



FIRSTwestern

First Quarter 2021
Conference Call

Safe Harbor

This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements reflect the current views of First Western Financial, Inc.’s (“First Western”) management with respect to, among other things, future events and First Western’s financial performance. These statements are often, but not always, made through the use of words or phrases such as “may,” “should,” “could,” “predict,” “potential,” “believe,” “will likely result,” “expect,” “continue,” “will,” “anticipate,” “seek,” “estimate,” “intend,” “plan,” “project,” “future,” “forecast,” “goal,” “target,” “would” and “outlook,” or the negative variations of those words or other comparable words of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about First Western’s industry, management’s beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond First Western’s control. Accordingly, First Western cautions you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. Although First Western believes that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. Those following risks and uncertainties, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: the COVID-19 pandemic and its effects; integration risks in connection with acquisitions; the risk of geographic concentration in Colorado, Arizona, Wyoming and California; the risk of changes in the economy affecting real estate values and liquidity; the risk in our ability to continue to originate residential real estate loans and sell such loans; risks specific to commercial loans and borrowers; the risk of claims and litigation pertaining to our fiduciary responsibilities; the risk of competition for investment managers and professionals; the risk of fluctuation in the value of our investment securities; the risk of changes in interest rates; and the risk of the adequacy of our allowance for credit losses and the risk in our ability to maintain a strong core deposit base or other low-cost funding sources. Additional information regarding these and other risks and uncertainties to which our business and future financial performance are subject is contained in our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (“SEC”) on March 12, 2021 and other documents we file with the SEC from time to time. All subsequent written and oral forward-looking statements attributable to First Western or persons acting on First Western’s behalf are expressly qualified in their entirety by this paragraph. Forward-looking statements speak only as of the date of this presentation. First Western undertakes no obligation to publicly update or otherwise revise any forward-looking statements, whether as a result of new information, future events or otherwise (except as required by law).

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

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

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

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

Overview of 1Q21

Continuation of Improved Profitability

- Net income available to common shareholders of \$6.0 million, or \$0.74 diluted EPS, up over 300% from 1Q20
- Return on average shareholders' equity of 14.95%
- Return on tangible common equity⁽¹⁾ of 17.49%

New Business Development Driving Balance Sheet Growth

- Total assets of \$2.21 billion, up 48.2% annualized in 1Q21
- New wealth management and commercial client acquisitions driving strong inflows of low-cost deposits and further improvement in deposit mix
- 1Q21 loan growth impacted by smaller pipeline to start 2021 and focus on PPP loan production

Continued High Level of Mortgage Activity

- Net gain on mortgage loans of \$5.2 million, up 20.3% from 4Q20 and 109.4% from 1Q20
- Operational constraints in mortgage segment resolved during 1Q21

Asset Quality Remains Exceptional

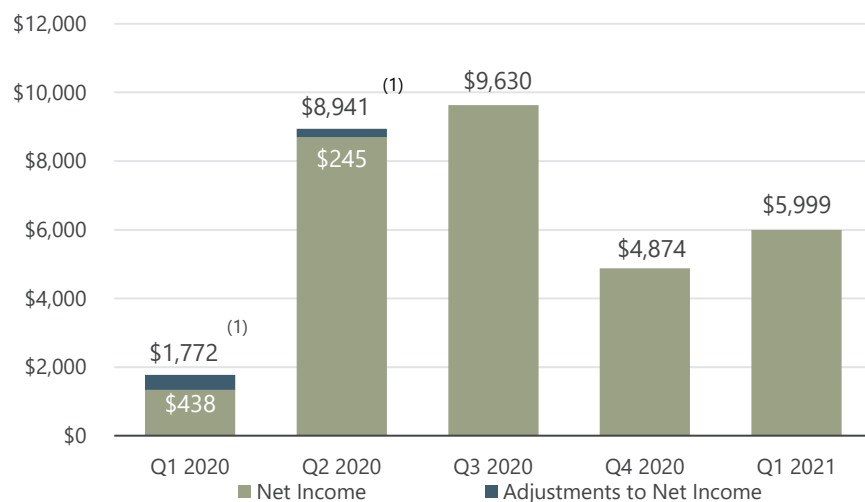
- Non-performing assets declined to 0.18% of total assets from 0.22% at end of prior quarter
- No remaining COVID-19 loan modifications
- History of exceptionally low charge-offs continues

(1) See Non-GAAP reconciliation

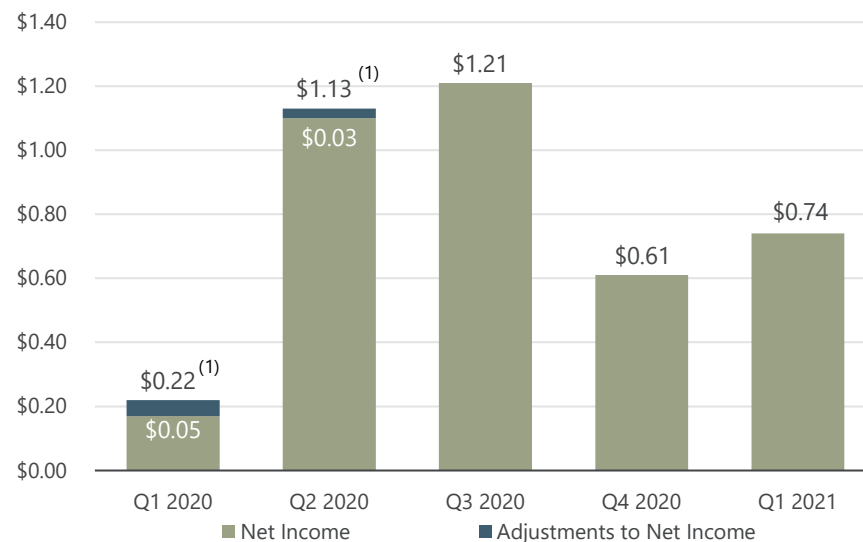
Net Income Available to Common Shareholders and Earnings per Share

- Net income of \$6.0 million, or \$0.74 diluted earnings per share, in 1Q21
- Strong profitability results in 4.1% and 4.9% increase in book value per share and tangible book value per share⁽¹⁾, respectively, from 4Q20

Net Income Available to Common Shareholders



Diluted Earnings per Share

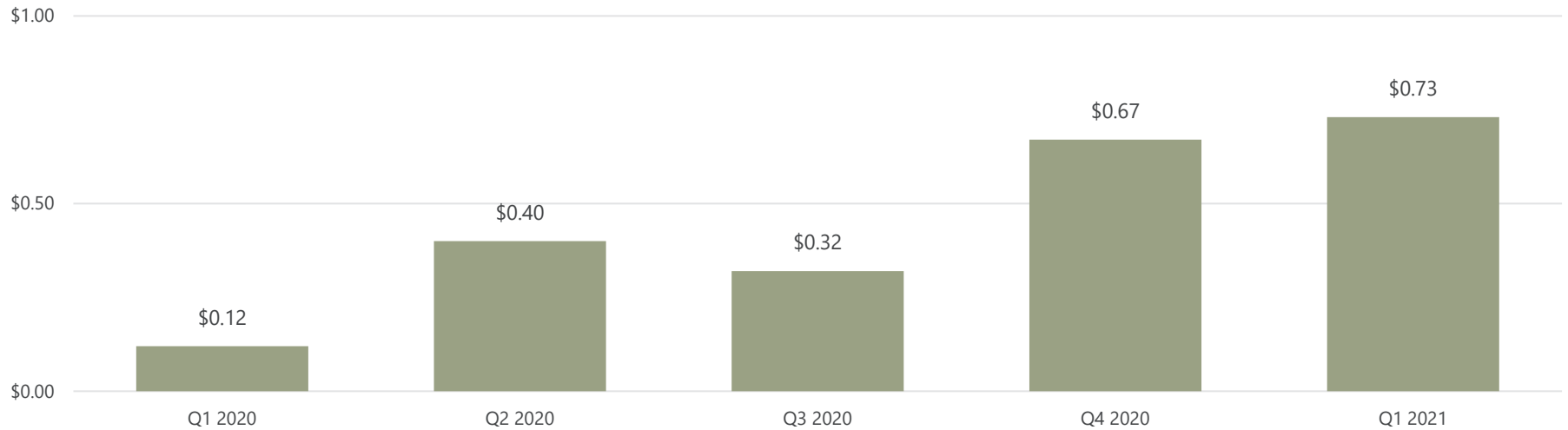


(1) See Non-GAAP reconciliation

Non-Mortgage Segment Earnings

- Strong balance sheet growth and improving operating leverage creating sustainable path to higher earnings and profitability over long-term
- Non-mortgage segment earnings reflects contribution of private banking, commercial banking, and trust and investment management business lines

Non-Mortgage Segment Diluted Pre-Tax Earnings Per Share⁽¹⁾



(1) See Non-GAAP reconciliation

Loan Portfolio

Loan Portfolio Details

- Total loans HFI increased \$12.6 million, or 0.8% from prior quarter
- Average loans increased \$87.4 million, or 5.3% from prior quarter
- Growth in non-owner occupied CRE offset by payoffs in construction portfolio due to project completions
- Payoffs included a low-yielding \$50 million cash-secured loan that impacted EOP balances

Loan Portfolio Composition⁽²⁾

(\$ in thousands, as of quarter end)

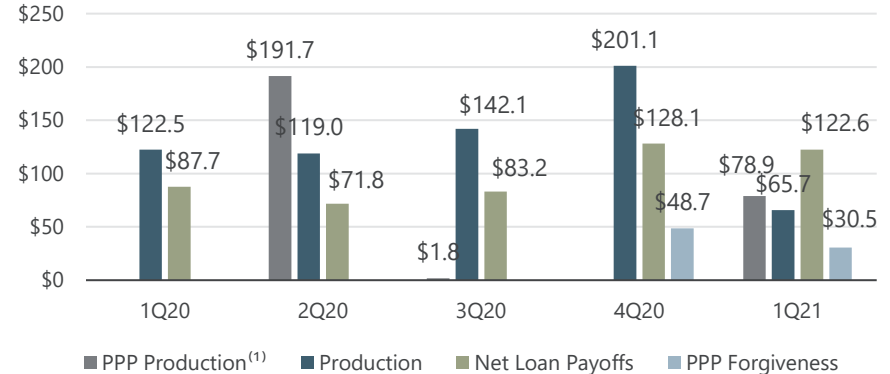
	1Q 2020	4Q 2020	1Q 2021
Cash, Securities and Other	\$147,157	\$357,020	\$363,155
Construction and Development	25,461	131,111	110,024
1-4 Family Residential	412,306	455,038	452,591
Non-Owner Occupied CRE	192,350	281,943	317,457
Owner Occupied CRE	121,138	163,042	161,787
Commercial and Industrial	144,066	146,031	141,770
Total Loans HFI	\$1,042,478	\$1,534,185	\$1,546,784
Mortgage loans held-for-sale (HFS)	64,120	161,843	176,644
Total Loans	\$1,106,598	\$1,696,028	\$1,723,428

(1) Bank originated

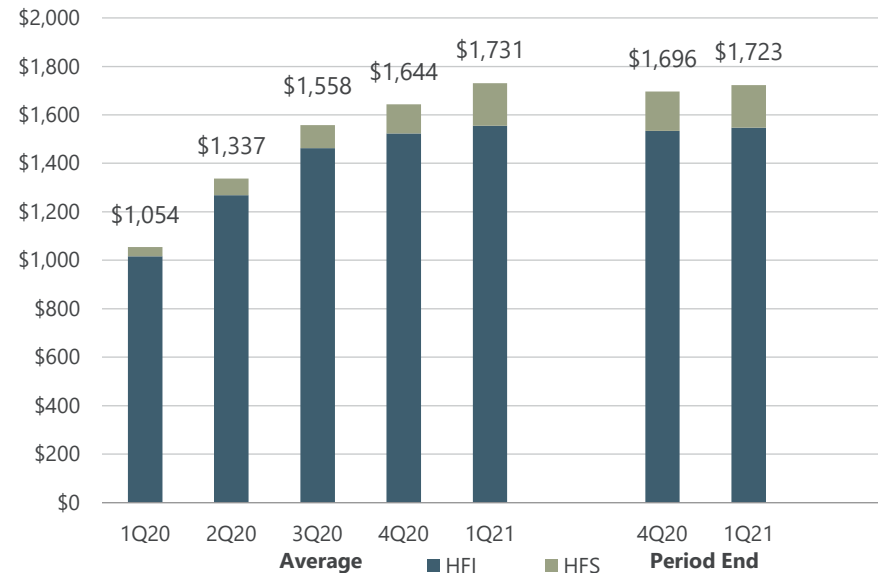
(2) Excludes deferred (fees) costs, and amortized premium/(unaccreted discount), net

Loan Production & Net Loan Payoffs

(in millions)



Total Loans⁽²⁾



Total Deposits

- Total deposits increased \$187.9 million, or 11.6%, from end of prior quarter
- Growth primarily attributable to new client relationships
- Noninterest-bearing deposits more than doubled over the past year and increased to 32.8% of total deposits at 1Q21 from 23.0% at 1Q20

Deposit Portfolio Composition

	1Q 2020	4Q 2020	1Q 2021
Money market deposit accounts	\$671,641	\$847,430	\$918,940
Time deposits	150,190	172,682	157,072
NOW	82,092	113,052	130,540
Savings accounts	3,923	5,289	7,885
Noninterest-bearing accounts	270,604	481,457	593,388
Total Deposits	\$1,178,450	\$1,619,910	\$1,807,825

Total Deposits

(\$ in millions)



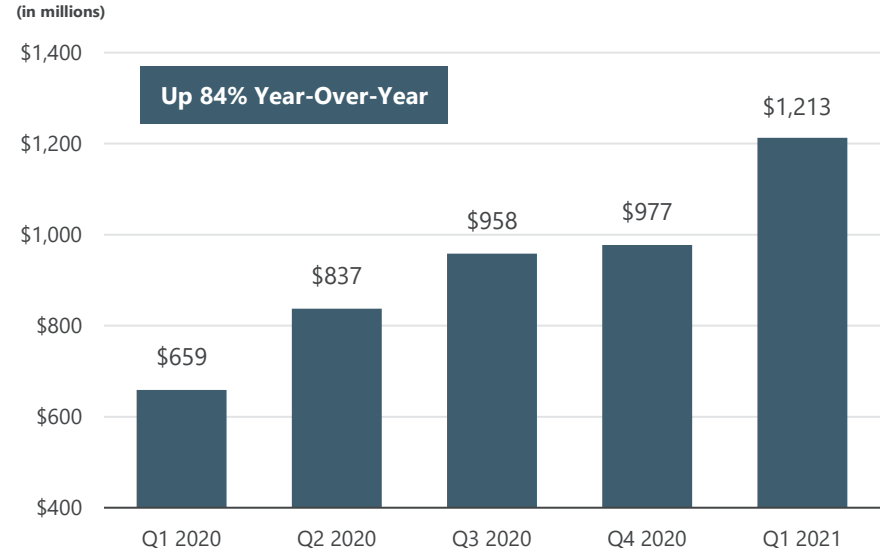
Commercial Banking Driving Growth

- During 2020, expanded commercial banking team and added construction lending expertise
- Increase in commercial banking clients contributing to growth in total loans and low-cost deposits while improving overall diversification
- Stronger commercial banking platform complements private banking and expanded mortgage capabilities to create a more valuable franchise with additional catalysts for future growth

Total Commercial Loans⁽¹⁾



Total Commercial Deposits



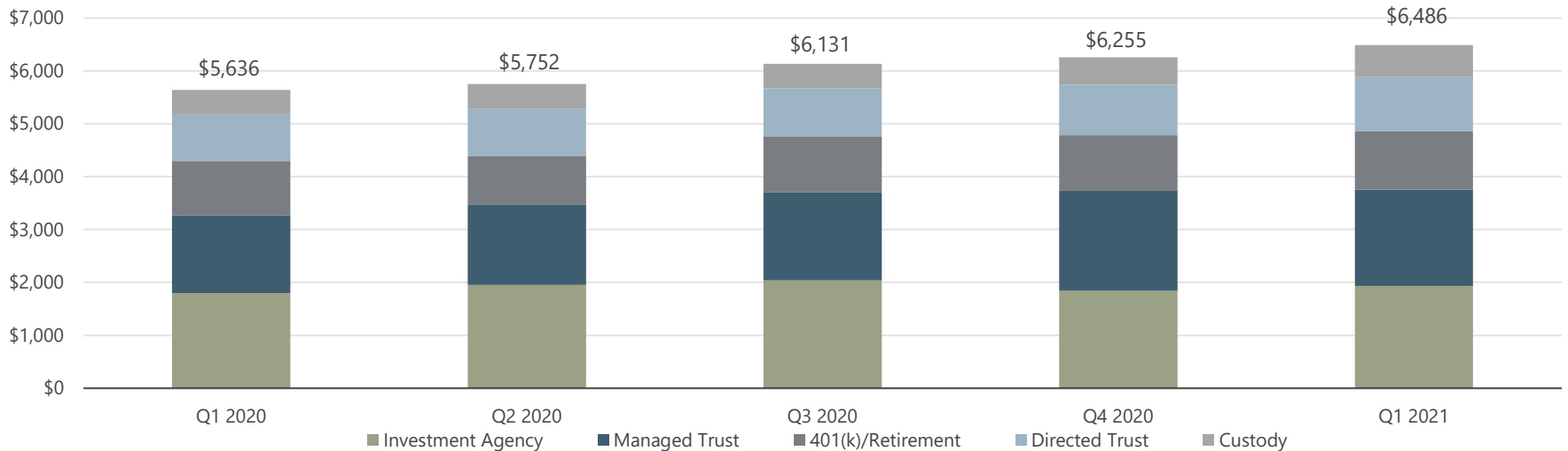
(1) Reflects loans to commercial borrowers across all loan categories excludes SBA PPP loan balances due to their short-term nature.

Trust and Investment Management

- Total assets under management increased \$230.3 million from December 31, 2020 to \$6.49 billion at March 31, 2021
- The increase was primarily attributable to contributions to existing accounts and new accounts, as well as improving market conditions

Total Assets Under Management

(in millions, as of quarter end)



Paycheck Protection Program Overview

Impact on 1Q21 Financials ⁽¹⁾ (\$ in Millions)	
Net Interest Income	
Amortization of SBA fee income and deferred loan origination expense ⁽²⁾	\$0.5
Interest income from PPP loans, less PPPLF funding cost	\$0.3
Net Interest Income	\$0.8
Net Interest Margin Impact	-6 bps

(\$ in Millions)	At or for the three months ended 3/31/21
Total Loans (existing PPP)	\$190.5
Average Loan size	\$0.3
PPPLF advances	\$183.0
Remaining Fees to be Recognized Pre-Tax⁽³⁾	\$3.1

PPP Loan Forgiveness (\$ in Millions)	As of 3/31/21
Total Loans submitted to SBA	\$155.1
Number of Loans forgiven by SBA	499
Amount of Loans forgiven by SBA	\$84.7
Loans under \$50K not yet forgiven	\$6.4

PPP Round 2 (\$ in Millions)	As of 4/11/21
Number of loan applications received from borrowers	743
Loan applications received from borrowers	\$99.8
Loan applications approved by the SBA	\$82.5
Average loan size	\$0.1

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

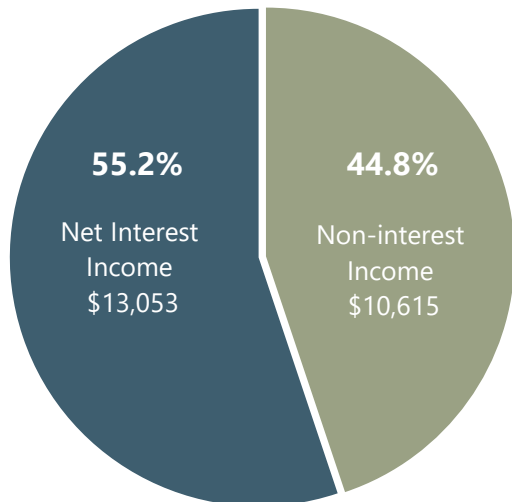
(2) The deferred loan origination expenses are recorded in non-interest expenses (Salaries and Benefits) and amortized through net interest income

(3) Includes \$4.4 million in SBA fee income less \$1.3 million of deferred loan origination expense

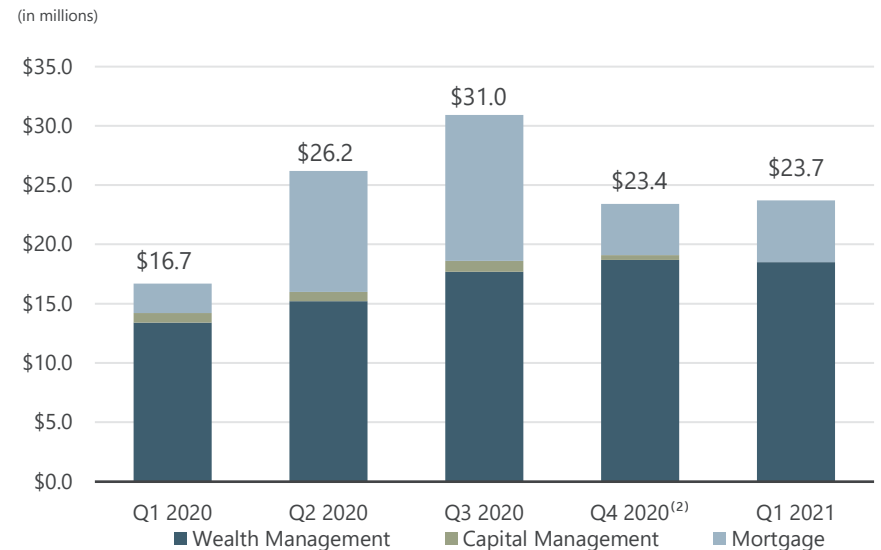
Gross Revenue

- Gross revenue⁽¹⁾ increased 41.7% from 1Q20 driven by increase in assets, net interest income and fees
- Strong year-over-year growth in both net interest income and non-interest income
- Realizing more operating leverage as stable expense base continues to generate higher level of revenue

1Q21 Gross Revenue⁽¹⁾



Gross Revenue⁽¹⁾



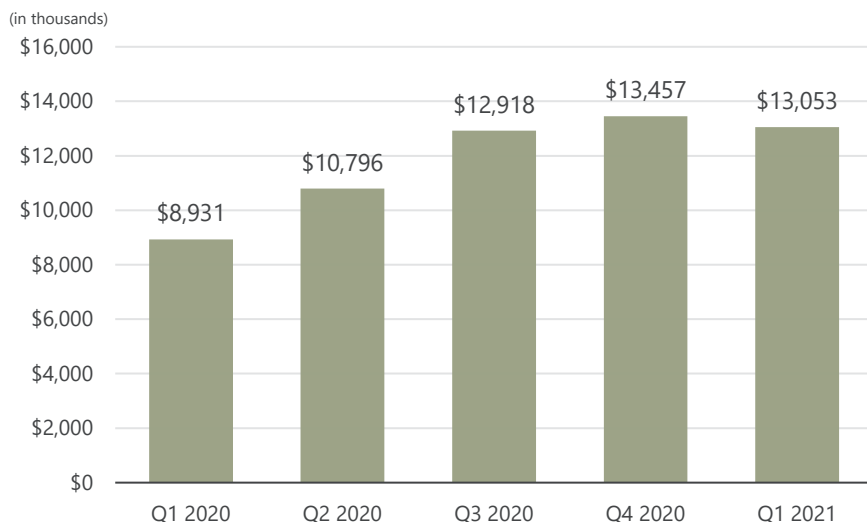
(1) See Non-GAAP reconciliation

(2) Gross Revenue for Capital Management includes amounts for the fourth quarter of 2020 through the completion of the sale of the LA Fixed Income Team on November 16, 2020. Financial results after that date for the unsold portion are presented in Wealth Management.

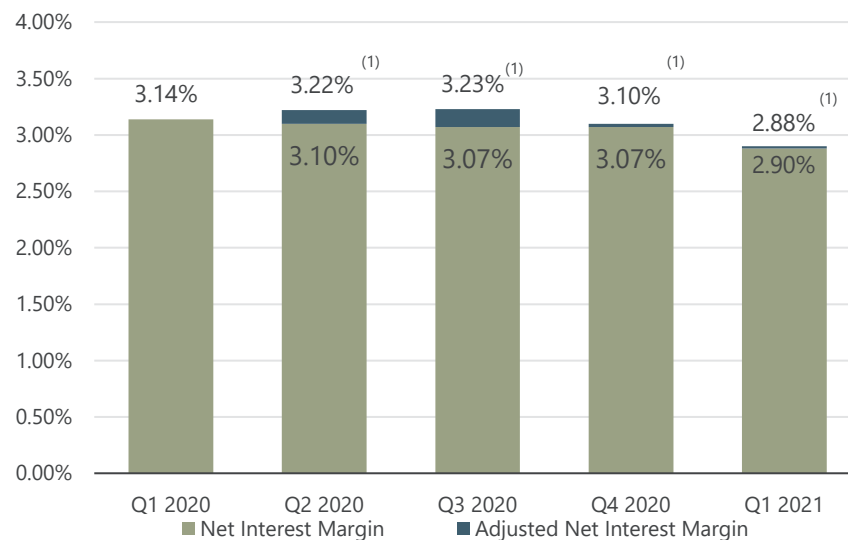
Net Interest Income and Net Interest Margin

- Net interest income decreased 3.0% from 4Q20, primarily due to lower PPP-related fees and two fewer days of interest accrual
- Net interest margin, including PPP and purchase accretion, declined to 2.90% due to excess liquidity and lower average loan yields
- Net interest margin, excluding PPP and purchase accretion⁽¹⁾, decreased to 2.88% in 1Q21
- Cost of funds decreased 2 bps to 0.31% in 1Q21 from 0.33% in 4Q20
- Redeployment of excess liquidity throughout 2021 should positively impact net interest margin

Net Interest Income



Net Interest Margin

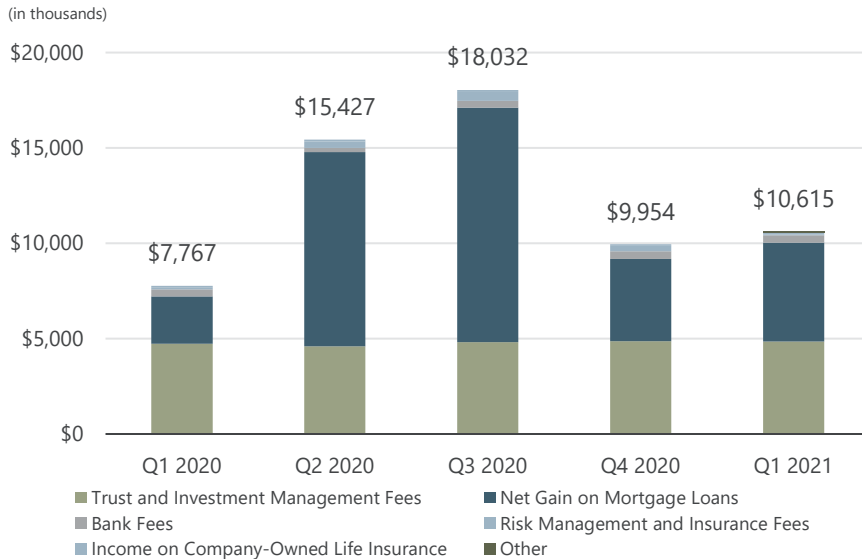


(1) See Non-GAAP reconciliation

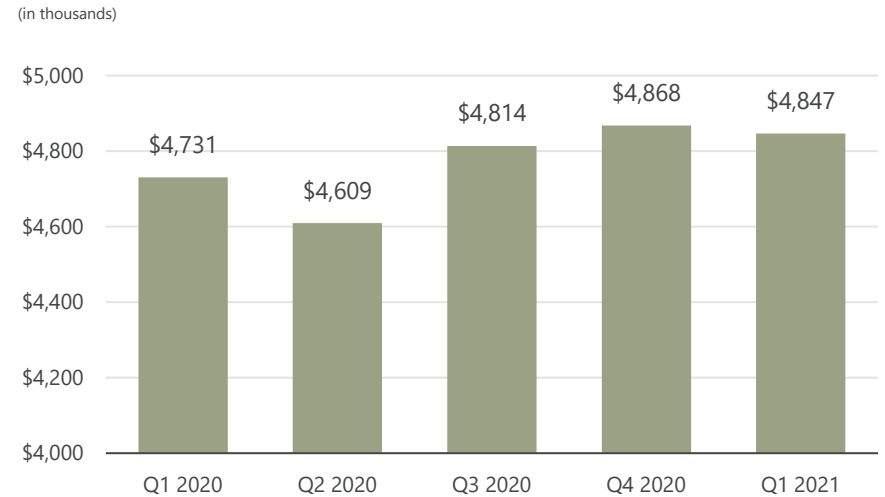
Non-Interest Income

- Non-interest income increased 6.6% from 4Q20 and 36.7% from 1Q20
- Increase from 4Q20 due to higher net gain on mortgage loans
- Excluding \$0.1 million in fees generated by LA fixed income team (sold during 4Q20), Trust & Investment Management fees increased from prior quarter

Total Non-Interest Income



Trust and Investment Management Fees

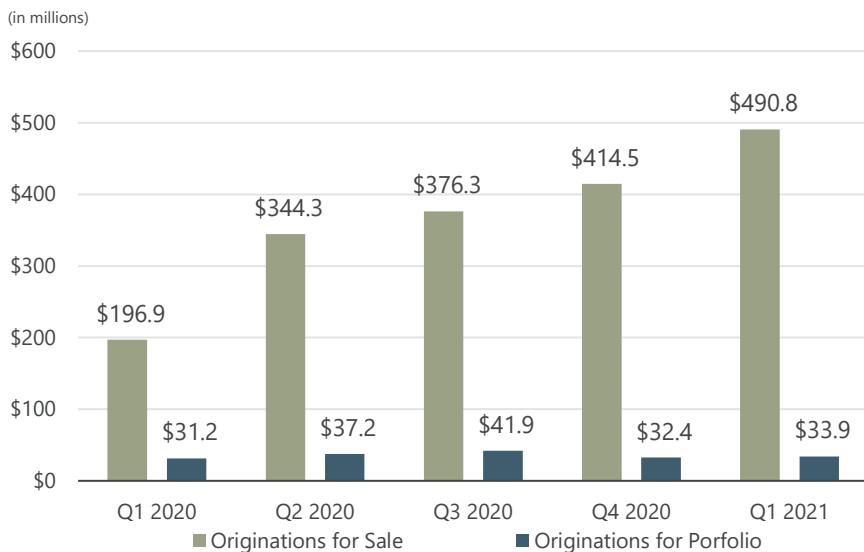


Mortgage Operations

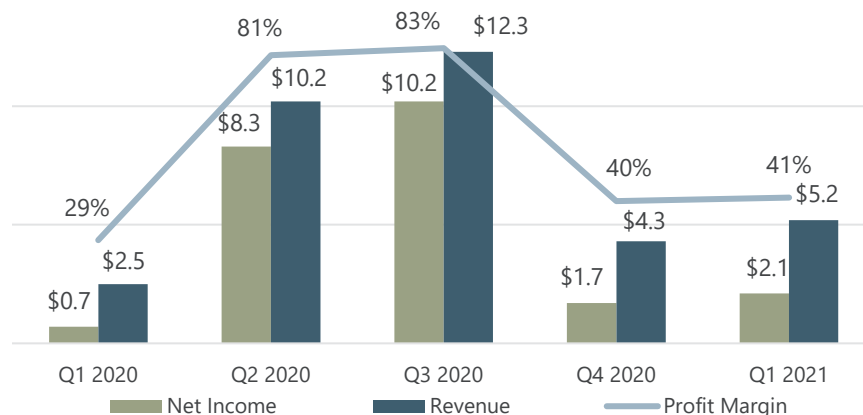
Mortgage Details

- Operational constraints resolved during 1Q21
- Record mortgage originations in 1Q21
- Mortgage locks down slightly from 4Q20 and 1Q20
- Refi/Purchase mix of 77%/23% in 1Q21, compared to 67%/33% in 4Q20

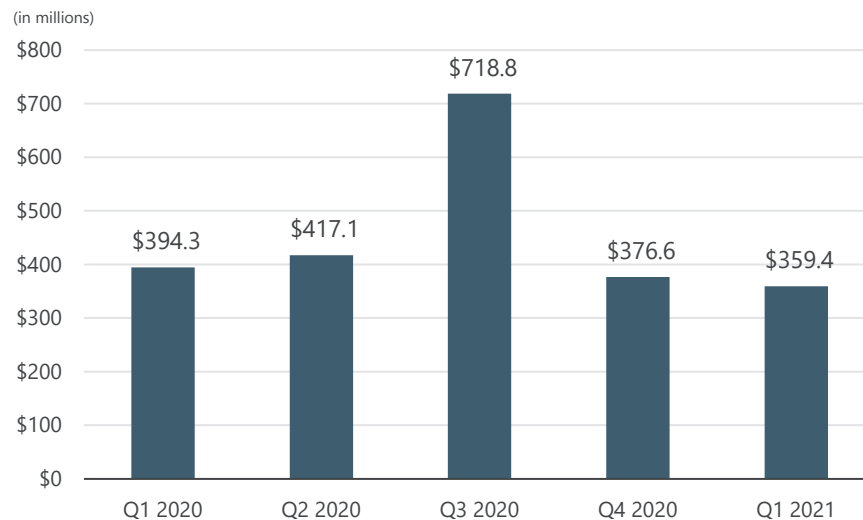
Mortgage Originations



Net Income, Revenue and Profit Margin



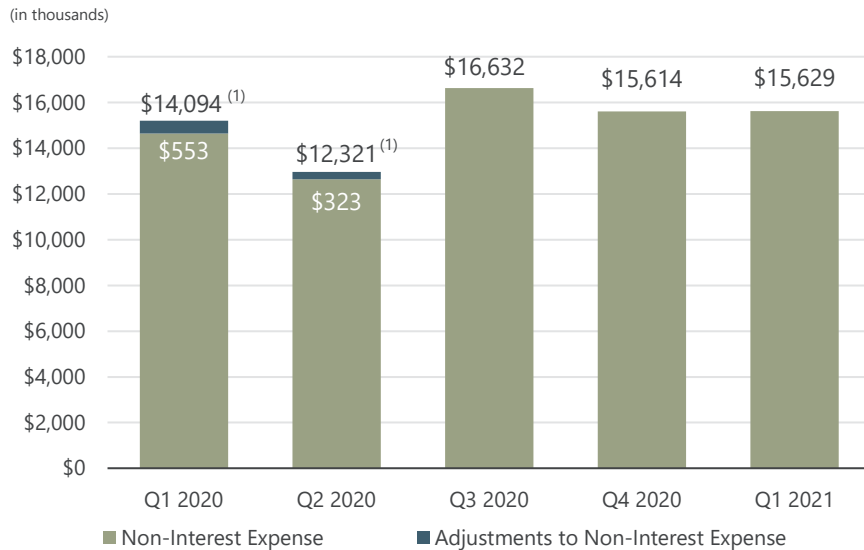
Mortgage Loan Locks



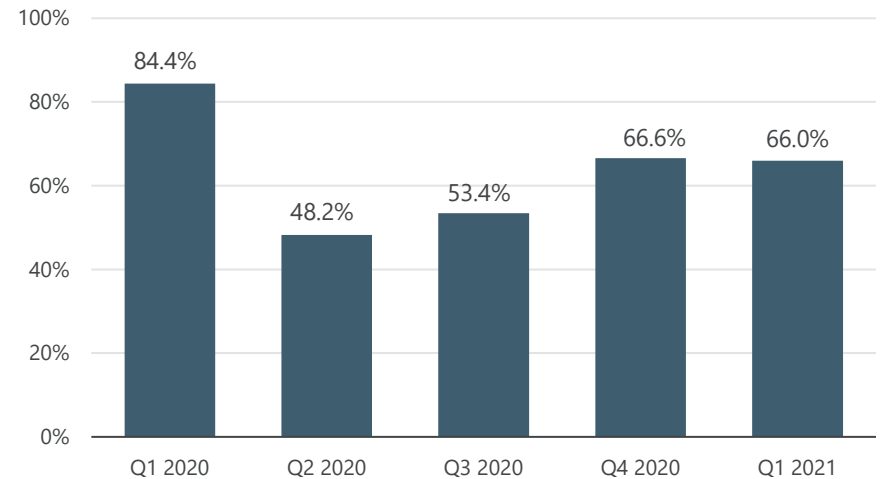
Non-Interest Expense and Efficiency Ratio

- Non-interest expense unchanged from 4Q20
- Salaries and employee benefits expense in 1Q21 reduced by \$1.0 million in deferred loan origination expenses related to second round of PPP loans

Total Non-Interest Expense



Operating Efficiency Ratio⁽¹⁾

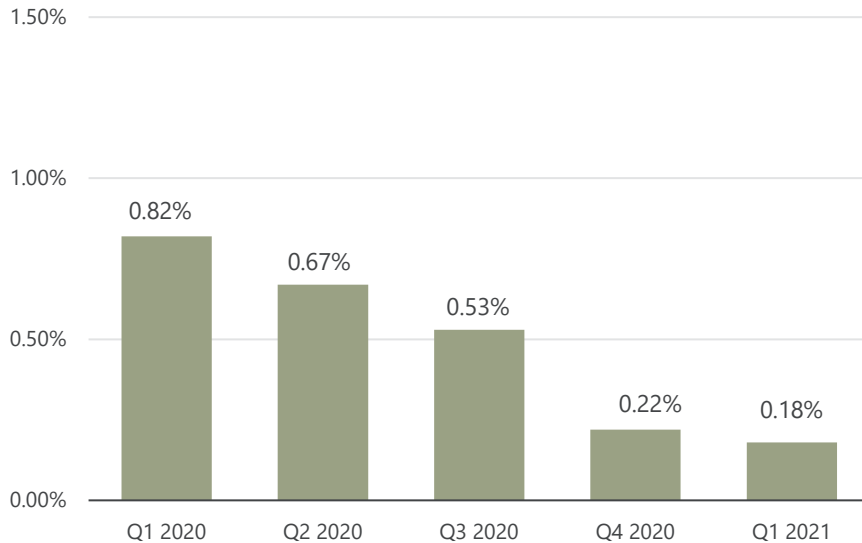


(1) See Non-GAAP reconciliation

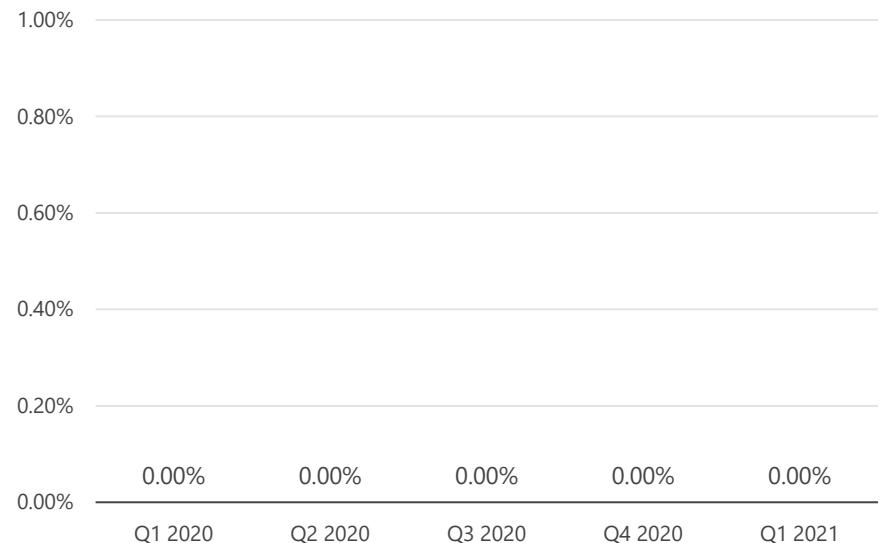
Asset Quality

- Positive asset quality trends across the portfolio
- Non-performing assets decreased by \$0.2 million, and declined as a percentage of total assets to 0.18% from 0.22% in 4Q20 and 0.82% in 1Q20
- No remaining loan modifications
- Immaterial net charge-offs again in the quarter
- Stable asset quality and immaterial charge-offs resulted in no provision expense in 1Q21
- ALL/Adjusted Total Loans⁽¹⁾ increased to 1.01% in 1Q21 from 0.98% in 4Q20

Non-Performing Assets/Total Assets



Net Charge-Offs/Average Loans



(1) Adjusted Total Loans – Total Loans minus PPP loans and acquired Loans; see non-GAAP reconciliation 16

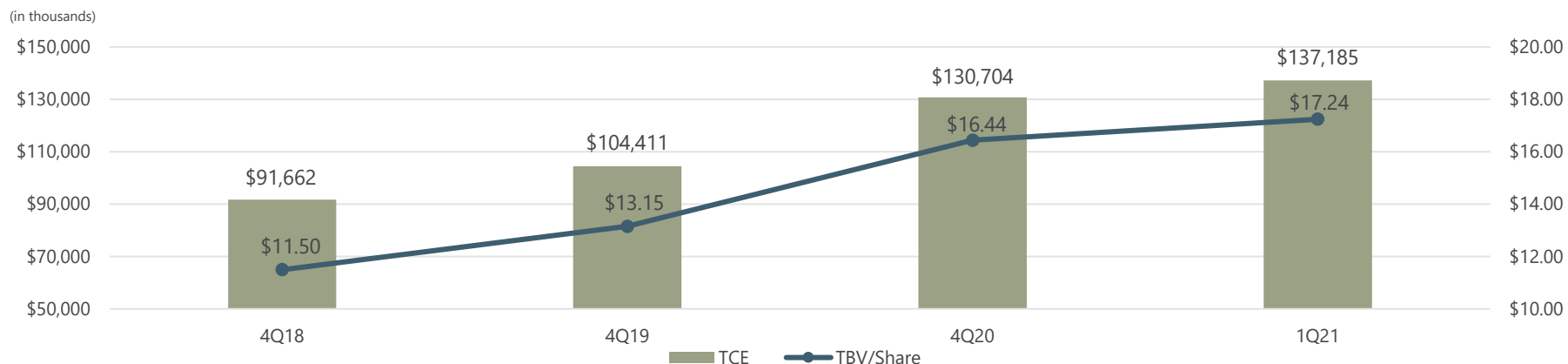
Near-Term Outlook

- Growing pipeline and increased confidence in economic recovery should lead to higher loan production and loan growth as the year progresses
- Excess liquidity will be redeployed into higher yielding earning assets or transferred into investment management accounts where it will generate fee income
- Addition of new MLOs should increase ability to capitalize on demand for purchase mortgages in seasonally stronger quarters for housing market
- Higher revenue generated from redeployment of excess liquidity and growth in non-interest income should lead to additional operating leverage and further increases in profitability
- Well positioned to execute on additional acquisitions that can enhance franchise value and accelerate growth

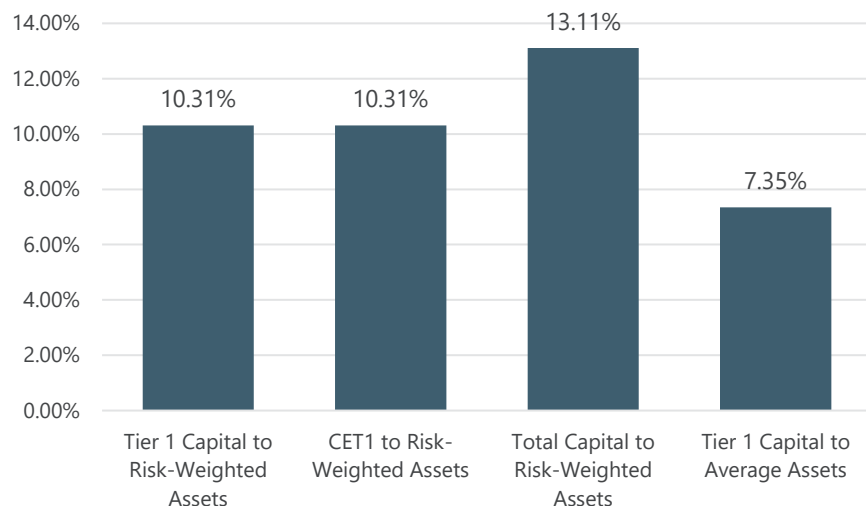
Appendix

Capital and Liquidity Overview

Tangible Common Equity / TBV per Share⁽¹⁾



Consolidated Capital Ratios (as of 3/31/21)



Liquidity Funding Sources (as of 3/31/21)

(in thousands)

Liquidity Reserves:

Total Available Cash	\$ 375,078
Unpledged Investment Securities	21,604

Borrowed Funds:

Unsecured:

Credit Lines	54,000
--------------	--------

Secured:

FHLB Available	459,125
FRB Available	767
Brokered Remaining Capacity	358,112

Total Liquidity Funding Sources	\$ 1,268,686
Loan to Deposit Ratio	85.4%

(1) See Non-GAAP reconciliation

Non-GAAP Reconciliation

Consolidated Efficiency Ratio (Dollars in thousands)	For the Three Months Ended,				
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
Non-interest expense	\$14,647	\$12,644	\$16,632	\$15,614	\$15,629
Less: amortization	2	4	4	4	4
Less: provision on other real estate owned	-	-	100	76	-
Less: loss on assets held for sale	553	-	-	-	-
Plus: gain on sale of LA fixed income team	-	-	-	62	-
Adjusted non-interest expense	\$14,092	\$12,640	\$16,528	\$15,596	\$15,625
Net interest income	\$8,931	\$10,796	\$12,918	\$13,457	\$13,053
Non-interest income	7,767	15,427	18,032	9,954	10,615
Less: Net gain on sale of securities	-	-	-	-	-
Less: Net gain on sale of assets	-	-	-	-	-
Total income	\$16,698	\$26,223	\$30,950	\$23,411	\$23,668
Efficiency ratio	84.4%	48.2%	53.4%	66.6%	66.0%

Consolidated Tangible Common Book Value Per Share (Dollars in thousands)	As of the Three Months Ended,				
	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	March 31, 2021	
Total shareholders' equity	\$116,875	\$127,678	\$154,962	\$161,439	
Less:					
Preferred stock (liquidation preference)	-	-	-	-	
Goodwill and other intangibles, net	25,213	19,714	24,258	24,254	
Intangibles held for sale ⁽¹⁾	-	3,553	-	-	
Tangible common equity	91,662	104,411	\$130,704	137,185	
Common shares outstanding, end of period	7,968,420	7,940,168	7,951,773	7,957,900	
Tangible common book value per share	\$11.50	\$13.15	\$16.44	\$17.24	
				Net income available to common shareholders	\$5,999
				Return on tangible common equity (annualized)	17.49%

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

Non-GAAP Reconciliation

Wealth Management Gross Revenue	For the Three Months Ended,				
(Dollars in thousands)	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
Total income before non-interest expense	\$13,023	\$13,114	\$16,232	\$17,973	\$18,471
Plus: Provision for loan loss	367	2,124	1,496	695	-
Gross revenue	\$13,390	\$15,238	\$17,728	\$18,668	\$18,471

Capital Management Gross Revenue	For the Three Months Ended,				
(Dollars in thousands)	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
Total income before non-interest expense	\$804	\$788	\$899	\$423	\$-
Plus: Provision for loan loss	-	-	-	-	-
Gross revenue	\$804	\$788	\$899	\$423	\$-

Mortgage Gross Revenue	For the Three Months Ended,				
(Dollars in thousands)	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
Total income before non-interest expense	\$2,504	\$10,197	\$12,323	\$4,320	\$5,197
Plus: Provision for loan loss	-	-	-	-	-
Gross revenue	\$2,504	\$10,197	\$12,323	\$4,320	\$5,197

Consolidated Gross Revenue	For the Three Months Ended,				
(Dollars in thousands)	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
Total income before non-interest expense	\$16,331	\$24,099	\$29,454	\$22,716	\$23,668
Plus: Provision for loan loss	367	2,124	1,496	695	-
Gross revenue	\$16,698	\$26,223	\$30,950	\$23,411	\$23,668

Non-Mortgage Segment Diluted Pre-Tax Earnings Per Share	For The Three Months Ended				
(Dollars in thousands)	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
Non-Mortgage income before income tax	\$970	\$3,148	\$2,581	\$5,386	\$5,917
Mortgage income before income tax	714	8,307	10,241	1,716	2,122
Less: Income tax expense	350	2,759	3,192	2,228	2,040
Net income available to common shareholders	\$1,334	\$8,696	\$9,630	\$4,874	\$5,999
Diluted weighted average shares	7,930,611	7,928,518	7,963,736	8,015,780	8,098,680
Non-Mortgage Segment Diluted Pre-Tax Earnings Per Share	\$0.12	\$0.40	\$0.32	\$0.67	\$0.73

Non-GAAP Reconciliation

Adjusted net income available to common shareholders	For the Three Months Ended,				
(Dollars in thousands, except per share data)	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
Net income available to common shareholders	\$1,334	\$8,696	\$9,630	\$4,874	\$5,999
Plus: acquisition related expense including tax impact	-	245	-	-	-
Plus: loss on intangibles held for sale including tax impact	438	-	-	-	-
Adjusted net income to common shareholders	\$1,772	\$8,941	\$9,630	\$4,874	\$5,999
Adjusted earnings per share	For the Three Months Ended,				
(Dollars in thousands, except per share data)	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
Earnings per share	\$0.17	\$1.10	\$1.21	\$0.61	\$0.74
Plus: acquisition related expenses including tax impact	-	0.03	-	-	-
Plus: loss on intangibles held for sale including tax impact	0.05	-	-	-	-
Total Non-Interest Expense adjusted for Non-Operating items	For the Three Months Ended,				
(Dollars in thousands)	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
Total non-interest expense	\$14,647	\$12,644	\$16,632	\$15,614	\$15,629
Less: acquisition related expense	-	323	-	-	-
Less: loss on intangibles held for sale	553	-	-	-	-
Total Non-Interest Expense adjusted for Non-Operating items	\$14,094	\$12,321	\$16,632	\$15,614	\$15,629
Allowance for loan losses to Bank originated loans excluding PPP	As of				
(Dollars in thousands)	December 31, 2020	March 31, 2021			
Gross loans	1,534,185	1,546,784			
Less: Branch acquisition	127,233	120,839			
Less: PPP loans	130,019	183,005			
Loans excluding acquired and PPP	1,276,933	1,242,940			
Allowance for loan losses	12,539	12,539			
Allowance for loan losses to Bank originated loans excluding PPP	0.98%	1.01%			

Non-GAAP Reconciliation

Adjusted net interest margin (Dollars in thousands)	For the Three Months Ended June 30, 2020			For the Three Months Ended September 30, 2020			For the Three Months Ended December 31, 2020			For the Three Months Ended March 31, 2021		
	Average Balance	Interest Earned/Paid	Average Yield/Rate	Average Balance	Interest Earned/Paid	Average Yield/Rate	Average Balance	Interest Earned/Paid	Average Yield/Rate	Average Balance	Interest Earned/Paid	Average Yield/Rate
Interest-bearing deposits in other financial institutions	76,463	44		178,756	99		194,179	100		213,577	91	
PPP adjustment	20,587	25		(38,618)	(45)		(20,871)	(5)		21,173	5	
Available-for-sale securities	48,614	224		40,528	173		37,512	186		31,936	196	
PPP adjustment	-	-		-	-		-	-		-	-	
Loans	1,268,797	12,202		1,462,872	14,138		1,522,947	14,656		1,554,990	14,212	
PPP adjustment	(152,893)	(718)		(201,208)	(870)		(174,046)	(1,209)		(171,263)	(945)	
Purchase Accretion adjustment				-	(534)		-	(333)		-	(344)	
Adjusted total Interest-earning assets	1,261,568	11,777		1,442,330	12,961		1,559,721	13,395		1,650,413	13,215	
Interest-bearing deposits		1,319			1,067			1,015			974	
PPP adjustment		-			-			-			-	
Federal Home Loan Bank Topeka and Federal Reserve borrowings		129			204			200			132	
PPP adjustment		(39)			(180)			(175)			(109)	
Subordinated notes		226			221			270			340	
Adjusted total interest-bearing liabilities		1,635			1,312			1,310			1,337	
Net interest income		10,142			11,649			12,085			11,878	
Adjusted net interest margin			3.22%			3.23%			3.10%			2.88%