



FIRSTwestern

Third Quarter 2024
Conference Call

Safe Harbor

Statements in this presentation regarding our expectations and beliefs about our future financial performance and financial condition, as well as trends in our business and markets are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements often include words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “project,” “position,” “outlook,” or words of similar meaning, or future or conditional verbs such as “will,” “would,” “should,” “opportunity,” “could,” or “may.” The forward-looking statements in this presentation are based on current information and on assumptions that we make about future events and circumstances that are subject to a number of risks and uncertainties that are often difficult to predict and beyond our control. As a result of those risks and uncertainties, our actual financial results in the future could differ, possibly materially, from those expressed in or implied by the forward-looking statements contained in this presentation and could cause us to make changes to our future plans. Those risks and uncertainties include, without limitation, the lack of soundness of other financial institutions or financial market utilities may adversely affect the Company; the Company’s ability to engage in routine funding and other transactions could be adversely affected by the actions and commercial soundness of other financial institutions; financial institutions are interrelated because of trading, clearing, counterparty or other relationships; defaults by, or even rumors or questions about, one or more financial institutions or financial market utilities, or the financial services industry generally, may lead to market-wide liquidity problems and losses of client, creditor and counterparty confidence and could lead to losses or defaults by other financial institutions, or the Company; integration risks and projected cost savings in connection with acquisitions; the risk of geographic concentration in Colorado, Arizona, Wyoming, California, and Montana; 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 15, 2024 (“Form 10-K”), and other documents we file with the SEC from time to time. We urge readers of this presentation to review the “Risk Factors” section our Form 10-K and any updates to those risk factors set forth in our subsequent Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and our other filings with the SEC. Also, our actual financial results in the future may differ from those currently expected due to additional risks and uncertainties of which we are not currently aware or which we do not currently view as, but in the future may become, material to our business or operating results. Due to these and other possible uncertainties and risks, readers are cautioned not to place undue reliance on the forward-looking statements contained in this presentation, which speak only as of today’s date, or to make predictions based solely on historical financial performance. Any forward-looking statement speaks only as of the date on which it is made, and we do not undertake any obligation to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

Overview of 3Q24

3Q24 Earnings

- Net income available to common shareholders of \$2.1 million or \$0.22 per diluted share
- Net interest income after provision for credit losses improved to \$15.1 million compared to prior quarter of \$13.4 million
- Positive trends in a number of key areas resulted in improvement in profitability from prior quarter

Continued Execution on Strategic Priorities

- Continued priority on prudent risk management and conservative approach to new loan production
- Maintaining disciplined expense control while continuing to make investments in the business that will support profitable growth in the future
- Continued success in deposit gathering efforts with strong growth in noninterest-bearing deposits during 3Q24
- Positive trends in asset quality with declines in non-performing and classified loans

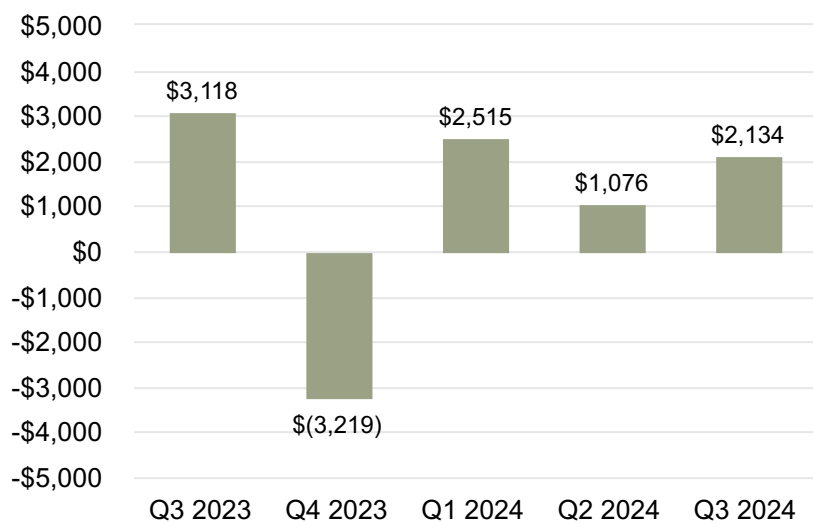
Positive Trends in Key Metrics

- Continued improvements in loan-to-deposit ratio
- Continued progress on resolving problem loans
- Further increase in tangible book value per share
- Improvement in spot NIM from prior quarter and expectation of continued improvement due primarily to improved cost of funds
- September Net gain on mortgage loans and production was the highest level in 2.5 years

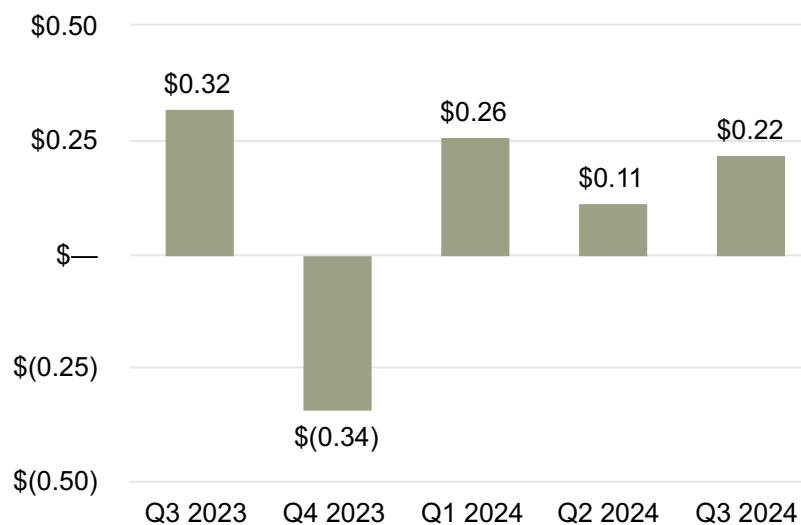
Net Income Available to Common Shareholders and Earnings per Share

- Net income of \$2.1 million, or \$0.22 diluted earnings per share, in 3Q24
- Provision for credit losses decreased \$1.8 million in 3Q24
- Tangible book value per share⁽¹⁾ increased approximately 0.9% to \$22.47

Net Income Available to Common Shareholders



Diluted Earnings per Share



(1) See Non-GAAP reconciliation within the appendix

Loan Portfolio

Loan Portfolio Details

- Total loans held for investment decreased \$73.4 million from prior quarter
- Decrease due to new production more than offset by payoffs and decline in NPLs
- New loan production improved in 3Q24 to \$82.8 million with focus primarily on lending to clients that also bring deposits to the bank
- Average rate on new loan production of 7.49% was higher than average rate of loans paying off and accretive to NIM

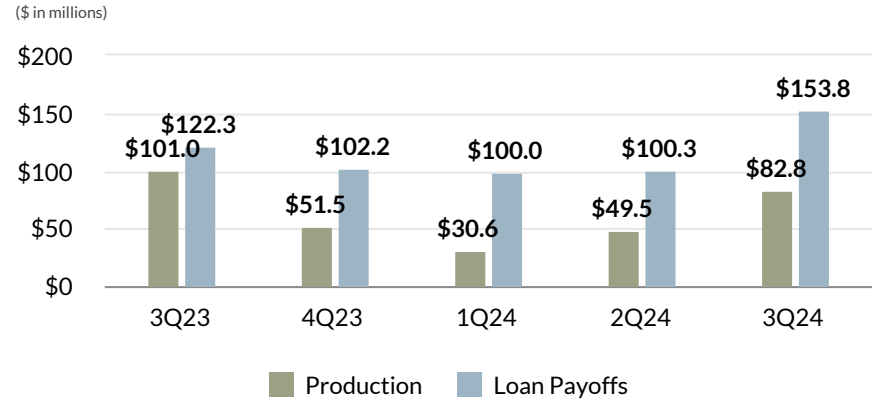
Loan Portfolio Composition⁽¹⁾

(\$ in thousands, as of quarter end)	3Q23	2Q24	3Q24
Cash, Securities and Other	\$ 148,669	\$ 143,720	\$ 116,856
Consumer and Other	23,975	15,645	14,978
Construction and Development	349,436	309,146	301,542
1-4 Family Residential	913,085	904,569	920,709
Non-Owner Occupied CRE	527,377	609,790	608,494
Owner Occupied CRE	208,341	189,353	176,165
Commercial and Industrial	349,515	277,973	239,660
Total	\$ 2,520,398	\$ 2,450,196	\$ 2,378,404
Loans accounted for at fair value ⁽²⁾	16,105	10,494	8,884
Total Loans HF1	\$ 2,536,503	\$ 2,460,690	\$ 2,387,288
Mortgage loans held for sale	12,105	26,856	12,324
Loans held for sale	—	—	473
Total Loans	\$ 2,548,608	\$ 2,487,546	\$ 2,400,085

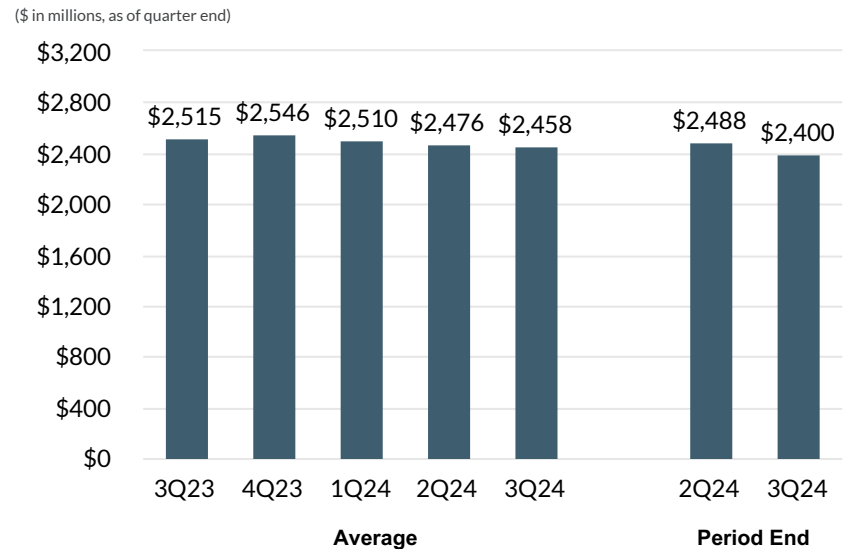
(1) Represents unpaid principal balance. Excludes deferred (fees) costs, and amortized premium/(unaccreted discount).

(2) Excludes fair value adjustments on loans accounted for under the fair value option.

Loan Production & Loan Payoffs



Total Loans⁽¹⁾



Total Deposits

- Total deposits increased 3.7% from \$2.41 billion in 2Q24 to \$2.50 billion in 3Q24
- Noninterest-bearing deposits increased 19% from \$397 million in 2Q24 to \$474 million in 3Q24
- Interest-bearing deposits increased 0.8% from \$2.01 billion in 2Q24 to \$2.03 billion in 3Q24 primarily driven by increases in time deposits and money market deposit accounts

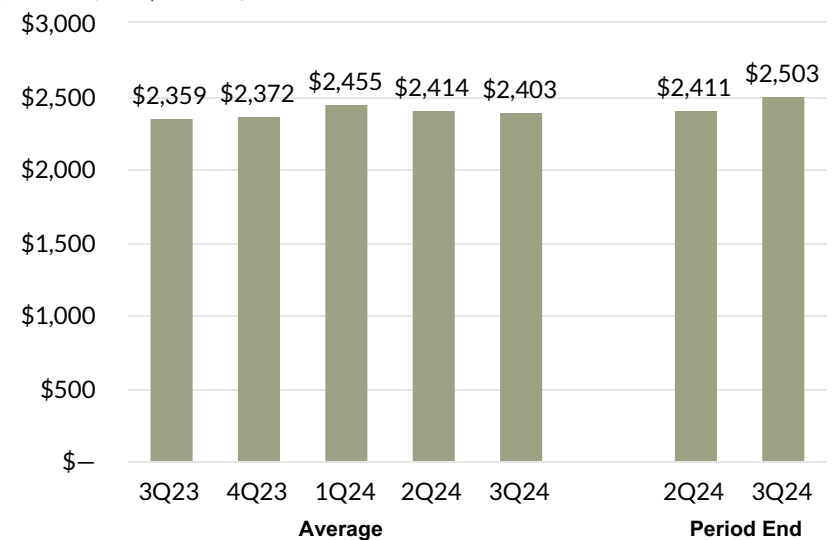
Deposit Portfolio Composition

(\$ in thousands, as of quarter end)

	3Q23	2Q24	3Q24
Money market deposit accounts	\$ 1,388,726	\$ 1,342,753	\$ 1,350,619
Time deposits	373,459	519,597	533,452
Interest checking accounts	164,000	135,759	130,255
Savings accounts	17,503	16,081	15,152
Noninterest-bearing accounts	476,308	396,702	473,576
Total Deposits	\$ 2,419,996	\$ 2,410,892	\$ 2,503,054

Total Deposits

(\$ in millions, as of quarter end)

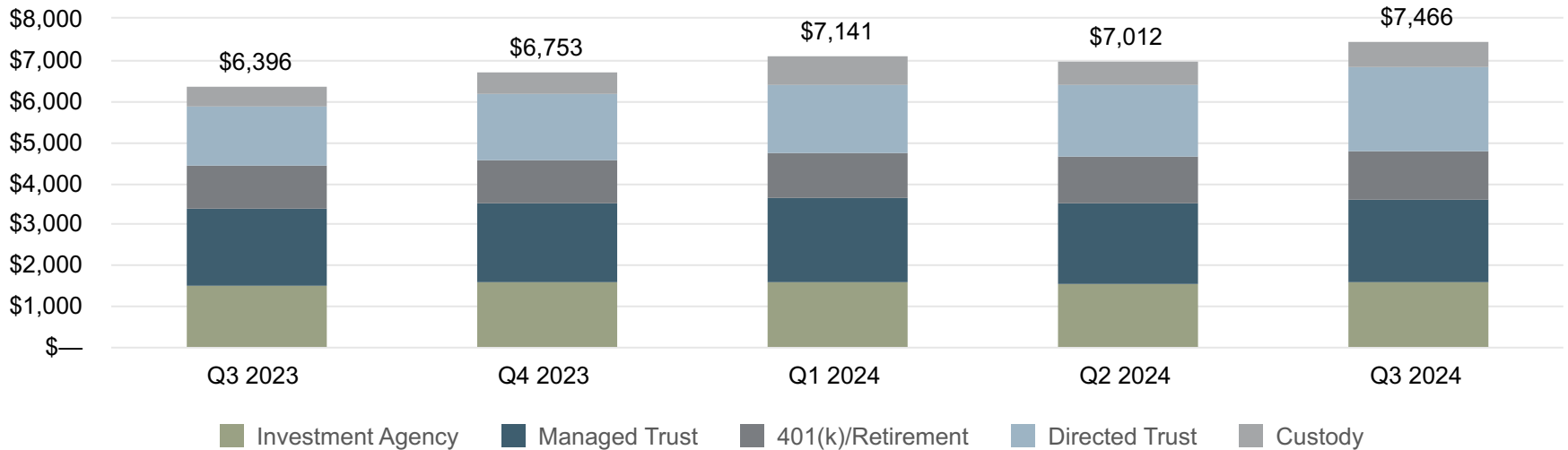


Trust and Investment Management

- Total assets under management increased 6.5% during the quarter to \$7.5 billion and increased 16.7% from 3Q23
- The increase in AUM during the quarter and from 3Q24 was primarily attributed to improving market conditions resulting in an increase in the value of AUM

Total Assets Under Management

(\$ in millions, as of quarter end)

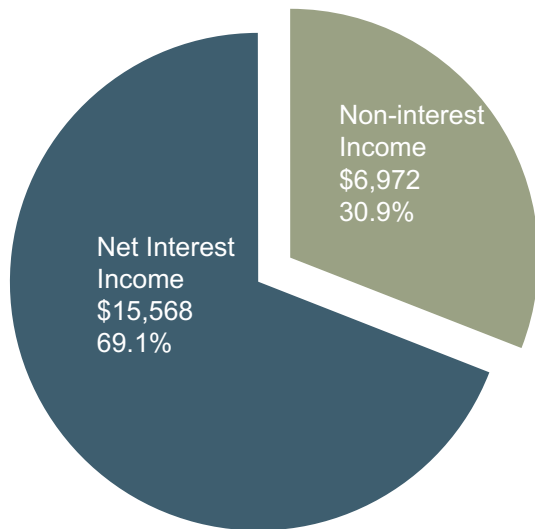


Gross Revenue

- Gross revenue⁽¹⁾ decreased 1.7% from prior quarter
- Net interest income decreased 1.3% from prior quarter primarily driven by an increase in interest expense due to an increase in interest-bearing deposits and partially due to having one additional day in the quarter
- Non-interest income remained flat quarter over quarter

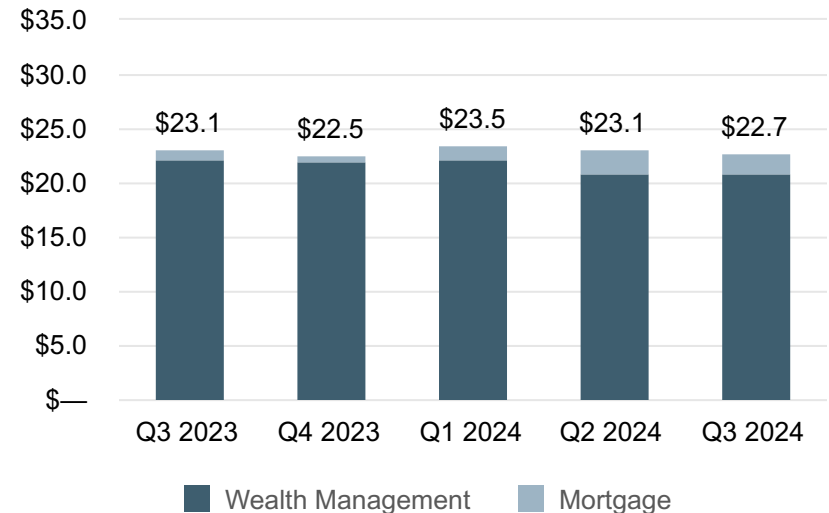
Gross Revenue⁽¹⁾

(\$ in thousands)



Gross Revenue⁽¹⁾

(\$ in millions)



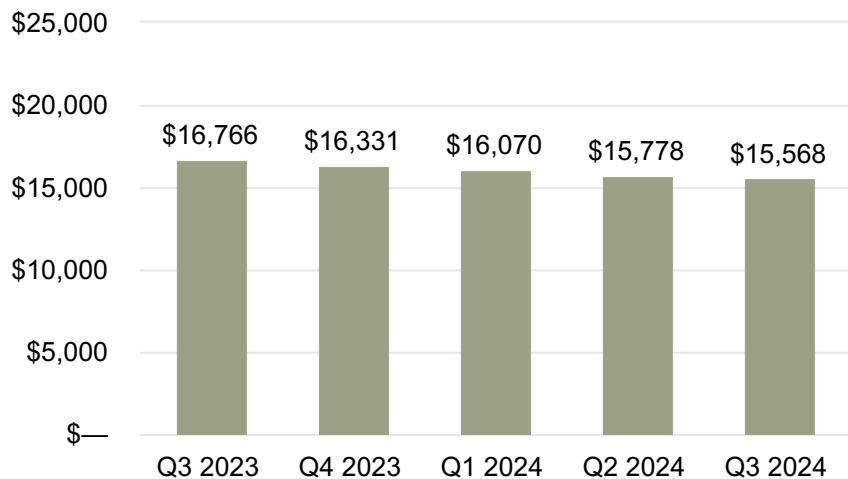
(1) See Non-GAAP reconciliation within the appendix

Net Interest Income and Net Interest Margin

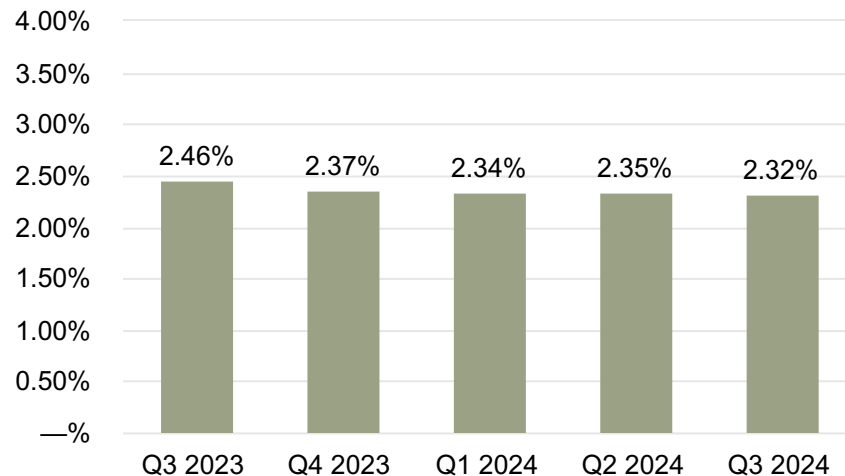
- Net interest income of \$15.6 million decreased \$0.2 million, or 1.3%, from \$15.8 million in 2Q24, primarily driven by an increase in interest expense due to an increase in interest-bearing deposits and partially due to having one additional day in the quarter
- Net interest margin decreased 3 basis points from 2.35% in 2Q24 to 2.32% in 3Q24
- Net interest income and Net interest margin was negatively impacted by \$0.4 million and 6 bps, respectively, in the quarter due to the addition of a non-performing loan
- End of quarter spot NIM of 2.40% expected to further expand as short-term interest rates decrease
- Increase in core deposits utilized to reduce wholesale borrowings

Net Interest Income

(\$ in thousands)



Net Interest Margin

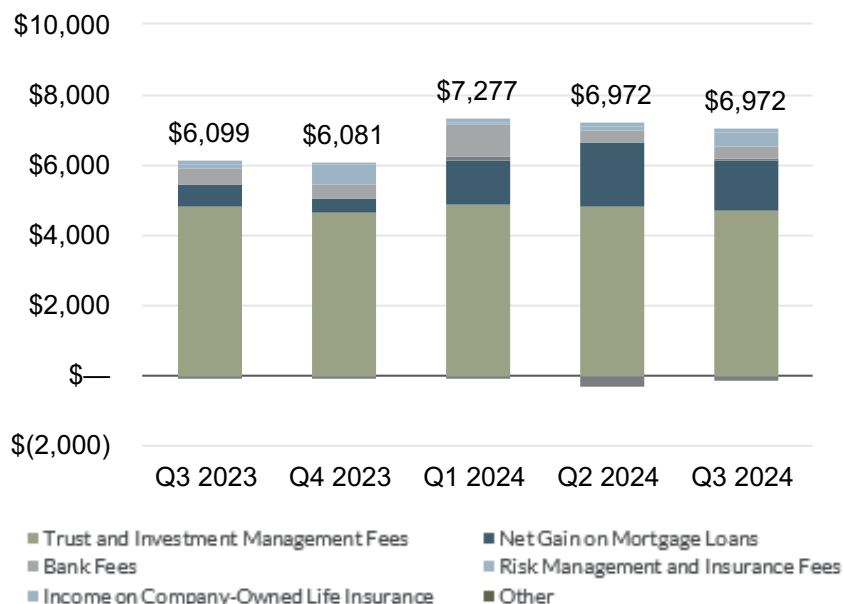


Non-Interest Income

- Non-interest income remained flat at \$7.0 million from prior quarter and increased 14% year over year
- Activity throughout the quarter included an increase in Risk management and insurance fees, offset by decreased Net gain on mortgage loans
- Held for sale mortgage margin pressure and a reduction in production contributed to the decline in Net mortgage gain; however, September Net gain on mortgage loans and production was the highest level in 2.5 years

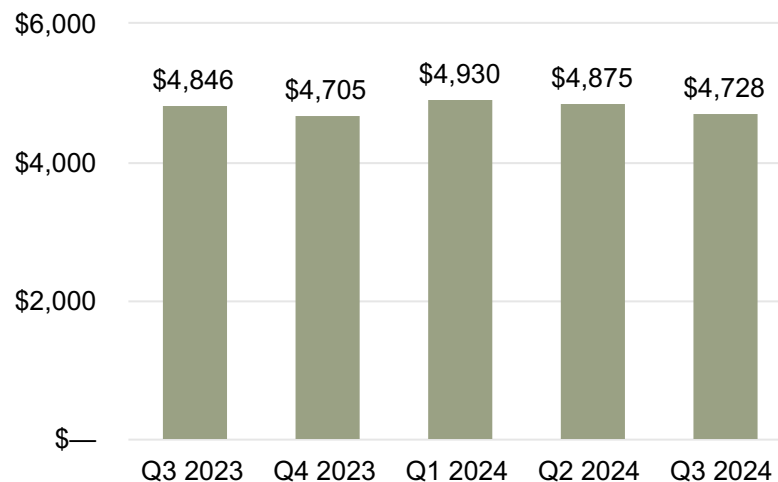
Total Non-Interest Income

(\$ in thousands)



Trust and Investment Management Fees

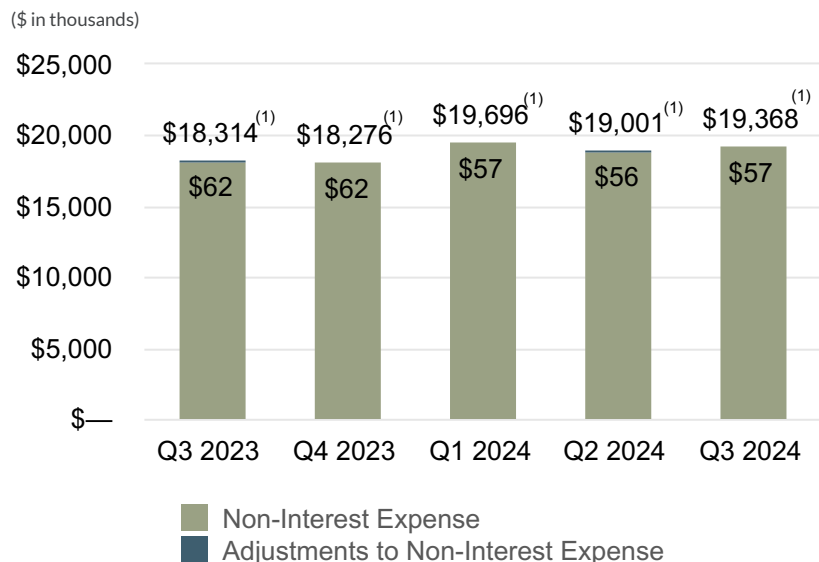
(\$ in thousands)



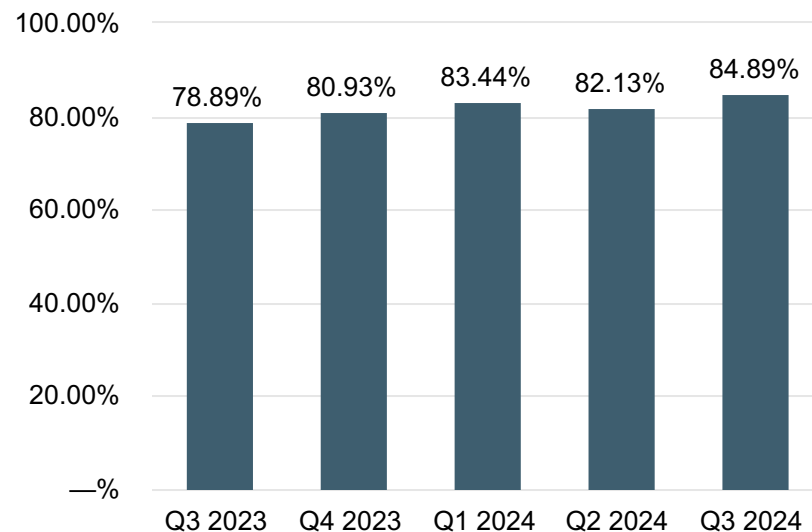
Non-Interest Expense and Efficiency Ratio

- Non-interest expense increased to \$19.4 million from \$19.0 million in the second quarter, but was in line with the first half of the year
- The increase was primarily driven by increases in Salaries and employee benefits due to increased front office headcount and Marketing expenses, partially offset by a decrease in other operational expenses due to a partial recovery on a fraud loss from the first quarter

Total Non-Interest Expense



Operating Efficiency Ratio⁽¹⁾

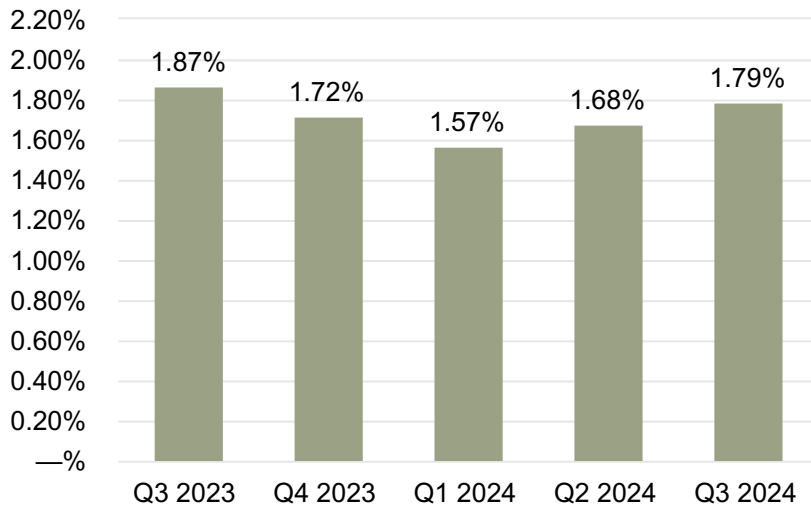


(1) See Non-GAAP reconciliation within the appendix

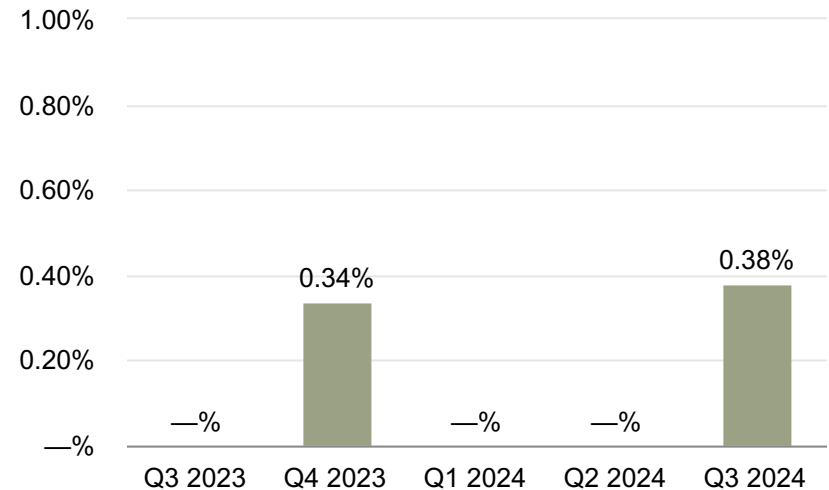
Asset Quality

- NPAs increased to \$52.1 million due to the addition of a non-performing loan and foreclosed property, partially offset by non-performing loan pay downs, charge-offs, and the sale of a non-performing loan
- NPLs decreased \$22.9 million driven by the migration of one loan relationship out of non-performing loans and into OREO, pay downs, charge-offs, and the sale of a non-performing loan, partially offset by additions to non-performing loans
- ACL/Adjusted Total Loans⁽¹⁾ decreased from 1.12% in 2Q24 to 0.79% in 3Q24, primarily due to the migration of one loan relationship out of non-performing loans and into OREO

Non-Performing Assets/Total Assets



Net Charge-Offs/Average Loans



(1) Adjusted Total Loans - Total Loans minus PPP loans and loans accounted for under fair value option; see Non-GAAP reconciliation within the appendix

Near-Term Outlook

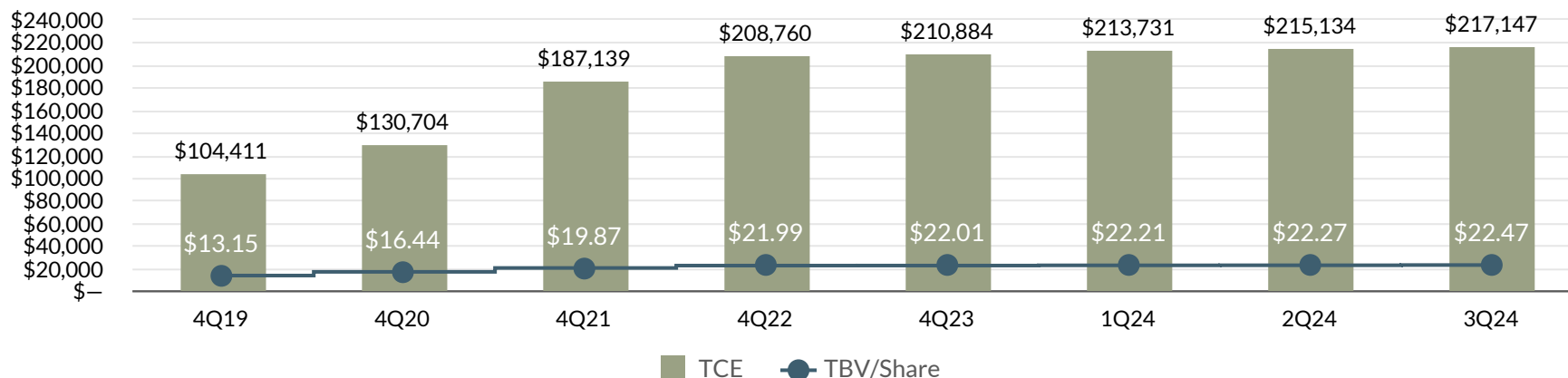
- First Western's markets continue to perform well and the strength of our balance sheet and franchise provides opportunities to capitalize on market disruption and challenges being faced by competing banks to add new clients and banking talent
- Prudent risk management and conservative underwriting criteria expected to result in modest loan production in 4Q24, but should be sufficient to keep loan balances relatively flat
- Deposit gathering will remain a top priority throughout the organization
- Successful repositioning of balance sheet including increased liquidity with lower loan-to-deposit ratio positions First Western well to generate a higher level of loan growth in 2025 as loan demand increases
- Lower interest rates should positively impact net interest margin and income generated from mortgage business
- Sale of collateral repossessed from large non-performing relationship will provide significant cash that can be redeployed into interest-earning assets that will positively impact profitability
- Positive trends in key areas expected to continue, which should result in steady improvement in financial performance and further value being created for shareholders

Appendix

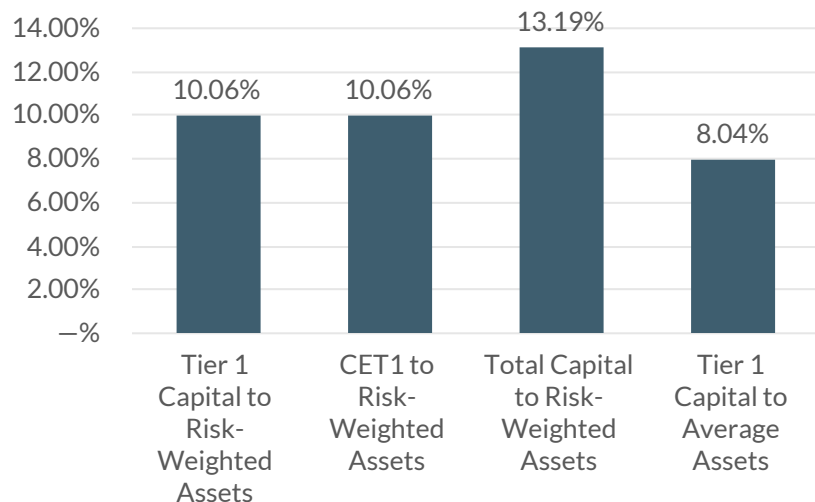
Capital and Liquidity Overview

Tangible Common Equity / TBV per Share⁽¹⁾

(TCE \$ in thousands)



Consolidated Capital Ratios (as of 09/30/24)



Liquidity Funding Sources (as of 09/30/24)

(\$ in thousands)

Liquidity Reserves:

Total Available Cash	\$	274,632
Unpledged Investment Securities		33,989

Borrowed Funds:

Secured:

FHLB Available		612,097
FRB Available		21,149

Other:

Brokered Remaining Capacity		269,720 ⁽²⁾
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Unsecured:

Credit Lines		29,000
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Total Liquidity Funding Sources \$ **1,240,587**

Loan-to-Deposit Ratio **95.2%**

(1) See Non-GAAP reconciliation within the appendix

(2) Based on internal policy guidelines

Non-GAAP Reconciliation

Consolidated Efficiency Ratio (Dollars in thousands)	For the Three Months Ended,				
	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024
Non-interest expense	\$ 18,314	\$ 18,276	\$ 19,696	\$ 19,001	\$ 19,368
Less: amortization	62	62	57	56	57
Adjusted non-interest expense	\$ 18,252	\$ 18,214	\$ 19,639	\$ 18,945	\$ 19,311
Net interest income	\$ 16,766	\$ 16,331	\$ 16,070	\$ 15,778	\$ 15,568
Non-interest income	6,099	6,081	7,277	6,972	6,972
Less: unrealized gains/(losses) recognized on equity securities	(19)	(2)	(6)	(2)	24
Less: net gain/(loss) on loans accounted for under the fair value option	(252)	(91)	(302)	(315)	(233)
Less: net (loss)/gain on loans held for sale at fair value	—	—	117	—	—
Adjusted non-interest income	\$ 6,370	\$ 6,174	\$ 7,468	\$ 7,289	\$ 7,181
Adjusted total income	\$ 23,136	\$ 22,505	\$ 23,538	\$ 23,067	\$ 22,749
Efficiency ratio	78.89 %	80.93 %	83.44 %	82.13 %	84.89 %

Consolidated Tangible Common Book Value Per Share (Dollars in thousands)	As of,							
	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024
Total shareholders' equity	\$ 127,678	\$ 154,962	\$ 219,041	\$ 240,864	\$ 242,738	\$ 245,528	\$ 246,875	\$ 248,831
Less:								
Goodwill and other intangibles, net	19,714	24,258	31,902	32,104	31,854	31,797	31,741	31,684
Intangibles held for sale ⁽¹⁾	3,553	—	—	—	—	—	—	—
Tangible common equity	\$ 104,411	\$ 130,704	\$ 187,139	\$ 208,760	\$ 210,884	\$ 213,731	\$ 215,134	\$ 217,147
Common shares outstanding, end of period	7,940,168	7,951,773	9,419,271	9,495,440	9,581,183	9,621,309	9,660,548	9,664,101
Tangible common book value per share	\$ 13.15	\$ 16.44	\$ 19.87	\$ 21.99	\$ 22.01	\$ 22.21	\$ 22.27	\$ 22.47

Net income available to common shareholders \$ 2,134

Return on tangible common equity (annualized) 3.93 %

(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)	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	
Total income before non-interest expense	\$ 21,647	\$ 13,362	\$ 21,890	\$ 18,242	\$ 20,296	
Less: unrealized gain/(losses) recognized on equity securities	(19)	(2)	(6)	(2)	24	
Less: net loss on loans accounted for under the fair value option	(252)	(91)	(302)	(315)	(233)	
Less: net gain on loans held for sale at fair value	—	—	117	—	—	
Plus: provision for credit loss	329	8,493	72	2,334	501	
Gross revenue	\$ 22,247	\$ 21,948	\$ 22,153	\$ 20,893	\$ 21,006	
Mortgage Gross Revenue		For the Three Months Ended,				
(Dollars in thousands)	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	
Total income before non-interest expense	\$ 889	\$ 557	\$ 1,385	\$ 2,174	\$ 1,743	
Gross revenue	\$ 889	\$ 557	\$ 1,385	\$ 2,174	\$ 1,743	
Consolidated Gross Revenue		For the Three Months Ended,				
(Dollars in thousands)	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	
Total income before non-interest expense	\$ 22,536	\$ 13,919	\$ 23,275	\$ 20,416	\$ 22,039	
Less: unrealized gains/(losses) recognized on equity securities	(19)	(2)	(6)	(2)	24	
Less: net gain/(loss) on loans accounted for under the fair value option	(252)	(91)	(302)	(315)	(233)	
Less: net (loss)/gain on loans held for sale at fair value	—	—	117	—	—	
Plus: provision for credit loss	329	8,493	72	2,334	501	
Gross revenue	\$ 23,136	\$ 22,505	\$ 23,538	\$ 23,067	\$ 22,749	
Gross Revenue Excluding Net Gain on Mortgage Loans		September 30, 2023	June 30, 2024	September 30, 2024		
(Dollars in thousands)						
Gross revenue	\$ 23,136	\$ 23,067	\$ 22,749			
Less: net gain on mortgage loans	654	1,820	1,451			
Gross revenue excluding net gain on mortgage loans	\$ 22,482	\$ 21,247	\$ 21,298			

Non-GAAP Reconciliation

Pre-tax, Pre-Provision Net Income (Dollars in thousands)	For the Three Months Ended,		
	September 30, 2023	June 30, 2024	September 30, 2024
Income before income taxes	\$ 4,222	\$ 1,415	\$ 2,671
Plus: provision for credit losses	329	2,334	501
Pre-tax, pre-provision net income	\$ 4,551	\$ 3,749	\$ 3,172

Allowance for Credit Losses to Bank Originated Loans Excluding PPP (Dollars in thousands)	As of				
	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024
Total loans held for investment	\$ 2,536,503	\$ 2,536,140	\$ 2,480,196	\$ 2,460,690	\$ 2,387,288
Less: PPP loans	4,876	4,343	3,779	3,129	2,603
Less: Purchased loans accounted for under fair value options ("FVO")	16,105	14,129	12,276	10,494	8,884
Adjusted loans excluding acquired, PPP and FVO	\$ 2,515,522	\$ 2,517,668	\$ 2,464,141	\$ 2,447,067	\$ 2,375,801
Allowance for credit losses	23,175	23,931	24,630	27,319	18,796
Allowance for credit losses to adjusted loans	0.92 %	0.95 %	1.00 %	1.12 %	0.79 %