



FIRST western

First Western Financial, Inc.
The First, Western-Based Private Trust Bank

Investor Presentation
September 2018



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Safe Harbor

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A Wealth Manager on Private Trust Bank Platform

Overview

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

Target Market

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

Competitive Advantage

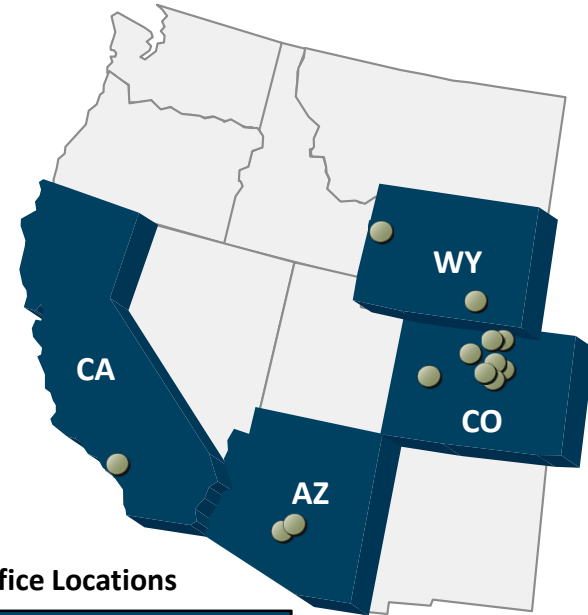
- Operates as one integrated firm, not silos
- Team approach benefits clients, First Western
- Local boutique private trust bank offices with central product experts

Company Highlights as of 6/30/2018

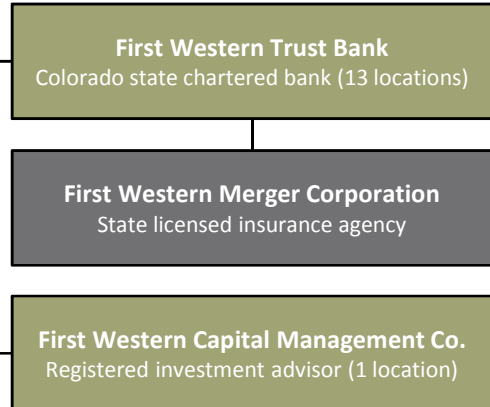
(Dollars in millions, unless otherwise noted)

- Assets: \$1,046.6
- Gross Loans: \$842.6
- Total Deposits: \$843.7
- AUM: \$5.4 billion

- CET1 Ratio: 7.04%
- Tier 1 Ratio: 9.42%
- Leverage Ratio: 7.74%
- TRBC Ratio: 12.12%



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





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MYFW: Our Five Core Strengths

Differentiated, Proven in the Marketplace

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

Built in Operating Leverage

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

Highly Desirable Recurring Fee Income

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

Experienced, Tested Team

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

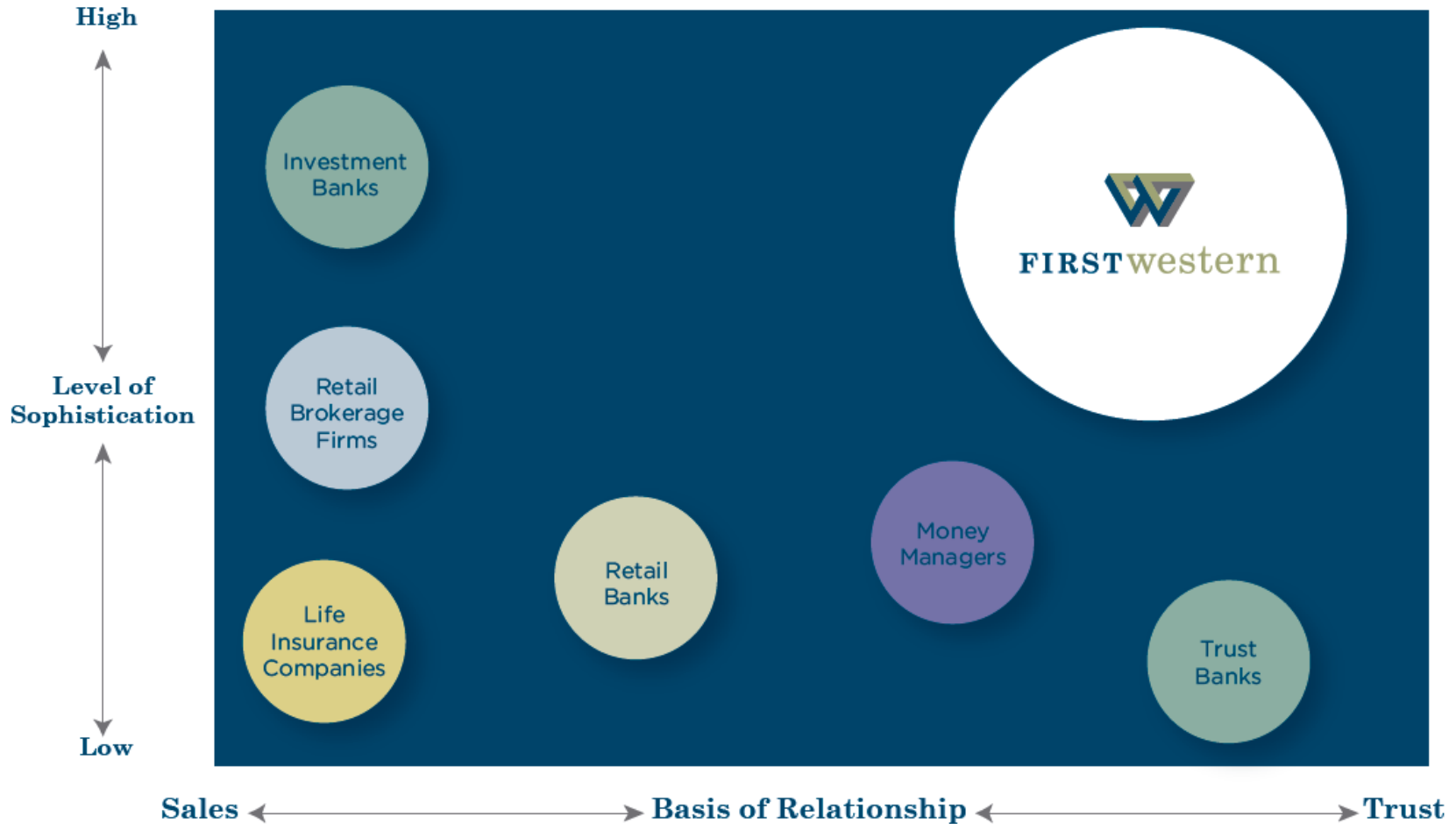
Unique Opportunity for Investors

- At critical mass but small market share, **many current and new market** opportunities
- **Proven ability to expand: (1) Organically, (2) By expansion and (3) By acquisition**
- Few large Colorado bank alternatives for investors and clients, creating **lift-out opportunities**
- **MYFW has been capital constrained**: IPO provides growth capital, pay off high cost capital, debt

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

Rationale for Starting First Western

Competition is Everyone and No One





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Team: Ready to Take MYFW to the Next Level

Name	Title	Years at FW	Years in Industry	Prior Experience
Scott C. Wylie	Chairman, CEO & President	16	31	<ul style="list-style-type: none"> 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	Chief Financial Officer & Treasurer	12	18	<ul style="list-style-type: none"> Assurance services with PricewaterhouseCoopers Executive roles within First Western with responsibility for Accounting & Finance, Risk, Technology and Operations
John E. Sawyer	Chief Investment Officer	1	25	<ul style="list-style-type: none"> Chief Investment & Fiduciary Officer, BBVA Compass Bank President & COO, Florida-based boutique wealth management firm Executive with Credit Suisse, Morgan Keegan & Co., and First Tennessee Capital Markets
Scott J. Lawley	Chief Credit Officer	-	31	<ul style="list-style-type: none"> Sr. Credit Officer & Segment Risk Officer, Huntington National Bank Credit advisor, chief underwriter, CRE credit officer PNC Bank, US Bank Lending positions with Fleet Bank
Josh M. Wilson	Regional President, CO / WY	6	19	<ul style="list-style-type: none"> CFO, international oil and gas operating company PC President at First Western Executive with Bank One, JP Morgan and Vectra Private Bank
Dan C. Thompson	Regional President, AZ / CA	14	25	<ul style="list-style-type: none"> Team Leader within Private Wealth Advisors , Merrill Lynch Positions in the High Net Worth and Q.A. group, Charles Schwab & Co.

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



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MYFW's Sophisticated Board of Directors

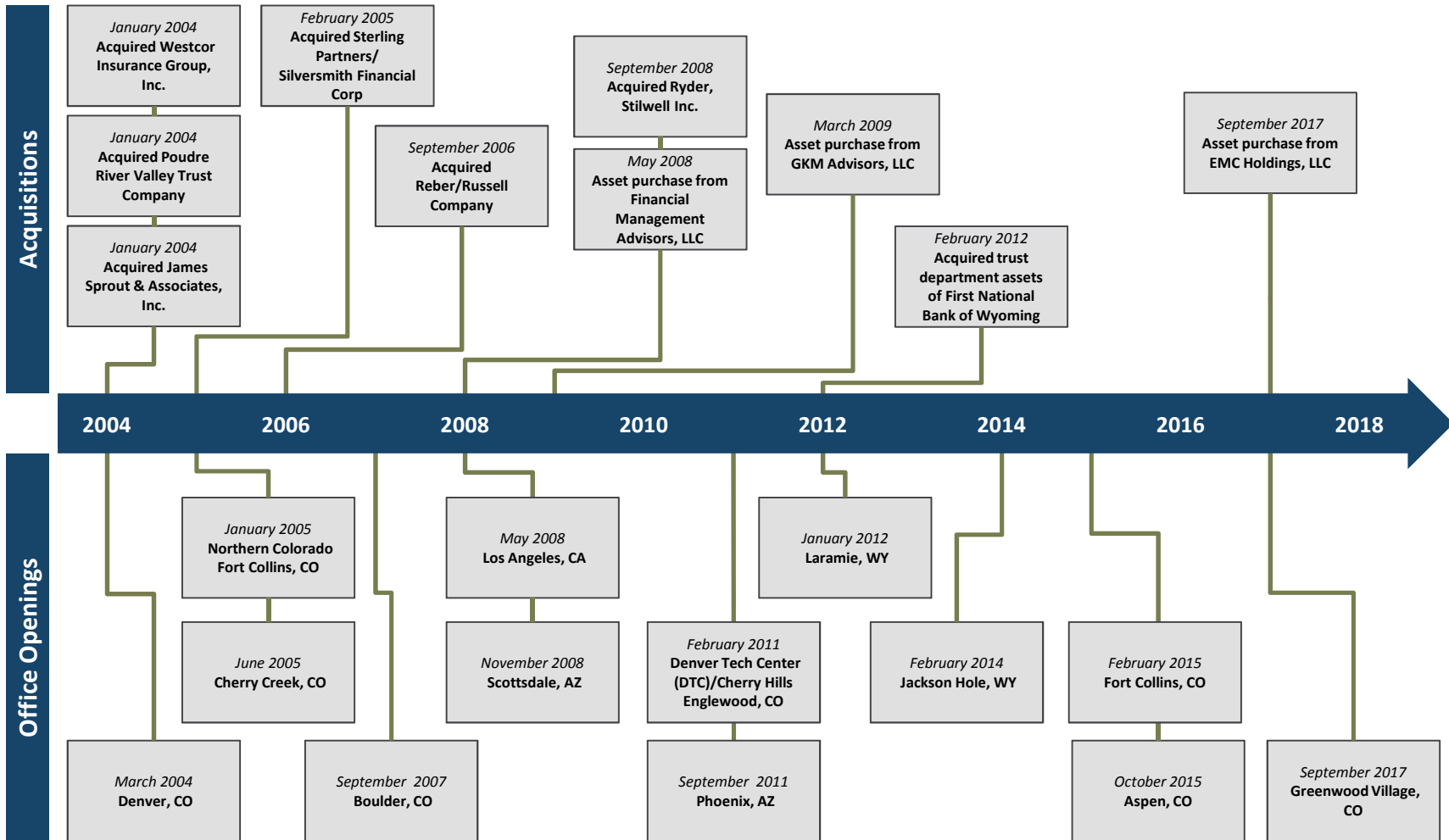
Name	Title	Primary Business
Scott C. Wylie	Chairman, CEO & President	<ul style="list-style-type: none"> First Western Financial, Inc.
Julie A. Caponi, CPA	Board Director / Trustee	<ul style="list-style-type: none"> Former Finance Executive at Arconic, Inc. (fka Alcoa Inc.) Former audit partner at Deloitte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

(1) CPA license inactive.



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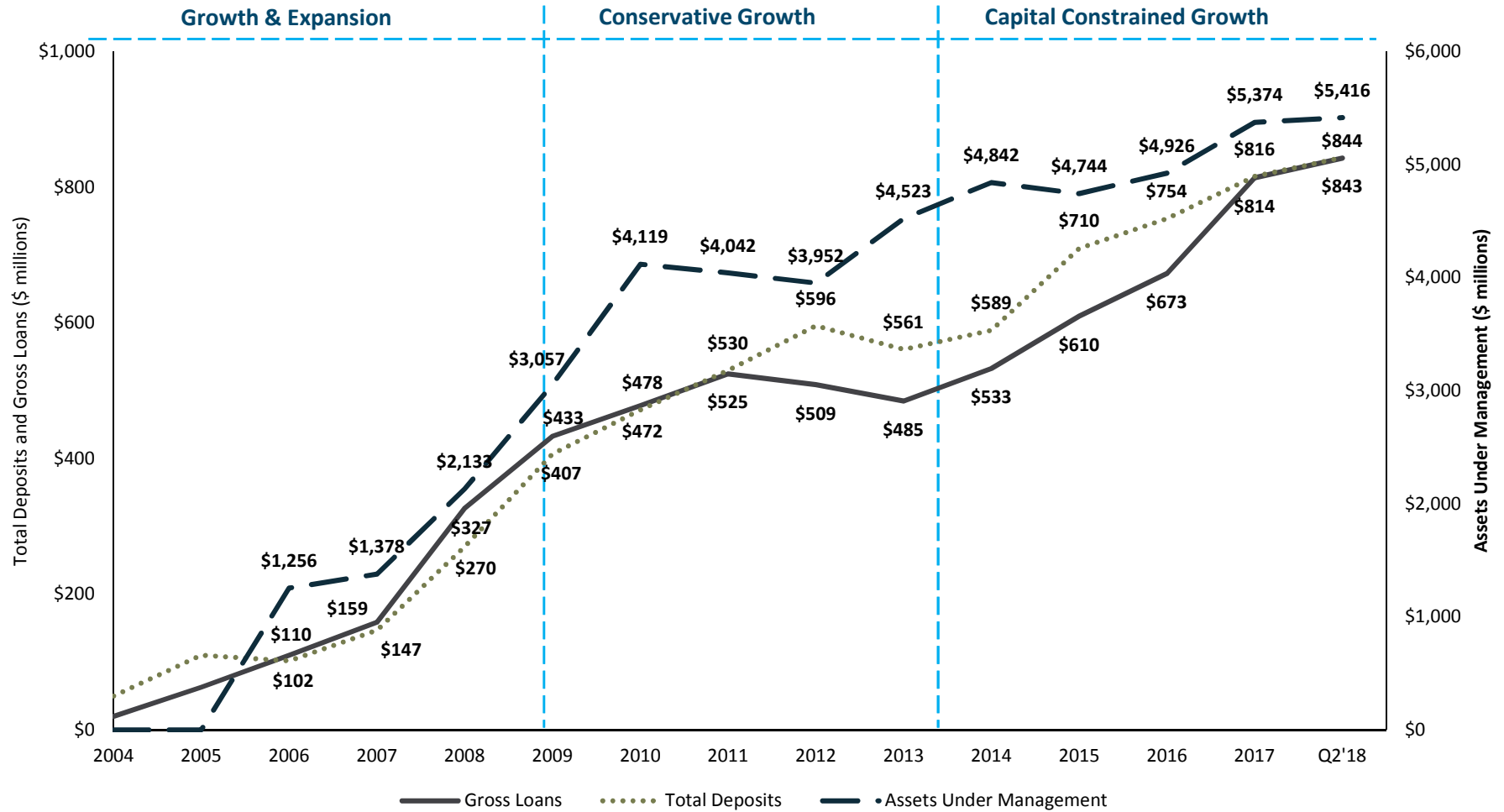
Success in Expansion and Acquisition Growth





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Currently in a Cycle of Capital Constraint





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Great Markets, Scarce Investment Opportunity

First Western Market Favorability⁽¹⁾

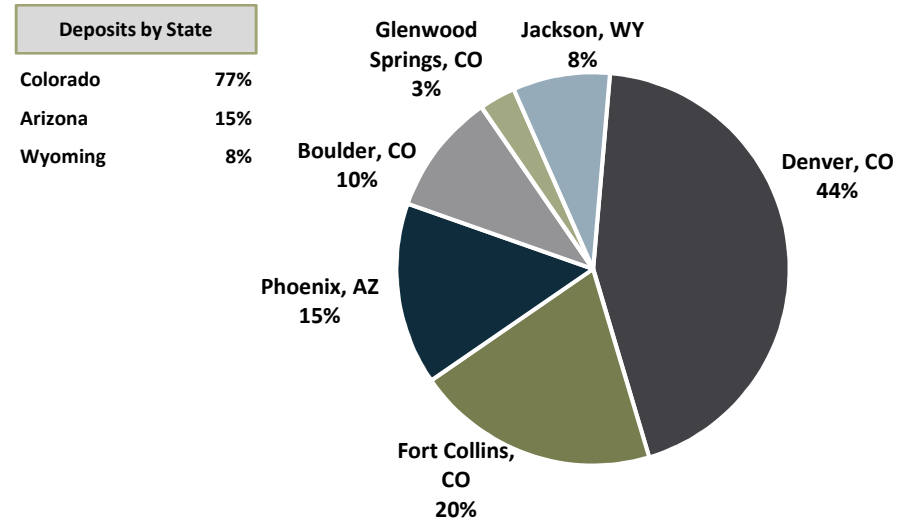
- **Denver, Colorado (2017)**
 - #1 best metro for small business employment
 - #5 best economy among large U.S. cities, population tripled ('00)
 - Employment reached record-high in 2017 (up 2.5% from 2016)
- **Fort Collins, Colorado (2017)**
 - #1 for stable & growing housing market
 - Manufacturing for Anheuser-Busch, Broadcom, Intel
- **Phoenix, Arizona (2017)**
 - Total personal income rose 4.3% for state
 - Employment increased 3.5% for state
 - #3 in personal income growth, #5 for economic momentum

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

As of June 30, 2018	Current Ownership	Total Assets (\$bn)
FirstBank	Private	18.2
NBH Bank	Public (NYSE: NBHC)	5.6
CoBiz Bank	BOKF (Sale Pending)	3.9
Guaranty B&TC	IBTX (Sale Pending)	3.8
Sunflower Bank	Private	3.7
Bank of Colorado	Private (Sub. of Pinnacle Bancorp-NE)	3.7
Alpine Bank	Private	3.6
ANB Bank	Private	2.6
Citywide Banks	HTLF (Acquired in 2017)	2.3
First Western Trust Bank	Public (Nasdaq: MYFW)	1.0

(1) Source: 2017 Downtown Denver Partnership Report; Ft. Collins Chamber of Commerce; University of Arizona; Fed Funds Info; Realtor.com.
 (2) Source: S&P Global Market Intelligence as of 06/30/2018.
 (3) Percentage income growth for households with over \$200,000 in current household income (HHI).
 Note: Demographic data provided by Nielsen per US Census data.

Deposits by MSA⁽²⁾



MSA	State	Market Share	Projected % Change in HHI of \$200M+ (2019-2024) ⁽³⁾
Denver-Aurora-Lakewood	CO	0.45	35.49
Fort Collins	CO	2.15	44.99
Phoenix-Mesa-Scottsdale	AZ	0.13	41.62
Boulder	CO	0.83	28.76
Jackson	WY/ID	2.90	21.42
Glenwood Springs	CO	1.17	24.61
National Average			31.93

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



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The Roadmap to Shareholder Value Creation

Short-Term Goals

- **Embedded earnings growth drivers**
 - Benefit from operating leverage
 - Integrate mortgage and capital management operations
 - Leverage other product groups
- **Accelerate revenue growth**
 - Leverage expanded trust and IM teams
 - Add trust and IM products, services
 - Build traction with Wealth Advisors
- **Add commercial banking depth**
 - Cross sales to target wealth management clients
 - High margin products through existing channels

Long-Term Goals

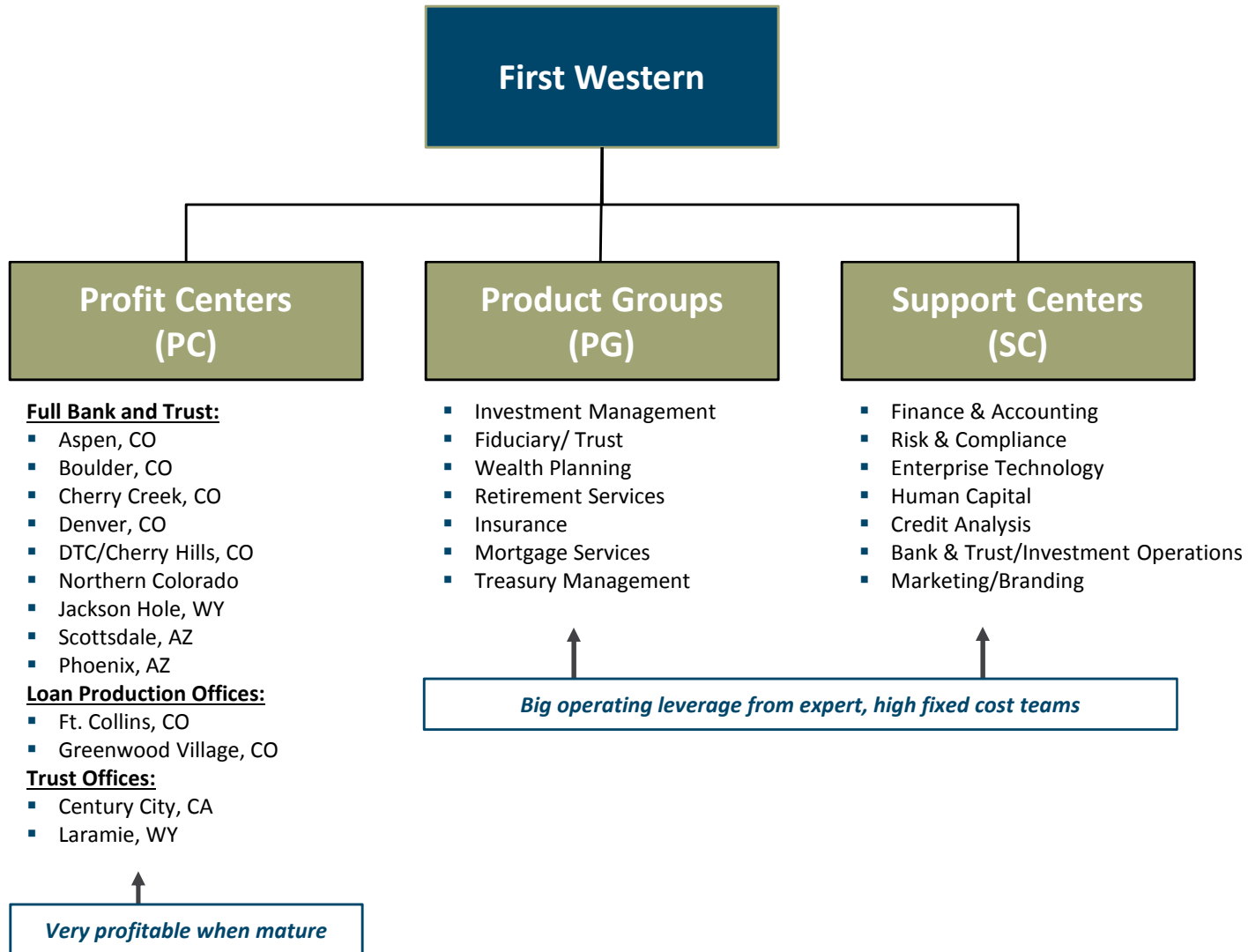
- **Drive to \$5 billion in total assets, \$25 billion TIM assets through both organic growth and acquisitions**
 - ~50 offices
 - \$6-7 million in revenue per office
 - 60% contribution margin per office
- **Build footprint, scale and operating leverage with M&A**
 - Capital and earnings accretive
- **Create, roll out virtual private bank**
 - Robo advisor tied to bank
 - “Buy up” into expert advice
- **Upgrade wealth management platform**
 - Fully integrated front end
- **Sell wholesale TIM services to other banks**

Our mission is to be the BPBFWWMC – Best Private Bank for the Western Wealth Management Client

We believe First Western can be a unique, niche focused regional powerhouse with high fee income and consistent strong earnings from our scalable wealth management platform

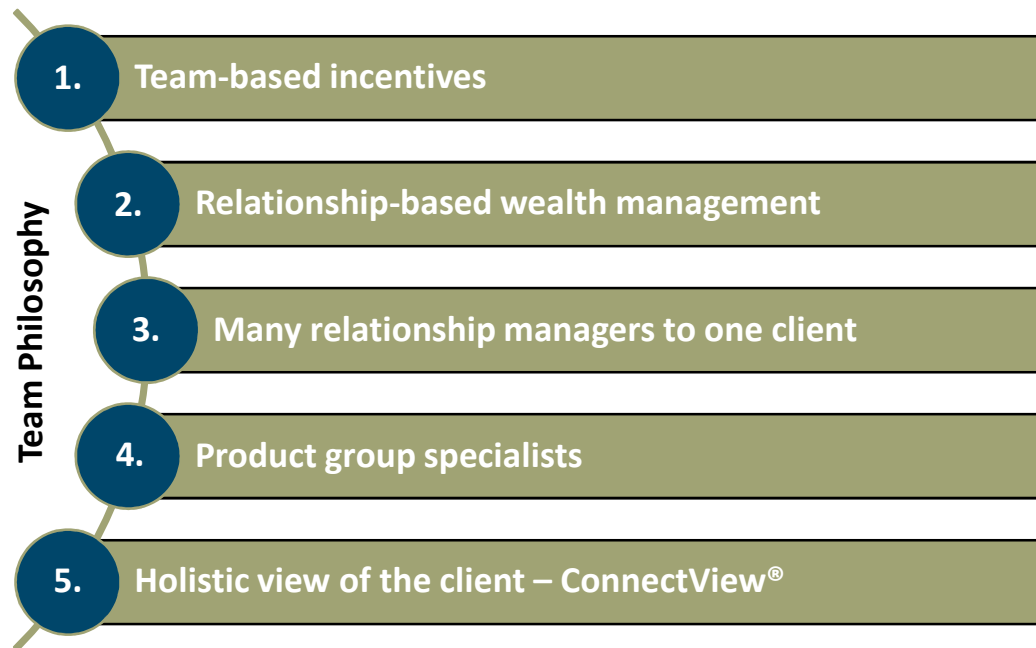
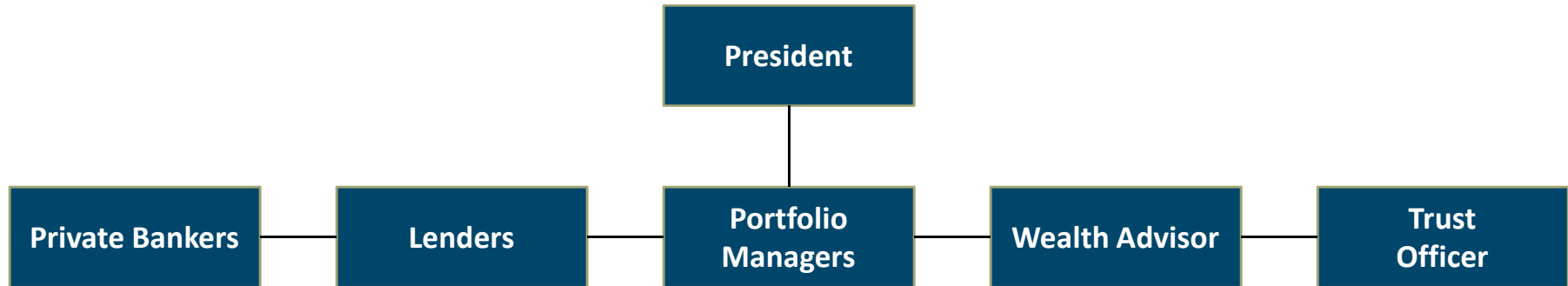
Organizational Structure Built for Scale

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



Integrated Team Approach in Boutique Offices

... by working as a team to grow relationships

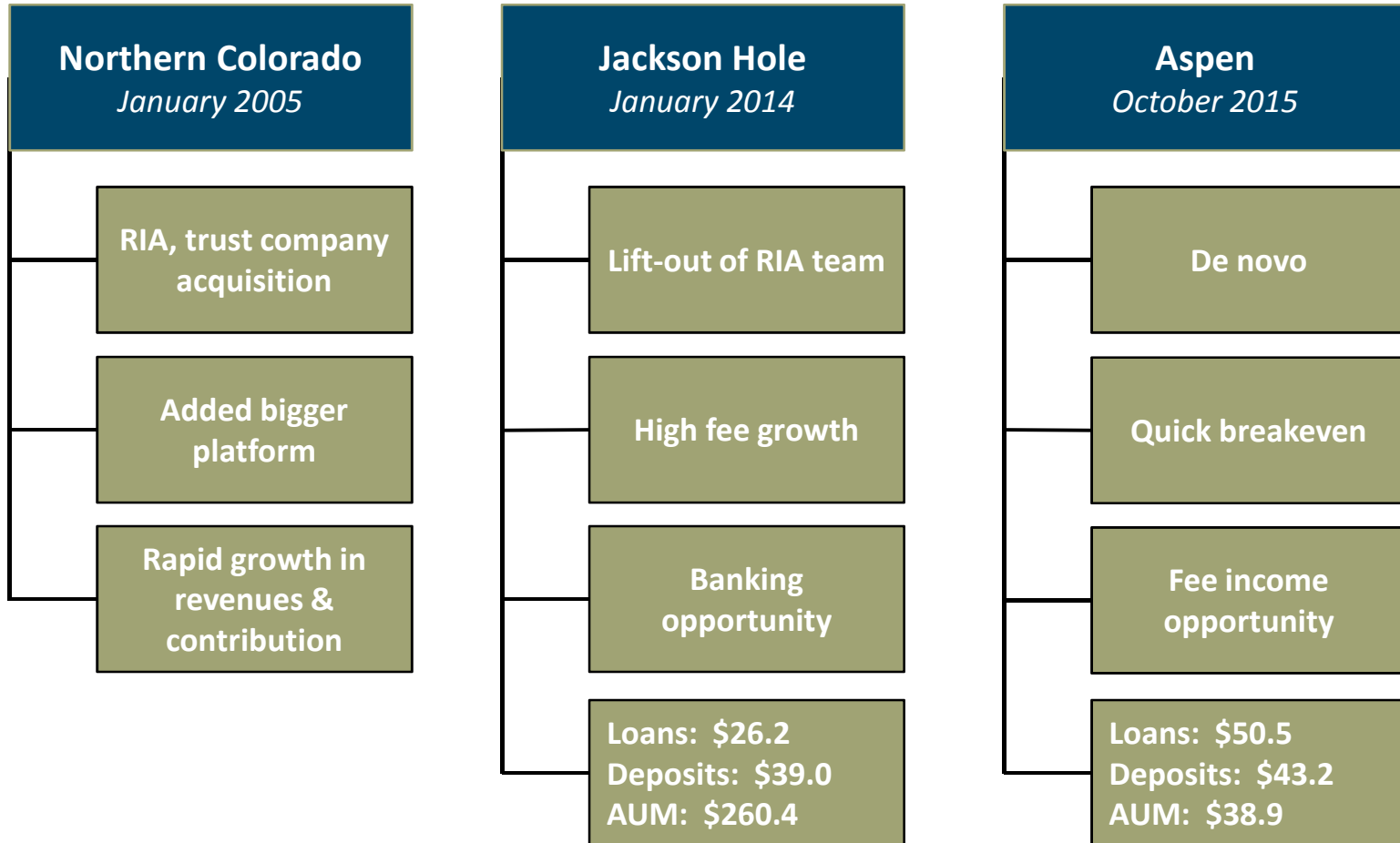




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Different Paths to Profit Center Success

We build new offices through acquisition or de novo, and start with either banking or investment professionals



Note: Dollars in millions.



Acquire, Cross Sell Clients Using Product Groups

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

Commercial Banking

- Corporate loans to match specific needs
- Well versed in working with **complex cash flows and business models**
- Customized treasury management products and services

Retirement / 401(k) Plan Consulting

- **Retirement plan consultants** partnering with businesses to sponsor retirement plans
- Creative corporate retirement plan design, analysis solutions, fiduciary liability management
- HSAs, third party administrative services, ERISA compliance and education

Residential Mortgage Lending

- Mortgage banking **specializing in high net worth lending**
- Underwritten to Fannie Mae and Freddie Mac guidelines
- Portfolio lending and secondary sales

Wealth Planning

- Wealth planning with specialized services (e.g. philanthropic)
- **Proprietary ConnectView® approach**, with access to CFPs, CPAs and estate planning attorneys
- Charitable giving tax strategies, deferred-compensation plans, life insurance, key person insurance

Investment Management

- Provide a **broad range of asset and sub asset classes**
- Create unique solutions through internal research, proprietary and third-party investment options
- Central team creates the platform for Portfolio Managers to service clients, manage accounts

Trust

- **Fiduciary wealth management** with expert review of client objectives, creating solutions
- Irrevocable life insurance trust, conservatorship, successor trustee, directed custodial trusteeship
- WY tax-exempt asset protection, special needs trusts, escrow services, family office services



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Teamwork Drives Client Satisfaction, Retention

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



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



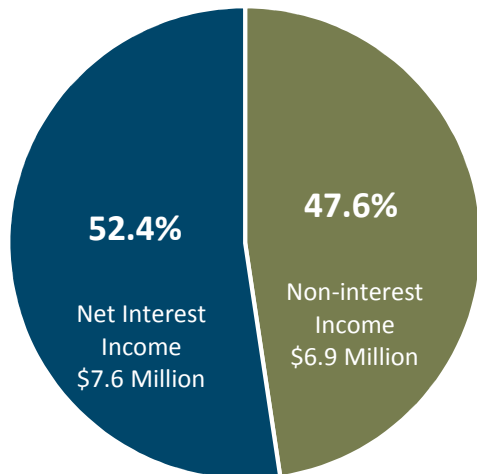
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Our High-Quality, Recurring Revenues

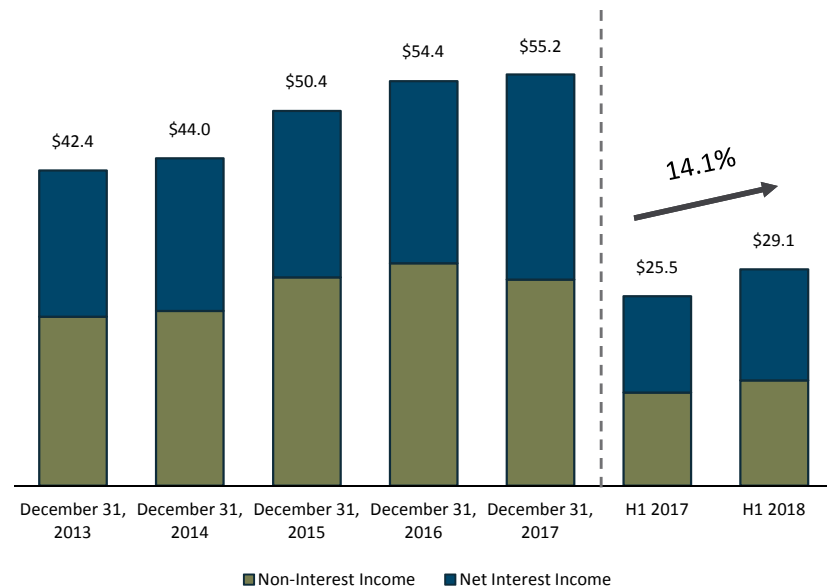
Earnings Themes

- Diverse, stable, desirable revenue mix
 - Attractive markets and business model
 - Robust earnings growth
 - Investments made in long term growth
- Built-in operating leverage:
 1. Infrastructure capable of supporting a much larger bank
 2. Cost reductions
 3. Use of Proceeds

Q2 2018 Gross Revenue⁽¹⁾



Gross Revenue (\$millions)



(1) Q2 2018 Net interest income, before provision, plus non-interest income.
 Note: As of or for the six months ended June 30, 2018 (unaudited).

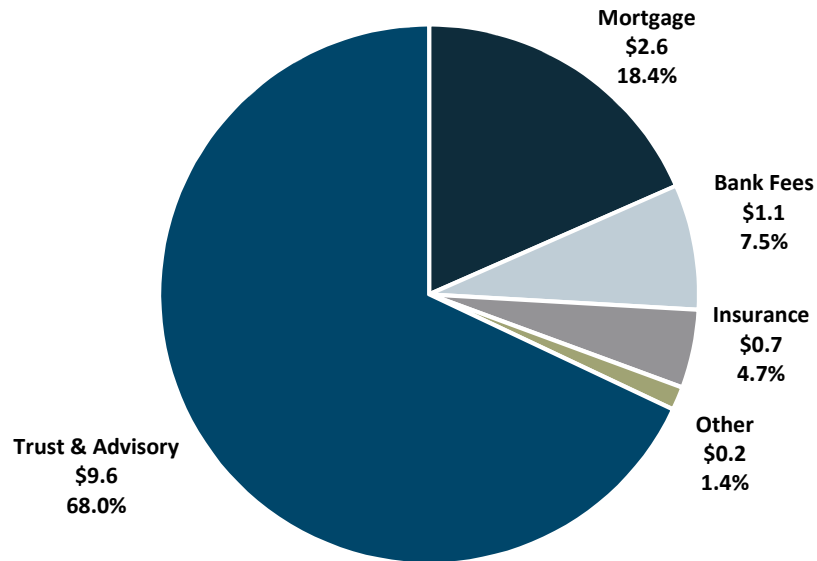


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Predictable, Growing Sources of Fee Income

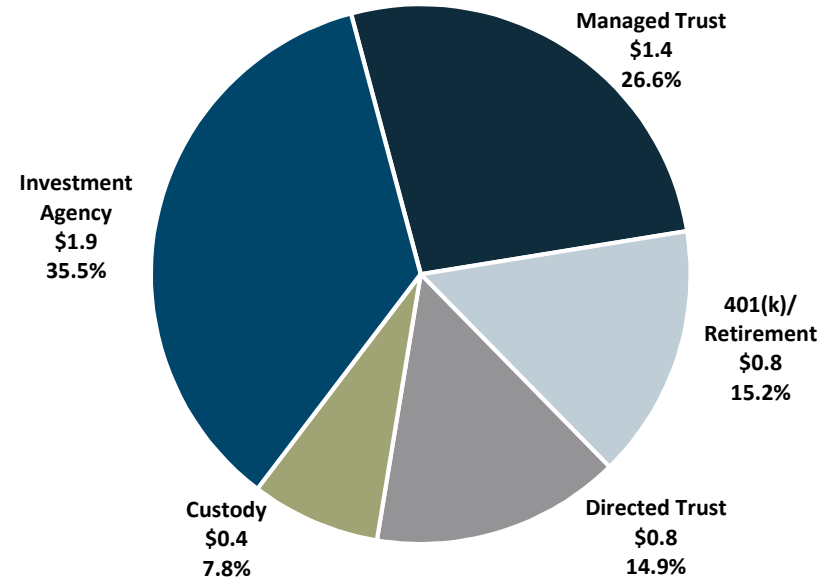
YTD 2018 Non-Interest Income (\$millions)

\$14.2 million



AUM Composition by Account Type (\$billions)

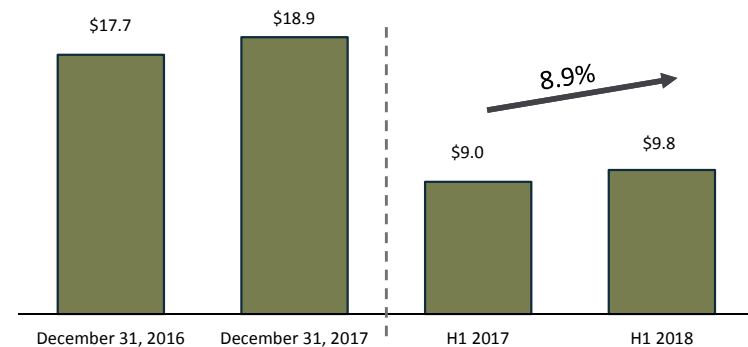
\$5.4 billion



Trust and Investment Management

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

Wealth Management Segment Non-Interest Income (\$millions)



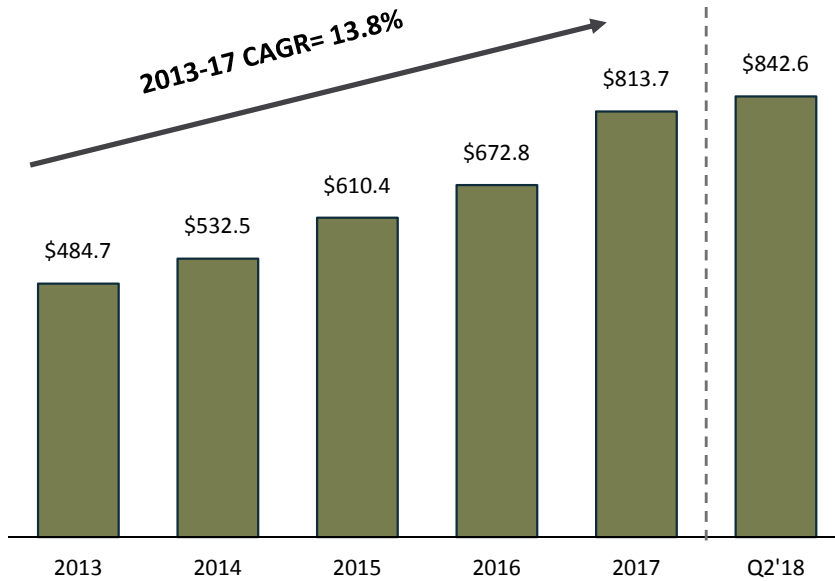
Note: As of or for the six months ended June 30, 2018 (unaudited).



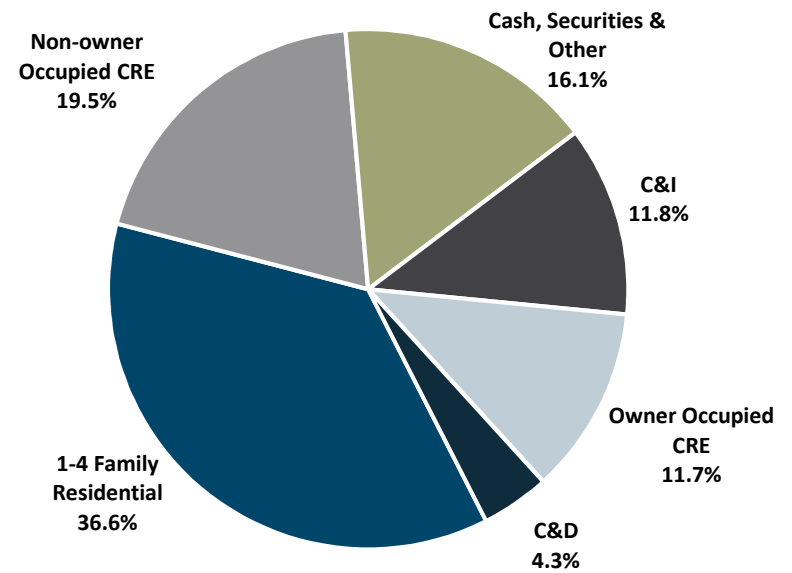
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Our Balanced, Private Banking Loan Portfolio

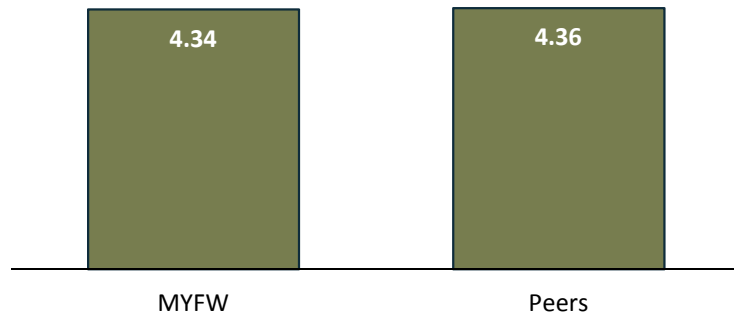
Historical Gross Loans (\$millions)



Q2 2018 Loan Portfolio by Collateral Type ⁽²⁾



MYFW vs. Peers⁽¹⁾ – Yield on Loans Q2'18 (%)



Lending Strategy

- Organic loan growth of 21%, 2016 to 2017
- Added production from mortgage acquisition
- Return on equity based relationship pricing
- High net worth, relationship lending model
- Asset sensitive balance sheet

(1) MYFW uses the following Peers throughout this presentation: ALRS, BMTG, BPFH, CATC, CFR, FFWM, FRC, PGC, SYBT, TMP, TSC, UMBF, UVSP, and WASH. Source: S&P Global Market Intelligence as of June 30, 2018.

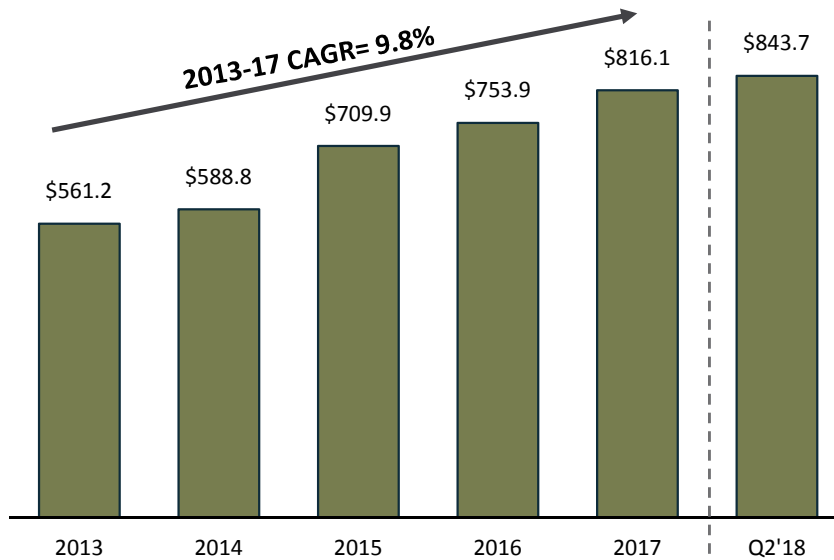
(2) As of June 30, 2018



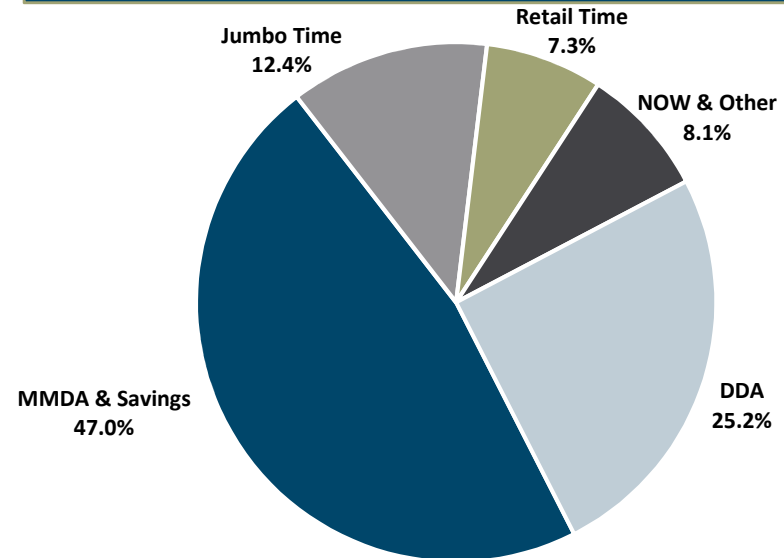
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A Balanced, Growing Core Deposit Base

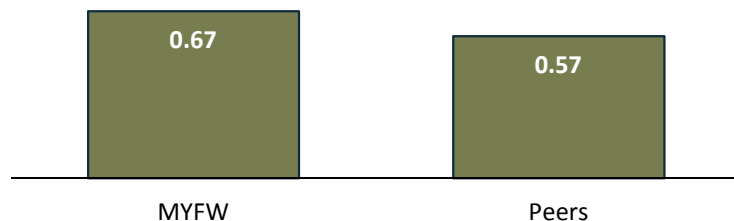
Historical Total Deposits (\$millions)



Deposit Composition (June 30, 2018)



MYFW vs. Peers⁽¹⁾ – Cost of Deposits Q2'18 (%)



Deposit Strategy

- Increase share of wallet
- Relationship lending, trust/IM deposits
- Generate leads through BDOs and Treasury Management
- Core client deposits, no brokered deposits
- 2017-Q2'18 deposit betas in 20% - 30% range, but NIM expanding
 - Shift to profitability analysis
 - Treasury Desk control

(1) Peers include ALRS, BMTG, BPFH, CATC, CFR, FFWM, FRC, PGC, SYBT, TMP, TSC, UMBF, UVSP, and WASH. Source: S&P Global Market Intelligence as of June 30, 2018.



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MYFW's Embedded Earnings Growth Drivers

Remove Capital Constraints

- **Lowering capital costs by ~\$2.7 million** (after-tax) per year⁽¹⁾
- Historical balance sheet growth was **Basel III constrained to qualify as small BHC (<\$1 billion in assets)**

Added Revenue Generators in 2017 - 2018

- Experienced **executive leadership** positions added:
 - New Colorado/Wyoming Profit Center President and Product Group President
- Added **wealth advisors/BDOs** and sales manager
- **Adding MLOs** in offices in 2018
- Generate **referrals** for new client relationships
- Develop **new products** to meet the needs of our clients

Reduce Expenses and Improve Operating Efficiency

- **Eliminated** mortgage and other administrative **redundancies and rent** expense in 1H 2018
- Capital investment in infrastructure and **platform** is now **in place**
- **Minimal incremental** back office **expense needed** to support continued growth
- **Integrating technology into operations**

Drive Client Acquisition and Increase Share of Wallet

- Added client relationship and **profitability tools**
 - Managed centrally by **treasury desk**
- **Build out existing markets** and employ highly capable associates with local market experience/relationships
- Identify new markets to **establish profit centers** without a proportionate increase in product group or support center expenses
- **Acquired Englewood Mortgage Company ("EMC")** in September 2017
 - Culture and product fit with proven leadership
 - Adds portfolio jumbo mortgage loans
 - Well connected to prominent high net worth realtors

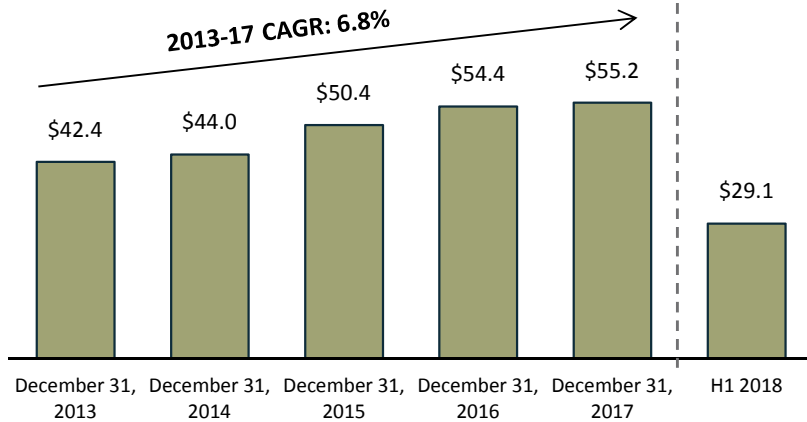
(1) Assumes redemption of all outstanding preferred stock and subordinated notes due 2020. See next page for details.



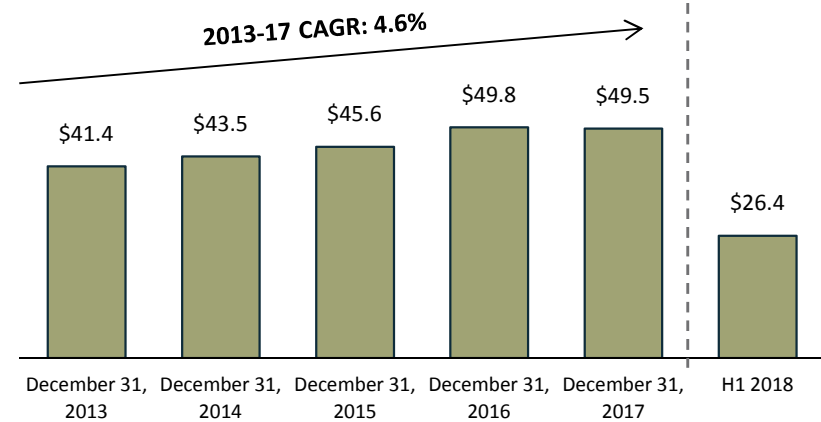
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Our Revenues have Outgrown Expenses by ~50%

Gross Revenue⁽¹⁾ (\$millions)



Total Non-Interest Expenses (\$millions)



Dollars in thousands	Year Ended December 31,					Six Months Ended
	2013	2014	2015	2016	2017	June 30, 2018
Net interest income before provision	\$ 19,910	\$ 20,712	\$ 22,466	\$ 24,457	\$ 27,576	\$ 14,937
(Release of) provision for credit losses	(1,676)	1,455	1,071	985	788	(187)
Net interest income after provision	21,586	19,257	21,395	23,472	26,788	15,124
Trust and investment management fees	20,187	20,852	20,863	20,167	19,455	9,643
Net gain on mortgage loans sold	-	-	3,549	6,702	3,469	2,610
Net (loss) gain on security sales	(101)	321	717	114	81	-
Other ⁽²⁾	2,267	2,103	2,815	2,939	4,708	1,931
Non-interest income	22,353	23,276	27,944	29,922	27,713	14,184
Total Revenue	\$ 43,939	\$ 42,533	\$ 49,339	\$ 53,394	\$ 54,501	\$ 29,308

(1) Net interest income, before provision, plus non-interest income.

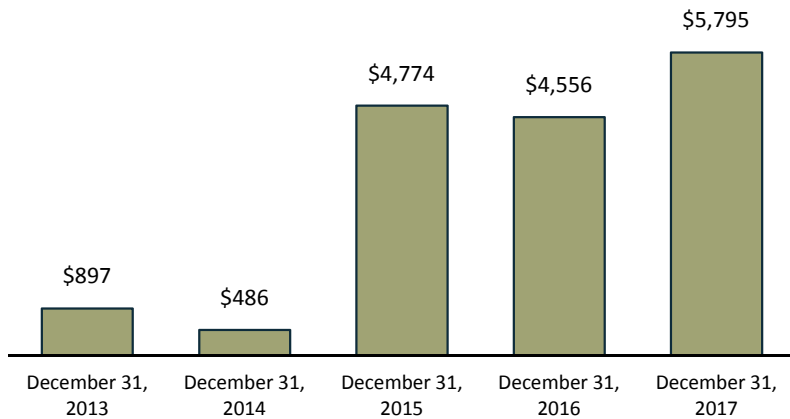
(2) Includes bank fees, risk management and insurance fees, income on bank-owned life insurance and other non-interest income.



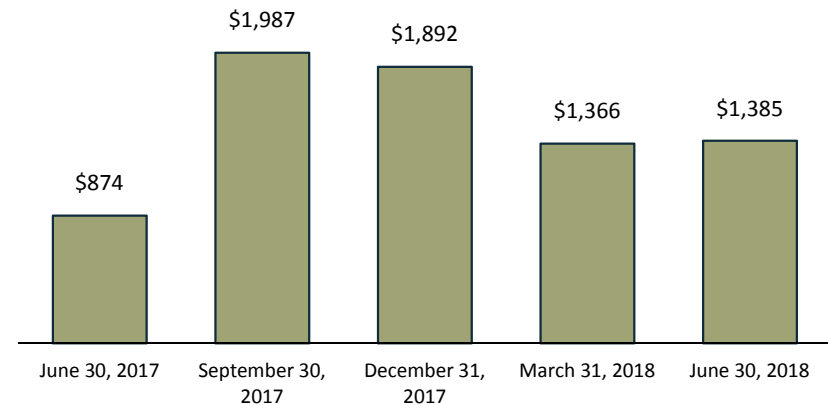
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Strong Growth in Pre-Tax, Pre-Prov. Income

2013-2017 Pre-Tax Pre-Provision Income⁽¹⁾ (\$000s)



2017-18 Quarterly Pre-Tax Pre-Provision Income⁽¹⁾ (\$000s)



(Dollars in thousands)	Year Ended December 31,					Six Months Ended June 30,
	2013	2014	2015	2016	2017	2018
Net interest income before provision	\$ 19,910	\$ 20,712	\$ 22,466	\$ 24,457	\$ 27,576	\$ 14,937
(Release of) provision for credit losses	(1,676)	1,455	1,071	985	788	(187)
Net interest income after provision	21,586	19,257	21,395	23,472	26,788	15,124
Non-interest income	22,353	23,276	27,944	29,922	27,713	14,184
Total revenue	43,939	42,533	49,339	53,394	54,501	29,308
Non-interest expense	41,366	43,502	45,636	49,823	49,494	26,370
Income before income tax	2,573	(969)	3,703	3,571	5,007	2,938
Income taxes expense (benefit)	358	(11,959)	1,053	1,269	2,984	704
Net Income	2,215	10,990	2,650	2,302	2,023	2,234
Preferred stock dividends	(1,718)	(2,003)	(2,419)	(2,840)	(2,291)	(1,123)
Net income available to common shareholders	\$ 497	\$ 8,987	\$ 231	\$ (538)	\$ (268)	\$ 1,111

(1) See Appendix for Non-GAAP financial measures reconciled to GAAP, with the exception of March 31, 2018 and 2017 and June 30, 2018 and 2017, which have been reviewed, none of the quarterly information has been audited or reviewed.

Note: Year ended data per audited financial statements.

Four Key Drivers of 2018 Earnings Improvement

<i>(Dollars in thousands)</i>	Six Months Ended June 30, 2018				Additional Growth Drivers
	1 As Reported Results	2 Staffing and Other Operating Efficiencies ⁽¹⁾	3 Use of Proceeds ⁽²⁾	Adjusted Results	
Net interest income before provision	\$ 14,937	-	\$ 276	\$ 15,213	+ Gross loans up 21% 2016 to 2017, 14% YOY YTD + NIM up 19 bps Q2'18 compared to Q2'17
(Release of) provision for credit losses	(187)	-	-	(187)	
Net interest income after provision	15,124	-	276	15,400	
Non-interest income	14,184	-	-	14,184	+ 13% non-interest income growth June YTD 18' vs. June YTD 17'
Total revenue	29,308	-	276	29,584	+ Sales focus: Executive leadership, Wealth advisors, MLOs
Non-interest expense	26,370	\$ (1,100)	-	25,270	+ Infrastructure in place, min. increase needed to support growth
Income before income tax	2,938	1,100	276	4,314	
Income tax (expense)/ benefit	(704)	(275)	(69)	(1,048)	+ Tax rate improvement from Tax Reform Act
Net Income	2,234	825	207	3,266	
Preferred stock dividends	(1,123)	-	1,123	-	
Net income available to common shareholders	\$ 1,111	\$ 825	\$ 1,331	\$ 3,266	+ Significant earnings improvement

(1) During the six months ended June 30, 2018, we made several changes to streamline our operations and improve profitability, including consolidating administrative roles, reducing salaries and office space capacity. The consolidation of administrative roles resulted in a headcount reduction of 16 full-time equivalent employees, or 6.1% of our total headcount. We recorded pre-tax salary expense relating to these employees of \$0.3 million and \$0.7 million in the three and six months ended June 30, 2018. In addition, we recorded pre-tax severance costs of \$0.1 million and \$0.2 million in the three and six months ended June 30, 2018. Effective as of May 1, 2018, we sublet an office lease in our capital management segment at terms consistent with the current lease. We recorded pre-tax rent expense of an immaterial amount and \$0.2 million for the three and six months ended June 30, 2018 relative to this lease.

(2) Assumes redemption of all outstanding preferred stock and subordinated notes due 2020.

A Unique and Attractive Investment

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

Differentiated, Proven in the Marketplace

Built-in Operating Leverage

Highly Desirable Recurring Fee Income

Experienced, Tested Team

Unique Opportunity for Investors



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Appendix



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Selected Historical Consolidated Financials

(Dollars in thousands)	Year Ended December 31,					Six Months Ended,
	2013	2014	2015	2016	2017	June 30, 2018
Selected Period End Balance Sheet Data:						
Cash and cash equivalents	\$62,812	\$45,906	\$79,636	\$62,685	\$9,502	\$58,464
Available-for-sale securities	75,483	84,127	66,064	97,655	53,650	47,890
Mortgage loans held for sale	--	--	19,903	8,053	22,940	35,064
Loans⁽¹⁾	484,707	532,537	610,416	672,815	813,689	842,644
Allowance for loan losses	4,839	5,960	5,956	6,478	7,287	7,100
Promissory notes from related parties	24,977	25,457	19,254	10,384	5,792	2,125
Goodwill	24,811	24,811	24,811	24,811	24,811	24,811
Other intangible assets, net	3,790	2,988	2,198	1,452	1,233	773
Company owned life insurance	--	10,130	10,477	13,898	14,316	14,515
Other real estate owned, net	5,347	4,573	3,016	2,836	658	658
Total assets	696,977	752,581	857,001	915,998	969,659	1,046,573
Noninterest-bearing deposits	137,760	161,256	148,184	195,460	198,685	212,225
Interest-bearing deposits	423,443	427,587	561,753	558,440	617,432	631,517
FHLB Topeka borrowings	20,000	41,000	25,000	37,000	28,563	75,598
Convertible subordinated debentures	20,605	20,962	14,548	4,749	--	--
Subordinated notes	7,625	7,625	7,625	13,150	13,435	13,435
Credit note payable	5,952	5,036	3,936	2,736	--	--
Preferred stock (liquidation preference)	28,168	28,168	28,168	25,468	24,968	24,968
Total shareholders' equity	70,939	80,367	87,259	95,928	101,846	104,958
Selected Income Statement Data:						
Interest income	\$25,160	\$25,134	\$26,370	\$29,520	\$33,337	\$18,511
Interest expense	5,250	4,422	3,904	5,063	5,761	3,574
Net interest income	19,910	20,712	22,466	24,457	27,576	14,937
Provision (release) for credit losses	(1,676)	1,455	1,071	985	788	(187)
Net interest income after provision for credit losses	21,586	19,257	21,395	23,472	26,788	15,124
Trust and investment management fees	20,187	20,852	20,863	20,167	19,455	9,643
Net mortgage gain	--	--	3,549	6,702	3,469	2,610
Net realized gain (loss) on sale of securities	(101)	321	717	114	81	--
Other	2,267	2,103	2,815	2,939	4,708	1,931
Non-interest income	22,353	23,276	27,944	29,922	27,713	14,184
Non-interest expense	41,366	43,502	45,636	49,823	49,494	26,370
Income (loss) before income tax	2,573	(969)	3,703	3,571	5,007	2,938
Income tax expense (benefit)	358	(11,959)	1,053	1,269	2,984	704
Net income	2,215	10,990	2,650	2,302	2,023	2,234
Preferred dividends paid to preferred shareholders	1,718	2,003	2,419	2,840	2,291	1,123
Share Data:						
Common shares outstanding, end of period	4,373,874	4,482,059	5,033,565	5,529,542	5,833,456	5,917,667
Weighted average outstanding shares, diluted	5,000,632	5,360,498	5,863,236	5,120,507	5,586,620	5,960,037

(1) Total loans net of loan fees and costs do not include loans held for sale of \$35.1 million, \$22.9 million, \$8.1 million and \$19.9 million on June 30, 2018 and December 31, 2017, 2016 and 2015, respectively.



Holistic, Integrated Risk Management

Purpose

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

Objectives

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

Responsibilities

ERM Committee:

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

Senior Risk Officer:

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



Key Themes of ERM– In the Business

Ensure Compliance

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

Limit Potential Losses

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

Improve Profitability

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

Support Growth

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

Risk Overlay for Decision Making

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

Improve Stakeholder Management

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

Define Governance and Organization

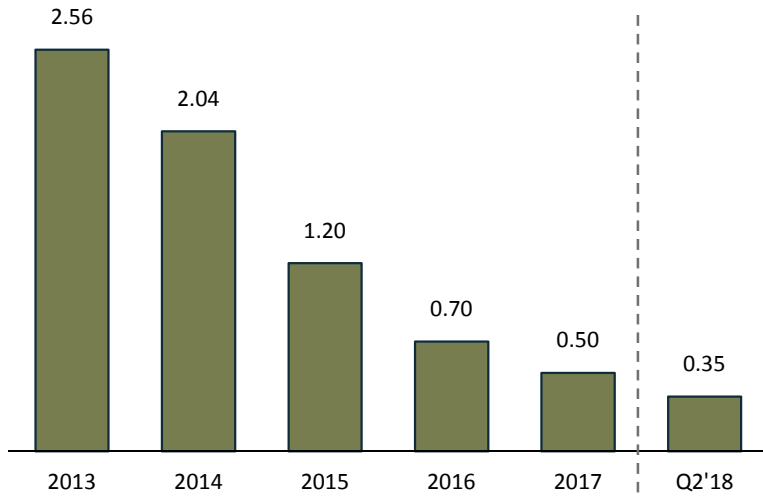
- Define risk structure’s mandate and organization, create independent risk view in core decisions
- Ensure CFO’s mandate and organization in capital and balance-sheet management, ALM, treasury, funding
- Define and implement ERM approach
- Ensure appropriate people development: knowledge, experience,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



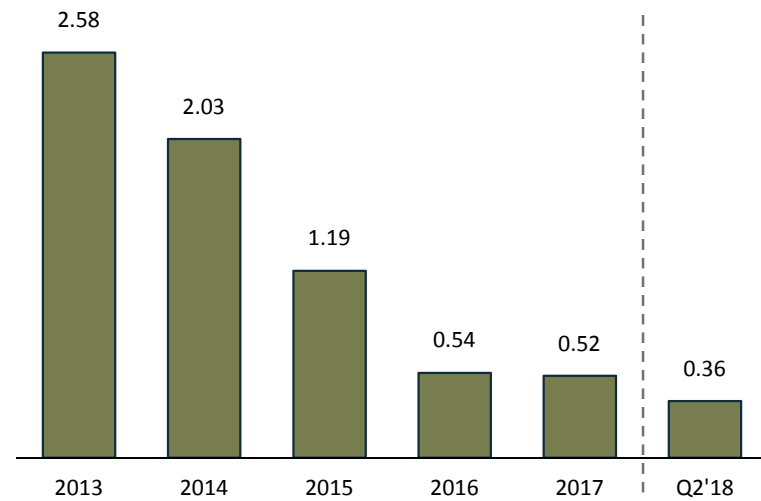
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Favorable Asset Quality Trends

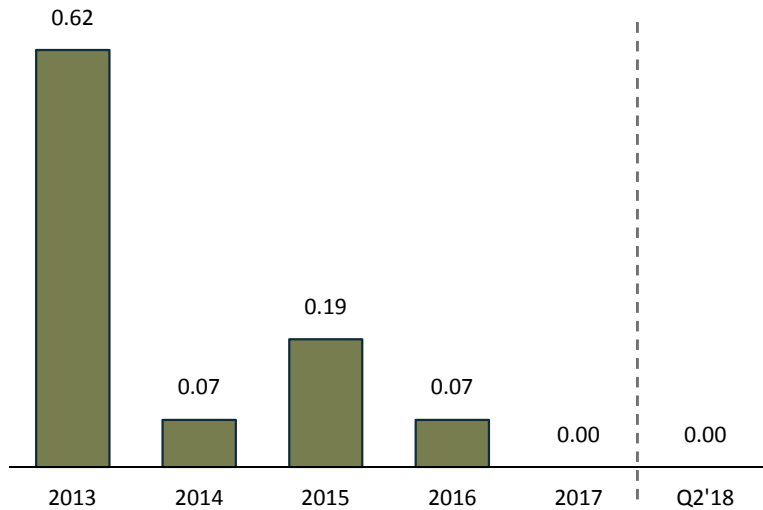
NPAs / Assets (%)



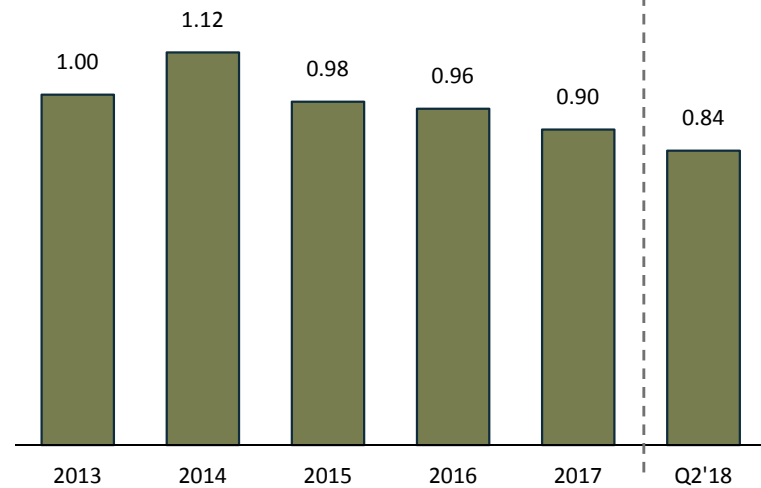
NPLs / Loans (%)



Net Charge-offs / Average Loans (%)



Loan Loss Reserves / Gross Loans (%)





Notes on Historical Financial Statements

Fluctuations in 2016 & 2017 financial results can be attributed to the following two business segments:

First Western Capital Management

- In late 2016, we proactively terminated a senior portfolio manager and filed a lawsuit against this individual for various violations of his employment agreement
- This departure led to client attrition and had an approximate \$1.4 million unfavorable revenue impact in 2017
- In late 2017, we settled the lawsuit with the portfolio manager in favor of First Western for \$0.8 million

First Western Mortgage Services

- In late 2016, we closed our loan production office in Scottsdale, Arizona due to a lack of cultural fit and for not aligning with our long term mortgage strategy
- That location funded \$149.8 million of mortgages during the first three quarters of 2016 which resulted in net gain on mortgage loans sold decreasing by \$3.2 million in 2017 compared to 2016
- To optimize our mortgage operation and to pursue our long term strategy of focusing on high net worth mortgage lending, we acquired assets of Englewood Mortgage Company (Greenwood Village LPO) in September 2017



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Non-GAAP Reconciliation

<i>Consolidated Pre-tax Pre-provision Income</i> <i>(Dollars in thousands)</i>	For the Three Months Ended,				
	June 30, 2017 ⁽¹⁾	September 30, 2017 ⁽¹⁾	December 31, 2017 ⁽¹⁾	March 31, 2018 ⁽¹⁾	June 30, 2018 ⁽¹⁾
Net Income, as reported	\$404	\$2,746	\$(1,650)	\$1,186	\$1,048
Provision for loan losses	262	306	(3)	(187)	--
Income tax expense (benefit)	208	(1,065)	3,545	367	337
Pre-tax, Pre-provision Income	\$874	\$1,987	\$1,892	\$1,366	\$1,385

<i>Consolidated Pre-tax Pre-provision Income</i> <i>(Dollars in thousands)</i>	As of December 31,				
	2013	2014	2015	2016	2017
Net Income, as reported	\$2,215	\$10,990	\$2,650	\$2,302	\$2,023
Provision for loan losses	(1,676)	1,455	1,071	985	788
Income tax expense (benefit)	358	(11,959)	1,053	1,269	2,984
Pre-tax, Pre-provision Income	\$897	\$486	\$4,774	\$4,556	\$5,795

<i>Tangible Common Equity Per Share</i> <i>(Dollars in thousands, except per share data)</i>	As of June 30,	
	2017	2018
Total shareholders' equity	\$97,039	\$104,958
Less		
Preferred stock	25,468	24,968
Goodwill	24,811	24,811
Intangibles, net	1,082	773
Tangible common equity	\$45,678	\$54,406
Common shares outstanding, end of period	5,544,078	5,917,667
Tangible common book value per share	\$8.24	\$9.19

(1) Quarterly information has not been audited or reviewed, except March 31, 2018 and 2017 and June 30, 2018 and 2017, which have been reviewed.