



FIRST western

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

KBW Conference Presentation
July 2019

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MYFW: Our Five Core Strengths

Differentiated, Proven in the Marketplace

- **Niche-focused** franchise headquartered in Denver, Colorado
- Well-positioned in many **attractive markets** in Arizona, California, Colorado and Wyoming
- **Specialized central expertise** to compete with siloed national, regional firms
- Delivered through **local, boutique trust banking teams** so clients “owned” by MYFW, not associates

Built in Operating Leverage

- **Strong profit center margins at maturity**, growth opportunities in current and new markets
- **Revenue growth** in both fee income and net interest income, with liability sensitive balance sheet
- Scalable, **leveragable high fixed cost Product and Support Centers**
- Operating **expense investment already in place** for growth and expansion

Highly Desirable Recurring Fee Income

- **~50% fee income**, consistently through MYFW history
- Primarily **recurring** trust and investment management (“TIM”) fees
- **Low risk, “sticky” wealth/trust business** with comprehensive product offering
- **Multiple entry points with ConnectView®** – proprietary review process to service, **cross-sell**

Experienced, Tested Team

- Executives are **major bank/professional firm trained**, with deep relationships in communities
- Achieved **growth through** business and economic **cycles**, capital constraints
- Healthy relationship with all regulators with **strong risk management** culture
- CEO with **proven track record** for creating value in previous bank ownership

Unique Opportunity for Investors

- At critical mass but small market share, **many current and new market** opportunities
- **Proven ability to expand: (1) Organically, (2) By expansion and (3) By acquisition**
- Few large Colorado bank alternatives for investors and clients, creating **lift-out opportunities**
- **MYFW was capital constrained**: IPO provided growth capital, paid off high cost capital, debt

First Western’s core strengths provide the foundation for driving shareholder value

A Unique and Attractive Investment

MYFW's core strengths provide the foundation for driving shareholder value

Differentiated, Proven in the Marketplace

Built-in Operating Leverage

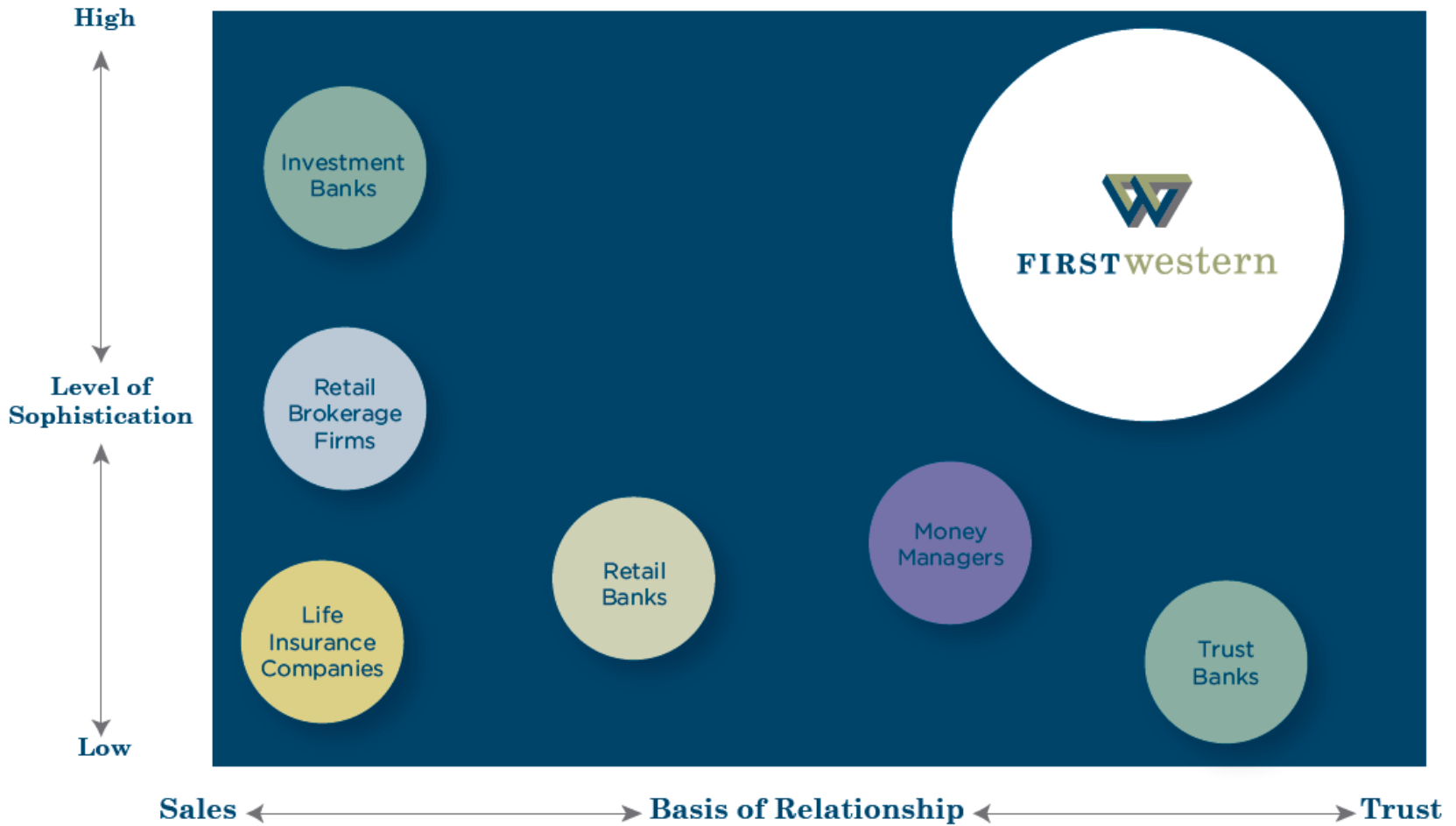
Highly Desirable Recurring Fee Income

Experienced, Tested Team

Unique Opportunity for Investors

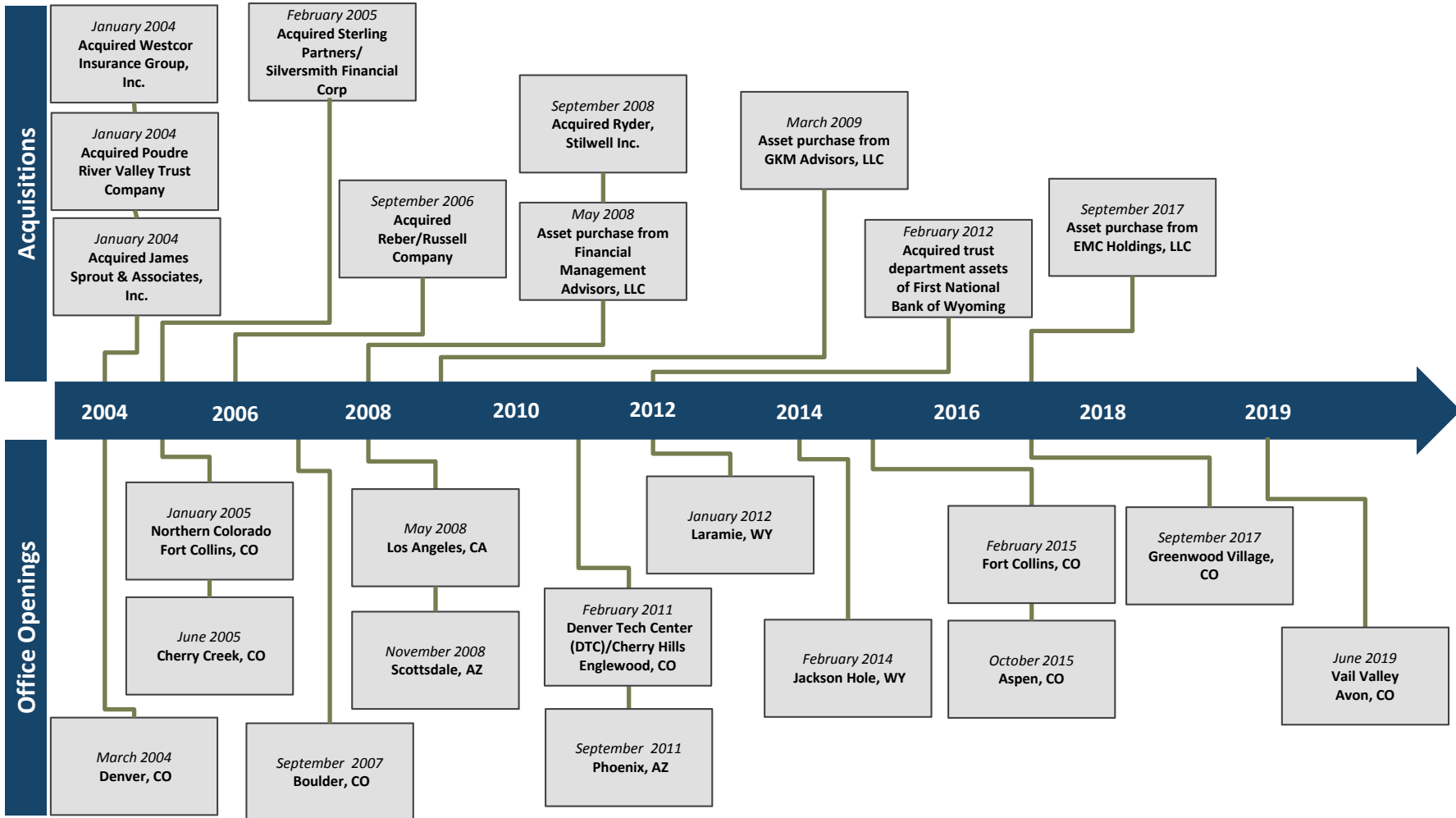
Rationale for Starting First Western

Competition is Everyone and No One

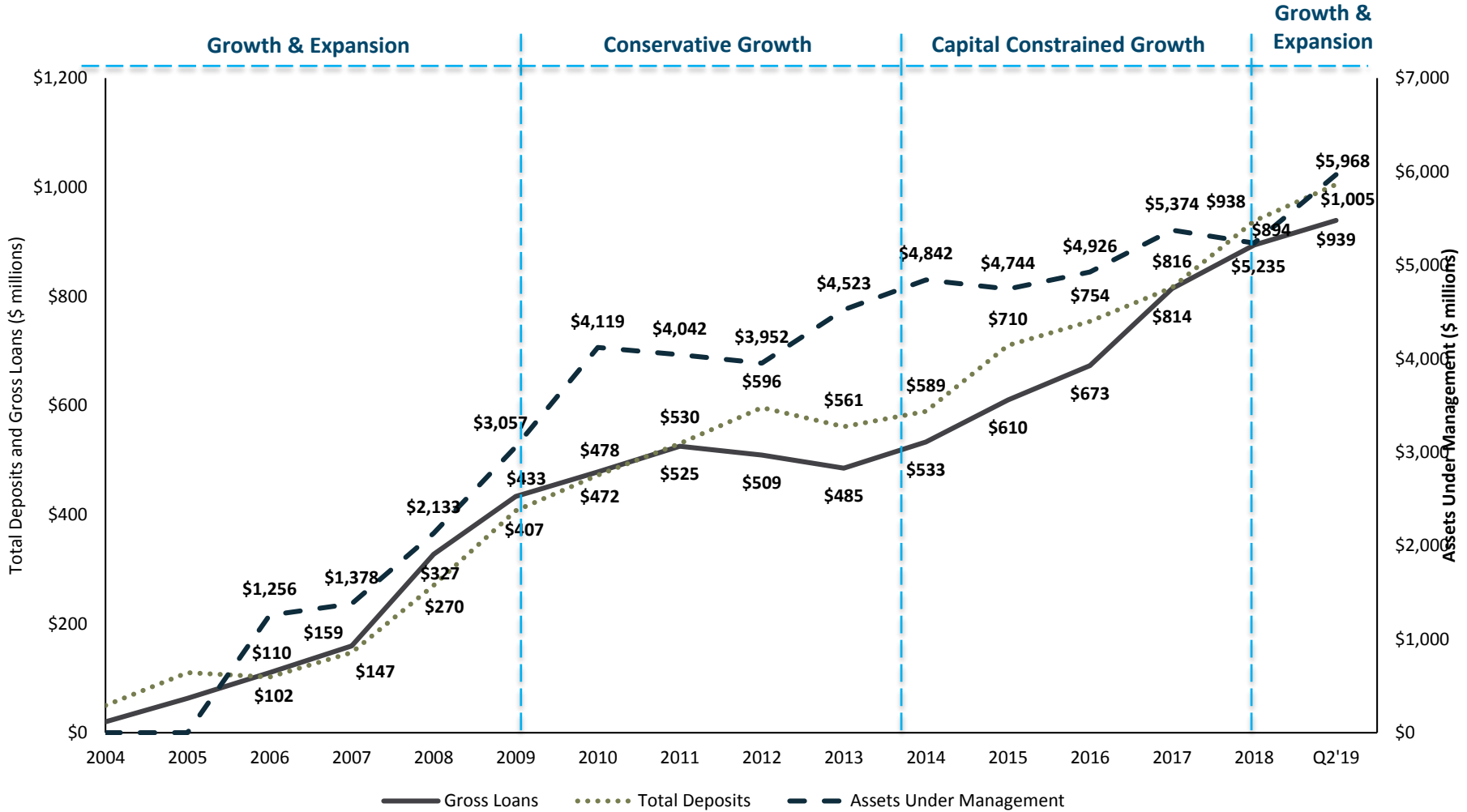




Success in Expansion and Acquisition Growth



Emerging From a Cycle of Capital Constraint



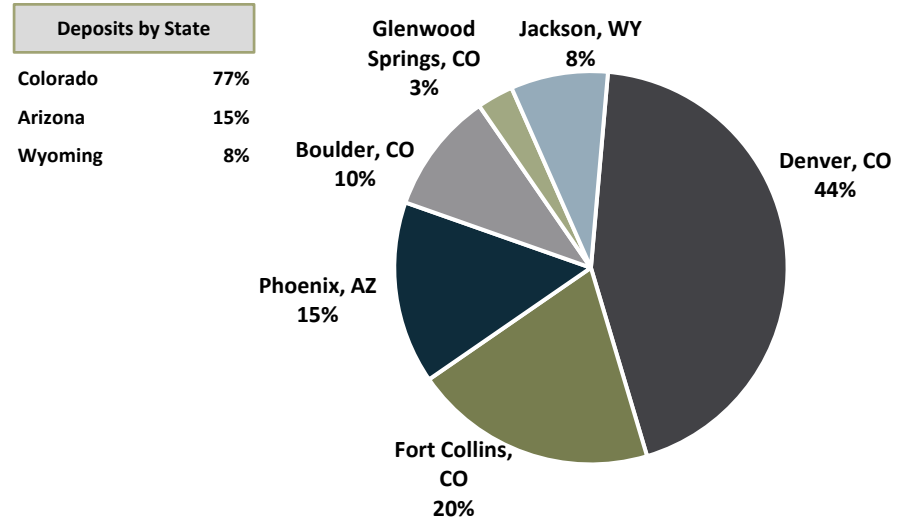


Great Markets, Scarce Investment Opportunity

First Western Market Favorability⁽¹⁾

- **Denver, Colorado (2018)**
 - #1 best metro for small business employment
 - #5 best economy among large U.S. cities, population tripled ('00)
 - Employment reached record-high in 2Q 2018 (up 4.1% YoY)
- **Fort Collins, Colorado (2017)**
 - #1 for stable & growing housing market
 - Manufacturing for Anheuser-Busch, Broadcom, Intel
- **Phoenix, Arizona (2017)**
 - Total personal income rose 4.3% for state
 - Employment increased 3.5% for state
 - #3 in personal income growth, #5 for economic momentum

Deposits by MSA⁽²⁾



Colorado Chartered Banks (Assets > ~\$1.0 billion)

As of March 31, 2019	Current Ownership	Total Assets (\$bn)
FirstBank	Private	19.0
NBH Bank	Public (NYSE: NBHC)	5.8
Bank of Colorado	Private (Sub. of Pinnacle Bancorp-NE)	4.1
Sunflower Bank	Private	3.8
Alpine Bank	Private	3.7
ANB Bank	Private	2.6
Citywide Banks	HTLF (Acquired in 2017)	2.2
First Western Trust Bank	Public (Nasdaq: MYFW)	1.1

MSA	State	Market Share	Projected % Change in HHI of \$200M + (2019-2024) ⁽³⁾
Denver-Aurora-Lakewood	CO	0.45	35.49
Fort Collins	CO	2.15	44.99
Phoenix-Mesa-Scottsdale	AZ	0.13	41.62
Boulder	CO	0.83	28.76
Jackson	WY/ID	2.90	21.42
Glenwood Springs	CO	1.17	24.61
National Average			31.93

Small market share and growing household income means lots of room to grow

(1) Source: 2018 Downtown Denver Partnership Report; Ft. Collins Chamber of Commerce; University of Arizona; Fed Funds Info; Realtor.com.

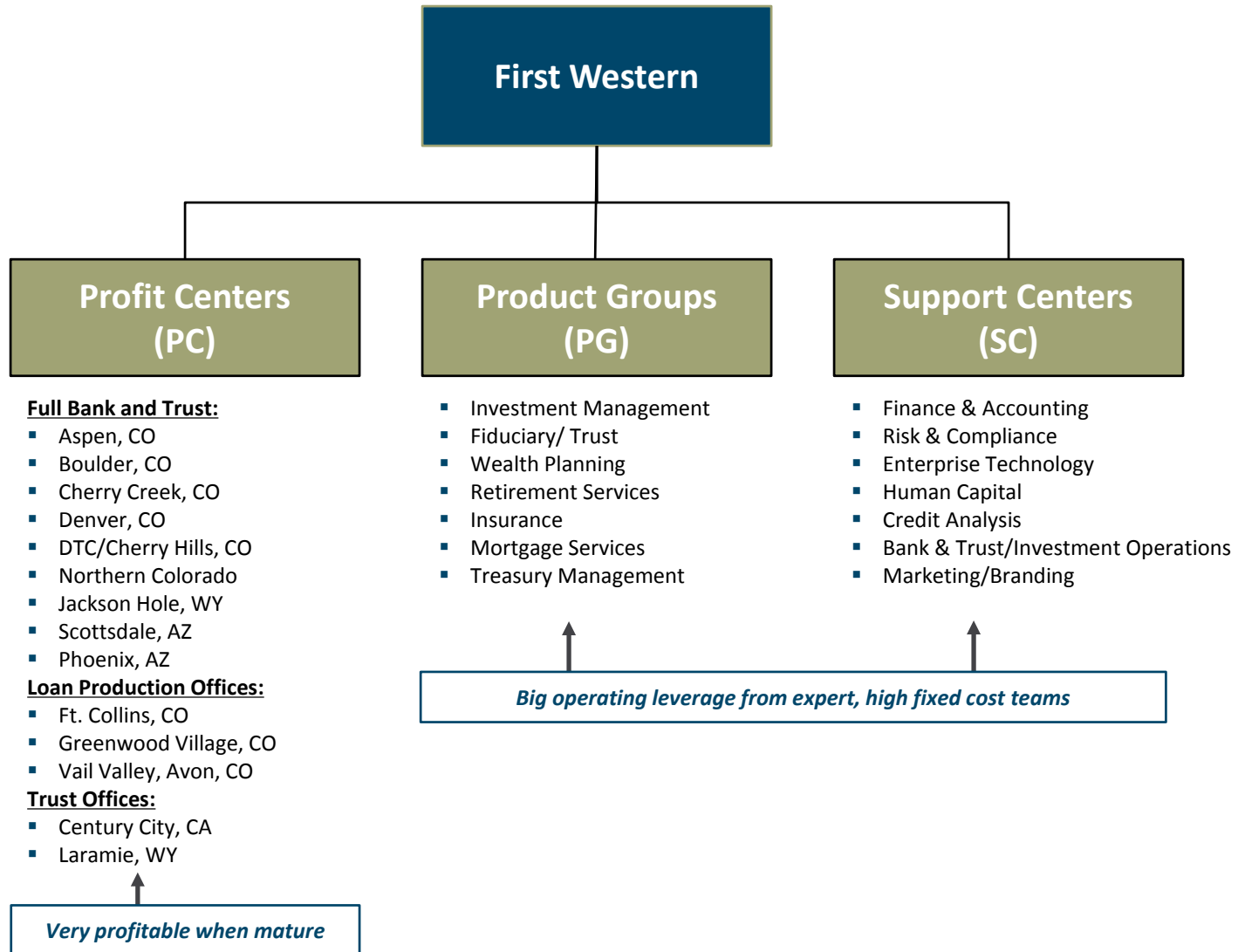
(2) Source: S&P Global Market Intelligence as of 06/30/2018.

(3) Percentage income growth for households with over \$200,000 in current household income (HHI).

Note: Demographic data provided by Nielsen per US Census data.

Organizational Structure Built for Scale

Our local, boutique private trust bank offices compete with the biggest wealth managers in the country...



Acquire, Cross Sell Clients Using Product Groups

Our local profit centers team with specialized product experts through ConnectView®

Commercial Banking

- Corporate loans to match specific needs
- Well-versed in working with **complex cash flows and business models**
- Customized treasury management products and services

Retirement / 401(k) Plan Consulting

- **Retirement plan consultants** partnering with businesses to sponsor retirement plans
- Creative corporate retirement plan design, analysis solutions, fiduciary liability management
- HSAs, third party administrative services, ERISA compliance and education

Residential Mortgage Lending

- Mortgage banking **specializing in high net worth lending**
- Underwritten to Fannie Mae and Freddie Mac guidelines
- Portfolio lending and secondary sales

Wealth Planning

- Wealth planning with specialized services (e.g. philanthropic)
- **Proprietary ConnectView® approach**, with access to CFPs, CPAs and estate planning attorneys
- Charitable giving tax strategies, deferred-compensation plans, life insurance, key person insurance

Investment Management

- Provide a **broad range of asset and sub asset classes**
- Create unique solutions through internal research, proprietary and third-party investment options
- Central team creates the platform for Portfolio Managers to service clients, manage accounts

Trust

- **Fiduciary wealth management** with expert review of client objectives, creating solutions
- Irrevocable life insurance trust, conservatorship, successor trustee, directed custodial trusteeship
- WY tax-exempt asset protection, special needs trusts, escrow services, family office services

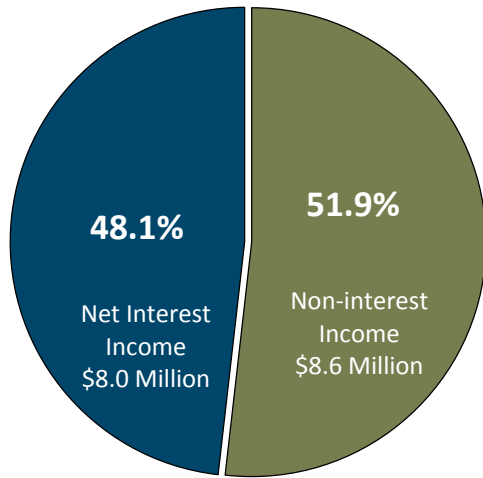


Our High-Quality, Recurring Revenues

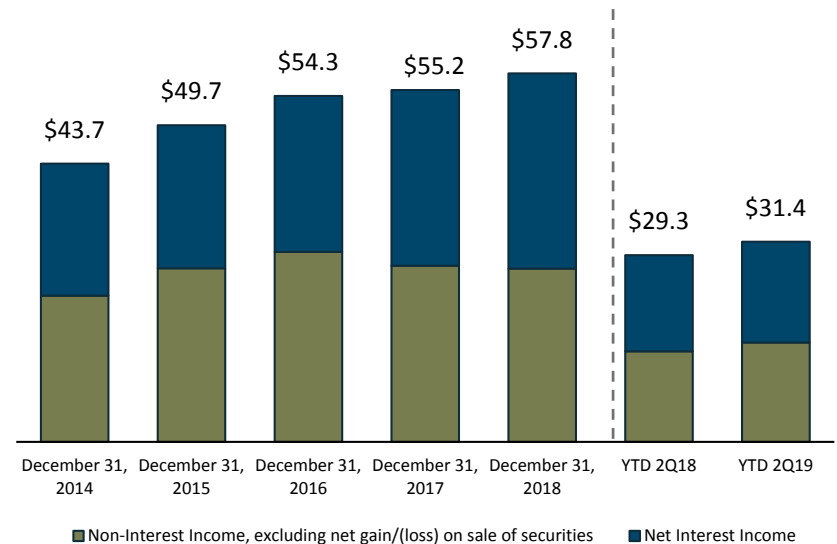
Earnings Themes

- Diverse, stable, desirable revenue mix
- Attractive markets and business model
- Robust earnings growth
- Investments made in long term growth
- Significant opportunities to improve operating leverage

Q2'19 Gross Revenue



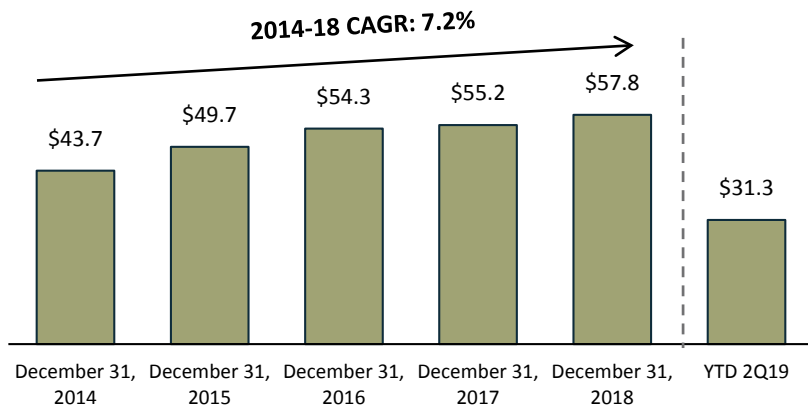
Gross Revenue⁽¹⁾ (\$millions)



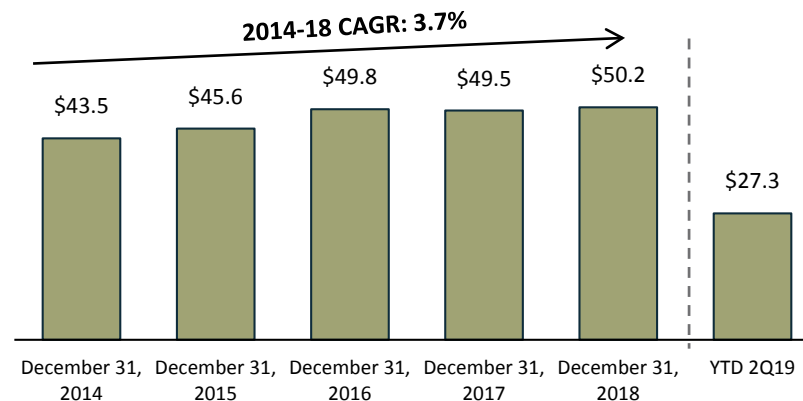
(1) See Non-GAAP reconciliation

Revenue Growth Exceeding Expense Growth

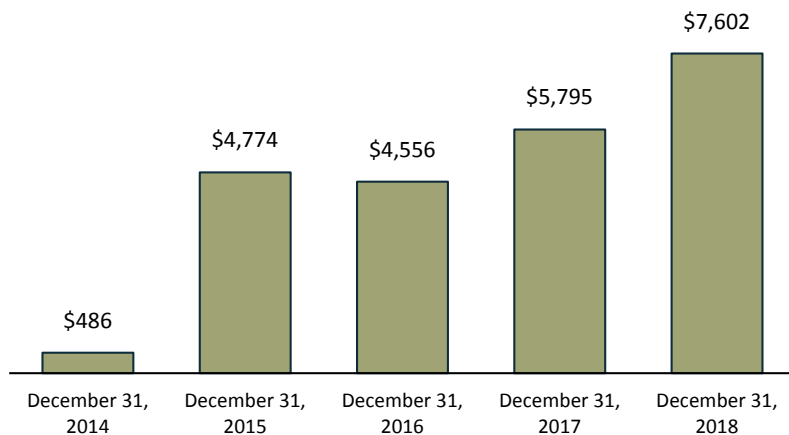
Gross Revenue⁽¹⁾ (\$millions)



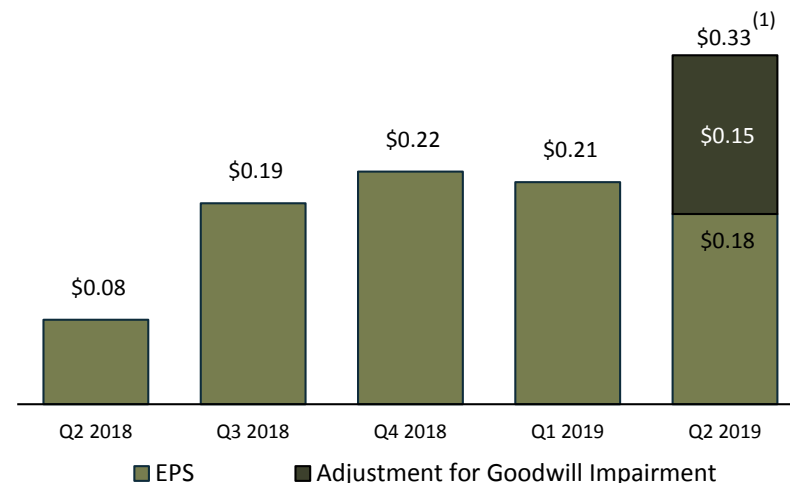
Total Non-Interest Expenses (\$millions)



2014-2018 Pre-Tax, Pre-Provision Income⁽¹⁾ (\$000s)



Earnings Per Share



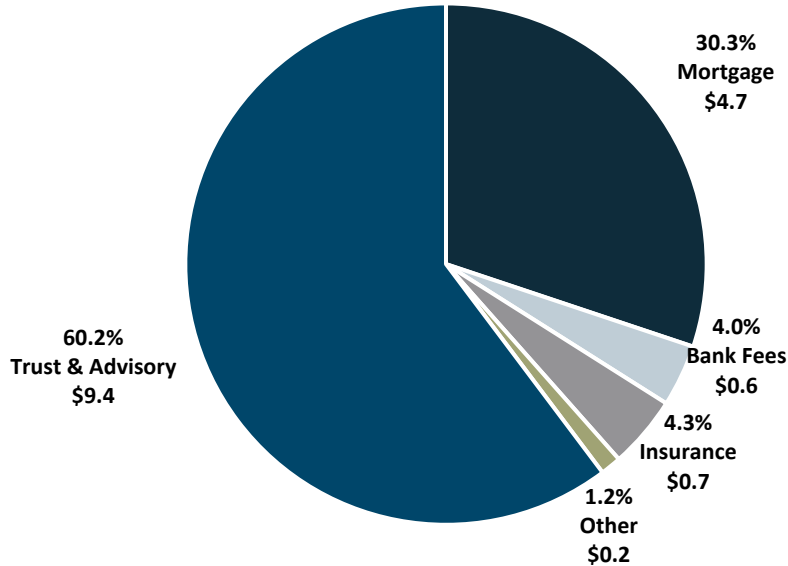
(1) See Non-GAAP reconciliation



Diverse Sources of Fee Income

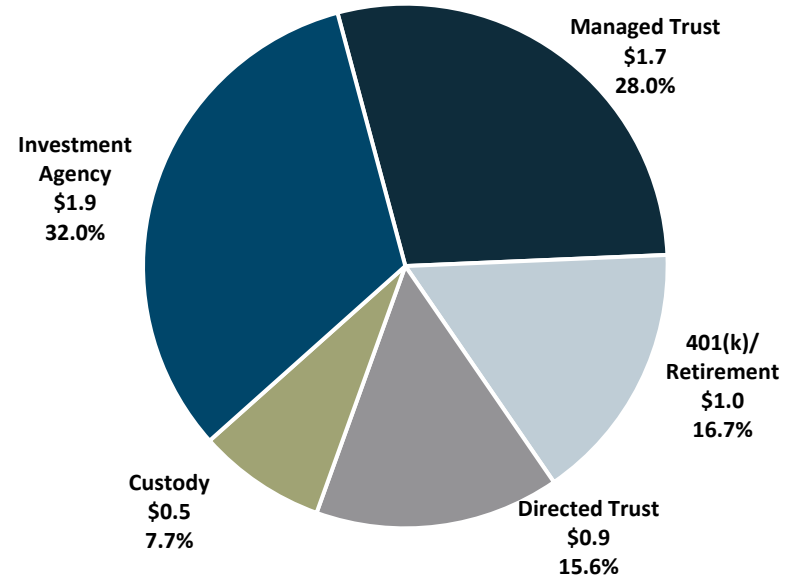
YTD 2019 Non-Interest Income (\$millions)

\$15.6 million



AUM Composition⁽¹⁾ by Account Type (\$billions)

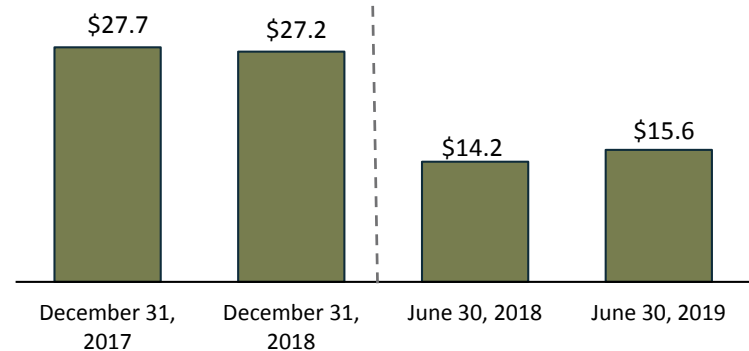
\$6.0 billion



Trust and Investment Management

- Guided architecture
- Customized investment solutions
- Internally manage ~\$1.0 billion in AUM

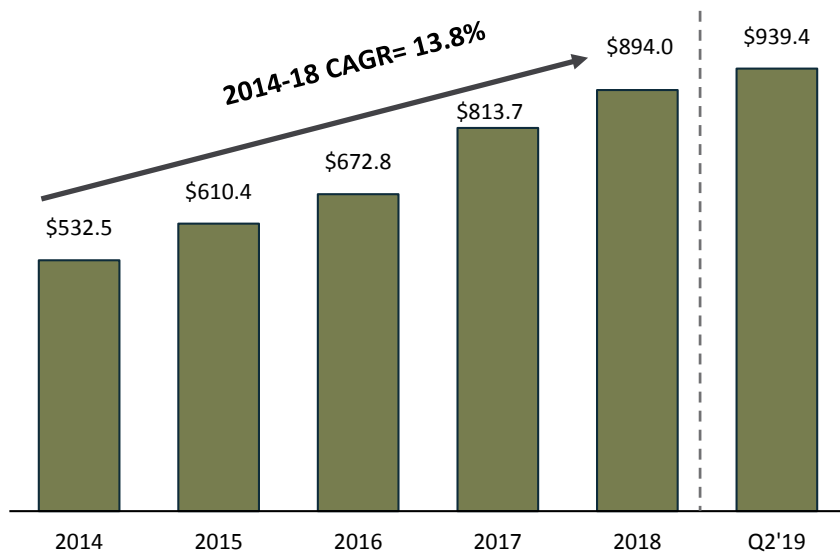
Non-Interest Income (\$millions)



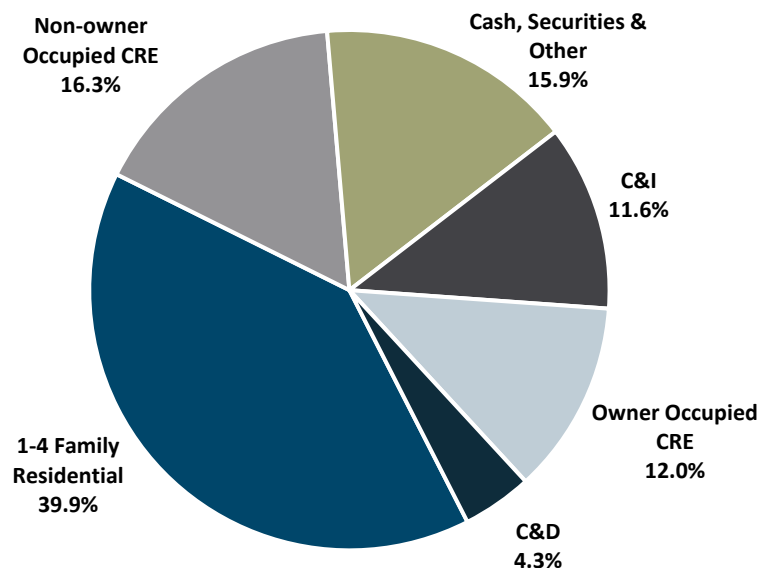
(1) As of or for the six months ended June 30, 2019 (unaudited). Totals may not add up due to rounding.

Our Balanced, Private Banking Loan Portfolio

Historical Gross Loans (\$millions)



Q2 2019 Loan Portfolio by Collateral Type ⁽¹⁾



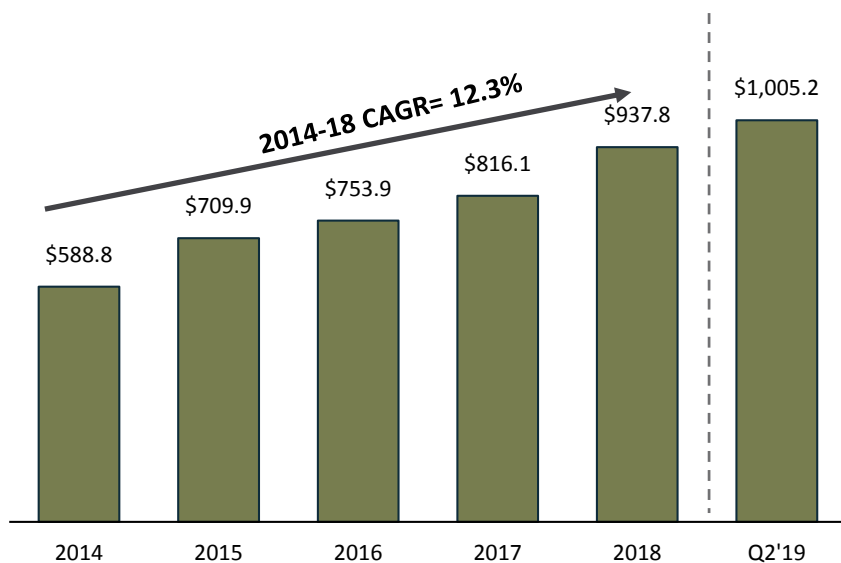
Lending Strategy

- Gross loans increased 11.5% from June 30, 2018
- Well balanced loan production driving growth in all areas except for commercial real estate
- Added production from mortgage acquisition
- Return on equity based relationship pricing
- High net worth, relationship lending model

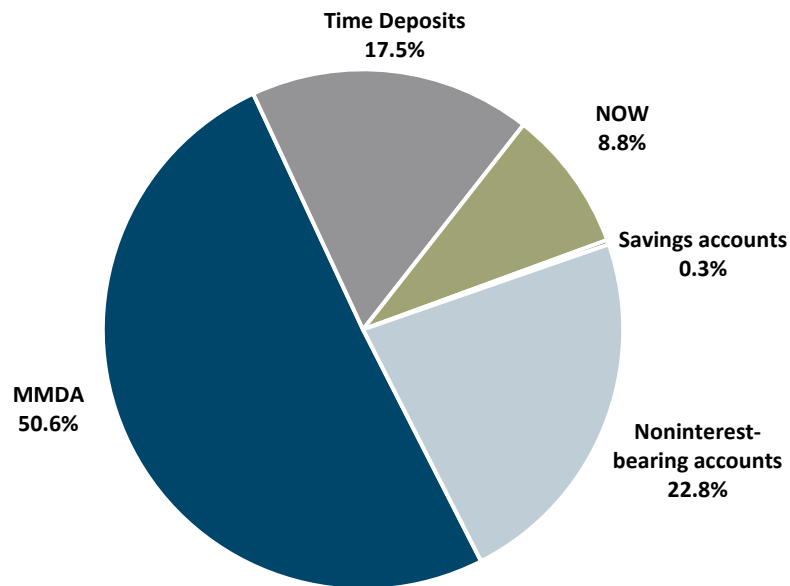
(1) As of June 30, 2019, excluding deferred costs, net

A Balanced, Growing Core Deposit Base

Historical Total Deposits (\$millions)



Q2 2019 Deposit Composition⁽¹⁾



Deposit Strategy

- Total deposits increased 19.1% from June 30, 2018
- Cross-sell additional products and services to depositors
- Relationship lending, trust/IM deposits
- Generate leads through BDOs and Treasury Management

(1) As of June 30, 2019.



MYFW's Embedded Earnings Growth Drivers

Removed Capital Constraints

- Lowered capital costs by ~\$2.7 million (after-tax) per year
- Historical balance sheet growth was **Basel III constrained to qualify as small BHC (<\$1 billion in assets)**

Reduce Expenses and Improve Operating Efficiency

- **Eliminated redundancies and rent** expense in 2018
- Capital investment in **platform** is now **in place**
- **Minimal incremental** back office **expense needed** to support continued growth
- **Integrating technology into operations**

Added Revenue Generators

- Experienced **executive leadership** added in 2018
- Added **wealth advisors/BDOs**
- **Added MLOs** in offices in 2018 and 2019
- Generate **referrals** for new client relationships
- Develop **new products** to meet the needs of our clients

Drive Client Acquisition and Increase Share of Wallet

- Added client relationship and **profitability tools**
 - Managed centrally by **treasury desk**
- **Build out existing markets** and employ highly capable associates with local market experience/relationships
- Identify new markets to **establish profit centers** without a proportionate increase in product group or support center expenses



Outlook

- Business development platform expected to continue to gain traction and drive further increases in gross revenue
- Second half of 2019 expected to be as strong as the first half
- Mortgage activity expected to remain strong
- Continued improvement in operating efficiencies despite further investment in revenue generating positions
- Expansion into Vail Valley market enhances new business development opportunities
- Share repurchase program supports attractive investment opportunity



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Appendix





Non-GAAP Reconciliation

<i>Consolidated Pre-tax, Pre-provision Income</i> <i>(Dollars in thousands)</i>	For the Twelve Months Ended December 31,				
	2014	2015	2016	2017	2018
Net Income, as reported	\$10,990	\$2,650	\$2,302	\$2,023	\$5,647
Provision for loan losses	1,455	1,071	985	788	180
Income tax (benefit) expense	(11,959)	1,053	1,269	2,984	\$1,775
Pre-tax, Pre-provision Income	\$486	\$4,774	\$4,556	\$5,795	\$7,602

<i>Impact of Goodwill impairment – Net income available to common shareholder</i> <i>(Dollars in thousands, except per share data)</i>	For the Three Months Ended, June 30, 2019
Net income available to common shareholders	\$1,404
Plus: Goodwill impairment including tax Impact	1,182
Adjusted net income to common shareholders	\$2,586

<i>Impact of Goodwill impairment – Earnings Per Share</i> <i>(Dollars in thousands, except per share data)</i>	For the Three Months Ended, June 30, 2019
Earnings per share	\$0.18
Plus: Goodwill impairment including tax impact	0.15
Adjusted earnings per share	\$0.33

<i>Consolidated Efficiency Ratio</i> <i>(Dollars in thousands)</i>	For the Three Months Ended,				
	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019
Non-interest expense	\$13,084	\$12,176	\$11,649	\$12,602	\$14,659
Less: Amortization	230	208	163	173	142
Less: Goodwill impairment	-	-	-	-	1,572
Adjusted non-interest expense	\$12,854	\$11,968	\$11,486	\$12,429	\$12,945
Net interest income	\$7,577	\$7,788	\$7,899	\$7,971	\$7,960
Non-interest income	6,892	6,638	6,351	6,976	8,586
Total income ⁽¹⁾	\$14,469	\$14,426	\$14,250	\$14,947	\$16,546
Efficiency ratio	88.8%	83.0%	80.6%	83.2%	78.2%

(1) Quarterly information has not been audited.



Non-GAAP Reconciliation

<i>Consolidated Gross Revenue</i> <i>(Dollars in thousands)</i>	For the Years Ended,				
	2014	2015	2016	2017	2018
Total income before non-interest expense	\$42,533	\$49,339	\$53,394	\$54,501	\$57,617
Less: Net gain on sale of securities	321	717	114	81	-
Plus: Provision for credit loss	1,455	1,071	985	788	180
Gross revenue	\$43,667	\$49,693	\$54,265	\$55,208	\$57,797

<i>Consolidated Gross Revenue</i> <i>(Dollars in thousands)</i>	For the Six Months Ended ⁽¹⁾ June 30,	
	2018	2019
Total income before non-interest expense	\$29,308	\$31,377
Plus: Provision for (recovery of) credit loss	116	(78)
Gross revenue	\$29,424	\$31,299

(1) Quarterly information has not been audited.