

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 25, 2024

FIRST WESTERN FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Colorado
(State or other jurisdiction of
incorporation or organization)

1900 16th Street, Suite 1200
Denver, Colorado
(Address of principal executive offices)

001-38595
(Commission
File Number)

37-1442266
(I.R.S. Employer
Identification No.)

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
Common Stock, no par value

Securities registered pursuant to Section 12(b) of the Act:
Trading Symbol
MYFW

Name of each exchange on which registered
NASDAQ Stock Market LLC

Item 2.02 Results of Operations and Financial Condition.

On January 25, 2024, First Western Financial, Inc. (the “Company”) issued a press release announcing its financial results for the fourth quarter ended December 31, 2023. 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, 2023 on Friday, January 26, 2024, 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, 2023 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 25, 2024
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 25, 2024

By: /s/ Scott C. Wylie

Scott C. Wylie

Chairman, Chief Executive Officer and President



First Western Reports Fourth Quarter 2023 Financial Results

Fourth Quarter 2023 Summary

- Total deposits increased to \$2.53 billion, or 4.5%, from \$2.42 billion as of Q3 2023
- Loan to deposit ratio improved to 100.7% in Q4 2023, compared to 105.1% in Q3 2023
- Net income available to common shareholders of \$0.3 million in Q4 2023, compared to \$3.1 million in Q3 2023 and pre-tax, pre-provision net income⁽¹⁾ of \$4.1 million in Q4 2023, compared to \$4.6 million in Q3 2023
- Diluted EPS of \$0.03 in Q4 2023, compared to \$0.32 in Q3 2023
- Total capital to risk-weighted assets ratio of 12.82% in Q4 2023, compared to 12.45% in Q3 2023

Denver, Colo., January 25, 2024 – First Western Financial, Inc. (“First Western” or the “Company”) (NASDAQ: MYFW), today reported financial results for the fourth quarter ended December 31, 2023.

Net income available to common shareholders was \$0.3 million, or \$0.03 per diluted share, for the fourth quarter of 2023. This compares to \$3.1 million, or \$0.32 per diluted share, for the third quarter of 2023, and \$5.5 million, or \$0.56 per diluted share, for the fourth quarter of 2022.

Scott C. Wylie, CEO of First Western, commented, "While an increase in our estimated provision for credit losses reduced our profitability in the fourth quarter, we continued to execute on our strategic priorities including maintaining disciplined expense control while adding new deposit relationships. Our deposit focus resulted in 18% annualized growth in total deposits during the quarter and further reduced our loan-to-deposit ratio to be in-line with our year-end goal of 100%, while our new loan production focused on clients that also bring deposits to the bank.

"We believe we are positioned to perform well in any economic scenario that emerges in 2024, with our strong balance sheet and conservative underwriting criteria enabling us to effectively manage through an economic downturn, while our business development capabilities and unique value proposition will enable us to take advantage of strengthening economic conditions and an increase in loan demand. While economic conditions remain uncertain, we will continue to prioritize prudent risk management and be conservative in new loan production while focusing on core deposit gathering, which should result in a modest level of asset growth until economic conditions improve. With our disciplined expense management, the continued leverage we expect to realize from past investments in technology, banking talent, and office expansion, as well as a liability-sensitive balance sheet that should lead to net interest margin expansion as interest rates decline, we believe we can deliver solid earnings growth in 2024 even with a modest level of balance sheet growth. Over the long-term, we continue to believe that we are well positioned to capitalize on our attractive markets to consistently add new clients, generate profitable growth, and further enhance the value of our franchise," said Mr. Wylie.

(Dollars in thousands, except per share data)	For the Three Months Ended		
	December 31,	September 30,	December 31,
	2023	2023	2022
Earnings Summary			
Net interest income	\$ 16,331	\$ 16,766	\$ 21,988
Provision for credit losses ⁽¹⁾	3,942	329	1,197
Total non-interest income	6,081	6,099	6,415
Total non-interest expense	18,276	18,314	19,905
Income before income taxes	194	4,222	7,301
Income tax (benefit)/expense	(61)	1,104	1,830
Net income available to common shareholders	255	3,118	5,471
Adjusted net income available to common shareholders ⁽²⁾	282	3,140	5,617
Basic earnings per common share	0.03	0.33	0.58
Adjusted basic earnings per common share ⁽²⁾	0.03	0.33	0.59
Diluted earnings per common share	0.03	0.32	0.56
Adjusted diluted earnings per common share ⁽²⁾	0.03	0.32	0.58
Return on average assets (annualized)	0.04 %	0.44 %	0.79 %
Adjusted return on average assets (annualized) ⁽²⁾	0.04	0.45	0.82
Return on average shareholders' equity (annualized)	0.41	5.08	9.17
Adjusted return on average shareholders' equity (annualized) ⁽²⁾	0.45	5.12	9.41
Return on tangible common equity (annualized) ⁽²⁾	0.48	5.82	10.48
Adjusted return on tangible common equity (annualized) ⁽²⁾	0.53	5.86	10.76
Net interest margin	2.37	2.46	3.30
Efficiency ratio ⁽²⁾	80.77	78.76	67.66

⁽¹⁾ Provision for credit loss amounts for periods prior to the ASC 326 adoption date of January 1, 2023 are reported in accordance with previously applicable GAAP.

⁽²⁾ 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 2023

Revenue

Total income before non-interest expense was \$18.5 million for the fourth quarter of 2023, a decrease of 18.0%, compared to \$22.5 million for the third quarter of 2023. Gross revenue⁽¹⁾ was \$22.5 million for the fourth quarter of 2023, a decrease of 2.7%, from \$23.1 million for the third quarter of 2023. The decrease was primarily driven by a decrease in Net interest income as a result of higher interest expense primarily due to higher deposit costs, offset partially by higher interest income. Relative to the fourth quarter of 2022, Total income before non-interest expense decreased 32.1% from \$27.2 million. Relative to the fourth quarter of 2022, Gross revenue decreased 22.4% from \$29.0 million. The decrease was driven by a decrease in Net interest income as a result of higher Interest expense due to higher deposit costs, offset partially by higher Interest income.

⁽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 2023 was \$16.3 million, a decrease of 2.6% from \$16.8 million in the third quarter of 2023. Relative to the fourth quarter of 2022, Net interest income decreased 25.7% from \$22.0 million. The decreases were due to higher Interest expense driven primarily by higher deposit costs, offset partially by higher Interest income.

Net Interest Margin

Net interest margin for the fourth quarter of 2023 decreased 9 basis points to 2.37% from 2.46% reported in the third quarter of 2023, primarily due to growth in interest-bearing deposits during the quarter and continued pricing pressure due to a highly competitive deposit market.

The yield on interest-earning assets increased 16 basis points to 5.51% in the fourth quarter of 2023 from 5.35% in the third quarter of 2023 and the cost of interest-bearing deposits increased 19 basis points to 3.94% in the fourth quarter of 2023 from 3.75% in the third quarter of 2023.

Relative to the fourth quarter of 2022, net interest margin decreased from 3.30%, primarily due to a 172 basis point increase in average cost of deposits, offset partially by a 59 basis point increase in loan yields.

Non-interest Income

Non-interest income for the fourth quarter of 2023 remained flat at \$6.1 million, compared to the third quarter of 2023, primarily driven by a decrease in Net gain on mortgage loans and lower Trust and advisory fees during the fourth quarter of 2023, partially offset by higher Insurance fees.

Relative to the fourth quarter of 2022, Non-interest income decreased 5.2% from \$6.4 million. The decrease was primarily due to a decrease in Bank fees, Insurance fees, and Net gain on mortgage loans, partially offset by increases in Trust and investment management fees and lower Unrealized losses on loans accounted for under the fair value option.

Non-interest Expense

Non-interest expense for the fourth quarter of 2023 remained flat at \$18.3 million compared to the third quarter of 2023. Relative to the fourth quarter of 2022, Non-interest expense decreased 8.2% from \$19.9 million, driven primarily by lower Salaries and employee benefits related to staffing reductions to better align with lower revenue.

The Company's efficiency ratio⁽¹⁾ was 80.8% in the fourth quarter of 2023, compared with 78.8% in the third quarter of 2023 and 67.7% in the fourth quarter of 2022.

⁽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 benefit of \$0.1 million for the fourth quarter of 2023, compared to Income tax expense of \$1.1 million for the third quarter of 2023 and Income tax expense of \$1.8 million for the fourth quarter of 2022. The tax benefit in the fourth quarter of 2023 was primarily due to the impact of 2022 state return to provision items.

Loans

Total loans held for investment were \$2.55 billion as of December 31, 2023, an increase of 0.5% from \$2.54 billion as of September 30, 2023, due to loan growth in residential mortgage and CRE portfolios, partially offset by small declines in other portfolios. Relative to the fourth quarter of 2022, Total loans held for investment increased 2.9% from \$2.48 billion as of December 31, 2022, attributable to loan growth primarily in our residential mortgage portfolios.

Deposits

Total deposits were \$2.53 billion as of December 31, 2023, an increase of 4.5% from \$2.42 billion as of September 30, 2023, as a result of new and expanded deposit relationships. Relative to the fourth quarter of 2022, Total deposits increased 5.1% from \$2.41 billion as of December 31, 2022, driven primarily by new and expanded deposit relationships.

Borrowings

Federal Home Loan Bank ("FHLB") and Federal Reserve borrowings were \$125.7 million as of December 31, 2023, a decrease of \$134.2 million from \$259.9 million as of September 30, 2023. Relative to the fourth quarter of 2022, borrowings decreased \$21.2 million from \$146.9 million as of December 31, 2022. The change in borrowings from September 30, 2023 and December 31, 2022 is driven by a decline in FHLB borrowing reliance as a result of increased deposits.

Subordinated notes remained flat at \$52.3 million as of December 31, 2023, compared to September 30, 2023. Subordinated notes increased \$0.2 million from \$52.1 million as of December 31, 2022.

Assets Under Management

Assets Under Management ("AUM") increased by \$357.2 million during the fourth quarter to \$6.75 billion as of December 31, 2023, compared to \$6.40 billion as of September 30, 2023. This increase was primarily attributable to an increase in market values throughout the fourth quarter of 2023, resulting in an increase in the value of AUM balances. Total AUM increased by \$646.0 million compared to December 31, 2022 from \$6.11 billion, which was primarily attributable to improving market conditions year-over-year resulting in an increase in the value of AUM.

Credit Quality

Non-performing assets totaled \$59.7 million, or 2.00% of total assets, as of December 31, 2023, compared to \$56.1 million, or 1.87% of total assets, as of September 30, 2023. The increase was primarily attributable to two loans within the Construction and Development and Commercial and Industrial classifications moving to non-accrual during the fourth quarter of 2023, totaling \$3.9 million. As of December 31, 2022, non-performing assets totaled \$12.3 million, or 0.43% of total assets. Relative to the fourth quarter of 2022, the increase in non-performing assets was driven primarily by the addition of \$42.2 million in loans during the third quarter of 2023.

During the fourth quarter of 2023 the Company recorded a provision expense of \$3.9 million, compared to a provision expense of \$0.3 million in the third quarter of 2023 and a \$1.2 million provision expense in the fourth quarter of 2022. The provision expense recorded in the fourth quarter of 2023 reflects an increase in allowance on pooled loans driven primarily by loan growth, as well as an allowance established on individually analyzed loans that were downgraded to non-performing in a prior quarter and two loans downgraded to non-performing in the fourth quarter of 2023, partially offset by a provision release related to a net decrease in off-balance sheet commitments.

Capital

As of December 31, 2023, First Western (“Consolidated”) and First Western Trust Bank (“Bank”) exceeded the minimum capital levels required by their respective regulators. As of December 31, 2023, the Bank was classified as “well capitalized,” as summarized in the following table:

	December 31, 2023
Consolidated Capital	
Tier 1 capital to risk-weighted assets	9.48 %
Common Equity Tier 1 (“CET1”) to risk-weighted assets	9.48
Total capital to risk-weighted assets	12.82
Tier 1 capital to average assets	7.89
Bank Capital	
Tier 1 capital to risk-weighted assets	10.62
CET1 to risk-weighted assets	10.62
Total capital to risk-weighted assets	11.69
Tier 1 capital to average assets	8.83

Book value per common share decreased 0.2% from \$25.76 as of September 30, 2023 to \$25.70 as of December 31, 2023. The fourth quarter of 2023 included a decrease of \$0.6 million in accumulated other comprehensive income due to the effect of our cash flow hedge of certain FHLB borrowings. Book value per common share increased 1.3% from \$25.37 as of December 31, 2022. The adoption of CECL on January 1, 2023 resulted in a \$0.56 reduction of book value per common share.

Tangible book value per common share⁽¹⁾ decreased 0.2% from \$22.42 as of September 30, 2023, to \$22.37 as of December 31, 2023. Tangible book value per common share increased 1.7% from \$21.99 as of December 31, 2022. The adoption of CECL on January 1, 2023 resulted in a \$0.56 reduction of tangible book value per common share.

⁽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 26, 2024. Telephone access:
<https://register.vevent.com/register/B106726eadbe6744a39e0d0f89507793ba>

A slide presentation relating to the fourth quarter 2023 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 Credit Losses to Adjusted Loans," "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,” “position,” “outlook,” or words of similar meaning, or future or conditional verbs such as “will,” “would,” “should,” “opportunity,” “could,” or “may.” The forward-looking statements in this 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 lack of soundness of other financial institutions or financial market utilities may adversely affect the Company; the Company’s ability to engage in routine funding and other transactions could be adversely affected by the actions and commercial soundness of other financial institutions; financial institutions are interrelated because of trading, clearing, counterparty or other relationships; defaults by, or even rumors or questions about, one or more financial institutions or financial market utilities, or the financial services industry generally, may lead to market-wide liquidity problems and losses of client, creditor and counterparty confidence and could lead to losses or defaults by other financial institutions, or the Company; integration risks and projected cost savings in connection with acquisitions; the risk of geographic concentration in Colorado, Arizona, Wyoming, California, and Montana; the risk of changes in the economy affecting real estate values and liquidity; the risk in our ability to continue to originate residential real estate loans and sell such loans; risks specific to commercial loans and borrowers; the risk of claims and litigation pertaining to our fiduciary responsibilities; the risk of competition for investment managers and professionals; the risk of fluctuation in the value of our investment securities; the risk of changes in interest rates; and the risk of the adequacy of our allowance for credit losses and the risk in our ability to maintain a strong core deposit base or other low-cost funding sources. Additional information regarding these and other risks and uncertainties to which our business and future financial performance are subject is contained in our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (“SEC”) on March 15, 2023 (“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:

Financial Profiles, Inc.
Tony Rossi
310-622-8221
MYFW@finprofiles.com
IR@myfw.com

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

	Three Months Ended		
	December 31,	September 30,	December 31,
	2023	2023	2022
<i>(Dollars in thousands, except per share amounts)</i>			
Interest and dividend income:			
Loans, including fees	\$ 35,625	\$ 34,141	\$ 30,349
Loans accounted for under the fair value option	257	300	488
Investment securities	600	607	645
Interest-bearing deposits in other financial institutions	1,350	1,292	931
Dividends, restricted stock	161	141	238
Total interest and dividend income	37,993	36,481	32,651
Interest expense:			
Deposits	19,037	17,467	8,260
Other borrowed funds	2,625	2,248	2,403
Total interest expense	21,662	19,715	10,663
Net interest income	16,331	16,766	21,988
Less: provision for credit losses ⁽¹⁾	3,942	329	1,197
Net interest income, after provision for credit losses ⁽¹⁾	12,389	16,437	20,791
Non-interest income:			
Trust and investment management fees	4,705	4,846	4,358
Net gain on mortgage loans	379	654	629
Net loss on loans held for sale	—	—	(12)
Bank fees	412	427	812
Risk management and insurance fees	544	145	924
Income on company-owned life insurance	101	96	88
Net loss on loans accounted for under the fair value option	(91)	(252)	(602)
Unrealized loss recognized on equity securities	(2)	(19)	—
Other	33	202	218
Total non-interest income	6,081	6,099	6,415
Total income before non-interest expense	18,470	22,536	27,206
Non-interest expense:			
Salaries and employee benefits	9,988	10,968	11,679
Occupancy and equipment	1,937	1,807	1,910
Professional services	1,990	1,867	2,027
Technology and information systems	928	906	1,168
Data processing	1,189	1,159	1,223
Marketing	415	355	500
Amortization of other intangible assets	62	62	77
Net gain on sale of other real estate owned	—	—	(3)
Other	1,767	1,190	1,324
Total non-interest expense	18,276	18,314	19,905
Income before income taxes	194	4,222	7,301
Income tax (benefit)/expense	(61)	1,104	1,830
Net income available to common shareholders	\$ 255	\$ 3,118	\$ 5,471
Earnings per common share:			
Basic	\$ 0.03	\$ 0.33	\$ 0.58
Diluted	0.03	0.32	0.56

⁽¹⁾ Provision for credit loss amounts for periods prior to the ASC 326 adoption date of January 1, 2023 are reported in accordance with previously applicable GAAP.

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

<i>(Dollars in thousands)</i>	December 31, 2023	September 30, 2023	December 31, 2022
Assets			
Cash and cash equivalents:			
Cash and due from banks	\$ 7,284	\$ 6,439	\$ 4,926
Interest-bearing deposits in other financial institutions	247,158	265,045	191,586
Total cash and cash equivalents	254,442	271,484	196,512
Held-to-maturity securities, at amortized cost (fair value of \$66,617, \$66,487 and \$74,718, respectively), net of allowance for credit losses	74,102	75,539	81,056
Correspondent bank stock, at cost	7,155	11,305	7,110
Mortgage loans held for sale, at fair value	7,254	12,105	8,839
Loans held for sale, at fair value	—	—	1,965
Loans (includes \$13,726, \$15,464, and \$23,321 measured at fair value, respectively)	2,539,466	2,530,459	2,469,413
Allowance for credit losses ⁽¹⁾	(27,931)	(23,175)	(17,183)
Loans, net	2,511,535	2,507,284	2,452,230
Premises and equipment, net	25,256	25,410	25,118
Accrued interest receivable	11,428	11,633	10,445
Accounts receivable	5,095	5,292	4,873
Other receivables	2,457	3,052	1,973
Goodwill and other intangible assets, net	31,854	31,916	32,104
Deferred tax assets, net	7,339	6,624	6,914
Company-owned life insurance	16,530	16,429	16,152
Other assets	24,490	24,680	21,457
Total assets	\$ 2,978,937	\$ 3,002,753	\$ 2,866,748
Liabilities			
Deposits:			
Noninterest-bearing	\$ 482,579	\$ 476,308	\$ 583,092
Interest-bearing	2,046,460	1,943,688	1,822,137
Total deposits	2,529,039	2,419,996	2,405,229
Borrowings:			
Federal Home Loan Bank and Federal Reserve borrowings	125,711	259,930	146,886
Subordinated notes	52,340	52,279	52,132
Accrued interest payable	3,793	3,203	1,125
Other liabilities	21,842	21,089	20,512
Total liabilities	2,732,725	2,756,497	2,625,884
Shareholders' Equity			
Total shareholders' equity	246,212	246,256	240,864
Total liabilities and shareholders' equity	\$ 2,978,937	\$ 3,002,753	\$ 2,866,748

⁽¹⁾ Allowance for credit loss amounts for periods prior to the ASC 326 adoption date of January 1, 2023 are reported in accordance with previously applicable GAAP.

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

<i>(Dollars in thousands)</i>	December 31,	September 30,	December 31,
	2023	2023	2022
Loan Portfolio			
Cash, Securities, and Other ⁽¹⁾	\$ 140,053	\$ 148,669	\$ 165,670
Consumer and Other	23,596	23,975	26,539
Construction and Development	347,515	349,436	288,497
1-4 Family Residential	933,684	913,085	898,154
Non-Owner Occupied CRE	546,966	527,377	496,776
Owner Occupied CRE	197,205	208,341	216,056
Commercial and Industrial	345,393	349,515	361,028
Total	2,534,412	2,520,398	2,452,720
Loans accounted for under the fair value option	14,129	16,105	23,415
Total loans held for investment	2,548,541	2,536,503	2,476,135
Deferred (fees) costs and unamortized premiums/(unaccreted discounts), net ⁽²⁾	(9,075)	(6,044)	(6,722)
Loans (includes \$13,726, \$15,464, and \$23,321 measured at fair value, respectively)	\$ 2,539,466	\$ 2,530,459	\$ 2,469,413
Mortgage loans held for sale	7,254	12,105	8,839
Loans held for sale	—	—	1,965
Deposit Portfolio			
Money market deposit accounts	\$ 1,386,149	\$ 1,388,726	\$ 1,336,092
Time deposits	496,452	373,459	224,090
Negotiable order of withdrawal accounts	147,488	164,000	234,778
Savings accounts	16,371	17,503	27,177
Total interest-bearing deposits	2,046,460	1,943,688	1,822,137
Noninterest-bearing accounts	482,579	476,308	583,092
Total deposits	\$ 2,529,039	\$ 2,419,996	\$ 2,405,229

⁽¹⁾ Includes PPP loans of \$4.3 million as of December 31, 2023, \$4.9 million as of September 30, 2023, and \$7.1 million as of December 31, 2022.

⁽²⁾ 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		
	December 31,	September 30,	December 31,
	2023	2023	2022
<i>(Dollars in thousands)</i>			
Average Balance Sheets			
Assets			
Interest-earning assets:			
Interest-bearing deposits in other financial institutions	\$ 104,789	\$ 102,510	\$ 103,190
Federal funds sold	—	—	—
Investment securities	76,331	78,057	84,017
Correspondent bank stock	7,576	7,162	11,880
Loans	2,536,379	2,502,419	2,436,273
Interest-earning assets	2,725,075	2,690,148	2,635,360
Mortgage loans held for sale	9,915	12,680	9,065
Total interest-earning assets, plus mortgage loans held for sale	2,734,990	2,702,828	2,644,425
Allowance for credit losses ⁽¹⁾	(23,352)	(22,122)	(16,724)
Noninterest-earning assets	126,122	125,774	125,355
Total assets	\$ 2,837,760	\$ 2,806,480	\$ 2,753,056
Liabilities and Shareholders' Equity			
Interest-bearing liabilities:			
Interest-bearing deposits	\$ 1,914,856	\$ 1,846,318	\$ 1,582,587
FHLB and Federal Reserve borrowings	139,316	125,250	212,693
Subordinated notes	52,299	52,242	38,335
Total interest-bearing liabilities	2,106,471	2,023,810	1,833,615
Noninterest-bearing liabilities:			
Noninterest-bearing deposits	456,787	512,956	659,076
Other liabilities	25,387	24,228	21,660
Total noninterest-bearing liabilities	482,174	537,184	680,736
Total shareholders' equity	249,115	245,486	238,705
Total liabilities and shareholders' equity	\$ 2,837,760	\$ 2,806,480	\$ 2,753,056
Yields/Cost of funds (annualized)			
Interest-bearing deposits in other financial institutions	5.11 %	5.00 %	3.57 %
Investment securities	3.12	3.09	3.05
Correspondent bank stock	8.43	7.81	7.95
Loans	5.59	5.43	5.00
Mortgage loans held for sale	6.60	6.70	6.39
Total interest-earning assets	5.51	5.35	4.90
Interest-bearing deposits	3.94	3.75	2.07
Cost of deposits	3.18	2.94	1.46
FHLB and Federal Reserve borrowings	5.36	4.58	3.58
Subordinated notes	5.63	6.08	5.03
Total interest-bearing liabilities	4.08	3.86	2.31
Net interest margin	2.37	2.46	3.30
Net interest rate spread	1.43	1.49	2.59

⁽¹⁾ Allowance for credit loss amounts for periods prior to the ASC 326 adoption date of January 1, 2023 are reported in accordance with previously applicable GAAP.

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

	As of or for the Three Months Ended		
	December 31,	September 30,	December 31,
	2023	2023	2022
<i>(Dollars in thousands, except share and per share amounts)</i>			
Asset Quality			
Non-performing loans	\$ 59,675	\$ 56,146	\$ 12,349
Non-performing assets	59,675	56,146	12,349
Net charge-offs	44	190	95
Non-performing loans to total loans	2.34 %	2.21 %	0.50 %
Non-performing assets to total assets	2.00	1.87	0.43
Allowance for credit losses to non-performing loans ⁽³⁾	46.81	41.28	139.14
Allowance for credit losses to total loans ⁽³⁾	1.10	0.92	0.70
Allowance for credit losses to adjusted loans ⁽¹⁾⁽³⁾	1.10	0.92	0.78
Net charge-offs to average loans ⁽²⁾	—	0.01	*
Assets Under Management	\$ 6,752,981	\$ 6,395,786	\$ 6,106,973
Market Data			
Book value per share at period end	25.70	25.76	25.37
Tangible book value per common share ⁽¹⁾	22.37	22.42	21.99
Weighted average outstanding shares, basic	9,572,582	9,553,331	9,493,732
Weighted average outstanding shares, diluted	9,739,117	9,743,270	9,702,908
Shares outstanding at period end	9,581,183	9,560,209	9,495,440
Consolidated Capital			
Tier 1 capital to risk-weighted assets	9.48 %	9.32 %	9.28 %
CET1 to risk-weighted assets	9.48	9.32	9.28
Total capital to risk-weighted assets	12.82	12.45	12.37
Tier 1 capital to average assets	7.89	7.96	7.81
Bank Capital			
Tier 1 capital to risk-weighted assets	10.62	10.42	10.29
CET1 to risk-weighted assets	10.62	10.42	10.29
Total capital to risk-weighted assets	11.69	11.31	11.06
Tier 1 capital to average assets	8.83	8.88	8.65

⁽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.

⁽³⁾ Allowance for credit loss amounts for periods prior to the ASC 326 adoption date of January 1, 2023 are reported in accordance with previously applicable GAAP. Total loans does not include loans accounted for under the fair value option.

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, 2023	September 30, 2023	December 31, 2022
<i>(Dollars in thousands, except share and per share amounts)</i>			
Tangible Common			
Total shareholders' equity	\$ 246,212	\$ 246,256	\$ 240,864
Less: goodwill and other intangibles, net	31,854	31,916	32,104
Tangible common equity	<u>\$ 214,358</u>	<u>\$ 214,340</u>	<u>\$ 208,760</u>
Common shares outstanding, end of period	9,581,183	9,560,209	9,495,440
Tangible common book value per share	\$ 22.37	\$ 22.42	\$ 21.99
Net income available to common shareholders	255	3,118	5,471
Return on tangible common equity (annualized)	0.48 %	5.82 %	10.48 %
Efficiency			
Non-interest expense	\$ 18,276	\$ 18,314	\$ 19,905
Less: amortization	62	62	77
Less: acquisition related expenses	36	30	195
Adjusted non-interest expense	<u>\$ 18,178</u>	<u>\$ 18,222</u>	<u>\$ 19,633</u>
Total income before non-interest expense	\$ 18,470	\$ 22,536	\$ 27,206
Less: unrealized loss recognized on equity securities	(2)	(19)	—
Less: net loss on loans accounted for under the fair value option	(91)	(252)	(602)
Less: net loss on loans held for sale at fair value	—	—	(12)
Plus: provision for credit losses ⁽¹⁾	3,942	329	1,197
Gross revenue	<u>\$ 22,505</u>	<u>\$ 23,136</u>	<u>\$ 29,017</u>
Efficiency ratio	<u>80.77 %</u>	<u>78.76 %</u>	<u>67.66 %</u>
Allowance for Credit Loss to Adjusted Loans			
Total loans held for investment	2,548,541	2,536,503	2,476,135
Less: loans acquired ⁽²⁾	—	—	234,717
Less: PPP loans ⁽³⁾	4,343	4,876	6,378
Less: loans accounted for under fair value	14,129	16,105	23,415
Adjusted loans	<u>\$ 2,530,069</u>	<u>\$ 2,515,522</u>	<u>\$ 2,211,625</u>
Allowance for credit losses ⁽¹⁾	\$ 27,931	\$ 23,175	\$ 17,183
Allowance for credit losses to adjusted loans ⁽¹⁾	<u>1.10 %</u>	<u>0.92 %</u>	<u>0.78 %</u>

⁽¹⁾ Provision and allowance for credit loss amounts for periods prior to the ASC 326 adoption date of January 1, 2023 are reported in accordance with previously applicable GAAP.

⁽²⁾ As of December 31, 2023 and September 30, 2023, acquired loans totaling \$212.3 million and \$216.1 million, respectively, are included in the allowance for credit loss calculation and are therefore not removed in calculating adjusted total loans.

⁽³⁾ As of December 31, 2023 and September 30, 2023, the adjustment for PPP loans includes acquired PPP loans as acquired loans are included in total loans held for investment as a result of the adoption of ASC 326. As of December 31, 2022, the adjustment for PPP loans did not include acquired PPP loans, as those were already included in the loans acquired adjustment.

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

	As of or for the Three Months Ended		
	December 31,	September 30,	December 31,
	2023	2023	2022
<i>(Dollars in thousands, except share and per share data)</i>			
Adjusted Net Income Available to Common Shareholders			
Net income available to common shareholders	\$ 255	\$ 3,118	\$ 5,471
Plus: acquisition related expenses	36	30	195
Less: income tax impact from acquisition related expenses	9	8	49
Adjusted net income available to shareholders	<u>\$ 282</u>	<u>\$ 3,140</u>	<u>\$ 5,617</u>
Pre-Tax, Pre-Provision Net Income			
Income before income taxes	\$ 194	\$ 4,222	\$ 7,301
Plus: provision for credit losses	3,942	329	1,197
Pre-tax, pre-provision net income	<u>\$ 4,136</u>	<u>\$ 4,551</u>	<u>\$ 8,498</u>
Adjusted Basic Earnings Per Share			
Basic earnings per share	\$ 0.03	\$ 0.33	\$ 0.58
Plus: acquisition related expenses net of income tax impact	*	*	0.01
Adjusted basic earnings per share	<u>\$ 0.03</u>	<u>\$ 0.33</u>	<u>\$ 0.59</u>
Adjusted Diluted Earnings Per Share			
Diluted earnings per share	\$ 0.03	\$ 0.32	\$ 0.56
Plus: acquisition related expenses net of income tax impact	*	*	0.02
Adjusted diluted earnings per share	<u>\$ 0.03</u>	<u>\$ 0.32</u>	<u>\$ 0.58</u>
Adjusted Return on Average Assets (annualized)			
Return on average assets	0.04 %	0.44 %	0.79 %
Plus: acquisition related expenses net of income tax impact	*	0.01	0.03
Adjusted return on average assets	<u>0.04 %</u>	<u>0.45 %</u>	<u>0.82 %</u>
Adjusted Return on Average Shareholders' Equity (annualized)			
Return on average shareholders' equity	0.41 %	5.08 %	9.17 %
Plus: acquisition related expenses net of income tax impact	0.04	0.04	0.24
Adjusted return on average shareholders' equity	<u>0.45 %</u>	<u>5.12 %</u>	<u>9.41 %</u>
Adjusted Return on Tangible Common Equity (annualized)			
Return on tangible common equity	0.48 %	5.82 %	10.48 %
Plus: acquisition related expenses net of income tax impact	0.05	0.04	0.28
Adjusted return on tangible common equity	<u>0.53 %</u>	<u>5.86 %</u>	<u>10.76 %</u>

* Represents an immaterial impact to adjusted earnings per share.



FIRSTwestern

Fourth Quarter 2023
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," "position," "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. The 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: 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, 2023 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 4Q23

4Q23 Earnings

- Net income available to common shareholders of \$0.3 million, or \$0.03 per diluted share
- Pre-tax, pre-provision net income⁽¹⁾ of \$4.1 million
- Decline in earnings from prior quarter primarily due to reserve on individually analyzed loans

Prudent Balance Sheet Growth

- Deposit growth exceeded loan growth in the fourth quarter
- 18% annualized deposit growth with increases in both noninterest-bearing and interest-bearing deposits
- Total loans relatively flat as new production is focused on clients that provide deposits while maintaining conservative underwriting criteria and disciplined pricing

Execution on Key Priorities

- Disciplined expense control resulted in operating expenses remaining below initial expectations for 2023
- Increased focus on deposit gathering further reduced loan-to-deposit ratio
- Conservative underwriting and proactive portfolio management continues to result in low level of credit losses

(1) See Non-GAAP reconciliation

Net Income Available to Common Shareholders and Earnings per Share

- Net income of \$0.3 million, or \$0.03 diluted earnings per share, in 4Q23
- Provision for individually analyzed loans in 4Q23 had diluted earnings per share impact of \$0.29, net of tax
- Tangible book value per share declined during 4Q23 due to an unfavorable shift in AOCI resulting from a cash flow hedge of certain FHLB borrowings that decreased in value as interest rates declined



(1) See Non-GAAP reconciliation

Loan Portfolio

Loan Portfolio Details

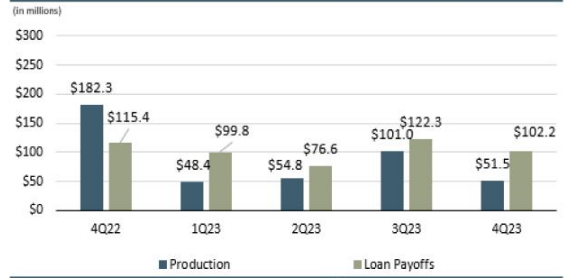
- Total loans held for investment increased \$12.0 million from prior quarter
- Growth driven by increases in residential mortgage and CRE portfolios, partially offset by small declines in other portfolios
- New loan production of more than \$50 million, with focus primarily on clients that also bring deposits to the bank
- Average rate on new loan production increased 35 bps to 8.27% compared to prior quarter

Loan Portfolio Composition⁽¹⁾

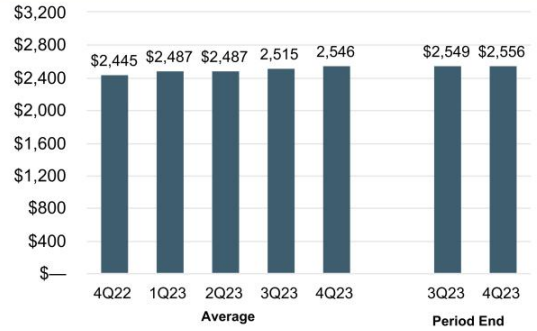
(\$ in thousands, as of quarter end)	4Q 2022	3Q 2023	4Q 2023
Cash, Securities and Other	\$ 165,670	\$ 148,669	\$ 140,053
Consumer and Other	26,539	23,975	23,596
Construction and Development	288,497	349,436	347,515
1-4 Family Residential	898,154	913,085	933,684
Non-Owner Occupied CRE	496,776	527,377	546,966
Owner Occupied CRE	216,056	208,341	197,205
Commercial and Industrial	361,028	349,515	345,393
Total	\$ 2,452,720	\$ 2,520,398	\$ 2,534,412
Loans accounted for at fair value ⁽²⁾	23,415	16,105	14,129
Total Loans HFI	\$ 2,476,135	\$ 2,536,503	\$ 2,548,541
Loans held-for-sale (HFS)	10,804	12,105	7,254
Total Loans	\$ 2,486,939	\$ 2,548,608	\$ 2,555,795

(1) Represents unpaid principal balance. Excludes deferred (fees) costs, and amortized premium/ (unaccreted discount).
 (2) Excludes fair value adjustments on loans accounted for under the fair value option.

Loan Production & Loan Payoffs



Total Loans⁽¹⁾



Total Deposits

- Total deposits increased by \$109 million in 4Q23
- Success in new business development, with \$118 million in new deposit relationships added in 4Q23
- Noninterest-bearing deposits increased \$6.3 million in 4Q23, primarily driven by new client accounts
- Strategic decision made to add short-term higher cost deposits to improve near-term liquidity, which will be replaced with lower cost funding as market conditions normalize and interest rates decrease

Deposit Portfolio Composition			
	4Q 2022	3Q 2023	4Q 2023
Money market deposit accounts	\$ 1,336,092	\$ 1,388,726	\$ 1,386,149
Time deposits	224,090	373,459	496,452
NOW	234,778	164,000	147,488
Savings accounts	27,177	17,503	16,371
Noninterest-bearing accounts	583,092	476,308	482,579
Total Deposits	\$ 2,405,229	\$ 2,419,996	\$ 2,529,039



Trust and Investment Management

- Total assets under management increased \$357.2 million from September 30, 2023 to \$6.75 billion as of December 31, 2023
- Increase in AUM driven by an increase in market values throughout 4Q23, resulting in a 5.6% increase compared to 3Q23, and a 10.6% increase year-over-year.

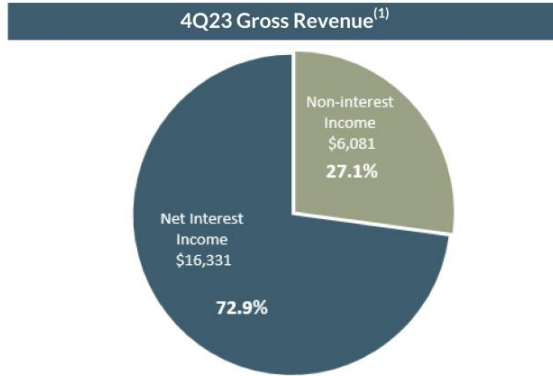
Total Assets Under Management

(in millions, as of quarter end)



Gross Revenue

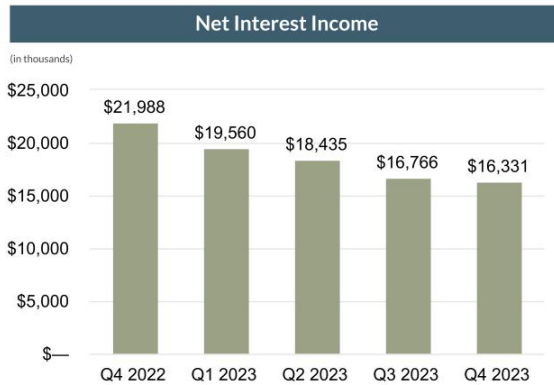
- Gross revenue⁽¹⁾ declined 2.7% from prior quarter
- Slowest decline in the last five quarters as environmental headwinds appear to be shifting
- Decline primarily due to an increase in deposit costs that reduced net interest income



(1) See Non-GAAP reconciliation

Net Interest Income and Net Interest Margin

- Net interest income decreased to \$16.3 million, or 2.6%, from \$16.8 million in 3Q23, due primarily to higher deposit costs
- Net interest margin decreased 9 bps to 2.37%, driven by the increase in interest bearing deposit costs
- Strategic decision made to add short-term higher cost deposits to improve near-term liquidity, which will be replaced with lower cost funding as market conditions normalize and interest rates decrease

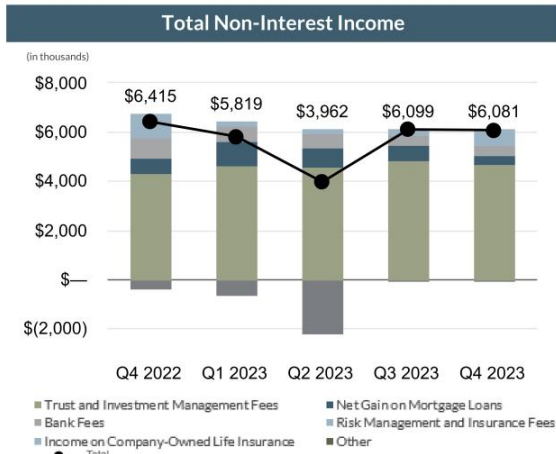


(1) See Non-GAAP reconciliation



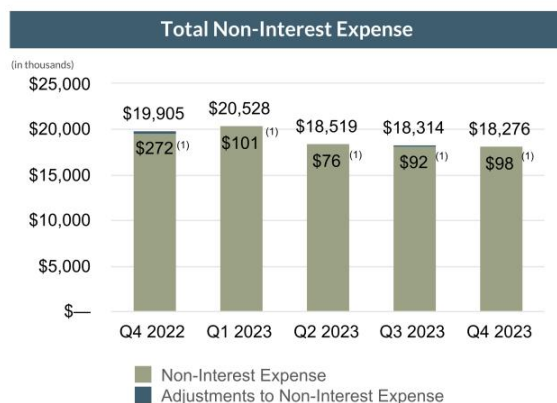
Non-Interest Income

- Non-interest income remained flat compared to prior quarter
- Slight decline in Net gains on mortgage loans, which reflects impact of higher rates and seasonal decline in mortgage loan demand
- Slight declines in Trust and Investment Management fees compared to prior quarter, however fees increased \$0.3 million, or 8.0%, year-over-year
- Increase in Risk Management and Insurance Fees reflects seasonal impact that occurs in the fourth quarter each year

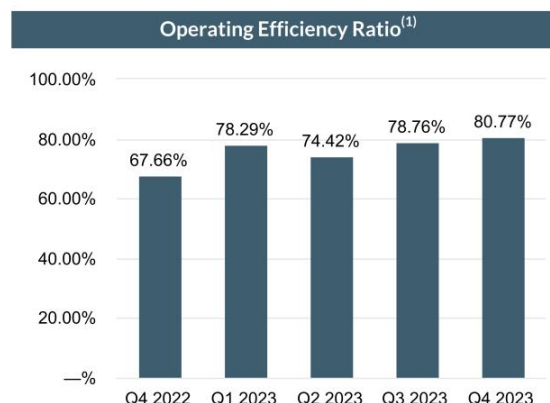


Non-Interest Expense and Efficiency Ratio

- Non-interest expense remained flat at \$18.3 million compared to 3Q23
- Disciplined expense management resulted in non-interest expense coming in below targeted range



(1) See Non-GAAP reconciliation



Asset Quality

- NPLs increased \$3.5 million due primarily to the downgrade of two loans
- \$3.9 million provision for credit losses driven primarily by reserve on individually analyzed loans previously downgraded to NPL, with small reserves established for two loans downgraded to NPL in 4Q23
- ACL/Adjusted Total Loans⁽¹⁾ increased to 1.10% in 4Q23 from 0.92% in 3Q23
- Continue to experience immaterial amount of credit losses

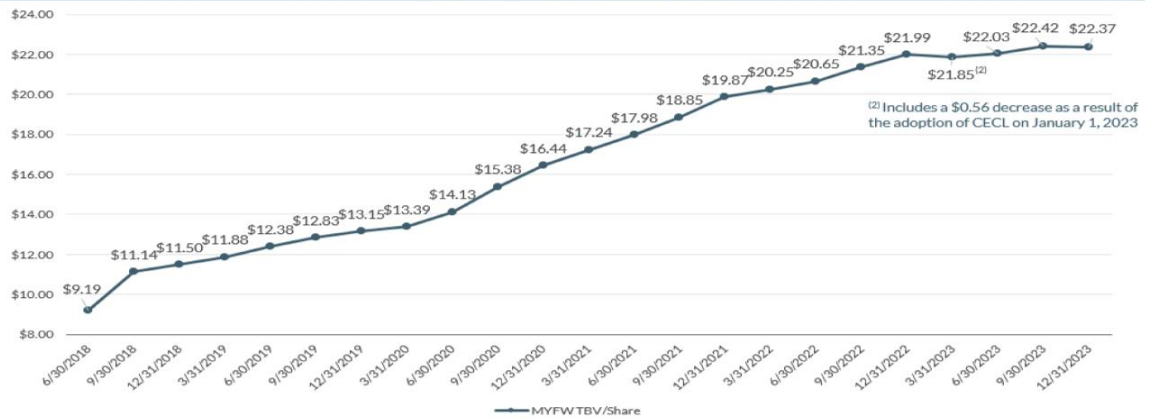


(1) Adjusted Total Loans – Total Loans minus PPP loans and loans accounted for under fair value option; see non-GAAP reconciliation



Consistent Value Creation

TBV/Share⁽¹⁾ Up 143% Since July 2018 IPO



Consistent increases in tangible book value per share driven by:

- Organic growth that has increased operating leverage
- Accretive acquisitions that have been well priced and smoothly integrated to realize all projected cost savings
- Conservative underwriting criteria that has resulted in extremely low level of losses in the portfolio throughout the history of the company
- Prudent asset/liability management including not investing excess liquidity accumulated during the pandemic in low-yielding bonds

(1) See Non-GAAP reconciliation

(2) Includes a \$0.56 decrease as a result of the adoption of CECL on January 1, 2023

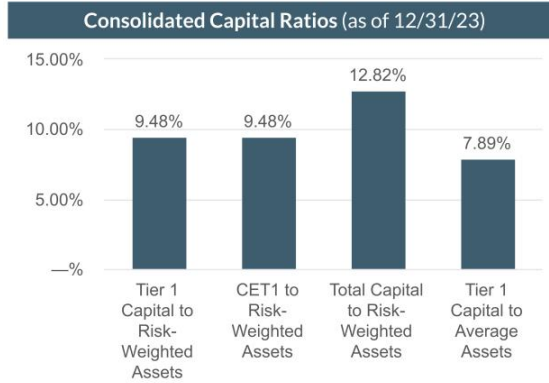
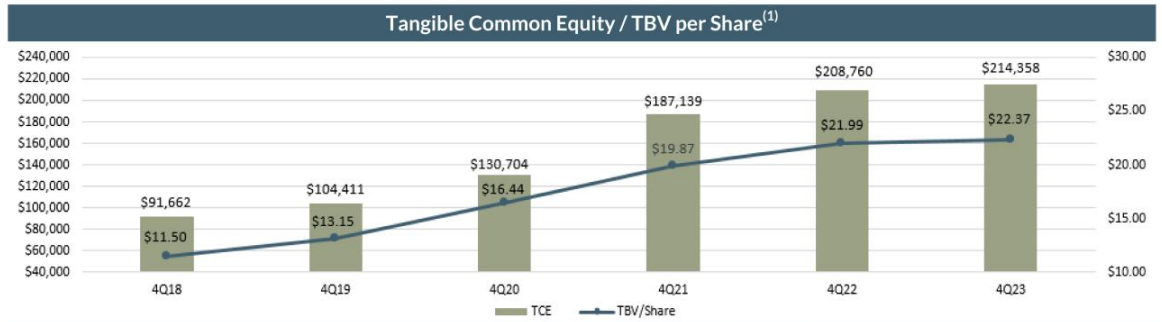
2024 Outlook and Priorities

- Well positioned to manage through and perform well in any economic scenario that emerges in 2024
- Prudent risk management and conservative underwriting criteria expected to result in modest asset growth in 2024 until economic conditions improve
- Deposit gathering will remain a top priority throughout the organization with increased focus on targeting deposit rich industries
- Focus will remain on core business and core clients that provide good opportunities to expand relationships over time and result in very low levels of credit losses
- Concentrating on working through credits placed on non-performing status to continue achieving immaterial losses
- Catalysts that should contribute to earnings growth in 2024
 - Good momentum in business development that should lead to continued growth in client roster, balance sheet, and non-interest income
 - Liability-sensitive balance sheet that will lead to expanded NIM as interest rates decrease
 - Continued disciplined expense management and continued benefits from leveraging past investments in technology, talent, and office expansion, as well as process improvements that will enhance efficiencies as we continue to add scale
- Strength of franchise and balance sheet enables First Western to continue capitalizing on our attractive markets to consistently add new clients, realize more operating leverage as we increase scale, generate profitable growth, and further enhance the long-term value of our franchise



Appendix

Capital and Liquidity Overview



Liquidity Funding Sources (as of 12/31/23)

(in thousands)

Liquidity Reserves:	
Total Available Cash	\$252,845
Unpledged Investment Securities	21,526
Borrowed Funds:	
<i>Secured:</i>	
FHLB Available	656,593
FRB Available	13,570
<i>Other:</i>	
Brokered Remaining Capacity	179,833 ⁽²⁾
<i>Unsecured:</i>	
Credit Lines	29,000
Total Liquidity Funding Sources	\$1,153,367
Loan to Deposit Ratio	100.7 %

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

Non-GAAP Reconciliation

Consolidated Efficiency Ratio (Dollars in thousands)	For the Three Months Ended,				
	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Non-interest expense	\$19,905	\$20,528	\$18,519	\$18,314	\$18,276
Less: amortization	77	64	62	62	62
Less: acquisition related expenses	195	37	14	30	36
Adjusted non-interest expense	\$19,633	\$20,427	\$18,443	\$18,222	\$18,178
Net interest income	\$21,842	\$19,560	\$18,435	\$16,766	\$16,331
Non-interest income	6,561	5,819	3,962	6,099	6,081
Less: unrealized gains/(losses) recognized on equity securities	-	10	(11)	(19)	(2)
Less: impairment of contingent consideration assets	-	-	(1,249)	-	-
Less: net gain/(loss) on loans accounted for under the fair value option	(602)	(543)	(1,124)	(252)	(91)
Less: net gain on equity interests	-	-	-	-	-
Less: net (loss)/gain on loans held for sale at fair value	(12)	(178)	-	-	-
Adjusted non-interest income	7,175	6,530	6,346	6,370	6,174
Total income	\$29,017	\$26,090	\$24,781	\$23,136	\$22,505
Efficiency ratio	67.66%	78.29%	74.42%	78.76%	80.77%

Consolidated Tangible Common Book Value Per Share (Dollars in thousands)	As of,						
	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022	Sept. 30, 2023	Dec. 31, 2023
Total shareholders' equity	\$116,875	\$127,678	\$154,962	\$219,041	\$240,864	\$246,256	\$246,212
Less:							
Goodwill and other intangibles, net	25,213	19,714	24,258	31,902	32,104	31,916	31,854
Intangibles held for sale ⁽¹⁾	-	3,553	-	-	-	-	-
Tangible common equity	91,662	104,411	\$130,704	187,139	208,760	214,340	214,358
Common shares outstanding, end of period	7,968,420	7,940,168	7,951,773	9,419,271	9,495,440	9,560,209	9,581,183
Tangible common book value per share	\$11.50	\$13.15	\$16.44	\$19.87	\$21.99	\$22.42	\$22.37
Net income available to common shareholders							\$255
Return on tangible common equity (annualized)							0.48%

(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, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Total income before non-interest expense	\$26,623	\$24,543	\$19,529	\$21,647	\$17,913
Less: unrealized gains/(losses) recognized on equity securities	-	10	(11)	(19)	(2)
Less: impairment of contingent consideration assets	-	-	(1,249)	-	-
Less: net gain/(loss) on loans accounted for under the fair value option	(602)	(543)	(1,124)	(252)	(91)
Less: net gain on equity interests	-	-	-	-	-
Less: net (loss)/gain on loans held for sale at fair value	(12)	(178)	-	-	-
Plus: provision for credit loss	1,197	(310)	1,843	329	3,942
Gross revenue	\$28,434	\$24,944	\$23,756	\$22,247	\$21,948
Mortgage Gross Revenue		For the Three Months Ended,			
(Dollars in thousands)	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Total income before non-interest expense	\$583	\$1,146	\$1,025	\$889	\$557
Plus: provision for credit loss	-	-	-	-	-
Gross revenue	\$583	\$1,146	\$1,025	\$889	\$557
Consolidated Gross Revenue		For the Three Months Ended,			
(Dollars in thousands)	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Total income before non-interest expense	\$27,206	\$25,689	\$20,554	\$22,536	\$18,470
Less: unrealized gains/(losses) recognized on equity securities	-	10	(11)	(19)	(2)
Less: impairment of contingent consideration assets	-	-	(1,249)	-	-
Less: net gain/(loss) on loans accounted for under the fair value option	(602)	(543)	(1,124)	(252)	(91)
Less: net gain on equity interests	-	-	-	-	-
Less: net (loss)/gain on loans held for sale at fair value	(12)	(178)	-	-	-
Plus: provision for credit loss	1,197	(310)	1,843	329	3,942
Gross revenue	\$29,017	\$26,090	\$24,781	\$23,136	\$22,505
Gross Revenue excluding net gain on mortgage loans		For the Three Months Ended,			
(Dollars in thousands)	December 31, 2022	September 30, 2023	December 31, 2023		
Gross revenue	\$29,017	\$23,136	\$22,505		
Less: net gain on mortgage loans	775	654	379		
Gross revenue excluding net gain on mortgage loans	\$28,242	\$22,482	\$22,126		

Non-GAAP Reconciliation

Adjusted net income available to common shareholders		For the Three Months Ended,				
(Dollars in thousands, except per share data)	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	
Net income available to common shareholders	\$5,471	\$3,820	\$1,506	\$3,118	\$255	
Plus: impairment of contingent consideration assets including tax impact	-	-	924	-	-	
Plus: acquisition related expense including tax impact	146	27	10	22	27	
Adjusted net income to common shareholders	\$5,617	\$3,847	\$2,440	\$3,140	\$282	
Adjusted diluted earnings per share		For the Three Months Ended,				
(Dollars in thousands, except per share data)	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	
Diluted earnings per share	\$0.56	\$0.39	\$0.16	\$0.32	\$0.03	
Plus: impairment of contingent consideration assets including tax impact	-	-	0.09	-	-	
Plus: acquisition related expenses including tax impact	0.02	-	-	-	-	
Adjusted diluted earnings per share	\$0.58	\$0.39	\$0.25	\$0.32	\$0.03	
Pre-tax, pre-provision net income		For the Three Months Ended,				
(Dollars in thousands)	December 31, 2022	September 30, 2023	December 31, 2023			
Income before income taxes	\$7,301	\$4,222	\$194			
Plus: provision for credit losses	1,197	329	3,942			
Pre-tax, pre-provision net income	\$8,498	\$4,551	\$4,136			
Allowance for credit losses to Bank originated loans excluding PPP		As of				
(Dollars in thousands)	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023	
Total loans held for investment	\$2,476,135	\$2,475,084	\$2,501,926	\$2,536,503	\$2,548,541	
Less: Acquired loans	234,717	-	-	-	-	
Less: PPP loans	6,378	6,100	5,558	4,876	4,343	
Less: Purchased loans accounted for under fair value ("FVO")	23,415	21,052 ⁽¹⁾	18,274 ⁽¹⁾	16,105 ⁽¹⁾	14,129 ⁽¹⁾	
Adjusted Loans excluding acquired, PPP and FVO	\$2,211,625	\$2,447,932	\$2,478,094	\$2,515,522	\$2,530,069	
Allowance for credit losses	17,183	19,843	22,044	23,175	27,931	
Allowance for credit losses to adjusted loans	0.78%	0.81%	0.89%	0.92%	1.10%	

(1) Subsequent to the adoption of CECL on January 1, 2023, acquired loans are included in the Allowance for Credit Losses and therefore are no longer excluded from the total adjusted loan calculation.

Non-GAAP Reconciliation

Adjusted net interest margin (Dollars in thousands)	For the Three Months Ended December 31, 2022			For the Three Months Ended March 31, 2023			For the Three Months Ended June 30, 2023			For the Three Months Ended September 30, 2023			For the Three Months Ended December 31, 2023		
	Average Balance	Interest Earned/Paid	Average Yield/Rate	Average Balance	Interest Earned/Paid	Average Yield/Rate	Average Balance	Interest Earned/Paid	Average Yield/Rate	Average Balance	Interest Earned/Paid	Average Yield/Rate	Average Balance	Interest Earned/Paid	Average Yield/Rate
Interest-bearing deposits in other financial institutions	\$103,190	\$931		\$127,608	\$1,403		\$135,757	\$1,669		\$102,510	\$1,291		\$104,789	\$1,350	
PPP adjustment	1,736	16		1,502	17		1,376	17		1,103	15		908	12	
Investment securities	84,017	645		82,106	629		80,106	626		78,057	607		76,331	600	
Correspondent bank stock	11,880	237		9,592	173		8,844	145		7,162	142		7,576	160	
Loans	2,436,252	30,691		2,469,129	32,239		2,471,588	33,704		2,502,419	34,228		2,536,379	35,717	
Loans HFS	9,065	146		18,036	268		15,841	230		12,680	214		9,915	165	
PPP adjustment	(7,350)	(32)		(6,470)	(37)		(5,811)	(27)		(5,178)	(25)		(4,601)	(24)	
Purchase Accretion adjustment	-	(87)		-	(64)		-	(80)		-	(209)		-	160	
Adjusted total interest-earning assets	2,638,790	32,547		2,701,503	34,628		2,707,701	36,284		2,698,753	36,263		2,731,297	38,140	
Interest-bearing deposits		8,260			13,092			15,864			17,467			19,037	
PPP adjustment		-			-			-			-			-	
Federal Home Loan Bank Topeka and Federal Reserve borrowings		1,916			1,374			1,361			1,447			1,882	
PPP adjustment		(6)			(5)			(4)			(4)			(3)	
Subordinated notes		486			674			712			801			741	
Adjusted total interest-bearing liabilities		10,656			15,135			17,933			19,711			21,657	
Net interest income		21,891			19,493			18,351			16,552			16,483	
Adjusted net interest margin			3.29%			2.93 %			2.72 %			2.43 %			2.39%

