



FIRSTwestern

First Quarter 2022
Conference Call

Safe Harbor

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Overview of 1Q22

1Q22 Earnings

- Net income available to common shareholders of \$5.5 million
- Diluted EPS of \$0.57
- Excluding acquisition-related expenses, adjusted net income of \$5.9 million, or \$0.61 per diluted share⁽¹⁾

Increasing Profitability

- Teton acquisition having positive impact on profitability prior to realization of most of the cost savings
- Larger balance sheet resulted in 27% increase in net interest income from 4Q21
- Significant increases in adjusted ROAA, ROAE, and ROTCE from 4Q21

Payoffs Impact Loan Growth

- High level of payoffs resulting from asset sales among high net worth and entrepreneurial clients
- Seasonally lighter loan production in first quarter
- Payoffs and lighter loan production result in excess liquidity during the first quarter

Asset Quality Remains Exceptional

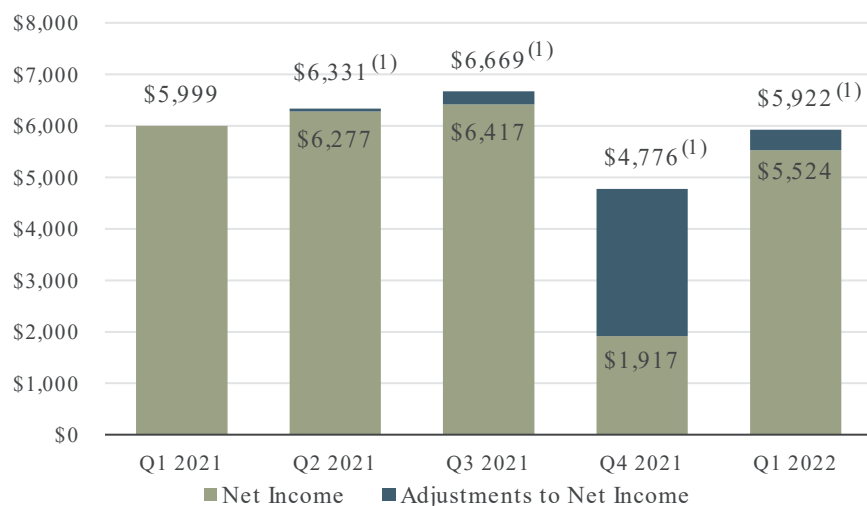
- Non-performing assets remained consistent at 0.17% of total assets
- History of exceptionally low charge-offs continues

(1) See Non-GAAP reconciliation

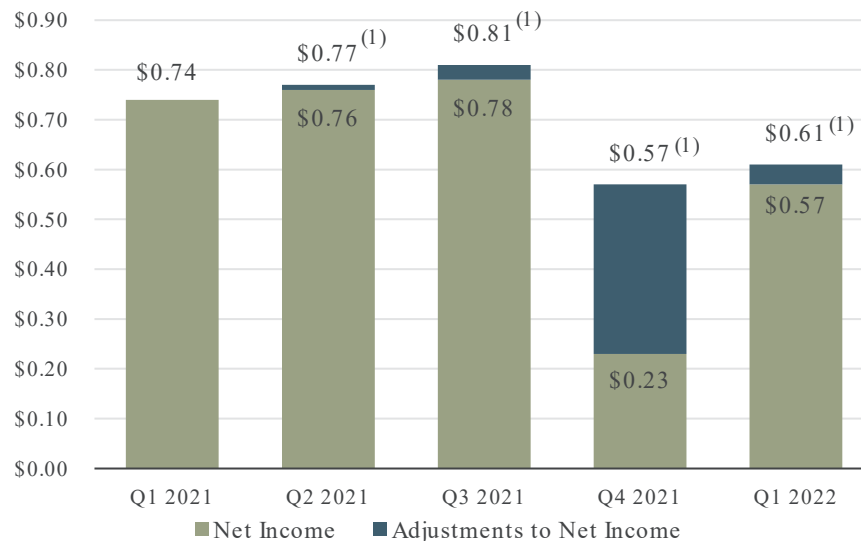
Net Income Available to Common Shareholders and Earnings per Share

- Net income of \$5.5 million, or \$0.57 diluted earnings per share, in 1Q22
- Excluding acquisition-related expenses, adjusted diluted earnings per share⁽¹⁾ of \$0.61 in 1Q22
- Strong profitability resulted in 1.8% and 1.9% increase in book value per share and tangible book value per share⁽¹⁾, respectively, from 4Q21
- Strategic decision to maintain excess liquidity during 2021 rather than redeploying funds into investment securities has preserved book value as interest rates have increased in 2022

Net Income Available to Common Shareholders



Diluted Earnings per Share



(1) See Non-GAAP reconciliation

Wealth Management Segment Earnings

- Wealth Management segment earnings reflects contribution of private banking, commercial banking, and trust and investment management business lines
- Growth in private banking, commercial banking, and TIM businesses replacing earnings generated by mortgage segment during refinancing boom and creating sustainable path to higher profitability over long-term
- Increase in wealth management segment earnings from 4Q21 primarily due to an increase in average interest-earning assets

Wealth Management Segment Diluted Pre-Tax Earnings Per Share⁽¹⁾



(1) See Non-GAAP reconciliation

Loan Portfolio

Loan Portfolio Details

- Total loans HFI decreased \$23.0 million from prior quarter due to high level of payoffs and a decrease in PPP loans of \$30.1 million
- Seasonally lighter loan production in first quarter
- Growth in C&I loans partially offset payoffs of construction loans following project completions and CRE loans resulting from asset sales
- Loans HFI, excluding PPP increased 41.2% year-over-year and Bank Originated Loans, excluding PPP increased 27.8% year-over-year

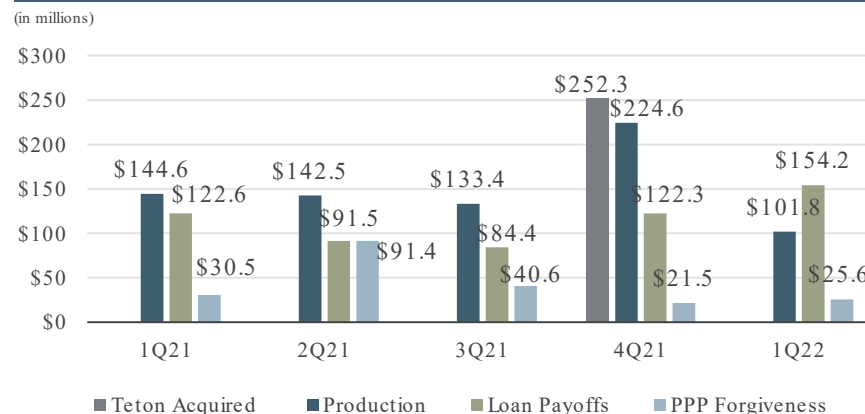
Loan Portfolio Composition⁽¹⁾

(\$ in thousands, as of quarter end)

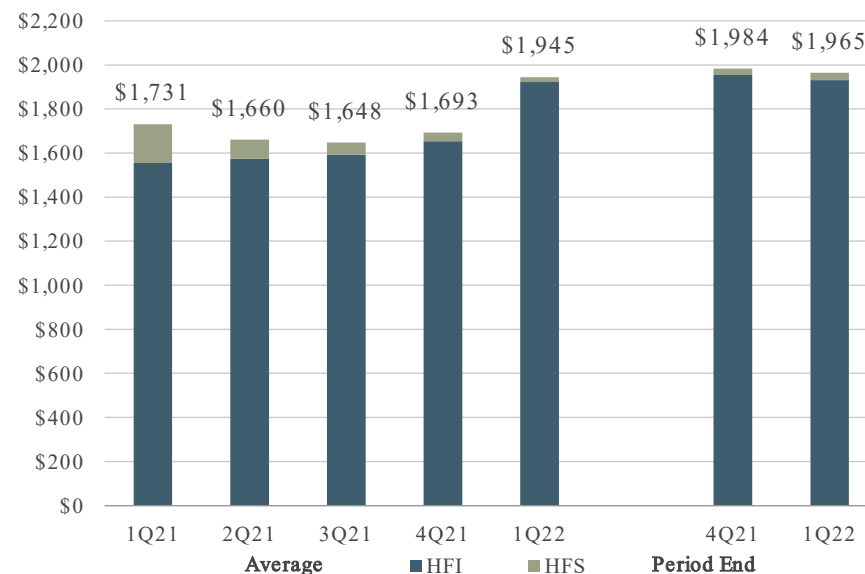
	1Q 2021	4Q 2021	1Q 2022
Cash, Securities and Other	\$363,155	\$295,948	\$271,811
Construction and Development	110,024	178,716	151,651
1-4 Family Residential	452,591	580,872	602,412
Non-Owner Occupied CRE	317,457	482,622	455,715
Owner Occupied CRE	161,787	212,426	212,401
Commercial and Industrial	141,770	203,584	237,144
Total Loans HFI	\$1,546,784	\$1,954,168	\$1,931,134
Mortgage loans held-for-sale (HFS)	175,752	29,857	33,713
Total Loans	\$1,722,536	\$1,984,025	\$1,964,847

(1) Represents unpaid principal balance. Excludes deferred (fees) costs, and amortized premium/(unaccreted discount) and fair value adjustments on loans accounted for under the fair value option.

Loan Production & Loan Payoffs



Average Total Loans⁽¹⁾



Total Deposits

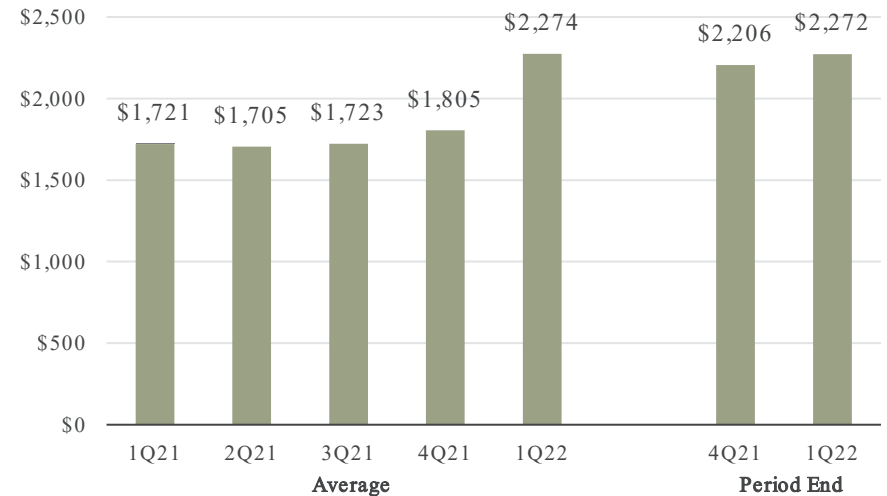
- Total deposits increased \$66.4 million from end of prior quarter
- Continued improvement in deposit mix as growth in noninterest-bearing and low-cost interest-bearing deposits offset decline in time deposits
- Strong new client acquisition activity resulted in \$92.3 million in new deposit accounts in 1Q22

Deposit Portfolio Composition

	1Q 2021	4Q 2021	1Q 2022
Money market deposit accounts	\$918,940	\$1,056,669	\$1,108,315
Time deposits	157,072	170,491	156,678
NOW	130,540	309,940	319,648
Savings accounts	7,885	32,299	33,070
Noninterest-bearing accounts	593,388	636,304	654,401
Total Deposits	\$1,807,825	\$2,205,703	\$2,272,112

Total Deposits

(\$ in millions)

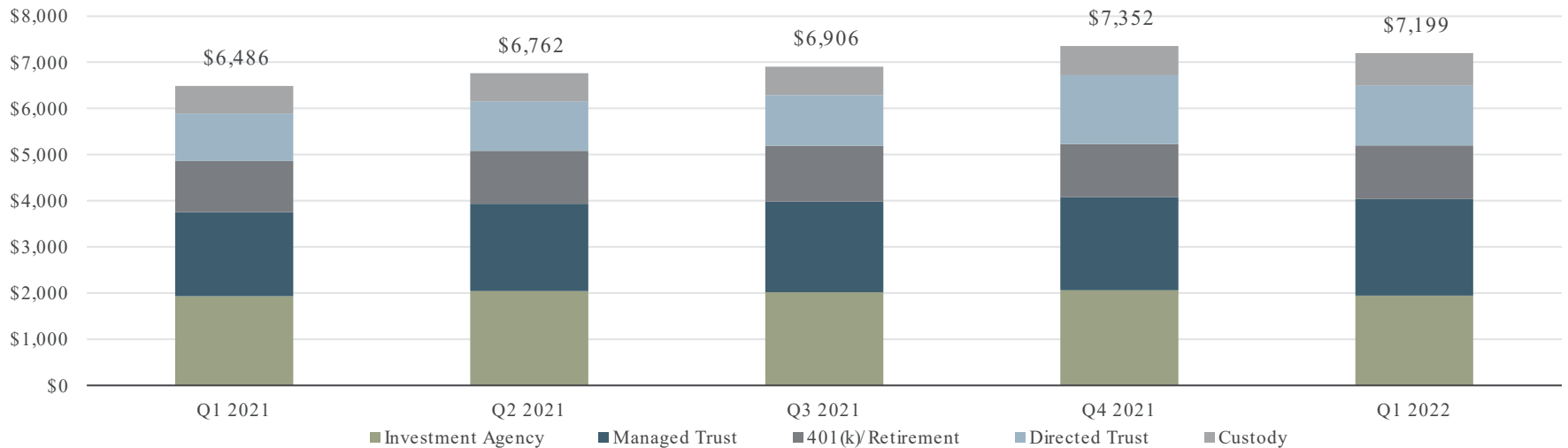


Trust and Investment Management

- Total assets under management decreased \$152.5 million from December 31, 2021 to \$7.20 billion at March 31, 2022
- The decrease in asset balances was attributable to unfavorable market conditions resulting in a decrease in the value of assets under management balances.

Total Assets Under Management

(in millions, as of quarter end)



Paycheck Protection Program Overview

Impact on 1Q22 Financials ⁽¹⁾ (\$ in Millions)	
Net Interest Income	
Amortization of SBA fee income and deferred loan origination expense ⁽²⁾	\$0.4
Interest income from PPP loans, less PPPLF funding cost	\$0.1
Net Interest Income	\$0.5
Net Interest Margin Impact	6 bps

(\$ in Millions)	As of 3/31/22
Total Loans (existing PPP)	\$16.7
Total Loans Forgiven	\$301.1
PPPLF advances	\$12.6
Remaining Fees to be Recognized Pre-Tax⁽³⁾	\$0.3

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

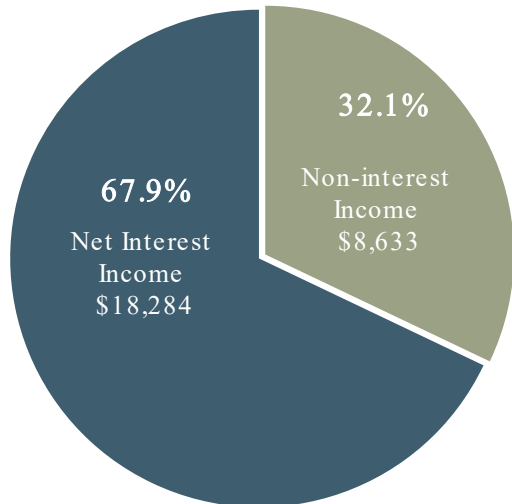
(2) The deferred loan origination expenses are recorded in non-interest expenses (Salaries and Benefits) and amortized through net interest income

(3) Includes \$0.4 million in SBA fee income less \$0.1 million of deferred loan origination expense

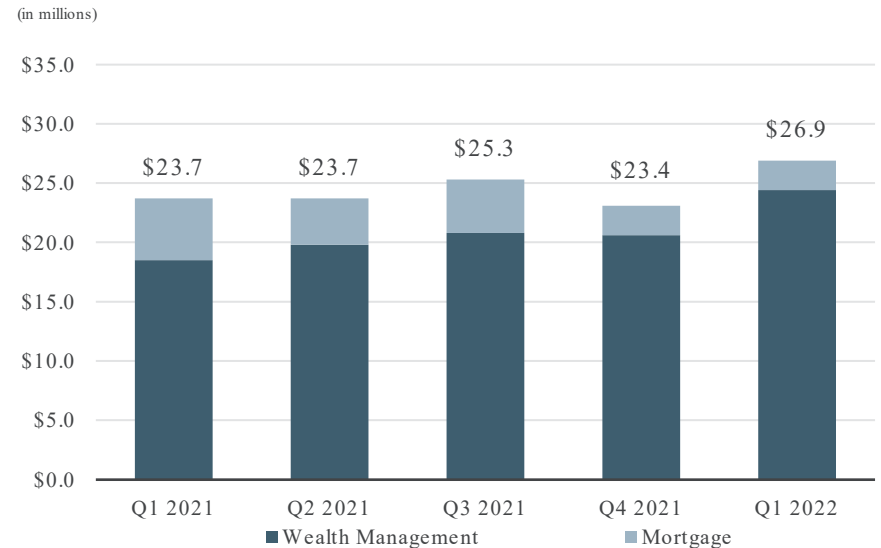
Gross Revenue

- Gross revenue⁽¹⁾ increased 14.8% from 4Q21 due to higher net interest income
- Most areas of non-interest income were consistent with prior quarter with exception of decline in risk management and insurance fees and net gain on equity interests
- 4Q21 included \$0.5 million net gain on equity interests

1Q22 Gross Revenue⁽¹⁾



Gross Revenue⁽¹⁾



(1) See Non-GAAP reconciliation

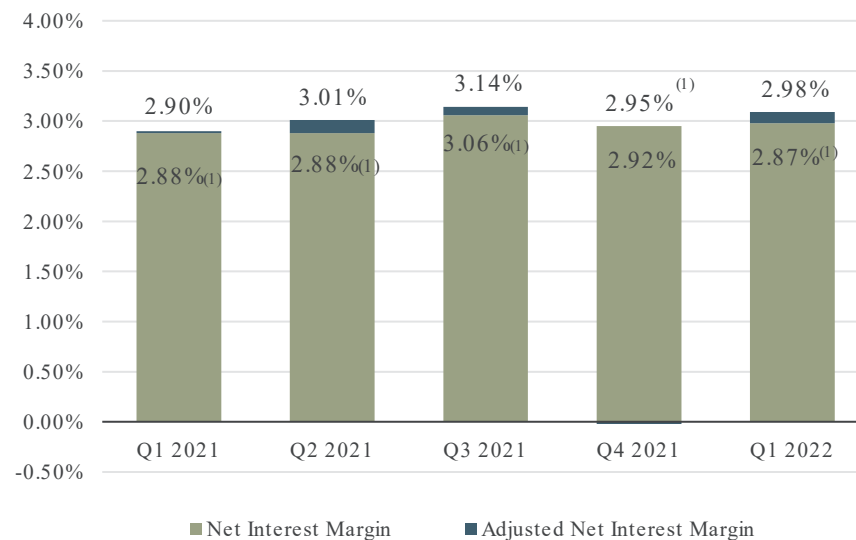
Net Interest Income and Net Interest Margin

- Net interest income increased 27.1% from 4Q21, primarily due to higher average loan balances
- Excluding PPP fees and purchase accretion income, net interest income increased \$3.3 million from 4Q21
- Net interest margin, including PPP and purchase accretion, increased 6 bps to 2.98%
- Net interest margin, excluding PPP and purchase accretion⁽¹⁾, decreased 8 bps to 2.87%, primarily due to excess liquidity resulting from high level of loan payoffs and deposit growth
- Net interest margin should expand as excess liquidity is used to fund loan growth and asset sensitive balance sheet benefits from additional increases in interest rates

Net Interest Income



Net Interest Margin

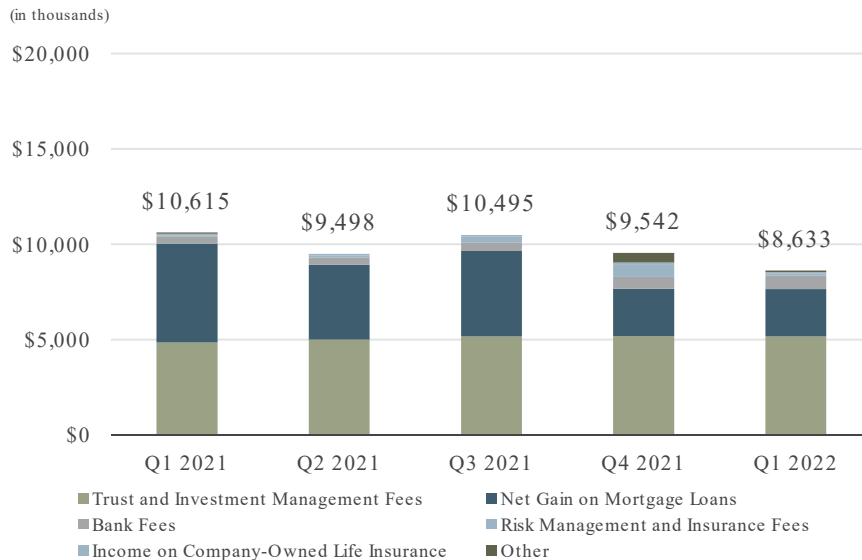


(1) See Non-GAAP reconciliation

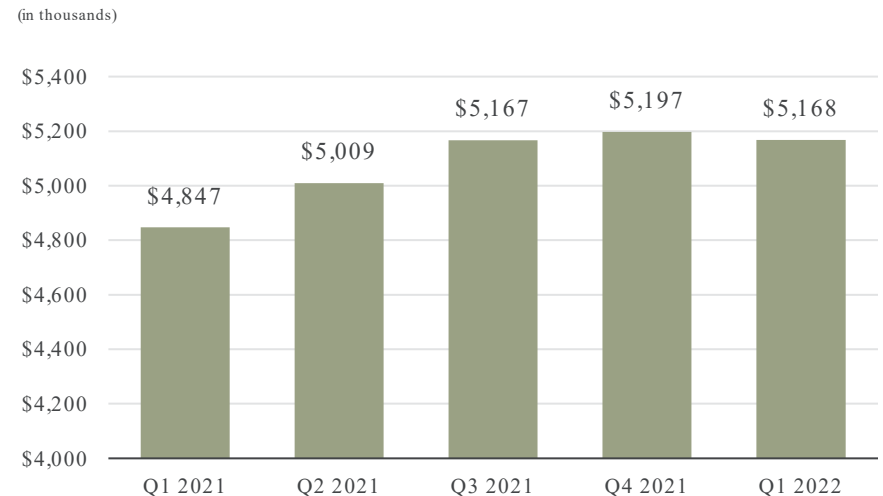
Non-Interest Income

- Non-interest income decreased 9.5% from 4Q21
- Excluding net gain on equity interests in 4Q21, adjusted non-interest income⁽¹⁾ decreased 4.6%, primarily due to lower risk management and insurance fees, which are seasonally higher in Q4 compared to the rest of the fiscal year
- Largest sources of non-interest income – TIM fees and net gain on mortgage loans – were relatively consistent with prior quarter despite challenging market conditions for both businesses

Total Non-Interest Income



Trust and Investment Management Fees



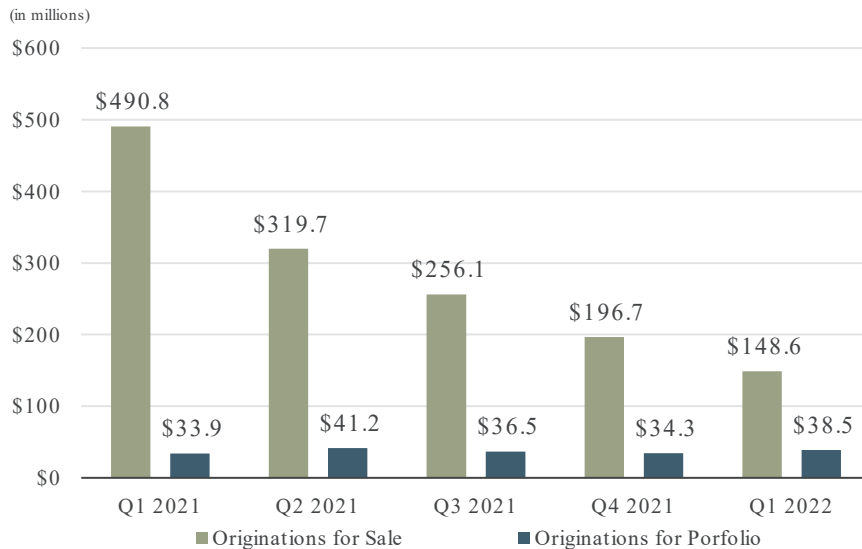
(1) See Non-GAAP reconciliation

Mortgage Operations

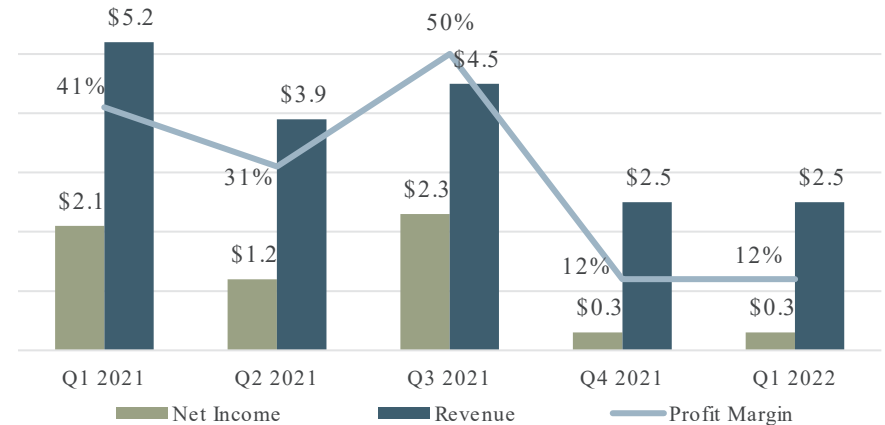
Mortgage Details

- Mortgage locks up 4.5% from prior quarter
- Refi/Purchase mix of 41% / 59% in 1Q22 compared to 41% / 59% in 4Q21 and 39% / 61% in 3Q21
- Profit margin remained consistent quarter-over-quarter
- Non-interest expense down 28.0% in Mortgage segment from 1Q21

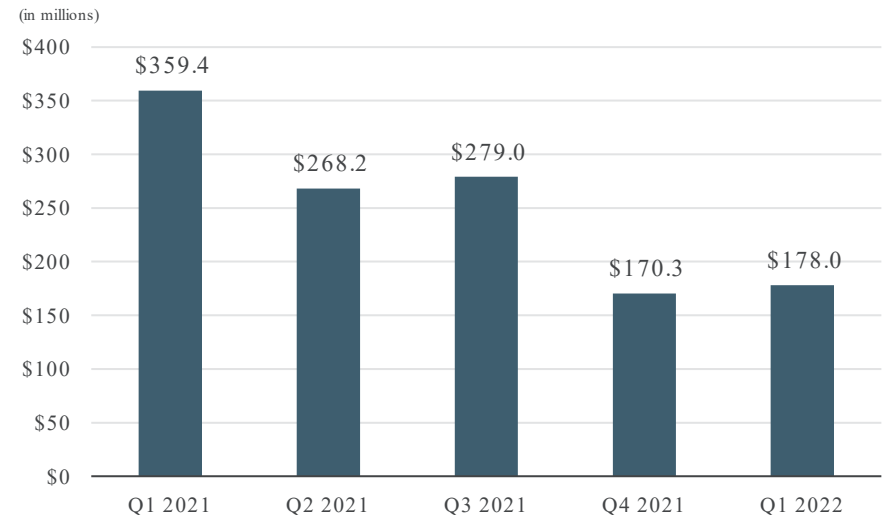
Mortgage Originations



Net Income, Revenue and Profit Margin



Mortgage Loan Locks

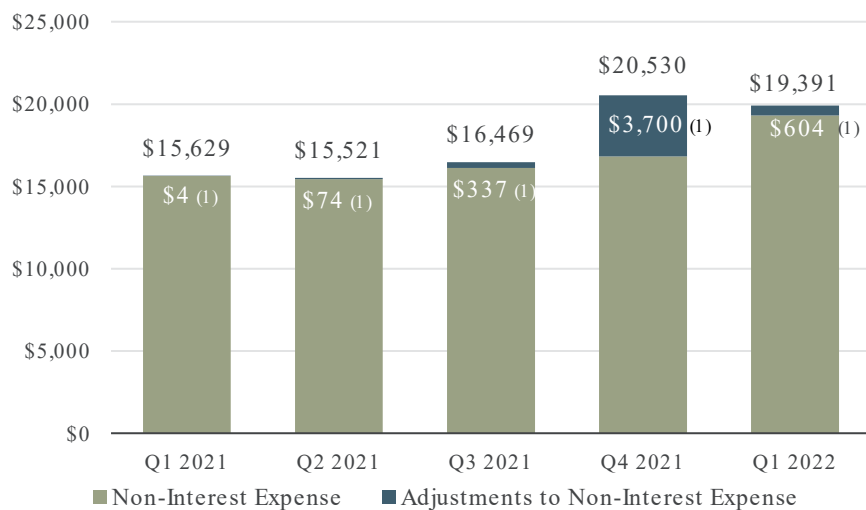


Non-Interest Expense and Efficiency Ratio

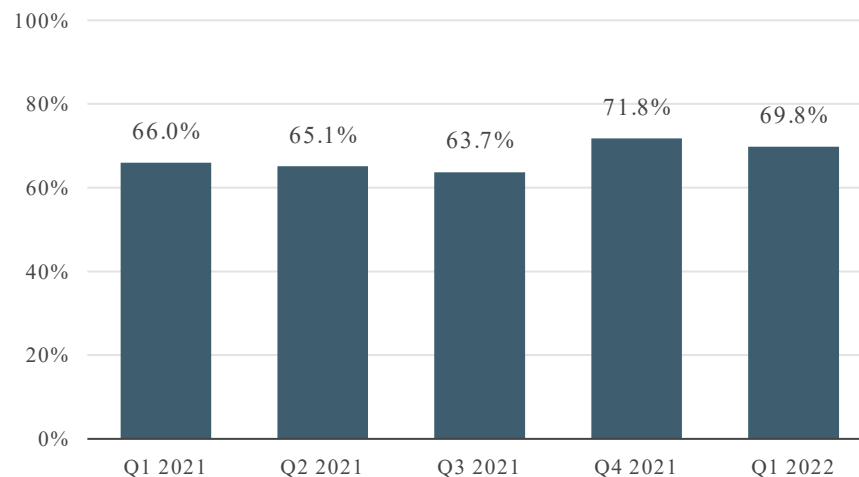
- Non-interest expense decreased 5.5% from 4Q21
- 1Q22 included \$0.5 million of acquisition-related expense, compared with \$3.7 million in 4Q21
- Excluding acquisition-related expense, adjusted non-interest expense⁽¹⁾ increased from 4Q21 primarily due to impact of adding Teton's operations
- Operating efficiency ratio⁽¹⁾ improved to 69.8% from 71.8% in 4Q21

Total Non-Interest Expense

(in thousands)



Operating Efficiency Ratio⁽¹⁾

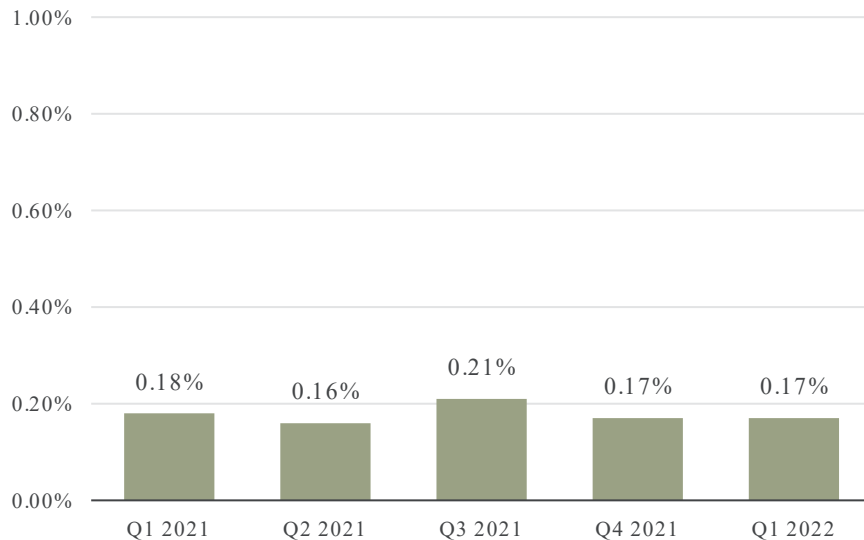


(1) See Non-GAAP reconciliation

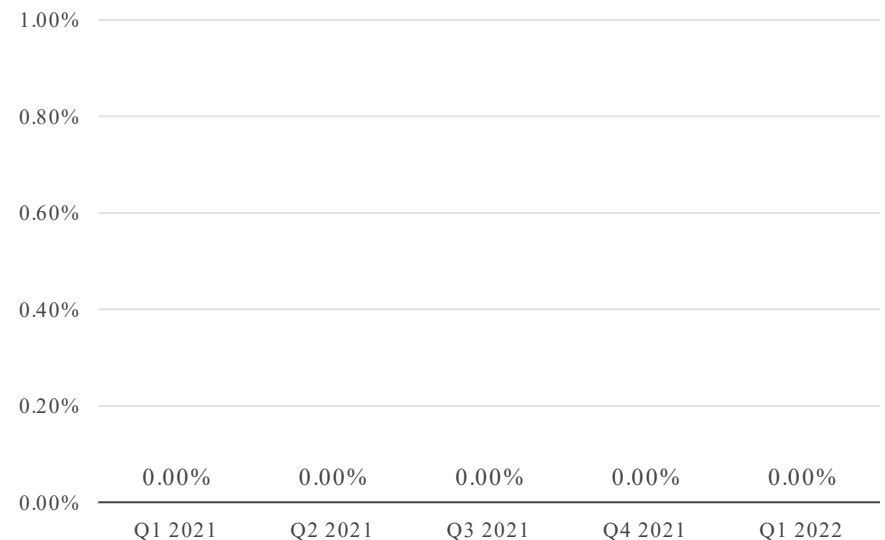
Asset Quality

- Stable asset quality across the portfolio
- Immaterial net charge-offs again in the quarter
- \$0.2 million provision for loan losses related to growth in total loans, excluding PPP loans, and changes in portfolio mix
- Non-performing assets remained consistent at 0.17% of total assets
- ALLL/ Adjusted Total Loans⁽¹⁾ decreased to 0.87% in 1Q22 from 0.88% in 4Q21, consistent with strong asset quality and immaterial losses

Non-Performing Assets/ Total Assets



Net Charge-Offs/ Average Loans



(1) Adjusted Total Loans – Total Loans minus PPP loans, acquired loans, and loans accounted for under fair value option; see non-GAAP reconciliation

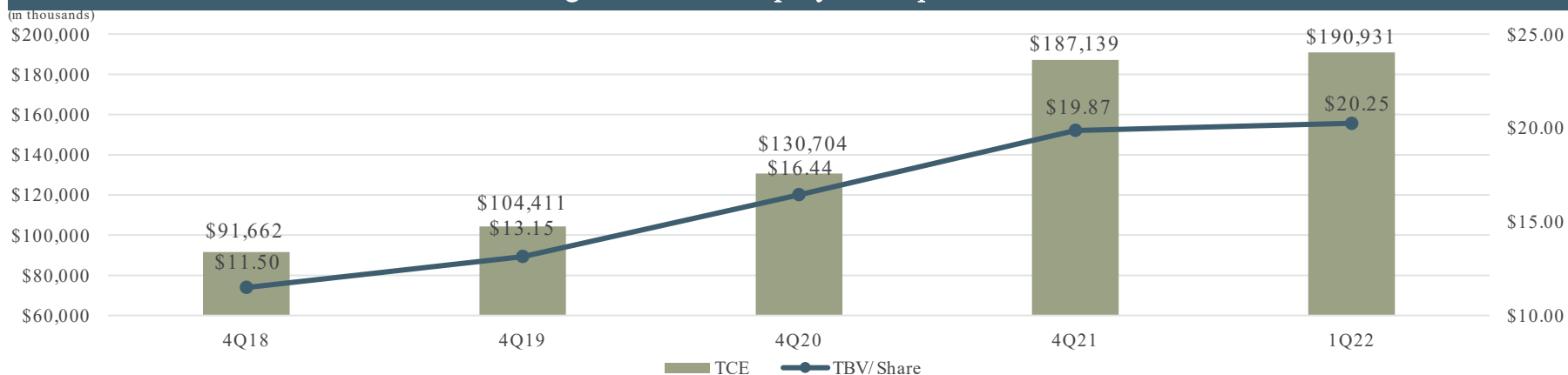
Near-Term Outlook

- Growing reputation and larger balance sheet positively impacting ability to attract experienced banking talent and expand business development capabilities across all markets
- Loan pipeline continues to build and should lead to higher loan growth over remainder of 2022
- Higher loan growth and reduction in excess liquidity expected to drive increases in net interest income and net interest margin
- Realization of costs savings from Teton acquisition will further improve profitability during the second half of 2022
- Strength of client base and business model positions First Western to effectively manage through macroeconomic and geopolitical headwinds and continue delivering strong results for shareholders

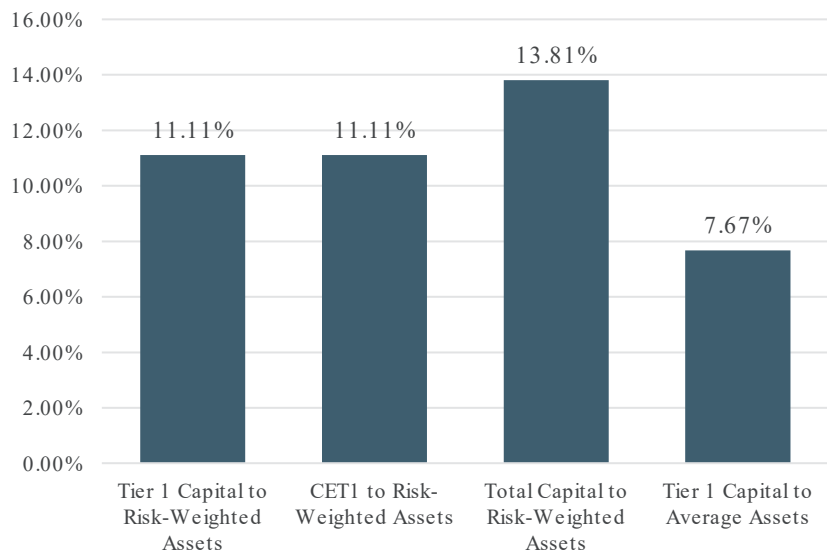
Appendix

Capital and Liquidity Overview

Tangible Common Equity / TBV per Share⁽¹⁾



Consolidated Capital Ratios (as of 3/31/22)



Liquidity Funding Sources (as of 3/31/22)

(in thousands)

Liquidity Reserves:

Total Available Cash	\$ 450,727
Unpledged Investment Securities	42,696

Borrowed Funds:

Unsecured:

Credit Lines	54,000
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Secured:

FHLB Available	541,207
Brokered Remaining Capacity	521,397

Total Liquidity Funding Sources **\$ 1,611,733**

Loan to Deposit Ratio **84.7%**

(1) See Non-GAAP reconciliation

Non-GAAP Reconciliation

Consolidated Efficiency Ratio	For the Three Months Ended,				
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022
(Dollars in thousands)					
Non-interest expense	\$15,629	\$15,521	\$16,469	\$20,530	\$19,391
Less: amortization	4	4	5	4	77
Less: acquisition related expenses	-	70	332	3,696	527
Adjusted non-interest expense	\$15,625	\$15,447	\$16,132	\$16,830	\$18,787
Net interest income	\$13,053	\$14,223	\$14,846	\$14,387	\$18,284
Non-interest income	10,615	9,498	10,495	9,542	8,633
Less: Net gain on equity interests	-	-	-	489	1
Adjusted non-interest income	10,615	9,498	10,495	9,053	8,632
Total income	\$23,668	\$23,721	\$25,341	\$23,440	\$26,916
Efficiency ratio	66.0%	65.1%	63.7%	71.8%	69.8%
Consolidated Tangible Common Book Value Per Share	As of the Three Months Ended,				
(Dollars in thousands)	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Mar. 31, 2022
Total shareholders' equity	\$116,875	\$127,678	\$154,962	\$219,041	\$223,266
Less:					
Goodwill and other intangibles, net	25,213	19,714	24,258	31,902	32,335
Intangibles held for sale ⁽¹⁾	-	3,553	-	-	-
Tangible common equity	91,662	104,411	\$130,704	187,139	190,931
Common shares outstanding, end of period	7,968,420	7,940,168	7,951,773	9,419,271	9,430,007
Tangible common book value per share	\$11.50	\$13.15	\$16.44	\$19.87	\$20.25
				Net income available to common shareholders	\$5,524
				Return on tangible common equity (annualized)	11.57%

(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, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022
Total income before non-interest expense	\$18,471	\$19,782	\$20,438	\$20,619	\$24,189
Less: Net gain on equity interests	-	-	-	489	1
Plus: Provision for loan loss	-	12	406	812	210
Gross revenue	\$18,471	\$19,794	\$20,844	\$20,942	\$24,398
Mortgage Gross Revenue	For the Three Months Ended,				
(Dollars in thousands)	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022
Total income before non-interest expense	\$5,197	\$3,927	\$4,497	\$2,498	\$2,518
Plus: Provision for loan loss	-	-	-	-	-
Gross revenue	\$5,197	\$3,927	\$4,497	\$2,498	\$2,518
Consolidated Gross Revenue	For the Three Months Ended,				
(Dollars in thousands)	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022
Total income before non-interest expense	\$23,668	\$23,709	\$24,935	\$23,117	\$26,707
Less: Net gain on equity interests	-	-	-	489	1
Plus: Provision for loan loss	-	12	406	812	210
Gross revenue	\$23,668	\$23,721	\$25,341	\$23,440	\$26,916
Diluted Pre-Tax Earnings Per Share	For The Three Months Ended				
(Dollars in thousands)	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022
Non-Mortgage income before income tax	\$5,917	\$6,983	\$6,199	\$2,279	\$7,011
Plus: Acquisition-related expenses	-	70	332	3,696	527
Plus: Mortgage income before income tax	2,122	1,205	2,267	308	305
Less: Income tax expense including acquisition tax effect	2,040	1,927	2,129	1,507	1,921
Net income available to common shareholders	\$5,999	\$6,331	\$6,669	\$4,776	\$5,922
Diluted weighted average shares	8,098,680	8,213,900	8,246,353	8,370,998	9,762,602
Non-Mortgage Segment Diluted Pre-Tax Earnings Per Share	\$0.73	\$0.86	\$0.79	\$0.71	\$0.77
Consolidated Diluted Pre-Tax Earnings Per Share	\$0.99	\$1.01	\$1.07	\$0.75	\$0.80

Non-GAAP Reconciliation

Adjusted net income available to common shareholders	For the Three Months Ended,				
	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022
(Dollars in thousands, except per share data)					
Net income available to common shareholders	\$5,999	\$6,277	\$6,417	\$1,917	\$5,524
Plus: acquisition related expense including tax impact	-	54	252	2,859	398
Adjusted net income to common shareholders	\$5,999	\$6,331	\$6,669	\$4,776	\$5,922
Adjusted diluted earnings per share	For the Three Months Ended,				
(Dollars in thousands, except per share data)	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022
Earnings per share	\$0.74	\$0.76	\$0.78	\$0.23	\$0.57
Plus: acquisition related expenses including tax impact	-	0.01	0.03	0.34	0.04
Adjusted earnings per share	\$0.74	\$0.77	\$0.81	\$0.57	\$0.61
Allowance for loan losses to Bank originated loans excluding PPP	As of				
(Dollars in thousands)	December 31, 2021	March 31, 2022			
Total loans held for investment	\$1,954,168	\$1,931,134			
Less: Branch acquisition	360,661	323,563			
Less: PPP loans	40,062	13,109			
Less: Purchased loans accounted for under fair value	-	6,368			
Loans excluding acquired and PPP	1,553,445	1,588,094			
Allowance for loan losses	13,732	13,885			
Allowance for loan losses to Bank originated loans excluding PPP	0.88%	0.87%			

Non-GAAP Reconciliation

Adjusted net interest margin (Dollars in thousands)	For the Three Months Ended March 31, 2021			For the Three Months Ended June 30, 2021			For the Three Months Ended September 30, 2021			For the Three Months Ended December 31, 2021			For the Three Months Ended March 31, 2022		
	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	Average Balance	Interest Earned/ Paid	Average Yield/ Rate
Interest-bearing deposits in other financial institutions	213,577	91		292,615	92		266,614	105		279,406	109		475,942	232	
PPP adjustment	21,173	5		17,115	4		1,636	-		9,556	3		12,378	6	
Available-for-sale securities	31,936	196		26,474	169		29,130	180		36,001	226		55,739	337	
PPP adjustment	-	-		-	-		-	-		-	-		-	-	
Loans	1,554,990	14,212		1,573,553	15,287		1,592,800	15,861		1,653,920	15,398		1,922,770	19,096	
PPP adjustment	(171,263)	(945)		(176,396)	(1,583)		(81,476)	(1,081)		(51,825)	(622)		(30,481)	(491)	
Purchase Accretion adjustment	-	(344)		-	(260)		-	35		-	398		-	(328)	
Adjusted total interest-earning assets	1,650,413	13,215		1,773,360	13,709		1,808,704	15,100		1,927,058	15,512		2,436,348	18,852	
Interest-bearing deposits		974			866			829			813			943	
PPP adjustment		-			-			-			-			-	
Federal Home Loan Bank Topeka and Federal Reserve borrowings		132			117			82			55			39	
PPP adjustment		(109)			(93)			(59)			(31)			(16)	
Subordinated notes		340			342			389			477			400	
Adjusted total interest-bearing liabilities		1,337			1,232			1,241			1,314			1,366	
Net interest income		11,878			12,477			13,859			14,198			17,486	
Adjusted net interest margin			2.88%			2.88%			3.06%			2.95%			2.87%