

**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): July 28, 2022

FIRST WESTERN FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

<p style="text-align: center;">Colorado (State or other jurisdiction of incorporation or organization)</p> <p style="text-align: center;">1900 16th Street, Suite 1200 Denver, Colorado (Address of principal executive offices)</p>	<p style="text-align: center;">001-38595 (Commission File Number)</p>	<p style="text-align: center;">37-1442266 (I.R.S. Employer Identification No.)</p> <p style="text-align: center;">80202 (Zip Code)</p>
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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:	
Common Stock, no par value	Trading Symbol MYFW	Name of each exchange on which registered The Nasdaq Stock Market LLC

Item 2.02 Results of Operations and Financial Condition.

On July 28, 2022, First Western Financial, Inc. (the “Company”) issued a press release announcing its financial results for the second quarter ended June 30, 2022. 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 second quarter ended June 30, 2022 on Friday, July 29, 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 second quarter ended June 30, 2022 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.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release issued by First Western Financial, Inc. dated July 28, 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: July 28, 2022

By: /s/ Scott C. Wylie

Scott C. Wylie

Chairman, Chief Executive Officer and President



First Western Reports Second Quarter 2022 Financial Results

Second Quarter 2022 Summary

- Net income available to common shareholders of \$4.5 million in Q2 2022, compared to \$5.5 million in Q1 2022 and \$6.3 million in Q2 2021
- Diluted EPS of \$0.46 in Q2 2022, compared to \$0.57 in Q1 2022 and \$0.76 in Q2 2021
- Total income before non-interest expense of \$26.6 million in Q2 2022, compared to \$26.7 million in Q1 2022 and \$23.7 million in Q2 2021
- Total loans held for investment increased at annualized rate of 45.4%
- Book value per common share increased to \$24.06, or 1.6%, from \$23.68 as of Q1 2022, and was up 14.5% from \$21.01 as of Q2 2021

Denver, Colo., July 28, 2022 – First Western Financial, Inc., (“First Western” or the “Company”) (NASDAQ: MYFW), today reported financial results for the second quarter ended June 30, 2022.

Net income available to common shareholders was \$4.5 million, or \$0.46 per diluted share, for the second quarter of 2022. This compares to \$5.5 million, or \$0.57 per diluted share, for the first quarter of 2022, and \$6.3 million, or \$0.76 per diluted share, for the second quarter of 2021.

Scott C. Wylie, CEO of First Western, commented, “We had a record quarter of loan production and loan growth as we continue to benefit from the stronger commercial banking platform we have built, the addition of new banking talent, and our expansion into new, attractive markets. Our strong loan growth enabled us to redeploy our excess liquidity into higher yielding earning assets and drive significant expansion in our net interest margin. As a result of the loan growth and margin expansion, we were able to generate a 10% increase in net interest income compared to the prior quarter and offset some of the weakness we experienced in non-interest income due to the challenging operating environment for the wealth management and mortgage banking industries.

“We expect many of the positive trends we experienced in the second quarter to continue in the second half of the year. Our loan pipeline remains very strong and is consistent with the size of the pipeline at the end of the first quarter. While we expect higher rates to begin impacting loan demand, particularly for commercial real estate loans, we believe our well diversified loan production platform will continue generating strong loan growth, while our asset sensitivity drives further expansion in our net interest margin. Combined with relatively stable expense levels and continued strong asset quality, we believe we are well positioned to deliver a higher level of earnings and returns over the remainder of the year,” said Mr. Wylie.

(Dollars in thousands, except per share data)	For the Three Months Ended		
	June 30, 2022	March 31, 2022	June 30, 2021
Earnings Summary			
Net interest income	\$ 20,138	\$ 18,284	\$ 14,223
Provision for loan losses	519	210	12
Total non-interest income	6,940	8,600	9,500
Total non-interest expense	20,583	19,358	15,523
Income before income taxes	5,976	7,316	8,188
Income tax expense	1,494	1,792	1,911
Net income available to common shareholders	4,482	5,524	6,277
Adjusted net income available to common shareholders ⁽¹⁾	4,742	5,922	6,331
Basic earnings per common share	0.47	0.59	0.79
Adjusted basic earnings per common share ⁽¹⁾	0.50	0.63	0.80
Diluted earnings per common share	0.46	0.57	0.76
Adjusted diluted earnings per common share ⁽¹⁾	0.49	0.61	0.77
Return on average assets (annualized)	0.71 %	0.85 %	1.22 %
Adjusted return on average assets (annualized) ⁽¹⁾	0.75	0.92	1.23
Return on average shareholders' equity (annualized)	7.89	9.98	15.17
Adjusted return on average shareholders' equity (annualized) ⁽¹⁾	8.35	10.70	15.30
Return on tangible common equity (annualized) ⁽¹⁾	9.16	11.57	17.47
Adjusted return on tangible common equity (annualized) ⁽¹⁾	9.69	12.41	17.62
Net interest margin	3.35	2.98	3.01
Efficiency ratio ⁽¹⁾	74.85	69.68	65.13

⁽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 Second Quarter 2022

Revenue

Gross revenue ⁽¹⁾ remained flat for the second quarter of 2022, at \$26.9 million compared to the first quarter of 2022. Relative to the second quarter of 2021, gross revenue increased 13.5% from \$23.7 million for the second quarter of 2021, primarily driven by growth in interest-earning assets.

⁽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 second quarter of 2022 was \$20.1 million, an increase of 10.1% from \$18.3 million in the first quarter of 2022. The increase was due to an increase in yield on interest-earning assets due to the higher rate environment and the increase in average interest-earning assets resulting from strong loan growth in the second quarter of 2022, which drove an increase in average loans of \$87.3 million, as well as an increase in net interest margin. We saw growth across most major loan categories with the largest increases in C&I and 1-4 family residential, as second quarter mortgage production was more heavily weighted towards loans that the Company retains in its loans held for investment portfolio.

Relative to the second quarter of 2021, net interest income increased 41.6% from \$14.2 million. The year-over-year increase in net interest income was due to an increase in yield on interest-earning assets due to the higher rate environment and the increase in average interest-earning assets driven by an increase in average loans of \$436.5 million compared to June 30, 2021, primarily a result of organic loan growth and the Teton Financial Services, Inc. (“Teton”) acquisition.

Net Interest Margin

Net interest margin for the second quarter of 2022 increased 37 bps to 3.35% from 2.98% in the first quarter of 2022, primarily due to higher yields on interest-earning assets and a more favorable earning asset mix.

The yield on interest-earning assets increased to 3.60% in the second quarter of 2022 from 3.20% in the first quarter of 2022 and the cost of interest-bearing deposits increased to 0.29% in the second quarter of 2022, from 0.23% in the first quarter of 2022.

Relative to the second quarter of 2021, net interest margin increased from 3.01%, primarily due to increased yields and volume on total loans as a result of strong loan growth, the Teton acquisition, and rising rate environment.

Non-interest Income

Non-interest income for the second quarter of 2022 was \$6.9 million, a decrease of 19.3% from \$8.6 million in the first quarter of 2022. This was primarily due to a \$1.3 million decrease in net gain on mortgage loans due to a reduction in the amount of mortgage loans originated for sale and a \$0.4 million decrease in trust and investment management fees, which were negatively impacted by lower equity and fixed income market valuations.

Relative to the second quarter of 2021, non-interest income decreased 26.9% from \$9.5 million. The decrease was primarily due to lower mortgage segment activity driven by a 60.0% decline in refinance volume and a reduction in the amount of mortgage loans originated for sale, partially offset by higher bank fees and net gains on equity securities.

Non-interest Expense

Non-interest expense for the second quarter of 2022 was \$20.6 million, an increase of 6.3% from \$19.4 million in the first quarter of 2022. The increase was primarily due to an increase in salaries and employee benefits driven by increased mortgage commissions expense relating to the increase in portfolio mortgage production, additional sales headcount, and annual merit increases.

Relative to the second quarter of 2021, non-interest expense increased 32.6% from \$15.5 million. The increase is primarily due to the addition of Teton’s operations at the end of 2021 which increased salary and benefits as well as occupancy expenses.

The impact of the mergers and acquisition activity is as follows (in thousands):

	As of or for the Three Months Ended		
	June 30,	March 31,	June 30,
	2022	2022	2021
Adjusted Net Income Available to Common Shareholders⁽¹⁾			
Net income available to common shareholders	\$ 4,482	\$ 5,524	\$ 6,277
Plus: acquisition related expenses			
Salaries and employee benefits	152	229	—
Professional services	274	112	70
Data processing ⁽²⁾	(93)	115	—
Technology and information systems	4	—	—
Marketing	5	70	—
Other	5	1	—
Less: income tax impact	87	129	16
Adjusted net income available to shareholders ⁽¹⁾	<u>\$ 4,742</u>	<u>\$ 5,922</u>	<u>\$ 6,331</u>
Adjusted Diluted Earnings Per Share⁽¹⁾			
Diluted earnings per share	\$ 0.46	\$ 0.57	\$ 0.76
Plus: acquisition related expenses net of income tax impact	0.03	0.04	0.01
Adjusted diluted earnings per share ⁽¹⁾	<u>\$ 0.49</u>	<u>\$ 0.61</u>	<u>\$ 0.77</u>

⁽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⁾ Includes credit for avoided contract termination costs due to new contract terms.

The Company’s efficiency ratio⁽¹⁾ was 74.9% in the second quarter of 2022, compared with 69.7% in the first quarter of 2022 and 65.1% in the second 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.

Income Taxes

The Company recorded income tax expense of \$1.5 million for the second quarter of 2022, representing an effective tax rate of 25.0%, compared to 24.5% for the first quarter of 2022.

Loans

Total loans held for investment were \$2.15 billion as of June 30, 2022, an increase of 11.3% from \$1.93 billion as of March 31, 2022, and an increase of 36.7% from \$1.57 billion as of June 30, 2021. The increase in total loans held for investment from March 31, 2022 was attributable to loan growth in our residential mortgage, commercial and industrial, and commercial real estate portfolios. Excluding PPP loans, acquired loans, and loans accounted for under the fair value option, total loans held for investment were \$1.83 billion as of June 30, 2022, an increase of \$244.2 million, or 15.4%, from the end of the prior quarter and an increase of \$477.7 million, or 35.3%, from June 30, 2021.

PPP loans were \$10.7 million as of June 30, 2022, a net decrease of 35.9% from \$16.7 million as of March 31, 2022, and 89.6% from \$103.1 million as of June 30, 2021. As of June 30, 2022, there were \$0.2 million remaining in net fees to be recognized upon forgiveness or repayment of PPP loans.

Deposits

Total deposits were \$2.17 billion as of June 30, 2022, compared to \$2.27 billion as of March 31, 2022, and \$1.68 billion as of June 30, 2021. The decrease in total deposits from March 31, 2022 was related to seasonal outflow related to tax payments, real estate acquisitions, and client operating cash outflows. The increase in total deposits from June 30, 2021 was related to \$379.2 million in deposits added through the Teton acquisition and \$111.7 million in remaining net growth.

Average total deposits for the second quarter of 2022 decreased \$46.6 million, or 8.2% annualized, from the first quarter of 2022 and increased \$522.1 million, or 30.6%, from the second quarter of 2021. The quarter-over-quarter decrease in total deposits from March 31, 2022 was related to seasonal outflow related to tax payments, real estate acquisitions, and client operating cash outflows. The year-over-year increase in average deposits was primarily attributable to the Teton acquisition and organic growth in non-interest bearing and interest checking accounts.

Borrowings

Federal Home Loan Bank ("FHLB") and Federal Reserve borrowings were \$87.2 million as of June 30, 2022, an increase of \$59.6 million from \$27.6 million as of March 31, 2022, and a decrease of \$33.5 million from \$120.8 million as of June 30, 2021. The increase from March 31, 2022 is primarily driven by additional FHLB borrowings to support the strong loan growth in the quarter. The decrease from June 30, 2021 is primarily driven by paydowns on the Paycheck Protection Program Loan Facility ("PPPLF") from the Federal Reserve, offset partially by additional FHLB borrowings to support the strong loan growth in the quarter. Borrowing from the PPPLF 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 June 30, 2022, the PPPLF had advances of \$7.2 million compared to PPP loan balances of \$10.7 million.

Assets Under Management

Total assets under management ("AUM") decreased by \$921.7 million during the second quarter to \$6.28 billion as of June 30, 2022, compared to \$7.20 billion as of March 31, 2022. This decrease was primarily attributable to unfavorable market conditions resulting in a decrease in the value of AUM balances. Total AUM decreased by \$484.6 million compared to June 30, 2021 from \$6.76 billion, which was primarily attributable to unfavorable market conditions throughout 2022 resulting in a decrease in the value of AUM balances.

Credit Quality

Non-performing assets totaled \$4.3 million, or 0.17% of total assets, as of June 30, 2022, compared to \$4.3 million, or 0.17% of total assets, as of March 31, 2022 and \$3.1 million, or 0.16% of total assets, as of June 30, 2021.

The Company recorded a provision of \$0.5 million in the second quarter of 2022, compared to an immaterial provision in the second quarter of 2021. The Company recorded a provision for loan losses of \$0.2 million in the first quarter of 2022. The provision recorded in the second quarter of 2022 represented general provisioning consistent with growth of the bank originated loan portfolio, excluding PPP loans, and changes in the portfolio mix, partially offset by a release of specific reserve on an impaired loan. During the second quarter of 2022, the Company acquired a commercial property as partial reduction of the balance owed on an impaired loan and as a result, recorded other real estate owned in the amount of \$0.4 million.

Capital

As of June 30, 2022, First Western (“Consolidated”) and First Western Trust Bank (“Bank”) exceeded the minimum capital levels required by their respective regulators. As of June 30, 2022, the Bank was classified as “well capitalized,” as summarized in the following table:

	June 30, 2022
Consolidated Capital	
Tier 1 capital to risk-weighted assets	10.15 %
Common Equity Tier 1 (“CET1”) to risk-weighted assets	10.15
Total capital to risk-weighted assets	12.58
Tier 1 capital to average assets	8.00
Bank Capital	
Tier 1 capital to risk-weighted assets	10.99
CET1 to risk-weighted assets	10.99
Total capital to risk-weighted assets	11.75
Tier 1 capital to average assets	8.65

Book value per common share increased 1.6% from \$23.68 as of March 31, 2022 to \$24.06 as of June 30, 2022, and was up 14.5% from \$21.01 as of June 30, 2021.

Tangible book value per common share ⁽¹⁾ increased 2.0% from \$20.25 as of March 31, 2022 to \$20.65 as of June 30, 2022, and was up 14.8% from \$17.98 as of June 30, 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, July 29, 2022. Telephone access: <https://register.vevent.com/register/BI5bd54cdfc671414f8033ccdf4692e21c>

A slide presentation relating to the second quarter 2022 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, California, and Montana. 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 and projected cost savings in connection with acquisitions; the risk of geographic concentration in Colorado, Arizona, Wyoming, California, and Montana; the risk of changes in the economy affecting real estate values and liquidity; the risk in our ability to continue to originate residential real estate loans and sell such loans; risks specific to commercial loans and borrowers; the risk of claims and litigation pertaining to our fiduciary responsibilities; the risk of competition for investment managers and professionals; the risk of fluctuation in the value of our investment securities; the risk of changes in interest rates; and the risk of the adequacy of our allowance for 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 15, 2022 (“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		
	June 30, 2022	March 31, 2022	June 30, 2021
<i>(Dollars in thousands, except per share amounts)</i>			
Interest and dividend income:			
Loans, including fees	\$ 20,318	\$ 19,096	\$ 15,287
Loans accounted for under the fair value option	346	—	—
Investment securities	418	337	169
Interest-bearing deposits in other financial institutions	549	232	92
Total interest and dividend income	21,631	19,665	15,548
Interest expense:			
Deposits	1,103	943	866
Other borrowed funds	390	438	459
Total interest expense	1,493	1,381	1,325
Net interest income	20,138	18,284	14,223
Less: provision for loan losses	519	210	12
Net interest income, after provision for loan losses	19,619	18,074	14,211
Non-interest income:			
Trust and investment management fees	4,784	5,168	5,009
Net gain on mortgage loans	1,152	2,494	3,914
Bank fees	601	689	394
Risk management and insurance fees	83	109	92
Income on company-owned life insurance	87	86	89
Net (loss)/gain on loans accounted for under the fair value option	(155)	—	—
Unrealized gains/(losses) recognized on equity securities	299	(32)	2
Net gain on equity interests	—	1	—
Other	89	85	—
Total non-interest income	6,940	8,600	9,500
Total income before non-interest expense	26,559	26,674	23,711
Non-interest expense:			
Salaries and employee benefits	12,945	12,058	9,643
Occupancy and equipment	1,892	1,882	1,443
Professional services	2,027	1,526	1,370
Technology and information systems	1,076	1,046	904
Data processing	987	1,187	1,093
Marketing	428	557	398
Amortization of other intangible assets	77	77	4
Net (gain)/loss on assets held for sale	(2)	(1)	—
Other	1,153	1,026	668
Total non-interest expense	20,583	19,358	15,523
Income before income taxes	5,976	7,316	8,188
Income tax expense	1,494	1,792	1,911
Net income available to common shareholders	\$ 4,482	\$ 5,524	\$ 6,277
Earnings per common share:			
Basic	\$ 0.47	\$ 0.59	\$ 0.79
Diluted	0.46	0.57	0.76

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

<i>(Dollars in thousands)</i>	<u>June 30,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>	<u>June 30,</u> <u>2021</u>
Assets			
Cash and cash equivalents:			
Cash and due from banks	\$ 11,790	\$ 5,961	\$ 2,921
Federal funds sold	385	1,273	—
Interest-bearing deposits in other financial institutions	159,431	446,865	286,168
Total cash and cash equivalents	171,606	454,099	289,089
Available-for-sale securities, at fair value	—	58,727	25,532
Held-to-maturity securities, at amortized cost (fair value of \$84,742 as of June 30, 2022)	87,029	—	—
Correspondent bank stock, at cost	4,352	1,617	2,053
Mortgage loans held for sale	26,202	33,663	48,563
Loans (includes \$21,477, \$6,380, and \$0 measured at fair value, respectively)	2,146,394	1,923,825	1,571,060
Allowance for loan losses	(14,357)	(13,885)	(12,552)
Premises and equipment, net	24,236	23,539	5,885
Accrued interest receivable	7,884	6,969	5,986
Accounts receivable	5,192	6,445	4,923
Other receivables	4,575	2,841	1,056
Other real estate owned, net	378	—	—
Goodwill and other intangible assets, net	32,258	32,335	24,250
Deferred tax assets, net	7,662	7,540	5,742
Company-owned life insurance	15,976	15,889	15,626
Other assets	21,960	22,940	22,091
Assets held for sale	146	117	—
Total assets	<u>\$ 2,541,493</u>	<u>\$ 2,576,661</u>	<u>\$ 2,009,304</u>
Liabilities			
Deposits:			
Noninterest-bearing	\$ 668,342	\$ 654,401	\$ 555,106
Interest-bearing	1,501,656	1,617,711	1,123,947
Total deposits	2,169,998	2,272,112	1,679,053
Borrowings:			
FHLB and Federal Reserve borrowings	87,223	27,576	120,762
Subordinated notes	32,553	32,523	24,261
Accrued interest payable	304	312	312
Other liabilities	23,391	20,872	16,930
Total liabilities	2,313,469	2,353,395	1,841,318
Shareholders' Equity			
Total shareholders' equity	228,024	223,266	167,986
Total liabilities and shareholders' equity	<u>\$ 2,541,493</u>	<u>\$ 2,576,661</u>	<u>\$ 2,009,304</u>

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

<i>(Dollars in thousands)</i>	<u>June 30,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>	<u>June 30,</u> <u>2021</u>
Loan Portfolio			
Cash, Securities and Other ⁽¹⁾	\$ 180,738	\$ 235,221	\$ 268,904
Consumer and Other ⁽²⁾	47,855	36,578	22,003
Construction and Development	162,426	151,651	127,141
1-4 Family Residential	732,725	602,412	496,101
Non-Owner Occupied CRE	489,111	455,715	324,493
Owner Occupied CRE	224,597	212,401	178,847
Commercial and Industrial	312,696	237,144	155,526
Total loans held for investment	2,150,148	1,931,122	1,573,015
Deferred (fees) costs and unamortized premiums/(unaccreted discounts), net ⁽³⁾	(3,754)	(7,297)	(1,955)
Gross loans	<u>\$ 2,146,394</u>	<u>\$ 1,923,825</u>	<u>\$ 1,571,060</u>
Mortgage loans held for sale	\$ 26,202	\$ 33,663	\$ 48,563
Deposit Portfolio			
Money market deposit accounts	\$ 1,033,739	\$ 1,108,315	\$ 840,073
Time deposits	147,623	156,678	137,499
Negotiable order of withdrawal accounts	287,195	319,648	141,076
Savings accounts	33,099	33,070	5,299
Total interest-bearing deposits	1,501,656	1,617,711	1,123,947
Noninterest-bearing accounts	668,342	654,401	555,106
Total deposits	<u>\$ 2,169,998</u>	<u>\$ 2,272,112</u>	<u>\$ 1,679,053</u>

⁽¹⁾ Includes PPP loans of \$10.7 million as of June 30, 2022, \$16.7 million as of March 31, 2022, and \$103.1 million as of June 30, 2021.

⁽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.

⁽³⁾ Includes fair value adjustments on loans held for investment accounted for under the fair value option.

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

	As of or for the Three Months Ended		
	June 30, 2022	March 31, 2022	June 30, 2021
<i>(Dollars in thousands)</i>			
Average Balance Sheets			
Assets			
Interest-earning assets:			
Interest-bearing deposits in other financial institutions	\$ 320,656	\$ 474,593	\$ 292,615
Federal funds sold	1,017	1,349	—
Investment securities	69,320	55,739	26,474
Loans	2,010,024	1,922,770	1,573,553
Interest-earning assets	2,401,017	2,454,451	1,892,642
Mortgage loans held for sale	19,452	22,699	86,760
Total interest-earning assets, plus mortgage loans held for sale	2,420,469	2,477,150	1,979,402
Allowance for loan losses	(13,257)	(13,715)	(12,540)
Noninterest-earning assets	119,857	121,650	93,629
Total assets	<u>\$ 2,527,069</u>	<u>\$ 2,585,085</u>	<u>\$ 2,060,491</u>
Liabilities and Shareholders' Equity			
Interest-bearing liabilities:			
Interest-bearing deposits	\$ 1,547,901	\$ 1,605,314	\$ 1,165,734
FHLB and Federal Reserve borrowings	20,815	33,104	148,869
Subordinated notes	32,533	32,939	24,252
Total interest-bearing liabilities	1,601,249	1,671,357	1,338,855
Noninterest-bearing liabilities:			
Noninterest-bearing deposits	679,531	668,705	539,613
Other liabilities	19,194	23,555	16,558
Total noninterest-bearing liabilities	698,725	692,260	556,171
Total shareholders' equity	227,095	221,468	165,465
Total liabilities and shareholders' equity	<u>\$ 2,527,069</u>	<u>\$ 2,585,085</u>	<u>\$ 2,060,491</u>
Yields/Cost of funds (annualized)			
Interest-bearing deposits in other financial institutions	0.68 %	0.20 %	0.13 %
Investment securities	2.41	2.42	2.55
Loans	4.11	3.97	3.89
Interest-earning assets	3.60	3.20	3.29
Mortgage loans held for sale	4.71	3.37	2.88
Total interest-earning assets, plus mortgage loans held for sale	3.61	3.21	3.27
Interest-bearing deposits	0.29	0.23	0.30
FHLB and Federal Reserve borrowings	0.54	0.47	0.31
Subordinated notes	4.45	4.85	5.64
Total interest-bearing liabilities	0.37	0.33	0.40
Net interest margin	3.35	2.98	3.01
Net interest rate spread	3.23	2.87	2.89

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

	As of or for the Three Months Ended		
	June 30, 2022	March 31, 2022	June 30, 2021
<i>(Dollars in thousands, except share and per share amounts)</i>			
Asset Quality			
Non-performing loans	\$ 3,931	\$ 4,309	\$ 3,120
Non-performing assets	4,309	4,309	3,120
Net charge-offs/(recoveries)	47	57	(1)
Non-performing loans to total loans	0.18 %	0.22 %	0.20 %
Non-performing assets to total assets	0.17	0.17	0.16
Allowance for loan losses to non-performing loans	365.23	322.23	402.31
Allowance for loan losses to total loans	0.67	0.72	0.80
Allowance for loan losses to bank originated loans excluding PPP ⁽¹⁾	0.78	0.87	0.93
Net charge-offs to average loans ⁽²⁾	0.00	0.00	0.00
Assets Under Management	\$ 6,277,588	\$ 7,199,328	\$ 6,762,179
Market Data			
Book value per share at period end	\$ 24.06	\$ 23.68	\$ 21.01
Tangible book value per common share ⁽¹⁾	20.65	20.25	17.98
Weighted average outstanding shares, basic	9,450,987	9,418,318	7,961,785
Weighted average outstanding shares, diluted	9,717,667	9,762,602	8,213,900
Shares outstanding at period end	9,478,710	9,430,007	7,994,832
Consolidated Capital			
Tier 1 capital to risk-weighted assets	10.15 %	11.11 %	10.68 %
CET1 to risk-weighted assets	10.15	11.11	10.68
Total capital to risk-weighted assets	12.58	13.81	13.45
Tier 1 capital to average assets	8.00	7.67	7.75
Bank Capital			
Tier 1 capital to risk-weighted assets	10.99 %	12.01 %	11.03 %
CET1 to risk-weighted assets	10.99	12.01	11.03
Total capital to risk-weighted assets	11.75	12.82	11.99
Tier 1 capital to average assets	8.65	8.27	7.98

⁽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		
	June 30, 2022	March 31, 2022	June 30, 2021
<i>(Dollars in thousands, except share and per share amounts)</i>			
Tangible Common			
Total shareholders' equity	\$ 228,024	\$ 223,266	\$ 167,986
Less: goodwill and other intangibles, net	32,258	32,335	24,250
Tangible common equity	<u>\$ 195,766</u>	<u>\$ 190,931</u>	<u>\$ 143,736</u>
Common shares outstanding, end of period	9,478,710	9,430,007	7,994,832
Tangible common book value per share	<u>\$ 20.65</u>	<u>\$ 20.25</u>	<u>\$ 17.98</u>
Net income available to common shareholders	<u>\$ 4,482</u>	<u>\$ 5,524</u>	<u>\$ 6,277</u>
Return on tangible common equity (annualized)	<u>9.16 %</u>	<u>11.57 %</u>	<u>17.47 %</u>
Efficiency			
Non-interest expense	\$ 20,583	\$ 19,358	\$ 15,523
Less: amortization	77	77	4
Less: acquisition related expenses	347	527	70
Adjusted non-interest expense	<u>\$ 20,159</u>	<u>\$ 18,754</u>	<u>\$ 15,449</u>
Total income before non-interest expense	\$ 26,559	\$ 26,674	\$ 23,711
Less: unrealized gains/(losses) recognized on equity securities	299	(32)	2
Less: net gain/(loss) on loans accounted for under the fair value option	(155)	—	—
Less: net gain on equity interests	—	1	—
Plus: provision for loan losses	519	210	12
Gross revenue	<u>\$ 26,934</u>	<u>\$ 26,915</u>	<u>\$ 23,721</u>
Efficiency ratio	<u>74.85 %</u>	<u>69.68 %</u>	<u>65.13 %</u>
Allowance to Bank Originated Loans Excluding PPP			
Total loans held for investment	\$ 2,150,148	\$ 1,931,122	\$ 1,573,015
Less: loans acquired	287,623	323,563	116,052
Less: bank originated PPP loans	9,053	13,109	102,359
Less: loans accounted for under fair value	21,149	6,368	—
Bank originated loans excluding PPP	<u>\$ 1,832,323</u>	<u>\$ 1,588,082</u>	<u>\$ 1,354,604</u>
Allowance for loan losses	<u>\$ 14,357</u>	<u>\$ 13,885</u>	<u>\$ 12,552</u>
Allowance for loan losses to bank originated loans excluding PPP	<u>0.78 %</u>	<u>0.87 %</u>	<u>0.93 %</u>

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

	As of or for the Three Months Ended		
	June 30, 2022	March 31, 2022	June 30, 2021
<i>(Dollars in thousands, except share and per share data)</i>			
Adjusted Net Income Available to Common Shareholders			
Net income available to common shareholders	\$ 4,482	\$ 5,524	\$ 6,277
Plus: acquisition related expenses	347	527	70
Less: income tax impact	87	129	16
Adjusted net income available to shareholders	<u>\$ 4,742</u>	<u>\$ 5,922</u>	<u>\$ 6,331</u>
Adjusted Basic Earnings Per Share			
Basic earnings per share	\$ 0.47	\$ 0.59	\$ 0.79
Plus: acquisition related expenses net of income tax impact	0.03	0.04	0.01
Adjusted basic earnings per share	<u>\$ 0.50</u>	<u>\$ 0.63</u>	<u>\$ 0.80</u>
Adjusted Diluted Earnings Per Share			
Diluted earnings per share	\$ 0.46	\$ 0.57	\$ 0.76
Plus: acquisition related expenses net of income tax impact	0.03	0.04	0.01
Adjusted diluted earnings per share	<u>\$ 0.49</u>	<u>\$ 0.61</u>	<u>\$ 0.77</u>
Adjusted Return on Average Assets (annualized)			
Return on average assets	0.71 %	0.85 %	1.22 %
Plus: acquisition related expenses net of income tax impact	0.04	0.07	0.01
Adjusted return on average assets	<u>0.75 %</u>	<u>0.92 %</u>	<u>1.23 %</u>
Adjusted Return on Average Shareholders' Equity (annualized)			
Return on average shareholders' equity	7.89 %	9.98 %	15.17 %
Plus: acquisition related expenses net of income tax impact	0.46	0.72	0.13
Adjusted return on average shareholders' equity	<u>8.35 %</u>	<u>10.70 %</u>	<u>15.30 %</u>
Adjusted Return on Tangible Common Equity (annualized)			
Return on tangible common equity	9.16 %	11.57 %	17.47 %
Plus: acquisition related expenses net of income tax impact	0.53	0.84	0.15
Adjusted return on tangible common equity	<u>9.69 %</u>	<u>12.41 %</u>	<u>17.62 %</u>



FIRSTwestern

Second Quarter 2022
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, California, and Montana; the risk of changes in the economy affecting real estate values and liquidity; the risk in our ability to continue to originate residential real estate loans and sell such loans; risks specific to commercial loans and borrowers; the risk of claims and litigation pertaining to our fiduciary responsibilities; the risk of competition for investment managers and professionals; the risk of fluctuation in the value of our investment securities; the risk of changes in interest rates; and the risk of the adequacy of our allowance for credit losses and the risk in our ability to maintain a strong core deposit base or other low-cost funding sources. Additional information regarding these and other risks and uncertainties to which our business and future financial performance are subject is contained in our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") on March 15, 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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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.

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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

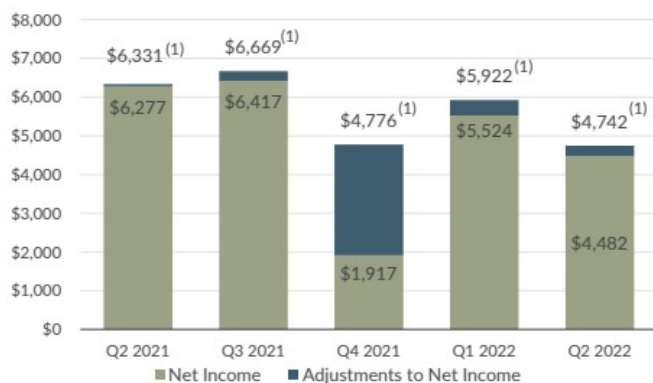
- Non-performing assets remained consistent at 0.17% of total assets
- History of exceptionally low charge-offs continues
- Allowance as a percentage of bank originated loans returns to pre-pandemic levels

(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



(1) See Non-GAAP reconciliation

Diluted Earnings per Share



Wealth Management Segment Earnings

- Growth in private banking, commercial banking, and trust and investment management (TIM) businesses replacing earnings generated by mortgage segment during refinancing boom and creating sustainable path to higher profitability over long-term
- Quarter-over-quarter decline in wealth management segment earnings primarily due to decline in TIM revenues due to declining market and increased commission expense due to increased mortgage loan production

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



(1) See Non-GAAP reconciliation

(2) Wealth Management segment earnings reflects contribution of private banking, commercial banking, and trust and investment management business lines

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 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.

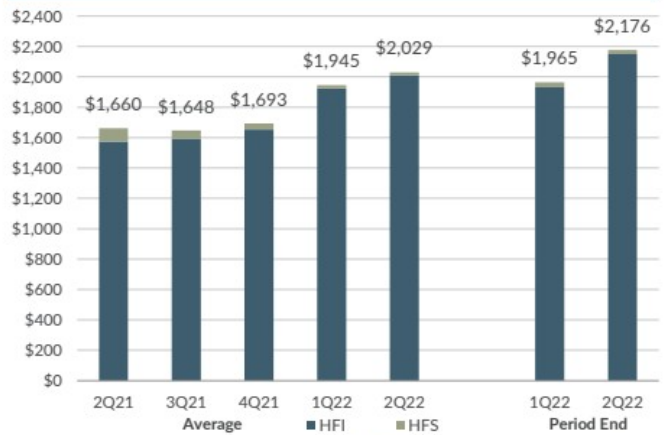
(2) Includes loans held for investment accounted for under fair value option of \$21.1 million and \$6.4 million as of June 30, 2022 and March 31, 2022, respectively.

Loan Production & Loan Payoffs

(in millions)



Total Loans⁽¹⁾



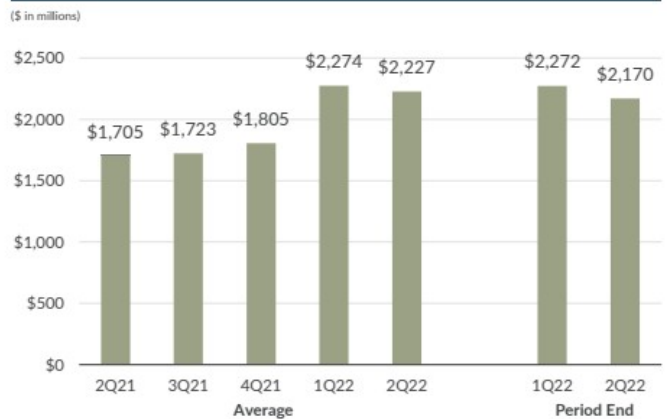
Total Deposits

- 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



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

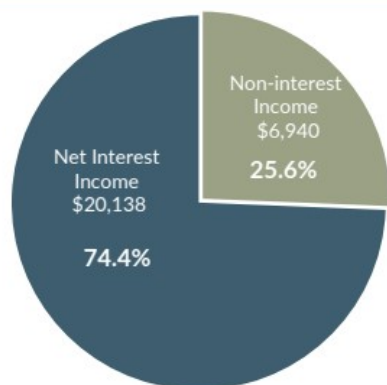
(in millions, as of quarter end)



Gross Revenue

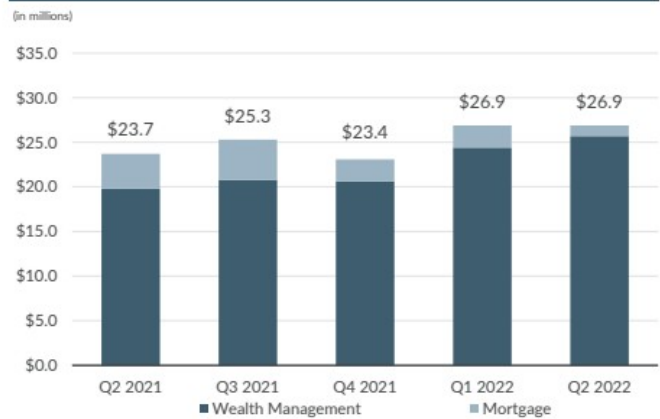
- Gross revenue⁽¹⁾ unchanged from 1Q22
- Higher net interest income offset by decline in non-interest income
- Net interest income increased to \$20.1 million, or 10.1%, from \$18.3 million as of March 31, 2022 and 41.6% from \$14.2 million as of June 30, 2021

2Q22 Gross Revenue⁽¹⁾



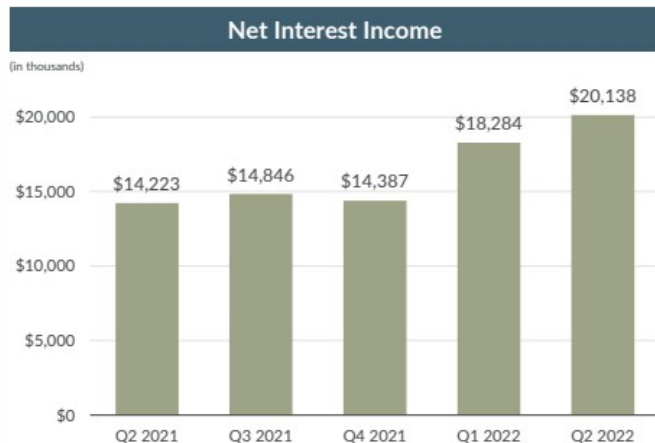
(1) See Non-GAAP reconciliation

Gross Revenue⁽¹⁾



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



(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



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

Mortgage Originations HFS and Portfolio



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

Net Income, Revenue and Profit Margin*



Mortgage Loan Locks HFS

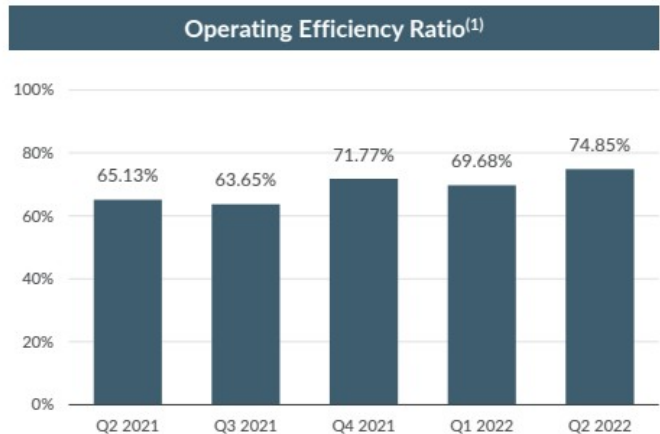


Non-Interest Expense and Efficiency Ratio

- 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



(1) See Non-GAAP reconciliation



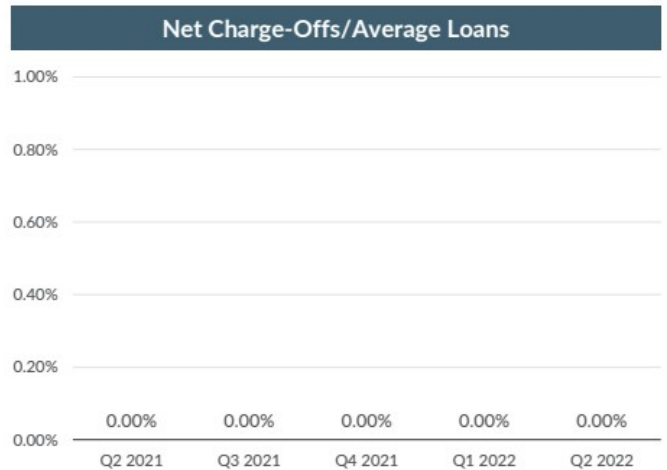
Asset Quality

- 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



(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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Near-Term Outlook

- Expect continuation of positive trends in second half of 2022 driven by further organic balance sheet growth
- Loan pipeline remains very strong, consistent with the end of the 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

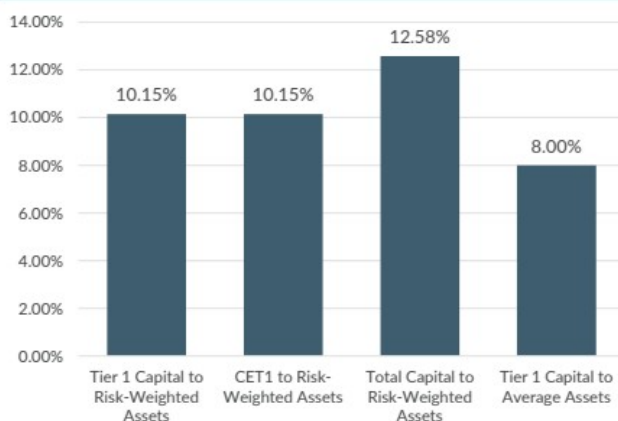
Appendix

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

Non-GAAP Reconciliation

Consolidated Efficiency Ratio	For the Three Months Ended,				
	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022
(Dollars in thousands)					
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,					
	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Mar. 31, 2022	June 30, 2022
(Dollars in thousands)						
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%		

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		
	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
(Dollars in thousands)															
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%