
FIRSTWESTERN
First 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 1Q24

1Q24 Earnings

- Net income available to common shareholders of $2.5 million, or $0.26 per diluted share
- Pre-tax, pre-provision net income[(1)] of $3.7 million

Continued Execution on Balance Sheet Management Strategies

- Continued improvement in loan-to-deposit ratio
- Higher level of liquidity enabled repayment of higher cost borrowings
- Total loans declined due to conservative approach to new loan production, continued high levels of payoffs, and lower level of draws on credit lines than previous quarters

Positive Trends in Key Metrics

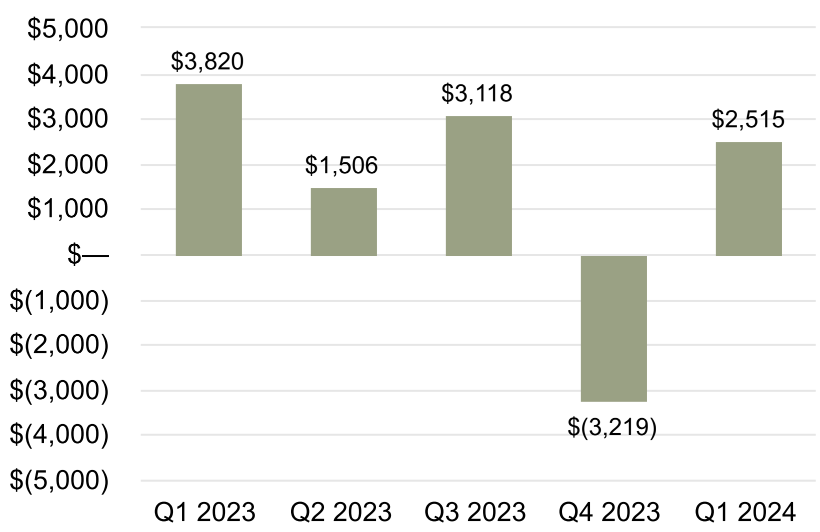
- Increase in non-interest income from prior quarter resulting from higher Net Gain on Mortgage Loans, Bank fees and Trust and Investment Management fees
- Non-performing loans declined from prior quarter
- Net charge-offs/average loans were 0.00%
- Further increase in tangible book value per share[(1)]

(1) See Non-GAAP reconciliation

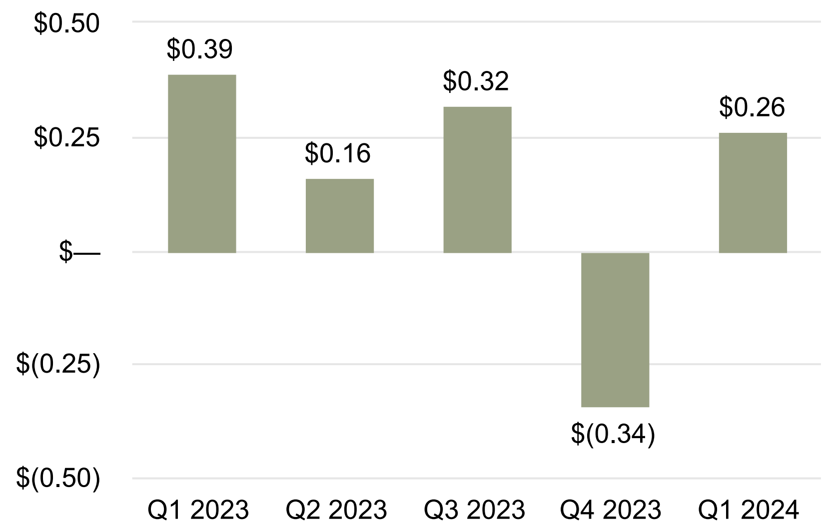
Net Income Available to Common Shareholders and Earnings per Share

- Net income of $2.5 million, or $0.26 diluted earnings per share, in 1Q24
- Tangible book value per share[1] increased approximately 1% to $22.21

Net Income Available to Common Shareholders



Diluted Earnings per Share



(1) See Non-GAAP reconciliation

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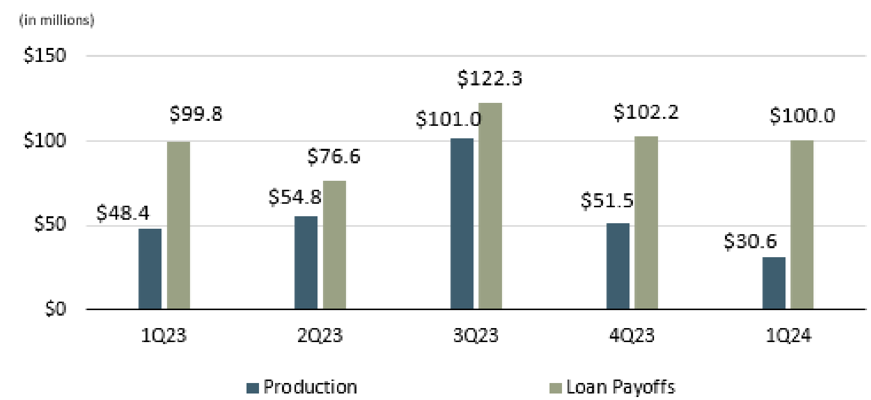
Loan Portfolio

Loan Portfolio Details

- Total loans held for investment decreased $55.9 million from prior quarter
- Decrease due to limited new production that was more than offset by payoffs and a lower level of draws on existing credit lines than previous quarters
- New loan production of $31 million, with focus primarily on non-CRE lending to clients that also bring deposits to the bank
- Average rate on new loan production of 6.95% negatively impacted by a large cash secured origination

Loan Production & Loan Payoffs

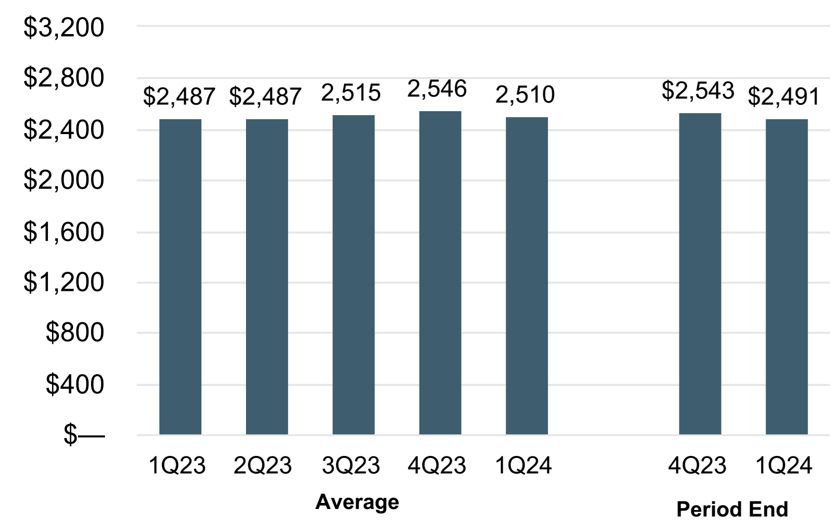


Loan Portfolio Composition[1]

($ in thousands, as of quarter end)	1Q 2023	4Q 2023	1Q 2024
Cash, Securities and Other	$ 157,308	$ 140,053	$ 151,178
Consumer and Other	22,183	27,446	18,556
Construction and Development	283,999	347,515	333,284
1-4 Family Residential	889,782	925,984	910,129
Non-Owner Occupied CRE	536,679	546,966	562,862
Owner Occupied CRE	223,449	197,205	194,338
Commercial and Industrial	340,632	336,842	297,573
Total	$ 2,454,032	$ 2,522,011	$ 2,467,920
Loans accounted for at fair value[2]	21,052	14,129	12,276
Total Loans HFI	$ 2,475,084	$ 2,536,140	$ 2,480,196
Loans held-for-sale (HFS)	9,873	7,254	10,470
Total Loans	$ 2,484,957	$ 2,543,394	$ 2,490,666

(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.

Total Loans[1]



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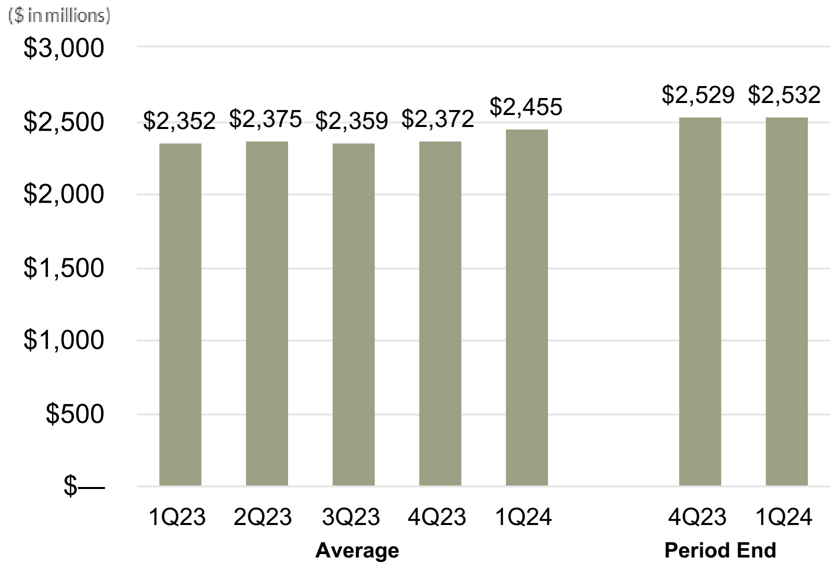
Total Deposits

- Total deposits trending up again in 1Q24, with average balances up 3.5% or 14% annualized over 4Q23
- Success in new business development, with $17 million in new deposit relationships added in 1Q24
- Strongest growth in money market accounts resulting from expanded relationships with existing clients and funds moved from CDs

Deposit Portfolio Composition

	1Q 2023	4Q 2023	1Q 2024
Money market deposit accounts	$ 1,277,988	$ 1,386,149	$ 1,503,598
Time deposits	354,545	496,452	442,834
NOW	192,011	147,488	132,415
Savings accounts	22,319	16,371	18,887
Noninterest-bearing accounts	545,064	482,579	434,236
Total Deposits	**$ 2,391,927**	**$ 2,529,039**	**$ 2,531,970**

Total Deposits



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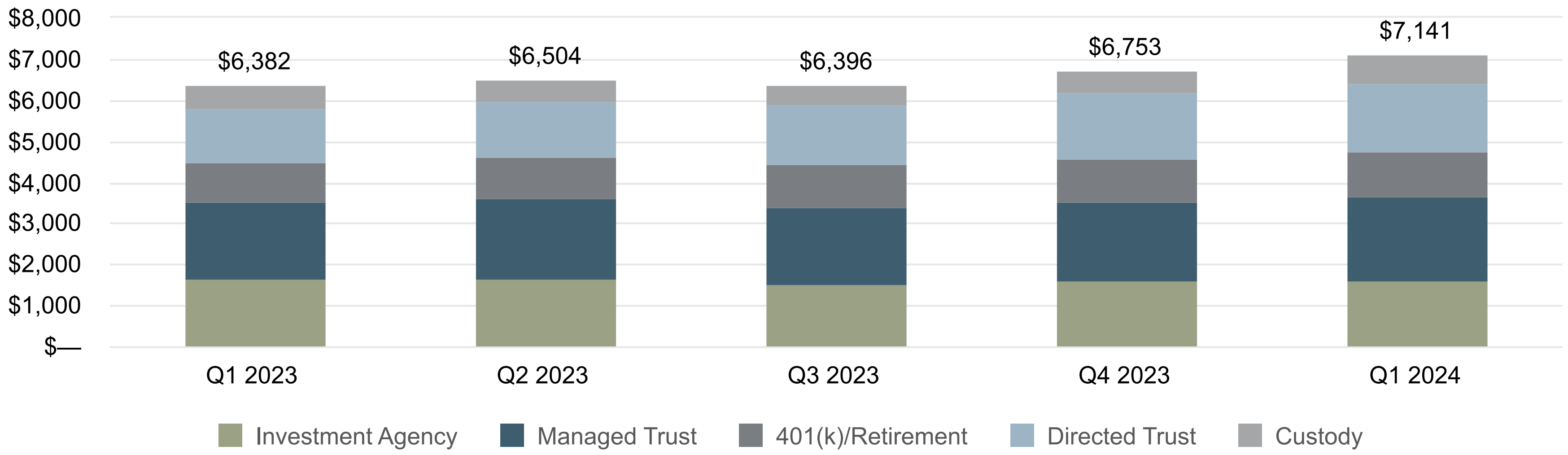
Trust and Investment Management

- Total assets under management increased $388.5 million from December 31, 2023 to $7.1 billion as of March 31, 2024
- Increase in AUM driven by an increase in market values throughout 1Q24, resulting in a 6% increase compared to 4Q23, and a 12% increase year-over-year

Total Assets Under Management

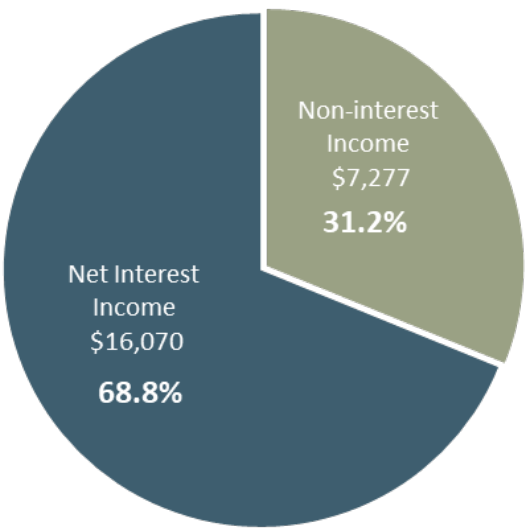
(in millions, as of quarter end)



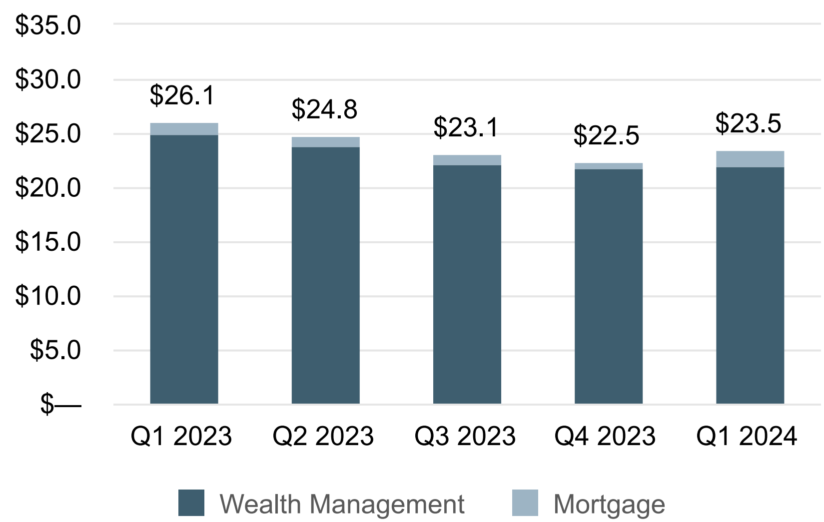
Gross Revenue

- Gross revenue[1] increased 4.6% from prior quarter
- Net interest income relatively consistent with prior quarter
- Non-interest income increased 19.7% from prior quarter

1Q24 Gross Revenue[1]



Gross Revenue[1]



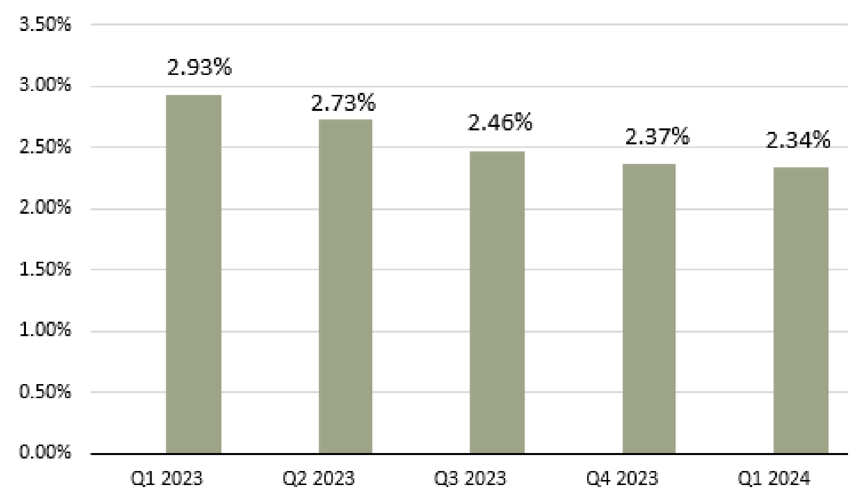
(1) See Non-GAAP reconciliation

Net Interest Income and Net Interest Margin

- Net interest income decreased slightly to $16.1 million, or 1.6%, from $16.3 million in 4Q23, due primarily to higher deposit costs
- Net interest margin decreased 3 bps to 2.34%. The rate of decline in net interest margin has decelerated over the past four quarters, nearing a point of stabilization
- Yield on interest earning assets increased 7 bps from prior quarter
- Repayment of $31 million of borrowings from Bank Term Funding Program in March will reduce level of borrowings in the second quarter of 2024

Net Interest Income

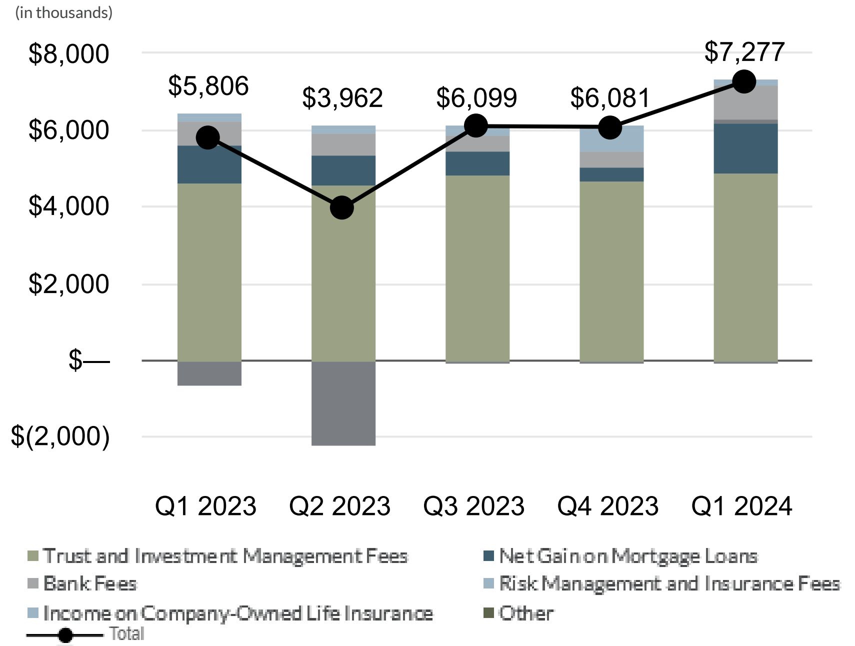
Net Interest Margin



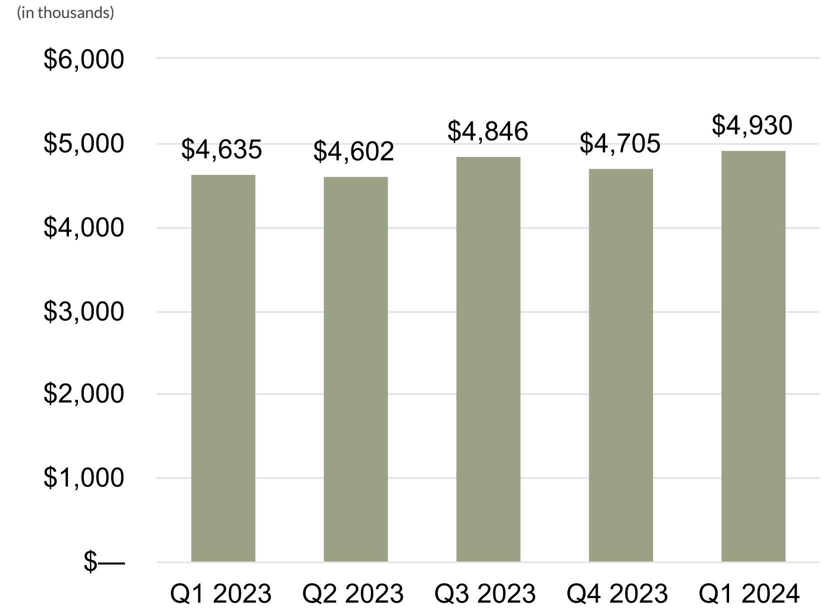
Non-Interest Income

- Non-interest income increased 19.7% from prior quarter
- Increase driven by higher Trust and Investment Management fees, Net Gain on Mortgage Loans, and Bank Fees, partially offset by lower Risk Management and Insurance Fees, which are seasonally higher in the fourth quarter each year
- Mortgage production increased to $91 million from $67 million in prior quarter, primarily due to increased home buying activity in our markets and production from mortgage loan originators hired in 2024
- Increase in Net Gain on Mortgage Loans also resulted from higher average gain on sale margins

Total Non-Interest Income



Trust and Investment Management Fees



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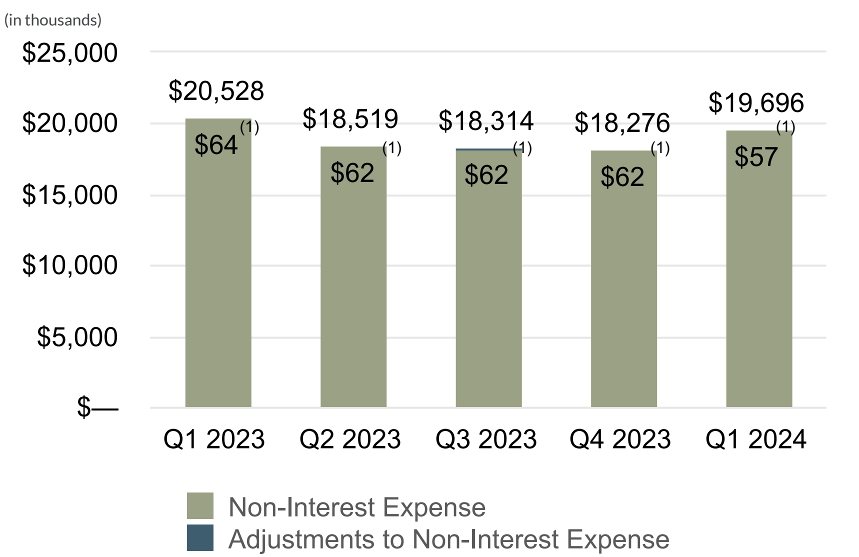
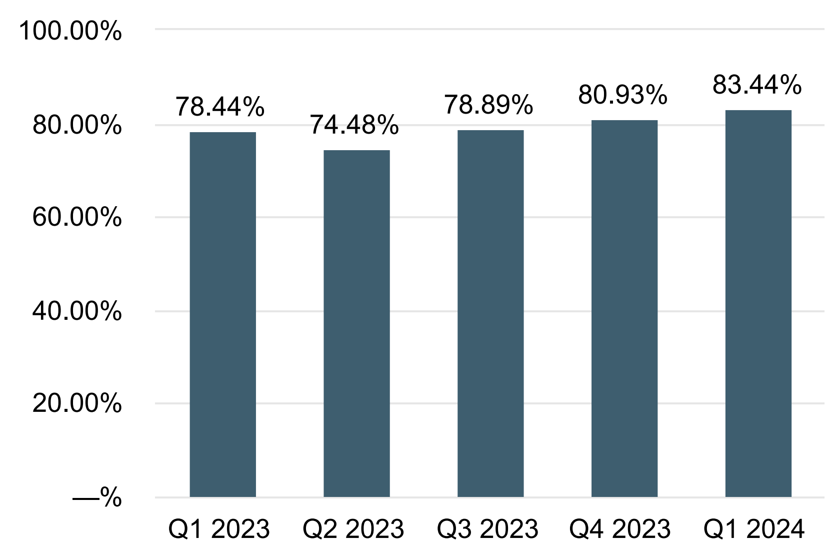
Non-Interest Expense and Efficiency Ratio

- Non-interest expense increased to $19.7 million, primarily due to seasonal impact of higher payroll taxes, higher incentive compensation resulting from improved financial performance, and higher legal costs
- Non-interest expense expected to be relatively consistent over next few quarters with primary variable being incentive compensation dependent upon financial performance

Total Non-Interest Expense



Operating Efficiency Ratio[1]

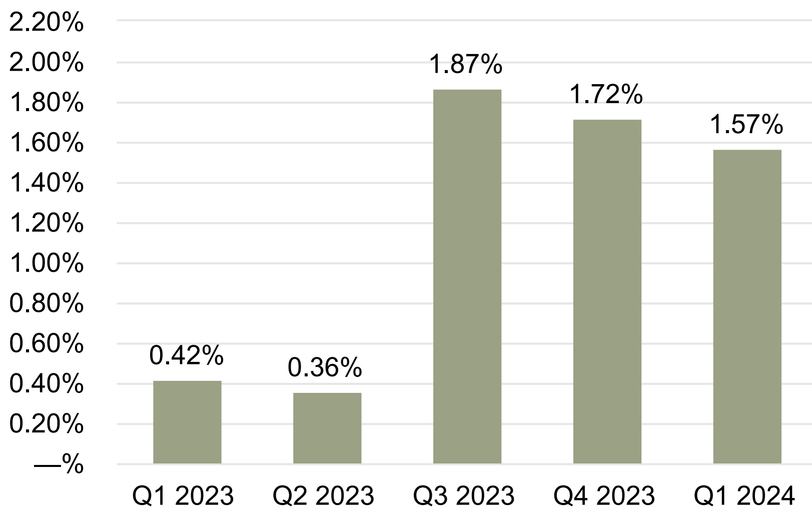


(1) See Non-GAAP reconciliation

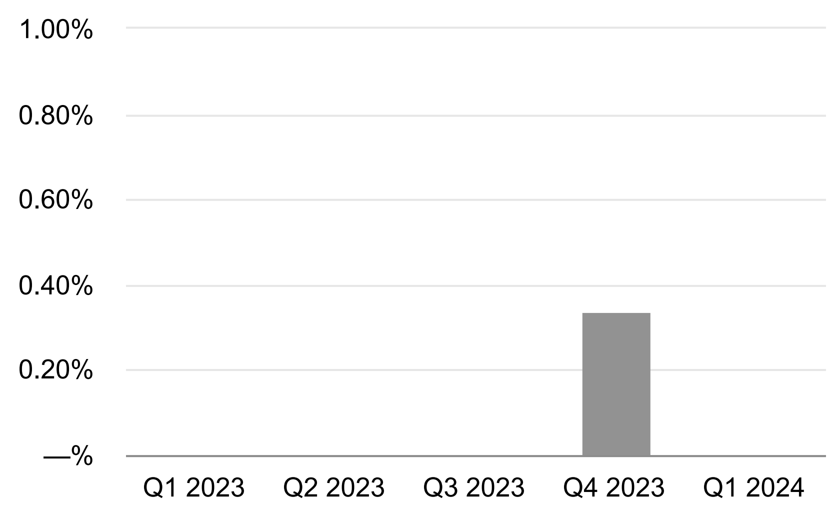
Asset Quality

- NPAs decreased $5.1 million due to the sale of a non-performing construction loan at a gain and a paydown on the largest NPL following the sale of one of the properties held as collateral
- Remainder of portfolio continues to perform well as indicated by a decline in past due loans during the quarter
- ACL/Adjusted Total Loans[1] increased to 1.00% in 1Q24 from 0.95% in 4Q23
- Continue to experience immaterial amount of credit losses
- Multifamily represent just 7% of total loans

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

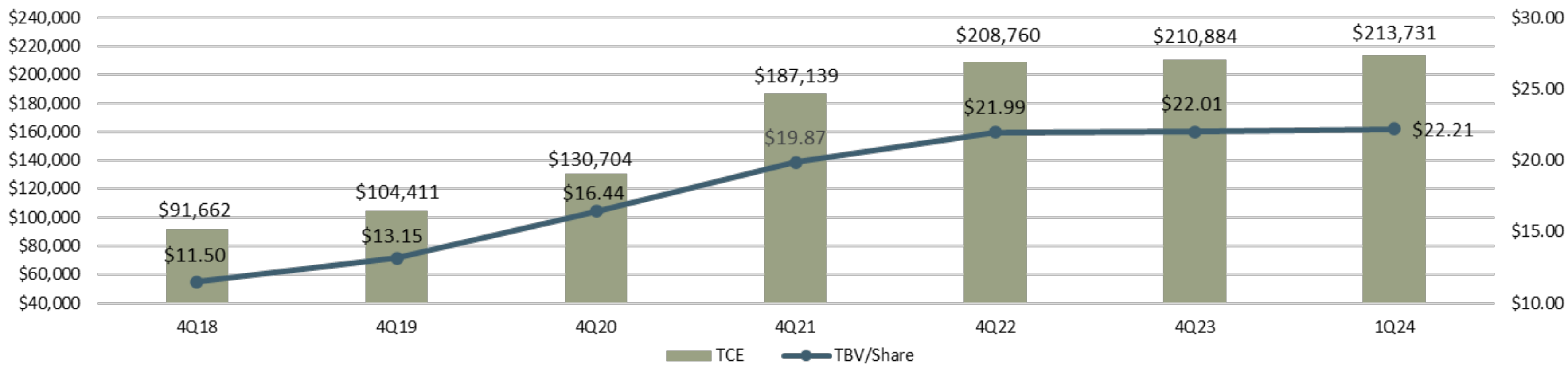
Near-Term Outlook

- Well positioned to manage through and perform well in any economic scenario that emerges in 2024
- Prudent risk management and conservative underwriting criteria expected to result in modest asset growth in 2024 until economic conditions improve
- Deposit gathering will remain a top priority throughout the organization with increased focus on targeting deposit rich industries
- Business development focus remains on full banking relationships with high quality clients who need multiple products and services First Western provides in banking, wealth management, and other areas
- Positive trends in non-interest income expected to continue largely driven by wealth management and mortgage banking businesses
- Progress on working through credits placed on non-performing status
- Increase in TBV/share, capital ratios, and improvement in asset quality provides flexibility to consider additional options for capital utilization
- Strength of franchise and balance sheet enables First Western to continue capitalizing on our attractive markets to consistently add new clients, realize more operating leverage as we increase scale, generate profitable growth, and further enhance the long-term value of our franchise

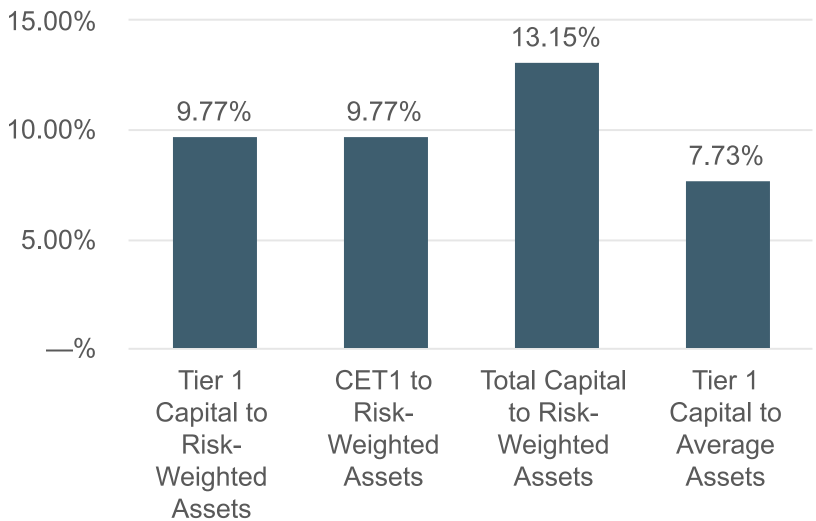
Appendix

Capital and Liquidity Overview

Tangible Common Equity / TBV per Share[1]



Consolidated Capital Ratios (as of 03/31/24)



Liquidity Funding Sources (as of 03/31/24)

(in thousands)

Liquidity Reserves:	
Total Available Cash	$256,492
Unpledged Investment Securities	25,840
Borrowed Funds:	
Secured:	
FHLB Available	722,747
FRB Available	23,430
Other:	
Brokered Remaining Capacity	128,993[2]
Unsecured:	
Credit Lines	29,000
Total Liquidity Funding Sources	**$1,186,502**
Loan to Deposit Ratio	**98.4 %**

(1) See Non-GAAP reconciliation
(2) Based on internal policy guidelines

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Non-GAAP Reconciliation

Consolidated Efficiency Ratio	For the Three Months Ended,				
(Dollars in thousands)	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
Non-interest expense	$20,528	$18,519	$18,314	$18,276	$16,696
Less: amortization	64	62	62	62	57
Adjusted non-interest expense	$20,464	$18,457	$18,252	$18,214	$19,639
Net interest income	$19,573	$18,435	$16,766	$16,331	$16,070
Non-interest income	5,806	3,962	6,099	6,081	7,277
Less: unrealized gains/(losses) recognized on equity securities	10	(11)	(19)	(2)	(6)
Less: impairment of contingent consideration assets	-	(1,249)	-	-	-
Less: net gain/(loss) on loans accounted for under the fair value option	(543)	(1,124)	(252)	(91)	(302)
Less: net gain on equity interests	-	-	-	-	-
Less: net (loss)/gain on loans held for sale at fair value	(178)	-	-	-	117
Adjusted non-interest income	6,517	6,346	6,370	6,174	7,468
Total income	$26,090	$24,781	$23,136	$22,505	$23,538
Efficiency ratio	**78.44%**	**74.48%**	**78.89%**	**80.93%**	**83.44%**

Consolidated Tangible Common Book Value Per Share	As of,						
(Dollars in thousands)	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2023	Mar. 31, 2024
Total shareholders' equity	$116,875	$127,678	$154,962	$219,041	$240,864	$242,738	$245,528
Less:							
Goodwill and other intangibles, net	25,213	19,714	24,258	31,902	32,104	31,854	31,797
Intangibles held for sale(1)	-	3,553	-	-	-	-	-
Tangible common equity	91,662	104,411	$130,704	187,139	208,760	210,884	213,731
Common shares outstanding, end of period	7,968,420	7,940,168	7,951,773	9,419,271	9,495,440	9,581,183	9,621,309
Tangible common book value per share	**$11.50**	**$13.15**	**$16.44**	**$19.87**	**$21.99**	**$22.01**	**$22.21**

Net income available to common shareholders	**$2,515**
Return on tangible common equity (annualized)	**4.71%**

(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, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
Total income before non-interest expense	$24,543	$19,529	$21,647	$13,362	$21,890
Less: unrealized gains/(losses) recognized on equity securities	10	(11)	(19)	(2)	(6)
Less: impairment of contingent consideration assets	-	(1,249)	-	-	-
Less: net gain/(loss) on loans accounted for under the fair value option	(543)	(1,124)	(252)	(91)	(302)
Less: net gain on equity interests	-	-	-	-	-
Less: net (loss)/gain on loans held for sale at fair value	(178)	-	-	-	117
Plus: (release) provision for credit loss	(310)	1,843	329	$8,493	72
Gross revenue	**$24,944**	**$23,756**	**$22,247**	**$21,948**	**$22,153**

Mortgage Gross Revenue	For the Three Months Ended,				
(Dollars in thousands)	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
Total income before non-interest expense	$1,146	$1,025	$889	$557	$1,385
Plus: provision for credit loss	-	-	-	-	-
Gross revenue	**$1,146**	**$1,025**	**$889**	**$557**	**$1,385**

Consolidated Gross Revenue	For the Three Months Ended,				
(Dollars in thousands)	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
Total income before non-interest expense	$25,689	$20,554	$22,536	$13,919	$23,275
Less: unrealized gains/(losses) recognized on equity securities	10	(11)	(19)	(2)	(6)
Less: impairment of contingent consideration assets	-	(1,249)	-	-	-
Less: net gain/(loss) on loans accounted for under the fair value option	(543)	(1,124)	(252)	(91)	(302)
Less: net gain on equity interests	-	-	-	-	-
Less: net (loss)/gain on loans held for sale at fair value	(178)	-	-	-	117
Plus: (release) provision for credit loss	(310)	1,843	329	8,493	72
Gross revenue	**$26,090**	**$24,781**	**$23,136**	**$22,505**	**$23,538**

Gross Revenue excluding net gain on mortgage loans			
(Dollars in thousands)	March 31, 2023	December 31, 2023	March 31, 2024
Gross revenue	$26,090	$22,505	$23,538
Less: net gain on mortgage loans	1,019	379	1,264
Gross revenue excluding net gain on mortgage loans	**$25,071**	**$22,126**	**$22,274**

Non-GAAP Reconciliation

Pre-tax, pre-provision net income	For the Three Months Ended,		
(Dollars in thousands)	March 31, 2023	December 31, 2023	March 31, 2024
Income before income taxes	$5,161	$(4,357)	$3,579
Plus: provision (release) for credit losses	(310)	8,493	72
Pre-tax, pre-provision (release) net income	**$4,851**	**$4,136**	**$3,651**

Allowance for credit losses to Bank originated loans excluding PPP	As of				
(Dollars in thousands)	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024
Total loans held for investment	$2,475,084	$2,501,926	$2,536,503	$2,536,140	$2,480,196
Less: PPP loans	6,100	5,558	4,876	4,343	3,779
Less: Purchased loans accounted for under fair value ("FVO")	21,052	18,274	16,105	14,129	12,276
Adjusted Loans excluding acquired, PPP and FVO	$2,447,932	$2,478,094	$2,515,522	$2,517,668	$2,464,141
Allowance for credit losses	19,843	22,044	23,175	23,931	24,630
Allowance for credit losses to adjusted loans	**0.81%**	**0.89%**	**0.92%**	**0.95%**	**1.00%**