

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 27, 2022

FIRST WESTERN FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Colorado (State or other jurisdiction of incorporation or organization)	001-38595 (Commission File Number)	37-1442266 (I.R.S. Employer Identification No.)
1900 16th Street, Suite 1200 Denver, Colorado (Address of principal executive offices)		80202 (Zip Code)

Registrant's telephone number, including area code: **303.531.8100**

Former name or former address, if changed since last report: **Not Applicable**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

- ☒ Emerging growth company
- ☒ If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Title of each class	Securities registered pursuant to Section 12(b) of the Act:	Name of each exchange on which registered
Common Stock, no par value	Trading Symbol MYFW	The Nasdaq Stock Market LLC

Item 2.02 Results of Operations and Financial Condition.

On January 27, 2022, First Western Financial, Inc. (the “Company”) issued a press release announcing its financial results for the fourth quarter ended December 31, 2021. A copy of the press release is furnished as Exhibit 99.1 and is incorporated by reference herein.

The information in this Item 2.02, including Exhibit 99.1, is being furnished pursuant to Item 2.02 of Form 8-K and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to liabilities of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, unless specifically identified therein as being incorporated therein by reference.

Item 7.01 Regulation FD Disclosure.

The Company intends to hold an investor call and webcast to discuss its financial results for the fourth quarter ended December 31, 2021 on Friday, January 28, 2022, at 10:00 a.m. Mountain Time. The Company’s presentation to analysts and investors contains additional information about the Company’s financial results for the fourth quarter ended December 31, 2021 and is furnished as Exhibit 99.2 and is incorporated by reference herein.

The information in this Item 7.01, including Exhibit 99.2, is being furnished pursuant to Item 7.01 of Form 8-K and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to liabilities of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act, unless specifically identified therein as being incorporated therein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
99.1	Press Release issued by First Western Financial, Inc. dated January 27, 2022
99.2	First Western Financial, Inc. Earnings Presentation
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded in the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FIRST WESTERN FINANCIAL, INC.

Date: January 27, 2022

By: /s/ Scott C. Wylie

Scott C. Wylie

Chairman, Chief Executive Officer and President



First Western Reports Fourth Quarter 2021 Financial Results

Fourth Quarter 2021 Summary

- Completed acquisition of Teton Financial Services on December 31, 2021
- Total assets of \$2.53 billion in Q4 2021, up 21.7% from Q3 2021 and up 28.1% from Q4 2020
- Quarter-over-quarter growth in total loans held for investment of \$350.8 million, increase of \$252.3 million contributed through acquisition, \$98.5 remaining net loan growth
- Tangible book value per common share⁽¹⁾ increased 5.4% from \$18.85 as of Q3 2021 to \$19.87 as of Q4 2021, and was up 20.9% from \$16.44 as of Q4 2020
- Net income available to common shareholders of \$1.9 million in Q4 2021, compared to \$6.4 million in Q3 2021 and \$4.9 million in Q4 2020
- Diluted EPS of \$0.23 in Q4 2021, compared to \$0.78 in Q3 2021 and \$0.61 in Q4 2020
- Excluding \$3.7 million in acquisition-related expense, adjusted net income available to common shareholders⁽¹⁾ of \$4.8 million, or \$0.57 per diluted share⁽¹⁾, in Q4 2021
- Gross revenue⁽¹⁾ of \$23.4 million in Q4 2021, compared to \$25.3 million in Q3 2021 and \$23.4 million in Q4 2020

⁽¹⁾ Represents a Non-GAAP financial measure. See “Reconciliations of Non-GAAP Measures” for a reconciliation of our Non-GAAP measures to the most directly comparable GAAP financial measure.

Denver, Colo., January 27, 2022 – First Western Financial, Inc., (“First Western” or the “Company”) (NASDAQ: MYFW), today reported financial results for the fourth quarter ended December 31, 2021.

Net income available to common shareholders was \$1.9 million, or \$0.23 per diluted share, for the fourth quarter of 2021, which included \$3.7 million in acquisition-related expenses with a \$0.8 million tax impact that impacted diluted earnings per share by \$0.34. This compares to \$6.4 million, or \$0.78 per diluted share, for the third quarter of 2021, and \$4.9 million, or \$0.61 per diluted share, for the fourth quarter of 2020.

Scott C. Wylie, CEO of First Western, commented, “We continued to generate exceptional organic balance sheet growth in the fourth quarter driven by the strong commercial banking platform that we have built over the past two years and the growing contribution of new offices and bankers we have added. We had a record quarter of loan production, which resulted in increases in most of our portfolios. Our strong loan growth enabled us to begin redeploying our excess liquidity into higher yielding earning assets.

“We are very pleased that we were able to complete our acquisition of Teton Financial Services in just over five months after announcing the transaction. At the time of the deal announcement, we expected a tangible book value dilution earn back period of approximately half a year. In fact, upon closing, the transaction was immediately accretive to tangible book value, further enhancing the attractive economics of this acquisition.

“We believe we are well positioned to deliver a strong year of balance sheet and earnings growth in 2022. Given the economic strength of our markets, improving loan demand, and the productivity of our commercial banking group, we expect to deliver another year of strong organic loan growth. We will also benefit from the accretive impact of the Teton acquisition as we fully realize the cost savings from the transaction over the course of the year. As we continue to scale the business, we believe that we will drive improved efficiencies and a higher level of earnings, while also investing to support future growth through the addition of new banking talent, opening new offices in attractive markets, and continuing to execute on accretive M&A transactions that can further enhance the value of our franchise,” said Mr. Wylie.

As previously announced, the Company acquired Teton Financial Services and its wholly owned subsidiary, Rocky Mountain Bank, effective December 31, 2021. The fair value of assets acquired was \$431.9 million, which included \$252.3 million in loans, \$6.6 million in goodwill, and \$1.3 million in core deposit intangibles. The fair value of total liabilities assumed was \$380.5 million, which included \$379.2 million in deposits. The reported results include provisional estimates of the accounting for the acquisition of Teton which are subject to revision in future periods when the application of purchase accounting is finalized.

	For the Three Months Ended		
	December 31,	September 30,	December 31,
	2021	2021	2020
<i>(Dollars in thousands, except per share data)</i>			
Earnings Summary			
Net interest income	\$ 14,387	\$ 14,846	\$ 13,457
Less: provision for loan losses	812	406	695
Total non-interest income	9,542	10,495	9,954
Total non-interest expense	20,530	16,469	15,614
Income before income taxes	2,587	8,466	7,102
Income tax expense	670	2,049	2,228
Net income available to common shareholders	1,917	6,417	4,874
Adjusted net income available to common shareholders ⁽¹⁾	4,776	6,669	4,979
Basic earnings per common share	0.24	0.80	0.61
Adjusted basic earnings per common share ⁽¹⁾	0.59	0.84	0.63
Diluted earnings per common share	0.23	0.78	0.61
Adjusted diluted earnings per common share ⁽¹⁾	0.57	0.81	0.62
Return on average assets (annualized)	0.37 %	1.27 %	0.99 %
Adjusted return on average assets (annualized) ⁽¹⁾	0.91	1.32	1.01
Return on average shareholders' equity (annualized)	4.28	14.88	12.62
Adjusted return on average shareholders' equity (annualized) ⁽¹⁾	10.66	15.46	12.90
Return on tangible common equity (annualized) ⁽¹⁾	4.10	17.01	14.92
Adjusted return on tangible common equity (annualized) ⁽¹⁾	10.21	17.68	15.24
Net interest margin	2.92	3.14	3.07
Efficiency ratio ⁽¹⁾	71.80	63.66	65.96

⁽¹⁾ Represents a Non-GAAP financial measure. See “Reconciliations of Non-GAAP Measures” for a reconciliation of our Non-GAAP measures to the most directly comparable GAAP financial measure.

Operating Results for the Fourth Quarter 2021

Revenue

Gross revenue ⁽¹⁾ was \$23.4 million for the fourth quarter of 2021, a decrease of 7.5% from \$25.3 million for the third quarter of 2021, due primarily to a \$2.0 million decrease in net gain on mortgage loans. Relative to the fourth quarter of 2020, gross revenue remained flat with a small increase of 0.1%.

⁽¹⁾ Represents a Non-GAAP financial measure. See “Reconciliations of Non-GAAP Measures” for a reconciliation of our Non-GAAP measures to the most directly comparable GAAP financial measure.

Net Interest Income

Net interest income for the fourth quarter of 2021 was \$14.4 million, a decrease of 3.1% from \$14.8 million in the third quarter of 2021. The decrease in net interest income was driven by a \$0.4 million reduction in PPP fee income, a \$0.4 million reduction in accretion income on acquired loans, off-set by an increase in net interest income due primarily to the increase in average interest-earning assets.

Relative to the fourth quarter of 2020, net interest income increased 6.9% from \$13.5 million. The year-over-year increase in net interest income was due primarily to the increase in average interest-earning assets driven by a \$131.0 million increase in loans and a \$83.7 million increase in interest-bearing deposits in other financial institutions.

Net Interest Margin

Net interest margin for the fourth quarter of 2021 decreased to 2.92% from 3.14% in the third quarter of 2021, primarily due to three factors that positively impacted the third quarter margin. The third quarter of 2021 had higher PPP fee income by \$0.4 million, higher accretion income on acquired loans by \$0.4 million, and higher interest recovery of non-performing loans by \$0.2 million. These items positively impacted net interest margin by 22 bps in the third quarter of 2021, compared to a positive impact of 3 bps in the fourth quarter of 2021.

The cost of interest-bearing deposits decreased slightly to 0.27% in the fourth quarter of 2021, from 0.29% in the third quarter of 2021 and the yield on interest-earning assets decreased to 3.20% in the fourth quarter of 2021, from 3.42% in the third quarter of 2021. The decrease during the period was primarily due to the reduction in interest income caused by lower yields and higher liquidity.

Relative to the fourth quarter of 2020, the net interest margin decreased from 3.07%, primarily due to higher accretion income on acquired loans of \$0.7 million and PPP fee income of \$0.3 million in the fourth quarter of 2020. These items positively impacted net interest margin by 25 bps in the fourth quarter of 2020.

Non-interest Income

Non-interest income for the fourth quarter of 2021 was \$9.5 million, a decrease of 9.1% from \$10.5 million in the third quarter of 2021. This was primarily due to a \$2.0 million decrease in gain on mortgage loans, partially offset by a \$0.5 million net gain on equity interests recognized in the fourth quarter and a \$0.4 million increase in risk management and insurance fees.

Relative to the fourth quarter of 2020, non-interest income decreased 4.1% from \$10.0 million. The decrease was primarily due to lower mortgage segment activity, partially offset by higher trust and investment management fees.

Non-interest Expense

Non-interest expense for the fourth quarter of 2021 was \$20.5 million, an increase of 24.7% from the third quarter of 2021 at \$16.5 million. This was primarily due to \$3.7 million in acquisition-related costs incurred as a result of the Teton acquisition. The remaining increase is primarily due to increased salaries and employee benefits primarily relating to an increased bonus accrual commensurate with the increased production and revenues in the wealth management segment.

The impact of the mergers and acquisition activity is as follows:

	As of or for the Three Months Ended		
	December 31, 2021	September 30, 2021	December 31, 2020 ⁽²⁾
<i>(Dollars in thousands, except share and per share data)</i>			
Adjusted Net Income Available to Common Shareholders⁽¹⁾			
Net income available to common shareholders	\$ 1,917	\$ 6,417	\$ 4,874
Plus: acquisition related expenses			
Salaries and employee benefits	547	—	10
Occupancy and equipment	—	—	108
Professional services	713	332	26
Data processing	2,428	—	9
Other	8	—	—
Less: income tax impact	837	80	48
Adjusted net income available to shareholders⁽¹⁾	\$ 4,776	\$ 6,669	\$ 4,979
Adjusted Diluted Earnings Per Share⁽¹⁾			
Diluted earnings per share	\$ 0.23	\$ 0.78	\$ 0.61
Plus: acquisition related expenses net of income tax impact	0.34	0.03	0.01
Adjusted diluted earnings per share⁽¹⁾	\$ 0.57	\$ 0.81	\$ 0.62

⁽¹⁾ Represents a Non-GAAP financial measure. See "Reconciliations of Non-GAAP Measures" for a reconciliation of our Non-GAAP measures to the most directly comparable GAAP financial measure.

⁽²⁾ Merger and acquisition expenses in Q4 2020 relate to the Simmons branch acquisition

Relative to the fourth quarter of 2020, non-interest expense increased by 31.5% from \$15.6 million. Excluding the \$3.7 million in acquisition costs recognized during the fourth quarter of 2021, non-interest expense increased by 7.8%. The increase is primarily due to increased salaries and employee benefits primarily relating to an increased commission and bonus accruals commensurate with the increased production and revenues in the wealth management segment.

The Company's efficiency ratio⁽¹⁾ was 71.8% in the fourth quarter of 2021, compared with 63.7% in the third quarter of 2021 and 66.0% in the fourth quarter of 2020.

⁽¹⁾ Represents a Non-GAAP financial measure. See "Reconciliations of Non-GAAP Measures" for a reconciliation of our Non-GAAP measures to the most directly comparable GAAP financial measure.

Income Taxes

The Company recorded income tax expense of \$0.7 million for the fourth quarter of 2021, representing an effective tax rate of 25.9%, compared to 24.2% for the third quarter of 2021. The increase in effective tax rate in the fourth quarter of 2021 was primarily attributable to accrued acquisition costs as of December 31, 2021.

Loans

Total loans held for investment were \$1.95 billion as of December 31, 2021, an increase of 21.9% from \$1.60 billion as of September 30, 2021, and an increase of 27.4% from \$1.53 billion as of December 31, 2020. The increase in total loans held for investment from September 30, 2021 was attributable to the Teton acquisition, which increased our total loan portfolio by \$252.3 million, and remaining net loan growth of \$98.5 million. The increase in total loans held for investment from December 31, 2020 was attributable to the Teton acquisition and remaining net loan growth of \$167.7 million. Excluding PPP loans and acquired loans, total loans held for investment were \$1.55 billion as of December 31, 2021, an increase of \$129.4 million, or 9.1%, from the end of the prior quarter and an increase of \$276.5 million, or 21.7%, from December 31, 2020.

PPP loans were \$46.8 million as of December 31, 2021, a net decrease of 24.4% from \$61.9 million as of September 30, 2021 and 67.2% from \$142.9 million as of December 30, 2020, which includes the addition of \$6.7 million in PPP loans acquired from Teton Financial Services. As of December 31, 2021, there were \$0.7 million remaining in net fees to be recognized upon forgiveness or repayment of PPP loans.

Deposits

Total deposits were \$2.21 billion as of December 31, 2021, compared to \$1.78 billion as of September 30, 2021, and \$1.62 billion as of December 31, 2020. The increase in total deposits from September 30, 2021 was related to \$379.2 million in deposits added through the Teton acquisition and \$44.2 million in remaining net growth. The increase in total deposits from December 31, 2020 was related to the deposits added through the Teton acquisition and \$206.6 million in remaining net growth.

Average total deposits for the fourth quarter of 2021 increased \$81.7 million, or 19.0% annualized, from the third quarter of 2021 and increased \$227.2 million, or 14.4%, from the fourth quarter of 2020. The quarter-over-quarter increase in average deposits was primarily attributable to organic growth in non-interest bearing and interest checking accounts. The year-over-year increase in average deposits was primarily attributable to organic growth in non-interest bearing and money market accounts.

Borrowings

Federal Home Loan Bank ("FHLB") and Federal Reserve borrowings were \$38.6 million as of December 31, 2021, a decrease of \$19.9 million from \$58.6 million as of September 30, 2021, and a decrease of \$110.9 million from \$149.6 million as of December 31, 2020. The decrease from December 31, 2020 and from September 30, 2021 is attributable to the participation in the Paycheck Protection Program Loan Facility ("PPPLF") from the Federal Reserve. Borrowing from this facility is expected to trend in the same direction as the balances of the PPP loans and the resulting net decrease in PPP loans drove the decrease to the PPPLF balance. As of December 31, 2021, the PPPLF had advances of \$23.6 million compared to PPP loan balance of \$46.8 million.

Assets Under Management

Total assets under management ("AUM") increased by \$445.9 million during the fourth quarter to \$7.35 billion as of December 31, 2021, compared to \$6.91 billion as of September 30, 2021, and \$6.26 billion as of December 31, 2020. The increase was primarily attributable to the Teton Financial Services acquisition and improving market conditions resulting in an increase in the value of assets under management balances, as well as contributions to existing accounts and new accounts.

Credit Quality

Non-performing assets totaled \$4.3 million, or 0.17% of total assets, as of December 31, 2021, compared to \$4.4 million, or 0.21% of total assets, as of September 30, 2021 and \$4.3 million, or 0.22% of total assets, as of December 31, 2020. The decrease in non-performing assets from the prior quarter was primarily due to continued pay downs of non-performing loan balances.

The Company recorded a provision of \$0.8 million in the fourth quarter of 2021, compared to a provision of \$0.7 million in the fourth quarter of 2020. The Company recorded a provision for loan losses of \$0.4 million in the third quarter of 2021. The provision recorded in the fourth quarter represented general provisioning consistent with growth of the loan portfolio and the resulting allowance for loan loss is representative of continued strong credit quality in the portfolio.

Capital

As of December 31, 2021, First Western ("Consolidated") and First Western Trust Bank ("Bank") exceeded the minimum capital levels required by their respective regulators. As of December 31, 2021, the Bank was classified as "well capitalized," as summarized in the following table:

	December 31, 2021
Consolidated Capital	
Tier 1 capital to risk-weighted assets	10.54 %
Common Equity Tier 1 ("CET1") to risk-weighted assets	10.54
Total capital to risk-weighted assets	13.54
Tier 1 capital to average assets	9.31
Bank Capital	
Tier 1 capital to risk-weighted assets	11.40
CET1 to risk-weighted assets	11.40
Total capital to risk-weighted assets	12.19
Tier 1 capital to average assets	10.05

Book value per common share increased 6.3% from \$21.88 as of September 30, 2021 to \$23.25 as of December 31, 2021, and was up 19.3% from \$19.49 as of December 31, 2020.

Tangible book value per common share ⁽¹⁾ increased 5.4% from \$18.85 as of September 30, 2021 to \$19.87 as of December 31, 2021, and was up 20.9% from \$16.44 as of December 31, 2020.

The Company did not repurchase any shares of its common stock prior to the expiration of the stock repurchase program in the fourth quarter of 2021.

⁽¹⁾ Represents a Non-GAAP financial measure. See "Reconciliations of Non-GAAP Measures" for a reconciliation of our Non-GAAP measures to the most directly comparable GAAP financial measure.

Conference Call, Webcast and Slide Presentation

The Company will host a conference call and webcast at 10:00 a.m. MT/ 12:00 p.m. ET on Friday, January 28, 2022. The call can be accessed via telephone at 877-405-1628. A recorded replay will be accessible through February 4, 2022 by dialing 855-859-2056; passcode 3639994.

A slide presentation relating to the fourth quarter 2021 results will be accessible prior to the scheduled conference call. The slide presentation and webcast of the conference call can be accessed on the Events and Presentations page of the Company's investor relations website at <https://myfw.gcs-web.com>.

About First Western

First Western is a financial services holding company headquartered in Denver, Colorado, with operations in Colorado, Arizona, Wyoming and California. First Western and its subsidiaries provide a fully integrated suite of wealth management services on a private trust bank platform, which includes a comprehensive selection of deposit, loan, trust, wealth planning and investment management products and services. First Western's common stock is traded on the Nasdaq Global Select Market under the symbol "MYFW." For more information, please visit www.myfw.com.

Non-GAAP Financial Measures

Some of the financial measures included in this press release are not measures of financial performance recognized in accordance with generally accepted accounting principles in the United States ("GAAP"). These non-GAAP financial measures include "Tangible Common Equity," "Tangible Common Book Value per Share," "Return on Tangible Common Equity," "Efficiency Ratio," "Gross Revenue," "Allowance for Loan Losses to Bank Originated Loans Excluding PPP," "Adjusted Net Income Available to Common Shareholders," "Adjusted Basic Earnings Per Share," "Adjusted Diluted Earnings Per Share," "Adjusted Return on Average Assets," "Adjusted Return on Average Shareholders' Equity," and "Adjusted Return on Tangible Common Equity". The Company believes these non-GAAP financial measures provide both management and investors a more complete understanding of the Company's financial position and performance. These non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP financial measures. Not all companies use the same calculation of these measures; therefore, this presentation may not be comparable to other similarly titled measures as presented by other companies. Reconciliation of non-GAAP financial measures, to GAAP financial measures are provided at the end of this press release.

Forward-Looking Statements

Statements in this news release 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,” “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 news release 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 news release and could cause us to make changes to our future plans. Those risks and uncertainties include, without limitation, the COVID-19 pandemic and its effects; integration risks in connection with acquisitions; the risk of geographic concentration in Colorado, Arizona, Wyoming 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 loan 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 12, 2021 (“Form 10-K”), and other documents we file with the SEC from time to time. We urge readers of this news release 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 news release, 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.

Contacts:

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First Western Financial, Inc.
Consolidated Financial Summary (unaudited)

	Three Months Ended		
	December 31, 2021	September 30, 2021	December 31, 2020
<i>(Dollars in thousands, except per share amounts)</i>			
Interest and dividend income:			
Loans, including fees	\$ 15,398	\$ 15,861	\$ 14,656
Investment securities	225	180	186
Interest-bearing deposits in other financial institutions	109	105	100
Total interest and dividend income	15,732	16,146	14,942
Interest expense:			
Deposits	813	829	1,015
Other borrowed funds	532	471	470
Total interest expense	1,345	1,300	1,485
Net interest income	14,387	14,846	13,457
Less: provision for loan losses	812	406	695
Net interest income, after provision for loan losses	13,575	14,440	12,762
Non-interest income:			
Trust and investment management fees	5,197	5,167	4,868
Net gain on mortgage loans	2,470	4,480	4,318
Bank fees	622	458	391
Risk management and insurance fees	676	300	287
Income on company-owned life insurance	88	90	90
Net gain on equity interests	489	—	—
Total non-interest income	9,542	10,495	9,954
Total income before non-interest expense	23,117	24,935	22,716
Non-interest expense:			
Salaries and employee benefits	11,013	10,229	9,401
Occupancy and equipment	1,588	1,550	1,435
Professional services	2,164	1,660	1,493
Technology and information systems	916	945	1,041
Data processing	3,307	912	1,078
Marketing	497	397	415
Amortization of other intangible assets	4	5	4
Provision on other real estate owned	—	—	76
Other	1,041	771	671
Total non-interest expense	20,530	16,469	15,614
Income before income taxes	2,587	8,466	7,102
Income tax expense	670	2,049	2,228
Net income available to common shareholders	\$ 1,917	\$ 6,417	\$ 4,874
Earnings per common share:			
Basic	\$ 0.24	\$ 0.80	\$ 0.61
Diluted	0.23	0.78	0.61

First Western Financial, Inc.
Consolidated Financial Summary (unaudited)

<i>(Dollars in thousands)</i>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
ASSETS			
Cash and cash equivalents:			
Cash and due from banks	\$ 6,487	\$ 2,829	\$ 2,405
Federal funds sold	1,491	—	—
Interest-bearing deposits in other financial institutions	379,005	307,406	153,584
Total cash and cash equivalents	386,983	310,235	155,989
Available-for-sale securities, at fair value	56,211	32,233	36,666
Correspondent bank stock, at cost	2,584	1,772	2,552
Mortgage loans held for sale	30,620	51,309	161,843
Loans, net of allowance of \$13,732, \$12,964 and \$12,539	1,935,405	1,590,086	1,520,294
Premises and equipment, net	23,976	6,344	5,320
Accrued interest receivable	7,151	6,306	6,618
Accounts receivable	5,267	5,500	4,865
Other receivables	1,949	1,553	1,422
Other real estate owned, net	—	—	194
Goodwill and other intangible assets, net	31,902	24,246	24,258
Deferred tax assets, net	6,845	5,926	6,056
Company-owned life insurance	15,803	15,715	15,449
Other assets	22,678	25,047	32,129
Assets held for sale	115	—	—
Total assets	<u>\$ 2,527,489</u>	<u>\$ 2,076,272</u>	<u>\$ 1,973,655</u>
LIABILITIES			
Deposits:			
Noninterest-bearing	\$ 636,304	\$ 596,635	\$ 481,457
Interest-bearing	1,569,399	1,185,664	1,138,453
Total deposits	2,205,703	1,782,299	1,619,910
Borrowings:			
FHLB and Federal Reserve borrowings	38,629	58,564	149,563
Subordinated notes	39,031	39,010	24,291
Accrued interest payable	355	357	453
Other liabilities	24,730	20,913	24,476
Total liabilities	2,308,448	1,901,143	1,818,693
SHAREHOLDERS' EQUITY			
Total shareholders' equity	219,041	175,129	154,962
Total liabilities and shareholders' equity	<u>\$ 2,527,489</u>	<u>\$ 2,076,272</u>	<u>\$ 1,973,655</u>

First Western Financial, Inc.
Consolidated Financial Summary (unaudited)

<i>(Dollars in thousands)</i>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
Loan Portfolio			
Cash, Securities and Other ⁽¹⁾	\$ 295,948	\$ 293,837	\$ 357,020
Construction and Development	178,716	132,141	131,111
1-4 Family Residential	580,872	502,439	455,038
Non-Owner Occupied CRE	482,622	358,369	281,943
Owner Occupied CRE	212,426	167,638	163,042
Commercial and Industrial	203,584	148,959	146,031
Total loans held for investment	1,954,168	1,603,383	1,534,185
Deferred (fees) costs and unamortized premiums/(unaccreted discounts), net	(5,031)	(333)	(1,352)
Gross loans	<u>\$ 1,949,137</u>	<u>\$ 1,603,050</u>	<u>\$ 1,532,833</u>
Mortgage loans held for sale	\$ 30,620	\$ 51,309	\$ 161,843
Deposit Portfolio			
Money market deposit accounts	\$ 1,056,669	\$ 905,196	\$ 847,430
Time deposits	170,491	137,015	172,682
Negotiable order of withdrawal accounts	309,940	137,833	113,052
Savings accounts	32,299	5,620	5,289
Total interest-bearing deposits	1,569,399	1,185,664	1,138,453
Noninterest-bearing accounts	636,304	596,635	481,457
Total deposits	<u>\$ 2,205,703</u>	<u>\$ 1,782,299</u>	<u>\$ 1,619,910</u>

⁽¹⁾ Includes PPP loans of \$46.8 million as of December 31, 2021, \$61.9 million as of September 30, 2021, and \$142.9 million as of December 31, 2020.

First Western Financial, Inc.
Consolidated Financial Summary (unaudited) (continued)

(Dollars in thousands)	As of or for the Three Months Ended		
	December 31, 2021	September 30, 2021	December 31, 2020
Average Balance Sheets			
Assets			
Interest-earning assets:			
Interest-bearing deposits in other financial institutions	\$ 277,915	\$ 266,614	\$ 194,179
Federal funds sold	1,491	—	—
Available-for-sale securities	36,001	29,130	37,512
Loans	1,653,919	1,592,800	1,522,947
Interest-earning assets	1,969,326	1,888,544	1,754,638
Mortgage loans held for sale	39,112	54,717	120,554
Total interest-earning assets, plus mortgage loans held for sale	2,008,438	1,943,261	1,875,192
Allowance for loan losses	(13,224)	(12,740)	(12,077)
Noninterest-earning assets	96,333	92,901	103,961
Total assets	<u>\$ 2,091,547</u>	<u>\$ 2,023,422</u>	<u>\$ 1,967,076</u>
Liabilities and Shareholders' Equity			
Interest-bearing liabilities:			
Interest-bearing deposits	\$ 1,195,986	\$ 1,160,433	\$ 1,094,317
FHLB and Federal Reserve borrowings	49,115	81,307	192,448
Subordinated notes	39,017	29,236	18,443
Total interest-bearing liabilities	1,284,118	1,270,976	1,305,208
Noninterest-bearing liabilities:			
Noninterest-bearing deposits	608,693	562,569	483,115
Other liabilities	19,566	17,359	24,311
Total noninterest-bearing liabilities	628,259	579,928	507,426
Total shareholders' equity	179,170	172,518	154,442
Total liabilities and shareholders' equity	<u>\$ 2,091,547</u>	<u>\$ 2,023,422</u>	<u>\$ 1,967,076</u>
Yields/Cost of funds (annualized)			
Interest-bearing deposits in other financial institutions	0.16 %	0.16 %	0.21 %
Available-for-sale securities	2.50	2.47	1.98
Loans	3.72	3.98	3.85
Interest-earning assets	3.20	3.42	3.41
Mortgage loans held for sale	3.14	2.97	2.88
Total interest-earning assets, plus mortgage loans held for sale	3.19	3.41	3.37
Interest-bearing deposits	0.27	0.29	0.37
FHLB and Federal Reserve borrowings	0.45	0.40	0.42
Subordinated notes	4.89	5.32	5.86
Total interest-bearing liabilities	0.42	0.41	0.46
Net interest margin	2.92	3.14	3.07
Net interest rate spread	2.78	3.01	2.95

First Western Financial, Inc.
Consolidated Financial Summary (unaudited) (continued)

	As of or for the Three Months Ended		
	December 31, 2021	September 30, 2021	December 31, 2020
<i>(Dollars in thousands, except share and per share amounts)</i>			
Asset Quality			
Non-performing loans	\$ 4,327	\$ 4,358	\$ 4,058
Non-performing assets	4,327	4,358	4,252
Net charge-offs/(recoveries)	44	(6)	1
Non-performing loans to total loans	0.22 %	0.27 %	0.26 %
Non-performing assets to total assets	0.17	0.21	0.22
Allowance for loan losses to non-performing loans	317.36	297.48	308.99
Allowance for loan losses to total loans	0.70	0.81	0.82
Allowance for loan losses to bank originated loans excluding PPP ⁽¹⁾	0.88	0.91	0.98
Net charge-offs to average loans ⁽²⁾	0.00	0.00	0.00
Assets Under Management	\$ 7,351,840	\$ 6,905,935	\$ 6,255,336
Market Data			
Book value per share at period end	\$ 23.25	\$ 21.88	\$ 19.49
Tangible book value per common share ⁽¹⁾	19.87	18.85	16.44
Weighted average outstanding shares, basic	8,043,469	7,979,869	7,930,854
Weighted average outstanding shares, diluted	8,370,998	8,246,353	8,015,780
Shares outstanding at period end	9,419,271	8,002,874	7,951,773
Consolidated Capital			
Tier 1 capital to risk-weighted assets	10.54 %	10.66 %	9.96 %
CET1 to risk-weighted assets	10.54	10.66	9.96
Total capital to risk-weighted assets	13.54	14.37	12.80
Tier 1 capital to average assets	9.31	7.86	7.45
Bank Capital			
Tier 1 capital to risk-weighted assets	11.40 %	11.02 %	10.22 %
CET1 to risk-weighted assets	11.40	11.02	10.22
Total capital to risk-weighted assets	12.19	11.96	11.20
Tier 1 capital to average assets	10.05	8.11	7.62

⁽¹⁾ Represents a Non-GAAP financial measure. See "Reconciliation of Non-GAAP Measures" for a reconciliation of our Non-GAAP measures to the most directly comparable GAAP financial measure.

⁽²⁾ Value results in an immaterial amount.

First Western Financial, Inc.
Consolidated Financial Summary (unaudited) (continued)

Reconciliations of Non-GAAP Financial Measures

	As of or for the Three Months Ended		
	December 31, 2021	September 30, 2021	December 31, 2020
<i>(Dollars in thousands, except share and per share amounts)</i>			
Tangible Common			
Total shareholders' equity	\$ 219,041	\$ 175,129	\$ 154,962
Less: goodwill and other intangibles, net	31,902	24,246	24,258
Tangible common equity	<u>\$ 187,139</u>	<u>\$ 150,883</u>	<u>\$ 130,704</u>
Common shares outstanding, end of period	9,419,271	8,002,874	7,951,773
Tangible common book value per share	<u>\$ 19.87</u>	<u>\$ 18.85</u>	<u>\$ 16.44</u>
Net income available to common shareholders	<u>\$ 1,917</u>	<u>\$ 6,417</u>	<u>\$ 4,874</u>
Return on tangible common equity (annualized)	<u>4.10 %</u>	<u>17.01 %</u>	<u>14.92 %</u>
Efficiency			
Non-interest expense	\$ 20,530	\$ 16,469	\$ 15,614
Less: amortization	4	5	4
Less: acquisition related expenses	3,696	332	153
Less: provision on other real estate owned	—	—	76
Plus: gain on sale of LA fixed income team	—	—	(62)
Adjusted non-interest expense	<u>\$ 16,830</u>	<u>\$ 16,132</u>	<u>\$ 15,443</u>
Net interest income	\$ 14,387	\$ 14,846	\$ 13,457
Non-interest income	9,542	10,495	9,954
Less: net gain on equity interests	489	—	—
Total income	<u>\$ 23,440</u>	<u>\$ 25,341</u>	<u>\$ 23,411</u>
Efficiency ratio	<u>71.80 %</u>	<u>63.66 %</u>	<u>65.96 %</u>
Gross Revenue			
Total income before non-interest expense	\$ 23,117	\$ 24,935	\$ 22,716
Less: net gain on equity interests	489	—	—
Plus: provision for loan losses	812	406	695
Gross revenue	<u>\$ 23,440</u>	<u>\$ 25,341</u>	<u>\$ 23,411</u>
Allowance to Bank Originated Loans Excluding PPP			
Total loans held for investment	\$ 1,954,168	\$ 1,603,383	\$ 1,534,185
Less: loans acquired	360,661	117,465	127,233
Less: bank originated PPP loans	40,062	61,838	130,019
Bank originated loans excluding PPP	<u>\$ 1,553,445</u>	<u>\$ 1,424,080</u>	<u>\$ 1,276,933</u>
Allowance for loan losses	\$ 13,732	\$ 12,964	\$ 12,539
Allowance for loan losses to bank originated loans excluding PPP	<u>0.88 %</u>	<u>0.91 %</u>	<u>0.98 %</u>

(1) Represents only the intangible portion of Assets held for sale.

First Western Financial, Inc.
Consolidated Financial Summary (unaudited) (continued)

	As of or for the Three Months Ended		
	December 31, 2021	September 30, 2021	December 31, 2020
<i>(Dollars in thousands, except share and per share data)</i>			
Adjusted Net Income Available to Common Shareholders			
Net income available to common shareholders	\$ 1,917	\$ 6,417	\$ 4,874
Plus: acquisition related expenses	3,696	332	153
Less: income tax impact	837	80	48
Adjusted net income available to shareholders	<u>\$ 4,776</u>	<u>\$ 6,669</u>	<u>\$ 4,979</u>
Adjusted Basic Earnings Per Share			
Basic earnings per share	\$ 0.24	\$ 0.80	\$ 0.61
Plus: acquisition related expenses net of income tax impact	0.35	0.04	0.02
Adjusted basic earnings per share	<u>\$ 0.59</u>	<u>\$ 0.84</u>	<u>\$ 0.63</u>
Adjusted Diluted Earnings Per Share			
Diluted earnings per share	\$ 0.23	\$ 0.78	\$ 0.61
Plus: acquisition related expenses net of income tax impact	0.34	0.03	0.01
Adjusted diluted earnings per share	<u>\$ 0.57</u>	<u>\$ 0.81</u>	<u>\$ 0.62</u>
Adjusted Return on Average Assets (annualized)			
Return on average assets	0.37 %	1.27 %	0.99 %
Plus: acquisition related expenses net of income tax impact	0.54	0.05	0.02
Adjusted return on average assets	<u>0.91 %</u>	<u>1.32 %</u>	<u>1.01 %</u>
Adjusted Return on Average Shareholders' Equity (annualized)			
Return on average shareholders' equity	4.28 %	14.88 %	12.62 %
Plus: acquisition related expenses net of income tax impact	6.38	0.58	0.28
Adjusted return on average shareholders' equity	<u>10.66 %</u>	<u>15.46 %</u>	<u>12.90 %</u>
Adjusted Return on Tangible Common Equity (annualized)			
Return on tangible common equity	4.10 %	17.01 %	14.92 %
Plus: acquisition related expenses net of income tax impact	6.11	0.67	0.32
Adjusted return on tangible common equity	<u>10.21 %</u>	<u>17.68 %</u>	<u>15.24 %</u>



Fourth Quarter 2021
Conference Call

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 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 12, 2021 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).

Certain of the information contained herein may be derived from information provided by industry sources. The Company believes that such information is accurate and the sources from which it has been obtained are reliable; however, the Company cannot guaranty the accuracy of such information and has not independently verified such information.

This presentation contains certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. Reconciliations of non-GAAP financial measures to GAAP financial measures are provided at the end of this presentation. Numbers in the presentation may not sum due to rounding.

Our common stock is not a deposit or savings account. Our common stock is not insured by the Federal Deposit Insurance Corporation or any governmental agency or instrumentality.

This presentation is not an offer to sell any securities and it is not soliciting an offer to buy any securities in any state or jurisdiction where the offer or sale is not permitted. Neither the SEC nor any state securities commission has approved or disapproved of the securities of the Company or passed upon the accuracy or adequacy of this presentation. Any representation to the contrary is a criminal offense. Except as otherwise indicated, this presentation speaks as of the date hereof. The delivery of this presentation shall not, under any circumstances, create any implication that there has been no change in the affairs of the Company after the date hereof.

Overview of 4Q21

4Q21 Earnings

- Net income available to common shareholders of \$1.9 million
- Diluted EPS of \$0.23
- Excluding acquisition-related expenses, adjusted net income of \$4.8 million, or \$0.57 per diluted share⁽¹⁾

Teton Financial Services Acquisition

- Acquisition closed on December 31, 2021
- Upon closing, acquisition was immediately accretive to tangible book value
- Integration proceeding on schedule with core banking system integration and consolidation of branches set for May 2022

Strong Organic Balance Sheet Growth

- Record quarter of loan production resulted in net loan growth of \$350.8 million, \$252.3 million from acquisition and \$98.5 organic loan growth⁽¹⁾, or 25% annualized, with increases across nearly all portfolios
- Organic deposit growth⁽¹⁾ of 10% annualized
- Tangible book value per common share⁽¹⁾ increased 22% annualized from 3Q21 and 21% from 4Q20

Asset Quality Remains Exceptional

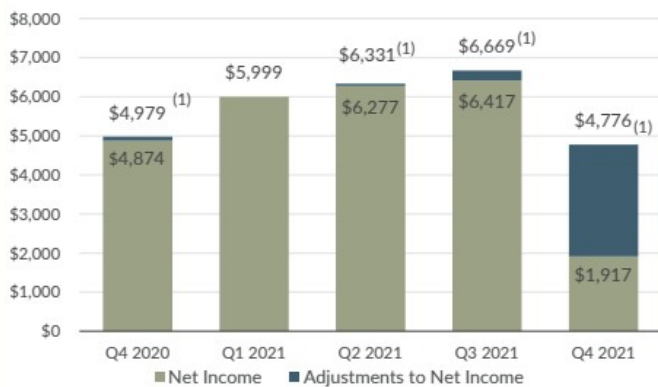
- Non-performing assets declined to 0.17% of total assets from 0.21% at 3Q21
- History of exceptionally low charge-offs continues

⁽¹⁾ See Non-GAAP reconciliation

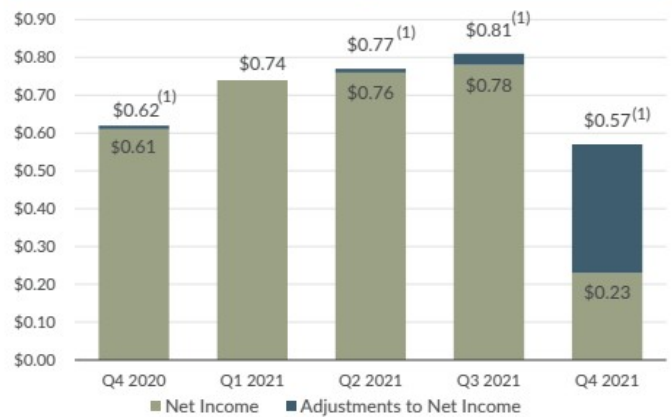
Net Income Available to Common Shareholders and Earnings per Share

- Net income of \$1.9 million, or \$0.23 diluted earnings per share, in 4Q21
- Excluding acquisition-related expenses, adjusted diluted earnings per share⁽¹⁾ of \$0.57 in 4Q21
- Strong profitability and Teton Financial Services acquisition resulted in 6.3% and 5.4% increase in book value per share and tangible book value per share⁽¹⁾, respectively, from 3Q21
- Earnings growth coming from combination of continued organic growth of more mature profit centers, contribution of newer profit centers ramping up, and accretive acquisitions

Net Income Available to Common Shareholders



Diluted Earnings per Share

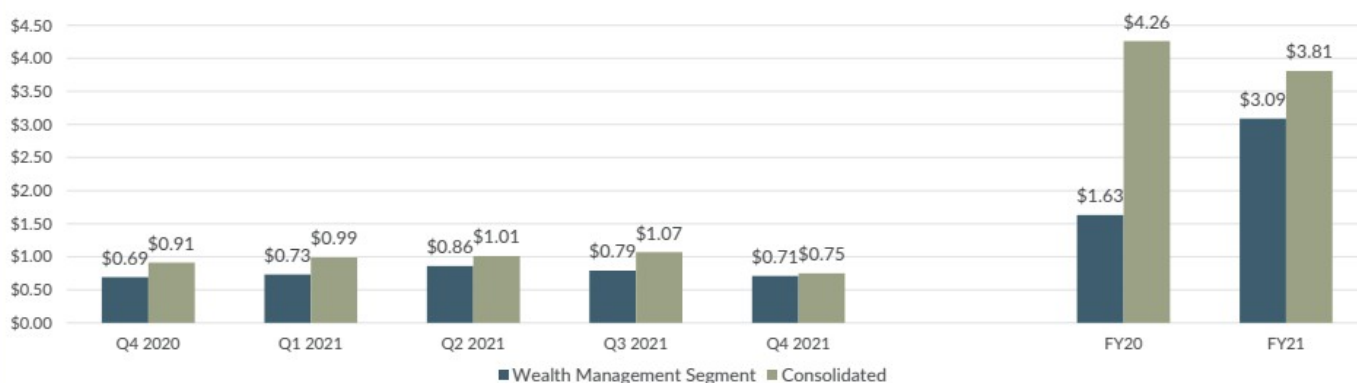


(1) See Non-GAAP reconciliation

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
- Decline in wealth management segment earnings from 3Q21 primarily due to the provision expense, reduction in PPP fee income, and accretion income on acquired loans

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



(1) See Non-GAAP reconciliation

Loan Portfolio

Loan Portfolio Details

- Total loans HFI increased \$350.8 million from prior quarter
- Teton Financial Services acquisition contributed \$252.3 million in loans HFI
- Organic loan growth⁽¹⁾ of \$98.5 million in 4Q21
- Strong organic growth across most portfolios
- New production in Cash, Securities and Other portfolio partially offset by PPP forgiveness

Loan Portfolio Composition⁽¹⁾

(\$ in thousands, as of quarter end)

	4Q 2020	3Q 2021	4Q 2021
Cash, Securities and Other	\$357,020	\$293,837	\$295,948
Construction and Development	131,111	132,141	178,716
1-4 Family Residential	455,038	502,439	580,872
Non-Owner Occupied CRE	281,943	358,369	482,622
Owner Occupied CRE	163,042	167,638	212,426
Commercial and Industrial	146,031	148,959	203,584
Total Loans HFI	\$1,534,185	\$1,603,383	\$1,954,168
Mortgage loans held-for-sale (HFS)	161,843	51,309	30,620
Total Loans	\$1,696,028	\$1,654,692	\$1,984,788

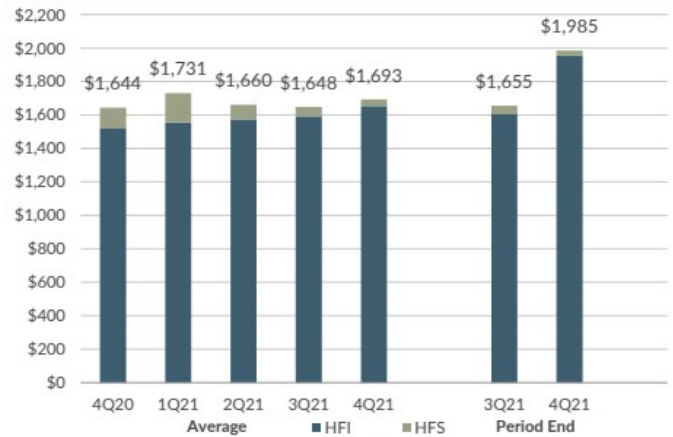
(1) Excludes deferred (fees) costs, and amortized premium/(unaccreted discount), net

Loan Production & Loan Payoffs

(in millions)



Average Total Loans⁽¹⁾



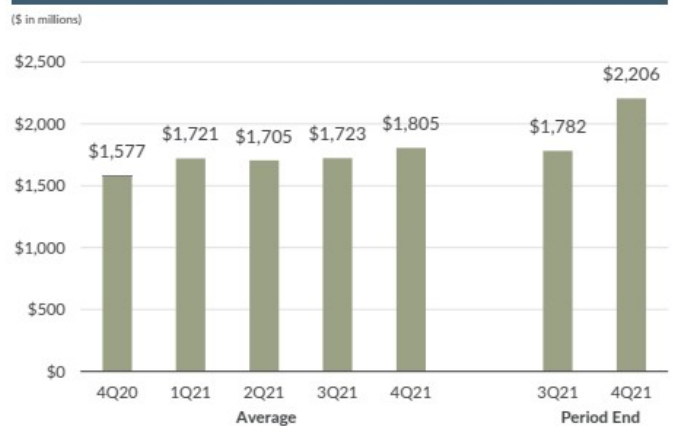
Total Deposits

- Total deposits increased \$423.4 million from end of prior quarter
- Teton Financial Services acquisition contributed \$379.2 million in deposits
- Organic deposit growth⁽¹⁾ of \$44.2 million
- Strong new client acquisition activity resulted in \$110 million in new deposit accounts in 4Q21

Deposit Portfolio Composition

	4Q 2020	3Q 2021	4Q 2021
Money market deposit accounts	\$847,430	\$905,196	\$1,056,669
Time deposits	172,682	137,015	170,491
NOW	113,052	137,833	309,940
Savings accounts	5,289	5,620	32,299
Noninterest-bearing accounts	481,457	596,635	636,304
Total Deposits	\$1,619,910	\$1,782,299	\$2,205,703

Total Deposits



Commercial Banking Driving Growth

- During 2020, expanded commercial banking team and added construction lending expertise
- Increase in commercial banking clients contributing to growth in total loans and low-cost deposits while improving overall diversification
- Stronger commercial banking platform complements private banking and expanded mortgage capabilities to create a more valuable franchise with additional catalysts for future growth

Total Commercial Loans⁽¹⁾



(1) Reflects loans to commercial borrowers across all loan categories excludes SBA PPP loan balances due to their short-term nature.

Total Commercial Deposits



Trust and Investment Management

- Total assets under management increased \$445.9 million from September 30, 2021 to \$7.35 billion at December 31, 2021
- The increase in asset balances was attributable to the Teton acquisition and improving market conditions as well as account additions and new account growth

Total Assets Under Management

(in millions, as of quarter end)



Paycheck Protection Program Overview

Impact on 4Q21 Financials ⁽¹⁾ (\$ in Millions)	
Net Interest Income	
Amortization of SBA fee income and deferred loan origination expense ⁽²⁾	\$0.5
Interest income from PPP loans, less PPPLF funding cost	\$0.1
Net Interest Income	\$0.6
Net Interest Margin Impact	6 bps

(\$ in Millions)	As of 12/31/21
Total Loans (existing PPP)	\$46.8
PPP Loans Acquired (included in total)	\$6.7
Total Loans Forgiven	\$239.3
PPPLF advances	\$23.6
Remaining Fees to be Recognized Pre-Tax ⁽³⁾	\$0.7

(1) All numbers represented do not include the impact of taxes

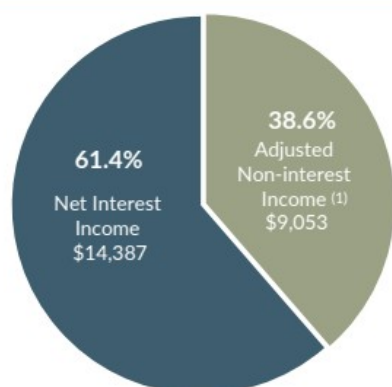
(2) The deferred loan origination expenses are recorded in non-interest expenses (Salaries and Benefits) and amortized through net interest income

(3) Includes \$0.8 million in SBA fee income less \$0.1 million of deferred loan origination expense

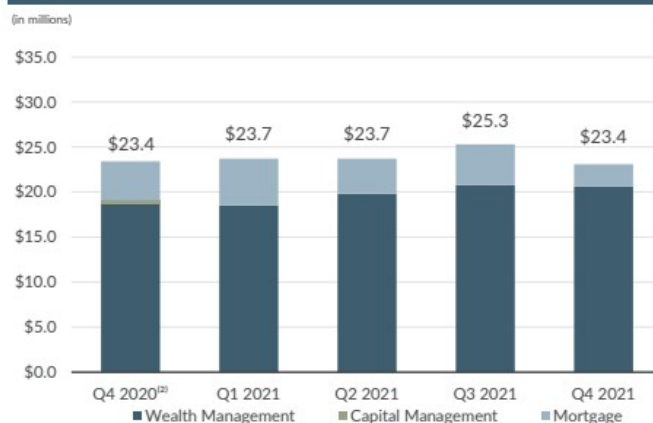
Gross Revenue

- Gross revenue⁽¹⁾ decreased 7.5% from 3Q21, primarily due to lower net gain on mortgage loans
- Increases in most non-interest income generating areas compared to 3Q21
 - Trust and investment management fees up 0.6%
 - Bank fees up 35.8%
 - Risk management and insurance fees up 125.3%

4Q21 Gross Revenue⁽¹⁾



Gross Revenue⁽¹⁾

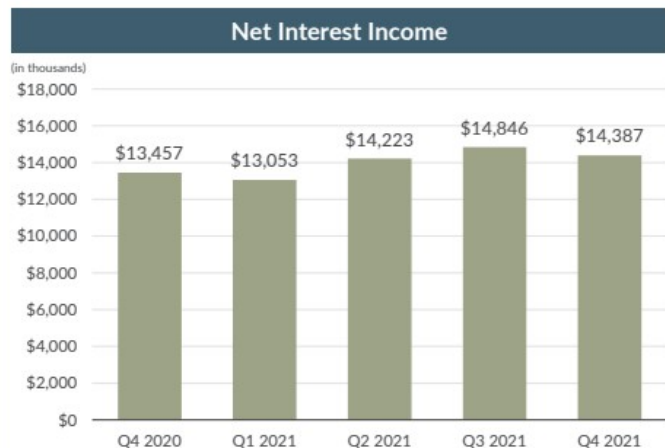


(1) See Non-GAAP reconciliation

(2) Gross Revenue for Capital Management includes amounts for the fourth quarter of 2020 through the completion of the sale of the LA Fixed Income Team on November 16, 2020. Financial results after that date for the unsold portion are presented in Wealth Management.

Net Interest Income and Net Interest Margin

- Net interest income decreased 3.1% from 3Q21, primarily due to lower PPP fees and purchase accretion income
- Excluding PPP fees and purchase accretion income, net interest income increased \$0.3 million from 3Q21
- Net interest margin, including PPP and purchase accretion, decreased 22 bps to 2.92%
- Net interest margin, excluding PPP and purchase accretion⁽¹⁾, decreased 11 bps to 2.95%, primarily due to lower loan yields
- Net interest margin should expand as excess liquidity is used to fund continued loan growth



(1) See Non-GAAP reconciliation



Non-Interest Income

- Non-interest income decreased 9.1% from 3Q21
- Lower net gain on mortgage loans offset increases in most other areas
- Trust and Investment Management fees increased 6.8% from fourth quarter of 2020
- \$0.5 million net gain on equity interests in 4Q21

Total Non-Interest Income

(in thousands)



Trust and Investment Management Fees

(in thousands)

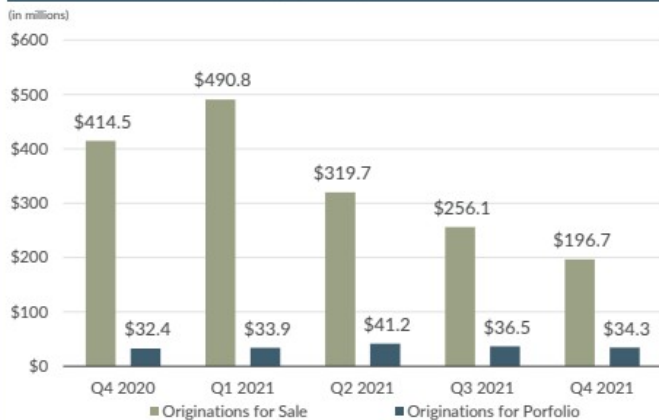


Mortgage Operations

Mortgage Details

- Mortgage locks down 39% from prior quarter
- Refi/Purchase mix of 41% / 59% in 4Q21 compared to 39% / 61% in 3Q21 and 49% / 51% in 2Q21
- Profit margin down 38% due to decreased revenue as a result of the decrease in locks
- Non-interest expense down 29% in Mortgage segment from 1Q21

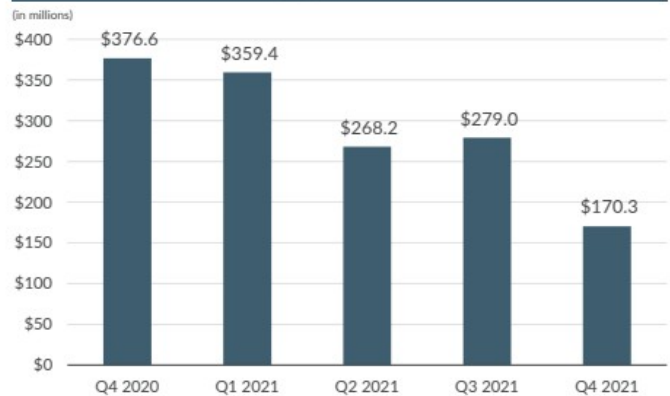
Mortgage Originations



Net Income, Revenue and Profit Margin



Mortgage Loan Locks

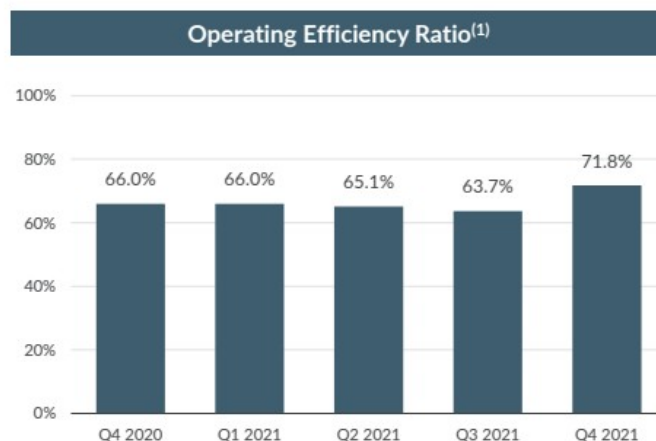


Non-Interest Expense and Efficiency Ratio

- Non-interest expense increased 24.7% from 3Q21
- 4Q21 included \$3.7 million of acquisition-related expense, compared with \$0.3 million in 3Q21
- Excluding acquisition-related expense, non-interest expense increased from 3Q21 primarily due to higher bonus accruals resulting from strong loan and deposit production



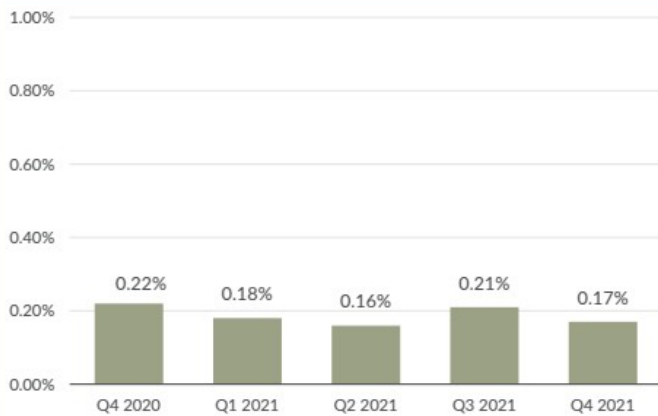
(1) See Non-GAAP reconciliation



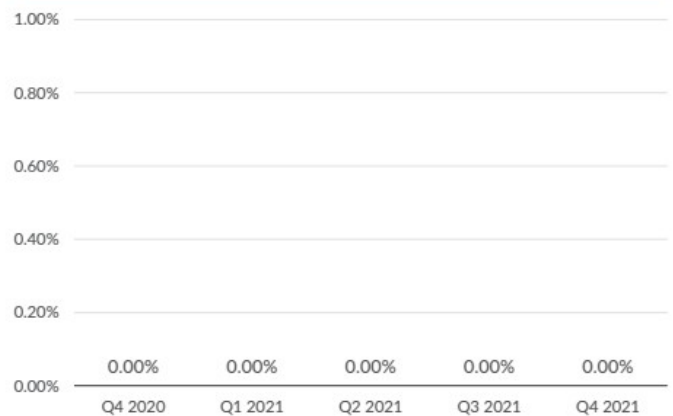
Asset Quality

- Stable asset quality across the portfolio
- Immaterial net charge-offs again in the quarter
- \$0.8 million provision for loan losses related to growth in total loans
- Non-performing assets decreased to 0.17% of total assets from 0.21% in 3Q21
- ALL/Adjusted Total Loans⁽¹⁾ decreased to 0.88% in 4Q21 from 0.91% in 3Q21, consistent with strong asset quality and immaterial losses

Non-Performing Assets/Total Assets



Net Charge-Offs/Average Loans



(1) Adjusted Total Loans – Total Loans minus PPP loans and acquired Loans; see non-GAAP reconciliation 16

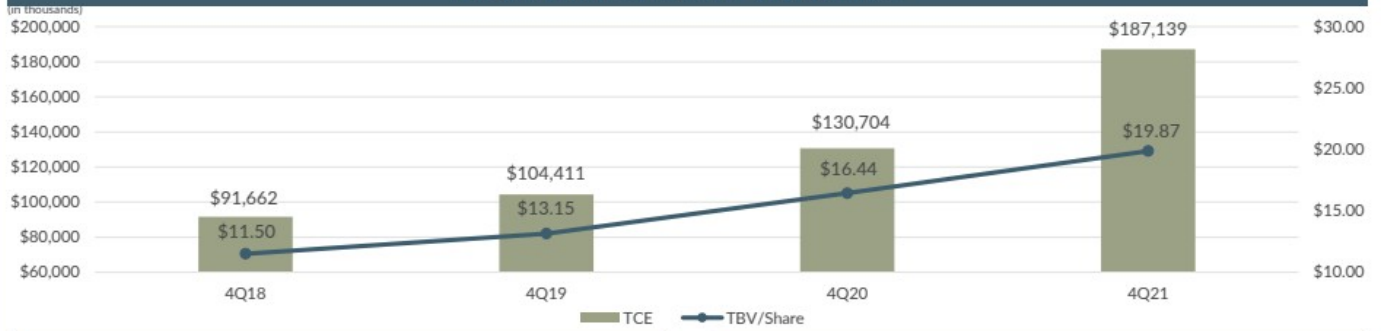
2022 Outlook and Priorities

- First Western is well positioned to deliver another strong year of organic and acquisitive growth in 2022
- Increasing production from commercial banking platform expected to result in strong organic loan growth
- Focused on fully realizing the synergies from Teton Financial Services acquisition
- Continued investment in new banking talent and market expansion should continue to create additional sources of organic growth
- Capitalize on the benefits of increased scale to continue investing in technology and talent while still realizing improved operating leverage
- Balance sheet is well positioned to benefit from rising interest rates
- Evaluate additional accretive acquisition opportunities
- Continue executing well and further enhancing the value of the First Western franchise

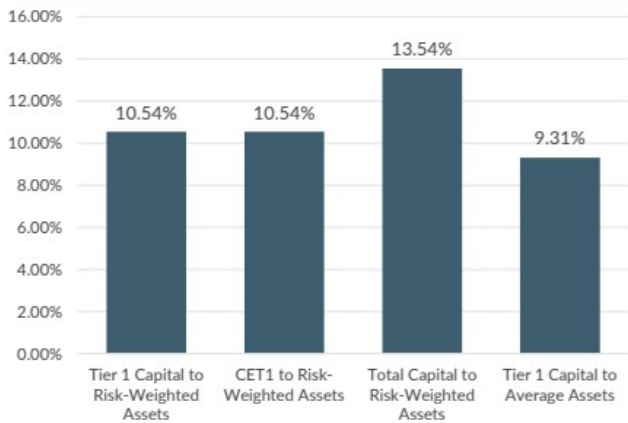
Appendix

Capital and Liquidity Overview

Tangible Common Equity / TBV per Share⁽¹⁾



Consolidated Capital Ratios (as of 12/31/21)



Liquidity Funding Sources (as of 12/31/21)

(in thousands)

Liquidity Reserves:

Total Available Cash	\$ 383,279
Unpledged Investment Securities	37,315

Borrowed Funds:

Unsecured:

Credit Lines	54,000
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Secured:

FHLB Available	509,659
Brokered Remaining Capacity	507,004

Total Liquidity Funding Sources **\$ 1,491,752**

Loan to Deposit Ratio **88.4%**

(1) See Non-GAAP reconciliation

Non-GAAP Reconciliation

Consolidated Efficiency Ratio	For the Three Months Ended,				
	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
(Dollars in thousands)					
Non-interest expense	\$15,614	\$15,629	\$15,521	\$16,469	\$20,530
Less: amortization	4	4	4	5	4
Less: acquisition related expenses	153	-	70	332	3,696
Less: provision on other real estate owned	76	-	-	-	-
Less: loss on assets held for sale	-	-	-	-	-
Plus: gain on sale of LA fixed income team	62	-	-	-	-
Adjusted non-interest expense	\$15,443	\$15,625	\$15,447	\$16,132	\$16,830
Net interest income	\$13,457	\$13,053	\$14,223	\$14,846	\$14,387
Non-interest income	9,954	10,615	9,498	10,495	9,542
Less: Net gain on equity interests	-	-	-	-	489
Less: Net gain on sale of assets	-	-	-	-	-
Adjusted non-interest income	9,954	10,615	9,498	10,495	9,053
Total income	\$23,411	\$23,668	\$23,721	\$25,341	\$23,440
Efficiency ratio	66.0%	66.0%	65.1%	63.7%	71.8%
Consolidated Tangible Common Book Value Per Share	As of the Three Months Ended,				
	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	September 30, 2021	Dec. 31, 2021
(Dollars in thousands)					
Total shareholders' equity	\$116,875	\$127,678	\$154,962	\$175,129	\$219,041
Less:					
Preferred stock (liquidation preference)	-	-	-	-	-
Goodwill and other intangibles, net	25,213	19,714	24,258	24,246	31,902
Intangibles held for sale ⁽¹⁾	-	3,553	-	-	-
Tangible common equity	91,662	104,411	\$130,704	150,883	187,139
Common shares outstanding, end of period	7,968,420	7,940,168	7,951,773	8,002,874	9,419,271
Tangible common book value per share	\$11.50	\$13.15	\$16.44	\$18.85	\$19.87
Net income available to common shareholders					\$1,917
Return on tangible common equity (annualized)					4.10%

(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)	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
Total income before non-interest expense	\$17,973	\$18,471	\$19,782	\$20,438	\$20,619
Less: Net gain on equity interests	-	-	-	-	489
Plus: Provision for loan loss	695	-	12	406	812
Gross revenue	\$18,668	\$18,471	\$19,794	\$20,844	\$20,942

Capital Management Gross Revenue	For the Three Months Ended,				
(Dollars in thousands)	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
Total income before non-interest expense	\$423	\$-	\$	\$	\$
Plus: Provision for loan loss	-	-	-	-	-
Gross revenue	\$423	\$-	\$	\$	\$

Mortgage Gross Revenue	For the Three Months Ended,				
(Dollars in thousands)	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
Total income before non-interest expense	\$4,320	\$5,197	\$3,927	\$4,497	\$2,498
Plus: Provision for loan loss	-	-	-	-	-
Gross revenue	\$4,320	\$5,197	\$3,927	\$4,497	\$2,498

Consolidated Gross Revenue	For the Three Months Ended,				
(Dollars in thousands)	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
Total income before non-interest expense	\$22,716	\$23,668	\$23,709	\$24,935	\$23,117
Less: Net gain on equity interests	-	-	-	-	489
Plus: Provision for loan loss	695	-	12	406	812
Gross revenue	\$23,411	\$23,668	\$23,721	\$25,341	\$23,440

Diluted Pre-Tax Earnings Per Share	For The Three Months Ended				For The Years Ended		
(Dollars in thousands)	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	December 31, 2020	December 31, 2021
Non-Mortgage income before income tax	\$5,386	\$5,917	\$6,983	\$6,199	\$2,279	\$12,085	21,378
Plus: Acquisition-related expenses	153	-	70	332	3,696	879	4,098
Mortgage income before income tax	1,716	2,122	1,205	2,267	308	20,978	5,902
Less: Income tax expense including acquisition tax effect	2,276	2,040	1,927	2,129	1,507	8,756	7,603
Net income available to common shareholders	\$4,979	\$5,999	\$6,331	\$6,669	\$4,776	\$25,186	\$23,775
Diluted weighted average shares	8,015,780	8,098,680	8,213,900	8,246,353	8,370,998	7,961,904	8,235,178
Non-Mortgage Segment Diluted Pre-Tax Earnings Per Share	\$0.69	\$0.73	\$0.86	\$0.79	\$0.71	\$1.63	\$3.09
Consolidated Diluted Pre-Tax Earnings Per Share	\$0.91	\$0.99	\$1.01	\$1.07	\$0.75	\$4.26	\$3.81

Non-GAAP Reconciliation

Adjusted net income available to common shareholders (Dollars in thousands, except per share data)	For the Three Months Ended,				
	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
Net income available to common shareholders	\$4,874	\$5,999	\$6,277	\$6,417	\$1,917
Plus: acquisition related expense including tax impact	105	-	54	252	2,859
Plus: loss on intangibles held for sale including tax impact	-	-	-	-	-
Adjusted net income to common shareholders	\$4,979	\$5,999	\$6,331	\$6,669	\$4,776
Adjusted diluted earnings per share (Dollars in thousands, except per share data)	For the Three Months Ended,				
	December 31, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021
Earnings per share	\$0.61	\$0.74	\$0.76	\$0.78	\$0.23
Plus: acquisition related expenses including tax impact	0.01	-	0.01	0.03	0.34
Plus: loss on intangibles held for sale including tax impact	-	-	-	-	-
Adjusted earnings per share	\$0.62	\$0.74	\$0.77	\$0.81	\$0.57
Allowance for loan losses to Bank originated loans excluding PPP (Dollars in thousands)	As of				
	September 30, 2021	December 31, 2021			
Gross loans	\$1,603,383	\$1,954,168			
Less: Branch acquisition	117,465	360,661			
Less: PPP loans	61,838	40,062			
Loans excluding acquired and PPP	1,424,080	1,553,445			
Allowance for loan losses	12,964	13,732			
Allowance for loan losses to Bank originated loans excluding PPP	0.91%	0.88%			
Organic loan growth (annualized) (Dollars in thousands)	As of				
	September 30, 2021	December 31, 2021			
Total loans held for investment	\$1,603,383	\$1,954,168			
Quarter-over-quarter growth in total loans held for investment	69,198	350,785			
Less: loans acquired through Teton acquisition	-	252,275			
Organic quarter-over-quarter growth in total loans held for investment	69,198	98,510			
Organic loan growth		24.58%			
Organic deposit growth (annualized) (Dollars in thousands)	As of				
	September 30, 2021	December 31, 2021			
Total deposits	\$1,782,299	\$2,205,703			
Quarter-over-quarter growth in total deposits	103,246	423,404			
Less: deposits acquired through Teton acquisition	-	379,227			
Organic quarter-over-quarter growth in total deposits	103,246	44,177			
Organic deposit growth		9.91%			

Non-GAAP Reconciliation

Adjusted net interest margin (Dollars in thousands)	For the Three Months Ended March 31, 2021			For the Three Months Ended June 30, 2021			For the Three Months Ended September 30, 2021			For the Three Months Ended December 31, 2021		
	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	213,577	91		292,615	92		266,614	105		279,406	109	
PPP adjustment	21,173	5		17,115	4		1,636	-		9,556	3	
Available-for-sale securities	31,936	196		26,474	169		29,130	180		36,001	226	
PPP adjustment	-	-		-	-		-	-		-	-	
Loans	1,554,990	14,212		1,573,553	15,287		1,592,800	15,861		1,653,920	15,398	
PPP adjustment	(171,263)	(945)		(176,396)	(1,583)		(81,476)	(1,081)		(51,825)	(622)	
Purchase Accretion adjustment	-	(344)		-	(260)		-	35		-	398	
Adjusted total interest-earning assets	1,650,413	13,215		1,773,360	13,709		1,808,704	15,100		1,927,058	15,512	
Interest-bearing deposits		974			866			829			813	
PPP adjustment		-			-			-			-	
Federal Home Loan Bank Topeka and Federal Reserve borrowings		132			117			82			55	
PPP adjustment		(109)			(93)			(59)			(31)	
Subordinated notes		340			342			389			477	
Adjusted total interest-bearing liabilities		1,337			1,232			1,241			1,314	
Net interest income		11,878			12,477			13,859			14,198	
Adjusted net interest margin			2.88%			2.88%			3.06%			2.95%