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

First Quarter 2019 Financial Results

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Overview of 1Q19

Consistent Earnings Performance

- Net income available to common shareholders of \$1.6 million, or \$0.21 EPS
- Net income available to common shareholders increased 160% from 1Q18
- EPS increased 91% from 1Q18

Strong Balance Sheet Growth

- Gross loans increased at 16.7% annualized rate in 1Q19
- Deposits increased at 17.2% annualized rate in 1Q19
- Average deposits increased at 46.0% annualized rate in 1Q19

Well Diversified Loan Production

- Growth in all major loan categories other than commercial real estate
- Strong quarter of mortgage production despite seasonality

Key Operating Trends

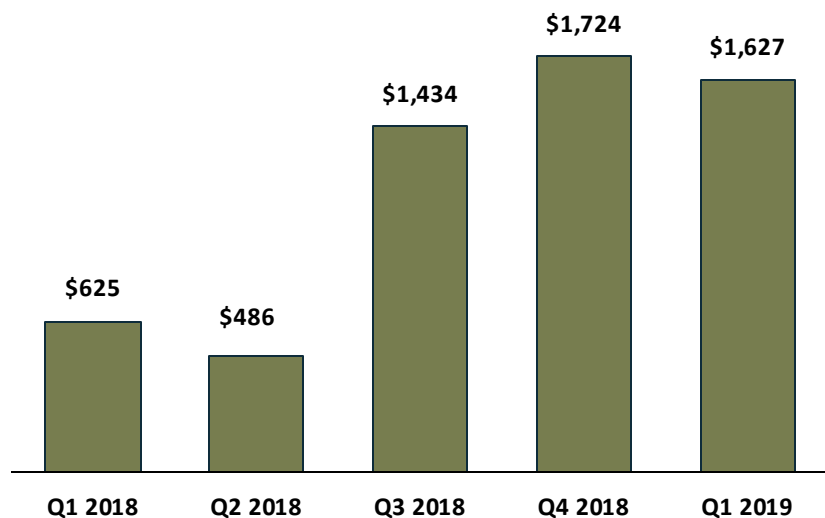
- Net interest margin declined due to increase in cost of deposits
- Higher 4Q18 deposit costs carried into 1Q19
- Continued strong credit quality

Net Income Available to Common Shareholders and Earnings per Share

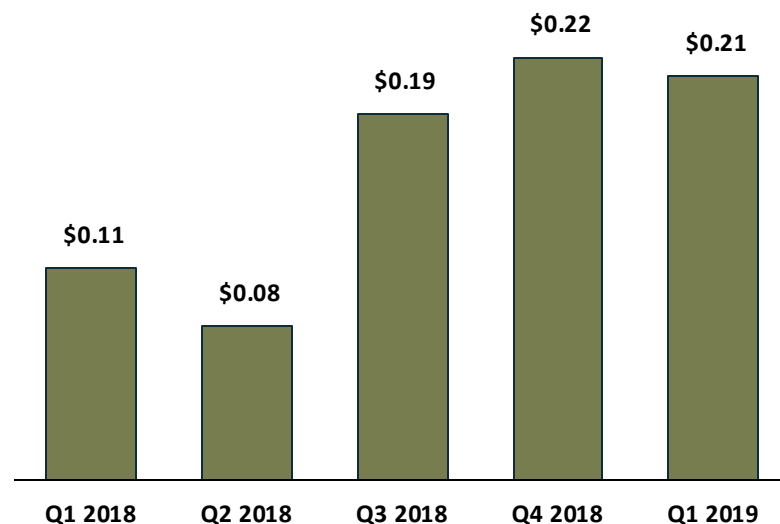
- Continued execution on embedded growth drivers producing consistent level of higher earnings
- Asset growth offset by margin pressure from rapid growth in higher cost trust and large client deposits
- Growth in revenue offset by higher expenses, resulting in slight decline in net income
- Earnings per share declined \$0.01 from prior quarter and increased 91% year over year

Net Income Available to Common Shareholders

(in thousands)



Earnings per Share



Loan Portfolio

- Annualized gross loan growth of 16.7% in Q1 2019
- Total new loan production of \$64 million in Q1 2019 vs \$102 million in Q4 2018
- Well diversified growth with increases in Residential Mortgage, C&I, and Cash, Securities, and Other portfolios
- Payoffs declined from elevated level in prior quarter

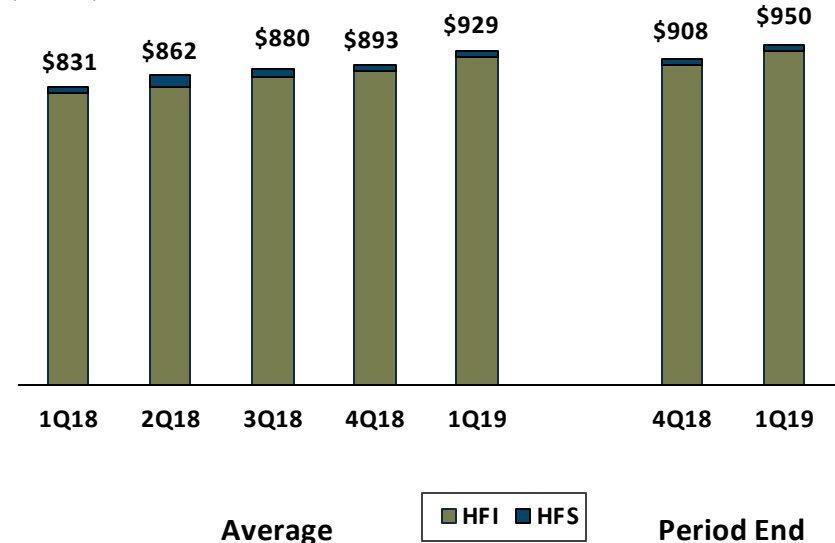
Loan Portfolio Composition⁽¹⁾

(in thousands, as of quarter-end)

	1Q 2018	4Q 2018	1Q 2019
Cash, Securities and Other	\$123,659	\$114,165	\$130,641
Construction and Development	29,150	31,897	37,128
1 - 4 Family Residential	298,007	350,852	360,607
Non-Owner Occupied CRE	167,617	173,741	172,014
Owner Occupied CRE	92,508	108,480	108,873
Commercial and Industrial	105,265	113,660	120,602
Gross Loans	\$816,206	\$892,795	\$929,865
Mortgage loans held for sale	22,146	14,832	19,778
Total Loans	\$838,352	\$907,627	\$949,643

Total Loans⁽¹⁾

(in millions)



(1) Excludes deferred costs, net

Total Deposits

- Total deposits increased \$40.3 million from Q4 2018, annualized growth of 17.2%
- Average deposits increased 46.0% annualized on linked quarter basis
- Strongest growth in money market deposit accounts
- Inflows of trust and large client deposits driving growth

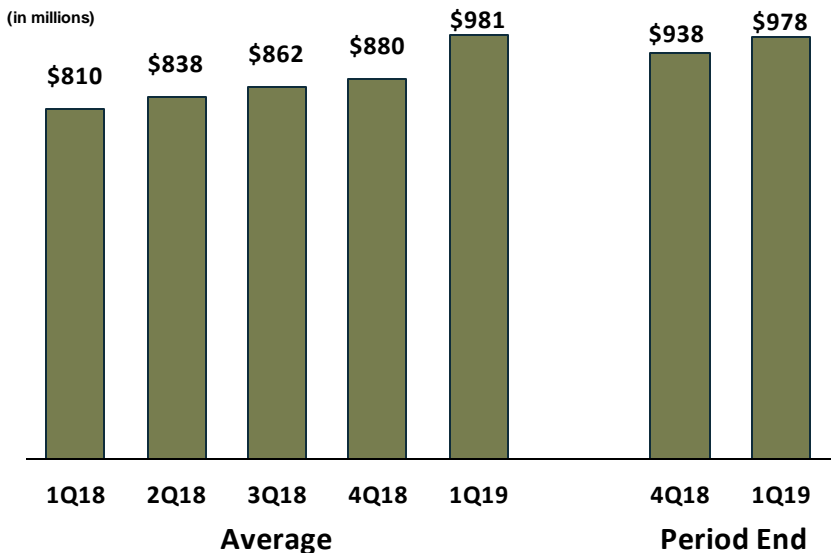
Deposit Portfolio Composition

(in thousands, as of quarter-end)

	1Q 2018	4Q 2018	1Q 2019
Money market deposit accounts	\$328,427	\$489,506	\$513,328
Time deposits	185,459	178,743	176,312
NOW	78,970	64,853	59,464
Savings accounts	1,789	1,800	2,513
Noninterest-bearing accounts	223,582	202,856	226,484
Total Deposits	\$818,227	\$937,758	\$978,101

Total Deposits

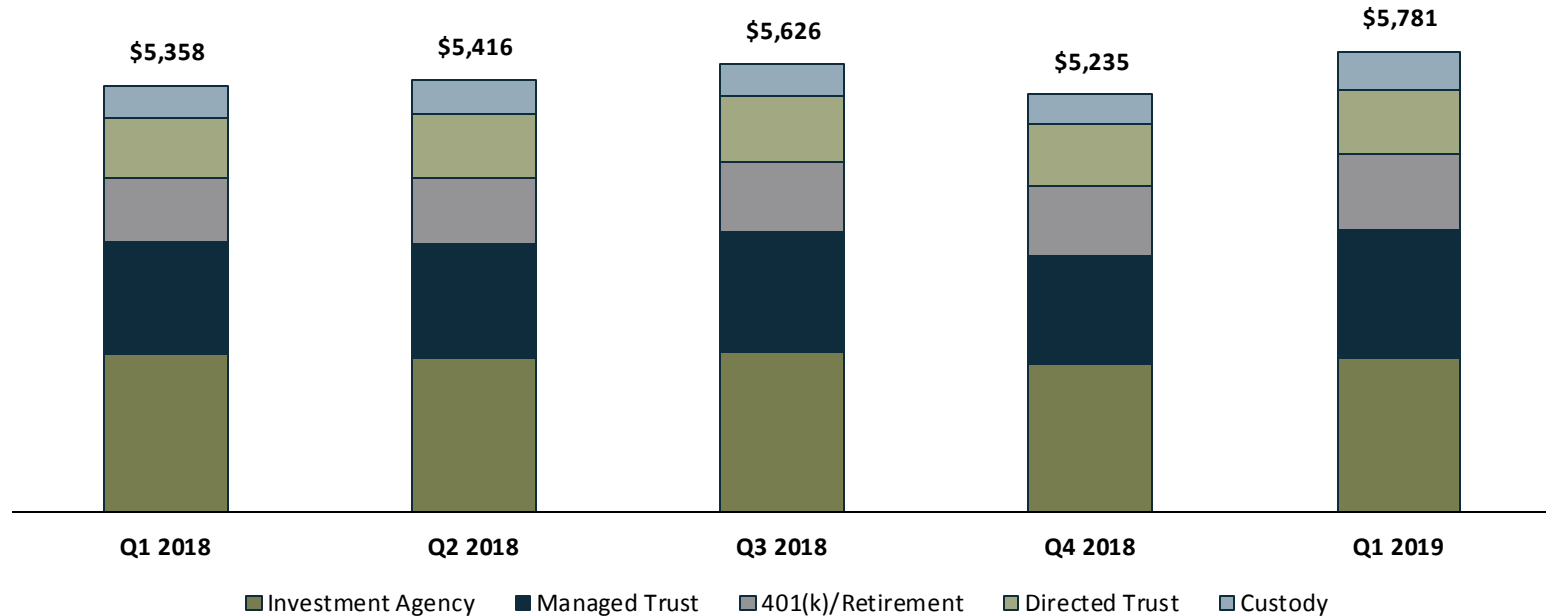
(in millions)



Trust and Investment Management

- Total assets under management increased \$546 million from Q4 2018
- Increase largely related to increase in equity market (S&P up 13.1% in Q1 2019)
- New accounts provided \$53 million in new assets and contributions added \$153 million in Q1 2019

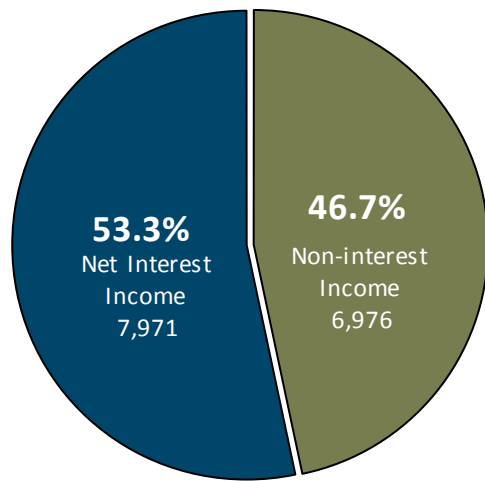
(in millions, as of quarter-end)



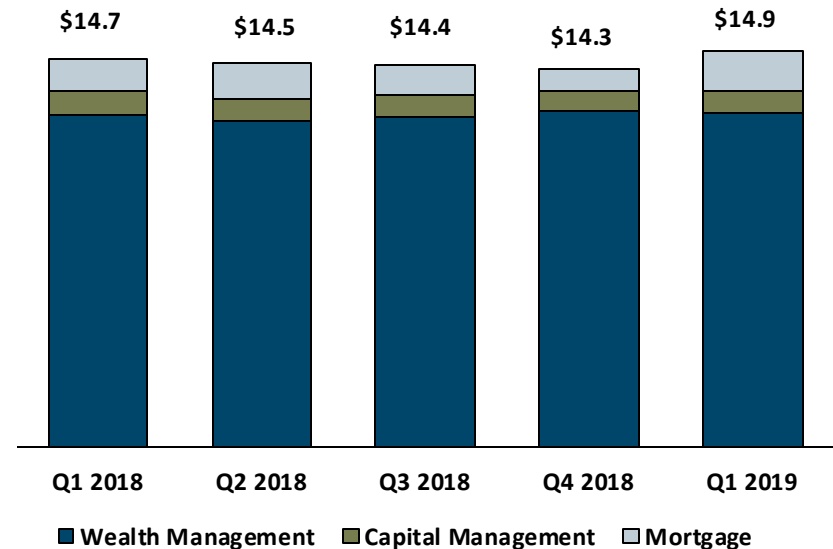
Gross Revenue

- Gross revenue increased 4.9% from prior quarter
- Balance sheet growth drove 8.3% increase in net interest income year-over-year
- Strong quarter of mortgage activity drove increase in non-interest income from prior quarter

Q1 2019 Gross Revenue⁽¹⁾



Gross Revenue⁽¹⁾ (\$millions)



(1) See Non-GAAP reconciliation

Net Interest Income & Net Interest Margin

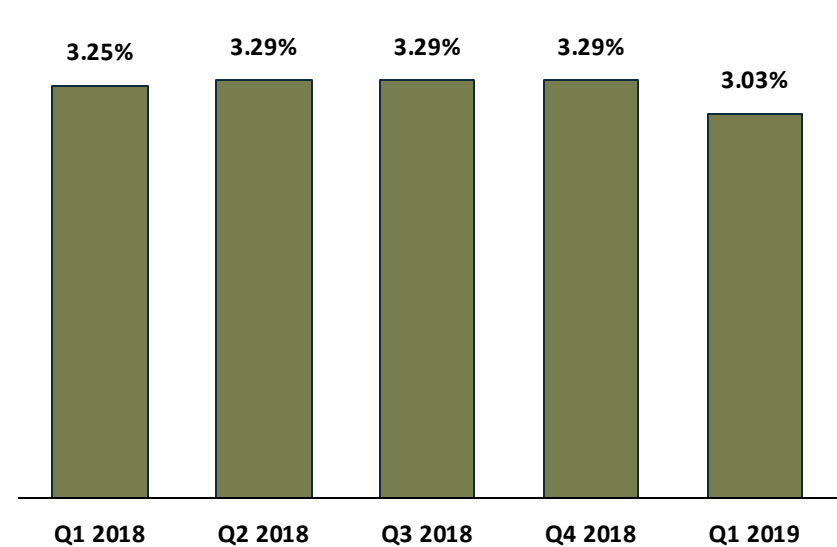
- Net interest income increased 0.9%, primarily due to higher average loan balances
- Net interest margin decreased to 3.03%
- Inflows of high beta trust deposits impacting deposit costs

Net Interest Income

(in thousands)



Net Interest Margin



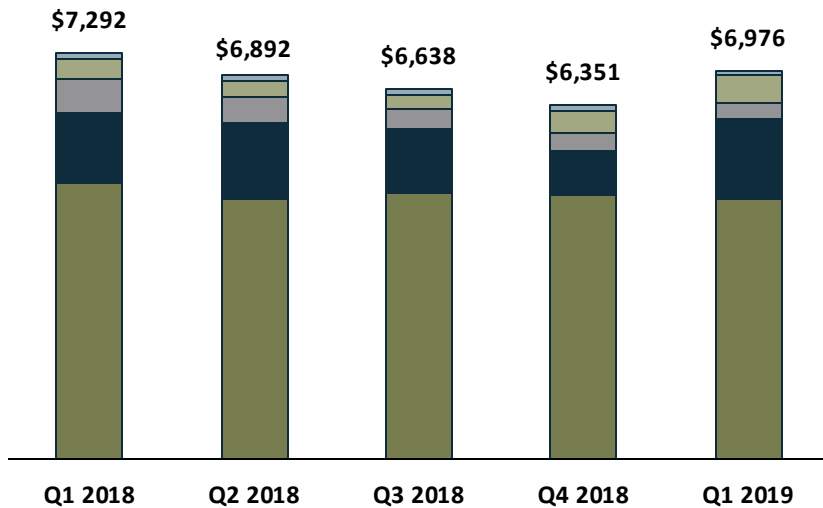


Non-Interest Income

- Total non-interest income increased by 9.8% due to higher gains on mortgage loans sold
- Trust and investment management fees declined due to lower starting point for AUM in 1Q19

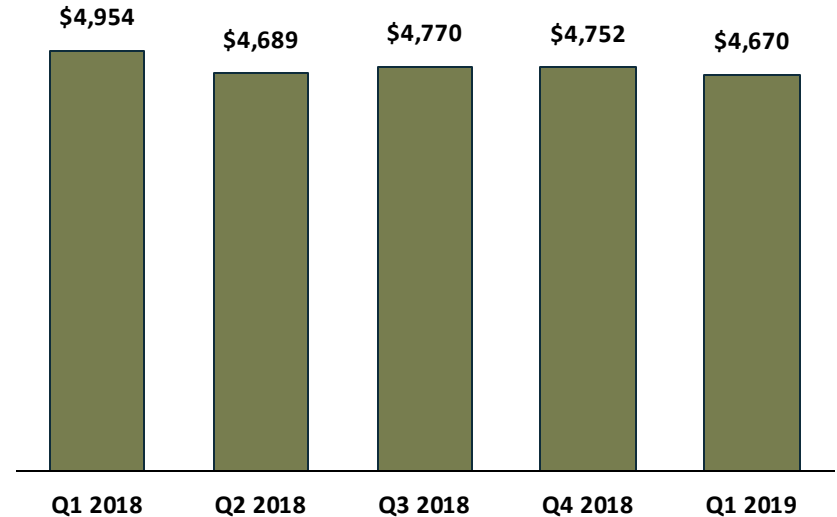
Total Non-Interest Income

(in thousands)



Trust & Investment Management Fees

(in thousands)



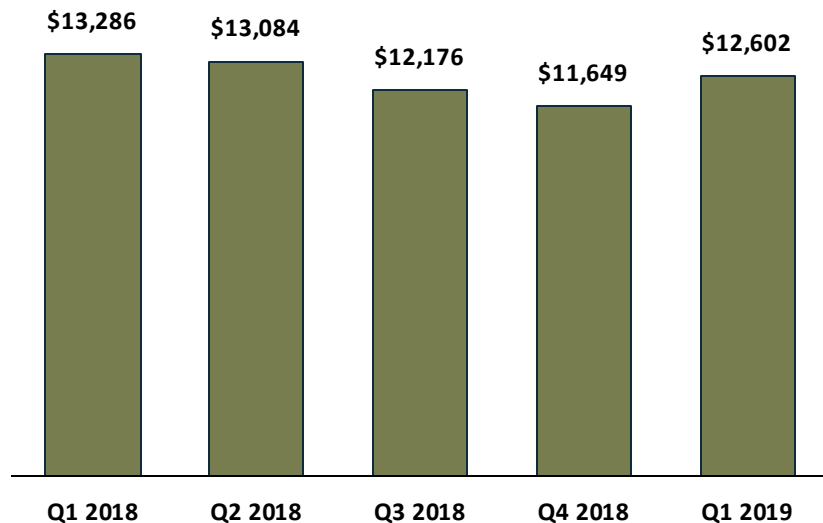
Trust and Investment Management Fees
 Net Gain on Mortgage Loans Sold
 Bank Fees
 Risk Management and Insurance Fees
 Income on Company-Owned Life Insurance

Non-Interest Expense and Efficiency Ratio

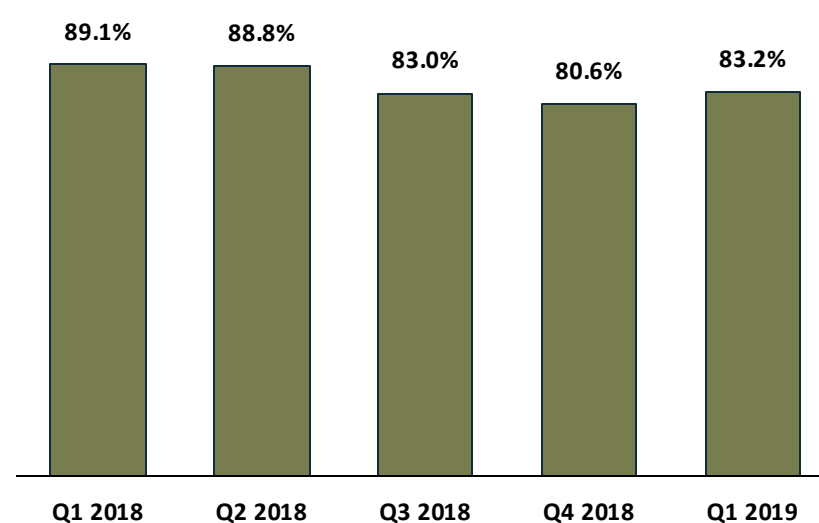
- Total non-interest expense increased 8.2%, primarily due to higher bonus accrual and payroll tax
- Efficiency ratio⁽¹⁾ increases to 83.2% due to higher expense levels
- Year-over-year improvement in efficiency ratio demonstrates longer-term progress

Total Non-Interest Expense

(in thousands)



Operating Efficiency Ratio⁽¹⁾



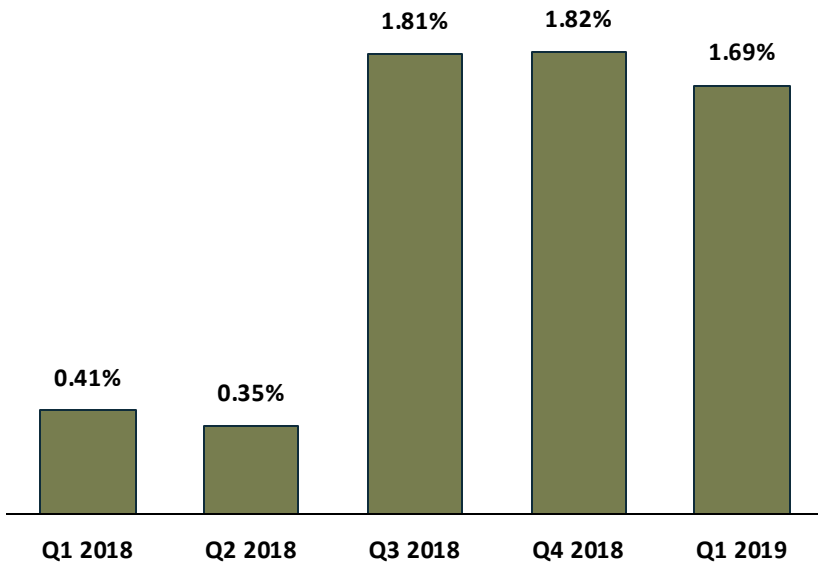
(1) See Non-GAAP reconciliation



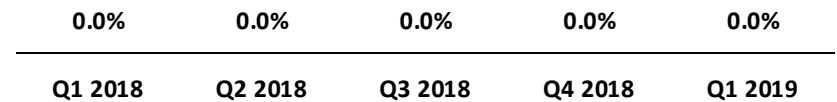
Asset Quality

- Total NPAs decline from prior quarter due to paydowns
- Loss experience continues to be extremely low
- Provision expense of \$0.2 million driven by growth in loan portfolio

Non-Performing Assets/Total Assets



Net Charge-Offs/Average Loans





Outlook

- Business development platform expected to continue to gain traction and drive further increases in gross revenue
- Second half of 2019 expected to be stronger than first half
- Loan production continues to be well diversified
- Lower mortgage rates and seasonal factors driving increase in refinancing volumes
- Continued improvement in operating efficiencies despite further investment in revenue generating positions
- Consolidation in Colorado banking market creating opportunities to add clients and experienced talent



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Appendix



Non-GAAP Reconciliation

Consolidated Efficiency Ratio (Dollars in thousands)	For the Three Months Ended,				
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
Non-interest expense	\$13,286	\$13,084	\$12,176	\$11,649	\$12,602
Less: Amortization	230	230	208	163	173
Adjusted non-interest expense	\$13,056	\$12,854	\$11,968	\$11,486	12,429
Net interest income	\$7,360	\$7,577	\$7,788	\$7,899	7,971
Non-interest income	7,292	6,892	6,638	6,351	6,976
Total Income ⁽¹⁾	\$14,652	\$14,469	\$14,426	\$14,250	14,947
Efficiency ratio	89.1%	88.8%	83.0%	80.6%	83.2%

(1) Total income equals gross revenue as no net gain (loss) on sale of securities occurred during the periods presented.



Non-GAAP Reconciliation

Wealth Management Gross Revenue	For the Three Months Ended,				
(Dollars in thousands)	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
Total income before non-interest expense	\$12,711	\$12,257	\$12,383	\$12,289	\$12,509
Less: Net gain (loss) on sale of securities	-	-	-	-	-
Plus: Provision for (recovery of) credit loss	(187)	-	18	349	194
Gross Revenue	\$12,524	\$12,257	\$12,401	\$12,638	\$12,703

Capital Management Gross Revenue	For the Three Months Ended,				
(Dollars in thousands)	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
Total income before non-interest expense	\$861	\$845	\$850	\$794	\$765
Less: Net gain (loss) on sale of securities	-	-	-	-	-
Plus: Provision for (recovery of) credit loss	-	-	-	-	-
Gross Revenue	\$861	\$845	\$850	\$794	\$765

Mortgage Gross Revenue	For the Three Months Ended,				
(Dollars in thousands)	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
Total income before non-interest expense	\$1,267	\$1,367	\$1,175	\$818	\$1,479
Less: Net gain (loss) on sale of securities	-	-	-	-	-
Plus: Provision for (recovery of) credit loss	-	-	-	-	-
Gross Revenue	\$1,267	\$1,367	\$1,175	\$818	\$1,479

Consolidated Gross Revenue	For the Three Months Ended,				
(Dollars in thousands)	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
Total income before non-interest expense	\$14,839	\$14,469	\$14,408	\$13,901	\$14,753
Less: Net gain (loss) on sale of securities	-	-	-	-	-
Plus: Provision for (recovery of) credit loss	(187)	-	18	349	194
Gross Revenue	\$14,652	\$14,469	\$14,426	\$14,250	\$14,947