptive or Conversion Rights. The holders of the CPP preferred stock do not have any preemptive rights. The CPP preferred stock is not convertible into or exchangeable for property or shares of any other series or class of our capital stock.

Series D Preferred Stock

General. As of March 31, 2018, there were 150,000 shares of preferred stock designated as Series D preferred stock of which 41,000 shares were issued and outstanding.

Ranking. The Series D preferred stock ranks senior to our common stock as to dividend rights and/or as to rights upon our liquidation, dissolution or winding up. It ranks on parity with our Series A preferred stock, Series B preferred stock and Series C preferred stock as to dividend rights and/or as to rights upon our liquidation, dissolution or winding.

Dividends. Holders of shares of Series D preferred stock are entitled to receive when, as and if authorized by the board of directors and declared by the Company, out of legally available funds, on a non-cumulative basis, cash dividends at an annual rate of 9.00% of the $100 per share liquidation preference.

Dividends are payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year, each a dividend payment date. Dividends payable during any dividend period are computed on the basis of a 360-day year of twelve 30-day months.

Dividends on the Series D preferred stock are non-cumulative. If the board of directors does not authorize and declare a dividend on the Series D preferred stock or if the if board of directors authorizes and declares less than a full dividend in respect of any dividend period, the holders of Series D preferred stock have no right to receive any dividend or a full dividend, as the case may be, for such dividend period, and we will have no obligation to pay a dividend or to pay full dividends for that dividend period, whether

or not dividends are authorized, declared and paid for any future dividend period with respect to the Series D preferred stock or the common stock or any other class or series of our preferred stock.

So long as any share of Series D preferred stock remains outstanding, (i) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any common stock or other securities ranking junior to the Series D preferred stock (other than a dividend payable solely in shares of such junior securities) and (ii) subject to certain limited exceptions set forth in the certificate of designations, no shares of common stock or other junior securities shall be purchased, redeemed or otherwise acquired for consideration by us, directly or indirectly, unless, in each case, the full dividends for the most recent dividend payment date on all outstanding shares of Series D preferred stock and parity securities have been paid or declared and a sum sufficient for the payment thereof has been set aside.

Liquidation. In the event we voluntarily or involuntarily liquidate, dissolve or wind up, the holders of Series D preferred stock at the time shall be entitled to receive liquidating distributions in the amount of $100 per share of Series D preferred stock, plus an amount equal to any authorized and declared but unpaid dividends thereon for only the then-current dividend period accrued through the date of such liquidation, out of assets legally available for distribution to our shareholders, before any distribution of assets is made to the holders of the common stock or any other junior securities. After payment of the full amount of such liquidating distributions, the holders of Series D preferred stock will not be entitled to any further participation in any distribution of assets by, and shall have no right or claim to any of our remaining assets.

In the event our assets available for distribution to shareholders upon our liquidation, dissolution or winding-up of our affairs, whether voluntary or involuntary, shall be insufficient to pay in full the amounts payable with respect to all outstanding shares of the Series D preferred stock and the corresponding amounts payable on any parity securities, holders of Series D preferred stock and the holders of such parity securities shall share ratably in any distribution of our assets in proportion to the full respective liquidating distributions to which they would otherwise be respectively entitled.

Our consolidation or merger with or into any other entity, the consolidation or merger of any other entity with or into the us, or the sale of all or substantially all of our property or business will not constitute our liquidation, dissolution or winding up.

Maturity. The Series D preferred stock is perpetual unless converted or redeemed in accordance with the certificate of designations.

Redemption. Holders of the Series D preferred stock will have no right to require us to redeem or repurchase the Series D preferred stock and such shares are not subject to any sinking fund or similar obligation. The Series D preferred stock is currently redeemable at our option, at any time and from time to time, upon not less than 30 nor more 60 days' notice by mail, at a redemption price of $100 per share, plus accrued and unpaid dividends, if any, for the then-current dividend period to the date fixed for redemption. If less than all of the outstanding shares of the Series D preferred stock are to be redeemed at our option, the total number of shares to be redeemed in such redemption shall be determined by the board of directors, and the shares to be redeemed shall be allocated pro rata or by lot as may be determined by the board of directors or by such other method as the board of directors may approve and deem fair and appropriate.

Conversion. Each share of Series D preferred stock was initially convertible at the option of the holder thereof, at any time after the issuance of such shares, into 3.7 shares of fully paid and non-assessable shares common stock. Such conversion rate will be adjusted in accordance with the terms of

the certificate of designations from time to time, if at any time after the issuance of any shares of Series D preferred stock, (i) the outstanding shares of our common stock are subdivided into a greater number of such shares, then the number of shares of common stock into which each share of Series D preferred stock may be converted shall be proportionately increased, and, conversely, if, at any time after the issuance of any shares of Series D preferred stock, the outstanding shares of our common stock are combined into a smaller number of such shares, then the number of shares of common stock into which each share of Series D preferred stock may be converted shall be proportionately decreased, such increase or decrease, as the case may be, (ii) our common stock issuable upon the conversion of the Series D preferred stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise, in any such event each holder of Series D preferred stock shall have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable in connection with such recapitalization, reclassification or other change with respect to the maximum number of shares of common stock into which such shares of Series D preferred stock could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustments as provided herein or with respect to such other securities or property by the terms thereof, or (iii) our common stock is converted into other securities or property, whether pursuant to a reorganization, merger, consolidation or otherwise, as a part of such transaction, provision shall be made so that the holders of the Series D preferred stock shall thereafter be entitled to receive upon conversion thereof the number of shares of stock or other securities or property to which a holder of the maximum number of shares of common stock deliverable upon conversion would have been entitled in connection with such transaction, subject to adjustment in respect of such stock or securities by the terms thereof.

We shall not be a party to any reorganization, merger or consolidation in which we are not the surviving entity unless the entity surviving such transaction assumes all of our obligation with respect to the conversion of the Series D preferred stock set forth in the certificate of designations in a manner reasonably satisfactory to the board of directors acting in good faith.

Voting Rights. Except as indicated below or otherwise required by law, the holders of Series D preferred stock do not have any voting rights. Unless the vote or consent of the holders of a greater number of shares is then required by law, the affirmative vote or consent of the holders of at least a majority of the aggregate liquidation preference of the Series D preferred stock and of the shares of any parity stock at the time outstanding, voting together as a single class without regard to series, will be necessary for authorizing, effecting or validating any variation or abrogation of the powers, preferences, rights, privileges, qualifications, limitations and restrictions of the Series D preferred stock or any such other series of parity stock. Notwithstanding the foregoing, we may, without the consent or sanction of the holders of Series D preferred stock, (i) authorize or issue capital stock of the Company ranking, as to dividend rights and rights on liquidation, winding up and dissolution, senior to, on a parity with or junior to the Series D preferred stock and (ii) amend our articles of incorporation to increase the number of authorized shares of preferred stock.

Registration Rights. If at any time we propose to file a registration statement under the Securities Act with respect to an initial public offering of its common stock for its own account, then we shall give written notice of such proposed filing to the holders of Series D preferred stock at least 20 days prior to such anticipated filing date. Such notice shall offer the holders of Series D preferred stock the opportunity to register such amount of shares of common stock into which each share of Series D preferred stock is then convertible (referred to as "Registrable Common Shares") as they may request (referred to as "Piggyback Registration"). Subject to certain exceptions and the terms and conditions of the certificate of designations, we shall include in such Piggyback Registration all Registrable Common Shares with respect to which we have received written requests for inclusion therein within seven business days after such notice has been given to the holders of Series D preferred stock.

Subject to certain exceptions and the terms and conditions of the certificate of designations, within 60 days following the date we first meet the conditions for use of Form S-3, we are required to prepare and file with the SEC a "shelf" registration statement on Form S-3 covering all of the shares of Series D preferred stock for a secondary or resale offering to be made on a continuous basis pursuant to Rule 415. We shall use our reasonable best efforts to have the Form S-3 declared effective as promptly as practicable following its filing. We are generally required to keep any such registration statements continuously effective under the Securities Act until the date which is the earlier date of when (i) the shares included in such registration statement have been sold or (ii) such shares may be sold immediately without registration under the Securities Act and without volume restrictions pursuant to Rule 144, pursuant to a written opinion letter from our counsel to such effect, addressed and acceptable to us.

Certain Articles of Incorporation and Bylaw Provisions Potentially Having an Anti-takeover Effect

Our amended and restated articles of incorporation and our amended and restated bylaws contain certain provisions that may have the effect of deterring or discouraging, among other things, a non-negotiated tender or exchange offer for our common stock, a proxy contest for control of the Company, the assumption of control of the Company by a holder of a large block of our common stock and the removal of our directors or management. These provisions:

- Empower our board of directors, without shareholder approval, to issue our preferred stock, the terms of which, including voting power, are set by our board of directors;
- Provide that directors may only be removed from office for cause by a majority shareholder vote;
- Eliminate cumulative voting in elections of directors;
- Permit our board of directors to alter, amend or repeal our amended and restated bylaws or to adopt new bylaws;
- Require the request of holders of at least 50.0% of the outstanding shares of our capital stock entitled to vote at a meeting to call a special shareholders' meeting;
- Prohibit shareholder action by less than unanimous written consent, thereby requiring virtually all shareholder actions to be taken at a meeting of the shareholders;
- Require any shareholder derivative suit or shareholder claim against an officer or director of breach of fiduciary duty or violation of the Colorado Business Corporation Act, articles of incorporation, or bylaws to be brought in Denver County in the State of Colorado;
- Require shareholders that wish to bring business before our annual meeting of shareholders or nominate candidates for election as directors at our annual meeting of shareholders to provide timely notice of their intent in writing; and
- Enable our board of directors to increase, at any annual, regular or special meetings of directors, the number of persons serving as directors and to fill vacancies created as a result of the increase by a majority vote of the directors present at a meeting of directors.

Our amended and restated bylaws may have the effect of precluding a contest for the election of directors or the consideration of shareholder proposals if the established procedures for advance notice are not followed, or of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its proposal without regard to whether consideration of the nominees or proposals might be harmful or beneficial to us and our shareholders.

Exclusive Forum

Our amended and restated bylaws provide that the state courts located in Denver County, Colorado, the county in which our headquarters in Denver lie, shall be the sole and exclusive forum for certain shareholder litigation matters, unless we consent in writing to the selection of an alternative forum. Although we believe this provision benefits us by providing increased consistency in the application of Colorado law in the types of lawsuits to which it applies and in limiting our litigation costs, the provision may have the effect of discouraging lawsuits against our directors and officers and may limit our shareholders' ability to obtain a favorable judicial forum for disputes with us. However, it is possible that a court could rule that this provision is unenforceable or inapplicable to a particular dispute.

Limitation of Liability and Indemnification of Officers and Directors

Under the Colorado Business Corporation Act, the articles of incorporation of a corporation may eliminate or limit the personal liability of a director to the corporation or to its shareholders for monetary damages for breach of fiduciary duty as a director subject to certain limitations.

Our amended and restated articles of incorporation provides that our directors are not liable to the Company or our shareholders for monetary damages for an act or omission in their capacity as a director to the fullest extent provided by applicable Colorado law. A director may, however, be found liable for:

- Any breach of the director's duty of loyalty to the Company or to its shareholders;
- Acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- Voting for or assenting to an unlawful distribution;
- Any transaction from which the director directly or indirectly derived an improper personal benefit; and
- Acts or omissions for which the liability of the director is expressly provided by an applicable statute.

The Colorado Business Corporation Act provides that a corporation must indemnify a person who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the person was a party because the person is or was a director, against reasonable expenses incurred by the person in connection with the proceeding.

The Colorado Business Corporation Act also permits corporations to indemnify present or former directors and representatives of other entities serving as such directors in certain situations where indemnification is not mandated by law; however, such permissive indemnification is subject to various limitations. Section 7-109-103 of the Colorado Business Corporation Act provides that a court may also order indemnification under various circumstances and Section 7-109-107 requires that officers must be indemnified to the same extent as directors.

Our amended and restated articles of incorporation and bylaws also provide that we will indemnify, to the maximum extent permitted by law, any person who is or was a director, officer, agent, fiduciary or employee of the Company against any claim, liability or expense arising against or incurred by such person made party to a proceeding because he is or was a director, officer, agent, fiduciary or employee of the Company or because he is or was serving another entity as a director, officer, partner, trustee, employee, fiduciary or agent at the Company's request. To the extent that indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons, we have been advised that, in the opinion of the SEC, this indemnification is against public policy as expressed in the

Securities Act and is, therefore, unenforceable. Finally, our ability to provide indemnification to our directors and officers is limited by federal banking laws and regulations.

The Colorado Business Corporation Act permits us to purchase insurance on behalf of an existing or former officers, employees, directors or agents against any liability asserted against and incurred by that person in such capacity, or arising out of that person's status in such capacity. Pursuant to this authority, we maintain such insurance for the officers, employees, directors and agents of the Company and its subsidiaries.

Transfer Agent and Registrar

Philadelphia Stock Transfer, Inc. will serve as our transfer agent and registrar.

Listing and Trading

We intend to apply to list our common stock on the Nasdaq Global Select Market under the symbol "MYFW".

DESCRIPTION OF CERTAIN INDEBTEDNESS

The following is a summary of the material terms of certain indebtedness. The summary is qualified in its entirety by reference to the full text of the notes governing the terms of such indebtedness and the agreements pursuant to which the notes are issued.

Subordinated Notes due 2020

On June 29, 2012, the Company issued an aggregate principal amount of $7.6 million of 8% Subordinated Notes due 2020 (referred to as the "subordinated notes due 2020") to various investors. The subordinated notes due 2020 will mature on June 29, 2020 (unless previously redeemed). The Company's obligation to make payments of principal and interest on the subordinated notes due 2020 is subordinate in right of payment to all existing and future senior indebtedness of the Company. The subordinated notes due 2020 are issued under the Subordinated Note Purchase Agreement, dated as of June 29, 2012.

Interest. The subordinated notes due 2020 bear interest at a fixed rate of 8.0% per annum and will be payable semi-annually in arrears.

Ranking. The subordinated notes due 2020 are unsecured, subordinated obligations of the Company, subordinated in right of payment to all existing and future senior indebtedness of the Company and pari passu in right of payment to all existing and future subordinated indebtedness of the Company, including the Company's subordinated notes due 2026.

Optional Redemption. The Company may, at its option, at any time on or after June 29, 2017, redeem the subordinated notes due 2020, in whole or in part, at a redemption price specified in the subordinated notes due 2020. This option of redemption is subject to the approval of the Federal Reserve. The Federal Reserve generally will not approve such a redemption of any such subordinated notes unless it is satisfied with the capital position of the Company and the Bank after the proposed redemption. Additionally, the Company may, at its option, redeem some or all of the subordinated notes due 2020 at any time (subject to certain requirements and at a redemption price specified in the terms of the subordinated notes due 2020) if it makes a reasonable determination, on advice of legal counsel, that (i) there is a material risk that the Company will not be entitled to treat the subordinated notes due 2020 as "Tier 2 Capital" for purposes of the capital adequacy guidelines of the Federal Reserve; or (ii) for certain reasons as set forth in the terms of the subordinated notes due 2020, there is a material risk that interest payable by the Company on the subordinated notes due 2020 is not, or within 180 days after the date of such determination will not be, deductible by the Company, in whole or in part, for United States federal income tax purposes.

Events of Default. An event of default under the subordinated notes due 2020 will occur, and the subordinated notes due 2020 may be accelerated, upon the occurrence and continuation of certain events of insolvency of the Company that are specified in the subordinated notes due 2020 (a "2012 Subordinated Note Event of Default"). In the case of a 2012 Subordinated Note Event of Default, except in the case of a default in the payment of principal or interest on the subordinated notes due 2020 or the performance of any other obligation of the Company under the subordinated notes due 2020 or under the Subordinated Note Purchase Agreement, the holders of at least 51% of the outstanding principal amount of the subordinated notes due 2020 may declare, by written notice to the Company, the subordinated notes due 2020 to be immediately due and payable.

Subordinated Notes due 2026

Between October 2016 and February 2017, the Company issued an aggregate principal amount of $6.3 million of 7.25% Fixed-to-Floating Rate Subordinated Notes due December 31, 2026 (the

"subordinated notes due 2026") to various investors. The subordinated notes due 2026 will mature on December 31, 2026 (unless previously redeemed). The Company's obligation to make payments of principal and interest on the subordinated notes due 2026 is subordinate in right of payment to all existing and future senior indebtedness of the Company. The subordinated notes due 2026 are issued under the Subordinated Note Purchase Agreement.

Interest. Until January 1, 2022, the subordinated notes due 2026 bear interest at the rate of 7.25% per annum and are payable quarterly in arrears. From and including January 1, 2022, the subordinated notes due 2026 bear interest, set on the first day of each calendar quarter, at the rate of the then current 90-day LIBOR rate plus 587 basis points and are payable quarterly in arrears through the maturity date or any early redemption date.

Ranking. The subordinated notes due 2026 are unsecured, subordinated obligations of the Company, subordinated in right of payment to all existing and future senior indebtedness of the Company and pari passu in right of payment to all existing and future subordinated indebtedness of the Company, including the Company's subordinated notes due 2020.

Optional Redemption. The Company may, at its option, at any time on or after January 1, 2022, redeem the subordinated notes due 2026, in whole or in part, at a redemption price specified in the subordinated notes due 2026. This option of redemption is subject to the approval of the Federal Reserve. The Federal Reserve generally will not approve such a redemption of any such subordinated notes unless it is satisfied with the capital position of the Company and the Bank after the proposed redemption. Additionally, the Company may, at its option, redeem some or all of the subordinated notes due 2026 at any time (subject to certain requirements and at a redemption price specified in the terms of the subordinated notes due 2026) if it makes a reasonable determination, on advice of legal counsel, that (i) the Company will not be entitled to treat the subordinated notes due 2026 as "Tier 2 Capital" for purposes of the capital adequacy guidelines of the Federal Reserve; or (ii) for certain reasons as set forth in the terms of the subordinated notes due 2026, there is more than a substantial risk that interest payable by the Company on the subordinated notes due 2026 is not, or within 180 days after the date of such determination will not be, deductible by the Company, in whole or in part, for United States federal income tax purposes.

Events of Default. An event of default under the subordinated notes due 2026 will occur, and the subordinated notes due 2026 may be accelerated, upon the occurrence and continuation of certain events of insolvency of the Company that are specified in the subordinated notes due 2026 (a "2016 Subordinated Note Event of Default"). In the case of a 2016 Subordinated Note Event of Default, except in the case of a default in the payment of principal or interest on the subordinated notes due 2026 or the performance of any other obligation of the Company under the subordinated notes due 2026 or under the Subordinated Note Purchase Agreement, the holders of at least 51% of the outstanding principal amount of the subordinated notes due 2026 may declare, by written notice to the Company, the subordinated notes due 2026 to be immediately due and payable.

SHARES ELIGIBLE FOR FUTURE SALE

Future sales of substantial amounts of our common stock in the public market could adversely affect prevailing market prices. Furthermore, since only a limited number of shares will be available for sale shortly after the offering because of contractual and legal restrictions on resale described below, sales of substantial amounts of shares of common stock in the public market after the restrictions lapse could adversely affect the prevailing market price for shares of our common stock as well as our ability to raise equity capital in the future.

Upon completion of this offering, we will have shares of our common stock issued and outstanding (shares if the underwriters exercise in full their option to purchase additional shares). In addition, shares of our common stock will be issuable upon the vesting and settlement of outstanding equity awards.

Of these shares (or shares, if the underwriters exercise in full their option to purchase additional shares), the shares sold in this offering will be freely tradable without further restriction or registration under the Securities Act, except that any shares purchased by our affiliates may generally only be sold in compliance with Rule 144, which is described below. The remaining outstanding shares will be deemed "restricted securities" under the Securities Act. Restricted securities may be sold in the public market only if they qualify for an exemption from registration under Rule 144 or any other applicable exemption.

Lock-Up Agreements

We, all of our directors and executive officers and certain other shareholders, who will own in the aggregate approximately shares of our outstanding common stock, have agreed not to sell any shares of common stock or securities convertible into or exchangeable for shares of common stock for a period of 180 days from the date of this prospectus, subject to certain exceptions. See "Underwriting" for a description of these lock-up provisions.

Stock Issued under Incentive Plans

We intend to file one or more registration statements on Form S-8 under the Securities Act to register the offer and sale of shares of our common stock that are issuable under our 2008 Plan and 2016 Plan. This registration statement on Form S-8 is expected to be filed following the effective date of the registration statement of which this prospectus is a part and will be effective upon filing. Accordingly, shares registered under such registration statement will be available for sale in the open market following the effective date, unless such shares are subject to vesting restrictions with us, Rule 144 restrictions applicable to our affiliates or the lock-up restrictions described above.

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, an eligible shareholder is entitled to sell such shares without complying with the manner of sale, volume limitation, or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. To be an eligible shareholder under Rule 144, such shareholder must not be deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then

such person is entitled to sell such shares without complying with any of the requirements of Rule 144, subject to the expiration of the lock-up agreements described above.

Rule 144 also provides that a person who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has for at least six months beneficially owned shares of our common stock that are restricted securities, will be entitled to freely sell such shares of our common stock without regard to the limitations described above, provided that such sales comply with the current public information requirements of Rule 144 and we were subject to the Exchange Act periodic reporting requirements for at least 90 days immediately before the sale. A person who is not deemed to have been an affiliate of ours at any time during the three-months preceding a sale, and who has beneficially owned for at least one year shares of our common stock that are restricted securities, will be entitled to freely sell such shares of our common stock under Rule 144 without regard to the current public information requirements of Rule 144, provided that we were subject to the Exchange Act periodic reporting requirements for at least 90 days immediately before the sale.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell on expiration of the lock-up agreements described above. Beginning 90 days after the date of this prospectus, within any three-month period, such shareholders may sell a number of shares that does not exceed the greater of:

- 1% of the number of common stock then outstanding, which will equal approximately shares immediately after this offering; or
- the average weekly trading volume of our common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

Rule 701

In general, under Rule 701 under the Securities Act, an employee, consultant or advisor who purchases shares of our common stock from us in connection with a compensatory stock or option plan or other written agreement is eligible to resell those shares 90 days after the effective date of the registration statement of which this prospectus forms a part in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period restriction, contained in Rule 144.

SUPERVISION AND REGULATION

The U.S. banking industry is highly regulated under federal and state law. Banking laws, regulations, and policies affect the operations of the Company and its subsidiary. Investors should understand that the primary objective of the U.S. bank regulatory regime is the protection of depositors, the Deposit Insurance Fund ("DIF"), and the banking system as a whole, not the protection of the Company's shareholders.

As a bank holding company, we are subject to inspection, examination, supervision, and regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve"). The Bank, which is our subsidiary, is a Colorado-chartered commercial bank and is not a member of the Federal Reserve System (a "state nonmember bank"). As such, the Bank is subject to regulation, supervision, and examination by both the Colorado Division of Banking (the "CDB") and the Federal Deposit Insurance Corporation ("FDIC"). In addition, we expect that any additional businesses that we may invest in or acquire will be regulated by various state and/or federal banking regulators.

Banking statutes and regulations are subject to continual review and revision by Congress, state legislatures and federal and state regulatory agencies. A change in such statutes or regulations, including changes in how they are interpreted or implemented, could have a material effect on our business. In addition to laws and regulations, state and federal bank regulatory agencies may issue policy statements, interpretive letters and similar written guidance pursuant to such laws and regulations, which are binding on us and our subsidiaries.

Banking statutes, regulations and policies could restrict our ability to diversify into other areas of financial services, acquire depository institutions, and make distributions or pay dividends on our equity securities. They may also require us to provide financial support to any bank that we control, maintain capital balances in excess of those desired by management, and pay higher deposit insurance premiums as a result of a general deterioration in the financial condition of the Bank or other depository institutions we control.

The description below summarizes certain elements of the applicable bank regulatory framework. This description is not intended to describe all laws and regulations applicable to us and our subsidiaries. The description is qualified in its entirety by reference to the full text of the statutes, regulations, policies, interpretive letters and other written guidance that are described.

Regulation of the Company

The BHC Act and other federal laws subject bank holding companies to particular restrictions on the types of activities in which they may engage, and to a range of supervisory requirements and activities, including regulatory enforcement actions for violations of laws and regulations.

Permitted activities. Generally, bank holding companies are prohibited under the BHC Act from engaging in or acquiring direct or indirect control of more than 5% of the voting shares of any company engaged in any activity other than (i) banking or managing or controlling banks or (ii) an activity that the Federal Reserve determines to be so closely related to banking as to be a proper incident to the business of banking. The Federal Reserve has the authority to require a bank holding company to terminate an activity or terminate control of or liquidate or divest certain subsidiaries or affiliates when the Federal Reserve believes the activity or the control of the subsidiary or affiliate constitutes a significant risk to the financial safety, soundness or stability of any of its banking subsidiaries.

Status as a Financial Holding Company. Under the BHC Act, a bank holding company may file an election with the Federal Reserve to be treated as a financial holding company and engage in an expanded

list of financial activities. The election must be accompanied by a certification that all of the company's insured depository institution subsidiaries are "well capitalized" and "well managed." Additionally, the Community Reinvestment Act of 1977 ("CRA") rating of each subsidiary bank must be satisfactory or better. If, after becoming a financial holding company and undertaking activities not permissible for a bank holding company, the company fails to continue to meet any of the prerequisites for financial holding company status, the company must enter into an agreement with the Federal Reserve to comply with all applicable capital and management requirements. If the company does not return to compliance within 180 days, the Federal Reserve may order the company to divest its subsidiary banks or the company may discontinue or divest investments in companies engaged in activities permissible only for a bank holding company that has elected to be treated as a financial holding company. The Company has filed an election and became a financial holding company in 2006.

Sound banking practices. Bank holding companies and their non-banking subsidiaries are prohibited from engaging in activities that represent unsafe or unsound banking practices. For example, under certain circumstances the Federal Reserve's Regulation Y requires a holding company to give the Federal Reserve prior notice of any redemption or repurchase of its own equity securities if the consideration to be paid, together with the consideration paid for any repurchases in the preceding year, is equal to 10% or more of the company's consolidated net worth. The Federal Reserve may oppose the transaction if it believes that the transaction would constitute an unsafe or unsound practice or would violate a regulation. As another example, a holding company is prohibited from impairing its subsidiary bank's soundness by causing the bank to make funds available to non-banking subsidiaries or their customers if the Federal Reserve believes it not prudent to do so. The Federal Reserve has the power to assess civil money penalties for knowing or reckless violations, if the activities leading to a violation caused a substantial loss to a depository institution. Potential penalties are as high as $1.0 million for each day the activity continues.

Regulatory Capital Requirements. Through December 31, 2017, we were subject to the Federal Reserve's Small Bank Holding Company Policy Statement (the "Policy Statement"). The Policy Statement provides that the Basel III capital rules and reporting requirements generally will not apply to a bank holding company with under $1 billion in assets that: (i) is not engaged in significant non-banking activities either directly or through a nonbank subsidiary; (ii) does not conduct significant off-balance sheet activities either directly or through a non-bank subsidiary; and (iii) subject to certain limited exceptions, does not have a material amount of SEC-registered debt or equity securities outstanding. As of December 31, 2017, we had $969.7 million in consolidated assets and satisfied the other criteria described above, and were not subject to the Basel III capital rules and reporting requirements. As such, while we are not subject to the requirements of Basel III, if our asset levels exceed $1 billion or if we fail to satisfy one of the other conditions for non-applicability of Basel III we would become subject to the Basel III capital rules and reporting requirements.

Source of Strength. In accordance with the Dodd-Frank Act and long-standing Federal Reserve policy, the Company must act as a source of financial and managerial strength to the Bank. Under this policy, the Company must commit resources to support the Bank, including at times when the Company may not be in a financial position to provide it. As discussed below, the Company could be required to guarantee the capital plan of the Bank if it becomes undercapitalized for purposes of banking regulations. Any capital loans by a bank holding company to its subsidiary bank are subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary bank. The BHC Act provides that, in the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal bank regulatory agency to maintain the capital of a bank subsidiary will be assumed by the bankruptcy trustee and entitled to priority of payment.

Regulatory agencies have promulgated regulations to increase the capital requirements for bank holding companies to a level that matches those of banking institutions.

Anti-tying restrictions. Bank holding companies and affiliates are prohibited from tying the provision of services, such as extensions of credit, to other services offered by a holding company or its affiliates.

Acquisitions. The BHC Act, the Bank Merger Act, the Colorado Banking Code and other federal and state statutes regulate acquisitions of commercial banks and their holding companies. The BHC Act generally limits acquisitions by bank holding companies to commercial banks and companies engaged in activities that the Federal Reserve has determined to be so closely related to banking as to be a proper incident thereto. The BHC Act requires every bank holding company to obtain the prior approval of the Federal Reserve before: (i) acquiring more than 5% of the voting stock of any bank or other bank holding company; (ii) acquiring all or substantially all of the assets of any bank or bank holding company; or (iii) merging or consolidating with any other bank holding company.

In reviewing applications seeking approval of merger and acquisition transactions, the bank regulatory authorities generally consider, among other things, the competitive effect and public benefits of the transactions, the financial and managerial resources and future prospects of the combined organization (including the capital position of the combined organization), the applicant's performance record under the CRA (see the section captioned "Community Reinvestment Act" included elsewhere in this item), fair housing laws and the effectiveness of the subject organizations in combating money laundering activities.

The Company is also subject to the Change in Bank Control Act of 1978 ("Control Act") and related Federal Reserve regulations, which provide that any person who proposes to acquire at least 10% (but less than 25%) of any class of a bank holding company's voting securities is presumed to control the company (unless the company is not publicly held and some other shareholder owns a greater percentage of voting stock). Any person who would be presumed to acquire control or who proposes to acquire control of more than 25% of any class of a bank holding company's voting securities, or who proposes to acquire actual control, must provide the Federal Reserve with at least 60 days prior written notice of the acquisition. The Federal Reserve may disapprove a proposed acquisition if: (i) it would result in adverse competitive effects; (ii) the financial condition of the acquiring person might jeopardize the target institution's financial stability or prejudice the interests of depositors; (iii) the competence, experience or integrity of any acquiring person indicates that the proposed acquisition would not be in the best interests of the depositors or the public; or (iv) the acquiring person fails to provide all of the information required by the Federal Reserve. Any proposed acquisition of the voting securities of a bank holding company that is subject to approval under the BHC Act is not subject to the Control Act notice requirements. Any company that proposes to acquire "control", as those terms are defined in the BHC Act and Federal Reserve regulations, of a bank holding company or to acquire 25% or more of any class of voting securities of a bank holding company would be required to seek the Federal Reserve's prior approval under the BHC Act to become a bank holding company.

Dividends. Dividends from the Bank are the Company's principal source of cash revenues. The Company's earnings and activities are affected by legislation, by regulations and by local legislative and administrative bodies and decisions of courts in the jurisdictions in which we conduct business. These include limitations on the ability of the Bank to pay dividends to the Company and the Company's ability to pay dividends to its shareholders. It is the policy of the Federal Reserve that bank holding companies should pay cash dividends on common stock only out of income available over the past year and only if prospective earnings retention is consistent with the organization's expected future needs and financial condition. The policy provides that bank holding companies should not maintain a level of cash dividends that undermines the bank holding company's ability to serve as a source of strength to its banking subsidiary. Consistent with such policy, a banking organization should have comprehensive policies on dividend payments that clearly articulate the organization's objectives and approaches for maintaining a strong capital position and achieving the objectives of the policy statement.

In 2009, the Federal Reserve issued a supervisory letter providing greater clarity to its policy statement on the payment of dividends by bank holding companies. In this letter, the Federal Reserve stated that when a holding company's board of directors is deciding on the level of dividends to declare, it should consider, among other factors: (i) overall asset quality, potential need to increase reserves and write down assets, and concentrations of credit; (ii) potential for unanticipated losses and declines in asset values; (iii) implicit and explicit liquidity and credit commitments, including off-balance sheet and contingent liabilities; (iv) quality and level of current and prospective earnings, including earnings capacity under a number of plausible economic scenarios; (v) current and prospective cash flow and liquidity; (vi) ability to serve as an ongoing source of financial and managerial strength to depository institution subsidiaries insured by the FDIC, including the extent of double leverage and the condition of subsidiary depository institutions; (vii) other risks that affect the holding company's financial condition and are not fully captured in regulatory capital calculations; (viii) level, composition, and quality of capital; and (ix) ability to raise additional equity capital in prevailing market and economic conditions (the "Dividend Factors"). It is particularly important for a bank holding company's board of directors to ensure that the dividend level is prudent relative to the organization's financial position and is not based on overly optimistic earnings scenarios. In addition, a bank holding company's board of directors should strongly consider, after careful analysis of the Dividend Factors, reducing, deferring, or eliminating dividends when the quantity and quality of the holding company's earnings have declined or the holding company is experiencing other financial problems, or when the macroeconomic outlook for the holding company's primary profit centers has deteriorated. The Federal Reserve further stated that, as a general matter, a bank holding company should eliminate, defer or significantly reduce its distributions if: (i) its net income is not sufficient to fully fund the dividends; (ii) its prospective rate of earnings retention is not consistent with its capital needs and overall current and prospective financial condition; or (iii) it will not meet, or is in danger of not meeting, its minimum regulatory capital adequacy ratios. Failure to do so could result in a supervisory finding that the bank holding company is operating in an unsafe and unsound manner.

Additionally, the Federal Reserve possesses enforcement powers over bank holding companies and their non-bank subsidiaries with which it can prevent or remedy actions that represent unsafe or unsound practices, or violations of applicable statutes and regulations. Among these powers is the ability to proscribe the payment of dividends by banks and bank holding companies.

Stock Redemptions and Repurchases. It is an essential principle of safety and soundness that a banking organization's redemption and repurchases of regulatory capital instruments, including common stock, from investors be consistent with the organization's current and prospective capital needs. In assessing such needs, the board of directors and management of a bank holding company should consider the Dividend Factors discussed above under "Dividends". The risk-based capital rule directs bank holding companies to consult with the Federal Reserve before redeeming any equity or other capital instrument included in Tier 1 or Tier 2 capital prior to stated maturity, if such redemption could have a material effect on the level or composition of the organization's capital base. Bank holding companies that are experiencing financial weaknesses, or that are at significant risk of developing financial weaknesses, must consult with the appropriate Federal Reserve supervisory staff before redeeming or repurchasing common stock or other regulatory capital instruments for cash or other valuable consideration. Similarly, any bank holding company considering expansion, whether through acquisitions or through organic growth and new activities, generally also must consult with the appropriate Federal Reserve supervisory staff before redeeming or repurchasing common stock or other regulatory capital instruments for cash or other valuable consideration. In evaluating the appropriateness of a bank holding company's proposed redemption or repurchase of capital instruments, the Federal Reserve will consider the potential losses that the holding company may suffer from the prospective need to increase reserves and write down assets from continued asset deterioration and the holding company's ability to raise additional common stock and other Tier 1 capital to replace capital instruments that are redeemed or repurchased. A bank holding company must inform the Federal Reserve of a redemption or repurchase of common stock or perpetual

preferred stock for cash or other value resulting in a net reduction of the bank holding company's outstanding amount of common stock or perpetual preferred stock below the amount of such capital instrument outstanding at the beginning of the quarter in which the redemption or repurchase occurs. In addition, a bank holding company must advise the Federal Reserve sufficiently in advance of such redemptions and repurchases to provide reasonable opportunity for supervisory review and possible objection should the Federal Reserve determine a transaction raises safety and soundness concerns.

Regulation Y requires that a bank holding company that is not well capitalized or well managed, or that is subject to any unresolved supervisory issues, provide prior notice to the Federal Reserve for any repurchase or redemption of its equity securities for cash or other value that would reduce by 10% or more the holding company's consolidated net worth aggregated over the preceding 12-month period.

Annual Reporting; Examinations. The Company is required to file an annual report with the Federal Reserve, and such additional information as the Federal Reserve may require. The Federal Reserve may examine a bank holding company and any of its subsidiaries, and charge the company for the cost of such an examination.

Imposition of Liability for Undercapitalized Subsidiaries. The Federal Deposit Insurance Corporation Act of 1991 ("FDICIA") requires bank regulators to take "prompt corrective action" to resolve problems associated with insured depository institutions. In the event an institution becomes "undercapitalized," it must submit a capital restoration plan. The capital restoration plan will not be accepted by the regulators unless each company "having control of" the undercapitalized institution "guarantees" the subsidiary's compliance with the capital restoration plan until it becomes "adequately capitalized." For purposes of this statute, the Company has control of the Bank. Under FDICIA, the aggregate liability of all companies controlling a particular institution is limited to the lesser of five percent of the depository institution's total assets at the time it became undercapitalized or the amount necessary to bring the institution into compliance with applicable capital standards. FDICIA grants greater powers to bank regulators in situations where an institution becomes "significantly" or "critically" undercapitalized or fails to submit a capital restoration plan. For example, a bank holding company controlling such an institution can be required to obtain prior Federal Reserve approval of proposed distributions, or might be required to consent to a merger or to divest the troubled institution or other affiliates.

State Law Restrictions. As a Colorado corporation, the Company is subject to certain limitations and restrictions under applicable Colorado corporate law. For example, state law restrictions in Colorado include limitations and restrictions relating to indemnification of directors, distributions and dividends to shareholders, transactions involving directors, officers or interested shareholders, maintenance of books, records, and minutes, and observance of certain corporate formalities.

Regulation of the Bank

Regulatory Capital Requirements. Effective January 1, 2015 (with some changes transitioned into full effectiveness over two to four years), the Bank became subject to new capital regulations adopted by the FDIC, which created a new required ratio for common equity Tier 1 ("CET1") capital, increased the minimum leverage and Tier 1 capital ratios, changed the risk-weightings of certain assets for purposes of the risk-based capital ratios, created an additional capital conservation buffer over the required capital ratios, and changed what qualifies as capital for purposes of meeting the capital requirements. The Federal Reserve adopted parallel regulations for bank holding companies. These regulations implement the regulatory capital reforms required by the Dodd Frank Act and the "Basel III" requirements.

Under the new capital regulations, the minimum capital level requirements are (i) a CET1 capital ratio of 4.5%; (ii) a Tier 1 capital ratio of 6.0%; (iii) a total capital ratio of 8.0%; and (iv) a Tier 1 leverage ratio of 4.0%. CET1 generally consists of common stock; retained earnings; accumulated other comprehensive income ("AOCI") unless an institution elects to exclude AOCI from regulatory capital; and certain minority interests; all subject to applicable regulatory adjustments and deductions. Tier 1 capital generally consists of CET1 and noncumulative perpetual preferred stock. Tier 2 capital generally consists of other preferred stock and subordinated debt meeting certain conditions plus an amount of the allowance for loan and lease losses up to 1.25% of assets. Total capital is the sum of Tier 1 and Tier 2 capital.

In addition to the minimum capital requirements, the Bank must maintain a capital conservation buffer that consists of additional CET1 capital greater than 2.5% of risk-weighted assets above the required minimum levels in order to avoid limitations on paying dividends, repurchasing shares and paying discretionary bonuses. The capital conservation buffer requirement is subject to a phase-in period that began on January 1, 2016 with the requirement for a buffer of greater than 0.625% of risk-weighted assets. This capital conservation buffer increases each year until the capital conservation buffer requirement is fully implemented on January 1, 2019.

The CET1 requirements also changed the risk-weighting of certain assets including a 150% risk weight (up from 100%) for certain high volatility commercial real estate acquisition development and construction loans and for non-residential mortgage loans that are 90 days or more past due or otherwise on non-accrual status; a 20% (up from 0%) credit conversion factor for the unused portion of a commitment with an original maturity of one year or less that is not unconditionally cancellable; and a 250% risk weight (up from 100%) for mortgage servicing rights and deferred tax assets that are not deducted from capital.

As of March 31, 2018, the Bank exceeded all regulatory minimum capital requirements.

Prompt Corrective Regulatory Action. Under applicable federal statutes, the federal bank regulatory agencies are required to take "prompt corrective action" with respect to institutions that do not meet specified minimum capital requirements. For these purposes, the law establishes five capital categories: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. Under the FDIC's prompt corrective action regulations, an institution is deemed to be "well capitalized" if it has a Total Risk-Based Capital Ratio of 10.0% or greater, a Tier 1 Risk-Based Capital Ratio of 8.0% or greater, a Common Equity Tier 1 risk-based capital ratio of 6.5% or better and a leverage ratio of 5.0% or greater. An institution is "adequately capitalized" if it has a Total Risk-Based Capital Ratio of 8.0% or greater, a Tier 1 Risk-Based Capital Ratio of 6.0% or greater, a Common Equity Tier 1 Capital Ratio of 4.5% or better and a Leverage Ratio of 4.0% or greater. An institution is "undercapitalized" if it has a Total Risk-Based Capital Ratio of less than 8.0%, a Tier 1 Risk-Based Capital ratio of less than 6.0%, a Common Equity Tier 1 ratio of less than 4.5% or a Leverage Ratio of less than 4.0%. An institution is deemed to be "significantly undercapitalized" if it has a Total Risk-Based Capital Ratio of less than 6.0%, a Tier 1 Risk-Based Capital Ratio of less than 4.0%, a Common Equity Tier 1 ratio of less than 3.0% or a Leverage Ratio of less than 3.0%. An institution is considered to be "critically undercapitalized" if it has a ratio of tangible equity to total assets that is equal to or less than 2.0%.

Undercapitalized institutions are subject to growth limitations and are required to submit a capital restoration plan to the FDIC. The federal bank regulatory agencies may not accept such a plan without determining, among other things, that the plan is based on realistic assumptions and is likely to succeed in restoring the depository institution's capital. In addition, for a capital restoration plan to be acceptable, the depository institution's parent holding company must guarantee that the institution will comply with such capital restoration plan. If a depository institution fails to submit an acceptable plan, it is treated as if it is "significantly undercapitalized." "Significantly undercapitalized" depository institutions may be subject to

a number of requirements and restrictions, including orders to sell sufficient voting stock to become "adequately capitalized," requirements to reduce total assets, and cessation of receipt of deposits from correspondent banks. "Critically undercapitalized" institutions are subject to the appointment of a receiver or conservator.

As of March 31, 2018, the Bank qualified as "well capitalized" under the prompt corrective action rules.

Dividends. As a Colorado state-chartered bank, the Bank is subject to limitations under Colorado law on the payment of dividends. The Colorado Banking Code provides that a bank may declare dividends from retained earnings and other components of capital specifically approved by the Banking Board so long as the declaration is made in compliance with rules established by the Banking Board.

In addition, a state nonmember bank may not declare a dividend if paying the dividend would result in the bank being undercapitalized under the FDIA, discussed above, and must comply with any discretionary distribution restrictions imposed on it under the federal banking agencies' capital buffer rules. The FDIC has stated that, in general, state nonmember banks can pay dividends in reasonable amounts only after the bank's earnings have first been applied to the elimination of losses and the establishment of necessary reserves and prudent capital levels. The FDIC may also direct state nonmember banks that are poorly rated or subject to written supervisory actions not to pay dividends in order to ensure adequate capital exists to support their risk profile.

Deposit Insurance Assessments. All of a depositor's accounts at an insured bank, including all non-interest bearing transaction accounts, are insured by the FDIC up to $250,000. FDIC-insured banks are required to pay deposit insurance premiums to the FDIC. The FDIC has adopted a risk-based assessment system whereby FDIC-insured depository institutions pay insurance premiums at rates based on their risk classification. An institution's risk classification is assigned based on its capital levels and the level of supervisory concern the institution poses to the regulators.

Assessments are based on an institution's average total consolidated assets less average tangible equity (subject to risk-based adjustments that would further reduce the assessment base for custodial banks). The Bank may be able to pass part or all of this cost on to its clients, including in the form of lower interest rates on deposits, or fees to some depositors, depending on market conditions.

The FDIC may terminate a depository institution's deposit insurance upon a finding that the institution's financial condition is unsafe or unsound or that the institution has engaged in unsafe or unsound practices or has violated any applicable rule, regulation, order or condition enacted or imposed by the institution's regulatory agency. If deposit insurance for a banking business that we invest in or acquire were to be terminated, that would have a material adverse effect on that banking business and potentially on the Company as a whole.

Depositor Preference. The FDIA provides that, in the event of the "liquidation or other resolution" of an insured depository institution, the claims of depositors of the institution, including the claims of the FDIC as subrogee of insured depositors, and certain claims for administrative expenses of the FDIC as a receiver, will have priority over other general unsecured claims against the institution. If an insured depository institution fails, insured and uninsured depositors, along with the FDIC, will have priority in payment ahead of unsecured, non-deposit creditors, including the parent bank holding company, with respect to any extensions of credit they have made to such insured depository institution.

Consumer Financial Protection. The Bank is subject to a number of federal and state consumer protection laws that extensively govern its relationship with its customers. These laws include the Equal

Credit Opportunity Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Truth in Savings Act, the Electronic Fund Transfer Act, the Expedited Funds Availability Act, the Home Mortgage Disclosure Act, the Fair Housing Act, the Real Estate Settlement Procedures Act, the Fair Debt Collection Practices Act, the Right to Financial Privacy Act, the Service Members Civil Relief Act and these laws' respective state-law counterparts, as well as state usury laws and laws regarding unfair and deceptive acts and practices. These and other federal laws, among other things, require disclosures of the cost of credit and terms of deposit accounts, provide substantive consumer rights, prohibit discrimination in credit transactions, regulate the use of credit report information, provide financial privacy protections, prohibit unfair, deceptive and abusive practices, restrict the Bank's ability to raise interest rates and subject the Company and the Bank to substantial regulatory oversight. Violations of applicable consumer protection laws can result in significant potential liability from litigation brought by customers, including actual damages, restitution and attorneys' fees. Federal bank regulators, state attorneys general and state and local consumer protection agencies may also seek to enforce consumer protection requirements and obtain these and other remedies, including regulatory sanctions, customer rescission rights, action by the state and local attorneys general in each jurisdiction in which we operate and civil money penalties. Failure to comply with consumer protection requirements may also result in our failure to obtain any required bank regulatory approval for merger or acquisition transactions the Company may want to pursue or our prohibition from engaging in such transactions even if approval is not required.

The Consumer Financial Protection Bureau ("CFPB") has broad rulemaking authority for a wide range of consumer financial laws that apply to all banks. The CFPB is authorized to issue rules for both bank and nonbank companies that offer consumer financial products and services, subject to consultation with the prudential banking regulators. In general, however, banks with assets of $10 billion or less, such as the Bank, will continue to be examined for consumer compliance by their primary bank regulator.

Much of the CFPB's rulemaking has focused on mortgage lending and servicing, including an important rule requiring lenders to ensure that prospective buyers have the ability to repay their mortgages. Other areas of current CFPB focus include consumer protections for prepaid cards, payday lending, debt collection, overdraft services and privacy notices. The CFPB has been particularly active in issuing rules and guidelines concerning residential mortgage lending and servicing, issuing numerous rules and guidance related to residential mortgages. Perhaps the most significant of these guidelines is the "Ability-to-Repay and Qualified Mortgage Standards under the Truth in Lending Act" portions of Regulation Z. Under the Dodd-Frank Act, creditors must make a reasonable and good faith determination, based on verified and documented information, that the consumer has a reasonable "ability to repay" a residential mortgage according to its terms. There is a statutory presumption of compliance with this requirement for mortgages that meet the requirements to be deemed "qualified mortgages." The CFPB rule defines the key threshold terms "ability to repay" and "qualified mortgage."

The CFPB has actively issued enforcement actions against both large and small entities and to entities across the entire financial service industry. The CFPB has relied upon "unfair, deceptive, or abusive acts" prohibitions as its primary enforcement tool. However, the CFPB and DOJ continue to be focused on fair lending in taking enforcement actions against banks with renewed emphasis on alleged redlining practices. Failure to comply with these laws and regulations could give rise to regulatory sanctions, client rescission rights, actions by state and local attorneys general and civil or criminal liability.

Brokered Deposit Restrictions. Well capitalized institutions are not subject to limitations on brokered deposits, while an adequately capitalized institution is able to accept, renew or roll over brokered deposits only with a waiver from the FDIC and are subject to certain restrictions on the yield paid on such deposits. Undercapitalized institutions are generally not permitted to accept, renew, or roll over brokered deposits.

Community Reinvestment Act. The CRA is intended to encourage banks to help meet the credit needs of their entire communities, including low- and moderate-income neighborhoods, consistent with safe and sound operations. The regulators examine banks and assign each bank a public CRA rating. The CRA then requires bank regulators to take into account the bank's record in meeting the needs of its community when considering certain applications by a bank, including applications to establish a banking center or to conduct certain mergers or acquisitions. The Federal Reserve is required to consider the CRA records of a bank holding company's controlled banks when considering an application by the bank holding company to acquire a bank or to merge with another bank holding company.

When we apply for regulatory approval to make certain investments, the regulators will consider the CRA record of the target institution and our depository institution subsidiary. An unsatisfactory CRA record could substantially delay approval or result in denial of an application.

Insider Credit Transactions. Banks are subject to certain restrictions imposed by the Federal Reserve Act on extensions of credit to certain executive officers, directors, principal shareholders and any related interests of such persons. Extensions of credit to such persons must (a) be made on substantially the same terms, including interest rates and collateral, and follow credit underwriting procedures that are not less stringent than those prevailing at the time for comparable transactions with persons not covered by such restrictions, and (b) not involve more than the normal risk of repayment or present other unfavorable features. Banks are also subject to certain lending limits and restrictions on overdrafts to such persons. A violation of these restrictions may result in the assessment of substantial civil monetary penalties on the affected bank or any officer, director, employee, agent or other person participating in the conduct of the affairs of that bank, the imposition of a cease and desist order, and other regulatory sanctions.

Safety and Soundness Standards. Under FDICIA, each federal banking agency has prescribed, by regulation, non-capital safety and soundness standards for institutions under its authority. These standards cover internal controls, information and internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation, fees and benefits, such other operational and managerial standards as the agency determines to be appropriate, and standards for asset quality, earnings and stock valuation. An institution which fails to meet these standards must develop a plan acceptable to the agency, specifying the steps that the institution will take to meet the standards. Failure to submit or implement such a plan may subject the institution to regulatory sanctions.

Examinations. The Bank is examined from time to time by its primary federal banking regulator, the FDIC, and the CDB and is charged for the cost of such an examination. Depending on the results of a given examination, the FDIC and the CDB may revalue the Bank's assets and require that the Bank establish specific reserves to compensate for the difference between the value determined by the regulator and the book value of the assets.

Financial Privacy. In accordance with the Gramm-Leach-Bliley Act of 1999 (the "GLB Act"), federal banking regulators adopted rules that limit the ability of banks and other financial institutions to disclose nonpublic information about consumers to nonaffiliated third parties. These rules require disclosure of privacy policies to consumers and, in some circumstances, allow consumers to prevent disclosure of certain personal information to a nonaffiliated third party. The privacy provisions of the GLB Act affect how consumer information is transmitted through diversified financial companies and conveyed to outside vendors.

Anti-Money Laundering. Under federal law, including the Bank Secrecy Act and Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA PATRIOT Act"), certain types of financial institutions, including insured depository institutions, must maintain anti-money laundering programs that include established internal

policies, procedures and controls; a designated compliance officer; an ongoing training program; and testing of the program by an independent audit function. Financial institutions are restricted from entering into specified financial transactions and account relationships and must meet enhanced standards for due diligence, client identification, and recordkeeping, including in their dealings with non-U.S. financial institutions and non-U.S. clients. Financial institutions must take reasonable steps to conduct enhanced scrutiny of account relationships to guard against money laundering and to report any suspicious information maintained by financial institutions. Bank regulators routinely examine institutions for compliance with these obligations and they must consider an institution's anti-money laundering compliance when considering regulatory applications filed by the institution, including applications for banking mergers and acquisitions. The regulatory authorities have imposed "cease and desist" orders and civil money penalty sanctions against institutions found to be violating these obligations.

Office of Foreign Assets Control Regulation. The United States has imposed economic sanctions that affect transactions with designated foreign countries, nationals and others. These are typically known as the "OFAC" rules based on their administration by the U.S. Department of the Treasury Office of Foreign Assets Control ("OFAC"). The OFAC-administered sanctions targeting countries take many different forms. Generally, however, they contain one or more of the following elements: (i) restrictions on trade with or investment in a sanctioned country, including prohibitions against direct or indirect imports from and exports to a sanctioned country and prohibitions on "U.S. persons" engaging in financial transactions relating to making investments in, or providing investment-related advice or assistance to, a sanctioned country; and (ii) a blocking of assets in which the government or specially designated nationals of the sanctioned country have an interest, by prohibiting transfers of property subject to U.S. jurisdiction (including property in the possession or control of U.S. persons). Blocked assets (e.g., property and bank deposits) cannot be paid out, withdrawn, set off or transferred in any manner without a license from OFAC. The Bank is responsible for, among other things, blocking accounts of, and transactions with, such targets and countries, prohibiting unlicensed trade and financial transactions with them and reporting blocked transactions after their occurrence. Failure to comply with these sanctions could have serious legal and reputational consequences.

Transactions with Affiliates

Transactions between depository institutions and their affiliates, including transactions between the Bank and the Company, are governed by Sections 23A and 23B of the Federal Reserve Act and the Federal Reserve's Regulation W promulgated thereunder. Generally, Section 23A limits the extent to which a depository institution and its subsidiaries may engage in "covered transactions" with any one affiliate to an amount equal to 10% of the depository institution's capital stock and surplus, and contains an aggregate limit on all such transactions with all affiliates of an amount equal to 20% of the depository institution's capital stock and surplus. Section 23A also establishes specific collateral requirements for loans or extensions of credit to, or guarantees, acceptances or letters of credit issued on behalf of, an affiliate. Section 23B requires that covered transactions and a broad list of other specified transactions be on terms substantially the same, or at least as favorable to the depository institution and its subsidiaries, as those for similar transactions with non-affiliates.

The Volcker Rule

Section 619 of the Dodd-Frank Act, commonly known as the "Volcker Rule," generally prohibits banking entities, such as the Bank, the Company and their affiliates and subsidiaries, from engaging in short-term proprietary trading of financial instruments and from owning, sponsoring or having certain relationships with hedge funds or private equity funds (collectively, "covered funds"). The regulations implementing the Volcker Rule provide exemptions for certain activities, including market making, underwriting, hedging, trading in certain government obligations and organizing and offering a covered

fund, among others. Management believes the investment portfolio and activities of the Bank, the Company, and their affiliates and subsidiaries are in compliance with the Volcker Rule and its implementing regulations.

Concentration in Commercial Real Estate Lending

As a part of their regulatory oversight, the federal regulators have issued guidelines on sound risk management practices with respect to a financial institution's CRE lending activities. The guidelines identify certain concentration levels that, if exceeded, will expose the institution to additional supervisory analysis surrounding the institution's CRE concentration risk. The guidelines are designed to promote appropriate levels of capital and sound loan and risk management practices for institutions with a concentration of CRE loans. The Company's CRE concentrations are discussed in the "Risk Factors" section above.

Interstate Banking and Branching

Under the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1999 (the "Riegle-Neal Act"), a bank holding company may acquire banks in states other than its home state, subject to any state requirement that the bank has been organized and operating for a minimum period of time, not to exceed five years, and to certain deposit market-share limitations. Bank holding companies must be well capitalized and well managed, not merely adequately capitalized and adequately managed, in order to acquire a bank located outside of the bank holding company's home state. The Riegle-Neal Act also authorizes banks to merge across state lines, thereby creating interstate branches.

Colorado state law provides that a Colorado-chartered bank can establish a branch anywhere in Colorado provided that the branch is approved in advance by the CDB. The branch must also be approved by the FDIC. The approval process takes into account a number of factors, including financial history, capital adequacy, earnings prospects, character of management, needs of the community and consistency with corporate powers. The Dodd-Frank Act permits a national or state bank, with the approval of its regulator, to open a *de novo* branch in any state if the law of the state in which the branch is proposed would permit the establishment of the branch if the bank was charted in such state.

The Federal Reserve, OCC, and FDIC jointly issued a final rule in 1997 that adopted uniform regulations implementing Section 109 of the Riegle-Neal Act. Section 109 prohibits any bank from establishing or acquiring a branch or branches outside of its home state primarily for the purpose of deposit production. Congress enacted Section 109 to ensure that interstate branches would not take deposits from a community without the bank reasonably helping to meet the credit needs of that community.

Limitations on Incentive Compensation

In June 2016, several federal financial agencies (including the Federal Reserve and FDIC) re-proposed restrictions on incentive-based compensation pursuant to Section 956 of the Dodd-Frank Act for financial institutions with $1 billion or more in total consolidated assets. For institutions with at least $1 billion but less than $50 billion in total consolidated assets, the proposal would impose principles-based restrictions that are broadly consistent with existing interagency guidance on incentive-based compensation. Such institutions would be prohibited from entering into incentive compensation arrangements that encourage inappropriate risks by the institution (i) by providing an executive officer, employee, director, principal shareholder or individuals who are "significant risk takers" with excessive compensation, fees, or benefits, or (ii) that could lead to material financial loss to the institution. The comment period for these proposed regulations has closed, but a final rule has not been published.

Depending upon the outcome of the rule making process, the application of this rule to us could require us to revise our compensation strategy, increase our administrative costs and adversely affect our ability to recruit and retain qualified associates.

Cybersecurity

In March 2015, the Federal Financial Institutions Examination Council issued two related statements regarding cybersecurity. One statement indicates that financial institutions should design multiple layers of security controls to establish lines of defense and to ensure that their risk management processes also address the risk posed by compromised customer credentials, including security measures to reliably authenticate customers accessing internet-based services of the financial institution. The other statement indicates that a financial institution's management is expected to maintain sufficient business continuity planning processes to ensure the rapid recovery, resumption and maintenance of the institution's operations after a cyber-attack involving destructive malware. A financial institution is also expected to develop appropriate processes to enable recovery of data and business operations and address rebuilding network capabilities and restoring data if the institution or its critical service providers fall victim to this type of cyber-attack. If we fail to observe the regulatory guidance, we could be subject to various regulatory sanctions, including financial penalties.

Changing Regulatory Structure and Future Legislation and Regulation

Congress may enact further legislation that affects the regulation of the financial services industry, and state legislatures may enact further legislation affecting the regulation of financial institutions chartered by or operating in these states. Federal and state regulatory agencies also periodically propose and adopt changes to their regulations or change the manner in which existing regulations are applied. We cannot predict the substance or impact of pending or future legislation or regulations, or the application thereof, although enactment of the proposed legislation could impact the regulatory structure under which the Company operates and may significantly increase costs, impede the efficiency of internal business processes, require an increase in regulatory capital, require modifications to the Company's business strategy, and limit the Company's ability to pursue business opportunities in an efficient manner. A change in statutes, regulations or regulatory policies applicable to the Company or any of its subsidiaries could have a material effect on our business.

Monetary Policy and Economic Environment

The policies of regulatory authorities, including the monetary policy of the Federal Reserve, can have a significant effect on the operating results of bank holding companies and their subsidiaries. Among the means available to the Federal Reserve to affect the money supply are open market operations in United States Government securities, changes in the discount rate on member bank borrowings, and changes in reserve requirements against member bank deposits. These means are used in varying combinations to influence overall growth and distribution of bank loans, investments and deposits, and their use may affect interest rates charged on loans or paid on deposits.

The Federal Reserve's monetary policies have materially affected the operating results of commercial banks in the past and are expected to continue to do so in the future. The nature of future monetary policies and the effect of these policies on the Bank's business and earnings cannot be predicted.

CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES FOR NON-U.S. HOLDERS OF COMMON STOCK

The following is a general discussion of the material U.S. federal income tax consequences of the ownership and disposition of our common stock by certain non-U.S. holders (as defined below) that purchase our common stock pursuant to this offering and hold such common stock as a capital asset (generally, property held for investment). This discussion is based on current provisions of the Internal Revenue Code of 1986, as amended, or the "Code", U.S. Treasury regulations promulgated thereunder, judicial decisions, and rulings and pronouncements of the IRS, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or subject to different interpretation. We have not sought any ruling from the IRS with respect to the statements made and conclusions reached in the following discussion, and there can be no assurance that the IRS will not take a position contrary to such statements and conclusions discussed below and that any position taken by the IRS would not be sustained.

This discussion does not address all tax consequences that may be relevant to specific holders in light of their particular circumstances or to holders subject to special treatment under U.S. federal income tax laws (such as financial institutions, insurance companies, tax-exempt organizations, controlled foreign corporations, passive foreign investment companies, pension plans, retirement plans, partnerships or other entities classified as partnerships (for U.S. federal income tax purposes), dealers or brokers in securities or currency, U.S. expatriates or former long-term residents of the U.S., hybrid entities, persons subject to the alternative minimum tax, persons who have acquired our common stock as compensation in connection with the exercise of an employee stock option or otherwise in connection with the performance of services, persons who have elected to mark securities to market, or persons who have acquired our common stock as part of a straddle, hedge, conversion transaction or other integrated investment). In addition, this discussion addresses only U.S. federal income tax consequences and does not address any other U.S. federal tax consequences (such as the Medicare contribution tax or U.S. federal estate or gift tax) or any aspects of state, local, or foreign tax laws.

If a partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our common stock, the U.S. federal income tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. A partnership that holds our common stock and any partner who owns an interest in such a partnership should consult their tax advisors regarding the U.S. federal income tax consequences of an investment in our common stock.

THIS DISCUSSION IS PROVIDED FOR GENERAL INFORMATION ONLY AND DOES NOT CONSTITUTE LEGAL ADVICE TO ANY PROSPECTIVE PURCHASER OF OUR COMMON STOCK. YOU ARE URGED TO CONSULT YOUR TAX ADVISOR WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO YOUR PARTICULAR SITUATION, AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX RULES OR UNDER THE LAWS OF ANY STATE, LOCAL, NON-U.S. OR OTHER TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

As used in this discussion, the term "non-U.S. holder" or "you" refers to a beneficial owner of our common stock that for U.S. federal income tax purposes is neither a partnership (including any entity or arrangement treated as a partnership for such purposes) nor:

- An individual who is a citizen or resident of the United States (including certain former citizens and former long-term residents of the United States);

- A corporation (or other entity taxable for U.S. federal income tax purposes as a corporation) created or organized in or under the laws of the United States or any state thereof, including the District of Columbia;

- An estate the income of which is subject to U.S. federal income tax regardless of its source; or

- A trust which (1) is subject to the primary supervision of a court within the United States and one or more United States persons as defined under Section 7701(a)(30) of the Code have the authority to control all substantial decisions of the trust, or (2) has a valid election in effect under applicable Treasury regulations to be treated as a United States person as defined above.

Dividends and Distributions

In the event that we make a distribution of cash or other property (other than certain distributions of our stock) in respect of our common stock, the distribution generally will be treated as a dividend to the extent of our current or accumulated earnings and profits as determined under U.S. federal income tax principles. To the extent those distributions exceed both our current and our accumulated earnings and profits, they will first constitute a nontaxable return of capital, on a share-by-share basis, and will first reduce your basis in our common stock, but not below zero, and then will be treated as gain from the disposition of the common stock, the tax treatment of which is discussed below under "Sale, Exchange or Other Taxable Disposition."

Subject to the discussions below and under the headings, "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act," distributions that constitute dividends paid to a non-U.S. holder of our common stock generally will be subject to U.S. withholding tax either at a rate of 30.0% of the gross amount of the dividend or such lower rate as may be specified by an applicable income tax treaty. In order to receive a reduced treaty withholding rate, you must provide us with an IRS Form W-8BEN or IRS Form W-8BEN-E (or other applicable form) and satisfy applicable certification and other requirements, including providing us with a U.S. taxpayer identification number, certifying qualification for the reduced rate. If the non-U.S. holder holds the stock through a financial institution or other agent acting on the non-U.S. holder's behalf, the non-U.S. holder will be required to provide appropriate documentation to the agent, which then will be required to provide certification to us or our paying agent, either directly or through other intermediaries. A non-U.S. holder eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

Dividends received by you that are effectively connected with your conduct of a U.S. trade or business (and, if an income tax treaty applies, that are attributable to a permanent establishment maintained by you in the United States), are generally exempt from such withholding tax. In order to obtain this exemption, you must provide us with an IRS Form W-8ECI (or successor form) or other applicable IRS Form W-8 (or successor form) properly certifying such exemption. Such effectively connected dividends, although not subject to withholding tax, generally are taxed at the same graduated rates applicable to U.S. persons, net of certain deductions and credits. In addition, if you are a corporate non-U.S. holder, dividends you receive that are effectively connected with your conduct of a U.S. trade or business may also be subject to a branch profits tax at a rate of 30.0% or such lower rate as may be specified by an applicable income tax treaty.

Sale, Exchange or Other Taxable Disposition

Subject to the discussion below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act," you generally will not be required to pay U.S. federal income tax on any gain realized upon the sale or other disposition of our common stock unless:

- The gain is effectively connected with your conduct of a U.S. trade or business (and, if an income tax treaty applies, the gain is attributable to a permanent establishment maintained by you in the United States);
- You are a non-resident alien individual who is present in the United States for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met; or
- Our common stock constitutes a U.S. real property interest by reason of our status as a United States real property holding corporation, or USRPHC, for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding your disposition of, or your holding period for, our common stock.

If you are a non-U.S. holder described in the first bullet above, you will be required to pay tax on the net gain derived from the sale under regular graduated U.S. federal income tax rates, and a corporate non-U.S. holder described in the first bullet above also may be subject to the branch profits tax at a 30.0% rate, or such lower rate as may be specified by an applicable income tax treaty. If you are a non-U.S. holder described in the second bullet above, you will be required to pay a flat 30.0% tax on the gain derived from the sale, which tax may be offset by U.S.-source capital losses for the year (provided that you have filed U.S. federal income tax returns with respect to such losses).

We believe that we are not currently and will not become a USRPHC. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property relative to the fair market value of our other business assets, there can be no assurance that we will not become a USRPHC in the future. Generally, a corporation is a USRPHC only if the fair market value of its U.S. real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus certain other assets used or held for use in a trade or business. Even if we become a USRPHC, however, as long as our common stock is regularly traded on an established securities market (within the meaning of Section 897(c)(3) of the Code), such common stock will be treated as U.S. real property interests only if you actually or constructively hold more than 5.0% of such regularly traded common stock at any time during the shorter of the five-year period preceding your disposition of, or your holding period for, our common stock.

Information Reporting and Backup Withholding

Information returns will be filed annually with the IRS in connection with payments of dividends and the proceeds from a sale or other disposition of our common stock, regardless of whether withholding was required. A non-U.S. holder may have to comply with certification procedures to establish that it is not a U.S. person in order to avoid backup withholding tax (currently at a rate of 24%). The certification procedures required to claim a reduced rate of withholding under an applicable income tax treaty generally should satisfy the certification requirements necessary to avoid backup withholding tax as well.

Notwithstanding the foregoing, information reporting and backup withholding may apply if either we or our paying agent has actual knowledge, or reason to know, that the holder is a U.S. person. Even if a non-U.S. holder establishes an exemption from information reporting, we or our paying agent may still be required to report annually to the IRS the amount of dividends paid, the name and address of the recipient, and the amount, if any, of tax withheld. A similar report is sent to the non-U.S. holder. Pursuant

to tax treaties or other agreements, the IRS may make its reports available to tax authorities in the recipient's country of residence.

Under U.S. Treasury regulations, the payment of proceeds from the disposition of our common stock by a non-U.S. holder effected at a U.S. office of a broker generally will be subject to information reporting and backup withholding, unless the beneficial owner, under penalties of perjury, certifies, among other things, its status as not a United States person or otherwise establishes an exemption. The payment of proceeds from the disposition of our common stock by a non-U.S. holder effected at a non-U.S. office of a broker generally will not be subject to backup withholding and information reporting, except as noted below. Information reporting (but generally not backup withholding) will apply in the case of proceeds from a disposition of our common stock by a non-U.S. holder effected at a non-U.S. office of a broker that is has certain relationships within the United States.

U.S. backup withholding tax is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-U.S. holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act, or FATCA, imposes a 30% withholding tax on certain types of payments made to "foreign financial institutions" and other non-financial foreign entities (including in some cases, when such foreign financial entity or non-financial foreign entity is acting as an intermediary) unless certain due diligence, reporting, withholding and certification requirements are satisfied.

The Treasury Department has issued final regulations under FATCA. As a general matter, FATCA imposes a 30% withholding tax on dividends on, and the gross proceeds from the sale or other disposition of, our common stock if paid to a foreign entity unless:

- The foreign entity is a "foreign financial institution" that has entered into an agreement with the United States to implement FATCA, and the entity complies with the diligence and reporting requirements of such an agreement, including to withhold on certain payments and to collect and provide to U.S. taxing authorities substantial information on U.S. account holders;

- The foreign entity is a "non-financial foreign entity" and certifies that it has no "substantial United States owners" or provides the applicable withholding agent with a certification identifying the direct and indirect substantial United States owners; or

- The foreign financial institution or non-financial foreign entity otherwise is exempted under FATCA.

An intergovernmental agreement between the United States and an applicable non-U.S. government may modify these rules. The withholding rules under FATCA generally apply with respect to dividends on our common stock and for dispositions that occur on or after January 1, 2019, with respect to gross proceeds from a sale or other disposition of our common stock.

Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such withholding taxes by filing a U.S. federal income tax return (which may entail a significant administrative burden).

Prospective investors should consult their tax advisors regarding the effect of FATCA on their ownership and disposition of our common stock.

UNDERWRITING

We and the selling shareholders are offering the shares of our common stock described in this prospectus in an underwritten offering in which we, the selling shareholders and Keefe, Bruyette & Woods, Inc., as representative of the underwriters named below, are entering into an underwriting agreement with respect to the shares of our common stock being offered hereby. Subject to certain conditions, each underwriter has severally agreed to purchase, and we and the selling shareholders have severally agreed to sell, the number of shares of our common stock indicated in the following table:

	Number of Shares
Keefe, Bruyette & Woods, Inc.	
Stephens Inc.	
Sandler O'Neill + Partners, L.P.	
Total	

The underwriters are offering the shares of our common stock subject to a number of conditions, including receipt and acceptance of our common stock by the underwriters. The obligations of the underwriters to pay for and accept delivery of the shares offered by this prospectus are subject to these conditions. The underwriting agreement between us, the selling shareholders and the underwriters provides that if an underwriter defaults, the purchase commitments of the non-defaulting underwriters may be increased or this offering may be terminated.

In connection with this offering, the underwriters or securities dealers may distribute offering documents to investors electronically. See "—Electronic Distribution."

Underwriting Discount

Shares of our common stock sold by the underwriters to the public will be offered at the initial public offering price set forth on the cover page of this prospectus. Any shares of our common stock sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. If all of the shares of our common stock are not sold at the initial public offering price, the representative may change the offering price and the other selling terms. Sales of shares of our common stock made outside of the U.S. may be made by affiliates of the underwriters. The underwriters reserve the right to reject an order for the purchase of shares, in whole or in part.

The following table shows the initial public offering price, underwriting discount and proceeds before expenses to us and to the selling shareholders. The information assumes either no exercise or full exercise by the underwriters of their option to purchase an additional shares of our common stock, discussed below:

	Per Share	No Exercise	Full Exercise
Public offering price			
Underwriting discount			
Proceeds to us, before expenses			
Proceeds to selling shareholders, before expenses			

We and the selling shareholders estimate the expenses of this offering, not including the underwriting discount, to be approximately $ million, and such expenses are payable by us. We also have agreed to reimburse the underwriters for certain expenses incurred in connection with the offering, including out-of-pocket expenses in an amount not to exceed $350,000 and fees and expenses of counsel for the

Underwriters with respect to blue sky, FINRA and directed share program matters in an amount not to exceed $15,000 without our prior written consent.

Option to Purchase Additional Shares

We have granted the underwriters an option to purchase up to additional shares of our common stock, at the initial public offering price less the underwriting discount. The underwriters may exercise this option, in whole or in part, from time to time for a period of 30 days from the date of this prospectus. If the underwriters exercise this option, each underwriter will be obligated, subject to the conditions in the underwriting agreement, to purchase a number of additional shares of our common stock proportionate to the number of shares reflected next to such underwriter's name in the table above relative to the total number of shares reflected in such table.

Lock-Up Agreements

We, our executive officers and directors, the selling shareholders and certain other persons, have entered into lock-up agreements with the underwriters. Under these agreements, we and each of these persons may not, without the prior written approval of the representative and subject to limited exceptions:

- Offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, or file a registration statement relating to, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock or publicly disclose the intention to make any offer, pledge, sale disposition or filing; or

- Enter into any swap or other agreement that transfers, in whole or in part any of the economic consequence of ownership of the shares of our common stock, whether any such transaction is to be settled by delivery of shares of our common stock or such other securities, in cash or otherwise.

These restrictions will be in effect for a period of 180 days after the date of this prospectus. At any time and without public notice, the representative may, in its sole discretion, waive or release all or some of the securities from these lock-up agreements. However, as to any of our executive officers or directors, the representative has agreed to notify us at least three business days before the effective date of any release or waiver, and we have agreed to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver.

These restrictions also apply to securities convertible into or exchangeable or exercisable for or repayable with our common stock to the same extent as they apply to our common stock. They also apply to our common stock owned now or later acquired by the person executing the agreement or for which the person executing the agreement later acquires the power of disposition.

Pricing of the Offering

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be determined by negotiations among us, the selling shareholders and the representative of the underwriters. In addition to prevailing market conditions, among the factors to be considered in determining the initial public offering price of our common stock will be our historical performance, our business potential and our earnings prospects, an assessment of our management, the recent market prices of, and demand for, publicly traded common stock of comparable companies, the consideration of the above factors in relation to market valuation of comparable companies in related businesses and other factors deemed relevant by the underwriters and us. The estimated initial public offering price range set forth on the cover page of this preliminary prospectus is subject to change as a result of market conditions

and other factors. An active trading market for the shares of our common stock may not develop. It is also possible that the shares of our common stock will not trade in the public market at or above the initial public offering price following the completion of this offering.

Exchange Listing

Our common stock has been approved for listing on the Nasdaq Global Select Market under the symbol "MYFW."

Indemnification and Contribution

We and the selling shareholders have agreed to indemnify the underwriters and their affiliates, selling agents and controlling persons against certain liabilities, including under the Securities Act. If we are unable to provide this indemnification, we will contribute to the payments the underwriters and their affiliates, selling agents and controlling persons may be required to make in respect of those liabilities.

Price Stabilization, Short Positions and Penalty Bids

To facilitate this offering and in accordance with Regulation M under the Exchange Act, or Regulation M, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of our common stock, including:

- Stabilizing transactions;
- Short sales; and
- Purchases to cover positions created by short sales.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of our common stock while this offering is in progress. These transactions may also include making short sales of our common stock, which involve the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering. Short sales may be "covered short sales," which are short positions in an amount not greater than the underwriters' option to purchase additional shares referred to above, or may be "naked short sales," which are short positions in excess of that amount.

The underwriters may close out any covered short position either by exercising their option to purchase additional shares, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which they may purchase shares through the option to purchase additional shares described above. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market that could adversely affect investors who purchased in this offering.

As an additional means of facilitating our initial public offering, the underwriters may bid for, and purchase, shares of our common stock in the open market. The underwriting syndicate also may reclaim selling concessions allowed to an underwriter or a dealer for distributing shares of our common stock in this offering, if the syndicate repurchases previously distributed shares of our common stock to cover syndicate short positions or to stabilize the price of our common stock.

As a result of these activities, the price of our common stock may be higher than the price that otherwise might exist in the open market. Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the price of our common stock. If these activities are commenced, they may be discontinued by the underwriters at any time without notice. The underwriters may carry out these transactions on the Nasdaq Global Select Market, in the over-the-counter market or otherwise.

Passive Market Making

In connection with this offering, the underwriters and the selling group members may engage in passive market making transactions in our common stock on the Nasdaq Global Select Market in accordance with Rule 103 of Regulation M during a period before the commencement of offers or sales of our common stock and extending through the completion of the distribution of this offering. A passive market maker must generally display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, the passive market maker may continue to bid and effect purchases at a price exceeding the then highest independent bid until specified purchase limits are exceeded, at which time such bid must be lowered to an amount no higher than the then highest independent bid. Passive market making may cause the price of our common stock to be higher than the price that otherwise would exist in the open market in the absence of those transactions. The underwriters engaged in passive market making are not required to engage in passive market making and may end passive market making activities at any time.

Electronic Distribution

A prospectus in electronic format may be made available by e-mail or on the websites or through online services maintained by one or more of the underwriters or their affiliates. In those cases, prospective investors may view offering terms online and may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the underwriters on the same basis as other allocations. Other than the prospectus in electronic format, the information on the underwriters' websites and any information contained on any other website maintained by any of the underwriters is not part of this prospectus, has not been approved and/or endorsed by the underwriters or us, and should not be relied upon by investors.

Directed Share Program

At our request, the underwriters have reserved for sale, at the initial public offering price, up to shares of our common stock, which represents % of the shares of our common stock offered by this prospectus, for sale to our directors, executive officers, associates, business associates and related persons. Our directed share program will be administered by Keefe Bruyette & Woods, Inc. or its affiliate. Reserved shares purchased by our directors and executive officers will be subject to the lock-up provisions described above. The number of shares of our common stock available for sale to the general public will be reduced to the extent these persons purchase the reserved shares. We do not know if these persons will choose to purchase all or any portion of these reserved shares. Any reserved shares of our common stock that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of our common stock offered by this prospectus.

Affiliations

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory,

investment management, investment advisory, investment research, principal investment, hedging, financing, loan referrals, valuation and brokerage activities. From time to time, the underwriters and/or their respective affiliates have directly and indirectly engaged, and may in the future engage, in various financial advisory, investment banking loan referrals and commercial banking services with us and our affiliates, for which they received or paid, or may receive or pay, customary compensation, fees and expense reimbursement. In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and those investment and securities activities may involve securities and/or instruments of ours. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of those securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in those securities and instruments.

Selling Restrictions

European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive, each a Relevant Member State, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, or the Relevant Implementation Date, no offer of shares to the public has been or will be made in that Relevant Member State prior to the publication of a prospectus in relation to the shares of our common stock offered hereby that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, an offer of shares to the public may be made in that Relevant Member State at any time:

- To any legal entity which is a "qualified investor" as defined in the Prospectus Directive;
- To fewer than 150 natural or legal persons (other than qualified investors, as defined in the Prospectus Directive), subject to obtaining the prior consent of the representative for any such offer; or
- In any other circumstances falling within Article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression "an offer of shares to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

The prospectus has only been communicated or caused to have been communicated and will only be communicated or caused to have been communicated as an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended, or the FSMA) received in connection with the issue or sale of the shares of our common stock offered hereby in circumstances in which Section 21(1) of the FSMA does not apply to us. All applicable

provisions of the FSMA have been or will be complied with in respect of anything done in relation to the shares of our common stock offered hereby in, from or otherwise involving the United Kingdom.

Canada

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

LEGAL MATTERS

The validity of our common stock offered by this prospectus will be passed upon for us by Norton Rose Fulbright US LLP, Dallas, Texas. Certain legal matters in connection with this offering will be passed upon for the underwriters by Greenberg Traurig, LLP, Phoenix, Arizona.

EXPERTS

The audited consolidated financial statements of First Western Financial, Inc. as of December 31, 2017 and 2016 and for the years then ended included in this prospectus have been so included in reliance upon the report of Crowe Horwath LLP, independent registered public accounting firm, upon the authority of said firm as experts in accounting and auditing.

The audited financial statements of EMC Holdings, LLC as of December 31, 2016 and 2015 and for the years then ended included in this prospectus have been so included in reliance upon the report of Fortner, Bayens, Levkulich & Garrison, P.C., independent registered public accounting firm, upon the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act relating to the shares of common stock offered by this prospectus that includes important business and financial information about us that is not included in or delivered with this prospectus. If we have made references in this prospectus to any contracts, agreements or other documents and also filed any of those contracts, agreements or other documents as exhibits to the registration statement, you should read the relevant exhibit for a more complete understanding of the document or the matter involved.

You may read and copy the registration statement and the related exhibits, and the reports, proxy statements and other information we will file with the SEC, at the SEC's public reference room maintained by the SEC at Room 1580, 100 F Street N.E., Washington, D.C. 20549. You can also request copies of those documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room. The SEC also maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file with the SEC. The site's Internet address is www.sec.gov. We also maintain a website at www.myfw.com. Upon completion of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only. You should not rely on any such information in making your decision whether to purchase our securities.

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

Shareholders and the Board of Directors of
First Western Financial, Inc. and Subsidiaries
Denver, Colorado

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of First Western Financial, Inc. and Subsidiaries (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting in accordance with the standards of the PCAOB. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion in accordance with the standards of the PCAOB.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Crowe Horwath LLP

We have served as the Company's auditor since 2013.
Denver, Colorado
March 31, 2018

First Western Financial, Inc. and Subsidiaries
Consolidated Balance Sheets
December 31, 2017 and 2016
(In thousands, except share amounts)

	December 31, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	$ 1,370	$ 684
Interest-bearing deposits in other financial institutions	8,132	62,001
Total cash and cash equivalents	9,502	62,685
Available-for-sale securities	53,650	97,655
Correspondent bank stock, at cost	1,555	1,769
Mortgage loans held for sale	22,940	8,053
Loans, net of allowance of $7,287 and $6,478	806,402	666,337
Promissory notes from related parties, net of discount of $0 and $54	5,792	10,384
Premises and equipment, net	6,777	7,995
Accrued interest receivable	2,421	1,917
Accounts receivable	5,592	5,696
Other receivables	6,324	—
Other real estate owned, net	658	2,836
Goodwill	24,811	24,811
Other intangible assets, net	1,233	1,452
Deferred tax assets, net	5,987	9,008
Company-owned life insurance	14,316	13,898
Other assets	1,699	1,502
Total assets	$ 969,659	$ 915,998
LIABILITIES		
Deposits:		
Noninterest-bearing	$ 198,685	$ 195,460
Interest-bearing	617,432	558,440
Total deposits	816,117	753,900
Borrowings:		
Federal Home Loan Bank Topeka borrowings	28,563	37,000
Convertible subordinated debentures, net of discount of $0 and $36	—	4,749
Subordinated Notes	13,435	13,150
Credit Note payable	—	2,736
Accrued interest payable	197	160
Other liabilities	9,501	8,375
Total liabilities	867,813	820,070
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred stock—no par value; 1,000,000 shares authorized; 20,868 issued and outstanding 2017 and 2016; liquidation preference: $20,868	—	—
Convertible preferred stock—no par value; 150,000 shares authorized; 41,000 and 46,000 shares issued and outstanding 2017 and 2016; liquidation preference: $4,100 and $4,600	—	—
Common stock—no par value; 10,000,000 shares authorized; 5,833,456 and 5,529,542 shares issued and outstanding at 2017 and 2016	—	—
Additional paid-in capital	130,070	123,755
Accumulated deficit	(27,296)	(27,028)
Accumulated other comprehensive (loss) income	(928)	(799)
Total shareholders' equity	101,846	95,928
Total liabilities and shareholders' equity	$ 969,659	$ 915,998

See accompanying notes.

First Western Financial, Inc. and Subsidiaries
Consolidated Statements of Income
December 31, 2017 and 2016
(In thousands, except share amounts)

	Year Ended December 31,	
	2017	2016
Interest and dividend income:		
Loans, including fees	$ 30,908	$ 27,664
Investment securities	2,115	1,583
Federal funds sold and other	314	273
Total interest and dividend income	33,337	29,520
Interest expense:		
Deposits	3,778	2,919
Other borrowed funds	1,983	2,144
Total interest expense	5,761	5,063
Net interest income	27,576	24,457
Less: Provision for credit losses	788	985
Net interest income, after provision for credit losses	26,788	23,472
Non-interest income:		
Trust and investment management fees	19,455	20,167
Net gain on mortgage loans sold	3,469	6,702
Bank fees	2,176	1,826
Risk management and insurance fees	1,289	755
Income on company-owned life insurance	418	358
Net gain on sale of securities	81	114
Gain on legal settlement	825	—
Total non-interest income	27,713	29,922
Total income before non-interest expense	54,501	53,394
Non-interest expense:		
Salaries and employee benefits	28,663	28,659
Occupancy and equipment	5,884	5,881
Professional services	3,490	3,468
Technology, software licenses, and maintenance	3,911	3,446
Data processing	2,436	2,658
Marketing	1,492	2,176
Amortization of other intangible assets	784	747
Total loss on sales/provision of other real estate owned	311	180
Other	2,523	2,608
Total non-interest expense	49,494	49,823
Income before income taxes	5,007	3,571
Income tax expense	2,984	1,269
Net income	2,023	2,302
Preferred stock dividends	(2,291)	(2,840)
Net (loss) available to common shareholders	$ (268)	$ (538)
Earnings (Loss) per common share:		
Basic and diluted	$ (0.05)	$ (0.11)

See accompanying notes.

First Western Financial, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
December 31, 2017 and 2016
(In thousands)

	Year Ended December 31,	
	2017	2016
Net income	$ 2,023	$ 2,302
Other comprehensive income (loss) items:		
Net change in unrealized gain on available-for-sale securities	214	(1,715)
Reclassification adjustment for realized gains included in earnings	(81)	(114)
Total other comprehensive income (loss) items	133	(1,829)
Income tax provision		
Net change in unrealized gain on available-for-sale securities	(282)	661
Reclassification adjustment for realized gains included in earnings	20	44
Income tax effect	(262)	705
Total other comprehensive loss, net of tax	(129)	(1,124)
Comprehensive income	$ 1,894	$ 1,178

See accompanying notes.

First Western Financial, Inc. and Subsidiaries
Consolidated Statements of Shareholders' Equity
December 31, 2017 and 2016
(In thousands, except share amounts)

	Shares						
	Preferred Stock	Convertible Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (loss)	Total
Balance at January 1, 2016	20,868	73,000	5,033,565	$ 113,599	$ (26,490)	$ 325	$ 87,434
Net income	—	—	—	—	2,302	—	2,302
Issuance of Common stock, net of issuance costs of $52	—	—	94,577	2,501	—	—	2,501
Series D Preferred Stock Conversion	—	(27,000)	99,900	—	—	—	—
Other comprehensive loss, net of tax	—	—	—	—	—	(1,124)	(1,124)
Stock-based compensation	—	—	—	1,022	—	—	1,022
Debenture exercise	—	—	300,000	6,600	—	—	6,600
Stock option exercises, net	—	—	1,500	33	—	—	33
Preferred stock dividends	—	—	—	—	(2,840)	—	(2,840)
Balance at December 31, 2016	20,868	46,000	5,529,542	$ 123,755	$ (27,028)	$ (799)	$ 95,928
Net income	—	—	—	—	2,023	—	2,023
Issuance of Common stock, net of issuance costs of $46	—	—	186,791	5,255	—	—	5,255
Restricted stock awards	—	—	105,264	—	—	—	—
Stock forfeited in connection with legal settlement		—	(8,580)	(244)	—	—	(244)
Series D Preferred Stock Conversion	—	(5,000)	17,500	—	—	—	—
Other comprehensive loss, net of tax	—	—	—	—	—	(129)	(129)
Stock-based compensation	—	—	—	1,298	—	—	1,298
Stock option exercises	—	—	2,939	6	—	—	6
Preferred stock dividends	—	—	—	—	(2,291)	—	(2,291)
Balance at December 31, 2017	20,868	41,000	5,833,456	$ 130,070	$ (27,296)	$ (928)	$ 101,846

See accompanying notes.

First Western Financial, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
December 31, 2017 and 2016
(In thousands)

	Year Ended December 31,	
	2017	**2016**
Cash flows from operating activities		
Net income	$ 2,023	$ 2,302
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,447	2,423
Deferred income tax expense	2,671	1,310
Stock-based compensation	1,298	1,022
Gain on legal settlement	(244)	—
Provision for credit losses	788	985
Net amortization of investment securities	690	660
Total loss on sales/provision of other real estate owned	311	180
Loss on disposal of premises and equipment	150	56
Accretion of discounts on convertible subordinated debentures and promissory notes, net	(18)	(33)
Net gain on sales of securities	(81)	(114)
Stock dividends received on correspondent bank stock	(139)	(70)
Increase in cash surrender value of company-owned life insurance	(418)	(358)
Gain on mortgage loans sold	(3,469)	(6,702)
Origination of mortgage loans held for sale	(301,959)	(334,369)
Proceeds from mortgage loans sold	290,731	352,713
Net changes in operating assets and liabilities:		
Accounts receivable	(907)	(7)
Accrued interest receivable and other assets	(817)	(730)
Accrued interest payable and other liabilities	1,513	(161)
Net cash (used) provided by operating activities	(5,430)	19,107
Cash flows from investing activities		
Activity in available-for-sale securities:		
Maturities, prepayments, and calls	12,192	24,192
Sales	58,565	4,991
Purchases	(32,803)	(63,149)
Payments received on promissory notes	—	5,900
Redemption (purchase) of correspondent bank stock	353	(433)
Purchases of premises and equipment	(499)	(1,824)
Purchase of company-owned life insurance	—	(3,063)
Loan and note receivable originations and principal collections, net	(140,727)	(62,654)
Net cash paid for acquisitions	(1,000)	
Proceeds from sales of other real estate owned	1,867	—
Net cash used in investing activities	(102,052)	(96,040)
Cash flows from financing activities		
Net change in deposits	62,217	43,963
Proceeds from Subordinated Notes issuances, net	285	6,275
Proceeds from issuance of Common stock, net	5,255	2,501
Net proceeds from exercise of stock options	6	33
Payments on Subordinated Notes	—	(750)
Payments on Credit Note payable	(2,736)	(1,200)
Dividends paid on preferred stock	(2,291)	(2,840)
Payments to Federal Home Loan Bank Topeka borrowings	(347,683)	(190,500)
Proceeds from Federal Home Loan Bank Topeka borrowings	339,246	202,500
Net cash provided by financing activities	54,299	59,982
Net change in cash and cash equivalents	(53,183)	(16,951)
Cash and cash equivalents, beginning of year	62,685	79,636
Cash and cash equivalents, end of year	$ 9,502	$ 62,685
Supplemental cash flow information:		
Interest paid on deposits and borrowed funds	$ 5,615	$ 4,293
Income tax payment, net of refunds received	$ 275	$ 202
Supplemental noncash disclosures:		
Stock issued for repayment of convertible subordinated debentures	$ —	$ 6,600
Expiration of convertible subordinated debentures	$ 4,749	$ 3,300

See accompanying notes.

First Western Financial, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2017 and 2016

NOTE 1—ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business and Basis of Presentation: The 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").

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 subsidiaries: First Western Trust Bank (the "Bank"), First Western Capital Management Company ("FWCM"), and Ryder, Stilwell Inc. ("RSI"). The Bank wholly owns the following subsidiaries, which are therefore indirectly wholly-owned by FWFI: First Western Merger Corporation ("Merger Corp."), and RRI, LLC ("RRI"). RSI and RRI and not active operating entities.

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 customers principally in Colorado (metro Denver, Aspen, Boulder and Fort Collins), Arizona (Phoenix and Scottsdale), California (Los Angeles/Century City) and Wyoming (Jackson Hole and Laramie). 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), net gains earned on selling mortgage loans, and fee-based wealth advisory, investment management, asset management and personal trust services.

The consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") and reporting practices prescribed for the banking and investment advisory industries.

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.

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 consolidated financial statements and the disclosures provided, and actual results could differ.

Concentration of Credit Risk: Most of the Company's lending activity is to customers located in and around Denver, Colorado; Phoenix and Scottsdale, Arizona; and Los Angeles, California. The Company does not believe it has significant concentrations in any one industry or customer. At December 31, 2017 and 2016, 74% and 74% of the Company's loan portfolio is secured by real estate collateral. Declines in real estate values in the primary markets the Company operates in could negatively impact the Company.

Cash and Cash Equivalents: Cash and cash equivalents include cash on hand, deposits at other financial institutions with original maturities fewer than 90 days, and federal funds sold. Net cash flows are reported for customer loan and deposit transactions, interest bearing deposits in other financial institutions, and federal funds purchased and repurchase agreements.

Investment Securities: Investments the Company intends 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, with unrealized holding gains and losses reported in other comprehensive income (loss), net of tax. As of December 31, 2017 and 2016, all investment securities were classified as available-for-sale.

Net purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities, without anticipating prepayments, except for mortgage-backed securities where prepayments are anticipated. Declines in the fair value of available-for-sale securities below their cost that are deemed to be other-than-temporary are recorded in earnings as realized losses in noninterest income.

Management evaluates securities for other-than-temporary impairment ("OTTI") on at least an annual basis, or more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or it is more likely than not that it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. For debt securities that do not meet the aforementioned criteria, the amount of impairment is split into two components as follows: 1) OTTI related to credit loss, which must be recognized in the income statement and 2) OTTI related to other factors, which is recognized in other comprehensive income (loss). The credit loss is defined as the difference between the present value of the cash flows expected to be collected and the amortized cost basis. For equity securities, the entire amount of impairment is recognized through earnings. At December 31, 2017 and 2016, no securities were determined to be other-than-temporarily impaired.

Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Correspondent Bank Stock: Correspondent bank stock includes stock in both the Federal Home Loan Bank of Topeka ("FHLB Topeka") and Bankers' Bank of the West ("BBW"), which are considered restricted securities because the Company may be required to hold the stock in order to maintain the correspondent banking relationship with these institutions. No ready market exists for the stock and therefore, no quoted market values exist. For financial reporting purposes, this stock is carried at cost, classified as a restricted security and periodically evaluated for impairment based on ultimate recovery of par value. No provision for impairment was recorded at December 31, 2017 and 2016. Both cash and stock dividends are reported as income when received.

Mortgage Loans Held for Sale: Mortgage loans originated and intended for sale in the secondary market are carried at lower of aggregate cost or fair value, as determined by outstanding commitments from investors. Net unrealized losses, if any, are recorded as a valuation allowance and charged to earnings. Servicing rights are released when the associated mortgage loans are sold. Gains and losses on sales of mortgage loans are based on the difference between the selling price and the carrying value of the related loan sold.

Loans: Loans the Company has the intent and ability to hold for the foreseeable future, until maturity, or until payoff are reported at their outstanding unpaid principal balances, adjusted for charge-offs, net of deferred loan fees and costs, and the allowance for loan losses. Interest income is accrued on unpaid principal balances. Fees received at origination, net of certain direct origination costs for providing loan commitments and letters of credit that result in loans, are deferred and amortized to interest income, using the level yield method without anticipating prepayments, over the life of the related

loan or until payoff, at which time the remaining unamortized fee is recorded as interest income. Fees net of certain direct origination costs on commitments and letters of credit are amortized to interest income over the commitment period.

Past Due Loans: The accrual of interest on loans is discontinued at the time the loan becomes 90 days delinquent unless the loan is well secured and in the process of collection. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on nonaccrual status or charged off if collection of interest or principal is considered doubtful.

Interest accrued but not collected is charged off against interest income at the time a loan is placed on non-accrual status. The interest collected on non-accrual loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Under the cost-recovery method, interest income is not recognized until the loan balance is reduced to zero. Under the cash-basis method, interest income is recorded when the payment is received in cash. Loans can be returned to accrual status when all the principal and interest amounts contractually due are brought current and the collectability of future payments is reasonably assured.

Troubled Debt Restructurings: A troubled debt restructuring ("TDR") is a loan the Company, for reasons related to a borrower's financial difficulties, grants a concession to the borrower the Company would not otherwise consider.

The loan terms which have been modified or restructured due to a borrower's financial difficulty, include but are not limited to (i) a reduction in the stated interest rate of the loan, (ii) an extension of the maturity date of the loan at an interest rate below market, or (iii) a reduction of the accrued interest.

Generally, the Company will allow interest rate reductions for a period of two years or less after which the loan reverts back to the contractual interest rate. Loan modifications granted by the Company are reviewed on a case-by-case basis to determine if they should be considered restructured loan.

Allowance for Loan Losses: The Company's reserve for credit losses is an estimate of the probable incurred credit losses and is comprised of (i) the allowance for loan losses and (ii) the reserve for unfunded commitments. The reserve for unfunded commitments is included in other liabilities in the accompanying consolidated balance sheets and the loan balances in the accompanying consolidated balance sheets are reported net of the allowance for loan losses. The allowance for loan losses is established through a provision for credit losses, which is a noncash charge to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance for loan losses.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and dollar volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral and prevailing economic conditions. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged off. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. The Company's loan loss policies do not differ by loan segment.

A loan is considered impaired when, based on current information and events, it is probable the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement.

TDRs are separately identified for impairment and included in the separately identified impairment disclosures. If cash flow dependent, TDRs will be measured at the present value of estimated future cash flows using the loan's effective rate at inception. If a TDR is considered to be a collateral dependent loan, the loan is reported, net, at the fair value of the collateral. For TDRs that subsequently default, the Company determines the amount of reserve in accordance with the accounting policy for the allowance for loan losses on loans individually identified as impaired.

Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting all scheduled principal and interest payments. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

The allowance for loan losses is comprised of specific loan loss reserves and general loan loss reserves. The impairment of a specific loan is measured based either on (i) the present value of expected future cash flows discounted at the loan's effective interest rate, or (ii) the fair value of the underlying collateral, less costs to sell, if the repayment is expected to be provided predominantly by the sale of the underlying collateral. Specific impairments are measured on a loan-by-loan basis if risk characteristics are unique to an individual borrower. The general loan loss reserve covers non-impaired loans and is established by evaluating the incurred loss on homogenous pools of loans, not specifically reviewed for impairment as noted above, that have common risk characteristics. The general loan loss reserve is based on historical loss experiences adjusted for eight current factors. Certain factors are applied to each pool and certain factors are applied to all non-individually reviewed loans. When applicable, the pool of loans reviewed consists of residential and commercial mortgage loans, equity lines of credit, commercial lines of credit, and consumer installment loans. The eight qualitative factors the Company considers are:

1. Changes in relevant economic and business conditions and developments that affect the collectability of the portfolio, including the condition of various market segments.

2. Levels and trends in net charge-offs.

3. The existence and effect of any concentrations of credit and changes in the level of such concentrations.

4. Changes in the nature or volume of the loan portfolio and in the terms of loans.

5. Changes in the experience, ability, and depth of lending management and other relevant staff.

6. Changes in the volume and severity of past due loans.

7. Changes in the quality of the loan review system.

8. Change in the level of overdrafts.

The following portfolio segments have been identified:

- 1-4 Family Residential—consists of loans and home equity lines of credit secured by one to four 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 one to four 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.

- Cash, Securities and Other—consists of consumer and commercial purpose loans that are primarily secured by securities managed and under custody with the Company, cash on deposit with the Company or life insurance policies. In addition, loans in this portfolio are collateralized with other sources of consumer collateral and a minimal amount may be unsecured. 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.

- 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 the Company'starget 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.

- 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.

- 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.

The reserve for unfunded commitments represents the estimate for probable credit losses inherent in unfunded commitments to extend credit. Unfunded commitments to extend credit include commercial and standby letters of credit, unused lines of credit, and unfunded loan commitments expected to be funded.

The process used to determine the reserve for unfunded commitments is consistent with the process for determining the allowance for loan losses, adjusted for estimated funding probabilities. Changes to the level of the reserve for unfunded commitments are recognized through the provision for credit losses for off-balance sheet credit exposures, included in other operational expenses in the accompanying consolidated statements of income.

Transfers of Financial Assets: Transfers of financial assets are accounted for as sales, when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the Company, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Premises and Equipment: Premises and equipment are carried at cost, net of accumulated depreciation, with the exception of artwork, which is carried at cost. Leasehold improvements are depreciated using the straight-line method and recognized over the shorter of the lease term or estimated useful lives of the assets, ranging from 4 to 15 years. Furniture/equipment and software are depreciated using the straight-line method and recognized over the estimated useful lives of the assets which are 7 years and 3 years.

Goodwill and Other Intangible Assets: Goodwill represents the excess of purchase price over the fair value of net identifiable tangible and intangible assets acquired in business combinations. The Company has acquired other identifiable intangible assets, primarily consisting of customer relationships, non-competition agreements and recorded goodwill through its acquisition of financial services companies. Goodwill and other indefinite-lived intangible assets are not amortized, but are tested for impairment at

the reporting unit level at least annually by applying a fair value-based test using discounted estimated future net cash flows. The Company has selected October 31 as the date to perform its annual impairment tests. Impairment exists when the carrying amount of the goodwill and other intangible assets exceeds their implied fair values. Impairment losses, if any, are recognized as a charge to non-interest expense and an adjustment to the carrying value of the goodwill or other intangible assets. Subsequent reversals of impairment charges are prohibited. Goodwill is the only intangible asset with an indefinite life on the Company's consolidated balance sheets. Other definite-lived intangible assets, including customer relationship intangibles, are amortized on a straight-line basis over periods representing the estimated remaining lives of the assets of one to fifteen years, and are evaluated for impairment when events or changes in circumstances indicate the carrying values of such assets may not be recoverable. At December 31, 2017, the Company believes the carrying value of its goodwill not to be impaired and other intangible assets to be recoverable.

Accounts Receivable: Accounts receivable represents the billed but unpaid fees from trust and investment advisory services owed by clients, which are typically calculated as a percentage of average invested balances. The majority of the Company's investment advisory clients are billed quarterly in arrears based on the daily average balance in the client's trust or investment accounts for that quarter.

Other Receivables: Other accounts receivable represents compensation paid to employees that is contingent on future employment and reconginzed in the consolidated statements of income over the estimated service period and sales of investments in which the Compnay has obtained a firm commitment as of the balance sheet dates.

Other Real Estate Owned: Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value, less selling costs, at the date of foreclosure, establishing a new cost basis in the asset. Physical possession of residential real estate property collateralizing a residential mortgage loan occurs when legal title is obtained upon completion of foreclosure or when the borrower conveys all interest in the property to satisfy the loan through completion of a deed in lieu of foreclosure or through similar legal agreement. Subsequent to foreclosure, valuations are periodically performed by management, with any subsequent declines in value recorded as a charge to expense through an impairment recorded directly against the other real estate owned assets or to a valuation allowance account. Changes in the valuation allowance are recorded as provision for losses on other real estate owned. Revenue and expenses from operations related to other real estate owned are included in other operational expenses.

Company-Owned Life Insurance: The Company has purchased life insurance policies on certain current and former officers and key employees. Company-owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Mortgage Banking Derivatives: Commitments to fund mortgage loans (interest rate locks and forward delivery commitments) 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 interest rate lock 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. In order to hedge the change in interest rates resulting from its commitments to fund the loans, the Company enters into forward commitments for future delivery of mortgage loans when interest rate locks are entered into. Fair values of these mortgage derivatives are estimated based on changes in mortgage interest rates from the date the interest on the loan is locked. Changes in the fair values of these derivatives are included in net gains on mortgage loans sold.

Stock-Based Compensation: The Company has stock-based compensation plans that provide for the granting of stock options, restricted stock awards, restricted stock units and performance stock units to associates and non-associate directors who perform services for the Company. The Company estimates the fair value of its stock option awards on the date of grant using the Black-Scholes option-pricing model ("Black-Scholes model"). The Company determines the fair value of the restricted and performance stock units as well as restricted stock awards based on the estimated market value of the underlying shares at the date of grant.

Compensation cost is recognized over the required service period, generally defined as the vesting period. For awards with graded vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. The Company's policy is to recognize forfeitures as they occur.

Income Taxes: Income tax (expense) benefit is the total of the current year income tax due or refundable and the change in the deferred tax assets and liabilities. Deferred income tax assets and liabilities are determined using the liability method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of temporary differences between the book and tax basis of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

The Company recognizes tax benefits from uncertain tax positions when it is more-likely-than-not, based on the technical merits of the position, the tax position will be sustained upon examination, including the resolution of any appeals or litigation. Tax benefits recognized in the consolidated financial statements from such a position are measured as the largest benefit that has a greater than fifty percent likelihood of being realized upon resolution.

The Company may from time to time be assessed interest or penalties by major tax jurisdictions, although any such assessments have historically been minimal and immaterial to financial results. The Company classifies interest and penalties, if any, as a component of income tax expense.

Comprehensive Income: Comprehensive income consists of net income and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains and losses on securities available-for-sale which is also recognized as a separate component of equity.

Earnings (Loss) per Common Share: Despite having net income in the consolidated statement of income, due to dividends on preferred stock, the Company reports a net loss available to common shareholders' and therefore, earnings per share is negative. Earnings (Loss) per common share is computed by dividing net loss to common shareholders by the weighted average number of shares outstanding during each period. See Note 12 for the common share equivalents that have been excluded from the calculation of loss per common share as their effect is anti-dilutive for the years ended December 31, 2017 and 2016.

Loss Contingencies: Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the consolidated financial statements.

Fair Value of Financial Instruments: Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in Note 16. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect these estimates.

Loan Commitments and Related Financial Instruments: Financial instruments include off-balance sheet credit instruments, such as unused lines of credit, commitments to make loans and commercial and standby letters of credit. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

Restrictions on Cash: Cash on hand or on deposit with the Federal Reserve Bank was required to meet regulatory reserve and clearing requirements.

Dividend Restriction: Banking regulations require maintaining certain capital levels and may limit the dividends paid by the Bank to the holding company or by the holding company to its shareholders subject to certain regulatory restrictions and to the rights of holders of the Company's preferred stock which have a preference to dividends over the common shares outstanding. As a result, the Company must make dividend payments on the preferred stock before any dividends can be paid on the common stock from assets available for dividends. The Company is also subject to certain restrictions on its right to pay dividends to shareholders under the terms of a credit agreement with a correspondent lending partner.

Subsequent Events: The Company has evaluated subsequent events for recognition and disclosure through March 31, 2018, which is the date the financial statements were available to be issued. Between January 1, 2018 and March 31, 2018, the Company sold 67,242 shares of our common stock for aggregate proceeds of $1.9 million in a private placement that the Company believes was exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder. The shares sold contain a make whole feature as described in Note 11.

Reclassifications: Certain items in prior year financial statements were reclassified to conform to the current presentation.

Adoptions of New Accounting Standards and Newly Issued Not Yet Effective Accounting Standards: In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-9, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-9"). ASU 2014-9 changes recognition of revenue from contracts with customers. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new guidance requires improved disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. In applying the new guidance, an entity may use either a retrospective approach to each prior reporting period or a retrospective approach with the cumulative effect recognized at the date of initial application. ASU 2014-09 was effective for the Company on January 1, 2018. In evaluating the effects of the ASU 2014-09 on its financial statements and disclosures, the Company has determined the following:

- The primary revenue lines subject to ASU 2014-09 is trust and investment management fees which totaled $19.4 million in 2017.

- The adoption of ASU 2014-09 did not have a material impact on the Company's financial statements. The Company's first quarter interim filing will be updated with the new required disclosures.

- The Company has adopted ASU 2014-09 using the modified restrospective method.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"), which amended existing guidance that requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. It requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes. It requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (i.e., securities or loans and receivables). It eliminates the requirement for public business entities to disclose the methods and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. The amendments in ASU 2016-01 were effective for the Company beginning January 1, 2018, and for interim periods within that annual period. The adoption of this guidance is not expected to have a material impact on the consolidated financial statements. However, it will impact the fair value disclosures in Note 16—Fair Value.

In February 2016, the FASB issued ASU 2016-02, *Lease Accounting (Topic 842)* ("ASU 2016-02"). Under ASU 2016-02, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than twelve months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP, which requires only capital leases to be recognized on the balance sheet. ASU 2016-02 will require both types of leases to be recognized on the balance sheet. The ASU also will require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. ASU 2016-02 will be effective for the Company on January 1, 2019. The Company is currently evaluating the effects of ASU 2016-02 on its consolidated financial statements and disclosures, and anticipates recording right of use assets and lease liabilities in the consolidated balance sheet for its operating leases.

In February 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326)* ("ASU 2016-13"). ASU 2016-13 replaces the incurred loss model with an expected loss model, which is referred to as the current expected credit loss ("CECL") model. The CECL model is applicable to the measurement of credit losses on the financial assets measured a amortized cost, including loan receivables, held-to-maturity debt securities, and reinsurance receivables. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor. For all other assets within the scope of CECL, a cumulative-effect adjustment will be recognized in retained earnings as of the beginning of the first reporting period in which the guidance is effective. ASU 2016-13 will be effective for the Company on January 1, 2021. Upon adoption of the amendments within this update, the Company expects to make a cumulative-effect adjustment to the opening balance of retained earnings and the allowance for loan losses in the year of adoption. The Company has formed a CECL committee that is assessing data and system requirements in order to evaluate the impact of adopting this new guidance. The Company is evaluating historical loan level data requirements necessary for the implementation of the CECL model, as well as various methodologies for determining expected credit losses. The Company is currently in the process of evaluating the impact the adoption of this update will have on its consolidated financial statements and disclosures.

In March 2016, the FASB issued ASU 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"), in an effort to improve the accounting for employee share-based payments. ASU 2016-09 simplifies several aspects of the accounting for share-based payment award transactions, such as accounting for income taxes, classification of excess tax benefits on the Statements of Cash Flows, accounting for forfeitures, minimum statutory tax withholding requirements and classification of employee taxes paid on the Statements of Cash Flows. The amendments in ASU 2016-09 were effective for the Company beginning January 1, 2017, and for interim periods within that annual period and did not have a significant impact on the consolidated financial statements and disclosures.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business* ("ASU 2017-01"), which amended existing guidance to clarify the definition of a business with the objective of adding guidance to assist entities with evaluation whether transactions should be accounted for as acquisition (or disposals) of assets or businesses. ASU 2017-01 will be effective for the Company on January 1, 2018 and is not expected to have a significant impact on the consolidated financial statements and disclosures.

In January 2017, the FASB issued ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* ("ASU 2017-04"), which amended existing guidance to simplify the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. The amendments require and entity to perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognizing an impairment charge of the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit. ASU 2017-04 will be effective for the Company on January 1, 2021, with earlier adoption permitted and is not expected to have a significant impact on the financial statements and disclosures.

In March 2017, the FASB issued ASU 2017-08, *Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20)* ("ASU 2017-08"). ASU 2017-08 amends the amortization period for certain purchased callable debt securities held at a premium. Prior to the issuance of this guidance, premiums were amortized as an adjustment of yield over the contractual life of the instrument. ASU 2017-08 requires premiums on purchased callable debt securities that have explicit, non-contingent call features that are callable at fixed prices to be amortized to the earliest call date. There are no accounting changes for securities held at a discount. This ASU will be effective for the Company for annual periods and interim periods beginning January 1, 2019. ASU 2017-08 will be applied through a cumulative effect adjustment through equity (modified-retrospective approach). The Company is currently evaluating the effects of ASU 2017-08 on the financial statements and disclosures.

In August 2017, the FASB issued ASU 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities* ("ASU 2017-12"), which provided guidance to improve the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements. ASU 2017-12 will be effective for the Company on January 1, 2019 and is not expected to have a significant impact on the financial statements and disclosures.

In February 2018, the FASB issued ASU 2018-02, *Income Statement—Reporting Comprehensive Income (Topic 220)* ("ASU 2018-02"). ASU 2018-02 allows an entity to elect to reclassify the stranded tax effects related to the Act from accumulated other comprehensive income into retained earnings. ASU 2018-02 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the effect this standard will have on the consolidated financial statements and disclosures.

NOTE 2—ACQUISITIONS

On August 18, 2017, the Company entered into an Asset Purchase Agreement (the "Mortgage Purchase Agreement") with EMC, LLC ("EMC") whereby the Company acquired assets related to the mortgage operations of the Englewood Mortgage Company, a residential mortgage loan origination company. The Company accounted for the acquisition of EMC as a business combination. The purpose of the acquisition was to expand the Company's mortgage capabilities and enhance the products and services offered within the markets the Company serves. Pursuant to the Mortgage Purchase Agreement, the Company paid EMC $2.0 million in cash at the closing date of September 15, 2017, and issued, subject to forfeiture clauses, 105,264 shares (or $3.0 million) of the Company's common stock. As a result of certain clauses in the Mortgage Purchase Agreement being tied to the continuing employment of the sole selling shareholder of EMC, $1.0 million of the cash paid and all of the common stock issued, will be deferred and recorded as compensation expense in future periods. The $1.0 million of cash will be expensed ratably over the estimated service period of the selling shareholder. The $1.5 million of stock with a time-vesting feature will be expensed ratably over five years, and the remaining $1.5 million of common stock will be expensed as earned.

Of the cash paid, $1.0 million is deemed purchase consideration and was allocated to the identifiable tangible and intangible assets acquired pursuant to the Mortgage Purchase Agreement. The tangible assets were not material to the consolidated financial statements. The intangible assets primarily consist of a non-competition agreement in the amount of $0.6 million and acquired mortgage loans that were locked but not funded as of the acquisition date in the amount of $0.4 million. The value of the non-competition agreement, which will be amortized over an estimated economic life of two years, is recorded in intangible assets in the accompanying consolidated financial statements, net of amortization. Due to the value of the intangible assets received in the purchase exceeding the consideration of $1.0 million, the Company recorded an immaterial gain on bargain purchase.

The Company initially recognized the assets and liabilities acquired from acquisitions based on its preliminary estimates of their acquisition date fair values. As additional information becomes known concerning the acquired assets and assumed liabilities, management may make adjustments to the opening balance sheet of the acquired company up to the end of the measurement period, which is no longer than a one-year period following the acquisition date. The determination of the fair values of the acquired assets and liabilities assumed (and the related determination of estimated lives of depreciable tangible and identifiable intangible assets) requires judgment. As of December 31, 2017, the Company has not completed its fair value analysis and calculations in sufficient detail necessary to arrive at the final estimates of the fair value of acquired assets and assumed liabilities, including the allocations to intangible assets and resulting deferred taxes. All information presented with respect to the acquired assets related to EMC is preliminary and subject to revision pending the final fair value analysis.

NOTE 3—INVESTMENT SECURITIES

The following presents the amortized cost and fair value of securities available-for-sale, with gross unrealized gains and losses recognized in accumulated other comprehensive income as of December 31 (in thousands):

2017	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investment securities available-for-sale:				
U.S. treasury and federal agency	$ 250	$ —	$ (1)	$ 249
Government National Mortgage Association ("GNMA") mortgage-backed securities—residential	42,001	27	(1,192)	40,836
Collateralized mortgage obligations issued by U.S. government sponsored entities and agencies	9,736	13	(296)	9,453
Corporate collateralized mortgage obligations and mortgage-backed securities	1,529	—	(50)	1,479
Small Business Investment Company	930	—	—	930
Equity mutual funds	750	—	(47)	703
Total securities available-for-sale	$ 55,196	$ 40	$ (1,586)	$ 53,650

2016	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investment securities available-for-sale:				
U.S. treasury and federal agency	$ 251	$ —	$ (2)	$ 249
GNMA mortgage-backed securities—residential	79,872	112	(1,276)	78,708
Collateralized mortgage obligations issued by U.S. government sponsored entities and agencies	11,867	33	(367)	11,533
Corporate collateralized mortgage obligations and mortgage-backed securities	5,873	27	(165)	5,735
Small Business Investment Company	721	—	—	721
Equity mutual funds	750	—	(41)	709
Total securities available-for-sale	$ 99,334	$ 172	$ (1,851)	$ 97,655

Net amortization of premiums and discounts related to mortgage securities during the years ended December 31, 2017 and 2016 was $0.4 million and $0.6 million, which are included with interest income.

In 2014 the Company began investing in a small business investment company ("SBIC") fund administered by the Small Business Administration. During 2017 and 2016, the Company invested $0.2 million and $0.5 million in SBIC. The Company may invest up to an additional $2.1 million in SBIC through 2019.

At December 31, 2017, the amortized cost and estimated fair value of available-for-sale securities, excluding SBIC and the mutual fund, that have contractual maturity dates, are shown in the table below (in thousands). 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. Securities not due at a single maturity date are shown separately.

	Amortized Cost	Fair Value
Due after one year through five years	$ 929	$ 926
Mortgage-related securities (agency and collateralized mortgage obligations	52,587	51,091
	$ 53,516	$ 52,017

At December 31, 2017 and 2016, securities with carrying values totaling $23.7 million and $33.3 million, were pledged to secure various public deposits and credit facilities of the Company.

At December 31, 2017 and 2016, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of shareholders' equity. The equity mutual fund is a publicly traded fund.

At December 31, 2017 and 2016, twenty-eight securities and thirty-eight securities were in an unrealized loss position, with unrealized losses totaling $1.6 million and $1.9 million. Fifteen of the securities in an unrealized loss position at December 31, 2017 have been in a continuous unrealized loss position for more than twelve months, the remaining securities in a loss position have been in a continuous unrealized loss position for less than 12 months. The securities in unrealized loss positions are caused primarily by interest rate changes and market assumptions about prepayments of principal and interest on the underlying mortgages. Because the decline in market value is attributable to market conditions, not credit quality, and because the Company has the ability and intent to hold these investments until a recovery of fair value, which may be near or at maturity, the Company does not consider these investments to be other-than-temporarily impaired at December 31, 2017.

The following table summarizes securities with unrealized losses at December 31, 2017 and 2016, aggregated by major security type and length of time in a continuous unrealized loss position (in thousands, before tax):

	Less than 12 months		12 Months or Longer		Total	
2017	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. treasury and federal agency	$ —	$ —	$ 249	$ (1)	$ 249	$ (1)
GNMA mortgage-backed securities—residential	11,621	(237)	27,480	(955)	39,101	(1,192)
Collateralized mortgage obligations issued by U.S. government sponsored entities and agencies	677	(2)	7,968	(294)	8,645	(296)
Corporate collateralized mortgage obligations and mortgage-backed securities	—	—	1,316	(50)	1,316	(50)
Equity mutual funds	—	—	703	(47)	703	(47)
Total	$ 12,298	$ (239)	$ 37,716	$ (1,347)	$ 50,014	$ (1,586)

2016	Less than 12 months Fair Value	Less than 12 months Unrealized Losses	12 Months or Longer Fair Value	12 Months or Longer Unrealized Losses	Total Fair Value	Total Unrealized Losses
U.S. treasury and federal agency	$ 249	$ (2)	$ —	$ —	$ 249	$ (2)
GNMA mortgage-backed securities—residential	65,502	(1,276)	—	—	65,502	(1,276)
Collateralized mortgage obligations issued by U.S. government sponsored entities and agencies	8,761	(367)	—	—	8,761	(367)
Corporate collateralized mortgage obligations and mortgage-backed securities	226	(1)	3,430	(164)	3,656	(165)
Equity mutual funds	—	—	709	(41)	709	(41)
Total	$ 74,738	(1,646)	4,139	(205)	78,877	(1,851)

During the year ended December 31, 2017, the Company sold $59.3 million of securities and realized gains of $0.1 million and realized losses of $0.2 million, from the sale of securities using the specific identification method.

During the year ended December 31, 2016, the Company sold $5.0 million of securities and realized gains of $0.1 million and realized losses of $0, from the sale of securities using the specific identification method.

NOTE 4—CORRESPONDENT BANK STOCK

The following presents the Company's investments in correspondent bank stock, at cost, as of December 31 (in thousands):

	2017	2016
FHLB Topeka	$ 1,480	$ 1,694
BBW	75	75
	$ 1,555	$ 1,769

NOTE 5—LOANS AND THE ALLOWANCE FOR LOAN LOSSES

The following presents a summary of the Company's loans as of December 31 (in thousands):

	2017	2016
Cash, Securities and Other	$ 131,756	$ 111,966
Construction and development	24,914	39,702
1 - 4 Family Residential	282,014	242,221
Non-Owner Occupied CRE	176,987	152,317
Owner Occupied CRE	92,742	62,879
Commercial and Industrial	104,284	62,940
Total loans	812,697	672,025
Less deferred loan fees, net of origination costs	992	790
Less allowance for loan losses	(7,287)	(6,478)
Net loans	$ 806,402	$ 666,337

The following presents, by class, an aging analysis of the recorded investments (excluding accrued interest receivable and net deferred loan fees and costs which are not material) in loans past due as of December 31, 2017 and 2016 (in thousands):

2017	30 - 59 Days Past Due	60 - 89 Days Past Due	90 or More Days Past Due	Total Loans Past Due	Current	Total Recorded Investment
Cash, Securities and Other	$ 50	$ 99	$ —	$ 149	$ 131,607	$ 131,756
Construction and development	—	—	—	—	24,914	24,914
1 - 4 Family Residential	1,250	—	2,388	3,638	278,376	282,014
Non-Owner Occupied CRE	750	—	—	750	176,237	176,987
Owner Occupied CRE	—	—	—	—	92,742	92,742
Commercial and Industrial	1,614	—	1,835	3,449	100,835	104,284
Total	$ 3,664	$ 99	$ 4,223	$ 7,986	$ 804,711	$ 812,697

2016	30 - 59 Days Past Due	60 - 89 Days Past Due	90 or More Days Past Due	Total Loans Past Due	Current	Total Recorded Investment
Cash, Securities and Other	$ 770	$ —	$ —	$ 770	$ 111,196	$ 111,966
Construction and development	1,216	—	—	1,216	38,486	39,702
1 - 4 Family Residential	500	—	—	500	241,721	242,221
Non-Owner Occupied CRE	—	—	—	—	152,317	152,317
Owner Occupied CRE	—	—	—	—	62,879	62,879
Commercial and Industrial	1,497	—	3,607	5,104	57,836	62,940
Total	$ 3,983	$ —	$ 3,607	$ 7,590	$ 664,435	$ 672,025

At December 31, 2017, the Company has one 1 - 4 Family Residential loan totaling $1.2 million which is 90 days delinquent and accruing interest. The Company is actively in the process of foreclosing on this loan. At December 31, 2016, the Company has no loans which are 90 days delinquent and accruing interest.

Non-Accrual Loans and TDR

The following presents the recorded investment in non-accrual loans by class as of December 31 (in thousands):

	2017	2016
Non-accrual loans		
Cash, Securities and Other	$ —	$ —
Construction and development	—	—
1 - 4 Family Residential	1,171	—
Non-Owner Occupied CRE	—	—
Owner Occupied CRE	—	—
Commercial and Industrial	1,835	3,607
Total	$ 3,006	$ 3,607

At December 31, 2017 and 2016, the non-accrual loans listed above included one and two loans classified as TDRs with recorded investments totaling $1.8 million and $3.6 million. Non-accrual loans

include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans.

The following presents a summary of the unpaid principal balance of loans classified as TDRs as of December 31 (in thousands):

	2017	2016
Commercial and Industrial	$ 1,835	$ 3,607
Total	1,835	3,607
Allowance for loan associated with TDR	(722)	(1,420)
Net recorded investment	$ 1,113	$ 2,187

As of December 31, 2017 and 2016, the Company has not committed any additional funds to borrowers with loans classified as TDRs.

The Company modified one loan in a TDR for the period ended December 31, 2017. The Company did not modify any loans in a TDR for the period ended December 31, 2016.

During the year ended December 31, 2017, the Commercial and Industrial loan which was classified as a TDR, was not making payments in accordance with the modified terms and was placed on non-accrual status during 2017. At December 31, 2016, the one TDR loan was making payments consistent with the modified terms of the loan.

TDRs are reviewed individually for impairment and are included in the Company's specific reserves in the allowance for loan losses. If charged off, the amount of the charge off is included in the Company's charge off factors, which impact the Company's reserves on non-impaired loans.

The following presents the Company's recorded investment in impaired loans as of December 31 (in thousands):

2017	Total Recorded Investment	Recorded Investment With No Allowance	Recorded Investment With Allowance	Allowance for Loan Losses	Unpaid Contractual Principal Balance	Average Recorded Investment	Interest Income Recognized
Commercial and Industrial	$ 1,835	$ —	$ 1,835	$ 722	$ 1,835	$ 1,066	$ —
Total	$ 1,835	$ —	$ 1,835	$ 722	$ 1,835	$ 1,066	$ —

2016	Total Recorded Investment	Recorded Investment With No Allowance	Recorded Investment With Allowance	Allowance for Loan Losses	Unpaid Contractual Principal Balance	Average Recorded Investment	Interest Income Recognized
Commercial and Industrial	$ 3,607	$ —	$ 3,607	$ 1,420	$ 3,607	$ 3,446	$ —
Total	$ 3,607	$ —	$ 3,607	$ 1,420	$ 3,607	$ 3,446	$ —

The recorded investment in loans in the previous tables, excludes accrued interest and net deferred loan fees and costs due to their immateriality. Interest income was recognized on the cash basis.

Allowance for Loan Losses

Allocation of a portion of the allowance for loan losses to one category of loans does not preclude its availability to absorb losses in other categories. The following presents the activity in the Company's allowance for loan losses by portfolio class for the years ended December 31 (in thousands):

2017	Cash, Securities and Other	Construction and Development	1 - 4 Family Residential	Non-Owner Occupied CRE	Owner Occupied CRE	Commercial and Industrial	Total
Beginning balance	$ 846	$ 301	$ 1,833	$ 1,153	$ 476	$ 1,869	$ 6,478
Provision for (recovery of) credit losses	210	(99)	439	280	275	(317)	788
Charge-offs	—	—	—	—	—	—	—
Recoveries	10	—	11	—	—	—	21
Ending balance	$ 1,066	$ 202	$ 2,283	$ 1,433	$ 751	$ 1,552	$ 7,287
Allowance for loan losses at period-end allocated to loans evaluated for impairment:							
Individually	$ —	$ —	$ —	$ —	$ —	$ 722	$ 722
Collectively	1,066	202	2,283	1,433	751	830	6,565
Ending balance	$ 1,066	$ 202	$ 2,283	$ 1,433	$ 751	$ 1,552	$ 7,287
Loans at period-end, evaluated for impairment:							
Individually	$ —	$ —	$ —	$ —	$ —	$ 1,835	$ 1,835
Collectively	131,756	24,914	282,014	176,987	92,742	102,449	810,862
Ending balance	$ 131,756	$ 24,914	$ 282,014	$ 176,987	$ 92,742	$ 104,284	$ 812,697

2016	Cash, Securities and Other	Construction and Development	1 - 4 Family Residential	Non-Owner Occupied CRE	Owner Occupied CRE	Commercial and Industrial	Total
Beginning balance	$ 1,175	$ 242	$ 1,539	$ 1,199	$ 531	$ 1,270	$ 5,956
Provision for (recovery of) credit losses	(222)	(104)	261	(181)	(55)	1,286	985
Charge-offs	(124)	—	—	—	—	(687)	(811)
Recoveries	17	163	33	135	—	—	348
Ending balance	$ 846	$ 301	$ 1,833	$ 1,153	$ 476	$ 1,869	$ 6,478
Allowance for loan losses at period-end allocated to loans evaluated for impairment:							
Individually	$ —	$ —	$ —	$ —	$ —	$ 1,420	$ 1,420
Collectively	846	301	1,833	1,153	476	449	5,058
Ending balance	$ 846	$ 301	$ 1,833	$ 1,153	$ 476	$ 1,869	$ 6,478
Loans at period-end, evaluated for impairment:							
Individually	$ —	$ —	$ —	$ —	$ —	$ 3,607	$ 3,607
Collectively	111,966	39,702	242,221	152,317	62,879	59,333	668,418
Ending balance	$ 111,966	$ 39,702	$ 242,221	$ 152,317	$ 62,879	$ 62,940	$ 672,025

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 as to 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 jeopardize 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 evaluated for impairment if indicators of impairment exist.

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 not meeting the any of the three criteria above are considered to be pass-rated loans. The following presents, by class and by credit quality indicator, the recorded investment in the Company's loans as of December 31 (in thousands):

2017	Pass	Special Mention	Substandard	Total
Cash, Securities and Other	$ 131,756	$ —	$ —	$ 131,756
Construction and Development	23,756	1,158	—	24,914
1 - 4 Family Residential	279,424	—	2,590	282,014
Non-Owner Occupied CRE	174,794	—	2,193	176,987
Owner Occupied CRE	92,742	—	—	92,742
Commercial and Industrial	93,624	114	10,546	104,284
Total	$ 796,096	$ 1,272	$ 15,329	$ 812,697

2016	Pass	Special Mention	Substandard	Total
Cash, Securities and Other	$ 111,966	$ —	$ —	$ 111,966
Construction and Development	38,686	1,016	—	39,702
1 - 4 Family Residential	228,870	13,351	—	242,221
Non-Owner Occupied CRE	152,317	—	—	152,317
Owner Occupied CRE	62,879	—	—	62,879
Commercial and Industrial	56,902	664	5,374	62,940
Total	$ 651,620	$ 15,031	$ 5,374	$ 672,025

NOTE 6—PREMISES, EQUIPMENT, AND LEASE COMMITMENTS

The following presents a summary of the cost and accumulated depreciation of premises and equipment at December 31 (in thousands):

	2017	2016
Leasehold improvements, including artwork	$ 9,666	$ 9,679
Equipment and software	6,562	7,517
	16,228	17,196
Less accumulated depreciation	(9,451)	(9,201)
	$ 6,777	$ 7,995

Depreciation expense for premises and equipment for the years ended December 31, 2017 and 2016 totaled $1.7 million and $1.7 million.

The Company leases premises under non-cancelable operating leases. The following presents minimum lease payments due pursuant to the leases as of December 31, 2017 for the years indicated (in thousands):

Year	Minimum Payment
2018	$ 3,110
2019	2,949
2020	2,625
2021	1,833
2022	1,850
Thereafter	4,185
	$ 16,552

The Company's operating lease agreements generally include renewal options for periods ranging from five to seven years. The minimum lease payments due during the option periods are not included above.

Total rent expense for each the years ended December 31, 2017 and 2016 totaled $2.8 million and $2.7 million, and is included in occupancy and equipment expense in the accompanying consolidated statements of income.

NOTE 7—GOODWILL AND OTHER INTANGIBLE ASSETS

The following presents the Company's goodwill, intangible assets and related accumulated amortization as of December 31 (in thousands):

	2017	2016
Goodwill	$ 24,811	$ 24,811
Other intangibles	$ 9,327	$ 8,762
Less accumulated amortization on other intangibles	(8,094)	(7,310)
	$ 1,233	$ 1,452

Amortization expense on definite-lived customer relationship and non-compete intangible assets for the years ended December 31, 2017 and 2016 was $0.8 million and $0.7 million.

The following presents the expected amortization expense on definite-lived intangible assets for the next three years related to the balance of definite-lived intangible assets existing at December 31, 2017 (in thousands):

Year	Expense
2018	$ 853
2019	351
2020	29
Total	$ 1,233

NOTE 8—DEPOSITS

The following presents the Company's interest bearing deposits at December 31 (in thousands):

	2017	2016
Money market deposit accounts	$ 331,039	$ 260,845
Time deposits	210,292	222,404
Negotiable order of withdrawal accounts	74,300	73,616
Savings accounts	1,801	1,575
Total interest bearing deposits	$ 617,432	$ 558,440
Aggregate time deposits of $250,000 or greater	$ 136,741	$ 147,371

Overdraft balances classified as loans totaled $0.1 million and $0.1 millon at December 31, 2017 and 2016.

The following presents the scheduled maturities of all time deposits for the next five years ending December 31 (in thousands):

Year Ending	
2018	$ 170,959
2019	27,256
2020	7,413
2021	3,332
2022	1,332
Thereafter	—
	$ 210,292

NOTE 9—BORROWINGS

FHLB Topeka Borrowings

The Bank has executed a blanket pledge and security agreement with FHLB Topeka that requires certain loans and securities be pledged as collateral for any outstanding borrowings under the agreement. The collateral pledged as of December 31, 2017 and 2016 amounted to $361.7 million and $227.4 million.

Based on this collateral and the Company's holdings of FHLB Topeka stock, the Company is eligible to borrow an additional $196.6 million at December 31, 2017. Each advance is payable at its maturity date.

The Company had the following borrowings from FHLB Topeka at December 31 (in thousands):

Maturity Date	Rate %	2017	2016
August 3, 2018	1.47	$ 8,563	$ 10,000
October 31, 2018	1.75	10,000	10,000
August 26, 2020	1.94	10,000	—
August 14, 2017 (repaid)	0.72	—	17,000
		$ 28,563	$ 37,000

Subordinated Debentures

The Company previously issued convertible subordinated debentures to two then executive officers of the Company. The convertible subordinated debentures were convertible into common stock of the Company at fixed rates of exchange during the contract term, accrued interest which is compounded annually, and were subject to certain conditions. In exchange for the issuance of the debentures, the Company received promissory notes from the officers with like terms to the issued debentures. At the date of issuance, the difference between the fair value and the face amount of each instrument was accounted for as a premium, which was amortized over the ten-year term within other operational expense. The promissory notes were required to be prepaid prior to any conversion of the convertible subordinated debentures to common stock. The number of shares of common stock into which these debentures were convertible was determined by dividing the outstanding principal and accrued but unpaid interest at the time of the conversion by the conversion price. As of December 31, 2017, none of the debentures or related promissory notes remain outstanding as they were all exercised or expired unexercised.

The debentures issued on August 1, 2007, which accrued interest at 5.5%, were not exercised and therefore, the subordinated debentures and related promissory note expired.

The Debentures issued on May 1, 2006, accrued interest at 5.9%. Of the $9.9 million related to the 2006 debentures, $6.6 million was exercised in 2016, while the remaining $3.3 million was not exercised and therefore, the subordinated debenture and related promissory note expired. The $6.6 million of convertible subordinated debentures were exercised in 2016, by the holder paying the Company $6.6 million in cash to repay the 2006 promissory note. The Company issued 300,000 shares of common stock as consideration for the convertible subordinated debentures, which is a conversion price of $22.00 per share. The Company did not loan the holder the funds to exercise the debenture.

During the years ended December 31, 2017 and 2016, the Company recorded $0.2 million and $0.8 million of interest income on the promissory notes. During the years ended December 31, 2017 and 2016, the Company recorded $0.2 million and $0.8 million of interest expense on the subordinated debentures. The income on the promissory notes is included in *Interest and dividend income, loans including fees* and the expense on the convertible subordinated debentures is included in *Interest expense, other borrowed funds* in the accompanying consolidated statements of income.

Subordinated Notes

In 2017 and 2016, the Company issued $0.3 million and $6.3 million of subordinated notes (the "2016 Sub Notes") to various investors. The 2016 Sub Notes accrue interest at a rate of 7.25% per annum until December 31, 2021, at which time the rate will adjust each quarter to the then current 90 day London

Interbank Offered Rate ("LIBOR") plus 587 basis points, mature on December 31, 2026, are redeemable at the option of the Company after January 1, 2022, and pay interest quarterly.

In 2012, the Company issued $7.6 million of subordinated notes (the "2012 Sub Notes") to various investors. The 2012 Sub Notes accrue interest at a fixed rate of 8.0% per annum, mature in July 2020, are redeemable at the option of the Company after July 2015 (which is three years after issuance, none of 2012 Sub Notes were redeemed in 2017 and $0.8 million were redeemed in 2016), and pay interest quarterly. If the 2012 Sub Notes are redeemed after July 2015, the Company would pay a premium of 3.0% of par, which declines 1.0% each year thereafter. The Company paid an insiginificant amount of premiums related to the 2012 Sub Notes that were redeemed in 2016. After six years (July 2018) the Company can repay the Sub Notes with no premium.

For the years ended December 31, 2017 and 2016, the Company recorded $1.0 million and $0.7 million of interest expense related to the 2016 Sub Notes and 2012 Sub Notes. The 2016 Sub Notes and 2012 Sub Notes are included in Tier 2 capital under current regulatory guidelines and interpretations, subject to limitations.

Promissory and Credit Note and BBW

On July 31, 2014, the Company entered into an Amended and Restated Promissory Note (the "Promissory Note") and an Amended and Restated Revolving Credit Note (the "Credit Note") with a correspondent lending partner. Both the Promissory Note and Credit Note matured on March 31, 2015. On March 31, 2015, the Promissory Note and Credit Note maturity dates were extended to March 31, 2017, then on March 31, 2017, the Promissory Note and Credit Note maturity dates were extended to March 31, 2018. The Promissory Note and Credit Note are secured by stock of the Bank and bear interest at the 30 day LIBOR plus 4.0%. As of December 31, 2017, there were no amounts outstanding on either the Promissory Note or the Credit Note and the borrowing capacity associated with these facilities was $7.2 million. At December 31, 2016, $2.7 million was outstanding on the Credit Note and no amounts outstanding on the Promissory Note. The interest rate on the Credit Note and Promissory Note was 4.63% at December 31, 2016.

The Bank has borrowing capacity associated with two unsecured federal funds lines of credit up to $13.0 million and $25.0 million. As of December 31, 2017 and 2016, there are no amounts outstanding on either of the federal funds lines.

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 19). As of December 31, 2017 and 2016, the Company was in compliance with the covenant requirements.

NOTE 10—COMMITMENTS AND CONTINGENCIES

The Bank 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 customers. 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 consolidated balance sheets. Commitments may expire without being utilized. The Bank's exposure to credit loss is represented by the contractual amount of these commitments, although material losses are not anticipated. The Bank 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 December 31 (in thousands):

	2017		2016	
	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate
Unused lines of credit	$ 42,971	$ 218,536	$ 52,678	$ 180,951
Standby letters of credit	$ 40	$ 15,532	$ 187	$ 17,376
Commitments to make loans	$ 4,596	$ 20,572	$ —	$ 5,660

Unused lines of credit are agreements to lend to a customer 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 Bank, is based on management's credit evaluation of the customer.

Unused lines of credit under commercial lines of credit, revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines of credit are uncollateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Bank is committed.

Commercial and standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer 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 customers. The Bank holds collateral supporting those commitments if deemed necessary.

Litigation, Claims and Settlements

On or about September 1, 2016, the Company terminated an associate. The Company filed legal action against the former associate asserting causes of action against him in connection with his conduct while an employee and post-employment breach of certain surviving provisions of his employment agreement. The former employee then filed an action against the Company alleging wrongful termination, failure to pay all wages upon termination, and failure to pay reimbursement. On November 16, 2017, the parties reached a confidential global resolution of the disputes between them and the action was dismissed, with prejudice. The amounts are reflected in other income within the consolidated statement of income for the year ended December 31, 2017.

In 2015, a bank in Arizona brought suit against the Company, the Bank, and several individuals formerly employed by the plaintiff and subsequently employed by the Bank, arising from the Company's hiring of multiple former plaintiff employees engaged in the mortgage lending area. The plaintiff and the Company entered into a confidential settlement with no admission of liability or wrongdoing, and filed a stipulation for the dismissal of the Company from the action, with prejudice, on June 14, 2017. The settlement amount is included within the professional services component of non-interest income in the consolidated statements of income for the year ended December 31, 2017.

Various legal claims arise from time to time in the normal course of business which, in the opinion of management as of December 31, 2017, will have no material effect on the Company's consolidated financial statements.

NOTE 11—SHAREHOLDERS' EQUITY

Preferred Stock

The Company has outstanding the following preferred stock issued pursuant to the United States Treasury's Capital Purchase Program ("CPP") of the Emergency Economic Stabilization Act of 2008:

Series and Title(A)	Number of Shares Issued(B)	Dividend Rate(D)
Fixed Rate Cumulative Perpetual Preferred Stock, Series A ("Preferred A Shares")—issued February 6, 2009	8,559	9.0%
Fixed Rate Cumulative Perpetual Preferred Stock, Series B ("Preferred B Shares")—issued February 6, 2009	428(C)	9.0%
Fixed Rate Cumulative Perpetual Preferred Stock, Series C ("Preferred C Shares")—issued December 11, 2009	11,881	9.0%
	20,868	

(A) Preferred A Shares, Preferred B Shares and Preferred C Shares have no par value, are non-voting, and have a $1,000 liquidation preference per share, or $20.9 million in total.

(B) Proceeds from the issuance of Preferred A Shares, Preferred B Shares, and Preferred C Shares was $20.4 million.

(C) Preferred B Shares were issued pursuant to the exercise of 428 warrants at an exercise price of $0.01 per share on February 6, 2009. The estimated fair value of the warrants was recorded as a discount to preferred stock and was accreted through February 2015 as additional dividends on the preferred stock.

(D) Dividends are cumulative and are payable each February 15, May 15, August 15 and November 15.

Convertible Preferred Stock

During the year ended December 31, 2012, the Company issued $7.3 million (net of $0.05 issuance costs of $0.1 million) of Non-cumulative Perpetual Convertible Preferred Stock, Series D (the "Preferred D Shares") with the features described below.

Shares:	73,000 shares at $100 per share (at December 31, 2017 and 2016, 41,000 and 46,000 shares remain outstanding after the conversions described below)
Dividends:	Non-cumulative, fixed at 9.0% per annum when, and if declared by the Company
Dividend payment dates:	Calendar quarter ends
Redemption:	Redeemable at the sole option of the Company on or after July 20, 2017 (none redeemed during 2017)
Conversion rights:	Convertible at the option of the holder into Company common stock at a conversion rate of 3.7 shares of common stock per share of Series D Preferred Share
Voting:	The Preferred D Shares are nonvoting
Liquidation value:	$7.3 million (at December 31, 2017 and 2016, $4.1 million and $4.6 million remain outstanding after the conversions described below)

In 2017, the Company offered the holders of the Preferred D Shares the option to convert their Preferred D Shares to common stock, with dividends prepaid through December 2017 and an election to take a "Make Whole Right" and convert the Preferred D Shares to common stock at the rate of 3.5 shares of common stock per share of Series D Preferred Stock. The Make Whole Right is described further below. During the year ended December 31, 2017, the holders of 5,000 shares of Preferred D Shares agreed to the conversion and the Company prepaid an immaterial amount of dividends and issued 17,500 of common stock upon the conversion.

In 2016, the Company offered the holders of the Preferred D Shares the option to convert their Preferred D Shares to common stock, with dividends prepaid through March 2018. During the year ended December 31, 2016, the holders of 27,000 shares of Series Preferred D Shares agreed to the conversion, the Company prepaid $0.4 million of dividends, and issued 99,900 shares of common stock upon the conversion.

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 (though certain voting restrictions may exist on non-vested restricted stock) held. In 2017 and 2016, the following activity occurred with the Company's common stock:

- During 2017 and 2016, the Company sold 186,791 and 94,577 shares of its common stock through two Private Placement Memorandums ("PPM") resulting in proceeds to the Company of $5.3 million and $2.5 million (net of issuance costs of $0.1 million and $0.1 million). Of the 186,791 shares sold in 2017, 173,212 shares included a Make Whole Right, which terminates on the earliest of December 31, 2019 or the completion of an initial public offering, other sale or change in control if completed below a defined price per share. The maximum aggregate number of shares that may be issued subject to the Make Whole Right termination at December 31, 2019 is 95,356 shares. Events that activate the Make Whole Right are subject to certain exclusions, including common stock issued pursuant to the PPM, issued as consideration in an acquisition of assets or a business or issued as a component of the Company's stock-based compensation plans.

- In 2017, as described in Note 2—Acquisitions, the Company issued 105,264 shares of common stock ("Restricted Stock Awards") with a value of $3.0 million to the sole shareholder of EMC, subject to forfeiture based on his continued employment with the Company. Half of the common stock ($1.5 million or 52,632 shares) vests ratably over five-years as long as the sole shareholder employed with the Company. The remaining $1.5 million, or 52,632 shares, will be earned based on performance of the mortgage division of the Company. The Restricted Stock Awards issued in 2017 have a weighted-average fair value of $28.50 per share. As of December 31, 2017, the Company has $2.9 million of unrecognized stock-based compensation expense related to the shares issued pursuant to the Mortgage Purchase Agreement which will be expensed over approximately five years. None of the restricted stock awards vested as of December 31, 2017.

- As described in Note 10—Commitments and Contingencies, the Company settled a legal claim and as a result of the settlement, the Company received 8,580 shares of its common stock with an estimated fair value at the time of settlement of $0.2 million. As of December 31, 2017, the shares received as a result of the settlement are retired.

Stock-Based Compensation Plans

The Company has the following plans under which it can and has issued stock-based compensation awards to associate and non-associate board members:

1. First Western Financial, Inc. 2016 Omnibus Incentive Plan (the "2016 Plan") approved by the Company shareholders' in April 2017,

2. First Western Financial, Inc. 2008 Stock Incentive Plan (the "2008 Plan"), which was frozen with the issuance of the 2016 Plan, and

3. Stock Option Plan, as amended (the "2004 Plan"), which was frozen with the issuance of the 2008 Plan.

As noted above, the 2008 Plan and 2004 Plan are both frozen. Option grants made pursuant to the 2008 Plan and 2004 Plan remain in full force and effect until exercised or expired, however, no further new grants are permitted under either plan.

As of December 31, 2017, no grants issued pursuant to the 2004 Plan remain outstanding, and 592,714 options remain outstanding under the 2008 Plan.

As of December 31, 2017, there are a total of 675,104 shares available for issuance under the 2016 Plan. As of December 31, 2017, if the 592,714 options outstanding under the 2008 Plan are forfeited, cancelled or terminated with no consideration paid to the Company, those amounts will be transferred to the 2016 Plan and increase the number of shares eligible to be granted under the 2016 Plan to a maximum of 1,267,818 shares.

Pursuant to the 2016 Plan the Company may grant stock-based compensation awards to associates and non-associate board members.

Under the 2016 Plan and 2008 Plan (until frozen) the Company could grant stock options with exercise prices at or above the estimated fair value of the stock at the date of grant. The options generally vest over service periods up to five-years from the date of grant. Except as otherwise permitted, if employment is terminated for reasons other than retirement, permanent disability, or death, the option period is reduced or the options are canceled. Associates, who are involved in endeavors significant to the Company's success, as determined by the Company's board of directors, are eligible to receive Incentive Stock Options, Non-qualified Stock Options, or restricted unit grants.

Stock Options

The Company's determination of the estimated fair value of option awards on the date of grant uses a Black-Scholes model which are affected by the following variables and assumptions:

- The grant date exercise price equals the estimated stock price at the date of grant;
- Expected term is calculated using the simplified method;
- Estimated dividend rates are based on historical and anticipated dividends over the life of the options;
- Risk-free interest rates are based on risk-free investments with maturities that approximate the expected term of the options; and

- Stock price volatility is based on the calculated volatility of a selected group of publicly traded peer companies, which is based on the daily closing price of the peer companies over the expected term of the options.

The Company did not grant any stock options to associates during the year ended December 31, 2017.

In 2016, the Company granted certain associates and non-associate directors, options to purchase shares of the Company's common stock pursuant to the 2008 Plan. All options granted vest five-years from the date of grant and expire ten-years from the date of grant. The Company calculated the weighted-average grant date fair value of these options using the Black-Scholes model with the following weighted-average assumptions as of the grant date. The stock-based compensation is being expensed monthly on a straight-line basis over the vesting periods.

	2016
Exercise price	$ 26.81
Risk-free interest rate	1.6%
Expected term (years)	7.5
Expected stock price volatility	31.6%
Dividend yield	—%

During the years ended December 31, 2017 and 2016, the Company recognized stock-based compensation expense of $0.8 million and $1.0 million associated with stock options. As of December 31, 2017, the Company has $1.3 million of unrecognized stock-based compensation expense related to stock options which are unvested. That cost is expected to be recognized over a weighted-average period of approximately two and a half years.

The following summarizes stock option activity for incentive stock options for the year ended December 31, 2017:

	Number of Options	Weighted Average Exercise Price
Outstanding at beginning of year	41,800	$ 27.98
Granted	—	—
Exercised	(250)	25.00
Forfeited or expired	(41,550)	28.00
Outstanding at end of year	—	
Options fully vested / exercisable at December 31, 2017	—	

The following summarizes activity for nonqualified stock options for the year ended December 31, 2017:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at beginning of year	646,567	$ 28.98		
Granted	—	—		
Exercised	(9,635)	22.99		
Forfeited or expired	(44,218)	26.58		
Outstanding at end of year	592,714	29.24	5.5	(a)
Options fully vested / exercisable at December 31, 2017	458,942	$ 30.90	5.0	(a)

(a) Nonqualified stock options outstanding at the end of the year and those fully vested / exercisable had an aggregate intrinsic value of $2.0 million and $1.4 million.

The weighted-average grant date fair value of options granted during the year ended December 31, 2016 was $10.01.

As of December 31, 2017 there were 592,714 options expected to vest, with a weighted average exercise price of $29.24, a weighted average remaing term of 5.5 years, and an aggregate intrinsic value of $2.0 million.

As of December 31, 2017 and 2016, there were 458,942 and 429,897 options that were exercisable. Exercise prices are between $20.00 and $40.00 per share, and the options are exercisable for a period of ten-years from the original grant date and expire on various dates between 2021 and 2026.

During the year ended December 31, 2017, the Company issued 2,939 shares of common stock upon the exercise of stock options. Cash proceeds of an immaterial amount was received for 750 options exercised, and the remaining 2,189 shares were paid by the option holder surrendering 11,783 options with a combined market value at the dates of exercise of $0.3 million.

Share Awards

Pursuant to the 2016 Plan, the Company can grant associates and non-associate directors, long-term cash and stock-based compensation. During the year ended December 31, 2017, the Company granted certain associates 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:

- Restricted Stock Units which vest in equal installments (referred to as the "Time Vesting Units"),
- Performance Stock Units which will be earned based on the Company achieving certain financial criteria, which if achieved then require a time vesting period as well (referred to as the "Financial Performance Units"), and
- Performance Stock Units which will be earned based on the defined growth in the Company's stock, followed by a time vesting period as well (referred to as the "Market Performance Units").

The following summarizes the activity for the Time Vesting Units, the Financial Performance Units and the Market Performance Units for the year ended December 31, 2017:

	Time Vesting Units	Financial Performance Units	Market Performance Units
Outstanding at beginning of year	—	—	—
Granted	188,531	24,014	24,650
Vested	—	—	—
Forfeited	(8,541)	(3,174)	(3,183)
Outstanding at end of year	179,990	20,840	21,467
Units fully vested at December 31, 2017	—	—	—

Time Vesting Units

The Time Vesting Units were granted to all full-time associates at the date approved by the Company's board of directors. Time Vesting Units with multiple service periods were granted in 2017. There were 116,407 awards that vest in equal installments of 20% over five years and the remaining Time Vesting Units vest in equal installments of 50% on the third and fifth anniversaries of the grant date assuming continuous employment through the scheduled vesting dates. The Time Vesting Units granted in 2017 have a weighted-average grant-date fair value of $27.00 per unit. During the year ended December 31, 2017, the Company recognized compensation expense of $0.4 million for the Time Vesting Units. As of December 31, 2017, there is $4.5 million of unrecognized compensation expense related to the Time Vesting Units, which is expected to be recognized over a weighted-average period of four and a half years.

Financial Performance Units

The Financial Performance Units were granted to certain key associates and are earned based on the Company achieving various financial performance metrics beginning on the grant date and ending on December 31, 2019. If the Company achieves the financial metrics, which include various thresholds from 0% up to 150%, then the Financial Performance Units will have a subsequent two-year service period vesting requirement ending on December 31, 2021. The Financial Performance Units granted in 2017 have a weighted-average grant-date fair value of $27.00 per unit. As of December 31, 2017, the Company is accruing at the target threshold. The maximum shares that can be issued at 150% is 36,021 shares. During the year ended December 31, 2017, the Company recognized compensation expense of $0.1 million for the Financial Performance Units. As of December 31, 2017, there is $0.5 million of unrecognized compensation expense related to the Financial Performance Units which is expected to be recognized over a weighted-average period of four years.

Market Performance Units

Market Performance Units were granted to certain key associates and are earned based on growth in the value of the Company's common stock, and are dependent on the Company completing an Initial Public Offering of stock during a defined period of time. If the Company completes an initial public offering and the common stock is trading at or above certain prices, over a three-year performance period ending on June 30, 2020, the Market Performance Units will be determined to be earned and vest following the completion of a subsequent service period ending on June 30, 2022.

Because the likelihood that an initial public offering in the future is outside the Company's control, the Company is not able to estimate a probability associated with meeting the Market Performance Units performance condition. Further, the existence of a market condition as a vesting requirement for the Market Performance Units affects the determination of the grant date fair value. Therefore, as of December 31, 2017, a grant date fair value has not been determined and zero stock-based compensation expense for the Market Performance Units has been recognized. As of December 31, 2017, the value of unrecognized stock-based compensation expense related to Market Performance Units which are unvested cannot be determined.

NOTE 12—EARNINGS (LOSS) PER COMMON SHARE

The table below presents the calculation of basic and diluted earnings (loss) per common share for the years ended December 31, 2017 and 2016 (amounts in thousands, except share and per share amounts):

	Year Ended December 31,	
	2017	2016
	Net Income	Net Income
Net income	$ 2,023	$ 2,302
Dividends on preferred stock	(2,291)	(2,840)
Net income (loss) available for common shareholders	(268)	(538)
Basic and diluted weighted average shares	5,586,620	5,120,507
Basic and diluted loss per common share	(0.05)	(0.11)

Despite having positive net income, due to the dividends on preferred stock, the Company reports a net loss available to common shareholders for purposes of reporting earnings per share. As a result, diluted earnings per share was computed without consideration to potentially dilutive instruments as their inclusion would have been anti-dilutive. As of December 31, 2017 and 2016, potentially dilutive securities excluded from the diluted loss per share calculation are as follows:

	Year Ended December 31,	
	2017	2016
Stock options	592,714	688,367
Convertible Debentures	—	177,768
Convertible Preferred D shares	151,700	170,200
Time Vesting Units	179,990	—
Financial Performance Units	20,840	—
Market Performance Units	21,467	—
Restricted stock awards	105,264	—
Maximum number of shares issuable under the Make Whole Right	95,356	—
Total potentially dilutive securities	1,167,331	1,036,335

NOTE 13—INCOME TAXES

The components of the Company's income tax expense as of December 31 (in thousands):

	2017	2016
Current:		
Federal	$ 140	$ (23)
State and local	173	(16)
Total current tax expense (benefit)	313	(39)
Deferred:		
Federal	$ 1,902	$ 1,090
Net deferred tax asset remeasurement	1,179	—
State and local	(410)	218
Total deferred taxes	2,671	1,308
Income tax expense	$ 2,984	$ 1,269

On December 22, 2017, H.R. 1, originally known as the Tax Cuts and Jobs Act (the "2017 Tax Reform") was enacted. The 2017 Tax Reform significantly revised the U.S. corporate income tax code by, among other things, lowering the U.S. corporate tax rate from 35% to 21% effective January 1, 2018. GAAP requires that the impact of tax legislation be recognized in the period in which the law was enacted. As a result of the 2017 Tax Reform, the Company recorded a tax expense of $1.2 million due to a remeasurement of deferred tax assets and liabilities. This tax expense represents a provisional amount and the Company's current best estimates of the impact of the 2017 Tax Reform.

Current income tax expense is primarily a result of recording alternative minimum tax and minimum California state income taxes. The major components of deferred income tax expense are related to nondeductible expenses, including meals and entertainment and stock-based compensation expense.

The following reconciles income tax expense, computed by applying the United States federal income tax rate of 35% to income before income taxes, to income taxes reflected on the statements of income for the years ended December 31 (in thousands):

	2017	2016
Income tax expense computed at 35% statutory rate	$ 1,753	$ 1,250
Statutory rate change from 35% to 21%	1,179	—
Differences:		
Permanent differences	(114)	(97)
State taxes, net of federal expense	166	117
Other, net	—	(1)
Income tax expense	$ 2,984	$ 1,269

The following outlines the principal components of the Company's deferred tax items as of December 31 (in thousands):

	2017	2016
Deferred tax assets:		
Net operating loss carryforwards	$ 2,758	$ 5,323
Allowance for loan losses	1,911	2,505
Deferred rent	957	1,398
Stock-based compensation	1,266	1,158
Allowance for losses on other real estate owned	469	1,059
Other intangible assets	946	1,002
Unrealized losses on securities	405	645
Other	—	1
Total deferred tax assets	8,712	13,091
Deferred tax liabilities:		
Goodwill	$ (1,683)	$ (2,479)
Depreciation	(998)	(1,604)
Other	(44)	—
Total deferred tax liabilities	(2,725)	(4,083)
Net deferred tax asset	$ 5,987	$ 9,008

The net operating loss ("NOL") carryforwards expire in the years 2028 through 2033. As of December 31, 2017, the Company has $6.5 million, $7.3 million, and $10.3 million of federal, California, and Colorado NOLs available for utilization. In general, a corporation's ability to utilize its NOL carryforwards may be substantially limited due to ownership changes that have occurred or that could occur in the future, as required by Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"), as well as similar state provisions. These ownership changes may limit the amount of NOL carryforwards that can be utilized annually to offset future taxable income and tax. In general, an "ownership change," as defined by Section 382 of the Code, results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50 percent of the capital (as defined) of a company by certain stockholders or public groups.

The Company identified no material uncertain tax positions for which it is reasonably possible the total amount of unrecognized tax benefits will significantly increase or decrease within 12 months. The Company and its subsidiaries file tax returns for the United States and for multiple states and localities. The United States federal income tax returns of the Company are eligible to be examined for the years 2013 and forward. There are no federal or state tax examinations currently in progress.

NOTE 14—EMPLOYEE BENEFIT PLANS

The Company sponsors a 401(k) Plan, which is a defined contribution plan, in which substantially all associates are eligible to participate in and associates may contribute up to 100% of their compensation subject to certain limits based on federal tax laws. The Company may elect to make matching contributions as defined by the plan. For the years ended December 31, 2017 and 2016, the Company expensed matching contributions to the plan totaling $0.6 million and $0.5 million. The Company did not pay any expenses attributable to the plan during the years ended December 31, 2017 and 2016.

NOTE 15—RELATED-PARTY TRANSACTIONS

The Company granted loans to principal officers and directors and their affiliates, which are deemed related parties. At December 31, 2017 and 2016, there were no delinquent or non-performing loans to any officer or director of the Company. The following presents a summary of related-party loan activity as of December 31 (in thousands):

	2017	2016
Balance, beginning of year	$ 10,268	$ 14,224
Funded loans	8,119	3,638
Payments collected	(4,310)	(7,594)
Changes in related parties	—	—
Balance, end of year	$ 14,077	$ 10,268

Deposits from related parties held by the Bank at December 31, 2017 and 2016 totaled $53.1 million and $27.9 million.

The Company leases office space from an entity controlled by one of the Company's board members. During the years ended December 31, 2017 and 2016, the Company expensed $0.1 million and $0.1 million, related to this lease.

Convertible subordinated debentures and the related notes receivable were executed with an executive officer and former executive officer. As of December 31, 2017, no amounts remain outstanding on either the convertible subordinated debentures or the related promissory note. The carrying values of the notes receivable and convertible subordinated debentures as of December 31, 2016 were $4.7 million and $4.7 million. These amounts are included in the *promissory notes from related parties* on the accompanying consolidated balance sheet.

The Company also has notes receivable from an executive officer and former executive officer totaling $5.8 million and $5.7 million, as of December 31, 2017 and 2016. The notes bear interest at the Prime rate per annum (4.50% at December 31, 2017). The note from the executive officer matures on April 30, 2019 and the note from the former executive officer matures on April 30, 2018. These amounts are included in the *promissory notes from related parties* on the accompanying consolidated balance sheet.

NOTE 16—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.

There were no transfers between levels during 2017 or 2016. The Company used the following methods and significant assumptions to estimate fair value:

Investment Securities: The fair values for 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 are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

Interest Rate Locks and Forward Delivery Commitments: Fair values of these mortgage derivatives are estimated based on changes in mortgage interest rates from the date the commitment related to the loan is locked. The fair value estimate 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 (Level 3).

Derivative instruments are carried at fair value in the Company's financial statements. The accounting for changes in the fair value of a derivative instrument are accounted for within the consolidated statements of income.

The following presents assets measured on a recurring basis at December 31 (in thousands):

2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Reported Balance
Investment securities available-for-sale:				
U.S. treasury and federal agency	$ 249	$ —	$ —	$ 249
GNMA mortgage-backed securities—residential	—	40,836	—	40,836
Collateralized mortgage obligations issued by U.S. government sponsored entities and agencies	—	9,453	—	9,453
Corporate collateralized mortgage obligations and mortgage-backed securities	—	1,479	—	1,479
SBIC	—	930	—	930
Equity mutual fund	703	—	—	703
Total securities available-for-sale	$ 952	$ 52,698	$ —	$ 53,650
Interest rate lock and forward delivery commitments	$ —	$ 665	$ —	$ 665

2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Reported Balance
Investment securities available-for-sale:				
U.S. treasury and federal agency	$ 249	$ —	$ —	$ 249
GNMA mortgage-backed securities—residential	—	78,708	—	78,708
Collateralized mortgage obligations issued by U.S. government sponsored entities and agencies	—	11,533	—	11,533
Corporate collateralized mortgage obligations and mortgage-backed securities	—	5,735	—	5,735
SBIC	—	721	—	721
Equity mutual fund	709	—	—	709
Total securities available-for-sale	$ 958	$ 96,697	$ —	$ 97,655
Interest rate lock and forward delivery commitments	$ —	$ 305	$ —	$ 305

Mutual funds and U.S. Treasury notes are reported at fair value utilizing Level 1 inputs. CMO's issued by U.S. government sponsored entities and agencies—residential are reported at fair value with Level 2 inputs provided by a pricing service. As of December 31, 2017 and 2016, the majority of the CMO's have credit support provided by the Federal Home Loan Mortgage Corporation, GNMA, the Federal National Mortgage Association or the Small Business Administration. Factors used to value the securities by the pricing service include: benchmark yields, reported trades, interest spreads, prepayments, and other market research. In addition, ratings and collateral quality are considered.

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 annually. 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. Other real estate owned is evaluated monthly for additional impairment and adjusted accordingly.

Impaired Loans: The fair value of impaired loans with specific allocations of the allowance for loan losses is generally based on recent appraisals. 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. Impaired loans are evaluated monthly for additional impairment and adjusted accordingly.

Appraisals for both collateral-dependent impaired loans and other real estate owned 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 assets measured on a nonrecurring basis as of December 31 (in thousands):

2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Reported Balance
Other real estate owned:				
Commercial properties	$ —	$ —	$ 658	$ 658
Total other real estate owned	$ —	$ —	$ 658	$ 658
Total impaired loans:				
Commercial and industrial	$ —	$ —	$ 1,113	$ 1,113
Total impaired loans	$ —	$ —	$ 1,113	$ 1,113

2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Reported Balance
Other real estate owned:				
Commercial properties	$ —	$ —	$ 2,837	$ 2,837
Total other real estate owned	$ —	$ —	$ 2,837	$ 2,837
Total impaired loans:				
Commercial and industrial	$ —	$ —	$ 2,187	$ 2,187
Total impaired loans	$ —	$ —	$ 2,187	$ 2,187

The sales comparison approach was utilized for estimating the fair value of non-recurring assets.

At December 31, 2017 and 2016, other real estate owned at fair value had a carrying amount of $0.7 million and $2.8 million, which is the cost basis of $2.4 million and $5.7 million net of a valuation allowance of $1.7 million and $2.9 million.

At December 31, 2017, impaired loans which were measured for impairment using the fair value of the collateral for collateral dependent loans had carrying values of $1.8 million with valuation allowances of $0.7 million and are classified as Level 3. At December 31, 2016, impaired loans which were measured for impairment using the fair value of the collateral for collateral dependent loans had carrying values of $3.6 million with valuation allowances of $1.4 million and are classified as level 3. Impaired loans valued using discounted cash flow analyses are not deemed to be at fair value at December 31, 2017 or 2016.

Impaired loans accounted for additional provisions for loan losses of $0.7 million and $0.3 million for the years ended December 31, 2017 and 2016.

The following presents carrying amounts and estimated fair values for as of December 31 (in thousands):

2017	Carrying Amount	Fair Value Measurements Using: Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 9,502	$ 9,502	$ —	$ —
Securities available-for-sale	53,650	952	52,698	—
Loans, net	806,402	—	—	822,392
Mortgage loans held for sale	22,940	—	22,940	—
Correspondent bank stock	1,555	N/A	N/A	N/A
Accrued interest receivable	2,421	—	2,421	—
Promissory notes, net	5,792	—	—	5,792
Liabilities:				
Deposits	$ 816,117	$ —	$ 821,059	$ —
Borrowings:				
FHLB Topeka Borrowings—fixed rate	28,563	—	29,108	—
2016 Subordinated notes—fixed-to-floating rate	6,560	—	—	6,893
2012 Subordinated notes—fixed rate	6,875	—	—	7,129
Accrued interest payable	197	—	197	—

2016	Carrying Amount	Fair Value Measurements Using: Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 62,685	$ 62,685	$ —	$ —
Securities available-for-sale	97,655	958	96,697	—
Loans, net	666,337	—	—	682,947
Mortgage loans held for sale	8,053	—	8,053	—
Correspondent bank stock	1,769	N/A	N/A	N/A
Accrued interest receivable	1,917	—	1,917	—
Promissory notes, net	10,384	—	—	10,512
Liabilities:				
Deposits	$ 753,900	$ —	$ 754,955	$ —
Borrowings:				
BMO Note—variable rate	2,736	—	—	2,736
Convertible subordinated debentures, net Fixed rate	4,749	—	—	4,858
FHLB Topeka Borrowings—fixed rate	37,000	—	37,565	—
2016 Subordinated notes—fixed-to-floating rate	6,275	—	—	6,987
2012 Subordinated notes—fixed rate	6,875	—	—	7,387
Accrued interest payable	160	—	160	—

The fair value estimates presented and discussed above are based on pertinent information available to management as of the dates specified. 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 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 and Restricted Cash: The carrying amounts of cash and cash equivalents and restricted cash approximate fair values as maturities are less than 90 days and balances are generally in accounts bearing current market interest rates.

Loans, net: The fair values for all fixed-rate performing loans have been estimated by discounting the projected cash flows of such loans at December 31, 2017 and 2016 using the current rate at which similar loans would be made to borrowers with similar credit ratings and for the same maturities as of those dates. The fair values of the Company's variable-rate performing loans which are immediately re-priced, approximate their carrying values. Variable-rate loans that do not re-price immediately are discounted at the offering rate at year-end.

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

Correspondent Bank Stock: It is not practical to determine the fair value of FHLB stock and Bankers' Bank of the West stock due to restrictions placed on their transferability.

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

Promissory Notes, net and Convertible Subordinated Debentures, net: As described in Note 9, the Company holds promissory notes and has issued convertible subordinated debentures that are interdependent and for which there is no market. The notes are valued using discounted cash flows and market rates.

Deposits: The fair values disclosed for demand deposits (e.g., interest and noninterest 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 discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

Borrowings:

Variable Rate Borrowings: The carrying amounts of borrowings with variable rates approximate their fair values since the interest rates change to reflect current market borrowing rates for similar instruments and borrowers with similar credit ratings.

Fixed 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.

NOTE 17—SEGMENT REPORTING

The Company's reportable segments consist of Wealth Management, Capital 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 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.

The Capital Management segment consist of operations relative to the Company's institutional investment management services over proprietary fixed income, high yield, and equity strategies, including the advisor of three owned, managed, and rated mutual funds. Capital management products and services are financial in nature for which revenues are based on a percentage of assets under management or paid premiums.

The Mortgage segment consist 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 tables below present the financial information for each segment that is specifically identifiable or based on allocations using internal methods for the years ended December 31 (in thousands)

2017	Wealth Management	Capital Management	Mortgage	Consolidated
Income Statement				
Total interest income	$ 33,337	$ —	$ —	$ 33,337
Total interest expense	5,761	—	—	5,761
Provision for loan losses	788	—	—	788
Net-interest income	26,788	—	—	26,788
Non-interest income	18,901	4,993	3,819	27,713
Total income	45,689	4,993	3,819	54,501
Depreciation and amortization expense	$ 2,339	$ 108	$ —	$ 2,447
All other non-interest expense	37,058	5,759	4,230	47,047
Income before income tax	$ 6,292	$ (874)	$ (411)	$ 5,007
Goodwill	$ 15,994	$ 8,817	$ —	$ 24,811
Total assets	$ 934,719	$ 12,000	$ 22,940	$ 969,659

2016	Wealth Management	Capital Management	Mortgage	Consolidated
Income Statement				
Total interest income	$ 29,520	$ —	$ —	$ 29,520
Total interest expense	5,063	—	—	5,063
Provision for loan losses	985	—	—	985
Net-interest income	23,472	—	—	23,472
Non-interest income	17,737	5,581	6,604	29,922
Total income	41,209	5,581	6,604	53,394
Depreciation and amortization expense	$ 2,300	$ 123	$ —	$ 2,423
All other non-interest expense	33,532	6,517	7,351	47,400
Income before income tax	$ 5,377	$ (1,059)	$ (747)	$ 3,571
Goodwill	$ 15,994	$ 8,817	$ —	$ 24,811
Total assets	$ 894,093	$ 13,852	$ 8,053	$ 915,998

NOTE 18—CONDENSED FINACIAL STATEMENTS OF PARENT COMPANY

The tables below present condensed financial statements pertaining only to FWFI (in thousands). Investments in subsidiaries are stated using the equity method of accounting.

Condensed Balance Sheets	December 31, 2017	2016
ASSETS		
Cash and cash equivalents:	$ 6,935	$ 9,569
Investment in subsidiaries	103,457	95,692
Promissory notes, net of discount	5,792	10,384
Other assets	2,361	3,698
Total assets	$ 118,545	$ 119,343
LIABILITIES		
Borrowings:		
Convertible subordinated debentures, net of discount	$ —	$ 4,749
Credit Term Note	—	2,736
Subordinated Notes	13,435	13,150
Other liabilities	3,264	2,780
Total liabilities	16,699	23,415
SHAREHOLDERS' EQUITY		
Total shareholders' equity	101,846	95,928
Total liabilities and shareholders' equity	$ 118,545	$ 119,343

Condensed Statements of Income	Year Ended December 31, 2017	2016
Income		
Interest income	$ 423	$ 1,116
Non-interest income	—	2
Total income	423	1,118
Expense		
Interest expense	1,235	1,703
Non-interest expense	203	170
Total expense	1,438	1,873
Loss Before Income Tax and Equity in Undistributed Income of Subsidiaries	(1,015)	(755)
Income Tax Benefit	1,492	214
Income (Loss) Before Equity in Undistributed Income of Subsidiaries	477	(541)
Equity in Undistributed Income to Subsidiaries	1,546	2,843
Net income	$ 2,023	$ 2,302

Condensed Statements of Cash Flows	Year Ended December 31, 2017	2016
Cash flows from operating activities		
Net income	$ 2,023	$ 2,302
Adjustments:		
Deferred income tax expense	1,439	1,091
Stock-based compensation	1,298	1,022
Gain on legal settlement	(244)	—
Dividends received from subsidiaries	—	811
Accretion of discounts on convertible subordinated debentures and promissory notes, net	(18)	(33)
Depreciation	(62)	102
Loss on sale of fixed assets	104	—
Undistributed equity in subsidiaries	(1,545)	(2,843)
Change in Other assets	(283)	(208)
Change in Other liabilities	4,635	(1,664)
Net cash provided by operating activities	7,347	580
Cash flows from investing activities		
Payments received on promissory notes	—	5,900
Purchase of fixed assets	—	(160)
Investment in subsidiaries	(10,500)	(1,705)
Net cash used in investing activities	(10,500)	4,035
Cash flows from financing activities		
Proceeds from issuance of sub notes	285	6,275
Proceeds from issuance of common stock, net	5,255	2,501
Proceeds from the issuance of stock options	6	33
Payment on subordinated notes	—	(750)
Payments on Credit Note Payable	(2,736)	(1,200)
Dividends paid on preferred stock	(2,291)	(2,840)
Net cash (used) provided by financing activities	519	4,019
Net change in cash and cash equivalents	(2,634)	8,634
Cash and cash equivalents, beginning of year	9,569	935
Cash and cash equivalents, end of year	$ 6,935	$ 9,569
Supplemental noncash disclosures:		
Stock issued for repayment of convertible subordinated debentures	$ —	$ 6,600
Expiration of convertible subordinated debentures	$ 4,749	$ 3,300

NOTE 19—SUPPLEMENTAL FINANCIAL DATA

Other non-interest expense as shown in the consolidated statements of income is detailed in the following schedule to the extent the compnents exceed one percent of the aggregate of total interest income and other income.

Other non-interest expense *(in thousands)*	Year Ended December 31, 2017	2016
Corporate development and related	$ 1,384	$ 1,340
Loan and deposit related	645	768
Office supplies and deliveries	250	313
Other	244	187
	$ 2,523	$ 2,608

NOTE 20—REGULATORY CAPITAL MATTERS

The Bank is 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 consolidated financial statements. Under capital adequacy guidelines and, additionally for banks, the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification is 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 rules") became effective for the Bank on January 1, 2015 with full compliance with all of the requirements being phased in over a multi-year schedule, and fully phased in by January 1, 2019. The net unrealized gain or loss on available-for-sale securities is not included in computing regulatory capital. Management believes as of December 31, 2017, the Bank meets all capital adequacy requirements to which it is subject.

Prompt corrective action regulations for 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 the Bank's primary regulators to measure capital require the Bank to maintain minimum amounts and ratios, set forth in the following table. These ratios are common equity Tier 1 capital ("CET 1"), 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). Management believes the Bank met all capital adequacy requirements to which it is subject as of December 31, 2017 and 2016.

Actual capital ratios of the Bank, along with the applicable regulatory capital requirements as of December 31, 2017 which were calculated in accordance with the requirements of Basel III, became effective January 1, 2015. The final rules of Basel III also established a "capital conservation buffer" of 2.5% above new regulatory minimum capital ratios, and when fully effective in 2019, will result in the following minimum ratios: (i) a CET 1 ratio of 7.0%; (ii) a Tier 1 capital ratio of 8.5%; and (iii) a total

capital ratio of 10.5%. The new capital conservation buffer requirement began phasing in, in January 2016 at 0.625% of risk-weighted assets and will increase each year until fully implemented in January 2019. An institution is 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 will establish a maximum percentage of eligible retained income that can be utilized for such activities. At December 31, 2017, required ratios including the capital conservation buffer were (i) CET 1 of 5.75%; (ii) a Tier 1 capital ratio of 7.25%; and (iii) a total capital ratio of 9.25%.

As of December 31, 2017 and 2016, the most recent filings with the Federal Deposit Insurance Corporation ("FDIC") categorized the Bank as well capitalized under the regulatory guidelines. To be categorized as well capitalized, an institution must maintain minimum CET 1 risk-based, Tier 1 risk-based, total risk-based, and Tier 1 leverage ratios as set forth in the following table. There are no conditions or events since December 31, 2017, the Company believes have changed the categorization of the Bank as well capitalized.

The following presents the actual and required capital amounts and ratios as of December 31 (in thousands):

	Actual		Required for Capital Adequacy Purposes		To be Well Capitalized Under Prompt Corrective Action Regulations	
2017	Amount	Ratio	Amount	Ratio	Amount	Ratio
CET1 to risk-weighted assets	$ 77,879	9.81%	$ 35,719	4.5%	$ 51,595	6.5%
Tier 1 capital to risk-weighted assets	77,879	9.81	47,626	6.0	63,501	8.0
Total capital to risk-weighted assets	85,304	10.75	63,501	8.0	79,377	10.0
Tier 1 capital to average assets	77,879	8.27	37,659	4.0	47,073	5.0

	Actual		Required for Capital Adequacy Purposes		To be Well Capitalized Under Prompt Corrective Action Regulations	
2016	Amount	Ratio	Amount	Ratio	Amount	Ratio
CET1 to risk-weighted assets	$ 63,602	9.20%	$ 31,083	4.5%	$ 44,897	6.5%
Tier 1 capital to risk-weighted assets	63,602	9.20	41,444	6.0	55,258	8.0
Total capital to risk-weighted assets	70,206	10.16	55,258	8.0	69,073	10.0
Tier 1 capital to average assets	63,602	7.63	33,352	4.0	41,690	5.0

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First Western Financial, Inc.
Consolidated Balance Sheets
(In thousands, except share amounts)

	March 31, 2018 (unaudited)	December 31, 2017
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	$ 1,287	$ 1,370
Interest-bearing deposits in other financial institutions	35,789	8,132
Total cash and cash equivalents	37,076	9,502
Available-for-sale securities	49,859	53,650
Correspondent bank stock, at cost	2,326	1,555
Mortgage loans held for sale	22,146	22,940
Loans, net of allowance of $7,100 and $7,287	810,192	806,402
Promissory notes from related parties	5,795	5,792
Premises and equipment, net	6,477	6,777
Accrued interest receivable	2,378	2,421
Accounts receivable	5,504	5,592
Other receivables	1,009	6,324
Other real estate owned, net	658	658
Goodwill	24,811	24,811
Other intangible assets, net	1,003	1,233
Deferred tax assets, net	5,810	5,987
Company-owned life insurance	14,410	14,316
Other assets	2,167	1,699
Total assets	$ 991,621	$ 969,659
LIABILITIES		
Deposits:		
Noninterest-bearing	$ 223,582	$ 198,685
Interest-bearing	594,645	617,432
Total deposits	818,227	816,117
Borrowings:		
Federal Home Loan Bank—Topeka	47,928	28,563
Subordinated Notes	13,435	13,435
Accrued interest payable	216	197
Other liabilities	7,660	9,501
Total liabilities	887,466	867,813
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred stock—no par value; 1,000,000 shares authorized; 20,868 issued and outstanding 2018 and 2017; liquidation preference: $20,868	—	—
Convertible preferred stock—no par value; 150,000 shares authorized; 41,000 shares issued and outstanding 2018 and 2017; liquidation preference: $4,100	—	—
Common stock—no par value; 10,000,000 shares authorized; 5,900,698 and 5,833,456 shares issued and outstanding at 2018 and 2017	—	—
Additional paid-in capital	132,520	130,070
Accumulated deficit	(26,712)	(27,296)
Accumulated other comprehensive (loss) income	(1,653)	(928)
Total shareholders' equity	104,155	101,846
Total liabilities and shareholders' equity	$ 991,621	$ 969,659

See accompanying notes.

First Western Financial, Inc.
Unaudited Consolidated Statements of Income
(In thousands, except share amounts)

	Three Months Ended March 31,	
	2018	2017
Interest and dividend income:		
Loans, including fees	$ 8,602	$ 6,886
Investment securities	277	592
Federal funds sold and other	127	68
Total interest and dividend income	9,006	7,546
Interest expense:		
Deposits	1,160	811
Other borrowed funds	486	471
Total interest expense	1,646	1,282
Net interest income	7,360	6,264
Less: (Release of) provision for credit losses	(187)	224
Net interest income, after provision for credit losses	7,547	6,040
Non-interest income:		
Trust and investment management fees	4,954	4,773
Net gain on mortgage loans sold	1,251	552
Bank fees	610	447
Risk management and insurance fees	383	173
Income on company-owned life insurance	94	105
Total non-interest income	7,292	6,050
Total income before non-interest expense	14,839	12,090
Non-interest expense:		
Salaries and employee benefits	8,180	6,540
Occupancy and equipment	1,485	1,449
Technology, software licenses, and maintenance	1,063	898
Professional services	824	733
Data processing	640	623
Marketing	285	329
Amortization of other intangible assets	230	185
Other	579	511
Total non-interest expense	13,286	11,268
Income before income taxes	1,553	822
Income tax expense	367	296
Net income	1,186	526
Preferred stock dividends	(561)	(574)
Net income (loss) available to common shareholders	$ 625	$ (48)
Earnings (Loss) per common share:		
Basic and diluted	$ 0.11	$ (0.01)

See accompanying notes.

First Western Financial, Inc.
Unaudited Consolidated Statements of Comprehensive Income
(In thousands)

	Three Months Ended March 31,	
	2018	2017
Net income	$ 1,186	$ 526
Other comprehensive (loss) income items:		
Net change in unrealized loss on available-for-sale securities	(706)	547
Unrealized losses to accumulated deficit	41	—
Total other comprehensive (loss) income items	(665)	547
Income tax effect	(60)	10
Total other comprehensive (loss) income, net of tax	(725)	557
Comprehensive income	$ 461	$ 1,083

See accompanying notes.

First Western Financial, Inc.
Unaudited Consolidated Statements of Shareholders' Equity
(In thousands, except share amounts)

	Shares						
	Preferred Stock	Convertible Preferred Stock	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (loss)	Total
Balance at December 31, 2016	20,868	46,000	5,529,542	$ 123,755	$ (27,028)	$ (799)	$ 95,928
Net income	—	—	—	—	526	—	526
Issuance of common stock, net of issuance costs of $2	—	—	13,579	365	—	—	365
Other comprehensive loss, net of tax	—	—	—	—	—	557	557
Stock-based compensation	—	—	—	179	—	—	179
Preferred stock dividends	—	—	—	—	(574)	—	(574)
Balance at March 31, 2017	20,868	46,000	5,543,121	$ 124,299	$ (27,076)	$ (242)	$ 96,981
Balance at December 31, 2017	20,868	41,000	5,833,456	$ 130,070	$ (27,296)	$ (928)	$ 101,846
Net income	—	—	—	—	1,186	—	1,186
Issuance of common stock, net of issuance costs of $7	—	—	67,242	1,909	—	—	1,909
Other comprehensive loss, net of tax	—	—	—	—	—	(766)	(766)
Reclassification on unrealized loss on equity securities	—	—	—	—	(41)	41	—
Stock-based compensation	—	—	—	541	—	—	541
Preferred stock dividends	—	—	—	—	(561)	—	(561)
Balance at March 31, 2018	20,868	41,000	5,900,698	$ 132,520	$ (26,712)	$ (1,653)	$ 104,155

See accompanying notes.

First Western Financial, Inc.
Unaudited Consolidated Statements of Cash Flows
(In thousands)

	Three Months Ended March 31,	
	2018	2017
Cash flows from operating activities		
Net income	$ 1,186	$ 526
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	573	618
Deferred income tax expense	177	342
Stock-based compensation	541	179
Provision for credit losses	(187)	224
Net amortization of investment securities	58	218
Accretion of discounts on convertible subordinated debentures and promissory notes, net	—	(8)
Change in fair value of equity securities	11	—
Stock dividends received on correspondent bank stock	(40)	—
Increase in cash surrender value of company-owned life insurance	(94)	(105)
Gain on mortgage loans sold	(1,251)	(552)
Origination of mortgage loans held for sale	(107,098)	(69,953)
Proceeds from mortgage loans sold	109,091	72,784
Net changes in operating assets and liabilities:		
Accounts receivable	88	596
Accrued interest receivable and other assets	269	(502)
Accrued interest payable and other liabilities	(1,822)	(1,759)
Net cash provided by operating activities	1,502	2,608
Cash flows from investing activities		
Activity in available-for-sale securities:		
Maturities, prepayments, and calls	7,574	4,934
Purchases	—	(20,957)
Redemption (purchase) of correspondent bank stock	(731)	561
Purchases of premises and equipment	(43)	(277)
Loan and note receivable originations and principal collections, net	(3,551)	(22,870)
Net cash provided by (used in) investing activities	3,249	(38,609)
Cash flows from financing activities		
Net change in deposits	2,110	23,261
Proceeds from Subordinated Notes issuances, net	—	285
Proceeds from issuance of Common stock, net	1,909	365
Payments on Credit Note payable	—	(300)
Dividends paid on preferred stock	(561)	(574)
Payments to Federal Home Loan Bank Topeka borrowings	102,565	(33,200)
Proceeds from Federal Home Loan Bank Topeka borrowings	(83,200)	20,183
Net cash provided by financing activities	22,823	10,020
Net change in cash and cash equivalents	27,574	(25,981)
Cash and cash equivalents, beginning of year	9,502	62,685
Cash and cash equivalents, end of period	$ 37,076	$ 36,704
Supplemental cash flow information:		
Interest paid on deposits and borrowed funds	$ 1,627	$ 1,570
Reclass of unrealized loss on equity securities	$ 52	$ —
Available-for-sale reclass of equity securities	$ 703	$ —

See accompanying notes.

First Western Financial, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

NOTE 1—ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business and Basis of Presentation: The 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").

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 subsidiaries: First Western Trust Bank (the "Bank"), First Western Capital Management Company ("FWCM"), and Ryder, Stilwell Inc. ("RSI"). The Bank wholly owns the following subsidiaries, which are therefore indirectly wholly-owned by FWFI: First Western Merger Corporation ("Merger Corp."), and RRI, LLC ("RRI"). RSI and RRI and not active operating entities.

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 customers principally in Colorado (metro Denver, Aspen, Boulder and Fort Collins), Arizona (Phoenix and Scottsdale), California (Los Angeles/Century City) and Wyoming (Jackson Hole and Laramie). 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), net gains earned on selling mortgage loans, and fee-based wealth advisory, investment management, asset management and personal trust services.

The 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 where applicable, reporting practices prescribed for the banking and investment advisory industries. Accordingly, they do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. The December 31, 2017 consolidated balance sheet has been derived from the audited financial statements included in the Annual Report for the year ended December 31, 2017.

In the opinion of management, all adjustments that were recurring in nature and considered necessary have been included for fair presentation of the Company's financial position and results of operations. Operating results of the three months ended March 31, 2018 are not necessarily indicative of results that may be expected for the full year ending December 31, 2018. In preparing the 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 consolidated financial statements and notes should be read in conjunction with the Company's Annual report for the year ended December 31, 2017 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.

Concentration of Credit Risk: Most of the Company's lending activity is to customers located in and around Denver, Colorado; Phoenix and Scottsdale, Arizona; and Los Angeles, California. The Company does not believe it has significant concentrations in any one industry or customer. At March 31, 2018 and December 31, 2017, 71.8% and 73.5% of the Company's loan portfolio is secured by real estate collateral. Declines in real estate values in the primary markets the Company operates in could negatively impact the Company.

Recently issued accounting pronouncements: The following reflect recent accounting pronouncements that have been adopted by the Company or pending pronouncements with updates to the expected impact since the Company's Annual report for the year ended December 31, 2017.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-9, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-9"). ASU 2014-9 changes recognition of revenue from contracts with customers. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the new guidance requires improved disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. In applying the new guidance, an entity may use either a retrospective approach to each prior reporting period or a retrospective approach with the cumulative effect recognized at the date of initial application. ASU 2014-09 was effective for the Company on January 1, 2018 and was adopted using the modified retrospective method. In evaluating the effects of the ASU 2014-09 on its financial statements and disclosures, the Company has determined the following:

- The primary revenue lines subject to ASU 2014-09 is trust and investment management fees which represented 35.7% of total income before non-interest expense in 2017.

- The adoption of ASU 2014-09 did not have a material impact on the Company's financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"), which amended existing guidance that requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. It requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes. It requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (i.e., securities or loans and receivables). It eliminates the requirement for public business entities to disclose the methods and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. The amendments in ASU 2016-01 were effective for the Company beginning January 1, 2018, and for interim periods within that annual period. The adoption of this guidance did not have a material impact on the consolidated financial statements. See footnote 13 for fair value measurement disclosures.

In February 2016, the FASB issued ASU 2016-02, *Lease Accounting (Topic 842)* ("ASU 2016-02"). Under ASU 2016-02, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than twelve months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP, which requires only capital leases to be recognized on the balance sheet. ASU 2016-02 will require both types of leases to be recognized on the balance sheet. The ASU also will require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from

leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. ASU 2016-02 will be effective for the Company on January 1, 2019. The Company is currently evaluating the effects of ASU 2016-02 on its consolidated financial statements and disclosures, and anticipates recording right of use assets and lease liabilities in the consolidated balance sheet for its operating leases. Preliminarily, the Company expects the primary impact will relate to its office locations, which are operating leases. The Company has initial contractual future operating lease obligations for its leased office locations of $18.8 million.

In February 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326)* ("ASU 2016-13"). ASU 2016-13 replaces the incurred loss model with an expected loss model, which is referred to as the current expected credit loss ("CECL") model. The CECL model is applicable to the measurement of credit losses on the financial assets measured at amortized cost, including loan receivables, held-to-maturity debt securities, and reinsurance receivables. It also applies to off-balance sheet credit exposures not accounted for as insurance (loan commitments, standby letters of credit, financial guarantees, and other similar instruments) and net investments in leases recognized by a lessor. For all other assets within the scope of CECL, a cumulative-effect adjustment will be recognized in retained earnings as of the beginning of the first reporting period in which the guidance is effective. ASU 2016-13 will be effective for the Company on January 1, 2020. Upon adoption of the amendments within this update, the Company expects to make a cumulative-effect adjustment to the opening balance of retained earnings and the allowance for loan losses in the year of adoption. The Company has formed a CECL committee that is assessing data and system requirements in order to evaluate the impact of adopting this new guidance. The Company is evaluating historical loan level data requirements necessary for the implementation of the CECL model, as well as various methodologies for determining expected credit losses. The Company is currently in the process of evaluating the impact the adoption of this update will have on its consolidated financial statements and disclosures.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business* ("ASU 2017-01"), which amended existing guidance to clarify the definition of a business with the objective of adding guidance to assist entities with evaluation whether transactions should be accounted for as acquisition (or disposals) of assets or businesses. The Company adopted ASU 2017-01 on January 1, 2018, which did not have a material impact on the consolidated financial statements and disclosures.

NOTE 2—ACQUISITIONS

On August 18, 2017, the Company entered into an Asset Purchase Agreement (the "Mortgage Purchase Agreement") with EMC, LLC ("EMC") whereby the Company acquired assets related to the mortgage operations of the Englewood Mortgage Company, a residential mortgage loan origination company. The Company accounted for the acquisition of EMC as a business combination.

Of the cash paid, $1.0 million is deemed purchase consideration and was allocated to the identifiable tangible and intangible assets acquired pursuant to the Mortgage Purchase Agreement. The tangible assets were not material to the consolidated financial statements. The intangible assets primarily consist of a non-competition agreement in the amount of $0.6 million and acquired mortgage loans that were locked but not funded as of the acquisition date in the amount of $0.4 million. Due to the value of the intangible assets received in the purchase exceeding the consideration of $1.0 million, the Company recorded an immaterial gain on bargain purchase.

As of March 31, 2018, the Company has completed its fair value analysis and all information presented with respect to the acquired assets related to EMC is considered final.

NOTE 3—INVESTMENT SECURITIES

The following presents the amortized cost and fair value of securities available-for-sale, with gross unrealized gains and losses recognized in accumulated other comprehensive income as of March 31, 2018 and December 31, 2017 (in thousands):

2018	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investment securities available-for-sale:				
U.S. treasury and federal agency	$ 250	$ —	$ (1)	$ 249
Government National Mortgage Association ("GNMA") mortgage-backed securities—residential	39,990	14	(1,808)	38,196
Collateralized mortgage obligations issued by U.S. government sponsored entities and agencies	9,352	3	(408)	8,947
Corporate collateralized mortgage obligations and mortgage-backed securities	1,502	—	(52)	1,450
Small Business Investment Company ("SBIC")	1,017	—	—	1,017
Total securities available-for-sale	$ 52,111	$ 17	$ (2,269)	$ 49,859

2017	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Investment securities available-for-sale:				
U.S. treasury and federal agency	$ 250	$ —	$ (1)	$ 249
GNMA mortgage-backed securities—residential	42,001	27	(1,192)	40,836
Collateralized mortgage obligations issued by U.S. government sponsored entities and agencies	9,736	13	(296)	9,453
Corporate collateralized mortgage obligations and mortgage-backed securities	1,529	—	(50)	1,479
SBIC	930	—	—	930
Equity mutual funds	750	—	(47)	703
Total securities available-for-sale	$ 55,196	$ 40	$ (1,586)	$ 53,650

At March 31, 2018, the amortized cost and estimated fair value of available-for-sale securities, excluding SBIC have contractual maturity dates, are shown in the table below (in thousands). 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. Securities not due at a single maturity date are shown separately. As of March 31, 2018 equity mutual funds have been recorded at fair value within the other assets line item in the consolidated balance sheet with changes recorded in the other line item in the consolidated statement of income.

	Amortized Cost	Fair Value
Due after one year through five years	$ 687	$ 685
Mortgage-related securities (agency and collateralized mortgage obligations)	50,407	48,157
	$ 51,094	$ 48,842

At March 31, 2018 and December 31, 2017, securities with carrying values totaling $41.1 million and $23.7 million, were pledged to secure various public deposits and credit facilities of the Company.

At March 31, 2018 and December 31, 2017, there were no holdings of securities of any one issuer, other than the U.S. Government and its agencies, in an amount greater than 10% of shareholders' equity.

At March 31, 2018 and December 31, 2017, thirty securities and twenty-eight securities were in an unrealized loss position, with unrealized losses totaling $2.3 million and $1.6 million. Seventeen of the securities in an unrealized loss position at March 31, 2018 have been in a continuous unrealized loss position for more than twelve months, the remaining securities in a loss position have been in a continuous unrealized loss position for less than 12 months. The securities in unrealized loss positions are caused primarily by interest rate changes and market assumptions about prepayments of principal and interest on the underlying mortgages. Because the decline in market value is attributable to market conditions, not credit quality, and because the Company has the ability and intent to hold these investments until a recovery of fair value, which may be near or at maturity, the Company does not consider these investments to be other-than-temporarily impaired at March 31, 2018.

The following table summarizes securities with unrealized losses at March 31, 2018 and December 31, 2017, aggregated by major security type and length of time in a continuous unrealized loss position (in thousands, before tax):

	Less than 12 months		12 Months or Longer		Total	
2018	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. treasury and federal agency	$ —	$ —	$ 249	$ (1)	$ 249	$ (1)
GNMA mortgage-backed securities—residential	10,737	(404)	25,899	(1,404)	36,636	(1,808)
Collateralized mortgage obligations issued by U.S. government sponsored entities and agencies	883	(4)	7,835	(404)	8,718	(408)
Corporate collateralized mortgage obligations and mortgage-backed securities	70	(2)	1,299	(50)	1,369	(52)
Total	$ 11,690	$ (410)	$ 35,282	$ (1,859)	$ 46,972	$ (2,269)

	Less than 12 months		12 Months or Longer		Total	
2017	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. treasury and federal agency	$ —	$ —	$ 249	$ (1)	$ 249	$ (1)
GNMA mortgage-backed securities—residential	11,621	(237)	27,480	(955)	39,101	(1,192)
Collateralized mortgage obligations issued by U.S. government sponsored entities and agencies	677	(2)	7,968	(294)	8,645	(296)
Corporate collateralized mortgage obligations and mortgage-backed securities	—	—	1,316	(50)	1,316	(50)
Equity mutual funds	—	—	703	(47)	703	(47)
Total	$ 12,298	$ (239)	$ 37,716	$ (1,347)	$ 50,014	$ (1,586)

The Company did not sell any securities during the three months ended March 31, 2018 and 2017.

NOTE 4—CORRESPONDENT BANK STOCK

The following presents the Company's investments in correspondent bank stock, at cost, as of the dates noted (in thousands):

	March 31, 2018	December 31, 2017
FHLB Topeka	$ 2,251	$ 1,480
BBW	75	75
	$ 2,326	$ 1,555

NOTE 5—LOANS AND THE ALLOWANCE FOR LOAN LOSSES

The following presents a summary of the Company's loans as of the dates noted (in thousands):

	March 31, 2018	December 31, 2017
Cash, Securities and Other	$ 123,659	$ 131,756
Construction and development	29,150	24,914
1 - 4 Family Residential	298,007	282,014
Non-Owner Occupied Commercial Real Estate ("CRE")	167,617	176,987
Owner Occupied CRE	92,508	92,742
Commercial and Industrial	105,265	104,284
Total loans	816,206	812,697
Plus deferred loan fees, net of origination costs	1,086	992
Less allowance for loan losses	(7,100)	(7,287)
Net loans	$ 810,192	$ 806,402

The following presents, by class, an aging analysis of the recorded investments (excluding accrued interest receivable, deferred loan fees and deferred costs which are not material) in loans past due as of March 31, 2018 and December 31, 2017 (in thousands):

2018	30 - 59 Days Past Due	60 - 89 Days Past Due	90 or More Days Past Due	Total Loans Past Due	Current	Total Recorded Investment
Cash, Securities and Other	$ 483	$ —	$ 96	$ 579	$ 123,080	$ 123,659
Construction and development	—	—	—	—	29,150	29,150
1 - 4 Family Residential	—	—	1,463	1,463	296,544	298,007
Non-Owner Occupied CRE	—	—	—	—	167,617	167,617
Owner Occupied CRE	—	—	—	—	92,508	92,508
Commercial and Industrial	175	—	1,835	2,010	103,255	105,265
Total	$ 658	$ —	$ 3,394	$ 4,052	$ 812,154	$ 816,206

2017	30 - 59 Days Past Due	60 - 89 Days Past Due	90 or More Days Past Due	Total Loans Past Due	Current	Total Recorded Investment
Cash, Securities and Other	$ 50	$ 99	$ —	$ 149	$ 131,607	$ 131,756
Construction and development	—	—	—	—	24,914	24,914
1 - 4 Family Residential	1,250	—	2,388	3,638	278,376	282,014
Non-Owner Occupied CRE	750	—	—	750	176,237	176,987
Owner Occupied CRE	—	—	—	—	92,742	92,742
Commercial and Industrial	1,614	—	1,835	3,449	100,835	104,284
Total	$ 3,664	$ 99	$ 4,223	$ 7,986	$ 804,711	$ 812,697

At March 31, 2018 and December 31, 2017, the Company has one 1-4 Family Residential loan totaling $1.2 million which is 90 days delinquent and accruing interest.

Non-Accrual Loans and Troubled Debt Restructurings ("TDR")

The following presents the recorded investment in non-accrual loans by class as of the dates noted (in thousands):

	March 31, 2018	December 31, 2017
Non-accrual loans		
Cash, Securities and Other	$ 96	$ —
Construction and development	—	—
1 - 4 Family Residential	246	1,171
Non-Owner Occupied CRE	—	—
Owner Occupied CRE	—	—
Commercial and Industrial	1,835	1,835
Total	$ 2,177	$ 3,006

At March 31, 2018 and December 31, 2017, the non-accrual loans listed above included one and one loan classified as a TDR with recorded investments totaling $1.8 million and $1.8 million. Non-accrual loans include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans.

The following presents a summary of the unpaid principal balance of loans classified as TDRs as of the dates noted (in thousands):

	March 31, 2018	December 31, 2017
Commercial and Industrial	$ 1,835	$ 1,835
Total	1,835	1,835
Allowance for loan associated with TDR	(722)	(722)
Net recorded investment	$ 1,113	$ 1,113

As of March 31, 2018 and December 31, 2017, the Company has not committed any additional funds to borrower with a loan classified as a TDR.

The Company did not modify any loans in a TDR during the three months ended March 31, 2018. The Company modified two loans in a TDR during three month period ended March 31, 2017.

During the three months ended March 31, 2018 and the year ended December 31, 2017, the Commercial and Industrial loan which was classified as a TDR, was not making payments in accordance with the modified terms and was placed on non-accrual status in September 2017. During the three months ended March 31, 2017, two Commercial and Industrial loans were classified as a TDR. As of March 31, 2017 one loan was making payments in accordance with the modified terms and one was past due more than ninety days. The two loans were placed on non accrual status in October 2015.

TDRs are reviewed individually for impairment and are included in the Company's specific reserves in the allowance for loan losses. If charged off, the amount of the charge off is included in the Company's charge off factors, which impact the Company's reserves on non-impaired loans.

The following presents the Company's recorded investment in impaired loans as of the periods presented (in thousands):

March 31, 2018	Total Recorded Investment	Recorded Investment With No Allowance	Recorded Investment With Allowance	Allowance for Loan Losses	Unpaid Contractual Principal Balance	Average Recorded Investment	Interest Income Recognized
Commercial and Industrial	$ 1,835	$ —	$ 1,835	$ 722	$ 1,835	$ 1,835	$ —
Total	$ 1,835	$ —	$ 1,835	$ 722	$ 1,835	$ 1,835	$ —

March 31, 2017	Total Recorded Investment	Recorded Investment With No Allowance	Recorded Investment With Allowance	Allowance for Loan Losses	Unpaid Contractual Principal Balance	Average Recorded Investment	Interest Income Recognized
Commercial and Industrial	$ 5,267	$ 1,764	$ 3,503	$ 1,420	$ 5,267	$ 5,321	$ —
Total	$ 5,267	$ 1,764	$ 3,503	$ 1,420	$ 5,267	$ 5,321	$ —

December 31, 2017	Total Recorded Investment	Recorded Investment With No Allowance	Recorded Investment With Allowance	Allowance for Loan Losses	Unpaid Contractual Principal Balance	Average Recorded Investment	Interest Income Recognized
Commercial and Industrial	$ 1,835	$ —	$ 1,835	$ 722	$ 1,835	$ 1,066	$ —
Total	$ 1,835	$ —	$ 1,835	$ 722	$ 1,835	$ 1,066	$ —

The recorded investment in loans in the previous tables, excludes accrued interest and deferred loan fees and costs due to their immateriality. Interest income, if any, was recognized on the cash basis.

Allowance for Loan Losses

Allocation of a portion of the allowance for loan losses to one category of loans does not preclude its availability to absorb losses in other categories. The following presents the activity in the Company's allowance for loan losses by portfolio class for the periods presented (in thousands):

	Cash, Securities and Other	Construction and Development	1 - 4 Family Residential	Non-Owner Occupied CRE	Owner Occupied CRE	Commercial and Industrial	Total
Beginning balance at December 31, 2017	$ 1,066	$ 202	$ 2,283	$ 1,433	$ 751	$ 1,552	$ 7,287
Provision for (recovery of) credit losses	(97)	26	51	(120)	(27)	(20)	(187)
Charge-offs	—	—	—	—	—	—	—
Recoveries	—	—	—	—	—	—	—
Ending balance at March 31, 2018	$ 969	$ 228	$ 2,334	$ 1,313	$ 724	$ 1,532	$ 7,100
Allowance for loan losses at March 31, 2018 allocated to loans evaluated for impairment:							
Individually	$ —	$ —	$ —	$ —	$ —	$ 722	$ 722
Collectively	969	228	2,334	1,313	724	810	6,378
Ending balance	$ 969	$ 228	$ 2,334	$ 1,313	$ 724	$ 1,532	$ 7,100
Loans at March 31, 2018, evaluated for impairment:							
Individually	$ —	$ —	$ —	$ —	$ —	$ 1,835	$ 1,835
Collectively	123,659	29,150	298,007	167,617	92,508	103,430	814,371
Ending balance	$ 123,659	$ 29,150	$ 298,007	$ 167,617	$ 92,508	$ 105,265	$ 816,206

	Cash, Securities and Other	Construction and Development	1 - 4 Family Residential	Non-Owner Occupied CRE	Owner Occupied CRE	Commercial and Industrial	Total
Beginning balance at December 31, 2016	$ 846	$ 301	$ 1,833	$ 1,153	$ 476	$ 1,869	$ 6,478
Provision for (recovery of) credit losses	—	(14)	16	58	9	163	232
Charge-offs	—	—	—	—	—	—	—
Recoveries	(8)	—	—	—	—	—	(8)
Ending balance at March 31, 2017	$ 838	$ 287	$ 1,849	$ 1,211	$ 485	$ 2,032	$ 6,702
Allowance for loan losses at December 31, 2017 allocated to loans evaluated for impairment:							
Individually	$ —	$ —	$ —	$ —	$ —	$ 722	$ 722
Collectively	1,066	202	2,283	1,433	751	830	6,565
Ending balance	$ 1,066	$ 202	$ 2,283	$ 1,433	$ 751	$ 1,552	$ 7,287
Loans at December 31, 2017, evaluated for impairment:							
Individually	$ —	$ —	$ —	$ —	$ —	$ 1,835	$ 1,835
Collectively	131,756	24,914	282,014	176,987	92,742	102,449	810,862
Ending balance	$ 131,756	$ 24,914	$ 282,014	$ 176,987	$ 92,742	$ 104,289	$ 812,697

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 as to 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 jeopardize 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 evaluated for impairment if indicators of impairment exist.

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 not meeting any of the three criteria above are considered to be pass-rated loans. The following presents, by class and by credit quality indicator, the recorded investment in the Company's loans as of March 31, 2018 and December 31, 2017 (in thousands):

2018	Pass	Special Mention	Substandard	Total
Cash, Securities and Other	$ 122,431	$ —	$ 1,228	$ 123,659
Construction and Development	29,150	—	—	29,150
1 - 4 Family Residential	296,346	—	1,661	298,007
Non-Owner Occupied CRE	167,617	—	—	167,617
Owner Occupied CRE	90,315	—	2,193	92,508
Commercial and Industrial	94,492	—	10,773	105,265
Total	$ 800,351	$ —	$ 15,855	$ 816,206

2017	Pass	Special Mention	Substandard	Total
Cash, Securities and Other	$ 131,756	$ —	$ —	$ 131,756
Construction and Development	23,756	1,158	—	24,914
1 - 4 Family Residential	279,424	—	2,590	282,014
Non-Owner Occupied CRE	174,794	—	2,193	176,987
Owner Occupied CRE	92,742	—	—	92,742
Commercial and Industrial	93,624	114	10,546	104,284
Total	$ 796,096	$ 1,272	$ 15,329	$ 812,697

NOTE 6—DEPOSITS

The following presents the Company's interest bearing deposits at the dates noted (in thousands):

	March 31, 2018	December 31, 2017
Money market deposit accounts	$ 328,427	$ 331,039
Time deposits	185,459	210,292
Negotiable order of withdrawal accounts	78,970	74,300
Savings accounts	1,789	1,801
Total interest bearing deposits	$ 594,645	$ 617,432
Aggregate time deposits of $250,000 or greater	$ 123,236	$ 136,741

Overdraft balances classified as loans totaled $0.1 million and $0.1 million at March 31, 2018 and December 31, 2017.

NOTE 7—BORROWINGS

FHLB Topeka Borrowings

The Bank has executed a blanket pledge and security agreement with FHLB Topeka that requires certain loans and securities be pledged as collateral for any outstanding borrowings under the agreement. The collateral pledged as of March 31, 2018 and December 31, 2017 amounted to $407.2 million and $361.7 million. Based on this collateral and the Company's holdings of FHLB Topeka stock, the Company is eligible to borrow an additional $227.8 million at March 31, 2018. Each advance is payable at its maturity date.

The Company had the following borrowings from FHLB Topeka at the dates noted (in thousands):

Maturity Date	Rate %	March 31, 2018	December 31, 2017
August 3, 2018	1.75	$ 27,928	$ 8,563
October 31, 2018	1.75	10,000	10,000
August 26, 2020	1.94	10,000	10,000
		$ 47,928	$ 28,563

The Bank has borrowing capacity associated with two unsecured federal funds lines of credit up to $13.0 million and $25.0 million. As of March 31, 2018 and December 31, 2017, there are no amounts outstanding on either of the federal funds lines.

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). As of March 31, 2018 and December 31, 2017, the Company was in compliance with the covenant requirements.

NOTE 8—COMMITMENTS AND CONTINGENCIES

The Bank 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 customers. 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 consolidated balance sheets. Commitments may expire without being utilized. The Bank's exposure to credit loss is represented by the contractual amount of these commitments, although material losses are not anticipated. The Bank 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 (in thousands):

	March 31, 2018		December 31, 2017	
	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate
Unused lines of credit	$ 36,407	$ 230,668	$ 42,971	$ 218,536
Standby letters of credit	$ 40	$ 15,532	$ 40	$ 15,532
Commitments to make loans	$ 250	$ 20,102	$ 4,596	$ 20,572

Unused lines of credit are agreements to lend to a customer 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 Bank, is based on management's credit evaluation of the customer.

Unused lines of credit under commercial lines of credit, revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines of credit are uncollateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Bank is committed.

Commercial and standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer 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 customers. The Bank holds collateral supporting those commitments if deemed necessary.

Litigation, Claims and Settlements

Various legal claims arise from time to time in the normal course of business which, in the opinion of management as of March 31, 2018, will not have a material effect on the Company's consolidated financial statements.

NOTE 9—SHAREHOLDERS' EQUITY

In 2017, the Company offered the holders of the Preferred D Shares the option to convert their Preferred D Shares to common stock, with dividends prepaid through December 2017 and an election to take a "Make Whole Right" and convert the Preferred D Shares to common stock at the rate of 3.5 shares of common stock per share of Series D Preferred Stock. The Make Whole Right is described further below. During the three months ended March 31, 2018 and 2017, there were no Preferred D Shares converted to common stock.

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 (though certain voting restrictions may exist on non-vested restricted stock) held.

During the three months ended March 31, 2018 and 2017 the Company sold 67,242 and 13,579 shares of its common stock through two Private Placement Memorandums ("PPM") resulting in proceeds to the Company of $1.9 million and $0.4 million (net of issuance costs of $0.1 million and an immaterial amount). The 67,242 shares issued during the three months ended March 31, 2018 included a Make Whole Right, which terminates on the earliest of December 31, 2019 or the completion of an initial public offering, other sale or change in control if completed below a defined price per share. After considering make whole rights issued in 2017 and through March 31, 2018 the maximum aggregate number of shares that may be issued subject to the Make Whole Right termination at December 31, 2019 is 128,977 shares. Events that activate the Make Whole Right are subject to certain exclusions, including common stock issued pursuant to the PPM, issued as consideration in an acquisition of assets or a business or issued as a component of the Company's stock-based compensation plans.

Stock-Based Compensation Plans

As of March 31, 2018, there are a total of 665,373 shares available for issuance under the 2016 Plan. As of March 31, 2018, if the 592,714 options outstanding under the 2008 Plan are forfeited, cancelled or terminated with no consideration paid to the Company, those amounts will be transferred to the 2016 Plan and increase the number of shares eligible to be granted under the 2016 Plan to a maximum of 1,258,087 shares.

Stock Options

The Company did not grant any stock options to associates during the three months ended March 31, 2018 and 2017.

During the three months ended March 31, 2018 and 2017, the Company recognized stock-based compensation expense of $0.2 million and $0.2 million associated with stock options. As of March 31, 2018, the Company has $1.2 million of unrecognized stock-based compensation expense related to stock options which are unvested. That cost is expected to be recognized over a weighted-average period of approximately two and a half years.

The following summarizes activity for nonqualified stock options for the three months ended March 31, 2018:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at beginning of year	592,714	$ 29.24		
Granted	—	—		
Exercised	—	—		
Forfeited or expired	—	—		
Outstanding at end of year	592,714	$ 29.24	5.3	(a)
Options fully vested / exercisable at March 31, 2018	463,322	$ 30.82	4.8	(a)

(a) Nonqualified stock options outstanding at the end of the period and those fully vested / exercisable had an aggregate intrinsic value of $2.0 million and $1.4 million.

As of March 31, 2018 and December 31, 2017, there were 463,322 and 458,942 options that were exercisable. Exercise prices are between $20.00 and $40.00 per share, and the options are exercisable for a period of ten-years from the original grant date and expire on various dates between 2021 and 2026.

Share Awards

Pursuant to the 2016 Plan, the Company can grant associates and non-associate directors, long-term cash and stock-based compensation. During the three months ended March 31, 2018, the Company granted certain associates 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 summarizes the activity for the Time Vesting Units, the Financial Performance Units and the Market Performance Units for the three months ended March 31, 2018:

	Time Vesting Units	Financial Performance Units	Market Performance Units
Outstanding at beginning of year	179,990	20,840	21,467
Granted	20,587	—	—
Vested	—	—	—
Forfeited	(1,314)	—	—
Outstanding at end of year	199,263	20,840	21,467
Units fully vested at March 31, 2018	—	—	—

Time Vesting Units

The Time Vesting Units are granted to full-time associates and board members at the date approved by the Company's board of directors. Time Vesting Units with a five-year service period were granted in 2018. There were 20,587 awards that vest in equal installments of 50% on the third and fifth anniversaries of the grant date assuming continuous employment through the scheduled vesting dates. The Time Vesting Units granted in 2018 have a weighted-average grant-date fair value of $28.50 per unit. During the three months ended March 31, 2018, the Company recognized compensation expense of $0.3 million for the Time Vesting Units. As of March 31, 2018, there is $4.7 million of unrecognized compensation expense related to the Time Vesting Units, which is expected to be recognized over a weighted-average period of four and a quarter years.

Financial Performance Units

The Financial Performance Units were granted to certain key associates and are earned based on the Company achieving various financial performance metrics beginning on the grant date and ending on December 31, 2019. If the Company achieves the financial metrics, which include various thresholds from 0% up to 150%, then the Financial Performance Units will have a subsequent two-year service period vesting requirement ending on December 31, 2021. There were no Financial Performance Units granted during the three months ended March 31, 2018. As of March 31, 2018, the Company is accruing at the target threshold. The maximum shares that can be issued at 150% is 36,021 shares. During the three month period ended March 31, 2018, the Company recognized an immaterial amount of compensation expense for the Financial Performance Units. As of March 31, 2018, there is $0.5 million of unrecognized compensation expense related to the Financial Performance Units which is expected to be recognized over a weighted-average period of three and three-quarter years.

Market Performance Units

Market Performance Units were granted to certain key associates and are earned based on growth in the value of the Company's common stock, and are dependent on the Company completing an Initial Public Offering of stock during a defined period of time. If the Company completes an initial public offering and the common stock is trading at or above certain prices, over a three-year performance period ending on June 30, 2020, the Market Performance Units will be determined to be earned and vest following the completion of a subsequent service period ending on June 30, 2022.

Because the likelihood that an initial public offering in the future is outside the Company's control, the Company is not able to estimate a probability associated with meeting the Market Performance Units performance condition. Further, the existence of a market condition as a vesting requirement for the Market Performance Units affects the determination of the grant date fair value. Therefore, as of March 31, 2018, a grant date fair value has not been determined and zero stock-based compensation expense for the Market Performance Units has been recognized. As of March 31, 2018, the value of unrecognized stock-based compensation expense related to Market Performance Units which are unvested cannot be determined.

NOTE 10—EARNINGS (LOSS) PER COMMON SHARE

The table below presents the calculation of basic and diluted earnings (loss) per common share for the periods ended (amounts in thousands, except share and per share amounts):

	Three Months Ended March 31,	
	2018	2017
Earnings (loss) per common share—Basic		
Numerator:		
Net income	$ 1,186	$ 526
Dividends on preferred stock	(561)	(574)
Net income (loss) available for common shareholders	625	(48)
Denominator:		
Basic weighted average shares	5,870,813	5,536,935
Earnings (loss) per common share—basic	0.11	(0.01)
Earnings (loss) per common share—Diluted		
Numerator:		
Net income	$ 1,186	$ 526
Dividends on preferred stock	(561)	(574)
Net income (loss) available for common shareholders	625	(48)
Denominator:		
Basic weighted average shares	5,870,813	5,536,935
Diluted effect of common stock equivalents:		
Stock options	29,939	—
Time Vesting Units	30,565	—
Financial Performance Units	3,161	
Restricted Stock Awards	3,948	—
Total diluted effect of common stock equivalents	67,613	—
Diluted weighted average shares	5,938,426	5,536,935
Earnings (loss) per common share—diluted	0.11	(0.01)

Diluted earnings per share was computed without consideration to potentially dilutive instruments as their inclusion would have been anti-dilutive. As of March 31, 2018 and 2017, potentially dilutive securities excluded from the diluted loss per share calculation are as follows:

	Year Ended March 31,	
	2018	2017
Stock options	215,200	673,239
Convertible Debentures	—	177,768
Convertible Preferred D shares	151,700	170,200
Total potentially dilutive securities	366,900	1,021,207

NOTE 11—INCOME TAXES

During the three months ended March 31, 2018 and 2017, the Company recorded an income tax provision of $0.4 million and $0.3 million, reflecting an effective tax rate of 23.6% and 36.0%. The decrease in the effective tax rate was as a result of the change in corporate tax rates in December 2017.

NOTE 12—RELATED-PARTY TRANSACTIONS

The Company granted loans to principal officers and directors and their affiliates, which are deemed related parties. At March 31, 2018 and December 31, 2017, there were no delinquent or non-performing loans to any officer or director of the Company. The following presents a summary of related-party loan activity as of the dates noted (in thousands):

	March 31, 2018	December 31, 2017
Balance, beginning of year	$ 14,077	$ 10,268
Funded loans	69	8,119
Payments collected	(1,825)	(4,310)
Changes in related parties	—	—
Balance, end of period	$ 12,321	$ 14,077

Deposits from related parties held by the Bank at March 31, 2018 and December 31, 2017 totaled $50.3 million and $53.1 million.

The Company leases office space from an entity controlled by one of the Company's board members. During the three months ended March 31, 2018 and 2017, the Company expensed an immaterial amount for both periods, related to this lease.

The Company also has notes receivable from an executive officer and former executive officer totaling $5.8 million and $5.8 million, as of March 31, 2018 and December 31, 2017. The notes bear interest at the Prime rate per annum (4.75% at March 31, 2018). The note from the executive officer matures on April 30, 2019 and the note from the former executive officer that matured on April 30, 2018 was extended until June 30, 2018. These amounts are included in the *promissory notes from related parties* on the accompanying consolidated balance sheet.

NOTE 13—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.

There were no transfers between levels during 2018 or 2017. The Company used the following methods and significant assumptions to estimate fair value:

Investment Securities: The fair values for 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 are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

Interest Rate Locks and Forward Delivery Commitments: Fair values of these mortgage derivatives are estimated based on changes in mortgage interest rates from the date the commitment related to the loan is locked. The fair value estimate 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 (Level 3).

Derivative instruments are carried at fair value in the Company's financial statements. The accounting for changes in the fair value of a derivative instrument are accounted for within the consolidated statements of income.

The following presents assets measured on a recurring basis at March 31, 2018 and December 31, 2017 (in thousands):

2018	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Reported Balance
Investment securities available-for-sale:				
U.S. treasury and federal agency	$ 249	$ —	$ —	$ 249
GNMA mortgage-backed securities—residential	—	38,196	—	38,196
Collateralized mortgage obligations issued by U.S. government sponsored entities and agencies	—	8,947	—	8,947
Corporate collateralized mortgage obligations and mortgage-backed securities	—	1,450	—	1,450
SBIC	—	1,017	—	1,017
Total securities available-for-sale	$ 249	$ 49,610	$ —	$ 49,859
Equity securities	$ 692	$ —	$ —	$ 692
Interest rate lock and forward delivery commitments	$ —	$ 878	$ —	$ 878

2017	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Reported Balance
Investment securities available-for-sale:				
U.S. treasury and federal agency	$ 249	$ —	$ —	$ 249
GNMA mortgage-backed securities—residential	—	40,836	—	40,836
Collateralized mortgage obligations issued by U.S. government sponsored entities and agencies	—	9,453	—	9,453
Corporate collateralized mortgage obligations and mortgage-backed securities	—	1,479	—	1,479
SBIC	—	930	—	930
Equity mutual fund	703	—	—	703
Total securities available-for-sale	$ 952	$ 52,698	$ —	$ 53,650
Interest rate lock and forward delivery commitments	$ —	$ 665	$ —	$ 665

Mutual funds and U.S. Treasury notes are reported at fair value utilizing Level 1 inputs. CMO's issued by U.S. government sponsored entities and agencies—residential are reported at fair value with Level 2 inputs provided by a pricing service. As of December 31, 2017 and 2016, the majority of the CMO's have credit support provided by the Federal Home Loan Mortgage Corporation, GNMA, the Federal National Mortgage Association or the Small Business Administration. Factors used to value the securities by the pricing service include: benchmark yields, reported trades, interest spreads, prepayments, and other market research. In addition, ratings and collateral quality are considered.

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 annually. 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. Other real estate owned is evaluated monthly for additional impairment and adjusted accordingly.

Impaired Loans: The fair value of impaired loans with specific allocations of the allowance for loan losses is generally based on recent appraisals. 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. Impaired loans are evaluated monthly for additional impairment and adjusted accordingly.

Appraisals for both collateral-dependent impaired loans and other real estate owned 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 assets measured on a nonrecurring basis as of March 31, 2018 and December 31, 2017 (in thousands):

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Reported Balance
Other real estate owned:				
Commercial properties	$ —	$ —	$ 658	$ 658
Total other real estate owned	$ —	$ —	$ 658	$ 658
Total impaired loans:				
Commercial and industrial	$ —	$ —	$ 1,113	$ 1,113
Total impaired loans	$ —	$ —	$ 1,113	$ 1,113

The sales comparison approach was utilized for estimating the fair value of non-recurring assets.

At March 31, 2018 other real estate owned remained unchanged from December 31, 2017. As of December 31, 2017, other real estate owned at fair value had a carrying amount of $0.7 million, which is the cost basis of $2.4 million net of a valuation allowance of $1.7 million.

At March 31, 2018 impaired loans remained unchanged from December 31, 2017. As of December 31, 2017, impaired loans which were measured for impairment using the fair value of the collateral for collateral dependent loans had carrying values of $1.8 million with valuation allowances of $0.7 million and are classified as Level 3. Impaired loans valued using a discounted cash flow analyses are not deemed to be at fair value at March 31, 2018 and December 31, 2017.

Impaired loans accounted for provisions for loan losses of $0.7 million for the three-month periods ended March 31, 2018.

The following presents carrying amounts and estimated fair values for financial instruments as of March 31, 2018 and December 31, 2017 (in thousands):

2018	Carrying Amount	Fair Value Measurements Using: Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 37,076	$ 37,076	$ —	$ —
Securities available-for-sale	49,859	249	49,610	—
Loans, net	810,192	—	—	790,950
Mortgage loans held for sale	22,146	—	22,146	—
Correspondent bank stock	2,326	N/A	N/A	N/A
Accrued interest receivable	2,378	—	2,378	—
Promissory notes, net	5,795	—	—	5,795
Other assets	698	698	—	—
Liabilities:				
Deposits	818,227	—	818,713	—
Borrowings:				
FHLB Topeka Borrowings—fixed rate	47,928	—	48,500	—
2016 Subordinated notes—fixed-to-floating rate	6,560	—	—	6,777
2012 Subordinated notes—fixed rate	6,875	—	—	6,992
Accrued interest payable	216	—	216	—

2017	Carrying Amount	Fair Value Measurements Using: Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 9,502	$ 9,502	$ —	$ —
Securities available-for-sale	53,650	952	52,698	—
Loans, net	806,402	—	—	822,392
Mortgage loans held for sale	22,940	—	22,940	—
Correspondent bank stock	1,555	N/A	N/A	N/A
Accrued interest receivable	2,421	—	2,421	—
Promissory notes, net	5,792	—	—	5,792
Liabilities:				
Deposits	816,117	—	821,059	—
Borrowings:				
FHLB Topeka Borrowings—fixed rate	28,563	—	29,108	—
2016 Subordinated notes—fixed-to-floating rate	6,560	—	—	6,893
2012 Subordinated notes—fixed rate	6,875	—	—	7,129
Accrued interest payable	197	—	197	—

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 set forth by ASU 2016-01 effective January 1, 2018 on a prospective basis. The estimated fair values carried at cost at December 31, 2017 were based on an entry 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 consolidated financial statements since the balance sheet dates. Therefore, current estimates of fair value may differ significantly from the amounts presented herein.

NOTE 14—SEGMENT REPORTING

The Company's reportable segments consist of Wealth Management, Capital 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 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.

The Capital Management segment consist of operations relative to the Company's institutional investment management services over proprietary fixed income, high yield, and equity strategies, including the advisor of three owned, managed, and rated mutual funds. Capital management products and services are financial in nature for which revenues are based on a percentage of assets under management or paid premiums.

The Mortgage segment consist 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 tables below present the financial information for each segment that is specifically identifiable or based on allocations using internal methods for the three months ended March 31, 2018 and 2017 (in thousands):

2018	Wealth Management	Capital Management	Mortgage	Consolidated
Income Statement				
Total interest income	$ 9,006	$ —	$ —	$ 9,006
Total interest expense	1,646	—	—	1,646
Provision for loan losses	(187)	—	—	(187)
Net-interest income	7,547	—	—	7,547
Non-interest income	5,164	861	1,267	7,292
Total income	12,711	861	1,267	14,839
Depreciation and amortization expense	337	132	104	573
All other non-interest expense	10,122	1,194	1,397	12,713
Income before income tax	$ 2,252	$ (465)	$ (234)	$ 1,553
Goodwill	$ 15,994	$ 8,817	$ —	$ 24,811
Total assets	$ 958,511	$ 10,964	$ 22,146	$ 991,621

2017	Wealth Management	Capital Management	Mortgage	Consolidated
Income Statement				
Total interest income	$ 7,546	$ —	$ —	$ 7,546
Total interest expense	1,282	—	—	1,282
Provision for loan losses	224	—	—	224
Net-interest income	6,040	—	—	6,040
Non-interest income	3,920	1,074	1,056	6,050
Total income	9,960	1,074	1,056	12,090
Depreciation and amortization expense	480	138	—	618
All other non-interest expense	8,989	1,180	481	10,650
Income before income tax	$ 491	$ (244)	$ 575	$ 822
Goodwill	$ 15,994	$ 8,817	$ —	$ 24,811
Total assets	$ 906,555	$ 13,224	$ 5,756	$ 925,535

NOTE 15—SUPPLEMENTAL FINANCIAL DATA

Other non-interest expense as shown in the consolidated statements of income is detailed in the following schedule to the extent the components exceed one percent of the aggregate of total interest income and other income.

Other non-interest expense (in thousands)	Three Months Ended March 31, 2018	2017
Corporate development and related	$ 285	$ 182
Loan and deposit related	204	96
Office supplies and deliveries	60	3
Other	30	230
	$ 579	$ 511

NOTE 16—REGULATORY CAPITAL MATTERS

The Bank is 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 consolidated financial statements. Under capital adequacy guidelines and, additionally for banks, the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification is 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 rules") became effective for the Company on January 1, 2015 with full compliance with all of the requirements being phased in over a multi-year schedule, and fully phased in by January 1, 2019. The net unrealized gain or loss on available-for-sale securities is not included in computing regulatory capital. Management believes as of March 31, 2018, the Bank meets all capital adequacy requirements to which it is subject.

Prompt corrective action regulations for 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 the Bank's primary regulators to measure capital require the Bank to maintain minimum amounts and ratios, set forth in the following table. These ratios are common equity Tier 1 capital ("CET 1"), 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). Management believes the Bank met all capital adequacy requirements to which it is subject as of March 31, 2018 and December 31, 2017.

Actual capital ratios of the Bank, along with the applicable regulatory capital requirements as of March 31, 2018, which were calculated in accordance with the requirements of Basel III, became effective January 1, 2015. The final rules of Basel III also established a "capital conservation buffer" of 2.5% above new regulatory minimum capital ratios, and when fully effective in 2019, will result in the following minimum ratios: (i) a CET 1 ratio of 7.0%; (ii) a Tier 1 capital ratio of 8.5%; and (iii) a total capital ratio of 10.5%. The new capital conservation buffer requirement began phasing in, in January 2016 at 0.625% of risk-weighted assets and will increase each year until fully implemented in January 2019. An institution is 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 will establish a maximum percentage of eligible retained income that can be utilized for such activities. At March 31, 2018, required ratios including the capital conservation buffer were (i) CET 1 of 6.35%; (ii) a Tier 1 capital ratio of 7.875%; and (iii) a total capital ratio of 9.875%.

As of March 31, 2018 and December 31, 2017, the most recent filings with the Federal Deposit Insurance Corporation ("FDIC") categorized the Bank as well capitalized under the regulatory guidelines. To be categorized as well capitalized, an institution must maintain minimum CET 1 risk-based, Tier 1 risk-based, total risk-based, and Tier 1 leverage ratios as set forth in the following table. There are no conditions or events since March 31, 2018, the Company believes have changed the categorization of the Bank as well capitalized.

The following presents the actual and required capital amounts and ratios as of March 31, 2018 and December 31, 2017 (in thousands):

	Actual		Required for Capital Adequacy Purposes		To be Well Capitalized Under Prompt Corrective Action Regulations	
2018	Amount	Ratio	Amount	Ratio	Amount	Ratio
Common Equity Tier 1(CET1) to risk-weighted assets						
Bank	$ 80,414	10.36%	$ 34,945	4.5%	$ 50,476	6.5%
Consolidated	55,267	7.04	35,331	4.5	51,033	6.5
Tier 1 capital to risk-weighted assets						
Bank	80,414	10.36	46,593	6.0	62,125	8.0
Consolidated	74,152	9.44	47,107	6.0	62,810	8.0
Total capital to risk-weighted assets						
Bank	87,655	11.29	62,125	8.0	77,656	10.0
Consolidated	96,656	12.31	62,810	8.0	78,512	10.0
Tier 1 capital to average assets						
Bank	80,414	8.43	38,135	4.0	47,668	5.0
Consolidated	74,152	7.72	38,441	4.0	48,051	5.0

	Actual		Required for Capital Adequacy Purposes		To be Well Capitalized Under Prompt Corrective Action Regulations	
2017	Amount	Ratio	Amount	Ratio	Amount	Ratio
Common Equity Tier 1(CET1) to risk-weighted assets						
Bank	$ 77,879	9.81%	$ 35,719	4.5%	$ 51,595	6.5%
Consolidated	52,703	6.56	36,132	4.5	52,910	6.5
Tier 1 capital to risk-weighted assets						
Bank	77,879	9.81	47,626	6.0	63,501	8.0
Consolidated	70,573	8.79	48,176	6.0	64,234	8.0
Total capital to risk-weighted assets						
Bank	85,304	10.75	63,501	8.0	79,377	10.0
Consolidated	93,903	11.70	64,234	8.0	80,293	10.0
Tier 1 capital to average assets						
Bank	77,879	8.27	37,659	4.0	47,073	5.0
Consolidated	70,573	7.41	38,101	4.0	47,627	5.0

NOTE 17—REVENUE

There was no impact to the Company's consolidated financial statements upon adoption of ASU 2014-09 and a cumulative effect adjustment to opening retained earnings was not deemed necessary. Trust and investment management fees are included within non-interest income and is considered in-scope of Topic 606 and discussed below.

Trust and investment management fees

Trust and investment management fees are earned for providing trust and investment services to clients. 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 the assets under management and the corresponding fee rate based on the terms of the contract. No performance based incentive fees are earned with respect to investment management contracts. Receivables are recorded on the consolidated balance sheet in the accounts receivable line item.

All of the trust and investment management income on the consolidated statement of operations for the three months ended March 31, 2018 is considered in-scope of Topic 606.

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FORTNER, BAYENS, LEVKULICH & GARRISON, P.C.

INDEPENDENT AUDITORS' REPORT

Managing Directors
EMC Holdings, LLC
Greenwood Village, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of EMC Holdings, LLC ("Company") which are comprised of the balance sheets as of December 31, 2016 and 2015, and the related statements of income, member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

1580 Lincoln Street • Suite 700 • Denver, CO 80203
303/296-6033 • FAX 303/296-8553
Certified Public Accountants • A Professional Corporation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of EMC Holdings, LLC as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying adjusted net worth computation and the HUD required financial data templates shown on pages 13-14 are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the supplementary information as of, and for the year ended, December 31, 2016 is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued a report dated March 1, 2017 on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing not to provide an opinion on internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

Denver, Colorado
March 1, 2017

EMC HOLDINGS, LLC
(D/B/A Englewood Mortgage Company)
BALANCE SHEETS

	DECEMBER 31, 2016	DECEMBER 31, 2015
ASSETS		
Cash and cash equivalents	$ 2,815,512	$ 2,443,077
Loan revenues receivable	637,867	1,001,765
Accounts receivable investors	23,765,856	42,254,675
Property and equipment, net	78,570	84,209
Prepaid expenses and other	108,584	1,792,688
Goodwill	438,760	487,511
TOTAL ASSETS	$ 27,845,149	$ 48,063,925
LIABILITIES AND MEMBER'S EQUITY		
LIABILITIES		
Accounts payable	$ 142,952	$ 977,430
Accounts payable—investors	154,656	239,023
Note payable—warehouse line	23,765,856	42,254,675
Accrued salaries and commissions payable	284,803	190,389
Payroll taxes payable	1,458	4,134
Total liabilities	24,349,725	43,665,651
COMMITMENTS (Note 6)		
MEMBER'S EQUITY		
Contributed capital	2,600,000	3,750,000
Retained earnings	895,424	648,274
Total member's equity	3,495,424	4,398,274
TOTAL LIABILITES AND MEMBER'S EQUITY	$ 27,845,149	$ 48,063,925

See notes to financial statements.

EMC HOLDINGS, LLC
(D/B/A Englewood Mortgage Company)
STATEMENTS OF INCOME

	FOR THE YEARS ENDED DECEMBER 31,	
	2016	2015
REVENUES:		
Origination and discount fees	$ 10,296,972	$ 9,239,536
Interest income	4,110	663,882
Administration fee	1,447,119	1,436,228
Other income	—	429
Total revenues	11,748,201	11,340,075
EXPENSES:		
Commissions	5,081,871	4,906,565
Salaries and employee benefits	2,640,630	2,215,501
Interest expense—warehouse line	8,980	724,863
Rent	257,260	211,855
General and administrative	2,035,170	2,160,469
Total expenses	10,023,911	10,219,253
NET INCOME	$ 1,724,290	$ 1,120,822

See notes to financial statements.

EMC HOLDINGS, LLC
(D/B/A Englewood Mortgage Company)
STATEMENT OF CHANGES IN MEMBER'S EQUITY

	FOR THE TWO YEARS ENDED DECEMBER 31, 2016
	Member's Equity
BALANCE—December 31, 2014	$ 3,054,733
Net income	1,120,822
Capital contributions	2,100,000
Capital distributions	(400,000)
Cash distributions	(1,477,281)
BALANCE—December 31, 2015	4,398,274
Net income	1,724,290
Capital contributions	475,000
Capital distributions	(1,625,000)
Cash distributions	(1,477,140)
BALANCE—December 31, 2016	$ 3,495,424

See notes to financial statements.

EMC HOLDINGS, LLC
(D/B/A Englewood Mortgage Company)
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Adjustments to reconcile net income to net cash provided by operating activities:		
Net income	$ 1,724,290	$ 1,120,822
Depreciation and amortization	70,507	10,250
Net change in:		
Loan revenue receivable	363,898	(313,569)
Prepaid and other	1,684,104	(1,634,612)
Accounts payable	(834,478)	929,715
Accounts payable investor	(84,367)	176,307
Accrued salaries	94,414	47,240
Accounts payable taxes	(2,676)	(62)
Accrued vacation and employee benefits	—	(5,175)
Net cash provided by operating activities	3,015,692	330,916
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of premises and equipment	(16,117)	(53,612)
Net cash paid for acquisition of membership interest	—	(450,000)
Net cash used by financing activities	(16,117)	(503,612)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital contribution	475,000	2,100,000
Capital distribution	(1,625,000)	(400,000)
Distributions	(1,477,140)	(1,477,281)
Net cash used by financing activities	(2,627,140)	222,719
NET INCREASE IN CASH AND CASH EQUIVALENTS	372,435	50,023
CASH AND CASH EQUIVALENTS—BEGINNING OF YEAR	2,443,077	2,393,054
CASH AND CASH EQUIVALENTS—END OF YEAR	$ 2,815,512	$ 2,443,077

See notes to financial statements.

EMC HOLDINGS, LLC
(D/B/A Englewood Mortgage Company)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED December 31, 2016 and 2015

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General—On July 16, 2001, EMC Holdings, LLC was formed as a Colorado Limited liability Company.

In 2011 Western Financial Group, LLC (the Group) partnered with Western Heritage Bank (the Bank) to create a mortgage subsidiary, WHMC, LLC (WHMC). In 2015 the Group entered agreement to purchase the Bank's membership interest (Note 6). In 2016 the Group partnered with Citywide EMC, LLC (Citywide) to purchase a 19% interest in WHMC. In exchange for a 19% membership interest in WHMC, Citywide contributed capital of $475,000 in cash. In exchange for an 81% membership interest, the Group contributed capital of $2,125,000 in cash contribution and the experience and expertise that its members bring to the business with regard to mortgage banking. Englewood Mortgage Company (the Company) provides services as a loan correspondent and charges origination and/or discount fees for assisting borrowers in obtaining residential mortgage financing.

Cash and Cash Equivalents—For purposes of the statement of cash flows, cash includes cash on hand and cash on deposit with financial institutions.

Property and Equipment—Equipment are carried at cost, less accumulated depreciation and amortization, generally computed on the straight-line method over the useful lives of the assets or the expected terms of the leases, if shorter. Expected terms include lease option periods to the extent that the exercise of such options is reasonably assured.

Goodwill—Goodwill represents the excess of the purchase price over the estimated fair value of identifiable net assets associated with acquisition transactions. The Company is currently amortizing goodwill over 10 years.

Income Taxes—The Company, as a limited liability company, does not pay tax on its taxable income. Instead, the members of the Company pay tax on their respective share of the income.

Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts 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 differ from those estimates.

Subsequent Events—The Company has evaluated subsequent events for recognition and disclosure through March 1, 2017, which is the date the financial statements were available to be issued.

2. SIGNIFICANT ACCOUNTING STANDARDS UPDATE NOT YET EFFECTIVE

The Financial Accounting Standards Board recently issued an Accounting Standards Update which are not effective for the Company until future periods, but which have the potential to significantly impact

the Company's financial statements although the Company has not yet completed evaluations of the impact on its financial statements and its accounting and reporting practices:

- Accounting Standards Update 2016-02, *Leases (Topic 326)*. Under the new standard, the Company will be required to record a right-of-use asset for leased property and also record a corresponding lease liability. In general, rather than expense lease payments as they are made as currently done under operating lease guidance, the right-of-use asset will be amortized to expense over the lease term and lease payments will reduce the lease obligation. The standard is effective for the Company beginning January 1, 2020.

3. ACCOUNTS RECEIVABLE—INVESTORS

Accounts receivable consist of amounts due from investors from various loans that were closed by Englewood Mortgage Company during December 2016 and subsequently sold to investors.

4. PREPAID EXPENSES AND OTHER ASSETS

Prepaid expense and other assets consist of prepaid expenses, loan originations and discount fees, investor production bonus/fees and amounts due from borrower's first mortgage payments that were received after year end for loans closed/completed before the end of the year.

5. NOTES PAYABLE—WAREHOUSE LINE

The warehouse line consists of three revolving lines of credit up to a maximum of $106,000,000. These credit facilities include a $51,000,000 credit line from an affiliate of the Company that bears interest at the rate of the underlying mortgage through 75 days of closing then additional 1.0% after that. The Company also has a $55,000,000 facility from unrelated financial institutions. Advances under this line bear interest at the interest at the rate of the underlying mortgage. The Company uses these warehouse lines of credit to fund loans that will be sold to investors. At December 31, 2016 the Company had an outstanding balance of $23,765,856 on the $106,000,000 credit facility.

6. MEMBERSHIP INTEREST PURCHASE

On November 13, 2015, the Group entered into an agreement to purchase the Western Heritage Bank's 51% membership interest effective on December 31, 2015. The purchase price consisted of four payments with the first three payments on December 31, 2015, which included the Bank's capital contributions of $2,025,000, undistributed earnings through November 30, 2015 of $421,215 and a premium of $450,000. The fourth payment amount, made in the first quarter of 2016, was based on the undistributed earnings owed to the Bank from December 1, 2015 through December 31, 2015. The premium amount paid was allocated to goodwill as there were no tangible assets purchased.

7. COMMITMENTS

Lease Agreement—The Company has executed a lease agreement for its primary location in Greenwood Village, Colorado. The lease was entered into on June 5, 2015 with a commencement date of December 1,

2015 and an expiration date of April 30, 2023. The minimum future rental commitments of the lease are shown below:

Year Ending December 31	Operating Leases
2017	$ 227,733
2018	232,832
2019	232,832
2020	237,930
2021	248,127
Thereafter	338,201
Total	$ 1,517,655

8. FHA NON-SUPERVISED LENDOR

The Company is an FHA approved non-supervised lender. As such, the Company is able to offer FHA loan products to its customers. As an approved non-supervised lender, the Company must maintain an adjusted net worth of at least $1 million, plus an additional net worth of 1% of the total volume in excess of $25 million of FHA single-family insured mortgages originated, underwritten, purchased or serviced during the prior fiscal year, up to a maximum required net worth of $2.5 million. No less than 20% of the Company's required net worth must be liquid assets consisting of cash or its equivalent. At December 31, 2016, the Company met these two requirements.

EMC HOLDINGS, LLC
(D/B/A Englewood Mortgage Company)
BALANCE SHEETS (UNAUDITED)

	June 30, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents	$ 2,117,532	$ 2,815,512
Loan revenues receivable	446,540	637,867
Accounts receivable investors	14,969,469	23,765,856
Property and equipment, net	68,970	78,570
Prepaid expenses and other	89,097	108,584
Goodwill	$ 414,385	$ 438,760
TOTAL ASSETS	**$ 18,105,993**	**$ 27,845,149**
LIABILITIES AND MEMBER'S EQUITY		
LIABILITIES		
Accounts payable	$ 145,766	$ 142,952
Accounts payable—investors	50,213	154,656
Note payable—warehouse line	14,969,469	23,765,856
Accrued salaries & commissions payable	172,066	284,803
Payroll taxes payable	$ 9,062	$ 1,458
Total liabilities	15,346,576	24,349,725
COMMITMENTS		
MEMBER'S EQUITY		
Contributed capital	2,125,000	2,600,000
Retained earnings	634,417	895,424
Total member's equity	2,759,417	3,495,424
TOTAL LIABILITIES AND MEMBER'S EQUITY	**$ 18,105,993**	**$ 27,845,149**

See notes to financial statements.

EMC HOLDINGS, LLC
(D/B/A Englewood Mortgage Company)
STATEMENTS OF INCOME (UNAUDITED)

	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
REVENUES:			
Origination and discount fees	$ 2,087,094	$ 3,756,994	$ 4,548,560
Interest income	1,045	1,869	2,106
Administration fee	287,540	522,140	616,789
Total revenues	2,375,679	4,281,003	5,167,455
EXPENSES:			
Commissions	1,039,112	1,824,784	2,271,597
Salaries and employee benefits	604,949	1,291,381	1,196,829
Interest expense—warehouse line	—	1,769	6,999
Rent	56,167	112,334	144,926
General and administrative	352,475	688,613	832,734
Total expenses	$ 2,052,703	$ 3,918,881	$ 4,453,085
NET INCOME:	$ 322,976	$ 362,122	$ 714,370

See notes to financial Statements.

EMC HOLDINGS, LLC
(D/B/A Englewood Mortgage Company)
STATEMENT OF CHANGES IN MEMBER'S EQUITY (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2017

	Member's Equity
BALANCE—December 31, 2016	$ 3,495,424
Net Income	362,122
Capital contributions	—
Capital distributions	(475,000)
Cash distributions	(623,129)
BALANCE—June 30, 2017	$ 2,759,417

See notes to financial statements.

EMC HOLDINGS, LLC
(D/B/A Englewood Mortgage Company)
STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30,

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Adjustments to reconcile net income to net Cash provided by operating activities:		
Net Income	$ 362,122	$ 714,370
Depreciation and amortization	33,975	35,459
Net change in:		
Loan revenue receivable	191,327	60,446
Prepaid and other	19,487	1,666,650
Accounts payable	2,814	(752,179)
Accounts payable investor	(104,443)	(125,292)
Accrued salaries	(112,737)	87,702
Accounts payable taxes	7,604	6,102
Net cash provided by operating activities	400,149	1,693,258
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of premises and equipment	—	(9,070)
Net cash used by investing activities	—	(9,070)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital contribution	—	475,000
Capital distribution	(475,000)	(1,625,000)
Distributions	(623,129)	(593,670)
Net cash used by financing activities	(1,098,129)	(1,743,670
NET DECREASE IN CASH & CASH EQUIVALENTS	(697,980)	(59,482)
CASH & CASH EQUIVALENTS—BEGINNING OF PERIOD	$ 2,815,512	$ 2,443,075
CASH & CASH EQUIVALENTS—END OF PERIOD	2,117,532	2,383,593

See notes to financial statements.

EMC HOLDINGS, LLC
(D/B/A Englewood Mortgage Company)
NOTES TO FINANCIAL STATEMENTS
FOR PERIOD ENDED JUNE 30, 2017

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Effective May 31, 2017, the Group purchased back the $475,000 in capital from Citywide and took 100% ownership of WHMC. Englewood Mortgage Company (the Company) provides services as a loan correspondent and charges origination and/or discount fees for assisting borrowers in obtaining residential mortgage financing.

Shares

FIRSTwestern
FINANCIAL, INC.

Common Stock

PROSPECTUS

Keefe, Bruyette & Woods **Stephens Inc.**
A Stifel Company

Sandler O'Neill + Partners, L.P.

The date of this prospectus is , 2018

Through and including , 2018 (25 days after the date of this prospectus), all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

Estimated expenses, other than underwriting discounts and commissions, of the sale of our common stock, are as follows:

SEC registration fee	$	*
FINRA filing fee		*
Listing fees and expenses		*
Transfer agent and registrar fees and expenses		*
Printing fees and expenses		*
Legal fees and expenses		*
Accounting expenses		*
Miscellaneous expenses		*
Total	$	*

* To be furnished by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 7-108-402 of the Colorado Business Corporation Act provides that the articles of incorporation of a Colorado corporation may contain a provision eliminating or limiting the personal liability of a director to the corporation or to its shareholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 7-108-403 of the Colorado Business Corporation Act (regarding liability of directors for unlawful distributions), or (iv) for any transaction from which the director directly or indirectly derived an improper personal benefit. Such a provision in the articles of incorporation shall not eliminate or limit the liability of a director to the corporation or to its shareholders for monetary damages for any act or omission occurring before the date on which the provision becomes effective. Section 7-108-402 further provides that no director or officer shall be personally liable for any injury to persons or property arising out of a tort committed by any employee unless such director or officer (i) was personally involved in the situation giving rise to the litigation or (ii) committed a criminal offense in connection with such situation. Our amended and restated articles of incorporation and amended and restated bylaws provide for indemnification by us of our directors, officers, employees, and agents to the fullest extent permitted by law.

Section 7-109-103 of the Colorado Business Corporation Act provides that, unless limited by its articles of incorporation, a Colorado corporation must indemnify a person who was wholly successful, on the merits or otherwise, in the defense of any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal (a "Proceeding"), to which that person was a party because the person is or was a director of the corporation or an individual who, while a director of the corporation, is or was serving at the corporation's request as a director, officer, agent, business associate, employee, fiduciary, manager, member, partner, promoter, trustee of, or any similar position with, another domestic or foreign entity or of an employee benefit plan (a "Director"), against reasonable expenses incurred by the Director in connection with the Proceeding. Our amended and restated articles of incorporation do not contain any such limitation.

Section 7-109-102 of the Colorado Business Corporation Act provides, generally, that a Colorado corporation may indemnify a person made a party to a Proceeding because the person is or was a Director

against any obligation incurred with respect to a Proceeding to pay a judgment, settlement, penalty, fine (including an excise tax assessed with respect to an employee benefit plan), or reasonable expenses incurred in the Proceeding if (i) the Director's conduct was in good faith and (ii) the Director reasonably believed, (a) in the case of conduct in an official capacity with the corporation, that the Director's conduct was in the corporation's best interests and, (b) in all other cases, that the Director's conduct was at least not opposed to the corporation's best interests and, (iii) with respect to any criminal proceeding, the Director had no reasonable cause to believe that his or her conduct was unlawful. Section 7-109-102 further provides that a corporation may not indemnify a Director in connection with any Proceeding charging that the Director derived an improper personal benefit, whether or not involving actions in an official capacity, in which Proceeding the Director was adjudged liable on the basis that the Director derived an improper personal benefit.

Section 7-109-106 provides that the determination that indemnification of a Director is permissible shall be made (i) by the board of directors by a majority vote of those present at a meeting at which a quorum is present, and only those directors not parties to the Proceeding shall be counted in satisfying the quorum; (ii) if a quorum cannot be obtained, by a majority vote of a committee of the board of directors designated by the board of directors, which committee shall consist of two or more directors not parties to the Proceeding (except that Directors who are parties to the Proceeding may participate in the designation of directors for the committee); or (iii) if a quorum cannot be obtained and a committee cannot be established, or if a majority of the directors constituting such quorum or such committee so directs, by independent legal counsel (pursuant to the voting requirements under Section 7-109-106) or by the shareholders.

Under Section 7-109-105 of the Colorado Business Corporation Act, unless otherwise provided in the articles of incorporation, a Director may apply for indemnification to a court of competent jurisdiction. After giving any notice the court considers necessary, the court may order indemnification in the following manner: (i) if the court determines that the Director is entitled to mandatory indemnification under Section 7-109-103, the court shall order (a) indemnification and (b) payment by the corporation of the Director's reasonable expenses incurred to obtain court-ordered indemnification; and (ii) if the court determines that the Director is fairly and reasonably entitled to indemnification in view of all of the relevant circumstances, whether or not the Director met the standard of conduct under Section 7-109-102 or was adjudged liable (a) in an action by or in the right of the corporation or (b) on the basis that he or she derived an improper personal benefit, the court may order indemnification as it deems proper (except that the indemnification in these circumstances is limited to the reasonable expenses incurred in connection with the Proceeding and reasonable expenses incurred to obtain court-ordered indemnification).

Under Section 7-109-107 of the Colorado Business Corporation Act, unless otherwise provided in the articles of incorporation, an officer is entitled to mandatory indemnification under Section 7-109-103, and to apply for court-ordered indemnification under Section 7-109-105, in each case to the same extent as a Director. A Colorado corporation may indemnify and advance expenses to (i) an officer, employee, fiduciary, or agent of the corporation to the same extent as to a Director and (ii) an officer, employee, fiduciary, or agent who is not a Director to a greater extent, if not inconsistent with public policy and if provided for by its bylaws, general or specific action of its board of directors or shareholders, or contract.

Section 7-109-104 of the Colorado Business Corporation Act authorizes a Colorado corporation to pay for or reimburse the reasonable expenses incurred by a Director in defending a Proceeding in advance of final disposition of the Proceeding if (i) the Director furnishes a written affirmation of the Director's good-faith belief that the Director has met the standard of conduct under Section 7-109-102, (ii) the Director furnishes a written undertaking to repay the advance if it is ultimately determined that the Director did not meet the standard of conduct, and (iii) a determination is made that the facts then known

to those making the determination would not preclude indemnification under the Colorado Business Corporation Act.

We will enter into, prior to the completion of this offering, indemnification agreements with the members of our board of directors and officers. Each indemnification agreement requires us to indemnify each of these directors and officers as described above. We are also expressly required to advance certain expenses to our directors and officers and carry directors' and officers' insurance providing indemnification for our directors and officers for some liabilities.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, or persons controlling us under any of the foregoing provisions, in the opinion of the SEC, that indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. Finally, our ability to provide indemnification to our directors and officers is limited by federal banking laws and regulations, including, but not limited to, 12 U.S.C. § 1828(k).

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

Since January 1, 2015, the Company has sold the following securities which were not registered under the Securities Act:

Plan Related Issuances

- From January 1, 2015 through March 31, 2018, we granted to our associates, officers and directors options to purchase 182,182 shares of our common stock with per share exercise prices ranging from $24.32 to $27.00 under our 2008 Plan.

- From January 1, 2015 through March 31, 2018, we issued to our associates, officers and directors, an aggregate of 199,263 Time Vesting Units to be settled in shares of our common stock under our 2016 Plan.

- From January 1, 2015 through March 31, 2018, we issued to certain associates and officers an aggregate of 20,840 Financial Performance Units to be settled in shares of our common stock under our 2016 Plan.

- From January 1, 2015 through March 31, 2018, we issued to certain associates and officers an aggregate of 21,467 Market Performance Units to be settled in shares of our common stock under our 2016 Plan.

Acquisition Related Issuances

- In September 2017, we issued 105,264 shares of common stock to EMC, LLC, related to the purchase of the Englewood Mortgage Company mortgage business, with a value of $3.0 million. These shares are more fully described in Note 2—Acquisitions to the accompanying notes to the consolidated financial statements included elsewhere in this prospectus.

Other Issuances

- On March 31, 2015, we issued 442,263 shares to three investors (which included our CEO and a former executive officer) upon repayment of the subordinated debenture notes from those parties for an aggregate amount of $5.8 million.

- On October 31, 2015, we issued 51,255 shares to two investors (which included a former executive officer) upon repayment of the subordinated debenture notes from those parties for an aggregate amount of $0.8 million.

- On October 31, 2016, we issued 300,000 shares to our CEO upon repayment of the subordinated debenture notes for a cash payment from him of $6.6 million.

- On October 17, 2016, we issued and sold an aggregate of 75,578 shares of common stock to twenty-one investors for an aggregate purchase price of $2.0 million.

- On November 14, 2016, we issued and sold an aggregate of 13,939 shares of common stock to fifteen investors for an aggregate purchase price of $0.4 million.

- On December 31, 2016, we issued and sold an aggregate of 5,060 shares of common stock to three investors for an aggregate purchase price of $0.1 million.

- On February 10, 2017, we issued and sold an aggregate of 13,579 shares of common stock to five investors for an aggregate purchase price of $0.4 million.

- On September 15, 2017, we issued and sold an aggregate of 58,710 shares of common stock to eight investors for an aggregate purchase price of $1.7 million.

- On September 29, 2017, we issued and sold an aggregate of 64,979 shares of common stock to nine investors for an aggregate purchase price of $1.9 million.

- On October 31, 2017, we issued and sold an aggregate of 14,980 shares of common stock to two investors for an aggregate purchase price of $0.4 million.

- On November 16, 2017, we issued and sold an aggregate of 34,543 shares of common stock to three investors for an aggregate purchase price of $1.0 million.

- On February 9, 2018, we issued and sold an aggregate of 67,242 shares of common stock to seven investors for an aggregate purchase price of $1.9 million.

- On October 17, 2016, the holders of 25,000 shares of Series D Preferred Stock converted their shares into 92,500 shares of common stock and the Company paid $0.3 million of dividends in connection with the conversion.

- On December 31, 2016, the holders of 2,000 shares of Series D preferred stock converted their shares into 7,400 shares of common stock and the Company paid $27,000 of dividends in connection with the conversion.

- On September 29, 2017, the holders of 5,000 shares of Series D preferred stock converted their shares into 17,500 shares of common stock to common stock and the Company paid $11,000 of dividends in connection with the conversion. In addition, the holder of the Series D preferred stock elected to take the Make Whole Right and convert the Series D preferred stock to common stock at the rate of 3.5 shares of common stock per share of Series D preferred stock.

- At various dates from January 1, 2015 through March 31, 2018, the Company issued 41,339 shares of common stock upon exercise of stock options for an aggregate of $0.9 million.

None of the foregoing transactions involved any underwriters, underwriting discounts, commissions, or any public offering. Unless otherwise specified above, we believe these transactions were exempt from registration under the Securities Act in reliance on Section 4(a)(2) of the Securities Act (and Regulation D or Regulation S promulgated thereunder), or Rule 701 promulgated under Section 3(b) of the Securities Act as transactions by an issuer not involving any public offering or under benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view

to or for sale in connection with any distribution thereof, and appropriate legends were placed on the share certificates issued in these transactions. All recipients had adequate access, through their relationships with us, to information about us. The sales of these securities were made without any general solicitation or advertising.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits.

See the Exhibit Index on the page immediately following the signature page for a list of exhibits filed as part of this registration statement on Form S-1, which Exhibit Index is incorporated herein by reference.

(b) Financial Statement Schedules.

All financial statement schedules are omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or the notes thereto.

ITEM 17. UNDERTAKINGS.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The registrant hereby further undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective; and

(2) For purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

EXHIBIT INDEX

NUMBER	DESCRIPTION
1.1*	Underwriting Agreement
3.1	Form of Amended and Restated Articles of Incorporation
3.2	Form of Amended and Restated Bylaws
3.3	Certificate of Designations of Fixed Rate Cumulative Perpetual Preferred Stock, Series A
3.4	Certificate of Designations of Fixed Rate Cumulative Perpetual Preferred Stock, Series B
3.5	Certificate of Designations of Fixed Rate Cumulative Perpetual Preferred Stock, Series C
3.6	Certificate of Designations of Noncumulative Perpetual Convertible Preferred Stock, Series D
4.1	Form of Common Stock Certificate
4.2	Certain instruments defining the rights of holders of long-term debt securities of the registrant and its subsidiaries are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. The registrant hereby undertakes to furnish to the SEC, upon request, copies of any such instruments.
4.3	Letter Agreement, including the related Securities Purchase Agreement—Standard Terms, dated February 6, 2009, between the United States Department of the Treasury and First Western Financial, Inc.
4.4	Letter Agreement, including the related Securities Purchase Agreement—Standard Terms, dated December 11, 2009, between the United States Department of the Treasury and First Western Financial, Inc.
4.5	Form of Note Purchase Agreement for 8% Subordinated Notes due 2020
4.6	Form of Note Purchase Agreement for 7.25% Fixed-to-Floating Rate Subordinated Notes due 2026
4.7	Form of Investor Agreement, by and among First Western Financial, Inc. and certain of its shareholders
4.8	Form of Conversion and Investment Agreement, between First Western Financial, Inc. and certain holders of its Noncumulative Perpetual Convertible Preferred Stock, Series D
5.1*	Opinion of Norton Rose Fulbright US LLP
10.1†	First Western Financial, Inc. 2008 Stock Incentive Plan, as amended
10.2†	First Western Financial, Inc. 2016 Omnibus Incentive Plan
10.3†	Employment Agreement, dated January 1, 2017, between Scott Wylie and First Western Financial, Inc.
10.4†	Amended and Restated Employment Agreement, dated March 5, 2018, between Julie Courkamp and First Western Financial, Inc.
10.5	Business Loan Agreement, dated October 31, 2009, between First Western Financial, Inc., as borrower, and BMO Harris Bank N.A. (successor by merger to M&I Marshall & Ilsley Bank), as lender, as amended

NUMBER	DESCRIPTION
10.6	Asset Purchase Agreement, dated August 18, 2017, among EMC Holdings, LLC, WHMC, LLC, Alan Schrum and First Western Trust Bank
10.7†	Form of Indemnification Agreement between First Western Financial, Inc. and its directors and certain officers
10.8	Lease Agreement, dated March 10, 2005, between 1001 Lincoln Limited Liability Company and First Western Financial, Inc.
10.9	First Amendment to Lease, dated June 8, 2010, between 1001 Lincoln Limited Liability Company and First Western Financial, Inc.
10.10†	First Western Financial, Inc. NEO Discretionary Incentive Compensation Plan
21.1	Subsidiaries of First Western Financial, Inc.
23.1*	Consent of Norton Rose Fulbright US LLP (contained in Exhibit 5.1)
23.2	Consent of Crowe Horwath LLP
23.3	Consent of Fortner, Bayens, Levkulich & Garrison, P.C.
24.1	Powers of attorney (included on signature page to the Registration Statement)

* To be filed by amendment.

† Indicates a management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in Denver, Colorado, on the day of June 19, 2018.

FIRST WESTERN FINANCIAL, INC.

By: /s/ SCOTT C. WYLIE

Scott C. Wylie
Chairman, Chief Executive Officer and President

POWERS OF ATTORNEY

Each of the undersigned officers and directors of First Western Financial, Inc. hereby severally constitutes and appoints Scott C. Wylie and Julie A. Courkamp, and each one of them, as his or her true and lawful attorney-in-fact and agent, with full power of substitution and re-substitution, in his or her name, place and stead and on his or her behalf, and in any and all capacities, to sign any and all amendments (including post-effective amendments) and exhibits to this Registration Statement, and any other registration statement for the same offering pursuant to Rule 462(b) under the Securities Act of 1933, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing which said attorney-in-fact and agent may deem necessary or advisable to be done or performed in connection with any or all of the above-described matters, as fully as each of the undersigned could do if personally present and acting, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on the dates set forth below.

Signature	Title	Date
By: /s/ SCOTT C. WYLIE Scott C. Wylie	Chairman, Chief Executive Officer and President (Principal Executive Officer)	June 19, 2018
By: /s/ JULIE A. COURKAMP Julie A. Courkamp	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	June 19, 2018
By: /s/ JULIE A. CAPONI Julie A. Caponi	Director	June 19, 2018
By: /s/ DAVID R. DUNCAN David R. Duncan	Director	June 19, 2018

Signature	Title	Date
By: /s/ THOMAS A. GART Thomas A. Gart	Director	June 19, 2018
By: /s/ PATRICK H. HAMILL Patrick H. Hamill	Director	June 19, 2018
By: /s/ LUKE A. LATIMER Luke A. Latimer	Director	June 19, 2018
By: /s/ ERIC D. SIPF Eric D. Sipf	Director	June 19, 2018
By: /s/ MARK L. SMITH Mark L. Smith	Director	June 19, 2018
By: /s/ JOSEPH C. ZIMLICH Joseph C. Zimlich	Director	June 19, 2018

FORM OF
AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
FIRST WESTERN FINANCIAL, INC.

ARTICLE 1. NAME: The name of the corporation is First Western Financial, Inc.

ARTICLE 2: PURPOSE AND POWERS: The corporation shall have and may exercise all of the rights, powers and privileges now or hereafter conferred upon corporations organized under the laws of Colorado. In addition, the corporation may do everything necessary, suitable or proper for the accomplishment of any of its corporate purposes. The corporation may conduct part or all of its business in any part of Colorado, the United States or the world and may hold, purchase, mortgage, lease and convey real and personal property in any of such places.

ARTICLE 3. STOCK AND VOTING

a. Number of Shares. This corporation is authorized to issue two classes of stock to be designated respectively Preferred Stock (the "Preferred Stock") and Common Stock (the "Common Stock"). The total number of shares of capital stock that the corporation is authorized to issue is 100,000,000 shares, of which 90,000,000 shares shall be Common Stock without par value and of which 10,000,000 shares shall be Preferred Stock without par value.

(i) Of the 10,000,000 shares of Preferred Stock that may be issued from time to time in one or more series as described in section (c) of this Article 3:

(A) Eight Thousand Five Hundred Fifty-Nine (8,559) shares of such Preferred Stock shall be designated "Fixed Rate Cumulative Perpetual Preferred Stock Series A", which shares shall have the powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions as set forth in the Certificate of Designations of Fixed Rate Cumulative Perpetual Preferred Stock, Series A, a copy of which was filed with the Secretary of State of the State of Colorado on February 4, 2009.

(B) Four Hundred Twenty-Nine (429) shares of such Preferred Stock shall be designated "Fixed Rate Cumulative Perpetual Preferred Stock, Series B", which shares shall have the powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions as set forth in the Certificate of Designations of Fixed Rate Cumulative Perpetual Preferred Stock, Series B, a copy of which was filed with the Secretary of State of the State of Colorado on February 4, 2009.

(C) Eleven Thousand Eight Hundred Eighty-One (11,881) shares of such Preferred Stock shall be designated "Fixed Rate Cumulative Perpetual Preferred Stock, Series C", which shares shall have the powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions as set forth in the Certificate of Designations of Fixed Rate Cumulative Perpetual Preferred Stock, Series C, a copy of which was filed with the Secretary of State of the State of Colorado on December 8, 2009.

(D) One Hundred Fifty Thousand (150,000) shares of such Preferred Stock shall be designated "Noncumulative Perpetual Preferred Convertible Preferred Stock, Series D", which shares shall have the powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions as set forth in the Certificate of Designations of Noncumulative Perpetual Convertible Preferred Stock, Series D, a copy of which was filed with the Secretary of State of the State of Colorado on July 18, 2012.

b. Common Stock.

(i) General. The common stock shall have unlimited voting rights and shall constitute the sole voting group of the corporation, except to the extent any additional voting group or groups may hereafter be established in accordance with Colorado law.

(ii) Liquidation. The common stock shall be entitled to receive the net assets of the corporation upon dissolution, liquidation or the winding up of the corporation.

(iii) Voting Rights. Each share of common stock shall have one vote. Cumulative voting shall not be permitted in the election of directors or otherwise.

(iv) Quorum. At all meetings of shareholders, the presence in person or by proxy of the holders of common stock representing a majority of the shares entitled to vote at such meeting shall constitute a quorum.

(v) Dividends. The holders of common stock shall be entitled to receive dividends when, as and if declared by the Board of Directors and subject to the limitations on distributions imposed by law.

c. Preferred Stock. The Preferred Stock may be issued from time to time in one or more class or series. The Board of Directors is hereby expressly authorized to determine, in whole or in part, the preferences, limitations, and relative rights of (a) any class of shares before the issuance of any shares of that class; or (b) one or more series within a class before the issuance of any shares of that series. The Board of Directors may make such determination, by resolution or resolutions from time to time adopted, to provide, out of the unissued Preferred Stock, for the issuance of one or more class or series of Preferred Stock. Before any shares of any such series are issued, the Board of Directors shall fix and state, and hereby is expressly empowered to fix, by resolution or resolutions, the relative rights and preferences of the shares of each such series, and the qualifications, limitations, or restrictions thereon, including, but not limited to, determination of any of the following:

(i) the designation of such series, and the number of shares to constitute such series;

(ii) whether the shares of such series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights, which may be full or limited;

(iii) the dividends, if any, payable on such series, and at what rates, whether any such dividends shall be cumulative, and if so, from what dates, the conditions and dates upon which such dividends shall be payable, the preference or relation which such dividends shall bear to the dividends payable on any shares of stock of any other class or any other series of this class;

(iv) whether the shares of such series shall be subject to redemption by the corporation, and, if so, the times, prices and other terms and conditions of such redemption;

(v) the amount or amounts payable upon shares of such series upon, and the rights of the holders of such series in, the voluntary or involuntary liquidation, dissolution, or winding up of the corporation;

(vi) whether the shares of such series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the shares of such series for retirement or other corporate purposes and the terms and provisions relative to the operation thereof;

(vii) whether the shares of such series shall be convertible into, or exchangeable for, shares of stock of any other class or any other series of this class or any other class or classes of securities and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of conversion or exchange;

(viii) the limitations and restrictions, if any, to be effective while any shares of such series are outstanding upon the payment of dividends or the making of other distributions on, and upon the purchase, redemption or other acquisition by the corporation of, the Common Stock or shares of stock of any other class or any other series of this class;

(ix) the conditions or restrictions, if any, upon the creation of indebtedness of the corporation or upon the issue of any additional stock, including additional shares of such series or of any other series of this class or of any other class; and

(x) any other powers, preferences and relative, participating, optional and other special rights, and any qualifications, limitations and restrictions thereof.

The relative rights and preferences of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series of Preferred Stock at any time outstanding; provided, that all shares of a series shall have preferences, limitations, and relative rights identical with those of other shares of the same series and, except to the extent otherwise provided in the description of the series, with those of other series of the same class. Any of the designations, preferences, limitations, or relative rights, including the voting rights, of any series of shares may be dependent upon facts ascertainable outside the Articles of Incorporation, provided that the manner in which such facts operate upon the designations, preferences, and relative rights, including the voting rights, of such series of shares is clearly set forth in the Articles of Incorporation. The Board of Directors may increase the number of Preferred Stock designated for any existing series by a resolution adding to such series authorized and unissued Preferred Stock not designated for any other series. The Board of Directors may decrease

the number of shares of Preferred Stock designated for any existing series by a resolution subtracting from such series unissued Preferred Stock designated for such series. In the event that the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

ARTICLE 4. DIRECTORS: The number of directors of the corporation shall be fixed by the bylaws, or if the bylaws fail to fix such a number, then by resolution adopted from time to time by the board of directors, provided that the number of directors shall not be more than twenty-five (25) nor less than three (3). The shareholders of the corporation may remove one or more directors but only for cause.

ARTICLE 5. REGISTERED OFFICER AND AGENT: The street address of the registered office of the corporation is 7700 East Arapahoe Road, Suite 220, Centennial, Colorado 80112-1268. The name of the registered agent of the corporation at such address is The Corporation Company.

ARTICLE 6. PRINCIPAL OFFICE: The address of the principal office of the corporation is 1900 16th Street, Suite 1200, Denver, CO 80202, United States.

ARTICLE 7. MANAGEMENT PROVISIONS: The following provisions are inserted for the management of the business and for the conduct of the affairs of the corporation, and the same are in furtherance of and not in limitation or exclusion of the powers conferred by law.

(a) Indemnification. The corporation shall indemnify, to the maximum extent permitted by law, any person who is or was a director, officer, agent, fiduciary or employee of the corporation against any claim, liability or expense arising against or incurred by such person made party to a proceeding because he is or was a director, officer, agent, fiduciary or employee of the corporation or because he is or was serving another entity as a director, officer, partner, trustee, employee, fiduciary or agent at the corporation's request. The corporation shall further have the authority to the maximum extent permitted by law to purchase and maintain insurance on behalf of a person who is or was a director, officer, agent, fiduciary or employee of the corporation, or who, while a director, officer, agent, fiduciary or employee of the corporation, is or was serving at the request of the corporation as a director, officer, agent, fiduciary or employee of another domestic or foreign entity or of an employee benefit plan, against liability asserted against or incurred by the person in that capacity or arising from the person's status as a director, officer, employee, fiduciary, or agent, whether or not the corporation would have power to indemnify the person against the same liability pursuant to these Articles of Incorporation.

(b) Limitation on Director's Liability. No director of this corporation shall have any personal liability for monetary damages to the corporation or its shareholders for breach of his fiduciary duty as a director, except that this provision shall not eliminate or limit the personal liability of a director to the corporation or its shareholders for monetary damages for: (i) any breach of the director's duty of loyalty to the corporation or its shareholders; (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) voting for or assenting to a distribution in violation of 7-106-401 Colorado Revised Statutes or the articles of incorporation if it is established that the director did not perform his duties in compliance with 7-

106-401 Colorado Revised Statutes, provided that the personal liability of a director in this circumstance shall be limited to the amount of the distribution which exceeds what could have been distributed without violation of 7-106-401 Colorado Revised Statutes or the articles of incorporation; or (iv) any transaction from which the director directly or indirectly derives an improper personal benefit. Nothing contained herein will be construed to deprive any director of his right to all defenses ordinarily available to a director nor will anything herein be construed to deprive any director of any right he may have for contribution from any other director or other person.

DATED the day of , 20 .

Exhibit 3.2

AMENDED AND RESTATED BYLAWS

OF

FIRST WESTERN FINANCIAL, INC.

(Adopted March 28, 2018)

Table of Contents

AMENDED AND RESTATED BYLAWS

OF

FIRST WESTERN FINANCIAL, INC.

ARTICLE I. Offices

The principal office of the corporation shall be designated from time to time by the corporation and may be within or outside of Colorado.

The corporation may have such other offices, either within or outside Colorado, as the board of directors may designate or as the business of the corporation may require from time to time.

The registered office of the corporation required by the Colorado Business Corporation Act to be maintained in Colorado may be, but need not be, identical with the principal office, and the address of the registered office may be changed from time to time by the board of directors.

ARTICLE II. Shareholders

Section 1. **Annual Meeting**. The annual meeting of the shareholders shall be held on a date and at a time fixed by the board of directors of the corporation (or by the president in the absence of action by the board of directors), for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

Section 2. **Special Meetings**. Unless otherwise prescribed by statute, special meetings of the shareholders may be called for any purpose by the president or by the board of directors. The president shall call a special meeting of the shareholders if the corporation receives one or more written demands for the meeting, stating the purpose or purposes for which it is to be held, signed and dated by holders of shares representing at least ten percent (10%) of all the votes entitled to be cast on any issue proposed to be considered at the meeting.

Section 3. **Place of Meeting**. The board of directors may designate any place, either within or outside Colorado, as the place for any annual meeting or any special meeting called by the board of directors. A waiver of notice signed by all shareholders entitled to vote at a meeting may designate any place, either within or outside Colorado, as the place for such meeting. If no designation is made, or if a special meeting is called other than by the board, the place of meeting shall be the principal office of the corporation.

Section 4. **Notice of Meeting**.

(a) Written notice stating the place, if any, date, and hour of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting, except (i) that if the number of authorized shares is to be increased, at least thirty (30) days' notice shall be given, or (ii) that any other longer notice period is required by the Colorado Business Corporation Act or except to the extent such notice is waived or is not required as provided in the Colorado Business Corporation Act or these bylaws. Notice of a special meeting shall include a description of the purpose or purposes of the meeting. Notice of an annual meeting need not include a description of the purpose or purposes of the meeting except the purpose or purposes shall be stated with respect to (i) an amendment to the articles of incorporation of the corporation, (ii) a merger or share exchange in which the corporation is a party and, with respect to a share exchange, in which the corporation's shares will be acquired, (iii) a sale, lease, exchange or other disposition, other than in the usual and regular course of business, of all or substantially all of the property of the corporation or of another entity which this corporation controls, in each case with or without the goodwill, (iv) a dissolution of the corporation, or (v) any other purpose for which a statement of purpose is required by the Colorado Business Corporation Act. Notice shall be given personally or by mail, private carrier, telegraph, teletype, electronically transmitted facsimile or other form of wire or wireless communication by or at the direction of the president, the secretary, or the officer or persons calling the

meeting, to each shareholder of record entitled to vote at such meeting. If mailed and if in a comprehensible form, such notice shall be deemed to be given and effective when deposited in the United States mail, addressed to the shareholder at his address as it appears in the corporation's current record of shareholders, with postage prepaid. If notice is given other than by mail, and provided that such notice is in a comprehensible form, the notice is given and effective on the date received by the shareholder.

(b) If requested by the person or persons lawfully calling such meeting, the Secretary shall give notice thereof at corporate expense. No notice need be sent to any shareholder if three successive notices mailed to the last known address of such shareholder have been returned as undeliverable until such time as another address for such shareholder is made known to the corporation by such shareholder. In order to be entitled to receive notice of any meeting, a shareholder shall advise the Secretary of the corporation (or the transfer agent of the corporation, if designated by the Secretary) in writing of any change in such shareholder's mailing address as shown on the corporation's books and records.

(c) When a meeting is adjourned to another date, time or place, notice need not be given of the new date, time or place if the new date, time or place of such meeting is announced before adjournment at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business which may have been transacted at the original meeting. If the adjournment is for more than one hundred twenty (120) days, or if a new record date is fixed for the adjourned meeting, a new notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting as of the new record date.

(d) A shareholder may waive notice of a meeting before or after the time and date of the meeting by a writing signed by such shareholder. Such waiver shall be delivered to the corporation for filing with the corporate records. Further, by attending a meeting either in person or by proxy, a shareholder waives objection to lack of notice or defective notice of the meeting unless the shareholder objects at the beginning of the meeting to the holding of the meeting or the transaction of business at the meeting because of lack of notice or defective notice. By attending the meeting, the shareholder also waives any objection to consideration at the meeting of a particular matter not within the purpose or purposes described in the meeting notice unless the shareholder objects to considering the matter when it is presented.

Section 5. **Notice of Shareholder Business and Nominations**.

(a) The proposal of business to be considered by the shareholders at a meeting of the shareholders, including nominations of persons for election to the Board at an annual meeting of the shareholders, may be made (i) pursuant to the corporation's notice of meeting, (ii) by or at the direction of the Board or (iii) by any shareholder of the corporation who was a shareholder of record at the time of giving of notice provided for in this Section 5, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 5. As to matters sought to be included in any proxy card or proxy statement of the corporation, shareholders shall comply with Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") regardless of whether the corporation has any class of equity securities registered under the Exchange Act. As to matters not sought to be included in any proxy statement of the corporation, subsection (b) of this Section 5 shall be the exclusive means for shareholders to make nominations or submit other business to be brought before a meeting of the shareholders.

(b) For nominations or other business to be properly brought before a meeting by a shareholder pursuant to this Section 5, the shareholder must have given timely notice thereof in writing to the Secretary of the corporation and such nomination or other business must otherwise be a proper matter for shareholder action. To be timely a shareholder's notice must be received by the Secretary at the principal executive offices of the corporation, in the case of an annual meeting, not less than ninety (90) nor more than one hundred twenty (120) calendar days prior to the first anniversary of the preceding year's annual meeting, or in the case of a special meeting, not more than ten (10) days after the day on which notice of the special meeting is first mailed to shareholders. In no event shall the public announcement of

an adjournment of a meeting commence a new time period for the giving of a shareholder's notice as described above. Such shareholder's notice shall set forth:

(i) as to each person whom the shareholder proposes to nominate for election or re-election as a director, (1) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case, pursuant to Regulation 14A under the Exchange Act, including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected, (2) a description of all Derivative Interests (as defined below) that have been entered into, as of the date of the notice, by or on behalf of such proposed nominee or any affiliate or associate thereof, such description to include (a) the class, series, and actual or notional number, principal amount or dollar amount of all securities of the corporation underlying or subject to such Derivative Interests, (b) the material economic terms of such Derivative Interests, and (c) the contractual counterparty for such Derivative Interests, and (3) a description of all direct and indirect compensation and other material monetary or other business agreements, arrangements and understandings during the past three (3) years, and any other material relationships, between or among such shareholder and beneficial owner, if any, on whose behalf the nomination is being made, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the shareholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant;

(ii) as to any other business that the shareholder proposes to bring before the meeting, (1) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and the text of the proposal or business (including the text of any resolutions proposed for consideration), (2) any material interest in such business of such shareholder and the beneficial owner, if any, or any affiliate or associate thereof, on whose behalf the proposal is made, (3) a description of all arrangements or understandings between the shareholder, or any affiliate or associate thereof, on the one hand, and any other person or persons (naming such person or persons), on the other hand, regarding the proposal, and (4) all other information relating to the proposal, the shareholder or any affiliate or associate thereof that would be required to be disclosed in filings with the Securities and Exchange Commission (the "SEC") in connection with the solicitation of proxies by the shareholder pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder;

(iii) as to the shareholder giving the notice and the beneficial owner, if any, or any affiliate or associate thereof, on whose behalf the nomination or proposal is made, (1) the name and address of such shareholder, as they appear on the corporation's books, and of such beneficial owner, if any, and any affiliate or associate thereof, (2) the class and number of shares of the corporation which are, directly or indirectly, owned beneficially and of record by such shareholder and such beneficial owner, if any, and any affiliate or associate thereof, (3) any proxy, contract, arrangement, understanding, or relationship pursuant to which such shareholder or beneficial owner, if any, or any affiliate or associate thereof, has a right to vote any shares of any security of the corporation, (4) a description of all Derivative Interests that have been entered into as of the date of the notice by, or on behalf of, such shareholder or beneficial owner, if any, or by any affiliate or associate thereof, such description to include (a) the class, series, and actual or notional number, principal amount or dollar amount of all securities of the corporation underlying or subject to such Derivative Interests, (b) the material economic terms of such Derivative Interests, and (c) the contractual counterparty for such Derivative Interests, and (5) any other information relating to such shareholder and beneficial

owner, if any, or any affiliate or associate thereof, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of

directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder;

(iv) a description of all agreements, arrangements and understandings between such shareholder and beneficial owner, if any, or any affiliate or associate thereof, and any other person or persons (including their names) in connection with the proposal of such business by the shareholder;

(v) a representation that the shareholder is a holder of record of shares of the corporation, entitled to vote at such meeting, and intends to appear in person or by proxy at the meeting to propose such business; and

(vi) a representation as to whether the shareholder or the beneficial owner, if any, or any affiliate or associate thereof, is or intends to be part of a group that intends (1) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the corporation's outstanding capital share required to approve or adopt the proposal and/or (2) otherwise to solicit proxies from shareholders in support of such proposal.

(c) For purposes of these bylaws, "public announcement" shall mean disclosure in a press release or in a document publicly filed or furnished by the corporation with the SEC pursuant to Section 13, 14 or 15(b) of the Exchange Act, and the meaning of the term "group" shall be within the meaning ascribed to such term under Section 13(d)(3) of the Exchange Act.

(d) For purposes of these bylaws, "Derivative Interests" shall mean (i) any option, warrant, convertible security, appreciation right or similar right with an exercise, conversion or exchange privilege, or a settlement payment or mechanism, related to any security of the corporation, or any similar instrument with a value derived in whole or in part from the value of any security of the corporation, in any such case whether or not it is subject to settlement in any security of the corporation or otherwise and (ii) any arrangement, agreement or understanding (including any short position or any borrowing or lending of any securities) which includes an opportunity for the shareholder, or any affiliate or associate thereof, or any proposed nominee, or any affiliate or associate thereof, directly or indirectly, to profit or share in any profit derived from any increase or decrease in the value of any security of the corporation, to mitigate any loss or manage any risk associated with any increase or decrease in the value of any security of the corporation or to increase or decrease the number of securities of the corporation which such person is or will be entitled to vote or direct the vote, in any case whether or not it is subject to settlement in any security of the corporation or otherwise; provided, however, that Derivative Interests shall not include: (a) rights of a pledgee under a bona fide pledge of any security of the corporation unless such pledge has voting rights with respect to such security; (b) rights applicable to all holders of a class or series of securities of the corporation to receive securities of the corporation pro rata, or obligations to dispose of securities of the corporation, as a result of a merger, exchange offer or consolidation involving the corporation; (c) rights or obligations to surrender any number or principal amount of securities of the corporation, or have any number or principal amount of securities of the corporation withheld, upon the receipt or exercise of a derivative security issued pursuant to an employee benefit plan of the corporation or the receipt or vesting of any securities issued pursuant to an employee benefit plan of the corporation, in order to satisfy the exercise price or the tax withholding consequences of receipt, exercise, or vesting; (d) interests in broad-based index options, broad-based index futures, and broad-based publicly traded market baskets of shares approved for trading by the appropriate federal governmental authority; (e) interests or rights to participate in employee benefit plans of the corporation held by current or former directors, employees, consultants or agents of the corporation; or (f) options granted to an underwriter in a registered public offering for the purpose of satisfying over-allotments in such offering.

(e) Notwithstanding anything in these bylaws to the contrary, no business shall be conducted at a meeting of the shareholders by means of shareholder proposal and no person shall be eligible for election as a director by means of shareholder nomination except in accordance with the procedures set forth in this Section 5. The chairman of the Board or other person presiding at a meeting shall, if the facts warrant, determine that business was not properly brought before the meeting in accordance with the

provisions of this Section 5 and, if such person should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

Section 6. **Fixing of Record Date**.

(a) For the purpose of determining shareholders entitled to (i) notice of or vote at any meeting of shareholders or any adjournment thereof, (ii) receive distributions or share dividends, or (iii) demand a special meeting, or to make a determination of shareholders for any other proper purpose, the board of directors may fix a future date as the record date for any such determination of shareholders, such date in any case to be not more than seventy (70) days, and, in case of a meeting of shareholders, not less than ten (10) days, prior to the date on which the particular action requiring such determination of shareholders is to be taken. If no record date is fixed by the directors, the record date shall be the day before the date on which notice of the meeting is mailed to shareholders, or the date on which the resolution of the board of directors providing for a distribution is adopted, as the case may be. When a determination of shareholders entitled to vote at any meeting of shareholders is made as provided in this Section, such determination shall apply to any adjournment thereof unless the board of directors fixes a new record date, which it must do if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting.

(b) Notwithstanding the above, the record date for determining the shareholders entitled to take action without a meeting or entitled to be given notice of action so taken shall be the date the corporation first received a writing upon which the action is taken. The record date for determining shareholders entitled to demand a special meeting shall be the date of the earliest of any of the demands pursuant to which the meeting is called.

Section 7. **Voting Lists**.

(a) The Secretary shall make available for inspection by any shareholder, at the earlier of ten (10) days before each meeting of shareholders or two (2) business days after notice of the meeting has been given and continuing through the meeting, a complete list of the shareholders entitled to be given notice of such meeting or any adjournment thereof. The list shall be arranged by voting groups and within each voting group by class or series of shares, shall be in alphabetical order within each class or series of shares, and shall show the address of and the number of shares of each class or series held by, each shareholder. This shareholder list shall be kept on file at the principal office of the corporation, or at a place (which shall be identified in the notice) in the city where the meeting will be held. Such list shall be available for inspection on written demand by any shareholder (including for the purpose of this Section 7 any holder of voting trust certificates) or his agent or attorney during regular business hours and during the period available for inspection. The original stock transfer books shall be prima facie evidence as to the shareholders entitled to examine such list or to vote at any meeting of shareholders.

(b) Any shareholder, his agent or attorney may copy the list during regular business hours and during the period it is available for inspection, provided (i) the shareholder has been a shareholder for at least three (3) months immediately preceding the demand or holds at least five percent (5%) of all outstanding shares of any class of shares as of the date of the demand, (ii) the demand is made in good faith and for a purpose reasonably related to the demanding shareholder's interest as a shareholder, (iii) the shareholder describes with reasonable particularity the purpose and the records the shareholder desires to inspect, (iv) the records are directly connected with the described purpose, and (v) the shareholder pays a reasonable charge covering the costs of labor and material for such copies, not to exceed the estimated cost of production and reproduction.

Section 8. **Shares Held by Nominees**. The board of directors may adopt by resolution a procedure whereby a shareholder of the corporation may certify in writing to the corporation that all or a portion of the shares registered in the name of such shareholder are held for the account of a specified person or persons. The resolution may set forth (i) the types of nominees to which it applies, (ii) the rights or privileges that the corporation will recognize in a beneficial owner, which may include rights and privileges other than voting, (iii) the manner in which the procedure may be used by the nominee, (iv) the information that shall be provided by the nominee when the

procedure is used, (v) the period for which the nominee's use of the procedure is effective, and (vi) such other provisions with respect to the procedure as the board deems necessary or desirable. Upon receipt by the corporation of a certificate complying with the procedure established by the board of directors, the persons specified in the certification shall be deemed, for the purpose or purposes set forth in the certification, to be the registered holders of the number of shares specified in place of the shareholder making the certification.

Section 9. **Quorum and Manner of Acting**.

(a) Unless otherwise provided in the articles of incorporation, a majority of the votes entitled to be cast on a matter by a voting group shall constitute a quorum of that voting group for action on the matter, but a quorum shall not consist of fewer than one-third of the votes entitled to be cast on the matter by the voting group. If less than a majority of such votes are represented at a meeting, a majority of the votes so represented may adjourn the meeting from time to time without further notice, for a period not to exceed one hundred twenty (120) days for any one adjournment. If a quorum is present at such adjourned meeting, any business may be transacted which might have been transacted at the meeting as originally noticed. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum, unless the meeting is adjourned and a new record date is set for the adjourned meeting.

(b) If a quorum exists, action on a matter, other than the election of directors, by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast within the voting group opposing the action, unless a greater number of affirmative votes is required by law or the articles of incorporation.

Section 10. **Proxies**.

(a) At all meetings of shareholders, a shareholder may vote by proxy by signing an appointment form or similar writing, either personally or by his duly authorized attorney-in-fact. A shareholder may also appoint a proxy by transmitting or authorizing the transmission of a telegram, teletype, or other electronic transmission providing a written statement of the appointment to the proxy, a proxy solicitor, proxy support service organization, or other person duly authorized by the proxy to receive appointments as agent for the proxy, or to the corporation. The transmitted appointment shall set forth or be transmitted with written evidence from which it can be determined that the shareholder transmitted or authorized the transmission of the appointment. The proxy appointment form or similar writing shall be filed with the Secretary of the corporation before or at the time of the meeting. The appointment of a proxy is effective against the corporation when received by the corporation and is valid for eleven (11) months unless a different period is expressly provided in the appointment form or similar writing.

(b) Any complete copy, including an electronically transmitted facsimile, of an appointment of a proxy may be substituted for or used in lieu of the original appointment for any purpose for which the original appointment could be used.

(c) Revocation of a proxy does not affect the right of the corporation to accept the proxy's authority unless (i) the corporation had notice that the appointment was coupled with an interest and notice that such interest is extinguished is received by the Secretary or other officer or agent authorized to tabulate votes before the proxy exercises his authority under the appointment, or (ii) other notice of the revocation of the appointment is received by the Secretary or other officer or agent authorized to tabulate votes before the proxy exercises his authority under the appointment. Other notice of revocation may, in the discretion of the corporation, be deemed to include the appearance at a shareholders' meeting of the shareholder who granted the proxy and his voting in person on any matter subject to a vote at such meeting.

(d) The death or incapacity of the shareholder appointing a proxy does not affect the right of the corporation to accept the proxy's authority unless notice of the death or incapacity is received by the Secretary or other officer or agent authorized to tabulate votes before the proxy exercises his authority under the appointment.

(e) The corporation shall not be required to recognize an appointment made irrevocable if it has received a writing revoking the appointment signed by the shareholder (including a shareholder who is a successor to the shareholder who granted the proxy) either personally or by his attorney-in-fact, notwithstanding that the revocation may be a breach of an obligation of the shareholder to another person not to revoke the appointment.

(f) Subject to Section 11 and any express limitation on the proxy's authority appearing on the appointment form, the corporation is entitled to accept the proxy's vote or other action as that of the shareholder making the appointment.

Section 11. **Voting of Shares**.

(a) Each outstanding share shall be entitled to the number of votes specified in the Articles of Incorporation. Cumulative voting shall not be permitted in the election of directors or for any other purpose.

(b) At each election of directors, that number of candidates equaling the number of directors to be elected, having the highest number of votes cast in favor of their election, shall be elected to the board of directors.

(c) Except as otherwise ordered by a court of competent jurisdiction upon a finding that the purpose of this Section would not be violated in the circumstances presented to the court, the shares of the corporation are not entitled to be voted if they are owned, directly or indirectly, by a second corporation, domestic or foreign, and the first corporation owns, directly or indirectly, a majority of the shares entitled to vote for directors of the second corporation except to the extent the second corporation holds the shares in a fiduciary capacity.

(d) Redeemable shares are not entitled to be voted after notice of redemption is mailed to the holders and a sum sufficient to redeem the shares has been deposited with a bank, trust company or other financial institution under an irrevocable obligation to pay the holders the redemption price on surrender of the shares.

Section 12. **Corporation's Acceptance of Votes**.

(a) If the name signed on a vote, consent, waiver, proxy appointment, or proxy appointment revocation corresponds to the name of a shareholder, the corporation, if acting in good faith, is entitled to accept the vote, consent, waiver, proxy appointment or proxy appointment revocation and give it effect as the act of the shareholder. If the name signed on a vote, consent, waiver, proxy appointment or proxy appointment revocation does not correspond to the name of a shareholder, the corporation, if acting in good faith, is nevertheless entitled to accept the vote, consent, waiver, proxy appointment or proxy appointment revocation and to give it effect as the act of the shareholder if:

(i) the shareholder is an entity and the name signed purports to be that of an officer or agent of the entity;

(ii) the name signed purports to be that of an administrator, executor, guardian or conservator representing the shareholder and, if the corporation requests, evidence of fiduciary status acceptable to the corporation has been presented with respect to the vote, consent, waiver, proxy appointment or proxy appointment revocation;

(iii) the name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder and, if the corporation requests, evidence of this status acceptable to the corporation has been presented with respect to the vote, consent, waiver, proxy appointment or proxy appointment revocation;

(iv) the name signed purports to be that of a pledgee, beneficial owner or attorney-in-fact of the shareholder and, if the corporation requests, evidence acceptable to the corporation of the signatory's authority to sign for the shareholder has been presented with respect to the vote, consent, waiver, proxy appointment or proxy appointment revocation;

(v) two or more persons are the shareholder as co-tenants or fiduciaries and the name signed purports to be the name of at least one (1) of the co-tenants or fiduciaries, and the person signing appears to be acting on behalf of all the co-tenants or fiduciaries; or

(vi) the acceptance of the vote, consent, waiver, proxy appointment or proxy appointment revocation is otherwise proper under rules established by the corporation that are not inconsistent with this Section 12.

(b) The corporation is entitled to reject a vote, consent, waiver, proxy appointment or proxy appointment revocation if the Secretary or other officer or agent authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the shareholder.

(c) Neither the corporation nor its officers nor any agent who accepts or rejects a vote, consent, waiver, proxy appointment or proxy appointment revocation in good faith and in accordance with the standards of this Section 12 shall be liable in damages for the consequences of the acceptance or rejection.

Section 13. **Shareholder Action Without a Meeting**.

(a) Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting if a written consent (or counterparts thereof) that sets forth the action so taken is signed by all of the shareholders entitled to vote with respect to the subject matter thereof and received by the corporation. Such consent shall have the same force and effect as a unanimous vote of the shareholders and may be stated as such in any document. Action taken under this Section 13 is effective as of the date the last writing necessary to effect the action is received by the corporation, unless all of the writing specify a different effective date, in which case such specified date shall be the effective date for such action. If any shareholder revokes his consent as provided for herein prior to what would otherwise be the effective date, the action proposed in the consent shall be invalid. The record date for determining shareholders entitled to take action without a meeting is the date the corporation first receives a writing upon which the action is taken.

(b) Any shareholder who has signed a writing describing and consenting to action taken pursuant to this Section 13 may revoke such consent by a writing signed by the shareholder describing the action and stating that the shareholder's prior consent thereto is revoked, if such writing is received by the corporation before the effectiveness of the action.

Section 14. **Meetings by Telecommunication**. Any or all of the shareholders may participate in an annual or special shareholders' meeting by, or the meeting may be conducted through the use of, any means of communication by which all persons participating in the meeting may hear each other during the meeting. A shareholder participating in a meeting by this means is deemed to be present in person at the meeting.

ARTICLE III. Board of Directors

Section 1. **General Powers**. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of its board of directors, except as otherwise provided in the Colorado Business Corporation Act or the articles of incorporation.

Section 2. **Number, Qualifications and Tenure**.

(a) The number of directors of the corporation shall be fixed from time to time by the board of directors, within a range of no less than three (3) or more than twenty-five (25). A director shall be a natural person who is eighteen (18) years of age or older. A director need not be a resident of Colorado or a shareholder of the corporation.

(b) Directors shall be elected at each annual meeting of shareholders. Each director shall hold office until the next annual meeting of shareholders following his election and thereafter until his successor shall have been elected and qualified. Directors shall be removed in the manner provided by the Colorado Business Corporation Act; however, shareholders may only remove directors for cause.

Section 3. **Vacancies**. Any director may resign at any time by giving written notice to the corporation. Such resignation shall take effect at the time the notice is received by the corporation unless the notice specifies a later effective date. Any vacancy on the board of directors may be filled (i) by the affirmative vote of the holders of a majority of the shares entitled to vote on the election of directors or (ii) by the board of directors. If the directors remaining in office constitute fewer than a quorum of the board, the directors may fill the vacancy by the affirmative vote of a majority of all the directors remaining in office. Unless otherwise provided in the articles of incorporation, if a vacant office was held by a director elected by a voting group of shareholders:

(a) If one or more of the remaining directors were elected by the same voting group, only such directors are entitled to vote to fill the vacancy if it is filled by directors, and they may do so by the affirmative vote of a majority of such directors remaining in office; and

(b) Only the holders of shares of that voting group are entitled to vote to fill the vacancy if it is filled by the shareholders.

If elected by the directors, the director shall hold office until the next annual shareholders' meeting at which directors are elected. If elected by the shareholders, the director shall hold office for the unexpired term of his predecessor in office; except that, if the director's predecessor was elected by the directors to fill a vacancy, the director elected by the shareholders shall hold office for the unexpired term of the last predecessor elected by the shareholders.

Section 4. **Regular Meetings**. A regular meeting of the board of directors shall be held without notice immediately after and at the same place as the annual meeting of shareholders. The board of directors may provide by resolution the time and place, either within or outside Colorado, for the holding of additional regular meetings without other notice.

Section 5. **Special Meetings**. Special meetings of the board of directors may be called by or at the request of the president or any two directors. The person or persons authorized to call special meetings of the board of directors may fix any place, either within or outside Colorado, as the place for holding any special meeting of the board of directors called by them.

Section 6. **Notice**.

(a) Regular meetings of the board of directors may be held without notice of the date, time, place or purpose of the meeting. Notice of any special meeting shall be given at least two (2) days prior to the meeting by written notice either personally delivered or mailed to each director at his business address, or by notice transmitted by telegraph, telex, electronically transmitted facsimile, electronic mail, or other form of wire or wireless communication. If mailed, such notice shall be deemed to be given and to be effective on the earlier of (i) three (3) days after such notice is deposited in the United States mail, properly addressed, with postage prepaid, or (ii) the date shown on the return receipt, if mailed by registered or certified mail return receipt requested. If notice is given by telex, electronically transmitted facsimile, electronic mail or other similar form of wire or wireless communication, such notice shall be deemed to be given and to be effective when sent, and with respect to a telegram, such notice shall be deemed to be given

and to be effective when the telegram is delivered to the telegraph company. If a director has designated in writing one or more reasonable addresses (including electronic mail addresses) or facsimile numbers for delivery of notice to him, notice sent by mail, telegraph, telex, electronically transmitted facsimile, electronic mail or other form of wire or wireless communication shall not be deemed to have been given or to be effective unless sent to such addresses or facsimile numbers, as the case may be.

(b) A director may waive notice of a meeting before or after the time and date of the meeting by a writing signed by such director. Such waiver shall be delivered to the corporation for filing with the corporate records. Further, a director's attendance at or participation in a meeting waives any required notice to him/her of the meeting unless (i) at the beginning of the meeting, or promptly upon the director's later arrival, the director objects to holding the meeting or transacting business at the meeting because of lack of notice or defective notice and does not thereafter

vote for or assent to action taken at the meeting, or (ii) if special notice was required for a particular purpose, the director objects to transacting business with respect to the purpose for which such special notice was required and does not thereafter vote for or assent to action taken at the meeting with respect to such purpose. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waive of notice of such meeting.

Section 7. **Quorum**. A majority of the number of directors fixed pursuant to Section 2 or, if no number is fixed, a majority of the number in office immediately before the meeting begins, shall constitute a quorum for the transaction of business at any meeting of the board of directors. If less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, for a period not to exceed sixty (60) days at any one adjournment.

Section 8. **Manner of Acting**. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

Section 9. **Compensation**. Directors shall receive such compensation for their services as directors as may be determined by resolution of the board of directors. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefore.

Section 10. **Presumption of Assent**. A director of the corporation who is present at a meeting of the board of directors or committee of the board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless (i) the director objects at the beginning of the meeting, or promptly upon his arrival, to the holding of the meeting or the transaction of business at the meeting and does not thereafter vote for or assent to any action taken at the meeting, (ii) the director contemporaneously requests that his dissent or abstention as to any specific action taken be entered in the minutes of the meeting, or (iii) the director causes written notice of his dissent or abstention as to any specific action to be received by the presiding officer of the meeting before its adjournment or by the corporation promptly after the adjournment of the meeting. A director may dissent to a specific action at a meeting, while assenting to others. The right to dissent to a specific action taken at a meeting of the board of directors or a committee of the board shall not be available to a director who voted in favor of such action.

Section 11. **Committees**.

(a) By resolution adopted by a majority of all the directors in office when the action is taken, the board of directors may designate from among its members an executive committee and one or more other committees, and appoint one or more members of the board of directors to serve on them. To the extent provided in the resolution, each committee shall have all the authority of the board of directors, except that no such committee shall have the authority to (i) authorize dividends or distributions, (ii) approve or propose to shareholders actions or proposals required by the Colorado Business Corporation Act to be approved by shareholders, (iii) fill vacancies on the board of directors or any committee thereof, (iv) amend articles of incorporation, (v) adopt, amend or repeal the bylaws, (vi) approve a plan of conversion or a plan of merger not requiring shareholder approval, (vii) authorize or approve the reacquisition of shares unless pursuant to a formula or method prescribed by the board of directors, or (viii) authorize or approve the issuance or sale of shares, or contract for the sale of shares or determine the designations and relative

rights, preferences and limitations of a class or series of shares, except that the board of directors may authorize a committee or officer to do so within limits specifically prescribed by the board of directors. The committee shall then have full power within the limits set by the board of directors to adopt any final resolution setting forth all preferences, limitations and relative rights of such class or series of shares and to authorize an amendment of the articles of incorporation stating the preferences, limitations and relative rights of a class or series for filing with the Secretary of State under the Colorado Business Corporation Act.

(b) Sections 4, 5, 6, 7, 8 and 12 of Article III, which govern meetings, notice, waiver of notice, quorum, voting requirements and action without a meeting of the board of directors, shall apply to committees and their members appointed under this Section 11.

(c) Neither the designation of any such committee, the delegation of authority to such committee, nor any action by such committee pursuant to its authority shall alone constitute compliance by any member of the board of directors or a member of the committee in question with his responsibility to conform to the standard of care set forth in Article IV of these bylaws.

Section 12. **Director Action Without a Meeting**. Any action required or permitted to be taken at a meeting of the directors or any committee designated by the board of directors may be taken without a meeting if a written consent (or counterparts thereof) that sets forth the action so taken is signed by all of the directors entitled to vote with respect to the action taken. Such consent shall have the same force and effect as a unanimous vote of the directors or committee members and may be stated as such in any document. Unless the consent specifies a different effective date, action taken under this Section 12 is effective at the time the last director signs a writing describing the action taken, unless, before such time, any director has revoked his consent by a writing signed by the director and received by the president or the Secretary of the corporation.

Section 13. **Telephonic Meetings**. The board of directors may permit any director (or any member of a committee designated by the board) to participate in a regular or special meeting of the board of directors or a committee thereof through the use of any means of communication by which all directors participating in the meeting can hear each other during the meeting. A director participating in a meeting in this manner is deemed to be present in person at the meeting.

ARTICLE IV. Standard of Care.

A director or officer shall perform his duties as a director, including without limitation any duties as a member of any committee of the board, in good faith, in a manner he reasonably believes to be in the best interests of the corporation, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. In performing his/her duties, a director or officer shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by the persons herein designated. However, such officer or director shall not be considered to be acting in good faith if such officer or director has knowledge concerning the matter in question that makes such reliance unwarranted.

A director or officer shall not be liable to the corporation or its shareholders for any action such director of officer takes or omits to take as a director or officer if, in connection with such action or omission, he performs his duties in compliance with this Article IV. The designated persons on whom a director

is entitled to rely are (i) one or more officers or employees of the corporation whom the director or officer reasonably believes to be reliable and competent in the matters presented, (ii) legal counsel, public accountant, or other person as to matters that the director or officer reasonably believes to be within such person's professional or expert competence, or (iii) in the case of a director, a committee of the board of directors on which the director or officer does not serve if the director reasonably believes the committee merits confidence.

ARTICLE V. Officers and Agents

Section 1. **General**. The officers of the corporation shall be a president, one or more vice presidents, a secretary and a treasurer, each of whom shall be a natural person eighteen (18) years of age or older. The board of directors or an officer or officers authorized by the board may appoint such other officers, assistant officers,

committees and agents, including a chairman of the board, chief executive officer, chief financial officer, chief accounting officer, assistant secretaries and assistant treasurers, as they may consider necessary. The board of directors or the officer or officers authorized by the board shall from time to time determine the procedure for the appointment of officers, their term of office, their authority and duties and their compensation. One person may hold more than one office. In all cases where the duties of any officer, agent or employee are not prescribed by the bylaws or by the board of directors, such officer, agent or employee shall follow the orders and instructions of the president of the corporation.

Section 2. **Appointment and Term of Office**. The officers of the corporation shall be appointed by the board of directors at each annual meeting of the board held after each annual meeting of the shareholders. If the appointment of officers is not made at such meeting or if an officer or officers are to be appointed by another officer or officers of the corporation, such appointments shall be made as soon thereafter as conveniently may be. Each officer shall hold office until the first of the following occurs: his successor shall have been duly appointed and qualified, his death, his resignation, or his removal in the manner provided in Section 3.

Section 3. **Resignation and Removal**.

(a) An officer may resign at any time by giving written notice of resignation to the corporation. The resignation is effective when the notice is received by the corporation unless the notice specifies a later effective date.

(b) Any officer or agent may be removed at any time with or without cause by the board of directors or an officer or officers authorized by the board. Such removal does not affect the contract rights, if any, of the corporation or of the person so removed. The appointment of an officer or agent shall not in itself create contract rights.

Section 4. **Vacancies**. A vacancy in any office, however occurring, may be filled by the board of directors, or by the officer or officers authorized by the board, for the unexpired portion of the officer's term. If an officer resigns and his resignation is made effective at a later date, the board of directors, or officer or officers authorized by the board, may permit the officer to remain in office until the effective date and may fill the pending vacancy before the effective date if the board of directors or officer or officers authorized by the board provide that the successor shall not take office until the effective date. In the alternative, the board of directors, or officer or officers authorized by the board of directors, may remove the officer at any time before the effective date and may fill the resulting vacancy.

Section 5. **President**. Subject to the direction and supervision of the board of directors, the president shall be the chief executive officer of the corporation, and shall have general and active control of its affairs and business and general supervision of its officers, agents and employees. Unless otherwise directed by the board of directors, the president shall attend in person or by substitute appointed by him, or shall execute on behalf of the corporation written instruments appointing a proxy or proxies to represent the corporation, at all meetings of the stockholders of any other corporation in which the corporation holds any stock. On behalf of the corporation, the president may in person or by substitute or by proxy execute written waivers of notice and consents with respect to any such meetings. At all such meetings and otherwise, the president, in person or by substitute or proxy, may vote the stock held by the corporation, execute written consents and other instruments with respect to such stock, and exercise any and all rights and powers incident to the ownership of said stock, subject to the instructions, if any, of the board of directors. The president shall have custody of the treasurer's bond, if any.

Section 6. **Vice Presidents**. The vice presidents shall assist the president and shall perform such duties as may be assigned to them by the president or by the board of directors. In the absence of the president, the vice president, if any (or, if more than one, the vice presidents in the order designated by the board of directors, or if the board makes no such designation, then the vice president designated by the president, or if neither the board nor the president makes any such designation, the senior vice president as determined by first election to that office), shall have the powers and perform the duties of the president.

Section 7. **Secretary**.

(a) The Secretary shall (i) prepare and maintain as permanent records the minutes of the proceedings of the shareholders and the board of directors, a record of all actions taken by the shareholders or board of directors without a meeting, a record of all actions taken by a committee of the board of directors in place of the board of directors on behalf of the corporation, and a record of all waivers of notice of meetings of shareholders and of the board of directors or any committee thereof, (ii) see that all notices are duly given in accordance with the provisions of these bylaws and as required by law, (iii) serve as custodian of the corporate records and of the seal of the corporation and affix the seal to all documents when authorized by the board of directors, (iv) keep at the corporation's registered office or principal place of business a record containing the names and addresses of all shareholders in a form that permits preparation of a list of shareholders arranged by voting group and by class or series of shares within each voting group, that is alphabetical within each class or series and that shows the address of, and the number of shares of each class or series held by, each shareholder, unless such a record shall be kept at the office of the corporation's transfer agent or registrar, (v) maintain at the corporation's principal office the originals or copies of the corporation's articles of incorporation, bylaws, minutes of all shareholders' meetings and records of all action taken by shareholders without a meeting for the past three years, all written communications within the past three years to shareholders as a group or to the holders of any class or series of shares as a group, a list of the names and business addresses of the current directors

and officers, a copy of the corporation's most recent corporate report filed with the Secretary of State, and financial statements showing in reasonable detail the corporation's assets and liabilities and results of operations for the last three years, (vi) have general charge of the stock transfer books of the corporation, unless the corporation has a transfer agent, (vii) authenticate records of the corporation, and (viii) in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the board of directors. Assistant secretaries, if any, shall have the same duties and powers, subject to supervision by the Secretary. The directors and/or shareholders may however respectively designate a person other than the Secretary or assistant secretary to keep the minutes of their respective meetings.

(b) Any books, records, or minutes of the corporation may be in written form or in any form capable of being converted into written form within a reasonable time.

Section 8. **Treasurer**.

(a) The treasurer shall be the principal financial officer of the corporation, shall have the care and custody of all funds, securities, evidences of indebtedness and other personal property of the corporation and shall deposit the same in accordance with the instructions of the board of directors. He shall receive and give receipts and acquaintances for money paid in on account of the corporation, and shall pay out of the corporation's funds on hand all bills, payrolls and other just debts of the corporation of whatever nature upon maturity. He shall perform all other duties incident to the office of the treasurer and, upon request of the board, shall make such reports to it as may be required at any time. He shall, if required by the board, give the corporation a bond in such sums and with such sureties as shall be satisfactory to the board, conditioned upon the faithful performance of his duties and for the restoration to the corporation of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation. He shall have such other powers and perform such other duties as may from time to time be prescribed by the board of directors or the president. The assistant treasurers, if any, shall have the same powers and duties, subject to the supervision of the treasurer.

(b) The treasurer shall also be the principal accounting officer of the corporation, unless otherwise designated by the board of directors. He shall prescribe and maintain the methods and systems of accounting to be followed, keep complete books and records of account as required by the Colorado Business Corporation Act, prepare and file all local, state and federal tax returns, prescribe and maintain an adequate system of internal audit and prepare and furnish to the president and the board of directors statements of account showing the financial position of the corporation and the results of its operations.

Section 9. **Delegation of Duties**. Whenever an officer is absent, or whenever, for any reason, the board of directors may deem it desirable, the board of directors may delegate the powers and duties of an officer to any other officer or officers or to any director or directors.

ARTICLE VI. Stock

Section 1. **Certificates**. The board of directors shall be authorized to issue any of its classes of shares with or without certificates. If the shares are represented by certificates, such shares shall be represented by consecutively numbered certificates signed, either manually or by facsimile, in the name of the corporation by one or more persons designated by the board of directors. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, such certificate may nonetheless be issued by the corporation with the same effect as if he were such officer at the date of its issue. Certificates of stock shall be in such form and shall contain such information consistent with law as shall be prescribed by the board of directors. If shares are not represented by certificates, within a reasonable time following the issue or transfer of such shares, the corporation shall send the shareholder a complete written statement of all of the information required to be provided to holders of uncertificated shares by the Colorado Business Corporation Act.

Section 2. **Lost Certificates**. In case of the alleged loss, destruction or mutilation of a certificate of stock, the board of directors may direct the issuance of a new certificate in lieu thereof upon such terms and conditions in conformity with law as the board may prescribe. The board of directors may in its discretion require an affidavit of lost certificate and/or a bond in such form and amount and with such surety as it may determine before issuing a new certificate.

Section 3. **Transfer of Shares**.

(a) Upon surrender to the corporation or to a transfer agent of the corporation of a certificate of stock duly endorsed or accompanied by proper evidence, as requested by the corporation, of succession, assignment or authority to transfer, and receipt of such documentary stamps as may be required by law and evidence of compliance with all applicable securities laws and other restrictions, the corporation shall issue a new certificate to the person entitled thereto, and cancel the old certificate. Every such transfer of stock shall be entered on the stock books of the corporation which shall be kept at its principal office or by the person and the place designated by the board of directors (including the corporation's transfer agent).

(b) Except as otherwise expressly provided in Article II, Sections 7 and 11, and except for the assertion of dissenters' rights to the extent provided in Article 113 of the Colorado Business Corporation Act, the corporation shall be entitled to treat the registered holder of any shares of the corporation as the owner thereof for all purposes, and the corporation shall not be bound to recognize any equitable or other claim to, or interest in, such shares or rights deriving from such shares on the part of any person other than the registered holder, including without limitation any purchaser, assignee or transferee of such shares or rights deriving from such shares, unless and until such other person becomes the registered holder of such shares, whether or not the corporation shall have either actual or constructive notice of the claimed interest of such other person.

Section 4. **Transfer Agent, Registrars and Paying Agents**. The board may at its discretion appoint one or more transfer agents, registrars and agents for making payment upon any class of stock, bond, debenture or other security of the corporation. Such agents and registrars may be located either within or outside Colorado. They shall have such rights and duties and shall be entitled to such compensation as may be agreed.

ARTICLE VII. Indemnification of Certain Persons

Section 1. **Indemnification**.

(a) For purposes of Article VII, a "Proper Person" means any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding,

whether civil, criminal, administrative or investigative, and whether formal or informal, by reason of the fact that he is or was a director, officer, employee, fiduciary or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, agent, associate, employee, fiduciary, manager, member, partner, promotor, or trustee, or any similar position, of any foreign or domestic profit or nonprofit corporation or of any partnership, joint venture, trust, profit or nonprofit unincorporated association, limited liability company, or other enterprise, entity, or employee benefit plan. The corporation shall indemnify any Proper Person against reasonably incurred expenses (including attorneys' fees), judgments, penalties, fines (including any excise tax assessed with respect to an employee benefit plan) and amounts paid in settlement reasonably incurred by him in connection with such action, suit or proceeding if it is determined by the groups set forth in Section 4 of this Article that he conducted himself in good faith and that he reasonably believed (i) in the case of conduct in his official capacity with the corporation, that his conduct was in the corporation's best interests, or (ii) in all other cases (except criminal cases), that his conduct was at least not opposed to the corporation's best interests, or (iii) in the case of any criminal proceeding, that he had no reasonable cause to believe his conduct was unlawful. A Proper Person will be deemed to be acting in his official capacity while acting as a director, officer, employee or agent on behalf of this corporation and not while acting on this corporation's behalf for some other entity.

(b) No indemnification shall be made under this Article VII to a Proper Person with respect to any claim, issue or matter in connection with a proceeding by or in the right of a corporation in which the Proper Person was adjudged liable to the corporation or in connection with any proceeding charging that the Proper Person derived an improper personal benefit, whether or not involving action in an official capacity, in which he was adjudged liable on the basis that he derived an improper personal benefit. Further, indemnification under this Section in connection with a proceeding brought by or in the right of the corporation shall be limited to reasonable expenses, including attorneys' fees, incurred in connection with the proceeding.

(c) The term "proceeding" in this Article VII means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal. The term "party" in this Article VII includes a person who was, is, or is threatened to be made a named defendant or respondent in a proceeding. The term "official capacity", "expenses", "liability" shall have the meaning given it in the Colorado Business Corporation Act. "Proper Person," in the case of a director or officer, includes, unless the context requires otherwise, the estate or personal representative of a deceased Proper Person.

Section 2. **Right to Indemnification**. The corporation shall indemnify any Proper Person who was wholly successful, on the merits or otherwise, in defense of any action, suit, or proceeding as to which he was entitled to indemnification under Section 1 of this Article VII against reasonable expenses (including attorneys' fees) incurred by him in connection with the proceeding without the necessity of any action by the corporation other than the determination in good faith that the defense has been wholly successful.

Section 3. **Effect of Termination of Action**. The termination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the person seeking indemnification did not meet the standards of conduct described in Section 1 of this Article VII. Entry of a judgment by consent as part of a settlement shall not be deemed an adjudication of liability, as described in Section 2 of this Article VII.

Section 4. **Groups Authorized to Make Indemnification Determination**. Except where there is a right to indemnification as set forth in Sections 1 or 2 of this Article or where indemnification is ordered by a court in Section 5, any indemnification shall be made by the corporation only as authorized in the specific case upon a determination by a proper group that indemnification of the Proper Person is permissible under the circumstances because he has met the applicable standards of conduct set forth in Section 1 of this Article. This determination shall be made by the board of directors by a majority vote of those present at a meeting at which a quorum is present, which quorum shall only include those directors not parties to the proceeding ("Quorum"). If a Quorum cannot be obtained, the determination shall be made by a majority vote of a committee of the board of directors designated by the board, which committee shall consist of two or more directors not parties to the proceeding, except that directors who are parties to the proceeding may participate in the designation of directors for the committee. If a Quorum of

the board of directors cannot be obtained and the committee cannot be established, or even if a Quorum is obtained or the committee is designated and a majority of the director's constituting such Quorum or committee so directs, the determination shall be made by (i) independent legal counsel selected by a vote of the board of directors or the committee in the manner specified in this Section 4 or, if a Quorum of the full board of directors cannot be obtained and a committee cannot be established, by independent legal counsel selected by a majority vote of the full board (including directors who are parties to the action) or (ii) a vote of the shareholders.

Section 5. **Court-Ordered Indemnification**. Any Proper Person may apply for indemnification to the court conducting the proceeding or to another court of competent jurisdiction for mandatory indemnification under Section 2 of this Article, including indemnification for reasonable expenses incurred to obtain court-ordered indemnification. If the court determines that the Proper Person is entitled to mandatory indemnification under the Colorado Business Corporation Act, the court shall order indemnification, in which case, the court shall also order the corporation to pay the Proper Person's reasonable expenses incurred to obtain the court-ordered indemnification. If the court determines that such Proper Person is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not he met the standards of conduct set forth in Section 1 of this Article or was adjudged liable in the proceeding, the court may order such indemnification as the court deems proper except that if the Proper Person has been adjudged liable, indemnification shall be limited to reasonable expenses incurred in connection with the proceeding and reasonable expenses incurred to obtain court-ordered indemnification.

Section 6. **Advance of Expenses**. Reasonable expenses (including attorneys' fees) incurred in defending an action, suit or proceeding as described in Section 1 may be paid by the corporation to any Proper Person in advance of the final disposition of such action, suit or proceeding upon receipt of (i) a written affirmation of such Proper Person's good faith belief that he has met the standards of conduct prescribed by Section 1 of this Article VII, (ii) a written undertaking, executed personally or on the Proper Person's behalf, to repay such advances if it is ultimately determined that such Proper Person did

not meet the prescribed standards of conduct (the undertaking shall be an unlimited general obligation of the Proper Person but need not be secured and may be accepted without reference to financial ability to make repayment), and (iii) a determination is made by the proper group (as described in Section 4 of this Article VII) that the facts as then known to the group would not preclude indemnification. Determination and authorization of payments shall be made in the same manner specified in Section 4 of this Article VII.

Section 7. **Witness Expenses**. The sections of this Article VII do not limit the corporation's authority to pay or reimburse expenses incurred by a director in connection with an appearance as a witness in a proceeding at a time when he has not been made a named defendant or respondent in the proceeding.

Section 8. **Report to Shareholders**. Any indemnification of or advance of expenses to a director in accordance with this Article VII, if arising out of a proceeding by or on behalf of the corporation, shall be reported in writing to the shareholders with or before the notice of the next shareholders' meeting. If the next shareholder action is taken without a meeting at the instigation of the board of directors, such notice shall be given to the shareholders at or before the time the first shareholder signs a writing consenting to such action.

ARTICLE VIII. Provision of Insurance

By action of the board of directors, notwithstanding any interest of the directors in the action, the corporation may purchase and maintain insurance, in such scope and amounts as the board of directors deems appropriate, on behalf of any person who is or was a director, officer, employee, fiduciary or agent of the corporation, or who, while a director, officer, employee, fiduciary or agent of the corporation, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, fiduciary or agent of any other foreign or domestic corporation or of any partnership, joint venture, trust, profit or nonprofit unincorporated association, limited liability company or other enterprise, entity, or employee benefit plan, against any liability asserted against, or incurred by, him in that capacity or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of Article VII or applicable law. Any such insurance may be procured from any insurance company designated by the board of directors of the corporation, whether such insurance company is formed under the laws of Colorado or any other jurisdiction of the United States or elsewhere, including any insurance company in which the corporation has an equity interest or any other interest, through stock ownership or otherwise.

ARTICLE IX. Exclusive Forum

Unless the corporation consents in writing to the selection of an alternative forum, any state or federal court located in Denver County in the State of Colorado shall be the sole and exclusive forum for (a) any actual or purported derivative action or proceeding brought on behalf of the corporation, (b) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, or other employee or agent of the corporation to the corporation or the corporation's shareholders or creditors, including a claim alleging the aiding and abetting of such a breach of fiduciary duty, (c) any action asserting a claim against the corporation or any current or former director, officer, or other employee or agent of the corporation arising pursuant to any provision of the Colorado Business Corporation Act, the articles of incorporation, or the bylaws of the corporation (as any of the foregoing may be amended from time to time), or (d) any action asserting a claim against the corporation or any current or former director, officer, or other employee or agent of the corporation governed by the internal affairs doctrine, including any action to interpret, apply, enforce or determine the validity of any provision of the Colorado Business Corporation Act, the articles of incorporation, or the bylaws of the corporation (as any of the foregoing may be amended from time to time).

ARTICLE X. Miscellaneous

Section 1. **Seal**. The corporate seal of the corporation shall be circular in form and shall contain the name of the corporation and the words, "Seal, Colorado."

Section 2. **Fiscal Year**. The fiscal year of the corporation shall be as established by the board of directors.

Section 3. **Amendments**. Subject to repeal or change by action of the shareholders, the Board of Directors may amend, supplement or repeal these bylaws or adopt new bylaws, and all such changes shall affect and be binding upon the holders of all shares heretofore as well as hereafter authorized, subscribed for or offered.

Section 4. **Gender**. The masculine gender is used in these bylaws as a matter of convenience only and shall be interpreted to include the feminine and neuter genders as the circumstances indicate.

Section 5. **Conflicts**. In the event of any irreconcilable conflict between these bylaws and either the corporation's articles of incorporation or applicable law, the latter shall control.

Section 6. **Definitions**. Except as otherwise specifically provided in these bylaws, all terms used in these bylaws shall have the same definition as in the Colorado Business Corporation Act.

Exhibit 3.3

CERTIFICATE OF DESIGNATIONS

OF

FIXED RATE CUMULATIVE PERPETUAL PREFERRED STOCK, SERIES A

OF

FIRST WESTERN FINANCIAL, INC.

First Western Financial, Inc., a corporation organized and existing under the laws of the State of Colorado (the "Issuer"), in accordance with the provisions of Section 7-106-102 of the Colorado Business Corporation Act, does hereby certify:

The board of directors of the Issuer (the "Board of Directors") or an applicable committee of the Board of Directors, in accordance with the articles of incorporation and bylaws of the Issuer and applicable law, adopted the following resolution on February 4, 2009 creating a series of 8,559 shares of Preferred Stock of the Issuer designated as "Fixed Rate Cumulative Perpetual Preferred Stock, Series A".

RESOLVED, that pursuant to the provisions of the articles of incorporation and the bylaws of the Issuer and applicable law, a series of Preferred Stock, without par value, of the Issuer be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

Part 1. Designation and Number of Shares. There is hereby created out of the authorized and unissued shares of preferred stock of the Issuer a series of preferred stock designated as the "Fixed Rate Cumulative Perpetual Preferred Stock, Series A" (the "Designated Preferred Stock"). The authorized number of shares of Designated Preferred Stock shall be 8,559.

Part 2. Standard Provisions. The Standard Provisions contained in Schedule A attached hereto are incorporated herein by reference in their entirety and shall be deemed to be a part of this Certificate of Designations to the same extent as if such provisions had been set forth in full herein.

Part. 3. Definitions. The following terms are used in this Certificate of Designations (including the Standard Provisions in Schedule A hereto) as defined below:

(a) "Common Stock" means the common stock, without par value, of the Issuer.

(b) "Dividend Payment Date" means February 15, May 15, August 15 and November 15 of each year.

(c) "Junior Stock" means the Common Stock and any other class or series of stock of the Issuer the terms of which expressly provide that it ranks junior to Designated Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Issuer.

(d) "Liquidation Amount" means $ 1,000 per share of Designated Preferred Stock.

(e) "Minimum Amount" means $2,139,750.

(f) "Parity Stock" means any class or series of stock of the Issuer (other than Designated Preferred Stock) the terms of which do not expressly provide that such class or series will rank senior or junior to Designated Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Issuer (in each case without regard to whether dividends accrue cumulatively or non-cumulatively).

(g) "Signing Date" means the Original Issue Date.

Part. 4. Certain Voting Matters. Holders of shares of Designated Preferred Stock will be entitled to one vote for each such share on any matter on which holders of Designated Preferred Stock are entitled to vote, including any action by written consent.

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IN WITNESS WHEREOF, First Western Financial, Inc. has caused this Certificate of Designations to be signed by Ryan C. Trigg, its Chief Financial Officer, this 4th day of February, 2009.

FIRST WESTERN FINANCIAL, INC.

By: /s/ Ryan C. Trigg
Name: Ryan C. Trigg
Title: Chief Financial Officer

Schedule A

STANDARD PROVISIONS

Section 1. General Matters. Each share of Designated Preferred Stock shall be identical in all respects to every other share of Designated Preferred Stock. The Designated Preferred Stock shall be perpetual, subject to the provisions of Section 5 of these Standard Provisions that form a part of the Certificate of Designations. The Designated Preferred Stock shall rank equally with Parity Stock and shall rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any dissolution, liquidation or winding up of the Issuer.

Section 2. Standard Definitions. As used herein with respect to Designated Preferred Stock:

(a) "Applicable Dividend Rate" means (i) during the period from the Original Issue Date to, but excluding, the first day of the first Dividend Period commencing on or after the fifth anniversary of the Original Issue Date, 5% per annum and (ii) from and after the first day of the first Dividend Period commencing on or after the fifth anniversary of the Original Issue Date, 9% per annum.

(b) "Appropriate Federal Banking Agency" means the "appropriate Federal banking agency" with respect to the Issuer as defined in Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)), or any successor provision.

(c) "Business Combination" means a merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Issuer's stockholders.

(d) "Business Day" means any day except Saturday, Sunday and any day on which banking institutions in the State of New York generally are authorized or required by law or other governmental actions to close.

(e) "Bylaws" means the bylaws of the Issuer, as they may be amended from time to time.

(f) "Certificate of Designations" means the Certificate of Designations or comparable instrument relating to the Designated Preferred Stock, of which these Standard Provisions form a part, as it may be amended from time to time.

(g) "Charter" means the Issuer's certificate or articles of incorporation, articles of association, or similar organizational document.

(h) "Dividend Period" has the meaning set forth in Section 3(a).

(i) "Dividend Record Date" has the meaning set forth in Section 3(a).

(j) "Liquidation Preference" has the meaning set forth in Section 4(a).

(k) "Original Issue Date" means the date on which shares of Designated Preferred Stock are first issued.

(l) "Preferred Director" has the meaning set forth in Section 7(b).

(m) "Preferred Stock" means any and all series of preferred stock of the Issuer, including the Designated Preferred Stock.

(n) "Qualified Equity Offering" means the sale and issuance for cash by the Issuer to persons other than the Issuer or any of its subsidiaries after the Original Issue Date of shares of perpetual Preferred Stock, Common Stock or any combination of such stock, that, in each case, qualify as and may be included in Tier 1 capital of the Issuer at the time of issuance under the applicable risk-based capital guidelines of the Issuer's Appropriate Federal Banking Agency (other than any such sales and issuances made pursuant to agreements or arrangements entered into, or pursuant to financing plans which were publicly announced, on or prior to November 17, 2008).

(o) "Standard Provisions" mean these Standard Provisions that form a part of the Certificate of Designations relating to the Designated Preferred Stock.

(p) "Successor Preferred Stock" has the meaning set forth in Section 5(a).

(q) "Voting Parity Stock" means, with regard to any matter as to which the holders of Designated Preferred Stock are entitled to vote as specified in Sections 7(a) and 7(b) of these Standard Provisions that form a part of the Certificate of Designations, any and all series of Parity Stock upon which like voting rights have been conferred and are exercisable with respect to such matter.

Section 3. Dividends.

(a) Rate. Holders of Designated Preferred Stock shall be entitled to receive, on each share of Designated Preferred Stock if, as and when declared by the Board of Directors or any duly authorized committee of the Board of Directors, but only out of assets legally available therefor, cumulative cash dividends with respect to each Dividend Period (as defined below) at a rate per annum equal to the Applicable Dividend Rate on (i) the Liquidation Amount per share of Designated Preferred Stock and (ii) the amount of accrued and unpaid dividends for any prior Dividend Period on such share of Designated Preferred Stock, if any. Such dividends shall begin to accrue and be cumulative from the Original Issue Date, shall compound on each subsequent Dividend Payment Date (*i.e.*, no dividends shall accrue on other dividends unless and until the first Dividend Payment Date for such other dividends has passed without such other dividends having been paid on such date) and shall be payable quarterly in arrears on each Dividend Payment Date, commencing with the first such Dividend Payment Date to occur at least 20 calendar days after the Original Issue Date. In the event that any Dividend Payment Date would otherwise fall on a day that is not a Business Day, the dividend payment due on that date will be

postponed to the next day that is a Business Day and no additional dividends will accrue as a result of that postponement. The period from and including any Dividend Payment Date to, but excluding, the next Dividend Payment Date is a "Dividend Period", provided that the initial Dividend Period shall be the period from and including the Original Issue Date to, but excluding, the next Dividend Payment Date.

Dividends that are payable on Designated Preferred Stock in respect of any Dividend Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The amount of dividends payable on Designated Preferred Stock on any date prior to the end of a Dividend Period, and for the initial Dividend Period, shall be computed on the basis of a 360-day year consisting of twelve 30-day months, and actual days elapsed over a 30-day month.

Dividends that are payable on Designated Preferred Stock on any Dividend Payment Date will be payable to holders of record of Designated Preferred Stock as they appear on the stock register of the Issuer on the applicable record date, which shall be the 15th calendar day immediately preceding such Dividend Payment Date or such other record date fixed by the Board of Directors or any duly authorized committee of the Board of Directors that is not more than 60 nor less than 10 days prior to such Dividend Payment Date (each, a "Dividend Record Date"). Any such day that is a Dividend Record Date shall be a Dividend Record Date whether or not such day is a Business Day.

Holders of Designated Preferred Stock shall not be entitled to any dividends, whether payable in cash, securities or other property, other than dividends (if any) declared and payable on Designated Preferred Stock as specified in this Section 3 (subject to the other provisions of the Certificate of Designations).

(b) Priority of Dividends. So long as any share of Designated Preferred Stock remains outstanding, no dividend or distribution shall be declared or paid on the Common Stock or any other shares of Junior Stock (other than dividends payable solely in shares of Common Stock) or Parity Stock, subject to the immediately following paragraph in the case of Parity Stock, and no Common Stock, Junior Stock or Parity Stock shall be, directly or indirectly, purchased, redeemed or otherwise acquired for consideration by the Issuer or any of its subsidiaries unless all accrued and unpaid dividends for all past Dividend Periods, including the latest completed Dividend Period (including, if applicable as provided in Section 3(a) above, dividends on such amount), on all outstanding shares of Designated Preferred Stock have been or are contemporaneously declared and paid in full (or have been declared and a sum sufficient for the payment thereof has been set aside for the benefit of the holders of shares of Designated Preferred Stock on the applicable record date). The foregoing limitation shall not apply to (i) redemptions, purchases or other acquisitions of shares of Common Stock or other Junior Stock in connection with the administration of any employee benefit plan in the ordinary course of business and consistent with past practice; (ii) the acquisition by the Issuer or any of its subsidiaries of record ownership in Junior Stock or Parity Stock for the beneficial ownership of any other persons (other than the Issuer or any of its subsidiaries), including as trustees or custodians; and (iii) the exchange or conversion of Junior Stock for or into other Junior Stock or of Parity Stock for or into other Parity Stock (with the same or lesser aggregate liquidation

amount) or Junior Stock, in each case, solely to the extent required pursuant to binding contractual agreements entered into prior to the Signing Date or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for Common Stock.

When dividends are not paid (or declared and a sum sufficient for payment thereof set aside for the benefit of the holders thereof on the applicable record date) on any Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within a Dividend Period related to such Dividend Payment Date) in full upon Designated Preferred Stock and any shares of Parity Stock, all dividends declared on Designated Preferred Stock and all such Parity Stock and payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) shall be declared *pro rata* so that the respective amounts of such dividends declared shall bear the same ratio to each other as all accrued and unpaid dividends per share on the shares of Designated Preferred Stock (including, if applicable as provided in Section 3(a) above, dividends on such amount) and all Parity Stock payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) (subject to their having been declared by the Board of Directors or a duly authorized committee of the Board of Directors out of legally available funds and including, in the case of Parity Stock that bears cumulative dividends, all accrued but unpaid dividends) bear to each other. If the Board of Directors or a duly authorized committee of the Board of Directors determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Issuer will provide written notice to the holders of Designated Preferred Stock prior to such Dividend Payment Date.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, securities or other property) as may be determined by the Board of Directors or any duly authorized committee of the Board of Directors may be declared and paid on any securities, including Common Stock and other Junior Stock, from time to time out of any funds legally available for such payment, and holders of Designated Preferred Stock shall not be entitled to participate in any such dividends.

Section 4. Liquidation Rights.

(a) Voluntary or Involuntary Liquidation. In the event of any liquidation, dissolution or winding up of the affairs of the Issuer, whether voluntary or involuntary, holders of Designated Preferred Stock shall be entitled to receive for each share of Designated Preferred Stock, out of the assets of the Issuer or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Issuer, subject to the rights of any creditors of the Issuer, before any distribution of such assets or proceeds is made to or set aside for the holders of Common Stock and any other stock of the Issuer ranking junior to Designated Preferred Stock as to such distribution, payment in full in an amount equal to the sum of (i) the Liquidation Amount per share and (ii) the amount of any accrued and unpaid dividends (including, if applicable as

provided in Section 3(a) above, dividends on such amount), whether or not declared, to the date of payment (such amounts collectively, the "Liquidation Preference").

(b) Partial Payment. If in any distribution described in Section 4(a) above the assets of the Issuer or proceeds thereof are not sufficient to pay in full the amounts payable with respect to all outstanding shares of Designated Preferred Stock and the corresponding amounts payable with respect of any other stock of the Issuer ranking equally with Designated Preferred Stock as to such distribution, holders of Designated Preferred Stock and the holders of such other stock shall share ratably in any such distribution in proportion to the full respective distributions to which they are entitled.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Designated Preferred Stock and the corresponding amounts payable with respect of any other stock of the Issuer ranking equally with Designated Preferred Stock as to such distribution has been paid in full, the holders of other stock of the Issuer shall be entitled to receive all remaining assets of the Issuer (or proceeds thereof) according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 4, the merger or consolidation of the Issuer with any other corporation or other entity, including a merger or consolidation in which the holders of Designated Preferred Stock receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash, securities or other property) of all or substantially all of the assets of the Issuer, shall not constitute a liquidation, dissolution or winding up of the Issuer.

Section 5. Redemption.

(a) Optional Redemption. Except as provided below, the Designated Preferred Stock may not be redeemed prior to the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date. On or after the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date, the Issuer, at its option, subject to the approval of the Appropriate Federal Banking Agency, may redeem, in whole or in part, at any time and from time to time, out of funds legally available therefor, the shares of Designated Preferred Stock at the time outstanding, upon notice given as provided in Section 5(c) below, at a redemption price equal to the sum of (i) the Liquidation Amount per share and (ii) except as otherwise provided below, any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount) (regardless of whether any dividends are actually declared) to, but excluding, the date fixed for redemption.

Notwithstanding the foregoing, prior to the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date, the Issuer, at its option, subject to the approval of the Appropriate Federal Banking Agency, may redeem, in whole or in part, at any time and from time to time, the shares of Designated Preferred Stock at the time outstanding, upon notice given as provided in Section 5(c) below, at a redemption price equal to the sum of (i) the Liquidation Amount per share and (ii) except as otherwise provided below, any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such

amount) (regardless of whether any dividends are actually declared) to, but excluding, the date fixed for redemption; *provided* that (x) the Issuer (or any successor by Business Combination) has received aggregate gross proceeds of not less than the Minimum Amount (plus the "Minimum Amount" as defined in the relevant certificate of designations for each other outstanding series of preferred stock of such successor that was originally issued to the United States Department of the Treasury (the "Successor Preferred Stock") in connection with the Troubled Asset Relief Program Capital Purchase Program) from one or more Qualified Equity Offerings (including Qualified Equity Offerings of such successor), and (y) the aggregate redemption price of the Designated Preferred Stock (and any Successor Preferred Stock) redeemed pursuant to this paragraph may not exceed the aggregate net cash proceeds received by the Issuer (or any successor by Business Combination) from such Qualified Equity Offerings (including Qualified Equity Offerings of such successor).

The redemption price for any shares of Designated Preferred Stock shall be payable on the redemption date to the holder of such shares against surrender of the certificate(s) evidencing such shares to the Issuer or its agent. Any declared but unpaid dividends payable on a redemption date that occurs subsequent to the Dividend Record Date for a Dividend Period shall not be paid to the holder entitled to receive the redemption price on the redemption date, but rather shall be paid to the holder of record of the redeemed shares on such Dividend Record Date relating to the Dividend Payment Date as provided in Section 3 above.

(b) No Sinking Fund. The Designated Preferred Stock will not be subject to any mandatory redemption, sinking fund or other similar provisions. Holders of Designated Preferred Stock will have no right to require redemption or repurchase of any shares of Designated Preferred Stock.

(c) Notice of Redemption. Notice of every redemption of shares of Designated Preferred Stock shall be given by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on the books of the Issuer. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Subsection shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Designated Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Designated Preferred Stock. Notwithstanding the foregoing, if shares of Designated Preferred Stock are issued in book-entry form through The Depository Trust Company or any other similar facility, notice of redemption may be given to the holders of Designated Preferred Stock at such time and in any manner permitted by such facility. Each notice of redemption given to a holder shall state: (1) the redemption date; (2) the number of shares of Designated Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the redemption price.

(d) Partial Redemption. In case of any redemption of part of the shares of Designated Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either *pro rata* or in such other manner as the Board of Directors or a duly authorized committee thereof may determine to be fair and equitable. Subject to the provisions hereof, the Board of Directors or a duly authorized committee thereof shall have full power and authority to prescribe

the terms and conditions upon which shares of Designated Preferred Stock shall be redeemed from time to time. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof.

(e) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been deposited by the Issuer, in trust for the *pro rata* benefit of the holders of the shares called for redemption, with a bank or trust company doing business in the Borough of Manhattan, The City of New York, and having a capital and surplus of at least $500 million and selected by the Board of Directors, so as to be and continue to be available solely therefor, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date dividends shall cease to accrue on all shares so called for redemption, all shares so called for redemption shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company, without interest. Any funds unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released to the Issuer, after which time the holders of the shares so called for redemption shall look only to the Issuer for payment of the redemption price of such shares.

(f) Status of Redeemed Shares. Shares of Designated Preferred Stock that are redeemed, repurchased or otherwise acquired by the Issuer shall revert to authorized but unissued shares of Preferred Stock (*provided* that any such cancelled shares of Designated Preferred Stock may be reissued only as shares of any series of Preferred Stock other than Designated Preferred Stock).

Section 6. Conversion. Holders of Designated Preferred Stock shares shall have no right to exchange or convert such shares into any other securities.

Section 7. Voting Rights.

(a) General. The holders of Designated Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by law.

(b) Preferred Stock Directors. Whenever, at any time or times, dividends payable on the shares of Designated Preferred Stock have not been paid for an aggregate of six quarterly Dividend Periods or more, whether or not consecutive, the authorized number of directors of the Issuer shall automatically be increased by two and the holders of the Designated Preferred Stock shall have the right, with holders of shares of any one or more other classes or series of Voting Parity Stock outstanding at the time, voting together as a class, to elect two directors (hereinafter the "Preferred Directors" and each a "Preferred Director") to fill such newly created

directorships at the Issuer's next annual meeting of stockholders (or at a special meeting called for that purpose prior to such next annual meeting) and at each subsequent annual meeting of stockholders until all accrued and unpaid dividends for all past Dividend Periods, including the latest completed Dividend Period (including, if applicable as provided in Section 3(a) above, dividends on such amount), on all outstanding shares of Designated Preferred Stock have been declared and paid in full at which time such right shall terminate with respect to the Designated Preferred Stock, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned; *provided* that it shall be a qualification for election for any Preferred Director that the election of such Preferred Director shall not cause the Issuer to violate any corporate governance requirements of any securities exchange or other trading facility on which securities of the Issuer may then be listed or traded that listed or traded companies must have a majority of independent directors. Upon any termination of the right of the holders of shares of Designated Preferred Stock and Voting Parity Stock as a class to vote for directors as provided above, the Preferred Directors shall cease to be qualified as directors, the term of office of all Preferred Directors then in office shall terminate immediately and the authorized number of directors shall be reduced by the number of Preferred Directors elected pursuant hereto. Any Preferred Director may be removed at any time, with or without cause, and any vacancy created thereby may be filled, only by the affirmative vote of the holders a majority of the shares of Designated Preferred Stock at the time outstanding voting separately as a class together with the holders of shares of Voting Parity Stock, to the extent the voting rights of such holders described above are then exercisable. If the office of any Preferred Director becomes vacant for any reason other than removal from office as aforesaid, the remaining Preferred Director may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(c) Class Voting Rights as to Particular Matters. So long as any shares of Designated Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Charter, the vote or consent of the holders of at least 66 2/3% of the shares of Designated Preferred Stock at the time outstanding, voting as a separate class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Authorization of Senior Stock. Any amendment or alteration of the Certificate of Designations for the Designated Preferred Stock or the Charter to authorize or create or increase the authorized amount of, or any issuance of, any shares of, or any securities convertible into or exchangeable or exercisable for shares of, any class or series of capital stock of the Issuer ranking senior to Designated Preferred Stock with respect to either or both the payment of dividends and/or the distribution of assets on any liquidation, dissolution or winding up of the Issuer;

(ii) Amendment of Designated Preferred Stock. Any amendment, alteration or repeal of any provision of the Certificate of Designations for the Designated Preferred Stock or the Charter (including, unless no vote on such merger or consolidation is required by Section 7(c)(iii) below, any amendment, alteration or repeal by means of a

merger, consolidation or otherwise) so as to adversely affect the rights, preferences, privileges or voting powers of the Designated Preferred Stock; or

(iii) Share Exchanges, Reclassifications, Mergers and Consolidations. Any consummation of a binding share exchange or reclassification involving the Designated Preferred Stock, or of a merger or consolidation of the Issuer with another corporation or other entity, unless in each case (x) the shares of Designated Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Issuer is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (y) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the

holders thereof than the rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of Designated Preferred Stock immediately prior to such consummation, taken as a whole;

provided, however, that for all purposes of this Section 7(c), any increase in the amount of the authorized Preferred Stock, including any increase in the authorized amount of Designated Preferred Stock necessary to satisfy preemptive or similar rights granted by the Issuer to other persons prior to the Signing Date, or the creation and issuance, or an increase in the authorized or issued amount, whether pursuant to preemptive or similar rights or otherwise, of any other series of Preferred Stock, or any securities convertible into or exchangeable or exercisable for any other series of Preferred Stock, ranking equally with and/or junior to Designated Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up of the Issuer will not be deemed to adversely affect the rights, preferences, privileges or voting powers, and shall not require the affirmative vote or consent of, the holders of outstanding shares of the Designated Preferred Stock.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Designated Preferred Stock shall be required pursuant to Section 7(c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding shares of the Designated Preferred Stock shall have been redeemed, or shall have been called for redemption upon proper notice and sufficient funds shall have been deposited in trust for such redemption, in each case pursuant to Section 5 above.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Designated Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules of the Board of Directors or any duly authorized committee of the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Charter, the Bylaws,

and applicable law and the rules of any national securities exchange or other trading facility on which Designated Preferred Stock is listed or traded at the time.

Section 8. Record Holders. To the fullest extent permitted by applicable law, the Issuer and the transfer agent for Designated Preferred Stock may deem and treat the record holder of any share of Designated Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Issuer nor such transfer agent shall be affected by any notice to the contrary.

Section 9. Notices. All notices or communications in respect of Designated Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in this Certificate of Designations, in the Charter or Bylaws or by applicable law. Notwithstanding the foregoing, if shares of Designated Preferred Stock are issued in book-entry form through The Depository Trust Company or any similar facility, such notices may be given to the holders of Designated Preferred Stock in any manner permitted by such facility.

Section 10. No Preemptive Rights. No share of Designated Preferred Stock shall have any rights of preemption whatsoever as to any securities of the Issuer, or any warrants, rights or options issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated, issued or granted.

Section 11. Replacement Certificates. The Issuer shall replace any mutilated certificate at the holder’s expense upon surrender of that certificate to the Issuer. The Issuer shall replace certificates that become destroyed, stolen or lost at the holder’s expense upon delivery to the Issuer of reasonably satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be reasonably required by the Issuer.

Section 12. Other Rights. The shares of Designated Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Charter or as provided by applicable law.

Exhibit 3.4

CERTIFICATE OF DESIGNATIONS

OF

FIXED RATE CUMULATIVE PERPETUAL PREFERRED STOCK, SERIES B

OF

FIRST WESTERN FINANCIAL, INC.

First Western Financial, Inc., a corporation organized and existing under the laws of the State of Colorado (the "Issuer"), in accordance with the provisions of Section 7-106-102 of the Colorado Business Corporation Act, does hereby certify:

The board of directors of the Issuer (the "Board of Directors") or an applicable committee of the Board of Directors, in accordance with the articles of incorporation and bylaws of the Issuer and applicable law, adopted the following resolution on February 4, 2009 creating a series of 429 shares of Preferred Stock of the Issuer designated as "Fixed Rate Cumulative Perpetual Preferred Stock, Series B".

RESOLVED, that pursuant to the provisions of the articles of incorporation and the bylaws of the Issuer and applicable law, a series of Preferred Stock, without par value, of the Issuer be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

Part 1. Designation and Number of Shares. There is hereby created out of the authorized and unissued shares of preferred stock of the Issuer a series of preferred stock designated as the "Fixed Rate Cumulative Perpetual Preferred Stock, Series B" (the "Designated Preferred Stock"). The authorized number of shares of Designated Preferred Stock shall be 429.

Part 2. Standard Provisions. The Standard Provisions contained in Schedule A attached hereto are incorporated herein by reference in their entirety and shall be deemed to be a part of this Certificate of Designations to the same extent as if such provisions had been set forth in full herein.

Part. 3. Definitions. The following terms are used in this Certificate of Designations (including the Standard Provisions in Schedule A hereto) as defined below:

(a) "Common Stock" means the common stock, without par value, of the Issuer.

(b) "Dividend Payment Date" means February 15, May 15, August 15 and November 15 of each year.

(c) "Junior Stock" means the Common Stock and any other class or series of stock of the Issuer the terms of which expressly provide that it ranks junior to Designated Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Issuer.

(d) "Liquidation Amount" means $1,000 per share of Designated Preferred Stock.

(e) "Minimum Amount" means $ 107,000.

(f) "Parity Stock" means any class or series of stock of the Issuer (other than Designated Preferred Stock) the terms of which do not expressly provide that such class or series will rank senior or junior to Designated Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Issuer (in each case without regard to whether dividends accrue cumulatively or non-cumulatively). Without limiting the foregoing, Parity Stock shall include the Issuer's UST Preferred Stock.

(g) "Signing Date" means the Original Issue Date.

(h) "UST Preferred Stock" means the Issuer's Fixed Rate Cumulative Perpetual Preferred Stock, Series A.

Part. 4. Certain Voting Matters. Holders of shares of Designated Preferred Stock will be entitled to one vote for each such share on any matter on which holders of Designated Preferred Stock are entitled to vote, including any action by written consent.

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IN WITNESS WHEREOF, First Western Financial, Inc. has caused this Certificate of Designations to be signed by Ryan C. Trigg, its Chief Financial Officer, this 4th day of February, 2009.

FIRST WESTERN FINANCIAL, INC.

By: /s/ Ryan C. Trigg
Name: Ryan C. Trigg
Title: Chief Financial Officer

Schedule A

STANDARD PROVISIONS

Section 1. General Matters. Each share of Designated Preferred Stock shall be identical in all respects to every other share of Designated Preferred Stock. The Designated Preferred Stock shall be perpetual, subject to the provisions of Section 5 of these Standard Provisions that form a part of the Certificate of Designations. The Designated Preferred Stock shall rank equally with Parity Stock and shall rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any dissolution, liquidation or winding up of the Issuer.

Section 2. Standard Definitions. As used herein with respect to Designated Preferred Stock:

(a) "Appropriate Federal Banking Agency" means the "appropriate Federal banking agency" with respect to the Issuer as defined in Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)), or any successor provision.

(b) "Business Combination" means a merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Issuer's stockholders.

(c) "Business Day" means any day except Saturday, Sunday and any day on which banking institutions in the State of New York generally are authorized or required by law or other governmental actions to close.

(d) "Bylaws" means the bylaws of the Issuer, as they may be amended from time to time.

(e) "Certificate of Designations" means the Certificate of Designations or comparable instrument relating to the Designated Preferred Stock, of which these Standard Provisions form a part, as it may be amended from time to time.

(f) "Charter" means the Issuer's certificate or articles of incorporation, articles of association, or similar organizational document.

(g) "Dividend Period" has the meaning set forth in Section 3(a).

(h) "Dividend Record Date" has the meaning set forth in Section 3(a).

(i) "Liquidation Preference" has the meaning set forth in Section 4(a).

(j) "Original Issue Date" means the date on which shares of Designated Preferred Stock are first issued.

(k) "Preferred Director" has the meaning set forth in Section 7(b).

(l) "Preferred Stock" means any and all series of preferred stock of the Issuer,

including the Designated Preferred Stock.

(m) "Qualified Equity Offering" means the sale and issuance for cash by the Issuer to persons other than the Issuer or any of its subsidiaries after the Original Issue Date of shares of perpetual Preferred Stock, Common Stock or any combination of such stock, that, in each case, qualify as and may be included in Tier 1 capital of the Issuer at the time of issuance under the applicable risk-based capital guidelines of the Issuer's Appropriate Federal Banking Agency (other than any such sales and issuances made pursuant to agreements or arrangements entered into, or pursuant to financing plans which were publicly announced, on or prior to November 17, 2008).

(n) "Standard Provisions" mean these Standard Provisions that form a part of the Certificate of Designations relating to the Designated Preferred Stock.

(o) "Successor Preferred Stock" has the meaning set forth in Section 5(a).

(p) "Voting Parity Stock" means, with regard to any matter as to which the holders of Designated Preferred Stock are entitled to vote as specified in Sections 7(a) and 7(b) of these Standard Provisions that form a part of the Certificate of Designations, any and all series of Parity Stock upon which like voting rights have been conferred and are exercisable with respect to such matter.

Section 3. Dividends.

(a) Rate. Holders of Designated Preferred Stock shall be entitled to receive, on each share of Designated Preferred Stock if, as and when declared by the Board of Directors or any duly authorized committee of the Board of Directors, but only out of assets legally available therefor, cumulative cash dividends with respect to each Dividend Period (as defined below) at a per annum rate of 9.0% on (i) the Liquidation Amount per share of Designated Preferred Stock and (ii) the amount of accrued and unpaid dividends for any prior Dividend Period on such share of Designated Preferred Stock, if any. Such dividends shall begin to accrue and be cumulative from the Original Issue Date, shall compound on each subsequent Dividend Payment Date (*i. e.*, no dividends shall accrue on other dividends unless and until the first Dividend Payment Date for such other dividends has passed without such other dividends

having been paid on such date) and shall be payable quarterly in arrears on each Dividend Payment Date, commencing with the first such Dividend Payment Date to occur at least 20 calendar days after the Original Issue Date. In the event that any Dividend Payment Date would otherwise fall on a day that is not a Business Day, the dividend payment due on that date will be postponed to the next day that is a Business Day and no additional dividends will accrue as a result of that postponement. The period from and including any Dividend Payment Date to, but excluding, the next Dividend Payment Date is a "Dividend Period", provided that the initial Dividend Period shall be the period from and including the Original Issue Date to, but excluding, the next Dividend Payment Date.

Dividends that are payable on Designated Preferred Stock in respect of any Dividend Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The amount of dividends payable on Designated Preferred Stock on any date prior to the end of a Dividend Period, and for the initial Dividend Period, shall be computed on the basis of a 360-day

year consisting of twelve 30-day months, and actual days elapsed over a 30-day month.

Dividends that are payable on Designated Preferred Stock on any Dividend Payment Date will be payable to holders of record of Designated Preferred Stock as they appear on the stock register of the Issuer on the applicable record date, which shall be the 15th calendar day immediately preceding such Dividend Payment Date or such other record date fixed by the Board of Directors or any duly authorized committee of the Board of Directors that is not more than 60 nor less than 10 days prior to such Dividend Payment Date (each, a "Dividend Record Date"). Any such day that is a Dividend Record Date shall be a Dividend Record Date whether or not such day is a Business Day.

Holders of Designated Preferred Stock shall not be entitled to any dividends, whether payable in cash, securities or other property, other than dividends (if any) declared and payable on Designated Preferred Stock as specified in this Section 3 (subject to the other provisions of the Certificate of Designations).

(b) Priority of Dividends. So long as any share of Designated Preferred Stock remains outstanding, no dividend or distribution shall be declared or paid on the Common Stock or any other shares of Junior Stock (other than dividends payable solely in shares of Common Stock) or Parity Stock, subject to the immediately following paragraph in the case of Parity Stock, and no Common Stock, Junior Stock or Parity Stock shall be, directly or indirectly, purchased, redeemed or otherwise acquired for consideration by the Issuer or any of its subsidiaries unless all accrued and unpaid dividends for all past Dividend Periods, including the latest completed Dividend Period (including, if applicable as provided in Section 3(a) above, dividends on such amount), on all outstanding shares of Designated Preferred Stock have been or are contemporaneously declared and paid in full (or have been declared and a sum sufficient for the payment thereof has been set aside for the benefit of the holders of shares of Designated Preferred Stock on the applicable record date). The foregoing limitation shall not apply to (i) redemptions, purchases or other acquisitions of shares of Common Stock or other Junior Stock in connection with the administration of any employee benefit plan in the ordinary course of business and consistent with past practice; (ii) the acquisition by the Issuer or any of its subsidiaries of record ownership in Junior Stock or Parity Stock for the beneficial ownership of any other persons (other than the Issuer or any of its subsidiaries), including as trustees or custodians; and (iii) the exchange or conversion of Junior Stock for or into other Junior Stock or of Parity Stock for or into other Parity Stock (with the same or lesser aggregate liquidation amount) or Junior Stock, in each case, solely to the extent required pursuant to binding contractual agreements entered into prior to the Signing Date or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for Common Stock.

When dividends are not paid (or declared and a sum sufficient for payment thereof set aside for the benefit of the holders thereof on the applicable record date) on any Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within a Dividend Period related to such Dividend Payment Date) in full upon Designated Preferred Stock and any shares of Parity Stock, all dividends declared on Designated Preferred Stock and all such Parity Stock and payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the

Dividend Period related to such Dividend Payment Date) shall be declared *pro rata* so that the respective amounts of such dividends declared shall bear the same ratio to each other as all accrued and unpaid dividends per share on the shares of Designated Preferred Stock (including, if applicable as provided in Section 3(a) above, dividends on such amount) and all Parity Stock payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) (subject to their having been declared by the Board of Directors or a duly authorized committee of the Board of Directors out of legally available funds and including, in the case of Parity Stock that bears cumulative dividends, all accrued but unpaid dividends) bear to each other. If the Board of Directors or a duly authorized committee of the Board of Directors determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Issuer will provide written notice to the holders of Designated Preferred Stock prior to such Dividend Payment Date.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, securities or other property) as may be determined by the Board of Directors or any duly authorized committee of the Board of Directors may be declared and paid on any securities, including Common Stock and other Junior Stock, from time to time out of any funds legally available for such payment, and holders of Designated Preferred Stock shall not be entitled to participate in any such dividends.

Section 4. Liquidation Rights.

(a) Voluntary or Involuntary Liquidation. In the event of any liquidation, dissolution or winding up of the affairs of the Issuer, whether voluntary or involuntary, holders of Designated Preferred Stock shall be entitled to receive for each share of Designated Preferred Stock, out of the assets of the Issuer or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Issuer, subject to the rights of any creditors of the Issuer, before any distribution of such assets or proceeds is made to or set aside for the holders of Common Stock and any other stock of the Issuer ranking junior to Designated Preferred Stock as to such distribution, payment in full in an amount equal to the sum of (i) the Liquidation Amount per share and (ii) the amount of any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount), whether or not declared, to the date of payment (such amounts collectively, the "Liquidation Preference").

(b) Partial Payment. If in any distribution described in Section 4(a) above the assets of the Issuer or proceeds thereof are not sufficient to pay in full the amounts payable with respect to all outstanding shares of Designated Preferred Stock and the corresponding amounts payable with respect of any other stock of the Issuer ranking equally with Designated Preferred Stock as to such distribution, holders of Designated Preferred Stock and the holders of such other stock shall share ratably in any such distribution in proportion to the full respective distributions to which they are entitled.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Designated Preferred Stock and the corresponding amounts payable with respect of any other stock of the Issuer ranking equally with Designated Preferred Stock as to such distribution has been paid in full, the holders of other stock of the Issuer shall be entitled to receive all remaining assets of the Issuer (or proceeds thereof) according to their respective rights

and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 4, the merger or consolidation of the Issuer with any other corporation or other entity, including a merger or consolidation in which the holders of Designated Preferred Stock receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash, securities or other property) of all or substantially all of the assets of the Issuer, shall not constitute a liquidation, dissolution or winding up of the Issuer.

Section 5. Redemption.

(a) Optional Redemption. Except as provided below, the Designated Preferred Stock may not be redeemed prior to the later of (i) first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date; and (ii) the date on which all outstanding shares of UST Preferred Stock have been redeemed, repurchased or otherwise acquired by the Issuer. On or after the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date, the Issuer, at its option, subject to the approval of the Appropriate Federal Banking Agency, may redeem, in whole or in part, at any time and from time to time, out of funds legally available therefor, the shares of Designated Preferred Stock at the time outstanding, upon notice given as provided in Section 5(c) below, at a redemption price equal to the sum of (i) the Liquidation Amount per share and (ii) except as otherwise provided below, any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount) (regardless of whether any dividends are actually declared) to, but excluding, the date fixed for redemption.

Notwithstanding the foregoing, prior to the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date, the Issuer, at its option, subject to the approval of the Appropriate Federal Banking Agency and subject to the requirement that all outstanding shares of UST Preferred Stock shall previously have been redeemed, repurchased or otherwise acquired by the Issuer, may redeem, in whole or in part, at any time and from time to time, the shares of Designated Preferred Stock at the time outstanding, upon notice given as provided in Section 5(c) below, at a redemption price equal to the sum of (i) the Liquidation Amount per share and (ii) except as otherwise provided below, any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount) (regardless of whether any dividends are actually declared) to, but excluding, the date fixed for redemption; *provided* that (x) the Issuer (or any successor by Business Combination) has received aggregate gross proceeds of not less than the Minimum Amount (plus the "Minimum Amount" as defined in the relevant certificate of designations for each other outstanding series of preferred stock of such successor that was originally issued to the United States Department of the Treasury (the "Successor Preferred Stock") in connection with the Troubled Asset Relief Program Capital Purchase Program) from one or more Qualified Equity Offerings (including Qualified Equity Offerings of such successor), and (y) the aggregate redemption price of the Designated Preferred Stock (and any Successor Preferred Stock) redeemed pursuant to this paragraph may not exceed the aggregate net cash proceeds received by the Issuer (or any successor by Business Combination) from such Qualified Equity Offerings (including Qualified Equity Offerings of such successor).

The redemption price for any shares of Designated Preferred Stock shall be payable on the

redemption date to the holder of such shares against surrender of the certificate(s) evidencing such shares to the Issuer or its agent. Any declared but unpaid dividends payable on a redemption date that occurs subsequent to the Dividend Record Date for a Dividend Period shall not be paid to the holder entitled to receive the redemption price on the redemption date, but rather shall be paid to the holder of record of the redeemed shares on such Dividend Record Date relating to the Dividend Payment Date as provided in Section 3 above.

(b) No Sinking Fund. The Designated Preferred Stock will not be subject to any mandatory redemption, sinking fund or other similar provisions. Holders of Designated Preferred Stock will have no right to require redemption or repurchase of any shares of Designated Preferred Stock.

(c) Notice of Redemption. Notice of every redemption of shares of Designated Preferred Stock shall be given by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on the books of the Issuer. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Subsection shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Designated Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Designated Preferred Stock. Notwithstanding the foregoing, if shares of Designated Preferred Stock are issued in book-entry form through The Depository Trust Company or any other similar facility, notice of redemption may be given to the holders of Designated Preferred Stock at such time and in any manner permitted by such facility. Each notice of redemption given to a holder shall state: (1) the redemption date; (2) the number of shares of Designated Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the redemption price.

(d) Partial Redemption. In case of any redemption of part of the shares of Designated Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either *pro rata* or in such other manner as the Board of Directors or a duly authorized committee thereof may determine to be fair and equitable. Subject to the provisions hereof, the Board of Directors or a duly authorized committee thereof shall have full power and authority to prescribe

the terms and conditions upon which shares of Designated Preferred Stock shall be redeemed from time to time. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof.

(e) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been deposited by the Issuer, in trust for the *pro rata* benefit of the holders of the shares called for redemption, with a bank or trust company doing business in the Borough of Manhattan, The City of New York, and having a capital and surplus of at least $500 million and selected by the Board of Directors, so as to be and continue to be available solely therefor, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date dividends shall cease to accrue on all shares so called for redemption, all shares so called for redemption shall no longer be deemed

outstanding and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company, without interest. Any funds unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released to the Issuer, after which time the holders of the shares so called for redemption shall look only to the Issuer for payment of the redemption price of such shares.

(f) Status of Redeemed Shares. Shares of Designated Preferred Stock that are redeemed, repurchased or otherwise acquired by the Issuer shall revert to authorized but unissued shares of Preferred Stock *(provided* that any such cancelled shares of Designated Preferred Stock may be reissued only as shares of any series of Preferred Stock other than Designated Preferred Stock).

Section 6. Conversion. Holders of Designated Preferred Stock shares shall have no right to exchange or convert such shares into any other securities.

Section 7. Voting Rights.

(a) General. The holders of Designated Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by law.

(b) Preferred Stock Directors. Whenever, at any time or times, dividends payable on the shares of Designated Preferred Stock have not been paid for an aggregate of six quarterly Dividend Periods or more, whether or not consecutive, the authorized number of directors of the Issuer shall automatically be increased by two and the holders of the Designated Preferred Stock shall have the right, with holders of shares of any one or more other classes or series of Voting Parity Stock outstanding at the time, voting together as a class, to elect two directors (hereinafter the "Preferred Directors" and each a "Preferred Director") to fill such newly created directorships at the Issuer's next annual meeting of stockholders (or at a special meeting called for that purpose prior to such next annual meeting) and at each subsequent annual meeting of stockholders until all accrued and unpaid dividends for all past Dividend Periods, including the latest completed Dividend Period (including, if applicable as provided in Section 3(a) above, dividends on such amount), on all outstanding shares of Designated Preferred Stock have been declared and paid in full at which time such right shall terminate with respect to the Designated Preferred Stock, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned; *provided* that it shall be a qualification for election for any Preferred Director that the election of such Preferred Director shall not cause the Issuer to violate any corporate governance requirements of any securities exchange or other trading facility on which securities of the Issuer may then be listed or traded that listed or traded companies must have a majority of independent directors. Upon any termination of the right of the holders of shares of Designated Preferred Stock and Voting Parity Stock as a class to vote for directors as provided above, the Preferred Directors shall cease to be qualified as directors, the term of office of all Preferred Directors then in office shall terminate immediately and the authorized number of directors shall be reduced by the number of Preferred Directors elected pursuant hereto. Any Preferred Director may be removed at any time, with or without cause, and any vacancy created thereby may be filled, only by the affirmative vote of the holders a majority of the shares of Designated Preferred Stock at the time outstanding voting separately as a class

together with the holders of shares of Voting Parity Stock, to the extent the voting rights of such holders described above are then exercisable. If the office of any Preferred Director becomes vacant for any reason other than removal from office as aforesaid, the remaining Preferred Director may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(c) Class Voting Rights as to Particular Matters. So long as any shares of Designated Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Charter, the vote or consent of the holders of at least 66 2/3% of the shares of Designated Preferred Stock at the time outstanding, voting as a separate class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Authorization of Senior Stock. Any amendment or alteration of the Certificate of Designations for the Designated Preferred Stock or the Charter to authorize or create or increase the authorized amount of, or any issuance of, any shares of, or any securities convertible into or exchangeable or exercisable for shares of, any class or series of capital stock of the Issuer ranking senior to Designated Preferred Stock with respect to either or both the payment of dividends and/or the distribution of assets on any liquidation, dissolution or winding up of the Issuer;

(ii) Amendment of Designated Preferred Stock. Any amendment, alteration or repeal of any provision of the Certificate of Designations for the Designated Preferred Stock or the Charter (including, unless no vote on such merger or consolidation is required by Section 7(c)(iii) below, any amendment, alteration or repeal by means of a merger, consolidation or otherwise) so as to adversely affect the rights, preferences, privileges or voting powers of the Designated Preferred Stock; or

(iii) Share Exchanges, Reclassifications, Mergers and Consolidations. Any consummation of a binding share exchange or reclassification involving the Designated Preferred Stock, or of a merger or consolidation of the Issuer with another corporation or other entity, unless in each case (x) the shares of Designated Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Issuer is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (y) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the

holders thereof than the rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of Designated Preferred Stock immediately prior to such consummation, taken as a whole;

provided, however, that for all purposes of this Section 7(c), any increase in the amount of the authorized Preferred Stock, including any increase in the authorized amount of Designated Preferred Stock necessary to satisfy preemptive or similar rights granted by the Issuer to other persons prior to the Signing Date, or the creation and issuance, or an increase in the authorized or issued amount, whether pursuant to preemptive or similar rights or otherwise, of any other series of Preferred Stock, or any securities convertible into or exchangeable or exercisable for any other

series of Preferred Stock, ranking equally with and/or junior to Designated Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up of the Issuer will not be deemed to adversely affect the rights, preferences, privileges or voting powers, and shall not require the affirmative vote or consent of, the holders of outstanding shares of the Designated Preferred Stock.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Designated Preferred Stock shall be required pursuant to Section 7(c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding shares of the Designated Preferred Stock shall have been redeemed, or shall have been called for redemption upon proper notice and sufficient funds shall have been deposited in trust for such redemption, in each case pursuant to Section 5 above.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Designated Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules of the Board of Directors or any duly authorized committee of the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Charter, the Bylaws, and applicable law and the rules of any national securities exchange or other trading facility on which Designated Preferred Stock is listed or traded at the time.

Section 8. Record Holders. To the fullest extent permitted by applicable law, the Issuer and the transfer agent for Designated Preferred Stock may deem and treat the record holder of any share of Designated Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Issuer nor such transfer agent shall be affected by any notice to the contrary.

Section 9. Notices. All notices or communications in respect of Designated Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in this Certificate of Designations, in the Charter or Bylaws or by applicable law. Notwithstanding the foregoing, if shares of Designated Preferred Stock are issued in book-entry form through The Depository Trust Company or any similar facility, such notices may be given to the holders of Designated Preferred Stock in any manner permitted by such facility.

Section 10. No Preemptive Rights. No share of Designated Preferred Stock shall have any rights of preemption whatsoever as to any securities of the Issuer, or any warrants, rights or options issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated, issued or granted.

Section 11. Replacement Certificates. The Issuer shall replace any mutilated certificate at the holder’s expense upon surrender of that certificate to the Issuer. The Issuer shall replace certificates that become destroyed, stolen or lost at the holder’s expense upon delivery to the Issuer of reasonably satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be reasonably required by the Issuer.

Section 12. Other Rights. The shares of Designated Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Charter or as provided by applicable law.

Exhibit 3.5

CERTIFICATE OF DESIGNATIONS

OF

FIXED RATE CUMULATIVE PERPETUAL PREFERRED STOCK, SERIES C

OF

FIRST WESTERN FINANCIAL, INC.

First Western Financial, Inc., a corporation organized and existing under the laws of the Colorado (the "Issuer"), in accordance with the provisions of Section 7-106-102 of the Colorado Business Corporation Act thereof, does hereby certify:

The board of directors of the Issuer (the "Board of Directors") or an applicable committee of the Board of Directors, in accordance with the articles of incorporation and bylaws of the Issuer and applicable law, adopted the following resolution on December 2, 2009 creating a series of 11,881 shares of Preferred Stock of the Issuer designated as "Fixed Rate Cumulative Perpetual Preferred Stock, Series C".

RESOLVED, that pursuant to the provisions of the articles of incorporation and the bylaws of the Issuer and applicable law, a series of Preferred Stock, without par value, of the Issuer be and hereby is created, and that the designation and number of shares of such series, and the voting and other powers, preferences and relative, participating, optional or other rights, and the qualifications, limitations and restrictions thereof, of the shares of such series, are as follows:

Part 1. Designation and Number of Shares. There is hereby created out of the authorized and unissued shares of preferred stock of the Issuer a series of preferred stock designated as the "Fixed Rate Cumulative Perpetual Preferred Stock, Series C" (the "Designated Preferred Stock"). The authorized number of shares of Designated Preferred Stock shall be 11,881.

Part 2. Standard Provisions. The Standard Provisions contained in Schedule A attached hereto are incorporated herein by reference in their entirety and shall be deemed to be a part of this Certificate of Designations to the same extent as if such provisions had been set forth in full herein.

Part. 3. Definitions. The following terms are used in this Certificate of Designations (including the Standard Provisions in Schedule A hereto) as defined below:

(a) "Common Stock" means the common stock, without par value, of the Issuer.

(b) "Dividend Payment Date" means February 15, May 15, August 15 and November 15 of each year.

(c) "Junior Stock" means the Common Stock and any other class or series of stock of the Issuer the terms of which expressly provide that it ranks junior to Designated Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Issuer.

(d) "Liquidation Amount" means $1,000 per share of Designated Preferred Stock.

(e) "Minimum Amount" means $2,970,250.

(f) "Parity Stock" means any class or series of stock of the Issuer (other than Designated Preferred Stock) the terms of which do not expressly provide that such class or series will rank senior or junior to Designated Preferred Stock as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Issuer (in each case without regard to whether dividends accrue cumulatively or non-cumulatively). Without limiting the foregoing, Parity Stock shall include the Issuer's Fixed Rate Cumulative Perpetual Preferred Stock, Series A, and Fixed Rate Cumulative Perpetual Preferred Stock, Series B.

(g) "Signing Date" means the Original Issue Date.

Part. 4. Certain Voting Matters. Holders of shares of Designated Preferred Stock will be entitled to one vote for each such share on any matter on which holders of Designated Preferred Stock are entitled to vote, including any action by written consent.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, First Western Financial, Inc. has caused this Certificate of Designations to be signed by Scott C. Wylie, its Chairman, Chief Executive Officer and President, this 8th day of December.

FIRST WESTERN FINANCIAL, INC.

By: /s/ Scott C. Wylie
Name: Scott C. Wylie
Title: Chairman, Chief Executive Officer and President

Schedule A

STANDARD PROVISIONS

Section 1. General Matters. Each share of Designated Preferred Stock shall be identical in all respects to every other share of Designated Preferred Stock. The Designated Preferred Stock shall be perpetual, subject to the provisions of Section 5 of these Standard Provisions that form a part of the Certificate of Designations. The Designated Preferred Stock shall rank equally with Parity Stock and shall rank senior to Junior Stock with respect to the payment of dividends and the distribution of assets in the event of any dissolution, liquidation or winding up of the Issuer.

Section 2. Standard Definitions. As used herein with respect to Designated Preferred Stock:

(a) "Applicable Dividend Rate" means (i) during the period from the Original Issue Date to, but excluding, the first day of the first Dividend Period commencing on or after the fifth anniversary of the Original Issue Date, 5% per annum and (ii) from and after the first day of the first Dividend Period commencing on or after the fifth anniversary of the Original Issue Date, 9% per annum.

(b) "Appropriate Federal Banking Agency" means the "appropriate Federal banking agency" with respect to the Issuer as defined in Section 3 (q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)), or any successor provision.

(c) "Business Combination" means a merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Issuer's stockholders.

(d) "Business Day" means any day except Saturday, Sunday and any day on which banking institutions in the State of New York generally are authorized or required by law or other governmental actions to close.

(e) "Bylaws" means the bylaws of the Issuer, as they may be amended from time to time.

(f) "Certificate of Designations" means the Certificate of Designations or comparable instrument relating to the Designated Preferred Stock, of which these Standard Provisions form a part, as it may be amended from time to time.

(g) "Charter" means the Issuer's certificate or articles of incorporation, articles of association, or similar organizational document.

(h) "Dividend Period" has the meaning set forth in Section 3(a).

(i) "Dividend Record Date" has the meaning set forth in Section 3(a).

(j) "Liquidation Preference" has the meaning set forth in Section 4(a).

(k) "Original Issue Date" means the date on which shares of Designated Preferred Stock are first issued.

(l) "Preferred Director" has the meaning set forth in Section 7(b).

(m) "Preferred Stock" means any and all series of preferred stock of the Issuer, including the Designated Preferred Stock.

(n) "Qualified Equity Offering" means the sale and issuance for cash by the Issuer to persons other than the Issuer or any of its subsidiaries after the Original Issue Date of shares of perpetual Preferred Stock, Common Stock or any combination of such stock, that, in each case, qualify as and may be included in Tier 1 capital of the Issuer at the time of issuance under the applicable risk-based capital guidelines of the Issuer's Appropriate Federal Banking Agency (other than any such sales and issuances made pursuant to agreements or arrangements entered into, or pursuant to financing plans which were publicly announced, on or prior to November 17, 2008).

(o) "Standard Provisions" mean these Standard Provisions that form a part of the Certificate of Designations relating to the Designated Preferred Stock.

(p) "Successor Preferred Stock" has the meaning set forth in Section 5(a).

(q) "Voting Parity Stock" means, with regard to any matter as to which the holders of Designated Preferred Stock are entitled to vote as specified in Sections 7(a) and 7(b) of these Standard Provisions that form a part of the Certificate of Designations, any and all series of Parity Stock upon which like voting rights have been conferred and are exercisable with respect to such matter.

Section 3. Dividends.

(a) Rate. Holders of Designated Preferred Stock shall be entitled to receive, on each share of Designated Preferred Stock if, as and when declared by the Board of Directors or any duly authorized committee of the Board of Directors, but only out of assets legally available therefor, cumulative cash dividends with respect to each Dividend Period (as defined below) at a rate per annum equal to the Applicable Dividend Rate on (i) the Liquidation Amount per share of Designated Preferred Stock and (ii) the amount of accrued and unpaid dividends for any prior Dividend Period on such share of Designated Preferred Stock, if any. Such dividends shall begin to accrue and be cumulative from the Original Issue Date, shall compound on each subsequent Dividend Payment Date (*i.e.*, no dividends shall accrue on other dividends unless and until the first Dividend Payment Date for such other dividends has passed without such other dividends having been paid on such date) and shall be payable quarterly in arrears on each Dividend Payment Date, commencing

with the first such Dividend Payment Date to occur at least 20 calendar days after the Original Issue Date. In the event that any Dividend Payment Date would otherwise fall on a day that is not a Business Day, the dividend payment due on that date will be postponed to the next day that is a Business Day and no additional dividends will accrue as a result of that postponement. The period from and including any Dividend Payment Date to, but excluding, the next Dividend Payment Date is a "Dividend Period", provided that

the initial Dividend Period shall be the period from and including the Original Issue Date to, but excluding, the next Dividend Payment Date.

Dividends that are payable on Designated Preferred Stock in respect of any Dividend Period shall be computed on the basis of a 360-day year consisting of twelve 30-day months. The amount of dividends payable on Designated Preferred Stock on any date prior to the end of a Dividend Period, and for the initial Dividend Period, shall be computed on the basis of a 360-day year consisting of twelve 30-day months, and actual days elapsed over a 30-day month.

Dividends that are payable on Designated Preferred Stock on any Dividend Payment Date will be payable to holders of record of Designated Preferred Stock as they appear on the stock register of the Issuer on the applicable record date, which shall be the 15th calendar day immediately preceding such Dividend Payment Date or such other record date fixed by the Board of Directors or any duly authorized committee of the Board of Directors that is not more than 60 nor less than 10 days prior to such Dividend Payment Date (each, a "Dividend Record Date"). Any such day that is a Dividend Record Date shall be a Dividend Record Date whether or not such day is a Business Day.

Holders of Designated Preferred Stock shall not be entitled to any dividends, whether payable in cash, securities or other property, other than dividends (if any) declared and payable on Designated Preferred Stock as specified in this Section 3 (subject to the other provisions of the Certificate of Designations).

(b) Priority of Dividends. So long as any share of Designated Preferred Stock remains outstanding, no dividend or distribution shall be declared or paid on the Common Stock or any other shares of Junior Stock (other than dividends payable solely in shares of Common Stock) or Parity Stock, subject to the immediately following paragraph in the case of Parity Stock, and no Common Stock, Junior Stock or Parity Stock shall be, directly or indirectly, purchased, redeemed or otherwise acquired for consideration by the Issuer or any of its subsidiaries unless all accrued and unpaid dividends for all past Dividend Periods, including the latest completed Dividend Period (including, if applicable as provided in Section 3(a) above, dividends on such amount), on all outstanding shares of Designated Preferred Stock have been or are contemporaneously declared and paid in full (or have been declared and a sum sufficient for the payment thereof has been set aside for the benefit of the holders of shares of Designated Preferred Stock on the applicable record date). The foregoing limitation shall not apply to (i) redemptions, purchases or other acquisitions of shares of Common Stock or other Junior Stock in connection with the administration of any employee benefit plan in the ordinary course of business and consistent with past practice; (ii) the acquisition by the Issuer or any of its subsidiaries of record ownership in Junior Stock or Parity Stock for the beneficial ownership of any other persons (other than the Issuer or any of its subsidiaries), including as trustees or custodians; and (iii) the exchange or conversion of Junior Stock for or into other Junior Stock or of Parity Stock for or into other Parity Stock (with the same or lesser aggregate liquidation amount) or Junior Stock, in each case, solely to the extent required pursuant to binding contractual agreements entered into prior to the Signing Date or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for Common Stock.

When dividends are not paid (or declared and a sum sufficient for payment thereof set aside for the benefit of the holders thereof on the applicable record date) on any Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within a Dividend Period related to such Dividend Payment Date) in full upon Designated Preferred Stock and any shares of Parity Stock, all dividends declared on Designated Preferred Stock and all such Parity Stock and payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date falling within the Dividend Period related to such Dividend Payment Date) shall be declared *pro rata* so that the respective amounts of such dividends declared shall bear the same ratio to each other as all accrued and unpaid dividends per share on the shares of Designated Preferred Stock (including, if applicable as provided in Section 3(a) above, dividends on such amount) and all Parity Stock payable on such Dividend Payment Date (or, in the case of Parity Stock having dividend payment dates different from the Dividend Payment Dates, on a dividend payment date ' falling within the Dividend Period related to such Dividend Payment Date) (subject to their having been declared by the Board of Directors or a duly authorized committee of the Board of Directors out of legally available funds and including, in the case of Parity Stock that bears cumulative dividends, all accrued but unpaid dividends) bear to each other. If the Board of Directors or a duly authorized committee of the Board of Directors determines not to pay any dividend or a full dividend on a Dividend Payment Date, the Issuer will provide written notice to the holders of Designated Preferred Stock prior to such Dividend Payment Date.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, securities or other property) as may be determined by the Board of Directors or any duly authorized committee of the Board of Directors may be declared and paid on any securities, including Common Stock and other Junior Stock, from time to time out of any funds legally available for such payment, and holders of Designated Preferred Stock shall not be entitled to participate in any such dividends.

Section 4. Liquidation Rights.

(a) Voluntary or Involuntary Liquidation. In the event of any liquidation, dissolution or winding up of the affairs of the Issuer, whether voluntary or involuntary, holders of Designated Preferred Stock shall be entitled to receive for each share of Designated Preferred Stock, out of the assets of the Issuer or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Issuer, subject to the rights of any creditors of the Issuer, before any distribution of such assets or proceeds is made to or set aside for the holders of Common Stock and any other stock of the Issuer ranking junior to Designated Preferred Stock as to such distribution, payment in full in an amount equal to the sum of (i) the Liquidation Amount per share and (ii) the amount of any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount), whether or not declared, to the date of payment (such amounts collectively, the "Liquidation Preference").

(b) Partial Payment. If in any distribution described in Section 4(a) above the assets of the Issuer or proceeds thereof are not sufficient to pay in full the amounts payable with respect to all outstanding shares of Designated Preferred Stock and the corresponding amounts payable with respect of any

other stock of the Issuer ranking equally with Designated Preferred Stock as

to such distribution, holders of Designated Preferred Stock and the holders of such other stock shall share ratably in any such distribution in proportion to the full respective distributions to which they are entitled.

(c) Residual Distributions. If the Liquidation Preference has been paid in full to all holders of Designated Preferred Stock and the corresponding amounts payable with respect of any other stock of the Issuer ranking equally with Designated Preferred Stock as to such distribution has been paid in full, the holders of other stock of the Issuer shall be entitled to receive all remaining assets of the Issuer (or proceeds thereof) according to their respective rights and preferences.

(d) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 4, the merger or consolidation of the Issuer with any other corporation or other entity, including a merger or consolidation in which the holders of Designated Preferred Stock receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash, securities or other property) of all or substantially all of the assets of the Issuer, shall not constitute a liquidation, dissolution or winding up of the Issuer.

Section 5. Redemption.

(a) Optional Redemption. Except as provided below, the Designated Preferred Stock may not be redeemed prior to the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date. On or after the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date, the Issuer, at its option, subject to the approval of the Appropriate Federal Banking Agency, may redeem, in whole or in part, at any time and from time to time, out of funds legally available therefor, the shares of Designated Preferred Stock at the time outstanding, upon notice given as provided in Section 5(c) below, at a redemption price equal to the sum of (i) the Liquidation Amount per share and (ii) except as otherwise provided below, any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount) (regardless of whether any dividends are actually declared) to, but excluding, the date fixed for redemption.

Notwithstanding the foregoing, prior to the first Dividend Payment Date falling on or after the third anniversary of the Original Issue Date, the Issuer, at its option, subject to the approval of the Appropriate Federal Banking Agency, may redeem, in whole or in part, at any time and from time to time, the shares of Designated Preferred Stock at the time outstanding, upon notice given as provided in Section 5(c) below, at a redemption price equal to the sum of (i) the Liquidation Amount per share and (ii) except as otherwise provided below, any accrued and unpaid dividends (including, if applicable as provided in Section 3(a) above, dividends on such amount) (regardless of whether any dividends are actually declared) to, but excluding, the date fixed for redemption; *provided* that (x) the Issuer (or any successor by Business Combination) has received aggregate gross proceeds of not less than the Minimum Amount (plus the "Minimum Amount" as defined in the relevant certificate of designations for each other outstanding series of preferred stock of such successor that was originally issued to the United States Department of the Treasury (the "Successor Preferred Stock") in connection with the Troubled Asset Relief Program Capital Purchase Program) from one or more Qualified Equity Offerings (including Qualified Equity Offerings of such successor), and (y) the aggregate

redemption price of the Designated Preferred Stock (and any Successor Preferred Stock) redeemed pursuant to this paragraph may not exceed the aggregate net cash proceeds received by the Issuer (or any successor by Business Combination) from such Qualified Equity Offerings (including Qualified Equity Offerings of such successor).

The redemption price for any shares of Designated Preferred Stock shall be payable on the redemption date to the holder of such shares against surrender of the certificate(s) evidencing such shares to the Issuer or its agent. Any declared but unpaid dividends payable on a redemption date that occurs subsequent to the Dividend Record Date for a Dividend Period shall not be paid to the holder entitled to receive the redemption price on the redemption date, but rather shall be paid to the holder of record of the redeemed shares on such Dividend Record Date relating to the Dividend Payment Date as provided in Section 3 above.

(b) No Sinking Fund. The Designated Preferred Stock will not be subject to any mandatory redemption, sinking fund or other similar provisions. Holders of Designated Preferred Stock will have no right to require redemption or repurchase of any shares of Designated Preferred Stock.

(c) Notice of Redemption. Notice of every redemption of shares of Designated Preferred Stock shall be given by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on the books of the Issuer. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this Subsection shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Designated Preferred Stock designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Designated Preferred Stock. Notwithstanding the foregoing, if shares of Designated Preferred Stock are issued in book-entry form through The Depository Trust Company or any other similar facility, notice of redemption may be given to the holders of Designated Preferred Stock at such time and in any manner permitted by such facility. Each notice of redemption given to a holder shall state: (1) the redemption date; (2) the number of shares of Designated Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the redemption price; and (4) the place or places where certificates for such shares are to be surrendered for payment of the redemption price.

(d) Partial Redemption. In case of any redemption of part of the shares of Designated Preferred Stock at the time outstanding, the shares to be redeemed shall be selected either *pro rata* or in such other manner as the Board of Directors or a duly authorized committee thereof may determine to be fair and equitable. Subject to the provisions hereof, the Board of Directors or a duly authorized committee thereof shall have full power and authority to prescribe the terms and conditions upon which shares of Designated Preferred Stock shall be redeemed from time to time. If fewer than all the shares represented by any certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without charge to the holder thereof.

(e) Effectiveness of Redemption. If notice of redemption has been duly given and if on or before the redemption date specified in the notice all funds necessary for the redemption have been deposited by the Issuer, in trust for the *pro rata* benefit of the holders of the shares called for redemption, with a bank or trust company doing business in the Borough of Manhattan, The City of New York, and having a capital and surplus of at least $500 million and selected by the Board of Directors, so as to be and continue to be available solely therefor, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation, on and after the redemption date dividends shall cease to accrue on all shares so called for redemption, all shares so called for redemption shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith on such redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption from such bank or trust company, without interest. Any funds unclaimed at the end of three years from the redemption date shall, to the extent permitted by law, be released to the Issuer, after which time the holders of the shares so called for redemption shall look only to the Issuer for payment of the redemption price of such shares.

(f) Status of Redeemed Shares. Shares of Designated Preferred Stock that are redeemed, repurchased or otherwise acquired by the Issuer shall revert to authorized but unissued shares of Preferred Stock (*provided* that any such cancelled shares of Designated Preferred Stock may be reissued only as shares of any series of Preferred Stock other than Designated Preferred Stock).

Section 6. Conversion. Holders of Designated Preferred Stock shares shall have no right to exchange or convert such shares into any other securities.

Section 7. Voting Rights.

(a) General. The holders of Designated Preferred Stock shall not have any voting rights except as set forth below or as otherwise from time to time required by law.

(b) Preferred Stock Directors. Whenever, at any time or times, dividends payable on the shares of Designated Preferred Stock have not been paid for an aggregate of six quarterly Dividend Periods or more, whether or not consecutive, the authorized number of directors of the Issuer shall automatically be increased by two and the holders of the Designated Preferred Stock shall have the right, with holders of shares of any one or more other classes or series of Voting Parity Stock outstanding at the time, voting together as a class, to elect two directors (hereinafter the "Preferred Directors" and each a "Preferred Director") to fill such newly created directorships at the Issuer's next annual meeting of stockholders (or at a special meeting called for that purpose prior to such next annual meeting) and at each subsequent annual meeting of stockholders until all accrued and unpaid dividends for all past Dividend Periods, including the latest completed Dividend Period (including, if applicable as provided in Section 3(a) above, dividends on such amount), on all outstanding shares of Designated Preferred Stock have been declared and paid in full at which time such right shall terminate with respect to the Designated Preferred Stock, except as herein or by law expressly provided, subject to revesting in the event of each and every subsequent default of the character above mentioned; *provided* that it shall be a qualification for election for any Preferred Director that the election of such Preferred Director shall not cause the Issuer to violate any corporate governance requirements of any securities

exchange or other trading facility on which securities of the Issuer may then be listed or traded that listed or traded companies must have a majority of independent directors. Upon any termination of the right of the holders of shares of Designated Preferred Stock and Voting Parity Stock as a class to vote for directors as provided above, the Preferred Directors shall cease to be qualified as directors, the term of office of all Preferred Directors then in office shall terminate immediately and the authorized number of directors shall be reduced by the number of Preferred Directors elected pursuant hereto. Any Preferred Director may be removed at any time, with or without cause, and any vacancy created thereby may be filled, only by the affirmative vote of the holders a majority of the shares of Designated Preferred Stock at the time outstanding voting separately as a class together with the holders of shares of Voting Parity Stock, to the extent the voting rights of such holders described above are then exercisable. If the office of any Preferred Director becomes vacant for any reason other than removal from office as aforesaid, the remaining Preferred Director may choose a successor who shall hold office for the unexpired term in respect of which such vacancy occurred.

(c) Class Voting Rights as to Particular Matters. So long as any shares of Designated Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Charter, the vote or consent of the holders of at least $66^{2/3}\%$ of the shares of Designated Preferred Stock at the time outstanding, voting as a separate class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Authorization of Senior Stock. Any amendment or alteration of the Certificate of Designations for the Designated Preferred Stock or the Charter to authorize or create or increase the authorized amount of, or any issuance of, any shares of, or any securities convertible into or exchangeable or exercisable for shares of, any class or series of capital stock of the Issuer ranking senior to Designated Preferred Stock with respect to either or both the payment of dividends and/or the distribution of assets on any liquidation, dissolution or winding up of the Issuer;

(ii) Amendment of Designated Preferred Stock. Any amendment, alteration or repeal of any provision of the Certificate of Designations for the Designated Preferred Stock or the Charter (including, unless no vote on such merger or consolidation is required by Section 7(c)(iii) below, any amendment, alteration or repeal by means of a merger, consolidation or otherwise) so as to adversely affect the rights, preferences, privileges or voting powers of the Designated Preferred Stock; or

(iii) Share Exchanges, Reclassifications, Mergers and Consolidations. Any consummation of a binding share exchange or reclassification involving the Designated Preferred Stock, or of a merger or consolidation of the Issuer with another corporation or other entity, unless in each case (x) the shares of Designated Preferred Stock remain outstanding or, in the case of any such merger or consolidation with respect to which the Issuer is not the surviving or resulting entity, are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent, and (y) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders

thereof than the rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of Designated Preferred Stock immediately prior to such consummation, taken as a whole;

provided, *however*, that for all purposes of this Section 7(c), any increase in the amount of the authorized Preferred Stock, including any increase in the authorized amount of Designated Preferred Stock necessary to satisfy preemptive or similar rights granted by the Issuer to other persons prior to the Signing Date, or the creation and issuance, or an increase in the authorized or issued amount, whether pursuant to preemptive or similar rights or otherwise, of any other series of Preferred Stock, or any securities convertible into or exchangeable or exercisable for any other series of Preferred Stock, ranking equally with and/or junior to Designated Preferred Stock with respect to the payment of dividends (whether such dividends are cumulative or non-cumulative) and the distribution of assets upon liquidation, dissolution or winding up of the Issuer will not be deemed to adversely affect the rights, preferences, privileges or voting powers, and shall not require the affirmative vote or consent of, the holders of outstanding shares of the Designated Preferred Stock.

(d) Changes after Provision for Redemption. No vote or consent of the holders of Designated Preferred Stock shall be required pursuant to Section 7(c) above if, at or prior to the time when any such vote or consent would otherwise be required pursuant to such Section, all outstanding shares of the Designated Preferred Stock shall have been redeemed, or shall have been called for redemption upon proper notice and sufficient funds shall have been deposited in trust for such redemption, in each case pursuant to Section 5 above.

(e) Procedures for Voting and Consents. The rules and procedures for calling and conducting any meeting of the holders of Designated Preferred Stock (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other aspect or matter with regard to such a meeting or such consents shall be governed by any rules of the Board of Directors or any duly authorized committee of the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Charter, the Bylaws, and applicable law and the rules of any national securities exchange or other trading facility on which Designated Preferred Stock is listed or traded at the time.

Section 8. Record Holders. To the fullest extent permitted by applicable law, the Issuer and the transfer agent for Designated Preferred Stock may deem and treat the record holder of any share of Designated Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Issuer nor such transfer agent shall be affected by any notice to the contrary.

Section 9. Notices. All notices or communications in respect of Designated Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in this Certificate of Designations, in the Charter or Bylaws or by applicable law. Notwithstanding the foregoing, if shares of Designated Preferred Stock are issued in book-entry form through The Depository Trust Company or any similar facility, such notices may be given to the holders of Designated Preferred Stock in any manner permitted by such facility.

Section 10. No Preemptive Rights. No share of Designated Preferred Stock shall have any rights of preemption whatsoever as to any securities of the Issuer, or any warrants, rights or options issued or granted with respect thereto, regardless of how such securities, or such warrants, rights or options, may be designated, issued or granted.

Section 11. Replacement Certificates. The Issuer shall replace any mutilated certificate at the holder's expense upon surrender of that certificate to the Issuer. The Issuer shall replace certificates that become destroyed, stolen or lost at the holder's expense upon delivery to the Issuer of reasonably satisfactory evidence that the certificate has been destroyed, stolen or lost, together with any indemnity that may be reasonably required by the Issuer.

Section 12. Other Rights. The shares of Designated Preferred Stock shall not have any rights, preferences, privileges or voting powers or relative, participating, optional or other special rights, or qualifications, limitations or restrictions thereof, other than as set forth herein or in the Charter or as provided by applicable law.

EXHIBIT A

CERTIFICATE OF DESIGNATIONS
OF
NONCUMULATIVE PERPETUAL CONVERTIBLE PREFERRED STOCK, SERIES D
OF
FIRST WESTERN FINANCIAL, INC.

Section 1. Designation of Series and Number of Shares. The shares of such series of Preferred Stock shall be designated "Noncumulative Perpetual Convertible Preferred Stock, Series D" (the "*Series D Preferred Stock*"), and the authorized number of shares that shall constitute such series shall be 150,000 shares, which may be increased or decreased (but not below the number of shares of Series D Preferred Stock then issued and outstanding) from time to time by the Board of Directors. Shares of outstanding Series D Preferred Stock that are purchased or otherwise acquired by the Corporation shall be cancelled and shall revert to authorized but unissued shares of preferred stock of the Corporation undesignated as to series.

Section 2. Ranking. The Series D Preferred Stock will rank, with respect to the payment of dividends and distributions upon liquidation, dissolution or winding-up, (1) on a parity with the Corporation's outstanding Fixed Rate Cumulative Perpetual Preferred Stock, Series A, Fixed Rate Cumulative Perpetual Preferred Stock, Series B, and Fixed Rate Cumulative Perpetual Preferred Stock, Series C, and each class or series of capital stock the Corporation may issue in the future the terms of which expressly provide that such class or series will rank on a parity with the Series D Preferred Stock as to dividend rights and rights on liquidation, winding up or dissolution of the Corporation (collectively, the "*Parity Securities*") and (2) senior to Common Stock and each other class or series of capital stock the Corporation may issue in the future the terms of which do not expressly provide that it ranks on a parity with or senior to the Series D Preferred Stock as to dividend rights and rights on liquidation, winding-up or dissolution of the Corporation (the "*Junior Securities*").

Section 3. Definitions. As used herein with respect to the Series D Preferred Stock:

"*Business Day*" means any day that is not Saturday or Sunday and that, in New York City, is not a day on which banking institutions generally are authorized or obligated by law or executive order to be closed.

"*Common Stock*" means the common stock, no par value per share, of the Corporation.

"*Holder*" means the Person in whose name the shares of the Series D Preferred Stock are registered, which may be treated by the Corporation and transfer agent as the absolute owner of the shares of Series D Preferred Stock for the purpose of making payment and settling the related conversions and for all other purposes.

"*Issue Date*" means the date on which shares of the Series D Preferred Stock are first issued.

"*Person*" means a legal person, including any individual, corporation, estate, partnership, joint venture, association, joint-stock company, limited liability company or trust.

Section 4. Dividends.

(a) From and after the Issue Date, Holders shall be entitled to receive, when, as and if authorized by the Board of Directors and declared by the Corporation, out of legally available funds, on a non-cumulative basis, cash dividends in the amount determined as set forth in Section 4(c), and no more.

(b) Subject to Section 4(a) and Section 4(c), dividends shall be payable quarterly in arrears on March 31, June 30, September 30 and December 31 of each year (each, a "*Dividend Payment Date*") commencing on the Issue Date. Each dividend will be payable to Holders of record as they appear in the stock register of the Corporation at the close of business on the first day of the month, whether or not a Business Day, in which the relevant Dividend Payment Date occurs (each, a "*Record Date*"). Each period from and including a Dividend Payment Date (or the date of the issuance of the Series D Preferred Stock) to but excluding the following Dividend Payment Date is herein referred to as a "*Dividend Period*."

(c) Dividends, if, when and as authorized and declared by the Board of Directors, will be payable, for each outstanding share of Series D Preferred Stock, at an annual rate of 9.00% of the $100 per share liquidation preference. Dividends payable for a Dividend Period will be computed on the basis of a 360-day year of twelve 30-day months. If a scheduled Dividend Payment Date falls on a day that is not a Business Day, the dividend will be paid on the next Business Day as if it were paid on the scheduled Dividend Payment Date, and no interest or other amount will accrue on the dividend so payable for the period from and after that Dividend Payment Date to the date the dividend is paid. No interest or sum of money in lieu of interest will be paid on any dividend payment on shares of Series D Preferred Stock paid later than the scheduled Dividend Payment Date.

(d) Dividends on the Series D Preferred Stock are non-cumulative. If the Board of Directors does not authorize and declare a dividend on the Series D Preferred Stock or if the if Board of Directors authorizes and declares less than a full dividend in respect of any Dividend Period, the Holders will have no right to receive any dividend or a full dividend, as the case may be, for the Dividend Period, and the Corporation will have no obligation to pay a dividend or to pay full dividends for that Dividend Period, whether or not dividends are authorized, declared and paid for any future Dividend Period with respect to the Series D Preferred Stock or the Common Stock or any other class or series of the Corporation's preferred stock.

(e) So long as any share of Series D Preferred Stock remains outstanding, (1) no dividend shall be declared and paid or set aside for payment and no distribution shall be declared and made or set aside for payment on any Junior Securities (other than a dividend payable solely in shares of Junior Securities) and (2) no shares of Junior Securities shall be purchased, redeemed or otherwise acquired for consideration by the Corporation, directly or indirectly (other than (a) as a result of a reclassification of Junior Securities for or into other Junior Securities or the exchange or conversion of one share of Junior Securities for or into another share of Junior Securities, (b) repurchases in support of the Corporation's employee benefit and

compensation programs and (c) through the use of the proceeds of a substantially contemporaneous sale of other shares of Junior Securities), unless, in each case, the full dividends for the most recent Dividend Payment Date on all outstanding shares of Series D Preferred Stock and Parity Securities have been paid or declared and a sum sufficient for the payment thereof has been set aside.

Section 5. Liquidation.

(a) In the event the Corporation voluntarily or involuntarily liquidates, dissolves or winds up, the Holders at the time shall be entitled to receive liquidating distributions in the amount of $100 per share of Series D Preferred Stock, plus an amount equal to any authorized and declared but unpaid dividends thereon for only the then-current Dividend Period accrued through the date of such liquidation, out of assets legally available for distribution to the Corporation's stockholders, before any distribution of assets is made to the holders of the Common Stock or any other Junior Securities. After payment of the full amount of such liquidating distributions, the Holders will not be entitled to any further participation in any distribution of assets by, and shall have no right or claim to any remaining assets of, the Corporation.

(b) In the event the assets of the Corporation available for distribution to stockholders upon any liquidation, dissolution or winding-up of the affairs of the Corporation, whether voluntary or involuntary, shall be insufficient to pay in full the amounts payable with respect to all outstanding shares of the Series D Preferred Stock and the corresponding amounts payable on any Parity Securities, Holders and the holders of such Parity Securities shall share ratably in any distribution of assets of the Corporation in proportion to the full respective liquidating distributions to which they would otherwise be respectively entitled.

(c) The Corporation's consolidation or merger with or into any other entity, the consolidation or merger of any other entity with or into the Corporation, or the sale of all or substantially all of the Corporation's property or business will not constitute its liquidation, dissolution or winding up.

Section 6. Maturity. The Series D Preferred Stock shall be perpetual unless converted in accordance with the terms set forth herein.

Section 7. Redemption.

(a) Holders of the Series D Preferred Stock will have no right to require the Corporation to redeem or repurchase the Series D Preferred Stock and such shares are not subject to any sinking fund or similar obligation.

(b) The Series D Preferred Stock will not be redeemable, in whole or in part, before July 20, 2017. On or after July 20, 2017, the Series D Preferred Stock will be redeemable at the option of the Corporation, at any time and from time to time, upon not less than 30 nor more 60 days' notice by mail, at the following redemption prices, plus accrued and unpaid dividends, if any, for the then-current dividend period to the date fixed for redemption at a price of $100 per share.

(c) If less than all of the outstanding shares of the Series D Preferred Stock are to be redeemed at the option of the Corporation, the total number of shares to be redeemed in such redemption shall be determined by the Board of Directors, and the shares to be redeemed shall be allocated *pro rata* or by lot as may be determined by the Board of Directors or by such other method as the Board of Directors may approve and deem fair and appropriate.

(d) Notice of any redemption shall be given by first class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the date fixed for redemption to each holder of record of the Series D Preferred Stock to be redeemed, at their respective addresses appearing on the stock books of the Company. Notice so mailed shall be conclusively presumed to have been duly given whether or not actually received, and failure to duly give such notice by mail, or any defect in such notice, to the holders of any shares designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series D Preferred Stock. Such notice shall state: (i) the redemption date; (ii) the redemption price; (iii) the number of shares of Series D Preferred Stock to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of such shares to be so redeemed from such holder; (iv) the place where certificates for such shares are to be surrendered for payment of the redemption price; and (v) that after such redemption date the shares to be redeemed shall not accrue dividends. If such notice is mailed as aforesaid, and if on or before the redemption date funds sufficient to redeem the shares called for redemption are set aside by the Corporation in trust for the account of the holders of the shares to be redeemed, notwithstanding the fact that any certificate for shares called for redemption shall not have been surrendered for cancellation, on and after the redemption date the shares represented thereby so called for redemption shall be deemed to be no longer outstanding, dividends, if any, thereon shall cease to accrue, and all rights of the holders of such shares as stockholders of the Corporation shall cease, except the right to receive the redemption price, without interest, upon surrender of the certificate representing such shares. Upon surrender in accordance with the aforesaid notice of the certificate for any shares so redeemed (duly endorsed or accompanied by appropriate instruments of transfer, if so required by the Corporation in such notice), the holders of record of such shares shall be entitled to receive the redemption price, without interest. In case fewer than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without cost to the holder thereof.

Section 8. Conversion Rights.

Each share of Series D Preferred Stock shall be convertible at the option of the holder thereof, at any time after the issuance of such shares, into fully paid and nonassessable shares of Common Stock of the Corporation, pursuant to the following terms and conditions:

(a) *Initial Conversion Rate*. Each share of Series D Preferred Stock shall be convertible into three and seven-tenths shares of Common Stock.

(b) *Adjustment*. The Initial Conversion Rate shall be adjusted from time to time, as set forth in subparagraphs (i)-(iv) below.

(i) If, at any time after the issuance of any shares of Series D Preferred Stock, the outstanding shares of Common Stock of the Corporation are subdivided into a greater

number of such shares, then the number of shares of Common Stock into which each share of Series D Preferred Stock may be converted shall be proportionately increased, and, conversely, if, at any time after the issuance of any shares of Series D Preferred Stock, the outstanding shares of Common Stock of the Corporation are combined into a smaller number of such shares, then the number of shares of Common Stock into which each share of Series D Preferred Stock may be converted shall be proportionately decreased, such increase or decrease, as the case may be, to become effective at the close of business on the date such subdivision or combination becomes effective.

(ii) If, at any time after the issuance of any shares of Series D Preferred Stock, the Common Stock of the Corporation issuable upon the conversion of the Series D Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise, in any such event each holder of Series D Preferred Stock shall have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable in connection with such recapitalization, reclassification or other change with respect to the maximum number of shares of Common Stock into which such shares of Series D Preferred Stock could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustments as provided herein or with respect to such other securities or property by the terms thereof.

(iii) If, at any time after the issuance of any shares of Series D Preferred Stock, the Common Stock of the Corporation is converted into other securities or property, whether pursuant to a reorganization, merger, consolidation or otherwise, as a part of such transaction, provision shall be made so that the holders of the Series D Preferred Stock shall thereafter be entitled to receive upon conversion thereof the number of shares of stock or other securities or property to which a holder of the maximum number of shares of Common Stock deliverable upon conversion would have been entitled in connection with such transaction, subject to adjustment in respect of such stock or securities by the terms thereof. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 8 with respect to the rights of the holders Series D Preferred Stock after such transaction to the end that the provisions of this Section 8 shall be applicable after that event and be as nearly equivalent as practicable. The Corporation shall not be a party to any reorganization, merger or consolidation in which the Corporation is not the surviving entity unless the entity surviving such transaction assumes all of the Corporation's obligation hereunder in a manner reasonably satisfactory to the Board acting in good faith.

(iv) In each case of an adjustment or readjustment of the Initial Conversion Rate, the Corporation, at its expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall mail such certificate, by first class mail, postage prepaid, to each registered holder of Series D Preferred Stock at the holder's address as shown in the Corporation's books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (1) the consideration received or deemed to be received by the Corporation for any additional shares of Common Stock issued or sold or deemed to have been issued or sold, (2) the Initial Conversion Rate in effect before and after such adjustment, (3) the number of additional shares

of Common Stock issued or sold or deemed to have been issued or sold, and (4) the type and amount, if any, of other property which at the time would be received upon conversion of the Series D Preferred Stock.

(c) *Mechanics of Conversion*. Each holder of Series D Preferred Stock who desires to convert the same into shares of Common Stock pursuant to this Section 8 shall surrender the certificate or certificates therefore, duly endorsed, at the office of the Corporation or any transfer agent for the Series C Preferred Stock being converted. Thereupon, the Corporation shall promptly issue and deliver at such office to such holder the actual share certificate(s) representing such shares of Common Stock such holder is entitled to. Such conversion shall be deemed to have been made at the close of business on the date of such surrender of the certificate representing the shares of Series D Preferred Stock to be converted, and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock on such date.

(d) Shares of Series D Preferred Stock duly converted in accordance with this Certificate of Designations will resume the status of authorized and unissued serial preferred stock, undesignated as to series and available for future issuance. The Corporation may from time-to-time take such appropriate action as may be necessary to reduce the authorized number of shares of Series D Preferred Stock, but not below the number of shares of Series D Preferred Stock then outstanding.

Section 9. Voting Rights.

(a) Except as expressly required by applicable law, or except as indicated below, the holders of the Series D Preferred Stock will not be entitled to receive notice of, or attend or vote at, any meeting of the stockholders of the Corporation.

(b) Unless the vote or consent of the holders of a greater number of shares is then required by law, the affirmative vote or consent of the holders of at least a majority of the aggregate liquidation preference of the Series D Preferred Stock and of the shares of any Parity Stock at the time outstanding, given in person or by proxy, either in writing or by a vote at a meeting called for the purpose at which the holders of Series D Preferred Stock and any such other series of Parity Stock will vote together as a single class without regard to series, will be necessary for authorizing, effecting or validating any variation or abrogation of the powers, preferences, rights, privileges, qualifications, limitations and restrictions of the Series D Preferred Stock or any such other series of Parity Stock by way of amendment, alteration or repeal, by merger or otherwise, of any of the provisions of the Articles of Incorporation of the Corporation, or of any amendment or supplement thereto, or otherwise (including any certificate of amendment or any similar document relating to any series of Corporation preferred stock). Notwithstanding the foregoing, the Corporation may, without the consent or sanction of the holders of Series D Preferred Stock, (a) authorize or issue capital stock of the Corporation ranking, as to dividend rights and rights on liquidation, winding up and dissolution, senior to, on a parity with or junior to the Series D Preferred Stock and (b) amend the Corporation's Articles of Incorporation to increase the number of authorized shares of preferred stock.

Section 11. Reservation of Common Stock. Promptly following the Issuance Date and at all times thereafter, the Corporation shall reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series D Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series D Preferred Stock. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then-outstanding shares of Series D Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized by unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

Section 12. Registration Rights.

(a) If at any time the Corporation proposes to file a registration statement under the Securities Act with respect to an initial public offering of its Common Stock for its own account, then the Corporation shall give written notice of such proposed filing to the Holders at least 20 days prior to such anticipated filing date. Such notice shall offer the Holders the opportunity to register such amount of shares of Common Stock into which each share of Series D Preferred Stock is then convertible ("Registrable Common Shares") as they may request (a "Piggyback Registration"). Subject to Section 12(b) hereof, the Corporation shall include in such Piggyback Registration all Registrable Common Shares with respect to which the Corporation has received written requests for inclusion therein within seven Business Days after such notice has been given to the Holders. Each Holder shall be permitted to withdraw all or any portion of the Registrable Common Shares of such Holder from the Piggyback Registration at any time prior to the effective date of the Piggyback Registration.

(b) The Corporation shall permit the Holders to include all such Registrable Common Shares on the same terms and conditions as any similar securities, if any, of the Corporation included therein. Notwithstanding the foregoing, in the event that any Piggyback Registration involves an underwritten offering and the managing underwriter(s) participating in such offering advise in writing to the Holders requesting registration that the total amount of securities requested to be included in such Piggyback Registration exceeds the amount which can be sold in (or during the time of) such offering without delaying or jeopardizing the success of the offering (including the price per share of the securities to be sold), then the amount of securities to be offered for the account of the Corporation and of any holder of securities (including the Holders) shall be reduced to a number deemed satisfactory by such managing underwriter(s), provided that the securities to be excluded shall be determined on a *pro rata* basis, based upon the number or amount of securities requested to be registered by such Holders and the Corporation, respectively.

(c) Within 60 days following the date the Corporation first meets the conditions for use of Form S-3, the Company shall prepare and file with the Securities and Exchange Commission a "shelf registration statement on Form S-3 covering all of the shares of Series D Preferred Stock (the "Registrable Preferred Shares", and together with the Registrable Common Shares, the "Registrable Shares") for a secondary or resale offering to be made on a continuous basis pursuant to Rule 415. The Corporation shall use reasonable best efforts to have the Form S-3 declared effective as promptly as practicable following its filing. The Corporation shall notify

the Holders in writing as promptly as practicable after the Form S-3 is declared effective and shall simultaneously provide the Holders with copies of any related prospectus to be used in connection with the sale or other disposition of the securities covered thereby. For not more than thirty (30) consecutive days or for a total of not more than sixty (60) days in any twelve (12) month period, the Corporation may delay the disclosure of material non-public information concerning the Corporation, by suspending the use of any prospectus included in any registration contemplated by this Section, if such disclosure at the time is not, in the good faith opinion of the Corporation, in the best interests of the Corporation (an "Allowed Delay"); provided, that the Corporation shall promptly (a) notify the Holders in writing of the existence of (but in no event, without the prior written consent of a Holder, shall the Corporation disclose to such Holder any of the facts or circumstances regarding) an Allowed Delay, (b) advise the Holders in writing to cease all sales under the Form S-3 until the end of the Allowed Delay, and (c) use commercially reasonable efforts to terminate an Allowed Delay as promptly as practicable.

(d) The Corporation shall keep any such registration statements continuously effective under the Securities Act until the date which is the earlier date of when (i) the Registrable Shares included therein have been sold or (ii) such Registrable Shares may be sold immediately without registration under the Securities Act and without volume restrictions pursuant to Rule 144, pursuant to a written opinion letter from counsel to the Corporation to such effect, addressed and acceptable to the Corporation.

Section 13. Legend. Each certificate representing shares of Common Stock into which shares of Series D Preferred Stock have been converted shall bear the following legends (in addition to any legends required by applicable state securities laws):

> THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT") OR ANY OTHER FEDERAL OR STATE SECURITIES LAWS, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR HYPOTHECATED UNLESS THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND ANY OTHER APPLICABLE FEDERAL SECURITIES LAWS CONVERING SUCH SECURITIES OR THE CORPORATION RECEIVES AN OPINION OF COUNSEL IN FORM SATISFACTORY TO THE CORPORATION THAT AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

The legend endorsed on a stock certificate pursuant to this Section 13, insofar as it relates to registration under the Securities Act of 1933, as amended, shall be removed and the Corporation shall issue a certificate without such legend to the holder of such shares, if such shares are registered under applicable federal securities laws and a prospectus meeting the requirements of the rules and regulations of the Securities and Exchange Commission is available or if such holder provides to the Corporation an opinion of counsel to such holder reasonably satisfactory to the Corporation, to the effect that a public sale, transfer or assignment of such shares may be made without registration and without compliance with any restrictions.

Section 14. Registration of Transfer. The Corporation shall keep at its principal office a register for the registration of the Series D Preferred Stock. Upon the surrender of any certificate representing Series D Preferred Stock at such office, the Corporation shall, at the request of the

record holder of such certificate, execute and deliver (at the Corporation's expense) a new certificate or certificates in exchange therefore representing in the aggregate the number of shares represented by the surrendered certificate. Each such new certificate shall be registered in such name and shall represent such

number of shares as is requested by the holder of the surrendered certificate and shall be substantially identical in form to the surrendered certificate.

Section 15. Replacement. Upon receipt of evidence reasonably satisfactory to the Corporation (an affidavit of the registered holder shall be satisfactory) of the ownership and the loss, theft, destruction or mutilation of any certificate evidencing shares of Series D Preferred Stock, and in the case of any such loss, theft or destruction, upon receipt of indemnity reasonably satisfactory to the Corporation (provided that if the holder is a financial institution or other institutional investor its own agreements shall be satisfactory), or in the case of any such mutilation upon surrender of such certificate, the Corporation shall execute and deliver in lieu of such certificate a new certificate of like kind representing the number of shares of such class represented by such lost, stolen, destroyed or mutilated certificate and dated the date of such lost, stolen, destroyed or mutilated certificate.

Section 16. Notices. Any notice required by the provisions of these Articles of Amendment to the Articles of Incorporation shall be in writing and shall be deemed effectively given upon the earlier of: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All notices to stockholders shall be addressed to each holder of record at the address of such holder appearing on the books of the Corporation.

Exhibit 4.1

NUMBER
FW

SHARES
SPECIMEN

FIRSTwestern
FINANCIAL, INC.

INCORPORATED UNDER THE LAWS OF THE STATE OF COLORADO

SEE REVERSE FOR CERTAIN DEFINITIONS

COMMON STOCK

CUSIP 33751L 10 5

THIS CERTIFIES THAT:

SPECIMEN - NOT NEGOTIABLE

IS THE OWNER OF

FULLY PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK OF NO PAR VALUE EACH OF

FIRST WESTERN FINANCIAL, INC.

transferable on the books of the Corporation in person or by duly authorized attorney upon surrender of this certificate duly endorsed or assigned. This certificate and the shares represented hereby are subject to the laws of the State of Colorado, and to the Articles of Incorporation and Bylaws of the Corporation, as now or hereafter amended. This certificate is not valid until countersigned by the Transfer Agent.

WITNESS the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

DATED:

COUNTERSIGNED:
PHILADELPHIA STOCK TRANSFER, INC.
2320 HAVERFORD RD., SUITE 230, ARDMORE, PA 19003
TRANSFER AGENT

BY:

AUTHORIZED SIGNATURE

FIRST WESTERN FINANCIAL, INC. CORPORATE SEAL 2002 COLORADO

SPECIMEN
NOT NEGOTIABLE

SECRETARY

CHAIRMAN

Exhibit 4.3

UST Sequence Number 695

UNITED STATES DEPARTMENT OF THE TREASURY
1500 PENNSYLVANIA AVENUE, NW
WASHINGTON. D.C. 20220

Dear Ladies and Gentlemen:

The company set forth on the signature page hereto (the "*Company*") intends to issue in a private placement the number of shares of a series of its preferred stock set forth on Schedule A hereto (the "*Preferred Shares*") and a warrant to purchase the number of shares of a series of its preferred stock set forth on Schedule A hereto (the "*Warrant*" and, together with the Preferred Shares, the "*Purchased Securities*") and the United States Department of the Treasury (the "*Investor*") intends to purchase from the Company the Purchased Securities.

The purpose of this letter agreement is to confirm the terms and conditions of the purchase by the Investor of the Purchased Securities. Except to the extent supplemented or superseded by the terms set forth herein or in the Schedules hereto, the provisions contained in the Securities Purchase Agreement — Standard Terms attached hereto as Exhibit A (the "*Securities Purchase Agreement*") are incorporated by reference herein. Terms that are defined in the Securities Purchase Agreement are used in this letter agreement as so defined. In the event of any inconsistency between this letter agreement and the Securities Purchase Agreement, the terms of this letter agreement shall govern.

Each of the Company and the Investor hereby confirms its agreement with the other party with respect to the issuance by the Company of the Purchased Securities and the purchase by the Investor of the Purchased Securities pursuant to this letter agreement and the Securities Purchase Agreement on the terms specified on Schedule A hereto.

This letter agreement (including the Schedules hereto), the Securities Purchase Agreement (including the Annexes thereto), the Disclosure Schedules and the Warrant constitute the entire agreement, and supersede all other prior agreements, understandings, representations and warranties, both written and oral, between the parties, with respect to the subject matter hereof. This letter agreement constitutes the "Letter Agreement" referred to in the Securities Purchase Agreement.

This letter agreement may be executed in any number of separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts will together constitute the same agreement. Executed signature pages to this letter agreement may be delivered by facsimile and such facsimiles will be deemed as sufficient as if actual signature pages had been delivered.

*** * ***

In witness whereof, this letter agreement has been duly executed and delivered by the duly authorized representatives of the parties hereto as of the date written below

UNITED STATES DEPARTMENT OF THE TREASURY

By: /s/ Neel Kashkari
Name: Neel Kashkari
Title: Interim Assistant Secretary
For Financial Stability

COMPANY: FIRST WESTERN FINANCIAL, INC.

By: /s/ Ryan C. Trigg
Name: Ryan C. Trigg
Title: Chief Financial Officer

Date: February 6, 2009

EXHIBIT A

SECURITIES PURCHASE AGREEMENT

EXHIBIT A
(Non-Exchange-Traded QFIs, excluding S Corps
and Mutual Organizations)

SECURITIES PURCHASE AGREEMENT

STANDARD TERMS

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SECURITIES PURCHASE AGREEMENT — STANDARD TERMS

Recitals:

WHEREAS, the United States Department of the Treasury (the "*Investor*") may from time to time agree to purchase shares of preferred stock and warrants from eligible financial institutions which elect to participate in the Troubled Asset Relief Program Capital Purchase Program ("*CPP*");

WHEREAS, an eligible financial institution electing to participate in the CPP and issue securities to the Investor (referred to herein as the "*Company*") shall enter into a letter agreement (the "*Letter Agreement*") with the Investor which incorporates this Securities Purchase Agreement - Standard Terms;

WHEREAS, the Company agrees to expand the flow of credit to U.S. consumers and businesses on competitive terms to promote the sustained growth and vitality of the U.S. economy;

WHEREAS, the Company agrees to work diligently, under existing programs, to modify the terms of residential mortgages as appropriate to strengthen the health of the U.S. housing market;

WHEREAS, the Company intends to issue in a private placement the number of shares of the series of its Preferred Stock *("Preferred Stock*") set forth on Schedule A to the Letter Agreement (the "*Preferred Shares*") and a warrant to purchase the number of shares of the series of its Preferred Stock ("*Warrant Preferred Stock*") set forth on Schedule A to the Letter Agreement (the "*Warrant*" and, together with the Preferred Shares, the "*Purchased Securities*") and the Investor intends to purchase (the "*Purchase*") from the Company the Purchased Securities; and

WHEREAS, the Purchase will be governed by this Securities Purchase Agreement — Standard Terms and the Letter Agreement, including the schedules thereto (the "*Schedules*"), specifying additional terms of the Purchase. This Securities Purchase Agreement - Standard Terms (including the Annexes hereto) and the Letter Agreement (including the Schedules thereto) are together referred to as this "Agreement". All references in this Securities Purchase Agreement — Standard Terms to "Schedules" are to the Schedules attached to the Letter Agreement.

NOW, THEREFORE, in consideration of the premises, and of the representations, warranties, covenants and agreements set forth herein, the parties agree as follows:

Article I
Purchase; Closing

1.1 Purchase. On the terms and subject to the conditions set forth in this Agreement, the Company agrees to sell to the Investor, and the Investor agrees to purchase from the Company, at the Closing (as hereinafter defined), the Purchased Securities for the price set forth on Schedule A (the "*Purchase Price*").

1.2 Closing.

(a) On the terms and subject to the conditions set forth in this Agreement, the closing of the Purchase (the "*Closing*") will take place at the location specified in Schedule A, at the time and on the date set forth in Schedule A or as soon as practicable thereafter, or at such other place, time and date as shall be agreed between the Company and the Investor. The time and date on which the Closing occurs is referred to in this Agreement as the "*Closing Dale*".

(b) Subject to the fulfillment or waiver of the conditions to the Closing in this Section 1.2, at the Closing the Company will deliver the Preferred Shares and the Warrant, in each case as evidenced by one or more certificates dated the Closing Date and bearing appropriate legends as hereinafter provided for, in exchange for payment in full of the Purchase Price by wire transfer of immediately available United States funds to a bank account designated by the Company on Schedule A.

(c) The respective obligations of each of the Investor and the Company to consummate the Purchase are subject to the fulfillment (or waiver by the Investor and the Company, as applicable) prior to the Closing of the conditions that (i) any approvals or authorizations of all United States and other governmental, regulatory or judicial authorities (collectively, "*Governmental Entities*") required for the consummation of the Purchase shall have been obtained or made in form and substance reasonably satisfactory to each party and shall be in full force and effect and all waiting periods required by United States and other applicable law, if any, shall have expired and (ii) no provision of any applicable United States or other law and no judgment, injunction, order or decree of any Governmental Entity shall prohibit the purchase and sale of the Purchased Securities as contemplated by this Agreement.

(d) The obligation of the Investor to consummate the Purchase is also subject to the fulfillment (or waiver by the Investor) at or prior to the Closing of each of the following conditions:

(i) (A) the representations and warranties of the Company set forth in (x) Section 2.2(g) of this Agreement shall be true and correct in all respects as though made on and as of the Closing Date, (y) Sections 2.2(a) through (f) shall be true and correct in all material respects as though made on and as of the Closing Date (other than representations and warranties that by their terms speak as of another date, which representations and

warranties shall be true and correct in all material respects as of such other date) and (z) Sections 2.2(h) through (v) (disregarding all qualifications or limitations set forth in such representations and warranties as to "materiality", "Company Material Adverse Effect" and words of similar import) shall be true and correct as though made on and as of the Closing Date (other than representations and warranties that by their terms speak as of another date, which representations and warranties shall be true and correct as of such other date), except to the extent that the failure of such representations and warranties referred to in this Section 1.2(d)(i)(A)(z) to be so true and correct, individually or in the aggregate, does not have and would not reasonably be expected to have a Company Material Adverse Effect and (B) the Company shall have

performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing;

(ii) the Investor shall have received a certificate signed on behalf of the Company by a senior executive officer certifying to the effect that the conditions set forth in Section 1.2(d)(i) have been satisfied;

(iii) the Company shall have duly adopted and filed with the Secretary of State of its jurisdiction of organization or other applicable Governmental Entity the amendments to its certificate or articles of incorporation, articles of association, or similar organizational document ("*Charter*") in substantially the forms attached hereto as Annex A and Annex B (the "*Certificates of Designations*") and such filing shall have been accepted;

(iv) (A) the Company shall have effected such changes to its compensation, bonus, incentive and other benefit plans, arrangements and agreements (including golden parachute, severance and employment agreements) (collectively, "*Benefit Plans*") with respect to its Senior Executive Officers (and to the extent necessary for such changes to be legally enforceable, each of its Senior Executive Officers shall have duly consented in writing to such changes), as may be necessary, during the period that the Investor owns any debt or equity securities of the Company acquired pursuant to this Agreement or the Warrant, in order to comply with Section 111(b) of the Emergency Economic Stabilization Act of 2008 ("*EESA*") as implemented by guidance or regulation thereunder that has been issued and is in effect as of the Closing Date, and (B) the Investor shall have received a certificate signed on behalf of the Company by a senior executive officer certifying to the effect that the condition set forth in Section 1.2(d)(iv)(A) has been satisfied;

(v) each of the Company's Senior Executive Officers shall have delivered to the Investor a written waiver in the form attached hereto as Annex C releasing the Investor from any claims that such Senior Executive Officers may otherwise have as a result of the issuance, on or prior to the Closing Date, of any regulations which require the modification of, and the agreement of the Company hereunder to modify, the terms of any Benefit Plans with respect to its Senior Executive Officers to eliminate any provisions of such Benefit Plans that would not be in compliance with the requirements of Section 111(b) of the EESA as implemented by guidance or regulation thereunder that has been issued and is in effect as of the Closing Date;

(vi) the Company shall have delivered to the Investor a written opinion from counsel to the Company (which may be internal counsel), addressed to the Investor and dated as of the Closing Date, in substantially the form attached hereto as Annex D;

(vii) the Company shall have delivered certificates in proper form or, with the prior consent of the Investor, evidence of shares in book-entry form, evidencing the Preferred Shares to Investor or its designee(s); and

(viii) the Company shall have duly executed the Warrant in substantially the form attached hereto as Annex E and delivered such executed Warrant to the Investor or its designee(s).

1.3 Interpretation, When a reference is made in this Agreement to "Recitals," "Articles," "Sections," or "Annexes" such reference shall be to a Recital, Article or Section of, or Annex to, this Securities Purchase Agreement — Standard Terms, and a reference to "Schedules" shall be to a Schedule to the Letter Agreement, in each case, unless otherwise indicated. The terms defined in the singular have a comparable meaning when used in the plural, and vice versa. References to "herein", "hereof, "hereunder" and the like refer to this Agreement as a whole and not to any particular section or provision, unless the context requires otherwise. The table of contents and headings contained in this Agreement are for reference purposes only and are not part of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed followed by the words "without limitation." No rule of construction against the draftsperson shall be applied in connection with the interpretation or enforcement of this Agreement, as this Agreement is the product of negotiation between sophisticated parties advised by counsel. All references to "$" or "dollars" mean the lawful currency of the United States of America. Except as expressly stated in this Agreement, all references to any statute, rule or regulation are to the statute, rule or regulation as amended, modified, supplemented or replaced from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and to any section of any statute, rule or regulation include any successor to the section. References to a "*business day*" shall mean any day except Saturday, Sunday and any day on which banking institutions in the State of New York generally are authorized or required by law or other governmental actions to close.

Article II
Representations and Warranties

2.1 Disclosure.

(a) On or prior to the Signing Date, the Company delivered to the Investor a schedule ("*Disclosure Schedule*") setting forth, among other things, items the disclosure of which is necessary or appropriate either in response to an express disclosure requirement contained in a provision hereof or as an exception to one or more representations or warranties contained in Section 2.2.

(b) "*Company Material Adverse Effect*" means a material adverse effect on (i) the business, results of operation or financial condition of the Company and its consolidated subsidiaries taken as a whole; *provided, however,* that Company Material Adverse Effect shall not be deemed to include the effects of (A) changes after the date of the Letter Agreement (the "*Signing Date*") in general business, economic or market conditions (including changes

generally in prevailing interest rates, credit availability and liquidity, currency exchange rates and price levels or trading volumes in the United States or foreign securities or credit markets), or any outbreak or escalation of hostilities, declared or undeclared acts of war or terrorism, in

each case generally affecting the industries in which the Company and its subsidiaries operate, (B) changes or proposed changes after the Signing Date in generally accepted accounting principles in the United States ("*GAAP*") or regulatory accounting requirements, or authoritative interpretations thereof, or (C) changes or proposed changes after the Signing Date in securities, banking and other laws of general applicability or related policies or interpretations of Governmental Entities (in the case of each of these clauses (A), (B) and (C), other than changes or occurrences to the extent that such changes or occurrences have or would reasonably be expected to have a materially disproportionate adverse effect on the Company and its consolidated subsidiaries taken as a whole relative to comparable U.S. banking or financial services organizations); or (ii) the ability of the Company to consummate the Purchase and other transactions contemplated by this Agreement and the Warrant and perform its obligations hereunder or thereunder on a timely basis.

(c) "*Previously Disclosed*" means information set forth on the Disclosure Schedule, provided, however, that disclosure in any section of such Disclosure Schedule shall apply only to the indicated section of this Agreement except to the extent that it is reasonably apparent from the face of such disclosure that such disclosure is relevant to another section of this Agreement.

2.2 Representations and Warranties of the Company. Except as Previously Disclosed, the Company represents and warrants to the Investor that as of the Signing Date and as of the Closing Date (or such other date specified herein):

(a) Organization, Authority and Significant Subsidiaries. The Company has been duly incorporated and is validly existing and in good standing under the laws of its jurisdiction of organization, with the necessary power and authority to own its properties and conduct its business in all material respects as currently conducted, and except as has not, individually or in the aggregate, had and would not reasonably be expected to have a Company Material Adverse Effect, has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification; each subsidiary of the Company that would be considered a "significant subsidiary" within the meaning of Rule l-02(w) of Regulation S-X under the Securities Act of 1933 (the "*Securities Act*"), has been duly organized and is validly existing in good standing under the laws of its jurisdiction of organization, The Charter and bylaws of the Company, copies of which have been provided to the Investor prior to the Signing Date, are true, complete and correct copies of such documents as in full force and effect as of the Signing Date.

(b) Capitalization. The authorized capital stock of the Company, and the outstanding capital stock of the Company (including securities convertible into, or exercisable or exchangeable for, capital stock of the Company) as of the most recent fiscal month-end preceding the Signing Date (the "*Capitalization Date*") is set forth on Schedule B. The outstanding shares of capital stock of the Company have been duly authorized and are validly issued and outstanding, fully paid and nonassessable, and subject to no preemptive rights (and were not issued in violation of any preemptive rights). As of the Signing Date, the Company does not have outstanding any securities or other obligations providing the holder the right to

acquire its Common Stock ("*Common Stock*") that is not reserved for issuance as specified on Schedule B, and the Company has not made any other commitment to authorize, issue or sell any Common Stock. Since the Capitalization Date, the Company has not issued any shares of Common Stock, other than (i) shares issued upon the exercise of stock options or delivered under other equity-based awards or other convertible securities or warrants which were issued and outstanding on the Capitalization Date and disclosed on Schedule B and (ii) shares disclosed on Schedule B. Each holder of 5% or more of any class of capital stock of the Company and such holder's primary address are set forth on Schedule B.

(c) Preferred Shares. The Preferred Shares have been duly and validly authorized, and, when issued and delivered pursuant to this Agreement, such Preferred Shares will be duly and validly issued and fully paid and non-assessable, will not be issued in violation of any preemptive rights, and will rank *pari passu* with or senior to all other series or classes of Preferred Stock, whether or not issued or outstanding, with respect to the payment of dividends and the distribution of assets in the event of any dissolution, liquidation or winding up of the Company.

(d) The Warrant and Warrant Shares. The Warrant has been duly authorized and, when executed and delivered as contemplated hereby, will constitute a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and general equitable principles, regardless of whether such enforceability is considered in a proceeding at law or in equity ("*Bankruptcy Exceptions*"). The shares of Warrant Preferred Stock issuable upon exercise of the Warrant (the "*Warrant Shares*") have been duly authorized and reserved for issuance upon exercise of the Warrant and when so issued in accordance with the terms of the Warrant will be validly issued, fully paid and non-assessable, and will rank *pari passu* with or senior to all other series or classes of Preferred Stock, whether or not issued or outstanding, with respect to the payment of dividends and the distribution of assets in the event of any dissolution, liquidation or winding up of the Company.

(e) Authorization, Enforceability.

(i) The Company has the corporate power and authority to execute and deliver this Agreement and the Warrant and to carry out its obligations hereunder and thereunder (which includes the issuance of the Preferred Shares, Warrant and Warrant Shares). The execution, delivery and performance by the Company of this Agreement and the Warrant and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of the Company and its stockholders, and no further approval or authorization is required on the part of the Company. This Agreement is a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to the Bankruptcy Exceptions.

(ii) The execution, delivery and performance by the Company of this Agreement and the Warrant and the consummation of the transactions contemplated hereby and thereby and compliance by the Company with the provisions hereof and thereof, will not (A) violate, conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration of, or result in the creation of, any lien, security interest, charge or encumbrance upon any of the properties or assets of the Company or any subsidiary of the Company (each a "*Company Subsidiary*" and, collectively, the "*Company Subsidiaries*") under any of the terms, conditions or provisions of (i) its organizational documents or (ii) any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which the Company or any Company Subsidiary is a party or by which it or any Company Subsidiary may be bound, or to which the Company or any Company Subsidiary or any of the properties or assets of the Company or any Company Subsidiary may be subject, or (B) subject to compliance with the statutes and regulations referred to in the next paragraph, violate any statute, rule or regulation or any judgment, ruling, order, writ, injunction or decree applicable to the Company or any Company Subsidiary or any of their respective properties or assets except, in the case of clauses (A)(ii) and (B), for those occurrences that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect.

(iii) Other than the filing of the Certificates of Designations with the Secretary of State of its jurisdiction of organization or other applicable Governmental Entity, such filings and approvals as are required to be made or obtained under any state "blue sky" laws and such as have been made or obtained, no notice to, filing with, exemption or review by, or authorization, consent or approval of, any Governmental Entity is required to be made or obtained by the Company in connection with the consummation by the Company of the Purchase except for any such notices, filings, exemptions, reviews, authorizations, consents and approvals the failure of which to make or obtain would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(f) Anti-takeover Provisions and Rights Plan. The Board of Directors of the Company (the "*Board of Directors*") has taken all necessary action to ensure that the transactions contemplated by this Agreement and the Warrant and the consummation of the transactions contemplated hereby and thereby, including the exercise of the Warrant in accordance with its terms, will be exempt from any anti-takeover or similar provisions of the Company's Charter and bylaws, and any other provisions of any applicable "moratorium", "control share", "fair price", "interested stockholder" or other anti-takeover laws and regulations of any jurisdiction.

(g) No Company Material Adverse Effect. Since the last day of the last completed fiscal period for which financial statements are included in the Company Financial Statements (as defined below), no fact, circumstance, event, change, occurrence, condition or development

has occurred that, individually or in the aggregate, has had or would reasonably be expected to have a Company Material Adverse Effect.

(h) Company Financial Statements. The Company has Previously Disclosed each of the consolidated financial statements of the Company and its consolidated subsidiaries for each of the last three completed fiscal years of the Company (which shall be audited to the extent audited financial statements are available prior to the Signing Date) and each completed quarterly period since the last completed fiscal year (collectively the "*Company Financial Statements*"). The Company Financial Statements present fairly in all material respects the consolidated financial position of the Company and its consolidated subsidiaries as of the dates indicated therein and the consolidated results of their operations for the periods specified therein; and except as stated therein, such financial statements (A) were prepared in conformity with GAAP applied on a consistent basis (except as may be noted therein) and (B) have been prepared from, and are in accordance with, the books and records of the Company and the Company Subsidiaries.

(i) Reports.

(i) Since December 31, 2006, the Company and each Company Subsidiary has filed all reports, registrations, documents, filings, statements and submissions, together with any amendments thereto, that it was required to file with any Governmental Entity (the foregoing, collectively, the "*Company Reports*") and has paid all fees and assessments due and payable in connection therewith, except, in each case, as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. As of their respective dates of filing, the Company Reports complied in all material respects with all statutes and applicable rules and regulations of the applicable Governmental Entities.

(ii) The records, systems, controls, data and information of the Company and the Company Subsidiaries are recorded, stored, maintained and operated under means (including any electronic, mechanical or photographic process, whether computerized or not) that are under the exclusive ownership and direct control of the Company or the Company Subsidiaries or their accountants (including all means of access thereto and therefrom), except for any non-exclusive ownership and non-direct control that would not reasonably be expected to have a material adverse effect on the system of internal accounting controls described below in this Section 2.2(i)(ii). The Company (A) has implemented and maintains adequate disclosure controls and procedures to ensure that material information relating to the Company, including the consolidated Company Subsidiaries, is made known to the chief executive officer and the chief financial officer of the Company by others within those entities, and (B) has disclosed, based on its most recent evaluation prior to the Signing Date, to the Company's outside auditors and the audit committee of the Board of Directors (x) any significant deficiencies and material weaknesses in the design or operation of internal controls that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information and (y) any fraud, whether or not material, that involves management or

other employees who have a significant role in the Company's internal controls over financial reporting.

(j) No Undisclosed Liabilities. Neither the Company nor any of the Company Subsidiaries has any liabilities or obligations of any nature (absolute, accrued, contingent or otherwise) which are not properly reflected or reserved against in the Company Financial Statements to the extent required to be so reflected or reserved against in accordance with GAAP, except for (A) liabilities that have arisen since the last fiscal year end in the ordinary and usual course of business and consistent with past practice and (B) liabilities that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect.

(k) Offering of Securities. Neither the Company nor any person acting on its behalf has taken any action (including any offering of any securities of the Company under circumstances which would require the integration of such offering with the offering of any of the Purchased Securities under the Securities Act, and the rules and regulations of the Securities and Exchange Commission (the "*SEC*") promulgated thereunder), which might subject the offering, issuance or sale of any of the Purchased Securities to Investor pursuant to this Agreement to the registration requirements of the Securities Act.

(l) Litigation and Other Proceedings. Except (i) as set forth on Schedule C or (ii) as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, there is no (A) pending or, to the knowledge of the Company, threatened, claim, action, suit, investigation or proceeding, against the Company or any Company Subsidiary or to which any of their assets are subject nor is the Company or any Company Subsidiary subject to any order, judgment or decree or (B) unresolved violation, criticism or exception by any Governmental Entity with respect to any report or relating to any examinations or inspections of the Company or any Company Subsidiaries.

(m) Compliance with Laws. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, the Company and the Company Subsidiaries have all permits, licenses, franchises, authorizations, orders and approvals of, and have made all filings, applications and registrations with, Governmental Entities that are required in order to permit them to own or lease their properties and assets and to carry on their business as presently conducted and that are material to the business of the Company or such Company Subsidiary. Except as set forth on Schedule D, the Company and the Company Subsidiaries have complied in all respects and are not in default or violation of, and none of them is, to the knowledge of the Company, under investigation with respect to or, to the knowledge of the Company, have been threatened to be charged with or given notice of any violation of, any applicable domestic (federal, state or local) or foreign law, statute, ordinance, license, rule, regulation, policy or guideline**,** order, demand**,** writ, injunction, decree or judgment of any Governmental Entity, other than such noncompliance, defaults or violations that would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. Except for statutory or regulatory restrictions of general application or as set forth on Schedule D, no Governmental Entity has placed any restriction on the business or properties of

the Company or any Company Subsidiary that would, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(n) Employee Benefit Matters. Except as would not reasonably be expected to have, either individually or in the aggregate, a Company Material Adverse Effect: (A) each "employee benefit plan" (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("*ERISA*")) providing benefits to any current or former employee, officer or director of the Company or any member of its "*Controlled Group*" (defined as any organization which is a member of a controlled group of corporations within the meaning of Section 414 of the Internal Revenue Code of 1986, as amended (the "*Code*")*)* that is sponsored, maintained or contributed to by the Company or any member of its Controlled Group and for which the Company or any member of its Controlled Group would have any liability, whether actual or contingent (each, a "*Plan*") has been maintained in compliance with its terms and with the requirements of all applicable statutes, rules and regulations, including ERISA and the Code; (B) with respect to each Plan subject to Title IV of ERISA (including, for purposes of this clause (B), any plan subject to Title IV of ERISA that the Company or any member of its Controlled Group previously maintained or contributed to in the six years prior to the Signing Date), (1) no "reportable event" (within the meaning of Section 4043(c) of ERISA), other than a reportable event for which the notice period referred to in Section 4043(c) of ERISA has been waived, has occurred in the three years prior to the Signing Date or is reasonably expected to occur, (2) no "accumulated funding deficiency" (within the meaning of Section 302 of ERISA or Section 412 of the Code), whether or not waived, has occurred in the three years prior to the Signing Date or is reasonably expected to occur, (3) the fair market value of the assets under each Plan exceeds the present value of all benefits accrued under such Plan (determined based on the assumptions used to fund such Plan) and (4) neither the Company nor any member of its Controlled Group has incurred in the six years prior to the Signing Date, or reasonably expects to incur, any liability under Title IV of ERISA (other than contributions to the Plan or premiums to the PBGC in the ordinary course and without default) in respect of a Plan (including any Plan that is a "multiemployer plan", within the meaning of Section 4001(c)(3) of ERISA); and (C) each Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service with respect to its qualified status that has not been revoked, or such a determination letter has been timely applied for but not received by the Signing Date, and nothing has occurred, whether by action or by failure to act, which could reasonably be expected to cause the loss, revocation or denial of such qualified status or favorable determination letter.

(o) Taxes. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, (i) the Company and the Company Subsidiaries have filed all federal, state, local and foreign income and franchise Tax returns required to be filed through the Signing Date, subject to permitted extensions, and have paid all Taxes due thereon, and (ii) no Tax deficiency has been determined adversely to the Company or any of the Company Subsidiaries, nor does the Company have any knowledge of any Tax deficiencies. "*Tax*" or "*Taxes*" means any federal, state, local or foreign income, gross receipts, property, sales, use, license, excise, franchise, employment, payroll, withholding, alternative or add on minimum, ad valorem, transfer or excise tax, or any other tax, custom, duty,

governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or penalty, imposed by any Governmental Entity.

(p) Properties and Leases. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, the Company and the Company Subsidiaries have good and marketable title to all real properties and all other properties and assets owned by them, in each case free from liens, encumbrances, claims and defects that would affect the value thereof or interfere with the use made or to be made thereof by them. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, the Company and the Company Subsidiaries hold all leased real or personal property under valid and enforceable leases with no exceptions that would interfere with the use made or to be made thereof by them.

(q) Environmental Liability. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect:

(i) there is no legal, administrative, or other proceeding, claim or action of any nature seeking to impose, or that would reasonably be expected to result in the imposition of, on the Company or any Company Subsidiary, any liability relating to the release of hazardous substances as defined under any local, state or federal environmental statute, regulation or ordinance, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, pending or, to the Company's knowledge, threatened against the Company or any Company Subsidiary;

(ii) to the Company's knowledge, there is no reasonable basis for any such proceeding, claim or action; and

(iii) neither the Company nor any Company Subsidiary is subject to any agreement, order, judgment or decree by or with any court, Governmental Entity or third party imposing any such environmental liability.

(r) Risk Management Instruments. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, all derivative instruments, including, swaps, caps, floors and option agreements, whether entered into for the Company's own account, or for the account of one or more of the Company Subsidiaries or its or their customers, were entered into (i) only in the ordinary course of business, (ii) in accordance with prudent practices and in all material respects with all applicable laws, rules, regulations and regulatory policies and (iii) with counterparties believed to be financially responsible at the time; and each of such instruments constitutes the valid and legally binding obligation of the Company or one of the Company Subsidiaries, enforceable in accordance with its terms, except as may be limited by the Bankruptcy Exceptions. Neither the Company or the Company Subsidiaries, nor, to the knowledge of the Company, any other party thereto, is in breach of any of its obligations under any such agreement or arrangement other than such breaches that would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(s) Agreements with Regulatory Agencies. Except as set forth on Schedule E, neither the Company nor any Company Subsidiary is subject to any material cease-and-desist or other similar order or enforcement action issued by, or is a party to any material written agreement, consent agreement or memorandum of understanding with, or is a party to any commitment letter or similar undertaking to, or is subject to any capital directive by, or since December 31, 2006, has adopted any board resolutions at the request of, any Governmental Entity (other than the Appropriate Federal Banking Agencies with jurisdiction over the Company and the Company Subsidiaries) that currently restricts in any material respect the conduct of its business or that in any material manner relates to its capital adequacy, its liquidity and funding policies and practices, its ability to pay dividends, its credit, risk management or compliance policies or procedures, its internal controls, its management or its operations or business (each item in this sentence, a "*Regulatory Agreement*"), nor has the Company or any Company Subsidiary been advised since December 31, 2006 by any such Governmental Entity that it is considering issuing, initiating, ordering, or requesting any such Regulatory Agreement. The Company and each Company Subsidiary are in compliance in all material respects with each Regulatory Agreement to which it is party or subject, and neither the Company nor any Company Subsidiary has received any notice from any Governmental Entity indicating that either the Company or any Company Subsidiary is not in compliance in all material respects with any such Regulatory Agreement. "*Appropriate Federal Banking Agency*" means the "appropriate Federal banking agency" with respect to the Company or such Company Subsidiaries, as applicable, as defined in Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)).

(t) Insurance. The Company and the Company Subsidiaries are insured with reputable insurers against such risks and in such amounts as the management of the Company reasonably has determined to be prudent and consistent with industry practice. The Company and the Company Subsidiaries are in material compliance with their insurance policies and are not in default under any of the material terms thereof, each such policy is outstanding and in full force and effect, all premiums and other payments due under any material policy have been paid, and all claims thereunder have been filed in due and timely fashion, except, in each case, as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(u) Intellectual Property. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, (i) the Company and each Company Subsidiary owns or otherwise has the right to use, all intellectual property rights, including all trademarks, trade dress, trade names, service marks, domain names, patents, inventions, trade secrets, know-how, works of authorship and copyrights therein, that are used in the conduct of their existing businesses and all rights relating to the plans, design and specifications of any of its branch facilities ("*Proprietary Rights*") free and clear of all liens and any claims of ownership by current or former employees, contractors, designers or others and (ii) neither the Company nor any of the Company Subsidiaries is materially infringing, diluting, misappropriating or violating, nor has the Company or any or the Company Subsidiaries received any written (or, to the knowledge of the Company, oral) communications alleging that any of them has materially infringed, diluted, misappropriated or violated, any of the Proprietary Rights owned by any other person, Except as would not, individually or in the aggregate, reasonably be

expected to have a Company Material Adverse Effect, to the Company's knowledge, no other person is infringing, diluting, misappropriating or violating, nor has the Company or any or the Company Subsidiaries sent any written communications since January 1, 2006 alleging that any person has infringed, diluted, misappropriated or violated, any of the Proprietary Rights owned by the Company and the Company Subsidiaries.

(v) Brokers and Finders. No broker, finder or investment banker is entitled to any financial advisory, brokerage, finder's or other fee or commission in connection with this Agreement or the Warrant or the transactions contemplated hereby or thereby based upon arrangements made by or on behalf of the Company or any Company Subsidiary for which the Investor could have any liability.

Article III
Covenants

3.1 Commercially Reasonable Efforts. Subject to the terms and conditions of this Agreement, each of the parties will use its commercially reasonable efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or desirable, or advisable under applicable laws, so as to permit consummation of the Purchase as promptly as practicable and otherwise to enable consummation of the transactions contemplated hereby and shall use commercially reasonable efforts to cooperate with the other party to that end.

3.2 Expenses. Unless otherwise provided in this Agreement or the Warrant, each of the parties hereto will bear and pay all costs and expenses incurred by it or on its behalf in connection with the transactions contemplated under this Agreement and the Warrant, including fees and expenses of its own financial or other consultants, investment bankers, accountants and counsel.

3.3 Sufficiency of Authorized Warrant Preferred Stock; Exchange Listing.

(a) During the period from the Closing Date until the date on which the Warrant has been fully exercised, the Company shall at all times have reserved for issuance, free of preemptive or similar rights, a sufficient number of authorized and unissued Warrant Shares to effectuate such exercise.

(b) If the Company lists its Common Stock on any national securities exchange, the Company shall, if requested by the Investor, promptly use its reasonable best efforts to cause the Preferred Shares and Warrant Shares to be approved for listing on a national securities exchange as promptly as practicable following such request.

3.4 Certain Notifications Until Closing. From the Signing Date until the Closing, the Company shall promptly notify the Investor of (i) any fact, event or circumstance of which it is aware and which would reasonably be expected to cause any representation or warranty of the Company contained in this Agreement to be untrue or inaccurate in any material respect or to

cause any covenant or agreement of the Company contained in this Agreement not to be complied with or satisfied in any material respect and (ii) except as Previously Disclosed, any fact, circumstance, event, change, occurrence, condition or development of which the Company is aware and which, individually or in the aggregate, has had or would reasonably be expected to have a Company Material Adverse Effect; *provided*, *however*, that delivery of any notice pursuant to this Section 3.4 shall not limit or affect any rights of or remedies available to the Investor; *provided*, *further*, that a failure to comply with this Section 3.4 shall not constitute a breach of this Agreement or the failure of any condition set forth in Section 1.2 to be satisfied unless the underlying Company Material Adverse Effect or material breach would independently result in the failure of a condition set forth in Section 1.2 to be satisfied.

3.5 Access, Information and Confidentiality.

(a) From the Signing Date until the date when the Investor holds an amount of Preferred Shares having an aggregate liquidation value of less than 10% of the Purchase Price, the Company will permit the Investor and its agents, consultants, contractors and advisors (x) acting through the Appropriate Federal Banking Agency, or otherwise to the extent necessary to evaluate, manage, or transfer its investment in the Company, to examine the corporate books and make copies thereof and to discuss the affairs, finances and accounts of the Company and the Company Subsidiaries with the principal officers of the Company, all upon reasonable notice and at such reasonable times and as often as the Investor may reasonably request and (y) to review any information material to the Investor's investment in the Company provided by the Company to its Appropriate Federal Banking Agency. Any investigation pursuant to this Section 3.5 shall be conducted during normal business hours and in such manner as not to interfere unreasonably with the conduct of the business of the Company, and nothing herein shall require the Company or any Company Subsidiary to disclose any information to the Investor to the extent (i) prohibited by applicable law or regulation, or (ii) that such disclosure would reasonably be expected to cause a violation of any agreement to which the Company or any Company Subsidiary is a party or would cause a risk of a loss of privilege to the Company or any Company Subsidiary *(provided* that the Company shall use commercially reasonable efforts to make appropriate substitute disclosure arrangements under circumstances where the restrictions in this clause (ii) apply).

(b) From the Signing Date until the date on which all of the Preferred Shares and Warrant Shares have been redeemed in whole, the Company will deliver, or will cause to be delivered, to the Investor:

(i) as soon as available after the end of each fiscal year of the Company, and in any event within 90 days thereafter, a consolidated balance sheet of the Company as of the end of such fiscal year, and consolidated statements of income, retained earnings and cash flows of the Company for such year, in each case prepared in accordance with GAAP and setting forth in each case in comparative form the figures for the previous fiscal year of the Company, and which shall be audited to the extent audited financial statements are available; and

(ii) as soon as available after the end of the first, second and third quarterly periods in each fiscal year of the Company, a copy of any quarterly reports provided to other stockholders of the Company or Company management.

(c) The Investor will use reasonable best efforts to hold, and will use reasonable best efforts to cause its agents, consultants, contractors and advisors to hold, in confidence all non-public records, books, contracts, instruments, computer data and other data and information (collectively, "*Information*") concerning the Company furnished or made available to it by the Company or its representatives pursuant to this Agreement (except to the extent that such information can be shown to have been (i) previously known by such party on a non-confidential basis, (ii) in the public domain through no fault of such party or (iii) later lawfully acquired from other sources by the party to which it was furnished (and without violation of any other confidentiality obligation)); *provided* that nothing herein shall prevent the Investor from disclosing any Information to the extent required by applicable laws or regulations or by any subpoena or similar legal process.

(d) The Investor's information rights pursuant to Section 3.5(b) may be assigned by the Investor to a transferee or assignee of the Purchased Securities or the Warrant Shares or with a liquidation preference or, in the case of the Warrant, the liquidation preference of the underlying shares of Warrant Preferred Stock, no less than an amount equal to 2% of the initial aggregate liquidation preference of the Preferred Shares.

Article IV
Additional Agreements

4.1 Purchase for Investment. The Investor acknowledges that the Purchased Securities and the Warrant Shares have not been registered under the Securities Act or under any state securities laws. The Investor (a) is acquiring the Purchased Securities pursuant to an exemption from registration under the Securities Act solely for investment with no present intention to distribute them to any person in violation of the Securities Act or any applicable U.S. state securities laws, (b) will not sell or otherwise dispose of any of the Purchased Securities or the Warrant Shares, except in compliance with the registration requirements or exemption provisions of the Securities Act and any applicable U.S. state securities laws, and (c) has such knowledge and experience in financial and business matters and in investments of this type that it is capable of evaluating the merits and risks of the Purchase and of making an informed investment decision.

4.2 Legends.

(a) The Investor agrees that all certificates or other instruments representing the Warrant will bear a legend substantially to the following effect:

"THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD

OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR SUCH LAWS.

THIS INSTRUMENT IS ISSUED SUBJECT TO THE RESTRICTIONS ON TRANSFER AND OTHER PROVISIONS OF A SECURITIES PURCHASE AGREEMENT BETWEEN THE ISSUER OF THESE SECURITIES AND THE INVESTOR REFERRED TO THEREIN, A COPY OF WHICH IS ON FILE WITH THE ISSUER. THE SECURITIES REPRESENTED BY THIS INSTRUMENT MAY NOT BE SOLD OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH SAID AGREEMENT. ANY SALE OR OTHER TRANSFER NOT IN COMPLIANCE WITH SAID AGREEMENT WILL BE VOID."

(b) In addition, the Investor agrees that all certificates or other instruments representing the Preferred Shares and the Warrant Shares will bear a legend substantially to the following effect:

"THE SECURITIES REPRESENTED BY THIS INSTRUMENT ARE NOT SAVINGS ACCOUNTS, DEPOSITS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY.

THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR SUCH LAWS. EACH PURCHASER OF THE SECURITIES REPRESENTED BY THIS INSTRUMENT IS NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. ANY TRANSFEREE OF THE SECURITIES REPRESENTED BY THIS INSTRUMENT BY ITS ACCEPTANCE HEREOF (I) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (2) AGREES THAT IT WILL NOT OFFER, SELL OR OTHERWISE TRANSFER THE SECURITIES REPRESENTED BY THIS INSTRUMENT EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT WHICH IS THEN EFFECTIVE UNDER THE SECURITIES ACT, (B) FOR SO LONG AS THE SECURITIES REPRESENTED BY THIS INSTRUMENT ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER

TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (C) TO THE ISSUER OR (D) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THE SECURITIES REPRESENTED BY THIS INSTRUMENT ARE TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS INSTRUMENT IS ISSUED SUBJECT TO THE RESTRICTIONS ON TRANSFER AND OTHER PROVISIONS OF A SECURITIES PURCHASE AGREEMENT BETWEEN THE ISSUER OF THESE SECURITIES AND THE INVESTOR REFERRED TO THEREIN, A COPY OF WHICH IS ON FILE WITH THE ISSUER. THE SECURITIES REPRESENTED BY THIS INSTRUMENT MAY NOT BE SOLD OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH SAID AGREEMENT. ANY SALE OR OTHER TRANSFER NOT IN COMPLIANCE WITH SAID AGREEMENT WILL BE VOID."

(c) In the event that any Purchased Securities or Warrant Shares (i) become registered under the Securities Act or (ii) are eligible to be transferred without restriction in accordance with Rule 144 or another exemption from registration under the Securities Act (other than Rule 144A), the Company shall issue new certificates or other instruments representing such Purchased Securities or Warrant Shares, which shall not contain the applicable legends in Sections 4.2(a) and (b) above; *provided* that the Investor surrenders to the Company the previously issued certificates or other instruments.

4.3 Certain Transactions. The Company will not merge or consolidate with, or sell, transfer or lease all or substantially all of its property or assets to, any other party unless the successor, transferee or lessee party (or its ultimate parent entity), as the case may be (if not the Company), expressly assumes the due and punctual performance and observance of each and every covenant, agreement and condition of this Agreement to be performed and observed by the Company.

4.4 Transfer of Purchased Securities and Warrant Shares; Restrictions on Exercise of the Warrant. Subject to compliance with applicable securities laws, the Investor shall be permitted to transfer, sell, assign or otherwise dispose of ("*Transfer*") all or a portion of the Purchased Securities or Warrant Shares at any time, and the Company shall take all steps as may be reasonably requested by the Investor to facilitate the Transfer of the Purchased Securities and the Warrant Shares; *provided* that the Investor shall not Transfer any Purchased Securities or Warrant Shares if such transfer would require the Company to be subject to the periodic reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "*Exchange Act*"). In furtherance of the foregoing, the Company shall provide reasonable cooperation to facilitate any Transfers of the Purchased Securities or Warrant Shares, including, as is reasonable under the circumstances, by furnishing such information concerning the Company and its business as a proposed transferee may reasonably request (including such information as is required by Section 4.5(k)) and making management of the Company

reasonably available to respond to questions of a proposed transferee in accordance with customary practice, subject in all cases to the proposed transferee agreeing to a customary confidentiality agreement.

4.5 Registration Rights.

(a) Unless and until the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company shall have no obligation to comply with the provisions of this Section 4.5 (other than Section 4.5(b)(iv)-(vi)); *provided* that the Company covenants and agrees that it shall comply with this Section 4.5 as soon as practicable after the date that it becomes subject to such reporting requirements.

(b) Registration.

(i) Subject to the terms and conditions of this Agreement, the Company covenants and agrees that as promptly as practicable after the date that the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act (and in any event no later than 30 days thereafter), the Company shall prepare and file with the SEC a Shelf Registration Statement covering all Registrable Securities (or otherwise designate an existing Shelf Registration Statement filed with the SEC to cover the Registrable Securities), and, to the extent the Shelf Registration Statement has not theretofore been declared effective or is not automatically effective upon such filing, the Company shall use reasonable best efforts to cause such Shelf Registration Statement to be declared or become effective and to keep such Shelf Registration Statement continuously effective and in compliance with the Securities Act and usable for resale of such Registrable Securities for a period from the date of its initial effectiveness until such time as there are no Registrable Securities remaining (including by refiling such Shelf Registration Statement (or a new Shelf Registration Statement) if the initial Shelf Registration Statement expires). Notwithstanding the foregoing, if the Company is not eligible to file a registration statement on Form S-3, then the Company shall not be obligated to file a Shelf Registration Statement unless and until requested to do so in writing by the Investor.

(ii) Any registration pursuant to Section 4.5(b)(i) shall be effected by means of a shelf registration on an appropriate form under Rule 415 under the Securities Act (a "*Shelf Registration Statement*"). If the Investor or any other Holder intends to distribute any Registrable Securities by means of an underwritten offering it shall promptly so advise the Company and the Company shall take all reasonable steps to facilitate such distribution, including the actions required pursuant to Section 4.5(d); *provided* that the Company shall not be required to facilitate an underwritten offering of Registrable Securities unless the expected gross proceeds from such offering exceed (i) 2% of the initial aggregate liquidation preference of the Preferred Shares if such initial aggregate liquidation preference is less than $2 billion and (ii) $200 million if the initial aggregate liquidation preference of the Preferred Shares is equal to or greater than $2 billion. The lead underwriters in any such distribution shall be selected by the Holders of a majority

of the Registrable Securities to be distributed; *provided* that to the extent appropriate and permitted under applicable law, such Holders shall consider the qualifications of any broker-dealer Affiliate of the Company in selecting the lead underwriters in any such distribution.

(iii) The Company shall not be required to effect a registration (including a resale of Registrable Securities from an effective Shelf Registration Statement) or an underwritten offering pursuant to Section 4.5(b): (A) with respect to securities that are not Registrable Securities; or (B) if the Company has notified the Investor and all other Holders that in the good faith judgment of the Board of Directors, it would be materially detrimental to the Company or its securityholders for such registration or underwritten offering to be effected at such time, in which event the Company shall have the right to defer such registration for a period of not more than 45 days after receipt of the request of the Investor or any other Holder; *provided* that such right to delay a registration or underwritten offering shall be exercised by the Company (1) only if the Company has generally exercised (or is concurrently exercising) similar black-out rights against holders of similar securities that have registration rights and (2) not more than three times in any 12-month period and not more than 90 days in the aggregate in any 12-month period.

(iv) If during any period when an effective Shelf Registration Statement is not available, the Company proposes to register any of its equity securities, other than a registration pursuant to Section 4.5(b)(i) or a Special Registration, and the registration form to be filed may be used for the registration or qualification for distribution of Registrable Securities, the Company will give prompt written notice to the Investor and all other Holders of its intention to effect such a registration (but in no event less than ten days prior to the anticipated filing date) and will include in such registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein within ten business days after the date of the Company's notice (a "*Piggyback Registration*"). Any such person that has made such a written request may withdraw its Registrable Securities from such Piggyback Registration by giving written notice to the Company and the managing underwriter, if any, on or before the fifth business day prior to the planned effective date of such Piggyback Registration. The Company may terminate or withdraw any registration under this Section 4.5(b)(iv) prior to the effectiveness of such registration, whether or not Investor or any other Holders have elected to include Registrable Securities in such registration.

(v) If the registration referred to in Section 4.5(b)(iv) is proposed to be underwritten, the Company will so advise Investor and all other Holders as a part of the written notice given pursuant to Section 4.5(b)(iv). In such event, the right of Investor and all other Holders to registration pursuant to Section 4.5(b) will be conditioned upon such persons' participation in such underwriting and the inclusion of such person's Registrable Securities in the underwriting if such securities are of the same class of securities as the securities to be offered in the underwritten offering, and each such person will (together with the Company and the other persons distributing their securities through such underwriting) enter into an underwriting agreement in customary form with

the underwriter or underwriters selected for such underwriting by the Company; *provided* that the Investor (as opposed to other Holders) shall not be required to indemnify any person in connection with any registration. If any participating person disapproves of the terms of the underwriting, such person may elect to withdraw therefrom by written notice to the Company, the managing underwriters and the Investor (if the Investor is participating in the underwriting).

(vi) If either (x) the Company grants "piggyback" registration rights to one or more third parties to include their securities in an underwritten offering under the Shelf Registration Statement pursuant to Section 4.5(b)(ii) or (y) a Piggyback Registration under Section 4,5(b)(iv) relates to an underwritten offering on behalf of the Company, and in either case the managing underwriters advise the Company that in their reasonable opinion the number of securities requested to be included in such offering exceeds the number which can be sold without adversely affecting the marketability of such offering (including an adverse effect on the per share offering price), the Company will include in such offering only such number of securities that in the reasonable opinion of such managing underwriters can be sold without adversely affecting the marketability of the offering (including an adverse effect on the per share offering price), which securities will be so included in the following order of priority: (A) first, in the case of a Piggyback Registration under Section 4.5(b)(iv), the securities the Company proposes to sell, (B) then the Registrable Securities of the Investor and all other Holders who have requested inclusion of Registrable Securities pursuant to Section 4.5(b)(ii) or Section 4.5(b)(iv), as applicable, *pro rata* on the basis of the aggregate number of such securities or shares owned by each such person and (C) lastly, any other securities of the Company that have been requested to be so included, subject to the terms of this Agreement; *provided*, *however*, that if the Company has, prior to the Signing Date, entered into an agreement with respect to its securities that is inconsistent with the order of priority contemplated hereby then it shall apply the order of priority in such conflicting agreement to the extent that it would otherwise result in a breach under such agreement.

(c) Expenses of Registration. All Registration Expenses incurred in connection with any registration, qualification or compliance hereunder shall be borne by the Company. All Selling Expenses incurred in connection with any registrations hereunder shall be borne by the holders of the securities so registered *pro rata* on the basis of the aggregate offering or sale price of the securities so registered.

(d) Obligations of the Company. Whenever required to effect the registration of any Registrable Securities or facilitate the distribution of Registrable Securities pursuant to an effective Shelf Registration Statement, the Company shall, as expeditiously as reasonably practicable:

(i) Prepare and file with the SEC a prospectus supplement or post-effective amendment with respect to a proposed offering of Registrable Securities pursuant to an effective registration statement, subject to Section 4.5(d), keep such registration

statement effective and keep such prospectus supplement current until the securities described therein are no longer Registrable Securities.

(ii) Prepare and file with the SEC such amendments and supplements to the applicable registration statement and the prospectus or prospectus supplement used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

(iii) Furnish to the Holders and any underwriters such number of copies of the applicable registration statement and each such amendment and supplement thereto (including in each case all exhibits) and of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned or to be distributed by them.

(iv) Use its reasonable best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders or any managing underwriter(s), to keep such registration or qualification in effect for so long as such registration statement remains in effect, and to take any other action which may be reasonably necessary to enable such seller to consummate the disposition in such jurisdictions of the securities owned by such Holder; *provided* that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(v) Notify each Holder of Registrable Securities at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the applicable prospectus, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing.

(vi) Give written notice to the Holders:

(A) when any registration statement filed pursuant to Section 4.5(a) or any amendment thereto has been filed with the SEC (except for any amendment effected by the filing of a document with the SEC pursuant to the Exchange Act) and when such registration statement or any post-effective amendment thereto has become effective;

(B) of any request by the SEC for amendments or supplements to any registration statement or the prospectus included therein or for additional information;

(C) of the issuance by the SEC of any stop order suspending the effectiveness of any registration statement or the initiation of any proceedings for that purpose;

(D) of the receipt by the Company or its legal counsel of any notification with respect to the suspension of the qualification of the applicable Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(E) of the happening of any event that requires the Company to make changes in any effective registration statement or the prospectus related to the registration statement in order to make the statements therein not misleading (which notice shall be accompanied by an instruction to suspend the use of the prospectus until the requisite changes have been made); and

(F) if at any time the representations and warranties of the Company contained in any underwriting agreement contemplated by Section 4.5(d)(x) cease to be true and correct.

(vii) Use its reasonable best efforts to prevent the issuance or obtain the withdrawal of any order suspending the effectiveness of any registration statement referred to in Section 4.5(d)(vi)(C) at the earliest practicable time.

(viii) Upon the occurrence of any event contemplated by Section 4.5(d)(v) or 4.5(d)(vi)(E), promptly prepare a post-effective amendment to such registration statement or a supplement to the related prospectus or file any other required document so that, as thereafter delivered to the Holders and any underwriters, the prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Holders in accordance with Section 4.5(d)(vi)(E) to suspend the use of the prospectus until the requisite changes to the prospectus have been made, then the Holders and any underwriters shall suspend use of such prospectus and use their reasonable best efforts to return to the Company all copies of such prospectus (at the Company's expense) other than permanent file copies then in such Holders' or underwriters' possession. The total number of days that any such suspension may be in effect in any 12-month period shall not exceed 90 days.

(ix) Use reasonable best efforts to procure the cooperation of the Company's transfer agent in settling any offering or sale of Registrable Securities, including with respect to the transfer of physical stock certificates into book-entry form in accordance with any procedures reasonably requested by the Holders or any managing underwriter(s).

(x) If an underwritten offering is requested pursuant to Section 4.5(b)(ii), enter into an underwriting agreement in customary form, scope and substance and take all

such other actions reasonably requested by the Holders of a majority of the Registrable Securities being sold in connection therewith or by the managing underwriter(s), if any, to expedite or facilitate the underwritten disposition of such Registrable Securities, and in connection therewith in any underwritten offering (including making members of management and executives of the Company available to participate in "road shows", similar sales events and other marketing activities), (A) make such representations and warranties to the Holders that are selling stockholders and the managing underwriter(s), if any, with respect to the business of the Company and its subsidiaries, and the Shelf Registration Statement, prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, in customary form, substance and scope, and, if true, confirm the same if and when requested, (B) use its reasonable best efforts to furnish the underwriters with opinions of counsel to the Company, addressed to the managing underwriter(s), if any, covering the matters customarily covered in such opinions requested in underwritten offerings, (C) use its reasonable best efforts to obtain "cold comfort" letters from the independent certified public accountants of the Company (and, if necessary, any other independent certified public accountants of any business acquired by the Company for which financial statements and financial data are included in the Shelf Registration Statement) who have certified the financial statements included in such Shelf Registration Statement, addressed to each of the managing underwriter(s), if any, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters, (D) if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures customary in underwritten offerings (provided that the Investor shall not be obligated to provide any indemnity), and (E) deliver such documents and certificates as may be reasonably requested by the Holders of a majority of the Registrable Securities being sold in connection therewith, their counsel and the managing underwriter(s), if any, to evidence the continued validity of the representations and warranties made pursuant to clause (i) above and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company.

(xi) Make available for inspection by a representative of Holders that are selling stockholders, the managing underwriter(s), if any, and any attorneys or accountants retained by such Holders or managing underwriter(s), at the offices where normally kept, during reasonable business hours, financial and other records, pertinent corporate documents and properties of the Company, and cause the officers, directors and employees of the Company to supply all information in each case reasonably requested (and of the type customarily provided in connection with due diligence conducted in connection with a registered public offering of securities) by any such representative, managing underwriter(s), attorney or accountant in connection with such Shelf Registration Statement.

(xii) Use reasonable best efforts to cause all such Registrable Securities to be listed on each national securities exchange on which similar securities issued by the Company are then listed or, if no similar securities issued by the Company are then listed on any national securities exchange, use its reasonable best efforts to cause all such

Registrable Securities to be listed on such securities exchange as the Investor may designate.

(xiii) If requested by Holders of a majority of the Registrable Securities being registered and/or sold in connection therewith, or the managing underwriter(s), if any, promptly include in a prospectus supplement or amendment such information as the Holders of a majority of the Registrable Securities being registered and/or sold in connection therewith or managing underwriter(s), if any, may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such prospectus supplement or such amendment as soon as practicable after the Company has received such request.

(xiv) Timely provide to its security holders earning statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

(e) Suspension of Sales. Upon receipt of written notice from the Company that a registration statement, prospectus or prospectus supplement contains or may contain an untrue statement of a material fact or omits or may omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that circumstances exist that make inadvisable use of such registration statement, prospectus or prospectus supplement, the Investor and each Holder of Registrable Securities shall forthwith discontinue disposition of Registrable Securities until the Investor and/or Holder has received copies of a supplemented or amended prospectus or prospectus supplement, or until the Investor and/or such Holder is advised in writing

by the Company that the use of the prospectus and, if applicable, prospectus supplement may be resumed, and, if so directed by the Company, the Investor and/or such Holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in the Investor and/or such Holder's possession, of the prospectus and, if applicable, prospectus supplement covering such Registrable Securities current at the time of receipt of such notice. The total number of days that any such suspension may be in effect in any 12-month period shall not exceed 90 days.

(f) Termination of Registration Rights. A Holder's registration rights as to any securities held by such Holder (and its Affiliates, partners, members and former members) shall not be available unless such securities are Registrable Securities.

(g) Furnishing Information.

(i) Neither the Investor nor any Holder shall use any free writing prospectus (as defined in Rule 405) in connection with the sale of Registrable Securities without the prior written consent of the Company.

(ii) It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 4.5(d) that Investor and/or the selling Holders and the underwriters, if any, shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of

disposition of such securities as shall be required to effect the registered offering of their Registrable Securities.

(h) Indemnification.

(i) The Company agrees to indemnify each Holder and, if a Holder is a person other than an individual, such Holder's officers, directors, employees, agents, representatives and Affiliates, and each Person, if any, that controls a Holder within the meaning of the Securities Act (each, an "*Indemnitee*"), against any and all losses, claims, damages, actions, liabilities, costs and expenses (including reasonable fees, expenses and disbursements of attorneys and other professionals incurred in connection with investigating, defending, settling, compromising or paying any such losses, claims, damages, actions, liabilities, costs and expenses), joint or several, arising out of or based upon any untrue statement or alleged untrue statement of material fact contained in any registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto or any documents incorporated therein by reference or contained in any free writing prospectus (as such term is defined in Rule 405) prepared by the Company or authorized by it in writing for use by such Holder (or any amendment or supplement thereto); or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided*, that the Company shall not be liable to such Indemnitee in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon (A) an untrue statement or omission made in such registration statement, including any such preliminary prospectus or final prospectus contained therein or any such amendments or supplements thereto or contained in any free writing prospectus (as such term is defined in Rule 405) prepared by the Company or authorized by it in writing for use by such Holder (or any amendment or supplement thereto), in reliance upon and in conformity with information regarding such Indemnitee or its plan of distribution or ownership interests which was furnished in writing to the Company by such Indemnitee for use in connection with such registration statement, including any such preliminary prospectus or final prospectus contained therein or any such amendments or supplements thereto, or (B) offers or sales effected by or on behalf of such Indemnitee "by means of (as defined in Rule 159A) a "free writing prospectus" (as defined in Rule 405) that was not authorized in writing by the Company.

(ii) If the indemnification provided for in Section 4.5(h)(i) is unavailable to an Indemnitee with respect to any losses, claims, damages, actions, liabilities, costs or expenses referred to therein or is insufficient to hold the Indemnitee harmless as contemplated therein, then the Company, in lieu of indemnifying such Indemnitee, shall contribute to the amount paid or payable by such Indemnitee as a result of such losses, claims, damages, actions, liabilities, costs or expenses in such proportion as is appropriate to reflect the relative fault of the Indemnitee, on the one hand, and the Company, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, actions, liabilities, costs or expenses as well as any other relevant

equitable considerations. The relative fault of the Company, on the one hand, and of the Indemnitee, on the other hand, shall be determined by reference to, among other factors, whether the untrue statement of a material fact or omission to state a material fact relates to information supplied by the Company or by the Indemnitee and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; the Company and each Holder agree that it would not be just and equitable if contribution pursuant to this Section 4.5(h)(ii) were determined by *pro rata* allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 4.5(h)(i). No Indemnitee guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from the Company if the Company was not guilty of such fraudulent misrepresentation.

(i) Assignment of Registration Rights. The rights of the Investor to registration of Registrable Securities pursuant to Section 4.5(b) may be assigned by the Investor to a transferee or assignee of Registrable Securities with a liquidation preference or, in the case of the Warrant, the liquidation preference of the underlying shares of Warrant Preferred Stock, no less than an amount equal to (i) 2% of the initial aggregate liquidation preference of the Preferred Shares if such initial aggregate liquidation preference is less than $2 billion and (ii) $200 million if the initial aggregate liquidation preference of the Preferred Shares is equal to or greater than $2 billion; *provided*, *however*, the transferor shall, within ten days after such transfer, furnish to the Company written notice of the name and address of such transferee or assignee and the number and type of Registrable Securities that are being assigned.

(j) Clear Market. With respect to any underwritten offering of Registrable Securities by the Investor or other Holders pursuant to this Section 4.5, the Company agrees not to effect (other than pursuant to such registration or pursuant to a Special Registration) any public sale or distribution, or to file any Shelf Registration Statement (other than such registration or a Special Registration) covering any preferred stock of the Company or any securities convertible into or exchangeable or exercisable for preferred stock of the Company, during the period not to exceed ten days prior and 60 days following the effective date of such offering or such longer period up to 90 days as may be requested by the managing underwriter for such underwritten offering. The Company also agrees to cause such of its directors and senior executive officers to execute and deliver customary lock-up agreements in such form and for

such time period up to 90 days as may be requested by the managing underwriter. "*Special Registration*" means the registration of (A) equity securities and/or options or other rights in respect thereof solely registered on Form S-4 or Form S-8 (or successor form) or (B) shares of equity securities and/or options or other rights in respect thereof to be offered to directors, members of management, employees, consultants, customers, lenders or vendors of the Company or Company Subsidiaries or in connection with dividend reinvestment plans.

(k) Rule 144; Rule 144A. With a view to making available to the Investor and Holders the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use its reasonable best efforts to:

(i) make and keep public information available, as those terms are understood and defined in Rule 144(c)(1) or any similar or analogous rule promulgated under the Securities Act, at all times after the Signing Date;

(ii) (A) file with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act, and (B) if at any time the Company is not required to file such reports, make available, upon the request of any Holder, such information necessary to permit sales pursuant to Rule 144A (including the information required by Rule 144A(d)(4) under the Securities Act);

(iii) so long as the Investor or a Holder owns any Registrable Securities, furnish to the Investor or such Holder forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act, and of the Exchange Act; a copy of the most recent annual or quarterly report of the Company; and such other reports and documents as the Investor or Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities to the public without registration; and

(iv) take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act.

(l) As used in this Section 4.5, the following terms shall have the following respective meanings:

(i) "*Holder*" means the Investor and any other holder of Registrable Securities to whom the registration rights conferred by this Agreement have been transferred in compliance with Section 4.5(h) hereof.

(ii) "*Holders' Counsel*" means one counsel for the selling Holders chosen by Holders holding a majority interest in the Registrable Securities being registered.

(iii) "*Register,*" "*registered,*" and "*registration*" shall refer to a registration effected by preparing and (A) filing a registration statement or amendment thereto in compliance with the Securities Act and applicable rules and regulations thereunder, and the declaration or ordering of effectiveness of such registration statement or amendment thereto or (B) filing a prospectus and/or prospectus supplement in respect of an appropriate effective registration statement on Form S-3.

(iv) "*Registrable Securities*" means (A) all Preferred Shares, (B) the Warrant (subject to Section 4.5(q)) and (C) any equity securities issued or issuable directly or indirectly with respect to the securities referred to in the foregoing clauses (A) or (B) by way of conversion, exercise or exchange thereof, including the Warrant Shares, or share dividend or share split or in connection with a combination of shares, recapitalization, reclassification, merger, amalgamation, arrangement, consolidation or other

reorganization, *provided* that, once issued, such securities will not be Registrable Securities when (1) they are sold pursuant to an effective registration statement under the Securities Act, (2) except as provided below in Section 4.5(p), they may be sold pursuant to Rule 144 without limitation thereunder on volume or manner of sale, (3) they shall have ceased to be outstanding or (4) they have been sold in a private transaction in which the transferor's rights under this Agreement are not assigned to the transferee of the securities. No Registrable Securities may be registered under more than one registration statement at any one time.

(v) "*Registration Expenses*" mean all expenses incurred by the Company in effecting any registration pursuant to this Agreement (whether or not any registration or prospectus becomes effective or final) or otherwise complying with its obligations under this Section 4.5, including all registration, filing and listing fees, printing expenses, fees and disbursements of counsel for the Company, blue sky fees and expenses, expenses incurred in connection with any "road show", the reasonable fees and disbursements of Holders' Counsel, and expenses of the Company's independent accountants in connection with any regular or special reviews or audits incident to or required by any such registration, but shall not include Selling Expenses.

(vi) "*Rule 144*", "*Rule 144A*", "*Rule 159A*", "*Rule 405*" and "*Rule 415*" mean, in each case, such rule promulgated under the Securities Act (or any successor provision), as the same shall be amended from time to time.

(vii) "*Selling Expenses*" mean all discounts, selling commissions and stock transfer taxes applicable to the sale of Registrable Securities and fees and disbursements of counsel for any Holder (other than the fees and disbursements of Holders' Counsel included in Registration Expenses).

(m) At any time, any holder of Securities (including any Holder) may elect to forfeit its rights set forth in this Section 4.5 from that date forward; *provided*, that a Holder forfeiting such rights shall nonetheless be entitled to participate under Section 4.5(b)(iv) - (vi) in any Pending Underwritten Offering to the same extent that such Holder would have been entitled to if the holder had not withdrawn; *and provided, further,* that no such forfeiture shall terminate a Holder's rights or obligations under Section 4.5(g) with respect to any prior registration or Pending Underwritten Offering. "*Pending Underwritten Offering*" means, with respect to any Holder forfeiting its rights pursuant to this Section 4.5(m), any underwritten offering of Registrable Securities in which such Holder has advised the Company of its intent to register its Registrable Securities either pursuant to Section 4.5(b)(ii) or 4.5(b)(iv) prior to the date of such Holder's forfeiture.

(n) Specific Performance. The parties hereto acknowledge that there would be no adequate remedy at law if the Company fails to perform any of its obligations under this Section 4.5 and that the Investor and the Holders from time to time may be irreparably harmed by any such failure, and accordingly agree that the Investor and such Holders, in addition to any other remedy to which they may be entitled at law or in equity, to the fullest extent permitted and

enforceable under applicable law shall be entitled to compel specific performance of the obligations of the Company under this Section 4.5 in accordance with the terms and conditions of this Section 4.5.

(o) No Inconsistent Agreements. The Company shall not, on or after the Signing Date, enter into any agreement with respect to its securities that may impair the rights granted to the Investor and the Holders under this Section 4.5 or that otherwise conflicts with the provisions hereof in any manner that may impair the rights granted to the Investor and the Holders under this Section 4.5. In the event the Company has, prior to the Signing Date, entered into any agreement with respect to its securities that is inconsistent with the rights granted to the Investor and the Holders under this Section 4.5 (including agreements that are inconsistent with the order of priority contemplated by Section 4.5(b)(vi)) or that may otherwise conflict with the provisions hereof, the Company shall use its reasonable best efforts to amend such agreements to ensure they are consistent with the provisions of this Section 4.5.

(p) Certain Offerings by the Investor. In the case of any securities held by the Investor that cease to be Registrable Securities solely by reason of clause (2) in the definition of "Registrable Securities," the provisions of Sections 4.5(b)(ii), clauses (iv), (ix) and (x)-(xii) of Section 4.5(d), Section 4.5(h) and Section 4.5(j) shall continue to apply until such securities otherwise cease to be Registrable Securities. In any such case, an "underwritten" offering or other disposition shall include any distribution of such securities on behalf of the Investor by one or more broker-dealers, an "underwriting agreement" shall include any purchase agreement entered into by such broker-dealers, and any "registration statement" or "prospectus" shall include any offering document approved by the Company and used in connection with such distribution.

(q) Registered Sales of the Warrant. The Holders agree to sell the Warrant or any portion thereof under the Shelf Registration Statement only beginning 30 days after notifying the Company of any such sale, during which 30-day period the Investor and all Holders of the Warrant shall take reasonable steps to agree to revisions to the Warrant to permit a public distribution of the Warrant, including entering into a warrant agreement and appointing a warrant agent.

4.6 Depositary Shares. Upon request by the Investor at any time following the Closing Date, the Company shall promptly enter into a depositary arrangement, pursuant to customary agreements reasonably satisfactory to the Investor and with a depositary reasonably acceptable to the Investor, pursuant to which the Preferred Shares or the Warrant Shares may be deposited and depositary shares, each representing a fraction of a Preferred Share or Warrant Share, as applicable, as specified by the Investor, may be issued. From and after the execution of any such depositary arrangement, and the deposit of any Preferred Shares or Warrant Shares, as applicable, pursuant thereto, the depositary shares issued pursuant thereto shall be deemed "Preferred Shares", "Warrant Shares" and, as applicable, "Registrable Securities" for purposes of this Agreement.

4.7 Restriction on Dividends and Repurchases.

(a) Prior to the earlier of (x) the third anniversary of the Closing Date and (y) the date on which all of the Preferred Shares and Warrant Shares have been redeemed in whole or the Investor has transferred all of the Preferred Shares and Warrant Shares to third parties which are not Affiliates of the Investor, neither the Company nor any Company Subsidiary shall, without the consent of the Investor, declare or pay any dividend or make any distribution on capital stock or other equity securities of any kind of the Company or any Company Subsidiary (other than (i) regular quarterly cash dividends of not more than the amount of the last quarterly cash dividend per share declared or, if lower, announced to its holders of Common Stock an intention to declare, on the Common Stock prior to November 17, 2008, as adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar transaction, (ii) dividends payable solely in shares of Common Stock, (iii) regular dividends on shares of preferred stock in accordance with the terms thereof and which are permitted under the terms of the Preferred Shares and the Warrant Shares, (iv) dividends or distributions by any wholly-owned Company Subsidiary or (v) dividends or distributions by any Company Subsidiary required pursuant to binding contractual agreements entered into prior to November 17, 2008).

(b) During the period beginning on the third anniversary of the Closing Date and ending on the earlier of (i) the tenth anniversary of the Closing Date and (ii) the date on which all of the Preferred Shares and Warrant Shares have been redeemed in whole or the Investor has transferred all of the Preferred Shares and Warrant Shares to third parties which are not Affiliates of the Investor, neither the Company nor any Company Subsidiary shall, without the consent of the Investor, (A) pay any per share dividend or distribution on capital stock or other equity securities of any kind of the Company at a per annum rate that is in excess of 103% of the aggregate per share dividends and distributions for the immediately prior fiscal year (other than regular dividends on shares of preferred stock in accordance with the terms thereof and which are permitted under the terms of the Preferred Shares and the Warrant Shares); *provided* that no increase in the aggregate amount of dividends or distributions on Common Stock shall be permitted as a result of any dividends or distributions paid in shares of Common Stock, any stock split or any similar transaction or (B) pay aggregate dividends or distributions on capital stock or other equity securities of any kind of any Company Subsidiary that is in excess of 103% of the aggregate dividends and distributions paid for the immediately prior fiscal year (other than in the case of this clause (B), (1) regular dividends on shares of preferred stock in accordance with the terms thereof and which are permitted under the terms of the Preferred Shares and the Warrant Shares, (2) dividends or distributions by any wholly-owned Company Subsidiary, (3) dividends or distributions by any Company Subsidiary required pursuant to binding contractual agreements entered into prior to November 17, 2008) or (4) dividends or distributions on newly issued shares of capital stock for cash or other property.

(c) Prior to the earlier of (x) the tenth anniversary of the Closing Date and (y) the date on which all of the Preferred Shares and Warrant Shares have been redeemed in whole or the Investor has transferred all of the Preferred Shares and Warrant Shares to third parties which are not Affiliates of the Investor, neither the Company nor any Company Subsidiary shall, without the consent of the Investor, redeem, purchase or acquire any shares of Common Stock or other capital stock or other equity securities of any kind of the Company or any Company Subsidiary, or any trust preferred securities issued by the Company or any Affiliate of the Company, other

than (i) redemptions, purchases or other acquisitions of the Preferred Shares and Warrant Shares, (ii) in connection with the administration of any employee benefit plan in the ordinary course of business and consistent with past practice, (iii) the acquisition by the Company or any of the Company Subsidiaries of record ownership in Junior Stock or Parity Stock for the beneficial ownership of any other persons (other than the Company or any other Company Subsidiary), including as trustees or custodians, (iv) the exchange or conversion of Junior Stock for or into other Junior Stock or of Parity Stock or trust preferred securities for or into other Parity Stock (with the same or lesser aggregate liquidation amount) or Junior Stock, in each case set forth in this clause (iv), solely to the extent required pursuant to binding contractual agreements entered into prior to the Signing Date or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for Common Stock (clauses (ii) and (iii), collectively, the "*Permitted Repurchases*"), (v) redemptions of securities held by the Company or any wholly-owned Company Subsidiary or (vi) redemptions, purchases or other acquisitions of capital stock or other equity securities of any kind of any Company Subsidiary required pursuant to binding contractual agreements entered into prior to November 17, 2008.

(d) Until such time as the Investor ceases to own any Preferred Shares or Warrant Shares, the Company shall not repurchase any Preferred Shares or Warrant Shares from any holder thereof, whether by means of open market purchase, negotiated transaction, or otherwise, other than Permitted Repurchases, unless it offers to repurchase a ratable portion of the Preferred Shares or Warrant Shares, as the case may be, then held by the Investor on the same terms and conditions.

(e) During the period beginning on the tenth anniversary of the Closing and ending on the date on which all of the Preferred Shares and Warrant Shares have been redeemed in whole or the Investor has transferred all of the Preferred Shares and Warrant Shares to third parties which are not Affiliates of the Investor, neither the Company nor any Company Subsidiary shall, without the consent of the Investor, (i) declare or pay any dividend or make any distribution on capital stock or other equity securities of any kind of the Company or any Company Subsidiary; or (ii) redeem, purchase or acquire any shares of Common Stock or other capital stock or other equity securities of any kind of the Company or any Company Subsidiary, or any trust preferred securities issued by the Company or any Affiliate of the Company, other than (A) redemptions, purchases or other acquisitions of the Preferred Shares and Warrant Shares, (B) regular dividends on shares of preferred stock in accordance with the terms thereof and which are permitted under the terms of the Preferred Shares and the Warrant Shares, or (C) dividends or distributions by any wholly-owned Company Subsidiary.

(f) "*Junior Stock*" means Common Stock and any other class or series of stock of the Company the terms of which expressly provide that it ranks junior to the Preferred Shares as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Company. "*Parity Stock*" means any class or series of stock of the Company the terms of which do not expressly provide that such class or series will rank senior or junior to the Preferred Shares as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Company (in each case without regard to whether dividends accrue cumulatively or non-cumulatively).

4.8 Executive Compensation. Until such time as the Investor ceases to own any debt or equity securities of the Company acquired pursuant to this Agreement or the Warrant, the Company shall take all necessary action to ensure that its Benefit Plans with respect to its Senior Executive Officers comply in all respects with Section 111(b) of the EESA as implemented by any guidance or regulation thereunder that has been issued and is in effect as of the Closing Date, and shall not adopt any new Benefit Plan with respect to its Senior Executive Officers that does not comply therewith. "*Senior Executive Officers*" means the Company's "senior executive officers" as defined in subsection 111(b)(3) of the EESA and regulations issued thereunder, including the rules set forth in 31 C.F.R. Part 30.

4.9 Related Party Transactions. Until such time as the Investor ceases to own any Purchased Securities or Warrant Shares, the Company and the Company Subsidiaries shall not enter into transactions with Affiliates or related persons (within the meaning of Item 404 under the SEC's Regulation S-K) unless (i) such transactions are on terms no less favorable to the Company and the Company Subsidiaries than could be obtained from an unaffiliated third party, and (ii) have been approved by the audit committee of the Board of Directors or comparable body of independent directors of the Company.

4.10 Bank and Thrift Holding Company Status. If the Company is a Bank Holding Company or a Savings and Loan Holding Company on the Signing Date, then the Company shall maintain its status as a Bank Holding Company or Savings and Loan Holding Company, as the case may be, for as long as the Investor owns any Purchased Securities or Warrant Shares. The Company shall redeem all Purchased Securities and Warrant Shares held by the Investor prior to terminating its status as a Bank Holding Company or Savings and Loan Holding Company, as applicable. "*Bank Holding Company*" means a company registered as such with the Board of Governors of the Federal Reserve System (the "*Federal Reserve*") pursuant to 12 U.S.C. §1842 and the regulations of the Federal Reserve promulgated thereunder. "*Savings and Loan Holding Company*" means a company registered as such with the Office of Thrift Supervision pursuant to 12 U.S.C. § 1467(a) and the regulations of the Office of Thrift Supervision promulgated thereunder.

4.11 Predominantly Financial. For as long as the Investor owns any Purchased Securities or Warrant Shares, the Company, to the extent it is not itself an insured depository institution, agrees to remain predominantly engaged in financial activities. A company is predominantly engaged in financial activities if the annual gross revenues derived by the company and all subsidiaries of the company (excluding revenues derived from subsidiary depository institutions), on a consolidated basis, from engaging in activities that are financial in nature or are incidental to a financial activity under subsection (k) of Section 4 of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(k)) represent at least 85 percent of the consolidated annual gross revenues of the company.

Article V
Miscellaneous

5.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by either the Investor or the Company if the Closing shall not have occurred by the 30th calendar day following the Signing Date; *provided, however*, that in the event the Closing has not occurred by such 30th calendar day, the parties will consult in good faith to determine whether to extend the term of this Agreement, it being understood that the parties shall be required to consult only until the fifth day after such 30th calendar day and not be under

any obligation to extend the term of this Agreement thereafter; *provided, further,* that the right to terminate this Agreement under this Section 5.1(a) shall not be available to any party whose breach of any representation or warranty or failure to perform any obligation under this Agreement shall have caused or resulted in the failure of the Closing to occur on or prior to such date; or

(b) by either the Investor or the Company in the event that any Governmental Entity shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and nonappealable; or

(c) by the mutual written consent of the Investor and the Company.

In the event of termination of this Agreement as provided in this Section 5.1, this Agreement shall forthwith become void and there shall be no liability on the part of either party hereto except that nothing herein shall relieve either party from liability for any breach of this Agreement.

5.2 Survival of Representations and Warranties. All covenants and agreements, other than those which by their terms apply in whole or in part after the Closing, shall terminate as of the Closing. The representations and warranties of the Company made herein or in any certificates delivered in connection with the Closing shall survive the Closing without limitation.

5.3 Amendment. No amendment of any provision of this Agreement will be effective unless made in writing and signed by an officer or a duly authorized representative of each party; *provided* that the Investor may unilaterally amend any provision of this Agreement to the extent required to comply with any changes after the Signing Date in applicable federal statutes. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative of any rights or remedies provided by law.

5.4 Waiver of Conditions. The conditions to each party's obligation to consummate the Purchase are for the sole benefit of such party and may be waived by such party in whole or in part to the extent permitted by applicable law. No waiver will be effective unless it is in a writing signed by a duly authorized officer of the waiving party that makes express reference to the provision or provisions subject to such waiver.

5.5 **Governing Law: Submission to Jurisdiction, Etc. This Agreement will be governed by and construed in accordance with the federal law of the United States if and to**

the extent such law is applicable, and otherwise in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State. Each of the parties hereto agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia and the United States Court of Federal Claims for any and all civil actions, suits or proceedings arising out of or relating to this Agreement or the Warrant or the transactions contemplated hereby or thereby, and (b) that notice may be served upon (i) the Company at the address and in the manner set forth for notices to the Company in Section 5.6 and (ii) the Investor in accordance with federal law. To the extent permitted by applicable law, each of the parties hereto hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to this Agreement or the Warrant or the transactions contemplated hereby or thereby.

5.6 Notices. Any notice, request, instruction or other document to be given hereunder by any party to the other will be in writing and will be deemed to have been duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, or (b) on the second business day following the date of dispatch if delivered by a recognized next day courier service. All notices to the Company shall be delivered as set forth in Schedule A, or pursuant to such other instruction as may be designated in writing by the Company to the Investor. All notices to the Investor shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the Investor to the Company.

If to the Investor:

United States Department of the Treasury
1500 Pennsylvania Avenue, NW, Room 2312
Washington, D.C. 20220
Attention: Assistant General Counsel **(**Banking and Finance)
Facsimile: (202) 622-1974

5.7 Definitions

(a) When a reference is made in this Agreement to a subsidiary of a person, the term "*subsidiary*" means any corporation, partnership, joint venture, limited liability company or other entity (x) of which such person or a subsidiary of such person is a general partner or (y) of which a majority of the voting securities or other voting interests, or a majority of the securities or other interests of which having by their terms ordinary voting power to elect a majority of the board of directors or persons performing similar functions with respect to such entity, is directly or indirectly owned by such person and/or one or more subsidiaries thereof.

(b) The term "*Affiliate*" means, with respect to any person, any person directly or indirectly controlling, controlled by or under common control with, such other person. For purposes of this definition, "*control*" (including, with correlative meanings, the terms "*controlled by*" and "*under common control with*") when used with respect to any person, means the possession, directly or indirectly, of the power to cause the direction of management and/or

policies of such person, whether through the ownership of voting securities by contract or otherwise.

(c) The terms "*knowledge of the Company*" or "*Company's knowledge*" mean the actual knowledge after reasonable and due inquiry of the "*officers*" (as such term is defined in Rule 3b-2 under the Exchange Act, but excluding any Vice President or Secretary) of the Company.

5.8 Assignment. Neither this Agreement nor any right, remedy, obligation nor liability arising hereunder or by reason hereof shall be assignable by any party hereto without the prior written consent of the other party, and any attempt to assign any right, remedy, obligation or liability hereunder without such consent shall be void, except (a) an assignment, in the case of a merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Company's stockholders (a "*Business Combination*") where such party is not the surviving entity, or a sale of substantially all of its assets, to the entity which is the survivor of such Business Combination or the purchaser in such sale and (b) as provided in Sections 3.5 and 4.5.

5.9 Severability. If any provision of this Agreement or the Warrant, or the application thereof to any person or circumstance, is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstances other than those as to which it has been held invalid or unenforceable, will remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the parties.

5.10 No Third Party Beneficiaries. Nothing contained in this Agreement, expressed or implied, is intended to confer upon any person or entity other than the Company and the Investor any benefit, right or remedies, except that the provisions of Section 4.5 shall inure to the benefit of the persons referred to in that Section.

* * *

Exhibit 4.4

CPP UST Sequence Number 695

UNITED STATES DEPARTMENT OF THE TREASURY
1500 PENNSYLVANIA AVENUE, NW
WASHINGTON, D.C. 20220

Dear Ladies and Gentlemen:

The company set forth on the signature page hereto (the "*Company*") intends to issue in a private placement the number of shares of a series of its preferred stock set forth on Schedule A hereto (the "*Preferred Shares*") and a warrant to purchase the number of shares of a series of its preferred stock set forth on Schedule A hereto (the "*Warrant*" and, together with the Preferred Shares, the "*Purchased Securities*") and the United States Department of the Treasury (the "*Investor*") intends to purchase from the Company the Purchased Securities.

The purpose of this letter agreement is to confirm the terms and conditions of the purchase by the Investor of the Purchased Securities. Except to the extent supplemented or superseded by the terms set forth herein or in the Schedules hereto, the provisions contained in the Securities Purchase Agreement — Standard Terms attached hereto as Exhibit A (the "*Securities Purchase Agreement*") are incorporated by reference herein. Terms that are defined in the Securities Purchase Agreement are used in this letter agreement as so defined. In the event of any inconsistency between this letter agreement and the Securities Purchase Agreement, the terms of this letter agreement shall govern.

Each of the Company and the Investor hereby confirms its agreement with the other party with respect to the issuance by the Company of the Purchased Securities and the purchase by the Investor of the Purchased Securities pursuant to this letter agreement and the Securities Purchase Agreement on the terms specified on Schedule A hereto.

This letter agreement (including the Schedules hereto), the Securities Purchase Agreement (including the Annexes thereto), the Disclosure Schedules and the Warrant constitute the entire agreement, and supersede all other prior agreements, understandings, representations and warranties, both written and oral, between the parties, with respect to the subject matter hereof. This letter agreement constitutes the "Letter Agreement" referred to in the Securities Purchase Agreement.

This letter agreement may be executed in any number of separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts will together constitute the same agreement. Executed signature pages to this letter agreement may be delivered by facsimile and such facsimiles will be deemed as sufficient as if actual signature pages had been delivered.

*** * ***

In witness whereof, this letter agreement has been duly executed and delivered by the duly authorized representatives of the parties hereto as of the date written below.

UNITED STATES DEPARTMENT OF THE TREASURY

By: /s/ Herbert M. Allison, Jr.
Name: Herbert M. Allison, Jr.
Title: Assistant Secretary for Financial Stability

COMPANY: FIRST WESTERN FINANCIAL, INC.

By: /s/ Scott C. Wylie
Name: Scott C. Wylie
Title: Chairman, Chief Executive Officer and President

Date: December 11, 2009

EXHIBIT A

SECURITIES PURCHASE AGREEMENT

EXHIBIT A
(Non-Exchange-Traded QFIs, excluding S Corps and Mutual Organizations)

SECURITIES PURCHASE AGREEMENT

STANDARD TERMS

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SECURITIES PURCHASE AGREEMENT — STANDARD TERMS

Recitals:

WHEREAS, the United States Department of the Treasury (the "*Investor*") may from time to time agree to purchase shares of preferred stock and warrants from eligible financial institutions which elect to participate in the Troubled Asset Relief Program Capital Purchase Program ("*CPP*");

WHEREAS, an eligible financial institution electing to participate in the CPP and issue securities to the Investor (referred to herein as the "*Company*") shall enter into a letter agreement (the "*Letter Agreement*") with the Investor which incorporates this Securities Purchase Agreement — Standard Terms;

WHEREAS, the Company agrees to expand the flow of credit to U.S. consumers and businesses on competitive terms to promote the sustained growth and vitality of the U.S. economy;

WHEREAS, the Company agrees to work diligently, under existing programs, to modify the terms of residential mortgages as appropriate to strengthen the health of the U.S. housing market;

WHEREAS, the Company intends to issue in a private placement the number of shares of the series of its Preferred Stock ("*Preferred Stock*") set forth on Schedule A to the Letter Agreement (the "*Preferred Shares*") and a warrant to purchase the number of shares of the series of its Preferred Stock ("*Warrant Preferred Stock*") set forth on Schedule A to the Letter Agreement (the "*Warrant*" and, together with the Preferred Shares, the "*Purchased Securities*") and the Investor intends to purchase (the "*Purchase*") from the Company the Purchased Securities; and

WHEREAS, the Purchase will be governed by this Securities Purchase Agreement — Standard Terms and the Letter Agreement, including the schedules thereto (the "*Schedules*"), specifying additional terms of the Purchase. This Securities Purchase Agreement — Standard Terms (including the Annexes hereto) and the Letter Agreement (including the Schedules thereto) are together referred to as this "Agreement". All references in this Securities Purchase Agreement — Standard Terms to "Schedules" are to the Schedules attached to the Letter Agreement.

NOW, THEREFORE, in consideration of the premises, and of the representations, warranties, covenants and agreements set forth herein, the parties agree as follows:

Article I
Purchase; Closing

1.1 Purchase. On the terms and subject to the conditions set forth in this Agreement, the Company agrees to sell to the Investor, and the Investor agrees to purchase from the Company, at the Closing (as hereinafter defined), the Purchased Securities for the price set forth on Schedule A (the "*Purchase Price*").

1.2 Closing.

(a) On the terms and subject to the conditions set forth in this Agreement, the closing of the Purchase (the "*Closing*") will take place at the location specified in Schedule A, at the time and on the date set forth in Schedule A or as soon as practicable thereafter, or at such other place, time and date as shall be agreed between the Company and the Investor. The time and date on which the Closing occurs is referred to in this Agreement as the "*Closing Date*".

(b) Subject to the fulfillment or waiver of the conditions to the Closing in this Section 1.2, at the Closing the Company will deliver the Preferred Shares and the Warrant, in each case as evidenced by one or more certificates dated the Closing Date and bearing appropriate legends as hereinafter provided for, in exchange for payment in full of the Purchase Price by wire transfer of immediately available United States funds to a bank account designated by the Company on Schedule A.

(c) The respective obligations of each of the Investor and the Company to consummate the Purchase are subject to the fulfillment (or waiver by the Investor and the Company, as applicable) prior to the Closing of the conditions that (i) any approvals or authorizations of all United States and other governmental, regulatory or judicial authorities (collectively, "*Governmental Entities*") required for the consummation of the Purchase shall have been obtained or made in form and substance reasonably satisfactory to each party and shall be in full force and effect and all waiting periods required by United States and other applicable law, if any, shall have expired and (ii) no provision of any applicable United States or other law and no judgment, injunction, order or decree of any Governmental Entity shall prohibit the purchase and sale of the Purchased Securities as contemplated by this Agreement.

(d) The obligation of the Investor to consummate the Purchase is also subject to the fulfillment (or waiver by the Investor) at or prior to the Closing of each of the following conditions:

(i) (A) the representations and warranties of the Company set forth in (x) Section 2.2(g) of this Agreement shall be true and correct in all respects as though made on and as of the Closing Date, (y) Sections 2.2(a) through (f) shall be true and correct in all material respects as though made on and as of the Closing Date (other than representations and warranties that by their terms speak as of another date, which representations and warranties shall be true and correct in all material respects as of such other date) and (z) Sections 2.2(h) through (v) (disregarding all qualifications or limitations set forth in such representations and warranties as to "materiality", "Company Material Adverse Effect" and words of similar import) shall be true and correct as though made on and as of the Closing Date (other than representations and warranties that by their terms speak as of another date, which representations and warranties shall be true and correct as of such other date), except to the extent that the failure of such

representations and warranties referred to in this Section 1.2(d)(i)(A)(z) to be so true and correct, individually or in the aggregate, does not have and would not reasonably be expected to have a Company Material Adverse Effect and (B) the Company shall have

performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing;

(ii) the Investor shall have received a certificate signed on behalf of the Company by a senior executive officer certifying to the effect that the conditions set forth in Section 1.2(d)(i) have been satisfied;

(iii) the Company shall have duly adopted and filed with the Secretary of State of its jurisdiction of organization or other applicable Governmental Entity the amendments to its certificate or articles of incorporation, articles of association, or similar organizational document ("*Charter*") in substantially the forms attached hereto as Annex A and Annex B (the "*Certificates of Designations*") and such filing shall have been accepted;

(iv) (A) the Company shall have effected such changes to its compensation, bonus, incentive and other benefit plans, arrangements and agreements (including golden parachute, severance and employment agreements) (collectively, "*Benefit Plans*") with respect to its Senior Executive Officers (and to the extent necessary for such changes to be legally enforceable, each of its Senior Executive Officers shall have duly consented in writing to such changes), as may be necessary, during the period that the Investor owns any debt or equity securities of the Company acquired pursuant to this Agreement or the Warrant, in order to comply with Section 111(b) of the Emergency Economic Stabilization Act of 2008 ("*EESA*") as implemented by guidance or regulation thereunder that has been issued and is in effect as of the Closing Date, and (B) the Investor shall have received a certificate signed on behalf of the Company by a senior executive officer certifying to the effect that the condition set forth in Section 1.2(d)(iv)(A) has been satisfied;

(v) each of the Company's Senior Executive Officers shall have delivered to the Investor a written waiver in the form attached hereto as Annex C releasing the Investor from any claims that such Senior Executive Officers may otherwise have as a result of the issuance, on or prior to the Closing Date, of any regulations which require the modification of, and the agreement of the Company hereunder to modify, the terms of any Benefit Plans with respect to its Senior Executive Officers to eliminate any provisions of such Benefit Plans that would not be in compliance with the requirements of Section 111(b) of the EESA as implemented by guidance or regulation thereunder that has been issued and is in effect as of the Closing Date;

(vi) the Company shall have delivered to the Investor a written opinion from counsel to the Company (which may be internal counsel), addressed to the Investor and dated as of the Closing Date, in substantially the form attached hereto as Annex D;

(vii) the Company shall have delivered certificates in proper form or, with the prior consent of the Investor, evidence of shares in book-entry form, evidencing the Preferred Shares to Investor or its designee(s); and

(viii) the Company shall have duly executed the Warrant in substantially the form attached hereto as Annex E and delivered such executed Warrant to the Investor or its designee(s).

1.3 Interpretation. When a reference is made in this Agreement to "Recitals," "Articles," "Sections," or "Annexes" such reference shall be to a Recital, Article or Section of, or Annex to, this Securities Purchase Agreement — Standard Terms, and a reference to "Schedules" shall be to a Schedule to the Letter Agreement, in each case, unless otherwise indicated. The terms defined in the singular have a comparable meaning when used in the plural, and vice versa. References to "herein", "hereof", "hereunder" and the like refer to this Agreement as a whole and not to any particular section or provision, unless the context requires otherwise. The table of contents and headings contained in this Agreement are for reference purposes only and are not part of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed followed by the words "without limitation." No rule of construction against the draftsperson shall be applied in connection with the interpretation or enforcement of this Agreement, as this Agreement is the product of negotiation between sophisticated parties advised by counsel. All references to "$" or "dollars" mean the lawful currency of the United States of America. Except as expressly stated in this Agreement, all references to any statute, rule or regulation are to the statute, rule or regulation as amended, modified, supplemented or replaced from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and to any section of any statute, rule or regulation include any successor to the section. References to a "*business day*" shall mean any day except Saturday, Sunday and any day on which banking institutions in the State of New York generally are authorized or required by law or other governmental actions to close.

Article II
Representations and Warranties

2.1 Disclosure.

(a) On or prior to the Signing Date, the Company delivered to the Investor a schedule ("*Disclosure Schedule*") setting forth, among other things, items the disclosure of which is necessary or appropriate either in response to an express disclosure requirement contained in a provision hereof or as an exception to one or more representations or warranties contained in Section 2.2.

(b) "*Company Material Adverse Effect*" means a material adverse effect on (i) the business, results of operation or financial condition of the Company and its consolidated subsidiaries taken as a whole; *provided, however*, that Company Material Adverse Effect shall not be deemed to include the effects of (A) changes after the date of the Letter Agreement (the "*Signing Date*") in general business, economic or market conditions (including changes generally in prevailing interest rates, credit availability and liquidity, currency exchange rates and price levels or trading volumes in the United States or foreign securities or credit markets), or any outbreak or escalation of hostilities, declared or undeclared acts of war or terrorism, in

each case generally affecting the industries in which the Company and its subsidiaries operate, (B) changes or proposed changes after the Signing Date in generally accepted accounting principles in the United States ("*GAAP*") or regulatory accounting requirements, or authoritative interpretations thereof, or (C) changes or proposed changes after the Signing Date in securities, banking and other laws of general applicability or related policies or interpretations of Governmental Entities (in the case of each of these clauses (A), (B) and (C), other than changes or occurrences to the extent that such changes or occurrences have or would reasonably be expected to have a materially disproportionate adverse effect on the Company and its consolidated subsidiaries taken as a whole relative to comparable U.S. banking or financial services organizations); or (ii) the ability of the Company to consummate the Purchase and other transactions contemplated by this Agreement and the Warrant and perform its obligations hereunder or thereunder on a timely basis.

(c) "*Previously Disclosed*" means information set forth on the Disclosure Schedule, provided, however, that disclosure in any section of such Disclosure Schedule shall apply only to the indicated section of this Agreement except to the extent that it is reasonably apparent from the face of such disclosure that such disclosure is relevant to another section of this Agreement.

2.2 Representations and Warranties of the Company. Except as Previously Disclosed, the Company represents and warrants to the Investor that as of the Signing Date and as of the Closing Date (or such other date specified herein):

(a) Organization, Authority and Significant Subsidiaries. The Company has been duly incorporated and is validly existing and in good standing under the laws of its jurisdiction of organization, with the necessary power and authority to own its properties and conduct its business in all material respects as currently conducted, and except as has not, individually or in the aggregate, had and would not reasonably be expected to have a Company Material Adverse Effect, has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification; each subsidiary of the Company that would be considered a "significant subsidiary" within the meaning of Rule 1-02(w) of Regulation S-X under the Securities Act of 1933 (the "*Securities Act*"), has been duly organized and is validly existing in good standing under the laws of its jurisdiction of organization. The Charter and bylaws of the Company, copies of which have been provided to the Investor prior to the Signing Date, are true, complete and correct copies of such documents as in full force and effect as of the Signing Date.

(b) Capitalization. The authorized capital stock of the Company, and the outstanding capital stock of the Company (including securities convertible into, or exercisable or exchangeable for, capital stock of the Company) as of the most recent fiscal month-end preceding the Signing Date (the "*Capitalization Date*") is set forth on Schedule B. The outstanding shares of capital stock of the Company have been duly authorized and are validly issued and outstanding, fully paid and nonassessable, and subject to no preemptive rights (and were not issued in violation of any preemptive rights). As of the Signing Date, the Company does not have outstanding any securities or other obligations providing the holder the right to

acquire its Common Stock ("*Common Stock*") that is not reserved for issuance as specified on Schedule B, and the Company has not made any other commitment to authorize, issue or sell any Common Stock. Since the Capitalization Date, the Company has not issued any shares of Common Stock, other than (i) shares issued upon the exercise of stock options or delivered under other equity-based awards or other convertible securities or warrants which were issued and outstanding on the Capitalization Date and disclosed on Schedule B and (ii) shares disclosed on Schedule B. Each holder of 5% or more of any class of capital stock of the Company and such holder's primary address are set forth on Schedule B.

(c) Preferred Shares. The Preferred Shares have been duly and validly authorized, and, when issued and delivered pursuant to this Agreement, such Preferred Shares will be duly and validly issued and fully paid and non-assessable, will not be issued in violation of any preemptive rights, and will rank *pari passu* with or senior to all other series or classes of Preferred Stock, whether or not issued or outstanding, with respect to the payment of dividends and the distribution of assets in the event of any dissolution, liquidation or winding up of the Company.

(d) The Warrant and Warrant Shares. The Warrant has been duly authorized and, when executed and delivered as contemplated hereby, will constitute a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and general equitable principles, regardless of whether such enforceability is considered in a proceeding at law or in equity ("*Bankruptcy Exceptions*"). The shares of Warrant Preferred Stock issuable upon exercise of the Warrant (the "*Warrant Shares*") have been duly authorized and reserved for issuance upon exercise of the Warrant and when so issued in accordance with the terms of the Warrant will be validly issued, fully paid and non-assessable, and will rank *pari passu* with or senior to all other series or classes of Preferred Stock, whether or not issued or outstanding, with respect to the payment of dividends and the distribution of assets in the event of any dissolution, liquidation or winding up of the Company.

(e) Authorization, Enforceability.

(i) The Company has the corporate power and authority to execute and deliver this Agreement and the Warrant and to carry out its obligations hereunder and thereunder (which includes the issuance of the Preferred Shares, Warrant and Warrant Shares). The execution, delivery and performance by the Company of this Agreement and the Warrant and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of the Company and its stockholders, and no further approval or authorization is required on the part of the Company. This Agreement is a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, subject to the Bankruptcy Exceptions.

(ii) The execution, delivery and performance by the Company of this Agreement and the Warrant and the consummation of the transactions contemplated hereby and thereby and compliance by the Company with the provisions hereof and thereof, will not (A) violate, conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under, or result in the termination of, or accelerate the performance required by, or result in a right of termination or acceleration of, or result in the creation of, any lien, security interest, charge or encumbrance upon any of the properties or assets of the Company or any subsidiary of the Company (each a "*Company Subsidiary*" and, collectively, the "*Company Subsidiaries*") under any of the terms, conditions or provisions of (i) its

organizational documents or (ii) any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which the Company or any Company Subsidiary is a party or by which it or any Company Subsidiary may be bound, or to which the Company or any Company Subsidiary or any of the properties or assets of the Company or any Company Subsidiary may be subject, or (B) subject to compliance with the statutes and regulations referred to in the next paragraph, violate any statute, rule or regulation or any judgment, ruling, order, writ, injunction or decree applicable to the Company or any Company Subsidiary or any of their respective properties or assets except, in the case of clauses (A)(ii) and (B), for those occurrences that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect.

(iii) Other than the filing of the Certificates of Designations with the Secretary of State of its jurisdiction of organization or other applicable Governmental Entity, such filings and approvals as are required to be made or obtained under any state "blue sky" laws and such as have been made or obtained, no notice to, filing with, exemption or review by, or authorization, consent or approval of, any Governmental Entity is required to be made or obtained by the Company in connection with the consummation by the Company of the Purchase except for any such notices, filings, exemptions, reviews, authorizations, consents and approvals the failure of which to make or obtain would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(f) Anti-takeover Provisions and Rights Plan. The Board of Directors of the Company (the "*Board of Directors*") has taken all necessary action to ensure that the transactions contemplated by this Agreement and the Warrant and the consummation of the transactions contemplated hereby and thereby, including the exercise of the Warrant in accordance with its terms, will be exempt from any anti-takeover or similar provisions of the Company's Charter and bylaws, and any other provisions of any applicable "moratorium", "control share", "fair price", "interested stockholder" or other anti-takeover laws and regulations of any jurisdiction.

(g) No Company Material Adverse Effect. Since the last day of the last completed fiscal period for which financial statements are included in the Company Financial Statements (as defined below), no fact, circumstance, event, change, occurrence, condition or development

has occurred that, individually or in the aggregate, has had or would reasonably be expected to have a Company Material Adverse Effect.

(h) Company Financial Statements. The Company has Previously Disclosed each of the consolidated financial statements of the Company and its consolidated subsidiaries for each of the last three completed fiscal years of the Company (which shall be audited to the extent audited financial statements are available prior to the Signing Date) and each completed quarterly period since the last completed fiscal year (collectively the "*Company Financial Statements*"). The Company Financial Statements present fairly in all material respects the consolidated financial position of the Company and its consolidated subsidiaries as of the dates indicated therein and the consolidated results of their operations for the periods specified therein; and except as stated therein, such financial statements (A) were prepared in conformity with GAAP applied on a consistent basis (except as may be noted therein) and (B) have been prepared from, and are in accordance with, the books and records of the Company and the Company Subsidiaries.

(i) Reports.

(i) Since December 31, 2006, the Company and each Company Subsidiary has filed all reports, registrations, documents, filings, statements and submissions, together with any amendments thereto, that it was required to file with any Governmental Entity (the foregoing, collectively, the "*Company Reports*") and has paid all fees and assessments due and payable in connection therewith, except, in each case, as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. As of their respective dates of filing, the Company Reports complied in all material respects with all statutes and applicable rules and regulations of the applicable Governmental Entities.

(ii) The records, systems, controls, data and information of the Company and the Company Subsidiaries are recorded, stored, maintained and operated under means (including any electronic, mechanical or photographic process, whether computerized or not) that are under the exclusive ownership and direct control of the Company or the Company Subsidiaries or their accountants (including all means of access thereto and therefrom), except for any non-exclusive ownership and non-direct control that would not reasonably be expected to have a material adverse effect on the system of internal accounting controls described below in this Section 2.2(i)(ii). The Company (A) has implemented and maintains adequate disclosure controls and procedures to ensure that material information relating to the Company, including the consolidated Company Subsidiaries, is made known to the chief executive officer and the chief financial officer of the Company by others within those entities, and (B) has disclosed, based on its most recent evaluation prior to the Signing Date, to the Company's outside auditors and the audit committee of the Board of Directors (x) any significant deficiencies and material weaknesses in the design or operation of internal controls that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information and (y) any fraud, whether or not material, that involves management or

other employees who have a significant role in the Company's internal controls over financial reporting.

(j) No Undisclosed Liabilities. Neither the Company nor any of the Company Subsidiaries has any liabilities or obligations of any nature (absolute, accrued, contingent or otherwise) which are not properly reflected or reserved against in the Company Financial Statements to the extent required to be so reflected or reserved against in accordance with GAAP, except for (A) liabilities that have arisen since the last fiscal year end in the ordinary and usual course of business and consistent with past practice and (B) liabilities that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect.

(k) Offering of Securities. Neither the Company nor any person acting on its behalf has taken any action (including any offering of any securities of the Company under circumstances which would require the integration of such offering with the offering of any of the Purchased Securities under the Securities Act, and the rules and regulations of the Securities and Exchange Commission (the "*SEC*") promulgated thereunder), which might subject the offering, issuance or sale of any of the Purchased Securities to Investor pursuant to this Agreement to the registration requirements of the Securities Act.

(l) Litigation and Other Proceedings. Except (i) as set forth on Schedule C or (ii) as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, there is no (A) pending or, to the knowledge of the Company, threatened, claim, action, suit, investigation or proceeding, against the Company or any Company Subsidiary or to which any of their assets are subject nor is the Company or any Company Subsidiary subject to any order, judgment or decree or (B) unresolved violation, criticism or exception by any Governmental Entity with respect to any report or relating to any examinations or inspections of the Company or any Company Subsidiaries.

(m) Compliance with Laws. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, the Company and the Company Subsidiaries have all permits, licenses, franchises, authorizations, orders and approvals of, and have made all filings, applications and registrations with, Governmental Entities that are required in order to permit them to own or lease their properties and assets and to carry on their business as presently conducted and that are material to the business of the Company or such Company Subsidiary. Except as set forth on Schedule D, the Company and the Company Subsidiaries have complied in all respects and are not in default or violation of, and none of them is, to the knowledge of the Company, under investigation with respect to or, to the knowledge of the Company, have been threatened to be charged with or given notice of any violation of, any applicable domestic (federal, state or local) or foreign law, statute, ordinance, license, rule, regulation, policy or guideline, order, demand, writ, injunction, decree or judgment of any Governmental Entity, other than such noncompliance, defaults or violations that would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. Except for statutory or regulatory restrictions of general application or as set forth on Schedule D, no Governmental Entity has placed any restriction on the business or properties of

the Company or any Company Subsidiary that would, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(n) Employee Benefit Matters. Except as would not reasonably be expected to have, either individually or in the aggregate, a Company Material Adverse Effect: (A) each "employee benefit plan" (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("*ERISA*")) providing benefits to any current or former employee, officer or director of the Company or any member of its "*Controlled Group*" (defined as any organization which is a member of a controlled group of corporations within the meaning of Section 414 of the Internal Revenue Code of 1986, as amended (the "*Code*")) that is sponsored, maintained or contributed to by the Company or any member of its Controlled Group and for which the Company or any member of its Controlled Group would have any liability, whether actual or contingent (each, a "*Plan*") has been maintained in compliance with its terms and with the requirements of all applicable statutes, rules and regulations, including ERISA and the Code; (B) with respect to each Plan subject to Title IV of ERISA (including, for purposes of this clause (B), any plan subject to Title IV of ERISA that the Company or any member of its Controlled Group previously maintained or contributed to in the six years prior to the Signing Date), (1) no "reportable event" (within the meaning of Section 4043(c) of ERISA), other than a reportable event for which the notice period referred to in Section 4043(c) of ERISA has been waived, has occurred in the three years prior to the Signing Date or is reasonably expected to occur, (2) no "accumulated funding deficiency" (within the meaning of Section 302 of ERISA or Section 412 of the Code), whether or not waived, has occurred in the three years prior to the Signing Date or is reasonably expected to occur, (3) the fair market value of the assets under each Plan exceeds the present value of all benefits accrued under such Plan (determined based on the assumptions used to fund such Plan) and (4) neither the Company nor any member of its Controlled Group has incurred in the six years prior to the Signing Date, or reasonably expects to incur, any liability under Title IV of ERISA (other than contributions to the Plan or premiums to the PBGC in the ordinary course and without default) in respect of a Plan (including any Plan that is a "multiemployer plan", within the meaning of Section 4001(c)(3) of ERISA); and (C) each Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service with respect to its qualified status that has not been revoked, or such a determination letter has been timely applied for but not received by the Signing Date, and nothing has occurred, whether by action or by failure to act, which could reasonably be expected to cause the loss, revocation or denial of such qualified status or favorable determination letter.

(o) Taxes. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, (i) the Company and the Company Subsidiaries have filed all federal, state, local and foreign income and franchise Tax returns required to be filed through the Signing Date, subject to permitted extensions, and have paid all Taxes due thereon, and (ii) no Tax deficiency has been determined adversely to the Company or any of the Company Subsidiaries, nor does the Company have any knowledge of any Tax deficiencies. "*Tax*" or "*Taxes*" means any federal, state, local or foreign income, gross receipts, property, sales, use, license, excise, franchise, employment, payroll, withholding, alternative or add on minimum, ad valorem, transfer or excise tax, or any other tax, custom, duty,

governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or penalty, imposed by any Governmental Entity.

(p) Properties and Leases. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, the Company and the Company Subsidiaries have good and marketable title to all real properties and all other properties and assets owned by them, in each case free from liens, encumbrances, claims and defects that would affect the value thereof or interfere with the use made or to be made thereof by them. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, the Company and the Company Subsidiaries hold all leased real or personal property under valid and enforceable leases with no exceptions that would interfere with the use made or to be made thereof by them.

(q) Environmental Liability. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect:

(i) there is no legal, administrative, or other proceeding, claim or action of any nature seeking to impose, or that would reasonably be expected to result in the imposition of, on the Company or any Company Subsidiary, any liability relating to the release of hazardous substances as defined under any local, state or federal environmental statute, regulation or ordinance, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, pending or, to the Company's knowledge, threatened against the Company or any Company Subsidiary;

(ii) to the Company's knowledge, there is no reasonable basis for any such proceeding, claim or action; and

(iii) neither the Company nor any Company Subsidiary is subject to any agreement, order, judgment or decree by or with any court, Governmental Entity or third party imposing any such environmental liability.

(r) Risk Management Instruments. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, all derivative instruments, including, swaps, caps, floors and option agreements, whether entered into for the Company's own account, or for the account of one or more of the Company Subsidiaries or its or their customers, were entered into (i) only in the ordinary course of business, (ii) in accordance with prudent practices and in all material respects with all applicable laws, rules, regulations and regulatory policies and (iii) with counterparties believed to be financially responsible at the time; and each of such instruments constitutes the valid and legally binding obligation of the Company or one of the Company Subsidiaries, enforceable in accordance with its terms, except as may be limited by the Bankruptcy Exceptions. Neither the Company or the Company Subsidiaries, nor, to the knowledge of the Company, any other party thereto, is in breach of any of its obligations under any such agreement or arrangement other than such breaches that would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(s) Agreements with Regulatory Agencies. Except as set forth on Schedule E, neither the Company nor any Company Subsidiary is subject to any material cease-and-desist or other similar order or enforcement action issued by, or is a party to any material written agreement, consent agreement or memorandum of understanding with, or is a party to any commitment letter or similar undertaking to, or is subject to any capital directive by, or since December 31, 2006, has adopted any board resolutions at the request of, any Governmental Entity (other than the Appropriate Federal Banking Agencies with jurisdiction over the Company and the Company Subsidiaries) that currently restricts in any material respect the conduct of its business or that in any material manner relates to its capital adequacy, its liquidity and funding policies and practices, its ability to pay dividends, its credit, risk management or compliance policies or procedures, its internal controls, its management or its operations or business (each item in this sentence, a "*Regulatory Agreement*"), nor has the Company or any Company Subsidiary been advised since December 31, 2006 by any such Governmental Entity that it is considering issuing, initiating, ordering, or requesting any such Regulatory Agreement. The Company and each Company Subsidiary are in compliance in all material respects with each Regulatory Agreement to which it is party or subject, and neither the Company nor any Company Subsidiary has received any notice from any Governmental Entity indicating that either the Company or any Company Subsidiary is not in compliance in all material respects with any such Regulatory Agreement. "*Appropriate Federal Banking Agency*" means the "appropriate Federal banking agency'' with respect to the Company or such Company Subsidiaries, as applicable, as defined in Section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. Section 1813(q)).

(t) Insurance. The Company and the Company Subsidiaries are insured with reputable insurers against such risks and in such amounts as the management of the Company reasonably has determined to be prudent and consistent with industry practice. The Company and the Company Subsidiaries are in material compliance with their insurance policies and are not in default under any of the material terms thereof, each such policy is outstanding and in full force and effect, all premiums and other payments due under any material policy have been paid, and all claims thereunder have been filed in due and timely fashion, except, in each case, as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(u) Intellectual Property. Except as would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect, (i) the Company and each Company Subsidiary owns or otherwise has the right to use, all intellectual property rights, including all trademarks, trade dress, trade names, service marks, domain names, patents, inventions, trade secrets, know-how, works of authorship and copyrights therein, that are used in the conduct of their existing businesses and all rights relating to the plans, design and specifications of any of its branch facilities ("*Proprietary Rights*") free and clear of all liens and any claims of ownership by current or former employees, contractors, designers or others and (ii) neither the Company nor any of the Company Subsidiaries is materially infringing, diluting, misappropriating or violating, nor has the Company or any or the Company Subsidiaries received any written (or, to the knowledge of the Company, oral) communications alleging that any of them has materially infringed, diluted, misappropriated or violated, any of the Proprietary Rights owned by any other person. Except as would not, individually or in the aggregate, reasonably be

expected to have a Company Material Adverse Effect, to the Company's knowledge, no other person is infringing, diluting, misappropriating or violating, nor has the Company or any or the Company Subsidiaries sent any written communications since January 1, 2006 alleging that any person has infringed, diluted, misappropriated or violated, any of the Proprietary Rights owned by the Company and the Company Subsidiaries.

(v) Brokers and Finders. No broker, finder or investment banker is entitled to any financial advisory, brokerage, finder's or other fee or commission in connection with this Agreement or the Warrant or the transactions contemplated hereby or thereby based upon arrangements made by or on behalf of the Company or any Company Subsidiary for which the Investor could have any liability.

Article III
Covenants

3.1 Commercially Reasonable Efforts. Subject to the terms and conditions of this Agreement, each of the parties will use its commercially reasonable efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or desirable, or advisable under applicable laws, so as to permit consummation of the Purchase as promptly as practicable and otherwise to enable consummation of the transactions contemplated hereby and shall use commercially reasonable efforts to cooperate with the other party to that end.

3.2 Expenses. Unless otherwise provided in this Agreement or the Warrant, each of the parties hereto will bear and pay all costs and expenses incurred by it or on its behalf in connection with the transactions contemplated under this Agreement and the Warrant, including fees and expenses of its own financial or other consultants, investment bankers, accountants and counsel.

3.3 Sufficiency of Authorized Warrant Preferred Stock; Exchange Listing.

(a) During the period from the Closing Date until the date on which the Warrant has been fully exercised, the Company shall at all times have reserved for issuance, free of preemptive or similar rights, a sufficient number of authorized and unissued Warrant Shares to effectuate such exercise.

(b) If the Company lists its Common Stock on any national securities exchange, the Company shall, if requested by the Investor, promptly use its reasonable best efforts to cause the Preferred Shares and Warrant Shares to be approved for listing on a national securities exchange as promptly as practicable following such request.

3.4 Certain Notifications Until Closing. From the Signing Date until the Closing, the Company shall promptly notify the Investor of (i) any fact, event or circumstance of which it is aware and which would reasonably be expected to cause any representation or warranty of the Company contained in this Agreement to be untrue or inaccurate in any material respect or to

cause any covenant or agreement of the Company contained in this Agreement not to be complied with or satisfied in any material respect and (ii) except as Previously Disclosed, any fact, circumstance, event, change, occurrence, condition or development of which the Company is aware and which, individually or in the aggregate, has had or would reasonably be expected to have a Company Material Adverse Effect; *provided*, *however*, that delivery of any notice pursuant to this Section 3.4 shall not limit or affect any rights of or remedies available to the Investor; *provided*, *further*, that a failure to comply with this Section 3.4 shall not constitute a breach of this Agreement or the failure of any condition set forth in Section 1.2 to be satisfied unless the underlying Company Material Adverse Effect or material breach would independently result in the failure of a condition set forth in Section 1.2 to be satisfied.

3.5 Access, Information and Confidentiality.

(a) From the Signing Date until the date when the Investor holds an amount of Preferred Shares having an aggregate liquidation value of less than 10% of the Purchase Price, the Company will permit the Investor and its agents, consultants, contractors and advisors (x) acting through the Appropriate Federal Banking Agency, or otherwise to the extent necessary to evaluate, manage, or transfer its investment in the Company, to examine the corporate books and make copies thereof and to discuss the affairs, finances and accounts of the Company and the Company Subsidiaries with the principal officers of the Company, all upon reasonable notice and at such reasonable times and as often as the Investor may reasonably request and (y) to review any information material to the Investor's investment in the Company provided by the Company to its Appropriate Federal Banking Agency. Any investigation pursuant to this Section 3.5 shall be conducted during normal business hours and in such manner as not to interfere unreasonably with the conduct of the business of the Company, and nothing herein shall require the Company or any Company Subsidiary to disclose any information to the Investor to the extent (i) prohibited by applicable law or regulation, or (ii) that such disclosure would reasonably be expected to cause a violation of any agreement to which the Company or any Company Subsidiary is a party or would cause a risk of a loss of privilege to the Company or any Company Subsidiary (*provided* that the Company shall use commercially reasonable efforts to make appropriate substitute disclosure arrangements under circumstances where the restrictions in this clause (ii) apply).

(b) From the Signing Date until the date on which all of the Preferred Shares and Warrant Shares have been redeemed in whole, the Company will deliver, or will cause to be delivered, to the Investor:

(i) as soon as available after the end of each fiscal year of the Company, and in any event within 90 days thereafter, a consolidated balance sheet of the Company as of the end of such fiscal year, and consolidated statements of income, retained earnings and cash flows of the Company for such year, in each case prepared in accordance with GAAP and setting forth in each case in comparative form the figures for the previous fiscal year of the Company, and which shall be audited to the extent audited financial statements are available; and

(ii) as soon as available after the end of the first, second and third quarterly periods in each fiscal year of the Company, a copy of any quarterly reports provided to other stockholders of the Company or Company management.

(c) The Investor will use reasonable best efforts to hold, and will use reasonable best efforts to cause its agents, consultants, contractors and advisors to hold, in confidence all non-public records, books, contracts, instruments, computer data and other data and information (collectively, "*Information*") concerning the Company furnished or made available to it by the Company or its representatives pursuant to this Agreement (except to the extent that such information can be shown to have been (i) previously known by such party on a non-confidential basis, (ii) in the public domain through no fault of such party or (iii) later lawfully acquired from other sources by the party to which it was furnished (and without violation of any other confidentiality obligation)); *provided* that nothing herein shall prevent the Investor from disclosing any Information to the extent required by applicable laws or regulations or by any subpoena or similar legal process.

(d) The Investor's information rights pursuant to Section 3.5(b) may be assigned by the Investor to a transferee or assignee of the Purchased Securities or the Warrant Shares or with a liquidation preference or, in the case of the Warrant, the liquidation preference of the underlying shares of Warrant Preferred Stock, no less than an amount equal to 2% of the initial aggregate liquidation preference of the Preferred Shares.

Article IV
Additional Agreements

4.1 Purchase for Investment. The Investor acknowledges that the Purchased Securities and the Warrant Shares have not been registered under the Securities Act or under any state securities laws. The Investor (a) is acquiring the Purchased Securities pursuant to an exemption from registration under the Securities Act solely for investment with no present intention to distribute them to any person in violation of the Securities Act or any applicable U.S. state securities laws, (b) will not sell or otherwise dispose of any of the Purchased Securities or the Warrant Shares, except in compliance with the registration requirements or exemption provisions of the Securities Act and any applicable U.S. state securities laws, and (c) has such knowledge and experience in financial and business matters and in investments of this type that it is capable of evaluating the merits and risks of the Purchase and of making an informed investment decision.

4.2 Legends.

(a) The Investor agrees that all certificates or other instruments representing the Warrant will bear a legend substantially to the following effect:

"THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD

OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR SUCH LAWS.

THIS INSTRUMENT IS ISSUED SUBJECT TO THE RESTRICTIONS ON TRANSFER AND OTHER PROVISIONS OF A SECURITIES PURCHASE AGREEMENT BETWEEN THE ISSUER OF THESE SECURITIES AND THE INVESTOR REFERRED TO THEREIN, A COPY OF WHICH IS ON FILE WITH THE ISSUER. THE SECURITIES REPRESENTED BY THIS INSTRUMENT MAY NOT BE SOLD OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH SAID AGREEMENT. ANY SALE OR OTHER TRANSFER NOT IN COMPLIANCE WITH SAID AGREEMENT WILL BE VOID."

(b) In addition, the Investor agrees that all certificates or other instruments representing the Preferred Shares and the Warrant Shares will bear a legend substantially to the following effect:

"THE SECURITIES REPRESENTED BY THIS INSTRUMENT ARE NOT SAVINGS ACCOUNTS, DEPOSITS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY.

THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT OR SUCH LAWS. EACH PURCHASER OF THE SECURITIES REPRESENTED BY THIS INSTRUMENT IS NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. ANY TRANSFEREE OF THE SECURITIES REPRESENTED BY THIS INSTRUMENT BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (2) AGREES THAT IT WILL NOT OFFER, SELL OR OTHERWISE TRANSFER THE SECURITIES REPRESENTED BY THIS INSTRUMENT EXCEPT (A) PURSUANT TO A REGISTRATION STATEMENT WHICH IS THEN EFFECTIVE UNDER THE SECURITIES ACT, (B) FOR SO LONG AS THE SECURITIES REPRESENTED BY THIS INSTRUMENT ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER

TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (C) TO THE ISSUER OR (D) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THE SECURITIES REPRESENTED BY THIS INSTRUMENT ARE TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS INSTRUMENT IS ISSUED SUBJECT TO THE RESTRICTIONS ON TRANSFER AND OTHER PROVISIONS OF A SECURITIES PURCHASE AGREEMENT BETWEEN THE ISSUER OF THESE SECURITIES AND THE INVESTOR REFERRED TO THEREIN, A COPY OF WHICH IS ON FILE WITH THE ISSUER. THE SECURITIES REPRESENTED BY THIS INSTRUMENT MAY NOT BE SOLD OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE WITH SAID AGREEMENT. ANY SALE OR OTHER TRANSFER NOT IN COMPLIANCE WITH SAID AGREEMENT WILL BE VOID."

(c) In the event that any Purchased Securities or Warrant Shares (i) become registered under the Securities Act or (ii) are eligible to be transferred without restriction in accordance with Rule 144 or another exemption from registration under the Securities Act (other than Rule 144A), the Company shall issue new certificates or other instruments representing such Purchased Securities or Warrant Shares, which shall not contain the applicable legends in Sections 4.2(a) and (b) above; *provided* that the Investor surrenders to the Company the previously issued certificates or other instruments.

4.3 Certain Transactions. The Company will not merge or consolidate with, or sell, transfer or lease all or substantially all of its property or assets to, any other party unless the successor, transferee or lessee party (or its ultimate parent entity), as the case may be (if not the Company), expressly assumes the due and punctual performance and observance of each and every covenant, agreement and condition of this Agreement to be performed and observed by the Company.

4.4 Transfer of Purchased Securities and Warrant Shares; Restrictions on Exercise of the Warrant. Subject to compliance with applicable securities laws, the Investor shall be permitted to transfer, sell, assign or otherwise dispose of ("*Transfer*") all or a portion of the Purchased Securities or Warrant Shares at any time, and the Company shall take all steps as may be reasonably requested by the Investor to facilitate the Transfer of the Purchased Securities and the Warrant Shares; *provided* that the Investor shall not Transfer any Purchased Securities or Warrant Shares if such transfer would require the Company to be subject to the periodic reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "*Exchange Act*"). In furtherance of the foregoing, the Company shall provide reasonable cooperation to facilitate any Transfers of the Purchased Securities or Warrant Shares, including, as is reasonable under the circumstances, by furnishing such information concerning the Company and its business as a proposed transferee may reasonably request (including such information as is required by Section 4.5(k)) and making management of the Company

reasonably available to respond to questions of a proposed transferee in accordance with customary practice, subject in all cases to the proposed transferee agreeing to a customary confidentiality agreement.

4.5 Registration Rights.

(a) Unless and until the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company shall have no obligation to comply with the provisions of this Section 4.5 (other than Section 4.5(b)(iv)-(vi)); *provided* that the Company covenants and agrees that it shall comply with this Section 4.5 as soon as practicable after the date that it becomes subject to such reporting requirements.

(b) Registration.

(i) Subject to the terms and conditions of this Agreement, the Company covenants and agrees that as promptly as practicable after the date that the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act (and in any event no later than 30 days thereafter), the Company shall prepare and file with the SEC a Shelf Registration Statement covering all Registrable Securities (or otherwise designate an existing Shelf Registration Statement filed with the SEC to cover the Registrable Securities), and, to the extent the Shelf Registration Statement has not theretofore been declared effective or is not automatically effective upon such filing, the Company shall use reasonable best efforts to cause such Shelf Registration Statement to be declared or become effective and to keep such Shelf Registration Statement continuously effective and in compliance with the Securities Act and usable for resale of such Registrable Securities for a period from the date of its initial effectiveness until such time as there are no Registrable Securities remaining (including by refiling such Shelf Registration Statement (or a new Shelf Registration Statement) if the initial Shelf Registration Statement expires). Notwithstanding the foregoing, if the Company is not eligible to file a registration statement on Form S-3, then the Company shall not be obligated to file a Shelf Registration Statement unless and until requested to do so in writing by the Investor.

(ii) Any registration pursuant to Section 4.5(b)(i) shall be effected by means of a shelf registration on an appropriate form under Rule 415 under the Securities Act (a "*Shelf Registration Statement*"). If the Investor or any other Holder intends to distribute any Registrable Securities by means of an underwritten offering it shall promptly so advise the Company and the Company shall take all reasonable steps to facilitate such distribution, including the actions required pursuant to Section 4.5(d); *provided* that the Company shall not be required to facilitate an underwritten offering of Registrable Securities unless the expected gross proceeds from such offering exceed (i) 2% of the initial aggregate liquidation preference of the Preferred Shares if such initial aggregate liquidation preference is less than $2 billion and (ii) $200 million if the initial aggregate liquidation preference of the Preferred Shares is equal to or greater than $2 billion. The lead underwriters in any such distribution shall be selected by the Holders of a majority

of the Registrable Securities to be distributed; *provided* that to the extent appropriate and permitted under applicable law, such Holders shall consider the qualifications of any broker-dealer Affiliate of the Company in selecting the lead underwriters in any such distribution.

(iii) The Company shall not be required to effect a registration (including a resale of Registrable Securities from an effective Shelf Registration Statement) or an underwritten offering pursuant to Section 4.5(b): (A) with respect to securities that are not Registrable Securities; or (B) if the Company has notified the Investor and all other Holders that in the good faith judgment of the Board of Directors, it would be materially detrimental to the Company or its securityholders for such registration or underwritten offering to be effected at such time, in which event the Company shall have the right to defer such registration for a period of not more than 45 days after receipt of the request of the Investor or any other Holder; *provided* that such right to delay a registration or underwritten offering shall be exercised by the Company (1) only if the Company has generally exercised (or is concurrently exercising) similar black-out rights against holders of similar securities that have registration rights and (2) not more than three times in any 12-month period and not more than 90 days in the aggregate in any 12-month period.

(iv) If during any period when an effective Shelf Registration Statement is not available, the Company proposes to register any of its equity securities, other than a registration pursuant to Section 4.5(b)(i) or a Special Registration, and the registration form to be filed may be used for the registration or qualification for distribution of Registrable Securities, the Company will give prompt written notice to the Investor and all other Holders of its intention to effect such a registration (but in no event less than ten days prior to the anticipated filing date) and will include in such registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein within ten business days after the date of the Company's notice (a "*Piggyback Registration*"). Any such person that has made such a written request may withdraw its Registrable Securities from such Piggyback Registration by giving written notice to the Company and the managing underwriter, if any, on or before the fifth business day prior to the planned effective date of such Piggyback Registration. The Company may terminate or withdraw any registration under this Section 4.5(b)(iv) prior to the effectiveness of such registration, whether or not Investor or any other Holders have elected to include Registrable Securities in such registration.

(v) If the registration referred to in Section 4.5(b)(iv) is proposed to be underwritten, the Company will so advise Investor and all other Holders as a part of the written notice given pursuant to Section 4.5(b)(iv). In such event, the right of Investor and all other Holders to registration pursuant to Section 4.5(b) will be conditioned upon such persons' participation in such underwriting and the inclusion of such person's Registrable Securities in the underwriting if such securities are of the same class of securities as the securities to be offered in the underwritten offering, and each such person will (together with the Company and the other persons distributing their securities through such underwriting) enter into an underwriting agreement in customary form with

the underwriter or underwriters selected for such underwriting by the Company; *provided* that the Investor (as opposed to other Holders) shall not be required to indemnify any person in connection with any registration. If any participating person disapproves of the terms of the underwriting, such person may elect to withdraw therefrom by written notice to the Company, the managing underwriters and the Investor (if the Investor is participating in the underwriting).

(vi) If either (x) the Company grants "piggyback" registration rights to one or more third parties to include their securities in an underwritten offering under the Shelf Registration Statement pursuant to Section 4.5(b)(ii) or (y) a Piggyback Registration under Section 4.5(b)(iv) relates to an underwritten offering on behalf of the Company, and in either case the managing underwriters advise the Company that in their reasonable opinion the number of securities requested to be included in such offering exceeds the number which can be sold without adversely affecting the marketability of such offering (including an adverse effect on the per share offering price), the Company will include in such offering only such number of securities that in the reasonable opinion of such managing underwriters can be sold without adversely affecting the marketability

of the offering (including an adverse effect on the per share offering price), which securities will be so included in the following order of priority: (A) first, in the case of a Piggyback Registration under Section 4.5(b)(iv), the securities the Company proposes to sell, (B) then the Registrable Securities of the Investor and all other Holders who have requested inclusion of Registrable Securities pursuant to Section 4.5(b)(ii) or Section 4.5(b)(iv), as applicable, *pro rata* on the basis of the aggregate number of such securities or shares owned by each such person and (C) lastly, any other securities of the Company that have been requested to be so included, subject to the terms of this Agreement; *provided*, *however*, that if the Company has, prior to the Signing Date, entered into an agreement with respect to its securities that is inconsistent with the order of priority contemplated hereby then it shall apply the order of priority in such conflicting agreement to the extent that it would otherwise result in a breach under such agreement.

(c) Expenses of Registration. All Registration Expenses incurred in connection with any registration, qualification or compliance hereunder shall be borne by the Company. All Selling Expenses incurred in connection with any registrations hereunder shall be borne by the holders of the securities so registered pro *rata* on the basis of the aggregate offering or sale price of the securities so registered.

(d) Obligations of the Company. Whenever required to effect the registration of any Registrable Securities or facilitate the distribution of Registrable Securities pursuant to an effective Shelf Registration Statement, the Company shall, as expeditiously as reasonably practicable:

(i) Prepare and file with the SEC a prospectus supplement or post-effective amendment with respect to a proposed offering of Registrable Securities pursuant to an effective registration statement, subject to Section 4.5(d), keep such registration

statement effective and keep such prospectus supplement current until the securities described therein are no longer Registrable Securities.

(ii) Prepare and file with the SEC such amendments and supplements to the applicable registration statement and the prospectus or prospectus supplement used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

(iii) Furnish to the Holders and any underwriters such number of copies of the applicable registration statement and each such amendment and supplement thereto (including in each case all exhibits) and of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned or to be distributed by them.

(iv) Use its reasonable best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders or any managing underwriter(s), to keep such registration or qualification in effect for so long as such registration statement remains in effect, and to take any other action which may be reasonably necessary to enable such seller to consummate the disposition in such jurisdictions of the securities owned by such Holder; *provided* that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(v) Notify each Holder of Registrable Securities at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the applicable prospectus, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing.

(vi) Give written notice to the Holders:

(A) when any registration statement filed pursuant to Section 4.5(a) or any amendment thereto has been filed with the SEC (except for any amendment effected by the filing of a document with the SEC pursuant to the Exchange Act) and when such registration statement or any post-effective amendment thereto has become effective;

(B) of any request by the SEC for amendments or supplements to any registration statement or the prospectus included therein or for additional information;

(C) of the issuance by the SEC of any stop order suspending the effectiveness of any registration statement or the initiation of any proceedings for that purpose;

(D) of the receipt by the Company or its legal counsel of any notification with respect to the suspension of the qualification of the applicable Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(E) of the happening of any event that requires the Company to make changes in any effective registration statement or the prospectus related to the registration statement in order to make the statements therein not misleading (which notice shall be accompanied by an instruction to suspend the use of the prospectus until the requisite changes have been made); and

(F) if at any time the representations and warranties of the Company contained in any underwriting agreement contemplated by Section 4.5(d)(x) cease to be true and correct.

(vii) Use its reasonable best efforts to prevent the issuance or obtain the withdrawal of any order suspending the effectiveness of any registration statement referred to in Section 4.5(d)(vi)(C) at the earliest practicable time.

(viii) Upon the occurrence of any event contemplated by Section 4.5(d)(v) or 4.5(d)(vi)(E), promptly prepare a post-effective amendment to such registration statement or a supplement to the related prospectus or file any other required document so that, as thereafter

delivered to the Holders and any underwriters, the prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Holders in accordance with Section 4.5(d)(vi)(E) to suspend the use of the prospectus until the requisite changes to the prospectus have been made, then the Holders and any underwriters shall suspend use of such prospectus and use their reasonable best efforts to return to the Company all copies of such prospectus (at the Company's expense) other than permanent file copies then in such Holders' or underwriters' possession. The total number of days that any such suspension may be in effect in any 12-month period shall not exceed 90 days.

(ix) Use reasonable best efforts to procure the cooperation of the Company's transfer agent in settling any offering or sale of Registrable Securities, including with respect to the transfer of physical stock certificates into book-entry form in accordance with any procedures reasonably requested by the Holders or any managing underwriter(s).

(x) If an underwritten offering is requested pursuant to Section 4.5(b)(ii), enter into an underwriting agreement in customary form, scope and substance and take all

such other actions reasonably requested by the Holders of a majority of the Registrable Securities being sold in connection therewith or by the managing underwriter(s), if any, to expedite or facilitate the underwritten disposition of such Registrable Securities, and in connection therewith in any underwritten offering (including making members of management and executives of the Company available to participate in "road shows", similar sales events and other marketing activities), (A) make such representations and warranties to the Holders that are selling stockholders and the managing underwriter(s), if any, with respect to the business of the Company and its subsidiaries, and the Shelf Registration Statement, prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, in customary form, substance and scope, and, if true, confirm the same if and when requested, (B) use its reasonable best efforts to furnish the underwriters with opinions of counsel to the Company, addressed to the managing underwriter(s), if any, covering the matters customarily covered in such opinions requested in underwritten offerings, (C) use its reasonable best efforts to obtain "cold comfort" letters from the independent certified public accountants of the Company (and, if necessary, any other independent certified public accountants of any business acquired by the Company for which financial statements and financial data are included in the Shelf Registration Statement) who have certified the financial statements included in such Shelf Registration Statement, addressed to each of the managing underwriter(s), if any, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters, (D) if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures customary in underwritten offerings (provided that the Investor shall not be obligated to provide any indemnity), and (E) deliver such documents and certificates as may be reasonably requested by the Holders of a majority of the Registrable Securities being sold in connection therewith, their counsel and the managing underwriter(s), if any, to evidence the continued validity of the representations and warranties made pursuant to clause (i) above and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company.

(xi) Make available for inspection by a representative of Holders that are selling stockholders, the managing underwriter(s), if any, and any attorneys or accountants retained by such Holders or managing underwriter(s), at the offices where normally kept, during reasonable business hours, financial and other records, pertinent corporate documents and properties of the Company, and cause the officers, directors and employees of the Company to supply all information in each case reasonably requested (and of the type customarily provided in connection with due diligence conducted in connection with a registered public offering of securities) by any such representative, managing underwriter(s), attorney or accountant in connection with such Shelf Registration Statement.

(xii) Use reasonable best efforts to cause all such Registrable Securities to be listed on each national securities exchange on which similar securities issued by the Company are then listed or, if no similar securities issued by the Company are then listed on any national securities exchange, use its reasonable best efforts to cause all such

Registrable Securities to be listed on such securities exchange as the Investor may designate.

(xiii) If requested by Holders of a majority of the Registrable Securities being registered and/or sold in connection therewith, or the managing underwriter(s), if any, promptly include in a prospectus supplement or amendment such information as the Holders of a majority of the Registrable Securities being registered and/or sold in connection therewith or managing underwriter(s), if any, may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such prospectus supplement or such amendment as soon as practicable after the Company has received such request.

(xiv) Timely provide to its security holders earning statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

(e) Suspension of Sales. Upon receipt of written notice from the Company that a registration statement, prospectus or prospectus supplement contains or may contain an untrue statement of a material fact or omits or may omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that circumstances exist that make inadvisable use of such registration statement, prospectus or prospectus supplement, the Investor and each Holder of Registrable Securities shall forthwith discontinue disposition of Registrable Securities until the Investor and/or Holder has received copies of a supplemented or amended prospectus or prospectus supplement, or until the Investor and/or such Holder is advised in writing by the Company that the use of the prospectus and, if applicable, prospectus supplement may be resumed, and, if so directed by the Company, the Investor and/or such Holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in the Investor and/or such Holder's possession, of the prospectus and, if applicable, prospectus supplement covering such Registrable Securities current at the time of receipt of such notice. The total number of days that any such suspension may be in effect in any 12-month period shall not exceed 90 days.

(f) Termination of Registration Rights. A Holder's registration rights as to any securities held by such Holder (and its Affiliates, partners, members and former members) shall not be available unless such securities are Registrable Securities.

(g) Furnishing Information.

(i) Neither the Investor nor any Holder shall use any free writing prospectus (as defined in Rule 405) in connection with the sale of Registrable Securities without the prior written consent of the Company.

(ii) It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 4.5(d) that Investor and/or the selling Holders and the underwriters, if any, shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of

disposition of such securities as shall be required to effect the registered offering of their Registrable Securities.

(h) Indemnification.

(i) The Company agrees to indemnify each Holder and, if a Holder is a person other than an individual, such Holder's officers, directors, employees, agents, representatives and Affiliates, and each Person, if any, that controls a Holder within the meaning of the Securities Act (each, an "*Indemnitee*"), against any and all losses, claims, damages, actions, liabilities, costs and expenses (including reasonable fees, expenses and disbursements of attorneys and other professionals incurred in connection with investigating, defending, settling, compromising or paying any such losses, claims, damages, actions, liabilities, costs and expenses), joint or several, arising out of or based upon any untrue statement or alleged untrue statement of material fact contained in any registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto or any documents incorporated therein by reference or contained in any free writing prospectus (as such term is defined in Rule 405) prepared by the Company or authorized by it in writing for use by such Holder (or any amendment or supplement thereto); or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided*, that the Company shall not be liable to such Indemnitee in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon (A) an untrue statement or omission made in such registration statement, including any such preliminary prospectus or final prospectus contained therein or any such amendments or supplements thereto or contained in any free writing prospectus (as such term is defined in Rule 405) prepared by the Company or authorized by it in writing for use by such Holder (or any amendment or supplement thereto), in reliance upon and in conformity with information regarding such Indemnitee or its plan of distribution or ownership interests which was furnished in writing to the Company by such Indemnitee for use in connection with such registration statement, including any such preliminary prospectus or final prospectus contained therein or any such amendments or supplements thereto, or (B) offers or sales effected by or on behalf of such Indemnitee "by means of" (as defined in Rule 159A) a "free writing prospectus" (as defined in Rule 405) that was not authorized in writing by the Company.

(ii) If the indemnification provided for in Section 4.5(h)(i) is unavailable to an Indemnitee with respect to any losses, claims, damages, actions, liabilities, costs or expenses referred to therein or is insufficient to hold the Indemnitee harmless as contemplated therein, then the Company, in lieu of indemnifying such Indemnitee, shall contribute to the amount paid or payable by such Indemnitee as a result of such losses, claims, damages, actions, liabilities, costs or expenses in such proportion as is appropriate to reflect the relative fault of the Indemnitee, on the one hand, and the Company, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, actions, liabilities, costs or expenses as well as any other relevant

equitable considerations. The relative fault of the Company, on the one hand, and of the Indemnitee, on the other hand, shall be determined by reference to, among other factors, whether the untrue statement of a material fact or omission to state a material fact relates to information supplied by the Company or by the Indemnitee and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; the Company and each Holder agree that it would not be just and equitable if contribution pursuant to this Section 4.5(h)(ii) were determined by *pro rata* allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 4.5(h)(i). No Indemnitee guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from the Company if the Company was not guilty of such fraudulent misrepresentation.

(i) Assignment of Registration Rights. The rights of the Investor to registration of Registrable Securities pursuant to Section 4.5(b) may be assigned by the Investor to a transferee or assignee of Registrable Securities with a liquidation preference or, in the case of the Warrant, the liquidation preference of the underlying shares of Warrant Preferred Stock, no less than an amount equal to (i) 2% of the initial aggregate liquidation preference of the Preferred Shares if such initial aggregate liquidation preference is less than $2 billion and (ii) $200 million if the initial aggregate liquidation preference of the Preferred Shares is equal to or greater than $2 billion; *provided*, *however*, the transferor shall, within ten days after such transfer, furnish to the Company written notice of the name and address of such transferee or assignee and the number and type of Registrable Securities that are being assigned.

(j) Clear Market. With respect to any underwritten offering of Registrable Securities by the Investor or other Holders pursuant to this Section 4.5, the Company agrees not to effect (other than pursuant to such registration or pursuant to a Special Registration) any public sale or distribution, or to file any Shelf Registration Statement (other than such registration or a Special Registration) covering any preferred stock of the Company or any securities convertible into or exchangeable or exercisable for preferred stock of the Company, during the period not to exceed ten days prior and 60 days following the effective date of such offering or such longer period up to 90 days as may be requested by the managing underwriter for such underwritten offering. The Company also agrees to cause such of its directors and senior executive officers to execute and deliver customary lock-up agreements in such form and for such time period up to 90 days as may be requested by the managing underwriter. "*Special Registration*" means the registration of (A) equity securities and/or options or other rights in respect thereof solely registered on Form S-4 or Form S-8 (or successor form) or (B) shares of equity securities and/or options or other rights in respect thereof to be offered to directors, members of management, employees, consultants, customers, lenders or vendors of the Company or Company Subsidiaries or in connection with dividend reinvestment plans.

(k) Rule 144; Rule 144A. With a view to making available to the Investor and Holders the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use its reasonable best efforts to:

(i) make and keep public information available, as those terms are understood and defined in Rule 144(c)(1) or any similar or analogous rule promulgated under the Securities Act, at all times after the Signing Date;

(ii) (A) file with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act, and (B) if at any time the Company is not required to file such reports, make available, upon the request of any Holder, such information necessary to permit sales pursuant to Rule 144A (including the information required by Rule 144A(d)(4) under the Securities Act);

(iii) so long as the Investor or a Holder owns any Registrable Securities, furnish to the Investor or such Holder forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act, and of the Exchange Act; a copy of the most recent annual or quarterly report of the Company; and such other reports and documents as the Investor or Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities to the public without registration; and

(iv) take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act.

(l) As used in this Section 4.5, the following terms shall have the following respective meanings:

(i) "*Holder*" means the Investor and any other holder of Registrable Securities to whom the registration rights conferred by this Agreement have been transferred in compliance with Section 4.5(h) hereof.

(ii) "*Holders' Counsel*" means one counsel for the selling Holders chosen by Holders holding a majority interest in the Registrable Securities being registered.

(iii) "*Register*," "*registered*," and "*registration*" shall refer to a registration effected by preparing and (A) filing a registration statement or amendment thereto in compliance with the Securities Act and applicable rules and regulations thereunder, and the declaration or ordering of effectiveness of such registration statement or amendment thereto or (B) filing a prospectus and/or prospectus supplement in respect of an appropriate effective registration statement on Form S-3.

(iv) "*Registrable Securities*" means (A) all Preferred Shares, (B) the Warrant (subject to Section 4.5(q)) and (C) any equity securities issued or issuable directly or indirectly with respect to the securities referred to in the foregoing clauses (A) or (B) by way of conversion, exercise or exchange thereof, including the Warrant Shares, or share dividend or share split or in connection with a combination of shares, recapitalization, reclassification, merger, amalgamation, arrangement, consolidation or other

reorganization, *provided* that, once issued, such securities will not be Registrable Securities when (1) they are sold pursuant to an effective registration statement under the Securities Act, (2) except as provided below in Section 4.5(p), they may be sold pursuant to Rule 144 without limitation thereunder on volume or manner of sale, (3) they shall have ceased to be outstanding or (4) they have been sold in a private transaction in which the transferor's rights under this Agreement are not assigned to the transferee of the securities. No Registrable Securities may be registered under more than one registration statement at any one time.

(v) "*Registration Expenses*" mean all expenses incurred by the Company in effecting any registration pursuant to this Agreement (whether or not any registration or prospectus becomes effective or final) or otherwise complying with its obligations under this Section 4.5, including all registration, filing and listing fees, printing expenses, fees and disbursements of counsel for the Company, blue sky fees and expenses, expenses incurred in connection with any "road show", the reasonable fees and disbursements of Holders' Counsel, and expenses of the Company's independent accountants in connection with any regular or special reviews or audits incident to or required by any such registration, but shall not include Selling Expenses.

(vi) "*Rule 144*", "*Rule 144A*", "*Rule 159A*", "*Rule 405*" and "*Rule 415*" mean, in each case, such rule promulgated under the Securities Act (or any successor provision), as the same shall be amended from time to time.

(vii) "*Selling Expenses*" mean all discounts, selling commissions and stock transfer taxes applicable to the sale of Registrable Securities and fees and disbursements of counsel for any Holder (other than the fees and disbursements of Holders' Counsel included in Registration Expenses).

(m) At any time, any holder of Securities (including any Holder) may elect to forfeit its rights set forth in this Section 4.5 from that date forward; *provided*, that a Holder forfeiting such rights shall nonetheless be entitled to participate under Section 4.5(b)(iv) – (vi) in any Pending Underwritten Offering to the same extent that such Holder would have been entitled to if the holder had not withdrawn; *and provided, further*, that no such forfeiture shall terminate a Holder's rights or obligations under Section 4.5(g) with respect to any prior registration or Pending Underwritten Offering. "*Pending Underwritten Offering*" means, with respect to any Holder forfeiting its rights pursuant to this Section 4.5(m), any underwritten offering of Registrable Securities in which such Holder has advised the Company of its intent to register its Registrable Securities either pursuant to Section 4.5(b)(ii) or 4.5(b)(iv) prior to the date of such Holder's forfeiture.

(n) Specific Performance. The parties hereto acknowledge that there would be no adequate remedy at law if the Company fails to perform any of its obligations under this Section 4.5 and that the Investor and the Holders from time to time may be irreparably harmed by any such failure, and accordingly agree that the Investor and such Holders, in addition to any other remedy to which they may be entitled at law or in equity, to the fullest extent permitted and

enforceable under applicable law shall be entitled to compel specific performance of the obligations of the Company under this Section 4.5 in accordance with the terms and conditions of this Section 4.5.

(o) No Inconsistent Agreements. The Company shall not, on or after the Signing Date, enter into any agreement with respect to its securities that may impair the rights granted to the Investor and the Holders under this Section 4.5 or that otherwise conflicts with the provisions hereof in any manner that may impair the rights granted to the Investor and the Holders under this Section 4.5. In the event the Company has, prior to the Signing Date, entered into any agreement with respect to its securities that is inconsistent with the rights granted to the Investor and the Holders under this Section 4.5 (including agreements that are inconsistent with the order of priority contemplated by Section 4.5(b)(vi)) or that may otherwise conflict with the provisions hereof, the Company shall use its reasonable best efforts to amend such agreements to ensure they are consistent with the provisions of this Section 4.5.

(p) Certain Offerings by the Investor. In the case of any securities held by the Investor that cease to be Registrable Securities solely by reason of clause (2) in the definition of "Registrable Securities," the provisions of Sections 4.5(b)(ii), clauses (iv), (ix) and (x)-(xii) of Section 4.5(d), Section 4.5(h) and Section 4.5(j) shall continue to apply until such securities otherwise cease to be Registrable Securities. In any such case, an "underwritten" offering or other disposition shall include any distribution of such securities on behalf of the Investor by one or more broker-dealers, an "underwriting agreement" shall include any purchase agreement entered into by such broker-dealers, and any "registration statement" or "prospectus" shall include any offering document approved by the Company and used in connection with such distribution.

(q) Registered Sales of the Warrant. The Holders agree to sell the Warrant or any portion thereof under the Shelf Registration Statement only beginning 30 days after notifying the Company of any such sale, during which 30-day period the Investor and all Holders of the Warrant shall take reasonable steps to agree to revisions to the Warrant to permit a public distribution of the Warrant, including entering into a warrant agreement and appointing a warrant agent.

4.6 Depositary Shares. Upon request by the Investor at any time following the Closing Date, the Company shall promptly enter into a depositary arrangement, pursuant to customary agreements reasonably satisfactory to the Investor and with a depositary reasonably acceptable to the Investor, pursuant to which the Preferred Shares or the Warrant Shares may be deposited and depositary shares, each representing a fraction of a Preferred Share or Warrant Share, as applicable, as specified by the Investor, may be issued. From and after the execution of any such depositary arrangement, and the deposit of any Preferred Shares or Warrant Shares, as applicable, pursuant thereto, the depositary shares issued pursuant thereto shall be deemed "Preferred Shares", "Warrant Shares" and, as applicable, "Registrable Securities" for purposes of this Agreement.

4.7 Restriction on Dividends and Repurchases.

(a) Prior to the earlier of (x) the third anniversary of the Closing Date and (y) the date on which all of the Preferred Shares and Warrant Shares have been redeemed in whole or the Investor has transferred all of the Preferred Shares and Warrant Shares to third parties which are not Affiliates of the Investor, neither the Company nor any Company Subsidiary shall, without the consent of the Investor, declare or pay any dividend or make any distribution on capital stock or other equity securities of any kind of the Company or any Company Subsidiary (other than (i) regular quarterly cash dividends of not more than the amount of the last quarterly cash dividend per share declared or, if lower, announced to its holders of Common Stock an intention to declare, on the Common Stock prior to November 17, 2008, as adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar transaction, (ii) dividends payable solely in shares of Common Stock, (iii) regular dividends on shares of preferred stock in accordance with the terms thereof and which are permitted under the terms of the Preferred Shares and the Warrant Shares, (iv) dividends or distributions by any wholly-owned Company Subsidiary or (v) dividends or distributions by any Company Subsidiary required pursuant to binding contractual agreements entered into prior to November 17, 2008).

(b) During the period beginning on the third anniversary of the Closing Date and ending on the earlier of (i) the tenth anniversary of the Closing Date and (ii) the date on which all of the Preferred Shares and Warrant Shares have been redeemed in whole or the Investor has transferred all of the Preferred Shares and Warrant Shares to third parties which are not Affiliates of the Investor, neither the Company nor any Company Subsidiary shall, without the consent of the Investor, (A) pay any per share dividend or distribution on capital stock or other equity securities of any kind of the Company at a per annum rate that is in excess of 103% of the aggregate per share dividends and distributions for the immediately prior fiscal year (other than regular dividends on shares of preferred stock in accordance with the terms thereof and which are permitted under the terms of the Preferred Shares and the Warrant Shares); *provided* that no increase in the aggregate amount of dividends or distributions on Common Stock shall be permitted as a result of any dividends or distributions paid in shares of Common Stock, any stock split or any similar transaction or (B) pay aggregate dividends or distributions on capital stock or other equity securities of any kind of any Company Subsidiary that is in excess of 103% of the aggregate dividends and distributions paid for the immediately prior fiscal year (other than in the case of this clause (B), (1) regular dividends on shares of preferred stock in accordance with the terms thereof and which are permitted under the terms of the Preferred Shares and the Warrant Shares, (2) dividends or distributions by any wholly-owned Company Subsidiary, (3) dividends or distributions by any Company Subsidiary required pursuant to binding contractual agreements entered into prior to November 17, 2008) or (4) dividends or distributions on newly issued shares of capital stock for cash or other property.

(c) Prior to the earlier of (x) the tenth anniversary of the Closing Date and (y) the date on which all of the Preferred Shares and Warrant Shares have been redeemed in whole or the Investor has transferred all of the Preferred Shares and Warrant Shares to third parties which are not Affiliates of the Investor, neither the Company nor any Company Subsidiary shall, without the consent of the Investor, redeem, purchase or acquire any shares of Common Stock or other capital stock or other equity securities of any kind of the Company or any Company Subsidiary, or any trust preferred securities issued by the Company or any Affiliate of the Company, other

than (i) redemptions, purchases or other acquisitions of the Preferred Shares and Warrant Shares, (ii) in connection with the administration of any employee benefit plan in the ordinary course of business and consistent with past practice, (iii) the acquisition by the Company or any of the Company Subsidiaries of record ownership in Junior Stock or Parity Stock for the beneficial ownership of any other persons (other than the Company or any other Company Subsidiary), including as trustees or custodians, (iv) the exchange or conversion of Junior Stock for or into other Junior Stock or of Parity Stock or trust

preferred securities for or into other Parity Stock (with the same or lesser aggregate liquidation amount) or Junior Stock, in each case set forth in this clause (iv), solely to the extent required pursuant to binding contractual agreements entered into prior to the Signing Date or any subsequent agreement for the accelerated exercise, settlement or exchange thereof for Common Stock (clauses (ii) and (iii), collectively, the "*Permitted Repurchases*"), (v) redemptions of securities held by the Company or any wholly-owned Company Subsidiary or (vi) redemptions, purchases or other acquisitions of capital stock or other equity securities of any kind of any Company Subsidiary required pursuant to binding contractual agreements entered into prior to November 17, 2008.

(d) Until such time as the Investor ceases to own any Preferred Shares or Warrant Shares, the Company shall not repurchase any Preferred Shares or Warrant Shares from any holder thereof, whether by means of open market purchase, negotiated transaction, or otherwise, other than Permitted Repurchases, unless it offers to repurchase a ratable portion of the Preferred Shares or Warrant Shares, as the case may be, then held by the Investor on the same terms and conditions.

(e) During the period beginning on the tenth anniversary of the Closing and ending on the date on which all of the Preferred Shares and Warrant Shares have been redeemed in whole or the Investor has transferred all of the Preferred Shares and Warrant Shares to third parties which are not Affiliates of the Investor, neither the Company nor any Company Subsidiary shall, without the consent of the Investor, (i) declare or pay any dividend or make any distribution on capital stock or other equity securities of any kind of the Company or any Company Subsidiary; or (ii) redeem, purchase or acquire any shares of Common Stock or other capital stock or other equity securities of any kind of the Company or any Company Subsidiary, or any trust preferred securities issued by the Company or any Affiliate of the Company, other than (A) redemptions, purchases or other acquisitions of the Preferred Shares and Warrant Shares, (B) regular dividends on shares of preferred stock in accordance with the terms thereof and which are permitted under the terms of the Preferred Shares and the Warrant Shares, or (C) dividends or distributions by any whollyowned Company Subsidiary.

(f) "*Junior Stock*" means Common Stock and any other class or series of stock of the Company the terms of which expressly provide that it ranks junior to the Preferred Shares as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Company. "*Parity Stock*" means any class or series of stock of the Company the terms of which do not expressly provide that such class or series will rank senior or junior to the Preferred Shares as to dividend rights and/or as to rights on liquidation, dissolution or winding up of the Company (in each case without regard to whether dividends accrue cumulatively or non-cumulatively).

4.8 Executive Compensation. Until such time as the Investor ceases to own any debt or equity securities of the Company acquired pursuant to this Agreement or the Warrant, the Company shall take all necessary action to ensure that its Benefit Plans with respect to its Senior Executive Officers comply in all respects with Section 111(b) of the EESA as implemented by any guidance or regulation thereunder that has been issued and is in effect as of the Closing Date, and shall not adopt any new Benefit Plan with respect to its Senior Executive Officers that does not comply therewith. "*Senior Executive Officers*" means the Company's "senior executive officers" as defined in subsection 111(b)(3) of the EESA and regulations issued thereunder, including the rules set forth in 31 C.F.R. Part 30.

4.9 Related Party Transactions. Until such time as the Investor ceases to own any Purchased Securities or Warrant Shares, the Company and the Company Subsidiaries shall not enter into transactions with Affiliates or related persons (within the meaning of Item 404 under the SEC's Regulation S-K) unless (i) such transactions are on terms no less favorable to the Company and the Company Subsidiaries than could be obtained from an unaffiliated third party, and (ii) have been approved by the audit committee of the Board of Directors or comparable body of independent directors of the Company.

4.10 Bank and Thrift Holding Company Status. If the Company is a Bank Holding Company or a Savings and Loan Holding Company on the Signing Date, then the Company shall maintain its status as a Bank Holding Company or Savings and Loan Holding Company, as the case may be, for as long as the Investor owns any Purchased Securities or Warrant Shares. The Company shall redeem all Purchased Securities and Warrant Shares held by the Investor prior to terminating its status as a Bank Holding Company or Savings and Loan Holding Company, as applicable. "*Bank Holding Company*" means a company registered as such with the Board of Governors of the Federal Reserve System (the "*Federal Reserve*") pursuant to 12 U.S.C. §1842 and the regulations of the Federal Reserve promulgated thereunder. "*Savings and Loan Holding Company*" means a company registered as such with the Office of Thrift Supervision pursuant to 12 U.S.C. §1467(a) and the regulations of the Office of Thrift Supervision promulgated thereunder.

4.11 Predominantly Financial. For as long as the Investor owns any Purchased Securities or Warrant Shares, the Company, to the extent it is not itself an insured depository institution, agrees to remain predominantly engaged in financial activities. A company is predominantly engaged in financial activities if the annual gross revenues derived by the company and all subsidiaries of the company (excluding revenues derived from subsidiary depository institutions), on a consolidated basis, from engaging in activities that are financial in nature or are incidental to a financial activity under subsection (k) of Section 4 of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(k)) represent at least 85 percent of the consolidated annual gross revenues of the company.

Article V
Miscellaneous

5.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by either the Investor or the Company if the Closing shall not have occurred by the 30th calendar day following the Signing Date; *provided, however*, that in the event the Closing has not occurred by such 30th calendar day, the parties will consult in good faith to determine whether to extend the term of this Agreement, it being understood that the parties shall be required to consult only until the fifth day after such 30th calendar day and not be under any obligation to extend the term of this Agreement thereafter; *provided, further*, that the right to terminate this Agreement under this Section 5.1(a) shall not be available to any party whose breach of any representation or warranty or failure to perform any obligation under this Agreement shall have caused or resulted in the failure of the Closing to occur on or prior to such date; or

(b) by either the Investor or the Company in the event that any Governmental Entity shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and nonappealable; or

(c) by the mutual written consent of the Investor and the Company.

In the event of termination of this Agreement as provided in this Section 5.1, this Agreement shall forthwith become void and there shall be no liability on the part of either party hereto except that nothing herein shall relieve either party from liability for any breach of this Agreement.

5.2 Survival of Representations and Warranties. All covenants and agreements, other than those which by their terms apply in whole or in part after the Closing, shall terminate as of the Closing. The representations and warranties of the Company made herein or in any certificates delivered in connection with the Closing shall survive the Closing without limitation.

5.3 Amendment. No amendment of any provision of this Agreement will be effective unless made in writing and signed by an officer or a duly authorized representative of each party; *provided* that the Investor may unilaterally amend any provision of this Agreement to the extent required to comply with any changes after the Signing Date in applicable federal statutes. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative of any rights or remedies provided by law.

5.4 Waiver of Conditions. The conditions to each party's obligation to consummate the Purchase are for the sole benefit of such party and may be waived by such party in whole or in part to the extent permitted by applicable law. No waiver will be effective unless it is in a writing signed by a duly authorized officer of the waiving party that makes express reference to the provision or provisions subject to such waiver.

5.5 **Governing Law: Submission to Jurisdiction, Etc. This Agreement will be governed by and construed in accordance with the federal law of the United States if and to**

the extent such law is applicable, and otherwise in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State. Each of the parties hereto agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia and the United States Court of Federal Claims for any and all civil actions, suits or proceedings arising out of or relating to this Agreement or the Warrant or the transactions contemplated hereby or thereby, and (b) that notice may be served upon (i) the Company at the address and in the manner set forth for notices to the Company in Section 5.6 and (ii) the Investor in accordance with federal law. To the extent permitted by applicable law, each of the parties hereto hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to this Agreement or the Warrant or the transactions contemplated hereby or thereby.

5.6 Notices. Any notice, request, instruction or other document to be given hereunder by any party to the other will be in writing and will be deemed to have been duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, or (b) on the second business day following the date of dispatch if delivered by a recognized next day courier service. All notices to the Company shall be delivered as set forth in Schedule A, or pursuant to such other instruction as may be designated in writing by the Company to the Investor. All notices to the Investor shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the Investor to the Company.

If to the Investor:

United States Department of the Treasury
1500 Pennsylvania Avenue, NW, Room 2312
Washington, D.C. 20220
Attention: Assistant General Counsel (Banking and Finance)
Facsimile: (202) 622-1974

5.7 Definitions

(a) When a reference is made in this Agreement to a subsidiary of a person, the term "*subsidiary*" means any corporation, partnership, joint venture, limited liability company or other entity (x) of which such person or a subsidiary of such person is a general partner or (y) of which a majority of the voting securities or other voting interests, or a majority of the securities or other interests of which having by their terms ordinary voting power to elect a majority of the board of directors or persons performing similar functions with respect to such entity, is directly or indirectly owned by such person and/or one or more subsidiaries thereof.

(b) The term "*Affiliate*" means, with respect to any person, any person directly or indirectly controlling, controlled by or under common control with, such other person. For purposes of this definition, "*control*" (including, with correlative meanings, the terms "*controlled by*" and "*under common control with*") when used with respect to any person, means the possession, directly or indirectly, of the power to cause the direction of management and/or

policies of such person, whether through the ownership of voting securities by contract or otherwise.

(c) The terms "*knowledge of the Company*" or "*Company's knowledge*" mean the actual knowledge after reasonable and due inquiry of the "*officers*" (as such term is defined in Rule 3b-2 under the Exchange Act, but excluding any Vice President or Secretary) of the Company.

5.8 Assignment. Neither this Agreement nor any right, remedy, obligation nor liability arising hereunder or by reason hereof shall be assignable by any party hereto without the prior written consent of the other party, and any attempt to assign any right, remedy, obligation or liability hereunder without such consent shall be void, except (a) an assignment, in the case of a merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Company's stockholders (a "*Business Combination*") where such party is not the surviving entity, or a sale of substantially all of its assets, to the entity which is the survivor of such Business Combination or the purchaser in such sale and (b) as provided in Sections 3.5 and 4.5.

5.9 Severability. If any provision of this Agreement or the Warrant, or the application thereof to any person or circumstance, is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstances other than those as to which it has been held invalid or unenforceable, will remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the parties.

5.10 No Third Party Beneficiaries. Nothing contained in this Agreement, expressed or implied, is intended to confer upon any person or entity other than the Company and the Investor any benefit, right or remedies, except that the provisions of Section 4.5 shall inure to the benefit of the persons referred to in that Section.

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FORM OF
SUBORDINATED NOTE PURCHASE AGREEMENT

This SUBORDINATED NOTE PURCHASE AGREEMENT (this "**Agreement**") is dated as of June 29, 2012 and is made by and between First Western Financial, Inc., a Colorado corporation (the "**Company**"), and the investors named on the signature pages hereto (the "**Investors**").

WHEREAS, the Company has offered to certain accredited investors (as defined in Regulation D under the Securities Act of 1933, as amended) up to $15,000,000 aggregate principal amount of the Issuer's 8% Subordinated Notes due 2020 (which may be increased by the Company to up to $20,000,000 aggregate principal amount if the offering is oversubscribed) (the "**Subordinated Notes**") pursuant to a Confidential Private Placement Memorandum dated June 12, 2012 (the "**PPM**");

WHEREAS, the Subordinated Notes are intended to qualify as Tier 2 Capital (as defined herein) of the Company; and

WHEREAS, each Investor has agreed pursuant to a Subordinated Notes Subscription Agreement (the "**Subscription Agreements**") to purchase such principal amount of Subordinated Notes set forth therein in accordance with the terms, subject to the conditions, and in reliance on, the recitals, representations, warranties, covenants and agreements set forth herein.

NOW THEREFORE, in consideration of the mutual covenants, conditions and agreements herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Purchase and Sale of Subordinated Notes. Subject to the terms and conditions set forth in this Section 1 and elsewhere in this Agreement, each Investor has agreed to purchase from the Company, and the Company has agreed to sell to such Investor, at the Closing (as defined below) the principal amount of Subordinated Notes subscribed for by such Investor pursuant to the Subscription Agreement executed by such Investor.

a. Interest. The Subordinated Notes shall bear interest commencing on the date of this Agreement until June 29, 2020 (the "**Maturity Date**"), or such earlier date as the Subordinated Notes are paid in full, at the rate of eight percent (8%) per annum. The unpaid principal balance of the Subordinated Notes plus all accrued but unpaid interest thereon shall be due and payable on the Maturity Date, or such earlier date on which such amount shall become due and payable on account of acceleration by the Investors in accordance with the terms of this Agreement.

b. Computation and Payment of Interest. The Subordinated Notes will bear interest at the rate set forth above from and including each Interest Payment Date (or in the case of the initial Interest Payment Date, from June 29, 2020) to, but excluding, the next succeeding Interest Payment Date, or in the case of the final Interest Payment Date, the Maturity Date. Interest on the Subordinated Notes shall be paid in arrears on each Interest Payment Date to holders of record on the Applicable Record Date. The initial

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Interest Payment Date shall be December 31, 2012. Other than the initial Interest Payment Date, "**Interest Payment Date**" shall mean June 30 and December 31 of each year through June 30, 2020. "**Applicable Record Date**" shall mean June 15 with respect to any Interest Payment Date on June 30 and December 15 with respect to any Interest Payment Date on December 31. Interest shall be computed on the basis of 30-day months and a year of 360 days.

c. Ranking. The Subordinated Notes shall be unsecured, subordinated obligations of the Company, subordinated in right of payment to all existing and future senior indebtedness of the Company and pari passu in right of payment to all existing and future subordinated indebtedness of the Company.

d. Maturity. The Subordinated Notes shall mature on June 29, 2020 (the "**Maturity Date**"), and all principal with respect to the Subordinated Notes shall be paid to the holders of record as of such date on June 30, 2020.

e. Redemption. The Subordinated Notes shall be redeemable in whole or in part at the option of the Company at any time on or after the fifth anniversary of the date hereof at a redemption price equal to 100% of the principal amount being redeemed (plus accrued and unpaid interest through the date of redemption). Prior to the fifth anniversary of the date hereof, the Subordinated Notes shall not be redeemable except following the occurrence of a "Capital Treatment Event" or a "Tax Event" (each as defined below), in either of which case the notes shall be redeemable in whole or in part at the option of the Company at any time following the occurrence of such Capital Treatment Event or Tax Event at a redemption price equal to 103% of the principal amount being redeemed if the redemption occurs prior to the first anniversary of the date hereof, 102% of the principal amount being redeemed if the redemption occurs on or after the first anniversary but prior to the third anniversary of the date hereof, and 101% of the principal amount being redeemed if the redemption occurs on or after the third anniversary but prior to the fifth anniversary of the date hereof. For purposes hereof:

i. "**Capital Treatment Event**" means the reasonable determination by the Company, upon advice of legal counsel, that as a result of any amendment to, or change (including any announced prospective change) in, the laws (or any rules or regulations thereunder) of the United States, there exists a material risk that the Company is unable, or within 180 days after the date of such determination will be unable, to treat the Subordinated Notes as "Tier 2 Capital" for purposes of the capital adequacy guidelines of the Federal Reserve.

ii. "**Tax Event**" means the reasonable determination by the Company, upon advice of legal counsel, that as a result of any amendment to, or change (including any announced prospective change) in, the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein, or as a result of any official administrative pronouncement or judicial decision interpreting or applying such laws or regulations, there exists a material risk that interest payable by the Company on the Subordinated Note is not, or within 180 days after the date of such

determination will not be, deductible by the Company, in whole or in part, for United States federal income tax purposes.

f. Non-Business Days. Whenever any payment to be made by the Company hereunder shall be stated to be due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day without change in any computation of interest with respect to such payment (or any succeeding payment). "**Business Day**" means any day other than a Saturday, Sunday or any other day on which banking institutions in Denver, Colorado are permitted or required by any applicable law or executive order to close.

2. Closing; Deliveries. Subject to the satisfaction of the initial closing conditions (as set forth below), the initial closing (the "**Initial Closing**") of the purchase and sale of the Subordinated Notes shall take place on the date hereof. At one or more subsequent closings (each, a "**Subsequent Closing**," and together with the Initial Closing, the "**Closing**"), and subject to the satisfaction of the Subsequent Closing conditions (as set forth below), the Company may sell additional Subordinated Notes to additional Investors provided that the Company does not issue Subordinated Notes evidencing more than an aggregate original principal amount of $20,000,000 pursuant to this Agreement.

a. Initial Closing. At the Initial Closing, (i) each Investor who shall purchase Subordinated Notes hereunder shall deliver or shall have previously delivered to the Company cash, wire transfer or a certified check in an amount equal to 100% of the principal amount subscribed for by such Investor, together with an executed signature page to this Agreement, and (ii) the Company shall issue and deliver to each Investor an executed Subordinated Note in the principal amount purchased by such Investor in substantially the form set forth at Exhibit A hereto.

b. Subsequent Closings. At each Subsequent Closing, (i) each Investor who shall purchase Subordinated Notes hereunder shall deliver or shall have previously delivered to the Company (x) cash, wire transfer or a certified check in an amount equal to 100% of the principal amount subscribed for by such Investor, together with an executed signature page to this Agreement, and (y) cash or a certified check in the amount of Unearned Interest with respect the Subordinated Notes purchase by such Investor, and (ii) the Company shall issue and deliver to each Investor an executed Subordinated Note in the principal amount purchased by such Investor in substantially the form set forth at Exhibit A hereto.

c. Closing Location. Each Closing shall take place at the principal executive offices of the Company or at such other place or time as the Company may specify.

3. Representations, Warranties and Covenants of Company. The Company represents and warrants to the Investors that as of the date hereof:

a. Corporate Existence and Power. (a) The Company is a corporation, duly organized, validly existing and in good standing under the laws of the state of Colorado; (b) the Company has the power and authority to conduct its business in the manner in

which it is currently being conducted; (c) the Company has the power and authority to execute, deliver and perform this Agreement, the Subscription Agreements and the Subordinated Notes (collectively, the "**Transaction Documents**") and to sell and issue the Subordinated Notes hereunder (in each case up to an aggregate principal amount of Subordinated Notes not exceeding $20,000,000); and (d) each subsidiary of the Company is validly existing and in good standing under the laws of its jurisdiction or organization, and each Subsidiary has all requisite power and authority, corporate or otherwise, and possesses all material licenses necessary, to conduct its business in the manner in which it is currently being conducted and to own its properties.

b. Valid and Binding Agreement. The execution, delivery and performance of each Transaction Document have been duly authorized by all requisite action of the Company, and each Transaction Document constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms. The execution, delivery and performance of this Agreement and the other Transaction Documents by the Company does not and, to the knowledge of the Company, will not: (i) conflict with, or violate any provision of, statute, law, rule, regulation, order, judgment, injunction, decree or award of any arbitrator or governmental authority having applicability to the Company or its business, assets, or properties, or any provision of its certificate of incorporation, bylaws or similar governing instruments or (ii) conflict with, violate, or result in any breach of, or constitute a default under, any agreement or instrument to which the Company is now a party or by which the Company or any of its properties or assets may be bound or affected.

c. Financial Statements. The Company has provided the Investors audited consolidated financial statements for the year ended December 31, 2011 and summarized unaudited consolidated interim financial information for the three months ended March 31, 2012 (collectively, "Financial Statements"). The Financial Statements are true and correct in all material respects and fairly present the financial condition of the Company as of the dates, and the results of operation for the fiscal periods, for which the same are furnished to Investors. Company has no material contingent obligations, liabilities for taxes, long-term leases or unusual forward or long-term commitments except as disclosed or reserved against in the financial statements or as set forth in the PPM.

d. Financial Condition. Except as described in the PPM, there has been no material adverse change in the business, properties or condition (financial or otherwise) of the Company since March 31, 2012.

4. Representations and Warranties of the Investors.

a. Purchase for Own Account. Each Investor represents that he or she is acquiring the applicable Subordinated Notes solely for his or her own account and beneficial interest for investment and not for sale or with a view to distribution of the Subordinated Notes or any part thereof, has no present intention of selling (in connection with a distribution or otherwise), granting any participation in, or otherwise distributing the same, and does not presently have reason to anticipate a change in such intention.

b. Status, Information and Sophistication. Each Investor represents that he or she is an "accredited investor" as such term is defined in Rule 501(a) under the Securities Act. Each Investor represents that he or she has received all the information he or she has requested from the Company and that he or she considers necessary or appropriate for deciding whether to purchase the Subordinated Notes. Each Investor represents that he or she has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Subordinated Notes and to obtain any additional information necessary to verify the accuracy of the information given the Investor. Each Investor further represents that he or she has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risk of this investment.

c. Ability to Bear Economic Risk. Each Investor acknowledges that such Investor's investment in the Subordinated Notes involves a high degree of risk, and represents that such Investor is able, without materially impairing such Investor's financial condition, to hold the Subordinated Notes for an indefinite period of time, including through maturity, and to suffer a complete loss of the Investor's investment in the Subordinated Notes.

6. Limitations on Disposition. Without in any way limiting the representations set forth above, each Investor agrees not to make any disposition of all or any portion of the applicable Subordinated Notes unless and until (i) there is then in effect an effective registration statement under the Securities Act of 1933, as amended (the "**Securities Act**"), covering such proposed disposition and such disposition is made in accordance with such registration statement; or (ii) an exemption to registration under the Securities Act and applicable state securities laws is available. Each Investor further understands and agrees that, until so registered or transferred pursuant to the provisions of Rule 144 under the Securities Act, the Subordinated Notes, whether upon initial issuance or upon any transfer thereof, shall bear a legend, prominently stamped or printed thereon, reading substantially as follows:

"THIS SECURITY HAS NOT BEEN REGISTERED, AND THE ISSUER HEREOF DOES NOT INTEND TO REGISTER THIS SECURITY, UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES OR BLUE SKY LAWS OF ANY STATE AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS AND, IF REQUESTED BY THE ISSUER HEREOF, UPON DELIVERY TO THE ISSUER HEREOF OF AN OPINION OF COUNSEL (SATISFACTORY TO THE ISSUER HEREOF) TO THE EFFECT THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER (OR OTHERWISE IN COMPLIANCE WITH) THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAW.

THE ISSUER OF THIS SECURITY IS NOT OBLIGATED TO RECOGNIZE ANY SALE OR OTHER TRANSFER OF THIS SECURITY OR ANY

BENEFICIAL INTEREST HEREIN MADE OTHER THAN IN ACCORDANCE WITH THE PREVIOUS PARAGRAPH. IF A SALE OR TRANSFER OF THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN IS MADE IN CONTRAVENTION OF THE PRECEDING PARAGRAPH, THE ISSUER OF THIS SECURITY MAY REQUIRE SUCH TRANSFEREE TO TRANSFER THIS SECURITY OR THE APPLICABLE BENEFICIAL INTEREST HEREIN TO A PERSON THAT WOULD HAVE BEEN A PERMITTED TRANSFEREE OF SUCH TRANSFEREE'S TRANSFEROR. IF THE OBLIGATION TO TRANSFER DESCRIBED IN THE PRECEDING SENTENCE IS NOT MET, THE ISSUER HEREOF IS IRREVOCABLY AUTHORIZED, WITHOUT ANY OBLIGATION, TO TRANSFER THIS SECURITY OR THE APPLICABLE BENEFICIAL INTEREST HEREIN IN A MANNER CONSISTENT WITH THE RESTRICTIONS SET FORTH IN THIS PARAGRAPH AND, IF THIS SECURITY OR SUCH BENEFICIAL INTEREST HEREIN IS SOLD, THE ISSUER HEREOF SHALL DISTRIBUTE THE NET PROCEEDS OF SUCH SALE TO THE ENTITLED PERSON.

THIS SECURITY IS NOT A DEPOSIT, BANK ACCOUNT OR OBLIGATION OF ANY BANK. THIS SECURITY IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER AGENCY, AND IS SUBJECT TO INVESTMENT RISK, INCLUDING POSSIBLE LOSS OF PRINCIPAL."

7. Denomination; Transfer. The Company, or its agent, shall maintain a register of each holder of a Subordinated Note. The Company shall be entitled to treat each person in its register as the beneficial owner of the Subordinated Note. Subordinated Notes will be issued in certificated form only in minimum denominations of $100,000 and integral multiples of $25,000 in excess thereof. Subject to such denominations and the restrictions on transfer of the Subordinated Notes set forth herein, Subordinated Notes may be transferred in whole or in part by the registered holder thereof in person, by his or her attorney duly authorized in writing, at the principal offices of the Company, accompanied by due endorsement or written instrument of transfer and an opinion of counsel reasonably satisfactory to the Company with respect to the compliance with, or exemptions from, federal and state securities laws applicable to such transfer. Upon such surrender and presentment, the Company shall issue one or more Subordinated Notes, each in a minimum denomination of $100,000 or an integral multiple of $25,000 in excess thereof, which has or have an aggregate principal amount equal to the aggregate principal amount of such Subordinated Notes surrendered and is or are registered in such name or names requested by the holder of record, and shall update its register accordingly. Such transferee shall be solely responsible for delivering to the Company a mailing address or other information necessary for the Company to deliver notices and payments to such transferee.

8. Events of Default and Investors' Remedies.

a. Events of Default. An "**Event of Default**" shall occur under this Agreement only if, pursuant to any reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law or statute of the federal government or any state government that, by its express terms, is applicable to the

Company, (a) any proceedings involving the Company are commenced by or against the Company, or (b) a trustee of any substantial part of the assets of the Company is applied for or appointed, and the Company by any action or failure to act indicates its approval of, consent to or acquiescence in any of the foregoing, or an order shall be entered approving the petition in such proceedings, or approving the application for or appointment of such trustee, and within 120 days after the entry of such order or such appointment, such order or appointment is not vacated, discharged or stayed on appeal or otherwise, or shall not otherwise have ceased to continue in effect.

b. Remedies. Upon the occurrence of an Event of Default, Investors holding at least 51% of the outstanding principal amount of Subordinated Notes, acting jointly, shall have the right, if such Event of Default shall then be continuing, to declare, by written notice to the Company, the Subordinated Notes to be immediately due and payable, subject to any required regulatory approval. Each Investor acknowledges and agrees that there is no right of acceleration in the case of a default in the payment of principal or interest on the Subordinated Notes or the performance of any other obligation of the Company under the Subordinated Notes or this Agreement, and that no repayment by acceleration may be made without receipt of applicable regulatory approval.

7. Miscellaneous.

a. Successors and Assigns. Except as otherwise provided in this Agreement, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

b. Governing Law. This Agreement shall be governed by and construed under the laws of the State of New York without regard to conflict of laws principles.

c. Counterparts; Facsimile Signatures. This Agreement is intended to be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterpart signature pages to this Agreement may be delivered by facsimile or electronic transmission.

d. Notices. Unless otherwise provided, any notice, request, or other communication shall in writing and shall be given by personal delivery, national overnight courier, by certified or registered United States mail, postage prepaid to the addresses or to the email address set forth on the signature page hereof. In case of service by mail, notices shall be deemed complete at the expiration of the second business day after mailing.

e. Amendments and Waivers. Except as otherwise provided herein, any term of this Agreement may be amended and the observance of any term of this Agreement

may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the holders of at least 51% of the outstanding principal amount due under the Subordinated Notes; provided, however, that no amendment or waiver which uniquely or adversely affects any Investor shall be binding upon such Investor without his, her or its prior written consent; and provided further, that this Agreement and the Subordinated Notes may be amended by the Company without the consent of any holders of Subordinated Notes to make any change to the terms hereof and thereof that (1) is or becomes necessary for the Subordinated Notes to qualify as "Tier 2 Capital" of the Company for purposes of the capital adequacy guidelines of the Federal Reserve and (2) does not adversely affect the interests of the holders of Subordinated Notes. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any securities purchased under this Agreement at the time outstanding, each future holder of all such securities, and the Company.

f. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of this Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

g. Exculpation Among Investors. Each Investor acknowledges that such Investor is not relying upon any person, firm or corporation, other than the Company and its officers and directors, in making its investment or decision to invest in the Company. Each Investor agrees that no other Investor, nor the respective controlling persons, officers, directors, partners, agents or employees of any other Investor shall be liable for any action heretofore or hereafter taken or omitted to be taken by any of them in connection with sale, issuance and enforcement of the Subordinated Notes.

h. Headings. Section headings and captions contained in this Agreement in no way define, limit or extend the scope or intent of their respective provisions.

i. Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement among the parties and no party shall be liable or bound to any other party in any manner by any warranty, representation, or covenant except as specifically set forth herein.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Subordinated Note Purchase Agreement as of the date first above written.

FIRST WESTERN FINANCIAL, INC.

By: _____
Name: Scott C. Wylie
Title: Chief Executive Officer

INVESTORS: [See attached signature pages]

The undersigned hereby acknowledges and agrees to become party to and to succeed to all of the rights and obligations of an "Investor" under the Note Purchase Agreement. By execution hereof, the undersigned hereby authorizes the Company to append this signature page as a counterpart signature page to the Note Purchase Agreement.

INVESTOR:

Individual:

_____
Print Name:

Entity:

_____
(name of entity)

By: _____
Name:
Title:

Investor Signature Page to Note Purchase Agreement

EXHIBIT A

FORM OF SUBORDINATED NOTE

[Form of Note]

FIRST WESTERN FINANCIAL, INC.

THIS SECURITY HAS NOT BEEN REGISTERED, AND THE ISSUER HEREOF DOES NOT INTEND TO REGISTER THIS SECURITY, UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES OR BLUE SKY LAWS OF ANY STATE AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS AND, IF REQUESTED BY THE ISSUER HEREOF, UPON DELIVERY TO THE ISSUER HEREOF OF AN OPINION OF COUNSEL (SATISFACTORY TO THE ISSUER HEREOF) TO THE EFFECT THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER (OR OTHERWISE IN COMPLIANCE WITH) THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAW.

THE ISSUER OF THIS SECURITY IS NOT OBLIGATED TO RECOGNIZE ANY SALE OR OTHER TRANSFER OF THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN MADE OTHER THAN IN ACCORDANCE WITH THE PREVIOUS PARAGRAPH. IF A SALE OR TRANSFER OF THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN IS MADE IN CONTRAVENTION OF THE PRECEDING PARAGRAPH, THE ISSUER OF THIS SECURITY MAY REQUIRE SUCH TRANSFEREE TO TRANSFER THIS SECURITY OR THE APPLICABLE BENEFICIAL INTEREST HEREIN TO A PERSON THAT WOULD HAVE BEEN A PERMITTED TRANSFEREE OF SUCH TRANSFEREE'S TRANSFEROR. IF THE OBLIGATION TO TRANSFER DESCRIBED IN THE PRECEDING SENTENCE IS NOT MET, THE ISSUER HEREOF IS IRREVOCABLY AUTHORIZED, WITHOUT ANY OBLIGATION, TO TRANSFER THIS SECURITY OR THE APPLICABLE BENEFICIAL INTEREST HEREIN IN A MANNER CONSISTENT WITH THE RESTRICTIONS SET FORTH IN THIS PARAGRAPH AND, IF THIS SECURITY OR SUCH BENEFICIAL INTEREST HEREIN IS SOLD, THE ISSUER HEREOF SHALL DISTRIBUTE THE NET PROCEEDS OF SUCH SALE TO THE ENTITLED PERSON.

THIS SECURITY IS NOT A DEPOSIT, BANK ACCOUNT OR OBLIGATION OF ANY BANK. THIS SECURITY IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER AGENCY, AND IS SUBJECT TO INVESTMENT RISK, INCLUDING POSSIBLE LOSS OF PRINCIPAL.

FIRST WESTERN FINANCIAL, INC.

8% SUBORDINATED NOTES DUE 2020

Certificate No.:

U.S. $ Dated: , 2012

FOR VALUE RECEIVED, the undersigned, FIRST WESTERN FINANCIAL, INC., a Colorado corporation (the "Company), promises to pay to the order of , or registered assigns (collectively, the "Holder"), the principal amount of $, in the lawful currency of the United States of America, or such lesser or greater amount as shall then remain outstanding under this Note, at the times and in the manner provided in that certain Subordinated Note Purchase Agreement dated as of June , 2012, by and among the Company and the investors named on the signature pages thereto, no later than June 29, 2020 (the "Maturity Date"), or such other date upon which this Note shall become due and payable pursuant to the Subordinated Note Purchase Agreement, whether by reason of extension, acceleration or otherwise.

Interest on this Note will be payable in arrears on June 30 and December 31 of each year, commencing on December 31, 2012, to Holders of record on June 15 and December 15 and at maturity.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if forth at this place.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

FIRST WESTERN FINANCIAL, INC.

By: _____
Name:
Title:

ATTEST:

_____

[REVERSE SIDE OF FORM OF NOTE]

FIRST WESTERN FINANCIAL, INC.
8% Subordinated Notes due 2020

The Company promises to pay interest on the principal amount of this Note, commencing on the date of the Subordinated Notes Purchase Agreement until June 29, 2020 (the "Maturity Date"), or such earlier date as the Subordinated Notes are paid in full, at the rate of eight percent (8%) per annum. The unpaid principal balance of the Note plus all accrued but unpaid interest thereon shall be due and payable on the Maturity Date, or such earlier date on which such amount shall become due and payable on account of acceleration by the Investors in accordance with the terms of the Subordinated Notes Purchase Agreement, to which reference is made and which is incorporated herein by reference. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Note Purchase Agreement.

This Note will bear interest at the rate set forth above from and including each Interest Payment Date (or in the case of the initial Interest Payment Date, from June 29, 2020) to, but excluding, the next succeeding Interest Payment Date, or in the case of the final Interest Payment Date, the Maturity Date. Interest on the Subordinated Notes shall be paid in arrears on each Interest Payment Date to holders of record on the Applicable Record Date. The initial Interest Payment Date shall be December 31, 2012. Other than the initial Interest Payment Date, "Interest Payment Date" shall mean June 30 and December 31 of each year through June 30, 2020. "Applicable Record Date" shall mean June 15 with respect to any Interest Payment Date on June 30 and December 15 with respect to any Interest Payment Date on December 31. Interest shall be computed on the basis of 30-day months and a year of 360 days.

This Note shall be redeemable in whole or in part at the option of the Company at any time on or after the fifth anniversary of the date of the Subordinated Notes Purchase Agreement at a redemption price equal to 100% of the principal amount being redeemed (plus accrued and unpaid interest through the date of redemption). Prior to the fifth anniversary of the date of the Subordinated Notes Purchase Agreement, this Note shall not be redeemable except following the occurrence of a Capital Treatment Event or a Tax Event, in either of which case the notes shall be redeemable in whole or in part at the option of the Company at any time following the occurrence of such Capital Treatment Event or Tax Event at a redemption price equal to 103% of the principal amount being redeemed if the redemption occurs prior to the first anniversary of the date of the Subordinated Notes Purchase Agreement, 102% of the principal amount being redeemed if the redemption occurs on or after the first anniversary but prior to the third anniversary of the date of the Subordinated Notes Purchase Agreement, and 101% of the principal amount being redeemed if the redemption occurs on or after the third anniversary but prior to the fifth anniversary of the date of the Subordinated Notes Purchase Agreement.

The Company, or its agent, shall maintain a register of each holder of the Notes. The Company shall be entitled to treat each person in its register as the beneficial owner of this Note. Notes will be issued in certificated form only in minimum denominations of $100,000 and integral multiples of $25,000 in excess thereof. Subject to such denominations and the restrictions on transfer of the this Note set forth in the Subordinated Note Purchase Agreement,

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this Note may be transferred in whole or in part by the registered holder thereof in person, by his or her attorney duly authorized in writing, at the principal offices of the Company, accompanied by due endorsement or written instrument of transfer and an opinion of counsel reasonably satisfactory to the Company with respect to the compliance with, or exemptions from, federal and state securities laws applicable to such transfer. Upon such surrender and presentment, the Company shall issue one or more Notes, each in a minimum denomination of $100,000 or an integral multiple of $25,000 in excess thereof, which has or have an aggregate principal amount equal to the aggregate principal amount of this Note and is registered in such name or names requested by the holder of record, and shall update its register accordingly. Such transferee shall be solely responsible for delivering to the Company a mailing address or other information necessary for the Company to deliver notices and payments to such transferee.

This Note is an unsecured, subordinated obligation of the Company, subordinated in right of payment to all existing and future senior indebtedness of the Company and pari passu in right of payment to all existing and future subordinated indebtedness of the Company.

This Note is the Note referred to in the Subordinated Note Purchase Agreement among the Company, the Holder and the other Investors and is entitled to the benefits thereof. In case an Event of Default shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable only in the manner and with the effect provided in the Subordinated Note Purchase Agreement.

Any payments made hereunder shall be applied first against costs and expenses of the Holder hereunder; then against interest due hereunder; and then against principal due hereunder.

All notices and other communications hereunder shall be in writing and, for purposes of this Note, shall be delivered in accordance with, and effective as provided in, the Subordinated Note Purchase Agreement.

In the case of any conflict between the provisions of this Note and the Subordinated Note Purchase Agreement, the provisions of the Subordinated Note Purchase Agreement shall control. This Note shall be construed in accordance with, and be governed by the laws of, the State of New York without giving effect to any conflicts of law provisions of such laws.

This Note shall be binding upon the Company and inure to the benefit of the Holder and its respective successors and permitted assigns. The Holder may assign all, or any part of, or any interest in, the Holder's rights and benefits hereunder only to the extent and in the manner permitted in the Subordinated Note Purchase Agreement. To the extent of any such assignment, such assignee shall have the same rights and benefits against the Company and shall agree to be bound by and to comply with the terms and conditions of the Subordinated Note Purchase Agreement as it would have had if it were the Holder hereunder.

Neither any failure nor any delay on the part of the Holder in exercising any right, power or privilege under this Note shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any other right, power or privilege.

ASSIGNMENT FORM

To assign this Note, fill in the form below:

I or we assign and transfer this Note to

_____

(Insert assignee's Social Security or Tax I.D.Number)

_____

_____

_____

_____

_____

(Print or type assignee's name, address and zip code)

and irrevocably appoint

_____

agent to transfer this Note on the books of the Company. The agent may substitute another to act for him or her.

Your Signature:

Date: _____ _____

(Sign exactly as your name appears on the other side of this Note)

FORM OF
SUBORDINATED NOTE PURCHASE AGREEMENT

This SUBORDINATED NOTE PURCHASE AGREEMENT (this "**Agreement**") is dated as of , 2016 and is made by and between First Western Financial, Inc., a Colorado corporation (the "**Company**"), and the investor named on the signature page hereto (the "**Investor**").

WHEREAS, the Company has offered to certain accredited investors as defined in Regulation D under the Securities Act of 1933, as amended (the "**Securities Act**") up to $15,000,000 aggregate principal amount of the Company's 7.25% Fixed-to-Floating Rate Subordinated Notes due December 31, 2026 (which may be increased by the Company to up to $25,000,000 aggregate principal amount if the offering is oversubscribed) (the "**Subordinated Notes**") pursuant to a Confidential Private Placement Memorandum dated September 14, 2016 (the "**PPM**");

WHEREAS, the Subordinated Notes are intended to qualify as Tier 2 Capital of the Company; and

WHEREAS, Investor desires to purchase the principal amount of Subordinated Notes set forth herein in accordance with the terms, subject to the conditions, and in reliance on, the recitals, representations, warranties, covenants and agreements set forth herein.

NOW THEREFORE, in consideration of the mutual covenants, conditions and agreements herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Purchase and Sale of Subordinated Notes. Subject to the terms and conditions set forth in this Section 1 and elsewhere in this Agreement, Investor has agreed to purchase from the Company, and the Company has agreed to sell to such Investor, at the Closing (as defined below) the principal amount of Subordinated Note subscribed for by the Investor set forth on the signature page hereto.

(a) *Interest*. The Subordinated Notes shall bear interest commencing on the date hereof until but excluding January 1, 2022, at the rate of seven and one quarter percent (7.25%) per annum. From and including January 1, 2022, through maturity or an early redemption date, the Subordinated Notes shall bear a floating interest rate, set on the first day of each calendar quarter from January 1, 2022 until December 31, 2026 (the "**Maturity Date**"), or such earlier date as the Subordinated Notes are paid in full, calculated as the then current 90 day London Interbank Offering Rate ("**LIBOR**") plus 587 basis points. The unpaid principal balance of the Subordinated Notes plus all accrued but unpaid interest thereon shall be due and payable on the Maturity Date, or such earlier date on which such amount shall become due and payable on account of acceleration in accordance with the terms of this Agreement.

(b) *Computation and Payment of Interest*. The Subordinated Notes will bear interest at the rates set forth above from and including each Interest Payment Date to, but excluding, the next succeeding Interest Payment Date, or in the case of the

final Interest Payment Date, the Maturity Date. Interest on the Subordinated Notes shall be paid in arrears on each Interest Payment Date to holders of record on the Applicable Record Date. The initial Interest Payment Date shall be December 31, 2016. Other than the initial Interest Payment Date, "**Interest Payment Date**" shall mean March 31, June 30, September 30 and December 31 of each year through December 31, 2026. "**Applicable Record Date**" shall mean March 15 with respect to any Interest Payment Date on March 31, June 15 with respect to any Interest Payment Date on June 30, September 15 with respect to any Interest Payment Date on September 30 and December 15 with respect to any Interest Payment Date on December 31. Interest shall be computed on the basis of a 360-day year and the number of days actually elapsed during the payment period.

(c) *Ranking*. The Subordinated Notes shall be unsecured, subordinated obligations of the Company, subordinated in right of payment to all existing and future senior indebtedness of the Company and pari passu in right of payment to all existing and future subordinated indebtedness of the Company.

(d) *Maturity*. The Subordinated Notes shall mature on the Maturity Date, and all principal with respect to the Subordinated Notes shall be paid to the holders of record as of such date on January 1, 2027.

(e) *Redemption*. The Subordinated Notes shall be redeemable in whole or in part at the option of the Company at any time on or after January 1, 2022, at a redemption price equal to 100% of the principal amount being redeemed (plus accrued and unpaid interest to, but excluding, the date of redemption). Prior to January 1, 2022, the Subordinated Notes shall not be redeemable except following the occurrence of a "Capital Treatment Event" or a "Tax Event" (each as defined below) or if the Company is required to register as an investment company pursuant to the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.) (the "**1940 Act**"), in which case the notes shall be redeemable in whole or in part at the option of the Company at any time following the occurrence of such Capital Treatment Event, Tax Event or registration requirement. For purposes hereof:

i. "**Capital Treatment Event**" means the reasonable determination by the Company, upon advice of legal counsel, that as a result of: (A) any amendment to, or change (including any announced prospective change) in, the laws (or any rules or regulations thereunder) of the United States, or any rules, guidelines or policies of an applicable regulatory authority for the Company; or (B) any official administrative pronouncement or judicial decision interpreting or applying such laws or regulations, which amendment or change is effective or which pronouncement or decision is announced on or after the date of original issuance of the Subordinated Notes, the Subordinated Notes do not constitute, or within 180 days of the date of such opinion will not constitute, "Tier 2 Capital" (or its then equivalent if the Company were subject to such capital requirement) for purposes of capital adequacy guidelines of the Board of Governors of the Federal Reserve System (or any successor regulatory authority with jurisdiction

over bank holding companies) (the "**Federal Reserve**"), as then in effect and applicable to the Company.

ii. "**Tax Event**" means the reasonable determination by the Company, upon advice of legal counsel, that as a result of any amendment to, or change (including any announced prospective change) in, the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein, or as a result of any official administrative pronouncement or judicial decision interpreting or applying such laws or regulations, which amendment or change is effective or which pronouncement or decision is announced on or after the date of original issuance of the Subordinated Notes, there exists a more than substantial risk that interest payable by the Company on the Subordinated Note is not, or within 180 days after the date of such determination will not be, deductible by the Company, in whole or in part, for United States federal income tax purposes.

(f) *Subsequent Issuance of Substantially Identical Notes*. If, within 210 days after the consummation of the offering of Subordinated Notes, the Company consummates another offering of subordinated notes (such date of consummation, the "**Subsequent Closing Date**") on terms substantially identical to those of the Subordinated Notes, except that the fixed interest rate payable on the subsequently issued subordinated notes is higher than 7.25% (such rate, the "**Subsequent Interest Rate**"), interest payable on the Subordinated Notes shall, as of the Subsequent Closing Date and continuing until but excluding January 1, 2022, accrue at the Subsequent Interest Rate. In addition, if the subsequently offered notes are, except with respect to a Capital Treatment Event, Tax Event or requirement of the Company to register as an investment company pursuant to the 1940 Act, not redeemable by the Company for more than five years (the "**Longer No Redemption Period**") from the date of issuance of the subsequently issued subordinated notes, the Subordinated Notes shall be entitled to the Longer No Redemption Period, with such period running from the date of the Subordinated Notes' issuance. For purposes of this Section 1(f), the determination of whether subordinated note terms are "substantially identical" shall be in the Company's sole discretion.

(g) *Non-Business Days*. Whenever any payment to be made by the Company hereunder shall be stated to be due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day without change in any computation of interest with respect to such payment (or any succeeding payment). "**Business Day**" means any day other than a Saturday, Sunday or any other day on which banking institutions in Denver, Colorado are permitted or required by any applicable law or executive order to close.

2. Closing; Deliveries. Subject to the satisfaction of the initial closing conditions (as set forth below), the initial closing (the "**Initial Closing**") of the purchase and sale of the Subordinated Notes shall take place on the date hereof. At one or more subsequent closings (each, a "**Subsequent Closing**," and together with the Initial Closing, the "**Closing**"), and

subject to the satisfaction of the Subsequent Closing conditions (as set forth below), the Company may sell additional Subordinated Notes to additional investors provided that the Company does not issue Subordinated Notes evidencing more than an aggregate original principal amount of $25,000,000.

(a) *Initial Closing*. At the Initial Closing, (i) Investor shall deliver or shall have previously delivered to the Company cash, wire transfer or a certified check in an amount equal to 100% of the principal amount subscribed for by such Investor, together with an executed signature page to this Agreement, and (ii) the Company shall issue and deliver to Investor an executed Subordinated Note in the principal amount purchased by Investor in substantially the form set forth at Exhibit A hereto.

(b) *Subsequent Closings*. At each Subsequent Closing, (i) Investor shall deliver or shall have previously delivered to the Company (x) cash, wire transfer or a certified check in an amount equal to 100% of the principal amount subscribed for by such Investor, together with an executed signature page to this Agreement, and (y) cash or a certified check in the amount of Unearned Interest with respect the Subordinated Notes purchase by such Investor, and (ii) the Company shall issue and deliver to Investor an executed Subordinated Note in the principal amount purchased by Investor in substantially the form set forth at Exhibit A hereto.

(c) *Closing Location*. Each Closing shall take place at the principal executive offices of the Company or at such other place or time as the Company may specify.

3. Representations, Warranties and Covenants of Company. The Company represents and warrants to Investor that as of the date hereof:

(a) *Corporate Existence and Power*. (i) The Company is a corporation duly organized, validly existing and in good standing under the laws of the state of Colorado; (ii) the Company has the power and authority to conduct its business in the manner in which it is currently being conducted; (c) the Company has the power and authority to execute, deliver and perform this Agreement and the Subordinated Notes (collectively, the "**Transaction Documents**") and to sell and issue the Subordinated Notes hereunder (in each case up to an aggregate principal amount of Subordinated Notes not exceeding $25,000,000); and (d) each subsidiary of the Company is validly existing and in good standing under the laws of its jurisdiction or organization, and each Subsidiary has all requisite power and authority, corporate or otherwise, and possesses all material licenses necessary, to conduct its business in the manner in which it is currently being conducted and to own its properties.

(b) *Valid and Binding Agreement*. The execution, delivery and performance of each Transaction Document have been duly authorized by all requisite action of the Company, and each Transaction Document constitutes a valid and binding

obligation of the Company, enforceable against the Company in accordance with its terms. The execution, delivery and performance of this Agreement and the other Transaction Documents by the Company does not and, to the knowledge of the Company will not: (i) conflict with, or violate any provision of, statute, law, rule, regulation, order, judgment, injunction, decree or award of any arbitrator or governmental authority having applicability to the Company or its business, assets, or properties, or any provision of its certificate of

incorporation, bylaws or similar governing instruments; or (ii) conflict with, violate, or result in any breach of, or constitute a default under, any agreement or instrument to which the Company is now a party or by which the Company or any of its properties or assets may be bound or affected.

(c) *Financial Statements*. The Company has in the PPM provided Investor audited consolidated financial statements for the years ended December 31, 2015 and December 31, 2014 and summarized unaudited consolidated interim financial information for the six months ended June 30, 2016 (collectively, the "**Financial Statements**"). The Financial Statements are true and correct in all material respects and fairly present the financial condition of the Company as of the dates, and the results of operation for the fiscal periods reflected therein. Company has no material contingent obligations, liabilities for taxes, long-term leases or unusual forward or long-term commitments except as disclosed or reserved against in the financial statements or as otherwise set forth in the PPM.

(d) *Financial Condition*. Except as described in the PPM, there has been no material adverse change in the business, properties or condition (financial or otherwise) of the Company since June 30, 2016.

4. Representations and Warranties of Investor.

(a) *Purchase for Own Account*. Investor represents that he or she is acquiring the Subordinated Notes solely for his or her own account and beneficial interest for investment and not for sale or with a view to distribution of the Subordinated Notes or any part thereof, has no present intention of selling (in connection with a distribution or otherwise), granting any participation in, or otherwise distributing the same, and does not presently have reason to anticipate a change in such intention.

(b) *Status, Information and Sophistication*. Investor represents that he or she is an "accredited investor" as such term is defined in Rule 501(a) under the Securities Act. Investor represents that he or she has received all the information he or she has requested from the Company and that he or she considers necessary or appropriate for deciding whether to purchase the Subordinated Notes. Investor represents that he or she has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Subordinated Notes and to obtain any additional information necessary to verify the accuracy of the information given to Investor. Investor further represents that he or she has such knowledge and experience in financial and

business matters that it is capable of evaluating the merits and risk of this investment.

(c) *Ability to Bear Economic Risk*. Investor acknowledges that Investor's investment in the Subordinated Notes involves a high degree of risk, and represents that Investor is able, without materially impairing Investor's financial condition, to hold the Subordinated Notes for an indefinite period of time, including through maturity, and to suffer a complete loss of Investor's investment in the Subordinated Notes.

5. Limitations on Disposition. Without in any way limiting the representations set forth above, Investor agrees not to make any disposition of all or any portion of the applicable Subordinated Notes unless and until: (a) there is then in effect an effective registration statement under the Securities Act, covering such proposed disposition and such disposition is made in accordance with such registration statement; or (b) an exemption to registration under the Securities Act and applicable state securities laws is available. Investor further understands and agrees that, until so registered or transferred pursuant to the provisions of Rule 144 under the Securities Act, the Subordinated Notes, whether upon initial issuance or upon any transfer thereof, shall bear a legend, prominently stamped or printed thereon, reading substantially as follows:

"THIS SECURITY HAS NOT BEEN REGISTERED, AND THE ISSUER HEREOF DOES NOT INTEND TO REGISTER THIS SECURITY, UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES OR BLUE SKY LAWS OF ANY STATE AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS AND, IF REQUESTED BY THE ISSUER HEREOF, UPON DELIVERY TO THE ISSUER HEREOF OF AN OPINION OF COUNSEL (SATISFACTORY TO THE ISSUER HEREOF) TO THE EFFECT THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER (OR OTHERWISE IN COMPLIANCE WITH) THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAW.

THE ISSUER OF THIS SECURITY IS NOT OBLIGATED TO RECOGNIZE ANY SALE OR OTHER TRANSFER OF THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN MADE OTHER THAN IN ACCORDANCE WITH THE PREVIOUS PARAGRAPH. IF A SALE OR TRANSFER OF THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN IS MADE IN CONTRAVENTION OF THE PRECEDING PARAGRAPH, THE ISSUER OF THIS SECURITY MAY REQUIRE SUCH TRANSFEREE TO TRANSFER THIS SECURITY OR THE APPLICABLE BENEFICIAL INTEREST HEREIN TO A PERSON THAT WOULD HAVE BEEN A PERMITTED TRANSFEREE OF SUCH TRANSFEREE'S TRANSFEROR. IF THE OBLIGATION TO TRANSFER DESCRIBED IN THE PRECEDING SENTENCE IS NOT MET, THE ISSUER HEREOF IS IRREVOCABLY AUTHORIZED, WITHOUT ANY OBLIGATION, TO TRANSFER THIS SECURITY OR THE APPLICABLE

BENEFICIAL INTEREST HEREIN IN A MANNER CONSISTENT WITH THE RESTRICTIONS SET FORTH IN THIS PARAGRAPH AND, IF THIS SECURITY OR SUCH BENEFICIAL INTEREST HEREIN IS SOLD, THE ISSUER HEREOF SHALL DISTRIBUTE THE NET PROCEEDS OF SUCH SALE TO THE ENTITLED PERSON.

THIS SECURITY IS NOT A DEPOSIT, BANK ACCOUNT OR OBLIGATION OF ANY BANK. THIS SECURITY IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER AGENCY, AND IS SUBJECT TO INVESTMENT RISK, INCLUDING POSSIBLE LOSS OF PRINCIPAL."

6. Denomination; Transfer. The Company, or its agent, shall maintain a register of each holder of a Subordinated Note. The Company shall be entitled to treat each person in its register as the beneficial owner of the Subordinated Note. Subordinated Notes will be issued in certificated form only in minimum denominations of $100,000 and integral multiples of $100,000 in excess thereof. Subject to such denominations and the restrictions on transfer of

the Subordinated Notes set forth herein, Subordinated Notes may be transferred in whole or in part by the registered holder thereof in person, by his or her attorney duly authorized in writing, at the principal offices of the Company, accompanied by due endorsement or written instrument of transfer and an opinion of counsel reasonably satisfactory to the Company with respect to the compliance with, or exemptions from, federal and state securities laws applicable to such transfer. Upon such surrender and presentment, the Company shall issue one or more Subordinated Notes, each in a minimum denomination of $100,000 or an integral multiple of $100,000 in excess thereof, which has or have an aggregate principal amount equal to the aggregate principal amount of such Subordinated Notes surrendered and is or are registered in such name or names requested by the holder of record, and shall update its register accordingly. Such transferee shall be solely responsible for delivering to the Company a mailing address or other information necessary for the Company to deliver notices and payments to such transferee.

7. Events of Default and Investor's Remedies.

(a) *Events of Default*. An "**Event of Default**" shall occur under this Agreement only if, pursuant to any reorganization, insolvency, dissolution, liquidation or similar law or statute of the federal government or any state government that, by its express terms, is applicable to the Company: (i) any proceedings involving the Company are commenced by or against the Company; or (ii) a trustee of any substantial part of the assets of the Company is applied for or appointed, and the Company by any action or failure to act indicates its approval of, consent to or acquiescence in any of the foregoing, or an order shall be entered approving the petition in such proceedings, or approving the application for or appointment of such trustee, and within 120 days after the entry of such order or such appointment, such order or appointment is not vacated, discharged or stayed on appeal or otherwise, or shall not otherwise have ceased to continue in effect.

(b) *Remedies*. Upon the occurrence of an Event of Default, Investors holding at least 51% of the outstanding principal amount of Subordinated Notes, acting jointly, shall have the right, if such Event of Default shall then be continuing, to

declare, by written notice to the Company, the Subordinated Notes to be immediately due and payable, subject to any required regulatory approval. Investor acknowledges and agrees that there is no right of acceleration in the case of a default in the payment of principal or interest on the Subordinated Notes or the performance of any other obligation of the Company under the Subordinated Notes or this Agreement, and that no repayment by acceleration may be made without receipt of applicable regulatory approval.

8. Miscellaneous.

(a) *Successors and Assigns*. Except as otherwise provided in this Agreement, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

(b) *Governing Law*. This Agreement shall be governed by and construed under the laws of the State of Colorado without regard to conflict of laws principles.

(c) *Counterparts; Facsimile Signatures*. This Agreement is intended to be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterpart signature page to this Agreement may be delivered by facsimile or electronic transmission.

(d) *Notices*. Unless otherwise provided, any notice, request, or other communication shall in writing and shall be given by personal delivery, by national overnight courier, by certified or registered United States mail, postage prepaid to the addresses or to the email address set forth on the signature page hereof. In case of service by mail, notices shall be deemed complete at the expiration of the second Business Day after mailing.

(e) *Amendments and Waivers*. Except as otherwise provided herein, any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the holders of at least 51% of the outstanding principal amount due under the Subordinated Notes; provided, however, that no amendment or waiver which uniquely or adversely affects any Investor shall be binding upon such Investor without his or her prior written consent; and provided further, that this Agreement and the Subordinated Notes may be amended by the Company without the consent of any holders of Subordinated Notes to make any change to the terms hereof and thereof that: (i) is or becomes necessary for the Subordinated Notes to qualify as "Tier 2 Capital" of the Company for purposes of the capital adequacy

guidelines of the Federal Reserve; and (ii) does not adversely affect the interests of the holders of Subordinated Notes. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any securities purchased under this Agreement at the time outstanding, each future holder of all such securities, and the Company.

(f) *Severability*. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of this Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

(g) *Exculpation Among Investors*. Investor acknowledges that Investor is not relying upon any person, firm or corporation, other than the Company and its officers and directors, in making its investment or decision to invest in the Company. Investor agrees that no other Investor, nor the respective controlling persons, officers, directors, partners, agents or employees of any other Investor shall be liable for any action heretofore or hereafter taken or omitted to be taken by any of them in connection with sale, issuance and enforcement of the Subordinated Notes.

(h) *Headings*. Section headings and captions contained in this Agreement in no way define, limit or extend the scope or intent of their respective provisions.

(i) *Entire Agreement*. This Agreement and the documents referred to herein constitute the entire agreement among the parties and no party shall be liable or bound to any other party in any manner by any warranty, representation, or covenant except as specifically set forth herein.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Subordinated Note Purchase Agreement as of the date first above written.

FIRST WESTERN FINANCIAL, INC.

_____
Name: Scott C. Wylie
Title: Chairman, CEO & President

INVESTOR:

Individual:

_____
Print Name:
Entity:

_____
(name of entity)

By: _____
Name:
Title:

Email address:
Principal Amount of Subordinated Notes: $

To elect to receive payments of interest and principal under the Notes by check, please check here: o

Address Where Payment Should Be Sent (*if different than permanent address for notice*):

To elect to receive payments of interest and principal under the Notes by wire transfer, please check here: o

Wire Transfer Instructions:
ABA Routing Number:
Bank Name:
Account:
Account Name:

EXHIBIT A TO SUBORDINATED NOTE PURCHASE AGREEMENT
FORM OF SUBORDINATED NOTE

[Form of Note]

FIRST WESTERN FINANCIAL, INC.

THIS SECURITY HAS NOT BEEN REGISTERED, AND THE ISSUER HEREOF DOES NOT INTEND TO REGISTER THIS SECURITY, UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES OR BLUE SKY LAWS OF ANY STATE AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS AND, IF REQUESTED BY THE ISSUER HEREOF, UPON DELIVERY TO THE ISSUER HEREOF OF AN OPINION OF COUNSEL (SATISFACTORY TO THE ISSUER HEREOF) TO THE EFFECT THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER (OR OTHERWISE IN COMPLIANCE WITH) THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAW.

THE ISSUER OF THIS SECURITY IS NOT OBLIGATED TO RECOGNIZE ANY SALE OR OTHER TRANSFER OF THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN MADE OTHER THAN IN ACCORDANCE WITH THE PREVIOUS PARAGRAPH. IF A SALE OR TRANSFER OF THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN IS MADE IN CONTRAVENTION OF THE PRECEDING PARAGRAPH, THE ISSUER OF THIS SECURITY MAY REQUIRE SUCH TRANSFEREE TO TRANSFER THIS SECURITY OR THE APPLICABLE BENEFICIAL INTEREST HEREIN TO A PERSON THAT WOULD HAVE BEEN A PERMITTED TRANSFEREE OF SUCH TRANSFEREE'S TRANSFEROR. IF THE OBLIGATION TO TRANSFER DESCRIBED IN THE PRECEDING SENTENCE IS NOT MET, THE ISSUER HEREOF IS IRREVOCABLY AUTHORIZED, WITHOUT ANY OBLIGATION, TO TRANSFER THIS SECURITY OR THE APPLICABLE BENEFICIAL INTEREST HEREIN IN A

MANNER CONSISTENT WITH THE RESTRICTIONS SET FORTH IN THIS PARAGRAPH AND, IF THIS SECURITY OR SUCH BENEFICIAL INTEREST HEREIN IS SOLD, THE ISSUER HEREOF SHALL DISTRIBUTE THE NET PROCEEDS OF SUCH SALE TO THE ENTITLED PERSON.

THIS SECURITY IS NOT A DEPOSIT, BANK ACCOUNT OR OBLIGATION OF ANY BANK. THIS SECURITY IS NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER AGENCY, AND IS SUBJECT TO INVESTMENT RISK, INCLUDING POSSIBLE LOSS OF PRINCIPAL.

FIRST WESTERN FINANCIAL, INC.

7.25% FIXED-TO-FLOATING RATE SUBORDINATED NOTES DUE DECEMBER 31, 2026

Certificate No.:

U.S. $ Dated: , 2016

FOR VALUE RECEIVED, the undersigned, FIRST WESTERN FINANCIAL, INC., a Colorado corporation (the "Company), promises to pay to the order of , or registered assigns (collectively, the "Holder"), the principal amount of $, in the lawful currency of the United States of America, or such lesser or greater amount as shall then remain outstanding under this Note, at the times and in the manner provided in that certain Subordinated Note Purchase Agreement dated as of , 2016, by and between the Company and the investor named on the signature page thereto, no later than December 31, 2026 (the "Maturity Date"), or such other date upon which this Note shall become due and payable pursuant to the Subordinated Note Purchase Agreement, whether by reason of extension, acceleration or otherwise.

Interest on this Note will be payable in arrears on March 31, June 30, September 30 and December 31 of each year, commencing on December 31, 2016, to Holders of record on March 15, June 15, September 15 and December 15 and at maturity.

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if forth at this place.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

FIRST WESTERN FINANCIAL, INC.

By:
Name:
Title:

ATTEST:

[REVERSE SIDE OF FORM OF NOTE]

FIRST WESTERN FINANCIAL, INC. 7.25% Fixed-to-Floating Rate Subordinated Notes due December 31, 2026

The Company promises to pay interest on the principal amount of this Note, commencing on the date of the Subordinated Note Purchase Agreement until but excluding January 1, 2022, at the rate of seven and one quarter percent (7.25%) per annum. From and including January 1, 2022, through maturity or an early redemption date, this Note shall bear a floating interest rate, set on the first day of each calendar quarter from January 1, 2022 until December 31, 2026 (the "Maturity Date"), or such earlier date as the Subordinated Notes are paid in full, calculated as the then current 90 day London Interbank Offering Rate ("LIBOR") plus 587 basis points. The unpaid principal balance of the Note plus all accrued but unpaid interest thereon shall be due and payable on the Maturity Date, or such earlier date on which such amount shall become due and payable on account of acceleration in accordance with the terms of the Subordinated Note Purchase Agreement, to which reference is made and which is incorporated herein by reference. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Subordinated Note Purchase Agreement.

This Note will bear interest at the rate set forth above from and including each Interest Payment Date to, but excluding, the next succeeding Interest Payment Date, or in the case of the final Interest Payment Date, the Maturity Date. Interest on the Subordinated Notes shall be paid in arrears on each Interest Payment Date to holders of record on the Applicable Record Date. The initial Interest Payment Date shall be December 31, 2016. Other than the initial Interest Payment Date, "Interest Payment Date" shall mean March 31, June 30, September 30 and December 31 of each year through December 31, 2026. "Applicable Record Date" shall mean March 15 with respect to any Interest Payment Date on March 31, June 15 with respect to any Interest Payment Date on June 30, September 15 with respect to any Interest Payment Date on September 30 and December 15 with respect to any Interest Payment Date on December 31. Interest shall be computed on the basis of a 360-day year and the number of days actually elapsed during the payment period.

This Note shall be redeemable in whole or in part at the option of the Company at any time on or after the fifth anniversary of the date of the Subordinated Note Purchase Agreement at a redemption price equal to 100% of the principal amount being redeemed (plus accrued and unpaid interest to, but excluding, the date of redemption). Prior to the fifth anniversary of the date of the Subordinated Note Purchase Agreement, this Note shall not be redeemable except following the occurrence of a Capital Treatment Event or a Tax Event or if the Company is required to register as an investment company pursuant to the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.), in which case the notes shall be redeemable in whole or in part at the option of the Company at any time following the occurrence of such Capital Treatment Event, Tax Event or registration requirement.

The Company, or its agent, shall maintain a register of each holder of the Notes. The Company shall be entitled to treat each person in its register as the beneficial owner of this Note. Notes will be issued in certificated form only in minimum denominations of $100,000 and integral multiples of $100,000 in excess thereof. Subject to such denominations and the restrictions on

transfer of the this Note set forth in the Subordinated Note Purchase Agreement, this Note may be transferred in whole or in part by the registered holder thereof in person, by his or her attorney duly authorized in writing, at the principal offices of the Company, accompanied by due endorsement or written instrument of transfer and an opinion of counsel reasonably satisfactory to the Company with respect to the compliance with, or exemptions from, federal and state securities laws applicable to such transfer. Upon such surrender and presentment, the Company shall issue one or more Notes, each in a minimum denomination of $100,000 or an integral multiple of $100,000 in excess thereof, which has or have an aggregate principal amount equal to the aggregate principal amount of this Note and is registered in such name or names requested by the holder of record, and shall update its register accordingly. Such transferee shall be solely responsible for delivering to the Company a mailing address or other information necessary for the Company to deliver notices and payments to such transferee.

This Note is an unsecured, subordinated obligation of the Company, subordinated in right of payment to all existing and future senior indebtedness of the Company and pari passu in right of payment to all existing and future subordinated indebtedness of the Company.

This Note is the Note referred to in the Subordinated Note Purchase Agreement between the Company and the Holder and is entitled to the benefits thereof. In case an Event of Default shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable only in the manner and with the effect provided in the Subordinated Note Purchase Agreement.

Any payments made hereunder shall be applied first against costs and expenses of the Holder hereunder; then against interest due hereunder; and then against principal due hereunder.

All notices and other communications hereunder shall be in writing and, for purposes of this Note, shall be delivered in accordance with, and effective as provided in, the Subordinated Note Purchase Agreement.

In the case of any conflict between the provisions of this Note and the Subordinated Note Purchase Agreement, the provisions of the Subordinated Note Purchase Agreement shall control. This Note shall be construed in accordance with, and be governed by the laws of, the State of Colorado without giving effect to any conflicts of law provisions of such laws.

This Note shall be binding upon the Company and inure to the benefit of the Holder and its respective successors and permitted assigns. The Holder may assign all, or any part of, or any interest in, the Holder’s rights and benefits hereunder only to the extent and in the manner permitted in the Subordinated Note Purchase Agreement. To the extent of any such assignment, such assignee shall have the same rights and benefits against the Company and shall agree to be bound by and to comply with the terms and conditions of the Subordinated Note Purchase Agreement as it would have had if it were the Holder hereunder.

Neither any failure nor any delay on the part of the Holder in exercising any right, power or privilege under this Note shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any other right, power or privilege.

ASSIGNMENT FORM
To assign this Note, fill in the form below:

I or we assign and transfer this Note to

(Insert assignee’s Social Security or Tax I.D. Number)

(Print or type assignee’s name, address and zip code)

and irrevocably appoint as agent to transfer this Note on the books of the Company. The agent may substitute another to act for him or her.

Your Signature:

Date: _____

(Sign exactly as your name appears on the other side of this Note)

FORM OF
INVESTOR AGREEMENT

This INVESTOR AGREEMENT (this "**Agreement**"), effective as of , 20 (the "**Effective Date**"), is between First Western Financial, Inc., a Colorado corporation (the "**Company**") and each of the investors who is a signatory hereto (each, a "**Shareholder**" and collectively, the "**Shareholders**").

WHEREAS, the Shareholders have purchased shares of the Company's common stock, no par value per share ("**Common Stock**") in a private offering (the "**Offering**") pursuant to the terms of the Company's confidential private placement memorandum dated August 18, 2017 at a price of $28.50 per share (the "**Purchase Price**"); and

WHEREAS, pursuant to the terms of the Offering, each Offering Share includes a onetime right pursuant to which the holder of such Offering Share (as defined below) may be issued additional shares of Common Stock upon the occurrence of certain events and subject to certain conditions and limitations, each as set forth herein (the "**Make Whole Right**"); and

WHEREAS, the Shareholders and the Company desire to enter into this Agreement to memorialize in writing the terms of the Make Whole Right.

NOW, THEREFORE, in consideration of the respective covenants and promises contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows, intending to be legally bound hereby:

1. **Definitions**. In addition to any other definitions contained in this Agreement, the following words, terms and phrases shall have the following meanings when used in this Agreement.

(a) "**Change of Control**" means any of the following: (i) any person (as such term is defined in Section 13(d) or 14(d) of the Exchange Act) other than a person who is a shareholder of the Company as of the Effective Date that acquires beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of the combined voting power of the then outstanding voting securities of the Company; or (ii) the Company's shareholders approve: (A) a merger or consolidation of the Company and the shareholders of the Company immediately before such merger or consolidation do not, immediately after such merger or consolidation, own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities of the entity surviving or resulting from such merger or consolidation in substantially the same proportion as their ownership of the combined voting power of the outstanding securities of the Company immediately before such merger or consolidation; or (B) a complete liquidation or dissolution or an agreement for the sale or other disposition of all or substantially all of the assets of the Company.

(b) "**Consummation**" means: (i) with respect to an IPO, the commencement of trading of shares of Common Stock on a national securities exchange; (ii) with respect to a Subsequent Capital Raise, except as set forth in Section 2(b), the closing of the

private offering and release of subscription funds to the Company; or (iii) with respect to a Change in Control, the closing of the transaction that constitutes a Change in Control.

(c) "**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

(d) "**IPO**" means an initial offering of Common Stock pursuant to an effective Registration Statement filed under the Securities Act (other than a registration: (i) pursuant to a Registration Statement on Form S-8 (or other registration solely relating to an offering or sale to employees or directors of the Company pursuant to any employee stock plan or other employee benefit arrangement); (ii) pursuant to a Registration Statement on Form S-4 (or similar form that relates to a transaction subject to Rule 145 under the Securities Act or any successor rule thereto); or (iii) in connection with any dividend or distribution reinvestment or similar plan).

(e) "**Make Whole Share**" means a share of Common Stock issued pursuant to the Make Whole Right.

(f) "**Offering Share**" means a share of Common Stock purchased pursuant to the Offering.

(g) "**Reference Price**" means: (i) with respect to an IPO, the 10 day volume weighted average price for the Common Stock commencing on the trading day that is 20 business days following the effective date of the IPO; or (ii) with respect to a Subsequent Capital Raise or a Change of Control, the average net fair value of consideration received for each share of Common Stock sold, as determined by the Company's board of directors in its sole discretion.

(h) "**Registration Statement**" means any registration statement of the Company, including the prospectus, amendments and supplements to such registration statement, including post-effective amendments, all exhibits and all material incorporated by reference in such registration statement.

(i) "**Securities Act**" means the Securities Act of 1933, as amended.

(j) "**Subsequent Capital Raise**" means a private offering or offerings of Common Stock for cash with aggregate total consideration of $10,000,000 or more. For purposes of determining whether a condition set forth in Section 2(a) has been satisfied, the consideration received from each such private offering shall be aggregated. Notwithstanding the foregoing, the issuance of the following shall not be considered to be a Subsequent Capital Raise, nor shall consideration received from the issuance of any of the following be considered for purposes of determining whether a Subsequent Capital Raise has occurred or a condition set forth in Section 2(a) has been satisfied: (i) Offering Shares; (ii) shares of Common Stock issued in connection with any merger, acquisition of some or all of the business or assets of any third party or any similar corporate transaction; (iii) shares of Common Stock issued pursuant to any Company benefit, incentive, stock ownership or similar plan including, but not

limited to, pursuant to the exercise of stock options or the vesting of shares of restricted stock; or (iv) any debt of the Company or any equity securities of the Company other than Common Stock.

2. **Make Whole Right**.

(a) Except as otherwise set forth herein, the Company shall issue Make Whole Shares with respect to each Offering Share as set forth below upon the satisfaction of any of the following conditions on or after the Effective Date:

i. If on or before December 31, 2018, the Company Consummates: (i) an IPO; (ii) a Subsequent Capital Raise; or (iii) a Change of Control, the Company shall issue with respect to each Offering Share additional shares of Common Stock necessary to achieve a 10% increase from the Purchase Price (the "**2018 Make Whole Shares**"). The calculation for purposes of determining the number of 2018 Make Whole Shares issuable for each Offering Share shall be as follows: (($31.35 / Reference Price) — 1). In the event that the result of such calculation is zero or a negative number, no Make Whole Shares shall be issued.

ii. If between January 1, 2019 and December 31, 2019, the Company Consummates: (i) an IPO; (ii) a Subsequent Capital Raise; or (iii) a Change of Control, the Company shall issue with respect to each Offering Share additional shares of Common Stock necessary to achieve a 20% increase from the Purchase Price (the "**2019 Make Whole Shares**"). The calculation for purposes of determining the number of 2019 Make Whole Shares issuable for each Offering Share shall be as follows: (($34.20 / Reference Price) — 1). In the event that the result of such calculation is zero or a negative number, no Make Whole Shares shall be issued.

iii. If as of December 31, 2019, the Company has not Consummated an IPO, a Subsequent Capital Raise or a Change of Control, the Company shall issue with respect to each Offering Share additional shares of Common Stock equal to a 20% increase in the Purchase Price from $28.50, *i.e.*, 0.2 shares of Common Stock for each Offering Share.

(b) If a Subsequent Capital Raise is achieved through the aggregation of the proceeds of multiple private offerings, the Subsequent Capital Raise shall be deemed to have been Consummated on the date of Consummation of the first private offering constituting part of the Subsequent Capital Raise.

(c) Each Make Whole Share issued by the Company will be fully paid and non-assessable. The number of Make Whole Shares issued to a Shareholder shall be rounded up or down to the nearest whole share, and no fractional shares will be issued.

(d) Notwithstanding anything else provided herein, pursuant to the Make Whole Right, the Company shall not issue more than 0.5 shares of Common Stock per Offering Share. For the avoidance of doubt, the Make Whole Right is a one-time right and in the event that more than one condition set forth in Section 2(a) is satisfied, the Company shall be obligated to issue Make Whole Shares only once, with respect to the first such condition to be satisfied.

3. **Issuance of Make Whole Shares**. Upon the issuance by the Company of any Make Whole Shares pursuant to Section 2 of this Agreement, the Company shall deliver within 30 days after the satisfaction of a condition set forth in Section 2, at the Company's election, either certificates representing such shares to the holder of Offering Shares or notification to such holder that such shares have been issued to the holder in book-entry form. Notwithstanding the foregoing, the Company may make the issuance of Make Whole Shares to a holder of Offering Stock subject to the holder's execution of such additional documents and certifications, and the Company may place such restrictive legends or endorsements on certificates or entries evidencing the Make Whole Shares, as may be reasonably required for the Company to fulfill its obligations under applicable law.

4. **Shareholder Representations and Warranties**. Each Shareholder hereby represents and warrants to the Company as follows:

(a) The Shareholder has the requisite power and authority to enter into this Agreement and to consummate the transactions contemplated hereby and otherwise to carry out its obligations hereunder.

(b) No consent, approval or agreement of any individual or entity is required to be obtained by the Shareholder in connection with the execution and performance by the Shareholder of this Agreement or the execution and performance by the Shareholder of any agreements, instruments or other obligations entered into in connection with this Agreement.

5. **Restrictions on Transferability**.

(a) Shareholder understands and agrees that, unless registered pursuant to an effective Registration Statement in connection with an IPO, the Make Whole Shares will not be registered under the Securities Act or under the securities laws of any state. The Make Whole Right and the Make Whole Shares cannot be resold, pledged, assigned or otherwise disposed of unless they are registered under the Securities Act and under the applicable securities laws of such states or unless an exemption from such registration is available with respect thereto. As a result, each Shareholder agrees that the Shareholder will not sell, assign, hypothecate or otherwise transfer the Make Whole Right or the Make Whole Shares without registration under the Securities Act or a valid exemption therefrom.

(b) Each Shareholder further agrees and understands that the Make Whole Right may not be sold, assigned, hypothecated or otherwise transferred except in connection with the simultaneous sale, assignment, hypothecation or transfer of the Offering Shares pursuant to which the Make Whole Right was granted to the Shareholder. Any such sale, assignment, hypothecation or transfer shall be effective only upon the transferee's valid execution and delivery to the Company of a counterpart to this Agreement, along with such other documents and certifications as may be reasonably required by the Company.

6. **Term and Termination**.

(a) This Agreement shall continue in effect until terminated as set forth herein. This Agreement shall terminate upon the earliest to occur of: (i) the issuance of Make Whole Shares pursuant to the terms hereof; (ii) the Consummation of an IPO, Subsequent Capital Raise or Change of Control, in each case with a Reference Price of over $31.35 per share of Common Stock on or prior to December 31, 2018, in which case no Make Whole Shares will be issued or (iii) the Consummation of an IPO, Subsequent Capital Raise or Change of Control, in each case with a Reference Price of over $34.20 per share of Common Stock between January 1, 2019 and December 31, 2019, in which case no Make Whole Shares will be issued.

(b) Upon the termination of this Agreement for any reason, the Make Whole Right shall immediately cease and shall be of no further force or effect.

7. **Further Assurances**. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

8. **No Third Party Beneficiaries**. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

9. **Amendment**. Except as otherwise provided herein, the provisions of this Agreement may be amended or waived only upon the prior written consent of the Company and the Shareholders holding at least two-thirds of the Offering Shares; provided, however, that any amendment or waiver of any provision of this Agreement that would adversely affect the rights of any Shareholder in a manner that is adverse relative to the treatment of any other Shareholder shall also require the prior written consent of such Shareholder. The Company will promptly deliver a copy of each such amendment to each Shareholder and each such amendment shall be binding upon each party hereto; provided that the failure to deliver a copy of such amendment shall not impair or affect the validity of such amendment.

10. **Notices**. All notices or other communications required under this Agreement shall be considered to have been duly given five business days after being sent by certified or registered mail, return receipt requested, to the party at the address indicated on the signature page to this Agreement or to such other address or to the attention of such other person as the recipient Party has specified by prior written notice to the sending Party.

11. **Counterparts**. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument. In the event that any signature is delivered by facsimile transmission or by an e-mail which contains a portable document format (.pdf) file of an executed signature page, such signature page shall create a valid and binding obligation of the

party executing (or on whose behalf such signature is executed) with the same force and effect as if such signature page were an original thereof.

12. **No Strict Construction**. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

13. **Headings**. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

14. **Severability**. If any provision of this Agreement is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Agreement so long as this Agreement as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provisions in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision with a valid provision, the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision.

15. **Governing Law; Venue**. This Agreement shall be governed by, construed under, and enforced in accordance with the laws of the State of Colorado. Any dispute arising from this Agreement shall be adjudicated in the state or federal courts in Denver County, Colorado.

16. **Survival**. The provisions of Sections 4, 5, 7, 10, and 12 through 16 shall survive any termination of this Agreement.

17. **Successors and Assigns**. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

[Signatures pages follow.]

IN WITNESS WHEREOF, the Shareholders and the Company have caused their respective signature pages to this Agreement to be duly executed as of the Effective Date.

COMPANY

FIRST WESTERN FINANCIAL, INC.

By: _____
Name:
Title:
1900 16th Street, Suite 1200
Denver, CO 80202

IN WITNESS WHEREOF, the Shareholders and the Company have caused their respective signature page to this Agreement to be duly executed as of the Effective Date.

SHAREHOLDER

_____

By: _____
Address:

Exhibit 4.8

FORM OF
CONVERSION AND INVESTMENT AGREEMENT

This CONVERSION AND INVESTMENT AGREEMENT (this "**Agreement**") is made as of , 20 and is made by and between First Western Financial, Inc. (the "**Company**"), and the holder named on the signature page hereto ("**Holder**").

WHEREAS, Holder holds a number of shares of the Company's outstanding Noncumulative Perpetual Convertible Preferred Stock, Series D, no par value per share ("**Series D Preferred Stock**") as set forth on the signature page hereto;

WHEREAS, pursuant to the Certificate of Designations with respect to the Series D Preferred Stock (the "**Certificate of Designations**"), Holder has the right to convert (a "**Conversion**") all of Holder's shares of Series D Preferred Stock into shares of the Company's common stock, no par value per share ("**Common Stock**"), on the terms set forth in the Certificate of Designations; and

WHEREAS, in consideration for Holder's Conversion, the Company has agreed to pay to Holder a conversion incentive payment equal to the amount of dividends that would be due and payable with respect to Holder's shares of Series D Preferred Stock through and including March 31, 2018 as if holder had not converted Holder's shares hereunder (the amount of dividends per share that Holder would otherwise be entitled to receive, the "**Conversion Incentive Payment**").

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the adequacy and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Election to Convert; Agreement to Deliver Certificates. Effective upon receipt of certificates representing Holder's shares of Series D Preferred Stock or an affidavit and indemnity in form acceptable to the Company in lieu thereof, Holder's shares of Series D Preferred Stock set forth on the signature page below shall be converted into shares of Common Stock at a rate of 3.7 shares of Common Stock for each share of Series D Preferred Stock. The Common Stock received by Holder with respect to shares of Series D Preferred Stock converted pursuant to this Agreement shall be referred to as the "**Holder Common Stock**". Holder hereby covenants to deliver to the Company as promptly as practicable following Holder's execution of this Agreement certificates representing Holder's shares of Series D Preferred Stock or an affidavit and indemnity in form acceptable to the Company in lieu thereof.

2. Conversion Incentive Payment. Upon receipt of certificates representing Holder's shares of Series D Preferred Stock or an affidavit and indemnity in form acceptable to the Company in lieu thereof, the Company shall issue to Holder, in a form consistent with previous dividend payments made to Holder with respect to Holder's Series D Preferred Stock, in U.S. Dollars, the Conversion Incentive Payment multiplied by the number of shares of Series D Preferred Stock surrendered by Holder pursuant to Section 1.

3. Registration Rights.

(a) If at any time the Company proposes to file a registration statement under the Securities Act of 1933, as amended (the "**Securities Act**") with respect to an

initial public offering of Common Stock for its own account, then the Company shall give written notice of such proposed filing to Holder at least 20 days prior to such anticipated filing date. Such notice shall offer Holder the opportunity to register such amount of shares of Holder Common Stock as Holder may request (a "**Piggyback Registration**"). Subject to Section 3(b), the Company shall include in such Piggyback Registration all Holder Common Stock with respect to which the Company has received a written request for inclusion therein within seven business days after such notice has been given to Holder. Holder shall be permitted to withdraw all or any portion of the Holder Common Stock from the Piggyback Registration at any time prior to the effective date of the Piggyback Registration.

(b) The Company shall permit Holder to include all such Holder Common Stock on the same terms and conditions as any similar securities, if any, of the Company included therein. Notwithstanding the foregoing, in the event that any Piggyback Registration involves an underwritten offering and the managing underwriter(s) participating in such offering advise in writing to Holder that the total amount of securities requested to be included in such Piggyback Registration exceeds the amount which can be sold in (or during the time of) such offering without delaying or jeopardizing the success of the offering (including the price per share of the securities to be sold), then the amount of securities to be offered for the account of the Company and of any holder of securities (including Holder) shall be reduced to a number deemed satisfactory by such managing underwriter(s), provided that the securities to be excluded shall be determined on a pro rata basis, based upon the number or amount of securities requested to be registered by Holder, the number or amount of securities requested to be registered by all other holders of Common Stock (or Series D Preferred Stock convertible into Common Stock) with rights to participate in the Piggyback Registration by virtue of their current or past ownership of Series D Preferred Stock and the Company, respectively.

(c) Notwithstanding anything else provided herein, the rights granted under this Section 3 shall be limited to the Holder Common Stock and shall not apply to any other shares of Common Stock that Holder may own or acquire from time to time.

4. Amendment and Waiver. No amendment, modification, termination or cancellation of this Agreement shall be effective unless it is in writing signed by the Company and Holder. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

5. Successors and Assigns; Assignment. Except as otherwise provided in this Agreement, the rights and obligations of the parties under this Agreement will be binding upon and inure to the benefit of their respective successors, assigns, heirs, executors, administrators and legal representatives.

6. Entire Agreement. This Agreement constitutes the full and entire understanding and agreement between the parties regarding the subject matter hereof and thereof and supersedes and cancels all prior agreements, negotiations, correspondence, undertakings and communications of the parties, oral or written, respecting such subject matter.

7. Severability. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal or unenforceable provision shall be reformed and construed so that it will be valid, legal and enforceable to the maximum extent permitted by law.

8. Further Assurances. The parties agree to execute such further documents and instruments and to take such further actions as may be reasonably necessary to carry out the purposes and intent of this Agreement.

9. Miscellaneous. This Agreement shall be governed, construed and interpreted in accordance with the laws of the State of Colorado, without giving effect to principles of conflicts of law. This Agreement may be executed in one or more counterparts, which shall together constitute one agreement.

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned have executed this Agreement effective as of the date first set forth above.

FIRST WESTERN FINANCIAL, INC.,
a Colorado corporation

By: _____
Name: Scott C. Wylie
Title: Chairman, CEO and President

HOLDER

Individual:

_____
Print Name:
Entity:

_____
(name of entity)
By: _____
Name:
Title:

Email:

Shares of Series D Preferred Stock Converted:
Certificate Nos.:

Exhibit 10.1

FIRST WESTERN FINANCIAL, INC.

2008 STOCK INCENTIVE PLAN

TABLE OF CONTENTS

FIRST WESTERN FINANCIAL, INC.
2008 STOCK INCENTIVE PLAN

First Western Financial, Inc., a Colorado corporation (the "Company"), sets forth herein the terms of its 2008 Stock Incentive Plan (the "Plan") as follows:

1. PURPOSE

The Plan is intended to enhance the Company's and its Affiliates' (as defined herein) ability to attract and retain highly qualified officers, directors, key employees, and other persons, and to motivate such persons to serve the Company and its Affiliates and to expend maximum effort to improve the business results and earnings of the Company, by providing to such persons an opportunity to acquire or increase a direct proprietary interest in the operations and future success of the Company. To this end, the Plan provides for the grant of stock options and restricted stock in accordance with the terms hereof. Stock options granted under the Plan may be nonqualified stock options or incentive stock options, as provided herein.

2. DEFINITIONS

For purposes of interpreting the Plan and related documents (including Award Agreements), the following definitions shall apply:

2.1 "***Affiliate***" means, with respect to the Company, any company or other trade or business that controls, is controlled by or is under common control with the Company within the meaning of Rule 405 of Regulation C under the Securities Act, including, without limitation, any Subsidiary.

2.2 "***Award Agreement***" means the stock option and restricted stock or other written agreement between the Company and a Grantee that evidences and sets out the terms and conditions of a Grant.

2.3 "***Benefit Arrangement***" shall have the meaning set forth in **Section 12** hereof.

2.4 "***Board***" means the Board of Directors of the Company.

2.5 "***Cause***" means, as determined by the Board and unless otherwise provided in an applicable agreement with the Company or an Affiliate, (i) gross negligence or willful misconduct in connection with the performance of duties; (ii) conviction of a criminal offense (other than minor traffic offenses); or (iii) material breach of any term of any employment, consulting or other services, confidentiality, intellectual property or non-competition agreements, if any, between the Service Provider and the Company or an Affiliate.

2.6 "***Change of Control***" means (i) the dissolution or liquidation of the Company or a merger, consolidation, or reorganization of the Company with one or more other entities, not including an Affiliate, in which the Company is not the surviving entity, (ii) a sale of substantially all of the assets of the Company to another person or entity, excluding an Affiliate, or (iii) any transaction (including without limitation a merger or reorganization in which the Company is the surviving entity) which results in any person or entity (other than persons who are shareholders or Affiliates immediately prior to the transaction) owning 50% or more of the combined voting power of all classes of stock of the Company; provided, however, that a public offering will not constitute a Change of Control.

2.7 "***Code***" means the Internal Revenue Code of 1986, as now in effect or as hereafter amended.

2.8 "***Committee***" means a committee of, and designated from time to time by resolution of, the Board, which shall consist of one or more members of the Board.

2.9 "***Company***" means First Western Financial, Inc.

2.10 "***Disability***" means the Grantee is unable to perform each of the essential duties of such Grantee's position by reason of a medically determinable physical or mental impairment which is potentially permanent in character or which can be expected to last for a continuous period of not less than 12 months; provided, however, that, with respect to rules regarding expiration of an Incentive Stock Option following termination of the Grantee's Service, Disability shall mean the Grantee is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

2.11 "***Effective Date***" means March 31, 2008, the date the Plan is approved by the Board.

2.12 "***Exchange Act***" means the Securities Exchange Act of 1934, as now in effect or as hereafter amended.

2.13 "***Fair Market Value***" means the value of a share of Stock, determined as follows: if on the Grant Date or other determination date the Stock is listed on an established national or regional stock exchange, is admitted to quotation on The Nasdaq Stock Market, Inc., or is publicly traded on an established securities market, the Fair Market Value of a share of Stock shall be the closing price of the Stock on such exchange or in such market (if there is

more than one such exchange or market the Board shall determine the appropriate exchange or market) on the Grant Date or such other determination date (or if there is no such reported closing price, the Fair Market Value shall be the mean between the highest bid and lowest asked prices or between the high and low sale prices on such trading day) or, if no sale of Stock is reported for such trading day, on the next preceding day on which any sale shall have been reported. If the Stock is not listed on such an exchange, quoted on such system or traded on such a market, Fair Market Value shall be the value of the Stock as determined by the Board in good faith, and shall be

determined by the reasonable application of a reasonable valuation method within the meaning of Section 409A of the Code and the regulations promulgated thereunder.

2.14 "***Family Member***" means a person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of the Grantee, any person sharing the Grantee's household (other than a tenant or employee), a trust in which any one or more these persons have more than fifty percent of the beneficial interest, a foundation in which any one or more of these persons (or the Grantee) control the management of assets, and any other entity in which one or more these persons (or the Grantee) own more than fifty percent of the voting interests; provided, however, that to the extent required by applicable law, the term Family Member shall be limited to a person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of the Grantee or a trust or foundation for the exclusive benefit of any one or more of these persons.

2.15 "***Grant***" means an award of an Option or Restricted Stock under the Plan.

2.16 "***Grant Date***" means, as determined by the Board, the latest to occur of (i) the date as of which the Board approves a Grant, (ii) the date on which the recipient of a Grant first becomes eligible to receive a Grant under **Section 5** hereof, or (iii) such other date as may be specified by the Board.

2.17 "***Grantee***" means a person who receives or holds a Grant under the Plan.

2.18 "***Incentive Stock Option***" means an "incentive stock option" within the meaning of Section 422 of the Code, or the corresponding provision of any subsequently enacted tax statute, as amended from time to time.

2.19 "***Nonqualified Stock Option***" means a stock option that is not an Incentive Stock Option.

2.20 "***Option***" means an option to purchase one or more shares of Stock pursuant to the Plan.

2.21 "***Option Price***" means the purchase price for each share of Stock subject to an Option.

2.22 "***Other Agreement***" shall have the meaning set forth in **Section 12** hereof.

2.23 "***Plan***" means this First Western Financial, Inc. 2008 Stock Incentive Plan.

2.24 "***Purchase Price***" means the purchase price for each share of Stock pursuant to a Grant of Restricted Stock.

2.25 "***Reporting Person***" means a person who is required to file reports under Section 16(a) of the Exchange Act.

2.26 "***Restricted Stock***" means shares of Stock, awarded to a Grantee pursuant to **Section 8** hereof, that are subject to restrictions and to a risk of forfeiture.

2.27 "***Securities** Act*" means the Securities Act of 1933, as now in effect or as hereafter amended.

2.28 "***Service***" means service as an employee, officer, director or other Service Provider of the Company or an Affiliate. Unless otherwise stated in the applicable Award Agreement, a Grantee's change in position or duties shall not result in interrupted or terminated Service, so long as such Grantee continues to be an employee, officer, director or other Service Provider of the Company or an Affiliate. Subject to the preceding sentence, whether a termination of Service shall have occurred for purposes of the Plan shall be determined by the Board, which determination shall be final, binding and conclusive.

2.29 "***Service Provider***" means an employee, officer or director of the Company or an Affiliate, or a consultant or adviser currently providing services to the Company or an Affiliate.

2.30 "***Stock***" means the common stock of the Company.

2.31 "***Subsidiary***" means any "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Code.

2.32 ***"Ten-Percent Stockholder"*** means an individual who owns more than ten percent (10%) of the total combined voting power of all classes of outstanding stock of the Company, its parent or any of its Subsidiaries. In determining stock ownership, the attribution rules of Section 424(d) of the Code shall be applied.

3. ADMINISTRATION OF THE PLAN

3.1 Board.

The Board shall have such powers and authorities related to the administration of the Plan as are consistent with the Company's certificate of incorporation and by-laws and applicable law. The Board shall have full power and authority to take all actions and to make all determinations required or provided for under the Plan, any Grant or any Award Agreement, and shall have full power and authority to take all such other actions and make all such other determinations not inconsistent with the specific terms and provisions of the Plan that the Board deems to be necessary or appropriate to the administration of the Plan, any Grant or any Award Agreement. All such actions and determinations shall be by the affirmative vote of a majority of the members of the Board present at a meeting or by unanimous consent of the Board executed in writing in accordance with the Company's certificate of incorporation and by-laws and applicable law. The interpretation and construction by the Board of any provision of the Plan, any Grant or any Award Agreement shall be final, binding and conclusive. To the extent permitted by law, the Board may delegate its authority under the Plan to a member of the Board or an executive officer of the Company who is a member of the Board.

3.2 Committee.

The Board from time to time may delegate to one or more Committees such powers and authorities related to the administration and implementation of the Plan, as set forth in **Section 3.1** above and in other applicable provisions, as the Board shall determine, consistent with the certificate of incorporation and by-laws of the Company and applicable law. In the event that the Plan, any Grant or any Award Agreement entered into hereunder provides for any action to be taken by or determination to be made by the Board, such action may be taken by or such determination may be made by the applicable Committee if the power and authority to do so has been delegated to the Committee by the Board as provided for in **Section 3.1**. Unless otherwise expressly determined by the Board, any such action or determination by the Committee shall be final, binding and conclusive. To the extent permitted by law, the Committee may delegate its authority under the Plan to a member of the Board or an executive officer of the Company.

3.3 Grants.

Subject to the other terms and conditions of the Plan, the Board shall have full and final authority to:

(i) designate Grantees,

(ii) determine the type or types of Grants to be made to a Grantee,

(iii) determine the number of shares of Stock to be subject to a Grant,

(iv) establish the terms and conditions of each Grant (including, but not limited to, the Option Price of any Option, the nature and duration of any restriction or condition (or provision for lapse thereof) relating to the vesting, exercise, transfer, or forfeiture of a Grant or the shares of Stock subject thereto, and any terms or conditions that may be necessary to qualify Options as Incentive Stock Options),

(v) prescribe the form of each Award Agreement evidencing a Grant, and

(vi) amend, modify, or supplement the terms of any outstanding Grant. Notwithstanding the foregoing, no amendment, modification or supplement of any Grant shall, without the consent of the Grantee, impair the Grantee's rights under such Grant.

Such authority specifically includes the authority, in order to effectuate the purposes of the Plan but without amending the Plan, to modify Grants to eligible individuals who are foreign nationals or are individuals who are employed outside the United States to recognize differences in local law, tax policy, or custom. As a condition to any Grant, the Board shall have the right, at its discretion, to require Grantees to return to the Company Grants previously awarded under the Plan. Subject to the terms and conditions of the Plan, any such subsequent Grant shall be upon such terms and conditions as are specified by the Board at the time the new Grant is made. The Board shall have the right, in its discretion, to make Grants in substitution or exchange for any other grant under another plan of the Company, any Affiliate, or any business entity to be

acquired by the Company or an Affiliate. The Company may retain the right in an Award Agreement to cause a forfeiture of the gain realized by a Grantee on account of actions taken by the Grantee in violation or breach of or in conflict with any non-competition agreement, any agreement prohibiting solicitation of employees or clients of the Company or any Affiliate thereof or any confidentiality obligation with respect to the Company or any Affiliate thereof or otherwise in competition with the Company or any Affiliate thereof, to the extent specified in such Award Agreement applicable to the Grantee. Furthermore, the Company may annul a Grant if the Grantee is an employee of the Company or an Affiliate thereof and is terminated for Cause as defined in the applicable Award Agreement or the Plan, as applicable.

3.4 Deferral Arrangement.

The Board may permit or require the deferral of any award payment into a deferred compensation arrangement, subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest or dividend equivalents, including converting such credits into deferred Stock equivalents and restricting deferrals to comply with hardship distribution rules affecting 401(k) plans. Any such deferrals shall be made in compliance with Code Section 409A.

3.5 No Liability.

No member of the Board or of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Grant or Award Agreement.

4. STOCK SUBJECT TO THE PLAN

Subject to adjustment as provided in **Section 14** hereof, the number of shares of Stock available for issuance under the Plan shall be 700,000 shares. All shares of Stock issuable under the Plan may be issued as Incentive Stock Options. Stock issued or to be issued under the Plan shall be authorized but unissued shares or, to the extent permitted by applicable law, issued shares that have been reacquired by the Company. If any shares covered by a Grant are not purchased or are forfeited, or if a Grant otherwise terminates without delivery of any Stock subject thereto, then the number of shares of Stock counted against the aggregate number of shares available under the Plan with respect to such Grant shall, to the extent of any such forfeiture or termination, again be available for making Grants under the Plan. If the exercise price of any Option granted under the Plan is satisfied by tendering shares of Stock to the Company (by either actual delivery or by attestation), only the number of shares of Stock issued net of the shares of Stock tendered shall be deemed delivered for purposes of determining the maximum number of shares of Stock available for delivery under the Plan.

5. GRANT ELIGIBILITY

5.1 Employees and Other Service Providers.

Grants (including Grants of Incentive Stock Options, subject to **Section 5.2**) may be made under the Plan to any employee, officer or director of, or other Service Provider providing services to, the Company or any Affiliate. To the extent required by applicable state law, Grants within certain states may be limited to employees and officers or employees, officers and directors. An eligible person may receive more than one Grant, subject to such restrictions as are provided herein.

5.2 Limitations on Incentive Stock Options.

An Option shall constitute an Incentive Stock Option only (i) if the Grantee of such Option is an employee of the Company or any Subsidiary of the Company; (ii) to the extent specifically provided in the related Award Agreement; and (iii) to the extent that the aggregate Fair Market Value (determined at the time the Option is granted) of the shares of Stock with respect to which all Incentive Stock Options held by such Grantee become exercisable for the first time during any calendar year (under the Plan and all other plans of the Grantee's employer and its affiliates) does not exceed $100,000. This limitation shall be applied by taking Options into account in the order in which they were granted.

6. AWARD AGREEMENT

Each Grant pursuant to the Plan shall be evidenced by an Award Agreement, in such form or forms as the Board shall from time to time determine, which specifies the number of shares subject to the Grant (subject to adjustment in accordance with **Section 14**). Award Agreements granted from time to time or at the same time need not contain similar provisions but shall be consistent with the terms of the Plan. Each Award Agreement evidencing a Grant of Options shall specify whether such Options are intended to be Nonqualified Stock Options or Incentive Stock Options, and in the absence of such specification such options shall be deemed Nonqualified Stock Options.

7. TERMS AND CONDITIONS OF OPTIONS

7.1 Option Price.

The Option Price of each Option shall be fixed by the Board and stated in the Award Agreement evidencing such Option. The Option Price shall not be less than the Fair Market Value on the Grant Date of a share of Stock; provided, however, that in the event that a Grantee is a Ten-Percent Stockholder, the Option Price of an Incentive Stock Option granted to such Grantee shall be not less than 110 percent of the Fair Market Value of a share of Stock on the Grant Date. To the extent required by applicable law, in the case of a Nonqualified Stock Option, the Option Price shall be not less than 110 percent of the Fair Market Value of a share of

Stock on the Grant Date. In no case shall the Option Price of any Option be less than the par value of a share of Stock.

7.2 Vesting.

Subject to **Sections 7.3** and **14.3** hereof, each Option granted under the Plan shall become exercisable at such times and under such conditions as shall be determined by the Board and stated in the Award Agreement. For purposes of this **Section 7.2**, fractional numbers of shares of Stock subject to an Option shall be rounded down to the next nearest whole number. To the extent required by applicable law, each Option shall become exercisable no less rapidly than the rate of twenty percent (20%) per year for each of the first five (5) years from the Grant Date based on continued Service. Subject to the preceding sentence, the Board may provide, for example, in the Award Agreement for (i) accelerated exercisability of the Option in the event the Grantee's Service terminates on account of death, Disability or another event, (ii) expiration of the Option prior to its term in the event of the termination of the Grantee's Service, (iii) immediate forfeiture of the Option in the event the Grantee's Service is terminated for Cause or (iv) unvested Options to be exercised subject to the Company's right of repurchase with respect to unvested shares of Stock.

7.3 Term.

Each Option granted under the Plan shall terminate, and all rights to purchase shares of Stock thereunder shall cease, upon the expiration of ten (10) years from the Grant Date, or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Board and stated in the Award Agreement relating to such Option; provided, however, that in the event that the Grantee is a Ten-Percent Stockholder, an Option granted to such Grantee that is intended to be an Incentive Stock Option shall not be exercisable after the expiration of five (5) years from its Grant Date.

7.4 Exercise of Options on Termination of Service.

Each Award Agreement shall set forth the extent to which the Grantee shall have the right to exercise the Option following termination of the Grantee's Service. Such provisions shall be determined in the sole discretion of the Board, need not be uniform among all Options issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of Service. Notwithstanding the foregoing, to the extent required by applicable law, each

Option shall provide that the Grantee shall have the right to exercise the vested portion of any Option held at termination for at least thirty (30) days following termination of Service with the Company for any reason (other than for Cause), and that the Grantee shall have the right to exercise the Option for at least six (6) months if the Grantee's Service terminates due to death or Disability.

7.5 Limitations on Exercise of Option.

Notwithstanding any other provision of the Plan, in no event may any Option be exercised, in whole or in part, prior to the date the Plan is approved by the shareholders of the

Company, or after ten years following the Grant Date, or after the occurrence of an event referred to in **Section 14** hereof which results in termination of the Option.

7.6 Exercise Procedure.

An Option that is exercisable may be exercised by the Grantee's delivery to the Company of written notice of exercise on any business day, at the Company's principal office, on the form specified by the Company. Such notice shall specify the number of shares of Stock with respect to which the Option is being exercised and shall be accompanied by payment in full of the Option Price of the shares for which the Option is being exercised. The minimum number of shares of Stock with respect to which an Option may be exercised, in whole or in part, at any time shall be the lesser of (i) 100 shares or such lesser number set forth in the applicable Award Agreement and (ii) the maximum number of shares available for purchase under the Option at the time of exercise. The Option Price shall be payable in a form described in **Section 9**.

7.7 Right of Holders of Options.

Unless otherwise stated in the applicable Award Agreement, an individual holding or exercising an Option shall have none of the rights of a shareholder (for example, the right to cash or dividend payments or distributions attributable to the subject shares of Stock or to direct the voting of shares of Stock) until the shares of Stock covered thereby are fully paid and issued to such individual.

7.8 Delivery of Stock Certificates.

Promptly after the exercise of an Option by a Grantee and the payment in full of the Option Price, such Grantee shall be entitled to the issuance of a stock certificate or certificates evidencing such Grantee's ownership of the shares of Stock purchased upon such exercise of the Option. Notwithstanding any other provision of this Plan to the contrary, the Company may elect to satisfy any requirement under this Plan for the delivery of stock certificates through the use of book-entry.

7.9 Transferability of Options.

Except as provided in **Section 7.10**, during the lifetime of a Grantee, only the Grantee (or, in the event of legal incapacity or incompetency, the Grantee's guardian or legal representative) may exercise an Option. Except as provided in **Section 7.10**, no Option shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution.

7.10 Family Transfers.

If authorized in the applicable Award Agreement, a Grantee may transfer, not for value, all or part of an Option that is not an Incentive Stock Option to any Family Member. For the purpose of this **Section 7.10**, a "not for value" transfer is a transfer which is (i) a gift, (ii) a transfer under a domestic relations order in settlement of marital property rights; or (iii) unless

applicable law does not permit such transfers, a transfer to an entity in which more than fifty percent of the voting interests are owned by Family Members (or the Grantee) in exchange for an interest in that entity. Following a transfer under this **Section 7.10**, any such Option shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer, and shares of Stock acquired pursuant to the Option shall be subject to the same restrictions on transfer of shares as would have applied to the Grantee. Subsequent transfers of transferred Options are prohibited except to Family Members of the original Grantee in accordance with this **Section 7.10** or by will or the laws of descent and distribution. The events of termination of Service under an Option shall continue to be applied with respect to the original Grantee, following which the Option shall be exercisable by the transferee only to the extent, and for the periods specified in the applicable Award Agreement, and the shares may be subject to repurchase by the Company or its assignee.

8. RESTRICTED STOCK

8.1 Grant of Restricted Stock.

The Board may from time to time grant Restricted Stock to persons eligible to receive Grants under **Section 5** hereof, subject to such restrictions, conditions and other terms as the Board may determine.

8.2 Restrictions.

At the time a Grant of Restricted Stock is made, the Board shall establish a restriction period applicable to such Restricted Stock. Each Grant of Restricted Stock may be subject to a different restriction period. The Board may, in its sole discretion, at the time a Grant of Restricted Stock is made, prescribe conditions that must be satisfied prior to the expiration of the restriction period, including the satisfaction of corporate or individual performance objectives or continued Service, in order that all or any portion of the Restricted Stock shall vest. To the extent required by applicable law, the vesting

restrictions applicable to a Grant of Restricted Stock shall lapse no less rapidly than the rate of twenty percent (20%) per year for each of the first five (5) years from the Grant Date, based on continued Service.

The Board also may, in its sole discretion, shorten or terminate the restriction period or waive any of the conditions applicable to all or a portion of the Restricted Stock. The Restricted Stock may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of during the restriction period or prior to the satisfaction of any other conditions prescribed by the Board with respect to such Restricted Stock.

8.3 Restricted Stock Certificates.

The Company shall issue, in the name of each Grantee to whom Restricted Stock has been granted, stock certificates representing the total number of shares of Restricted Stock granted to the Grantee, as soon as reasonably practicable after the Grant Date. The Board may provide in an Award Agreement that either (i) the Company shall hold such certificates for the

Grantee's benefit until such time as the Restricted Stock is forfeited to the Company, or the restrictions lapse, or (ii) such certificates shall be delivered to the Grantee, provided, however, that such certificates shall bear a legend or legends that complies with the applicable securities laws and regulations and makes appropriate reference to the restrictions imposed under the Plan and the Award Agreement.

8.4 Rights of Holders of Restricted Stock.

Unless the Board otherwise provides in an Award Agreement, holders of Restricted Stock shall have the right to vote such Stock and the right to receive any dividends declared or paid with respect to such Stock. The Board may provide that any dividends paid on Restricted Stock must be reinvested in shares of Stock, which may or may not be subject to the same vesting conditions and restrictions applicable to such Restricted Stock. All distributions, if any, received by a Grantee with respect to Restricted Stock as a result of any stock split, stock dividend, combination of shares, or other similar transaction shall be subject to the restrictions applicable to the original Grant.

8.5 Termination of Service.

Unless otherwise provided by the Board in the applicable Award Agreement, upon the termination of a Grantee's Service with the Company or an Affiliate, any shares of Restricted Stock held by such Grantee that have not vested, or with respect to which all applicable restrictions and conditions have not lapsed, shall immediately be deemed forfeited. Upon forfeiture of Restricted Stock, the Grantee shall have no further rights with respect to such Grant, including but not limited to any right to vote Restricted Stock or any right to receive dividends with respect to shares of Restricted Stock.

8.6 Purchase and Delivery of Stock.

The Grantee shall be required to purchase the Restricted Stock from the Company at a Purchase Price equal to the greater of (i) the aggregate par value of the shares of Stock represented by such Restricted Stock or (ii) the Purchase Price, if any, specified in the Award Agreement relating to such Restricted Stock. The Purchase Price shall be payable in a form described in **Section 9** or, in the discretion of the Board, in consideration for past Services rendered to the Company or an Affiliate. To the extent required by applicable law, the Purchase Price of a share of Restricted Stock shall be not less than 85 percent of the Fair Market Value on the Grant Date of a share of Stock; provided, however, that in the event that the Grantee is a Ten-Percent Stockholder, the Purchase Price shall be not less than 100 percent of the Fair Market Value on the Grant Date of a share of Stock.

Upon the expiration or termination of the restriction period and the satisfaction of any other conditions prescribed by the Board, having properly paid the Purchase Price, the restrictions applicable to shares of Restricted Stock shall lapse, and, unless otherwise provided in the Award Agreement, a stock certificate for such shares shall be delivered, free of all such restrictions, to the Grantee or the Grantee's beneficiary or estate, as the case may be.

9. FORM OF PAYMENT

Payment of the Option Price for the shares purchased pursuant to the exercise of an Option or the Purchase Price for Restricted Stock shall be made in cash or in cash equivalents acceptable to the Company. In addition, to the extent the Award Agreement so provides, payment of the Option Price for shares purchased pursuant to exercise of an Option or the Purchase Price for Restricted Stock may be made in any other form that is consistent with applicable laws, regulations and rules.

10. WITHHOLDING TAXES

The Company or any Affiliate, as the case may be, shall have the right to deduct from payments of any kind otherwise due to a Grantee any Federal, state, or local taxes of any kind required by law to be withheld with respect to the vesting of or other lapse of restrictions applicable to Restricted Stock or upon the issuance of any shares of Stock or payment of any kind upon the exercise of any Grant. At the time of such vesting, lapse, or exercise, the Grantee shall pay to the Company or Affiliate, as the case may be, any amount that the Company or Affiliate may reasonably determine to be necessary to satisfy such withholding obligation. Subject to the prior approval of the Company or the Affiliate, which may be withheld by the Company or the Affiliate, as the case may be, in its sole discretion, the Grantee may elect to satisfy such obligations, in whole or in part, (i) by causing the Company or the Affiliate to withhold shares of Stock otherwise issuable to the Grantee or (ii) by delivering to the Company or the Affiliate shares of Stock already owned by the Grantee. The shares of Stock so delivered or withheld shall have an aggregate Fair Market Value equal to such withholding obligations. The Fair Market Value of the shares of Stock used to satisfy such withholding obligation shall be determined by the Company or the Affiliate as of the date that the amount of tax to be withheld is to be determined. A Grantee who has made an election pursuant to this **Section 10** may satisfy his or her withholding obligation only with shares of Stock that are not subject to any repurchase, forfeiture, unfulfilled vesting, or other similar requirements.

11. RESTRICTIONS ON TRANSFER OF SHARES OF STOCK

11.1 Right of First Refusal.

Subject to **Section 11.4** below, a Grantee (or such other individual who is entitled to exercise an Option or otherwise acquire shares pursuant to a Grant under the terms of this Plan) shall not sell, pledge, assign, gift, transfer, or otherwise dispose of any shares of Stock acquired pursuant to a Grant to any person or entity without first offering such shares to the Company for purchase on the same terms and conditions as those offered the proposed transferee. The Company may assign its right of first refusal under this **Section 11.1** in whole or in part, to (1) any holder of stock or other securities of the Company (a "Stockholder"), (2) any Affiliate or (3) any other person or entity that the Board determines has a sufficient relationship with or interest in the Company. The Company shall give reasonable written notice to the Grantee of any such assignment of its rights. The restrictions of this **Section 11.1** apply to any person to whom Stock that was originally acquired pursuant to a Grant is sold, pledged, assigned, bequeathed, gifted,

transferred or otherwise disposed of, without regard to the number of such subsequent transferees or the manner in which they acquire the Stock, but the restrictions of this **Section 11.1** do not apply to a transfer of Stock that occurs as a result of the death of the Grantee or of any subsequent transferee (but shall apply to the executor, the administrator or personal representative, the estate, and the legatees, beneficiaries and assigns thereof).

11.2 Repurchase and Other Rights.

Stock issued upon exercise of a Grant or pursuant to the Grant of Restricted Stock may be subject to such right of repurchase or other transfer restrictions as the Board may determine, consistent with applicable law. Any such additional restriction shall be set forth in the Award Agreement.

11.3 Installment Payments.

11.3.1 General Rule.

In the case of any purchase of Stock or an Option under this **Section 11**, the Company or its permitted assignee may pay the Grantee, transferee of the Option or other registered owner of the Stock the purchase price in three or fewer annual installments. Interest shall be credited on the installments at the applicable federal rate (as determined for purposes of Section 1274 of the Code) in effect on the date on which the purchase is made. The Company or its permitted assignee shall pay at least one-third of the total purchase price each year, plus interest on the unpaid balance, with the first payment being made on or before the 60th day after the purchase.

11.3.2 Exception in the Case of Stock Repurchase Right.

If an Award Agreement authorizes, upon the Grantee's termination of Service, the repurchase of shares of Stock acquired by the Grantee pursuant to the exercise of an Option or under a Grant of Restricted Stock, to the extent required by applicable law, payment shall be made in cash or by cancellation of indebtedness within the later of 90 days from the date of termination of Service or 90 days from the date of exercise or purchase, as the case may be.

11.4 Publicly Traded Stock.

If the Stock is listed on an established national or regional stock exchange or is admitted to quotation on The Nasdaq Stock Market, Inc., or is publicly traded in an established securities market, the foregoing transfer restrictions of **Sections 11.1** and **11.2** shall terminate as of the first date that the Stock is so listed, quoted or publicly traded.

11.5 Legend.

In order to enforce the restrictions imposed upon shares of Stock under this Plan or as provided in an Award Agreement, the Board may cause a legend or legends to be placed on any certificate representing shares issued pursuant to this Plan that complies with the applicable

securities laws and regulations and makes appropriate reference to the restrictions imposed under it.

12. PARACHUTE LIMITATIONS

Notwithstanding any other provision of this Plan or of any other agreement, contract, or understanding heretofore or hereafter entered into by a Grantee with the Company or any Affiliate, except an agreement, contract, or understanding hereafter entered into that expressly modifies or excludes application of this paragraph (an "Other Agreement"), and notwithstanding any formal or informal plan or other arrangement for the direct or indirect provision of compensation to the Grantee (including groups or classes of participants or beneficiaries of which the Grantee is a member), whether or not such compensation is deferred, is in cash, or is in the form of a benefit to or for the Grantee (a "Benefit Arrangement"), if the Grantee is a "disqualified individual," as defined in Section 280G(c) of the Code, any Grants held by that Grantee and any right to receive any payment or other benefit under this Plan shall not become exercisable or vested (i) to the extent that such right to exercise, vesting, payment, or benefit, taking into account all other rights, payments, or benefits to or for the Grantee under this Plan, all Other Agreements, and all Benefit Arrangements, would cause any payment or benefit to the Grantee under this Plan to be considered a "parachute payment" within the meaning of Section 280G(b)(2) of the Code as then in effect (a "Parachute Payment") and (ii) if, as a result of receiving a Parachute Payment, the aggregate after-tax amounts received by the Grantee from the Company under this Plan, all Other Agreements, and all Benefit Arrangements would be less than the maximum after-tax amount that could be received by the Grantee without causing any such payment or benefit to be considered a Parachute Payment. In the event that the receipt of any such right to exercise, vesting, payment, or benefit under this Plan, in conjunction with all other rights, payments, or benefits to or for the Grantee under any Other Agreement or any Benefit Arrangement would cause the Grantee to be considered to have received a Parachute Payment under this Plan that would have the effect of decreasing the after-tax amount received by the Grantee as described in clause (ii) of the preceding sentence, then the Grantee shall have the right, in the Grantee's sole discretion, to designate those rights, payments, or benefits under this Plan, any Other Agreements, and any Benefit Arrangements that should be reduced or eliminated so as to avoid having the payment or benefit to the Grantee under this Plan be deemed to be a Parachute Payment; provided, however, that in order to comply with Code Section 409A, the reduction or elimination will be performed in the order in which each dollar of value subject to an Award reduces the Parachute Payment to the greatest extent.

13. REQUIREMENTS OF LAW

13.1 General.

The Company shall not be required to sell or issue any shares of Stock under any Grant if the sale or issuance of such shares would constitute a violation by the Grantee, any other individual exercising a right emanating from such Grant, or the Company of any provision of any law or regulation of any governmental authority, including without limitation any federal or state securities laws or regulations. If at any time the Company shall determine, in its discretion, that

the listing, registration or qualification of any shares subject to a Grant upon any securities exchange or under any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance or purchase of shares hereunder, no shares of Stock may be issued or sold to the Grantee or any other individual exercising an Option pursuant to such Grant unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company, and any delay caused thereby shall in no way affect the date of termination of the Grant. Specifically, in connection with the Securities Act, upon the exercise of any right emanating from such Grant or the delivery of any shares of Restricted Stock, unless a registration statement under the Securities Act is in effect with respect to the shares of Stock covered by such Grant, the Company shall not be required to sell or issue such shares unless the Board has received evidence satisfactory to it that the Grantee or any other individual exercising an Option may acquire such shares pursuant to an exemption from registration under the Securities Act. Any determination in this connection by the Board shall be final, binding, and conclusive. The Company may, but shall in no event be obligated to, register any securities covered hereby pursuant to the Securities Act. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Option or the issuance of shares of Stock pursuant to the Plan to comply with any law or regulation of any governmental authority. As to any jurisdiction that expressly imposes the requirement that an Option shall not be exercisable until the shares of Stock covered by such Option are registered or are exempt from registration, the exercise of such Option (under circumstances in which the laws of such jurisdiction apply) shall be deemed conditioned upon the effectiveness of such registration or the availability of such an exemption.

13.2 Rule 16b-3.

During any time when the Company has a class of equity security registered under Section 12 of the Exchange Act, it is the intent of the Company that Grants pursuant to the Plan and the exercise of Options granted hereunder will qualify for the exemption provided by Rule 16b-3 under the Exchange Act. To the extent that any provision of the Plan or action by the Board does not comply with the requirements of Rule 16b-3, it shall be deemed inoperative to the extent permitted by law and deemed advisable by the Board, and shall not affect the validity of the Plan. In the event that Rule 16b-3 is revised or replaced, the Board may exercise its discretion to modify this Plan in any respect necessary to satisfy the requirements of, or to take advantage of any features of, the revised exemption or its replacement.

13.3 Financial Reports.

To the extent required by applicable law, not less often than annually, the Company shall furnish to Grantees summary financial information including a balance sheet regarding the Company's financial condition and results of operations, unless such Grantees have duties with the Company that assure them access to equivalent information. Such financial statements need not be audited.

14. EFFECT OF CHANGES IN CAPITALIZATION

14.1 Changes in Stock.

The number of shares for which Grants may be made under the Plan shall be proportionately increased or decreased for any increase or decrease in the number of shares of Stock on account of any recapitalization, reclassification, stock split, reverse split, combination of shares, exchange of shares, stock dividend or other distribution payable in capital stock, or for any other increase or decrease in such shares effected without receipt of consideration by the Company occurring after the Effective Date (any such event hereafter referred to as a "Corporate Event"). In addition, subject to the exception set forth in the last sentence of **Section 14.4**, the number of shares for which Grants are outstanding shall be proportionately increased or decreased for any increase or decrease in the number of shares of Stock on account of any Corporate Event. Any such adjustment in outstanding Options shall not change the aggregate Option Price payable with respect to shares that are subject to the unexercised portion of an Option outstanding but shall include a corresponding proportionate adjustment in the Option Price per share. The conversion of any convertible securities of the Company shall not be treated as an increase in shares effected without receipt of consideration. In the event of any distribution to the Company's stockholders of an extraordinary cash dividend or securities of any other entity or other assets (other than ordinary dividends payable in cash or stock of the Company) without receipt of consideration by the Company, the Company may, in such manner as the Company deems appropriate, adjust (i) the number and kind of shares subject to outstanding Grants and/or (ii) the exercise price of outstanding Options to reflect such distribution.

14.2 Reorganization in Which the Company Is the Surviving Entity and in Which No Change of Control Occurs.

Subject to the exceptions set forth in the last sentence of **Section 14.4**, if the Company shall be the surviving entity in any reorganization, merger, or consolidation of the Company with one or more other entities and in which no Change of Control occurs, any Grant theretofore made pursuant to the Plan shall pertain to and apply solely to the common stock shares to which a holder of the number of shares of Stock subject to such Grant would have been entitled immediately following such reorganization, merger, or consolidation, and in the case of Options, with a corresponding proportionate adjustment of the Option Price per share so that the aggregate Option Price thereafter shall be the same as the aggregate Option Price of the shares remaining subject to the Option immediately prior to such reorganization, merger, or consolidation. Subject to any contrary language in an Award Agreement evidencing a Grant of Restricted Stock, any restrictions applicable to such Restricted Stock shall apply as well to any replacement shares received by the Grantee as a result of the reorganization, merger or consolidation.

14.3 Change of Control.

Subject to the exceptions set forth in the last sentence of this **Section 14.3** and the last sentence of **Section 14.4**, upon the occurrence of a Change of Control:

(i) all outstanding shares of Restricted Stock shall be deemed to have vested, and, with the exception of such restrictions imposed under **Section 11**, all restrictions and conditions applicable to such shares of Restricted Stock shall be deemed to have lapsed, immediately prior to the occurrence of such Change of Control; provided, however, that shares of Restricted Stock that are subject to both performance and time vesting requirements and have met the applicable performance vesting requirement but not the applicable time vesting requirements shall be deemed to have vested solely with respect to those shares of Restricted Stock that have met the performance vesting requirements; and

(ii) either of the following two actions shall be taken:

(A) prior to the scheduled consummation of a Change of Control, all Options outstanding hereunder shall become immediately exercisable and shall remain exercisable for a reasonable period of time determined by the Board in its sole discretion, or

(B) the Board may elect, in its sole discretion, to cancel any outstanding Grants and pay or deliver, or cause to be paid or delivered, to the holder thereof an amount in cash or securities having a value (as determined by the Board acting in good faith), in the case of Restricted Stock, equal to the formula or fixed price per share paid to holders of shares of Stock and, in the case of Options, equal to the product of the number of shares of Stock subject to the Grant (the "Grant Shares") multiplied by the amount, if any, by which (I) the formula or fixed price per share paid to holders of shares of Stock pursuant to such transaction exceeds (II) the Option Price applicable to such Grant Shares.

With respect to the Company's establishment of an exercise window, (i) any exercise of an Option during such period shall be conditioned upon the consummation of the event and shall be effective only immediately before the consummation of the event, and (ii) upon consummation of any Change of Control the Plan, and all outstanding but unexercised Options shall terminate. The Board shall send written notice of an event that will result in such a termination to all individuals who hold Options not later than the time at which the Company gives notice thereof to its shareholders.

This **Section 14.3** shall not apply to any Change of Control to the extent that provision is made in writing in connection with such Change of Control for the assumption or continuation of the Options and Restricted Stock theretofore granted, or for the substitution for such Grants for new common stock options and new common stock restricted stock relating to the stock of a successor entity, or a parent or subsidiary thereof, with appropriate adjustments as to the number of shares (disregarding any consideration that is not common stock) and option prices, in which event the Grants theretofore granted shall continue in the manner and under the terms so provided.

Notwithstanding any other provision of this Plan, outstanding shares of Restricted Stock that are subject to performance criteria shall not be deemed to have vested and no restrictions or conditions applicable to such shares of Restricted Stock shall be deemed to have lapsed upon a Change in Control; provided however, that such shares that are also subject to time vesting requirements shall be deemed vested with respect to any time vesting requirements if such shares have already satisfied applicable performance vesting requirements. All outstanding shares of

Restricted Stock that have not vested prior to the consummation of any Change in Control shall be immediately forfeit.

14.4 Adjustments.

Adjustments under **Section 14** related to shares of Stock or securities of the Company shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. No fractional shares or other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share. The Board may provide in the Award Agreements at the time of Grant, or any time thereafter with the consent of the Grantee, for different provisions to apply to a Grant in place of those described in **Sections 14.1**, **14.2** and **14.3**.

14.5 No Limitations on Company.

The making of Grants pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge, consolidate, dissolve, or liquidate, or to sell or transfer all or any part of its business or assets.

15. DURATION AND AMENDMENTS

15.1 Term of the Plan.

The Effective Date of this Plan is the date of its adoption by the Board, subject to the approval of the Plan by the Company's stockholders. In the event that the stockholders fail to approve the Plan within twelve (12) months after its adoption by the Board, any Grants already made shall be null and void, and no additional Grants shall be made after such date. The Plan shall terminate automatically ten (10) years after its adoption by the Board and may be terminated on any earlier date as next provided.

15.2 Amendment and Termination of the Plan.

The Board may, at any time and from time to time, amend, suspend, or terminate the Plan as to any shares of Stock as to which Grants have not been made. An amendment to the Plan shall be contingent on approval of the Company's stockholders only to the extent required by applicable law, regulations or rules. No Grants shall be made after the termination of the Plan. No amendment, suspension, or termination of the Plan shall, without the consent of the Grantee, alter or impair rights or obligations under any Grant theretofore awarded under the Plan.

16. GENERAL PROVISIONS

16.1 Disclaimer of Rights.

No provision in the Plan or in any Grant or Award Agreement shall be construed to confer upon any individual the right to remain in the employ or service of the Company or any Affiliate, or to interfere in any way with any contractual or other right or authority of the Company either to increase or decrease the compensation or other payments to any individual at any time, or to terminate any employment or other relationship between any individual and the Company or any Affiliate. The obligation of the Company to pay any benefits pursuant to this Plan shall be interpreted as a contractual obligation to pay only those amounts described herein, in the manner and under the conditions prescribed herein. The Plan shall in no way be interpreted to require the Company to transfer any amounts to a third party trustee or otherwise hold any amounts in trust or escrow for payment to any participant or beneficiary under the terms of the Plan.

16.2 Nonexclusivity of the Plan.

Neither the adoption of the Plan nor the submission of the Plan to the shareholders of the Company for approval shall be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals) as the Board in its discretion determines desirable, including, without limitation, the granting of stock options otherwise than under the Plan.

16.3 Captions.

The use of captions in this Plan or any Award Agreement is for the convenience of reference only and shall not affect the meaning of any provision of the Plan or such Award Agreement.

16.4 Other Award Agreement Provisions.

Each Grant awarded under the Plan may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Board, in its sole discretion.

16.5 Number and Gender.

With respect to words used in this Plan, the singular form shall include the plural form, the masculine gender shall include the feminine gender, etc., as the context requires.

16.6 Severability.

If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and

thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

16.7 Governing Law.

The validity and construction of this Plan and the instruments evidencing the Grants awarded hereunder shall be governed by the laws of the state of Colorado, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Plan and the instruments evidencing the Grants awarded hereunder to the substantive laws of any other jurisdiction.

16.8 Code Section 409A.

The Board intends to comply with Section 409A of the Code, or an exemption to Section 409A of the Code, with regard to Grants hereunder that constitute nonqualified deferred compensation within the meaning of Section 409A of the Code. To the extent that the Board determines that a Grantee would be subject to the additional 20% tax imposed on certain nonqualified deferred compensation plans pursuant to Section 409A of the Code as a result of any provision of any Grant granted under this Plan, such provision shall be deemed amended to the minimum extent necessary to avoid application of such additional tax. The nature of any such amendment shall be determined by the Board.

17. EXECUTION

To record adoption of the Plan by the Board as of March 31, 2008, and approval of the Plan by the stockholders on April 23, 2008, the Company has caused its authorized officer to execute the Plan.

FIRST WESTERN FINANCIAL, INC.

By: /s/ Scott C. Wylie
Scott C. Wylie, Chairman

Amendment to the
First Western Financial, Inc.
2008 Stock Incentive Plan

Pursuant to the authority set forth in Section 3.1 of the First Western Financial, Inc. 2008 Stock Incentive Plan (the "Plan"), the Plan is amended as set forth below, effective as of the date of the adoption of this Amendment by the Board of Directors of First Western Financial, Inc.

1. The first full sentence of Section 4 of the Plan is deleted and restated in its entirety to read as follows:

   "4. STOCK SUBJECT TO THE PLAN

   Subject to adjustment as provided in Section 14 hereof, the number of shares of Stock available for issuance under the Plan shall be 1,200,000 shares."

2. The remainder of paragraph 4 and the Plan shall otherwise be unchanged by this Amendment.

IN WITNESS WHEREOF, First Western Financial, Inc. duly executes in its name by its proper officer this Amendment on March 4, 2014.

FIRST WESTERN FINANCIAL, INC.

/s/ Scott C. Wylie
Scott C. Wylie, Chairman and CEO

FIRST WESTERN FINANCIAL, INC.
2016 OMNIBUS INCENTIVE PLAN
(As Amended and Restated May 9, 2018)

1. Establishment & Purpose.

1.1 First Western Financial, Inc., a Colorado corporation, sets forth herein the terms of its 2016 Omnibus Incentive Plan.

1.2 The purpose of the First Western Financial, Inc. 2016 Omnibus Incentive Plan is to further align the interests of eligible participants with those of the Company's stockholders by providing long-term cash and equity incentive compensation opportunities tied to the performance of the Company and/or its Common Stock. The Plan is intended to advance the interests of the Company and increase stockholder value by attracting, retaining and motivating key personnel upon whose judgment, initiative and effort the successful conduct of the Company's business is largely dependent. The Plan was originally adopted on November 18, 2016 (the "*Original Effective Date*"). This amendment and restatement of the Plan amends the Plan effective as of the Effective Date to reflect the elimination of the exemption for "performance-based compensation" under Section 162(m) of the Code and to make other corresponding and clerical changes.

2. Definitions. Wherever the following capitalized terms are used in the Plan, they shall have the meanings specified below:

"*Affiliate*" means, with respect to the Company, any company or other trade or business that controls, is controlled by or is under common control with the Company within the meaning of Rule 405 of Regulation C under the Securities Act, including, without limitation, any Subsidiary.

"*Award*" means an award of a Stock Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit, Cash Performance Award, or Stock Award granted under the Plan.

"*Award Agreement*" means a notice or an agreement (whether written or electronic) entered into between the Company and a Participant setting forth the terms and conditions of an Award granted to a Participant as provided in Section 15.2 hereof.

"*Beneficial Owner*" shall have the meaning ascribed to such term in Rule 13d-3 under the Exchange Act.

"*Board*" means the Board of Directors of the Company.

"*Cash Performance Award*" means an Award that is denominated by a cash amount to an Eligible Person under Section 10 hereof and payable based on or conditioned upon the attainment of pre-established business and/or individual Performance Goals over a specified performance period and subject to such conditions as are set forth in the Plan and the applicable Award Agreement.

"*Cause*" shall have the meaning set forth in Section 13.2 hereof.

"*Change in Control*" shall have the meaning set forth in Section 12.2 hereof.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Committee*" means (i) the Compensation Committee of the Board, (ii) such other committee of the Board appointed by the Board to administer the Plan or (iii) as provided in Section 3.1 hereof, the full Board.

"*Common Stock*" means the Company's common stock, par value $0.001 per share, as the same may be reclassified, exchanged or recapitalized.

"*Company*" means First Western Financial, Inc., a Colorado corporation, or any successor thereto.

"*Date of Grant*" means the date on which an Award under the Plan is granted or approved for grant by the Committee or such later date as the Committee may specify to be the effective date of an Award.

"*Disability*" shall have the meaning set forth below, except with respect to any Participant who has an effective employment agreement or service agreement with the Company or one of its Subsidiaries that defines "Disability" or a like term, in which event the definition of "Disability" as set forth in such agreement shall be deemed to be the definition of "Disability" herein solely for such Participant and only for so long as such agreement remains effective. In all other events, the term "Disability" shall mean Participant's inability to perform the essential duties, responsibilities and functions of Participant's position with the Company and its Subsidiaries for a period of ninety (90) consecutive days or for a total of one hundred eighty (180) days during any twelve- (12-) month period as a result of any mental or physical illness, disability or incapacity even with reasonable accommodations for such illness, disability or incapacity provided by the Company and its Subsidiaries or if providing such accommodations would be unreasonable and which condition is expected to last for a continuous period of not less than twelve (12) months, all as determined by the Committee in its reasonable good faith judgment. Participant shall cooperate in all respects with the Company if a question arises as to whether he has become disabled (including, without limitation, submitting to reasonable examinations by one or more medical doctors and other health care specialists selected by the Company and authorizing such medical doctors and other health care specialists to discuss Participant's condition with the Company). Notwithstanding anything to the contrary contained herein, and solely for purposes of any Incentive Stock Option, "Disability" shall mean a permanent and total disability (within the meaning of Section 22(e)(3) of the Code).

"*Effective Date*" shall have the meaning set forth in Section 17.1 hereof.

"*Eligible Person*" means any person who is an employee, Non-Employee Director, consultant or other personal service provider of the Company or any of its Subsidiaries.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder from time to time.

"*Fair Market Value*" means, as of any given date, the value of a share of Common Stock determined as follows:

(a) For purposes of any Awards granted on the date of a Public Offering, the Fair Market Value will be the initial price to the public as set forth in the final prospectus included within the registration statement in Form S-1 filed with the Securities and Exchange Commission for the Public Offering.

(b) For purposes of any Awards granted on any other date, the Fair Market Value will be the closing price as reported on NASDAQ or any other principal exchange on which the Common Stock is then listed on such date, or if the Common Stock was not traded on such date, then on the next preceding trading day that the Common Stock was traded on such exchange, as reported by such responsible reporting service as the Committee may select. If the Common Stock is not listed on any such exchange, "Fair Market Value" shall be such value as determined by the Board or the Committee in its discretion and, to the extent necessary, shall be determined in a manner consistent with Section 409A of the Code and the regulations thereunder.

The determination of fair market value for purposes of tax withholding may be made in the Committee's discretion subject to applicable laws and is not required to be consistent with the determination of Fair Market Value for other purposes.

"*Family Member*" means a person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of the Grantee, any person sharing the Grantee's household (other than a tenant or employee), a trust in which any one or more of these persons have more than fifty percent of the beneficial interest, a foundation in which any one or more of these persons (or the Grantee) control the management of assets, and any other entity in which one or more of these persons (or the Grantee) own more than fifty percent of the voting interests; provided, however, that to the extent required by applicable law, the term Family Member shall be limited to a person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships of the Grantee or a trust or foundation for the exclusive benefit of any one or more of these persons.

"*Grant*" means an Award under the Plan.

"*Grantee*" means a person who receives or holds a Grant under the Plan.

"*Incentive Stock Option*" means a Stock Option granted under Section 6 hereof that is intended to meet the requirements of Section 422 of the Code and the regulations thereunder.

"*NASDAQ*" means The NASDAQ Global Market.

"*Non-Employee Director*" means a member of the Board who is not an employee of the Company or any of its Subsidiaries.

"*Nonqualified Stock Option*" means a Stock Option granted under Section 6 hereof that is not an Incentive Stock Option.

"*Participant*" means any Eligible Person who holds an outstanding Award under the Plan.

"*Performance Criteria*" shall have the meaning set forth in Section 10.3 hereof.

"*Performance Goals*" shall have the meaning set forth in Section 10.4 hereof.

"*Performance Stock Unit*" means a Restricted Stock Unit denominated as a Performance Stock Unit under Section 9.2 hereof, to be paid or distributed based on or conditioned upon the attainment of pre-established business and/or individual Performance Goals over a specified performance period.

"*Person*" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) thereof.

"*Plan*" means the First Western Financial, Inc. 2016 Omnibus Incentive Plan (As Amended and Restated May , 2018) as set forth herein, effective and as may be amended from time to time as provided herein.

"Public Offering" means the sale of shares of the Common Stock to the public pursuant to an effective registration statement (other than a registration statement on Form S-4 or S-8 or any similar or successor form) filed under the Securities Act in connection with an underwritten offering.

"*Restricted Stock Award*" means a grant of shares of Common Stock to an Eligible Person under Section 8 hereof that are issued subject to such vesting and transfer restrictions as the Committee shall determine, and such other conditions, as are set forth in the Plan and the applicable Award Agreement.

"*Restricted Stock Unit*" means a contractual right granted to an Eligible Person under Section 9 hereof representing a notional unit interest equal in value to a share of Common Stock to be paid or distributed at such times, and subject to such conditions, as set forth in the Plan and the applicable Award Agreement.

"*Reporting Person*" means a person who is required to file reports under Section 16(a) of the Exchange Act.

"*Securities Act*" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder from time to time.

"*Service*" means a Participant's employment with the Company or any Subsidiary or a Participant's service as a Non-Employee Director, consultant or other service provider with the Company or any Subsidiary, as applicable.

"*Stock Appreciation Right*" means a contractual right granted to an Eligible Person under Section 7 hereof entitling such Eligible Person to receive a payment, representing the excess of the Fair Market Value of a share of Common Stock over the base price per share of the right, at such time, and subject to such conditions, as are set forth in the Plan and the applicable Award Agreement.

"*Stock Award*" means a grant of shares of Common Stock to an Eligible Person under Section 11 hereof that are issued free of transfer restrictions and forfeiture conditions.

"*Stock Option*" means a contractual right granted to an Eligible Person under Section 6 hereof to purchase shares of Common Stock at such time and price, and subject to such conditions, as are set forth in the Plan and the applicable Award Agreement.

"*Subsidiary*" means an entity (whether or not a corporation) that is wholly or majority owned or controlled, directly or indirectly, by the Company or any other affiliate of the Company that is so designated, from time to time, by the Committee, during the period of such affiliated status; provided, however, that with respect to Incentive Stock Options, the term "Subsidiary" shall include only an entity that qualifies under Section 424(f) of the Code as a "subsidiary corporation" with respect to the Company.

"*Ten-Percent Stockholder*" means an individual who owns more than ten percent (10%) of the total combined voting power of all classes of outstanding stock of the Company, its parent or any of its Subsidiaries. In determining stock ownership, the attribution rules of Section 424(d) of the Code shall be applied.

3. Administration.

3.1 *Committee Members*. The Plan shall be administered by a Committee comprised of no fewer than two members of the Board who are appointed by the Board to administer the Plan. To the extent deemed necessary by the Board, each Committee member shall satisfy the requirements for (i) an "independent director" under rules adopted by NASDAQ or any other principal exchange on which the Common Stock is then listed, or (ii) a "nonemployee director" for purposes of such Rule 16b-3 under the Exchange Act. Notwithstanding the foregoing, the mere fact that a Committee member shall fail to qualify under any of the foregoing requirements shall not invalidate any Award made by the Committee which Award is otherwise validly made under the Plan. Neither the Company nor any member of the Committee shall be liable for any action or determination made in good faith by the Committee with respect to the Plan or any Award thereunder. The Board shall have the authority to execute the powers of the Committee under the Plan.

3.2 *Committee Authority*. The Committee shall have all powers and discretion necessary or appropriate to administer the Plan and to control its operation, including, but not limited to, the power to (i) determine the Eligible Persons to whom Awards shall be granted under the Plan and to grant Awards, (ii) prescribe the restrictions, terms and conditions of all Awards, (iii) interpret the Plan and terms of the Awards, (iv) adopt rules for the administration, interpretation and application of the Plan as are consistent therewith, and interpret, amend or revoke any such rules, (v) make all determinations with respect to a Participant's Service and the

termination of such Service for purposes of any Award, (vi) correct any defect(s) or omission(s) or reconcile any ambiguity(ies) or inconsistency(ies) in the Plan or any Award thereunder, (vii) make all determinations it deems advisable for the administration of the Plan; (viii) to decide all disputes arising in connection with the Plan and to otherwise supervise the administration of the Plan; (ix) subject to the terms of the Plan, amend the terms of an Award in any manner that is not inconsistent with the Plan, (x) accelerate the vesting or, to the extent applicable, exercisability of any Award at any time (including, but not limited to, upon a Change in Control or upon termination of Service under certain circumstances, as set forth in the Award Agreement or otherwise), and (xi) adopt such procedures and subplans as are necessary or appropriate to permit participation in the Plan by Eligible Person who are foreign nationals or employed outside of the United States. The Committee's determinations under the Plan need not be uniform and may be made by the Committee selectively among Participants and Eligible Persons, whether or not such persons are similarly situated. The Committee shall, in its discretion, consider such factors as it deems relevant in making its interpretations, determinations and actions under the Plan including, without limitation, the recommendations or advice of any officer or employee of the Company or such attorneys, consultants, accountants or other advisors as it may select. All interpretations, determinations, and actions by the Committee shall be final, conclusive, and binding upon all parties.

3.3 *Delegation of Authority*. The Committee shall have the right, from time to time, to delegate in writing to one or more officers of the Company the authority of the Committee to grant and determine the terms and conditions of Awards granted under the Plan, subject to any applicable laws. In no event shall any such delegation of authority be permitted with respect to Awards granted to any member of the Board or to any Eligible Person who is subject to Rule 16b-3 under the Exchange Act (as determined in accordance with applicable guidance as of the applicable date of determination). The Committee shall also be permitted to delegate, to any appropriate officer or employee of the Company, responsibility for performing certain ministerial functions under the Plan. In the event that the Committee's authority is delegated to officers or employees in accordance with the foregoing, all provisions of the Plan relating to the Committee shall be interpreted in a manner consistent with the foregoing by treating any such reference as a reference to such officer or employee for such purpose. Any action undertaken in accordance with the Committee's delegation of authority hereunder shall have the same force and effect as if such action was undertaken directly by the Committee and shall be deemed for all purposes of the Plan to have been taken by the Committee.

4. Shares Subject to the Plan.

4.1 *Number of Shares Reserved*. Subject to adjustment as provided in Section 4.4 hereof, the total number of shares of Common Stock that are reserved for issuance under the Plan shall be 200,000 plus any shares remaining available for grant under the First Western Financial, Inc. 2008 Stock Incentive Plan (the "*2008 Plan*") as of the Original Effective Date (collectively, the "*Share Reserve*"). Each share of Common Stock subject to an Award

shall reduce the Share Reserve by one share; provided that Awards that are required to be paid in cash pursuant to their terms shall not reduce the Share Reserve. Any shares of Common Stock delivered under the Plan shall consist of authorized and unissued shares or treasury shares.

4.2 *Share Replenishment*. To the extent that an Award granted under this 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 of Common Stock retained by or returned to the Company will (i) not be deemed to have been delivered under the Plan, (ii) be available for future Awards under the Plan, and (iii) increase the Share Reserve by one share for each share that is retained by or returned to the Company. Shares that are (x) withheld from an Award in payment of the exercise or purchase price or taxes relating to such an Award or (y) not issued or delivered as a result of the net settlement of an outstanding Stock Option or Stock Appreciation Right will (i) not be deemed to have been delivered under the Plan, (ii) be available for future Awards under the Plan, (iii) increase the Share Reserve by one Share for each Share that is retained by or returned to the Company and (iv) continue to be counted as outstanding for purposes of determining whether the Award limit specified in Section 4.3 has been attained. In addition to the foregoing, any shares that become available for issuance pursuant to Section 4 of the 2008 Plan as a result of the forfeiture, cancellation or termination for no consideration of an award under the 2008 Plan will (i) not be available for future awards under the 2008 Plan, (ii) be available for future Awards under this Plan, and (iii) increase the Share Reserve by one share for each share that is retained by or returned to the Company, subject to a maximum of 1,500,000 shares.

4.3 *Awards Granted to Non-Employee Directors*. The maximum number of shares of Common Stock that may be subject to Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Restricted Stock Units and Stock Awards granted to any Non-Employee Director during any calendar year shall be limited to 100,000 shares of Common Stock for all such Award types in the aggregate (subject to adjustment as provided in Section 4.4 hereof). If an Award is settled in cash, the number of shares of Common Stock on which the Award is based shall not count toward the individual share limit set forth in this Section 4.3 but shall count against the annual Cash Performance Award limit set forth in Section 10.7.

4.4 *Adjustments*. If there shall occur any change with respect to the outstanding shares of Common Stock by reason of any recapitalization, reclassification, stock dividend, extraordinary cash dividend, stock split, reverse stock split or other distribution with respect to the shares of Common Stock or any merger, reorganization, consolidation, combination, spin-off, stock purchase or other similar corporate change or any other change affecting the Common Stock (other than regular cash dividends to shareholders of the Company), the Committee shall, in the manner and to the extent it considers appropriate and equitable to the Participants and consistent with the terms of the Plan, cause an adjustment to be made to (i) the maximum number and kind of shares of Common Stock provided in Sections 4.1 and 4.3 hereof (including the maximum number of shares of Common Stock that may become payable to a Non-Employee Director provided in Sections 4.3 hereof), (ii) the number and kind of shares of Common Stock, units or other rights subject to then outstanding Awards, (iii) the exercise or base price for each share or unit or other right subject to then outstanding Awards, and (iv) any other terms of an Award that are affected by the event. Notwithstanding the foregoing, (a) any such adjustments shall, to the extent necessary, be made in a manner consistent with the requirements of Section 409A of the Code and (b) in the case of Incentive Stock Options, any such adjustments shall, to the extent practicable, be made in a manner consistent with the requirements of Section 424(a) of the Code.

5. Eligibility and Awards.

5.1 *Designation of Participants*. Any Eligible Person may be selected by the Committee to receive an Award and become a Participant. The Committee has the authority, in its discretion, to determine and designate from time to time those Eligible Persons who are to be granted Awards, the types of Awards to be granted, the number of shares of Common Stock or units subject to Awards to be granted and the terms and conditions of such Awards consistent with the terms of the Plan, and to grant any such Awards. In selecting Eligible Persons to be Participants, and in determining the type and amount of Awards to be granted under the Plan, the Committee shall consider any and all factors that it deems relevant or appropriate. Designation of a Participant in any year shall not require the Committee to designate such person to receive an Award in any other year or, once designated, to receive the same type or amount of Award as granted to such Participant in any other year.

5.2 *Determination of Awards*. The Committee shall determine the terms and conditions of all Awards granted to Participants in accordance with its authority under Section 3.2 hereof. An Award may consist of one type of right or benefit hereunder or of two or more such rights or benefits granted in tandem.

5.3 *Award Agreements*. Each Award granted to an Eligible Person shall be represented by an Award Agreement. The terms of all Awards under the Plan, as determined by the Committee, will be set forth in each individual Award Agreement as described in Section 15.2 hereof.

6. Stock Options.

6.1 *Grant of Stock Options*. A Stock Option may be granted to any Eligible Person selected by the Committee, except that an Incentive Stock Option may only be granted to an Eligible Person satisfying the conditions of Section 6.7(a) hereof. Each Stock Option shall be designated on the Date of Grant, in the discretion of the Committee, as an Incentive Stock Option or as a Nonqualified Stock Option.

6.2 *Exercise Price*. The exercise price per share of a Stock Option shall not be less than one hundred percent (100%) of the Fair Market Value of a share of Common Stock on the Date of Grant. The Committee may in its discretion specify an exercise price per share that is higher than the Fair Market Value of a share of Common Stock on the Date of Grant.

6.3 *Vesting of Stock Options*. The Committee shall, in its discretion, prescribe the time or times at which or the conditions upon which, a Stock Option or portion thereof shall become vested and/or exercisable. The requirements for vesting and exercisability of a Stock Option may be based on the continued Service of the Participant with the Company or a Subsidiary for a specified time period (or periods), on the attainment of a specified Performance Goal(s) or on such other terms and conditions as approved by the Committee in its discretion, all as set forth in the Award Agreement. If the vesting requirements of a Stock Option are not satisfied, the Award shall be forfeited.

6.4 *Term of Stock Options*. The Committee shall in its discretion prescribe in an Award Agreement the period during which a vested Stock Option may be exercised; provided, however,

that the maximum term of a Stock Option shall be ten (10) years from the Date of Grant. The Committee may provide that a Stock Option will cease to be exercisable upon or at the end of a specified time period following a termination of Service for any reason as set forth in the Award Agreement or otherwise. Subject to Section 409A of the Code and the provisions of this Section 6, the Committee may extend at any time the period in which a Stock Option may be exercised.

6.5 *Stock Option Exercise; Tax Withholding*. Subject to such terms and conditions as specified in an Award Agreement, a Stock Option may be exercised in whole or in part at any time during the term thereof by notice in the form required by the Company, together with payment of the aggregate exercise price and applicable withholding tax. Payment of the exercise price may be made: (i) in cash or by cash equivalent acceptable to the Committee or (ii) to the extent permitted by the Committee in its sole discretion and set forth in the Award Agreement or otherwise (including by a policy or resolution of the Committee), (A) in shares of Common Stock valued at the Fair Market Value of such shares on the date of exercise, (B) through an open-market, broker-assisted sales transaction pursuant to which the Company is promptly delivered the amount of proceeds necessary to satisfy the exercise price, (C) by reducing the number of shares of Common Stock otherwise deliverable upon the exercise of the Stock Option by the number of shares of Common Stock having a Fair Market Value on the date of exercise equal to the exercise price, (D) by a combination of the methods described above or (E) by such other method as may be approved by the Committee and set forth in the Award Agreement. In addition to and at the time of payment of the exercise price, the Participant shall pay to the Company the full amount of any and all applicable income tax, employment tax and other amounts required to be withheld in connection with such exercise, payable under such of the methods described above for the payment of the exercise price as may be approved by the Committee and set forth in the Award Agreement.

6.6 *Limited Transferability of Nonqualified Stock Options*. All Nonqualified Stock Options shall be exercisable during the Participant's lifetime only by the Participant or by the Participant's guardian or legal representative. The Nonqualified Stock Options and the rights and privileges conferred thereby shall be nontransferable except as otherwise provided in Section 15.3 hereof.

6.7 *Additional Rules for Incentive Stock Options*.

(a) *Eligibility*. An Incentive Stock Option may only be granted to an Eligible Person who is considered an employee for purposes of Treasury Regulation § 1.421-1(h) with respect to the Company or any Subsidiary that qualifies as a "subsidiary corporation" with respect to the Company for purposes of Section 424(f) of the Code.

(b) *Annual Limits*. No Incentive Stock Option shall be granted to a Participant as a result of which the aggregate Fair Market Value (determined as of the Date of Grant) of the Common Stock with respect to which incentive stock options under Section 422 of the Code are exercisable for the first time in any calendar year under the Plan and any other stock option plans of the Company or any subsidiary or parent corporation, would exceed $100,000, determined in accordance with Section 422(d) of the Code. This limitation shall be applied by taking such incentive stock options into account in the order in which they were granted.

(c) *Additional Limitations*. In the case of any Incentive Stock Option granted to an Eligible Person who owns, either directly or indirectly (taking into account the attribution rules contained in Section 424(d) of the Code), stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Subsidiary, the exercise price shall not be less than one hundred ten percent (110%) of the Fair Market Value of a share of Common Stock on the Date of Grant and the maximum term shall be five (5) years.

(d) *Termination of Employment*. An Award of an Incentive Stock Option may provide that such Stock Option may be exercised not later than (i) three (3) months following termination of employment of the Participant with the Company and all Subsidiaries (other than as set forth in clause (ii) of this Section 6.7(d)) or (ii) one year following termination of employment of the Participant with the Company and all Subsidiaries due to death or permanent and total disability within the meaning of Section 22(e)(3) of the Code, in each case as and to the extent determined by the Committee to comply with the requirements of Section 422 of the Code.

(e) *Other Terms and Conditions; Nontransferability*. No Incentive Stock Options granted under the Plan may be granted more than ten (10) years following the date that the Plan is adopted or the date that the Plan is approved by the Company's stockholders, whichever is earlier. The Award Agreement representing any Incentive Stock Option granted hereunder shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as are deemed necessary or desirable by the Committee, which terms, together with the terms of the Plan, shall be intended and interpreted to cause such Incentive Stock Option to qualify as an "incentive stock option" under Section 422 of the Code. A Stock Option that is granted as an Incentive Stock Option shall, to the extent it fails to qualify as an "incentive stock option" under the Code, be treated as a Nonqualified Stock Option. An Incentive Stock Option shall by its terms be nontransferable other than by will or by the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by such Participant.

(f) *Disqualifying Dispositions*. If shares of Common Stock acquired by exercise of an Incentive Stock Option are disposed of within two years following the Date of Grant or one year following the transfer of such shares to the Participant upon exercise, the Participant shall, promptly following such disposition, notify the Company in writing of the date and terms of such disposition and provide such other information regarding the disposition as the Company may reasonably require.

6.8 *Repricing Prohibited.* Subject to the anti-dilution adjustment provisions contained in Section 4.4 hereof, without the prior approval of the Company's stockholders, neither the Committee nor the Board shall cancel a Stock Option when the exercise price per share exceeds the Fair Market Value of one share of Common Stock in exchange for cash or another Award (other than in connection with a Change in Control) or cause the cancellation, substitution or amendment of a Stock Option that would have the effect of reducing the exercise price of such a Stock Option previously granted under the Plan or otherwise approve any modification to such a Stock Option that would be treated as a "repricing" under the then applicable rules, regulations or listing requirements adopted by NASDAQ or any other principal exchange on which the Common Stock is then listed.

6.9 *Dividend Equivalent Rights.* Subject to the anti-dilution adjustment provisions contained in Section 4.4 hereof, dividends shall not be paid with respect to Stock Options. Dividend equivalent rights shall be granted with respect to the shares of Common Stock subject to Stock Options to the extent permitted by the Committee or set forth in the Award Agreement.

7. Stock Appreciation Rights.

7.1 *Grant of Stock Appreciation Rights*. Stock Appreciation Rights may be granted to any Eligible Person selected by the Committee. Stock Appreciation Rights may be granted on a basis that allows for the exercise of the right by the Participant or that provides for the automatic payment of the right upon a specified date or event. Stock Appreciation Rights shall be non-transferable, except as provided in Section 15.3 hereof.

7.2 *Stand-Alone and Tandem Stock Appreciation Rights.* A Stock Appreciation Right may be granted without any related Stock Option, or may be granted in tandem with a Stock Option, either on the Date of Grant or at any time thereafter during the term of the Stock Option. The Committee shall in its discretion provide in an Award Agreement the time or times at which or the conditions upon which, a Stock Appreciation Right or portion thereof shall become vested and/or exercisable. The requirements for vesting and exercisability of a Stock Appreciation Right may be based on the continued Service of a Participant with the Company or a Subsidiary for a specified time period (or periods), on the attainment of a specified Performance Goal(s) or on such other terms and conditions as approved by the Committee in its discretion. If the vesting requirements of a Stock Appreciation Right are not satisfied, the Award shall be forfeited. A Stock Appreciation Right will be exercisable or payable at such time or times as determined by the Committee; provided, that the maximum term of a Stock Appreciation Right shall be ten (10) years from the Date of Grant. The Committee may provide that a Stock Appreciation Right will cease to be exercisable upon or at the end of a period following a termination of Service for any reason. The base price of a Stock Appreciation Right granted without any related Stock Option shall be determined by the Committee in its discretion; provided, however, that the base price per share of any such stand-alone Stock Appreciation Right shall not be less than one hundred percent (100%) of the Fair Market Value of a share of Common Stock on the Date of Grant.

7.3 *Payment of Stock Appreciation Rights*. A Stock Appreciation Right will entitle the holder, upon exercise or other payment of the Stock Appreciation Right, as applicable, to receive an amount determined by multiplying: (i) the excess of the Fair Market Value of a share of Common Stock on the date of exercise or payment of the Stock Appreciation Right over the base price of such Stock Appreciation Right, by (ii) the number of shares as to which such Stock Appreciation Right is exercised or paid. Payment of the amount determined under the foregoing may be made, as approved by the Committee and set forth in the Award Agreement, in shares of Common Stock valued at their Fair Market Value on the date of exercise or payment, in cash or in a combination of shares of Common Stock and cash, subject to applicable tax withholding requirements.

7.4 *Repricing Prohibited*. Subject to the anti-dilution adjustment provisions contained in Section 4.4 hereof, without the prior approval of the Company's stockholders, neither the Committee nor the Board shall cancel a Stock Appreciation Right when the base price per share exceeds the Fair Market Value of one share of Common Stock in exchange for cash or another

Award (other than in connection with a Change in Control) or cause the cancellation, substitution or amendment of a Stock Appreciation Right that would have the effect of reducing the base price of such a Stock Appreciation Right previously granted under the Plan or otherwise approve any modification to such Stock Appreciation Right that would be treated as a "repricing" under the then applicable rules, regulations or listing requirements adopted by NASDAQ or any other principal exchange on which the Common Stock is then listed.

7.5 *Dividend Equivalent Rights.* Subject to the anti-dilution adjustment provisions contained in Section 4.4 hereof, dividends shall not be paid with respect to Stock Appreciation Rights. Dividend equivalent rights shall be granted with respect to the shares of Common Stock subject to Stock Appreciation Rights to the extent permitted by the Committee or set forth in the Award Agreement.

8. Restricted Stock Awards.

8.1 *Grant of Restricted Stock Awards*. A Restricted Stock Award may be granted to any Eligible Person selected by the Committee. The Committee may require the payment by the Participant of a specified purchase price in connection with any Restricted Stock Award.

8.2 *Vesting Requirements*. The restrictions imposed on shares granted under a Restricted Stock Award shall lapse in accordance with the vesting requirements specified by the Committee in the Award Agreement. The requirements for vesting of a Restricted Stock Award may be based on the continued Service of the Participant with the Company or a Subsidiary for a specified time period (or periods), on the attainment of a specified Performance Goal(s) designed to meet the requirements for exemption under Section 162(m) of the Code or on such other terms and conditions as approved by the Committee in its discretion. If the vesting requirements of a Restricted Stock Award shall not be satisfied or, if applicable, the Performance Goal(s) with respect to such Restricted Stock Award are not attained, the Award shall be forfeited and the shares of Stock subject to the Award shall be returned to the Company.

8.3 *Transfer Restrictions*. Shares granted under any Restricted Stock Award may not be transferred, assigned or subject to any encumbrance, pledge or charge until all applicable restrictions are removed or have expired, except as provided in Section 15.3 hereof. Failure to satisfy any applicable restrictions shall result in the subject shares of the Restricted Stock Award being forfeited and returned to the Company. The Committee may require in an Award Agreement that certificates (if any) representing the shares granted under a Restricted Stock Award bear a legend making appropriate reference to the restrictions imposed, and that certificates (if any) representing the shares granted or sold under a Restricted Stock Award will remain in the physical custody of an escrow holder until all restrictions are removed or have expired.

8.4 *Rights as Stockholder*. Subject to the foregoing provisions of this Section 8 and the applicable Award Agreement, the Participant shall have all rights of a stockholder with respect to the shares granted to the Participant under a Restricted Stock Award, including the right to vote the shares and receive all dividends and other distributions paid or made with respect thereto, unless otherwise provided in the applicable Award Agreement or the Committee determines otherwise at the time the Restricted Stock Award is granted. The Committee may provide in an Award Agreement for the payment of dividends and distributions to the Participant at such times

as paid to stockholders generally, at the times of vesting or other payment of the Restricted Stock Award or otherwise.

8.5 *Section 83(b) Election*. If a Participant makes an election pursuant to Section 83(b) of the Code with respect to a Restricted Stock Award, the Participant shall file, within thirty (30) days following the Date of Grant, a copy of such election with the Company and with the Internal Revenue Service, in accordance with the regulations under Section 83 of the Code. The Committee may provide in an Award Agreement that the Restricted Stock Award is conditioned upon the Participant's making or refraining from making an election with respect to the Award under Section 83(b) of the Code.

9. Restricted Stock Units.

9.1 *Grant of Restricted Stock Units*. A Restricted Stock Unit may be granted to any Eligible Person selected by the Committee. The value of each Restricted Stock Unit is equal to the Fair Market Value of the Common Stock on the applicable date or time period of determination, as specified by the Committee. Restricted Stock Units shall be subject to such restrictions and conditions as the Committee shall determine. In addition, a Restricted Stock Unit may be designated as a "Performance Stock Unit", the vesting requirements of which may be based, in whole or in part, on the attainment of pre-established business and/or individual Performance Goal(s) over a specified performance period as approved by the Committee in its discretion. Restricted Stock Units shall be non-transferable, except as provided in Section 15.3 hereof.

9.2 *Vesting of Restricted Stock Units*. On the Date of Grant, the Committee shall, in its discretion, determine any vesting requirements with respect to Restricted Stock Units, which shall be set forth in the Award Agreement. The requirements for vesting of a Restricted Stock Unit may be based on the continued Service of the Participant with the Company or a Subsidiary for a specified time period (or periods) or on such other terms and conditions as approved by the Committee (including Performance Goal(s)) in its discretion. If the vesting requirements of a Restricted Stock Units Award are not satisfied, the Award shall be forfeited.

9.3 *Payment of Restricted Stock Units*. Restricted Stock Units shall become payable to a Participant at the time or times determined by the Committee and set forth in the Award Agreement, which may be upon or following the vesting of the Award. Payment of a Restricted Stock Unit may be made, as approved by the Committee and set forth in the Award Agreement, in cash or in shares of Common Stock or in a combination thereof, subject to applicable tax withholding requirements. Any cash payment of a Restricted Stock Unit shall be made based upon the Fair Market Value of the Common Stock.

9.4 *Dividend Equivalent Rights.* Subject to the anti-dilution adjustment provisions contained in Section 4.4 hereof, Restricted Stock Units may or may not, in the discretion of the Committee, be granted together with a dividend equivalent right with respect to the shares of Common Stock subject to the Award, which may be accumulated and may be deemed reinvested in additional Restricted Stock Units or may be accumulated in cash, as determined by the Committee in its discretion. Dividend equivalent rights will be paid at such times as determined by the Committee in its discretion (including without limitation at the times paid to stockholders generally or at the times of vesting or payment of the Restricted Stock Unit). Dividend equivalent

rights may be subject to forfeiture under the same conditions as apply to the underlying Restricted Stock Units.

9.5 *No Rights as Stockholder*. The Participant shall not have any rights as a stockholder with respect to the shares subject to a Restricted Stock Unit until such time as shares of Common Stock are delivered to the Participant pursuant to the terms of the Award Agreement.

10. Cash Performance Awards and Performance Criteria.

10.1 *Grant of Cash Performance Awards*. A Cash Performance Award may be granted to any Eligible Person selected by the Committee. Payment amounts may be based on specified levels of attainment with respect to the Performance Goals, including, if applicable, specified threshold, target and maximum performance levels. The requirements for payment may be also based upon the continued Service of the Participant with the Company or a Subsidiary during the respective performance period and on such other conditions as determined by the Committee and set forth in an Award Agreement. With respect to Cash Performance Awards and other Awards the vesting and/or payout of which are tied to one or more Performance Goals, the Committee will determine the duration of the performance period, the Performance Criteria, the applicable Performance Goals relating to the Performance Criteria, and the amount and terms of payment and/or vesting upon achievement of the Performance Goals. Cash Performance Awards shall be non-transferable, except as provided in Section 15.3 hereof.

10.2 *Award Agreements*. Each Cash Performance Award shall be evidenced by an Award Agreement that shall specify the performance period and such other terms and conditions as the Committee, in its discretion, shall determine. The Committee may accelerate the vesting of a Cash Performance Award upon a Change in Control or termination of Service under certain circumstances, as set forth in the Award Agreement.

10.3 *Performance Criteria*. For purposes of Cash Performance Awards, Performance Stock Units and other Awards, the Performance Criteria shall be one or any combination of any performance measure selected by the Committee, which may include, but shall not be limited to, any the following performance measures for the Company or any identified Subsidiary or business unit: (a) net earnings; (b) earnings per share; (c) net debt; (d) revenue or sales growth; (e) net or operating income; (f) net operating profit; (g) return measures (including, but not limited to, return on assets, capital, equity or sales); (h) cash flow (including, but not limited to, operating cash flow, distributable cash flow and free cash flow); (i) earnings before or after taxes, interest, depreciation, amortization and/or rent; (j) share price (including, but not limited to growth measures and total stockholder return); (k) expense control or loss management; (l) customer satisfaction; (m) market share; (n) economic value added; (o) working capital; (p) the formation of joint ventures or the completion of other corporate transactions; (q) gross or net profit margins; (r) revenue mix; (s) operating efficiency; (t) product diversification; (u) market penetration; (v) measurable achievement in quality, operation or compliance initiatives; (w) quarterly dividends or distributions; (x) employee retention or turnover; (y) assets under management; (z) return on average tangible common equity (defined as a ratio, the numerator of which is income before amortization of intangibles, and the denominator of which is average tangible common equity); (aa) "efficiency ratio" determined as the ratio of total noninterest operating expenses (less amortization of intangibles) divided by total tax-equivalent revenues; (bb) "burden ratio"

determined as the ratio of total noninterest operating expenses (less amortization of intangibles) less noninterest income over total tax-equivalent revenues; (cc) noninterest income to total revenue ratio; (dd) noninterest income to average assets ratio; (ee) net interest margin; (ff) net interest margin — tax equivalent; (gg) ratio of noninterest expense (less amortization of intangibles) to average assets; (hh) credit quality measures (including non-performing asset ratio, net charge-off ratio, ratio of allowance to non-performing loans, and classified assets as a percentage of tier 1 capital plus allowance of loan losses); (ii) noninterest bearing deposits as a percentage of total deposits; (jj) brokered deposits as a percentage of total deposits; (kk) loan growth; (ll) deposit growth; (mm) core deposit growth (defined as deposit growth excluding time deposits); (nn) noninterest income growth; (oo) budgeted noninterest income; (pp) yield on earning assets; (qq) tax-equivalent yield on earning assets; (rr) loan yield; (ss) tax-equivalent loan yield; (tt) cost of funds; (uu) net interest income; (vv) pre-provision, pre-tax income; (ww) regulatory criteria or measures, including compliance with a regulatory enforcement action or regulation (including a regulation that would exclude certain income from being included in any of the above criteria); (xx) other strategic milestones based on objective criteria established by the Company provided that, with respect to Covered Employees, such strategic milestones must be approved by the stockholders of the Company prior to the payment of any Cash Performance Awards, Performance Stock Units and other Awards intended to qualify as "performance-based compensation"; or (yy) any combination of or a specified increase in any of the foregoing. Each of the Performance Criteria shall be applied and interpreted in accordance with an objective formula or standard established by the Committee at the time the applicable Award is granted including, without limitation, GAAP.

10.4 *Performance Goals*. For purposes of Cash Performance Awards and other Awards the vesting and/or payout of which are tied to one or more Performance Goals, the "Performance Goals" shall be the levels of achievement relating to the Performance Criteria selected by the Committee for the Award. The Performance Goals shall be written and shall be expressed as an objective formula or standard that precludes discretion to increase the amount of compensation payable that would otherwise be due upon attainment of the goal. The Performance Goals may be (but are not required to be) applied on an absolute basis or relative to an identified index, peer group, or one or more competitors or other companies (including particular business segments or divisions or such companies). The Performance Goals need not be the same for all Participants.

10.5 *Adjustments*. At the time that an Award is granted, the Committee may provide for the Performance Goals or the manner in which performance will be measured against the Performance Goals to be adjusted in such objective manner as it deems appropriate, including, without limitation, adjustments to reflect charges for restructurings, non-operating income, the impact of corporate transactions or discontinued operations, extraordinary and other unusual or non-recurring items and the cumulative effects of accounting or tax law changes. In addition, with respect to a Participant hired or promoted following the beginning of a performance period, the Committee may determine to prorate the Performance Goals and/or the amount of any payment in respect of such Participant's Cash Performance Awards for the partial performance period.

10.6 *Negative Discretion*. Notwithstanding anything else contained in the Plan to the contrary, the Committee shall, to the extent provided in an Award Agreement, have the right, in its discretion, (i) to reduce or eliminate the amount otherwise payable to any Participant under an Award and (ii) to establish rules or procedures that have the effect of limiting the amount payable

to any Participant to an amount that is less than the amount that otherwise would be payable under an Award. The Committee may exercise such discretion in a non-uniform manner among Participants.

10.7 *Certification*. Following the conclusion of the performance period of a Cash Performance Award or other Award the vesting and/or payout of which is tied to one or more Performance Goals, the Committee shall certify in writing whether the Performance Goals for that performance period have been achieved, or certify the degree of achievement, if applicable.

10.8 *Payment*. Upon certification of the Performance Goals for a Cash Performance Award or other Award, the Committee shall determine the level of vesting or amount of payment to the Participant pursuant to the Award, if any. Notwithstanding the foregoing, Cash Performance Awards may be paid, at the discretion of the Committee, in any combination of cash or shares of Common Stock, based upon the Fair Market Value of such shares at the time of payment.

11. Stock Awards.

11.1 *Grant of Stock Awards*. A Stock Award may be granted to any Eligible Person selected by the Committee. A Stock Award may be granted for past Services, in lieu of bonus or other cash compensation, as directors' compensation or for any other valid purpose as determined by the Committee. The Committee shall determine the terms and conditions of such Awards, and such Awards may be made without vesting requirements. In addition, the Committee may, in connection with any Stock Award, require the payment of a specified purchase price.

11.2 *Rights as Stockholder*. Subject to the foregoing provisions of this Section 11 and the applicable Award Agreement, upon the issuance of the Common Stock under a Stock Award the Participant shall have all rights of a stockholder with respect to the shares of Common Stock, including the right to vote the shares and receive all dividends and other distributions paid or made with respect thereto.

12. Change in Control.

12.1 *Effect on Awards*. Upon the occurrence of a Change in Control, unless otherwise provided in the Award Agreement, the Committee is authorized (but not obligated) to make adjustments in the terms and conditions of outstanding Awards, including without limitation the following (or any combination thereof): (a) continuation or assumption of such outstanding Awards under the Plan by the Company (if it is the surviving company or corporation) or by the surviving company or corporation or its parent; (b) substitution by the surviving company or corporation or its parent of awards with substantially the same terms for outstanding Awards (with appropriate adjustments to the type of consideration payable upon settlement of the Awards); (c) accelerated exercisability, vesting and/or payment under outstanding Awards immediately prior to or upon the occurrence of such event or upon a termination of employment following such event; and (d) if all or substantially all of the Company's outstanding shares of Common Stock transferred in exchange for cash consideration in connection with such Change in Control: (i) upon written notice, provide that any outstanding Stock Options and Stock Appreciation Rights are exercisable during a reasonable period of time immediately prior to the scheduled consummation of the event or such other reasonable period as determined by the Committee (contingent upon the

consummation of the event), and at the end of such period, such Stock Options and Stock Appreciation Rights shall terminate to the extent not so exercised within the relevant period; and (ii) cancellation of all or any portion of outstanding Awards for fair value (in the form of cash, shares, other property or any combination thereof) as determined in the sole discretion of the Committee; provided, that, in the case of Stock Options and Stock Appreciation Rights, the fair value may equal the excess, if any, of the value of the consideration to be paid in the Change in Control transaction to holders of shares of Common Stock (or, if no such consideration is paid, Fair Market Value of the shares of Common Stock subject to such outstanding Awards or portion thereof being canceled) over the aggregate exercise or base price, as applicable, with respect to such Awards or portion thereof being canceled, or if no such excess, zero.

12.2 *Definition of Change in Control*. Unless otherwise defined in an Award Agreement, "*Change in Control*" shall mean the occurrence of one of the following events:

(a) Any Person, becomes the Beneficial Owner, directly or indirectly, of more than fifty percent (50%) of the combined voting power, excluding any Person who holds fifty percent (50%) or more of the voting power on the Effective Date of the Plan (the "*Initial Owners*"), of the then outstanding voting securities of the Company entitled to vote generally in the election of its directors (the "*Outstanding Company Voting Securities*") including by way of merger, consolidation or otherwise; *provided*, *however*, that for purposes of this definition, the following acquisitions shall not constitute a Change in Control: (i) any acquisition of voting securities of the Company directly from the Company, including without limitation, a public offering of securities; (ii) any acquisition by the Company or any of its Subsidiaries of Outstanding Company Voting Securities, including an acquisition by any employee benefit plan or related trust sponsored or maintained by the Company or any of its Subsidiaries; or (iii) any acquisition after which the Initial Owners and their affiliates remain the Beneficial Owners of more Outstanding Voting Securities than any other Person.

(b) Consummation of a reorganization, merger, or consolidation to which the Company is a party or a sale or other disposition of all or substantially all of the assets of the Company (a "*Business Combination*"), unless, following such Business Combination: (i) any individuals and entities that were the Beneficial Owners of Outstanding Company Voting Securities immediately prior to such Business Combination are the Beneficial Owners, directly or indirectly, of more than fifty percent (50%) of the combined voting power of the outstanding voting securities entitled to vote generally in the election of directors (or election of members of a comparable governing body) of the entity resulting from the Business Combination (including, without limitation, an entity which as a result of such transaction owns all or substantially all of the Company or all or substantially all of the Company's assets either directly or through one or more Subsidiaries) (the "*Successor Entity*") in substantially the same proportions as their ownership immediately prior to such Business Combination; (ii) no Person (excluding any Successor Entity or any employee benefit plan or related trust of the Company, such Successor Entity, or any of their Subsidiaries) is the Beneficial Owner, directly or indirectly, of more than fifty percent (50%) of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors (or comparable governing body) of the Successor Entity, except to the extent that such ownership existed prior to the Business Combination; and (iii) at least a majority of the members of the board of directors (or comparable governing body) of the Successor Entity were Incumbent Directors (including persons deemed to be Incumbent

Directors) at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination.

Notwithstanding the foregoing, to the extent necessary to comply with Section 409A of the Code with respect to the payment of "nonqualified deferred compensation," "Change in Control" shall be limited to a "change in control event" as defined under Section 409A of the Code. For the avoidance of doubt, neither a public offering nor any changes to the size or members of the Board in connection with or as a result of a Public Offering shall constitute or be deemed to result in a Change in Control.

13. Forfeiture Events.

13.1 *General*. The Committee may specify in an Award Agreement at the time of the Award that the Participant's rights, payments and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events may include, but shall not be limited to, termination of Service for Cause, violation of material Company policies, breach of noncompetition, confidentiality or other restrictive covenants that may apply to the Participant or other similar conduct by the Participant that is detrimental to the business or reputation of the Company.

13.2 *Termination for Cause*.

(a) *Treatment of Awards*. Unless otherwise provided by the Committee and set forth in an Award Agreement, if (i) a Participant's Service with the Company or any Subsidiary shall be terminated for Cause or (ii) within one (1) year following termination of Service for any other reason, the Committee determines in its discretion that, after termination, the Participant breached any of the material terms contained in any non-competition agreement, confidentiality agreement or similar restrictive covenant agreement to which such Participant is a party, such Participant's rights, payments and benefits with respect to an Award shall be subject to cancellation, forfeiture and/or recoupment, as provided in Section 13.3 below. The Company shall have the power to determine whether the Participant has been terminated for Cause, the date upon which such termination for Cause occurs and whether the Participant engaged in conduct that violated any continuing obligation or duty of the Participant in respect of the Company or any Subsidiary. Any such determination shall be final, conclusive and binding upon all Persons. In addition, if the Company shall reasonably determine that a Participant has committed or may have committed any act which could constitute the basis for a termination of such Participant's Service for Cause or violates any continuing obligation or duty of the Participant in respect of the Company or any Subsidiary, the Company may suspend the Participant's rights to exercise any Stock Option or Stock Appreciation Right, receive any payment or vest in any right with respect to any Award pending a determination by the Company of whether an act or omission could constitute the basis for a termination for Cause as provided in this Section 13.2.

(b) *Definition of Cause*. Unless otherwise defined in an Award Agreement, "*Cause*" shall mean:

(i) the Participant has committed a deliberate and premeditated act against the interests of the Company including, without limitation: an act of fraud, embezzlement, misappropriation or breach of fiduciary duty against the Company, including, but not limited to, the offer, payment, solicitation or acceptance of any unlawful bribe or kickback with respect to the Company's business; or

(ii) the Participant has been convicted by a court of competent jurisdiction of, or pleaded guilty or nolo contendere to, any felony or any crime involving moral turpitude; or

(iii) the Participant has failed to perform or neglected the material duties incident to his employment or other engagement with the Company on a regular basis, and such refusal or failure shall have continued for a period of twenty (20) days after written notice to the Participant specifying such refusal or failure in reasonable detail; or

(iv) the Participant has been chronically absent from work (excluding vacations, illnesses, Disability or leaves of absence approved by the Company); or

(v) the Participant has refused, after explicit written notice, to obey any lawful resolution of or direction by the Board which is consistent with the duties incident to his employment or other engagement with the Company and such refusal continues for more than twenty (20) days after written notice is given to the Participant specifying such refusal in reasonable detail; or

(vi) the Participant has breached any of the material terms contained in any employment agreement, non-competition agreement, confidentiality agreement or similar type of agreement to which such Participant is a party; or

(vii) the Participant has engaged in (x) the unlawful use (including being under the influence) or possession of illegal drugs on the Company's premises or (y) habitual drunkenness on the Company's premises.

Any voluntary termination of employment or other engagement by the Participant in anticipation of an involuntary termination of the Participant's Service for Cause shall be deemed to be a termination for "Cause." Notwithstanding the foregoing, in the event that a Participant is party to an employment, severance or similar agreement with the Company or any of its affiliates and such agreement contains a definition of "Cause," the definition of "Cause" set forth above shall be deemed replaced and superseded, with respect to such Participant, by the definition of "Cause" used in such employment, severance or similar agreement.

13.3 *Right of Recapture*.

(a) *General*. If at any time within one (1) year (or such longer time specified in an Award Agreement or other agreement with a Participant) after the date on which a Participant exercises a Stock Option or Stock Appreciation Right or on which a Stock Award, Restricted Stock Award or Restricted Stock Unit vests or becomes payable or on which a Cash Performance Award is paid to a Participant, or on which income otherwise is realized by a Participant in connection with an Award, (i) a Participant's Service is terminated for Cause or (ii) after a Participant's

Service otherwise terminates for any other reason, the Committee determines in its discretion that, after termination, the Participant breached any of the material terms contained in any non-competition agreement, confidentiality agreement or similar restrictive covenant agreement to which such Participant is a party, then any gain realized by the Participant from the exercise, vesting, payment or other realization of income by the Participant in connection with an Award, shall be paid by the Participant to the Company upon notice from the Company, subject to applicable state law. Such gain shall be determined as of the date or dates on which the gain is realized by the Participant, without regard to any subsequent change in the Fair Market Value of a share of Common Stock. To the extent not otherwise prohibited by law, the Company shall have the right to offset such gain against any amounts otherwise owed to the Participant by the Company (whether as wages, vacation pay or pursuant to any benefit plan or other compensatory arrangement).

(b) *Accounting Restatement*. If a Participant receives compensation pursuant to a performance-based Award under the Plan (whether a performance-vesting Stock Option, Cash Performance Award or otherwise) based on financial statements that are subsequently required to be restated in a way that would decrease the value of such compensation, the Participant will, to the extent not otherwise prohibited by law, forfeit and repay to the Company the difference between what the Participant received and what the Participant should have received based on the accounting restatement, (i) in accordance with the Company's compensation recovery, "clawback" or similar policy, as may be in effect from time to time, or (ii) in accordance with any compensation recovery, "clawback" or similar policy made applicable by law including the provisions of Section 945 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the rules, regulations and requirements adopted thereunder by the Securities and Exchange Commission and/or any national securities exchange on which the Company's equity securities may be listed (the "*Policy*"). By accepting an Award hereunder, the Participant acknowledges and agrees that the Policy shall apply to such Award, and all incentive-based compensation payable pursuant to such Award shall be subject to forfeiture and repayment pursuant to the terms of the Policy.

14. Transfer, Leave of Absence, Etc. For purposes of the Plan, except as otherwise determined by the Committee, the following events shall not be deemed a termination of employment: (a) a transfer of a Participant's employment to the Company from a Subsidiary or from the Company to a Subsidiary, or from one Subsidiary to another; or (b) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the employee's right to re-employment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Committee otherwise so provides in writing.

15. General Provisions.

15.1 *Status of Plan*. The Committee may authorize the creation of trusts or other arrangements to meet the Company's obligations to deliver stock or make payments with respect to Awards.

15.2 *Award Agreement*. Each Award under the Plan shall be evidenced by an Award Agreement in a written or electronic form approved by the Committee setting forth the number of shares of Common Stock or Restricted Stock Units subject to the Award, the exercise price, base

price or purchase price of the Award, the time or times at which an Award will become vested, exercisable or payable and the term of the Award. The Award Agreement also may set forth the effect on an Award of a Change in Control or a termination of Service under certain circumstances. The Award Agreement shall be subject to and incorporate, by reference or otherwise, all of the applicable terms and conditions of the Plan, and also may set forth other terms and conditions applicable to the Award as determined by the Committee consistent with the limitations of the Plan. The grant of an Award under the Plan shall not confer any rights upon the Participant holding such Award other than such terms, and subject to such conditions, as are specified in the Plan as being applicable to such type of Award (or to all Awards) or as are expressly set forth in the Award Agreement. The Committee need not require the execution of an Award Agreement by a Participant, in which case, acceptance of the Award by the Participant shall constitute agreement by the Participant to the terms, conditions, restrictions and limitations set forth in the Plan and the Award Agreement as well as the administrative guidelines of the Company in effect from time to time. In the event of any conflict between the provisions of the Plan and any Award Agreement, the provisions of the Plan shall prevail.

15.3 *No Assignment or Transfer; Beneficiaries*. Except as provided in Section 6.7(e) hereof or as otherwise determined by the Committee, Awards under the Plan shall not be assignable or transferable by the Participant, and shall not be subject in any manner to assignment, alienation, pledge, encumbrance or charge. Notwithstanding the foregoing, in the event of the death of a Participant, except as otherwise provided by the Committee in an Award Agreement, an outstanding Award may be exercised by or shall become payable to the Participant's beneficiary as designated by the Participant in the manner prescribed by the Committee or, in the absence of an authorized beneficiary designation, by a legatee or legatees of such Award under the participant's last will or by such Participant's executors, personal representatives or distributees of such Award in accordance with the Participant's will or the laws of descent and distribution. The Committee may provide in the terms of an Award Agreement or in any other manner prescribed by the Committee that the Participant shall have the right to designate a beneficiary or beneficiaries who shall be entitled to any rights, payments or other benefits specified under an Award following the Participant's death.

(a) Notwithstanding the foregoing, if authorized in the applicable Award Agreement, a Grantee may transfer, not for value, all or part of an Option that is not an Incentive Stock Option to any Family Member. For the purpose of this Section 15.3(a), a "not for value" transfer is a transfer which is (i) a gift, (ii) a transfer under a domestic relations order in settlement of marital property rights; or (iii) unless applicable law does not permit such transfers, a transfer to an entity in which more than fifty percent of the voting interests are owned by Family Members (or the Grantee) in exchange for an interest in that entity. Following a transfer under this Section 15.3(a), any such Option shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer, and shares of Stock acquired pursuant to the Option shall be subject to the same restrictions on transfer of shares as would have applied to the Grantee. Subsequent transfers of transferred Options are prohibited except to Family Members of the original Grantee in accordance with this Section 15.3(a) or by will or the laws of descent and distribution. The events of termination of Service under an Option shall continue to be applied with respect to the original Grantee, following which the Option shall be exercisable by the transferee only to the extent, and for the periods specified in the applicable Award Agreement, and the shares may be subject to repurchase by the Company or its assignee.

15.4 *Deferrals of Payment*. The Committee may in its discretion permit a Participant to defer the receipt of payment of cash or delivery of shares of Common Stock that would otherwise be due to the Participant by virtue of the exercise of a right or the satisfaction of vesting or other conditions with respect to an Award; provided, however, that such discretion shall not apply in the case of a Stock Option or Stock Appreciation Right. If any such deferral is to be permitted by the Committee, the Committee shall establish rules and procedures relating to such deferral in a manner intended to comply with the requirements of Section 409A of the Code, including, without limitation, the time when an election to defer may be made, the time period of the deferral and the events that would result in payment of the deferred amount, the interest or other earnings attributable to the deferral and the method of funding, if any, attributable to the deferred amount.

15.5 *No Right to Employment or Continued Service*. Nothing in the Plan, in the grant of any Award or in any Award Agreement shall confer upon any Eligible Person or any Participant any right to continue in the Service of the Company or any of its Subsidiaries or interfere in any way with the right of the Company or any of its Subsidiaries to terminate the employment or other service relationship of an Eligible Person or a Participant for any reason at any time.

15.6 *Stock Certificates*. The Committee may determine in its discretion the manner of delivery of Common Stock to be issued under the Plan, which may be by delivery of stock certificates, electronic account entry into new or existing accounts or any other means as the Committee, in its discretion, deems appropriate. The Committee may require that the stock certificates (if any) be held in escrow by the Company for any shares of Common Stock or cause the shares to be legended in order to comply with the securities laws or other applicable restrictions or should the shares of Common Stock be represented by book or electronic account entry rather than a certificate, the Committee may take such steps to restrict transfer of the shares of Common Stock as the Committee considers necessary or advisable.

15.7 *Trading Policy Restrictions*. Option exercises and other Awards under the Plan shall be subject to such Company insider-trading-policy-related restrictions, terms and conditions to the extent established by the Committee, or in accordance with policies set by the Committee, from time to time.

15.8 *Section 409A Compliance*. To the maximum extent possible, it is intended that the Plan and all Awards hereunder comply with, or be exempt from, the requirements of Section 409A of the Code and the Treasury Regulations and other guidance issued thereunder, and that the Plan and all Award Agreements shall be interpreted and applied by the Committee in a manner consistent with this intent in order to avoid the imposition of any additional tax under Section 409A of the Code. Subject to Section 15.4 hereof, any payments due pursuant to this Plan shall be payable to the Participant no later than two-and-a-half months following the end of the taxable year in which the payments are earned (subject to a reasonable delay in payment due to an unforeseeable event making it administratively impracticable to make the payment by such time), and in no event shall the payments be made later than the end of the taxable year following the taxable year in which the payments are earned. In the event that any payment under this Plan is contingent upon the execution of a release, and the applicable release spans two of the Participant's taxable years, the applicable payments must be made in the second of the two taxable years. In the event that any (i) provision of the Plan or an Award Agreement, (ii) Award, payment, transaction or (iii) other action or arrangement contemplated by the provisions of the Plan is

determined by the Committee to not comply with the applicable requirements of Section 409A of the Code and the Treasury Regulations and other guidance issued thereunder, the Committee shall have the authority to take such actions and to make such changes to the Plan or an Award Agreement as the Committee deems necessary to comply with such requirements. No payment that constitutes deferred compensation under Section 409A of the Code that would otherwise be made under the Plan or an Award Agreement upon a termination of Service will be made or provided unless and until such termination is also a "separation from service," as determined in accordance with Section 409A of the Code. Notwithstanding the foregoing or anything elsewhere in the Plan or an Award Agreement to the contrary, if a Participant is a "specified employee" as defined in Section 409A of the Code at the time of termination of Service with respect to an Award, then solely to the extent necessary to avoid the imposition of any additional tax under Section 409A of the Code, the commencement of any payments or benefits under the Award shall be deferred until the date that is six (6) months following the Participant's termination of Service (or, if earlier, the date of death of the specified employee) and shall instead be paid (in a manner set forth in the Award Agreement) on the payment date that immediately follows the end of such six- (6-) month period (or death) or as soon as administratively practicable within thirty (30) days thereafter, but in no event later than the end of the applicable taxable year. In no event whatsoever shall the Company be liable for any additional tax, interest or penalties that may be imposed on a Participant by Section 409A of the Code or any damages for failing to comply with Section 409A of the Code.

15.9 *Securities Law Compliance*.

(a) *General*. No shares of Common Stock will be issued or transferred pursuant to an Award unless and until all then applicable requirements imposed by Federal and state securities and other laws, rules and regulations and by any regulatory agencies having jurisdiction, and by any exchanges upon which the shares of Common Stock may be listed, have been fully met. As a condition precedent to the issuance of shares pursuant to the grant or exercise of an Award, the Company may require the Participant to take any reasonable action to meet such requirements. The Committee may impose such conditions on any shares of Common Stock issuable under the Plan as it may deem advisable, including, without limitation, restrictions under the Securities Act of 1933, as amended, under the requirements of any exchange upon which such shares of the same class are then listed, and under any blue sky or other securities laws applicable to such shares. The Committee may also require the Participant to represent and warrant at the time of issuance or transfer that the shares of Common Stock are being acquired only for investment purposes and without any current intention to sell or distribute such shares.

(b) *Compliance with Rule 701*. To the extent that any Awards are granted prior to a Public Offering and the filling of an effective registration statement on Form S-8, the Plan is intended to be a written compensatory benefit plan within the meaning of Rule 701 promulgated under the Securities Act and, therefore, such Awards are subject to the restrictions set forth in Rule 701, and are "restricted securities," as such term is defined in Rule 144 promulgated under the Securities Act, and any resale of the Shares underlying such Awards must be in compliance with the registration requirements of the Securities Act or an exemption therefrom. Awards issued pursuant to the Plan prior to a Public Offering and the filling of an effective registration statement on Form S-8 shall in no event exceed the limitations set forth in Rule 701(d), as applicable from time to time.

15.10 *Substitute Awards in Corporate Transactions*. Nothing contained in the Plan shall be construed to limit the right of the Committee to grant Awards under the Plan in connection with the acquisition, whether by purchase, merger, consolidation or other corporate transaction, of the business or assets of any corporation or other entity. Without limiting the foregoing, the Committee may grant Awards under the Plan to an employee, director or other individual service provider of another corporation who becomes an Eligible Person by reason of any such corporate transaction in substitution for awards previously granted by such corporation or entity to such person. The terms and conditions of the substitute Awards may vary from the terms and conditions that would otherwise be required by the Plan solely to the extent the Committee deems necessary for such purpose. Any such substitute awards shall not (a) reduce the number of shares of Common Stock available for issuance under the Plan, (b) be subject to or counted against the Award limits specified in Section 4.3, 4.4 or 10.7 hereof or (c) replenish the Share Reserve upon the occurrence of any event set forth in Section 4.2 hereof.

15.11 *Tax Withholding*. The Company shall have the power and the right to deduct or withhold automatically from any amount deliverable under the Award or otherwise, or require a Participant to remit to the Company or the applicable Subsidiary, up to an amount based on the maximum statutory tax rates in the Participant's applicable tax jurisdiction or such other rate that will not trigger a negative accounting impact on the Company.. With respect to required withholding, Participants may elect (subject to the Company's automatic withholding right set out above) to satisfy the withholding requirement with respect to any taxable event arising as a result of the Plan, in whole or in part, by the methods described in Section 6.5 hereof with respect to Stock Options or by a method similar to the methods described in Section 6.5 hereof with respect to Awards other than Stock Options (except as otherwise set forth in an Award Agreement).

15.12 *Unfunded Plan*. The adoption of the Plan and any reservation of shares of Stock or cash amounts by the Company to discharge its obligations hereunder shall not be deemed to create a trust or other funded arrangement. Except upon the issuance of Common Stock pursuant to an Award, any rights of a Participant under the Plan shall be those of a general unsecured creditor of the Company, and neither a Participant nor the Participant's permitted transferees or estate shall have any other interest in any assets of the Company by virtue of the Plan. Notwithstanding the foregoing, the Company shall have the right to implement or set aside funds in a grantor trust, subject to the claims of the Company's creditors or otherwise, to discharge its obligations under the Plan. The Plan is not subject to the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time.

15.13 *Other Compensation and Benefit Plans*. The adoption of the Plan shall not affect any other share incentive or other compensation plans in effect for the Company or any Subsidiary, nor shall the Plan preclude the Company or any Subsidiary from establishing any other forms of share incentive or other compensation or benefit program for employees of the Company or any Subsidiary. The amount of any compensation deemed to be received by a Participant pursuant to an Award shall not constitute includable compensation for purposes of determining the amount of benefits to which a Participant is entitled under any other compensation or benefit plan or program of the Company or a Subsidiary, including, without limitation, under any pension or severance benefits plan, except to the extent specifically provided by the terms of any such plan.

15.14 *Plan Binding on Transferees*. The Plan shall be binding upon the Company, its transferees and assigns, and the Participant, the Participant's executor, administrator and permitted transferees and beneficiaries.

15.15 *Severability*. If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

15.16 *Governing Law*. The Plan and all rights hereunder shall be subject to and interpreted in accordance with the laws of the State of Colorado, without reference to the principles of conflicts of laws, and to applicable Federal securities laws.

15.17 *No Fractional Shares*. No fractional shares of Common Stock shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine (i) whether cash, other securities or other property shall be paid or transferred in lieu of any fractional shares of Common Stock or (ii) whether such fractional shares or any rights thereto shall be canceled, terminated or otherwise eliminated (in the case of this clause (ii), with no consideration paid therefor).

15.18 *No Guarantees Regarding Tax Treatment*. Neither the Company nor the Committee make any guarantees to any person regarding the tax treatment of Awards or payments made under the Plan. Neither the Company nor the Committee has any obligation to take any action to prevent the assessment of any tax on any person with respect to any Award under Section 409A of the Code, Section 4999 of the Code, Section 280G of the Code or otherwise, and neither the Company nor the Committee shall have any liability to a person with respect thereto.

15.19 *Data Protection*. By participating in the Plan, each Participant consents to the collection, processing, transmission and storage by the Company, its Subsidiaries and any third party administrators of any data of a professional or personal nature for the purposes of administering the Plan.

15.20 *Awards to Non-U.S. Participants.* To comply with the laws in countries other than the United States in which the Company or any of its Subsidiaries or affiliates operates or has employees, Non-Employee Directors or consultants, the Committee, in its sole discretion, shall have the power and authority to (i) modify the terms and conditions of any Award granted to Participants outside the United States to comply with applicable foreign laws, (ii) take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with any necessary local government regulatory exemptions or approvals and (iii) establish subplans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable. Any subplans and modifications to Plan terms and procedures established under this Section 15.20 by the Committee shall be attached to this Plan document as appendices.

15.21 *Regulatory Compliance.* The Committee shall take all necessary steps to ensure the Plan is being interpreted and administered in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act and any regulations promulgated thereunder, as well as

Regulation O and other regulations promulgated by the Board of Governors of the Federal Reserve System.

16. Restrictions on Transfer of Shares of Stock.

16.1 *Right of First Refusal*. Subject to Section 16.4 below, a Grantee (or such other individual who is entitled to exercise an Option or otherwise acquire shares pursuant to a Grant under the terms of this Plan) shall not sell, pledge, assign, gift, transfer, or otherwise dispose of any shares of Stock acquired pursuant to a Grant to any person or entity without first offering such shares to the Company for purchase on the same terms and conditions as those offered the proposed transferee. The Company may assign its right of first refusal under this Section 16.1 in whole or in part, to (1) any holder of stock or other securities of the Company (a "*Stockholder*"), (2) any Affiliate or (3) any other person or entity that the Board determines has a sufficient relationship with or interest in the Company. The Company shall give reasonable written notice to the Grantee of any such assignment of its rights. The restrictions of this Section 16.1 apply to any person to whom Stock that was originally acquired pursuant to a Grant is sold, pledged, assigned, bequeathed, gifted, transferred or otherwise disposed of, without regard to the number of such subsequent transferees or the manner in which they acquire the Stock, but the restrictions of this Section 11.1 do not apply to a transfer of Stock that occurs as a result of the death of the Grantee or of any subsequent transferee (but shall apply to the executor, the administrator or personal representative, the estate, and the legatees, beneficiaries and assigns thereof).

16.2 *Repurchase and Other Rights*. Stock issued upon exercise of a Grant or pursuant to the Grant of Restricted Stock may be subject to such right of repurchase or other transfer restrictions as the Board may determine, consistent with applicable law. Any such additional restriction shall be set forth in the Award Agreement.

16.3 *Installment Payments*. Stock issued upon exercise of a Grant or pursuant to the Grant of Restricted Stock may be subject to such right of repurchase or other transfer restrictions as the Board may determine, consistent with applicable law. Any such additional restriction shall be set forth in the Award Agreement.

(a) *General Rule*. In the case of any purchase of Stock or an Option under this Section 11, the Company or its permitted assignee may pay the Grantee, transferee of the Option or other registered owner of the Stock the purchase price in three or fewer annual installments. Interest shall be credited on the installments at the applicable federal rate (as determined for purposes of Section 1274 of the Code) in effect on the date on which the purchase is made. The Company or its permitted assignee shall pay at least one-third of the total purchase price each year, plus interest on the unpaid balance, with the first payment being made on or before the 60th day after the purchase.

(b) *Exception in the Case of Stock Repurchase Right.* If an Award Agreement authorizes, upon the Grantee's termination of Service, the repurchase of shares of Stock acquired by the Grantee pursuant to the exercise of an Option or under a Grant of Restricted Stock, to the extent required by applicable law, payment shall be made in cash or by cancellation of indebtedness within the later of 90 days from the date of termination of Service or 90 days from the date of exercise or purchase, as the case may be.

16.4 *Publicly Traded Stock*. If the Stock is listed on an established national or regional stock exchange or is admitted to quotation on The Nasdaq Stock Market, Inc., or is publicly traded in an established securities market, the foregoing transfer restrictions of Sections 16.1 and 16.2 shall terminate as of the first date that the Stock is so listed, quoted or publicly traded.

16.5 *Legend*. In order to enforce the restrictions imposed upon shares of Stock under this Plan or as provided in an Award Agreement, the Board may cause a legend or legends to be placed on any certificate representing shares issued pursuant to this Plan that complies with the applicable securities laws

and regulations and makes appropriate reference to the restrictions imposed under it.

17. Term; Amendment and Termination; Stockholder Approval.

17.1 *Term*. The Plan shall be effective as of the date of adoption by the Board, which date is set forth below (the "*Effective Date*"). Subject to Section 17.2 hereof, the Plan shall terminate on the tenth anniversary of the Original Effective Date.

17.2 *Amendment and Termination*. The Board may from time to time and in any respect, amend, modify, suspend or terminate the Plan; provided, that, except as provided in Section 15.8 or 15.20 or as otherwise determined by the Committee as it deems necessary to comply with applicable laws, no amendment, modification, suspension or termination of the Plan shall adversely affect any Award theretofore granted without the consent of the Participant or the permitted transferee of the Award. The Company will obtain approval by the Company's stockholders of any Plan amendment to the extent it is necessary or advisable to comply with the legal and regulatory requirements relating to administration of equity-based awards and the related issuance of shares of Common Stock thereunder, including by not limited to U.S. federal and state corporate laws, U.S. federal and state securities laws, the Code, and any stock exchange or quotation system on which the Common Stock is listed or quoted.

* * * *

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") effective as of January 1, 2017 (the "Effective Date") is by and between First Western Financial Inc., a Colorado corporation (the "Company" or "FWFI"), and Scott Wylie, an individual resident of the State of Colorado (the "Executive").

WHEREAS, the Executive is currently employed by the Company as its Chairman, President and Chief Executive Officer; and

WHEREAS, the Executive also serves as Chairman and CEO of First Western Trust Bank ("FWTB") as well as First Western Capital Management ("FWCM") (collectively, the "Affiliates"); and

WHEREAS, the Company would like to secure the services of the Executive for at least the next three years, under certain terms and conditions;

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Employment and Duties.

(a) General. As of the Effective Date, the Executive shall continue to serve as the President and Chief Executive Officer of the Company, Chairman and CEO of FWTB and Chairman and CEO of FWCM. The Executive shall report directly to the Board of Directors of the Company (the "Board"). The Executive shall have such duties and responsibilities, commensurate with the Executive's position, as may be assigned to the Executive from time to time by the Board, and he shall serve as a member of the Board and on the boards of directors or other governing bodies of the Affiliates during the Term (as defined herein). The Executive shall so serve on the aforementioned Board or boards, unless otherwise removed, without additional compensation therefor; provided, however, that the Executive shall be entitled to reimbursement of expenses incurred by the Executive in connection with such Board service. The Executive hereby accepts such employment and agrees to render the services described above.

(b) Exclusive Services. For so long as the Executive is employed by the Company, the Executive shall devote his full-time working time to his duties hereunder, shall faithfully serve the Company, shall in all material respects conform to and comply with the lawful directions and instructions given to him by the Board and shall use his reasonable best efforts to promote and serve the interests of the Company. Further, the Executive shall not, directly or indirectly, render services to any other person or organization without the consent of the Board or otherwise engage in activities that would interfere in any material respect with his faithful performance of his duties hereunder. Notwithstanding the foregoing, (i) the Executive may serve on such other for-profit corporate boards as may be consented to by the Board, provided that such activity does not contravene the first sentence of this Section 1(b), and (ii) the Executive may serve on not-for-profit corporate, civic or charitable boards or engage in charitable activities without remuneration therefor as may be consented to by the Board, provided that such activity does not contravene the first sentence of this Section 1(b).

2. Term. The term of the Executive's employment under this Agreement shall commence on the Effective Date and shall expire on the December 31, 2019. This Agreement shall automatically renew for successive one year terms commencing January 1, 2020, unless either party gives notice to the other 90 days before the end of a particular term. The period during which the Agreement is in effect shall be referred to as the "Term".

3. Definitions.

(a) Termination for "Cause" means termination of the Executive's employment because of:

(i) the willful failure by the Executive to perform the Executive's duties with the Company;

(ii) gross incompetence or gross negligence in the discharge of the Executive's duties;

(iii) willful dishonesty, theft, embezzlement, fraud, breach of confidentiality, or unauthorized disclosure or use of financial information, confidential client information, client or employee lists, trade secrets, or other Company confidential or proprietary information;

(iv) willful violation of any law, rule or regulation of any governing authority or of the Company's policies and procedures, including, without limitation, the Company's employee handbook or similar document;

(v) the willful refusal of Executive to follow the lawful directions of the Company's Board of Directors within a reasonable period after delivery to Executive of written notice of such directions;

(vi) willful conduct that is grossly injurious to the reputation, financial condition, business or assets of the Company; or

(vii) willful breach of any material provision in an agreement with the Company.

In each of (i) through (vii) the Executive shall be given written notice of such cause for termination, and in each of (i) and (vii) the Executive shall be given an opportunity to remedy such cause for termination within sixty (60) business days of receipt of such notice.

(b) "Change in Control" shall have the same meaning as the definition contained in Section 12.2 of the **First Western Financial, Inc. 2016 Omnibus Incentive Plan**.

(c) Resignation for "Good Reason" means termination of employment by the Executive because of the occurrence of any of the following events:

(i) there is a material reduction in the Executive's Base Salary, unless agreed to in writing by the Executive;

(ii) there is a material reduction in the Executive's authority, duties, or responsibilities;

(iii) the Executive does not continue to retain the title of Chairman of the Board of the Company, unless agreed to in writing by the Executive;

(iv) the failure of any successor to assume this Agreement;

(v) a Change in Control; and

(vi) any other action or inaction that constitutes a material breach by the Company of this Agreement after the Executive provides written notice to the Company of the facts which constitute the grounds within sixty (60) business days following the initial existence of the grounds and the Company thereafter fails to cure such grounds within sixty (60) business days following its receipt of such notice (or, in the event that such grounds cannot be corrected within such sixty (60) day period, the Company has not taken all reasonable steps within such sixty (60) day period to correct such grounds as promptly as practicable thereafter).

4. Compensation and Other Benefits. Subject to the provisions of this Agreement, the Company shall pay and provide the following compensation and other benefits to the Executive during the Term as compensation for services rendered hereunder:

(a) Base Salary. The Company shall pay to the Executive an annual salary (the "Base Salary") at the rate of $450,000, payable in substantially equal installments at such intervals as may be determined by the Company in accordance with its ordinary payroll practices, as established from time to time. The Base Salary shall be reviewed annually and increased as appropriate for market changes, commencing effective January 1, 2018. The Base Salary shall not be decreased by the Company except with the prior written consent of the Executive.

(b) Annual Bonus. For each calendar year during the Term, the Executive shall be eligible to receive a target incentive bonus of 100 percent of Base Salary per year. (the "Annual Bonus"). The terms of the incentive bonus, including threshold and maximum payments applicable to the CEO position are set forth in the **First Western Financial, Inc. Incentive Plan for Named Executive Officers**. The Annual Bonus will be paid in a lump sum as soon as reasonably practicable following the end of the applicable calendar year, but in no event later than March 15 of the calendar year following the calendar year to which such bonus relates. Notwithstanding the previous sentence and except as provided in Section 5(c) hereof the Executive must be employed on the last day of the calendar year to which the bonus relates in order to be eligible to receive the Annual Bonus.

(c) Long-Term Incentive Plan. The Executive shall be eligible for grants under the **First Western Financial, Inc. 2016 Omnibus Incentive Plan**, including, but not limited to, grants of stock options, market conditioned performance share units, financial

conditioned performance stock units and restricted stock units, as the Compensation Committee of the Board shall determine from time to time.

(d) Savings and Retirement Plans. The Executive shall be eligible to participate in all savings and retirement plans applicable generally to other executives of the Company, in accordance with the terms of the plans, as may be amended from time to time.

(e) Welfare Benefit Plans. The Executive and his eligible dependents shall be eligible to participate in and shall receive all benefits under the Company's welfare benefit plans and programs applicable generally to other executives of the Company, in accordance with the terms of the plans, as may be amended from time to time.

(f) Expenses. Upon presentation of written documentation thereof, in accordance with the applicable expense reimbursement policies and procedures of the Company as in effect from time to time, the Company shall reimburse the Executive for reasonable business-related expenses incurred by the Executive in the fulfillment of his duties. Payments with respect to reimbursements of expenses shall be made promptly and in accordance with the applicable expense reimbursement policies and procedures of the Company, but in any event, on or before the last day of the calendar month following the calendar month in which the relevant expense is incurred.

(g) Vacation. The Executive shall be entitled to four weeks of paid vacation each calendar year during the Term, subject to the Company's vacation policy in effect from time to time.

5. Termination of Employment. The terms of any equity compensation grants outstanding as of the Effective Date, as well as any future equity compensation grants made under the **First Western Financial, Inc. 2016 Omnibus Incentive Plan** shall govern what the Executive receives on termination of employment, in terms of equity compensation, except as expressly provided in Section 5(b)(iv) hereof.. All other forms of remuneration the Executive is eligible for on termination of employment are set forth in this Section 5.

(a) Termination for Cause; Resignation Without Good Reason. If, prior to the expiration of the Term, the Executive incurs a "Separation from Service" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations ("Regulations") thereunder, by reason of the Company's termination of the Executive's employment for Cause, or if the Executive resigns from his employment hereunder other than for Good Reason, the Executive shall be entitled only to payment of (i) any unpaid Base Salary through and including the date of termination or resignation, (ii) any Annual Bonus earned, but unpaid, for the year immediately preceding the year in which the termination date occurs (which unpaid Annual Bonus amount shall be paid no later than March 15 of the year following the year in which the amount was earned), and (iii) any other amounts or benefits required to be paid or provided by law or under any plan, program, policy or practice of the Company (the amounts or benefits in (i) through (iii) being referred to collectively as the "Other Accrued Compensation and Benefits"). Except as set forth in this subsection (a), the Executive

shall have no further right to receive any other compensation or benefits after such termination or resignation of employment.

(b) Termination without Cause; Resignation for Good Reason.

(i) If the Executive incurs a "Separation from Service" within the meaning of Section 409A of the Code and the Regulations thereunder, by reason of the Company's termination of the Executive's employment without Cause, or if the Executive resigns from his employment hereunder for Good Reason, the Executive shall be entitled to the following:

(A) An amount equal to the Other Accrued Compensation and Benefits;

(B) One year's Base Salary at the rate then in effect, and one year's target bonus at the rate then if effect, payable in equal installments pursuant to the Company's normal payroll practices and subject to all legally required and customary withholdings for the twelve (12) month following termination; and

(C) Monthly payments to the Executive equal to the full premium amount (determined as of the date of termination) for continued coverage under the Company's health plan pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, ("COBRA") for the Executive, and, to the extent that the Executive is providing coverage for his spouse or eligible dependents as of the termination date, for such individuals; provided, however, that the Company's obligation to pay such premiums shall cease immediately upon the earlier of (i) the passage of eighteen (18) months (ii) the expiration of the statutory COBRA period and (iii) the date the Executive becomes eligible for coverage under any other group health plan (as an employee or otherwise) or Medicare.

Notwithstanding the foregoing, if the Company terminates the Executive's employment without Cause, the Company shall provide the Executive with no less than ninety (90) days' written notice or payment of three (3) months Base Salary in lieu of ninety (90) days' written notice, which shall be in addition to payments described under this Section 5(b)(i).

(ii) Unless otherwise provided herein, all payments and benefits provided under this Section 5(b) shall commence on the first payroll date following the 60th day after the Executive's termination of employment. The Company shall not be required to make the payments and provide the benefits provided for under this Section 5(b)(i)(A), (B) or (C) unless the Executive executes and delivers to the Company, within sixty (60) days following the Executive's termination of employment, a release substantially in the form attached hereto as Exhibit A, and the release has become effective and irrevocable in its entirety in such 60-day period. The Executive's failure or refusal to sign the release (or the Executive's revocation of such release in accordance with applicable laws) will result in the forfeiture of the payments and benefits under this Section 5(b)(i)(A), (B) or (C). To the extent any amount payable under this Section 5 is

deferred compensation subject to the Code, if the period during which the Executive has discretion to execute or revoke the general release of claims straddles two of the Executive's taxable years, then the Company shall make the severance payments starting in the second of such taxable years, regardless of which taxable year the Executive actually deliver the executed general release of claims to the Company. The Executive may not, directly or indirectly, designate the calendar year or timing of payments. This Section 5(b)(ii) shall expressly not apply to payments made on account of a Change in Control, pursuant to Section 5(b)(iv) hereof.

(iii) If, following a termination of employment without Cause or a resignation for Good Reason, the Executive breaches the provisions of Sections 6 through 10 hereof or breaches any provision set forth in the executed copy of the general release of claims, the Executive shall not be eligible, as of the date of such breach, for the payments and benefits described in Section 5(b)(i)(A), (B) or (C), and any and all obligations and agreements of the Company with respect to such payments shall thereupon cease. This Section 5(b)(iii) shall expressly not apply to payments made on account of a Change in Control, pursuant to Section 5(b)(iv) hereof.

(iv) If the Company undergoes a Change in Control, and within 24 months of such Change in Control the Executive is terminated without Cause or resigns for Good Reason, then the Executive shall be entitled to all payments set forth in this Paragraph 5(b) except that:

(A) Instead of the one year's Base Salary and target bonus referred to in Section 5(b)(i)(B), the Executive shall be eligible for two year's Base Salary and two years' target bonus.

(B) Instead of the amounts specified in Section 5(b)(iv)(A) being made in monthly payments as referred to in Section 5(b)(i)(C), they shall be paid in a lump sum on the date the Executive incurs a Separation from Service within the meaning of Section 409A of the Code and the Regulations thereunder, or on such later date required under Section 409A of the Code and the Regulations thereunder.

(C) In the event that it is determined that any payment or distribution of any type to or for the benefit of an Executive made by the Company, by any of its Affiliates, by any person who acquires ownership or effective control or ownership of a substantial portion of the Company's assets (within the meaning of Code Section 280G) or by any affiliate of such person, whether paid or payable or distributed or distributable pursuant to the terms of any equity compensation plan, this Agreement or otherwise (the "Total Payments"), would be subject to the excise tax imposed by Code Section 4999 or any interest or penalties with respect to such excise tax (the "Excise Tax"), then, notwithstanding any other provision of this Agreement or any equity compensation plan to the contrary, any right of the Executive to any payment or benefit under this Agreement or any such equity compensation plan shall be reduced or eliminated, but only to the extent necessary to avoid imposition of the Excise Tax. In no case, however, shall such cutback be made if Total Payments after the imposition of the

Excise Tax are greater than Total Payments cut back as provided in this Section 5(b)(iv) to avoid the Excise Tax.

(D) In the event that a cutback of Total Payments is permitted under Section 5(b)(iv)(C), and except as required by Code Section 409A or to the extent that Code 409A permits discretion, the Compensation Committee shall have the right, in the Compensation Committee's sole discretion, to designate those rights, payments, or benefits and all other agreements that should be reduced or eliminated so as to provide the Executive with the maximum pre-tax amount which avoids imposition of the Excise Tax. For example, the Compensation Committee may choose to cut back cash severance, if that would yield a higher pre-tax amount than cutting back equity. Notwithstanding the foregoing, to the extent any payment or benefit constitutes deferred compensation under Code Section 409A, in order to comply with Code Section 409A the Compensation Committee shall instead accomplish such reduction by first reducing or eliminating any cash payments (with the payments to be made furthest in the future being reduced first), then by reducing or eliminating any accelerated vesting of options or stock appreciation rights, then by reducing or eliminating any accelerated vesting of restricted stock or restricted stock units.

(c) Termination Due to Death or Disability. The Executive's employment with the Company shall terminate automatically on the Executive's death. In the event of the Executive's Disability (as defined herein), the Company shall be entitled to terminate his employment. In the event of the Executive's death or if the Executive incurs a "Separation from Service" within the meaning of Section 409A of the Code, or the Regulations thereunder, by reason of the Executive's Disability, the Company shall pay to the Executive (or his estate, as applicable), (i) the Executive's Base Salary through and including the date of termination and any Other Accrued Compensation and Benefits (ii) a pro-rata Annual Bonus for the year of termination, based on actual audited year-end results and payable when bonuses are normally paid to employees, and (iii) three (3) months Base Salary at the rate then in effect, payable in equal installments pursuant to the Company's normal payroll practices and subject to all legally required and customary withholdings for the three (3) month following termination.

(i) For purposes of this Agreement, "Disability" means a physical or mental disability or infirmity of the Executive that prevents the normal performance of substantially all his duties for a period in excess of ninety (90) consecutive days or for more than ninety (90) days in any consecutive twelve (12)-month period. Evidence of such physical or mental disability or infirmity shall be certified by a physician licensed to practice in the state of residence of the Executive, which physician is mutually agreeable to the Board and the Executive. If there is no agreement on the selection of the physician, then the Board shall select one physician and the Executive shall select one physician, and the two physicians shall attempt to mutually agree upon such physical or mental disability or infirmity. If the two physicians cannot agree, then the two physicians shall jointly select a third physician, whose opinion on such physical or mental disability or infirmity shall control.

(d) Notice of Termination. Any termination of employment by the Company or the Executive shall be communicated by a written "Notice of Termination" to the other party

hereto given in accordance with Section 24 of this Agreement. In the event of a termination by the Company for Cause, or by the Executive for Good Reason, the Notice of Termination shall (i) indicate the specific termination provision in this Agreement relied upon, (ii) set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) specify the date of termination, which date shall not be more than thirty (30) business days after the giving of such notice, provided that the date of termination will not occur before the expiration of any applicable cure period.

The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) No Further Rights. The Executive shall have no further rights under this Agreement or otherwise to receive any other compensation or benefits after such termination or resignation of employment.

6. Confidentiality.

(a) Confidential Information.

(i) The Executive agrees that he will not at any time, except with the prior written consent of the Company its or its Affiliates or as required by applicable law, directly or indirectly, reveal to any person, entity or other organization (other than the Company its or its Affiliates or its respective employees, officers, directors, shareholders or agents) or use for the Executive's own benefit any confidential or proprietary information of any member of the Company its or its Affiliates ("Confidential Information") relating to the assets, liabilities, employees, goodwill, business or affairs of any member of the Company its or its Affiliates, including, without limitation, any information concerning past, present or prospective clients, intellectual capital, marketing data, or other confidential information used by, or useful to, any member of and known to the Executive by reason of the Executive's employment by, shareholdings in or other association with the Company its or its Affiliates, other than disclosure while employed by the Company which the Executive reasonably and in good faith believes to be in or not opposed to the interests of the Company; provided that such Confidential Information does not include any information which is available to the general public or is generally available within the relevant business or industry other than as a result of the Executive's breach of this Agreement. Confidential Information may be in any medium or form, including, without limitation, physical documents, computer files or disks, videotapes, audiotapes, and oral communications.

(ii) In the event that the Executive becomes legally compelled to disclose any Confidential Information, the Executive shall, if permitted by law, provide the Company with prompt written notice so that the Company may seek a protective order or other appropriate remedy. In the event that such protective order or other

remedy is not obtained, the Executive shall furnish only that portion of such Confidential Information or take only such action as is legally required by binding order and shall exercise his reasonable efforts to obtain reliable assurance that confidential treatment shall be accorded any such

Confidential Information. The Company shall promptly pay (upon receipt of invoices and any other documentation as may be requested by the Company) all reasonable expenses and fees incurred by the Executive, including attorneys' fees, in connection with his compliance with the immediately preceding sentence. Notwithstanding anything herein to the contrary, nothing in this Agreement shall (A) prohibit the Executive from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of state or federal law or regulation, or (B) require notification or prior approval by the Company of any reporting described in clause (A).

(b) Confidentiality of Agreement. The Executive agrees that, except as may be required by applicable law or legal process, during the Term and thereafter, he shall not disclose the terms of this Agreement to any person or entity other than the Executive's accountants, financial advisors, attorneys or spouse, provided that such accountants, financial advisors, attorneys and spouse agree not to disclose the terms of this Agreement to any other person or entity.

(c) Exclusive Property. The Executive confirms that all Confidential Information is and shall remain the exclusive property of the Company its or its Affiliates. All business records, papers and documents kept or made by the Executive relating to the business of the Company its or its Affiliates shall be and remain the property of the Company its or its Affiliates. Upon the request and at the expense of the Company its or its Affiliates, the Executive shall promptly make all disclosures, execute all instruments and papers and perform all acts reasonably necessary to vest and confirm in the Company its or its Affiliates, fully and completely, all rights created or contemplated by this Section 6.

7. Noncompetition. The Executive agrees that, for a period commencing on the Effective Date and ending 365 daysfollowing the Executive's termination of employment (the "Restricted Period"), the Executive shall not, without the prior written consent of the Company, directly or indirectly, and whether as principal or investor or as an employee, officer, director, manager, partner, consultant, agent or otherwise, alone or in association with any other person, firm, corporation or other business organization, carry on a Competing Business (as defined herein) within the County of Denver and contiguous counties. For purposes of this Section 7: (a) carrying on a "Competing Business" means to engage in the competing business of any business carried on by the Company its or its Affiliates. Notwithstanding the foregoing, nothing herein shall limit the Executive's right to own not more than one (1) percent of any of the debt or equity securities of any business organization that is then filing reports with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended.

8. Non-Solicitation. The Executive agrees that for the Restricted Period the Executive shall not, directly or indirectly, (a) interfere with or attempt to interfere with the

relationship between any person who is, or was during the Restricted Period or the 3-month period immediately preceding the commencement of the Restricted Period, an employee, officer, representative or agent of the Company its or its Affiliates and any member of the Company its or its Affiliates, or solicit, induce or attempt to solicit or induce any of them to terminate their employment or service relationship with any member of the Company its or its Affiliates or violate the terms of their respective service contracts, or any employment arrangements, with such entities, provided that the foregoing shall not prevent general employment or service solicitations that do not specifically target any such persons; or (b) induce or attempt to induce any customer or client of any member of the Company its or its Affiliates to cease doing business with any member of the Company its or its Affiliates, or in any way interfere with the relationship between any member of the Company its or its Affiliates and any customer or client of any member of the Company its or its Affiliates.

9. No Conflicting Agreement. The Executive represents, warrants and covenants to the Company that the Executive is not a party to any agreement, whether written or oral, that would be breached by or would prevent or interfere with the execution by the Executive of this Agreement or the fulfillment by the Executive of the Executive's obligations hereunder.

10. Nondisparagement. Each party represents, warrants and covenants to the other that at no time during the Term or thereafter shall such party make, or cause or assist any other person to make, any statement or other communication to any third party which impugns or attacks, or is otherwise critical of, the reputation, business or character of the other party or any of its respective directors, officers or employees, as applicable; provided this Section shall not prohibit truthful testimony by or on behalf of either party in any judicial or administrative proceeding.

11. Section 409A of the Code. This Agreement is intended to meet the requirements of Section 409A of the Code, and shall be interpreted and construed consistent with that intent. Notwithstanding any other provision of this Agreement, to the extent that the right to any payment (including the provision of benefits) hereunder provides for the "deferral of compensation" within the meaning of Section 409A(d)(l) of the Code, if the Executive is a "Specified Employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code on the date of the Executive's "Separation from Service" within the meaning of Section 409A(a)(2)(A)(i) of the Code (the "Separation Date"), then no such payment shall be made or commence during the period beginning on the Separation Date and ending on the date that is six months following the Separation Date or, if earlier, on the date of the Executive's death. The amount of any payment that would otherwise be paid to the Executive during this period shall instead be paid to the Executive on the fifteenth day of the first calendar month following the end of the period.

12. Certain Remedies.

(a) Forfeiture/Payment Obligations. In the event the Executive fails to comply with Sections 6 through 10, other than any isolated, insubstantial and inadvertent failure, the Executive agrees that he will forfeit any amounts not already paid pursuant to Section 5(b)(i)(A), (B) or (C) of this Agreement. Notwithstanding the previous sentence, the Executive shall be given written notice of each alleged failure to comply with Sections 6 through 10, and

the Executive shall be given an opportunity to remedy such failure within (60) sixty business days of the receipt of such notice. For purposes of clarity, the Executive's failure to comply with Sections 6 through 10 shall not result in forfeiture of amounts required to be paid but not already paid on account of a Change in Control pursuant to Section 5(b)(iv) of this Agreement.

(b) Injunctive Relief. Without intending to limit the remedies available to the Company its or its Affiliates, including, but not limited to, that set forth in Section 12(a) hereof, the Executive agrees that a breach of any of the covenants contained in Sections 6 through 10 of this Agreement may result in material and irreparable injury to the Company its or its Affiliates for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat thereof, any member of the Company its or its Affiliates shall be entitled to seek a temporary restraining order or a preliminary or permanent injunction, or both, without bond or other security, restraining the Executive from engaging in activities prohibited by the covenants contained in Sections 6 through 10 of this Agreement or such other relief as may be required specifically to enforce any of the covenants contained in this Agreement. Such injunctive relief in any court shall be available to the Company its or its Affiliates in lieu of, or prior to or pending determination in, any arbitration proceeding.

13. Defense of Claims. The Executive agrees that, during the Term, and for a period of seven (7) years after termination of the Executive's employment, upon request from the Company, the Executive will reasonably cooperate with the Company in the defense of any claims or actions that may be made by or against the Company that affect the Executive's prior areas of responsibility, except if the Executive's reasonable interests are adverse to the Company in such claim or action. The Company agrees to promptly pay in advance or reimburse the Executive for, as requested by the Executive, all of the Executive's reasonable travel and other direct costs and expenses incurred, or to be reasonably incurred, to comply with the Executive's obligations under this Section 13, including, but not limited to, legal costs and expenses.

14. Alternative Dispute Resolution. The Company and the Executive agree that any dispute that arises out of or relates to Executive's employment or termination of employment with the Company, including any dispute that the Executive may have with any present or former officer, manager, director, employee, agent, attorney or insurer of the Company, shall first be submitted to mediation through the Institute for Conflict Prevention & Resolution ("CPR") (or such other nationally-recognized alternative dispute resolution service as the Executive and Company may agree). The Executive and the Company shall use their reasonable efforts to commence and conclude such mediation in a prompt manner. If the dispute is not resolved through mediation within thirty (30) days after notice thereof, such dispute shall be resolved by binding arbitration in accordance with the rules and procedures of the CPR (or such other nationally-recognized alternative dispute resolution service as the Executive and the Company may agree). Judgment upon the award rendered by the arbitrator may be entered in any court having in person and subject matter jurisdiction. The Company and the Executive hereby submit to the jurisdiction of the federal and state courts in Denver, Colorado, for the purpose of confirming any such award and entering judgment thereon. The Company shall pay for all administrative costs and fees charged by the CPR (or such other nationally-recognized alternative dispute resolution service) as well as the fees charged by the arbitrator. Each party shall pay for his or its attorneys' fees and costs.

15. Nonassignability; Binding Agreement.

(a) By the Executive. This Agreement and any and all rights, duties, obligations or interests hereunder shall not be assignable or delegable by the Executive.

(b) By the Company. This Agreement and all of the Company's rights and obligations hereunder shall not be assignable by the Company except as incident to a reorganization, merger or consolidation, or transfer of all or substantially all of the Company's assets.

(c) Binding Effect. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto, any successors to or assigns of the Company and the Executive's heirs and the personal representatives of the Executive's estate.

16. Withholding. Any payments made or benefits provided to the Executive under this Agreement shall be reduced by any applicable withholding taxes or other amounts required to be withheld by law or contract.

17. Amendment; Waiver. This Agreement may not be modified, amended or waived in any manner, except by an instrument in writing signed by both parties hereto. The waiver by either party of compliance with any provision of this Agreement by the other party shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

18. Governing Law and Forum. The Executive and the Company agree that this Agreement and all matters or issues arising out of or relating to the Executive's employment with the Company shall be governed by the laws of the State of Colorado applicable to contracts entered into and performed entirely therein. Any action to enforce this Agreement shall be brought solely in the state or federal courts located in the County of Denver, Colorado.

19. Survival of Certain Provisions. Unless expressly provided otherwise, the rights and obligations set forth in this Agreement shall survive any termination or expiration of this Agreement.

20. Entire Agreement; Supersedes Previous Agreements. Except as provided in Section 5(f) hereof, this Agreement contains the entire agreement and understanding of the parties hereto with respect to the matters covered herein, and supersedes all prior or contemporaneous negotiations, commitments, agreements and writings with respect to the subject matter hereof, all such other negotiations, commitments, agreements and writings shall have no further force or effect, and the parties to any such other negotiation, commitment, agreement or writing shall have no further rights or obligations thereunder.

21. Severability. The provisions of the Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions herein.

22. Counterparts. This Agreement may be executed by either of the parties hereto in counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

23. Headings. The headings of sections herein are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

24. Notices. All notices or communications hereunder shall be in writing, addressed as follows:

To the Company:

First Western Financial, Inc.

1900 16th St

Suite #1200

Denver, CO 80202

Attention: Secretary and General counsel

To the Executive:

Scott C. Wylie

4 Polo Club Dr Denver, CO 80209

All such notices shall be conclusively deemed to be received and shall be effective (i) if sent by hand delivery or nationally recognized courier, upon receipt or (ii) if sent by electronic mail or facsimile, upon receipt by the sender of such transmission.

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WHEREOF, the Company has caused this Agreement to be signed by its officer pursuant to the authority of its Board, and the Executive has executed this Agreement, as of the day and year first written above.

FIRST WESTERN FINANCIAL, INC.

By: /s/ Julie Courkamp

SCOTT WYLIE

/s/ Scott Wylie

Exhibit 10.4

AMENDED & RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED & RESTATED EMPLOYMENT AGREEMENT (this "Agreement") effective as of March 5, 2018 (the "Effective Date") is by and between First Western Financial Inc., a Colorado corporation (the "Company" or "FWFI"), and Julie Courkamp, an individual resident of the State of Colorado (the "Executive").

WHEREAS, the Executive is currently employed by the Company as its Treasurer and Chief Financial Officer; and

WHEREAS, the Company would like to secure the services of the Executive for at least the next three years, under certain terms and conditions;

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Employment and Duties.

(a) General. As of the Effective Date, the Executive shall continue to serve as the Treasurer and Chief Financial Officer of the Company. The Executive shall report directly to the Chief Executive Officer of the Company (the "CEO"). The Executive shall have such duties and responsibilities, commensurate with the Executive's position, as may be assigned to the Executive from time to time by the CEO. The Executive hereby accepts such employment and agrees to render the services described above.

(b) Exclusive Services. For so long as the Executive is employed by the Company, the Executive shall devote her full-time working time to her duties hereunder, shall faithfully serve the Company, shall in all material respects conform to and comply with the lawful directions and instructions given to her by the CEO and shall use her reasonable best efforts to promote and serve the interests of the Company. Further, the Executive shall not, directly or indirectly, render services to any other person or organization without the consent of the CEO or otherwise engage in activities that would interfere in any material respect with her faithful performance of her duties hereunder. Notwithstanding the foregoing, (i) the Executive may serve on such other for-profit corporate boards as may be consented to by the CEO, provided that such activity does not contravene the first sentence of this Section 1(b), and (ii) the Executive may serve on not-for-profit corporate, civic or charitable boards or engage in charitable activities without remuneration therefor as may be consented to by the CEO, provided that such activity does not contravene the first sentence of this Section 1(b).

2. Term. The term of the Executive's employment under this Agreement commenced on January 1, 2017 and shall expire on the December 31, 2019. This Agreement shall automatically renew for successive one year terms commencing January 1, 2020, unless either party gives notice to the other 90 days before the end of a particular term. The period during which the Agreement is in effect shall be referred to as the "Term".

3. Definitions.

(a) Termination for "Cause" means termination of the Executive's employment because of:

(i) the willful failure by the Executive to perform the Executive's duties with the Company;

(ii) gross incompetence or gross negligence in the discharge of the Executive's duties;

(iii) willful dishonesty, theft, embezzlement, fraud, breach of confidentiality, or unauthorized disclosure or use of financial information, confidential client information, client or employee lists, trade secrets, or other Company confidential or proprietary information;

(iv) willful violation of any law, rule or regulation of any governing authority or of the Company's policies and procedures, including, without limitation, the Company's employee handbook or similar document;

(v) the willful refusal of Executive to follow the lawful directions of the CEO within a reasonable period after delivery to Executive of written notice of such directions;

(vi) willful conduct that is grossly injurious to the reputation, financial condition, business or assets of the Company; or

(vii) willful breach of any material provision in an agreement with the Company.

In each of (i) through (vii) the Executive shall be given written notice of such cause for termination, and in each of (i) and (vii) the Executive shall be given an opportunity to remedy such cause for termination within sixty (60) business days of receipt of such notice.

(b) "Change in Control" shall have the same meaning as the definition contained in Section 12.2 of the **First Western Financial, Inc. 2016 Omnibus Incentive Plan**.

(c) Resignation for "Good Reason" means termination of employment by the Executive because of the occurrence of any of the following events:

(i) there is a material reduction in the Executive's Base Salary, unless agreed to in writing by the Executive;

(ii) there is a material reduction in the Executive's authority, duties, or responsibilities;

(iii) the failure of any successor to assume this Agreement;

(iv) a Change in Control; and

(v) any other action or inaction that constitutes a material breach by the Company of this Agreement after the Executive provides written notice to the Company of the facts which constitute the grounds within sixty (60) business days following the initial existence of the grounds and the Company thereafter fails to cure such grounds within sixty (60) business days following its receipt of such notice (or, in the event that such grounds cannot be corrected within such sixty (60) day period, the Company has not taken all reasonable steps within such sixty (60) day period to correct such grounds as promptly as practicable thereafter).

4. Compensation and Other Benefits. Subject to the provisions of this Agreement, the Company shall pay and provide the following compensation and other benefits to the Executive during the Term as compensation for services rendered hereunder:

(a) Base Salary. The Company shall pay to the Executive an annual salary (the "Base Salary") at the rate of $220,000, payable in substantially equal installments at such intervals as may be determined by the Company in accordance with its ordinary payroll practices, as established from time to time. The Base Salary shall be reviewed annually and increased as appropriate for market changes, commencing effective January 1, 2018. The Base Salary shall not be decreased by the Company except with the prior written consent of the Executive.

(b) Annual Bonus. Commencing March 5, 2018, for each calendar year during the Term, the Executive shall be eligible to receive a target incentive bonus of 30 percent of Base Salary per year (the "Annual Bonus"). The terms of the incentive bonus, including threshold and maximum payments applicable to the CFO position are set forth in the **First Western Financial, Inc. Incentive Plan for Named Executive Officers**. The Annual Bonus will be paid in a lump sum as soon as reasonably practicable following the end of the applicable calendar year, but in no event later than March 15 of the calendar year following the calendar year to which such bonus relates. Notwithstanding the previous sentence and except as provided in Section 5(c) hereof the Executive must be employed on the last day of the calendar year to which the bonus relates in order to be eligible to receive the Annual Bonus.

(c) Long-Term Incentive Plan. The Executive shall be eligible for grants under the **First Western Financial, Inc. 2016 Omnibus Incentive Plan**, including, but not limited to, grants of stock options, market conditioned performance share units, financial conditioned performance stock units and restricted stock units, as the Compensation Committee of the Board shall determine from time to time.

(d) Savings and Retirement Plans. The Executive shall be eligible to participate in all savings and retirement plans applicable generally to other executives of the Company, in accordance with the terms of the plans, as may be amended from time to time.

(e) Welfare Benefit Plans. The Executive and her eligible dependents shall be eligible to participate in and shall receive all benefits under the Company's welfare benefit plans and programs applicable generally to other executives of the Company, in accordance with the terms of the plans, as may be amended from time to time.

(f) Expenses. Upon presentation of written documentation thereof, in accordance with the applicable expense reimbursement policies and procedures of the Company as in effect from time to time, the Company shall reimburse the Executive for reasonable business-related expenses incurred by the Executive in the fulfillment of her duties. Payments with respect to reimbursements of expenses shall be made promptly and in accordance with the applicable expense reimbursement policies and procedures of the Company, but in any event, on or before the last day of the calendar month following the calendar month in which the relevant expense is incurred.

(g) Vacation. The Executive shall be entitled to four (4) weeks of paid vacation each calendar year during the Term, subject to the Company's vacation policy in effect from time to time.

5. Termination of Employment. The terms of any equity compensation grants outstanding as of the Effective Date, as well as any future equity compensation grants made under the **First Western Financial, Inc. 2016 Omnibus Incentive Plan** shall govern what the Executive receives on termination of employment, in terms of equity compensation, except as expressly provided in Section 5(b)(iv) hereof. All other forms of remuneration the Executive is eligible for on termination of employment are set forth in this Section 5.

(a) Termination for Cause; Resignation Without Good Reason. If, prior to the expiration of the Term, the Executive incurs a "Separation from Service" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations ("Regulations") thereunder, by reason of the Company's termination of the Executive's employment for Cause, or if the Executive resigns from her employment hereunder other than for Good Reason, the Executive shall be entitled only to payment of (i) any unpaid Base Salary through and including the date of termination or resignation, (ii) any Annual Bonus earned, but unpaid, for the year immediately preceding the year in which the termination date occurs (which unpaid Annual Bonus amount shall be paid no later than March 15 of the year following the year in which the amount was earned), and (iii) any other amounts or benefits required to be paid or provided by law or under any plan, program, policy or practice of the Company (the amounts or benefits in (i) through (iii) being referred to collectively as the "Other Accrued Compensation and Benefits"). Except as set forth in this subsection (a), the Executive shall have no further right to receive any other compensation or benefits after such termination or resignation of employment.

(b) Termination without Cause; Resignation for Good Reason.

(i) If the Executive incurs a "Separation from Service" within the meaning of Section 409A of the Code and the Regulations thereunder, by reason of the Company's termination of the Executive's employment without Cause, or if the Executive resigns from her employment hereunder for Good Reason, the Executive shall be entitled to the following:

(A) An amount equal to the Other Accrued Compensation and Benefits;

(B) One year's Base Salary at the rate then in effect, and one year's target bonus at the rate then in effect, payable in equal installments pursuant to the Company's normal payroll practices and subject to all legally required and customary withholdings for the twelve (12) month following termination; and

(C) Monthly payments to the Executive equal to the full premium amount (determined as of the date of termination) for continued coverage under the Company's health plan pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, ("COBRA") for the Executive, and, to the extent that the Executive is providing coverage for her spouse or eligible dependents as of the termination date, for such individuals; provided, however, that the Company's obligation to pay such premiums shall cease immediately upon the earlier of (i) the passage of eighteen (18) months, (ii) the expiration of the statutory COBRA period and (iii) the date the Executive becomes eligible for coverage under any other group health plan (as an employee or otherwise) or Medicare.

Notwithstanding the foregoing, if the Company terminates the Executive's employment without Cause, the Company shall provide the Executive with no less than ninety (90) days' written notice or payment of three (3) months Base Salary in lieu of ninety (90) days' written notice, which shall be in addition to payments described under this Section 5(b)(i).

(ii) Unless otherwise provided herein, all payments and benefits provided under this Section 5(b) shall commence on the first payroll date following the 60th day after the Executive's termination of employment. The Company shall not be required to make the payments and provide the benefits provided for under this Section 5(b)(i)(A), (B) or (C) unless the Executive executes and delivers to the Company, within sixty (60) days following the Executive's termination of employment, a release substantially in the form attached hereto as Exhibit A, and the release has become effective and irrevocable in its entirety in such 60-day period. The Executive's failure or refusal to sign the release (or the Executive's revocation of such release in accordance with applicable laws) will result in the forfeiture of the payments and benefits under this Section 5(b)(i)(A), (B) or (C). To the extent any amount payable under this Section 5 is deferred compensation subject to the Code, if the period during which the Executive has discretion to execute or revoke the general release of claims straddles two of the Executive's taxable years, then the Company shall make the severance payments starting in the second of such taxable years, regardless of which taxable year the Executive actually deliver the executed general release of claims to the Company. The Executive may not, directly or indirectly, designate the calendar year or timing of payments. This Section 5(b)(ii) shall expressly not apply to payments made on account of a Change in Control, pursuant to Section 5(b)(iv) hereof.

(iii) If, following a termination of employment without Cause or a resignation for Good Reason, the Executive breaches the provisions of Sections 6 through 10 hereof or breaches any provision set forth in the executed copy of the general release of claims, the Executive shall not be eligible, as of the date of such breach, for the payments and benefits described in Section 5(b)(i)(A), (B) or (C), and any and all

obligations and agreements of the Company with respect to such payments shall thereupon cease, This Section 5(b)(iii) shall expressly not apply to payments made on account of a Change in Control, pursuant to Section 5(b)(iv) hereof.

(iv) If the Company undergoes a Change in Control, and within 24 months of such Change in Control the Executive is terminated without Cause or resigns for Good Reason, then the Executive shall be entitled to all payments set forth in this Paragraph 5(b) except that:

(A) Instead of the one year's Base Salary and target bonus referred to in Section 5(b)(i)(B), the Executive shall be eligible for two year's Base Salary and two years' target bonus.

(B) Instead of the amounts specified in Section 5(b)(iv)(A) being made in monthly payments as referred to in Section 5(b)(i)(C), they shall be paid in a lump sum on the date the Executive incurs a Separation from Service within the meaning of Section 409 A of the Code and the Regulations thereunder, or on such later date required under Section 409A of the Code and the Regulations thereunder.

(C) In the event that it is determined that any payment or distribution of any type to or for the benefit of an Executive made by the Company, by any of its Affiliates, by any person who acquires ownership or effective control or ownership of a substantial portion of the Company's assets (within the meaning of Code Section 280G) or by any affiliate of such person, whether paid or payable or distributed or distributable pursuant to the terms of any equity compensation plan, this Agreement or otherwise (the "Total Payments"), would be subject to the excise tax imposed by Code Section 4999 or any interest or penalties with respect to such excise tax (the "Excise Tax"), then, notwithstanding any other provision of this Agreement or any equity compensation plan to the contrary, any right of the Executive to any payment or benefit under this Agreement or any such equity compensation plan shall be reduced or eliminated, but only to the extent necessary to avoid imposition of the Excise Tax. In no case, however, shall such cutback be made if Total Payments after the imposition of the Excise Tax are greater than Total Payments cut back as provided in this Section 5(b)(iv) to avoid the Excise Tax.

(D) In the event that a cutback of Total Payments is permitted under Section 5(b)(iv)(C), and except as required by Code Section 409A or to the extent that Code 409A permits discretion, the Compensation Committee shall have the right, in the Compensation Committee's sole discretion, to designate those rights, payments, or benefits and all other agreements that should be reduced or eliminated so as to provide the Executive with the maximum pre-tax amount which avoids imposition of the Excise Tax. For example, the Compensation Committee may choose to cut back cash severance, if that would yield a higher pre-tax amount than cutting back equity. Notwithstanding the foregoing, to the extent any payment or benefit constitutes deferred compensation under Code Section 409A, in order to comply with Code Section 409A the Compensation Committee shall instead accomplish such reduction by first reducing or eliminating any cash payments (with the payments to be made furthest in the future being reduced first),

then by reducing or eliminating any accelerated vesting of options or stock appreciation rights, then by reducing or eliminating any accelerated vesting of restricted stock or restricted stock units:

(c) Termination Due to Death or Disability. The Executive's employment with the Company shall terminate automatically on the Executive's death. In the event of the Executive's Disability (as defined herein), the Company shall be entitled to terminate her employment. In the event of the Executive's death or if the Executive incurs a "Separation from Service" within the meaning of Section 409A of the Code, or the Regulations thereunder, by reason of the Executive's Disability, the Company shall pay to the Executive (or her estate, as applicable), (i) the Executive's Base Salary through and including the date of termination and any Other Accrued Compensation and Benefits (ii) a pro-rata Annual Bonus for the year of termination, based on actual audited year-end results and payable when bonuses are normally paid to employees, and (iii) three (3) months Base Salary at the rate then in effect, payable in equal installments pursuant to the Company's normal payroll practices and subject to all legally required and customary withholdings for the three (3) month following termination.

(i) For purposes of this Agreement, "Disability" means a physical or mental disability or infirmity of the Executive that prevents the normal performance of substantially all her duties for a period in excess of ninety (90) consecutive days or for more than ninety (90) days in any consecutive twelve (12)-month period. Evidence of such physical or mental disability or infirmity shall be certified by a physician licensed to practice in the state of residence of the Executive, which physician is mutually agreeable to the Board and the Executive. If there is no agreement on the selection of the physician, then the Board shall select one physician and the Executive shall select one physician, and the two physicians shall attempt to mutually agree upon such physical or mental disability or infirmity. If the two physicians cannot agree, then the two physicians shall jointly select a third physician, whose opinion on such physical or mental disability or infirmity shall control.

(d) Notice of Termination. Any termination of employment by the Company or the Executive shall be communicated by a written "Notice of Termination" to the other party hereto given in accordance with Section 24 of this Agreement. In the event of a termination by the Company for Cause, or by the Executive for Good Reason, the Notice of Termination shall (i) indicate the specific termination provision in this Agreement relied upon, (ii) set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) specify the date of termination, which date shall not be more than thirty (30) business days after the giving of such notice, provided that the date of termination will not occur before the expiration of any applicable cure period.

The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) No Further Rights. The Executive shall have no further rights under this Agreement or otherwise to receive any other compensation or benefits after such termination or resignation of employment.

6. Confidentiality.

(a) Confidential Information.

(i) The Executive agrees that she will not at any time, except with the prior written consent of the Company or its Affiliates or as required by applicable law, directly or indirectly, reveal to any person, entity or other organization (other than the Company or its Affiliates or its respective employees, officers, directors, shareholders or agents) or use for the Executive's own benefit any confidential or proprietary information of any member of the Company or its Affiliates ("Confidential Information") relating to the assets, liabilities, employees, goodwill, business or affairs of any member of the Company or its Affiliates, including, without limitation, any information concerning past, present or prospective clients, intellectual capital, marketing data, or other confidential information used by, or useful to, any member of and known to the Executive by reason of the Executive's employment by, shareholdings in or other association with the Company or its Affiliates, other than disclosure while employed by the Company which the Executive reasonably and in good faith believes to be in or not opposed to the interests of the Company; provided that such Confidential Information does not include any information which is available to the general public or is generally available within the relevant business or industry other than as a result of the Executive's breach of this Agreement. Confidential Information may be in any medium or form, including, without limitation, physical documents, computer files or disks, videotapes, audiotapes, and oral communications.

(ii) In the event that the Executive becomes legally compelled to disclose any Confidential Information, the Executive shall, if permitted by law, provide the Company with prompt written notice so that the Company may seek a protective order or other appropriate remedy. In the event that such protective order or other remedy is not obtained, the Executive shall furnish only that portion of such Confidential Information or take only such action as is legally required by binding order and shall exercise her reasonable efforts to obtain reliable assurance that confidential treatment shall be accorded any such Confidential Information. The Company shall promptly pay (upon receipt of invoices and any other documentation as may be requested by the Company) all reasonable expenses and fees incurred by the Executive, including attorneys' fees, in connection with her compliance with the immediately preceding sentence. Notwithstanding anything herein to the contrary, nothing in this Agreement shall (A) prohibit the Executive from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of state or federal law or regulation, or (B) require notification or prior approval by the Company of any reporting described in clause (A).

(b) Confidentiality of Agreement. The Executive agrees that, except as may be required by applicable law or legal process, during the Term and thereafter, she shall not disclose the terms of this Agreement to any person or entity other than the Executive's accountants, financial advisors, attorneys or spouse, provided that such accountants, financial advisors, attorneys and spouse agree not to disclose the terms of this Agreement to any other person or entity.

(c) Exclusive Property. The Executive confirms that all Confidential Information is and shall remain the exclusive property of the Company or its Affiliates. All business records, papers and documents kept or made by the Executive relating to the business of the Company or its Affiliates shall be and remain the property of the Company or its Affiliates. Upon the request and at the expense of the Company or its Affiliates, the Executive shall promptly make all disclosures, execute all instruments and papers and perform all acts reasonably necessary to vest and confirm in the Company or its Affiliates, fully and completely, all rights created or contemplated by this Section 6.

7. Noncompetition. The Executive agrees that, for a period commencing on the January 1, 2017 and ending 365 days following the Executive's termination of employment (the "Restricted Period"), the Executive shall not, without the prior written consent of the Company, directly or indirectly, and whether as principal or investor or as an employee, officer, director, manager, partner, consultant, agent or otherwise, alone or in association with any other person, firm, corporation or other business organization, carry on a Competing Business (as defined herein) within the County of Denver and contiguous counties, For purposes of this Section 7: (a) carrying on a "Competing Business" means to engage in the competing business of any business carried on by the Company or its Affiliates. Notwithstanding the foregoing, nothing herein shall limit the Executive's right to own not more than one (1) percent of any of the debt or equity securities of any business organization that is then filing reports with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended.

8. Non-Solicitation. The Executive agrees that for the Restricted Period the Executive shall not, directly or indirectly, (a) interfere with or attempt to interfere with the relationship between any person who is, or was during the Restricted Period or the 3-month period immediately preceding the commencement of the Restricted Period, an employee, officer, representative or agent of the Company or its Affiliates and any member of the Company or its Affiliates, or solicit, induce or attempt to solicit or induce any of them to terminate their employment or service relationship with any member of the Company or its Affiliates or violate the terms of their respective service contracts, or any employment arrangements, with such entities, provided that the foregoing shall not prevent general employment or service solicitations that do not specifically target any such persons; or (b) induce or attempt to induce any customer or client of any member of the Company or its Affiliates to cease doing business with any member of the Company or its Affiliates, or in any way interfere with the relationship between any member of the Company or its Affiliates and any customer or client of any member of the Company or its Affiliates.

9. No Conflicting Agreement. The Executive represents, warrants and covenants to the Company that the Executive is not a party to any agreement, whether written or

oral, that would be breached by or would prevent or interfere with the execution by the Executive of this Agreement or the fulfillment by the Executive of the Executive's obligations hereunder.

10. Nondisparagement. Each party represents, warrants and covenants to the other that at no time during the Term or thereafter shall such party make, or cause or assist any other person to make, any statement or other communication to any third party which impugns or attacks, or is otherwise critical of, the reputation, business or character of the other party or any of its respective directors, officers or employees, as applicable; provided this Section shall not prohibit truthful testimony by or on behalf of either party in any judicial or administrative proceeding.

11. Section 409A of the Code. This Agreement is intended to meet the requirements of Section 409A of the Code, and shall be interpreted and construed consistent with that intent. Notwithstanding any other provision of this Agreement, to the extent that the right to any payment (including the provision of benefits) hereunder provides for the "deferral of compensation" within the meaning of Section 409A(d)(l) of the Code, if the Executive is a "Specified Employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code on the date of the Executive's "Separation from Service" within the meaning of Section 409A(a)(2)(A)(i) of the Code (the "Separation Date"), then no such payment shall be made or commence during the period beginning on the Separation Date and ending on the date that is six months following the Separation Date or, if earlier, on the date of the Executive's death. The amount of any payment that would otherwise be paid to the Executive during this period shall instead be paid to the Executive on the fifteenth day of the first calendar month following the end of the period.

12. Certain Remedies.

(a) Forfeiture/Payment Obligations. In the event the Executive fails to comply with Sections 6 through 10, other than any isolated, insubstantial and inadvertent failure, the Executive agrees that she will forfeit any amounts not already paid pursuant to Section 5(b)(i)(A), (B) or (C) of this Agreement. Notwithstanding the previous sentence, the Executive shall be given written notice of each alleged failure to comply with Sections 6 through 10, and the Executive shall be given an opportunity to remedy such failure within (60) sixty business days of the receipt of such notice. For purposes of clarity, the Executive's failure to comply with Sections 6 through 10 shall not result in forfeiture of amounts required to be paid but not already paid on account of a Change in Control pursuant to Section 5(b)(iv) of this Agreement.

(b) Injunctive Relief. Without intending to limit the remedies available to the Company or its Affiliates, including, but not limited to, that set forth in Section 12(a) hereof, the Executive agrees that a breach of any of the covenants contained in Sections 6 through 10 of this Agreement may result in material and irreparable injury to the Company or its Affiliates for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat thereof, any member of the Company or its Affiliates shall be entitled to seek a temporary restraining order or a preliminary or permanent injunction, or both, without bond or other security, restraining the Executive from engaging in activities prohibited by the covenants contained in Sections 6 through 10 of this Agreement or such other relief as may be required specifically to enforce any

of the covenants contained in this Agreement. Such injunctive relief in any court shall be available to the Company or its Affiliates in lieu of, or prior to or pending determination in, any arbitration proceeding.

13. Defense of Claims. The Executive agrees that, during the Term, and for a period of seven (7) years after termination of the Executive's employment, upon request from the Company, the Executive will reasonably cooperate with the Company in the defense of any claims or actions that may be made by or against the Company that affect the Executive's prior areas of responsibility, except if the Executive's reasonable interests are adverse to the Company in such claim or action. The Company agrees to promptly pay in advance or reimburse the Executive for, as requested by the Executive, all of

the Executive's reasonable travel and other direct costs and expenses incurred, or to be reasonably incurred, to comply with the Executive's obligations under this Section 13, including, but not limited to, legal costs and expenses.

14. Alternative Dispute Resolution. The Company and the Executive agree that any dispute that arises out of or relates to Executive's employment or termination of employment with the Company, including any dispute that the Executive may have with any present or former officer, manager, director, employee, agent, attorney or insurer of the Company, shall first be submitted to mediation through the Institute for Conflict Prevention & Resolution ("CPR") (or such other nationally-recognized alternative dispute resolution service as the Executive and Company may agree). The Executive and the Company shall use their reasonable efforts to commence and conclude such mediation in a prompt manner. If the dispute is not resolved through mediation within thirty (30) days after notice thereof, such dispute shall be resolved by binding arbitration in accordance with the rules and procedures of the CPR (or such other nationally-recognized alternative dispute resolution service as the Executive and the Company may agree). Judgment upon the award rendered by the arbitrator may be entered in any court having in person and subject matter jurisdiction. The Company and the Executive hereby submit to the jurisdiction of the federal and state courts in Denver, Colorado, for the purpose of confirming any such award and entering judgment thereon. The Company shall pay for all administrative costs and fees charged by the CPR (or such other nationally-recognized alternative dispute resolution service) as well as the fees charged by the arbitrator. Each party shall pay for her or its attorneys' fees and costs.

15. Nonassignability; Binding Agreement.

(a) By the Executive. This Agreement and any and all rights, duties, obligations or interests hereunder shall not be assignable or delegable by the Executive.

(b) By the Company. This Agreement and all of the Company's rights and obligations hereunder shall not be assignable by the Company except as incident to a reorganization, merger or consolidation, or transfer of all or substantially all of the Company's assets.

(c) Binding Effect. This Agreement shall be binding upon, and inure to the benefit of, the parties hereto, any successors to or assigns of the Company and the Executive's heirs and the personal representatives of the Executive's estate.

16. Withholding. Any payments made or benefits provided to the Executive under this Agreement shall be reduced by any applicable withholding taxes or other amounts required to be withheld by law or contract.

17. Amendment; Waiver. This Agreement may not be modified, amended or waived in any manner, except by an instrument in writing signed by both parties hereto. The waiver by either party of compliance with any provision of this Agreement by the other party shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by such party of a provision of this Agreement.

18. Governing Law and Forum. The Executive and the Company agree that this Agreement and all matters or issues arising out of or relating to the Executive's employment with the Company shall be governed by the laws of the State of Colorado applicable to contracts entered into and performed entirely therein. Any action to enforce this Agreement shall be brought solely in the state or federal courts located in the County of Denver, Colorado.

19. Survival of Certain Provisions. Unless expressly provided otherwise, the rights and obligations set forth in this Agreement shall survive any termination or expiration of this Agreement.

20. Entire Agreement; Supersedes Previous Agreements. This Agreement contains the entire agreement and understanding of the parties hereto with respect to the matters covered herein, and supersedes all prior or contemporaneous negotiations, commitments, agreements and writings with respect to the subject matter hereof, all such other negotiations, commitments, agreements and writings shall have no further force or effect, and the parties to any such other negotiation, commitment, agreement or writing shall have no further rights or obligations thereunder.

21. Severability. The provisions of the Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions herein.

22. Counterparts. This Agreement may be executed by either of the parties hereto in counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

23. Headings. The headings of sections herein are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

24. Notices. All notices or communications hereunder shall be in writing, addressed as follows:

To the Company:

First Western Financial, Inc.
1900 16th St
Suite #1200
Denver, CO 80202
Attention: Secretary and General counsel

To the Executive:

Julie Courkamp

14730 Verbena Court
Brighton, Colorado 80602

All such notices shall be conclusively deemed to be received and shall be effective (i) if sent by hand delivery or nationally recognized courier, upon receipt or (ii) if sent by electronic mail or facsimile, upon receipt by the sender of such transmission.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK IN WITNESS

WHEREOF, the Company has caused this Agreement to be signed by its officer pursuant to the authority of its Board, and the Executive has executed this Agreement, as of the day and year first written above.

FIRST WESTERN FINANCIAL, INC.

By: /s/ Scott Wylie

JULIE COURKAMP

/s/ Julie Courkamp

M&I BANK

BUSINESS LOAN AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
$19,750,000.00	10-31-2009	06-30-2010					

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "****" has been omitted due to text length limitations.

Borrower: First Western Financial, Inc.
1200 17th St Suite 2650
Denver, CO 80202-5852

Lender: M&I Marshall & Ilsley Bank
Correspondent Banking
770 N. Water Street
Milwaukee, WI 53202

THIS BUSINESS LOAN AGREEMENT dated October 31, 2009, is made and executed between First Western Financial, Inc. ("Borrower") and M&I Marshall & Ilsley Bank ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement. Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of October 31, 2009, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) together with all such Related Documents as Lender may require for the Loan, all in form and substance satisfactory to Lender and Lender's counsel.

Borrower's Authorization. Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, may require.

Payment of Fees and Expenses. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

Organization. Borrower is a corporation for profit which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Colorado. Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains an office at 1200 17th St Suite 2650, Denver, CO 80202-5852. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: **None.**

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of (a) Borrower's articles of incorporation or organization, or bylaws, or (b) any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in

such financial statements.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

Hazardous Substances. Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral, and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of: (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with the following.

Annual Statements. As soon as available, but in no event later than one-hundred-twenty (120) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, audited by a certified public accountant satisfactory to Lender.

Additional Requirements.
(i) Copy of Federal Reserve form FR Y-9 required by the Federal Reserve Board for Borrower no later than the due date required by this agency prepared in accordance with agency requirements, certified by the financial representatives of Borrower now owned or hereafter acquired.

(ii) Copies of all quarterly Federal Financial Institutions Examination Council Form 041 ("Call Reports") required by the FDIC and the Federal Reserve Board of First Western Trust Bank and First Western Trust Bank (Arizona) (collectively the "Banks") no later than 10 days after the due date required by these agencies prepared in accordance with agency requirements, certified, by the financial representatives of Banks, now owned or hereafter acquired.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Financial Covenants and Ratios. Comply with the following covenants and ratios:

Minimum Income and Cash flow Requirements. Other Cash Flow requirements are as follows:
ROA. Banks shall maintain at all times an ROA greater than 0.25%, tested annually. ROA means annualized net income divided by average total assets.

Non-performing Loans to Total Loans. Banks shall maintain at all times a ratio of Non-performing Loans to Total Loans which is less than 2.00%, tested quarterly "Non-performing Loans" means loans outstanding, which are not accruing interest, have been classified as renegotiated pursuant to guidelines established by the Federal Financial Examination Institution Council or are 90 days or more past due in the payment of principal or interest. "Total Loans" means the sum of loans and direct lease financings, net of unearned income of Banks

Well-Capitalized Banks must maintain at all times well capitalized ratios, as required by federal regulators

Additional Requirements. Borrower shall maintain $500,000.00 in cash or marketable securities at all times when a balance exists under the Note.

Except as provided above, all computations made to determine compliance with the requirements contained in this paragraph shall be made in accordance with generally accepted accounting principles, applied on a consistent basis, and certified by Borrower as being true and correct.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer, (2) the risks insured; (3) the amount of the policy; (4) the properties insured, (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements

Loan Proceeds. Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Environmental Studies. Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws, not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources

Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests

RECOVERY OF ADDITIONAL COSTS. If the imposition of or any change in any law, rule, regulation or guideline, or the interpretation or application of any thereof by any court or administrative or governmental authority (including any request or policy not having the force of law)

shall impose, modify or make applicable any taxes (except federal, state or local income or franchise taxes imposed on Lender), reserve requirements, capital adequacy requirements or other obligations which would (A) increase the cost to Lender for extending or maintaining the credit facilities to which this Agreement relates, (B) reduce the amounts payable to Lender under this Agreement or the Related Documents, or (C) reduce the rate of return on Lender's capital as a consequence of Lender's obligations with respect to the credit facilities to which this Agreement relates, then Borrower agrees to pay Lender such additional amounts as will compensate Lender therefor, within five (5) days after Lender's written demand for such payment, which demand shall be accompanied by an explanation of such imposition or charge and a calculation in reasonable detail of the additional amounts payable by Borrower, which explanation and calculations shall be conclusive in the absence of manifest error.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand, (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note, or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

Indebtedness and Liens. (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume indebtedness for borrowed money, including capital leases, (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower's accounts, except to Lender.

Additional Financial Restrictions.

Management. Borrower shall notify Lender of any material changes in senior management.

Mergers. Borrower shall notify Lender if they merge into or consolidate with any other business enterprise or another business enterprise merges into Borrower.

Adverse Regulatory Action. Borrower and/or Banks shall not become subject to a "memorandum of understanding," a "cease and desist order" or any other regulatory actions that reflect a material adverse change in the safety and soundness of Borrower and/or Banks.

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change its name, dissolve or transfer or sell Collateral out of the ordinary course of business, or (3) pay any dividends on Borrower's stock (other than dividends payable in its stock), provided, however that notwithstanding the foregoing, but only so long as no Event of Default has occurred and is continuing or would result from the payment of dividends, if Borrower is a "Subchapter S Corporation" (as defined in the Internal Revenue Code of 1986, as amended), Borrower may pay cash dividends on its stock to its shareholders from time to time in amounts necessary to enable the shareholders to pay income taxes and make estimated income tax payments to satisfy their liabilities under federal and state law which arise solely from their status as Shareholders of a Subchapter S Corporation because of their ownership of shares of Borrower's stock, or purchase or retire any of Borrower's outstanding shares or alter or amend Borrower's capital structure.

Loans, Acquisitions and Guaranties. (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor other than in the ordinary course of business.

Agreements. Borrower will not enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender, (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt, (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender, or (E) Lender in good faith deems itself insecure, even though no Event of Default shall have occurred.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the debt against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Loan.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's or any Grantor's ability to repay the Loans or perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Change in Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

Insecurity. Lender in good faith believes itself insecure.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

HEDGING INSTRUMENTS. The obligations and Indebtedness secured hereby shall include, without limitation, all obligations, indebtedness and liabilities arising pursuant to or in connection with any interest rate swap transaction, basis swap, forward rate transaction, interest rate option, price risk hedging transaction or any similar transaction between Borrower and Lender.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Wisconsin without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of Wisconsin.

Choice of Venue. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Milwaukee County, State of Wisconsin.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses

shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Subsidiaries and Affiliates of Borrower. To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the making of the Loan and delivery to Lender of the Related Documents, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

Previous Loan Agreement. This Business Loan Agreement supercedes and replaces that certain Letter Agreement between Lender and Borrower dated November 11, 2008.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

Borrower. The word "Borrower" means First Western Financial, Inc. and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

GAAP. The word "GAAP" means generally accepted accounting principles.

Grantor. The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means M&I Marshall & Ilsley Bank, its successors and assigns

Loan. The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

Note. The word "Note" means the Note executed by First Western Financial, Inc. in the principal amount of $19,750,000.00 dated October 31, 2009, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement

Permitted Liens. The words "Permitted Liens" mean (1) liens and security interests securing Indebtedness owed by Borrower to Lender, (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan

Security Agreement. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED OCTOBER 31, 2009.

BORROWER:

FIRST WESTERN FINANCIAL, INC.

By: /s/ Ryan Trigg
Julie Courkamp Ryan Trigg, CFO of
First Western Financial, Inc.

By: /s/ Scott Wylie
Scott Wylie, Chairman & CEO of
First Western Financial, Inc.

LENDER:

M&I MARSHALL & ILSLEY BANK

By: /s/ [Illegible]
Authorized Signer

By: /s/ [Illegible]
Authorized Signer

FIRST AMENDMENT TO LOAN AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
$15,327,776.00	06-30-2010	10-31-2010					

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: First Western Financial, Inc.
1200 17th St Suite 2650
Denver, CO 80202-5852

Lender: M&I Marshall & Ilsley Bank
Correspondent Banking
770 N. Water Street
Milwaukee, WI 53202

THIS FIRST AMENDMENT is made and entered into as of June 30, 2010 by and between First Western Financial, Inc.("Borrower") and Marshall & Ilsley Bank ("Lender").

WHEREAS, Lender and Borrower are parties to that certain Business Loan Agreement dated October 31, 2009 (the "Agreement");

WHEREAS, the Agreement provides that no alteration of or amendment to the Agreement shall be effective unless given in writing and sig the party or parties sought to be charged or bound by the alteration or amendment; and

WHEREAS, the parties to the Agreement now each desire and deem it advisable to amend the Agreement on the terms provided below.

NOW THEREFORE, in consideration of the foregoing premises and the following covenants and agreements, the parties hereby agree as fol

Section 1. All defined or capitalized terms used in this Amendment shall have the meanings given such terms in the Agreement, unle terms are defined herein or unless the context clearly indicates to the contrary.

Section 2.

(i) ROA. This section of the Agreement is hereby amended and restated in its entirety to read as follows:

ROA. First Western Trust Bank shall maitain at all times an ROA of greater than 0.60%, tested quarterly. First Western Trust Bank (A shall maintain an ROA of greater than 0.00%, increasing to 0.25% at March 31, 2011, and thereafter, tested quarterly. "ROA" annualized net income divided by average total assets.

(ii) Non-performing Loans to Total Loans. This section of the Agreement is hereby amended and restated in its entirety to read as follows

Non-performing Loans to Total Loans. Banks shall maintain at all times a ratio of Non-performing Loans to Total Loans, which is les 3.50%, tested quarterly. "Non-performing Loans" means loans outstanding which are not accruing interest, have been classi renegotiated pursuant to guidelines established by the Federal Financial Examination Institution Council or are 90 days or more past du payment of principal or interest. "Total Loans" means the sum of loans and direct lease financings, net of unearned income of Banks.

Section 3. On and after the effectiveness of this Amendment, each reference in the Agreement to "this Agreement," "hereunder," "her words of like import referring to the Agreement, shall mean the Agreement as amended by this Amendment.

Section 4. Except as expressly amended hereby, the Agreement is hereby ratified and confirmed and shall continue in full force and effect

Section 5. This Amendment may be executed manually or by facsimile by the parties hereto in any number of counterparts each of whi be deemed an original and all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, the parties have executed this Amendment on the day and year first above written.

BORROWER:
First Western Financial, Inc.

By: /s/ Ryan Trigg
Ryan Trigg, CFO

By: /s/ Scott Wylie
Scott Wylie, Chairman & CEO

LENDER:
M&I MARSHALL ILSLEY BANK

By: /s/ [Illegible]
Its: Vice President

By: /s/ [Illegible]
Its: Senior Vice President

SECOND AMENDMENT TO BUSINESS LOAN AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
$10,000,000.00	10-31-2010	10-31-2013					

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "****" has been omitted due to text length limitations.

Borrower: First Western Financial, Inc.
1200 17th St Suite 2650
Denver, CO 80202-5852

Lender: M&I Marshall & Ilsley Bank
Correspondent Banking
770 N. Water Street
Milwaukee, WI 53202

THIS SECOND AMENDMENT is made and entered into as of October 31, 2010 by and between First Western Financial, Inc. ("Borrower") and M&I Marshall & Ilsley Bank ("Lender").

WHEREAS, Lender and Borrower are parties to that certain Business Loan Agreement dated October 31, 2009 and subsequently amended, (the "Agreement");

WHEREAS, the Agreement provides that no alteration of or amendment to the Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment; and

WHEREAS, the parties to the Agreement now each desire and deem it advisable to amend the Agreement on the terms provided below.

NOW THEREFORE, in consideration of the foregoing premises and the following covenants and agreements, the parties hereby agree as follows:

Section 1. All defined or capitalized terms used in this Amendment shall have the meanings given such terms in the Agreement, unless said terms are defined herein or unless the context clearly indicates to the contrary.

Section 2.

(i) NEGATIVE COVENANTS. Subsection Additional Financial Restrictions. The following subsection is hereby added to the Agreement to read as follows:

Advances. Any line draws under the Revolving Line of Credit for the purpose of a capital injection into First Western Trust Bank - CO, First Western Trust Bank - AZ, or for the purpose of an acquisition require pre-approval from Lender.

(ii) Schedule I to the Business Loan Agreement is hereby added to the Agreement to read as follows:

See attached Schedule I

Section 3. On and after the effectiveness of this Amendment, each reference in the Agreement to "this Agreement," "hereunder," "hereof" or words of like import referring to the Agreement, shall mean the Agreement as amended by this Amendment.

Section 4. Except as expressly amended hereby, the Agreement is hereby ratified and confirmed and shall continue in full force and effect.

Section 5. This Amendment may be executed manually or by facsimile by the parties hereto in any number of counterparts each of which shall be deemed an original and all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, the parties have executed this Amendment on the day and year first above written.

BORROWER:
First Western Financial, Inc.

By: /s/ Warren Joseph Olsen
Warren Joseph Olsen, Vice Chairman & CIO

By: /s/ Scott Wylie
Scott Wylie, Chairman & CEO

LENDER:
M&I MARSHALL ILSLEY BANK

By: /s/ Lori A. Keller
Lori A. Keller, Vice President

By: /s/ David R. Ball
Its: David R. Ball, [Illegible]

SCHEDULE I TO THE BUSINESS LOAN AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
$10,000,000.00	10-31-2010	10-31-2013					

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "***" has been omitted due to text length limitations.

Borrower: First Western Financial, Inc.
1200 17th St Suite 2650
Denver, CO 80202-5852

Lender: M&I Marshall & Ilsley Bank
Correspondent Banking
770 N. Water Street
Milwaukee, WI 53202

In accordance with that certain Business Loan Agreement dated October 31, 2009 (the "Agreement") made and executed between First Western Financial, Inc. ("Borrower") and M&I Marshall & Ilsley Bank ("Lender"), the parties hereby acknowledge and agree that the following loans, obligations, and forms of indebtedness are subject to and shall be administered in accordance with the terms of the Agreement:

Revolving Line of Credit; $4,000,000.00; October 31, 2010; Note #10001

Having read all of the provisions of this Schedule, Borrower hereby acknowledges the accuracy of this Schedule and agrees that the aforementioned loans, obligations, and forms of indebtedness shall be subject to the terms of the Agreement. Borrower also acknowledges that this Schedule does not necessarily provide an exhaustive list of all obligations subject to the Agreement, and that this Schedule in no way limits the general applicability of the Agreement.

THIS SCHEDULE I TO THE BUSINESS LOAN AGREEMENT IS EXECUTED ON OCTOBER 31, 2010.

BORROWER:
First Western Financial, Inc.

By: /s/ Warren Joseph Olsen
Warren Joseph Olsen, Vice Chairman & CIO

By: /s/ Scott Wylie
Scott Wylie, Chairman & CEO

LENDER:
M&I MARSHALL ILSLEY BANK

By: /s/ Lori A. Keller
Lori A. Keller, Vice President

By: /s/ David R. Ball
Its: David R. Ball, SVP

THIRD AMENDMENT TO BUSINESS LOAN AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
$4,000,000.00	10-31-2011	10-31-2012					

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "*****" has been omitted due to text length limitations.

Borrower: First Western Financial, Inc.
1200 17th St Suite 2650
Denver, CO 80202-5852

Lender: BMO Harris Bank N.A.
Correspondent Banking
770 N Water St
Milwaukee, WI 53202

THIS THIRD AMENDMENT is made and entered into as of October 31, 2011 by and between First Western Financial, Inc. ("Borrower") and BMO Harris Bank N.A., as successor by merger to M&I Marshall & Ilsley Bank ("Lender").

WHEREAS, Lender and Borrower are parties to that certain Business Loan Agreement dated October 31, 2009 and subsequently amended, (the "Agreement");

WHEREAS, the Agreement provides that no alteration of or amendment to the Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment; and

WHEREAS, the parties to the Agreement now each desire and deem it advisable to amend the Agreement on the terms provided below.

NOW THEREFORE, in consideration of the foregoing premises and the following covenants and agreements, the parties hereby agree as follows:

Section 1. All defined or capitalized terms used in this Amendment shall have the meanings given such terms in the Agreement, unless said terms are defined herein or unless the context clearly indicates to the contrary.

Section 2.

(i) AFFIRMATIVE COVENANTS, Subsection Financial Covenants and Ratios, Subsection ROA is hereby deleted in its entirety and replaced with the following:

ROA. First Western Trust Bank - CO shall maintain at all times an ROA of greater than 0.30%, tested quarterly. "ROA" means annualized net income divided by average total assets.

(ii) AFFIRMATIVE COVENANTS, Subsection Financial Covenants and Ratios, Subsection Non-performing Loans to Total Loans is hereby deleted in its entirety and replaced with the following:

Non-performing Loans to Total Loans. Bank shall maintain at all times a ratio of Non-performing Loans to Total Loans, which is less than 5.00%, tested quarterly. "Non-performing Loans" means loans outstanding which are not accruing interest, have been classified as renegotiated pursuant to guidelines established by the Federal Financial Examination Institution Council or are 90 days or more past due in the payment of principal or interest. "Total Loans" means the sum of loans and direct lease financings, net of unearned income of Bank.

(iii) NEGATIVE COVENANTS, Subsection Additional Financial Restrictions, Subsection Advances is hereby deleted in its entirety and replaced with the following:

Advances. Any line draws under the Revolving Line of Credit for the purpose of a capital injection into First Western Trust Bank - CO, or for the purpose of an acquisition require pre-approval from Lender.

Section 3. On and after the effectiveness of this Amendment, each reference in the Agreement to "this Agreement," "hereunder," "hereof" or words of like import referring to the Agreement, shall mean the Agreement as amended by this Amendment.

Section 4. Except as expressly amended hereby, the Agreement is hereby ratified and confirmed and shall continue in full force and effect.

Section 5. This Amendment may be executed manually or by facsimile by the parties hereto in any number of counterparts each of which shall be deemed an original and all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, the parties have executed this Amendment on the day and year first above written.

BORROWER:
First Western Financial, Inc.

By: /s/ Ryan Trigg
Ryan Trigg, CFO

By: /s/ Scott Wylie
Scott Wylie, Chairman & CEO

LENDER:
BMO HARRIS BANK N.A.

By: /s/ Lori A. Keller
Lori A. Keller, Vice President

By: /s/ [Illegible]
Its: S.V.P

FOURTH AMENDMENT TO BUSINESS LOAN AGREEMENT

THIS FOURTH AMENDMENT TO BUSINESS LOAN AGREEMENT is made as of October 31, 2012, by and between FIRST WESTERN FINANCIAL, INC., a Colorado corporation (the "Borrower"), and BMO HARRIS BANK N.A., successor-by-merger to M&I Marshall and Ilsley Bank, a national banking association ("Bank").

In consideration of the mutual covenants, conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed that:

ARTICLE I
DEFINITIONS

When used herein, the following terms shall have the following meanings specified:

1.1 "Amendment" shall mean this Fourth Amendment to Business Loan Agreement.

1.2 "Credit Agreement" shall mean the Business Loan Agreement dated as of October 31, 2009, as amended, by and between the Borrower and Bank.

1.3 Other Capitalized Terms. All capitalized, terms used in this Amendment and not specifically defined herein shall have the definitions assigned to such terms in the Credit Agreement.

ARTICLE II
AMENDMENTS

2.1 Amendments. The Credit Agreement is hereby amended as follows:

(a) Affirmative Covenants, Subsection Financial Covenants and Ratios, Subsection ROA is hereby amended and restated in its entirety to read as follows:

ROA. First Western Trust Bank shall (a) not allow a net loss for the fiscal quarter ended December 31, 2012 in excess of $100,000; and (b) maintain at all times an ROA of greater than or equal to (i) 0.20%, for each of the fiscal quarters ended March 31, 2013 and June 30, 2013; and (ii) 0.25%, for the fiscal quarter ended September 30, 2013 and each fiscal quarter thereafter. ROA means annualized net income divided by average total assets.

(b) Affirmative Covenants, Subsection Financial Covenants and Ratios, Subsection Non-performing Loans to Total Loans is hereby amended and restated in its entirety to read as follows:

Non-performing Loans to Total Loans. Bank shall maintain at all times a ratio of Non-performing Loans to Total Loans, which is less than or equal to (a) 5.8%, for the fiscal quarter ended December 31, 2012; (b) 5.5%, for the fiscal quarter ended March 31, 2013; (c) 4.5%, for the fiscal quarter ended June 30, 2013; and (d) 4.0%, for the fiscal quarter ended September 30, 2013 and each fiscal quarter thereafter. “Non-performing Loans” means loans outstanding which are not accruing interest, have been classified as renegotiated pursuant to guidelines established by the Federal Financial Examination Institution Council or are 90 days or more past due in the payment of principal or interest. “Total Loans” means the sum of loans and direct lease financings, net of unearned income of Bank.

(c) Affirmative Covenants, Subsection Financial Covenants and Ratios, Subsection Additional Requirements is hereby amended and restated in its entirety to read as follows:

Additional Requirements. Borrower shall maintain a minimum of $750,000 in cash or marketable securities at all times when a balance exists under the Note.

(d) Negative Covenants, Subsection Adverse Regulatory Action is hereby amended and restated to read as follows:

Adverse Regulatory Action. Borrower and/or Banks shall not become subject to any public regulatory action, including without limitation a consent order or written agreement.

(e) Negative Covenants, Subsection Continuity of Operations is hereby amended and restated in its entirety to read as follows:

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change its name, dissolve or transfer or sell Collateral out of the ordinary course of business, (3) pay any dividends on Borrower’s common stock (other than dividends payable in stock), (4) pay any dividends on Borrower’s preferred stock, if any Event of Default has occurred and is continuing or would result from the payment of such dividends, (5) purchase or retire any of Borrower’s outstanding shares, except Borrower shall be allowed to purchase or retire Borrower’s outstanding shares pursuant to the contractual obligations described on **Exhibit A**, (6) alter or amend Borrower’s capital structure or (7) sell or

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consent to the sale of the operations or any portion of the operations of Borrower or First Western Trust Bank in Denver.

2.2 Exhibit A. Exhibit A to this Amendment is hereby added to the Credit Agreement as Exhibit A thereto.

2.3 Miscellaneous Amendments. The Credit Agreement, the Related Documents and all other agreements and instruments executed and delivered heretofore or hereafter pursuant to the Credit Agreement are amended hereby so that any reference therein to the Credit Agreement shall be deemed to be a reference to such agreements and instruments as amended by or pursuant to this Amendment.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower hereby represents and warrants to the Bank that:

3.1 Credit Agreement. All of the representations and warranties made by the Borrower in the Credit Agreement are true and correct on the date of this Amendment. No Default or Event of Default under the Credit Agreement has occurred and is continuing as of the date of this Amendment (after giving effect to the limited waiver contained in Section 4.10 hereof).

3.2 Authorization; Enforceability. The making, execution and delivery of this Amendment and performance of and compliance with the terms of the Credit Agreement has been duly authorized by all necessary organizational action by the Borrower. This Amendment is the valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms.

3.3 Absence of Conflicting Obligations. The making, execution and delivery of this Amendment and performance of and compliance with the terms of the Credit Agreement, as amended, do not violate any presently existing provision of law or the articles of organization or operating agreement of the Borrower or any agreement to which the Borrower is a party or by which it or any of its assets is bound.

ARTICLE IV
MISCELLANEOUS

4.1 Continuance of Credit Agreement. Except as specifically amended by this Amendment, the Credit Agreement shall remain in full force and effect.

4.2 Survival. All agreements, representations and warranties made in this Amendment or in any documents delivered pursuant to this Amendment shall survive the execution of this Amendment and the delivery of any such document.

4.3 Governing Law. This Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of Wisconsin applicable to agreements made and wholly performed within such state.

4.4 Counterparts; Headings. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement. Article and section headings in this Amendment are inserted for convenience of reference only and shall not constitute a part hereof.

4.5 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment in such jurisdiction or affecting the validity or enforceability of any provision in any other jurisdiction.

4.6 Conditions. The effectiveness of this Amendment is subject to Bank having received on or before the date hereof such documents as the Bank shall request, in form and substance satisfactory to Bank and its counsel.

4.7 Course of Dealing. The Borrower acknowledges that neither previous waivers, extensions and amendments granted to the Borrower by the Bank nor the amendments granted herein create any course of dealing or expectation with respect to any further waivers, extensions or amendments and further acknowledges that the Bank have no obligation whatsoever to grant any additional waivers, extensions, amendments or forbearance.

4.8 No Defenses. The Borrower acknowledges it has no defenses, rights of setoff or rights of recoupment to the enforceability or payment of any of its obligations under the Credit Agreement as amended hereby.

4.9 Expenses and Attorneys' Fees. The Borrower shall pay reasonable fees and expenses (including attorneys' fees) incurred by Bank in connection with the preparation, execution and delivery of this Amendment.

4.10 Waivers.

(a) The Bank hereby waives the defaults caused by the failure of the Borrower to comply with (a) Affirmative Covenants, Subsection Financial Covenants and Ratios, Subsection ROA of the Credit Agreement with respect to the fiscal quarters ended June 30, 2012, September 30, 2012 and December 31, 2012; (b) Affirmative Covenants, Subsection Financial Covenants and Ratios, Subsection Non-performing Loans to Total Loans of the

Credit Agreement with respect to the fiscal quarters ended June 30, 2012, September 30, 2012 and December 31, 2012; and (c) Affirmative Covenants, Subsection Financial Covenants and Ratios, Subsection Well-Capitalized of the Credit Agreement with respect to the fiscal quarter ended June 30, 2012. This limited waiver shall be effective only for the specific purpose set forth in this Section and shall not be deemed to be a further or continuing waiver of any other Section of the Credit Agreement.

(b) The Bank hereby waives compliance by the Borrower with clause (1) of Negative Covenants, Subsection Indebtedness and Liens and clause (3) of Negative Covenants, Subsection Continuity of Operations of the Credit Agreement, solely with respect to (i) the issuance by the Borrower of $7,625,000 of subordinated indebtedness, (ii) the issuance by the Borrower of $7,300,000 of Series D preferred stock, in each case consummated before September 30, 2012, and (iii) quarterly dividend payments on preferred stock in 2012 and 2013. This limited waiver shall be effective only for the specific purpose set forth in this Section and shall not be deemed to be a further or continuing waiver of any other Section of the Credit Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Fourth Amendment to Business Loan Agreement as of the day and year first written above.

BORROWER:

FIRST WESTERN FINANCIAL, INC.

By: /s/ Scott Wylie
Name: Scott Wylie
Title: CEO

By: /s/ Julie Courkamp
Name: Julie Courkamp
Title: SFO

BANK:

BMO HARRIS BANK N.A.

By: [ILLEGIBLE]
Name: [ILLEGIBLE]
Title: VP

EXHIBIT A

Stock-based Compensation

Any issuances or repurchases made in connection with the Borrower's administration of its employee benefit plan in the ordinary course of business, consistent with the Borrower's practice.

Ryder Stilwell and Financial Management Advisors

In 2008, the Borrower acquired the assets of Financial Management Advisors, LLC ("FMA") and Ryder Stilwell ("RSI".) Additional consideration was payable to FMA, based upon the meeting or exceeding certain predetermined qualifying revenue targets. A portion of the target was met as of December 31, 2012, and the earn-out payment was valued at $354,000. A portion of the 2012 earn-out was satisfied during the year ended December 31, 2012 with the issuance of 8,500 shares of the Borrower's common stock. The remainder of the 2012 earn-out will be satisfied subsequent to December 31, 2012 with the issuance of 6,826 shares of the Borrower's common stock.

Pursuant to the purchase agreement with RSI, its key shareholder (the "RSI Principal") has the right, at any time on or after October 31, 2011, until October 31, 2013, to require the Borrower to purchase up to 10,000 shares of the Borrower's common stock held by the RSI Principal at $35.00 per share. Additionally, the RSI Principal has the right, at any time on or after October 31, 2013, to require the Borrower to purchase up to an additional 10,000 shares of the Borrower's common stock held by the RSI Principal at $35.00 per share.

Sterling Partners

As part of the 2005 acquisition of Silversmith Financial Corporation d/b/a Sterling Partners, Inc., the seller had the right for a period of 60 days following the fifth anniversary of the closing date to require the Borrower to purchase shares of FWF common stock owned by the seller at that time that were received in connection with the acquisition up to a maximum of $3,000,000 at the then fair market value. During 2010, the put agreement was extended and amended resulting in the Borrower purchasing 50,000 of FWF shares at $25.00 per share and allowing for the repurchase of additional shares that, when combined with the shares repurchased in 2010, would, if exercised, result in an aggregate repurchase of no more than $3,000,000 from April 1, 2011 through December 31, 2014. During the year ended December 31, 2012, the seller exercised their rights and the Borrower acquired an additional 50,000 shares of its common stock for $1,250,000 from the seller, leaving $500,000 of rights remaining.

FIFTH AMENDMENT TO BUSINESS LOAN AGREEMENT

THIS FIFTH AMENDMENT TO BUSINESS LOAN AGREEMENT is made as of October 27, 2014 but effective as of July 31, 2014, by and between FIRST WESTERN FINANCIAL, INC., a Colorado corporation (the "Borrower"), and BMO HARRIS BANK N.A., as successor-by-merger to M&I Marshall and Ilsley Bank, a national banking association ("Bank").

In consideration of the mutual covenants, conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed that:

ARTICLE I
DEFINITIONS

When used herein, the following terms shall have the following meanings specified:

1.1 "Amendment" shall mean this Fifth Amendment to Business Loan Agreement.

1.2 "Credit Agreement" shall mean the Business Loan Agreement dated as of October 31, 2009, as amended, by and between the Borrower and Bank.

1.3 Other Capitalized Terms. All capitalized terms used in this Amendment and not specifically defined herein shall have the definitions assigned to such terms in the Credit Agreement.

ARTICLE II
AMENDMENTS

2.1 Amendments. The Credit Agreement is hereby amended as follows:

(a) Affirmative Covenants, Subsection Financial Covenants and Ratios, Subsection ROA is hereby amended and restated in its entirety to read as follows:

"**ROA**. First Western Trust Bank shall maintain at all times an ROA of greater than or equal to 0.25%, for the fiscal quarter ended September 30, 2014 and each fiscal quarter thereafter. ROA means net income divided by average total assets, each calculated on a rolling four quarter basis."

(b) Affirmative Covenants, Subsection Financial Covenants and Ratios, Subsection Additional Requirements is hereby amended and restated by removing the requirement that the Borrower must maintain a minimum of $750,000 in cash or marketable securities at all times when a balance exists under the revolving Promissory Note.

2.2 Miscellaneous Amendments. The Credit Agreement, the Related Documents and all other agreements and instruments executed and delivered heretofore or hereafter pursuant to the Credit Agreement are amended hereby so that any reference therein to the Credit Agreement shall

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be deemed to be a reference to such agreements and instruments as amended by or pursuant to this Amendment.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower hereby represents and warrants to the Bank that:

3.1 Credit Agreement. All of the representations and warranties made by the Borrower in the Credit Agreement are true and correct on the date of this Amendment. No Default or Event of Default under the Credit Agreement has occurred and is continuing as of the date of this Amendment.

3.2 Authorization; Enforceability. The making, execution and delivery of this Amendment and performance of and compliance with the terms of the Credit Agreement has been duly authorized by all necessary organizational action by the Borrower. This Amendment is the valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms.

3.3 Absence of Conflicting Obligations. The making, execution and delivery of this Amendment and performance of and compliance with the terms of the Credit Agreement, as amended, do not violate any presently existing provision of law or the articles of organization or operating agreement of the Borrower or any agreement to which the Borrower is a party or by which it or any of its assets is bound.

ARTICLE IV
MISCELLANEOUS

4.1 Continuance of Credit Agreement. Except as specifically amended by this Amendment, the Credit Agreement shall remain in full force and effect.

4.2 Survival. All agreements, representations and warranties made in this Amendment or in any documents delivered pursuant to this Amendment shall survive the execution of this Amendment and the delivery of any such document.

4.3 Governing Law. This Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of Wisconsin applicable to agreements made and wholly performed within such state.

4.4 Counterparts; Headings. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement. Article and section headings in this Amendment are inserted for convenience of reference only and shall not constitute a part hereof.

4.5 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment in such jurisdiction or affecting the validity or enforceability of any provision in any other jurisdiction.

4.6 Conditions. The effectiveness of this Amendment is subject to the Bank having received on or before the date hereof, each of the following, in form and substance satisfactory to the Bank and its counsel:

(a) a certificate of an officer of the Borrower and dated the date hereof certifying the adoption and continuing effect of resolutions of the Board of Directors of the Borrower authorizing the execution and delivery of this Amendment and the documents to be executed and delivered in connection with this Amendment;

(b) the executed Amended and Restated Revolving Credit Note and the Amended and Restated Promissory Note;

(c) payment of a $5,000 extension fee, which fee shall be fully earned on the date hereof; and

(d) such additional supporting documents and materials as the Bank may reasonably request.

4.7 Course of Dealing. The Borrower acknowledges that neither previous waivers, extensions and amendments granted to the Borrower by the Bank nor the amendments granted herein create any course of dealing or expectation with respect to any further waivers, extensions or amendments and further acknowledges that the Bank have no obligation whatsoever to grant any additional waivers, extensions, amendments or forbearance.

4.8 No Defenses. The Borrower acknowledges it has no defenses, rights of setoff or rights of recoupment to the enforceability or payment of any of its obligations under the Credit Agreement as amended hereby.

4.9 Expenses and Attorneys' Fees. The Borrower shall pay reasonable fees and expenses (including attorneys' fees) incurred by Bank in connection with the preparation, execution and delivery of this Amendment.

4.10 Consent. The Bank hereby (a) consents to the merger of Sunflower Financial with First Western Financial, Inc., pursuant to which Sunflower Financial will be the surviving entity, and the meger of First Western Trust Bank with Sunflower Bank, pursuant to which Sunflower Bank will be the surviving entity, and (b) waives any Event of Default under the Credit Agreement and Related Documents that would result from such mergers; provided, that, Sunflower Financial

shall execute a deliver, on a form satisfactory to the Bank, an assignment and assumption agreement of the Credit Agreement and the Related Documents, which agreement shall be in form and substance satisfactory to the Bank.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first written above.

BORROWER:

FIRST WESTERN FINANCIAL, INC.

By: /s/ Scott C. Wylie
Name: Scott C. Wylie
Title: Chief Executive Officer

BANK:

BMO HARRIS BANK N.A.

By: /s/ David R. Seiler
Name: David R. Seiler
Title: MANAGING DIRECTOR

SIXTH AMENDMENT TO BUSINESS LOAN AGREEMENT

THIS SIXTH AMENDMENT TO BUSINESS LOAN AGREEMENT is made as of March 31, 2015, by and between FIRST WESTERN FINANCIAL, INC., a Colorado corporation (the "Borrower"), and BMO HARRIS BANK N.A., as successor-by-merger to M&I Marshall and Ilsley Bank, a national banking association ("Bank").

In consideration of the mutual covenants, conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed that:

ARTICLE I
DEFINITIONS

When used herein, the following terms shall have the following meanings specified:

1.1 "Amendment" shall mean this Sixth Amendment to Business Loan Agreement.

1.2 "Credit Agreement" shall mean the Business Loan Agreement dated as of October 31, 2009, as amended, by and between the Borrower and Bank.

1.3 Other Capitalized Terms. All capitalized terms used in this Amendment and not specifically defined herein shall have the definitions assigned to such terms in the Credit Agreement.

ARTICLE II
AMENDMENTS

2.1 Amendments. The Affirmative Covenants, Subsection Financial Covenants and Ratios, Subsection ROA of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"ROA. First Western Trust Bank shall maintain at all times an ROA of greater than or equal to 0.10%, for the fiscal quarter ended March 31, 2015 and each fiscal quarter thereafter. ROA means net income divided by average total assets, each calculated on a rolling four quarter basis."

2.2 Miscellaneous Amendments. The Credit Agreement, the Related Documents and all other agreements and instruments executed and delivered heretofore or hereafter pursuant to the Credit Agreement are amended hereby so that any reference therein to the Credit Agreement shall be deemed to be a reference to such agreements and instruments as amended by or pursuant to this Amendment.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower hereby represents and warrants to the Bank that:

3.1 Credit Agreement. All of the representations and warranties made by the Borrower in the Credit Agreement are true and correct on the date of this Amendment. Except of the Event of Default waived pursuant to Section 4.10 hereof, no Default or Event of Default under the Credit Agreement has occurred and is continuing as of the date of this Amendment.

3.2 Authorization; Enforceability. The making, execution and delivery of this Amendment and performance of and compliance with the terms of the Credit Agreement has been duly authorized by all necessary organizational action by the Borrower. This Amendment is the valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms.

3.3 Absence of Conflicting Obligations. The making, execution and delivery of this Amendment and performance of and compliance with the terms of the Credit Agreement, as amended, do not violate any presently existing provision of law or the articles of organization or operating agreement of the Borrower or any agreement to which the Borrower is a party or by which it or any of its assets is bound.

ARTICLE IV
MISCELLANEOUS

4.1 Continuance of Credit Agreement. Except as specifically amended by this Amendment, the Credit Agreement shall remain in full force and effect.

4.2 Survival. All agreements, representations and warranties made in this Amendment or in any documents delivered pursuant to this Amendment shall survive the execution of this Amendment and the delivery of any such document.

4.3 Governing Law. This Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of Wisconsin applicable to agreements made and wholly performed within such state.

4.4 Counterparts; Headings. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement. Article and section headings in this Amendment are inserted for convenience of reference only and shall not constitute a part hereof.

4.5 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such

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prohibition or unenforceability without invalidating the remaining provisions of this Amendment in such jurisdiction or affecting the validity or enforceability of any provision in any other jurisdiction.

4.6 Conditions. The effectiveness of this Amendment is subject to the Bank having received on or before the date hereof, each of the following, in form and substance satisfactory to the Bank and its counsel:

(a) the executed Amendment No. 1 to Promissory Notes;

(b) payment of a $5,000 extension fee for the Revolving Note, which fee shall be fully earned on the date hereof; and

(c) such additional supporting documents and materials as the Bank may reasonably request.

4.7 Course of Dealing. The Borrower acknowledges that neither previous waivers, extensions and amendments granted to the Borrower by the Bank nor the amendments granted herein create any course of dealing or expectation with respect to any further waivers, extensions or amendments and further acknowledges that the Bank have no obligation whatsoever to grant any additional waivers, extensions, amendments or forbearance.

4.8 No Defenses. The Borrower acknowledges it has no defenses, rights of setoff or rights of recoupment to the enforceability or payment of any of its obligations under the Credit Agreement as amended hereby.

4.9 Expenses and Attorneys' Fees. The Borrower shall pay reasonable fees and expenses (including attorneys' fees) incurred by Bank in connection with the preparation, execution and delivery of this Amendment.

4.10 Waiver and Consent.

(a) The Bank hereby waives the default caused by the failure of the Borrower to comply with (a) Affirmative Covenants, Subsection Financial Covenants and Ratios, Subsection ROA of the Credit Agreement with respect to the fiscal quarter ended December 31, 2014. This limited waiver shall be effective only for the specific purpose set forth in this Section and shall not be deemed to be a further or continuing waiver of any other Section of the Credit Agreement.

(b) Pursuant to Article 2.1(e)(5) of the Loan Agreement, the Bank must consent to any stock purchase by the Borrower of the Borrower's stock. The Borrower has requested that the Bank consent to (a) the Borrower's purchase of 12,000 shares of the Borrower's stock from Mr. Warren J. Olsen on or before March 27, 2016, and (b) the Borrower's purchase 52,000 shares of the Borrower's stock from Mr. Scott Wylie on or before March 27, 2016, in the

aggregate purchase price not to exceed $1,600,000.00. The Bank hereby consents to such repurchases.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first written above.

BORROWER:

FIRST WESTERN FINANCIAL, INC.

By: /s/ Julie Courkamp
Name: Julie Courkamp
Title: CFO

BANK:

BMO HARRIS BANK N.A.

By: /s/ Lori Keller
Name: Lori Keller
Title: Vice President

SEVENTH AMENDMENT TO BUSINESS LOAN AGREEMENT

THIS SEVENTH AMENDMENT TO BUSINESS LOAN AGREEMENT is made as of March 31, 2017, by and between FIRST WESTERN FINANCIAL, INC., a Colorado corporation (the "Borrower"), and BMO HARRIS BANK N.A., as successor-by-merger to M&I Marshall and Ilsley Bank, a national banking association ("Bank").

In consideration of the mutual covenants, conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed that:

ARTICLE I
DEFINITIONS

When used herein, the following terms shall have the following meanings specified:

1.1 "Amendment" shall mean this Seventh Amendment to Business Loan Agreement.

1.2 "Credit Agreement" shall mean the Business Loan Agreement dated as of October 31, 2009, as amended, by and between the Borrower and Bank.

1.3 Other Capitalized Terms. All capitalized terms used in this Amendment and not specifically defined herein shall have the definitions assigned to such terms in the Credit Agreement.

ARTICLE II
AMENDMENTS

2.1 Amendments. The Affirmative Covenants, Subsection Financial Covenants and Ratios, Subsection ROA of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"ROA. First Western Trust Bank shall maintain at all times an ROA of greater than or equal to 0.20%, for the fiscal quarter ended March 31, 2017 and each fiscal quarter thereafter. ROA means net income divided by average total assets, each calculated on a rolling four quarter basis."

2.2 Amendments. The Affirmative Covenants, Subsection Financial Covenants and Ratios, Subsection Non-performing Loans to Total Loans is hereby amended and restated in its entirety to read as follows:

"Non-performing Loans to Total Loans. Bank shall maintain at all times a ratio of Non-performing Loans to Total Loans, which is less than or equal to 2.0%, for the fiscal quarter ended March 31, 2017 and each fiscal quarter thereafter. "Non-performing Loans" means loans outstanding which are not accruing interest, have been classified as renegotiated pursuant to guidelines established by the Federal

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Financial Examination Institution Council or are 90 days or more past due in the payment of principal or interest. "Total Loans" means the sum of loans and direct lease financings, net of unearned income of Bank."

2.3 Miscellaneous Amendments. The Credit Agreement, the Related Documents and all other agreements and instruments executed and delivered heretofore or hereafter pursuant to the Credit Agreement are amended hereby so that any reference therein to the Credit Agreement shall be deemed to be a reference to such agreements and instruments as amended by or pursuant to this Amendment.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower hereby represents and warrants to the Bank that:

3.1 Credit Agreement. All of the representations and warranties made by the Borrower in the Credit Agreement are true and correct on the date of this Amendment. No Default or Event of Default under the Credit Agreement has occurred and is continuing as of the date of this Amendment.

3.2 Authorization; Enforceability. The making, execution and delivery of this Amendment and performance of and compliance with the terms of the Credit Agreement has been duly authorized by all necessary organizational action by the Borrower. This Amendment is the valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms.

3.3 Absence of Conflicting Obligations. The making, execution and delivery of this Amendment and performance of and compliance with the terms of the Credit Agreement, as amended, do not violate any presently existing provision of law or the articles of organization or operating agreement of the Borrower or any agreement to which the Borrower is a party or by which it or any of its assets is bound.

ARTICLE IV
MISCELLANEOUS

4.1 Continuance of Credit Agreement. Except as specifically amended by this Amendment, the Credit Agreement shall remain in full force and effect.

4.2 Survival. All agreements, representations and warranties made in this Amendment or in any documents delivered pursuant to this Amendment shall survive the execution of this Amendment and the delivery of any such document.

4.3 Governing Law. This Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of Wisconsin applicable to agreements made and wholly performed within such state.

4.4 Counterparts; Headings. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement. Article and section headings in this Amendment are inserted for convenience of reference only and shall not constitute a part hereof.

4.5 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment in such jurisdiction or affecting the validity or enforceability of any provision in any other jurisdiction.

4.6 Conditions. The effectiveness of this Amendment is subject to the Bank having received on or before the date hereof, each of the following, in form and substance satisfactory to the Bank and its counsel:

(a) the executed Amendment No. 3 to Revolving Note and Amendment No. 2 to Term Note;

(b) payment of a $5,000 extension fee for the Revolving Note, which fee shall be fully earned on the date hereof; and

(c) such additional supporting documents and materials as the Bank may reasonably request.

4.7 Course of Dealing. The Borrower acknowledges that neither previous waivers, extensions and amendments granted to the Borrower by the Bank nor the amendments granted herein create any course of dealing or expectation with respect to any further waivers, extensions or amendments and further acknowledges that the Bank have no obligation whatsoever to grant any additional waivers, extensions, amendments or forbearance.

4.8 No Defenses. The Borrower acknowledges it has no defenses, rights of setoff or rights of recoupment to the enforceability or payment of any of its obligations under the Credit Agreement as amended hereby.

4.9 Expenses and Attorneys' Fees. The Borrower shall pay reasonable fees and expenses (including attorneys' fees) incurred by Bank in connection with the preparation, execution and delivery of this Amendment.

[signature page to follow]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first written above.

BORROWER:

FIRST WESTERN FINANCIAL, INC.

By: /s/ Julie Courkamp
Name: Julie Courkamp
Title: Chief Financial Officer

BANK:

BMO HARRIS BANK N.A.

By: /s/ Lori Keller
Name: Lori Keller
Title. Vice President

EIGHTH AMENDMENT TO BUSINESS LOAN AGREEMENT

THIS EIGHTH AMENDMENT TO BUSINESS LOAN AGREEMENT is made as of September 6, 2017, by and between FIRST WESTERN FINANCIAL, INC., a Colorado corporation (the "Borrower"), and BMO HARRIS BANK N.A., as successor-by-merger to M&I Marshall and Ilsley Bank, a national banking association ("Bank").

In consideration of the mutual covenants, conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed that:

ARTICLE I
DEFINITIONS

When used herein, the following terms shall have the following meanings specified:

1.1 "Amendment" shall mean this Eighth Amendment to Business Loan Agreement.

1.2 "Credit Agreement" shall mean the Business Loan Agreement dated as of October 31, 2009, as amended, by and between the Borrower and Bank.

1.3 Other Capitalized Terms. All capitalized terms used in this Amendment and not specifically defined herein shall have the definitions assigned to such terms in the Credit Agreement.

ARTICLE II
AMENDMENTS

2.1 Amendments. The Affirmative Covenants, Subsection Financial Covenants and Ratios, Subsection ROA of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"ROA. First Western Trust Bank shall maintain at all times an ROA of greater than or equal to 0.30%, for the fiscal quarter ended September 30, 2017 and each fiscal quarter thereafter. ROA means net income divided by average total assets, each calculated on a rolling four quarter basis."

2.2 Miscellaneous Amendments. The Credit Agreement, the Related Documents and all other agreements and instruments executed and delivered heretofore or hereafter pursuant to the Credit Agreement are amended hereby so that any reference therein to the Credit Agreement shall be deemed to be a reference to such agreements and instruments as amended by or pursuant to this Amendment.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower hereby represents and warrants to the Bank that:

3.1 Credit Agreement. All of the representations and warranties made by the Borrower in the Credit Agreement are true and correct on the date of this Amendment. No Default or Event of Default under the Credit Agreement has occurred and is continuing as of the date of this Amendment.

3.2 Authorization; Enforceability. The making, execution and delivery of this Amendment and performance of and compliance with the terms of the Credit Agreement has been duly authorized by all necessary organizational action by the Borrower. This Amendment is the valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms.

3.3 Absence of Conflicting Obligations. The making, execution and delivery of this Amendment and performance of and compliance with the terms of the Credit Agreement, as amended, do not violate any presently existing provision of law or the articles of organization or operating agreement of the Borrower or any agreement to which the Borrower is a party or by which it or any of its assets is bound.

ARTICLE IV
MISCELLANEOUS

4.1 Continuance of Credit Agreement. Except as specifically amended by this Amendment, the Credit Agreement shall remain in full force and effect.

4.2 Survival. All agreements, representations and warranties made in this Amendment or in any documents delivered pursuant to this Amendment shall survive the execution of this Amendment and the delivery of any such document.

4.3 Governing Law. This Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of Wisconsin applicable to agreements made and wholly performed within such state.

4.4 Counterparts; Headings. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement. Article and section headings in this Amendment are inserted for convenience of reference only and shall not constitute a part hereof.

4.5 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such

prohibition or unenforceability without invalidating the remaining provisions of this Amendment in such jurisdiction or affecting the validity or enforceability of any provision in any other jurisdiction.

4.6 Conditions. The effectiveness of this Amendment is subject to the Bank having received on or before the date hereof, each of the following, in form and substance satisfactory to the Bank and its counsel:

(a) the executed Second Amended and Restated Revolving Credit Note;

(b) payment of a $2,500 fee for the $1,000,000 increase in the revolving note, which fee shall be fully earned on the date hereof (since a $5,000 extension fee was paid for the renewal of the revolving note in March, 2017);

(c) corporate resolutions of the Borrower authoring the Second Amended and Restated Revolving Credit Note; and

(d) such additional supporting documents and materials as the Bank may reasonably request.

4.7 Course of Dealing. The Borrower acknowledges that neither previous waivers, extensions and amendments granted to the Borrower by the Bank nor the amendments granted herein create any course of dealing or expectation with respect to any further waivers, extensions or amendments and further acknowledges that the Bank have no obligation whatsoever to grant any additional waivers, extensions, amendments or forbearance.

4.8 No Defenses. The Borrower acknowledges it has no defenses, rights of setoff or rights of recoupment to the enforceability or payment of any of its obligations under the Credit Agreement as amended hereby.

4.9 Expenses and Attorneys' Fees. The Borrower shall pay reasonable fees and expenses (including attorneys' fees) incurred by Bank in connection with the preparation, execution and delivery of this Amendment.

[signature page to follow]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first written above.

BORROWER:

FIRST WESTERN FINANCIAL, INC.

By: /s/ Julie Courkamp
Name: Julie Courkamp
Title: CFO

BANK:

BMO HARRIS BANK N.A.

By: /s/ David R. Ball
Name: David R. Ball
Title: Managing Director

Exhibit 10.6

ASSET PURCHASE AGREEMENT

by and among

FIRST WESTERN TRUST BANK

as Buyer,

EMC HOLDINGS, LLC

as Seller,

WHMC, LLC,

as the sole member of Seller

and

ALAN SCHRUM

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (the "Agreement") is made and entered into effective as of August 18, 2017 (the "Effective Date"), by and among (a) FIRST WESTERN TRUST BANK, a Colorado state banking corporation ("Buyer"); (b) EMC HOLDINGS, LLC, a Colorado limited liability company ("Seller"); (c) WHMC, LLC, a Colorado limited liability company, as the sole member of Seller (the "Member") and (d) ALAN SCHRUM ("Schrum") (Seller, the Member and Schrum are collectively referred to herein as the "Seller Group") (Buyer and each member of Seller Group are sometimes referred to herein individually as a "Party" and collectively as the "Parties").

WHEREAS, Seller is a residential mortgage company, is engaged in the "Business" (defined below) and is licensed to conduct its Business in the State(s) of Colorado;

WHEREAS, Seller desires to sell the "Assets" (defined below), including the Assets detailed in Schedule 2.1(e) that are used in connection with the Business, and Buyer desires to purchase such assets from Seller, on the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, the Member will receive substantial direct and indirect benefits from the transactions contemplated by this Agreement, and Buyer has required that the Member enter into this Agreement as a condition to Buyer's execution and delivery hereof.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements contained herein, the Parties agree as follows:

ARTICLE I
Definitions

1.1 Definitions. As used in this Agreement, the following terms shall have the meanings set forth below (definitions are applicable to both the singular and plural forms of each term defined in this Section):

(a) "Active Employee" means employees of Seller who are actively working in the Business as of the Closing Date. Without limiting the foregoing, any employee of Seller employed in the Business who is on a leave of absence of any nature as of the Closing Date will not be considered an Active Employee.

(b) "Affiliate" of any Person shall mean any Person that directly or indirectly controls, is controlled by, or is under common control with such Person in question.

(c) "Agency" means the FHA, Fannie Mae, Freddie Mac and HUD.

(d) "Applicable Pipeline Requirements" means and includes, as of the time of reference, (i) all contractual obligations of Seller with respect to Seller's origination of Pipeline Loans, (ii) all applicable guidelines of Seller for the stage of processing of the Pipeline Loans, (iii) the Applicable Requirements, and (iv) all applicable Mortgage Loan Regulations.

(e) "Applicable Requirements" means (i) the responsibilities and obligations of Seller relating to any Mortgage Loan or Pipeline Loan set forth in any servicing agreement, mortgage broker agreement, loan correspondent agreement, mortgage loan purchase agreement, or other agreement between Seller, on the one hand, and any third party originator, loan correspondent, loan seller, Agency, Investor or Insurer, on the other hand, (ii) applicable

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guidelines and handbooks of Seller and all applicable guidelines, handbooks and other published written requirements of any Investor, Agency or Insurer with respect to the origination, sale or servicing of Mortgage Loans by Seller, and (iii)the applicable terms and provisions of the Mortgage

Files.

(f) "Assumed Contract" means all rights, title and interest under any of the Business contracts identified in Schedule 3.18(a) (excluding any agreements that Schedule 3.17(b) indicates will be retained by Seller following the Closing or terminated at or prior to the Closing.

(g) "Business" means the business of originating, making and selling residential mortgage loans.

(h) "Business Day" means Monday through Friday of each week, except a legal holiday recognized as such by the United States federal government or any day on which banking institutions in the State of Colorado are authorized or obligated to close.

(i) "Code" means the Internal Revenue Code of 1986.

(j) "Common Stock" means shares of the no-par value common stock of First Western Financial, Inc., a Colorado corporation ("FWFI"), which shall be valued at $28.50 per share for the purposes hereof and shall vest or be earned as described in Section 2.5, and which shall be restricted as more particularly set forth in such applicable Restricted Stock Agreement.

(k) "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

(l) "Employment Agreement" means that certain Employment Agreement of even date herewith, between Schrum and Buyer in the form attached hereto as Exhibit E.

(m) "Environmental Laws" means any applicable federal, state or local statute, law, rule, regulation, ordinance or code, in each case as amended as of the date of this Agreement, including any applicable and enforceable judicial or administrative Order relating to the environment, Hazardous Materials, or the effect of Hazardous Materials on human health and safety, including the CERCLA; the Hazardous Materials Transportation Act, 49 U.S.C. §§ 5101, et seq.; the Resource Conservation and Recovery Act of 1976, 42 U.S.C. §§ 6901, et seq.; the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251, et seq.; the Toxic Substances Control Act, 15 U.S.C. §§ 2601, et seq., the Clean Air Act, 42 U.S.C. §§ 7401, et seq., and the Safe Drinking Water Act, 42 U.S.C. §§ 300f, et seq.

(n) "ERISA" means Employee Retirement Income Security Act of 1974.

(o) "Fannie Mae" means the Federal National Mortgage Association, or any successor thereto.

(p) "FHA" means the United States Federal Housing Administration, or any successor thereto.

(q) "Freddie Mac" means the Federal Home Loan Mortgage Corporation, or any successor thereto.

(r) "Hazardous Materials" means: (i) any petroleum or petroleum products, natural gas, or natural gas products, methamphetamines or chemicals used to manufacture same, regulated radioactive materials, asbestos, urea formaldehyde foam insulation, transformers or other equipment that contains dielectric fluid containing levels of polychlorinated biphenyls (PCBs) at regulated concentrations, and radon gas at regulated concentrations; (ii) any chemicals, materials, waste or substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," "contaminants," or "pollutants" under any Environmental Laws; and (iii) any other chemical, material, waste or substance which is in any way regulated as hazardous or toxic to human health or the environment by any Governmental Authority, including mixtures thereof with other materials, and including any regulated building materials containing asbestos or lead.

(s) "HUD" means the United States Department of Housing and Urban Development, or any successor thereto.

(t) "Insurer" means a Person who insures or guarantees for the benefit of the mortgagee all or any portion of the risk of loss upon borrower default on any Mortgage Loan or Pipeline Loan and any provider of hazard, title or other insurance with respect to any Mortgage Loan or Pipeline Loan or the collateral securing any such loan.

(u) "Investor" means any Person (including an Agency) having a beneficial interest in a Mortgage Loan or a security backed by or representing an interest in a Mortgage Loan or any Person with authority to act for and on behalf of any such Person (or Agency), such as a trustee.

(v) "Knowledge" and "known" and words of similar import mean:

(i) with respect to Seller Group, Seller Group will be deemed to have "Knowledge" of a particular matter, and the particular matter will be deemed to be "known" by Seller Group, if any member of Seller Group, or any manager, officer or employee of Seller, or any Affiliate of any member of Seller Group providing services to or for the benefit of the Business, has actual knowledge of such matter or would reasonably be expected to have knowledge of such matter following reasonable inquiry of the appropriate employees and agents of Seller Group; and

(ii) with respect to Buyer, Buyer will be deemed to have "Knowledge" of a particular matter, and the particular matter will be deemed to be "known" by Buyer, if the Chief Executive Officer or Chief Financial Officer of the Buyer has actual knowledge of such matter or would reasonably be expected to have knowledge of such matter following reasonable inquiry of the appropriate employees and agents of Buyer.

(w) "Law" means, with respect to any Person, any federal, state, local, municipal, county, national, foreign, international or multinational law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, Order, injunction, judgment,

decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority that is binding upon or applicable to such Person, as amended unless expressly specified otherwise.

(x) "Lien" means, with respect to any property or asset, any mortgage, lien, license, pledge, charge, security interest, encumbrance, covenant, condition, easement, right of way, restriction on disposition or transfer, voting or other similar agreement, defect in title, or other adverse claim, limitation or restriction of any kind in respect of such property or asset. For the purposes of this Agreement, a Person shall be deemed to own, subject to a Lien, any property or asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such property or asset.

(y) "Material Adverse Effect" means any change, event, violation, inaccuracy, development, condition or circumstance (including acts of God or force majeure, weather related and terrorist related events) that is, or, with the lapse of time, could reasonably be expected to be, individually or in the aggregate, material and adverse to the business, operations, assets, properties, prospects, rights or condition (financial or otherwise) of Seller, taken individually or as a whole, except for any change, event, development, condition or circumstance resulting, directly or indirectly, from (i) changes in GAAP that do not disproportionately impact Seller relative to other participants in the investment advisory industry; (ii) changes in general economic conditions that do not disproportionately impact Seller relative to other participants in the investment advisory industry; or (iii) changes in financial or securities markets that do not disproportionately impact Seller relative to other participants in the investment advisory industry.

(z) "Mortgage" means, with respect to a Mortgage Loan, the obligations created by any Mortgage Instrument reflecting a Lien upon real property and any other property described in such Mortgage Instrument and securing payment by a Mortgagor under a Mortgage Note.

(aa) "Mortgage Files" means the file or files containing the photostatic copy or copies on any other media and, to the extent required by applicable Law or Applicable Requirements, original documents, of the Mortgage Note, any Mortgage or other documents creating or evidencing a security interest in the related Collateral and other related loan documents, including the related credit and closing packages, disclosures, custodial documents, and all other files, books, records and documents related to the foregoing reasonably necessary to (i) establish the eligibility of the Mortgage Loans for insurance by an Insurer or for sale or delivery of the Mortgage Note; (ii) Service the Mortgage Loans in accordance with applicable Laws, Applicable Requirements, and the Mortgage Loan Regulations; or (iii) comply with applicable Laws, Applicable Requirements, and the Mortgage Loan Regulations regarding documentation to be maintained by a servicer of a Mortgage Loan, or by the document custodian thereof.

(bb) "Mortgage Instrument" means any deed of trust, security deed, mortgage, security agreement or any other instrument that, together with any assignment, reinstatement, extension, endorsement or modification thereof, evidences a Mortgage.

(cc) "Mortgage Loan" means any loan that is, or upon closing or funding will be, evidenced by a Mortgage Instrument evidencing the Indebtedness of the Mortgagor under a Mortgage Note.

(dd) "Mortgage Loan Regulations" means (i) applicable federal, state and local Laws applicable to the origination of any Pipeline Loan or the origination, sale, securitization or Servicing of Mortgage Loans, including Laws relating to real estate settlement procedures, consumer credit protection, truth-in-lending, usury limitations, fair housing, collection practices, equal credit opportunity and adjustable rate mortgages; (ii) applicable Laws with respect to the origination, sale or servicing of Mortgage Loans; (iii) federal and state fair labor standards Laws

or similar wage and hour Laws; and (iv) applicable Orders with respect to the Seller Group pertaining to Mortgage Loans or Pipeline Loans.

(ee) "Mortgage Note" means, with respect to a Mortgage Loan, a promissory note or notes, or other evidence of Indebtedness, with respect to such Mortgage Loan secured by a Mortgage or Mortgages, together with any assignment, reinstatement, extension, endorsement or modification thereof.

(ff) "Mortgagor" means, with respect to a Mortgage Loan, the borrower of such Mortgage Loan.

(gg) "Net Mortgage Income" means, the revenues or income produced by originating and selling Mortgage Notes (including gain/loss on sale, hedge gains/losses, interest income, and other direct Mortgage Note income items) less direct expenses associated with originating and selling Mortgage Notes (including commissions, interest expense associated with the Mortgage Note and other direct expenses).

(hh) "Order" means any decree, order, judgment, injunction, temporary restraining order or other order in any suit or proceeding by or with any Governmental Authority.

(ii) "Ordinary Course Obligations" and obligations incurred in the "Ordinary Course of Business" mean recurring Liabilities incurred in the normal course of operation of the Business, consistent with past practice, but do not include any Liabilities resulting from a violation of applicable Law or any Liabilities under an agreement that result from any breach or default (or event that with notice or lapse of time would constitute a breach or default) under such agreement.

(jj) "Permitted Lien" means Liens for current Taxes not yet due and Liens for Taxes being contested in good faith, as to which appropriate reserves have been established by such Person in its books and records.

(kk) "Person" means any person or entity, whether an individual, trustee, corporation, limited liability company, general partnership, limited partnership, trust, unincorporated organization, business association, firm, joint venture, Governmental Authority or any similar entity.

(ll) "Pipeline Loans" means applications in process for residential Mortgage Loans whether or not registered and designated as price protected on the Seller Group's residential mortgage loan origination system and which have not closed or funded as of the Closing Date.

(mm) "Previously Disposed of Mortgage Loans" means all Mortgage Loans or any other type of loans or servicing rights that, as at any time as of or prior to Closing, Seller owned and subsequently sold, transferred, conveyed or assigned and for which Seller retains a contingent liability to third parties for failure to originate, service, sell, securitize, or otherwise handle such Mortgage Loans or other loans or servicing rights in accordance with the then current Mortgage Loan Requirements, Applicable Requirements, or comparable requirements including, without limitation, any Mortgage Loan or other loans for which Seller has the obligation to repurchase or indemnify the Investor or any purchaser pursuant to the applicable loan or servicing purchase agreement.

(nn) "Representative" and "Representatives" means, with respect to any Person, such Person's shareholders, officers, directors, employees, partners, managers, members, investment bankers, attorneys, financial advisors, accountants, auditors, consultants, advisors and other agents.

(oo) "Seller's Office" means the office located at 5460 S. Quebec Street, Suite 120, Greenwood Village, CO 80111, which is leased by Seller under the terms of the Real Property Lease.

1.2 Interpretative Provisions. The words "hereof", "herein" and "hereunder" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules of this Agreement unless otherwise specified. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein, shall have the meaning set forth in this Agreement. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "but not limited to,", whether or not they are in fact followed by those words or words of like import. "Writing", "written" and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. Any reference to any money or currency or use of "$" shall be in U.S. dollars. Except as the context may otherwise require, references to any contract or agreement are to that contract or agreement as amended, modified or supplemented from time-to-time in accordance with the terms hereof and thereof; provided that with respect to any contract or agreement listed on any Schedules hereto, all such amendments, modifications or supplements must also be listed in the appropriate Schedule. References to a statute, code or act shall be to such statute, code or act, as amended from time-to-time, and to the rules and regulations promulgated thereunder. References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively.

ARTICLE II
Purchase of Assets

2.1 Purchase of Assets. At the Closing, subject to the terms and conditions of this Agreement, Seller agrees to sell, transfer, assign and deliver to Buyer good and marketable title to the Assets noted below as well as in Schedule 2.1(e), and Buyer agrees to purchase and take the Assets, free and clear of all Liens other than Permitted Liens on the terms and subject to the conditions set forth in this Agreement. Subject to the provisions of Section 9.1, the "Assets" means all tangible and intangible assets used in, generated by or associated with the Business, including prepaid expenses, deposits, equipment, office furnishings, prepaid assets, contract rights, licenses and permits, client lists, prospect lists, marketing lists and material, sales data, records, computer software and software licenses, proprietary information and systems, intellectual property, trade secrets, trademarks and trade names, logos, copyrights, goodwill associated with such intellectual property and the Business owned by Seller or acquired by Seller after the date hereof and prior to the Closing, and specifically including:

(a) all books, records, correspondence, e-mail messages, files, documents, logs, data, studies, reports, investment histories, databases and similar information owned or possessed by Seller and used or useful in conducting the Business, including those required to be maintained

and retained under applicable Law, in whatever form or forms, including hard copy, microfilm, microfiche, CD-ROM or other electronic media, and the software used by Seller to access the same;

(b) all Pipeline Loans;

(c) all rights, title and interest under any of the Business Contracts identified in Schedule 3.18(a) (excluding any agreements that Schedule 3.17(b) indicates will be retained by Seller following the Closing or terminated at or prior to the Closing, collectively, the "Assumed Contracts");

(d) all rights of Seller to its Intellectual Property, including the name "Englewood Mortgage Company" and all derivatives thereof, and the Intellectual Property listed on Schedule 3.19;

(e) the fixed assets of Seller, including such fixed assets listed on Schedule 2.1(e);

(f) all rights of Seller as a lessee under the written Real Property Lease for Seller's Office, as listed on Schedule 3.20;

(g) all net income earned by the Seller the date of Closing; and

(h) all goodwill related to the Business.

2.2 Excluded Assets. For the avoidance of doubt, the Assets shall not include any assets, tangible or intangible, of Seller not specifically identified in Section 2.1 or any of the assets listed on Schedule 2.2 (collectively, "Excluded Assets"):

2.3 Assumed Liabilities. At the Closing, Buyer will assume only the "Assumed Liabilities" included on Schedule 2.3:

2.4 Excluded Liabilities. It is understood and agreed that Buyer will not assume, and Seller will therefore retain and discharge, and the Member will cause Seller to so retain and discharge, when due or otherwise satisfy at or following the Closing, any direct or indirect debts, obligations or liabilities of Seller of any nature, whether absolute, accrued, contingent, liquidated or otherwise, and whether due or to become due, asserted or unasserted, known or unknown (each, a "Liability" and collectively, "Liabilities") not specifically assumed by Buyer pursuant to Section 2.3, including those Liabilities set forth below (collectively, the "Excluded Liabilities"):

(a) all Liabilities relating to the Excluded Assets, including all Liabilities arising out of, or relating to, the Employee Benefit Plans and any contract, lease, instrument or other agreement (verbal or written) not included in the Assets;

(b) Liabilities relating to any Litigation arising out of Seller's operation of the Business or in any way related to the Business or the Assets prior to the Closing;

(c) Liabilities relating to indebtedness for borrowed money by Seller;

(d) Liabilities relating to loans, payables or other Liabilities owing to the Member or any employee or principal of Seller or the Member;

(e) Liabilities relating to any Taxes imposed on, collected by or withheld with respect to, or in any way related to Seller, the Member, the Business, the Assets for any period on or prior to the Closing Date or arising out of or in connection with the transactions contemplated herein;

(f) Liabilities related to Seller Group transaction fees and expenses contemplated in Section 5.8;

(g) all claims of third parties relating to Seller's ownership or use of Seller's Intellectual Property relating to periods on or prior to the Closing Date, regardless of when they arise;

(h) any undisclosed Liability of Seller;

(i) all of the Liabilities based upon, relating to or arising out of Seller's operations or conduct of the Business prior to the Closing Date, regardless of when they arise; and

(j) all other Liabilities of Seller that are not Assumed Liabilities.

2.5 Consideration. As consideration in full for the acquisition of the Assets from Seller, Buyer is assuming the Assumed Liabilities and paying Seller the following amounts (collectively, the "Purchase Price"):

(a) Buyer shall pay to Seller $2,000,000 (the "Closing Payment") at Closing by wire transfer of immediately available funds to the account specified in Schedule 2.5(a), subject to a $100,000 holdback which shall be paid to Seller not more than 60 days after the Closing Date upon final determination of any adjustments required to the value of the Assets;

(b) Buyer shall grant to Seller, or its assignee, 52,632 shares of Common Stock. Subject to the provisions hereof, the Common Stock shall vest in five equal installments on the first, second, third, fourth and fifth anniversary of the Effective Date, subject to Schrum's continued employment with Seller pursuant to the Employment Agreement and to such other terms and conditions as may be set forth in the award agreement evidencing the grant of Common Stock, including Buyer's right of setoff as set forth in Section 7.7; and

(c) The remaining balance of the Purchase Price (the "Earn-Out Amount") shall be paid in the form of 52,632 shares of Common Stock over the period of time following the Effective Date (subject to earlier termination as set forth in herein, the "Earn-Out Period") in accordance with Exhibit A, subject to Buyer's right of setoff as set forth in Section 7.7.

2.6 Closing. The closing (the "Closing") of the transactions contemplated by this Agreement shall take place at the offices of Shapiro Bieging Barber Otteson LLP, 4582 S. Ulster St. Pkwy, Suite 1650, Denver, Colorado 80237, or via Federal Express and facsimile, as agreed by Buyer and Seller, at 10:00 a.m. local time on September 1, 2017 (the "Scheduled Closing Date"), or if all of the conditions to the obligations of the Parties set forth in Sections 6.1 and 6.2 have not been satisfied or waived by the Scheduled Closing Date and the date for the satisfaction of any condition in Sections 6.1 and 6.2 is extended as set forth in Section 6.3, on the day which is two Business Days following the date on which all such conditions have been satisfied or waived (such date and time of the Closing being herein called the "Closing Date").

2.7 Closing Actions and Deliveries. At or prior to the Closing, the Parties will take the following actions and make the following deliveries:

(a) Buyer will pay to Seller the Closing Payment as set forth in Section 2.5(a);

(b) Buyer will pay to Seller an award agreement evidencing the Common Stock as set forth in Section 2.5(b);

(c) Seller will endorse and deliver to Buyer any certificates of title necessary to effect or record the transfer of any Assets for which ownership is evidenced by a certificate of title;

(d) Seller will execute and deliver to Buyer a Bill of Sale conveying the Assets to Buyer, in the form attached hereto as Exhibit B;

(e) Seller and Buyer will execute and deliver to each other an Assignment of Intellectual Property conveying the Intellectual Property included in the Assets to Buyer, in the form attached hereto as Exhibit C;

(f) Buyer and Seller will execute and deliver to each other an Assignment and Assumption Agreement evidencing the assumption by Buyer of the Assumed Liabilities, in the form attached hereto as Exhibit D;

(g) Buyer and Schrum will execute and deliver to each other the Employment Agreement;

(h) Seller will execute and deliver to Buyer a closing certificate, in the form of Exhibit F to this Agreement;

(i) Seller will execute and deliver to Buyer a certificate of its secretary, in the form of Exhibit G to this Agreement;

(j) Buyer will execute and deliver to Buyer a closing certificate, in the form of Exhibit H to this Agreement;

(k) Buyer will execute and deliver to Buyer a certificate of its secretary, in the form of Exhibit I to this Agreement;

(l) Seller will deliver to Buyer a consent to the assignment of the Real Property Lease and estoppel letter from the landlord for Seller's Office, in form of Exhibit J to this Agreement, or such other form reasonably acceptable to Buyer;

(m) Seller will deliver to Buyer an assignment of any other Business Contract required in the sole discretion of Buyer, and if required thereby, a consent to the assignment of such contracts, in a form reasonably acceptable to Buyer; and

(n) Seller will deliver the Assets, if capable of physical delivery, to Buyer at Seller's Office.

2.8 Further Assurances. At or after the Closing, and without further consideration, Seller Group will execute and deliver to Buyer such further instruments of conveyance and transfer as Buyer

may reasonably request, in a form reasonably acceptable to Buyer, in order to convey to Buyer all right, title and interest in and to the Assets in the manner provided for in this Agreement and to put Buyer in operational control of the Business.

2.9 Allocation of Purchase Price. The Purchase Price will be allocated among the Assets based on the agreed-upon fair market value set forth in Schedule 2.9. Each of Buyer and Seller will file its federal income tax returns and its other tax returns (including any forms or reports required to be filed pursuant to Section 1060 of the Code or any provisions of state and local law ("1060 Forms")) reflecting such allocation and to take no position contrary thereto unless required to do so pursuant to a determination (as defined in Section 1313(a) of the Code). Furthermore, the Parties will cooperate in the preparation of any 1060 Forms and to file such 1060 Forms in the manner required by applicable Law.

ARTICLE III
Representations and Warranties of Seller Group

Except as set forth in the disclosure schedules delivered by Seller to Buyer on the date hereof, to induce Buyer to enter into this Agreement, each member of Seller Group hereby jointly and severally represents and warrants to Buyer that the statements contained in this Article III are true and correct as of the date hereof and as of the Closing Date (or, if otherwise provided with respect to a specific representation or warranty, on such date provided therein). Each member of Seller Group shall confirm on the Closing Date that each of these representations and warranties remain true. All representations and warranties set forth in this Article III shall be without regard to Seller's Knowledge unless expressly limited to Seller's Knowledge.

3.1 Organization. Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Colorado and has full power to own its properties and to conduct its business as presently conducted. Seller is not required, as a result of the Business, to be qualified to do business as a foreign entity in any jurisdiction. Seller does not operate the Business under any assumed names other than Englewood Mortgage Company.

3.2 Authority. Each member of Seller Group has all requisite power, authority and capacity to execute, deliver and perform under this Agreement and the other agreements, certificates and instruments to be executed by such member in connection with or pursuant to this Agreement (collectively, the "Seller Documents"). The execution, delivery and performance by each member of Seller Group of each Seller Document to which it is a party has been duly authorized by all necessary action on the part of such Seller Group member. This Agreement and the other Seller Documents delivered at the time of execution of this Agreement have been, and will be at the Closing, duly executed and delivered by each member of Seller Group (to the extent each is a party thereto). This Agreement is, and, upon delivery at the Closing, each of the other Seller Documents will be a legal, valid and binding agreement of each member of Seller Group (to the extent it is a party thereto), enforceable against each such member of Seller Group in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance or similar laws affecting the enforcement of creditors' rights generally and subject to general principles of equity (regardless of whether enforcement is sought in a proceeding of law or in equity). The Member are the owners of all of the outstanding equity interests of Seller, with such ownership interests as set forth on Schedule 3.2, and, except for such ownership interest set forth on Schedule 3.2, there exists no issued, reserved for issuance or outstanding (i) membership or other equity ownership interests of Seller; (ii) options, warrants, units or other securities or rights to acquire from any member of Seller Group any membership or other equity ownership interests of Seller; or (iii) performance units or similar securities, rights or units that are derivative of, or provide economic benefits based, directly or indirectly, on the value or price of, any equity ownership interests in Seller.

3.3 Title to Assets.

(a) The Assets, together with the Excluded Assets, constitute all of the assets of Seller that are used in, generated by or associated with the Business as conducted by Seller. The Assets constitute all assets necessary to carry on the Business as currently conducted.

(b) Seller has good and marketable title to all of the Assets it owns, or purports to own, and a valid leasehold interest in all leased assets included within the Assets, free and clear of any Liens, other than Permitted Liens. The execution and delivery of Seller Documents by Seller will convey to and vest in Buyer good and marketable title to the Assets, free and clear of any Liens. The Assets, including any Assets held under leases or licenses: (i) are in good condition and repair, ordinary wear and tear excepted; and (ii) are in good working order and have been properly and regularly maintained.

(c) Except as set forth on Schedule 3.3(c), within five years prior to the date hereof, Seller has not (i) conducted business under or used any name other than "EMC Holdings, LLC" or "Englewood Mortgage Company"; (ii) purchased or sold assets outside of the ordinary course of business consistent with past practice; or (iii) maintained, stored or otherwise located the Assets at any facility other than the real property that is the subject of the Real Property Lease.

3.4 No Violation; Consents. Except for the consent to the assignment of the Real Property Lease, neither the execution or delivery of Seller Documents nor the consummation of the transactions contemplated thereby, including the sale of the Assets to Buyer, will conflict with or result in the breach of any term or provision of, require consent or notice or violate or constitute a default under (or an event that with notice or lapse of time or both could constitute a breach or default), or result in the creation of any Lien on the Assets pursuant to, or relieve any Person of any obligation to Seller or give any Person the right to terminate or accelerate any obligation under, any charter provision, bylaw, contract, agreement, License or applicable Law to which Seller is a party or by which Seller or any of the Assets or the Business is in any way bound or obligated.

3.5 Governmental Consents. No consent, approval, Order or authorization of, or registration, qualification, designation, declaration or filing with, any governmental or quasi-governmental agency, authority, commission, board or other body, including any Agency (collectively, a "Governmental Authority"), is required by Seller in connection with the sale of the Assets by Seller to Buyer or any of the other transactions contemplated by this Agreement.

3.6 Financial Statements. Seller has previously provided to Buyer; (a) Seller's audited balance sheets, statements of income and statements of cash flows as of and for the 12 months ended December 31, 2016 and December 31, 2015; and (b) Seller's unaudited balance sheet and statement of income as of and for the six months ended June 30, 2017 (collectively, the "Financial Statements"). The Financial Statements fairly and accurately present, in all material respects, the financial condition of Seller as of the dates thereof, and the results of such Seller's operations for the periods covered thereby, all in accordance with accounting principles generally accepted in the United States of America ("GAAP"), consistently applied, except for the absence of footnotes and, in the case of the interim Financial Statements, for customary year-end adjustments. Since December 31, 2016, Seller has not incurred any liability of the nature required to be disclosed in a balance sheet prepared in accordance with GAAP and does not have any Liabilities, except for (i) Liabilities relating to or arising out of the transactions contemplated by this Agreement; (ii) Liabilities reflected in the June 30, 2017 Financial Statements; and (iii) Liabilities incurred in the Ordinary Course of Business.

3.7 Books and Records. The books of account and other financial records of Seller, all of which have been made available to Buyer and its Representatives, are complete and correct in all material respects, represent actual, bona fide transactions and have been maintained in accordance with sound business practices and applicable Law, including maintenance of an adequate system of internal controls. The minute books of Seller, which have been made available to Buyer and its Representatives, contain accurate and complete records of all meetings held and actions taken by Seller's managers and members, and no meeting of any such managers or members has been held for which minutes have not been prepared or are not contained in such minute books.

3.8 Absence of Material Adverse Changes. Since January 1, 2017, Seller has operated the Business in the ordinary course of business, consistent with past practices, and, except as set forth in Schedule 3.8, there has not been:

(a) any event, occurrence, development or state of circumstances or facts that, individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect with respect to Seller or the Business;

(b) any revaluation by Seller of any of the Assets, including the writing down or off of notes or accounts receivable;

(c) any entry by Seller into any commitment or transaction material to the Business, including incurring or agreeing to incur capital expenditures in excess of, or any entry into any lease obligations with aggregate payments in excess of, $5,000, individually or in the aggregate;

(d) any breach or default (or event that with notice or lapse of time could constitute a breach or default), termination or threatened termination under any Business Contract or the Real Property Lease;

(e) any change by Seller in its accounting methods, principles or practices relating in any way to the Business;

(f) any increase in the benefits under, or the establishment or amendment of, any bonus, insurance, severance, deferred compensation, pension, retirement, profit sharing or other employee benefit plan, or any increase in the compensation payable or to become payable to directors, managers, officers or employees of Seller employed in the Business, except for annual merit increases in salaries or wages in the ordinary course of business and consistent with past practice and not in excess of 2% of any Person's base salary;

(g) the termination of employment (whether voluntary or involuntary) of any officer or employee of Seller employed in the Business or the termination of employment (whether voluntary of involuntary) of employees of Seller employed in the Business;

(h) any theft, condemnation or eminent domain proceeding or any damage, destruction or casualty loss affecting any asset used in the Business, whether or not covered by insurance;

(i) any sale, assignment or transfer (including within Seller's organization) of any asset used in the Business;

(j) any waiver by any member of Seller Group of any material rights related to the Business or the Assets;

(k) any other transaction, agreement or commitment entered into or affecting the Business or the Assets, except in the ordinary course of business and consistent with past practice; or

(l) any agreement or understanding to do or resulting in any of the foregoing.

3.9 Taxes.

(a) All federal, state, local and other Tax returns, notices and reports (including income, property, sales, use, franchise, withholding, single business, social security and unemployment Tax returns) required to be filed by Seller that encompass or relate in any manner to the Business have been accurately prepared and duly and timely filed, and all Taxes required to be paid with respect to the periods covered by any such returns have been timely paid. No Tax deficiency has been proposed or assessed against Seller, and Seller has not executed any waiver of any statute of limitations on the assessment or collection of any Tax. No Tax audit, action, suit, proceeding, investigation or claim is now pending or, to the Knowledge of Seller Group, threatened against Seller, and no issue or question has been raised (and is currently pending) by any taxing authority in connection with Seller's Tax returns or reports. Seller has withheld or collected from each payment made to each of its employees and other payees the full amount of any and all Taxes required to be withheld or collected therefrom and has paid the same to the proper Tax receiving officers or authorized depositaries. Buyer will not be responsible for any income, excise or other Tax that arises out of or results from the sale of the Assets hereunder, the operation of the Assets by Seller prior to the Closing or any other transaction or activity of any member of Seller Group.

(b) "Tax" or "Taxes" means any and all taxes, charges, fees, levies, assessments, duties or other amounts payable to any federal, state, local or foreign taxing authority or agency, including: (i) income, franchise, profits, gross receipts, minimum, alternative minimum, estimated, ad valorem, value added, sales, use, service, real or personal property, capital stock, license, payroll, withholding, disability, employment, social security, workers compensation, unemployment compensation, utility, severance, excise, stamp, windfall profits, transfer and gains taxes; (ii) customs, duties, imposts, charges, levies or other similar assessments of any kind; and (iii) interest, penalties and additions to tax imposed with respect thereto.

3.10 Litigation. There are currently no pending or, to the Knowledge of Seller Group, threatened lawsuits, administrative proceedings or reviews, enforcement actions, or formal or informal complaints or investigations or inquiries (including grand jury subpoenas) (collectively, "Litigation") by any Person against any member of Seller Group relating to or concerning the Business or to which any of the Assets may be subject. No member of Seller Group is subject to or bound by any currently existing Order that relates in any way to the Business or the Assets.

3.11 Compliance with Laws. Seller is currently complying, in all material respects, with and has at all times complied, in all material respects, with all applicable Law and Orders.

3.12 Licenses. Seller owns or possesses from each appropriate Governmental Authority all right, title and interest in and to all licenses, authorizations, approvals, quality certifications, franchises or rights (collectively, "Licenses") issued by any Governmental Authority necessary to conduct the Business. Each License is described in Schedule 3.12 and is included within the Assets. No loss or expiration of any such License is pending or, to the Knowledge of Seller Group, threatened or reasonably foreseeable, other than expiration in accordance with the terms thereof of such Licenses that may be renewed in the ordinary course of business without lapsing.

3.13 Employee Matters.

(a) Set forth in Schedule 3.13(a) is a complete list of all current employees of Seller employed in the Business, including date of employment, current title and compensation, date and amount of last increase in compensation, all of whom are Active Employees. Seller does not have any collective bargaining, union or labor agreements, contracts or other arrangements with any group of employees, labor union or employee Representative and there is no organizational effort currently being made or, to the Knowledge of Seller Group, threatened by or on behalf of any labor union with respect to employees of Seller employed in the Business. Seller has not experienced, and there is no basis for, any strike, material labor trouble, work stoppage, slow down or other interference with or impairment of the Business.

(b) While employed by Seller, and, to the Knowledge of Seller, prior to being so employed, no Active Employee or former Employee has been the subject of any governmental proceeding, investigation or inquiry involving any Governmental Authority having jurisdiction over the business activities of any such employee. No Active Employee is or has been the subject of any Order of any court of competent jurisdiction, permanently or temporarily enjoining any such Active Employee from, or otherwise limiting, the following activities: (i) acting as an investment adviser, underwriter, broker or dealer in securities, or engaging in or continuing any conduct or practice in connection with such activity; (ii) engaging in any type of business practice; or (iii) engaging in any activity in connection with the purchase or sale of any security or in connection with any violation of securities laws.

3.14 Employee Benefit Plans.

(a) Set forth in Schedule 3.14(a) is a complete and correct list of all Employee Benefit Plans. The term "Employee Benefit Plans" means, without limitation: (i) all benefit and compensation plans, contracts, policies or arrangements sponsored, maintained or contributed to by Seller and covering current or former employees of Seller; (ii) any "employee benefit plan" within the meaning of Section 3(3) of ERISA; and (iii) all plans or policies providing for fringe benefits and each other bonus, incentive compensation, deferred compensation, profit sharing, stock, severance, retirement, health, life, disability, group insurance, employment, stock option, stock purchase, stock appreciation right, performance share, supplemental unemployment, layoff, consulting, or any other similar plan, agreement, policy or understanding (whether written or oral, qualified or nonqualified, currently effective or terminated), which provides benefits, or describes policies or procedures applicable, to any employee of Seller employed in the Business, or any dependent thereof. Seller has provided to Buyer a true and complete copy of each Employee Benefit Plan that covers any employee of Seller employed in the Business, or any dependent thereof and all amendments thereto and written interpretations thereof and the most recently disseminated summary plan description and an explanation of any material plan modifications made after the date thereof. Except as set forth in Schedule 3.14(a), Seller has no formal plan or commitment, whether legally binding or not, to create any additional Employee Benefit Plan or modify or change any existing Employee Benefit Plan that could affect any employee of Seller employed in the Business, or any dependent or beneficiary thereof.

(b) There is no Employee Benefit Plan that is maintained or contributed to by Seller or any other entity under common control with Seller as determined under Section 414(b), (c) or (m) of the Code with respect to which Seller has or may have any Liability that could materially affect the Business or the Assets.

(c) Buyer will not assume any Employee Benefit Plans of Seller or take on any Liability relating to any Employee Benefit Plans of Seller.

3.15 Origination Matters; Mortgage Loans.

(a) Each Mortgage Loan originated by Seller was originated in all material respects in accordance with Mortgage Loan Regulations and Applicable Requirements, each as applicable. Each Mortgage Loan assigned, sold or serviced by Seller was assigned, sold and serviced in all material respects in accordance with Mortgage Loan Regulations and Applicable Requirements, each as applicable. For each Mortgage Loan, the related original Mortgage Instrument has been recorded or is in the process of being recorded in the appropriate jurisdictions wherein such recordation is required to perfect the lien thereof.

(b) Seller has timely filed in all material respects, all reports that any Investor, Insurer, Agency or other Governmental Authority, or other third party requires that it file with respect to its business.

(c) Seller has not done or caused to be done, or has not failed or omitted to do, any act, the effect of which would operate to invalidate or materially impair (i) any private mortgage insurance or commitment of any private mortgage insurer to insure; (ii) any title insurance policy; (iii) any hazard insurance policy; (iv) any flood insurance policy; (v) any fidelity bond, direct surety bond, or errors and omissions insurance policy required by private mortgage insurers; or (vi) any surety or guaranty agreement, in each case applicable to the Mortgage Loans.

(d) No Agency, Investor or Insurer has indicated to Seller that it has terminated, or intends to terminate, its relationship with Seller for performance, loan quality or concern with respect to Seller's compliance with Laws or that Seller is in default with respect to any Applicable Requirements.

3.16 Repurchase Obligations. Except as set forth in Schedule 3.16, Seller is not subject to and has not been notified of any repurchase, indemnification, make-whole or substantially similar obligation (each a "Repurchase Obligation") with respect to any Previously Disposed of Mortgage Loan nor are there, to Seller's Knowledge, any facts or circumstances which would reasonably be expected to give rise to any Repurchase Obligation. Seller has not in the past breached, violated or defaulted under, nor is it currently in breach, violation or default of any of its Repurchase Obligations. Seller retains all liability for any Early Payoff or Early Payment Default obligations which arise from loans sold by Seller prior to the Closing Date.

3.17 Pipeline Loans.

(a) Schedule 3.17(a) lists each Pipeline Loan as of the close of business on the Business Day preceding the date hereof, which description includes (i) the loan number of the Pipeline Loan; (ii) the anticipated principal balance of the Pipeline Loan; (iii) the interest rate (if applicable); (iv) product type; (v) the state in which the residential property securing such Pipeline Loan is located; (vi) if known, the closing date; (vii) whether the Pipeline Loan has been approved by Seller and the applicable Investor; and (viii) whether it constitutes a Pipeline Loan whose interest rate has been locked. Seller shall update Section 3.17(a) of the Disclosure Schedules prior to the Closing to disclose the information in items (i) through (viii) of Schedule 3.17(a) with regard to the Pipeline Loans as of the close of business on the Business Day preceding the Closing Date.

(b) Each Pipeline Loan conforms to Applicable Pipeline Requirements in all material respects, and each Pipeline Loan is eligible for sale to, insurance by, or pooling to back securities issued or guaranteed by the applicable Investor to which the Pipeline Loan may be sold by Seller, Except as set forth on Schedule 3.17(b), no Pipeline Loan is committed to any Investor under circumstances that would provide for recourse against Seller other than due to breaches of customary representations, warranties and covenants provided in the corresponding loan purchase and sale agreements.

(c) All interest rate locks on Pipeline Loans have been conducted and managed in Seller's Ordinary Course of Business and consistent with customary mortgage banking practices.

(d) None of the Pipeline Loans previously were rejected for purchase by any Investor or insurance by any Insurer.

3.18 Business Contracts.

(a) Schedule 3.18(a) lists each agreement (whether written or oral and including all amendments thereto) relating to the Business to which any member of Seller Group is a party or a beneficiary or by which any member of Seller Group (in respect of the Business) or any of the Assets is bound or otherwise obligated (other than the Real Property Lease) (collectively, the "Business Contracts"), including the following: (i) agreements for the sale of any services; (ii) agreements evidencing, securing or otherwise relating to any indebtedness for borrowed money for which Seller is, directly or indirectly, liable; (iii) capital or operating leases or conditional sales agreements relating to vehicles, equipment or other Assets; (iv) agreements pursuant to which Seller is entitled or obligated to either acquire any assets from, or sell any assets to, a third Person; (v) insurance policies; (vi) employment, consulting, noncompetition, separation, collective bargaining, union or labor agreements or arrangements; and (vii) agreements with or for the benefit of any member of Seller or any manager, officer, principal or employee of Seller or any Affiliate or immediate family member thereof.

(b) If any of the Seller's Business Contracts that are not acquired or assumed by the Buyer are retained by Seller following the Closing, Seller retains all liability and all obligations pursuant to these Business Contract.

(c) Seller has delivered to Buyer a copy of each written Business Contract which the Buyer is assuming. Seller does not have any oral Business Contracts. Each Business Contract is valid, binding and in full force and effect and enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance or similar laws affecting the enforcement of creditors' rights generally and subject to general principles of equity (regardless of whether enforcement is sought in a proceeding of law or in equity). Seller has performed all of its obligations under each Business Contract, and there exists no breach or default (or event that with notice or lapse of time could constitute a breach or default) on the part of such Seller or, to the Knowledge of Seller Group, on the part of any other Person under any Business Contract; (i) there has been no termination or notice of default or, to the Knowledge of Seller Group, any threatened termination under any Business Contract; and (ii) to the Knowledge of Seller Group, no party to any Business Contract intends to alter its relationship with the Business as a result of or in connection with the transactions contemplated by this Agreement.

3.19 Intellectual Property Rights. Except for the name "Englewood Mortgage Company," Seller does not have any patents, trademarks, service marks, trade names, registered copyrights, or any

applications for or licenses (to or from Seller) with respect to any patents, trademarks, service marks, trade names, registered copyrights. Schedule 3.19 lists all computer software and software licenses (other than with respect to "off the shelf software"), proprietary information and trade secrets owned by Seller and used in the Business (collectively, "Intellectual Property"). Subject to the terms of the software licenses, including the software licenses relating to the "off the shelf software", Seller has the right to use all Intellectual Property without infringing on or otherwise acting adversely to the rights or claimed rights of any Person, and Seller is not obligated to pay any royalty or other consideration to any Person in connection with the use of any such Intellectual Property. To the Knowledge of Seller Group, no other Person is infringing the rights of Seller in any of its Intellectual Property.

3.20 Real Property.

(a) Seller does not own and has never owned any real property and does not have the right or option to acquire any real property. The real property lease for Seller's Office is described in Schedule 3.20(a) hereto (the "Real Property Lease"), along with the current monthly base rent and leasehold term under the Real Property Lease. Seller has valid and subsisting leasehold rights in Seller's Office under the Real Property Lease, free and clear of Liens.

(b) Seller has provided to Buyer a true, correct and complete copy of the Real Property Lease, and the Real Property Lease is in full force and effect, and is binding upon, and enforceable against, the landlord thereunder and Seller in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium, and similar applicable Law of general applicability relating to or affecting creditors' rights and to general principles of equity.

(c) As of the date hereof, with respect to the Real Property Lease, neither Seller, nor, to the Knowledge of Seller, the landlord thereunder, is in breach of, or in default under, the Real Property Lease, and no event or condition has occurred with respect to Seller, which, with the passing of time or the giving of notice or both, could constitute a breach or default by Seller under the Real Property Lease, or result in claims by third party against Seller relating to Seller's Office or any other real property related thereto.

(d) Neither Seller nor, to the Knowledge of Seller, the landlord under the Real Property Lease, has commenced any action with respect to the termination of the Real Property Lease, and Seller has not received or given any notice of termination with respect to the Real Property Lease. Seller's interest in the Real Property Lease has not been assigned, pledged or encumbered by Seller, and no part of the leased premises under the Real Property Lease has been sublet by Seller.

(e) Seller has not entered into any agreement to pay, and does not owe, any real estate broker in connection with the leasing of any leased premises under the Real Property Lease to Seller.

(f) All construction to be performed by the respective landlord under the Real Property Lease has been fully completed in a manner satisfactory to Seller, and the landlord has fully paid for all tenant allowances and similar up-front obligations.

(g) There has been no violation or Liability with respect to an Environmental Law in connection with the real property that is the subject of the Real Property Lease.

3.21 Insurance. Schedule 3.21 sets forth a complete and accurate list of Seller's insurance policies (including policy numbers, and amounts and types of coverage) maintained on its respective properties and assets and with respect to its employees, Representatives and business. Seller has no Knowledge of any event or circumstance which has occurred, or is likely to occur, which could cause such insurance policies not to be valid, binding and enforceable in accordance with their terms against the respective insurers or not to be in full force and effect, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium, and similar applicable Law of general applicability relating to or affecting creditors' rights and to general principles of equity. Seller has not received any notice from its insurance carriers disclaiming coverage or defending a reservation of rights clause.

3.22 Competing Interests. None of any member of Seller Group nor any director, manager, officer or management level employee of Seller, or any Affiliate of any member of Seller Group (each, a "Related Party"): (a) owns, directly or indirectly, an interest in any Person that is a competitor of Seller (in respect of the Business) or that otherwise has material business dealings with. Seller (in respect of the Business); or (b) is a party to, or otherwise has any direct or indirect interest opposed to Seller under, any Business Contract or other business relationship or arrangement.

3.23 Illegal Payments. Neither any member of Seller Group nor any director, manager, officer, agent or employee of Seller, or any Affiliate of any of the foregoing, has: (a) used any funds of Seller for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; (b) used any funds of Seller, or used any other funds to make any payment for the benefit of Seller, in violation of applicable Law to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns or violated any provision of the Foreign Corrupt Practices Act of 1977; or (c) used any funds of Seller, or used any other funds to make any payment for the benefit of Seller, in violation of applicable Law.

3.24 Anti-Money Laundering; Prohibited Persons. Seller has policies and procedures relating to the Business that prohibit the investment of assets by it or by any Person acting, directly or indirectly, (a) in contravention of any applicable Law, including anti-money laundering regulations or conventions; (b) on behalf of terrorists or terrorist organizations, including those Persons or entities that are included on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Treasury Department's Office of Foreign Assets Control, as such list may be amended from time-to-time; or (c) for a foreign shell bank (such Persons in clauses (a), (b) and (c) are collectively referred to as "Prohibited Persons"). To Seller's Knowledge, no borrower under a Mortgage Loan or a Pipeline Loan, and no Person controlling, controlled by or under common control with any borrower under a Mortgage Loan or a Pipeline Loan, is a Prohibited Person or a senior foreign political figure, a member of a senior foreign political figure's immediate family or a close associate of a senior foreign political figure ("SFPF"). Seller has carried out appropriate due diligence to establish the identities of each borrower under a Mortgage Loan or a Pipeline Loan and, with respect to such borrowers that are entities, the beneficial owners therein, and no such beneficial owners are Prohibited Persons or SFPFs.

3.25 Broker's or Finder's Fees. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by Seller or any of its Affiliates.

3.26 No Misrepresentations. The representations and warranties made by Seller Group in this Article III and in any instrument related hereto, and the statements made by Seller Group in any Schedule to this Agreement are true, complete and correct in all material respects and do not contain any untrue statement of a material fact or omit to state any material fact necessary to make any such representation, warranty or statement, under the circumstances in which it is made, not misleading.

3.27 General. The representations and warranties of Seller Group shall not be affected or deemed waived by reason of any investigation made (or not made) by or on behalf of Buyer including any investigations made (or not made) by any of the Buyer's Representatives, or by reason of the fact that the Buyer or any of such Representatives knew or should have known that any such representation or warranty is or might be inaccurate or untrue. Each member of Seller Group hereby acknowledges that, regardless of any investigation made (or not made) by or on behalf of Buyer, and regardless of the results of any such investigation, Buyer has entered into this Agreement in express reliance upon the representations and warranties of Seller Group made herein. Each member of Seller Group further acknowledges that, in connection with this Agreement, Buyer has furnished to Seller Group good and sufficient consideration in exchange for Seller Group's representations and warranties made herein.

ARTICLE IV
Representations and Warranties of Buyer

Except as set forth in the disclosure schedules delivered by Buyer to Seller on the date hereof, to induce Seller Group to enter into this Agreement, Buyer represents and warrants to Seller that the statements contained in this Article IV are true and correct as of the date hereof and as of the Closing Date (or, if otherwise provided with respect to a specific representation or warranty, on such date provided therein). Buyer shall confirm on the Closing Date that each of these representations and warranties remain true. All representations and warranties set forth in this Article IV shall be without regard to Buyer's Knowledge unless expressly limited to Buyer's Knowledge.

4.1 Organization. Buyer is a banking corporation duly organized, validly existing and in good standing under the laws of the State of Colorado.

4.2 Authority. Buyer has all requisite power and authority to execute, deliver and perform under this Agreement and the other agreements, certificates and instruments to be executed by Buyer in connection with or pursuant to this Agreement (collectively, the "Buyer Documents") with the exception of any approvals or consents required by any Governmental Authority. The execution, delivery and performance by Buyer of each Buyer Document has been duly authorized by all necessary action on the part of Buyer. This Agreement and the other Buyer Documents delivered at the time of execution of this Agreement have been, and will be at the Closing, duly executed and delivered by Buyer. This Agreement is, and, upon delivery by Buyer at the Closing, each of the other Buyer Documents will be, a legal, valid and binding agreement of Buyer, enforceable against Buyer in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance or similar laws affecting the enforcement of creditors' rights generally and subject to general principles of equity (regardless of whether enforcement is sought in a proceeding of law or in equity).

4.3 No Violation. The execution, delivery and performance of the Buyer Documents by Buyer will not conflict with or result in the breach of any term of, or violate or constitute a default under any charter provision or bylaw or under any material agreement, Order or applicable Law to which Buyer is a party or by which Buyer is in any way bound or obligated that will prevent Buyer from consummating the transactions contemplated by this Agreement.

4.4 Broker's or Finder's Fees. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by Buyer or any of its Affiliates.

ARTICLE V
Covenants and Agreements

5.1 Conduct of Business Prior to Closing. Prior to the Closing, unless Buyer otherwise consents in writing, Seller will, and the Member will cause Seller to:

(a) operate the Business in the ordinary course of business and consistent with past practices and use its best efforts to preserve the goodwill of the Business and of its employees, clients, vendors, Governmental Authorities and others having business dealings with the Business;

(b) not engage in any transaction concerning the Business or the Assets outside the ordinary course of business, including by making any material expenditure, investment or commitment or entering into any material agreement or arrangement of any kind;

(c) not increase the compensation of any employee of Seller employed in the Business or enter into a collective bargaining agreement covering the employees of Seller employed in the Business;

(d) maintain all insurance policies, all Licenses and all other material rights or interests that are required for Seller to carry on the Business;

(e) maintain books of account and records concerning the Business and the Assets in the usual, regular and ordinary manner and consistent with past practices;

(f) promptly notify Buyer of the occurrence of any event, occurrence, development or state of circumstances or facts that, individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect on Seller, its clients or the Business;

(g) promptly notify Buyer of the occurrence of any event described in Section 3.8;

(h) not enter into any exclusive arrangements with vendors;

(i) not enter into any arrangements with vendors, unless such arrangements are terminable by Seller on 30 days' notice;

(j) not subject any of the Assets to any Lien;

(k) not engage in any transaction concerning the Business or the Assets with any Related Party; and

(l) not take any action that could (or fail to take any action if such failure could) result in a breach of the representations and warranties set forth in this Agreement.

5.2 Required Buyer Approvals. Promptly following the execution of this Agreement, Buyer will file all applications and all other materials required to consummate the transactions contemplated hereby and obtain any Licenses required for Buyer's conduct of the Business following the Closing. Thereafter, Buyer will use its commercially reasonable efforts to obtain such approvals, if any are required, and any required Licenses prior to the Scheduled Closing Date.

5.3 Assistance with Licenses and Filings. Seller Group will furnish Buyer with all information concerning Seller that is required for inclusion in any application or filing made by Buyer to any Governmental Authority in connection with the transactions contemplated by this Agreement. Seller Group will use its best efforts to assist Buyer in obtaining any Licenses, or any consents to assignment related thereto, that Buyer will require in connection with the continued operation of the Assets and the Business after the Closing.

5.4 Access and Information. Seller will, and Member will cause Seller to, permit Buyer and its Representatives to have reasonable access to Seller's Representatives, assets and properties and all relevant books, records and documents of or relating to the Business and the Assets during normal business hours and will promptly furnish to Buyer such information, financial records and other documents relating to the Business as Buyer may request. Seller will, and Member will cause Seller to, permit Buyer and its Representatives reasonable access to Seller's accountants and auditors, and, upon advance approval by Seller (such approval not to be unreasonably withheld or delayed), Seller's clients for consultation or verification of any information obtained by Buyer, and will use all commercial reasonable efforts to cause such Persons to cooperate with Buyer and its Representatives in such consultations and in verifying such information. Seller will have the right to participate in any contact with such Persons.

5.5 Fulfillment of Conditions by Seller Group. Each member of Seller Group agrees not to take any action that could cause the conditions or the obligations of the Parties to effect the transactions contemplated hereby not to be fulfilled or to be delayed or conditioned, including by taking or causing to be taken any action that could cause the representations and warranties made by Seller Group herein not to be true and correct as of the Closing. Each member of Seller Group will take all reasonable steps within its power to cause to be fulfilled the conditions precedent to Buyer's obligations to consummate the transactions contemplated hereby that are dependent on the actions of Seller Group.

5.6 Fulfillment of Conditions by Buyer. Buyer agrees not to take any action that would cause the conditions or the obligations of the Parties to effect the transactions contemplated hereby not to be fulfilled or to be delayed or conditioned, including by taking or causing to be taken any action that would cause the representations and warranties made by Buyer herein not to be true and correct as of the Closing. Buyer will take all reasonable steps within its power to cause to be fulfilled the conditions precedent to the obligations of Seller Group to consummate the transactions contemplated hereby that are dependent on the actions of Buyer.

5.7 Publicity. Except for any public notice required to be made with any other Governmental Authority, none of Seller Group or Buyer will issue or make, or allow to have issued or made, any press release or public announcement concerning the transactions contemplated by this Agreement without the prior written consent of the other Parties.

5.8 Transaction Costs. Buyer will pay all transaction costs and expenses (including legal, accounting and other professional fees) that it incurs in connection with the negotiation, execution and performance of this Agreement and the transactions contemplated hereby. Seller Group will pay all transaction costs and expenses (including legal, accounting and other professional fees) that Seller or any member of the Seller Group incurs in connection with the negotiation, execution and performance of this Agreement and the transactions contemplated hereby.

5.9 No-Shop Provisions. Each member of Seller Group hereby covenants and agrees that: (a) it will not, and will not permit any of its Affiliates or Representatives to, initiate, solicit or encourage (including by way of furnishing information or assistance), or take any other action to facilitate, any inquiries or the making of any proposal relating to, or that may reasonably be expected to lead to, any

Competing Transaction, or enter into discussions or negotiate with any Person in furtherance of such inquiries or to obtain a Competing Transaction, or endorse or agree to endorse any Competing Transaction, or authorize or permit any of its Affiliates or its or its Affiliates' Representatives to take any such action; and (b) Seller Group will promptly notify Buyer of all relevant terms of any such inquiries and proposals received by any member of Seller Group, any Affiliate of any member of Seller Group or Representative of Seller Group or any Affiliate of Seller Group relating to any of such matters, and if such inquiry or proposal is in writing, Seller Group will promptly deliver or cause to be delivered to Buyer a copy of such inquiry or proposal. For purposes of this Agreement, "Competing Transaction" means any of the following (other than the transactions contemplated by this Agreement) involving the Business: (i) any merger, consolidation, share exchange, business combination or similar transaction; (ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition of the assets used in the Business, other than in the ordinary course of business; or (iii) any offer for any of the equity capital of Seller.

5.10 Nondisclosure. Until Closing, except as otherwise provided herein, Buyer will continue to comply with the Confidentiality Agreement executed by Buyer dated March 22, 2017. Each member of Seller Group acknowledges and agrees that all client, prospect and marketing lists, sales data, formulas and processes, and other confidential information of Seller concerning the Business (collectively, "Confidential Information") are valuable assets constituting part of the Assets and, following the Closing, will be owned exclusively by Buyer. Each member of Seller Group agrees to, and agrees to use best efforts to cause its Representatives to, treat the Confidential Information, together with any other confidential information furnished to it by Buyer, as confidential and not to make use of such information for its own purposes or for the benefit of any other Person (other than the Business prior to the Closing or Buyer after the Closing).

5.11 Discharge of Retained Liabilities. Following the Closing, Seller will fully pay or otherwise discharge in full, prior to the due date therefor and otherwise in accordance with the terms thereof, all Liabilities of Seller except the Assumed Liabilities; *provided* that Seller will be entitled to contest any Liability in good faith so long as the Liability does not result in a Lien on the Assets or a claim against Buyer.

5.12 Employee Matters. Effective as of the Closing Date, Buyer shall offer employment to the employees it elects to retain on the day prior to the Closing Date. An employee of the Business to whom an offer of employment is made by Buyer and who accepts such offer and executes and delivers to Buyer all documents required in connection therewith, including an employment agreement and a confidentiality agreement, if Buyer so requires, shall become an employee of Buyer on the day such Person reports, if at all, to work for Buyer (such an employee is hereinafter referred to as a "Transferred Employee").

5.13 Tax Matters.

(a) Seller Group, on the one hand, and Buyer, on the other hand, will provide the other Party with such cooperation and information as each of them reasonably may request of the other in filing any return, amended return or claim for a refund of Taxes, determining a liability for Taxes or a right to refund of Taxes or in conducting any audit or proceeding in respect of Taxes, but only with respect to Taxes imposed upon or related to the Assets and Assumed Liabilities. Such cooperation and information shall include providing copies of relevant returns of Taxes, or portions thereof, imposed upon or related to the Assets and Assumed Liabilities, together with associated schedules and related work papers and documents relating to rulings or other determinations by taxing authorities. Each Party shall make its employees available on a mutually convenient basis to provide explanation of any documents or information provided hereunder.

(b) In the case of any real or personal property Taxes (or other similar Taxes) attributable to the Assets for which Taxes are reported on a Tax return covering a period commencing before the end of the day on which the Closing occurs and ending thereafter (any such period, a "Straddle Period," and any such Tax, a "Straddle Period Tax"), any such Straddle Period Tax shall be prorated between Seller, on the one hand, and Buyer, on the other hand, on a per diem basis. The Party required by applicable Law to pay any such Straddle Period Tax (the "Paying Party") shall file the Tax return related to such Straddle Period Tax within the time period prescribed by applicable Law and shall timely pay such Straddle Period Tax. To the extent any such payment exceeds the obligation of the Paying Party hereunder, the Paying Party shall provide the other Party (the "Non-Paying Party") with notice of payment, and within 10 Business Days of receipt of such notice of payment, the Non-Paying Party shall reimburse the Paying Party for the Non-Paying Party's share of such Straddle Period Taxes.

(c) Seller Group shall timely pay any and all local, state or federal income Taxes on any gains from the sale of the Assets. Seller Group agrees that (i) it shall timely file with the appropriate Governmental Authorities in all applicable jurisdictions all Tax returns required with respect to any Taxes payable by Seller Group concerning the Assets or the Business prior to the Closing Date or otherwise related to the transactions contemplated herein; and (ii) such Tax returns will be true and correct in all material respects.

(d) Seller Group shall file with the appropriate Governmental Authorities when due in all jurisdictions all employment Tax returns required to be filed with respect to the operation of Seller's Business for all periods ending on and prior to the Closing Date, and all such returns shall properly reflect the employment Tax Liabilities for the periods covered thereby.

5.14 Tail Policies. Prior to Closing, Seller shall have purchased an endorsement for tail coverage on Seller's insurance policies for (a) error and omissions; and (b) directors and officers liability, in such amounts and for such terms as reasonably acceptable to Buyer (collectively, the "Tail Policies").

ARTICLE VI
Closing Conditions

6.1 Conditions to Obligations of Buyer. The obligations of Buyer to complete the Closing under this Agreement are subject to the satisfaction at or prior to the Closing of the following conditions, but compliance with any such conditions may be waived by Buyer in writing:

(a) Seller Group shall have performed and complied with all the covenants and agreements required by this Agreement to be performed or complied with by them at or prior to the Closing, including the delivery of all items required to be delivered by any member of Seller Group pursuant to Section 2.7, and each such item shall be in full force and effect as of the Closing.

(b) Buyer shall have received all Licenses and approvals necessary for the consummation of the transactions contemplated hereby and for Buyer to operate the Business and acquire the Assets, such Licenses and approvals shall be in full force and effect as of the Closing and all waiting periods imposed by applicable Law or regulation shall have expired.

(c) As of the Closing Date, no action shall have been taken, and no statute, rule, regulation or Order shall have been promulgated, enacted, entered, enforced or deemed applicable to this Agreement or the transactions contemplated hereby by any Governmental Authority or by any court, including the entry of a preliminary or permanent injunction, that would (i) make this

Agreement or any other agreement contemplated hereby or the transactions contemplated hereby or thereby illegal, invalid or unenforceable; (ii) require the divestiture of a material portion of the assets of Seller, Buyer or any of Buyer's Affiliates; or (iii) if this Agreement or any other agreement contemplated hereby or the transactions contemplated hereby or thereby are consummated, subject Seller or subject any officer, director, shareholder or employee of Buyer to criminal or civil liability. No action or proceeding by or before any court or Governmental Authority, domestic or foreign, or by any other Person, domestic or foreign, shall be threatened, instituted or pending that would reasonably be expected to result in any of the consequences referred to in clauses (i) through (iii) above.

(d) All representations and warranties of Seller Group contained in this Agreement and in any Schedule provided in connection herewith (considered both individually and collectively) shall be true and correct in all material respects (if not qualified by materiality) or in all respects (if qualified by materiality) at and as of the date of this Agreement and as of the Closing Date with the same force and effect as though made on and as of the Closing Date.

(e) As of the Closing Date, there shall be no pending or threatened Litigation against any member of Seller Group relating to or concerning the Business or to which any of the Assets may be subject, which Litigation is reasonably determined by Buyer to be materially adverse to the Business, the prospects of the Business or the Assets.

(f) As of the Closing Date, there shall not have occurred, in Buyer's reasonable determination, any change or condition in the business, operations, prospects, financial condition, assets or Liabilities (contingent or liquidated) of the Business since the date of this Agreement that could be reasonably expected to have a Material Adverse Effect on Seller, the Assets or the Business.

(g) Buyer shall have received from Seller such evidence reasonably satisfactory to Buyer confirming that Seller has obtained the Tail Policies, and such Tail Policies and the coverages thereunder shall be in full force and effect as of the Closing.

6.2 Conditions to Obligations of Seller Group. The obligations of Seller Group to complete the Closing under this Agreement are subject to the satisfaction at or prior to the Closing of the following conditions, but compliance with any such conditions may be waived by Seller Group in writing:

(a) Buyer shall have performed and complied with the covenants and agreements required by this Agreement to be performed or complied with by it at or prior to the Closing, including the delivery of all items required to be delivered by Buyer pursuant to Section 2.7.

(b) As of the Closing Date, no action shall have been taken, and no statute, rule, regulation or Order shall have been promulgated, enacted, entered, enforced or deemed applicable to this Agreement or the transactions contemplated hereby by any Governmental Authority or by any court, including the entry of a preliminary or permanent injunction, that would (i) make this Agreement or any other agreement contemplated hereby or the transactions contemplated hereby or thereby illegal, invalid or unenforceable; (ii) require the divestiture of a material portion of the Assets following the Closing; or (iii) if this Agreement or any other agreement contemplated hereby or the transactions contemplated hereby or thereby are consummated, subject Seller or subject any officer, director, shareholder or employee of Buyer to criminal or civil liability. No action or proceeding by or before any court or Governmental Authority, domestic or foreign, or by any other Person, domestic or foreign, shall be threatened, instituted or pending that would

reasonably be expected to result in any of the consequences referred to in clauses (i) through (iii) above.

(c) All representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects (if not qualified by materiality) or in all respects (if qualified by materiality) at and as of the date of this Agreement and as of the Closing Date with the same force and effect as though made on and as of the Closing Date.

6.3 Failure of Conditions to Closing. If the conditions in Sections 6.1 or 6.2 are not satisfied or waived by the Scheduled Closing Date, the following will be applicable:

(a) If each condition in Section 6.1(a), 6.1(e), 6.1(f), 6.1(g), 6.2(a), or 6.2(d) is not satisfied to the reasonable satisfaction of the Party entitled to the satisfaction of the condition and the failure of the condition is subject to cure by the other Party prior to the End Date, such Party will have a period equal to the lesser of (i) 10 days; or (ii) until the End Date, to cure the condition;

(b) If any condition in Section 6.1(a), 6.1(e), 6.1(f), 6.1(g), 6.2(a), or 6.2(d) is not satisfied to the reasonable satisfaction of the Party entitled to the satisfaction of the condition and condition cannot be cured or the other Party to such condition fails to cure the condition within the applicable cure period referenced in Section 6.3(a), the Party entitled to the satisfaction of the condition will have the right, at its sole election, to (i) complete the Closing by specifically enforcing this Agreement against the breaching Party; or (ii) terminate this Agreement by written notice to the breaching Party, and in either case, recover damages from the breaching Party for the failure of the condition to be satisfied;

(c) If the condition in Section 6.1(b) has not been satisfied, the Closing will be delayed for up to 30 days and Buyer will continue to use its commercially reasonable efforts to satisfy the condition. During such 30-day period, Buyer and Seller shall work together to restructure or revise the terms of the Transaction to eliminate any necessary approvals. If, following the expiration of the above-referenced 30-day period, the condition in Section 6.1(b) is not satisfied and the Parties are unable to restructure or revise the terms of the Transaction to eliminate the need to obtain the necessary approvals, either Party may terminate this Agreement by written notice to the other Party; and

(d) If the conditions in Section 6.1(c) and 6.2(b) are not satisfied, either Party may terminate this Agreement by written notice to the other Party.

6.4 Effects of Termination. Upon termination of this Agreement as set forth in Section 6.3, all further obligations of the Parties under this Agreement will terminate and no Party will have any liability or obligation to any other Party, except that: (a) Section 5.10 (Nondisclosure), Section 9.1 (Notices), and Section 9.2 (Attorneys' Fees and Costs) shall survive any such termination; and (b) a termination pursuant to Section 6.3(b) shall not release or relieve the breaching Party from any liabilities or damages to the other Party resulting from its breach.

ARTICLE VII
Indemnification

7.1 Indemnification of Buyer. Notwithstanding any investigation by Buyer or its Representatives, each member of Seller Group will, jointly and severally, indemnify, defend and hold Buyer, its Affiliates and their respective Representatives (collectively, the "Buyer Parties") harmless from

any and all Liabilities, obligations, claims, contingencies, damages, costs and expenses, including all court costs, litigation expenses and reasonable attorneys' fees (collectively, "Losses") that any Buyer Party may suffer or incur as a result of or relating to:

(a) any representation or warranty made by Seller Group in this Agreement or pursuant hereto not being true and correct as of the date of this Agreement or as of the Closing, or any allegation by a third party that, if true, would result in any representation or warranty not being true and correct as of the date of this Agreement or as of the Closing;

(b) the breach of any covenant or agreement made by Seller Group in this Agreement or pursuant hereto or any allegation by a third party that, if true, would constitute such a breach;

(c) any Liability of Seller, known or unknown, other than the Assumed Liabilities, including any Litigation or other third Person claims relating to or arising from the activities and operations of Business with respect to any period (or portion thereof) occurring on or prior to the Closing; or

(d) any Repurchase Liabilities.

For the purposes of indemnification pursuant to this Section 7.1, all materiality and knowledge qualifiers will be excluded from and given no effect in each representation and warranty and each covenant and agreement. "Repurchase Liabilities" means any Repurchase Obligation with respect to a Previously Disposed of Mortgage.

7.2 Indemnification of Seller Group. Buyer will indemnify, defend and hold Seller Group and their respective Representatives (collectively, the "Seller Parties") harmless from any and all Losses that Seller Party may suffer or incur as a result of or relating to:

(a) any representation or warranty made by Buyer in this Agreement or pursuant hereto not being true and correct as of the date of this Agreement or as of the Closing, or any allegation by a third party that, if true, would result in any representation or warranty not being true and correct as of the date of this Agreement or as of the Closing;

(b) the breach of any covenant or agreement made by Buyer in this Agreement or pursuant hereto or any allegation by a third party that, if true, would constitute such a breach; or

(c) the failure of Buyer to perform and discharge in full, in a due and timely manner, the Assumed Liabilities.

provided, that no Seller Party will be entitled to indemnification for any Losses for which Buyer Parties are entitled to indemnification under Section 7.1.

7.3 Calculation of Losses. Losses will not include any special, consequential, speculative or punitive damages, all of which are waived, and any calculation of Losses subject to indemnification by either Seller Group or Buyer, as applicable, will be net of any United States federal, state or local net tax benefit to Buyer or Seller Group, as the case may be.

7.4 Survival. The representations and warranties of Seller Group and Buyer made in or pursuant to this Agreement and the closing certificates provided pursuant hereto will survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby

for a period of 24 months following the Closing; *provided* that (a) the representations and warranties set forth in Section 3.1 (Organization), Section 3.2 (Authority), Section 3.3 (Title to Assets), Section 3.4 (No Violation; Consents), Section 3.10 (Litigation), Section 3.16 (Repurchase Liabilities), Section 3.17 (Pipeline Loans), Section 3.24 (Brokers), Section 4.2 (Authority), and Section 4.4 (Brokers) will survive indefinitely; (b) the violation of any representation or warranty set forth in Section 3.9 (Taxes) will survive until 30 calendar days after the expiration of the statute of limitations applicable to such violation (including any extension of such statute of limitations agreed to by Seller Group); (c) if the violation of any representation or warranty would constitute a violation of any applicable Law, such representation or warranty will survive until 30 calendar days after the expiration of the statute of limitations applicable to such violation (including any extension of such statute of limitations agreed to by Seller Group); and (d) any representation or warranty the violation of which is made the basis of a claim for indemnification pursuant to Section 7.1(a) or Section 7.2(a) will survive until such claim is finally resolved if Buyer notifies Seller Group, or if Seller Group notifies Buyer, as applicable, of such claim prior to the date on which such representation or warranty would otherwise expire hereunder. Without limiting the foregoing, no claim for indemnification pursuant to Section 7.1(a) or Section 7.2(a) based on the breach or alleged breach of a representation or warranty may be asserted after the date on which such representation or warranty expires hereunder. The covenants and agreements of Seller Group and Buyer made in or pursuant to this Agreement, including Seller Group's indemnity obligation owing to the Buyer Parties pursuant to Section 7.1(d), will survive the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby indefinitely.

7.5 Notice. Any Party entitled to receive indemnification under this Article VII (the "Indemnified Party") agrees to give prompt written notice to the Party(ies) required to provide such indemnification (the "Indemnifying Party") after becoming aware of the occurrence of any indemnifiable Loss or the assertion of any claim or the commencement of any action or proceeding in respect of which such a Loss may reasonably be expected to occur (a "Claim"), but the Indemnified Party's failure to give such notice will not affect the obligations of the Indemnifying Party under this Article VII except to the extent that the Indemnifying Party is materially prejudiced thereby. Such written notice will include a reference to the event or events forming the basis of such Loss or Claim and the amount involved, unless such amount is uncertain or contingent, in which event the Indemnified Party will give a later written notice when the amount becomes fixed.

7.6 Defense of Claims.

(a) The Indemnifying Party may elect to assume and control the defense of any Claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of expenses related thereto, if: (i) the Indemnifying Party acknowledges its obligation to indemnify the Indemnified Party for any Losses resulting from such Claim; (ii) the Claim does not seek to impose any Liability on the Indemnified Party other than money damages; and (iii) the Claim does not relate to the Indemnified Party's relationship with any client, vendor or employee.

(b) If the conditions of Section 7.6(a) are satisfied and the Indemnifying Party elects to assume and control the defense of a Claim, then: (i) except as provided in Section 7.6(b)(ii), the Indemnifying Party will not be liable for any settlement of such Claim effected without its consent, which consent will not be unreasonably withheld; (ii) the Indemnifying Party may settle such Claim without the consent of the Indemnified Party only if (A) all monetary damages payable in respect of the Claim are paid by the Indemnifying Party; (B) the Indemnified Party receives a full, complete and unconditional release in respect of the Claim without any admission or finding of obligation, liability, fault or guilt (criminal or otherwise) with respect to the Claim; and (C) no injunctive, extraordinary, equitable or other relief of any kind is imposed on the

Indemnified Party or any of its Affiliates; and (iii) the Indemnified Party may employ separate counsel and participate in the defense thereof, but the Indemnified Party will be responsible for the fees and expenses of such counsel unless: (A) the Indemnifying Party has failed to adequately assume and actively conduct the defense of such Claim or to employ counsel with respect thereto; or (B) in the reasonable opinion of the Indemnified Party, a conflict of interest exists between the interests of the Indemnified Party and the Indemnifying Party that requires representation by separate counsel, in which case the fees and expenses of such separate counsel will be paid by the Indemnifying Party.

(c) If the conditions of Section 7.6(a) are not satisfied, the Indemnified Party may assume the exclusive right to defend, compromise or settle such Claim, but the Indemnifying Party will not be bound by any determination of a Claim so defended or any compromise or settlement effected without its consent (which may not be unreasonably withheld); *provided*, that the Indemnified Party will not be required to obtain any consent of the Indemnifying Party to the determination of such Claim (and will not prejudice its right to be indemnified with respect to such Claim by settling such Claim) if the Indemnifying Party is asserting that it has no obligation to indemnify the Indemnified Party in respect of such claim.

7.7 Right of Setoff. Each member of Seller Group hereby agrees that with respect to any Claim for indemnification under this Article VII, Buyer is hereby authorized to setoff and apply any and all indemnifiable Claims owing by any member of Seller Group to Buyer against the obligations, if any, owing to Seller Group in respect of the payment of contingent payments under this Agreement, including any Earn-Out Amount and any unvested stock issuable pursuant to Section 2.5(b). Such setoff is not the sole and exclusive remedy of Buyer. Prior to exercising any right of offset, Buyer must provide Seller with not less than 10 days' prior written notice setting forth the basis for the proposed offset and providing appropriate backup information and documents supporting the claim and the right of offset. Any amount offset must be placed in escrow by Buyer with an escrow agent reasonably acceptable to Seller pending resolution of the Parties' dispute regarding the amounts owed or the Parties' agreement regarding the amounts owed. To the extent the amount offset by Buyer and placed in escrow exceeds the amount determined upon resolution of the Parties' dispute or by agreement of the Parties to be due from Seller to Buyer, Buyer must cause the amounts due to Seller to be remitted to Seller promptly, without interest thereon.

ARTICLE VIII
Additional Agreements

8.1 Restrictive Covenants. In consideration of the purchase of the Assets (and the goodwill associated therewith) and the Business, each member of Seller Group covenants to Buyer that, for a period of two years from the Closing Date (the "Non-Competition Period"), without the prior written consent of Buyer (which consent may be withheld in the sole and absolute discretion of Buyer), no member of Seller Group nor any Affiliate of any member of Seller Group will, directly or indirectly (in any capacity, including as a shareholder, partner, member, investor, lender, principal, director, officer, employee, consultant or agent of any other Person) or through any affiliate, individual, corporation, partnership, joint venture or other entity: (a) carry on, engage in, participate in or have any financial interest in any other Person that engages in, a Competing Business (defined below) in the State of Colorado (the "Territory"); (b) solicit or influence, or attempt to solicit or influence, any client or any potential client or licensee of the Business or Buyer, or any Person that is, or within the 12-month period preceding the Closing Date was, a purchaser of services from Seller or Buyer, to purchase or use a Competing Business from any Person other than Buyer or its Affiliates; (c) interfere with or damage any relationship between any member of the Bank Group and a client or a potential client or licensee; or (d) employ, recruit, Solicit for employment or influence any Person who is an employee of the Business

or has been an employee of the Business or of Buyer in the two year period ending on the Closing Date. For the purposes of this Agreement, the term "Competing Business" means (i) all banking and financial products and services that are substantially similar to those offered by Buyer or its Affiliates or other business in which Buyer or its Affiliates is engaged (or proposed to be engaged) in on the Closing Date or during the two-year period prior to the Closing Date, including the Business; or (ii) any enterprise engaged in any other type of business in which Buyer or any Affiliate of Buyer is also engaged. For purposes of this Agreement, the term "Solicit" means any direct or indirect communication of any kind, regardless of who initiates it, that in any way invites, induces, advises, encourages or requests any person to take or refrain from taking any action.

8.2 Exception. It will not be a violation of the restrictive covenant set forth in Section 8.1 for any member of Seller Group or any Affiliate of any member of Seller Group to passively invest in publicly-traded equity securities constituting less than 1.0% of the outstanding securities of such class

provided that member of Seller Group is not directly or indirectly employed by or associated with (as a lender, principal, director, officer, employee, consultant or agent) of such publicly-traded entity.

8.3 Equitable Relief. Each member of Seller Group acknowledges and agrees that Buyer would be irreparably harmed by any violation of the restrictive covenant set forth in Section 8.1 and that, in addition to all other rights and remedies available to Buyer at law or in equity, Buyer will be entitled to injunctive and other equitable relief to prevent or enjoin any such violation. If any member of Seller Group or any Affiliate of any member of Seller Group violates Section 8.1, the period of time during which the provisions thereof are applicable will automatically be extended for a period of time equal to the time that such violation began until such violation permanently ceases.

8.4 Representations. Each member of Seller Group represents to Buyer that it is willing and able to engage in businesses that are not restricted pursuant to Section 8.1 and that enforcement of the restrictive covenant set forth in Section 8.1 will not be unduly burdensome to the members of Seller Group. Each member of Seller Group acknowledges that its agreement to the restrictive covenant set forth in Section 8.1 is a material inducement and condition to Buyer's willingness to enter into this Agreement and the other Buyer Documents, to consummate the transactions contemplated hereby and thereby and to perform its obligations hereunder and thereunder, Each member of Seller Group acknowledges and agrees that the restrictive covenant and remedies set forth in Section 8.1 and this Article VIII are reasonable as to time, geographic area and scope of activity and do not impose a greater restraint than is necessary to protect the goodwill and legitimate business interests of Buyer and its Affiliates (including, after the Closing, the Business).

8.5 Court Modification. Notwithstanding the foregoing, if the restrictive covenant set forth in Section 8.1 is found by a court of competent jurisdiction to contain limitations as to time, geographic area or scope of activity that are not reasonable or not necessary to protect the goodwill or legitimate business interests of Buyer and its Affiliates, then such court is hereby authorized and directed to reform such provisions to the minimum extent necessary to cause the limitations contained in Section 8.1 as to time, geographical area and scope of activity to be reasonable and to impose a restraint that is not greater than necessary to protect the goodwill and legitimate business interests of Buyer and its Affiliates (including, after the Closing, the Business). Each member of Seller Group acknowledges that Buyer and its Affiliates have a national presence and a nationwide market and therefore have need of a nationwide geographic restriction.

8.6 Seller Termination Right.

(a) Notwithstanding any provision of this Article VIII to the contrary, but subject to this Section 8.6, including the requirement to give timely notice, if within three years after the date of Closing (each, a "Triggering Event"):

(i) Schrum's employment with Buyer is terminated by Buyer without Cause (as defined in the Employment Agreement);

(ii) Schrum's employment with Buyer is terminated by Schrum following or at the time of a sale or transfer of all or substantially all of the assets constituting the Business (other than to an Affiliate of FWFI or Buyer), or a sale of all or substantially all of the assets of FWFI or Buyer (other than to an Affiliate of FWFI or Buyer); or

(iii) Schrum's employment with Buyer is terminated by Schrum as a result of the fact that FWFI or Buyer becomes the subject of a formal, written regulatory enforcement action, including but not limited to a consent order, that prohibits the Buyer from selling mortgages into the secondary market (provided, however, for the purpose of this clause (iii), Schrum shall not have taken any action or failed to take any action that is a cause of such prohibition),

then Seller Group shall have the right to elect, by written notice (a "Termination Notice") to Buyer within 30 days of the consummation of the Triggering Event, to effect the following:

(A) (1) the Non-Competition Period shall be reduced to a period of one year, and (2) with respect to a Triggering Event set forth solely in clause (iii) above, each member of Seller Group's obligations and restrictions pursuant to Section 8.1(a), (b) and (c) shall terminate and be of no further force and effect;

(B) Seller shall retain the Closing Payment of $2,000,000; and

(C) Seller shall retain all shares of Common Stock that, as of the date of such Triggering Event, have vested or been paid and issued to Seller as a part of the Earn-Out Amount; *provided*, *however*, in no event shall the aggregate number of shares of Common Stock retained by Seller pursuant to this clause (C) be less than 35,088 shares of Common Stock.

8.7 Termination of Employment. In addition to such other rights and obligations set forth herein, including but not limited to Section 8.6, the parties agree as follows:

(a) *Termination of Employment by Schrum*. If Schrum terminates his employment with Buyer for any reason, (i) Seller shall retain one-half of the Closing Payment (i.e., $1,000,000), (ii) the remaining one-half of the Closing Payment shall be repaid to Buyer unless at the time of such termination of employment, Buyer has received net income from its residential mortgage business attributable to the period following the Closing in an amount of at least $2,000,000, in which event Seller shall retain the full amount of the Closing Payment; and (iii) Seller shall retain all shares of Common Stock that, as of the date of such Triggering Event, have vested or been paid and issued to Seller as a part of the Earn-Out Amount; however, each member

of Seller Group will be subject to its or his obligations pursuant to Section 8.1 for the Non-Competition Period of two years.

(b) *Termination of Employment for Cause*. If Schrum's employment with Buyer is terminated for Cause (as defined in the Employment Agreement) Seller shall (i) refund and pay to Buyer the Closing Payment, and (ii) forfeit and return to Buyer all shares of Common

Stock issued or paid to Seller pursuant to Section 2.5, and each member of Seller Group will be subject to its or his obligations pursuant to Section 8.1 for the Non-Competition Period of two years.

ARTICLE IX
Miscellaneous

9.1 Notices. All notices and other communications under this Agreement must be in writing and will be deemed given (a) when delivered personally; (b) on the third Business Day after being mailed by certified mail, return receipt requested; (c) the next Business Day after delivery to a recognized overnight courier; or (d) upon transmission and confirmation of receipt if sent by email, to the Parties at the following addresses or email addresses (or to such other address or email address as such Party may have specified by notice given to the other Party pursuant to this provision):

If to Buyer:
First Western Trust Bank
Attention: Corporate Services
1900 16th Street
Suite 1200
Denver, CO 80202

If to any member of Seller Group:
Alan Schrum
5460 S. Quebec Street
Suite 120
Greenwood Village, CO 80111

9.2 Attorneys' Fees and Costs. If attorneys' fees or other costs are incurred to secure performance of any obligations hereunder, or to establish damages for the breach thereof or to obtain any other appropriate relief, whether by way of prosecution or defense, the Prevailing Party will be entitled to recover reasonable attorneys' fees and costs incurred in connection therewith. A Party will be considered the "Prevailing Party" if: (a) it initiated the litigation and substantially obtained the relief it sought, either through a judgment or the losing Party's voluntary action before trial or judgment; (b) the other Party withdraws its action without substantially obtaining the relief it sought; or (c) it did not initiate the litigation and judgment is entered into for any Party, but without substantially granting the relief sought by the initiating Party or granting more substantial relief to the non-initiating Party with respect to any counterclaim asserted by the non-initiating Party in connection with such litigation.

9.3 No Third Party Beneficiaries. Nothing in this Agreement is intended or shall be construed to give any Person, other than the Parties, their successors and permitted assigns, any legal or equitable right, remedy, or claim under or in respect of this Agreement or any provision contained herein. Notwithstanding the foregoing, Buyer Parties and Seller Parties are intended third party beneficiaries of this Agreement for purposes of Article VII of this Agreement, and Buyer's Affiliates are intended third party beneficiaries for purposes of Article VIII of this Agreement.

9.4 Counterparts. This Agreement may be executed in one or more counterparts (including by facsimile or portable document format (pdf)) for the convenience of the Parties, each of which will be

deemed an original, but all of which together will constitute one and the same instrument. No signature page to this Agreement evidencing a Party's execution hereof will be deemed to be delivered by such Party to any other Party until such delivering Party has received signature pages from all Parties to this Agreement.

9.5 Severability. Subject to Section 8.4, the invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, each of which will remain in full force and effect, so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in a manner materially adverse to any Party.

9.6 Binding Effect. This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

9.7 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned or delegated by any member of Seller Group or Buyer without the prior written consent of the non-assigning party hereto, and any purported assignment or delegation in violation hereof will be null and void.

9.8 Entire Agreement, Amendment. This Agreement and the related documents contained as Exhibits and Schedules (as the same may be supplemented as provided herein) hereto or expressly contemplated hereby contain the entire understanding of the Parties relating to the subject matter hereof and supersede all prior written or oral and all contemporaneous oral agreements and understandings relating to the subject matter hereof. All statements of Seller Group contained in any Schedule (as the same may be supplemented as provided herein), certificate or other writing required under this Agreement to be delivered in connection with the transactions contemplated hereby will constitute representations and warranties of Seller Group under this Agreement. Except as expressly set forth in Section 9.7(b), this Agreement may be amended, supplemented or modified, and any provision hereof may be waived, only by written instrument making specific reference to this Agreement signed by the Party against whom enforcement is sought.

9.9 Specific Performance, Remedies Not Exclusive. The Parties hereby acknowledge and agree that the failure of any Party to perform its agreements and covenants hereunder, including its failure to take all required actions on its part necessary to consummate the transactions contemplated hereby, will cause irreparable injury to the other Parties for which damages, even if available, will not be an adequate remedy. Accordingly, each Party hereby consents to the issuance of injunctive relief by any court of competent jurisdiction to compel performance of such Party's obligations and to the granting by any court of the remedy of specific performance of its obligations hereunder. Unless otherwise expressly stated in this Agreement, no right or remedy described or provided in this Agreement is intended to be exclusive or to preclude a Party from pursuing other rights and remedies to the extent available under this Agreement, at law or in equity.

9.10 Arbitration.

(a) Any claim or dispute between the Parties pursuant hereto shall be settled by arbitration administered by the American Arbitration Association in accordance with the then current Commercial Rules of the American Arbitration Association, except that any such arbitration must be conducted in accordance with the remainder of this Section 9.10. Except as expressly limited by Section 9.10(d), the arbitrators shall have the authority to grant any equitable and legal remedies that would be available in any judicial proceeding instituted to resolve a disputed matter.

(b) The number of arbitrators shall be three, who shall be selected as follows: each of the Seller Group, on the one hand, and Buyer on the other hand, shall choose one arbitrator within 10 Business Days of either initiating or receiving notice of an arbitration (as the case may be), and those party-appointed arbitrators shall unanimously select one chairman arbitrator within 10 Business Days of the appointment of the last party-appointed arbitrator.

(c) The place of arbitration shall be Denver, Colorado, at a suitable venue to be agreed by the Parties and arbitrators within 20 Business Days of the appointment of the third arbitrator.

(d) The decision and award of the arbitral tribunal shall be made by majority decision and shall be final, nonappealable and binding on the parties hereto and their successors and assigns. The arbitral award shall be accompanied by a reasoned opinion. The arbitral tribunal shall be empowered to award damages only to the extent of actual damages suffered, and only to the extent consistent with this Agreement. The decision and award of the arbitral tribunal shall include a decision regarding the allocation of costs relating to any such arbitration. For purposes of this subsection, “costs” shall include reasonable attorneys’ fees and reasonable experts’ fees actually incurred with respect to the arbitration proceeding. The arbitral award may include both pre-and post-award interest, at a rate to be determined by the arbitral tribunal. Judgment on the arbitral award may be entered in any court having jurisdiction thereof.

(e) Except as required by applicable law or as required for recognition and enforcement of the arbitral decision and award, neither a Party nor an arbitrator may disclose the existence, content or results of any arbitration hereunder without the prior written consent of the Parties. Any documents submitted to the arbitrators shall be kept confidential and shall not be disclosed, except that any such documents may be disclosed in connection with any action to collect the award, or if any such documents are discoverable or admissible in any action in court contemplated by this Agreement.

(f) Notwithstanding the provisions of this Section 9.10, each party may apply to any court having jurisdiction pursuant to Section 9.11 (i) to enforce the arbitration provisions of this Agreement, (ii) to seek provisional injunctive relief (including, but not limited to, maintaining the confidentiality of any arbitration proceedings and non-public information) until the final arbitration award is rendered and is finally judicially confirmed if challenged judicially, or the dispute is otherwise resolved, or (iii) to seek injunctive or equitable relief to enforce Section 8.1 or as contemplated pursuant hereto.

9.11 Governing Law, Venue. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Colorado without giving effect to the choice of law provisions thereof. Subject to Section 9.10, each Party hereby irrevocably submits to the exclusive jurisdiction of any state or federal court sitting in Denver, Colorado in any action or proceeding arising out of or relating to this Agreement, and each Party hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such state or federal court. Each Party hereby irrevocably waives, to the fullest extent that it may legally do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. Each Party irrevocably consents to the service of any and all process in any action or proceeding by the mailing or delivery of copies of such process to it at the office of each Party as set forth in Section 9.1. Each Party agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

9.12 Waivers. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT AND ANY OF THE AGREEMENTS DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (a) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, TO IT THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE. EITHER OF SUCH WAIVERS; (b) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS; (c) IT MAKES SUCH WAIVERS VOLUNTARILY; AND (d) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.12.

9.13 Drafting. Neither this Agreement nor any provision contained in this Agreement will be interpreted in favor of or against any Party because such Party or its legal counsel drafted this Agreement or such provision.

9.14 Schedules. The Parties acknowledge and agree that (a) the inclusion by a Party of a matter or item in any Schedule shall not, for any purpose of this Agreement, be deemed to be the inclusion of such matter or item in any other Schedule; and (b) the disclosures contained in any Schedule must relate only to the representations and warranties in the Section of this Agreement to which they expressly relate and not to any other representation or warranty in this Agreement. In the event of any inconsistency between the statements in the body of this Agreement and those contained in the schedules to this Agreement, the statements in the body of this Agreement shall control.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

BUYER:

FIRST WESTERN TRUST BANK

By: /s/ Scott C. Wylie
Name: Scott C. Wylie
Title: Chairman / CEO

SELLER:

EMC HOLDINGS, LLC

By: /s/ Alan Schrum
Name: Alan Schrum
Title: President

MEMBER:

WHMC, LLC

By: /s/ Alan Schrum
Name: Alan Schrum
Title: President

SCHRUM:

/s/ Alan Schrum
Alan Schrum

Exhibit 10.7

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT ("Agreement") is made as of , 20 , by and between First Western Financial, Inc., a Colorado corporation (the "Company"), and ("Indemnitee"). This Agreement supersedes and replaces any and all previous agreements between the Company and Indemnitee covering the subject matter of this Agreement.

RECITALS

WHEREAS, highly competent persons have become more reluctant to serve publicly-held corporations as directors and officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Company (the "Board") has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Organizational Documents (as defined below) require indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to the CBCA (as defined below). The Organizational Documents of the Company and the CBCA expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the Board, officers and other persons with respect to indemnification;

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company and its shareholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Organizational Documents and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder;

WHEREAS, Indemnitee does not regard the protection available under the Organizational Documents and insurance as adequate in the present circumstances, and may not be willing to serve as an officer or director without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he be so indemnified; and

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to serve as a director and/or officer of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in such position. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee. Indemnitee specifically acknowledges that Indemnitee's employment with the Company (or any of its subsidiaries or any Enterprise), if any, is at will, and Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment contract between Indemnitee and the Company (or any of its subsidiaries or any Enterprise), other applicable formal severance policies duly adopted by the Board or, with respect to service as a director or officer of the Company, by the Company's Organizational Documents and the CBCA. The foregoing notwithstanding, this Agreement shall continue in force after Indemnitee has ceased to serve as an officer and director of the Company, as provided in Section 17 hereof.

Section 2. Definitions. As used in this Agreement:

(a) References to "agent" shall mean any person who is or was a director, officer or employee of the Company or a subsidiary of the Company or other person authorized by the Company to act for the Company, to include such person serving in such capacity as a director, officer, employee, fiduciary or other member of another corporation, partnership, limited liability company, joint venture, trust, organization or other enterprise at the request of, for the convenience of or to represent the interests of the Company or a subsidiary of the Company.

(b) "Corporate Status" describes the status of a person who is or was a director, officer, employee or agent of the Company or of any other corporation, limited liability company, partnership or joint venture, trust, organization or other enterprise which such person is or was serving at the request of the Company.

(c) "Disinterested Director" shall mean a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(d) "Enterprise" shall mean the Company and any other corporation, limited liability company, partnership, joint venture, trust, organization or other enterprise which Indemnitee is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, employee, agent or fiduciary.

(e) "Expenses" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, electronic discovery costs, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also shall include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond or other appeal bond or its equivalent, and (ii) for purposes of Section 15(d) only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise. The parties agree that for the purposes of any advancement of Expenses for which Indemnitee has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that are certified by affidavit of Indemnitee's counsel as being reasonable shall be presumed conclusively to be reasonable. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(f) "Independent Counsel" shall mean a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements); or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(g) The term "Organizational Documents" shall mean the Amended and Restated Articles of Incorporation of the Company and the Amended and Restated Bylaws of the Company, in each case as amended from time to time.

(h) The term "Proceeding" shall include any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, legislative or investigative (formal or informal) nature, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of the fact that Indemnitee is or was a director or officer of the Company, by reason of any action taken by him (or a failure to take action by him) or of any action (or failure to act) on his part while acting pursuant to his Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement or advancement of Expenses can be provided under this Agreement. If Indemnitee believes in good faith that a given situation may lead to or culminate in the institution of a Proceeding, this shall be considered a Proceeding under this paragraph.

(i) The term "Sarbanes-Oxley Act" shall mean the Sarbanes-Oxley Act of 2002, as amended from time to time.

(j) The term "CBCA" shall mean the Colorado Business Corporation Act, as amended from time to time.

(k) The term "Colorado Court" shall mean the courts of the State of Colorado located in Denver, Colorado.

(l) References to "other enterprise" shall include employee benefit plans; references to "fines" shall include any excise tax assessed with respect to any employee benefit plan; references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Agreement.

Section 3. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that his conduct was unlawful. The parties hereto intend that this Agreement shall provide to the

fullest extent permitted by law for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Organizational Documents, vote of its shareholders or Disinterested Directors or applicable law.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to

procure a judgment in its favor. Pursuant to this Section 4, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by him or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 4 in respect of any Proceeding as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that a Colorado Court or any other court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 6. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is, by reason of his Corporate Status, a witness or otherwise asked to participate in any Proceeding to which Indemnitee is not a party, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

Section 7. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

Section 8. Additional Indemnification.

(a) Notwithstanding any limitation in Sections 3, 4 or 5, the Company shall indemnify Indemnitee to the fullest extent permitted by applicable law if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines and amounts paid in settlement) actually and reasonably incurred by Indemnitee in connection with the Proceeding.

(b) For purposes of Section 8(a), the meaning of the phrase “to the fullest extent permitted by applicable law” shall include, but not be limited to:

i. to the fullest extent permitted by the provision of the CBCA that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the CBCA; and

ii. to the fullest extent authorized or permitted by any amendments to or replacements of the CBCA adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

Section 9. NOTICE OF ASSUMPTION OF LIABILITY. THE COMPANY EXPRESSLY ACKNOWLEDGES THAT THE INDEMNITIES CONTAINED IN THIS AGREEMENT REQUIRE ASSUMPTION OF LIABILITY PREDICATED ON THE NEGLIGENCE, GROSS NEGLIGENCE, OR CONDUCT RESULTING IN STRICT LIABILITY OF INDEMNITEE, AND THE COMPANY ACKNOWLEDGES THAT THIS SECTION 9 COMPLIES WITH ANY REQUIREMENT TO EXPRESSLY STATE LIABILITY FOR NEGLIGENCE, GROSS NEGLIGENCE, OR CONDUCT RESULTING IN STRICT LIABILITY IS CONSPICUOUS AND AFFORDS FAIR AND ADEQUATE NOTICE.

Section 10. Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnification payment in connection with any claim made against Indemnitee:

(a) for liability to the Company or its shareholders for monetary damages for (i) any breach of Indemnitee’s duty of loyalty to the Company or its shareholders, (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law or (iii) Indemnitee’s vote for or assent to a distribution made in violation of the CBCA or the Amended and Restated Articles of Incorporation of the Company, as amended from time to time; or

(b) in connection with a Proceeding by or in the right of the Company in which Indemnitee was adjudged liable to the Company; or

(c) in connection with any other Proceeding charging that Indemnitee derived an improper personal benefit, whether or not involving action in an official capacity, in which Proceeding Indemnitee was adjudged liable on the basis that Indemnitee derived an improper personal benefit; or

(d) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(e) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (as defined in Section 2(b) hereof) or similar provisions of state statutory law or common law, or (ii) any reimbursement of the Company by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise

from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act); or

(f) except as provided in Section 15(d) of this Agreement, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

Section 11. Advances of Expenses. Notwithstanding any provision of this Agreement to the contrary (other than Section 15(d)), the Company shall advance, to the extent not prohibited by law, the Expenses incurred by Indemnitee in connection with any Proceeding (or any part of any Proceeding) not initiated by Indemnitee, and such advancement shall be made within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. In accordance with Section 15(d), advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement, which shall constitute an undertaking providing that Indemnitee undertakes to repay the amounts advanced (without interest) to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company. No other form of undertaking shall be required other than the execution of this Agreement. This Section 11 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 10.

Section 12. Procedure for Notification and Defense of Claim.

(a) Indemnitee shall notify the Company in writing of any matter with respect to which Indemnitee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof. The written notification to the Company shall include a description of the nature of the Proceeding and the facts underlying the Proceeding. To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding. The omission by Indemnitee to notify the Company hereunder will not relieve the Company from any liability which it may have to Indemnitee hereunder or otherwise than under this Agreement, and any delay in so notifying the Company shall not constitute a waiver by Indemnitee of any rights under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

Section 13. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnitee for indemnification pursuant to Section 12(a), a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case: (i) by the Board by a majority of those present at a meeting at which a quorum is present, and only Disinterested Directors shall be counted in satisfying the quorum; or (ii) if a quorum cannot be obtained, by a majority vote of a committee of the Board, which committee shall consist of two or more Disinterested Directors; except that directors who are not Disinterested Directors may participate in the designation of directors for the committee; or (iii) if a quorum cannot be obtained and a committee cannot be established, or, even if a quorum is obtained or a committee is designated, if a majority of the directors constituting such quorum or such committee so directs, by (A) Independent Counsel or (B) the shareholders of the Company; and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or Expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Company promptly will advise Indemnitee in writing with respect to any determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied.

(b) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 13(a) hereof, the Independent Counsel shall be selected as provided in this Section 13(b). If a quorum shall have been obtained pursuant to Section 13(a)(i) hereof, the Independent Counsel shall be selected by a vote of the Board in the manner specified in Section 13(a)(i). If a committee shall have been designated pursuant to Section 13(a)(ii) hereof, the Independent Counsel shall be selected by a vote of the committee in the manner specified in Section 13(a)(ii). If a quorum shall not have been obtained and a committee shall not have been established, the Independent Counsel shall be selected by a majority vote of the full Board, including those directors who are not Disinterested Directors. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 15(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

Section 14. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 12(a) of this Agreement, and the Company shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the

commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) Subject to Section 15(e), if the person, persons or entity empowered or selected under Section 13 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 13(b) shall not apply (i) if the determination of entitlement to indemnification is to be made by the shareholders pursuant to Section 13(a) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination the Board has resolved to

submit such determination to the shareholders for their consideration at an annual meeting thereof to be held within seventy-five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of shareholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat, or (ii) if the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 13(a) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. The provisions of this Section 14(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

Section 15. Remedies of Indemnitee.

(a) Subject to Section 15(e), in the event that (i) a determination is made pursuant to Section 13 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 11 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 13(a) of this Agreement within ninety (90) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5, 6 or 7 or the last sentence of Section 13(a) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, (v) payment of indemnification pursuant to Section 3, 4 or 8 of this Agreement is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be

provided to Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by a court of his entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 15(a); provided, however, that the foregoing clause shall not apply in respect of a proceeding brought by Indemnitee to enforce his rights under Section 5 of this Agreement. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 13(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 15 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 15 the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made pursuant to Section 13(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 15, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 15 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. It is the intent of the Company that, to the fullest extent permitted by law, Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the

benefits intended to be extended to Indemnitee hereunder. The Company shall, to the fullest extent permitted by law, indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within thirty (30) days after receipt by the Company of a written request therefor) advance, to the extent not prohibited by law, such Expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company if, in the case of indemnification, Indemnitee is wholly successful on the underlying claims; if Indemnitee is not wholly successful on the underlying claims, then such indemnification shall be only to the extent Indemnitee is successful on such underlying claims or otherwise as permitted by law, whichever is greater.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement of Indemnitee to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

Section 16. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Organizational Documents, any agreement, a vote of shareholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Colorado law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Organizational Documents and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees or agents of the Enterprise, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such claim or of the commencement of a Proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable (or for which advancement is provided hereunder) hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, fiduciary, employee or agent of any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan, organization or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such other corporation, limited liability company, partnership, joint venture, trust, organization or other enterprise.

Section 17. Duration of Agreement. This Agreement shall continue until and terminate upon the later of: (a) ten (10) years after the date that Indemnitee shall have ceased to serve as a director and officer of the Company or (b) one (1) year after the final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to Section 15 of this Agreement relating thereto. The indemnification and advancement of Expenses rights provided by or granted pursuant to this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or of any other Enterprise and shall inure to the benefit of Indemnitee and his or her spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

Section 18. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 19. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this

Agreement in serving as a director or officer of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of

the Organizational Documents and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 20. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

Section 21. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise.

Section 22. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (d) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee shall provide to the Company.

(b) If to the Company, to

First Western Financial, Inc.
1900 16th Street, Suite 1200
Denver, Colorado 80202
Attention: Secretary

or to any other address as may have been furnished to Indemnitee by the Company.

Section 23. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 24. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Colorado, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 15(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Colorado Court and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Colorado Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the Colorado Court and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Colorado Court has been brought in an improper or inconvenient forum.

Section 25. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 26. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Section 27. IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

First Western Financial, Inc.	**Indemnitee**
Name: Title:	Name: Address:

BASIC LEASE INFORMATION

Lease Date:	March 10, 2005
Tenant:	FIRST WESTERN FINANCIAL, INC.
Tenant's Address for Notices:	1200 17th Street, Suite 2650 Denver, CO 80202
Landlord:	1001 LINCOLN LIMITED LIABILITY COMPANY
Landlord's Address for Payment and Notices:	299 Milwaukee Street Denver, CO 80206
Premises:	The Building located at 233 Milwaukee Street, Denver, CO legally described on Exhibit A attached hereto (the "Land") as more specifically depicted on the plan attached hereto as Exhibit B.
Building:	The term "Building" shall mean the building commonly known as 233 Milwaukee Street, Denver, CO.
Building Complex:	The term "Building Complex" shall mean the development containing the buildings commonly known as 299 Milwaukee Street, 233 Milwaukee Street and the second floor of the building commonly known as 231 Milwaukee Street.
Building Complex Common Areas:	The term "Building Complex Common Areas" shall mean the Building Complex's parking areas, service roads, loading facilities, sidewalks and other areas constructed or to be constructed for use in common by Tenant and other tenants of the Building Complex, including the basement conference room and workout facilities in the basement of the Building located at 299 Milwaukee Street and the exterior of the buildings constituting the Building Complex, subject to the terms of this Lease and to rules and regulations that may be reasonably prescribed from time to time by Landlord. The Building Complex Common Areas are sometimes referred to herein as the "Common Areas."
Rentable Square Footage:	8,551 square feet which includes a pro rata portion of the basement of 299 Milwaukee Street.
Permitted Use:	Any general office/bank and financial services use
Term:	Approximately 61 months, commencing June 1, 2005 [or twelve (12) weeks after execution of lease] (the "Commencement Date") and ending May 31, 2010 (the "Termination Date"), with one (1) five year option as per Rider

	Annual Base Rent:	Monthly Base Rent:
Year 1	$ 107,923.35	$ 8,993.61
Year 2	$ 111,170.45	$ 9,264.20
Year 3	$ 114,503.00	$ 9,541.92
Year 4	$ 117,921.00	$ 9,826.75
Year 5	$ 121,509.90	$ 10,125.83

Security Deposit	$15,549.38
Tenant's Percentage Share:	16.42% for the Building Complex, obtained by dividing 8,551 rentable square feet in the Premises by 52,088 total rentable square feet in the Building Complex and 100% for the Building, obtained by dividing 8,551 rentable square feet in the Premises by 8,551 total rentable square feet in the Building.
Operating Expenses:	See Exhibit D
Delivery Date:	Landlord shall endeavor to deliver the Premises to Tenant by March 14, 2005 with Landlord's Work (as defined on Exhibit E) completed. Tenant shall be permitted access to the Premises from and after March 14, 2005, for coordination and setup of its office/bank and, if feasible with construction plans, to occupy the Premises during construction.

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LEASE

THIS LEASE AGREEMENT (this "Lease") is entered into as of March 10, 2005, between 1001 LINCOLN LIMITED LIABILITY COMPANY, a Colorado limited liability company ("Landlord"), and FIRST WESTERN FINANCIAL, INC. , a Colorado Corporation ("Tenant").

1. DEFINITIONS AND BASIC PROVISIONS

The definitions and provisions set forth in the Basic Lease Information are incorporated herein by reference for all purposes. If any conflict exists between any Basic Lease Information and the terms of the Lease, then the terms of the Lease shall control.

2. LEASE GRANT

Subject to the terms of this Lease, Landlord leases to Tenant, and Tenant leases from Landlord, the Premises. Tenant shall have the right to use the Common Areas as such may be designated by Landlord from time to time, including, but not limited to the basement level conference room and exercise facilities in the 299 Milwaukee building, in common with other tenants and occupants of the Building Complex and subject to reasonable rules and regulations established by Landlord. Landlord reserves the right to construct new buildings, to change the number and location of buildings, building dimensions, the number of floors in any of the buildings, store dimensions, Common Areas, the identity and type of other stores and tenancies at such locations as Landlord shall determine in its sole discretion and provided only that the size of and access to the Premises and Common Areas shall not be materially impaired.

3. TERM

3.1 Commencement. If the Premises are not delivered to Tenant on the scheduled Delivery Date set forth in the Basic Lease Information, Landlord shall not be in default hereunder or be liable for damages therefor. By occupying the Premises Tenant shall be deemed to have accepted the Premises in their condition as of the date of such occupancy, subject to incomplete work not reasonably discoverable upon an initial inspection, and subject to the performance of punch-list items, if any, that remain to be performed by Landlord. Provided, however, that Landlord is and will remain responsible for any environmental issues, including but not limited to asbestos removal and compliance with all laws, rules and regulations related to the Americans with Disabilities Act ("ADA").

3.2 Option. Tenant shall be granted one five year option to extend the term of this lease as provided in the Rider attached hereto.

4. RENT

Commencing on the Commencement Date, Tenant shall pay to Landlord Base Rent in the amount set forth in the Basic Lease Information. Base Rent and all additional sums to be paid by Tenant to Landlord under this Lease, including Operating Expenses as defined in Exhibit D, shall be timely paid to Landlord without deduction or set off, at Landlord's Address for Payment (or such other address as Landlord may from time to time designate in writing to Tenant). Base Rent, Operating Expenses and all other amounts due to Landlord hereunder are collectively referred to herein as "Rent". Base Rent shall be payable monthly in advance. Monthly installments of Base Rent shall be due on the Commencement Date and the first day of each succeeding calendar month during the Term. Base Rent for any fractional month at the beginning of the Term shall be prorated based on 1/365 of the current annual Base Rent for each day of the partial month this Lease is in effect, and shall be due on the Commencement Date.

5. DELINQUENT PAYMENT; HANDLING CHARGES

All payments required of Tenant hereunder shall bear interest from the date due until paid at the lesser of (i) prime rate plus five percent (5%) per annum or (ii) the maximum rate permitted by law. In addition, Landlord may charge Tenant a late fee equal to ten percent (10%) of the delinquent payment if not paid within five (5) days of the due date provided that Landlord will not invoke this right until the second time that Tenant is late in its rental payment obligations. In no event, however, shall the charges permitted under this Section 5 or elsewhere in this Lease, to the extent the same are considered to be interest under applicable law, exceed the maximum lawful rate of interest.

6. LANDLORD'S OBLIGATIONS

6.1. Services. Landlord shall furnish to Tenant (i) water (hot and cold) at those points of supply provided for general use of tenants of the Building Complex; (ii) heating, ventilating and air-conditioning (HVAC) Monday through Friday from 7:00 A.M. to 6:00 P.M., and Saturday from 8:00 A.M. to 5:00 P.M. at such temperatures and in such amounts as are standard for comparable buildings or as required by governmental authority; (iii) replacement of Building Complex-standard light bulbs and fluorescent tubes, provided that the cost of such bulbs and tubes shall be paid by Tenant; (iv) electric current, and (v) cleaning services of the Premises at the same service levels and at the same time as such cleaning services are performed by Landlord's cleaning service provider on the other portions of the Building Complex. In the event additional HVAC units are installed in the Premises at Tenant's request, all service and maintenance expenses with respect to such units shall be at Tenant's sole cost and expense. Landlord shall maintain the Building Common Areas and Building Complex Common Areas in good order and condition. If Tenant desires any of the services specified in this Section 6.1 at any time other than times herein designated, such services shall be supplied to Tenant upon the written request of Tenant delivered to Landlord on the business day preceding such extra usage, and Tenant shall pay to Landlord the cost of such services within thirty days after Landlord has delivered to Tenant an invoice therefor.

6.3. Restoration of Services; Abatement. Landlord shall use reasonable efforts to restore any service that becomes unavailable; however, such unavailability shall not render Landlord liable for any damages caused thereby, be a constructive eviction of Tenant, constitute a breach of any implied warranty, or, except as provided in the next sentence, entitle Tenant to any abatement of Tenant's obligations hereunder. Notwithstanding the preceding, if Tenant is prevented from making reasonable use of the Premises for more than two (2) consecutive business days because of the unavailability of any such service which is caused by Landlord, Tenant shall be entitled to a reasonable abatement of Rent for each day after such 5-day period that Tenant is so prevented from making reasonable use of the Premises.

7. IMPROVEMENTS; ALTERATIONS; REPAIRS; MAINTENANCE; SIGNAGE

7.1. Improvements; Alterations. Landlord or Tenant, as appropriate, shall construct initial improvements to the Premises in accordance with Exhibit E attached hereto. No additional improvements or alterations to the Premises may be made without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, that Tenant may make cosmetic, non-structural alterations which do not impact the electrical, HVAC or other building systems costing less than $15,000 in the aggregate per year without obtaining Landlord's consent, but with not less than ten (10) days prior notice to Landlord. All alterations, additions, or improvements made to the Premises, either by Landlord or Tenant, shall be Landlord's property at the end of the Term and shall remain on the Premises. Approval by Landlord of any of Tenant's drawings and plans and specifications prepared in connection with any improvements to the Premises shall not constitute a representation or warranty of Landlord as to the adequacy or sufficiency of such drawings, plans and specifications, or the improvements to which they relate, for any use, purpose, or condition, but such approval shall constitute only the consent of Landlord as required hereunder.

7.2. Performance of Work. All work described in this section shall be performed only by Landlord or by contractors approved in writing by Landlord. Landlord's approval of contractors shall not be unreasonably withheld. Tenant shall cause all contractors to procure and maintain insurance coverage against such risks and in such amounts as is customary in the region where the Premises are located. All such work shall be performed in accordance with all legal

requirements and in a good and workmanlike manner so as not to damage the Premises, the Building, or the Building Complex's plumbing, electrical lines, or other utility transmission facilities.

7.3. Mechanics' Liens. Tenant shall not permit any mechanic's lien to be filed against the Premises or the Building Complex for any work performed, materials furnished, or obligation incurred by or at the request of Tenant. If such a lien is filed, then Tenant shall, within 10 days after receipt of notice thereof and without demand from Landlord, either pay the amount of the lien or diligently contest such lien and deliver to Landlord a bond or other security reasonably satisfactory to Landlord. If Tenant fails to take either such action, then Landlord may pay the lien claim without inquiry as to the validity thereof, and any amounts so paid, including expenses, attorneys fees and interest, shall be paid by Tenant to Landlord within 10 days after Landlord has delivered to Tenant an invoice therefor. Within five (5) days after notifying Landlord of any planned erection, construction, alteration, removal, addition, repair, or other improvement ("the Work"), and prior to commencement of construction, Tenant shall post and keep posted until the completion of the Work, in a conspicuous place upon doors providing entrance to the Premises, and shall personally serve upon such contractors or subcontractors performing the Work, a notice satisfactory under Colorado law stating that Landlord's interests in the Building and Building Complex shall not be subject to any lien for the Work.

7.4. Repairs; Maintenance. Tenant shall maintain the Premises in a clean, safe and attractive condition. Tenant shall repair or replace, subject to Landlord's direction and supervision, any damage to the Building or Building Complex caused by Tenant or Tenant's agents, contractors, or invitees. If Tenant fails to make any such repairs or replacements within 30 days after the occurrence of such damage, then Landlord may, after reasonable notice to Tenant, make the same at Tenant's cost. The cost of any repair or replacement work performed by Landlord under this Section 7 shall be paid by Tenant to Landlord within 10 days of receipt by Tenant of an invoice therefor.

7.5 Directory and Suite Signage. Landlord, at Tenant's expense, shall (a) identify Tenant on the tenant directory in the Building lobby and on all other directories, if any, in the Building; and (b) furnish Tenant with suite identification signage on the entrance to the Premises.

7.6 Building Signage. Tenant shall have the right, at its sole cost and expense, to display its name, and the name of its subsidiaries, on the sign in front of the Building. Tenant shall be responsible for fabrication and installation costs of such sign and to obtain approval from the Cherry Creek North Improvement District and any other applicable governmental entities. The size, placement and design of such signage shall be subject to Landlord's prior written approval, which shall not be unreasonably withheld. Upon expiration or earlier termination of this Lease, Tenant shall remove all its signage and repair any damage to the Premises or Building as a result of such removal.

8. USE

8.1 Use. Tenant shall use the Premises only for the Permitted Use and shall comply with all laws, orders, rules, and regulations relating to the use and occupancy of the Premises. The Premises shall not be used for any use that creates extraordinary fire hazards or involves the storage of any hazardous materials (other than reasonable quantities of any such materials involved in customary office use). If, because of Tenant's acts, the rate of insurance on the Building or Building Complex increases, then Tenant shall pay to Landlord the amount of such increase.

9. ASSIGNMENT AND SUBLETTING

9.1. Transfers; Consent. Tenant shall not, except as set forth in the immediately following sentence, without the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed, (i) assign, transfer, or encumber this Lease or any estate or interest herein, whether directly or by operation of law, (ii) sublet any portion of the Premises, (iii) grant any license, concession, or other right of occupancy to any portion of the Premises, or (iv) permit the use of the Premises by any party other than Tenant (any of such events being a "Transfer"). Tenant shall be permitted to sublet space to its subsidiaries (whether wholly owned or not), and any certain professional service providers of Tenant, on the conditions that (a) Tenant will not formally subdivide the Premises to less than one (1) full floor, (b) Tenant will continuously maintain its or First Western Trust Bank's operations on the Premises, and (c)

Tenant shall remain primarily and fully liable under this Lease for all obligations of Tenant including Rent regardless of any subtenancy by the entities described above. If Tenant requests Landlord's consent to a Transfer, then Tenant shall provide Landlord with a written description of all terms and conditions of the proposed Transfer, copies of the proposed documentation, and the following information about the proposed transferee: name and address; reasonably satisfactory information about its business and proposed use of the Premises; and financial and other credit information. Tenant shall reimburse Landlord for its actual, documented attorneys' fees and other expenses incurred in connection with considering any request for its consent to a Transfer and pay Landlord an administrative fee of up to a maximum of $1,000.00. If Landlord consents to a proposed Transfer, then the proposed transferee shall deliver to Landlord a written agreement whereby it agrees to observe Tenant's obligations hereunder; however, any transferee of less than all of the space in the Premises shall be liable only for obligations under this Lease that are allocable to the space subject to the Transfer, and only to the extent of the rent it has agreed to pay Tenant therefor. Landlord's consent to a Transfer shall not release Tenant from performing its obligations under this Lease, but rather Tenant and its transferee shall be jointly and severally liable therefor. Landlord's consent to any Transfer shall not waive Landlord's rights as to any subsequent Transfers. If an Event of Default occurs while the Premises or any part thereof are subject to a Transfer, then Landlord, in addition to its other remedies, may collect directly from such transferee all rents becoming due to Tenant and apply such rents against Rent, and in such event Tenant authorizes its transferees to make payments of rent directly to Landlord upon receipt of notice from Landlord to do so.

9.2 Excess Compensation. Tenant shall pay to Landlord fifty percent (50%) of the excess of (i) the net compensation actually received by Tenant for a Transfer, after reduction by all costs (the "Transfer Costs") incurred by Tenant in connection with such Transfer, over (ii) the Base Rent and Operating Expenses. Tenant shall not be obligated to begin making payments to Landlord with respect to any such excess until Tenant has fully recovered its Transfer Costs.

10. INSURANCE; WAIVERS; SUBROGATION; INDEMNITY

10.1. Tenant Insurance. Tenant shall maintain throughout the Term the following insurance: (i) comprehensive general liability insurance in amounts of not less than a combined single limit of $2,000,000 insuring Tenant, Landlord, and Landlord's agents against all liability for injury to or death of a person or persons or damage to property arising from the use and occupancy of the Premises, (ii) insurance covering the value of Tenant's property and improvements, and other property (including property of others), in the Premises, and (iii) workers compensation insurance sufficient to meet the requirements of state law, containing a waiver of subrogation endorsement reasonably acceptable to Landlord. Tenant's insurance shall provide primary coverage to Landlord when any policy issued to Landlord provides duplicate or similar coverage, and in such circumstance Landlord's policy will be excess over Tenant's policy. Tenant shall furnish certificates of, or, upon Landlord's request, copies of such insurance and such other evidence satisfactory to Landlord of the maintenance of all insurance coverage required hereunder, and Tenant shall obtain a written obligation on the part of each insurance company to notify Landlord at least 30 days before cancellation or a material change of any such insurance. All such insurance policies shall be in form, and issued by companies, reasonably satisfactory to Landlord.

10.2. Landlord Liability. Landlord shall not be liable to Tenant or those claiming by, through, or under Tenant for any injury to or death of any person or persons or the damage to or theft, destruction, loss, or loss of use of any property or inconvenience (a "Loss") caused by casualty, theft, fire, third parties, or any other matter (including Losses arising through repair or alteration of any part of the Building Complex, or failure to make repairs, or from any other cause).

10.3 Indemnity. To the extent permitted by applicable law, each party shall defend, indemnify, and hold harmless the other and its partners, officers, directors, agents and employees from and against all claims, demands, liabilities, causes of action, suits, judgments, and expenses (including

attorneys' fees) for any Loss arising from any occurrence on the Premises caused by such indemnifying party and its customers, contractors, licensees, agents, employees and invitees. The foregoing shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence of Landlord or its officers,, employees, clients or customers, or by other tenants. To the extent permitted by applicable law, each party shall defend, indemnify, and

hold harmless the other and its partners, officers, directors, agents and employees from and against all claims, demands, liabilities, causes of action, suits, judgments, and expenses (including attorneys' fees) for any Loss arising from any occurrence in the Common Areas caused by such indemnifying party or its customers, contractors, licensees, agents, employees and invitees. The foregoing shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence of Tenant or its officers, contractors, licensees, agents, employees, clients or customers.

10.4. Landlord Insurance. Landlord shall maintain comprehensive general liability insurance and casualty insurance covering at least 80% of the value of the Building Complex. All insurance maintained by Landlord shall be included in Operating Expenses.

11. SUBORDINATION; ATTORNMENT; NOTICE TO LANDLORD'S MORTGAGEE

11.1. Subordination. This Lease is and shall be subordinate to any deed of trust, mortgage, or other security instrument (a "Mortgage"), or any ground lease, master lease, or primary lease (a "Primary Lease"), that now or hereafter covers all or any part of the Premises (the mortgagee under any Mortgage or the lessor under any Primary Lease is referred to herein as "Landlord's Mortgagee"). At any time within ten (10) days following request by Landlord, Tenant shall confirm such subordination in writing. If Tenant fails to execute and deliver a subordination agreement within ten (10) days after such notice by Landlord, then, such failure shall constitute a default by Tenant, and in such event, Tenant agrees to pay to Landlord as liquidated damages therefor (and in addition to all other remedies available to Landlord under Section 17 of this Lease) an amount equal to Five Hundred Dollars ($500) per day for each day Tenant fails to so deliver such subordination agreement, after the expiration of said ten (10) day period. The parties agree that it is and will be impracticable and extremely difficult to determine the actual monetary damages, suffered by Landlord in the event of Tenant's breach of its obligations pursuant to this Section, and the parties have fixed the foregoing amount equal to Five Hundred Dollars ($500) per day as the sum of liquidated damages which Tenant hereby agrees to pay to Landlord, which sum represents a reasonable approximation of the monetary damages which would be likely to result from Tenant's aforesaid breach.

11.2. Attornment. Tenant shall attorn to any party succeeding to Landlord's interest in the Premises, whether by purchase, foreclosure, deed in lieu of foreclosure, power of sale, termination of lease, or otherwise, upon such party's request, and shall execute such agreements confirming such attornment as such party may reasonably request.

11.3. Notice to Landlord's Mortgagee. Tenant shall not seek to enforce any remedy it may have for any default on the part of Landlord without first giving written notice of such default to any Landlord's Mortgagee whose address has previously been provided to Tenant by Landlord, and affording such Landlord's Mortgagee the opportunity to perform Landlord's obligations hereunder.

12. RULES AND REGULATIONS

Tenant shall comply with the rules and regulations of the Building Complex, if any, attached hereto as Exhibit C. Landlord may from time to time make reasonable changes to such rules and regulations, on the condition that such changes will not be deemed effective until Tenant receives written notice thereof from Landlord. Provided, however, that if any banking industry law, rule, regulation or common practice that is applicable to Tenant conflicts with any rule or regulation of the Building, Tenant shall not be deemed to be in default under this lease as a result of its required compliance with such Banking law, etc., so long as such compliance does not create a dangerous condition and does not result in Landlord becoming in default or otherwise in violation of any applicable law hereunder.

13. CONDEMNATION

13.1. Taking - Tenant's Rights. If any part of the Premises is taken by right of eminent domain or conveyed in lieu thereof (a "Taking"), and such Taking prevents Tenant from conducting its business in the Premises in a manner

comparable to that conducted immediately before such Taking, then Tenant may terminate this Lease as of the date of such Taking by giving written notice to Landlord within 60 days after the Taking, and Rent shall be apportioned as of the date of such Taking on a reasonable basis taking into account the portion of the Premises rendered untenantable and the date of such termination such that Tenant shall pay for its actual use of the Premises. If Tenant does not terminate this Lease then Rent shall be abated on a reasonable basis as to that portion of the Premises rendered untenantable by the Taking.

13.2. Taking - Landlord's Rights. If any material portion, but less than all, of the Building or Building Complex becomes subject to a Taking, or if Landlord is required to pay the proceeds received for a Taking to Landlord's Mortgagee, then this Lease, at the option of Landlord, exercised by written notice to Tenant within 30 days after such Taking, shall terminate and Rent shall be apportioned as of the date of such Taking. If Landlord does not so terminate this Lease then this Lease shall continue, but if any portion of the Premises has been taken Base Rent shall abate as provided in the last sentence of Section 13.1.

13.3. Award. If any Taking occurs, then Landlord shall receive the entire award or other compensation for the Land, the Premises, Building, Building Complex, and other improvements, and Tenant may separately pursue a claim against the condemning authority for Tenant's personal property, moving costs, loss of business, and other claims it may have which are separately recoverable from the condemning authority and which will not reduce the award to Landlord.

14. FIRE OR OTHER CASUALTY

14.1. Repair Estimate. If the Premises or the Building or the Building Complex are damaged by fire or other casualty (a "Casualty"), Landlord shall, within thirty (30) days after such Casualty, deliver to Tenant a good faith estimate (the "Damage Notice") of the time needed to repair the damage caused by such Casualty.

14.2. Tenant's Rights. If a material portion of the Premises or Building, or access thereto, is damaged by a Casualty such that Tenant is prevented from conducting its business in the Premises or accessing the Premises in a manner reasonably comparable to that conducted immediately before such Casualty, and Landlord estimates that the damage caused thereby cannot be repaired within 120 days after the later of (i) Landlord's delivery of the Damage Notice to Tenant or (ii) Landlord's receipt of insurance proceeds as a result thereof, then Tenant may terminate this Lease by delivering written notice to Landlord of its election to terminate within 30 days after the Damage Notice has been delivered to Tenant. If Tenant does not terminate this Lease, then (subject to Landlord's rights under Section 14.3) Landlord shall repair the Building or the Premises, as the case may be, as provided below, and Rent for the portion of the Premises rendered untenantable by the Casualty shall be abated from the date of Casualty until restoration of the Premises.

14.3. Landlord's Rights. If a Casualty damages a material portion of the Premises, Building or Building Complex and Landlord makes a good faith determination that restoration would be uneconomical, or Landlord is required to deliver insurance proceeds to Landlord's Mortgagee, then Landlord may terminate this Lease by giving written notice of its election to terminate within 30 days after the Damage Notice has been delivered to Tenant, and Rent hereunder shall be abated as of the date of the Casualty for the portion of the Premises rendered untenantable.

14.4. Repair Obligation. If neither party elects to terminate this Lease following a Casualty then Landlord shall, promptly after such Casualty, commence to repair the Building and the Premises and shall proceed with reasonable diligence to restore the same to substantially the same condition as they existed immediately before such Casualty. If such repair has not been completed within 60 days of the date of estimated completion of repairs as set forth in the Damage Notice, then Tenant, at Tenant's option, may terminate this Lease. Landlord shall not be required to repair or replace any of Tenant's furniture, fixtures, or equipment unless damaged by Landlord's own negligence or willful misconduct.

15. TAXES

Tenant shall be liable for all taxes levied or assessed against personal property, furniture, or fixtures placed by Tenant in the Premises. If any taxes for which Tenant is liable are levied or assessed against Landlord or Landlord's property and Landlord elects to pay the same, or if the assessed value of Landlord's property is increased by inclusion of such personal property, furniture or fixtures and Landlord elects to pay the taxes based on such increase, then Tenant shall pay to Landlord, within 30 days of request, that part of such taxes for which Tenant is liable hereunder.

16. EVENTS OF DEFAULT

16.1. Each of the following occurrences shall constitute an "Event of Default":

16.1.1. Tenant's failure to pay Rent, or any other sums due from Tenant to Landlord under the Lease, when due, which failure shall continue for more than five (5) business days after the date due;

16.1.2. Tenant's failure to perform, comply with, or observe any other agreement or obligation of Tenant under this Lease within 30 days after written notice of such failure, provided that if any such failure may not reasonably be cured within such 30-day period, then Tenant shall not be in default if Tenant commences to cure such failure within such period and works diligently toward the completion thereof;

16.1.3. The filing of a petition by or against Tenant (i) in any bankruptcy or other insolvency proceeding; (ii) seeking any relief under any state or federal debtor relief law; (iii) for the appointment of a receiver for all or substantially all of Tenant's property or for Tenant's interest in this Lease; or (iv) for the reorganization or modification of Tenant's capital structure, where any such petition is not dismissed within 60 days;

16.1.4. Tenant shall abandon the Premises without continued payment of rent as due; or

16.1.5. The admission by Tenant that it cannot meet its obligations as they become due or the making by Tenant of an assignment for the benefit of its creditors.

17. REMEDIES

17.1. Upon any Event of Default, Landlord may, in addition to all other rights and remedies afforded Landlord hereunder or by law or equity, take any of the following actions:

17.1.1. Terminate this Lease by giving Tenant written notice thereof, in which event Tenant shall pay to Landlord (i) all Rent accrued hereunder through the date of termination, (ii) all amounts due under Section 18.1, and (iii) an amount equal to (A) the total Rent that Tenant would have been required to pay for the remainder of the Term discounted to present value at a per annum rate equal to the "Prime Rate" as published on the date this Lease is terminated by The Wall Street Journal in its listing of "Money Rates", minus (B) the then present fair rental value of the Premises for such period, similarly discounted; or

17.1.2. Terminate Tenant's right to possession of the Premises without terminating this Lease by giving written notice thereof to Tenant, in which event Tenant shall pay to Landlord (i) all Rent and other amounts accrued hereunder to the date of termination of possession, (ii) all amounts due from time to time under Section 18.1, and (iii) all Rent and other sums required hereunder to be paid by Tenant during the remainder of the Term, diminished by any net sums thereafter received by Landlord through re-letting the Premises during such period. Tenant shall not be entitled to the excess of any consideration obtained by re-letting over the Rent due hereunder. Reentry by Landlord in the Premises shall not affect Tenant's obligations hereunder for the remaining Term; rather, Landlord may, from time to time, bring action against Tenant to collect amounts due by Tenant, without the necessity of Landlord's waiting until the expiration of the Term. Unless Landlord delivers written notice to Tenant expressly stating that it has elected to terminate this Lease, all actions taken by Landlord to exclude or dispossess Tenant of the Premises shall be deemed to be taken under this Section 17.1.2. If Landlord elects to proceed under this Section 17.1.2, it may at any time elect to

terminate this Lease under Section 17.1.1. Following any Event of Default Landlord shall use commercially reasonable efforts to mitigate its damages.

17.2. Additionally, and without notice, Landlord may alter locks or other security devices at the Premises to deprive Tenant of access thereto, and Landlord shall not be required to provide a new key or right of access to Tenant.

18. PAYMENT BY TENANT; NON-WAIVER

18.1 Payment by Tenant. Upon any Event of Default, Tenant shall pay to Landlord all costs incurred by Landlord (including court costs and reasonable attorneys' fees and expenses) in (i) obtaining possession of the Premises, (ii) removing and storing Tenant's or any other occupant's property, (iii) if Tenant is dispossessed of the Premises and this Lease is not terminated, re-letting all or any part of the Premises (including brokerage commissions, rent concessions and tenant improvements or tenant improvement allowance), (iv) performing Tenant's obligations that Tenant failed to perform, and (v) enforcing its rights, remedies, and recourses arising out of the Event of Default.

18.2 No Waiver. Landlord's acceptance of Rent following an Event of Default shall not waive Landlord's rights regarding such Event of Default. No waiver by Landlord or Tenant of any violation or breach by the other of any of the terms contained herein by shall waive the non-breaching party's rights regarding any future violation of such term or violation of any other term.

19. SURRENDER OF PREMISES

No act by Landlord shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender of the Premises shall be valid, unless the same is made in writing and signed by Landlord. At the expiration or termination of this Lease, Tenant shall deliver to Landlord the Premises with all improvements located thereon in good repair and condition, reasonable wear and tear (and condemnation and fire or other casualty damage not caused by Tenant) excepted, and shall deliver to Landlord all keys to the Premises. Tenant may remove all unattached trade fixtures, furniture, and personal property placed in the Premises by Tenant, but Tenant shall not remove any such item paid for by Landlord. Tenant shall repair all damage caused by such removal. All items not so removed shall be deemed to have been abandoned by Tenant and may be appropriated, sold, stored, destroyed, or otherwise disposed of by Landlord, at Tenant's expense, without notice to Tenant and without any obligation to account for such items. The provisions of this Section 19 shall survive the termination of this Lease.

20. HOLDING OVER

In the event Tenant shall remain within the Premises beyond the termination or expiration date of this Lease term without Landlord's express written permission, then said holdover period shall be deemed to create a month-to-month tenancy under the same terms and conditions herein, except at a base rent of 150% of this previous base rent, terminable by either party upon not less than thirty (30) days notice.

21. CERTAIN RIGHTS RESERVED BY LANDLORD

Provided that the exercise of such rights does not unreasonably interfere with Tenant's occupancy of the Premises, Landlord shall have the following rights:

(a) to decorate and to make inspections, repairs, alterations, additions, changes, or improvements, whether structural or otherwise, in and about the Building Complex, or any part thereof; for such purposes, to enter upon the Premises at reasonable times after reasonable notice, and during the continuance of any such work, to close temporarily doors, entryways, public space, and corridors in the Building Complex; to interrupt or temporarily suspend

Building Complex services and facilities; and to change the arrangement and location of entrances or passageways, doors, and doorways, corridors, elevators, stairs, restrooms, or other public parts of the Building Complex;

(b) to take such reasonable measures as Landlord deems advisable for the security of the Building and Building Complex and its occupants, including without limitation monitoring entry and exit of the Building and Building Complex; evacuating the Building Complex for cause or for drill purposes; temporarily denying access to the Building or Building Complex; and closing the Building or Building Complex after normal business hours and on Saturdays, Sundays, and holidays, subject, however, to Tenant's right to enter when the Building or Building Complex is closed after normal business hours under such reasonable regulations as Landlord may prescribe;

(c) to change the name by which the Building Complex is designated; and

(d) to enter the Premises at reasonable hours after reasonable notice to show the Premises to prospective purchasers, lenders, or tenants.

22. MISCELLANEOUS

22.1. Landlord Transfer. Landlord may transfer, in whole or in part, the Building or Building Complex or any portion thereof and any of its rights under this Lease. If Landlord assigns its rights under this Lease, then Landlord shall thereby be released from any further obligations hereunder accruing after the date of such transfer.

22.2. Landlord's Liability. The liability of Landlord and Landlord's partners, officers, directors, agents and employees to Tenant for any default by Landlord under the terms of this Lease shall be limited to Tenant's actual damages therefor and shall be recoverable only from the interest of Landlord in the Building and the Land, and Landlord shall not be personally liable for any deficiency nor shall any party owning any other portion of the Building Complex have any liability therefor. This section shall not be deemed to limit or deny any remedies that Tenant may have in the event of a default by Landlord hereunder that does not involve the personal liability of Landlord.

22.3. Force Majeure. Whenever a period of time is prescribed herein for action to be taken by either party (other than for the payment of money), such party shall not be responsible for any delay due to strikes, riots, acts of God, shortages of labor or materials, war, governmental laws, regulations, or restrictions, or any other causes of any kind whatsoever beyond the control of such party.

22.4. Brokers. Landlord and Tenant each warrants to the other that it has not dealt with any broker or agent, other than the broker(s) listed at the end of this section, in connection with the negotiation or execution of this Lease. Tenant and Landlord shall each indemnify the other against all costs, expenses, attorneys' fees, and other liability for commissions or other compensation claimed by any broker or agent claiming the same by, through, or under the indemnifying party.

22.5. Estoppel . Upon the request of Landlord, Tenant shall furnish to any party designated by Landlord, within ten (10) business days after Landlord has made a request therefor, a certificate substantially in the form attached hereto as Exhibit H or such other form reasonably requested by Landlord. Failure by Tenant to deliver such certificate shall be conclusive on Tenant that this Lease is in full force and effect and has not been modified, except as may be represented by Landlord. If Tenant fails to execute and deliver an estoppel certificate within ten (10) business days after such notice by Landlord, then, such failure shall constitute a default by Tenant, and in such event, Tenant agrees to pay to Landlord as liquidated damages therefor (and an addition to all other remedies available to Landlord under Section 17 of this Lease) an amount equal to Five Hundred Dollars ($500) per day for each day Tenant fails to so deliver such estoppel agreement after the expiration of said ten (10) day period. The parties agree that it is and will be impracticable and extremely difficult to determine the actual monetary damages, suffered by Landlord in the event of Tenant's breach of its obligations pursuant to this Section, and the parties have fixed the foregoing amount equal to Five Hundred Dollars ($500) per day as the sum of liquidated damages which Tenant hereby agrees to pay to Landlord, which sum represents a reasonable approximation of the monetary damages which would be likely to result from Tenant's aforesaid breach.

22.6. Notices. All notices, consents, waivers, or other communications that this Lease requires or permits either party to give the other shall be in writing and shall be given by personal delivery (including delivery by any messenger or carrier service that requires a signed receipt) or by nationally recognized overnight delivery, US Express Mail or certified mail, return receipt requested, postage prepaid, or by facsimile with copy by one of the other methods, addressed as set forth in the Basic Lease Information. Either party may change its notice address by giving written notice of such change to the other party in the manner provided herein, provided that the notified party shall have at least ten (10) days after receipt of such notice to reflect such change of address in its records. Rent and other charges required by this Lease to be paid by Tenant to Landlord shall be delivered to Landlord at the Address for Payment, or to such other address as Landlord may from time to time specify by written notice to Tenant. All notices under this lease shall be deemed given, received, made or communicated on the date personal delivery is effected or refused, or if mailed or sent via overnight delivery, on the date of delivery or attempted delivery shown on the return receipt.

22.7. Severability. If any clause or provision of this Lease is illegal, invalid, or unenforceable under present or future laws, then the remainder of this Lease shall not be affected thereby and in lieu of such clause or provision there shall be added as a part of this Lease a clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible and be legal, valid, and enforceable.

22.8. Amendments; Binding . This Lease may not be amended except by written instrument signed by Landlord and Tenant. No provision of this Lease shall be deemed to have been waived by either party unless such waiver is in writing signed by the waiving party, and no custom or practice that may evolve between the parties in the administration of the terms hereof shall waive or diminish the right of either party to insist upon performance by the other in strict accordance with the terms hereof. Time is of the essence for all provisions under this lease. The terms and conditions contained in this Lease shall inure to the benefit of and be binding upon the parties hereto, and upon their respective successors in interest and legal representatives, except as otherwise herein expressly provided. This Lease is for the sole benefit of Landlord and Tenant, and, other than Landlord's Mortgagee, no third party shall be deemed a third party beneficiary hereof.

22.9 Accord and Satisfaction. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy provided in this Lease.

22.10. Quiet Enjoyment. Provided Tenant has performed all of the terms and conditions of this Lease to be performed by Tenant, Tenant shall peaceably and quietly hold and enjoy the Premises for the Term, without hindrance from Landlord or any party claiming by, through, or under Landlord, subject to the terms and conditions of this Lease.

22.11. Joint and Several Liability. If there is more than one Tenant, then the obligations hereunder imposed upon Tenant shall be joint and several. If there is a guarantor of Tenant's obligations hereunder, then the obligations hereunder imposed upon Tenant shall be the joint and several obligations of Tenant and such guarantor, and Landlord need not first proceed against Tenant before proceeding against such guarantor nor shall any such guarantor be released from its guaranty for any reason whatsoever.

22.12. Captions. The captions contained in this Lease are for convenience of reference only, and do not limit or enlarge the terms and conditions of this Lease.

22.13. No Merger. There shall be no merger of the leasehold estate hereby created with the fee estate in the Premises or any part thereof if the same person acquires or holds, directly or indirectly, this Lease or any interest in this Lease and the fee estate in the leasehold Premises or any interest in such fee estate.

22.14. Attorneys' Fees. In the event that any action, suit, or other proceeding is instituted concerning or arising out of this Lease, the prevailing party shall recover all of such party's costs and attorneys' fees incurred in each and every such action, suit, or other proceeding, including any and all appeals or petitions therefrom, from the non-prevailing party. As used herein, "attorneys' fees" shall mean the full and actual costs of any legal services actually

rendered in connection with the matters involved, calculated on the basis of the usual fee charged by the attorneys performing such services.

22.15 No Offer. The submission of this Lease to Tenant shall not be construed as an offer.

22.16 Exhibits. The following exhibits are attached hereto are incorporated herein by this reference:

Exhibit A	Legal Description
Exhibit B	Outline of Premises
Exhibit C	Building Rules and Regulations
Exhibit D	Operating Expenses
Exhibit E	Improvements to Premises
Exhibit F	Parking
Exhibit G	Commencement Letter
Exhibit H	Form of Estoppel Certificate of Tenant
Rider	

22.17 Entire Agreement. This Lease constitutes the entire agreement between Landlord and Tenant regarding the subject matter hereof and supersedes all oral statements and prior writings relating thereto. Except as set forth in this Lease, no representations, warranties, or agreements have been made by Landlord or Tenant to the other with respect to this Lease or the obligations of either in connection therewith.

22.18 Consent. Unless specifically provided otherwise herein any time in the Lease the consent of Landlord or Tenant is required, such consent shall not be unreasonably withheld, conditioned or delayed.

22.19 Jury Waiver. THE PARTIES HERETO AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTER-CLAIM BROUGHT BY ANY PARTY HERETO AGAINST ANY OTHER PARTY HERETO IN ANY MANNERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, THE RELATIONSHIP OF THE PARTIES AND/OR ANY CLAIM OF INJURY OR DAMAGE, AND ANY STATUTORY REMEDY RELATED THERETO OR TO THIS AGREEMENT.

22.20 Amenities. Tenant shall have the use of the Building Complex conference room and health club at no additional charge other than as set forth herein.

22.21 Hours of Operations. The Tenant shall maintain its business operation in a manner that is usual and customary for a bank and financial services firm. However, the Tenant shall have 24 hours a day, 7 days a week access to the Premises as necessary. This provision shall not be construed as a continual use clause, and Tenant shall not be in default for interruptions of business operations as long as Tenant continues to pay rent as due hereunder.

22.22 Obsolescence
At any time, after the forty second (42nd) month of the Lease, upon eighteen (18) months notice, or any time during the Extended Term, if applicable, upon eighteen (18) months notice, Landlord may terminate this Lease should Landlord desire to redevelop the Building or Building Complex.

22.23 Construction and Interpretation. This Lease is to be performed in the State of Colorado and shall be governed by and construed in accordance with the laws of the State of Colorado. Any action brought to enforce or interpret this Lease shall be brought in the court of appropriate jurisdiction in the City and County of Denver, Colorado. Should any provision of this Lease require judicial interpretation, it is agreed that the court interpreting or considering same shall not apply the presumption that the terms hereof shall be more strictly construed against a party by reason of the rule or conclusion that a document should be construed more strictly against the party who itself or through its agent prepared the same. **It is agreed and stipulated that all parties hereto have participated**

equally in the preparation of this Lease and that legal counsel was consulted by each party before the execution of this Lease.

22.24 Counterparts. This Lease may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

LANDLORD:

1001 Lincoln Limited Liability Company,
a Colorado limited liability company

By: /s/ Thomas A. Gart
Thomas A. Gart, Manager

TENANT:

FIRST WESTERN FINANCIAL, INC.,
a Colorado Corporation

By: /s/ Warren Olsen

Name: Warrent Olsen
Title: Vice Chairman

The undersigned hereby agree to allow Tenant the use of those portions of the Building Complex Common Areas located on the property owned by the undersigned subject to the terms and conditions of the foregoing Lease.

As to 231 Milwaukee
GART REAL ESTATE COMPANY LLP,
a Colorado limited liability partnership

By: /s/ Thomas A. Gart
Thomas A. Gart, Managing Partner

As to 299 Milwaukee:
299 Milwaukee LLC,
a Colorado limited liability company
By: The Gart Companies, Inc.,
a Colorado corporation
its manager

By: /s/ Thomas A. Gart
Thomas A. Gart, President

EXHIBIT A

BUILDING LEGAL DESCRIPTION

South ½ of Plot 8, Block 59, Harms Subdivision, County of Denver, State of Colorado

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EXHIBIT B

PREMISES

Attached

EXHIBIT C

BUILDING COMPLEX RULES AND REGULATIONS

1. **Obstruction.** Sidewalks, halls and Common Areas shall not be obstructed, utilized for storage or used for any purpose other than ingress to and egress from the respective Premises. Tenant shall not place any item in any of such locations, whether or not any such item constitutes an obstruction, without the prior written consent of Landlord. Landlord shall have the right to remove any obstruction or any such item without notice to Tenant and at the expense of Tenant

2. **Utilities.** Plumbing, utility fixtures and outlets shall be used only for their designated purposes and shall not be abused or overloaded. Damage to any such fixtures resulting from misuse by Tenant or any employee or invitee of Tenant shall be repaired at the expense of Tenant.

3. **Trash.** Landlord shall provide trash disposal receptacles and Tenant shall utilize them for their intended purpose, taking care to assure that no trash, debris or litter are allowed to accumulate in the Common Areas or outside of the trash receptacles. No refuse or debris shall be thrown into the corridors, halls, Common Areas or adjacent sidewalks.

4. **Smoking.** No smoking shall be allowed anywhere in the Premises or the Building.

5. **Contractors.** Tenant shall be responsible for all contractors, technicians and repair persons rendering any installation or repair service to Tenant and such contractors, technicians and repair persons shall be required to take reasonable precautions not to obstruct Common Areas, corridors, passageways, driveways or adjacent sidewalks. To the extent possible, installation and repair work shall be scheduled to avoid the hours of maximum occupation and use of the Building and to minimize inconvenience to or obstruction of other occupants.

6. **Deliveries.** Tenant shall insure that all deliveries of supplies to the Premises shall be made only at the truck dock of the Building designated by Landlord for deliveries and only during the Ordinary Business Hours of the Building. Tenant shall be deemed to have assumed all risk of damage to the Building as a result of such activity.

7. **Moving.** Movement in or out of the Building of bulky equipment or material which requires the use of corridors, or equipment or material which requires significant obstruction thereof, shall be restricted to hours established by Landlord. Landlord shall have the right to approve or disapprove the

movers or moving company employed by Tenant and Tenant shall cause such movers to use only the loading facilities designated by Landlord. Tenant shall assume all risk of damage to the Building as a result of such installation activity.

8. **Heavy Articles.** Tenant shall not place a load upon any floor of the Premises exceeding an average live load of 50 lbs. per square foot, except that Tenant may at Tenant's sole cost and expense, place a bank safe or vault on the ground floor. Tenant shall not place the bank safe or vault in the Premises until it has provided Landlord with sufficient engineering and architectural assurances reasonably acceptable to Landlord that the Premises can hold such bank safe or vault. Additionally, upon the termination of this Lease, Tenant shall remove the bank safe or vault and restore the Premise to its condition upon the date of the execution of this Lease, at Tenant's sole cost and expense. Tenant will pay the fees of the structural engineer of the Building if structural engineering advice is necessary in planning the positioning of heavy loads. Business machines and mechanical equipment shall be placed and maintained by Tenant at Tenant's expense in settings sufficient to absorb and prevent vibration, noise and annoyance. Safes and other heavy equipment, the weight of which will not constitute a hazard or damage the Building or its equipment, shall only be moved into, from or about the Building using the designated passageways. When moving such heavy equipment within the Building, Tenant shall take whatever precautions are necessary to ensure that no damage is done to the Building's interior walls, floors and floorcoverings, or entry doors.

9. **Maintenance.** Tenant shall cooperate with Landlord in maintaining the Premises and Common Areas adjacent thereto. Any cleaning, maintenance and janitorial personnel employed by Tenant other than Tenant's own employees, shall be subject to Landlord's prior written approval.

10. **Animals; Excessive Noise.** No birds, fish or animals of any kind shall be brought into or kept in or about the Premises; provided, however, that nothing in this paragraph shall be construed to prohibit the use in or

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about the Premises of specially trained dogs by visually or hearing impaired Tenants, employees of Tenants, or invitees. No person shall disturb the occupants of the Building or the Shopping Center by the use of any radio or musical instrument or by the making of loud or improper noises.

11. **Bicycles and Motorcycles.** Bicycles, motorcycles or other vehicles shall not be permitted anywhere inside the Premises or on the Common Areas, except in those areas designated for parking of such vehicles.

12. **Windows.** No window coverings shall be attached or detached by Tenant and no awnings shall be placed over the windows without Landlord's prior written consent. Tenant agrees to abide by Landlord's rules with respect to maintaining uniform window coverings at all windows so that the Building will present a uniform exterior appearance. Tenant, except in case of fire or other emergency, shall not open any outside window because the opening of windows interferes with the proper functioning of the Building heating and air conditioning systems.

13. **Hazardous Operations and Items.** Tenant shall not install or operate any steam or gas engine or boiler, or carry on any mechanical business in the Premises without Landlord's prior written consent, which consent may be withheld in Landlord's sole and absolute discretion. The use of oil, gas, or flammable liquids for heating, lighting or any other purpose not reasonably required for Tenant's use of the Premises is expressly prohibited. Tenant shall be entitled to bring or permit to be brought or kept in or on the Premises flammable, combustible or explosive fluids, materials, chemicals or substances which are necessary for Tenant's use of the Premises; provided, however, Tenant shall comply with all laws, orders and regulations with respect to such substances, and shall notify Landlord in writing of the name, quantity and exact location of each such item. Except as permitted herein, explosives or other Hazardous Materials shall not be brought into the Building or the Building Complex.

14. **Hours for Repairs, Maintenance and Alterations.** Any repairs, maintenance and alterations required or permitted to be done by Tenant under the Lease shall be done only during the Ordinary Business Hours of the Building unless Landlord shall have first consented to such work being done outside of such times. If Tenant desires to have such work done by Landlord's employees, on Saturdays, Sundays holidays or weekdays outside of ordinary business hours, Tenant shall pay the extra cost of such labor.

15. **No Defacing of Premises.** Except as permitted by Landlord, Tenant shall not mark upon, paint signs upon, cut, drill into, drive nails or screws into, or in any way deface the walls, ceilings, partitions or floors of the Premises, the Building or the Building Complex, and any defacement, damage or injury caused by Tenant shall be paid for by Tenant.

17. **Building Security.** Landlord may reasonably restrict access to and from the Premises, the Building and the Building Complex outside of the Ordinary Business Hours of the Building for reasons of Building security. Landlord may require identification of persons entering and leaving the Building or the Building Complex during this period and, for this purpose, may issue building passes and parking decals, tags or access keys or cards to tenants of the Building and the Building Complex.

18. **Pass Key**. The Landlord may at all times keep a pass key or access card to the Premises, and Landlord and other agents of Landlord shall at all times be allowed admittance to the Premises.

19. **Locks and Keys for Premises.** No additional lock or locks shall be placed by Tenant on any door in the Building or the Building Complex and no existing lock shall be changed unless written consent of Landlord shall first have been obtained. Landlord will furnish Tenant with a reasonable number of keys or access cards for entrance doors into the Premises upon acceptance of possession by Tenant and may charge Tenant for additional keys provided thereafter. All such keys shall remain the property of Landlord. Tenant shall not make duplicate keys, except those provided by Landlord. Upon termination of the Lease, Tenant shall surrender to Landlord all keys to the Premises.

20. **Name Change.** Landlord reserves the right to change the name of the Building Complex upon reasonable notice to Tenant.

22. **Solicitation; Food and Beverages.** Canvassing, peddling, soliciting and distribution of handbills in the Building and Building Complex are prohibited and Tenant shall cooperate with Landlord in such lawful means as may be necessary to eliminate such activities. Tenant shall not grant any concessions, licenses or permission for

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the sale or taking of orders for food or services or merchandise in the Premises, nor install or permit the installation or use of any machine or equipment for dispensing goods or foods or beverages in the Building or the Building Complex, nor permit the preparation, serving, distribution or delivery of food or beverages in the Premises except for the warming of prepared foods by Tenant's employees in microwave ovens, without the approval of Landlord and in

compliance with arrangement prescribed by Landlord. Only persons approved by Landlord shall be permitted to serve, distribute, or deliver food and beverages within the Building and the Building Complex, or to use the public area of the Building and the Building Complex for that purpose.

23. **Amendment.** The foregoing Rules and Regulations may be changed by Landlord upon reasonable notice and Tenant shall comply with such future Rules and Regulations as may be required for the safety, protection and maintenance of the Building and the Building Complex, the operation and preservation of good order thereof and the protection and comfort of the tenants and their employees and visitors, so long as the same are reasonable and do not interfere with enjoyment by Tenant of it rights pursuant to this Lease.

EXHIBIT D

OPERATING EXPENSES

1. Payment of Operating Expenses. Commencing on the Commencement Date, Tenant shall pay an amount equal to its Percentage Share (as defined in the Basic Lease Information) of Building Complex Operating Expenses and Building Operating Expenses (as defined below) for each year of the Term. As used herein, the term Operating Expenses includes both Building Complex Operating Expenses and Building Operating Expenses. Landlord may collect Tenant's Percentage Share of Operating Expenses in a lump sum, which shall be due within 30 days after Landlord furnishes to Tenant the Annual Cost Statement (as defined below); alternatively, Landlord may make a good faith estimate of the Operating Expenses to be due by Tenant for any calendar year or part thereof, and Tenant shall pay to Landlord, on the Commencement Date and on the first day of each calendar month thereafter, an amount equal to the estimated Operating Expenses for such calendar year or part thereof divided by the number of months in such calendar year during the Term. From time to time during any calendar year Landlord may estimate and re-estimate the Operating Expenses to be due by Tenant for that calendar year and deliver a copy of the estimate or re-estimate to Tenant. Thereafter, the monthly installments of Operating Expenses payable by Tenant shall be appropriately adjusted in accordance with such estimations so that, by the end of the calendar year in question, Tenant shall have paid all of the Operating Expenses as estimated by Landlord. Any amounts paid based on such an estimate shall be subject to adjustment pursuant to paragraph (c) of this Exhibit when the amount of the actual Operating Expenses has been determined for any calendar year. Notwithstanding the foregoing or anything to the contrary contained in the Lease, any Operating Expenses related to portions of the Common Areas used primarily by one tenant or occupant of the Building or Building Complex may be allocated specifically to such tenant or occupant in Landlord's reasonable discretion.

2. Operating Expenses Defined.

(a) Building Complex Operating Expenses Included. The term "Building Complex Operating Expenses" shall mean all expenses (subject to the limitations set forth in Subsection (c) below, and except as otherwise provided in the Lease) that Landlord incurs in connection with the ownership, operation, and maintenance of the Building Complex, determined in accordance with generally accepted accounting principles consistently applied, including but not limited to the following:

(i) Wages and salaries of all employees engaged in the operation, repair, maintenance, and security of the Building Complex, including taxes, insurance and benefits relating thereto;

(ii) All supplies and materials used in the operation, maintenance, repair, and security of the Building Complex;

(iii) Capital improvements made to the Building Complex (a) to reduce the operating costs of the Building Complex, or (b) to comply with any law hereafter promulgated by any governmental authority, amortized over the useful economic life of such improvements (without regard to the period over which such improvements may be depreciated or amortized for federal income tax purposes), except for costs for improvements related to ADA responsibilities of the Landlord (not caused by Tenant) not to exceed $10,000 per year.

(iv) Costs of all utilities, other than the cost of any utilities actually reimbursed to Landlord by the Building Complex's tenants;

(v) Costs of insurance applicable to the Building Complex and Landlord's personal property used in connection therewith;

(vi) Costs of repairs to and general maintenance of the Building Complex, but specifically excluding structural repairs to the Building Complex;

(vii) Costs of service or maintenance contracts with independent contractors for the operation, maintenance, repair, or security of the Building Complex (including, without limitation, alarm service, window cleaning, and elevator maintenance); except for those costs related to ADA responsibilities of the Landlord (not caused by Tenant) not to exceed $10,000 per year.

(viii) The amount of base rent payable under and pursuant to any ground lease pertaining to the Land, on the condition that if the lessor of such ground lease is a party related to or affiliated with Landlord, then such ground lease shall not be included in the calculation of Operating Expenses; and

(ix) Management fees not to exceed two and one-half percent (2.5%) of rents collected

(b) Building Operating Expenses.

(i) All taxes and assessments and governmental charges whether federal, state, county or municipal, and whether they be by taxing or management districts or authorities presently taxing or by others, subsequently created or otherwise, and any other taxes and assessments attributable to the Building (or its operation), and the grounds, parking areas, driveways, and alleys around the Building, excluding, however, federal and state taxes on income (collectively, "Taxes"); if the present method of taxation changes so that in lieu of the whole or any part of any Taxes levied on the Land or Building, there is levied on Landlord a capital tax directly on the rents received therefrom or a franchise tax, assessment, or charge based, in whole or in part, upon such rents for the Building, then all such taxes, assessments, or charges, or the part thereof so based, shall be deemed to be included within the term "Taxes" for the purposes hereof; notwithstanding the preceding or any other provision of the Lease to the contrary, any special assessments imposed with respect to new

improvements constructed by a governmental authority and having a useful life of three years or more shall be amortized over the useful life of such improvements;

(ii) Wages and salaries of all employees engaged in the operation, repair, maintenance, and security of the Building, including taxes, insurance and benefits relating thereto;

(iii) All supplies and materials used in the operation, maintenance, repair, and security of the Building;

(iv) Capital improvements made to the Building (a) to reduce the operating costs of the Building, or (b) to comply with any law hereafter promulgated by any governmental authority, amortized over the useful economic life of such improvements (without regard to the period over which such improvements may be depreciated or amortized for federal income tax purposes);

(v) Costs of all utilities, other than the cost of any utilities actually reimbursed to Landlord by the Building's tenants;

(vi) Costs of insurance applicable to the Building and Landlord's personal property used in connection therewith;

(vii) Costs of repairs to and general maintenance of the Building, but specifically excluding structural repairs to the Building;

(viii) Costs of service or maintenance contracts with independent contractors for the operation, maintenance, repair, or security of the Building (including, without limitation, alarm service, window cleaning, and elevator maintenance); and

(ix) Management fees not to exceed two and one half percent (2.5%) of Rent collected.

(c) Expenses Excluded. The following shall be excluded from "Building Complex Operating Expenses" and "Building Operating Expenses":

a. Costs associated with the operation of the business or the ownership entity that constitutes "Landlord", as distinguished from the costs of Building Complex operations, including, but not limited to, partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee (except as the actions of Tenant may be in issue), costs of selling, syndicating, financing, mortgaging or hypothecating any of Landlord's interest in the Building Complex, costs of any disputes between Landlord and its employees (if any) not engaged in Building Complex operation, disputes of Landlord with Building Complex management, or outside fees paid in connection with disputes with other tenants.

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b. Costs incurred in connection with the original construction of the Building Complex or in connection with any major change in the Building Complex, including but not limited to the addition or deletion of floors.

c. Costs of alterations or improvements to the Premises or the premises of other tenants.

d. Depreciation, interest and principal payments on mortgages, and other debt costs, if any.

e. Costs of correcting defects in or inadequacy of the initial design or construction of the Building Complex.

f. Legal fees, space planners' fees, real estate brokers' leasing commissions, and advertising expenses incurred in connection with the original development or original leasing of the Building Complex or future leasing of the Building Complex.

g. Costs for which Landlord is reimbursed by its insurance carrier or any tenant's insurance carrier.

h. Any bad debt loss, rent loss, or reserves for bad debts or rent loss. Contributions to operating expense reserves.

i. The expense of extraordinary services provided to other tenants in the Building Complex.

j. The wages of any employee who does not devote substantially all of his or her time to the Building Complex, provided the same may be included if reasonably allocated.

k. Fines, penalties, and interest.

1. Any recalculation of or additional Operating Expenses actually incurred more than two (2) years prior to the year in which Landlord proposes that such costs be included.

m. Expenditures required by Landlord's failure to comply with laws enacted on or before the date the Building Complex's Temporary Certificate of Occupancy was validly issued.

n. Costs incurred by Landlord with respect to goods and services (including utilities sold and supplied to tenants and occupants of the Building Complex) to the extent that Landlord is entitled to reimbursement for such costs.

o. Costs, including permit, license and inspection costs, incurred with respect to the installation of tenant improvements made for new tenants in the Building Complex or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants or other occupants of the Building Complex.

p. Except as provided in Section (a)(iii) above, costs deemed to be of a capital nature under generally accepted accounting principles, including, without limitation, capital improvements and replacements, capital repairs, capital equipment and capital tools.

q. Expenses in connection with services or other benefits not available to Tenant or for which Tenant is charged directly that are provided to another occupant of the Building Complex.

r. Overhead and profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for services in the Building Complex to the extent the same exceeds the costs of such services if rendered by unaffiliated third parties on a competitive basis.

s. All items and services for which Tenant or any other tenant in the Building Complex

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reimburses Landlord.

t. Electric power costs for which any tenant directly contracts with the local public service company.

u. Expenses incurred because Landlord or any other tenant violated any law or condition contained in a lease regarding the Building Complex And any costs directly resulting from the negligence or willful misconduct of Landlord, its employees, agents and/or contractors.

v. Advertising and promotional expenses not normally incurred in the operation of a first class office building in Cherry Creek.

(d) Additional Provisions. Landlord shall use its best efforts to effect an equitable proration of bills for services rendered to the Building Complex and to any other property owned by Landlord. Landlord agrees to keep books and records showing the Operating Expenses in accordance with generally accepted accounting principles consistently maintained on a year-to-year basis.

3. Annual Statement. Following the end of each calendar year Landlord shall provide Tenant with a statement of Landlord's actual Operating Expenses for such year (the "Annual Cost Statement"). If the Annual Cost Statement reveals that Tenant paid more for Operating Expenses during such year than the actual Operating Expenses in such year, then Landlord shall reimburse Tenant for such overpayment concurrent with delivery of the Annual Cost Statement; if Tenant paid less than the actual Operating Expenses, then Tenant shall pay Landlord such deficiency within 30 days of receipt of the Annual Cost Statement. During the one-year period following the receipt by Tenant of an Annual Cost Statement, Tenant may audit Landlord's books and records relating to the information set forth in such statement. Such audit shall be performed at Tenant's expense.

EXHIBIT E

IMPROVEMENTS TO PREMISES

1. Landlord Improvements. Landlord's obligation is to deliver the Premises in the condition as it exists on the date of this Lease listed on page 1. Tenant shall take possession of space "As Is".

2. Tenant Improvements. All improvements to be constructed in the Premises other than the Landlord Improvements are collectively referred to herein as the "Tenant Improvements." The Tenant Improvements shall be subject to the prior approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. All Tenant Improvements will be completed by Tenant at Tenant's sole cost and expense. Tenant shall have a one time right to terminate this Lease (the "Life/Safety Termination") upon written notice delivered on or before twenty-one (21) days after the execution of this Lease if, in connection with Tenant's Improvements, the City and County of Denver Building Department (the "Dept.") requires the Tenant to make Life/Safety related improvements to the Premises totaling more than an amount which Tenant desires to spend. The Life/Safety Termination right shall expire, and be of no further force and effect, twenty-one (21) days after the execution of this Lease. Tenant shall have a one time right to terminate this Lease (the "ADA Termination") upon five (5) days written notice if, in connection with Tenant's Improvements the Dept. requires the Tenant to make ADA related improvements to the Premises totaling more than $20,000 in cost. The ADA Termination shall expire, and be of no further force and effect, ten (10) days after Tenant receives notice from the Dept. of the ADA related requirements exceeding $20,000 in cost. If Tenant makes improvements to the Premises during the term of this Lease after its initial build out, and such improvements require ADA compliance, Tenant shall be responsible for all costs related to such ADA compliance improvements.

3. Plans and Specifications. Landlord and Tenant agree as follows:

A. Within five (5) business days following the execution and delivery of this Lease by Landlord and Tenant, Tenant shall submit to Landlord detailed plans, specifications and drawings of the proposed Tenant Improvements for Landlord's review.

B. Within five (5) days of receipt of Tenants Plans Landlord shall return them to Tenant with either (i) Landlord's written approval, or (ii) Landlord's requested revisions. If Landlord requests revisions Tenant shall within five (5) days resubmit the Plans to Landlord with such revisions as Tenant agrees to make, and Landlord shall again return the same to Tenant in accordance with the first sentence of this paragraph. This process shall be repeated until Landlord and Tenant have agreed upon the Construction Drawings. Upon Landlord's written approval of the Plans shall be deemed to be the "Final Construction Drawings."

4. Tenant Construction Allowance. Landlord shall provide to Tenant a one-time improvement allowance of up to $95,000 upon opening for business and upon submission of all lien waivers to Landlord. This allowance is to be used solely for Tenant's leasehold improvements within the Premises.

EXHIBIT E-1

Space Plan with office designated
(Attached)

EXHIBIT F

PARKING

1. Tenant shall be entitled to the use of 16 covered parking spaces in the 233 Milwaukee parking area as set forth on the attached Parking Plan (to be attached hereto and incorporated herein). Tenant shall pay monthly, in addition to and at the same time as Base Rent, a per stall parking charge for each parking space of $50 per space. Such spaces will be marked for Tenant's exclusive use. In addition, Tenant's customers shall be permitted to reasonably use at no cost Building visitor parking on a non-exclusive basis with other occupants of the Building Complex and their employees and invitees. Should Landlord institute a charge system for visitor parking, Landlord will establish a voucher or other system for use of Tenant's customers such that they will be allowed to use visitor parking in reasonable amounts at no cost to Tenant or its customers.

2. All motor vehicles (including all contents thereof) shall be parked at the sole risk of Tenant, its employees, agents, invitees and licensees.

3. Tenant and any party permitted by Tenant to use Building Complex parking spaces shall follow the rules of the Building Complex applicable thereto, if any.

4. Tenant shall provide Landlord with the names of Tenant's employees and the license plate numbers of their automobiles.

5. Landlord may use a controlled access system for the Building Complex's parking facilities and shall have the right to modify any such system from time to time. If Landlord is currently using such a system, an initial supply of access cards equal to the number of employees requiring access to the Building Complex parking facilities shall be issued at the Commencement Date at no charge to Tenant. A fee shall be charged for replacement of lost or damaged cards.

EXHIBIT G

COMMENCEMENT LETTER

Date:
[Tenant name]
[Tenant address]

Re: Commencement Date of Lease dated as of between as Landlord, and as Tenant, for Suite of the Building Complex located at 233 Milwaukee Street.

Dear: Wile:

In accordance with the terms and conditions of the above referenced Lease, Tenant acknowledges that possession of the Premises has been delivered to Tenant, and agrees that:

1. The Commencement Date of the Lease is ;

2. The Termination Date of the Lease is

Please acknowledge your acceptance of possession and agreement to the terms set forth above by signing this Commencement Letter in the space provided and returning it to my attention.

Sincerely,

Name: _____
Title: _____

Agreed:

TENANT:

[Name]

By: _____
Name: _____

EXHIBIT H

FORM OF ESTOPPEL CERTIFICATE OF TENANT

The undersigned ("Tenant") hereby certifies to ("Landlord") as follows:

1. Tenant is the tenant of the premises commonly known as Suite (the "Premises"), located in the Building with an address of , pursuant to that certain lease dated , 200 (the "Lease"), between Landlord and Tenant.

2. The Lease is presently in full force and effect.

3. The Lease constitutes the entire agreement between the Tenant and Landlord with respect to the Premises, and there are no amendments, written or oral, to such agreement, except as follows:

4. The undersigned has accepted possession of the Premises.

5. To Tenant's knowledge, all improvements required under the terms of the Lease to be made by Landlord have been substantially completed.

6. The Effective Date of the Lease is ; the Commencement Date is ; and the Rent Commencement Date is . The Lease Term expires on .

7. As of the date hereof, the current monthly installment of Minimum Annual Rent is $.

8. The amount paid to Landlord by the undersigned as a security deposit under the terms of the Lease is $0.00, and the undersigned has prepaid no other rent or sum whatsoever to Landlord applicable to any time period after the date hereof.

9. As of the date hereof there exist no offsets, counterclaims or defenses of Tenant under the Lease against Landlord, and there exist no events that would constitute a basis for any such offset, counterclaim, or defense upon the lapse of time or the giving of notice, or both.

10. All conditions of the Lease to be performed by Landlord and necessary to the enforceability of the Lease have been satisfied.

11. There are no defaults by either Tenant or Landlord under the Lease.

EXECUTED this day of , 200 .

TENANT:

[Name]

By: _____
Name: _____
Title: _____

Rider

Option to Extend

The provisions of this Rider are incorporated in and made a part of the Lease between 1001 Lincoln Limited Liability Company, Landlord, and FIRST WESTERN FINANCIAL, INC., a Colorado Corporation, Tenant, dated the 10th day of March, 2005.

1. **Extended Terms, Base Rent**

a. **Option to Extend Expiration Date**

(1) Tenant shall have the right, upon the terms and conditions hereinafter set forth, to extend the Term, and the Term Expiration Date for One (1) successive period of Five (5) years, such period being hereinafter referred to as an "Extended Term". Tenant's right of extension may be exercised only on the condition that as of the date of exercise, and the date of commencement of the Extended Term, no event or condition of default shall exist hereunder or event or condition which would constitute an event or condition of default but for requirement of notice or expiration of period of grace. Tenant's right of extension shall apply only with respect to those portions of the Leased Premises which are, at the date of commencement of the Extended Term, (i) actually occupied by Tenant, a subtenant or assignee permitted under the Lease, or (ii) vacant space for which Tenant is actively seeking a subtenant; but Tenant shall not have the right to exercise its right of extension with respect to less than all of such portions of the Leased Premises.

(2) To exercise Tenant's option to extend the Term, Tenant shall give Landlord written notice of its election not more than nine (9) months and not less than six (6) months prior to the Termination Date of the current Term. Failure on the part of Tenant to elect to extend the Term shall constitute a waiver of the right to do so and a waiver of all subsequent options (if any) to further extend the Term.

(3) From and after commencement of the Extended Term, all of the other terms, covenants and conditions of the Lease shall apply and references to the Term shall be deemed to include the Extended Term, except as expressly otherwise provided herein with respect to increases in Base Rent; and provided, further, that Tenant shall have no right further to extend the Term. The Base Rent for each Extended Term shall be Fair Market Rent (to be determined pursuant to paragraph b(2) below as of the commencement of the Extended Term), or the Base Rent from the preceding period, whichever is greater. Determination of Fair Market Rent for the Extended Term shall be made as provided in paragraph b(2), with Tenant having the right upon the conditions therein stated to rescind its exercise of an election to extend the Term if Fair Market Rent so determined exceeds the amount which Tenant is prepared to pay.

b. **Adjustment of Base Rent for Extended Term**

(1) Definitions. For purposes of this provision, the following definitions shall apply:

(a) "Fair Market Rent" shall be the rate being charged in the Building Complex for comparable space (or comparable space in a comparable building), taking into consideration: floor level, tenant improvements or allowances provided or to be provided, percentage rent and escalator provisions, moving expenses and other forms of rental concessions, proposed term of Lease, extent of service provided or to be provided, the ownership of the comparable space, the time the particular rate under consideration became or is to become effective, and any other relevant term or condition.

(b) "Adjustment Date" shall mean the date Base Rent is subject to adjustment to Fair Market Rent (if Fair Market Rent exceeds then current Base Rent) which shall be with respect to each Extended Term, the date of commencement thereof, or a later date if the Adjustment Date is deferred pursuant to the provision of subparagraph (2) below.

(2) Initial Determination of Fair Market Rent. Within fifteen (15) days after receipt by Landlord of Tenant's election to exercise the option to extend the Term, Fair Market Rent as of the date of commencement of the Extended Term shall be determined by Landlord with written notice thereof given to Tenant, subject to Tenant's right to require appraisal pursuant to the provisions hereof. Failure on the part of

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Landlord to give such notice in a timely manner shall not negate the Landlord's right to require adjustment of Base Rent, but such delay shall result in deferral of the Adjustment Date for a period equal to the period of such delay. Landlord's determination of Fair Market Rent shall be binding unless within thirty (30) days after receipt thereof, Tenant gives written notice to Landlord of Tenant's election to require appraisal of Fair Market Rent pursuant to the provisions of subparagraph (3) below. Tenant's election to so appraise shall be delivered together with Tenant's estimate of Fair Market Rent. Failure on the part of Tenant to elect appraisal within said thirty (30) day period by written notice specifying Tenant's estimate of Fair Market Rent shall constitute a waiver on the part of Tenant of its rights to elect appraisal and its agreement to Landlord's determination of Fair Market Rent.

(3) Appraisal. If Tenant elects to require appraisal of Fair Market Rent, the parties shall follow the procedure set forth below:

(a) Landlord and Tenant shall meet and attempt to agree upon Fair Market Rent; and if they are unable to agree, to agree upon an appraiser to appraise the Fair Market Rent of the Leased Premises (the "Appraiser"). The Appraiser must be "MAI" qualified and familiar with Fair Market Rent of office space, comparable to the Leased Premises in the City and County of Denver, Colorado area, who could qualify as an expert witness over objection to give opinion testimony addressed to the issue in a court of competent jurisdiction.

(b) If the parties are unable to agree upon an Appraiser within a ten (10) day period after Tenant's demand for appraisal, then each party shall choose an appraiser having the qualifications set forth in subparagraph (a) above and those two appraisers shall jointly choose a third who shall become the Appraiser.

(c) The role of the Appraiser shall be to determine within thirty (30) days the Fair Market Rent for the Leased Premises, and his decision shall be binding upon the parties; provided, however, that in no event shall Base rent be reduced below the amount of Base Rent being paid for the period immediately prior to the relevant Adjustment Date.

(d) In the event that the Fair Market Rent as determined by the Appraiser is less than eighty-five percent (85%) of the Fair Market Rent as stated in Landlord's Initial Determination of Fair Market Rent, Landlord shall be responsible for the fees and expenses of the Appraiser. In all other cases such fees and expenses shall be the responsibility of the Tenant.

(e) Notwithstanding anything to the contrary contained herein, Tenant shall have the right to terminate this Lease by written notice given to Landlord within ten (10) days after final determination of Fair Market Rent upon the following conditions:

1) Tenant shall not be in default in performance of any obligation on its part to be performed hereunder and no event or condition shall have occurred or be in existence which could constitute an event or condition of default but for requirement of notice or expiration of period of grace;

2) Tenant shall have properly and timely demanded appraisal with respect to Fair Market Rent;

3) If required, Tenant shall have paid in full all costs of the appraisal, including the fees and expenses of the Appraiser; and

4) If the notice of election to rescind exercise of the option shall occur less than one hundred eighty (180) days prior to the Termination Date giving effect to such notice of rescission, the term shall be extended so that the Termination Date occurs one hundred eighty (180) days after the date of Tenant's rescission notice to Landlord, with Tenant to pay for any period of extension beyond the original Termination Date, Base Rent including Base Rent at Fair Market Rent as determined by the appraisal.

The purpose of the foregoing clause is to allow Tenant to rescind its exercise of the option if the Fair Market Rent determination is unacceptable to it upon condition that Tenant attempts to obtain a Fair Market Rent determination acceptable to it, pays the costs of the arbitration and assures Landlord of Base Rent from the

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premises for at least one hundred and eighty (180) days after Landlord learns that Tenant will not be occupying the space.

2. **Conflict Between Lease And Rider**

In the event of a conflict between the Lease and this Rider, this Rider shall control.

IN WITNESS WHEREOF, the parties hereto have executed this General Addendum as of the day and year first above written.

"Landlord"

1001 LINCOLN LIMITED LIABILITY
COMPANY, a Colorado limited liability company

By: /s/ Thomas A. Gart
Thomas A. Gart, Manager

"Tenant"

FIRST WESTERN FINANCIAL, INC., a Colorado Corporation

By: /s/ Warren Olsen
Name: Warren Olsen
Title: Vice Chairman

Exhibit 10.9

FIRST AMENDMENT
TO
LEASE

This First Amendment to Lease dated June 8, 2010, by and between 1001 LINCOLN LIMITED LIABILITY COMPANY ("Landlord") and FIRST WESTERN FINANCIAL, INC. ("Tenant").

WHEREAS Landlord and Tenant are parties to that certain Lease dated March 10, 2005, for premises located at 233 Milwaukee Street, Denver, CO (the "Lease");

WHEREAS the Lease currently expires May 31, 2010, and Landlord and Tenant desire to extend the term of the Lease upon the terms and conditions contained herein;

NOW THEREFORE, for good and valuable consideration, including the agreements contained herein, which each party acknowledges having received from the other, Landlord and Tenant agree as follows:

1. The term of the Lease shall be extended to May 31, 2020. The period June 1, 2010 to May 31, 2020, is referred to herein as the Extended Term.

2. The Base Rent for the Extended Term shall be as follows:

Period	Annual Base Rent	Monthly Base Rent
June 1, 2010- May 31, 2011	$ 120,000.00	$ 10,000.00
June 1, 2011- May 31, 2012	$ 122,400.00	$ 10,200.00
June 1, 2012- May 31, 2013	$ 124,848.00	$ 10,404.00
June 1, 2013- May 31, 2014	$ 127,344.96	$ 10,612.08
June 1, 2014- May 31, 2015	$ 129,891.86	$ 10,824.32
June 1, 2015- May 31, 2016	$ 132,489.70	$ 11,040.81
June 1, 2016- May 31, 2017	$ 135,139.49	$ 11,261.62
June 1, 2017- May 31, 2018	$ 137,842.28	$ 11,486.86
June 1, 2018- May 31, 2019	$ 140,599.12	$ 11,716.59
June 1, 2019- May 31, 2020	$ 143,411.10	$ 11,950.93

3. Notwithstanding the provisions of Exhibit D relating to Operating Expenses, Tenant's Percentage Share of Operating Expenses for calendar year 2010 shall be as follows:

· Calendar year 2010 base Operating Expenses (excluding Taxes and Insurance)	$ 48,078.00
· Calendar year 2010 base Insurance	$ 2,500.00
· Calendar year 2010 base Taxes	$ 36,387.00

After calendar year 2010, Operating Expense increases shall be limited to the lesser of: (i) the actual increase; or (ii) 4% each calendar year on a cumulative basis.

Tenant shall continue to pay Tenant's Percentage Share of all Taxes and Insurance (as defined in Exhibit D).

4. The existing Security Deposit in the amount of $15,549.38, shall remain on deposit during the Extended Term.

5. Section 22.22 of the Lease is deleted in its entirety and replaced by the following:

Effective at any time after January 1, 2014, upon twelve (12) months prior written notice to Tenant, Landlord may terminate this Lease should Landlord decide that it will redevelop the Building of which the Premises are a part. Should Landlord exercise such termination right, Tenant shall have a first right of refusal to lease space in the redeveloped property at the then current market rate and terms for comparable office space at such time in the Cherry Creek North submarket "Fair Market Offer". Landlord shall issue Tenant its good faith Fair Market Offer describing the available space and the market rate and terms at which such space is being offered and Tenant shall have 30 days from receipt of such written notice to exercise its right of first refusal. If Tenant fails to respond or notifies Landlord that Tenant elects not to exercise its right of first refusal, Landlord shall thereafter have the right to offer such space for lease upon such terms as Landlord desires and Tenant shall have no further first right of refusal. Should Tenant elect to exercise its right of first refusal, Landlord and Tenant shall, in good faith, negotiate a lease for such space upon the offered terms and such other terms as are agreed by the parties. Landlord shall also provide acceptable temporary space in the 299 Milwaukee Building, provided space is available and an affiliate of Landlord is the owner of the 299 Milwaukee Buiilding, while new space is being constructed. The rental rate for the temporary space shall not exceed the rent then being paid for the 233 Milwaukee Premises and Landlord shall reimburse Tenant for all reasonable moving related costs. Should Landlord and Tenant be unable to negotiate and sign a lease for the space within 45 days following Tenant's exercise of its right of first refusal, Landlord shall thereafter have the right to offer such space for lease upon such terms as Landlord desires and Tenant shall have no further first right of refusal.

Effective at any time after January 1, 2014, upon twelve (12) months prior written notice to Landlord, Tenant may terminate this Lease.

6. Effective from and after June 1, 2010, Paragraph 1 of Exhibit F shall be deleted in its entirety and replaced by the following:

Tenant shall be entitled to the use of 14 total parking spaces in the 233 Milwaukee parking area in the locations shown on Exhibit B

attached hereto. Tenant shall pay monthly, in addition to and at the same time as Base Rent, a per stall parking charge for each parking space as follows:

June 1, 2010-May 31, 2011	$50.00/month
June 1, 2011-May 31, 2012	$51.00/month
June 1, 2012-May 31, 2013	$52.02/month
June 1, 2013-May 31, 2014	$53.06/month
June 1, 2014-May 31, 2015	$54.12/month
June 1, 2015-May 31, 2016	$55.20/month
June 1, 2016-May 31, 2017	$56.30/month
June 1, 2017-May 31, 2018	$57.43/month
June 1, 2018-May 31, 2019	$58.58/month
June 1, 2019-May 31, 2020	$59.75/month

7. Within a reasonable time following commencement of the Extended Term, but no later than August 31, 2010, Landlord shall remodel the first floor restrooms on the Premises in the condition mutually agreed by Landlord and Tenant. Said remodeling work shall be as set forth in Exhibit A. In addition, within a reasonable time following commencement of the Extended Term, but no later than August 31, 2010, Landlord shall replace the two existing 7.5 ton HVAC units serving the Premises with two new 8.5 ton HVAC units. Landlord represents that these new 8.5 ton HVAC units will deliver heating and cooling that is comparable to other "A" quality buildings in the Cherry Creek North area. Landlord shall also make good faith efforts to mitigate any ongoing sewage smells or related plumbing issues that currently exist or in the future may arise. Landlord shall have ten (10) business days from Tenant's written notification to Landlord of any sewage or plumbing smells in the Premises to eliminate such problems. Other than as provided in this Paragraph 7, Tenant acknowledges and agrees that the Premises are in acceptable condition.

8. Other than Fuller and Company, who Landlord has agreed to pay a commission of $10,000.00, Tenant represents and warrants to Landlord that it has not dealt with any broker or agent in connection with the negotiation or execution of this First Amendment to Lease. Tenant shall indemnify Landlord against all costs, expenses, attorneys' fees, and other liability for commissions other than as provided above or other compensation claimed by any broker or agent claiming the same by, through, or under Tenant.

9. The Rider, Option to Extend, is hereby deleted. Tenant has no options to extend the term of the Lease beyond the Extended Term.

10. **Conflict**. In the event of any conflict between the Lease and this First Amendment, the terms of this First Amendment shall prevail.

IN WITNESS WHEREOF, Landlord and Tenant have entered into this First Amendment to Lease effective as of the date hereinabove set forth.

LANDLORD:

1001 LINCOLN LIIMITED LIABILITY COMPANY,
a Colorado limited Liability company

By: /s/ Thomas A. Gart
Thomas A. Gart, Manager

TENANT:

FIRST WESTERN FINANCIAL, INC.
a Colorado corporation

By: /s/ Scott C. Wylie
Name: Scott C. Wylie
Title: Chairman / CEO

First Western Financial, Inc.

NEO Discretionary Incentive Compensation Plan

Plan Overview and Description

Purpose: To provide financial incentives to Named Executive Officers ("NEO" or "Participant") that align with the short-term and long-term goals of First Western ("Company"). This NEO Discretionary Incentive Compensation Plan ("Plan") provides a direct link between eligible Participant's compensation and the Company's annual performance.

Plan Period: January 1, 2018 through December 31, 2018

Plan Description: The Plan will be measured and weighted based upon two components:

1. Satisfaction of the established Gateway criteria.
2. Participant's individual Performance criteria.

Gateway: If the established Gateway criteria is satisfied, the Plan will become eligible for payment.

Definitions: **Performance Measures & Goals** include gross revenue budget, return on equity budget, earnings before taxes budget, along with qualitative measures.

Gross Revenue Budget— First Western Financial, Inc. fiscal year budgeted gross revenues, as is defined on the relevant financial statements.

Return on Equity ("ROE") Budget — The return provided to shareholders for capital required/provided.

Defined as:

$$\frac{\text{FWFI Pre-tax Net Income}}{\text{Average Equity}} \text{ Mo.}$$

Earnings Before Taxes ("EBT") Budget — Budgeted First Western Financial, Inc. operating earnings before taxes as stated on the financial statements as of December 31, 2018.

Plan Design:

Target Opportunity - The percentage of base salary a Participant is eligible to receive as incentive compensation within a fiscal year (the "Target"). If actual results are above or below individual's Performance Measures and Goal thresholds as set forth on the individual NEO's Discretionary Incentive Plan incorporated herein, the payout will be reduced or increased as indicated in the chart. The Target is not a guaranteed bonus.

Gateway: No payout can occur if the Earnings Before Tax for First Western Financial, Inc. for the fiscal year ending December 31, 2018 do not exceed $6.0 million.

Payment Timing Incentives are paid annually during the first quarter of the following year. CEO performance calculations may be prepared quarterly and submitted to the Compensation Committee for review.

Administrative Provision of the Plan

Plan Administration: Awards under the Plan are "at-risk" based upon the performance of the Company. Each NEO has a Discretionary Incentive Plan with an assigned target award opportunity, expressed as a dollar amount. The Discretionary Incentive Plan is individually tailored to the responsibility of the eligible NEO. Certain goals of the Discretionary Incentive Plan are linked to the Company's annual growth objectives for revenues and earnings. Other goals focus on specific earnings and expense targets that have been determined by the Compensation Committee and/or Chief Executive Officer to be important for a particular Participant to direct his or her attention to. Each performance goal is graded individually and the Discretionary Incentive Plan award represents the total of the achievements on the individual performance goals. The Chief Executive Officer approves all individual Discretionary Incentive Plans except his own, which is approved by the Compensation Committee.

Plan Eligibility: A Participant must remain employed and in good standing on the last day of the calendar year to which the incentive payment relates in order to be eligible payment, except as specified in NEO's Employment Agreement.

Severability: The provisions of this Plan shall be deemed severable and the invalidity or unenforceability of any provision shall not affect

	the validity or enforceability of the other provision herein.
No Waiver:	The failure by one party to require performance of any provision shall not affect that party's right to require performance at any time thereafter, nor shall a waiver of any breach or default of this Plan constitute a waiver of any subsequent breach or default or a waiver of the provision itself.
Governing Law:	This Plan shall be construed and enforced in accordance with Colorado law, without regard to principles concerning conflicts of law, and the parties consent to venue in the District Court, City & County of Denver, Colorado.
Employment Agreement:	Participant and the Company entered into an Employment Agreement effective as of January 1, 2017. In the event of a conflict between this Plan and the Employment Agreement, the Employment Agreement shall control.
Knowing and Voluntary Consent:	Participant has read this Plan carefully and knows and understands the contents of the Plan. Participant represents and agrees that he/she fully understands his/her right to discuss all aspects of this Plan with an attorney, that he/she has carefully read and fully understands all of the provisions of this Plan, and that he/she voluntarily accepts this Plan.

NEO	COMPANY

Exhibit 21.1

First Western Financial, Inc. Subsidiaries

Entity Name	State of Incorporation
First Western Trust Bank	Colorado, U.S.A.
First Western Capital Management Company	Colorado, U.S.A.

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement of First Western Financial, Inc. on Form S-1 of our report dated March 31, 2018 on the consolidated financial statements of First Western Financial, Inc. and Subsidiaries and to the reference to us under the heading “Experts” in the prospectus.

/s/ Crowe Horwath LLP

Denver, Colorado
June 19, 2018

Exhibit 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use of our report dated March 11, 2017 on the financial statements of EMC Holdings, LLC in the Registration Statement on Form S-1 of First Western Financial, Inc. and to the reference to us under the heading “Experts” in the prospectus.

Very truly yours,

/s/ Fortner, Bayens, Levkulich & Garrison, P.C.

Denver, Colorado
June 19, 2018