



FIRST western

First Western Financial, Inc.  
*The First, Western-Based Private Trust Bank*

Investor Presentation  
May 2020

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# A Wealth Manager on Private Trust Bank Platform

## Overview

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

## Target Market

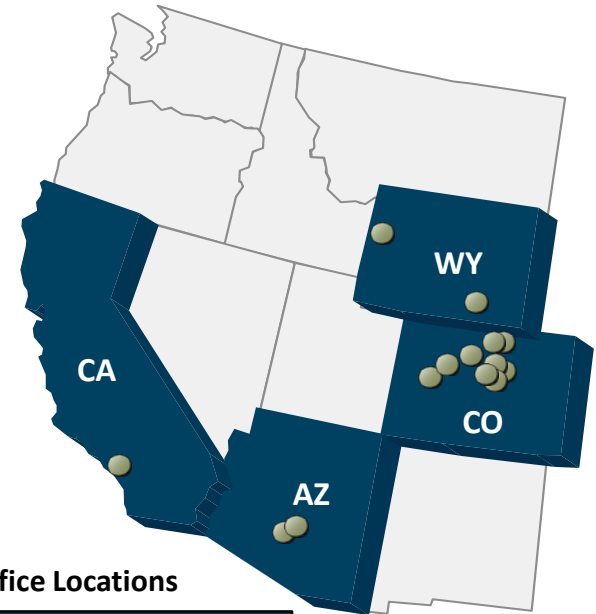
- Households of \$1+ million liquid net worth
- High net worth and high growth markets
- Colorado, Arizona, Wyoming and California

## Competitive Advantage

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

## Company Highlights as of 3/31/2020

- Assets: \$1.35 billion
- Gross Loans: \$1.04 billion
- Total Deposits: \$1.18 billion
- AUM: \$5.64 billion
- Tier 1 Ratio: 10.96%
- CET 1 Ratio: 10.96%
- Leverage Ratio: 8.81%
- TRBC Ratio: 13.31%



● Office Locations

**First Western Financial, Inc. (FW)**  
Financial Holding Company

**First Western Trust Bank**  
Colorado state chartered bank (14 locations)

**First Western Merger Corporation**  
State licensed insurance agency

**First Western Capital Management Co.**  
Registered investment advisor (1 location)



# Great Markets, Scarce Investment Opportunity

## First Western Market Favorability<sup>(1)</sup>

- **Colorado (2019)**
  - #4 fastest growing state with GDP CAGR of 3.6% (2014-2018)
  - #4 best state economy (Business Insider)
  - #8 best state for business (Forbes)
- **Denver, Colorado (2019)**
  - #3 best large city to start a business
  - #5 highest job growth among major cities (2010-2018)
  - #7 highest gross metro product among major cities (2012-2017)
- **Fort Collins, Colorado (2019)**
  - Gross metro product CAGR of 6.2% (2013-2018)
  - Manufacturing for Anheuser-Busch, Broadcom, Intel
- **Phoenix, Arizona (2018)**
  - Added nearly 100,000 residents from July 2017-July 2018
  - Second fastest growing metro in the U.S.

## Colorado Chartered Banks (Assets > ~\$1.0 billion)

As of December 31, 2019	Current Ownership	Total Assets (\$bn)
FirstBank	Private	19.9
NBH Bank	Public (NYSE: NBHC)	5.9
Bank of Colorado	Private (Sub. of Pinnacle Bancorp-NE)	4.5
Sunflower Bank	Private	4.2
Alpine Bank	Private	3.9
ANB Bank	Private	2.6
Citywide Banks	HTLF (Acquired in 2017)	2.3
<b>First Western Trust Bank</b>	<b>Public (Nasdaq: MYFW)</b>	<b>1.3</b>

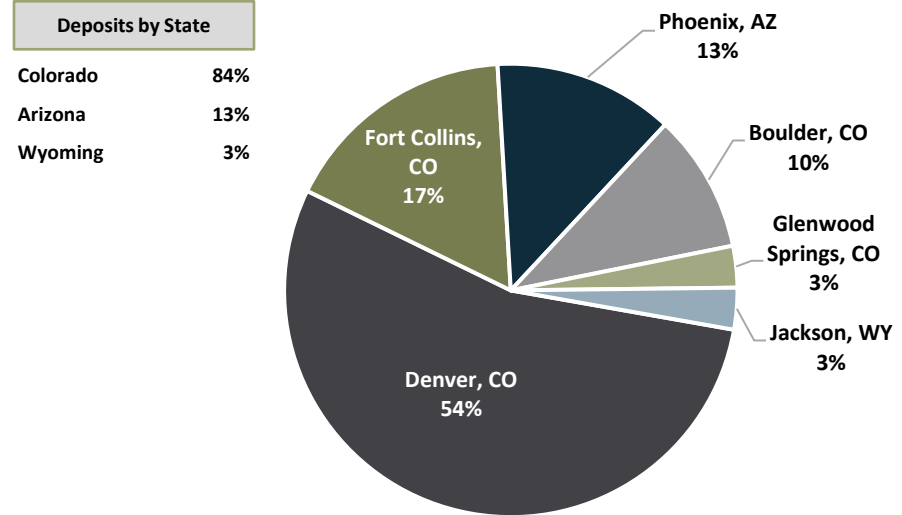
(1) Source: 2019 Downtown Denver Partnership Report; Raymond James research; Ft. Collins Chamber of Commerce; City of Phoenix; U.S. Census Bureau

(2) Source: S&P Global Market Intelligence as of 06/30/2019.

(3) Percentage income growth for households with over \$200,000 in current household income (HHI).

Note: Demographic data provided by Nielsen per US Census data.

## Deposits by MSA<sup>(2)</sup>



MSA	State	Market Share	Projected % Change in HHI of \$200M+ (2019-2024) <sup>(3)</sup>
Denver-Aurora-Lakewood	CO	0.64	35.49
Fort Collins	CO	2.10	44.99
Phoenix-Mesa-Scottsdale	AZ	0.12	41.62
Boulder	CO	0.94	28.76
Jackson	WY/ID	1.49	21.42
Glenwood Springs	CO	0.93	24.61
<b>National Average</b>			<b>31.93</b>

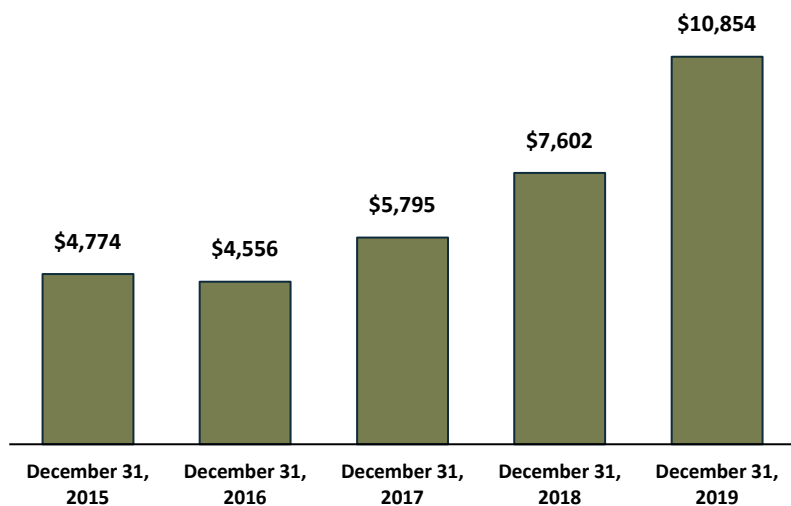
*Small market share and growing household income means lots of room to grow*

# Strong Operational and Financial Momentum

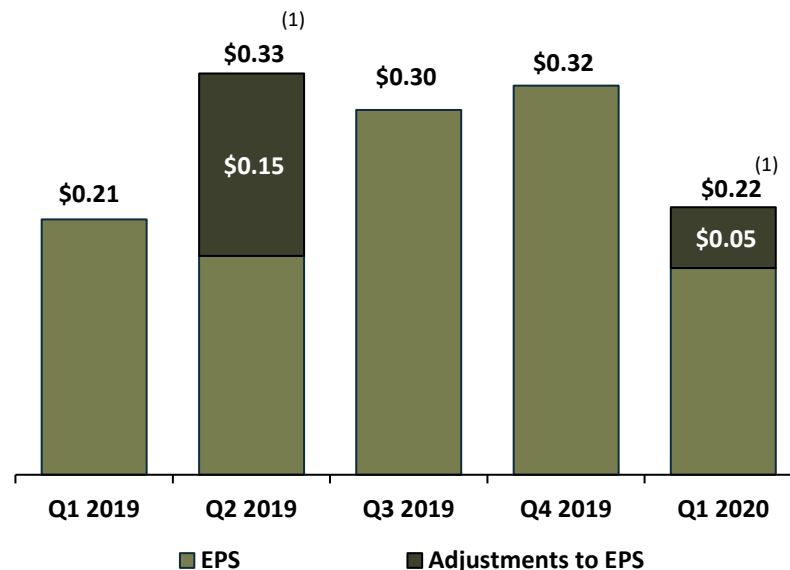
## Drivers of Improved Performance

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

## 2015-2019 Pre-Tax, Pre-Provision Income<sup>(1)</sup> (\$000s)



## Earnings Per Share

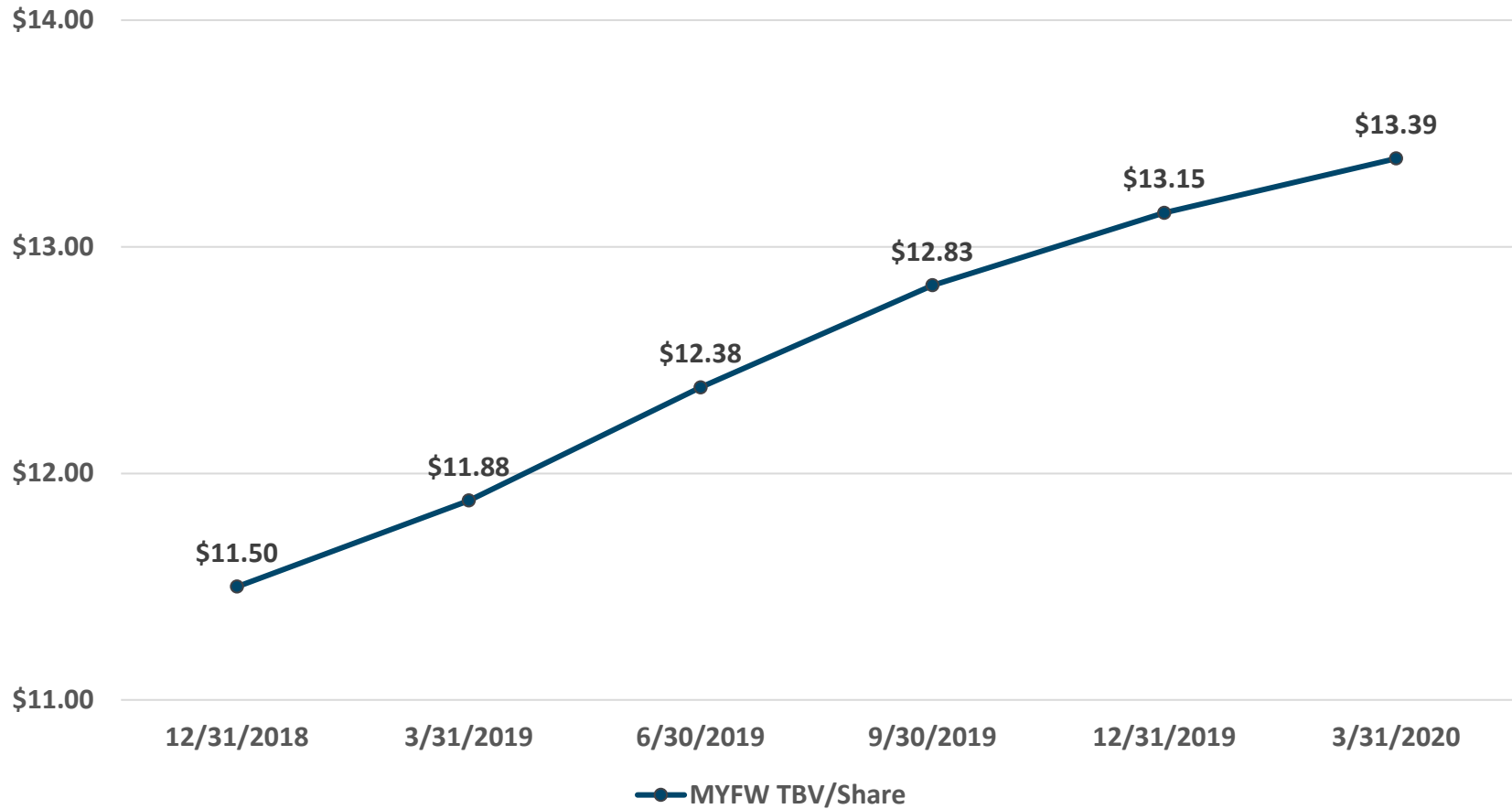


(1) See Non-GAAP reconciliation



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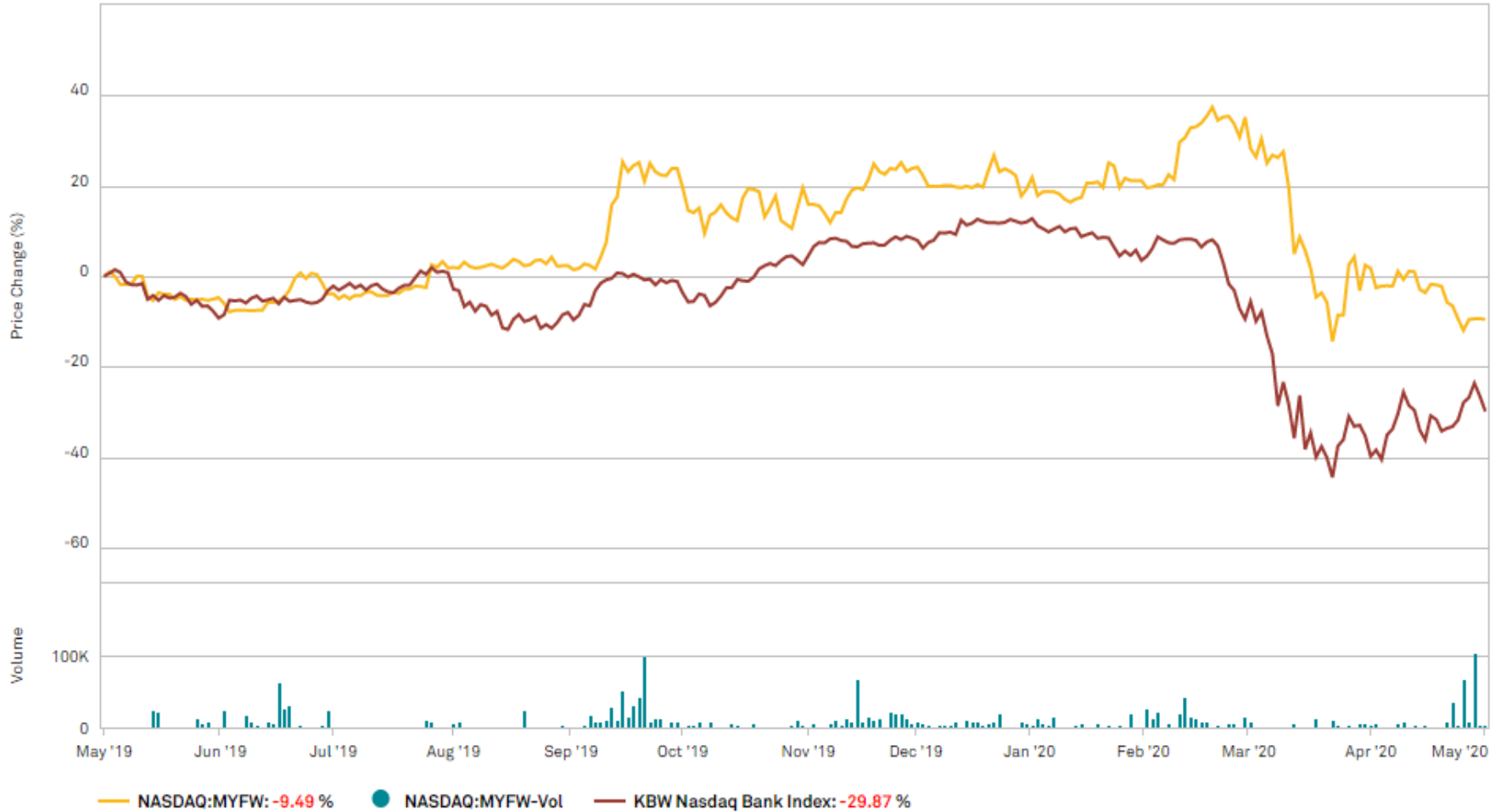
# Strong Performance Creating Shareholder Value





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# Improving Earnings Driving Outperformance



Source: S&P Global Market Intelligence (as of May 4, 2020)



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# Franchise Overview





# MYFW: Our Five Core Strengths

## Differentiated, Proven in the Marketplace

- **Niche-focused** franchise headquartered in Denver, Colorado
- Well-positioned in many **attractive markets** in Arizona, California, Colorado and Wyoming
- **Specialized central expertise** to compete with siloed national, regional firms
- Delivered through **local, boutique trust banking teams** so clients “owned” by MYFW, not associates

## Built in Operating Leverage

- **Strong profit center margins at maturity**, growth opportunities in current and new markets
- **Revenue growth** in both fee income and net interest income, with neutral balance sheet
- Scalable, **leveragable high fixed cost Product and Support Centers**
- Operating **expense investment already in place** for growth and expansion

## Highly Desirable Recurring Fee Income

- **~50% fee income**, consistently through MYFW’s history
- Primarily **recurring** trust and investment management (“TIM”) fees
- **Low risk, “sticky” wealth/trust business** with comprehensive product offering
- **Multiple entry points with ConnectView®** – proprietary review process to service, **cross-sell**

## Experienced and Tested Team

- Executives are **major bank/professional firm trained**, with deep relationships in communities
- Achieved **growth through** business and economic **cycles**, capital constraints
- Healthy relationship with all regulators with **strong risk management** culture
- CEO with **proven track record** for creating value in previous bank ownership

## Unique Opportunity for Investors

- At critical mass but small market share, **many current and new market** opportunities
- **Proven ability to expand: (1) Organically, (2) By expansion and (3) By acquisition**
- Few large Colorado bank alternatives for investors and clients, creating **lift-out opportunities**
- Attractive revenue and earnings growth story **trading at discount to tangible book value**

*First Western’s core strengths provide the foundation for driving shareholder value*

# Cross-Selling a Diverse Set of Products and Services

*Our local profit centers team with specialized product experts through ConnectView®*

## Commercial Banking

- Corporate loans to match specific needs
- Well-versed in working with **complex cash flows and business models**
- Customized treasury management products and services

## Retirement / 401(k) Plan Consulting

- **Retirement plan consultants** partnering with businesses to sponsor retirement plans
- Creative corporate retirement plan design, analysis solutions, fiduciary liability management
- ERISA compliance and education

## Residential Mortgage Lending

- Mortgage banking **specializing in high net worth lending**
- Underwritten to Fannie Mae and Freddie Mac guidelines
- Portfolio lending and secondary sales

## Wealth Planning

- Wealth planning with specialized services (e.g. philanthropic)
- **Proprietary ConnectView® approach**, with access to CFPs, CPAs and estate planning attorneys
- Charitable giving tax strategies, deferred-compensation plans, life insurance, key person insurance

## Investment Management

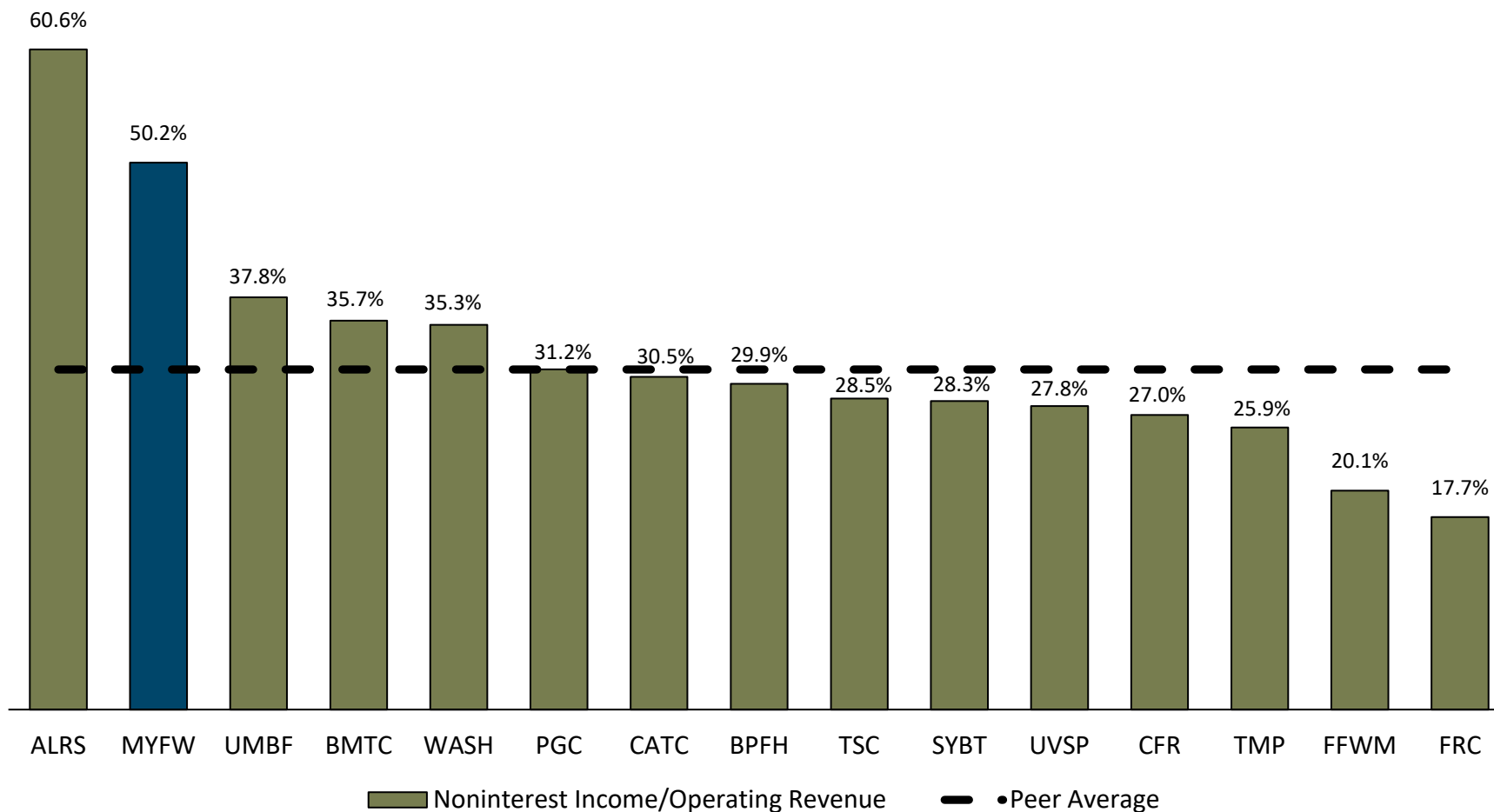
- Provide a **broad range of asset and sub asset classes**
- Create unique solutions through internal research, proprietary and third-party investment options
- Central team creates the platform for Portfolio Managers to service clients, manage accounts

## Trust

- **Fiduciary wealth management** with expert review of client objectives, creating solutions
- Irrevocable life insurance trust, conservatorship, successor trustee, directed custodial trusteeship
- WY tax-exempt asset protection, special needs trusts, escrow services, family office services

# Private Bank Model Generates Strong Fee Income

Half of Operating Revenue Generated by Fee Income



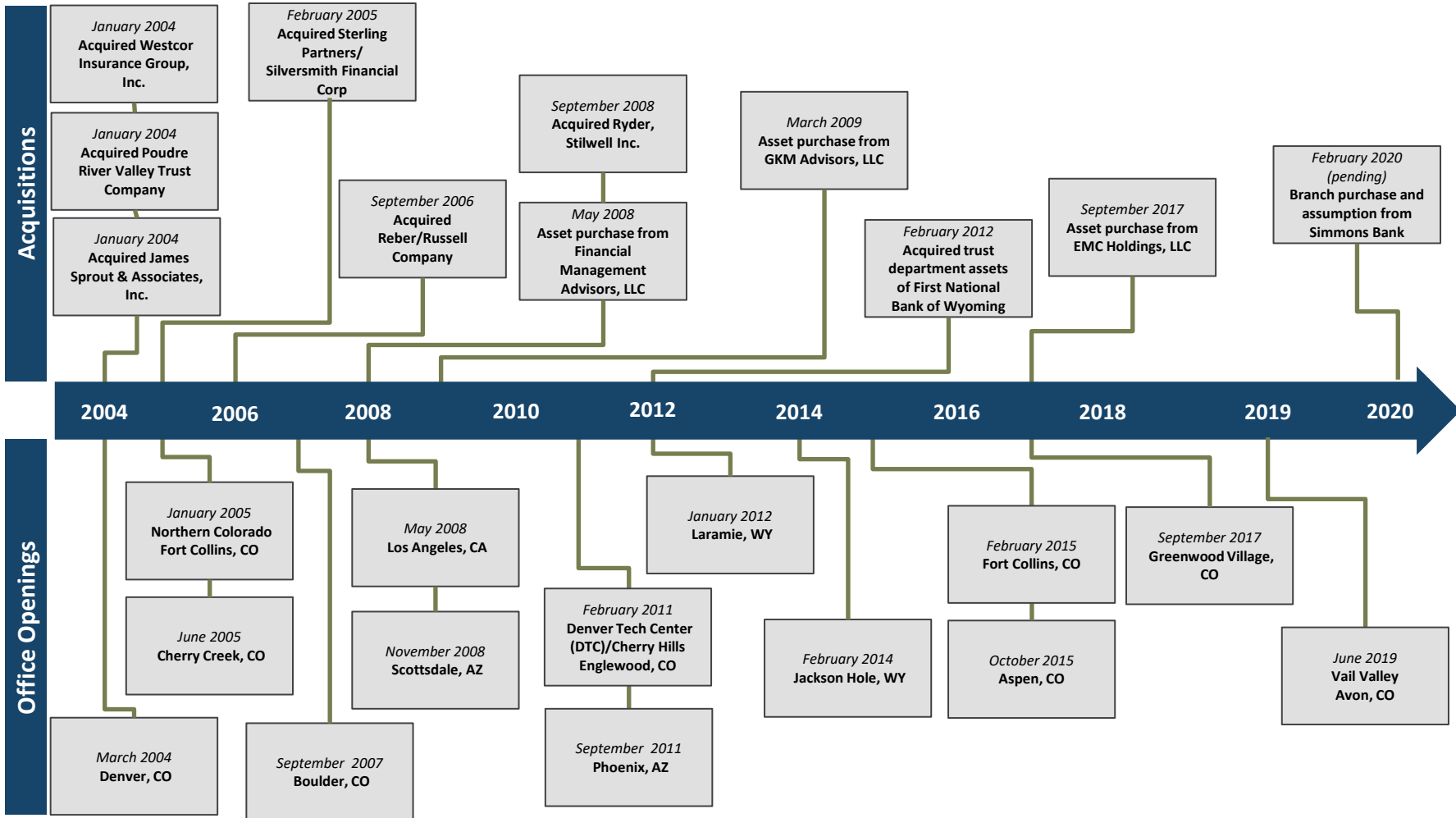


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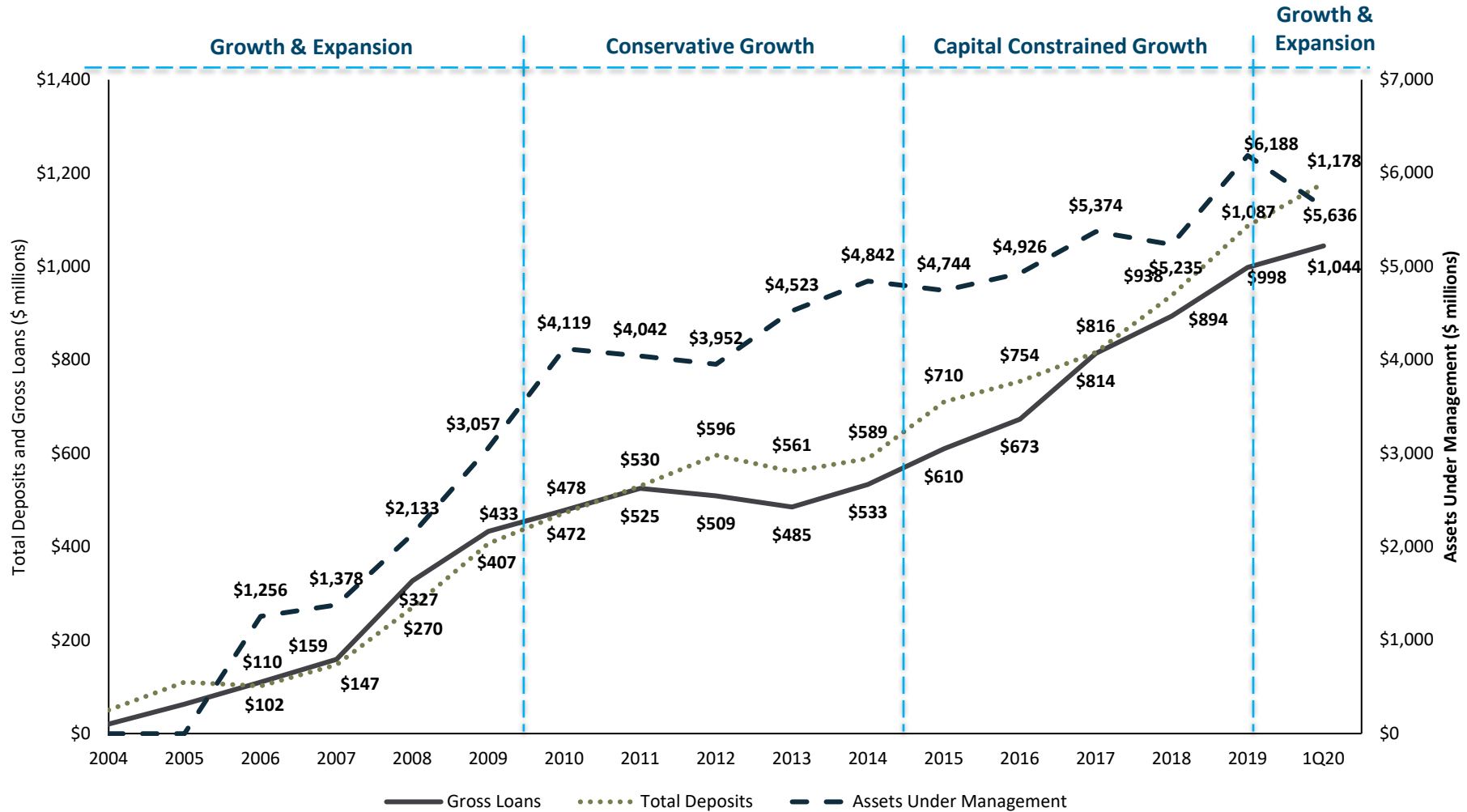
# Driving Profitable Growth



# Success in Expansion and Acquisition Growth



# Emerging From a Cycle of Capital Constraint



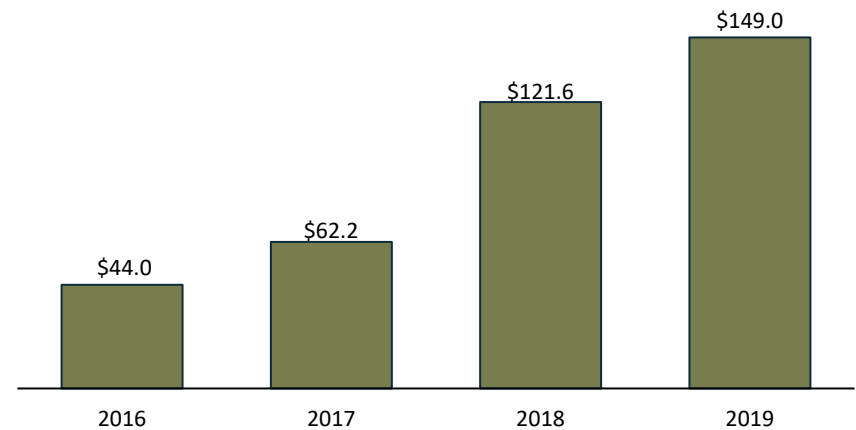
# Accelerating Business Development Trends

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

## New Loan Production

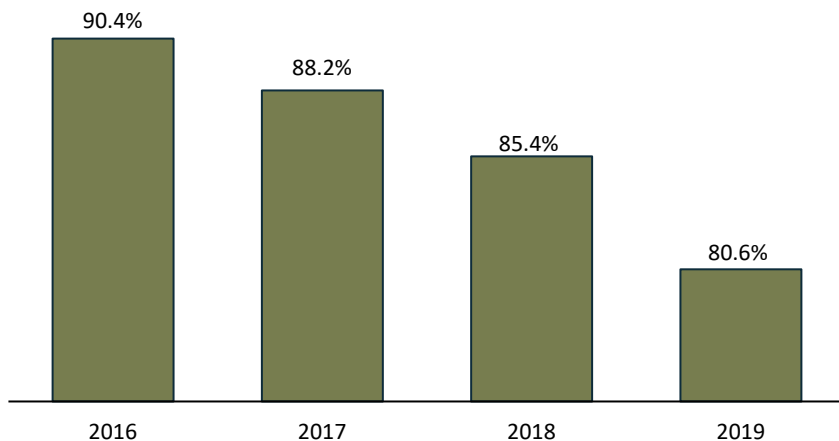


## Net Deposit Growth

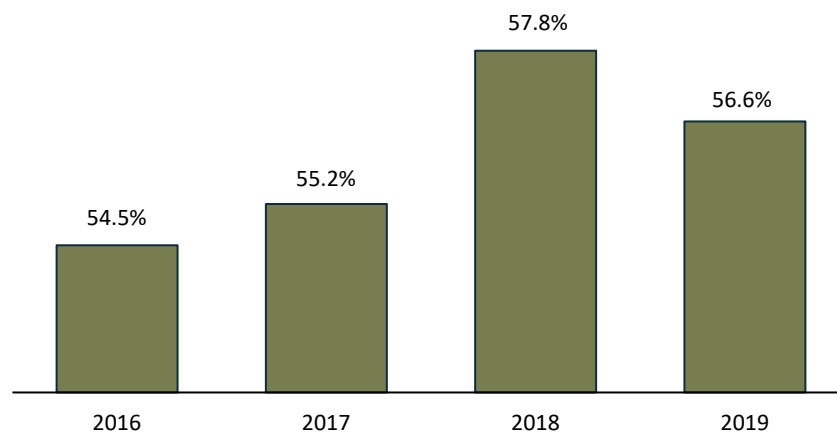


# Increased Scale and Back-Office Streamlining Driving Improved Efficiencies

Efficiency Ratio<sup>(1)</sup>



Percentage of Revenue Generating FTEs



(1) See Non-GAAP reconciliation





# Revenue Growth Strategies

## Expand commercial loan production platform

- Building expertise in specific vertical markets
- Launched medical and dental practice group in 1Q20
- Replicate same model in additional vertical markets

## Expand into new markets with attractive demographics

- Vail Valley office opened in 2019
- Building team to focus on Broomfield, CO market in 2020

## Capitalize on opportunities to add highly productive MLOs

- MLO count increased 24% in 2019
- Continuing to attract proven MLOs in 2020

## Execute on low-risk strategic transactions that add value to the MYFW franchise

- Branch acquisition deals
- Asset purchases

# Highly Accretive Branch Purchase and Assumption Expands Denver Presence

## Transaction Overview

- Agreement to acquire all of the Denver locations of Simmons Bank (three branches and one loan production office)
  - Three of the locations will be consolidated into an existing First Western branch
- Assuming \$58 million in deposits and \$105 million in loans related to the acquired locations<sup>(1)</sup>
- Adds scale, an attractive client base, and banking talent
- Expected to close during 2Q20

## Financial Impact

- Expected to be highly accretive to earnings
  - 7-8% accretive in 2020, excluding pre-tax transaction charges<sup>(2)</sup>
  - 15-16% accretive in 2021<sup>(2)</sup>

(1) Loan and deposit data as of December 31, 2019

(2) Accretive estimates based on December 31, 2019 data

# Paycheck Protection Program

**\$205.6 million in PPP loans approved  
(as of 5/4/2020)**

## Key Data Points

- \$205.6 million in PPP loans, 20% of March 31<sup>st</sup> gross loans
- 556 loans approved
- 43% of PPP loans provided to existing clients; 57% provided to new clients
- Median loan size of \$99,574
- PPP loans expected to generate \$5.4 million of fee income
- 79% of loans are under \$350,000

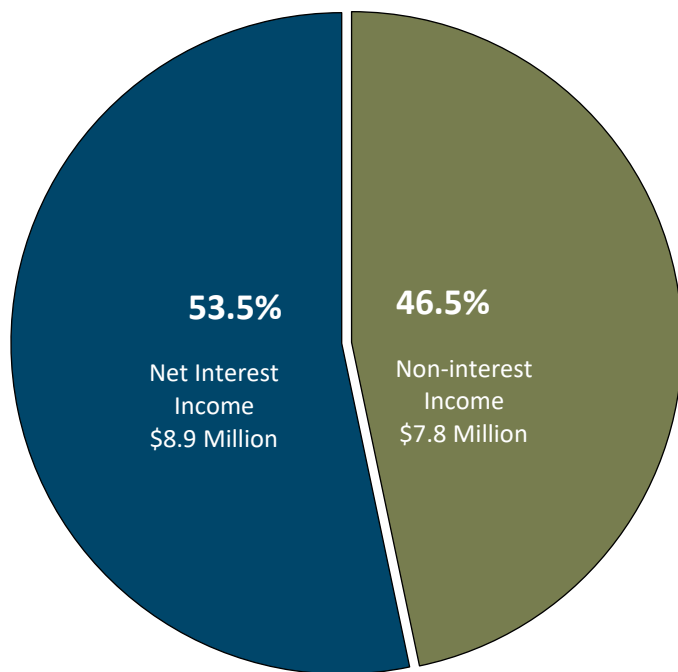


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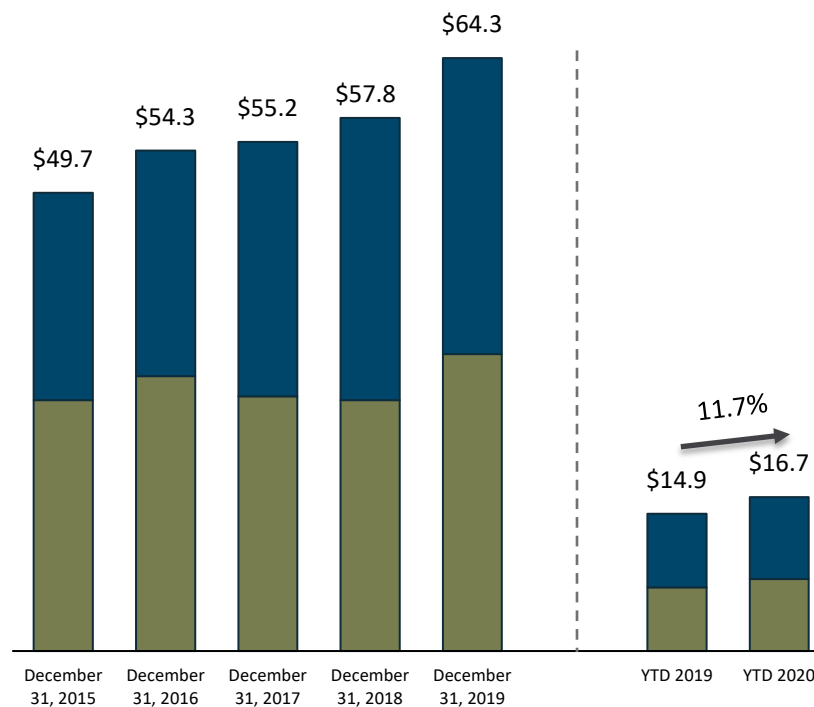
# Financial Overview

# High-Quality, Recurring Revenues

YTD Gross Revenue<sup>(1)</sup>



Gross Revenue<sup>(1)</sup> (\$millions)



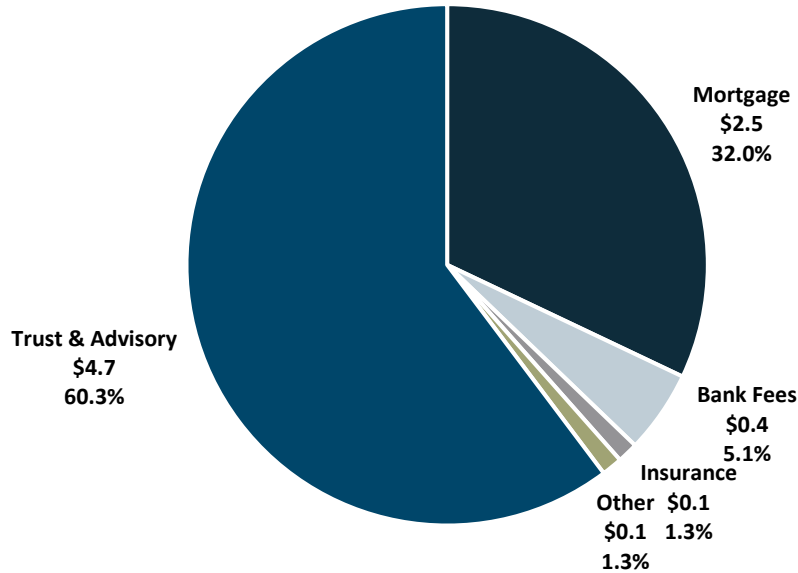
(1) See Non-GAAP reconciliation

■ Non-Interest Income, excluding net gain/(loss) on sale of securities and assets ■ Net Interest Income

# Predictable, Growing Sources of Fee Income

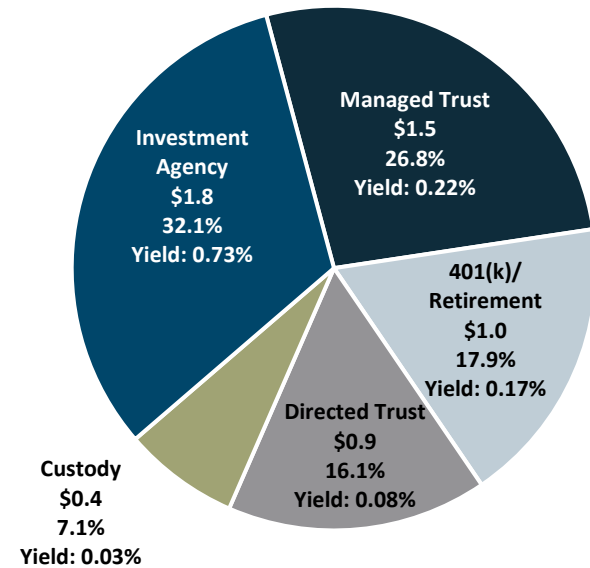
## YTD Non-Interest Income (\$millions)

**\$7.8 million**



## AUM Composition by Account Type (\$billions)

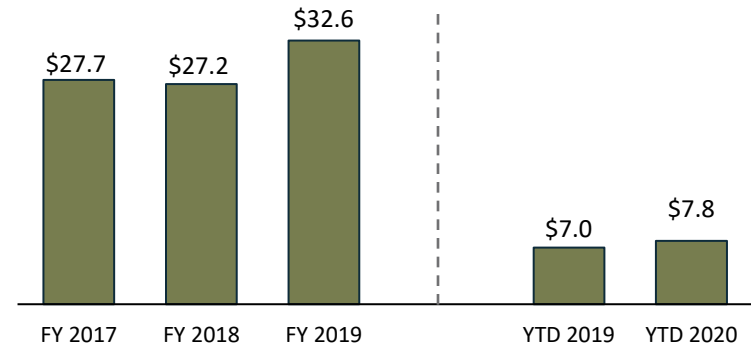
**\$5.6 billion | Avg. Yield: 0.34%**



## Trust and Investment Management

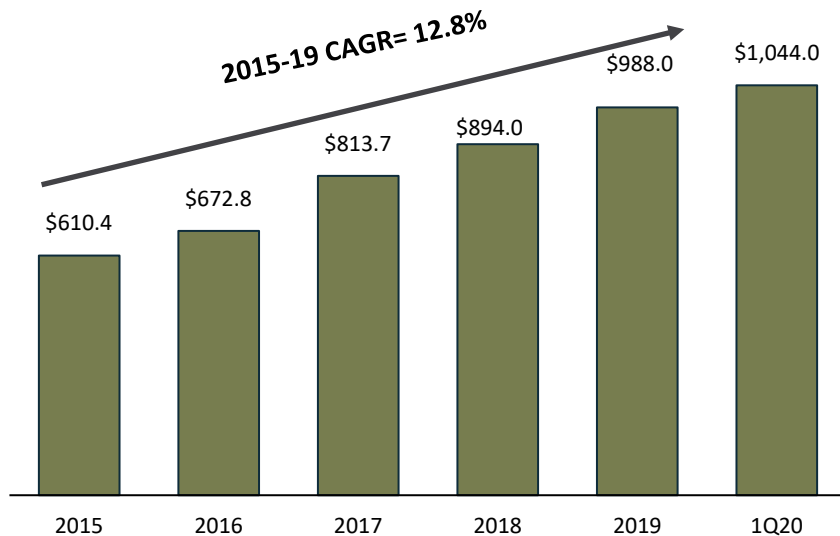
- Guided architecture
- Customized investment solutions
- Internally manage ~\$1.0 billion in AUM

## Non-Interest Income (\$millions)

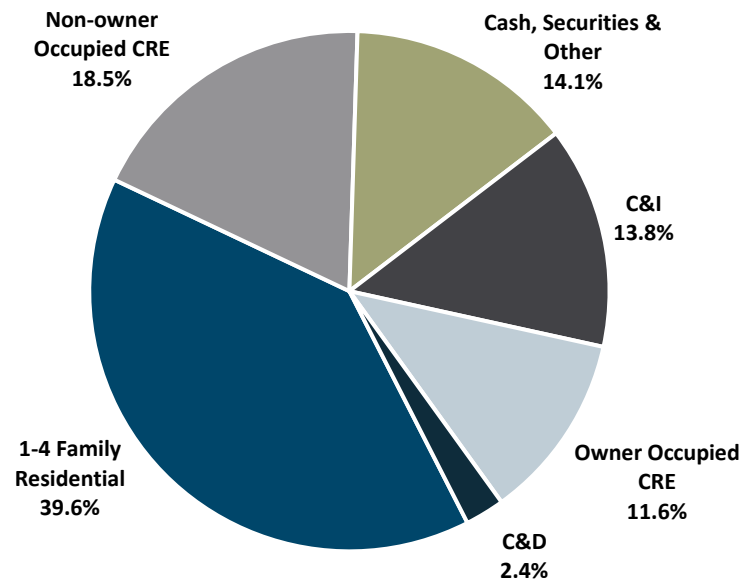


# A Balanced, Private Banking Loan Portfolio

## Historical Gross Loans (\$millions)



## Q1 2020 Loan Portfolio by Collateral Type <sup>(1)</sup>



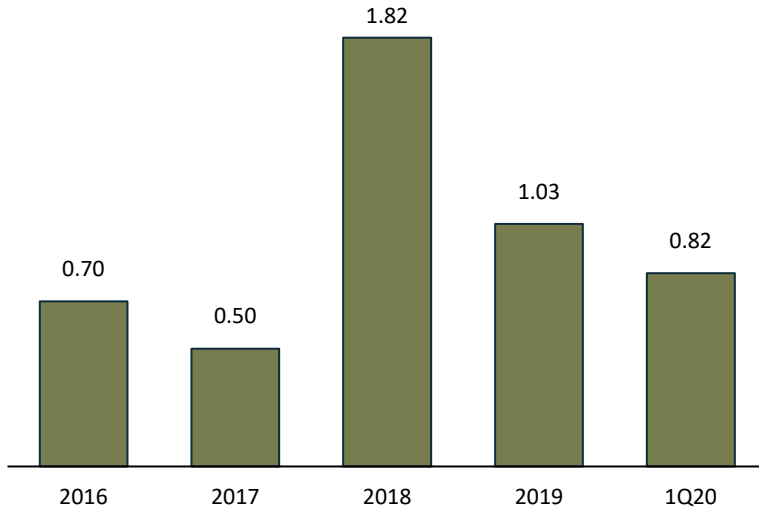
## Lending Trends and Strategy

- Gross loans increased 10.5% in 2019; annualized growth of 18.4% in 1Q20
- Well balanced loan production driving growth in all areas except for commercial real estate
- Added production from mortgage acquisition
- Return on equity based relationship pricing
- High net worth, relationship lending model

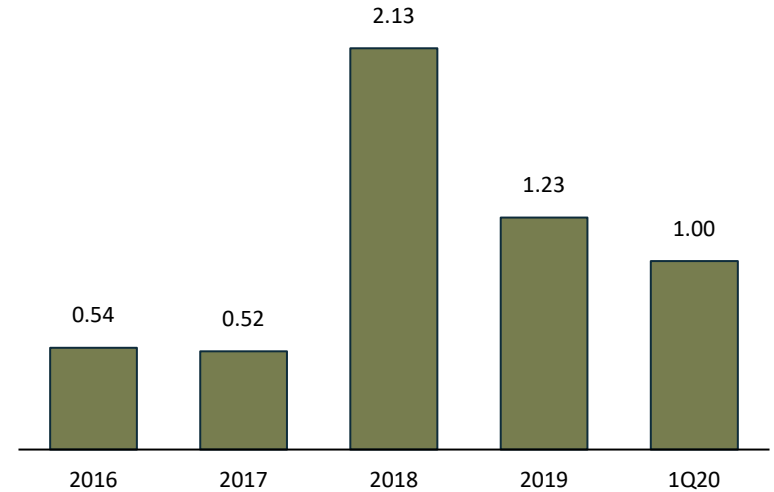
(1) As of March 31, 2020, excluding deferred costs, net

# Strong Asset Quality with Low Credit Losses

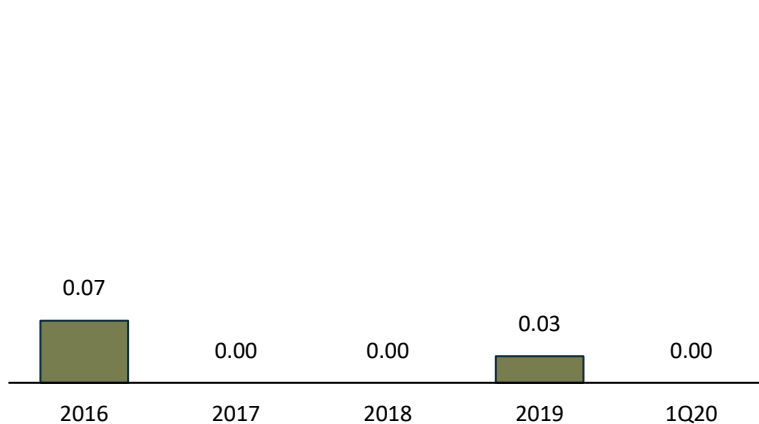
**NPAs / Assets (%)**



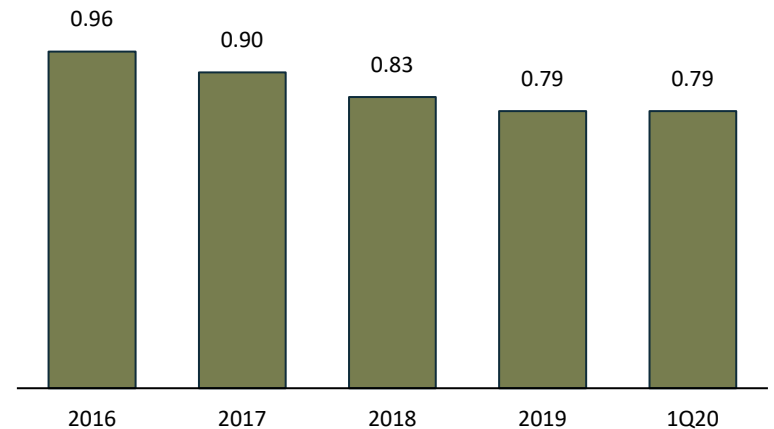
**NPLs / Loans (%)**



**Net Charge-off (Recovery) / Average Loans (%)**



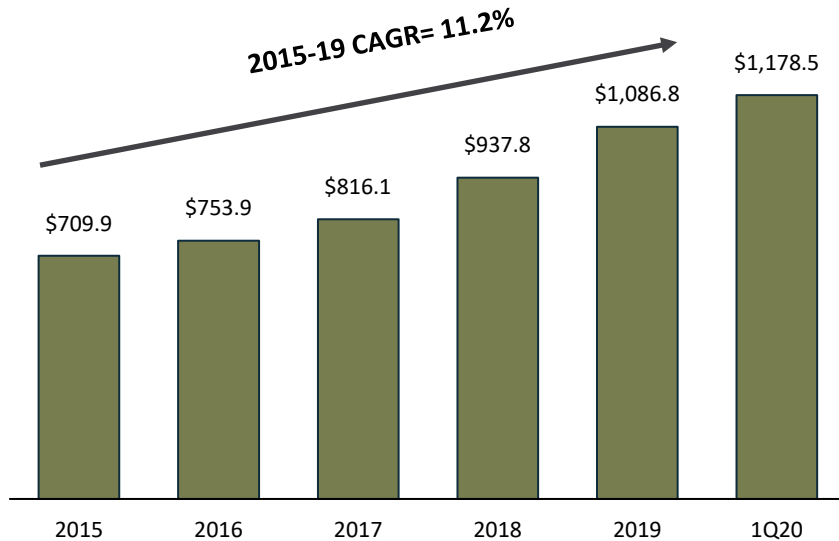
**Loan Loss Reserves / Gross Loans (%)**



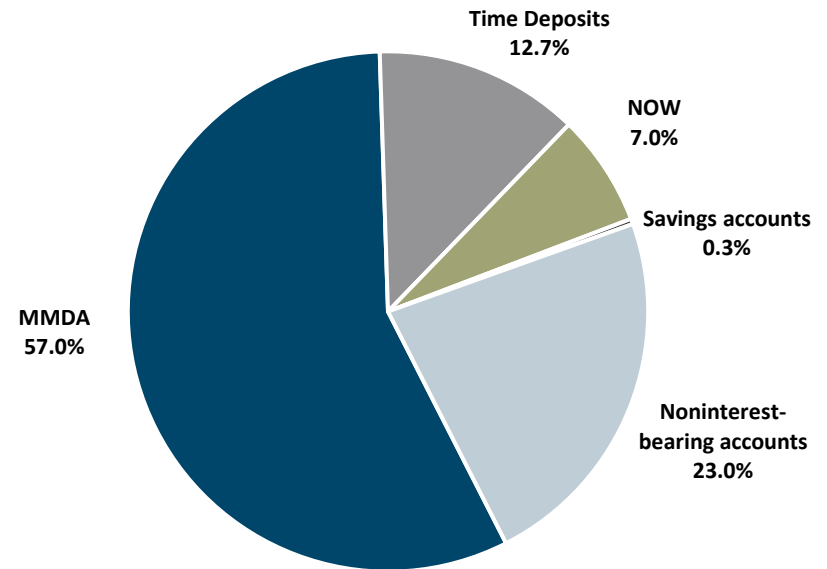


# A Balanced, Growing Core Deposit Base

Historical Total Deposits (\$millions)



Q1 2020 Deposit Composition<sup>(1)</sup>



## Deposit Trends and Strategy

- Total deposits increased 15.9% in 2019; annualized growth of 33.7% in 1Q20
- Cross-sell additional products and services to depositors
- Relationship lending, trust/IM deposits
- Generate leads through BDOs and Treasury Management

(1) As of March 31, 2020.



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# COVID-19 Impact Overview

# Operational Response

- Business Continuity Plan activated in early February
- Daily meeting of Pandemic Response Team
- All offices open and functioning; client service by appointment only
- 90% of associates working from home routinely, 100% enabled
- All client and support operations fully functional
- Associate support programs
  - Additional PTO and leave options provided for associates with COVID-19 impact personally or among family members
  - Medical plan changed to cover no cost COVID-19 testing, treatment
  - Behavioral and telemedicine services provided at no cost to associates
- Honoring sponsorship commitments on cancelled non-profit events
- Made COVID-19 targeted donations in support of philanthropic pillars

# Client Engagement and Support Overview

## Trust and Investment Management

- Tactical shift over last twelve months has resulted in outperformance during 1Q20
  - Clients moved to lower end of targeted equity weightings
  - Shift from international equities into cash
  - Active tax loss harvesting

## Banking

- Active client calling program to assess impact of COVID-19
- All credits placed into risk categories based on data gathered
- Loan modification program, including payment deferrals, extensions and financial covenant waivers put in place
- Robust digital and online banking platforms efficiently serving client needs
- Participation in Paycheck Protection Program serving both existing and new clients

**\$75.8 million in loan payment  
extensions/deferrals  
(as of 5/1/2020)**

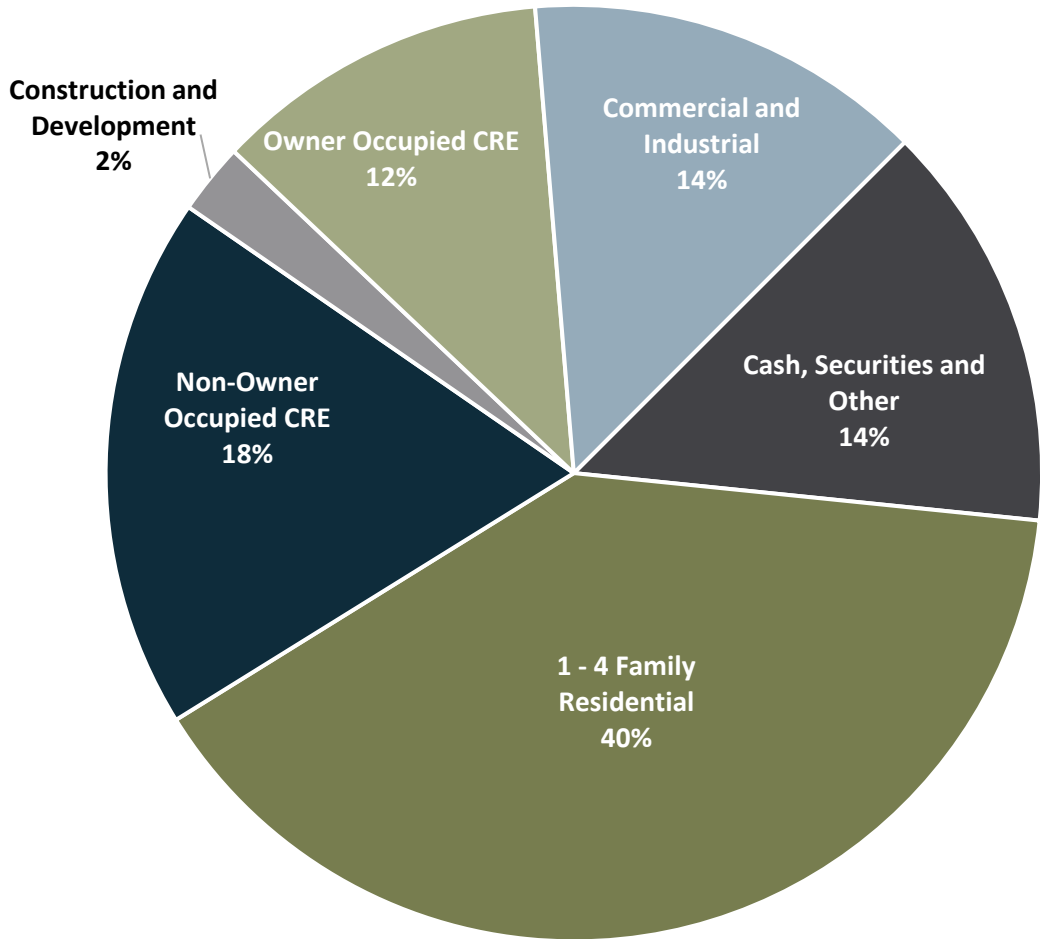


# Notable Trends and Data Points

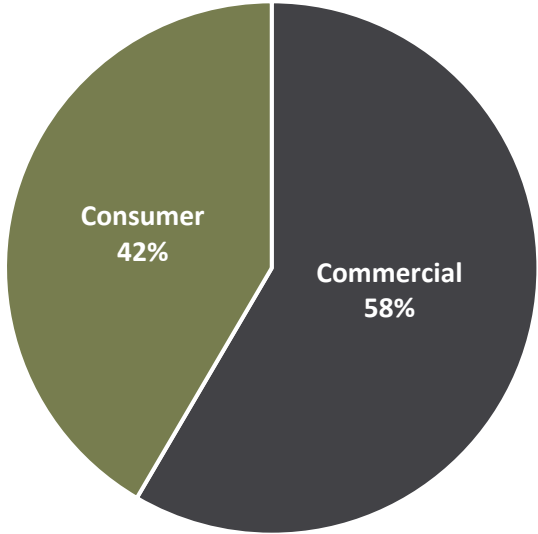
- Positive business development trends in January and February
  - Strong loan and deposit growth
  - Steady expansion in net interest margin
- No meaningful change in credit line utilization rate since crisis started
- Loan pipeline slightly down from pre-crisis levels, but still relatively healthy
- Mortgage production remains consistent, largely driven by refinancings
- Mortgage market disruption in March caused unrealized loss in mortgages
- Strong deposit inflow in March from both existing and new clients

# Loan Portfolio Composition

**\$1.0 Billion**  
(as of 3/31/20)



**Commercial vs. Consumer**

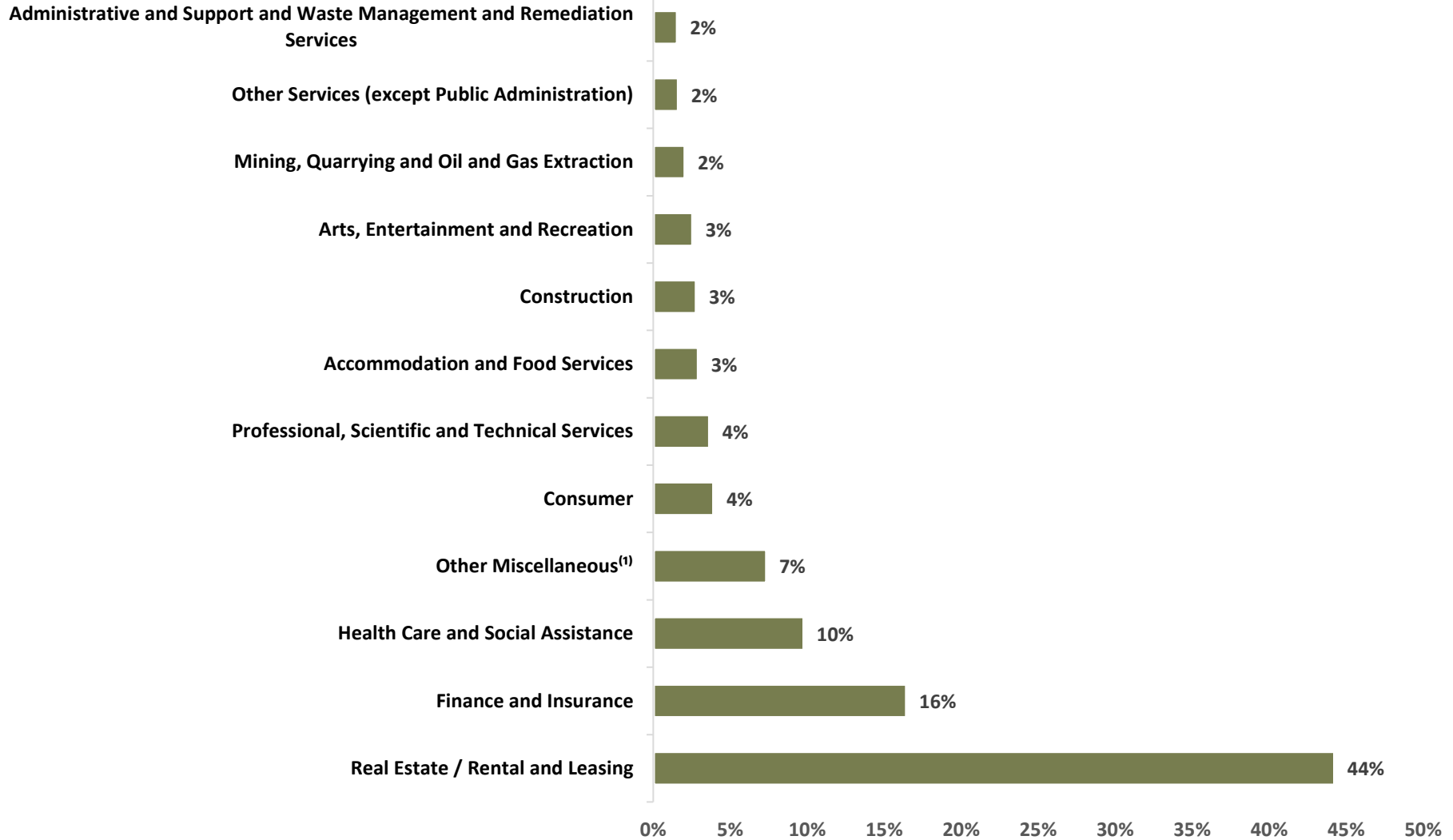




# Commercial Loans by Industry

**\$609.2 Million**  
(as of 3/31/20)

**Industry as a Percentage of Commercial Loans**  
(as of 3/31/20)



(1) Represents the aggregate of individual industries; no one industry is more than 2% of Commercial loans

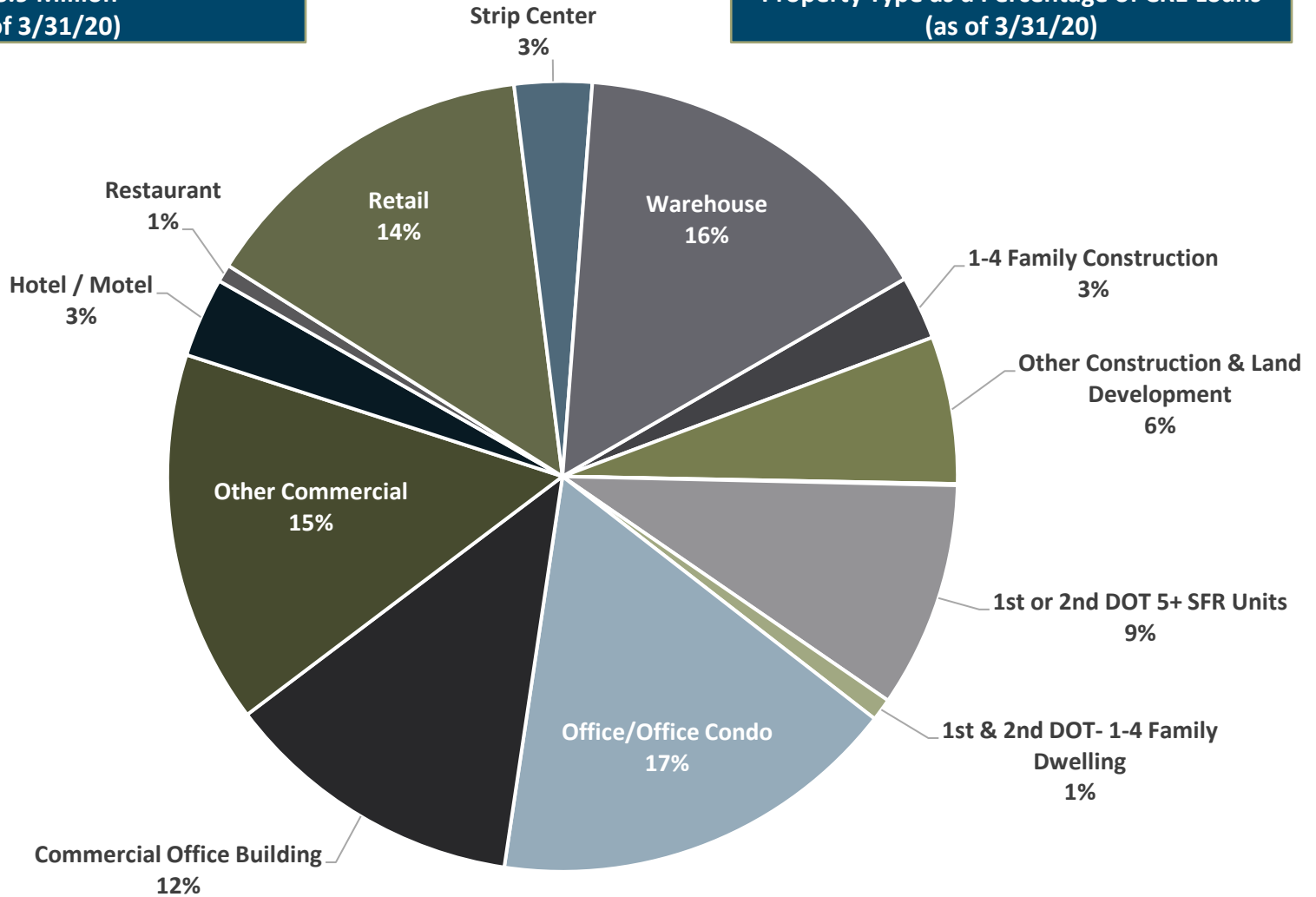


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# CRE<sup>(1)</sup> Loans By Property Type

\$338.9 Million  
(as of 3/31/20)

Property Type as a Percentage of CRE Loans  
(as of 3/31/20)



(1) Commercial Real Estate including Owner Occupied, Non-Owner Occupied, and Construction and Development



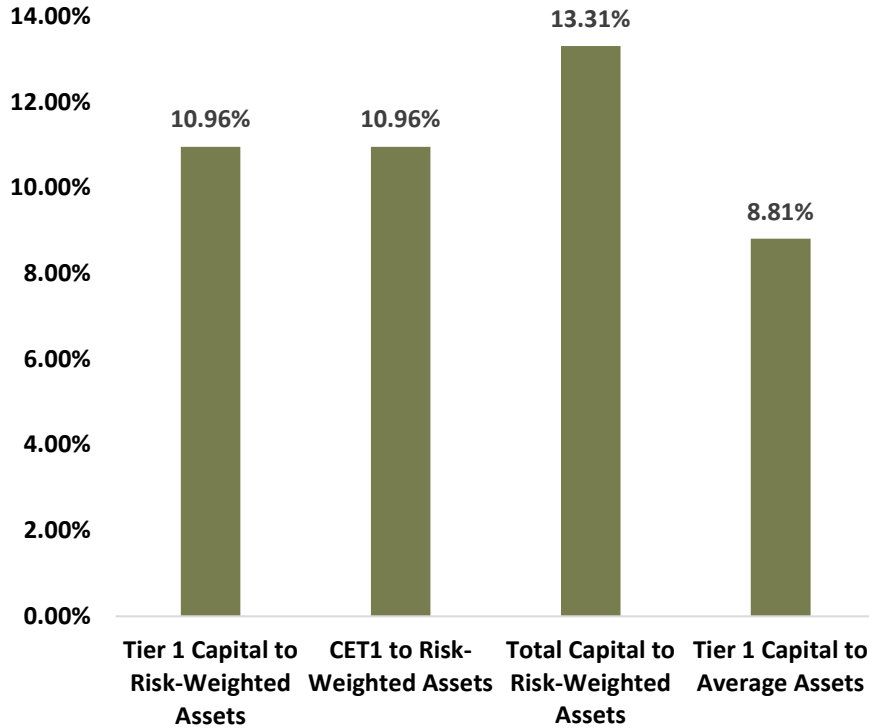
# Exposure to Stressed Industries (as of 3/31/20)

Industry	Outstanding Balances (\$ in millions)	% of Total Loans	Unused Commitments (\$ in Millions)	Portfolio Characteristics
Energy Related	\$18.3	1.8%	\$17.2	<ul style="list-style-type: none"> <li>Indirect business or personal exposure to energy industry</li> <li>Collateral type: 49% business assets, 27% 1<sup>st</sup> DOT, 17% IM accounts, 7% other assets</li> </ul>
Hotels	\$11.0	1.1%	\$0.0	<ul style="list-style-type: none"> <li>Portfolio consists of three loans</li> <li>Largest loan is in prominent geographic region with multiple sources of repayment and personal guarantee</li> </ul>
Restaurants	\$6.0	0.6%	\$0.1	<ul style="list-style-type: none"> <li>Portfolio consists of six borrowers</li> <li>Average loan balance of approximately \$661,000</li> </ul>



# Capital and Liquidity Overview

## Consolidated Capital Ratios (as of 3/31/20)



## Liquidity Funding Sources (as of 3/31/20)

### Liquidity Reserves:

Total Available Cash	\$117,811,270
Unpledged Investment Securities	\$ 47,365,999

### Borrowed Funds:

#### Unsecured:

Credit Lines	\$ 54,000,000
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#### Secured:

FHLB Available	\$378,745,864
FRB Available	\$ 1,203,604
Brokered Remaining Capacity	\$155,134,002

### Total Liquidity Funding Sources

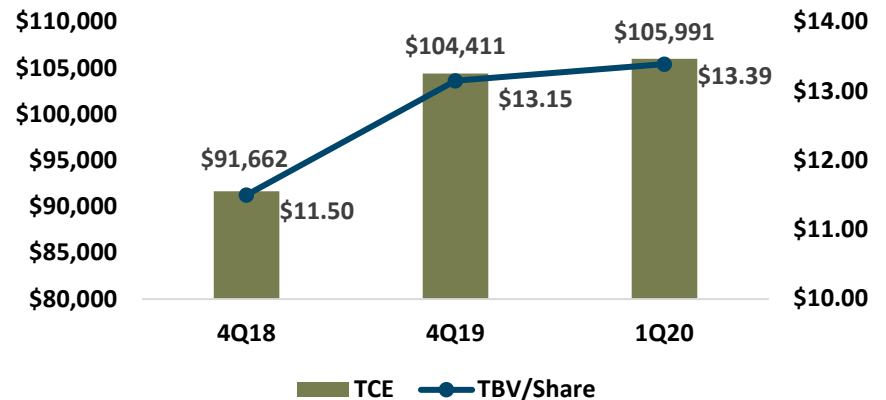
**\$754,260,739**

### Loan to Deposit Ratio

**88.6%**

## Tangible Common Equity / TBV Per Share<sup>(1)</sup>

(in thousands)



(1) See Non-GAAP reconciliation



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# Creating Additional Shareholder Value



## Near-Term Outlook and Expectations

- Excluding impact of PPP loans, NIM should continue to expand, while fee income should normalize
- Decrease in non-recurring expenses for Q2 - expect core NIE of \$14-14.5M
- Share repurchase activity on hold during duration of crisis as capital can be better used supporting clients and communities
- PPP expected to produce fee income of approximately \$5.4 million
- Branch purchase and assumption agreement with Simmons Bank on track for planned closing in second quarter, allowing deposit premium price reduction
  - Expands presence in Denver market
  - Adds scale, banking talent and attractive client base

# Long-Term Goals to Drive Shareholder Value

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

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

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

# A Unique and Attractive Investment

*MYFW's core strengths provide the foundation for driving shareholder value*

**Differentiated, Proven in the Marketplace**

**Built-in Operating Leverage**

**Highly Desirable Recurring Fee Income**

**Experienced, Tested Team**

**Unique Opportunity for Investors**



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# Appendix



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# Organizational Overview





# Team: Ready to Take MYFW to the Next Level

Name	Title	Years at FW	Years in Industry	Prior Experience
Scott C. Wylie	Chairman, CEO & President	18	33	<ul style="list-style-type: none"> <li>Chairman &amp; CEO, Northern Trust Bank of Colorado</li> <li>Chairman &amp; CEO, Trust Bank of Colorado</li> <li>CEO, Equitable Bancshares of Colorado and Women's Bank, Chairman, Equitable Bank</li> <li>Chairman, American Fundware</li> <li>President &amp; CEO, Bank and Trust of Puerto Rico</li> <li>Associate, First Boston Corporation</li> </ul>
Julie A. Courkamp	Chief Financial Officer & Treasurer	14	20	<ul style="list-style-type: none"> <li>Assurance services with PricewaterhouseCoopers</li> <li>Executive roles within First Western with responsibility for Accounting &amp; Finance, Risk, Technology and Operations</li> </ul>
John E. Sawyer	Chief Investment Officer	3	27	<ul style="list-style-type: none"> <li>Chief Investment &amp; Fiduciary Officer, BBVA Compass Bank</li> <li>President &amp; COO, Florida-based boutique wealth management firm</li> <li>Executive with Credit Suisse, Morgan Keegan &amp; Co., and First Tennessee Capital Markets</li> </ul>
Scott J. Lawley	Chief Credit Officer	2	33	<ul style="list-style-type: none"> <li>Sr. Credit Officer &amp; Segment Risk Officer, Huntington National Bank</li> <li>Credit advisor, chief underwriter, CRE credit officer PNC Bank, US Bank</li> <li>Lending positions with Fleet Bank</li> </ul>
Josh M. Wilson	Regional President, CO / WY	8	21	<ul style="list-style-type: none"> <li>CFO, international oil and gas operating company</li> <li>PC President at First Western</li> <li>Executive with Bank One, JP Morgan and Vectra Private Bank</li> </ul>
Dan C. Thompson	Regional President, AZ / CA	16	27	<ul style="list-style-type: none"> <li>Team Leader within Private Wealth Advisors , Merrill Lynch</li> <li>Positions in the High Net Worth and Q.A. group, Charles Schwab &amp; Co.</li> </ul>

***Senior management team upgraded over past year to prepare for next phase of growth***



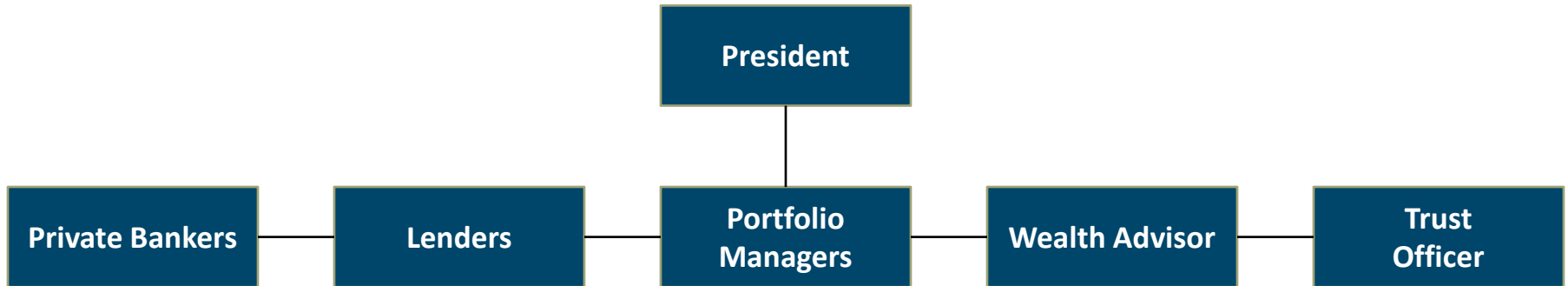
# MYFW's Sophisticated Board of Directors

Name	Title	Primary Business
Scott C. Wylie	Chairman, CEO & President	<ul style="list-style-type: none"> <li>First Western Financial, Inc.</li> </ul>
Julie A. Caponi, CPA	Board Director / Trustee	<ul style="list-style-type: none"> <li>Former Finance Executive at Arconic, Inc. (fka Alcoa Inc.)</li> <li>Former audit partner at Deloitte</li> <li>Board member &amp; Audit Committee chair for FCF (NYSE)</li> </ul>
David R. Duncan	Board Director / Trustee	<ul style="list-style-type: none"> <li>Energy</li> <li>Winery Executive, Silver Oak Cellars</li> <li>Entrepreneur, board member, business leader</li> </ul>
Thomas A. Gart	Board Director / Trustee	<ul style="list-style-type: none"> <li>Real Estate Developer</li> <li>Specialty Retail Executive</li> <li>Family business, PE investing across broad range of industries</li> </ul>
Patrick H. Hamill	Board Director / Trustee	<ul style="list-style-type: none"> <li>Real Estate Developer</li> <li>Home Builder Executive</li> <li>Entrepreneur, business/community leader, real estate expertise</li> </ul>
Luke A. Latimer	Board Director / Trustee	<ul style="list-style-type: none"> <li>Utility Maintenance</li> <li>Construction Executive</li> <li>Family business, public bank board</li> </ul>
Eric D. Sipf, CPA <sup>(1)</sup>	Board Director / Trustee	<ul style="list-style-type: none"> <li>Former Healthcare Executive</li> <li>US Army</li> <li>Asset management, finance, bank board, M&amp;A</li> </ul>
Mark L. Smith	Board Director / Trustee	<ul style="list-style-type: none"> <li>Real Estate Developer</li> <li>Entrepreneur, community leadership, real estate expertise</li> </ul>
Joseph C. Zimlich, CPA	Board Director / Trustee	<ul style="list-style-type: none"> <li>Family Office Executive</li> <li>Corporate leadership, board, investment management</li> </ul>

(1) CPA license inactive.

# Integrated Team Approach in Boutique Offices

*... by working as a team to grow relationships*



- Team Philosophy**
1. Team-based incentives
  2. Relationship-based wealth management
  3. Many relationship managers to one client
  4. Product group specialists
  5. Holistic view of the client – ConnectView®

# Teamwork Drives Client Satisfaction, Retention

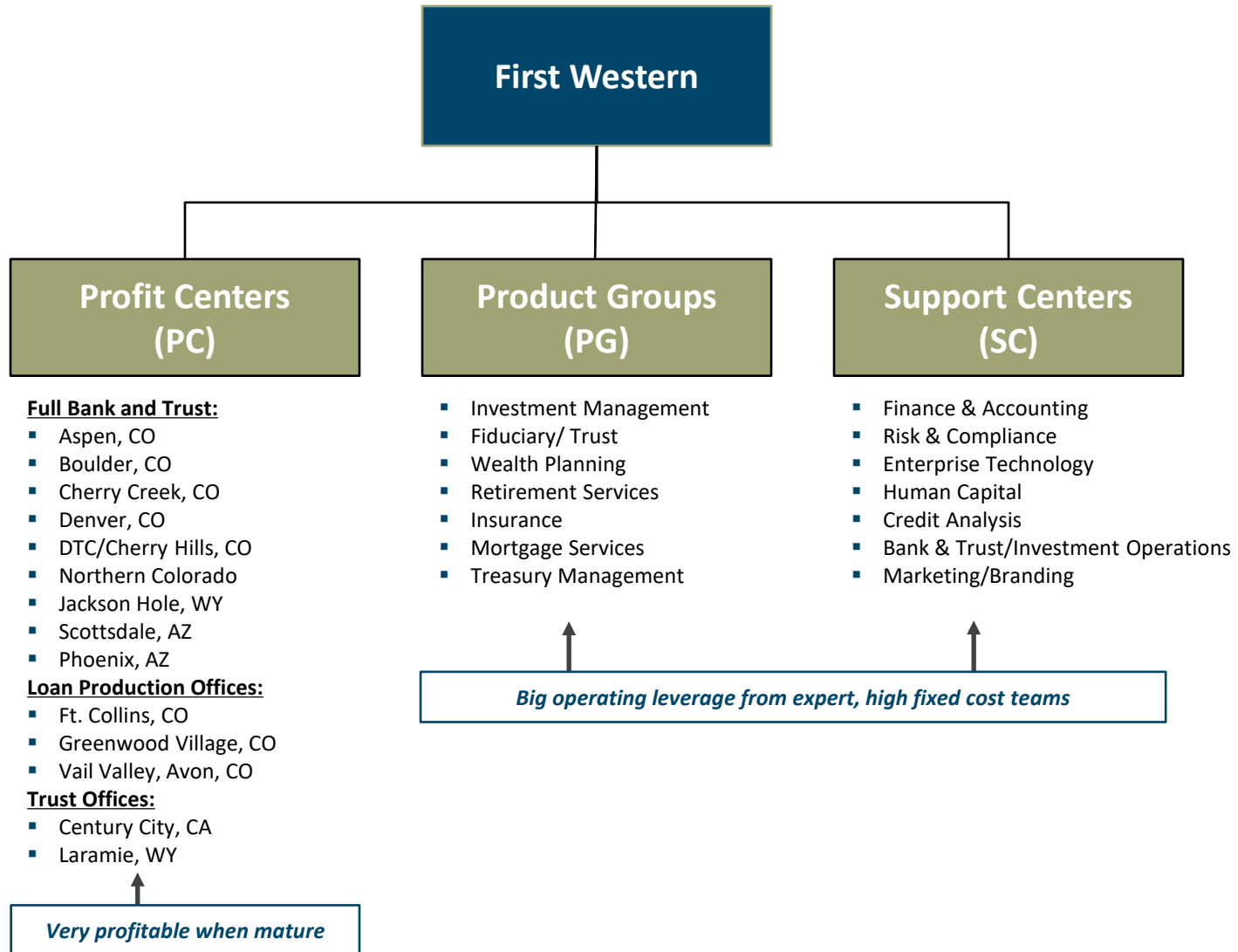
*Example of investment management teamwork shows how MYFW, not relationship managers, owns our clients*



(1) Investment Policy Committee (IPC), Investment Management (IM), Business Development Officers (BDO).

# Organizational Structure Built for Scale

*Our local, boutique private trust bank offices compete with the biggest wealth managers in the country...*





# Holistic, Integrated Risk Management

## Purpose

- Holistic approach for the oversight, control, and discipline to drive continuous improvement
- Everyone's responsibility and non-compliance is not an option
- Governance framework for the process of anticipating, identifying, assessing, managing and monitoring risks

## Objectives

- Define risk appetite framework
- Define risk areas and responsibilities
- Identify key risk activities for the defined risk areas
- Establish risk tolerance for defined risk areas
- Establish systems for identifying and reporting risks, including emerging risks
- Monitor compliance with strategies designed to mitigate identified risks
- Ensure effective and timely implementation of corrective actions
- Integrate risk management framework objectives into performance evaluation framework

## Responsibilities

### ERM Committee:

- Oversee and support the Senior Risk Officer
- Establish risk tolerances and parameters ("risk appetite") to assess risks and design adequate mitigation strategies

### Senior Risk Officer:

- ERM program to create and monitor risk management practices
  - Perform company-wide risk assessment, including relative risk ratings
  - Assign risk owners and approve action plans
  - Review and monitor risk mitigation initiatives and status
  - Review and report to ERM committee:
    - Specific areas of risk and respective Risk Area Owner responsible for the risks existing in that area
    - Magnitude of all material business risks
    - Processes, procedures and controls in place to manage material risks
    - Overall effectiveness of the risk management process
  - Evaluate risks and provide guidance on new or proposed products, services or businesses



# Key Themes of ERM– In the Business

## Ensure Compliance

- Meet regulatory requirements
- Comply with good industry practices including placing a priority on cybersecurity
- Effective, efficient, and smart compliance – a change agent for better business decisions

## Limit Potential Losses

- Create appropriate transparency on risk, capital and balance-sheet usage, accounting implications
- Effectively limit risks and avoid reputational damage
- Strong risk controlling and monitoring
- Maintain both economic as well as accounting perspective

## Improve Profitability

- Ensure decision-oriented processes
- Maintain efficient and lean risk management – standardization and differentiation
- Improve quality of problem loan management
- Optimize ALM and transfer pricing in cooperation with CFO/treasury

## Support Growth

- Anticipate changes in the Company’s risk profile
- Ensure scalability and flexibility of core processes
- Improve balance-sheet management
- Contribute to powerful product offering

## Risk Overlay for Decision Making

- Integrated risk, finance and capital perspective into business planning and management process
- Strong risk and finance capabilities through frontline tools, trainings, and incentives in IT/operations, HC

## Improve Stakeholder Management

- Implement a strong risk and performance culture throughout the organization
- Improve planning and steering concepts, data management with CEO, CFO and treasury
- Satisfy Board requirements on transparency and decisions support
- Maintain effective relations with regulators

## Define Governance and Organization

- Define risk structure’s mandate and organization, create independent risk view in core decisions
- Ensure CFO’s mandate and organization in capital and balance-sheet management, ALM, treasury, funding
- Define and implement ERM approach
- Ensure appropriate people development: knowledge, experience, stature, motivation and culture



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## Non-GAAP Reconciliations





# Non-GAAP Reconciliation

<i>Consolidated Pre-tax, Pre-provision Income</i>		For the Twelve Months Ended December 31,				
<i>(Dollars in thousands)</i>	2015	2016	2017	2018	2019	
Net Income, as reported	\$2,650	\$2,302	\$2,023	\$5,647	\$8,009	
Provision for loan losses	1,071	985	788	180	662	
Income tax (benefit) expense	1,053	1,269	2,984	1,775	2,183	
<b>Pre-tax, Pre-provision Income</b>	<b>\$4,774</b>	<b>\$4,556</b>	<b>\$5,795</b>	<b>\$7,602</b>	<b>\$10,854</b>	

<i>Adjusted Net income available to common shareholder</i>		For the Three Months Ended,			
<i>(Dollars in thousands)</i>	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	
Net income available to common shareholders	\$1,404	\$2,406	\$2,572	\$1,334	
Plus: goodwill impairment including tax impact	1,182	-	-	-	
Plus: loss on intangibles HFS including income tax impact	-	-	-	438	
<b>Adjusted net income to common shareholders</b>	<b>\$2,586</b>	<b>\$2,406</b>	<b>\$2,572</b>	<b>\$1,772</b>	

<i>Adjusted Earnings Per Share</i>		For the Three Months Ended,			
	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	
Earnings per share	\$0.18	\$0.30	0.32	0.17	
Plus: goodwill impairment including income tax impact	0.15	-	-	-	
Plus: loss on intangibles HFS including income tax impact	-	-	-	0.05	
<b>Adjusted earnings per share</b>	<b>\$0.33</b>	<b>\$0.30</b>	<b>\$0.32</b>	<b>\$0.22</b>	



# Non-GAAP Reconciliation

<i>Consolidated Gross Revenue</i> <i>(Dollars in thousands)</i>	For the Years Ended,				
	2015	2016	2017	2018	2019
Total income before non-interest expense	\$49,339	\$53,394	\$54,501	\$57,617	\$63,976
Less: Net gain on sale of securities	717	114	81	-	119
Less: Net gain on sale of assets	-	-	-	-	183
Plus: Provision for credit loss	1,071	985	788	180	662
<b>Gross revenue</b>	<b>\$49,693</b>	<b>\$54,265</b>	<b>\$55,208</b>	<b>\$57,797</b>	<b>\$64,336</b>

<i>Consolidated Gross Revenue</i> <i>(Dollars in thousands)</i>	For the Three Months Ended March 31,	
	2019	2020
Total income before non-interest expense	\$14,753	\$16,331
Plus: Provision for credit loss	194	367
<b>Gross revenue</b>	<b>\$14,947</b>	<b>\$16,698</b>

<i>Consolidated Efficiency Ratio</i> <i>(Dollars in thousands)</i>	For the Years Ended,			
	2016	2017	2018	2019
Non-interest expense	\$49,823	\$49,494	\$50,195	\$53,784
Less: Amortization	747	784	831	374
Less: Goodwill impairment	-	-	-	1,572
Adjusted non-interest expense	\$49,076	\$48,710	\$49,364	\$51,838
Net interest income	\$24,457	\$27,576	\$30,624	\$32,061
Non-interest income	29,922	27,713	27,173	32,577
Less: Net gain on securities	114	81	-	119
Less: Net gain on sale of assets	-	-	-	183
Total income	\$54,265	\$55,208	\$57,797	\$64,336
<b>Efficiency ratio</b>	<b>90.4%</b>	<b>88.2%</b>	<b>85.4%</b>	<b>80.6%</b>