FIRSTwestern

# INVESTOR PRESENTATION

August 2022

# Safe Harbor

This presentation contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements reflect the current views of First Western Financial, Inc.'s ("First Western") management with respect to, among other things, future events and First Western's financial performance. These statements are often, but not always, made through the use of words or phrases such as "may," "should," "could," "predict," "potential," "believe," "will likely result," "expect," "continue," "will," "anticipate," "seek," "estimate," "intend," "plan," "project," "future" "forecast," "goal," "target," "would" and "outlook," or the negative variations of those words or other comparable words of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about First Western's industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond First Western's control. Accordingly, First Western cautions you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. Although First Western believes that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. Those following risks and uncertainties, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements: the COVID-19 pandemic and its effects; integration risks in connection with acquisitions; the risk of geographic concentration in Colorado, Arizona, Wyoming, Montana, and California; 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, 2022 and other documents we file with the SEC from time to time. All subsequent written and oral forward-looking statements attributable to First Western or persons acting on First Western's behalf are expressly qualified in their entirety by this paragraph. Forward-looking statements speak only as of the date of this presentation. First Western undertakes no obligation to publicly update or otherwise revise any forward-looking statements, whether as a result of new information, future events or otherwise (except as required by law).

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# An Emerging High Performing Institution

**Overview**

- Niche-focused regional wealth manager built on a private trust bank platform
- Headquartered in Denver, Colorado and positioned in desirable, affluent and high growth markets

**Target Market**

- Households of $1+ million liquid net worth
- High net worth and high growth markets
- Colorado, Arizona, Wyoming, California and Montana

**Competitive Advantage**

- Operates as one integrated firm, not silos
- Team approach benefits both clients and First Western
- Local boutique private trust bank offices with central product experts

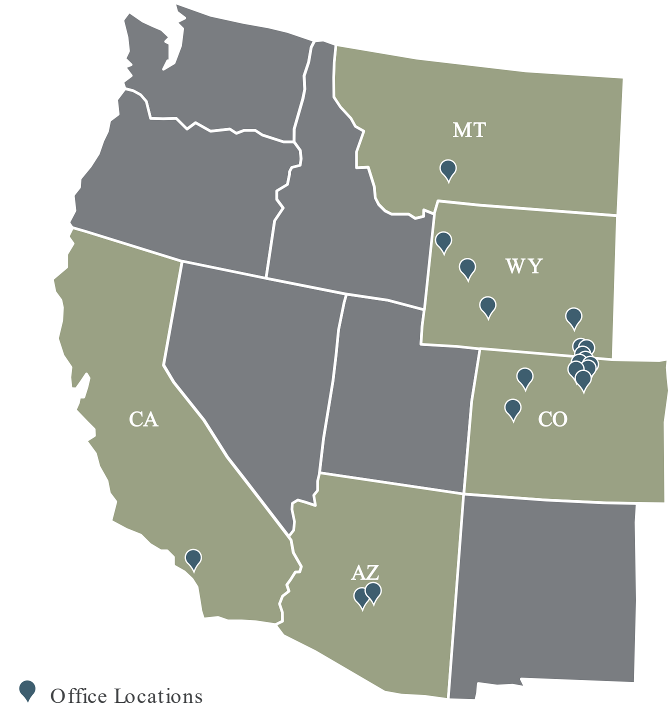
**Company Highlights**

*(as of 6/30/22)*

- Assets: $2.54 billion
- Total Loans: $2.15 billion
- Total Deposits: $2.17 billion
- AUM: $6.28 billion

*(for the year ending 12/31/21)*

- Loan Growth: 17.0%
- Deposit Growth: 36.2%
- Asset Growth: 28.1%
- TBV/ Share[1] Growth: 20.9%




HOVDE'S HIGH PERFORMERS CLASS OF 2022

HOVDE'S HIGH PERFORMERS CLASS OF 2021

PIPER | SANDLER

2021 Bank & Thrift Sm-All Stars

(1) See Non-GAAP reconciliation



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# Investment Highlights

**Attractive Markets and Business Model**

- Rapidly growing institution operating in high growth markets
- Attractive, stable deposit base with noninterest-bearing and money market accounts comprising 78% of total deposits
- Conservative underwriting and affluent client base results in exceptional asset quality with minimal credit losses

**Strong Earnings Momentum**

- Significant revenue growth driving improved operating leverage and higher profitability
- TBV/ share(1) increased 25% in 2020 and 21% in 2021
- Continued scale expected to drive further leverage and generate returns consistent with a high performing institution over long term
- Acquisition of Teton Financial Services, Inc. provides additional catalyst for earnings growth in 2022

**Proven Execution on Growth Strategies**

- Track record of generating organic growth, expansion and acquisitions
- Total assets up 58% in 2020 and 28% in 2021 with substantial increases in revenue and EPS
- Strengthening commercial banking platform creating more diverse loan portfolio and lower-cost deposit base

**High Insider Ownership and Discounted Valuation**

- Highly aligned with shareholder interests as insiders own ~18% of total shares outstanding(2)
- Discounted valuation trading at just 1.36x TBV/ share(3)

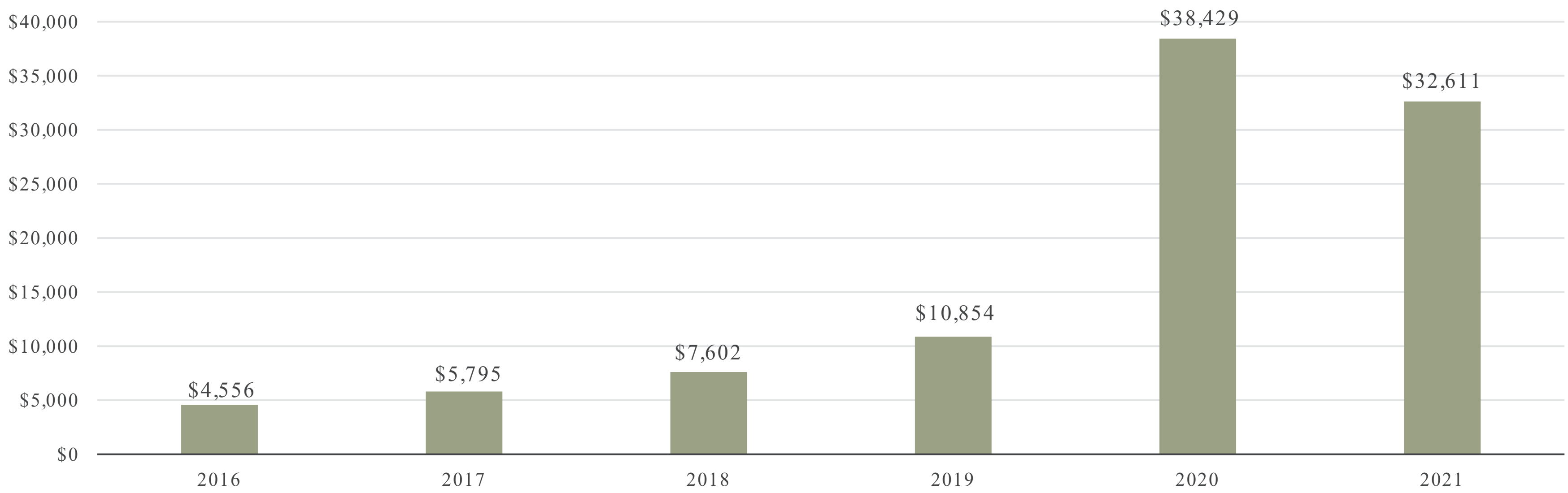
(1) See Non-GAAP reconciliation
(2) Represents beneficial ownership as defined by the Proxy Statement
(3) As of July 29, 2022

# Strong Operational and Financial Momentum

## Drivers of Improved Performance

- Robust balance sheet growth
- Higher fee income driven by strengthened mortgage team
- Consistent new client acquisition activity driving growth in assets under management
- Highly leverageable operating platform driving improved efficiencies
- Outstanding asset quality and low credit costs

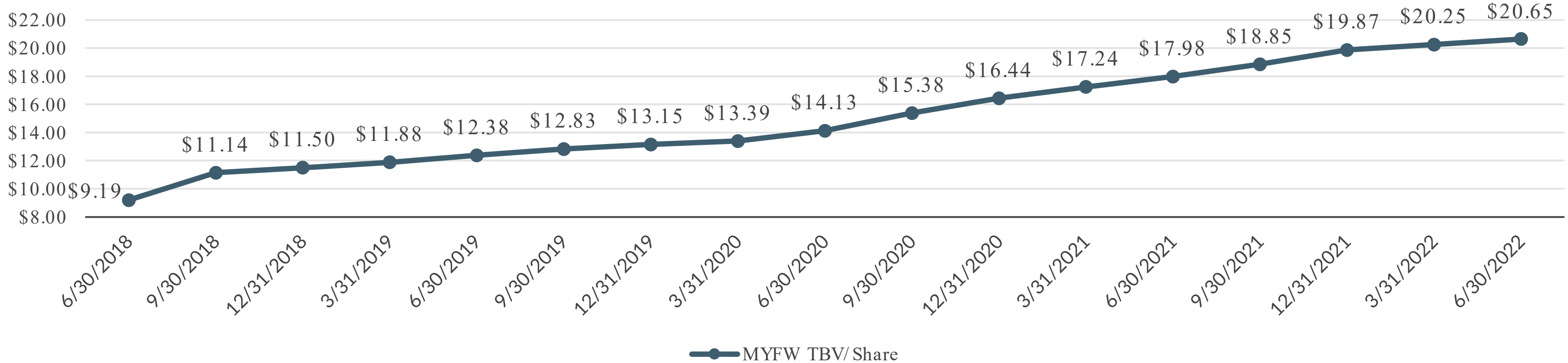
## Adjusted Pre-Tax, Pre-Provision Income[1] ($000s)



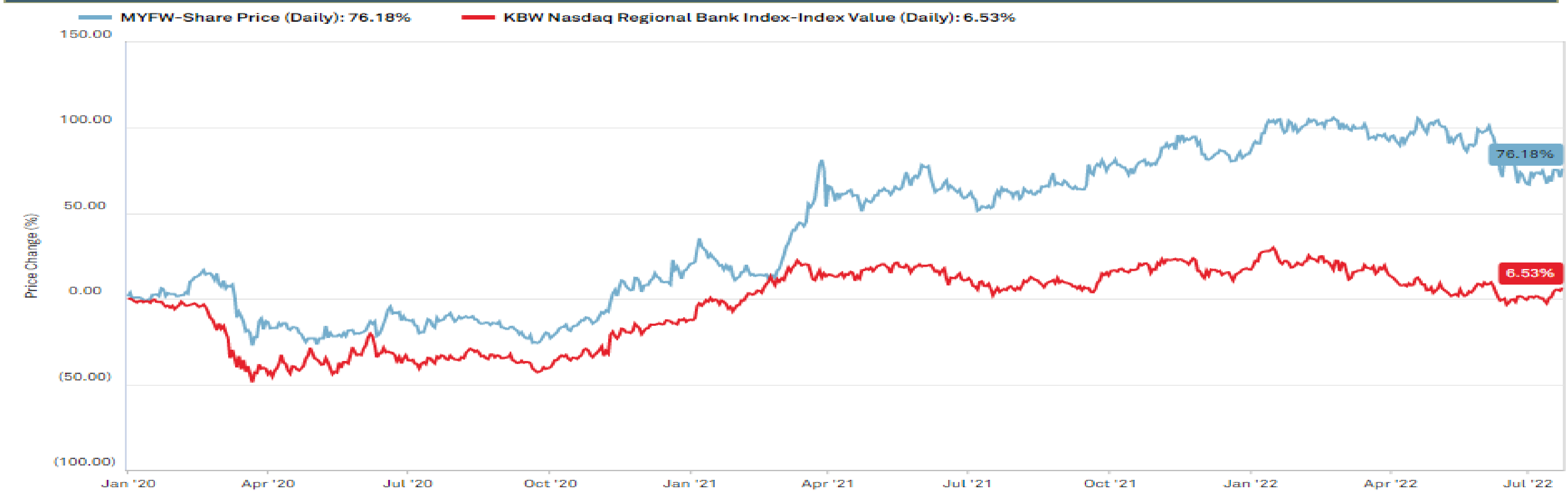

(1) See Non-GAAP reconciliation

# Improving Earnings Driving Outperformance and Creating Shareholder Value

## TBV/ Share(1) Up 125% Since July 2018 IPO




## Discounted Valuation Provides Opportunity for Continued Outperformance as Multiple Expands(2)




(1) See Non-GAAP reconciliation
(2) Source: S&P Capital IQ (January 1, 2020 through July 25, 2022)

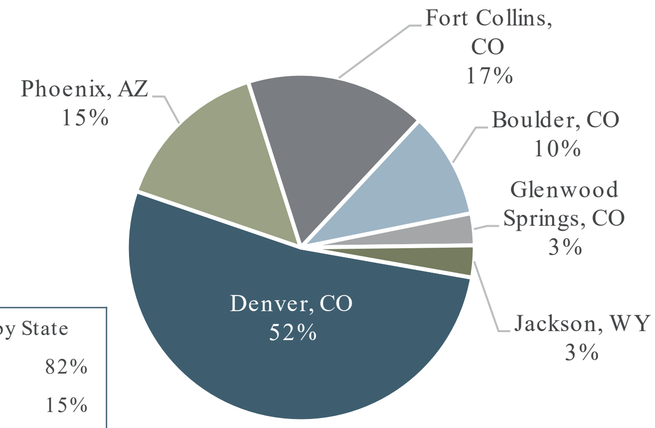
# Franchise Overview

# Great Markets, Scarce Investment Opportunity

## Characteristics of First Western Markets

- Ranked among states with highest GDP growth
- Strong job and population growth
- Experiencing significant in-migration
- Attractive demographics with large amount of high net worth individuals that utilize private banking and investment management services
- Favorable tax laws for trusts and estates that attract wealthy individuals

## Deposits by MSA (1)




| Deposits by State | |
|---|---|
| Colorado | 82% |
| Arizona | 15% |
| Wyoming | 3% |

## MYFW is 2nd Largest Publicly Held CO Chartered Bank

| *As of March 31, 2022* | Current Ownership | Total Assets ($bn) |
|---|---|---|
| FirstBank | Private | 28.8 |
| NBH Bank | **Public (NYSE: NBHC)** | 7.3 |
| Bank of Colorado | Private (Sub. Of Pinnacle Bancorp-NE) | 6.6 |
| Alpine Bank | Private | 6.2 |
| Sunflower Bank | Private | 5.7 |
| ANB Bank | Private | 3.6 |
| Citywide Banks | HTLF (Acquired in 2017) | 2.7 |
| First Western Trust Bank | **Public (Nasdaq: MYFW)** | 2.6 |

## Small Market Share Provides Large Growth Opportunity

| MSA | State | Market Share | Projected % Change in HHI (2021-2026) (2) |
|---|---|---|---|
| Denver-Aurora-Lakewood | CO | 0.73 | 11.00 |
| Fort Collins | CO | 2.60 | 13.45 |
| Phoenix-Mesa-Scottsdale | AZ | 0.16 | 13.18 |
| Boulder | CO | 1.17 | 11.41 |
| Jackson | WY/ID | 1.05 | 8.50 |
| Glenwood Springs | CO | 1.06 | 8.82 |
| **National Average** | | | **9.01** |

(1) Source: S&P Capital IQ as of 06/30/2021.
(2) Percentage growth in household income (HHI).

# 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, Montana, 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 neutral balance sheet
- Scalable, **leverageable high fixed cost, low variable cost Product and Support Centers**
- Operating **expense investment already in place** for growth and expansion

**Highly Desirable Recurring Fee Income**

- 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**
- Attractive revenue and earnings growth story **trading at discounted valuation**

# Cross-Selling a Diverse Set of Products and Services

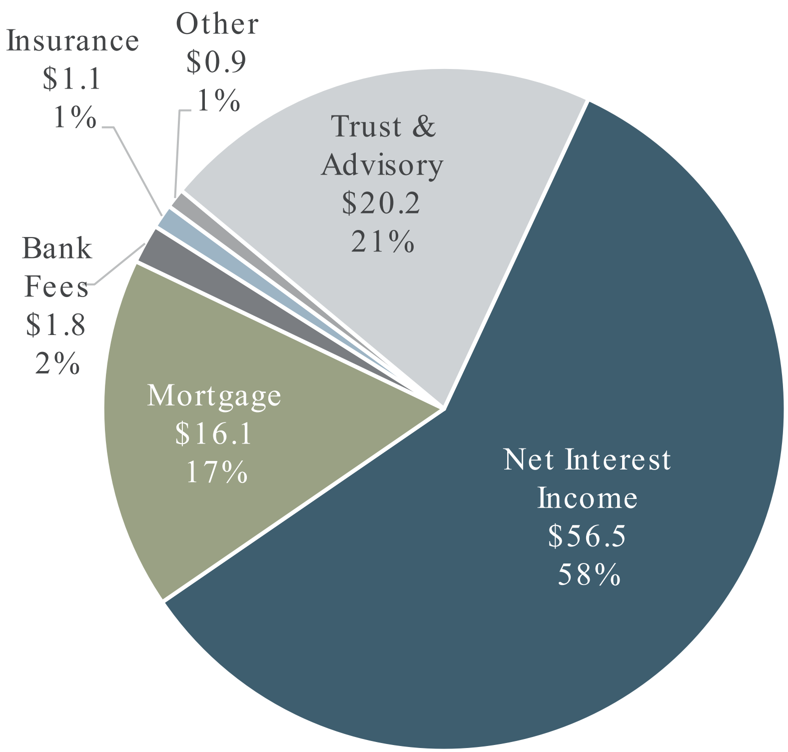
**Our local profit centers team with specialized product experts through ConnectView®, with many points of entry**

| | |
|---|---|
| **Commercial Banking** | ▪ Corporate loans to match specific needs<br>▪ Well-versed in working with complex cash flows and business models<br>▪ **Customized treasury management** products and services |
| **Retirement / 401(k) Plan Consulting** | ▪ **Retirement plan consultants** partnering with businesses to sponsor retirement plans<br>▪ Creative corporate retirement plan design, analysis solutions, fiduciary liability management<br>▪ ERISA compliance and education |
| **Residential Mortgage Lending** | ▪ Mortgage banking **specializing in purchase money, high net worth lending**<br>▪ Underwritten to Fannie Mae and Freddie Mac guidelines<br>▪ Targeted portfolio lending and secondary sales |
| **Wealth Planning** | ▪ Wealth planning with specialized services (e.g. philanthropic)<br>▪ **Proprietary ConnectView® approach**, with access to CFPs, CPAs and estate planning attorneys<br>▪ Charitable giving tax strategies, deferred-compensation plans, life insurance, key person insurance |
| **Investment Management** | ▪ Provide a **broad range of asset and sub asset classes,** with automated tax and basis management<br>▪ Create unique solutions through internal research, proprietary and third-party investment options<br>▪ 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<br>▪ Irrevocable life insurance trust, conservatorship, successor trustee, directed custodial trusteeship<br>▪ WY tax-exempt asset protection, special needs trusts, escrow services, family office services |

# High Quality Revenues with Predictable Sources of Recurring Income

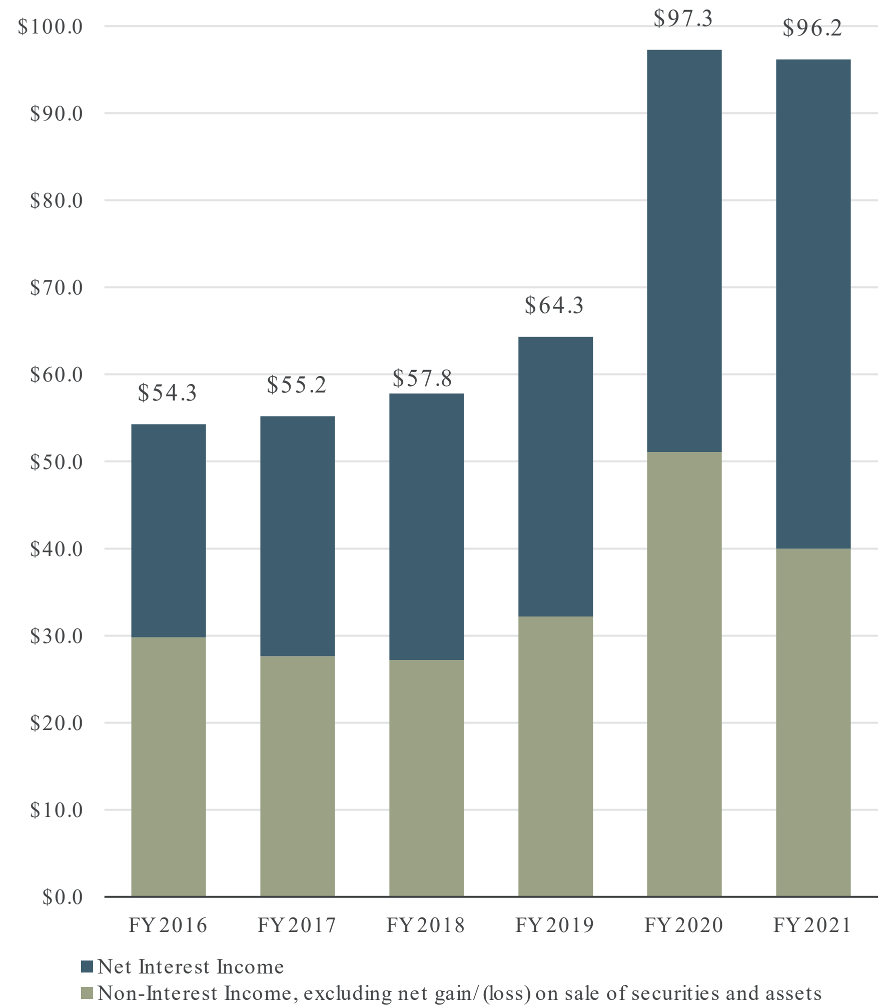
## FY 2021 Revenue Mix

($ in millions)




## Gross Revenue[1]

($ in millions)

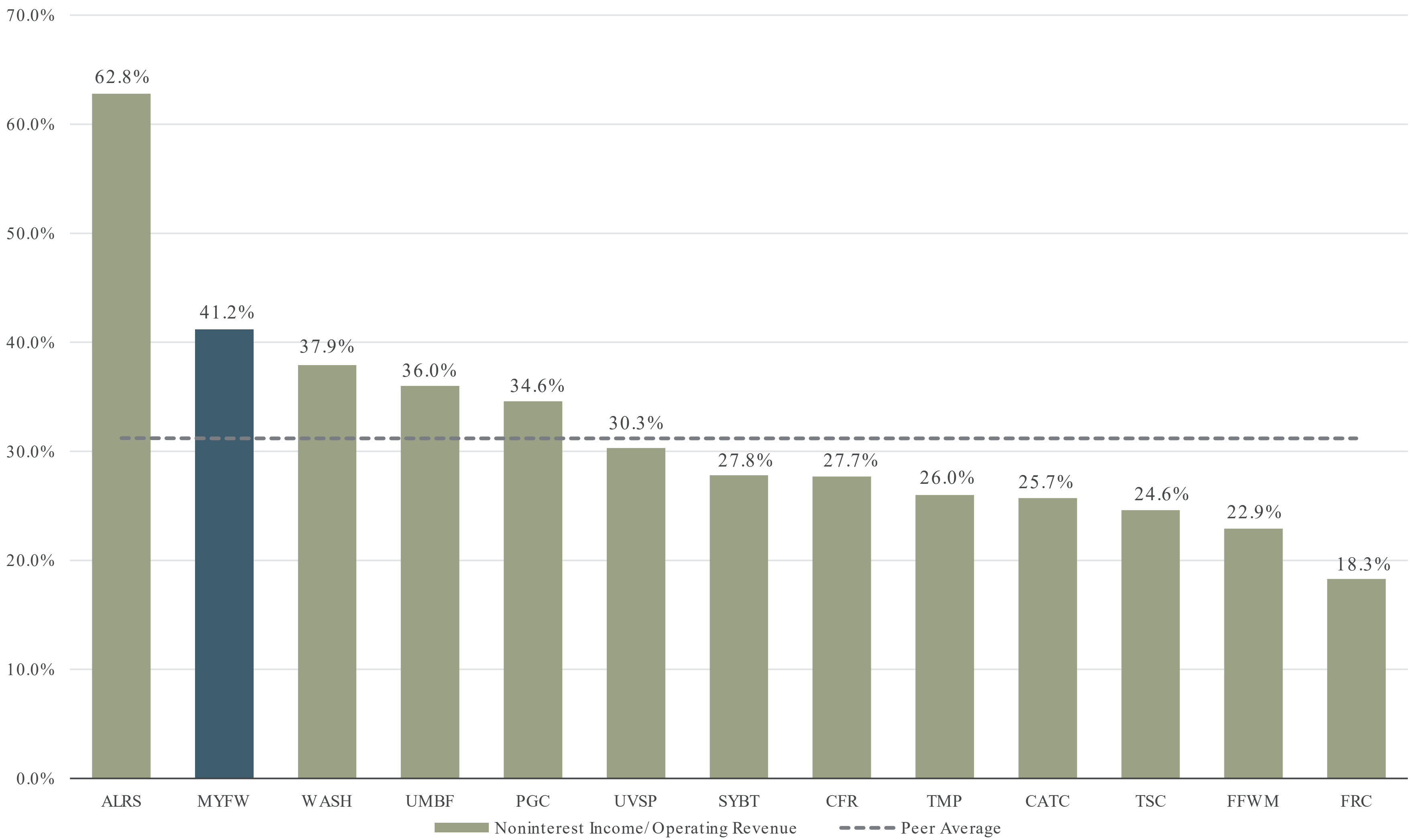



Note: As of or for the period ended December 31, 2021. Totals may not add up due to rounding.

(1) See Non-GAAP reconciliation

# Private Bank Model Generates Strong Fee Income

## FY 2021: More than 40% of Operating Revenue Generated by Fee Income




*Source: S&P Capital IQ (for the 12 months ended December 31, 2021)*

# Driving Profitable Growth

# Success in Expansion and Acquisition Growth

## Acquisitions

*2002 – 2005 (5)* — Total Acquisitions: 5
- Westcor Insurance Group, Inc.
- Poudre River Valley Trust Co.
- Sprout & Associates, Inc.
- Sterling Partners
- Silversmith Financial Corp

*2006 – 2010 (4)* — Total Acquisitions: 9
- Reber/ Russell Company
- Ryder, Stilwell Inc.
- Asset Purchase – Financial Management Advisors, LLC
- Asset Purchase – GKM Advisors, LLC

*2011 – 2015 (1)* — Total Acquisitions: 10
- Trust Department Assets – First National Bank of Wyoming

*2016 – 2020 (2)* — Total Acquisitions: 12
- Asset Purchase – EMC Holdings, Inc.
- Branch Purchase & Assumption from Simmons Bank

*2021 - 2022 (1)* — Total Acquisitions: 13
- Teton Financial Services, Inc.

## Office Openings

2002 → 2022

*2002 – 2005 (3)* — Total Offices: 3
- Cherry Creek, CO
- Denver, CO
- Northern Colorado, CO

*2006 – 2010 (3)* — Total Offices: 6
- Boulder, CO
- Century City, CA
- Scottsdale, AZ

*2011 – 2015 (6)* — Total Offices: 12
- Aspen, CO
- DTC/ Cherry Hills, CO
- Fort Collins, CO
- Jackson Hole, WY
- Laramie, WY
- Phoenix, AZ

*2016 – 2020 (4)* — Total Offices: 16
- Broomfield, CO (2021)
- Greenwood Village, CO
- Lone Tree, CO[2]
- Vail Valley, CO

*2021 - 2022 (4)* — Total Offices: 18
- Jackson Hole, WY[1]
- Pinedale, WY[1]
- Rock Springs, WY[1]
- Bozeman, MT

\# Total Acquisitions    \# Total Offices

(1) Added through the Teton Financial Services, Inc. acquisition. Jackson Hole offices were consolidated in May 2022

(2) Lone Tree branch closed in 2Q2022

# Revenue Growth Strategies

| | |
|---|---|
| **Expand commercial loan production platform** | ▪ Building expertise in specific vertical markets, e.g. medical and dental practices<br>▪ Capitalize on growing reputation to attract additional experienced commercial banking talent |
| **Expand into new markets with attractive demographics** | ▪ Vail Valley office opened in 2019<br>▪ Built team and revenue base to open office in Broomfield, CO in 3Q21<br>▪ Added team to focus on Bozeman, MT market in 2Q21<br>▪ Added teams to expand presence in Arizona in 2022 |
| **Execute on revenue synergies from Teton acquisition** | ▪ Capitalize on higher legal lending limit to expand relationships with existing clients and pursue larger commercial clients<br>▪ Cross-sell MYFW's larger offering of trust and wealth management products to new client base<br>▪ Continue adding banking talent to further accelerate market share gains in Wyoming |
| **Execute on low-risk strategic transactions that add value to the MYFW franchise** | ▪ Execute on minimally dilutive acquisitions<br>▪ Leverage infrastructure through branch acquisition transactions<br>▪ Proactive expansion, acquisition team |

# Recent M&A Transactions

## Branch Purchase and Assumption

Simmons Bank

### Transaction Overview

- Closed on May 18, 2020
- Acquisition of all of the Denver locations of Simmons Bank (three branches and one loan production office)
- Assumed $63 million in deposits and $120 million in loans related to the acquired locations
- Added scale, an attractive client base, and commercial banking talent

### Financial Impact

- Mid-teens earnings accretion in 2021

## Whole Bank Acquisition

ROCKY MOUNTAIN BANK

### Transaction Overview

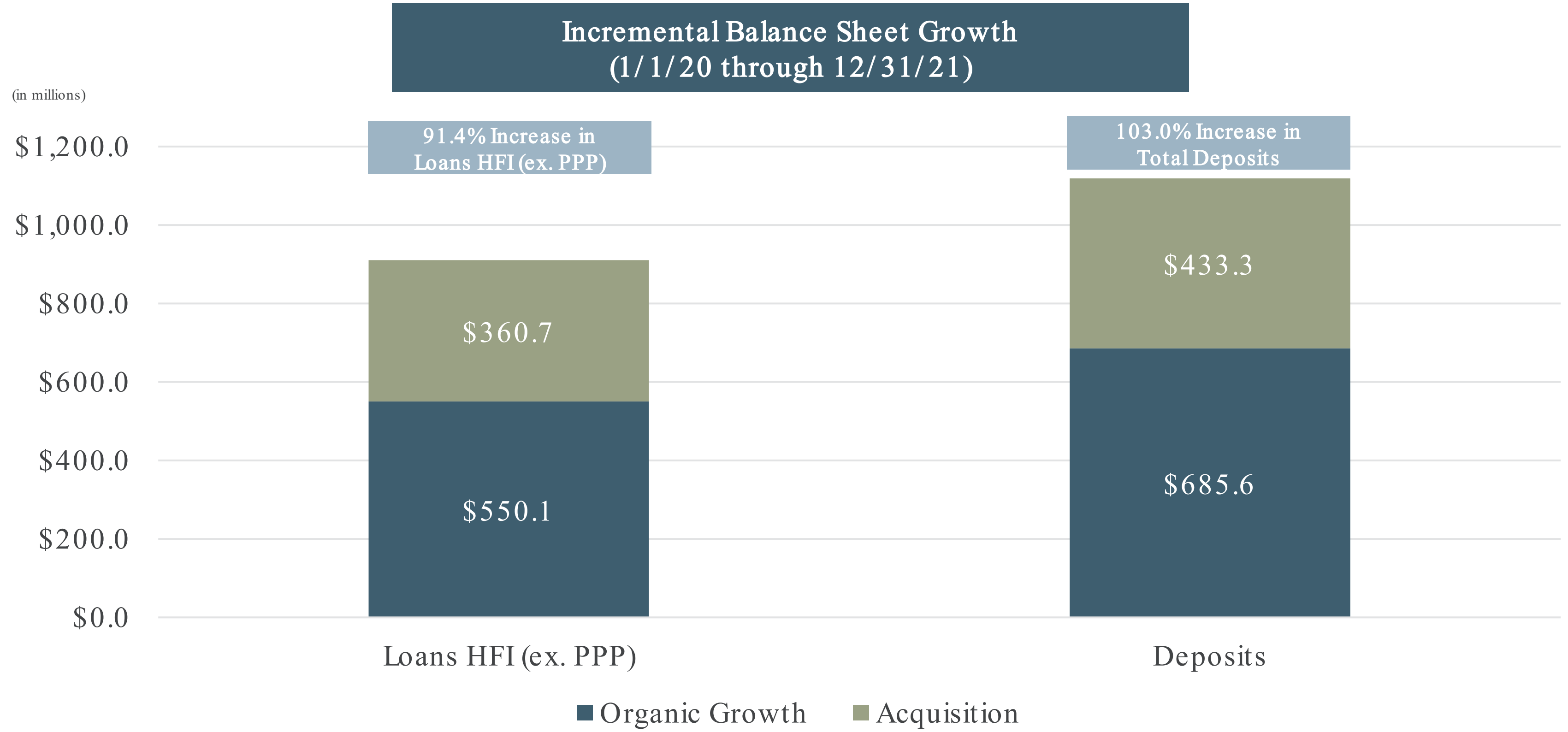
- Closed on December 31, 2021
- Acquisition of Teton Financial Services Inc., the holding company for Rocky Mountain Bank
- Expands First Western's footprint and market share in Wyoming where favorable trust, estate and tax laws align well with private banking and investment management business model
- Added $379 million in deposits and $252 million in loans
- Adds scale and improves operating efficiencies

### Financial Impact

- 7.4% accretive to 2022 EPS (assuming fully phased-in cost savings)
- Immediately accretive to TBV/share upon closing
- Adds low-cost deposits and higher-yielding loans that will positively impact net interest margin

# Strong Execution on Revenue Growth Strategies

- Accelerating business development, office expansion and accretive acquisitions all contributing to the balance sheet growth driving improved operating leverage and higher profitability
- M&A strategy continuing with acquisition of Teton Financial Services
- Office expansion continuing with hiring of team to focus on Bozeman, MT market



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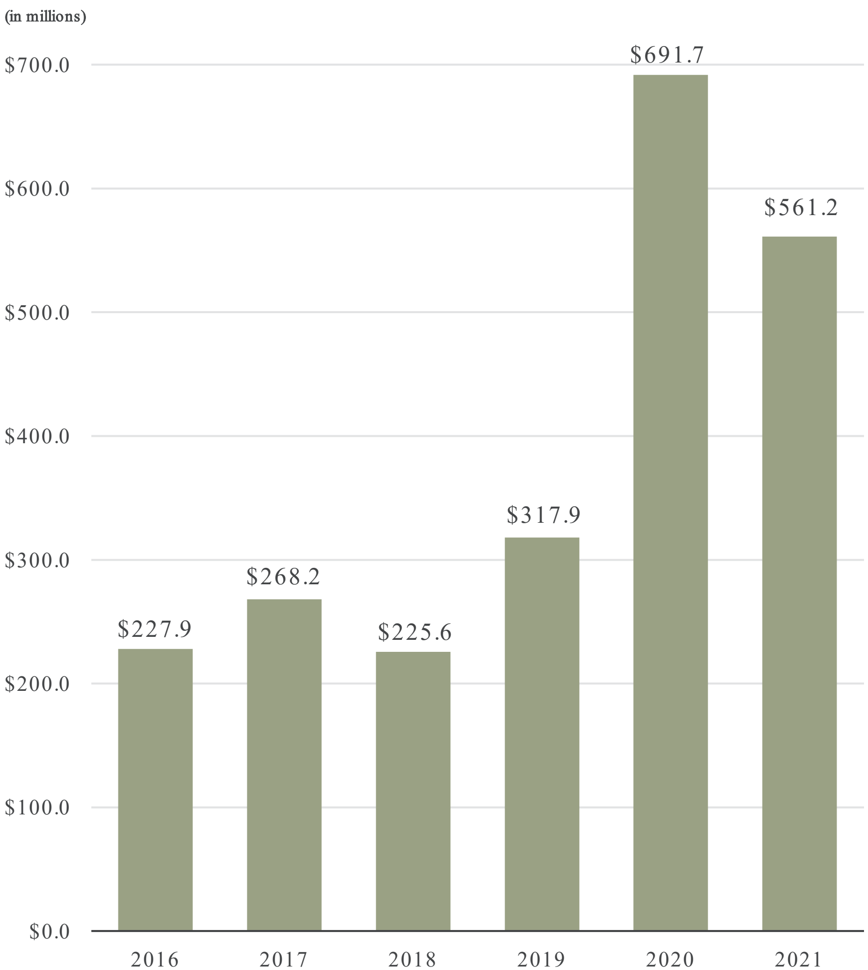
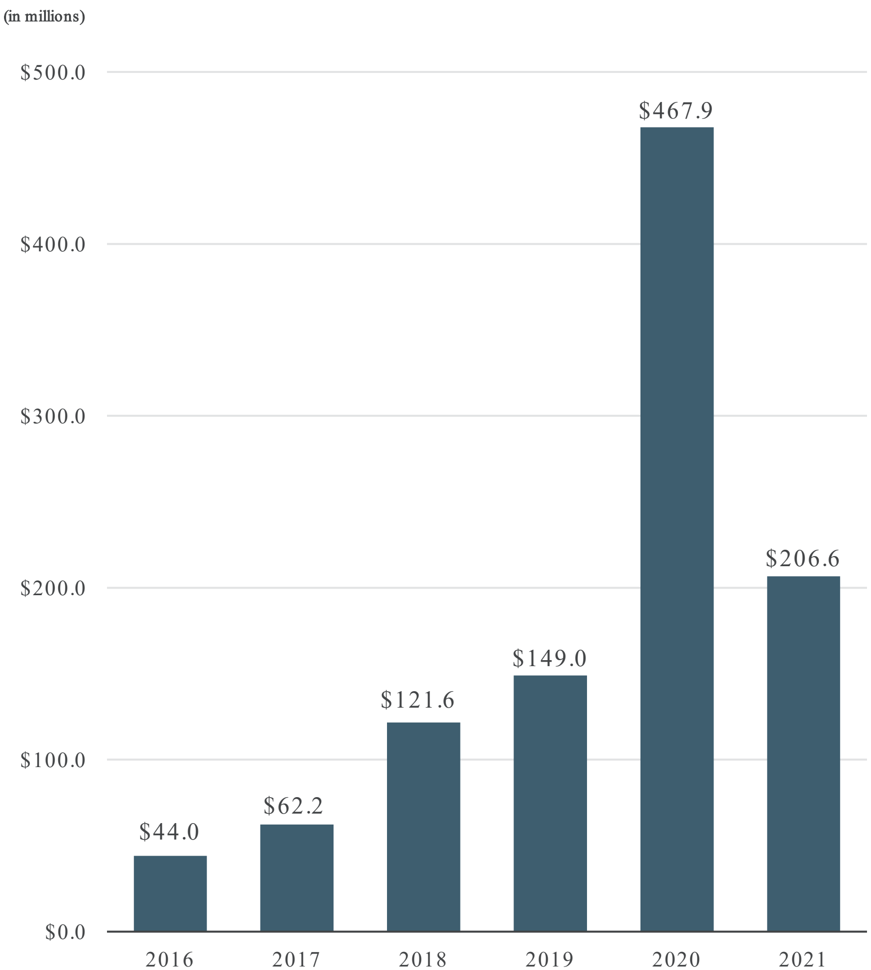
# Accelerating Business Development Trends

**Capital raised in July 2018 IPO has allowed for increased business development activities**

## New Loan Production(1)




## Net Deposit Growth(2)




(1) Excluding PPP loans
(2) Excluding acquired deposits



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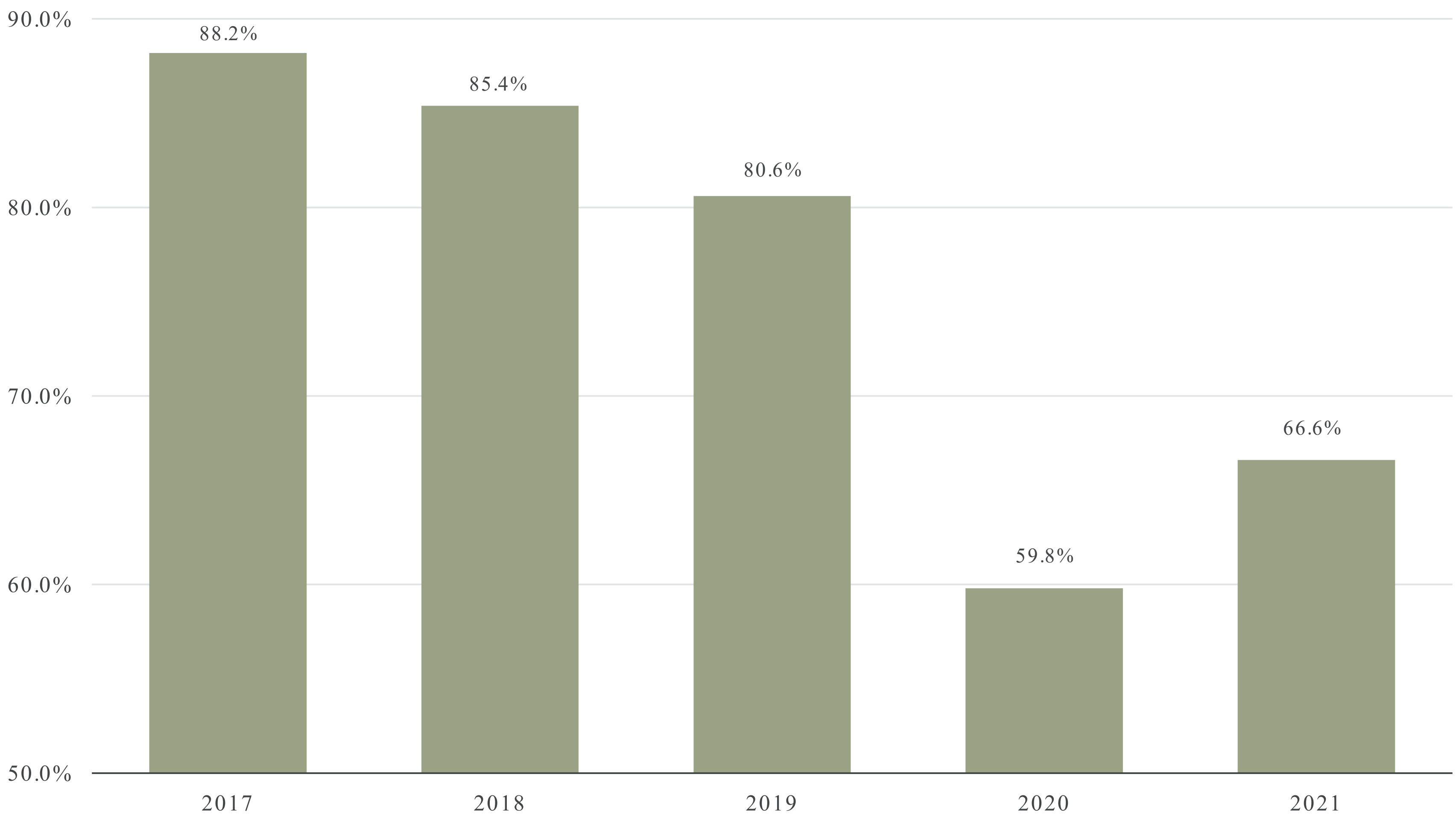
# Increased Scale and Back-Office Streamlining Driving Improved Efficiencies

## Efficiency Ratio[1]




(1) See Non-GAAP reconciliation



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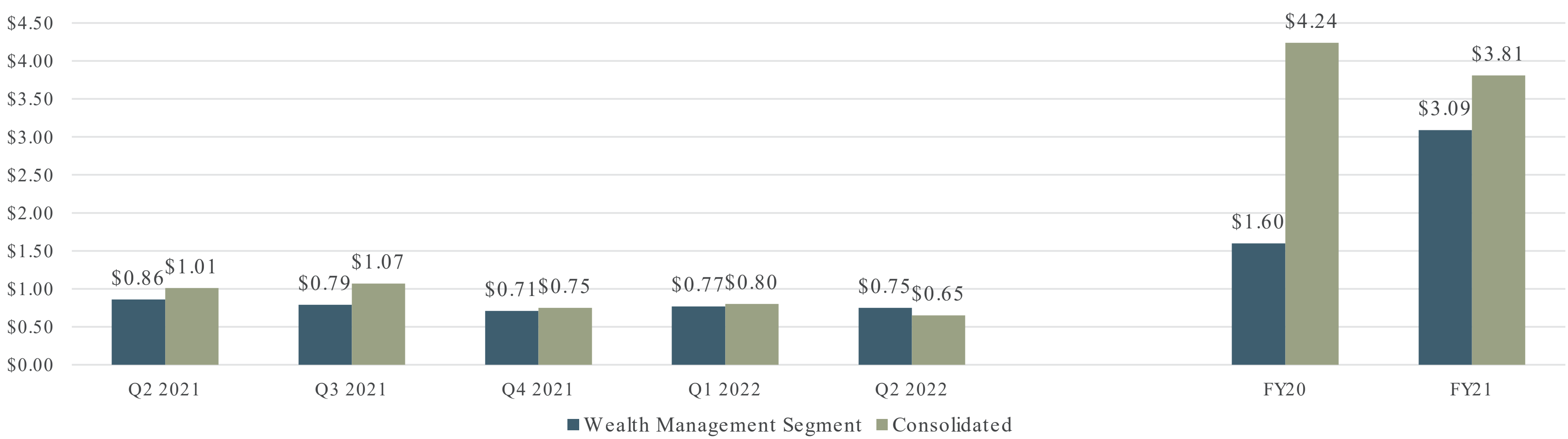
# Wealth Management Segment Earnings

- 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 in 2020 and creating sustainable path to higher profitability over long-term

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




(1) See Non-GAAP reconciliation

# Recent Financial Trends

# Overview of 2Q22

**2Q22 Earnings**

- Net income available to common shareholders of $4.5 million, or $0.46 per diluted share
- Excluding acquisition-related expenses, adjusted net income of $4.7 million, or $0.49 per diluted share[(1)]
- Strong growth in net interest income offset by lower non-interest income

**Record Loan Production and Growth**

- Total loans held for investment increased at annualized rate of 45%, driven by record loan production
- Increases across most major loan categories
- Productivity of commercial banking platform continues to increase, resulting in 32% growth in C&I loan portfolio from end of prior quarter

**Significant NIM Expansion**

- Net interest margin increased 37 bps to 3.35%
- Favorable shift in mix of earning assets and higher average yield on loans
- Deposit costs remain well controlled

**Asset Quality Remains Exceptional**

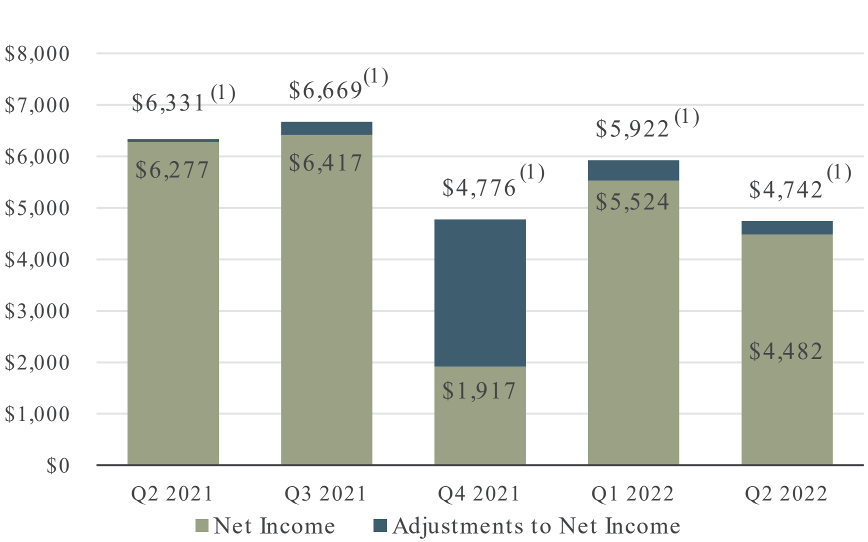
- Non-performing assets remained consistent at 0.17% of total assets
- History of exceptionally low charge-offs continues
- Allowance as a percentage of bank originated loans returns to pre-pandemic levels

(1) See Non-GAAP reconciliation

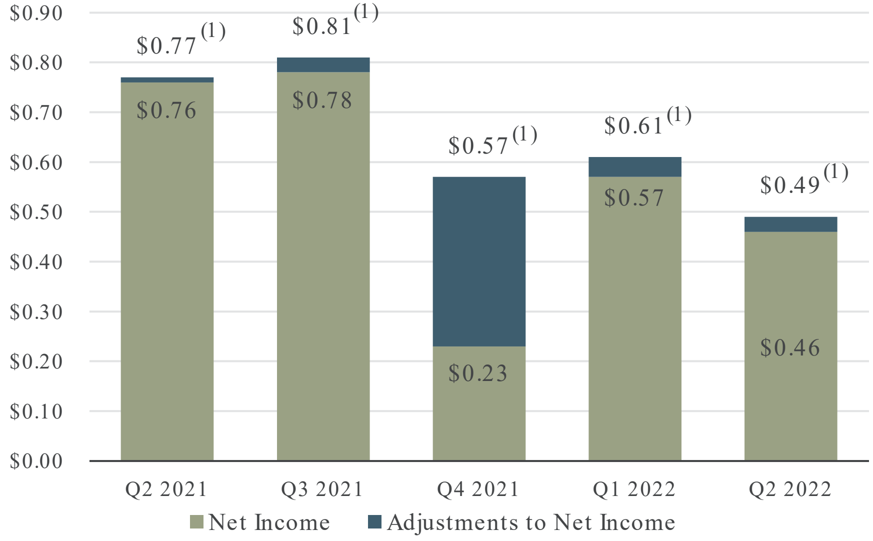
# Net Income Available to Common Shareholders and Earnings per Share

- Net income of $4.5 million, or $0.46 diluted earnings per share, in 2Q22
- Excluding acquisition-related expenses, adjusted diluted earnings per share[1] of $0.49 in 2Q22
- Strong profitability resulted in 1.6% and 2.0% increase in book value per share and tangible book value per share[1], respectively, from 1Q22
- Strategic decision to retain liquidity in cash 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



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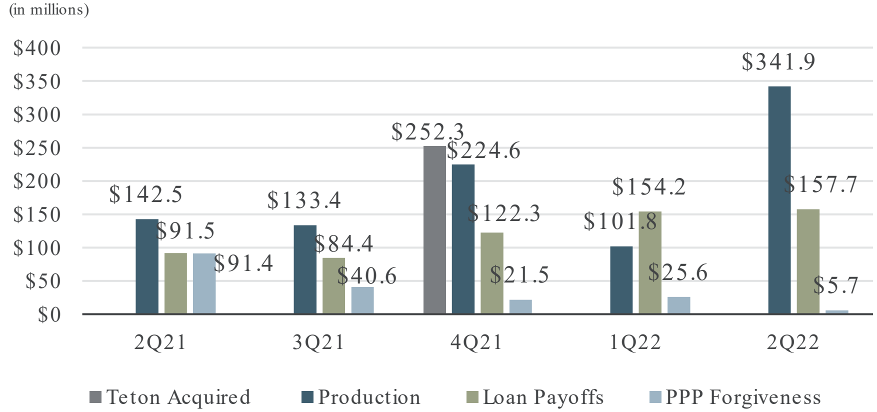
# Loan Portfolio

## Loan Portfolio Details

- Total loans HFI increased $219.0 million from prior quarter
- Record loan production more than offset continued high level of payoffs
- Growth in most major loan categories with largest increases in C&I and 1-4 family residential
- Mortgage loan officers generating more jumbo ARMs for portfolio that provide high quality assets at attractive yields

## Loan Production & Loan Payoffs



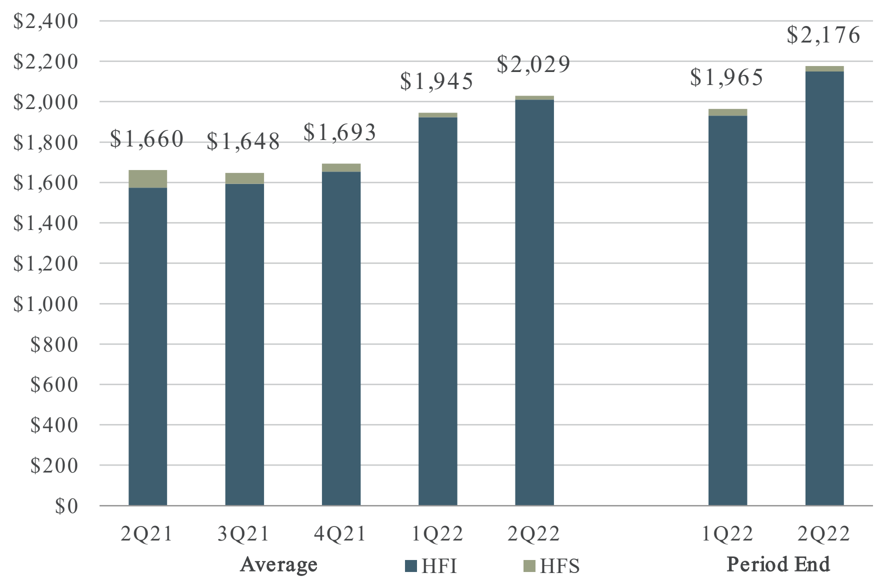

## Loan Portfolio Composition[1]

($ in thousands, as of quarter end)

| | 2Q 2021 | 1Q 2022 | 2Q 2022 |
|---|---|---|---|
| Cash, Securities and Other | $268,904 | $235,221 | $180,738 |
| Consumer and Other[2] | 22,003 | 36,578 | 47,855 |
| Construction and Development | 127,141 | 151,651 | 162,426 |
| 1-4 Family Residential | 496,101 | 602,412 | 732,725 |
| Non-Owner Occupied CRE | 324,493 | 455,715 | 489,111 |
| Owner Occupied CRE | 178,847 | 212,401 | 224,597 |
| Commercial and Industrial | 155,526 | 237,144 | 312,696 |
| Total Loans HFI | $1,573,015 | $1,931,122 | 2,150,148 |
| Mortgage loans held-for-sale (HFS) | 48,563 | 33,663 | 26,202 |
| **Total Loans** | **$1,621,578** | **$1,964,785** | **$2,176,350** |

(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.
(2) Includes loans held for investment accounted for under fair value option of $21.1 million and $6.4 million as of June 30, 2022 and March 31, 2022, respectively.

## Total Loans[1]



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# Total Deposits

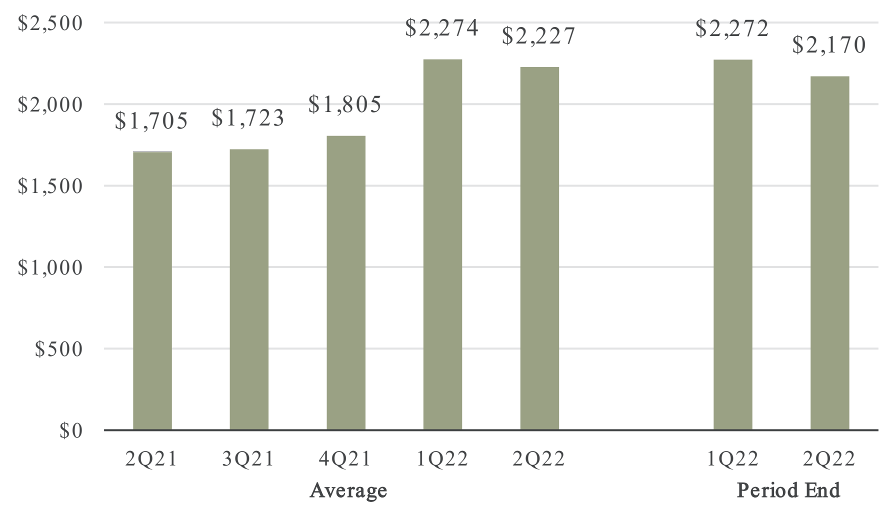
- Total deposits decreased $102.1 million from end of prior quarter
- Decrease primarily driven by fluctuations in commercial operating accounts, seasonal tax payments made by clients, and clients moving deposits into investment opportunities
- New client acquisition activity resulted in $84.9 million in new deposit accounts in 2Q22

## Deposit Portfolio Composition

| | 2Q 2021 | 1Q 2022 | 2Q 2022 |
|---|---|---|---|
| Money market deposit accounts | $840,073 | $1,108,315 | $1,033,739 |
| Time deposits | 137,499 | 156,678 | 147,623 |
| NOW | 141,076 | 319,648 | 287,195 |
| Savings accounts | 5,299 | 33,070 | 33,099 |
| Noninterest-bearing accounts | 555,106 | 654,401 | 668,342 |
| **Total Deposits** | **$1,679,053** | **$2,272,112** | **$2,169,998** |

## Total Deposits

($ in millions)



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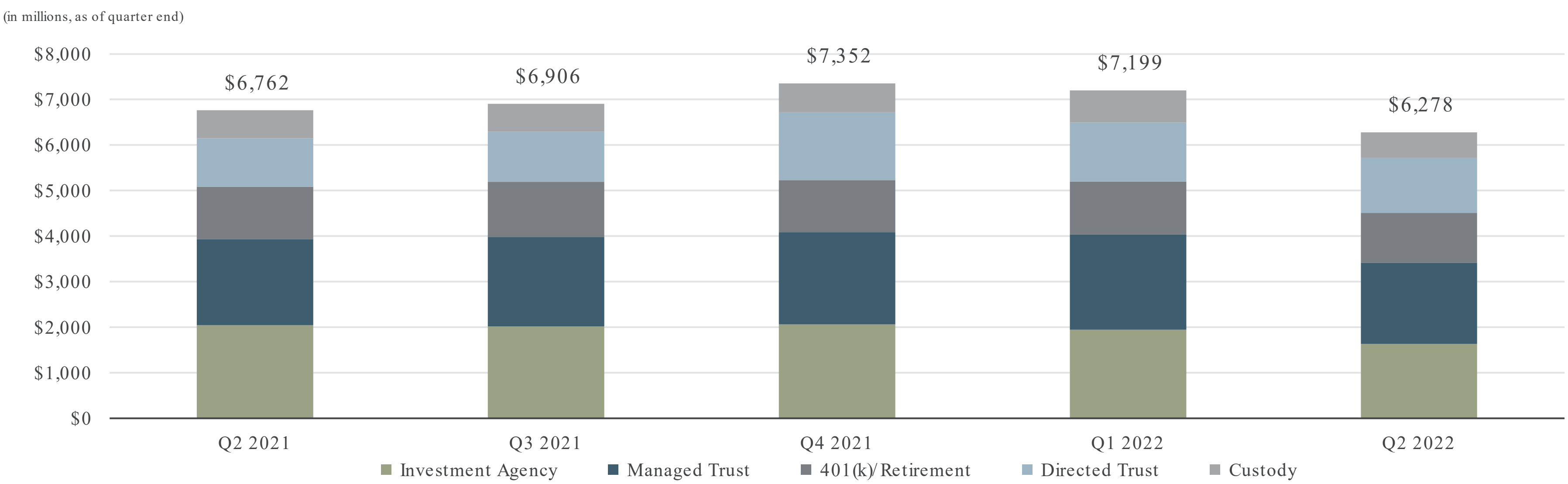
# Trust and Investment Management

- Total assets under management decreased $921.7 million from March 31, 2022 to $6.28 billion as of June 30, 2022
- The decrease in asset balances was primarily attributable to unfavorable market conditions resulting in a decrease in the value of assets under management balances
- All portfolios outperformed benchmarks and helped moderate impact of extreme market pullback

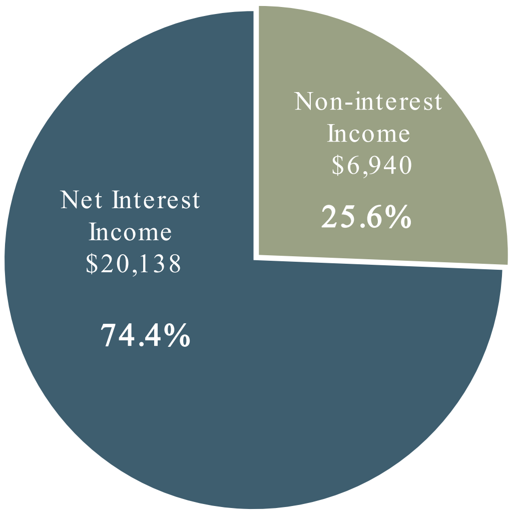
## Total Assets Under Management



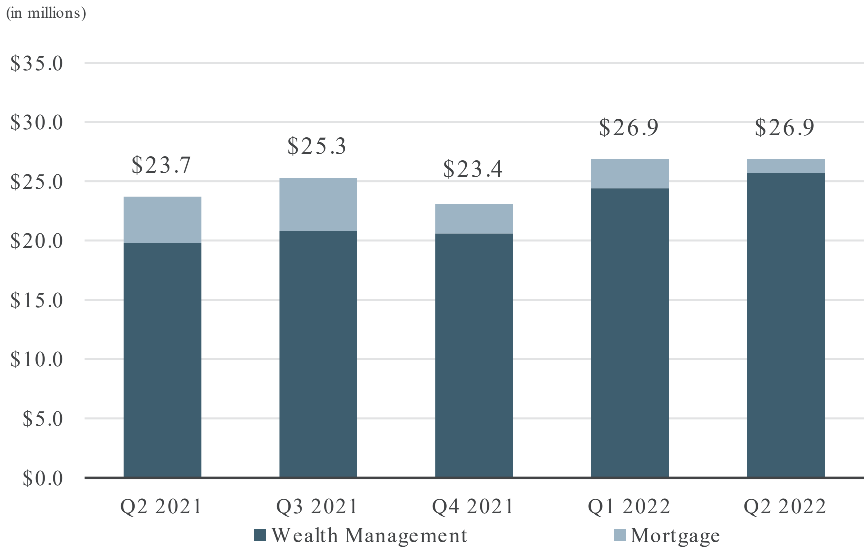
# Gross Revenue

- Gross revenue[1] unchanged from 1Q22
- Higher net interest income offset by decline in non-interest income
- Net interest income increased to $20.1 million, or 10.1%, from $18.3 million as of March 31, 2022 and 41.6% from $14.2 million as of June 30, 2021

## 2Q22 Gross Revenue[1]




## Gross Revenue[1]




(1) See Non-GAAP reconciliation



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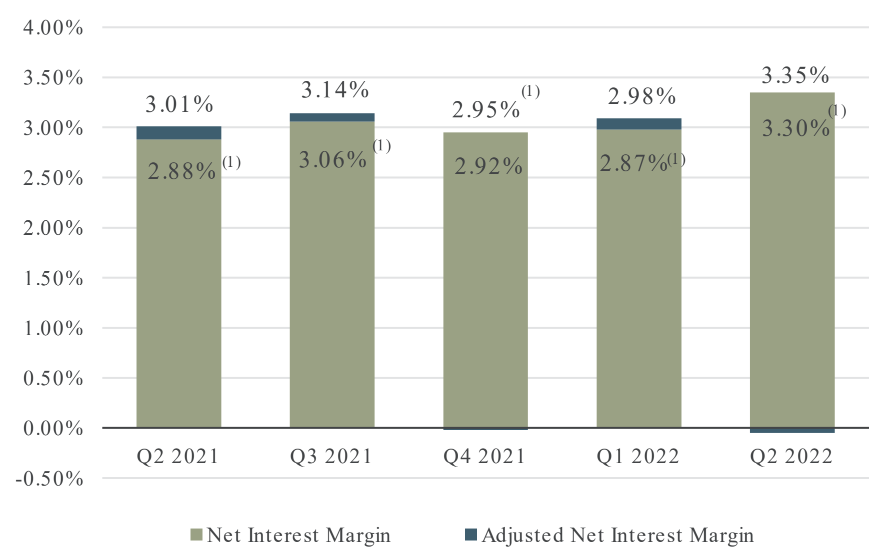
# Net Interest Income and Net Interest Margin

- Net interest income increased 10.1% from 1Q22, primarily due to higher average loan balances and increase in net interest margin
- Growth in investment portfolio resulted in modest increase in interest income from securities
- Net interest margin, including PPP and purchase accretion, increased 37 bps to 3.35%
- Net interest margin, excluding PPP and purchase accretion[(1)], increased 43 bps to 3.30%, primarily due to favorable shift in mix of earning assets and higher yields on earning assets
- Net interest margin should continue to expand as asset sensitive balance sheet benefits from additional increases in interest rates

## Net Interest Income


## Net Interest Margin




(1) See Non-GAAP reconciliation



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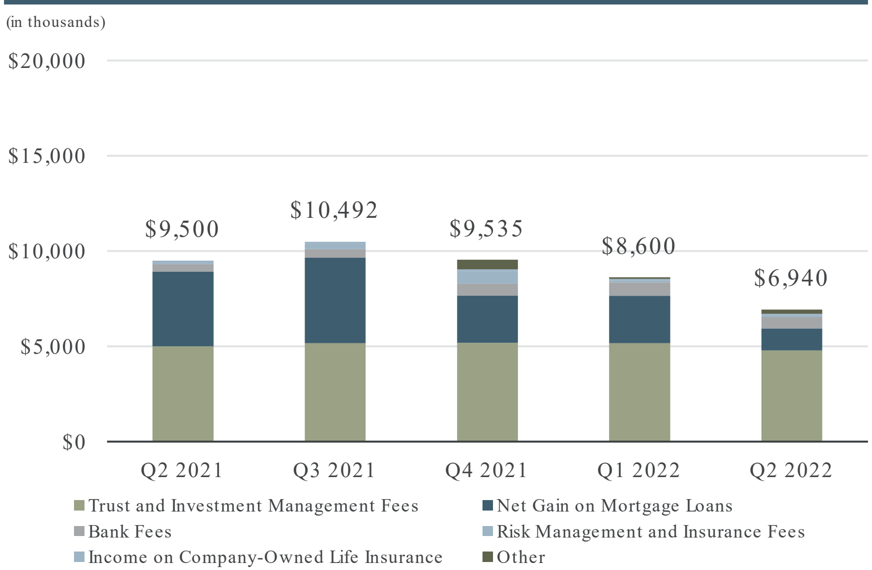
# Non-Interest Income

- Non-interest income decreased 19.3% from 1Q22
- Declines due primarily to
  - Decrease in net gain on mortgage due to reduction in amount of mortgage loans originated for sale as production was more heavily weighted to portfolio loans held for investment
  - Lower TIM fees primarily attributable to unfavorable market conditions resulting in a decrease in the value of assets under management balances

## Total Non-Interest Income




## Trust and Investment Management Fees

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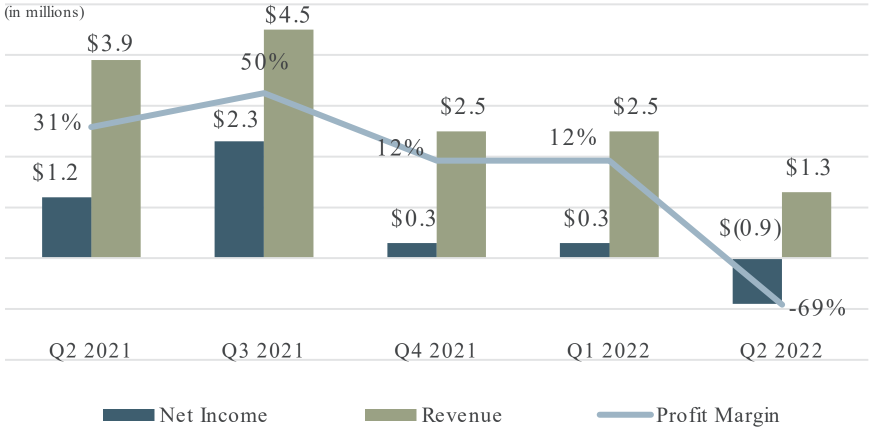
# Mortgage Operations

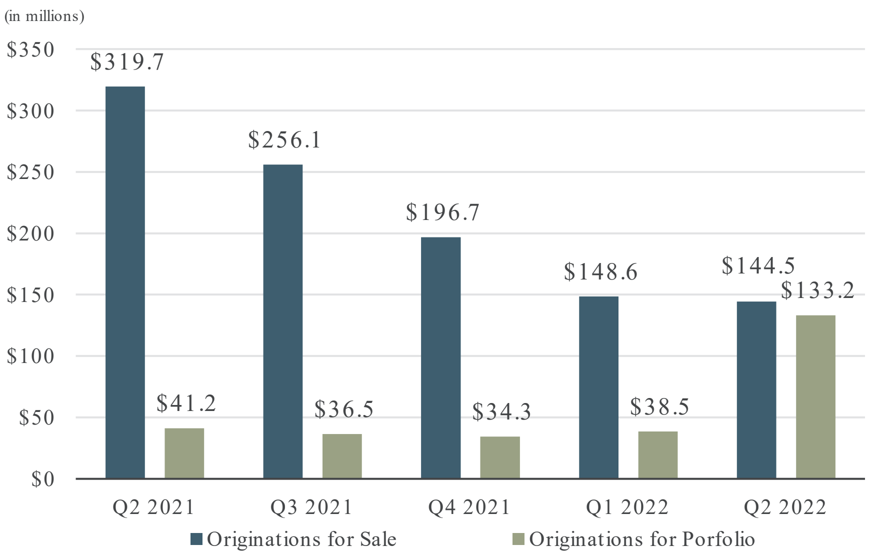
## Mortgage Details

- Total mortgage originations (HFS and portfolio) increased 48% from prior quarter
- Refi/ Purchase mix of 25% / 75% in Q2 compared to 41% / 59% in 1Q22 and 41% / 59% in 4Q21
- Profit margin declined in Q2 due to lower lock volume for HFS loans*
- Non-interest expense flat quarter over quarter

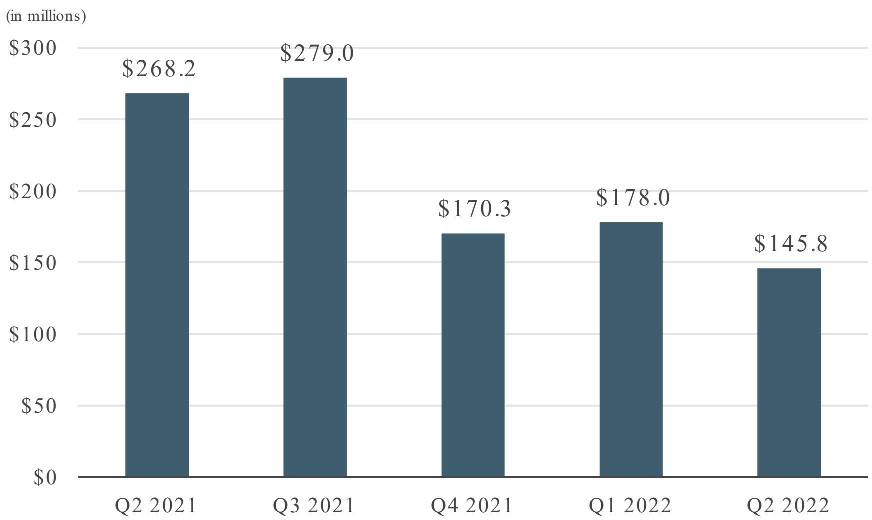
## Net Income, Revenue and Profit Margin*




## Mortgage Originations HFS and Portfolio




## Mortgage Loan Locks HFS




*Income reported in this segment excludes interest income from portfolio originations*



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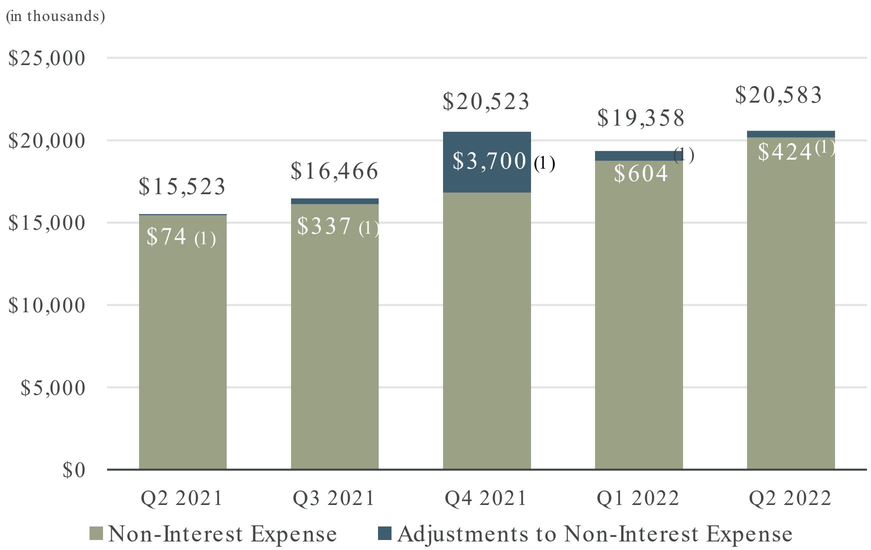
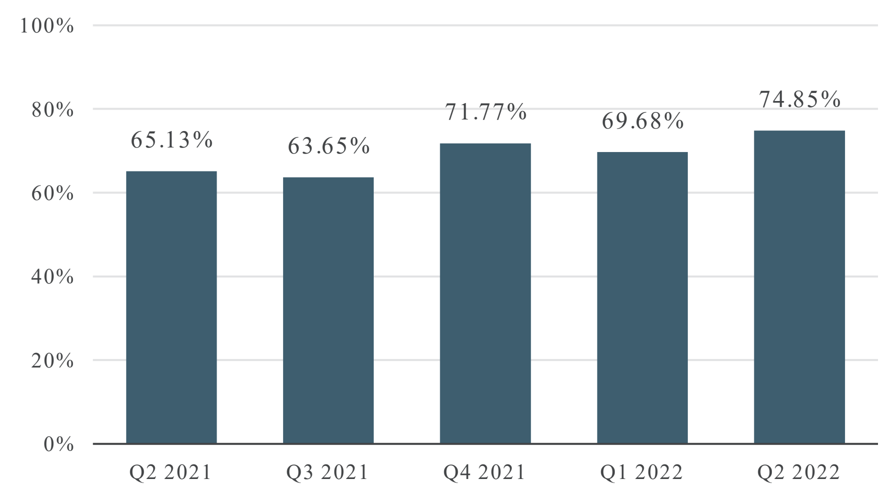
# Non-Interest Expense and Efficiency Ratio

- Non-interest expense increased 6.3% from 1Q22
- Increase due primarily to higher salaries and benefits expense resulting from higher commission payments on portfolio mortgage production, investment in additional banking talent to support continued growth
- Increase in operating efficiency ratio[1] reflects the impact of lower non-interest income and temporary investment phase while new banking teams build pipelines

## Total Non-Interest Expense




## Operating Efficiency Ratio[1]

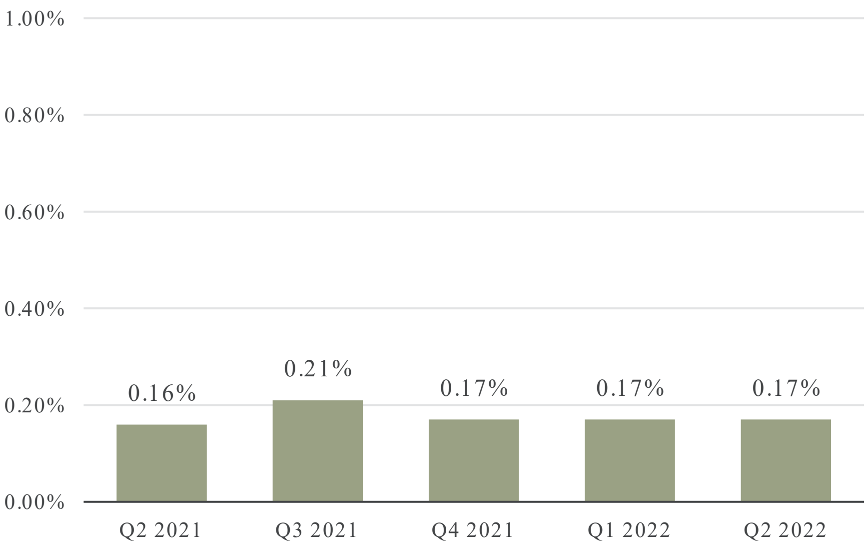



(1) See Non-GAAP reconciliation

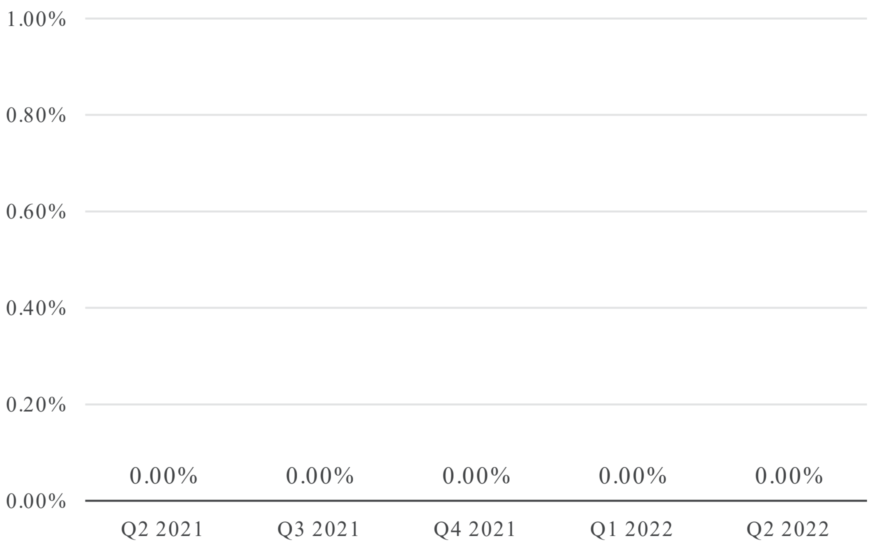
# Asset Quality

- Stable asset quality across the portfolio with NPAs remaining consistent at 0.17% of total assets
- Immaterial net charge-offs again in the quarter
- Improved collateral valuation of largest problem loan resulted in partial release of specific reserve
- $0.5 million provision for loan losses as release of the specific reserve offset some of the provision related to growth in total loans
- ALLL/ Adjusted Total Loans[(1)] decreased to 0.78% in 2Q22 from 0.87% in 1Q22, consistent with strong asset quality, consistent methodology, 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



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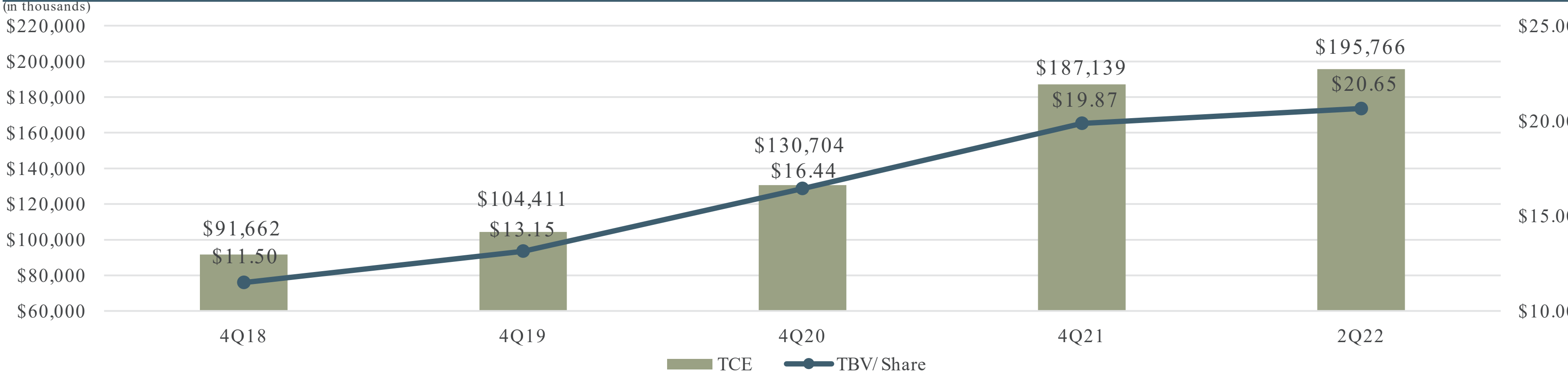
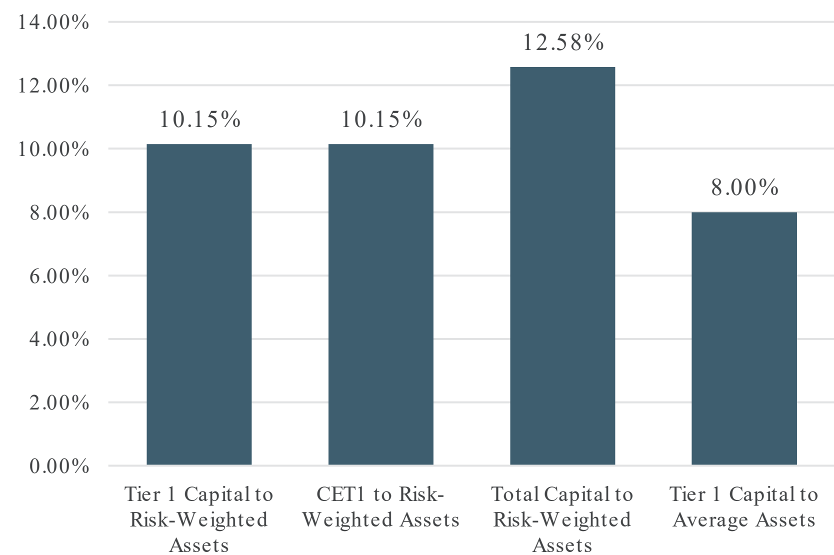
# Capital and Liquidity Overview

## Tangible Common Equity / TBV per Share(1)




## Consolidated Capital Ratios (as of 6/30/22)




## Liquidity Funding Sources (as of 6/30/22)

(in thousands)

| | |
|---|---|
| ***Liquidity Reserves:*** | |
| Total Available Cash | $ 169,372 |
| Unpledged Investment Securities | 69,932 |
| ***Borrowed Funds:*** | |
| *Unsecured*: | |
| Credit Lines | 54,000 |
| *Secured*: | |
| FHLB Available | 517,018 |
| Brokered Remaining Capacity | 479,964 |
| **Total Liquidity Funding Sources** | **$ 1,291,066** |
| **Loan to Deposit Ratio** | **98.9%** |

(1) See Non-GAAP reconciliation



FIRSTwestern

# Creating Additional Shareholder Value

# Near-Term Outlook

- Expect continuation of positive trends in second half of 2022 driven by further organic balance sheet growth
- Loan pipeline continues to build since end of first quarter and should result in continued strong loan growth
  - Well diversified loan production platform should offset lower demand for CRE loans as rates increase
  - Unfunded commitments increased 14% in 2Q22 to $802 million, providing another potential catalyst for loan growth
- Continued loan growth and NIM expansion expected to generate further increase in net interest income
- Relatively stable expense levels as a portion of the cost savings from Teton acquisition are reinvested in new banking talent to support expansion efforts in Colorado, Montana and Arizona
- Strength of client base and conservative underwriting should help First Western maintain strong asset quality in a recessionary environment, as it has through prior economic downturns

# Long-Term Goals to Drive Shareholder Value

**Our mission is to be the BPBFWWMC – Best Private Bank for the Western Wealth Management Client**

We believe First Western can be a unique, niche focused regional powerhouse with high fee income and consistent strong earnings from our scalable wealth management platform

- **Drive to $5 billion in total assets, $25 billion TIM assets through both organic growth and acquisitions**
  - ~50 offices
  - $7-8 million in revenue per office
  - 60% contribution margin per office
- **Build footprint, scale and operating leverage with M&A**
  - Capital and earnings accretive
- **Create, roll out virtual private bank**
  - Robo advisor tied to bank
  - "Buy up" into expert advice
- **Upgrade wealth management platform**
  - Fully integrated front end
- **Sell wholesale TIM services to other banks**

# 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 |

# Appendix

# Organizational Overview

# Team: Ready to Take MYFW to the Next Level

| Name | Title | Joined FW | Years in Industry | Prior Experience |
|---|---|---|---|---|
| Scott C. Wylie | Chairman, CEO & President | 2002 | 34 | ▪ Chairman & CEO, Northern Trust Bank of Colorado<br>▪ Chairman & CEO, Trust Bank of Colorado<br>▪ CEO, Equitable Bancshares of Colorado and Women's Bank, Chairman, Equitable Bank<br>▪ Chairman, American Fundware<br>▪ President & CEO, Bank and Trust of Puerto Rico<br>▪ Associate, First Boston Corporation |
| Julie A. Courkamp | Chief Financial Officer and Chief Operating Officer, Director & Treasurer | 2006 | 21 | ▪ Assurance services with PricewaterhouseCoopers<br>▪ Executive roles within First Western with responsibility for Accounting & Finance, Risk, Technology, Operations and Human Resources |
| John E. Sawyer | Chief Investment Officer | 2017 | 28 | ▪ Chief Investment & Fiduciary Officer, BBVA Compass Bank<br>▪ President & COO, Florida-based boutique wealth management firm<br>▪ Executive with Credit Suisse, Morgan Keegan & Co., and First Tennessee Capital Markets |
| Scott J. Lawley | Chief Credit Officer | 2018 | 34 | ▪ Sr. Credit Officer & Segment Risk Officer, Huntington National Bank<br>▪ Credit advisor, chief underwriter, CRE credit officer PNC Bank, US Bank<br>▪ Lending positions with Fleet Bank |
| Matt Cassell | President, Commercial Banking | 2020 | 24 | ▪ Colorado Market President, Simmons Bank<br>▪ President-Colorado, Bank SNB<br>▪ Market President, Community Banks of Colorado |

# MYFW's Sophisticated Board of Directors

| Name | Director Since | Primary Business |
|---|---|---|
| Scott C. Wylie | 2002 | ▪ First Western Financial, Inc. |
| Julie A. Caponi, CPA | 2017 | ▪ Former Finance Executive at Arconic, Inc. (fka Alcoa Inc.)<br>▪ Former audit partner at Deloitte<br>▪ Board member & Audit Committee chair for FCF (NYSE) |
| Julie A. Courkamp | 2021 | ▪ First Western Financial, Inc. |
| David R. Duncan | 2011 | ▪ Energy<br>▪ Winery Executive, Silver Oak Cellars<br>▪ Entrepreneur, board member, business leader |
| Thomas A. Gart | 2013 | ▪ Real Estate Developer<br>▪ Specialty Retail Executive<br>▪ Family business, PE investing across broad range of industries |
| Patrick H. Hamill | 2004 | ▪ Real Estate Developer<br>▪ Home Builder Executive<br>▪ Entrepreneur, business/community leader, real estate expertise |
| Luke A. Latimer | 2015 | ▪ Utility Maintenance<br>▪ Construction Executive<br>▪ Family business, public bank board |
| Scott C. Mitchell | 2021 | ▪ President, U.S. Engineering, Metalworks<br>▪ President of several successful manufacturing companies<br>▪ Six Sigma Master Black Belt |
| Eric D. Sipf, CPA(1) | 2003 | ▪ Former Healthcare Executive<br>▪ US Army<br>▪ Asset management, finance, bank board, M&A |
| Mark L. Smith | 2002 | ▪ Real Estate Developer<br>▪ Entrepreneur, community leadership, real estate expertise |
| Joseph C. Zimlich, CPA | 2004 | ▪ Family Office Executive<br>▪ Corporate leadership, board, and investment management |

(1) CPA license inactive.

# Integrated Team Approach in Boutique Offices

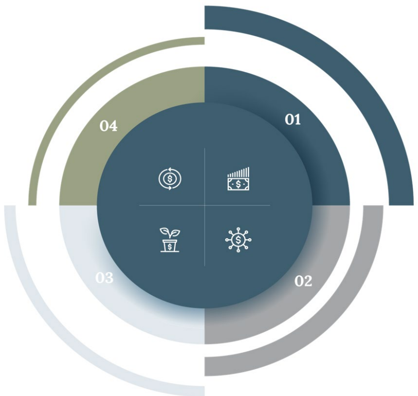
## Working as a team to grow relationships

President

- Private Bankers
- Lenders
- Portfolio Managers
- Wealth Advisor
- Trust Officer

Team-based incentives

Many relationship managers to one client




Product group specialists

Holistic view of the client – ConnectView®

Relationship-based wealth management

# Organizational Structure Built for Scale

First Western

## Profit Centers

**Full Bank and Trust:**

- Aspen, CO
- Boulder, CO
- Cherry Creek, CO
- Denver, CO
- DTC/Cherry Hills, CO
- Northern Colorado
- Jackson Hole, WY
- Rock Springs, WY
- Pinedale, WY
- Scottsdale, AZ
- Broomfield, CO
- Phoenix, AZ
- Vail Valley, Avon, CO

**Loan Production Offices:**

- Bozeman, MT
- Ft. Collins, CO
- Greenwood Village, CO

**Trust Offices:**

- Century City, CA
- Laramie, WY

Very profitable when mature

## Product Groups

- Investment Management
- Fiduciary/ Trust
- Wealth Planning
- Retirement Services
- Insurance
- Mortgage Services
- Treasury Management

## Support Centers

- Finance & Accounting
- Risk & Compliance
- Enterprise Technology
- Human Capital
- Credit Analysis
- Bank & Trust/Investment Operations
- Marketing/Branding

Big operating leverage from expert, high fixed cost teams

# Non-GAAP Reconciliations

# Non-GAAP Reconciliation

| *Consolidated Gross Revenue* | For the Years Ended, | | | | | |
|---|---|---|---|---|---|---|
| *(Dollars in thousands)* | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Total income before non-interest expense | $53,394 | $54,501 | $57,602 | $63,997 | $92,615 | $95,408 |
| Less: Unrealized gains/(losses) recognized on equity securities | - | - | (15) | 21 | 15 | (21) |
| Less: Net gain on equity interests | 114 | 81 | - | 119 | - | 489 |
| Less: Net gain on sale of assets | - | - | - | 183 | - | - |
| Plus: Provision for credit loss | 985 | 788 | 180 | 662 | 4,682 | 1,230 |
| Gross revenue | $54,265 | $55,208 | $57,797 | $64,336 | $97,282 | $96,170 |

| *Consolidated Adjusted Pre-tax, Pre-provision Income* | For the Twelve Months Ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| *(Dollars in thousands)* | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Net Income before income tax, as reported | $3,571 | $5,007 | $7,422 | $10,192 | $33,063 | $27,280 |
| Plus: Provision for loan losses | 985 | 788 | 180 | 662 | 4,682 | 1,230 |
| **Pre-tax, Pre-provision Income** | $4,556 | $5,795 | $7,602 | $10,854 | $37,745 | $28,510 |
| Plus: Acquisition related expenses | - | - | - | - | 684 | 4,101 |
| Adjusted Pre-tax, Pre-provision Income | $4,556 | $5,795 | $7,602 | $10,854 | $38,429 | $32,611 |

| Consolidated Efficiency Ratio | For the Years Ended, | | | | | |
|---|---|---|---|---|---|---|
| *(Dollars in thousands)* | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Non-interest expense | $49,823 | $49,494 | $50,182 | $53,806 | $59,552 | $68,128 |
| Less: Amortization | 747 | 784 | 831 | 374 | 14 | 17 |
| Less: Acquisition related expenses | - | - | - | - | 684 | 4,101 |
| Less: Goodwill impairment | - | - | - | 1,572 | - | - |
| Less: Provision on other real estate owned | - | - | - | - | 176 | - |
| Less: Loss on assets held for sale | - | - | - | - | 553 | - |
| Plus: Gain on sale of LA fixed income team | - | - | - | - | 62 | - |
| Adjusted non-interest expense | $49,076 | $48,710 | $49,351 | $51,860 | $58,187 | $64,010 |
| | | | | | | |
| Net interest income | $24,457 | $27,576 | $30,624 | $32,061 | $46,102 | $56,509 |
| Non-interest income | 29,922 | 27,713 | 27,158 | 32,598 | 51,195 | 40,129 |
| Less: Unrealized gains/(losses) recognized on equity securities | - | - | (15) | 21 | 15 | (21) |
| Less: Net gain on securities | 114 | 81 | - | 119 | - | 489 |
| Less: Net gain on sale of assets | - | - | - | 183 | - | - |
| Total income | $54,265 | $55,208 | $57,797 | $64,336 | $97,282 | $96,170 |
| Efficiency ratio | 90.4% | 88.2% | 85.4% | 80.6% | 59.8% | 66.6% |

# Non-GAAP Reconciliation

| Consolidated Efficiency Ratio | For the Three Months Ended, | | | | |
|---|---|---|---|---|---|
| (Dollars in thousands) | June 30, 2021 | September 30, 2021 | December 31, 2021 | March 31, 2022 | June 30, 2022 |
| Non-interest expense | $15,523 | $16,466 | $20,523 | $19,358 | $20,583 |
| Less: amortization | 4 | 5 | 4 | 77 | 77 |
| Less: acquisition related expenses | 70 | 332 | 3,696 | 527 | 347 |
| Adjusted non-interest expense | $15,449 | $16,129 | $16,823 | $18,754 | $20,159 |
| | | | | | |
| Net interest income | $14,223 | $14,846 | $14,387 | $18,284 | $20,138 |
| Non-interest income | 9,500 | 10,492 | 9,535 | 8,600 | 6,940 |
| Less: unrealized gains/(losses) recognized on equity securities | 2 | (3) | (7) | (32) | 299 |
| Less: net gain/(loss) on loans accounted for under the fair value option | - | - | - | - | (155) |
| Less: Net gain on equity interests | - | - | 489 | 1 | - |
| Adjusted non-interest income | 9,498 | 10,495 | 9,053 | 8,631 | 6,796 |
| Total income | $23,721 | $25,341 | $23,440 | $26,915 | $26,934 |
| **Efficiency ratio** | **65.13%** | **63.65%** | **71.77%** | **69.68%** | **74.85%** |

| 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 | June 30, 2022 |
| Total shareholders' equity | $116,875 | $127,678 | $154,962 | $219,041 | 223,266 | $228,024 |
| Less: | | | | | | |
| Goodwill and other intangibles, net | 25,213 | 19,714 | 24,258 | 31,902 | 32,335 | 32,258 |
| Intangibles held for sale[(1)] | - | 3,553 | - | - | - | - |
| **Tangible common equity** | 91,662 | 104,411 | $130,704 | 187,139 | 190,931 | 195,766 |
| | | | | | | |
| Common shares outstanding, end of period | 7,968,420 | 7,940,168 | 7,951,773 | 9,419,271 | 9,430,007 | 9,478,710 |
| **Tangible common book value per share** | **$11.50** | **$13.15** | **$16.44** | **$19.87** | **$20.25** | **$20.65** |
| | | | | | **Net income available to common shareholders** | **$4,482** |
| | | | | | **Return on tangible common equity (annualized)** | **9.16%** |

(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) | June 30, 2021 | September 30, 2021 | December 31, 2021 | March 31, 2022 | June 30, 2022 |
| Total income before non-interest expense | $19,784 | $20,435 | $20,612 | $24,156 | $25,282 |
| Less: unrealized gains/(losses) recognized on equity securities | 2 | (3) | (7) | (32) | 299 |
| Less: net gain/(loss) on loans accounted for under the fair value option | - | - | - | - | (155) |
| Less: Net gain on equity interests | - | - | 489 | 1 | - |
| Plus: Provision for loan loss | 12 | 406 | 812 | 210 | 519 |
| **Gross revenue** | **$19,794** | **$20,844** | **$20,942** | **$24,397** | **$25,657** |

| Mortgage Gross Revenue | For the Three Months Ended, | | | | |
|---|---|---|---|---|---|
| (Dollars in thousands) | June 30, 2021 | September 30, 2021 | December 31, 2021 | March 31, 2022 | June 30, 2022 |
| Total income before non-interest expense | $3,927 | $4,497 | $2,498 | $2,518 | $1,277 |
| Plus: Provision for loan loss | - | - | - | - | - |
| **Gross revenue** | **$3,927** | **$4,497** | **$2,498** | **$2,518** | **$1,277** |

| Consolidated Gross Revenue | For the Three Months Ended, | | | | |
|---|---|---|---|---|---|
| (Dollars in thousands) | June 30, 2021 | September 30, 2021 | December 31, 2021 | March 31, 2022 | June 30, 2022 |
| Total income before non-interest expense | $23,711 | $24,932 | $23,110 | $26,674 | $26,559 |
| Less: unrealized gains/(losses) recognized on equity securities | 2 | (3) | (7) | (32) | 299 |
| Less: net gain/(loss) on loans accounted for under the fair value option | - | - | - | - | (155) |
| Less: Net gain on equity interests | - | - | 489 | 1 | - |
| Plus: Provision for loan loss | 12 | 406 | 812 | 210 | 519 |
| **Gross revenue** | **$23,721** | **$25,341** | **$23,440** | **$26,915** | **$26,934** |

| Diluted Pre-Tax Earnings Per Share | For The Three Months Ended | | | | |
|---|---|---|---|---|---|
| (Dollars in thousands) | June 30, 2021 | September 30, 2021 | December 31, 2021 | March 31, 2022 | June 30, 2022 |
| Non-Mortgage income before income tax | $6,983 | $6,199 | $2,279 | $7,011 | $6,926 |
| Plus: Acquisition-related expenses | 70 | 332 | 3,696 | 527 | 347 |
| Plus: Mortgage income before income tax | 1,205 | 2,267 | 308 | 305 | (950) |
| Less: Income tax expense including acquisition tax effect | 1,927 | 2,129 | 1,507 | 1,921 | 1,581 |
| Net income available to common shareholders | $6,331 | $6,669 | $4,776 | $5,922 | $4,742 |
| Diluted weighted average shares | 8,213,900 | 8,246,353 | 8,370,998 | 9,762,602 | 9,717,667 |
| **Non-Mortgage Segment Diluted Pre-Tax Earnings Per Share** | **$0.86** | **$0.79** | **$0.71** | **$0.77** | **$0.75** |
| **Consolidated Diluted Pre-Tax Earnings Per Share** | **$1.01** | **$1.07** | **$0.75** | **$0.80** | **$0.65** |

# Non-GAAP Reconciliation

| Adjusted net income available to common shareholders | For the Three Months Ended, | | | | |
|---|---|---|---|---|---|
| (Dollars in thousands, except per share data) | June 30, 2021 | September 30, 2021 | December 31, 2021 | March 31, 2022 | June 30, 2022 |
| Net income available to common shareholders | $6,277 | $6,417 | $1,917 | $5,524 | $4,482 |
| Plus: acquisition related expense including tax impact | 54 | 252 | 2,859 | 398 | 260 |
| **Adjusted net income to common shareholders** | **$6,331** | **$6,669** | **$4,776** | **$5,922** | **$4,742** |

| Adjusted diluted earnings per share | For the Three Months Ended, | | | | |
|---|---|---|---|---|---|
| (Dollars in thousands, except per share data) | June 30, 2021 | September 30, 2021 | December 31, 2021 | March 31, 2022 | June 30, 2022 |
| Diluted earnings per share | $0.76 | $0.78 | $0.23 | $0.57 | $0.46 |
| Plus: acquisition related expenses including tax impact | 0.01 | 0.03 | 0.34 | 0.04 | 0.03 |
| **Adjusted diluted earnings per share** | **$0.77** | **$0.81** | **$0.57** | **$0.61** | **$0.49** |

| Allowance for loan losses to Bank originated loans excluding PPP | As of | | |
|---|---|---|---|
| (Dollars in thousands) | December 31, 2021 | March 31, 2022 | June 30, 2022 |
| Total loans held for investment | $1,954,168 | $1,931,122 | $2,150,148 |
| Less: Branch acquisition | 360,661 | 323,563 | 287,623 |
| Less: PPP loans | 40,062 | 13,109 | 9,053 |
| Less: Purchased loans accounted for under fair value | - | 6.368 | 21,149 |
| Loans excluding acquired and PPP | 1,553,445 | 1,588,082 | 1,832,323 |
| Allowance for loan losses | 13,732 | 13,885 | 14,357 |
| **Allowance for loan losses to Bank originated loans excluding PPP** | **0.88%** | **0.87%** | **0.78%** |



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# Non-GAAP Reconciliation

| Adjusted net interest margin | 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 | | | For the Three Months Ended June 30, 2022 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (Dollars in thousands) | 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 | 292,615 | 92 | | 266,614 | 105 | | 279,406 | 109 | | 475,942 | 232 | | 321,673 | 549 | |
| PPP adjustment | 17,115 | 4 | | 1,636 | - | | 9,556 | 3 | | 12,378 | 6 | | 4,493 | 9 | |
| Investment securities | 26,474 | 169 | | 29,130 | 180 | | 36,001 | 226 | | 55,739 | 337 | | 69,320 | 418 | |
| PPP adjustment | - | - | | - | - | | - | - | | - | - | | - | - | |
| Loans | 1,573,553 | 15,287 | | 1,592,800 | 15,861 | | 1,653,920 | 15,398 | | 1,922,770 | 19,096 | | 2,010,024 | 20,663 | |
| PPP adjustment | (176,396) | (1,583) | | (81,476) | (1,081) | | (51,825) | (622) | | (30,481) | (491) | | (13,385) | (148) | |
| Purchase Accretion adjustment | - | (260) | | - | 35 | | - | 398 | | - | (328) | | - | (288) | |
| Adjusted total Interest-earning assets | 1,773,361 | 13,709 | | 1,808,704 | 15,100 | | 1,927,058 | 15,512 | | 2,436,348 | 18,852 | | 2,392,125 | 21,203 | |
| Interest-bearing deposits | | 866 | | | 829 | | | 813 | | | 943 | | | 1,103 | |
| PPP adjustment | | - | | | - | | | - | | | - | | | - | |
| Federal Home Loan Bank Topeka and Federal Reserve borrowings | | 117 | | | 82 | | | 55 | | | 39 | | | 28 | |
| PPP adjustment | | (93) | | | (59) | | | (31) | | | (16) | | | (8) | |
| Subordinated notes | | 342 | | | 389 | | | 477 | | | 400 | | | 361 | |
| Adjusted total interest-bearing liabilities | | 1,232 | | | 1,241 | | | 1,314 | | | 1,366 | | | 1,484 | |
| Net interest income | | 12,477 | | | 13,859 | | | 14,198 | | | 17,486 | | | 19,719 | |
| **Adjusted net interest margin** | | | **2.88%** | | | **3.06%** | | | **2.95%** | | | **2.87%** | | | **3.30%** |