



FIRSTwestern

Second Quarter 2024
Conference Call

Safe Harbor

Statements in this presentation 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 presentation 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 presentation 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, 2024 (“Form 10-K”), and other documents we file with the SEC from time to time. We urge readers of this presentation 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 presentation, 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.

Overview of 2Q24

2Q24 Earnings

- Net income available to common shareholders of \$1.1 million or \$0.11 per diluted share
- Pre-tax, pre-provision net income⁽¹⁾ of \$3.75 million compared to prior quarter of \$3.65 million.
- Positive trends in a number of key areas

Continued Execution on Strategic Priorities

- Continued priority on prudent risk management and conservative approach to new loan production resulted in balance sheet remaining relatively flat in the quarter
- Maintaining disciplined expense control with non-interest expense declining from prior quarter
- Continued success in adding new deposit relationships
- Strong contributions of non-interest income from wealth management and mortgage banking businesses

Positive Trends in Key Metrics

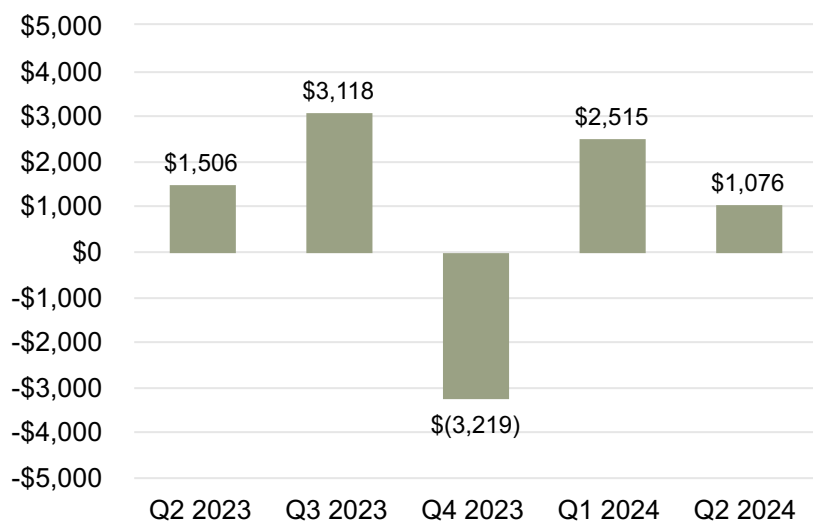
- Improving performance as the quarter progressed with loans, deposits, and net interest margin all increasing during the month of June
- Continued progress on resolving problem loans
- Non-performing loans declined from prior quarter
- Net charge-offs/average loans were 0.00%
- Further increase in tangible book value per share⁽¹⁾

(1) See Non-GAAP reconciliation

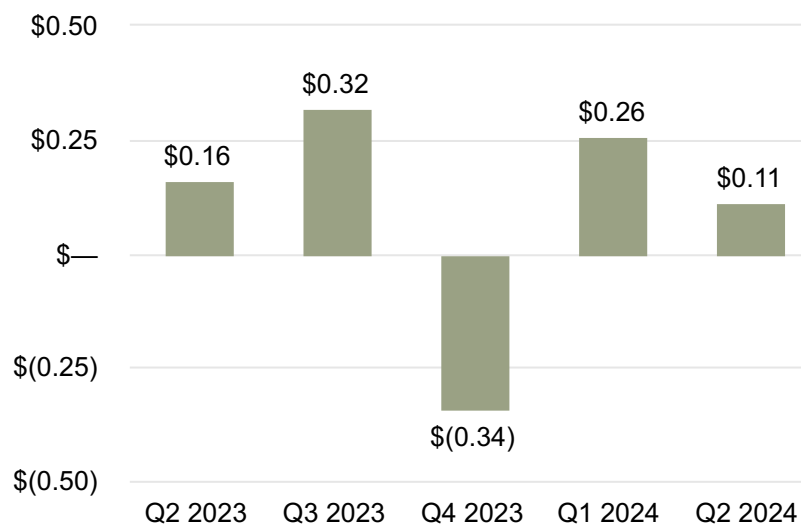
Net Income Available to Common Shareholders and Earnings per Share

- Net income of \$1.1 million, or \$0.11 diluted earnings per share, in 2Q24
- Pre-tax, pre-provision⁽¹⁾ net income consistent with prior quarter and same period of prior year
- Tangible book value per share⁽¹⁾ increased approximately 0.2% to \$22.27

Net Income Available to Common Shareholders



Diluted Earnings per Share



(1) See Non-GAAP reconciliation

Loan Portfolio

Loan Portfolio Details

- Total loans held for investment decreased \$19.5 million from prior quarter
- Decrease due to limited new production that was more than offset by payoffs
- New loan production improved in 2Q24 to \$50 million with focus primarily on lending to clients that also bring deposits to the bank
- Average rate on new loan production of 8.35% was higher than average rate of loans paying off and accretive to NIM

Loan Portfolio Composition⁽¹⁾

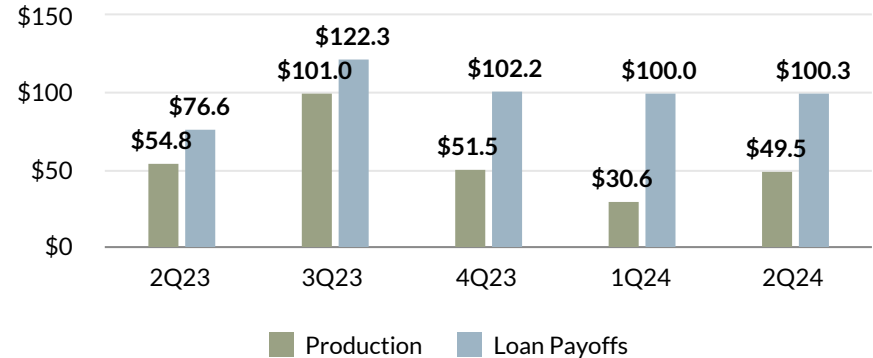
(\$ in thousands, as of quarter end)	2Q23	1Q24	2Q24
Cash, Securities and Other	\$ 150,679	\$ 151,178	\$ 143,720
Consumer and Other	21,866	18,556	15,645
Construction and Development	313,227	333,284	309,146
1-4 Family Residential	878,670	910,129	904,569
Non-Owner Occupied CRE	561,880	562,862	609,790
Owner Occupied CRE	218,651	194,338	189,353
Commercial and Industrial	338,679	297,573	277,973
Total	\$ 2,483,652	\$ 2,467,920	\$ 2,450,196
Loans accounted for at fair value ⁽²⁾	18,274	12,276	10,494
Total Loans HFI	\$ 2,501,926	\$ 2,480,196	\$ 2,460,690
Loans held-for-sale (HFS)	19,746	10,470	26,856
Total Loans	\$ 2,521,672	\$ 2,490,666	\$ 2,487,546

(1) Represents unpaid principal balance. Excludes deferred (fees) costs, and amortized premium/(unaccreted discount).

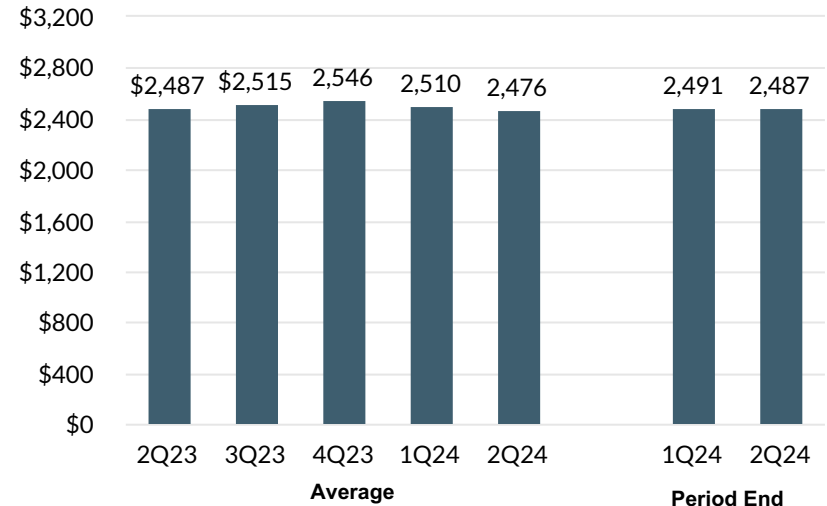
(2) Excludes fair value adjustments on loans accounted for under the fair value option.

Loan Production & Loan Payoffs

(\$ in millions)



Total Loans⁽¹⁾



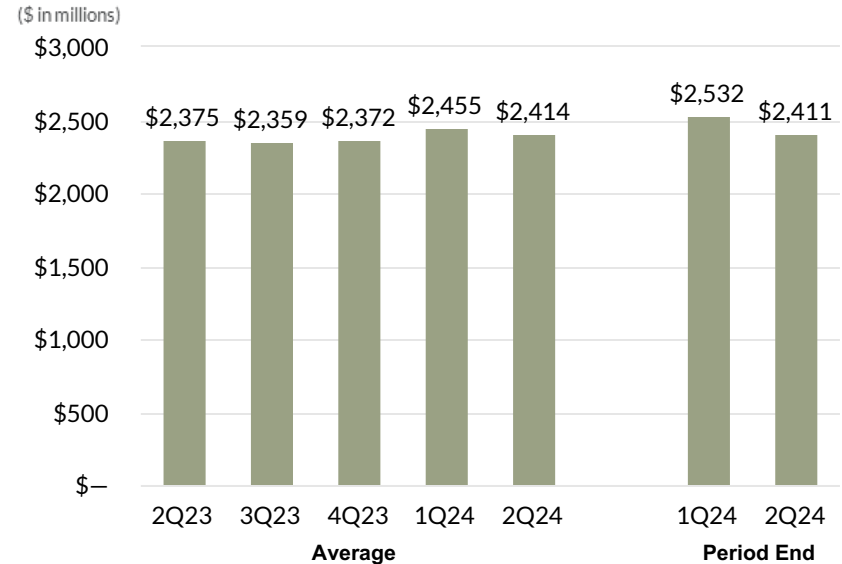
Total Deposits

- Average deposits decreased \$41 million and period end deposits decreased \$121 million from the prior quarter. The deposit decline was primarily driven by seasonal tax payments, operating account fluctuations and clients using liquidity for strategic investments
- Success in new business development, with \$22 million from new deposit relationships added in 2Q24
- Growth in time deposits as clients moved funds from lower-yielding deposit accounts to lock in higher rates

Deposit Portfolio Composition

	2Q23	1Q24	2Q24
Money market deposit accounts	\$ 1,297,732	\$ 1,503,598	\$ 1,342,753
Time deposits	376,147	442,834	519,597
NOW	168,537	132,415	135,759
Savings accounts	18,737	18,887	16,081
Noninterest-bearing accounts	514,241	434,236	396,702
Total Deposits	\$ 2,375,394	\$ 2,531,970	\$ 2,410,892

Total Deposits

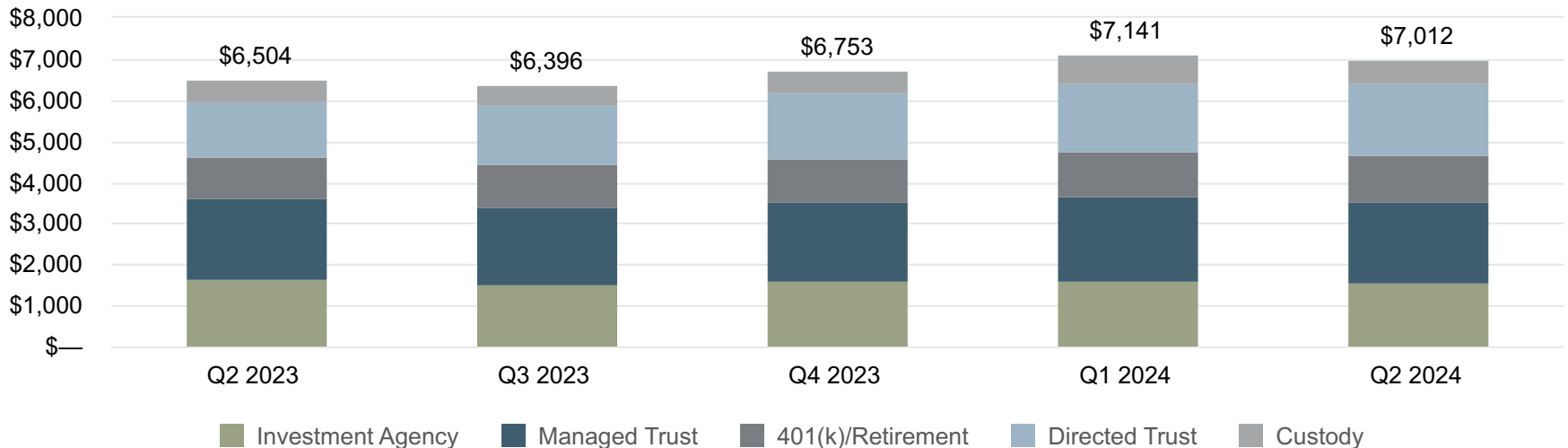


Trust and Investment Management

- Total assets under management decreased 1.8% during the quarter to \$7 billion, however have increased 7.8% from 2Q23
- The decrease in AUM during the quarter was driven by asset withdrawals in custody accounts that have minimal impact on Trust and Investment Management fees
- The increase from 2Q23 was primarily attributed to improving market conditions resulting in an increase in the value of AUM

Total Assets Under Management

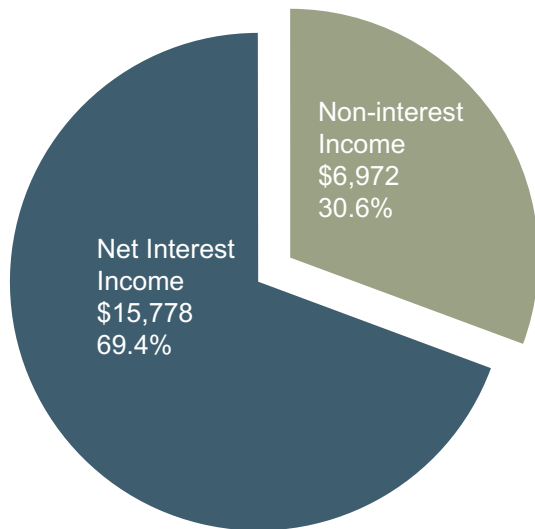
(in millions, as of quarter end)



Gross Revenue

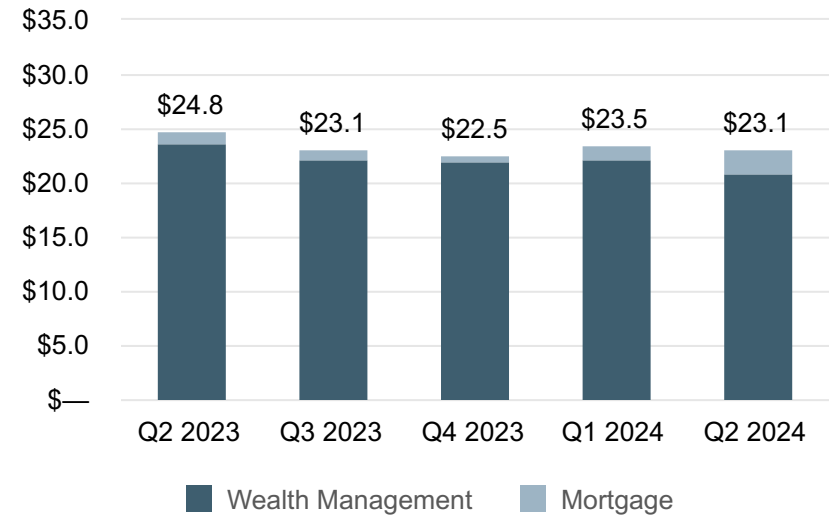
- Gross revenue⁽¹⁾ decreased 2% from prior quarter
- Net interest income decreased 2% from prior quarter, however net interest margin improved 1 basis point
- Non-interest income decreased 4% from prior quarter, however mortgage revenues increased \$0.8 million quarter over quarter and \$1.1 million year over year

Gross Revenue⁽¹⁾



Gross Revenue⁽¹⁾

(\$ in millions)



(1) See Non-GAAP reconciliation

Net Interest Income and Net Interest Margin

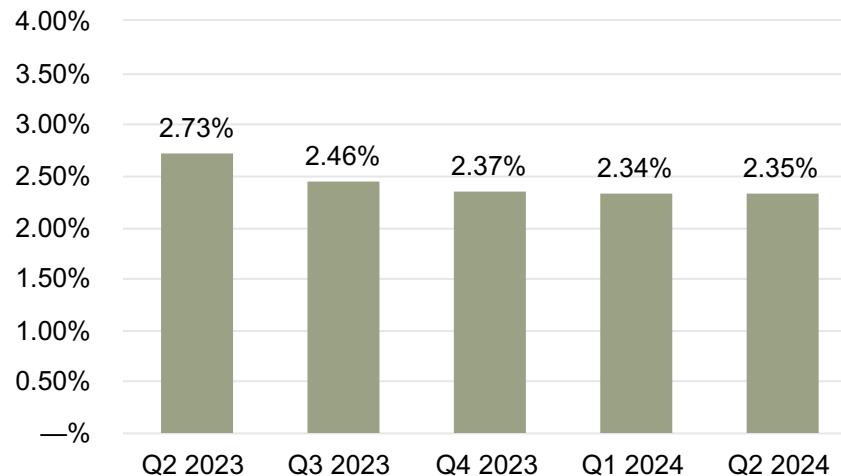
- Net interest income decreased \$0.3 million, or 1.9%, from \$16.1 million in 1Q24, driven primarily by a decline in interest earning cash
- Net interest margin stabilized during the quarter, with a slight increase of 1 basis point from 2.34% in 1Q24 to 2.35% in 2Q24
- Yield on interest earning assets increased 9 bps from prior quarter due to impact of new loans coming on at higher rates than loans paying off
- Overnight borrowings added to offset deposit outflows that will be paid off as deposit balances increase

Net Interest Income

(in thousands)



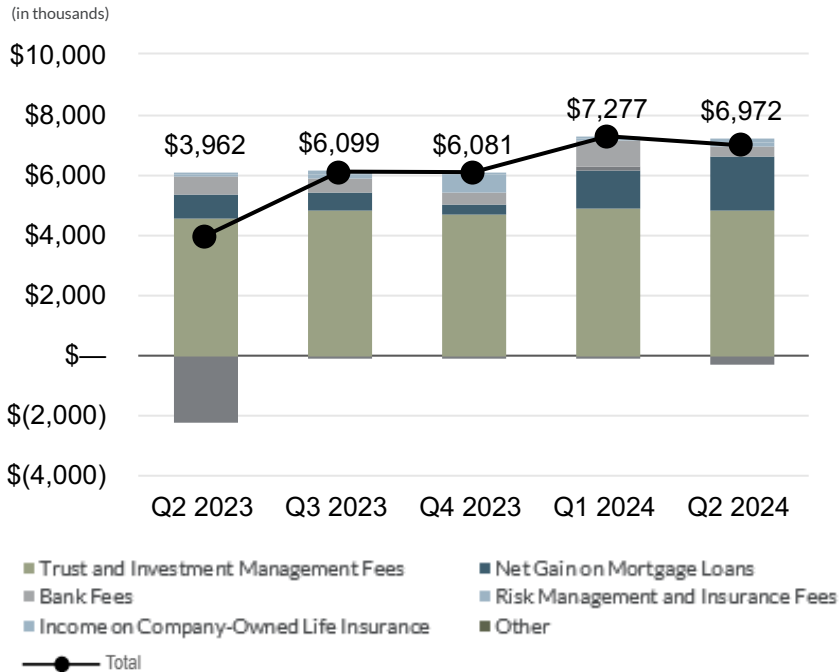
Net Interest Margin



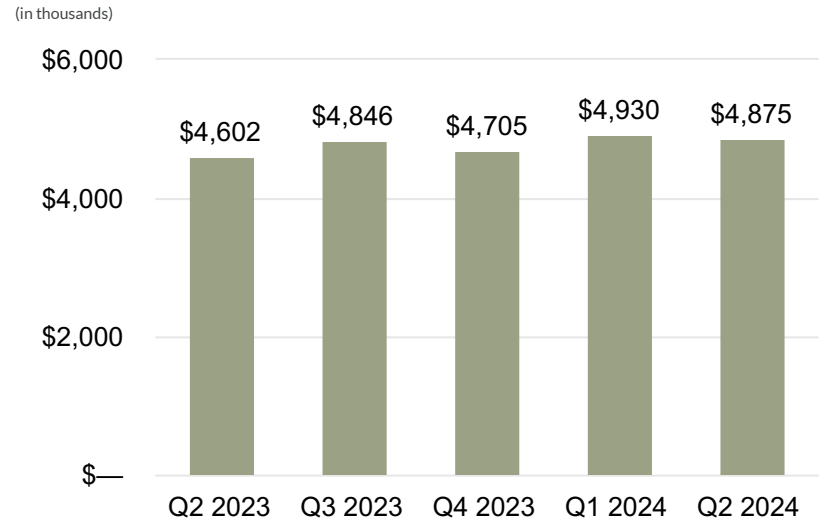
Non-Interest Income

- Non-interest income decreased 4.2% from prior quarter
- Stable Trust and Investment Management fees and increase in Net Gain on Mortgage Loans offset by decrease in Bank Fees, which included elevated loan prepayment penalty fees in 1Q24
- Mortgage production increased to \$141 million from \$91 million in prior quarter, primarily due to increased home buying activity in our markets and production from mortgage loan originators hired in 2024

Total Non-Interest Income



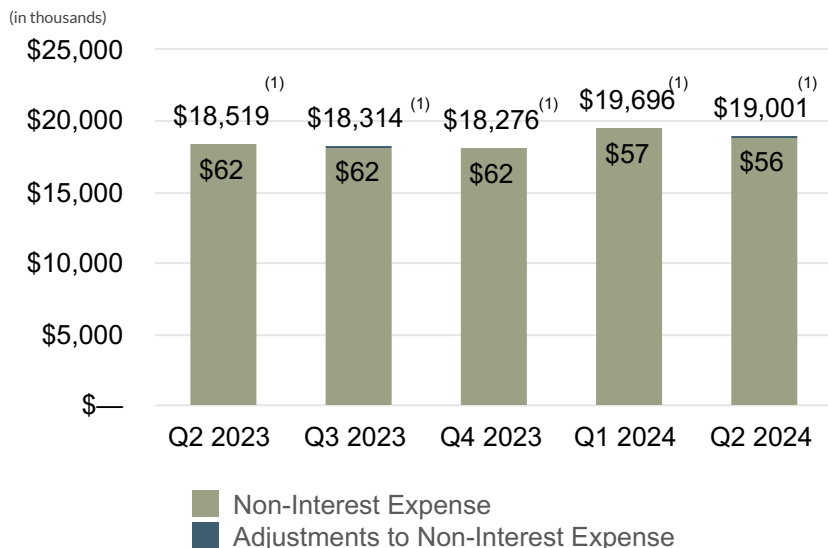
Trust and Investment Management Fees



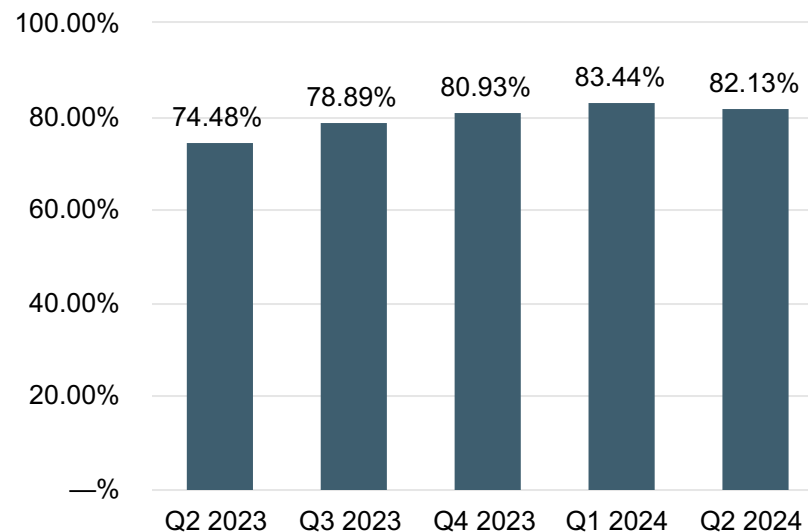
Non-Interest Expense and Efficiency Ratio

- Non-interest expense decreased to \$19.0 million, primarily due to lower legal fees resulting from continued progress on resolution of NPLs, and lower fraud losses
- Non-interest expense expected to be relatively consistent over next few quarters with primary variable being incentive compensation dependent upon financial performance

Total Non-Interest Expense



Operating Efficiency Ratio⁽¹⁾

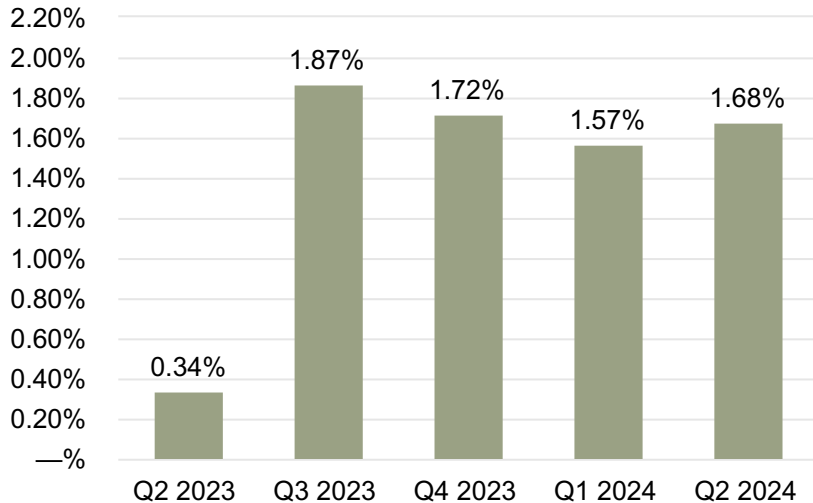


(1) See Non-GAAP reconciliation

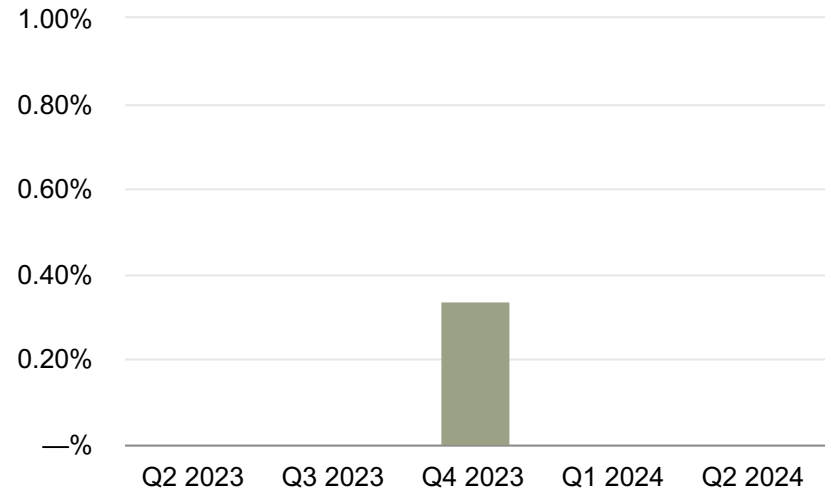
Asset Quality

- NPAs increased to \$49.3 million due to the foreclosure on two properties held as collateral that were placed in OREO and more than offset the resulting decrease in NPLs
- Past due loans declined for the second consecutive quarter
- ACL/Adjusted Total Loans⁽¹⁾ increased to 1.12% in 2Q24 from 1.00% in 1Q24
- Continue to experience immaterial amount of credit losses

Non-Performing Assets/Total Assets



Net Charge-Offs/Average Loans



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

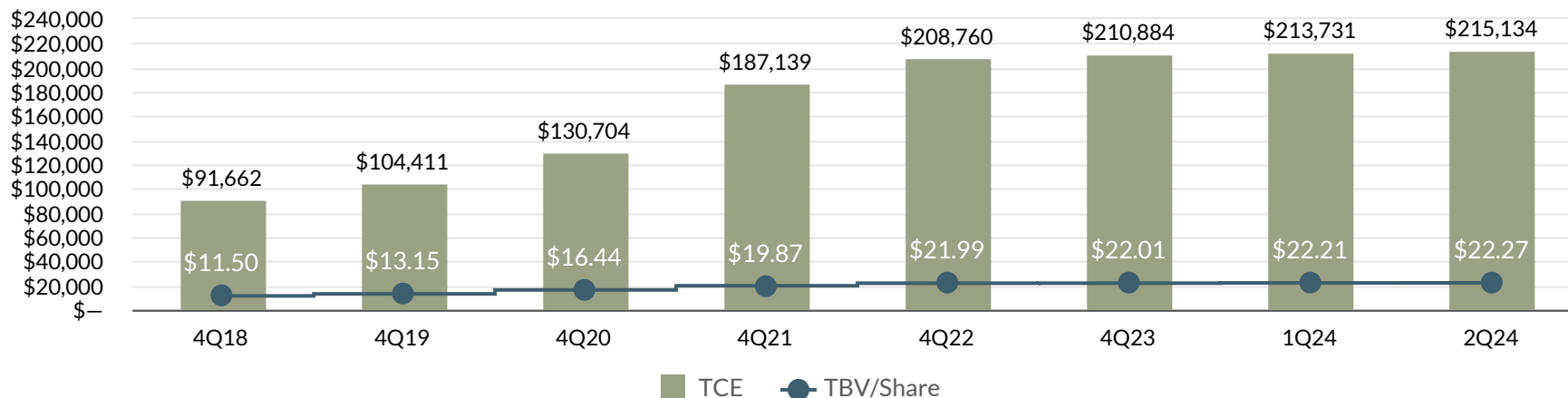
Near-Term Outlook

- 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
- Business development focus remains on full banking relationships with high quality clients who need multiple products and services First Western provides in banking, wealth management, and other areas
- Upgrading of banking talent while filling open positions is having a positive impact on pipelines for loans, deposits, mortgage banking, and wealth management
- Positive trends in business development, growing pipelines, and NIM expansion experienced in June expected to result in a higher level of profitability in second half of the year
- Long-term approach to managing the Company will result in continued investment in talent and technology that will support continued profitable growth along with optimization of Wealth Management business to improve performance and business development
- Continued progress on working through credits placed on non-performing status
- Increase in TBV/share, capital ratios, and improvement in asset quality provides flexibility to consider additional options for capital utilization including stock repurchase following authorization
- 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

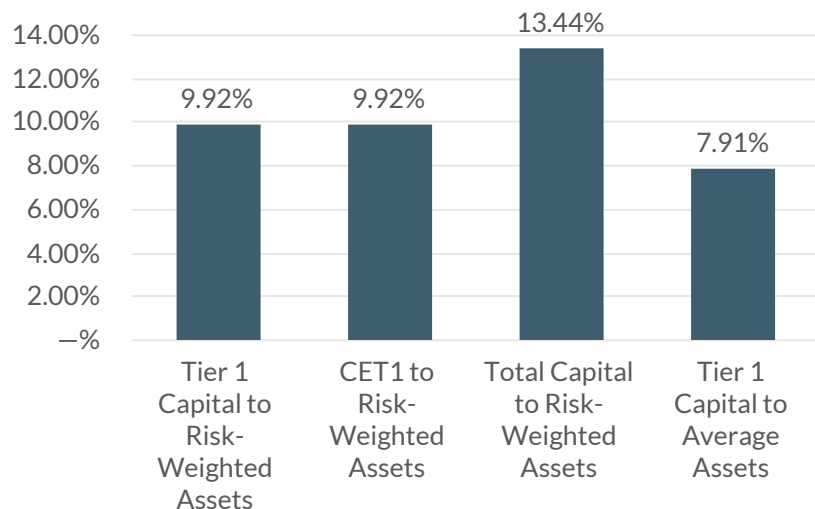
Appendix

Capital and Liquidity Overview

Tangible Common Equity / TBV per Share⁽¹⁾



Consolidated Capital Ratios (as of 06/30/24)



Liquidity Funding Sources (as of 06/30/24)

(in thousands)

Liquidity Reserves:

Total Available Cash	\$	244,179
Unpledged Investment Securities		33,628

Borrowed Funds:

Secured:

FHLB Available	551,642
FRB Available	21,048

Other:

Brokered Remaining Capacity	176,380 ⁽²⁾
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Unsecured:

Credit Lines	29,000
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Total Liquidity Funding Sources \$ 1,055,877

Loan to Deposit Ratio 101.9 %

(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,				
	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024
Non-interest expense	\$ 18,519	\$ 18,314	\$ 18,276	\$ 19,696	\$ 19,001
Less: amortization	62	62	62	57	56
Adjusted non-interest expense	\$ 18,457	\$ 18,252	\$ 18,214	\$ 19,639	\$ 18,945
Net interest income	\$ 18,435	\$ 16,766	\$ 16,331	\$ 16,070	\$ 15,778
Non-interest income	3,962	6,099	6,081	7,277	6,972
Less: unrealized gains/(losses) recognized on equity securities	(11)	(19)	(2)	(6)	(2)
Less: impairment of contingent consideration assets	(1,249)	—	—	—	—
Less: net gain/(loss) on loans accounted for under the fair value option	(1,124)	(252)	(91)	(302)	(315)
Less: net gain on equity interests	—	—	—	—	—
Less: net (loss)/gain on loans held for sale at fair value	—	—	—	117	—
Adjusted non-interest income	\$ 6,346	\$ 6,370	\$ 6,174	\$ 7,468	\$ 7,289
Total income	\$ 24,781	\$ 23,136	\$ 22,505	\$ 23,538	\$ 23,067
Efficiency ratio	74.48 %	78.89 %	80.93 %	83.44 %	82.13 %

Consolidated Tangible Common Book Value Per Share (Dollars in thousands)	As of,						
	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2023	March 31, 2024	June 30, 2024
Total shareholders' equity	\$ 127,678	\$ 154,962	\$ 219,041	\$ 240,864	\$ 242,738	\$ 245,528	\$ 246,875
Less:							
Goodwill and other intangibles, net	19,714	24,258	31,902	32,104	31,854	31,797	31,741
Intangibles held for sale ⁽¹⁾	3,553	—	—	—	—	—	—
Tangible common equity	\$ 104,411	\$ 130,704	\$ 187,139	\$ 208,760	\$ 210,884	\$ 213,731	\$ 215,134
Common shares outstanding, end of period	7,940,168	7,951,773	9,419,271	9,495,440	9,581,183	9,621,309	9,660,549
Tangible common book value per share	\$ 13.15	\$ 16.44	\$ 19.87	\$ 21.99	\$ 22.01	\$ 22.21	\$ 22.27

Net income available to common shareholders \$ **1,076**

Return on tangible common equity (annualized) **2.00 %**

(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, 2023	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	
Total income before non-interest expense	\$ 19,529	\$ 21,647	\$ 13,362	\$ 21,890	\$ 18,242	
Less: unrealized gains/(losses) recognized on equity securities	(11)	(19)	(2)	(6)	(2)	
Less: impairment of contingent consideration assets	(1,249)	—	—	—	—	
Less: net gain/(loss) on loans accounted for under the fair value option	(1,124)	(252)	(91)	(302)	(315)	
Less: net gain on equity interests	—	—	—	—	—	
Less: net (loss)/gain on loans held for sale at fair value	—	—	—	117	—	
Plus: (release) provision for credit loss	1,843	329	8,493	72	2,334	
Gross revenue	\$ 23,756	\$ 22,247	\$ 21,948	\$ 22,153	\$ 20,893	
Mortgage Gross Revenue		For the Three Months Ended,				
(Dollars in thousands)	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	
Total income before non-interest expense	\$ 1,025	\$ 889	\$ 557	\$ 1,385	\$ 2,174	
Plus: provision for credit loss	—	—	—	—	—	
Gross revenue	\$ 1,025	\$ 889	\$ 557	\$ 1,385	\$ 2,174	
Consolidated Gross Revenue		For the Three Months Ended,				
(Dollars in thousands)	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	
Total income before non-interest expense	\$ 20,554	\$ 22,536	\$ 13,919	\$ 23,275	\$ 20,416	
Less: unrealized gains/(losses) recognized on equity securities	(11)	(19)	(2)	(6)	(2)	
Less: impairment of contingent consideration assets	(1,249)	—	—	—	—	
Less: net gain/(loss) on loans accounted for under the fair value option	(1,124)	(252)	(91)	(302)	(315)	
Less: net gain on equity interests	—	—	—	—	—	
Less: net (loss)/gain on loans held for sale at fair value	—	—	—	117	—	
Plus: (release) provision for credit loss	1,843	329	8,493	72	2,334	
Gross revenue	\$ 24,781	\$ 23,136	\$ 22,505	\$ 23,538	\$ 23,067	
Gross Revenue excluding net gain on mortgage loans		June 30, 2023	March 31, 2024	June 30, 2024		
(Dollars in thousands)						
Gross revenue	\$ 24,781	\$ 23,538	\$ 23,067			
Less: net gain on mortgage loans	774	1,264	1,820			
Gross revenue excluding net gain on mortgage loans	\$ 24,007	\$ 22,274	\$ 21,247			

Non-GAAP Reconciliation

Pre-tax, pre-provision net income (Dollars in thousands)	For the Three Months Ended,		
	June 30, 2023	March 31, 2024	June 30, 2024
Income before income taxes	\$ 2,035	\$ 3,579	\$ 1,415
Plus: provision (release) for credit losses	1,843	72	2,334
Pre-tax, pre-provision (release) net income	\$ 3,878	\$ 3,651	\$ 3,749

Allowance for credit losses to Bank originated loans excluding PPP (Dollars in thousands)	As of				
	June 30, 2023	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024
Total loans held for investment	\$ 2,501,926	\$ 2,536,503	\$ 2,536,140	\$ 2,480,196	\$ 2,460,690
Less: PPP loans	5,558	4,876	4,343	3,779	3,129
Less: Purchased loans accounted for under fair value ("FVO")	18,274	16,105	14,129	12,276	10,494
Adjusted Loans excluding acquired, PPP and FVO	\$ 2,478,094	\$ 2,515,522	\$ 2,517,668	\$ 2,464,141	\$ 2,447,067
Allowance for credit losses	22,044	23,175	23,931	24,630	27,319
Allowance for credit losses to adjusted loans	0.89 %	0.92 %	0.95 %	1.00 %	1.12 %