



FIRST western

First Western Financial, Inc.

The First, Western-Based Private Trust Bank

Investor Presentation
June 2020



FIRSTwestern

Safe Harbor

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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

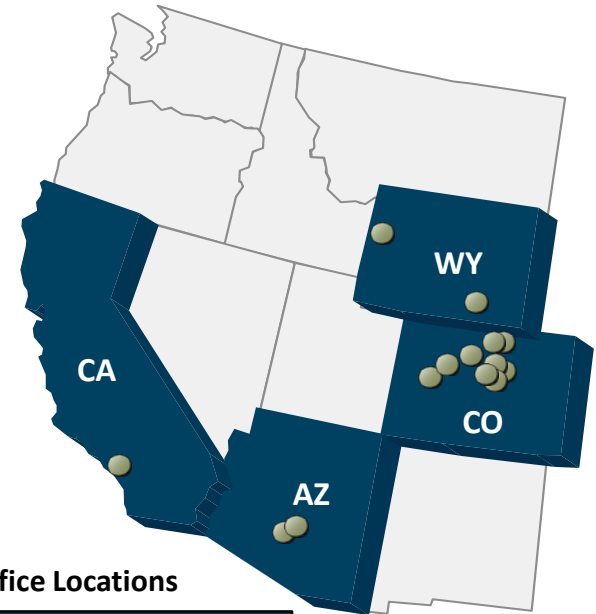
Competitive Advantage

- 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⁽¹⁾

- **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
First Western Trust Bank	Public (Nasdaq: MYFW)	1.3

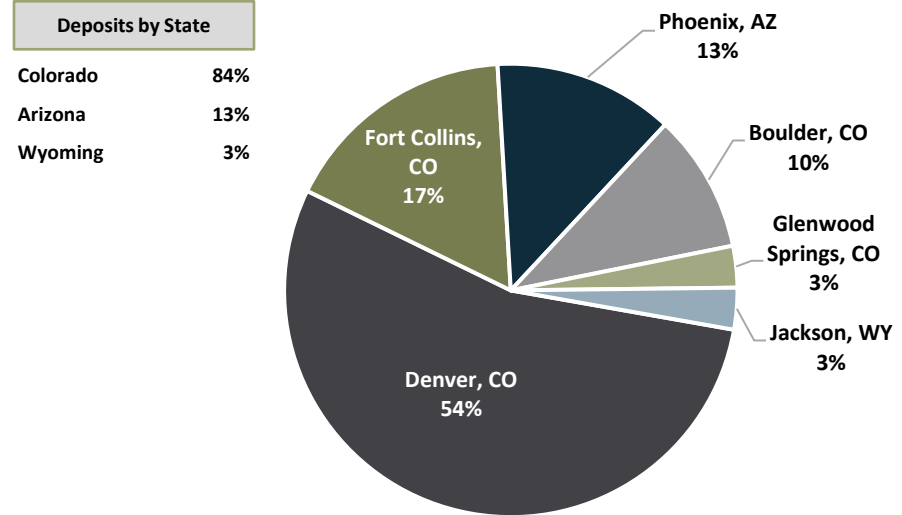
(1) Source: 2019 Downtown Denver Partnership Report; Raymond James research; Ft. Collins Chamber of Commerce; City of Phoenix; U.S. Census Bureau

(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⁽²⁾



MSA	State	Market Share	Projected % Change in HHI of \$200M+ (2019-2024) ⁽³⁾
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
National Average			31.93

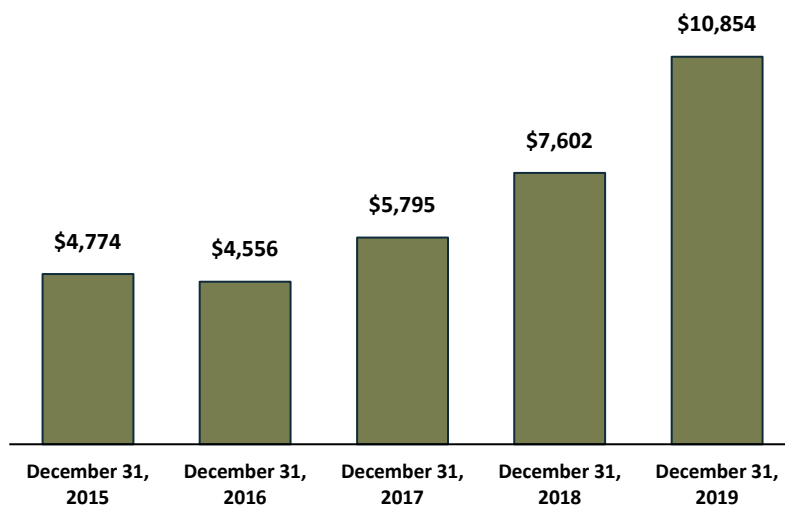
Small market share and growing household income means lots of room to grow

Strong Operational and Financial Momentum

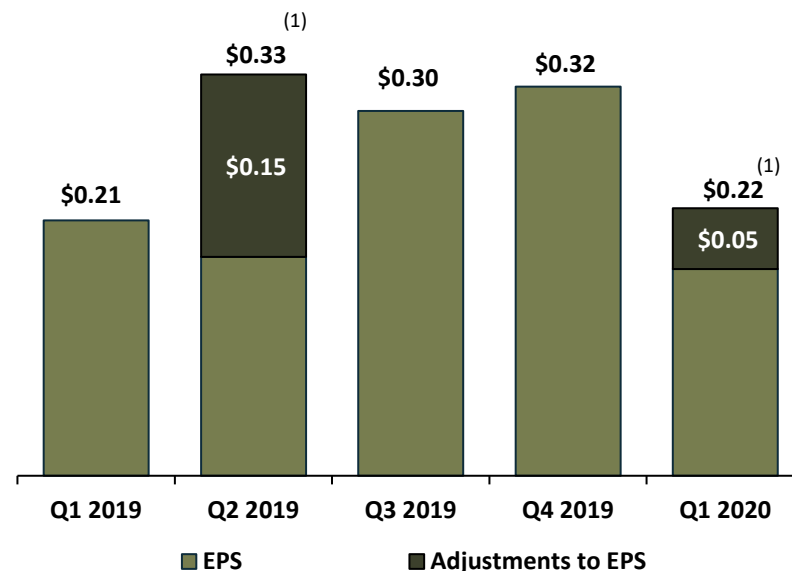
Drivers of Improved Performance

- 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⁽¹⁾ (\$000s)



Earnings Per Share

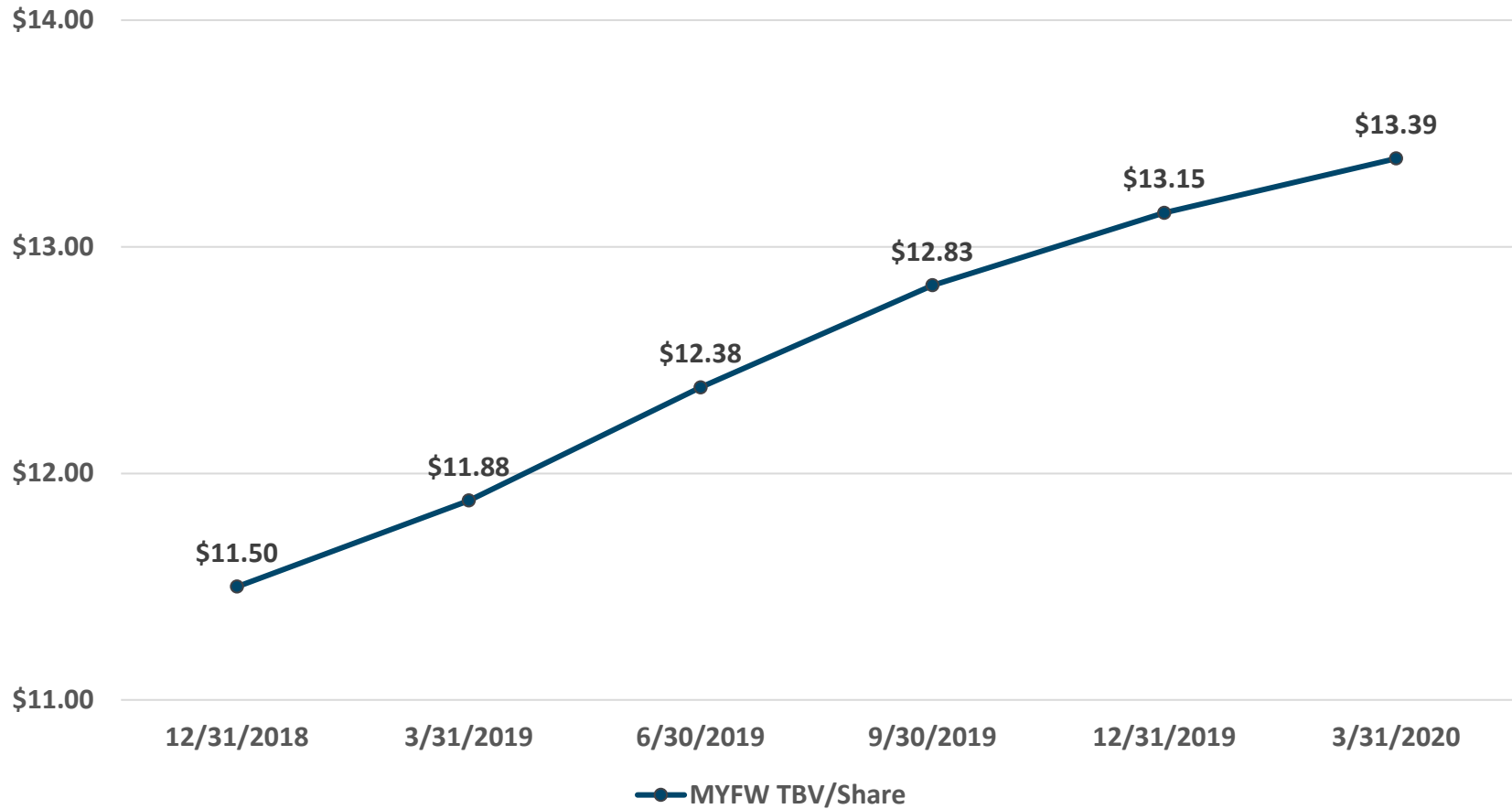


(1) See Non-GAAP reconciliation



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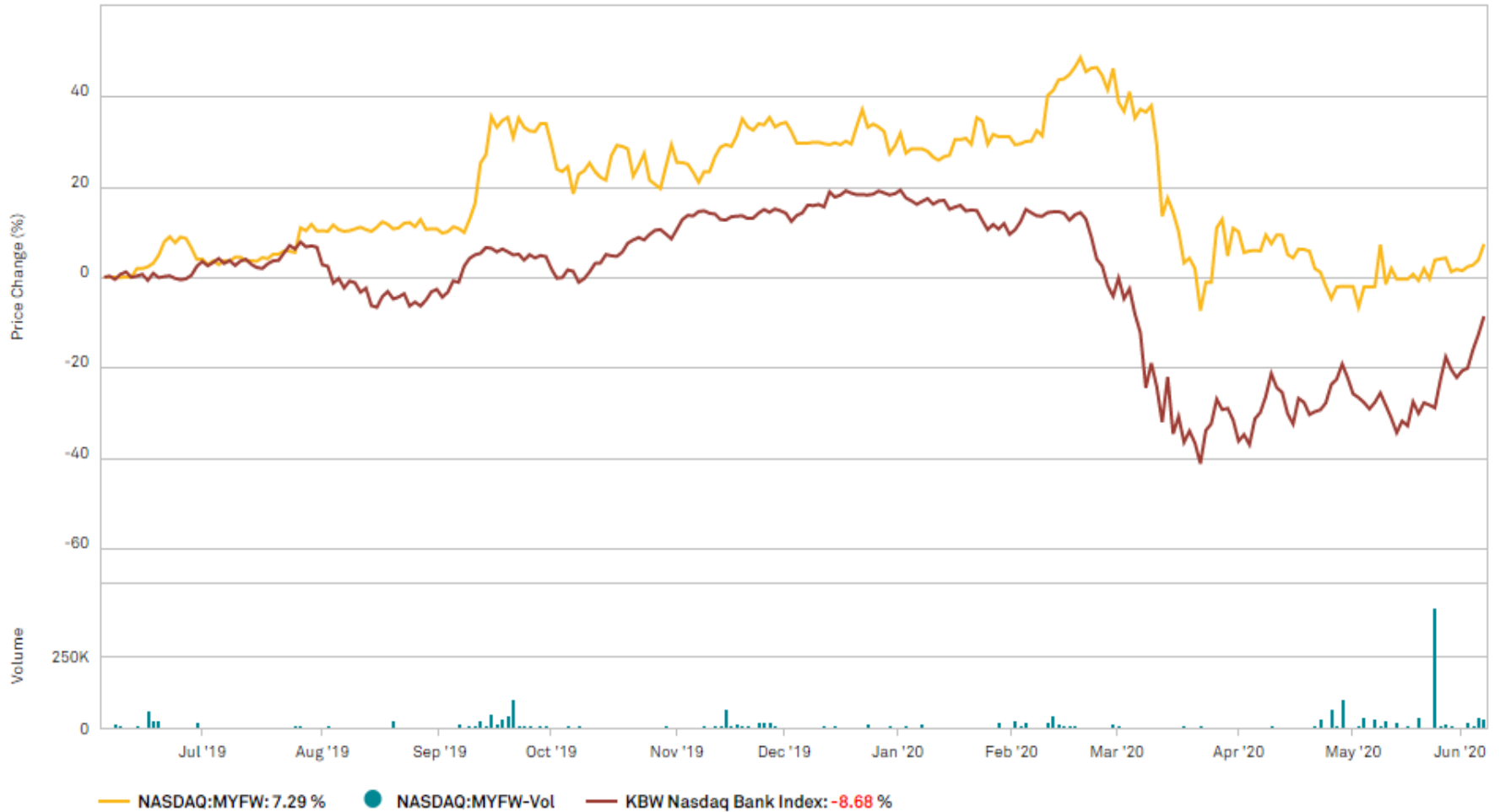
Strong Performance Creating Shareholder Value





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Improving Earnings Driving Outperformance



Source: S&P Global Market Intelligence (as of June 5, 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

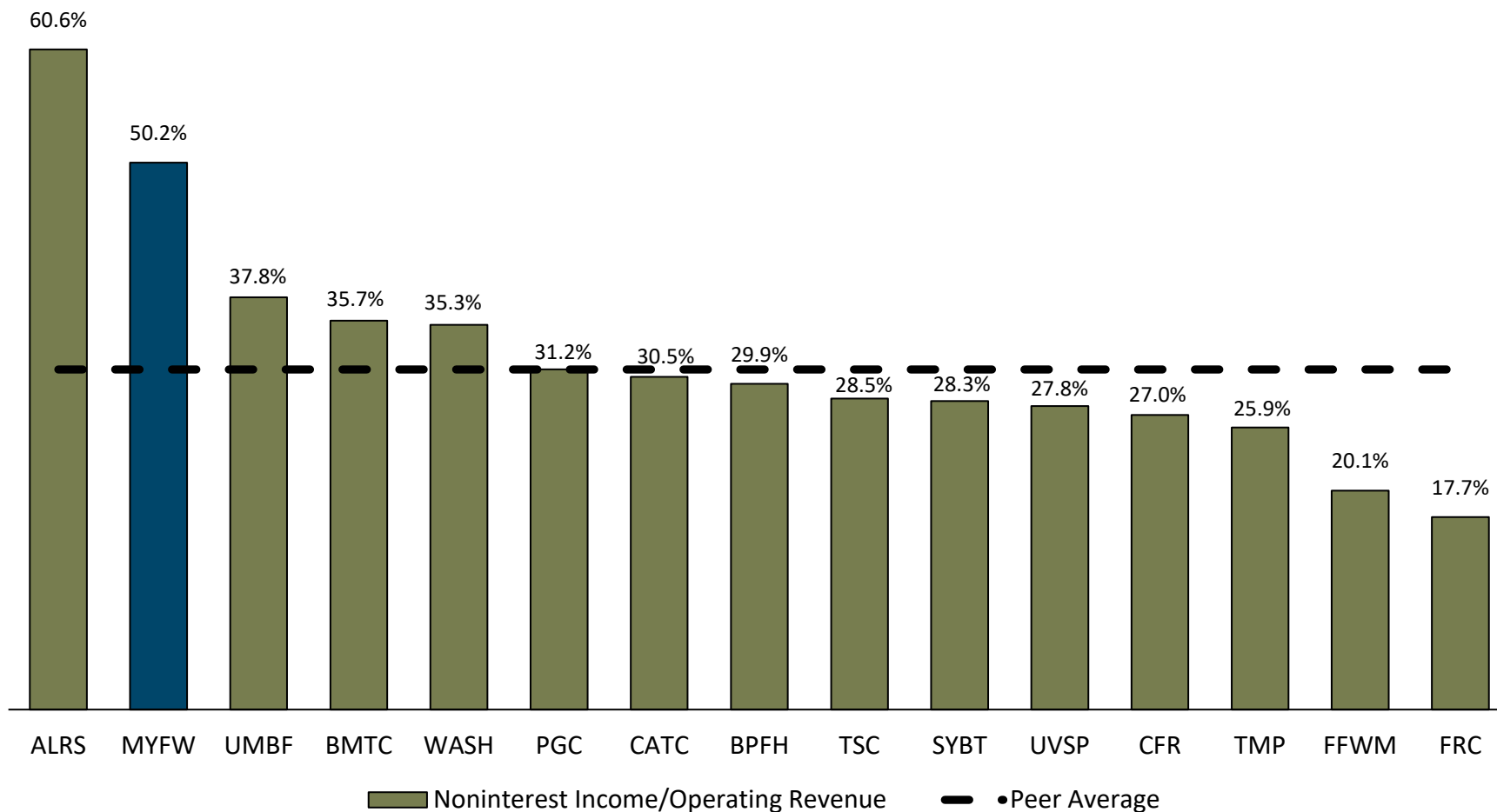
- Provide a **broad range of asset and sub asset classes**
- Create unique solutions through internal research, proprietary and third-party investment options
- Central team creates the platform for Portfolio Managers to service clients, manage accounts

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



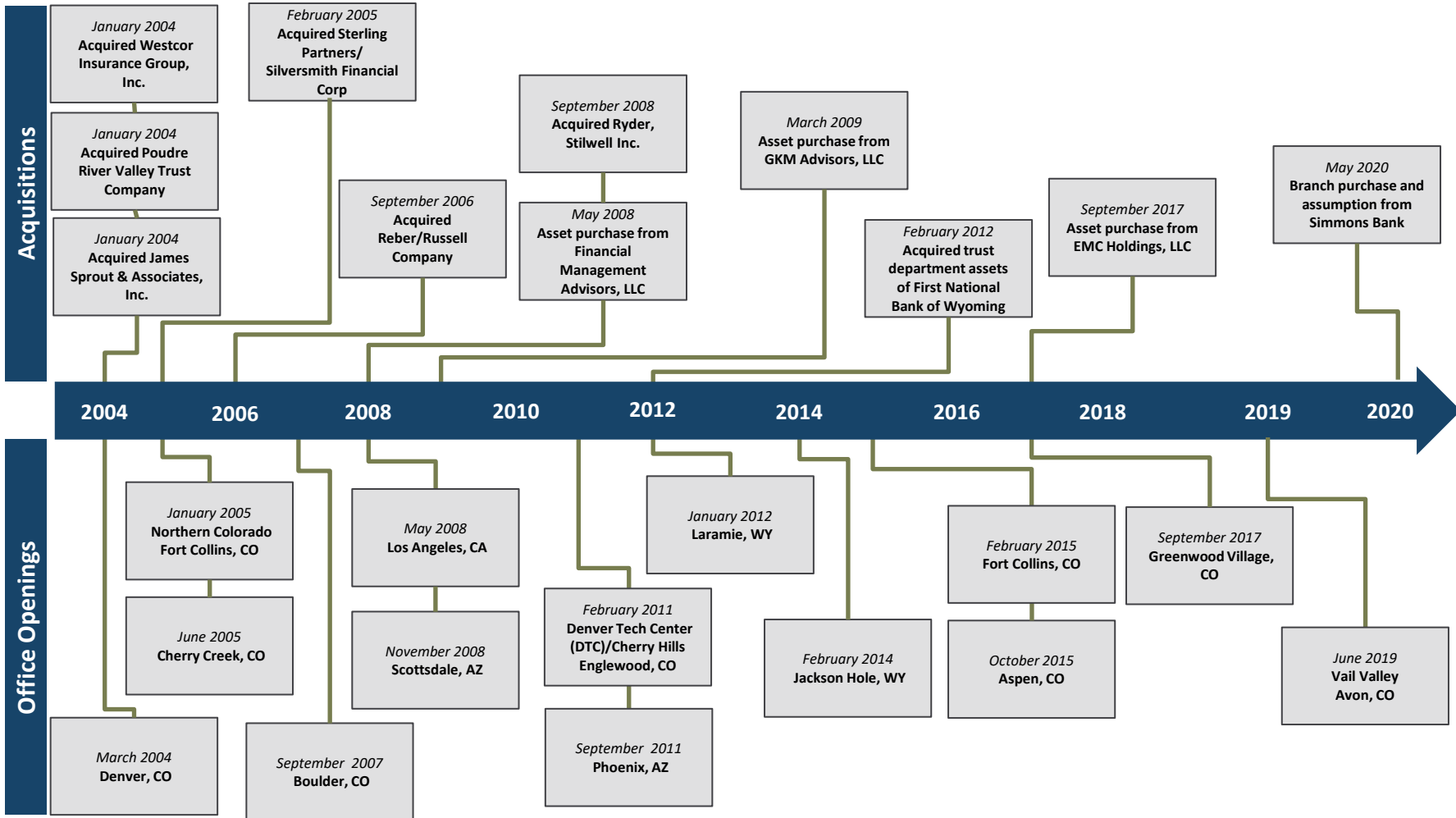


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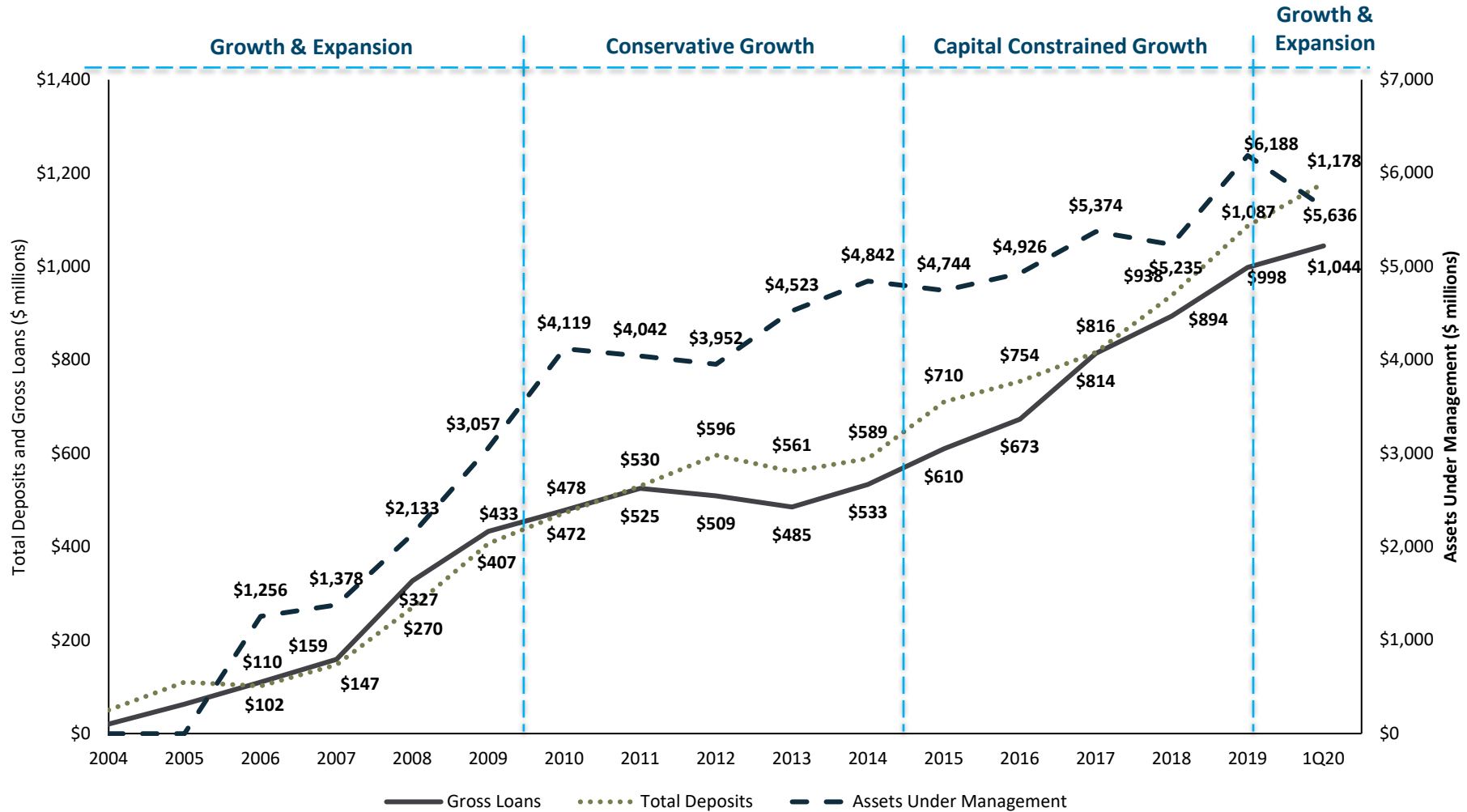
Driving Profitable Growth



Success in Expansion and Acquisition Growth



Emerging From a Cycle of Capital Constraint



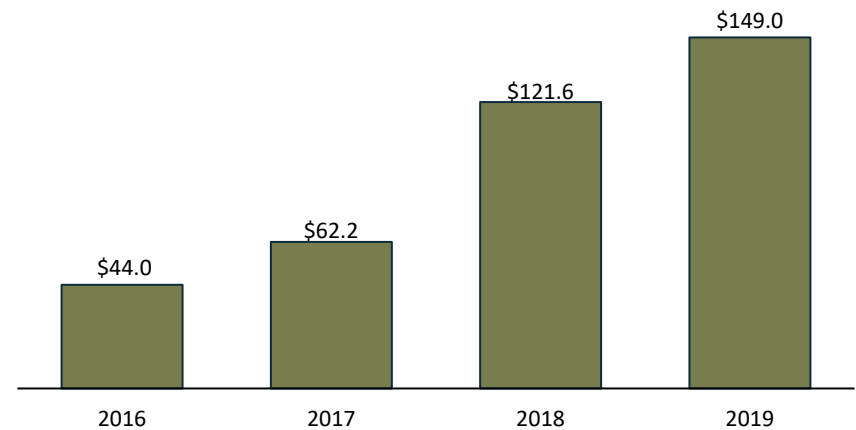
Accelerating Business Development Trends

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

New Loan Production

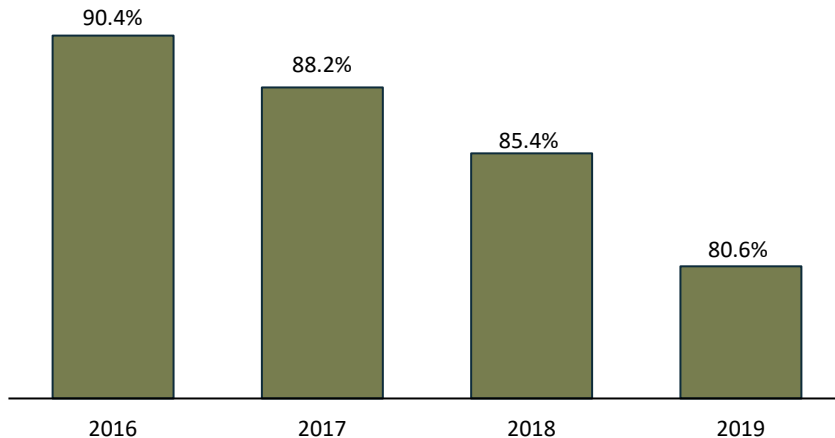


Net Deposit Growth

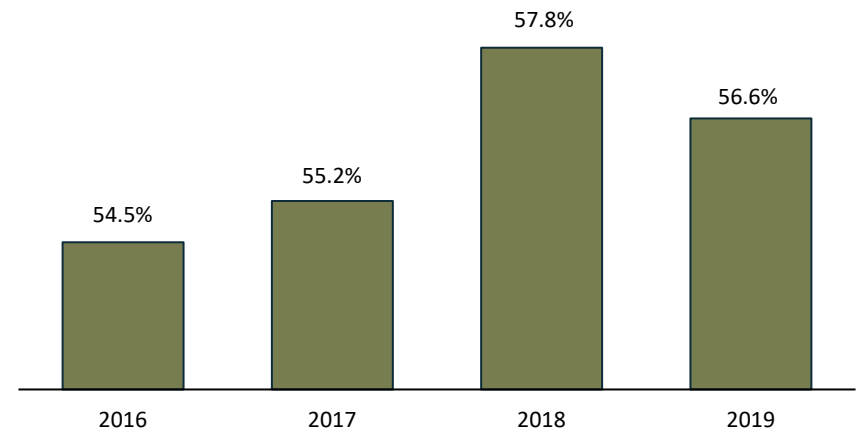


Increased Scale and Back-Office Streamlining Driving Improved Efficiencies

Efficiency Ratio⁽¹⁾



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

- Acquisition of 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
- Assumed \$63 million in deposits and \$121 million in loans related to the acquired locations
- Adds scale, an attractive client base, and banking talent
- Closed on May 18, 2020

Financial Impact

- Expected to be highly accretive to earnings
 - 7-8% accretive in 2020, excluding pre-tax transaction charges⁽¹⁾
 - 15-16% accretive in 2021⁽¹⁾

Paycheck Protection Program

**\$208.3 million in PPP loans approved
(as of 5/31/2020)**

Key Data Points

- \$208.3 million in PPP loans, 20% of March 31st gross loans
- 573 loans approved
- 51% of PPP loans provided to existing clients; 49% provided to new clients
- Median loan size of \$92,500
- PPP loans expected to generate \$5.4 million of fee income
- 80% of loans are under \$350,000

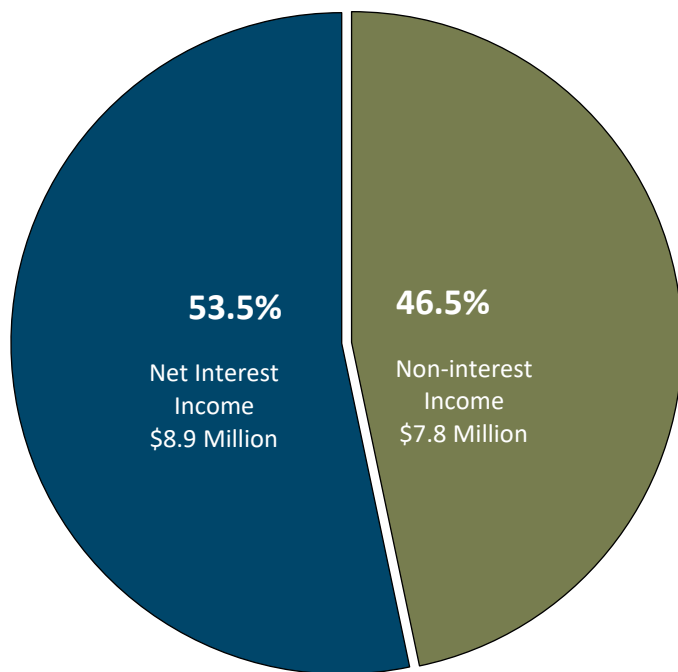


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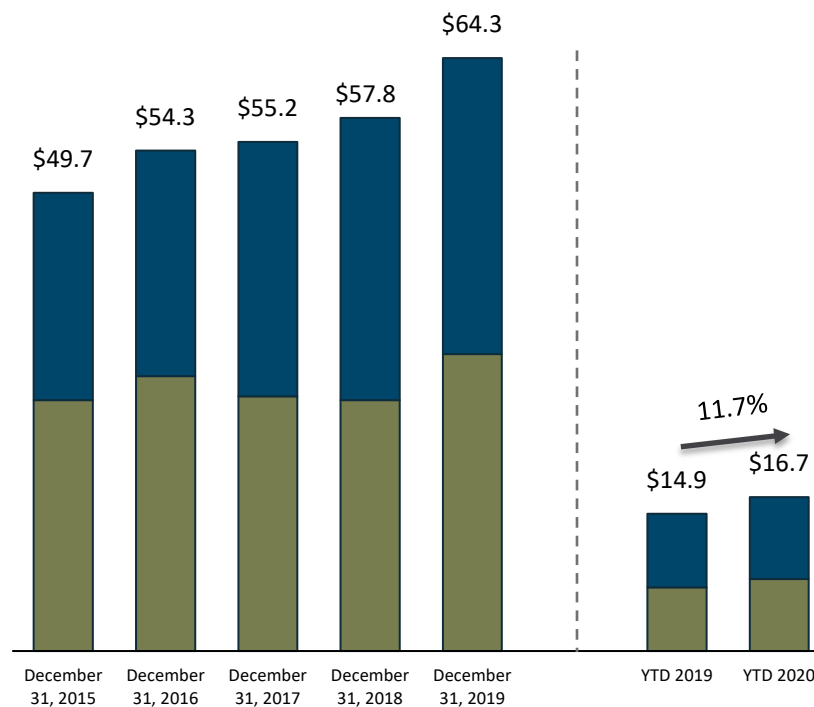
Financial Overview

High-Quality, Recurring Revenues

YTD Gross Revenue⁽¹⁾



Gross Revenue⁽¹⁾ (\$millions)



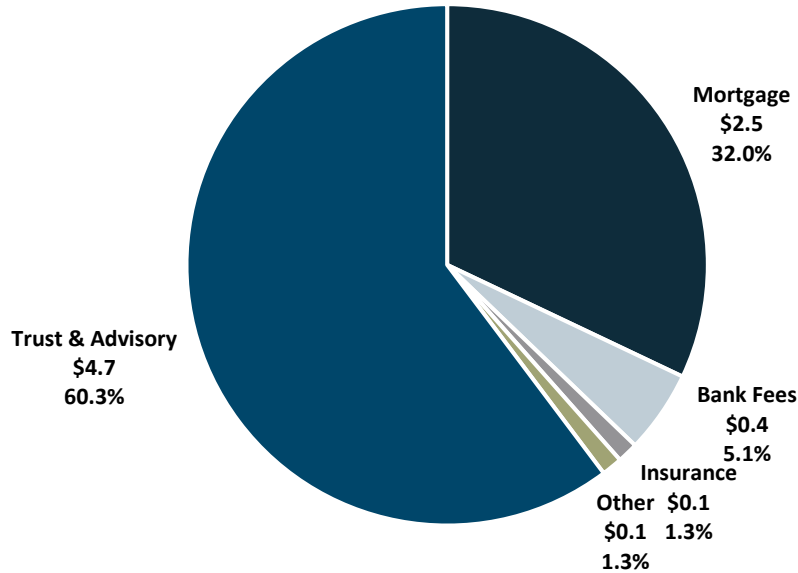
(1) See Non-GAAP reconciliation

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

Predictable, Growing Sources of Fee Income

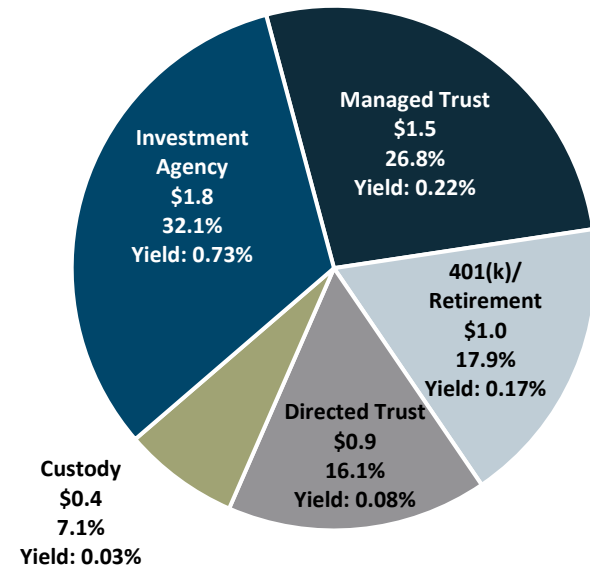
YTD Non-Interest Income (\$millions)

\$7.8 million



AUM Composition by Account Type (\$billions)

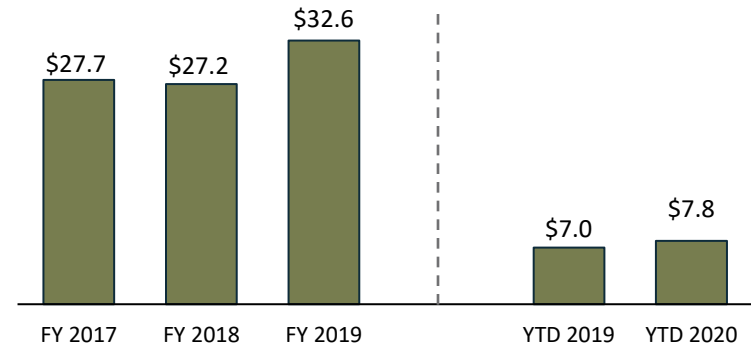
\$5.6 billion | Avg. Yield: 0.34%



Trust and Investment Management

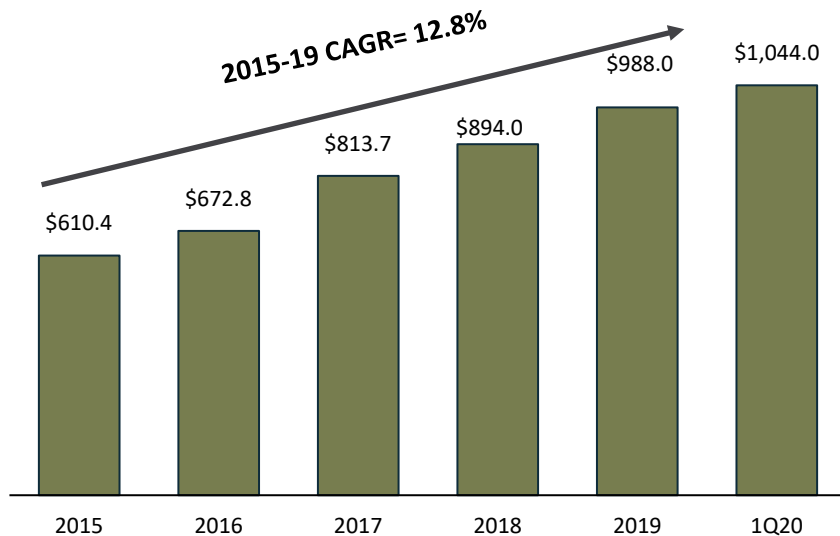
- Guided architecture
- Customized investment solutions
- Internally manage ~\$1.0 billion in AUM

Non-Interest Income (\$millions)

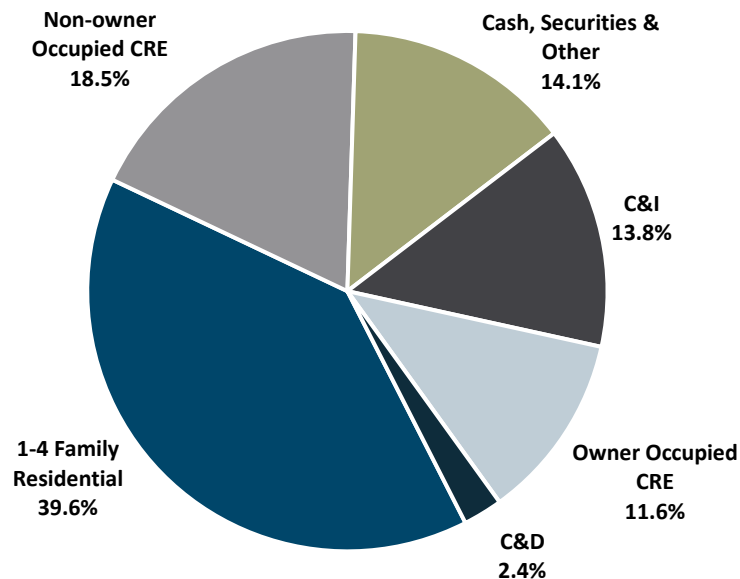


A Balanced, Private Banking Loan Portfolio

Historical Gross Loans (\$millions)



Q1 2020 Loan Portfolio by Collateral Type ⁽¹⁾



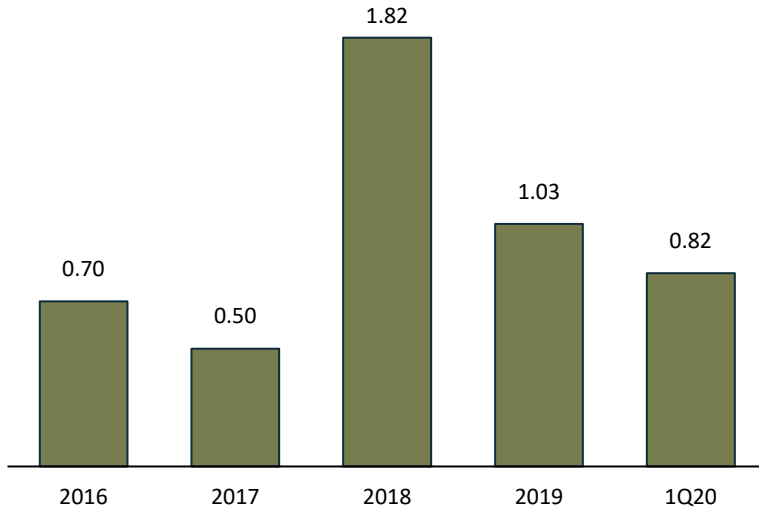
Lending Trends and Strategy

- 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

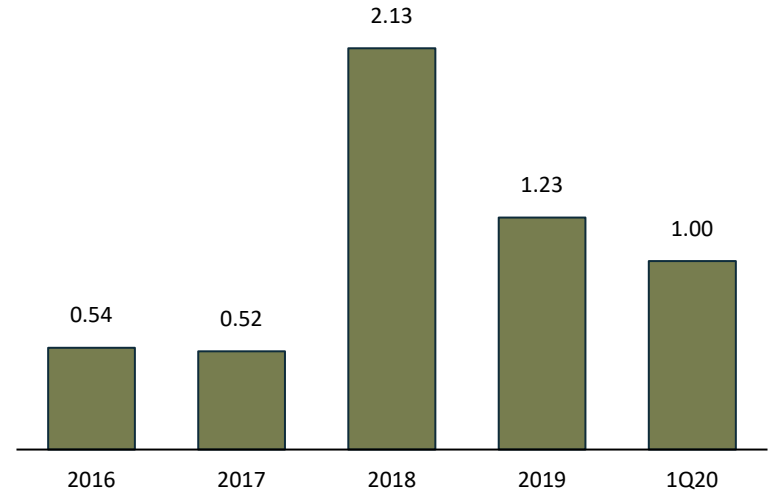
(1) As of March 31, 2020, excluding deferred costs, net

Strong Asset Quality with Low Credit Losses

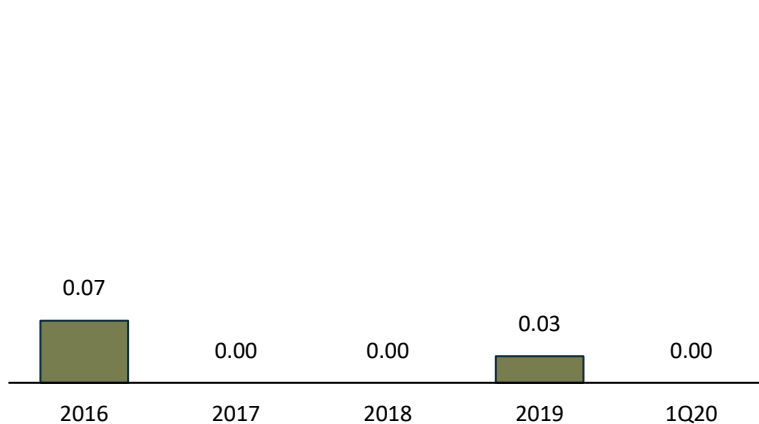
NPAs / Assets (%)



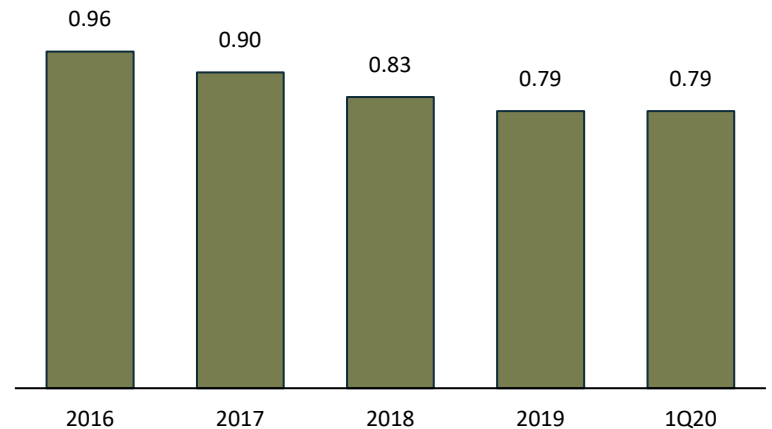
NPLs / Loans (%)



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

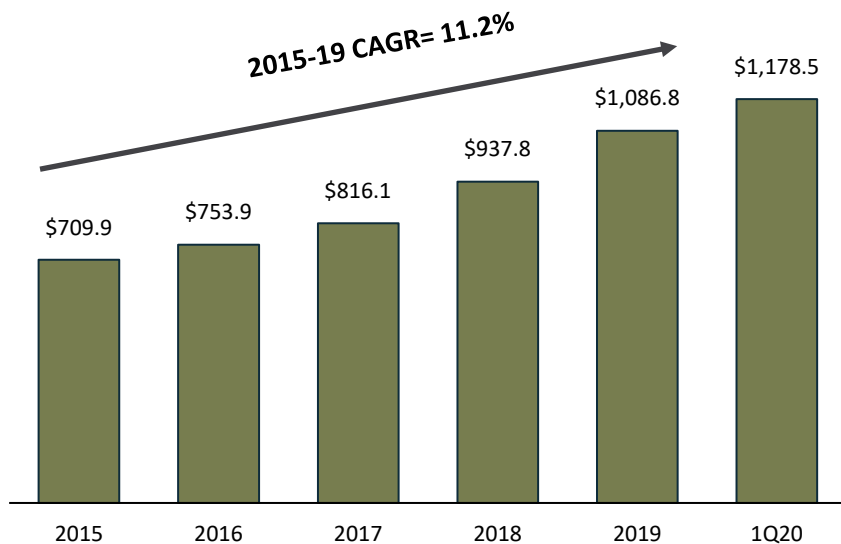


Loan Loss Reserves / Gross Loans (%)

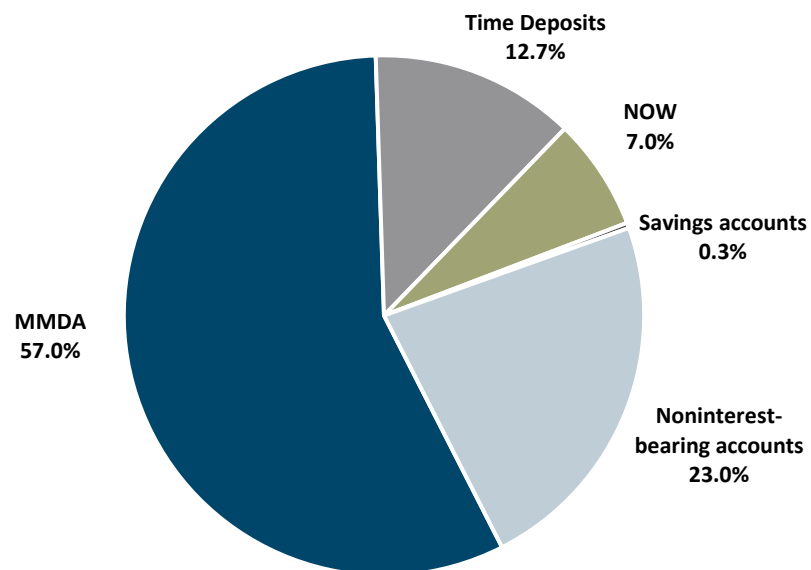


A Balanced, Growing Core Deposit Base

Historical Total Deposits (\$millions)



Q1 2020 Deposit Composition⁽¹⁾



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

\$130.7 million in loan payment extensions/deferrals on bank originated loans (as of 5/31/2020)

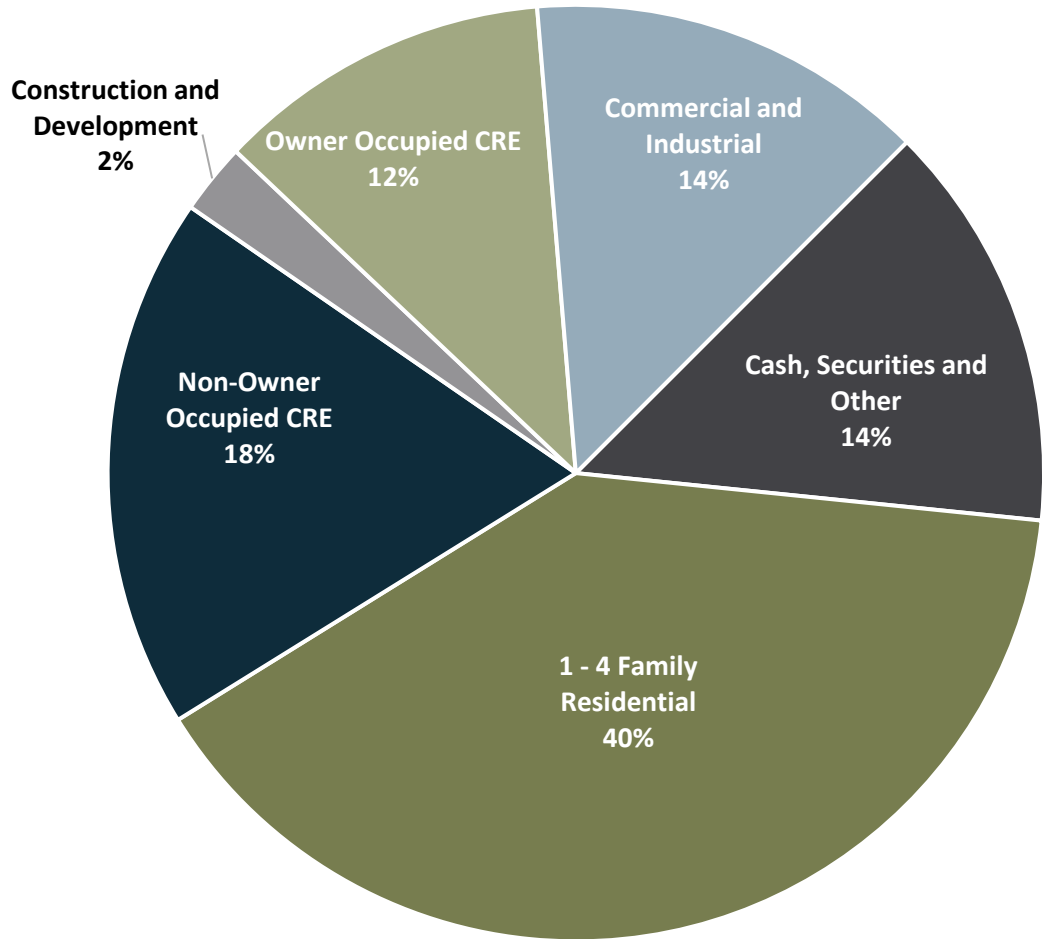


Notable Trends and Data Points

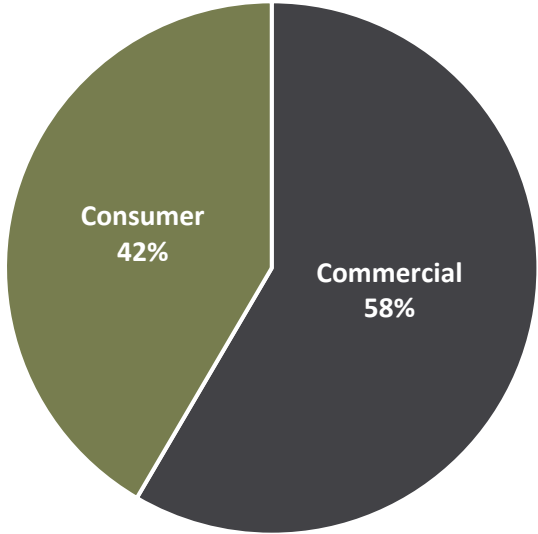
- Positive business development trends in January and February
 - Strong loan and deposit growth
 - Steady expansion in net interest margin
- No meaningful change in credit line utilization rate since crisis started
- Loan pipeline slightly down from pre-crisis levels, but still relatively healthy
- 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

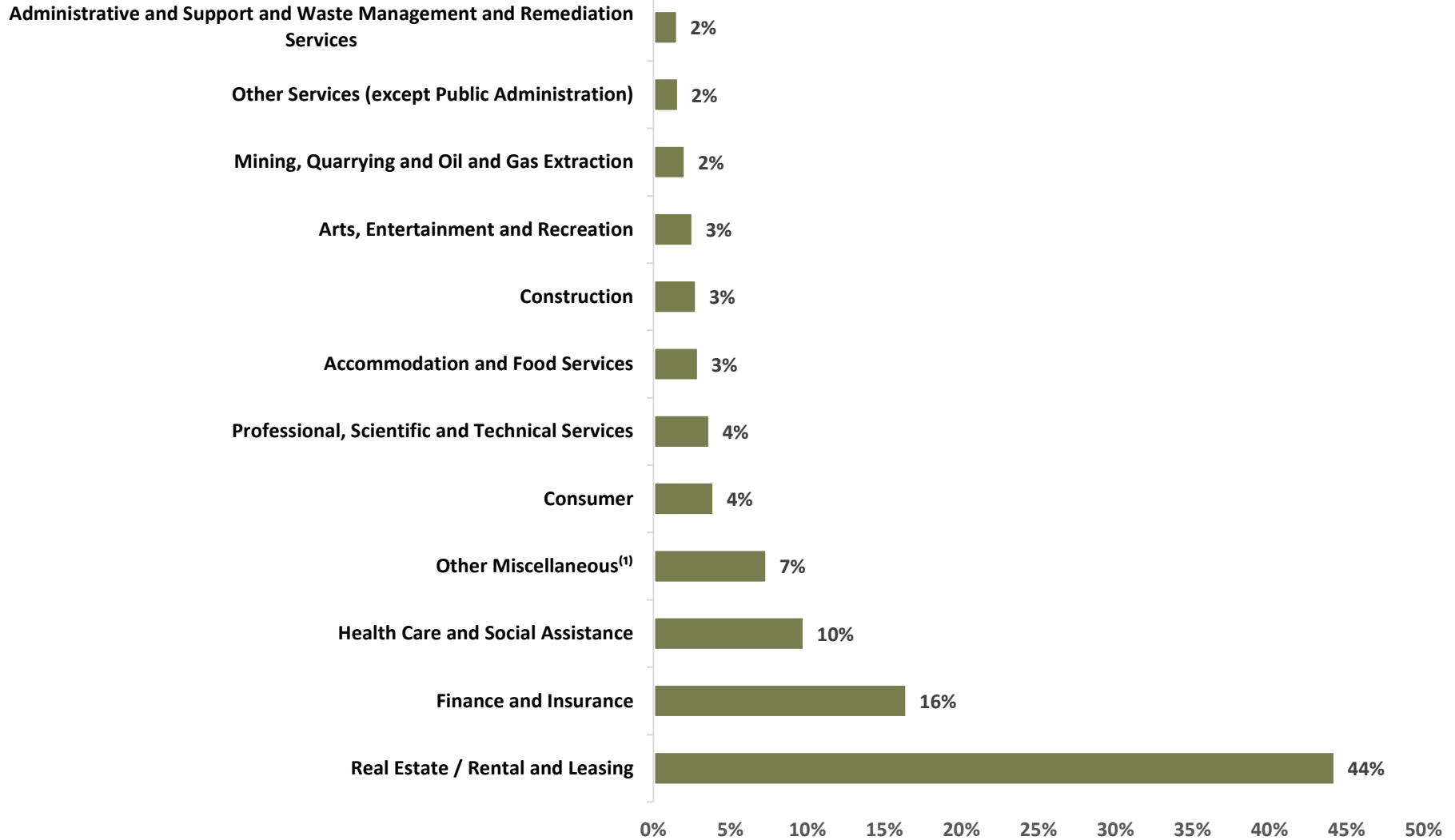




Commercial Loans by Industry

\$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

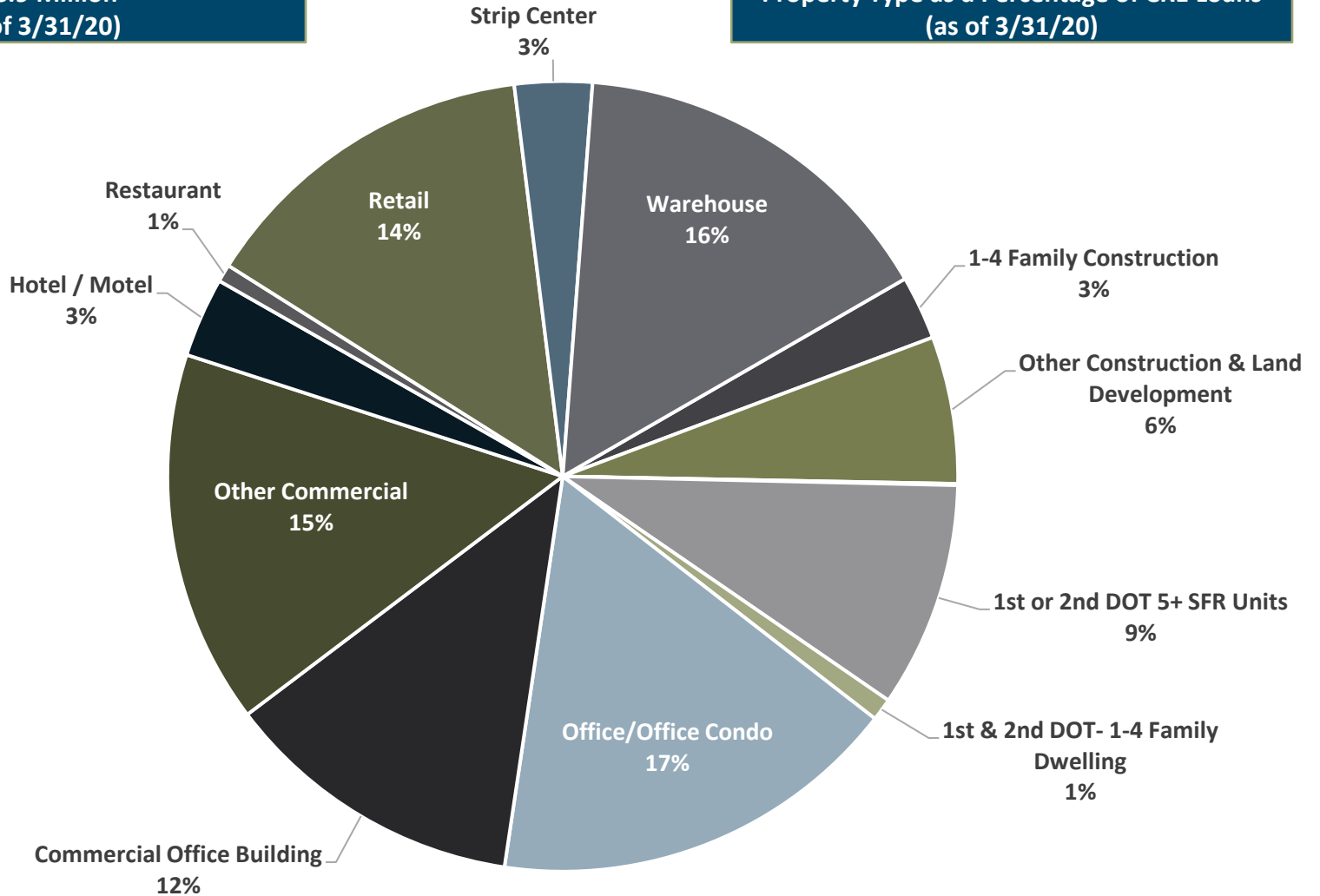


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CRE⁽¹⁾ Loans By Property Type

\$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

CRE Portfolio Characteristics and Underwriting

Portfolio Characteristics - CRE	
Loan Balances Outstanding (3/31/20)	\$338.9 million
Number of Loans	196
Average Loan Size	\$1.7 million
Loan-to-Value (Avg)	50%
Seasoning (Avg)	3 years
Net Charge-offs in 2019	0.00%

Underwriting Criteria

- We require our CRE loans to be secured by seasoned and well-managed properties with adequate margins
- We generally obtain a guaranty from experienced owners and managers with outside cash flows and/or other assets
- Loan amounts generally do not exceed 80% or 75% of the property's appraised value for owner-occupied and non-owner occupied, respectively
- Aggregate debt service ratios, including the guarantor's cash flow and the borrower's other projects, are required by policy to have a minimum annual cash flow to debt service ratio of 2.0x

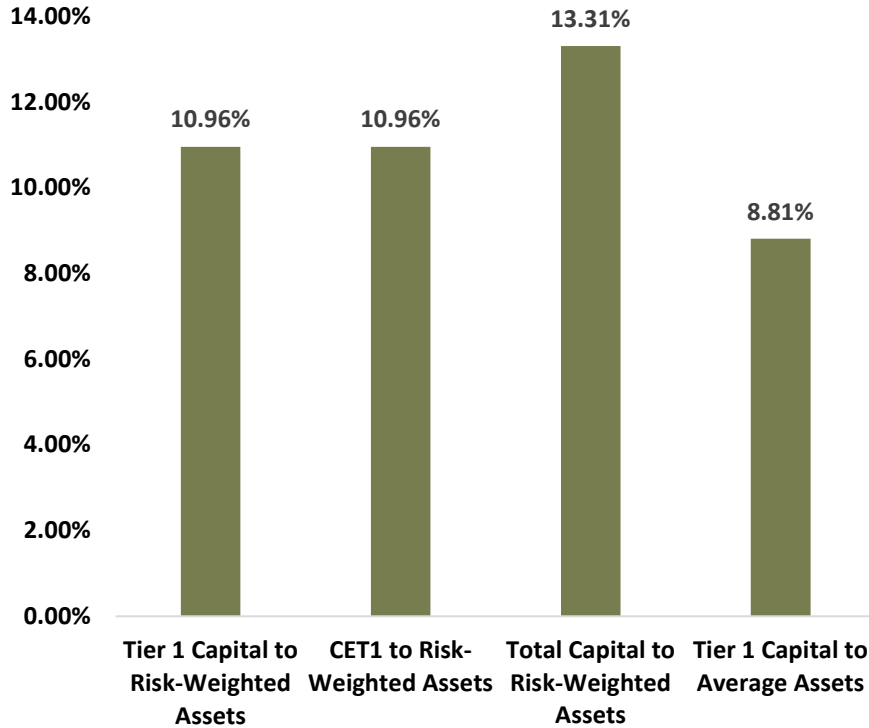
Exposure to Stressed Industries (as of 3/31/20)

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"> Indirect business or personal exposure to energy industry Collateral type: 49% business assets, 27% 1st DOT, 17% IM accounts, 7% other assets
Hotels	\$11.0	1.1%	\$0.0	<ul style="list-style-type: none"> Portfolio consists of three loans Largest loan is in prominent geographic region with multiple sources of repayment and personal guarantee
Restaurants	\$6.0	0.6%	\$0.1	<ul style="list-style-type: none"> Portfolio consists of six borrowers Average loan balance of approximately \$661,000



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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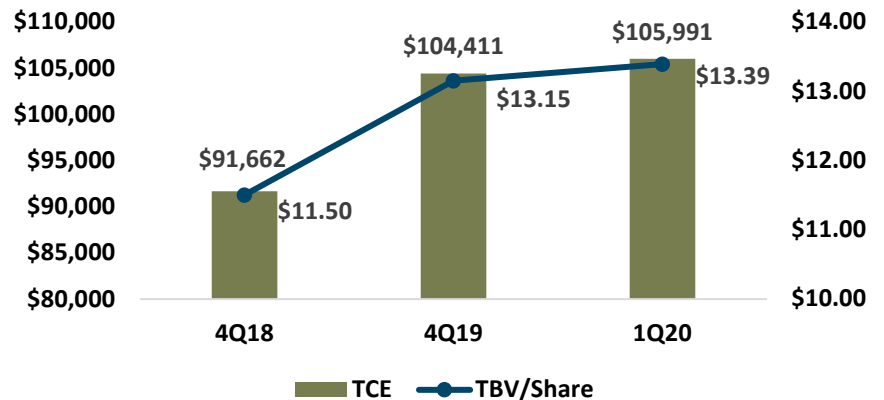
Secured:

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⁽¹⁾

(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



FIRST western

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

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



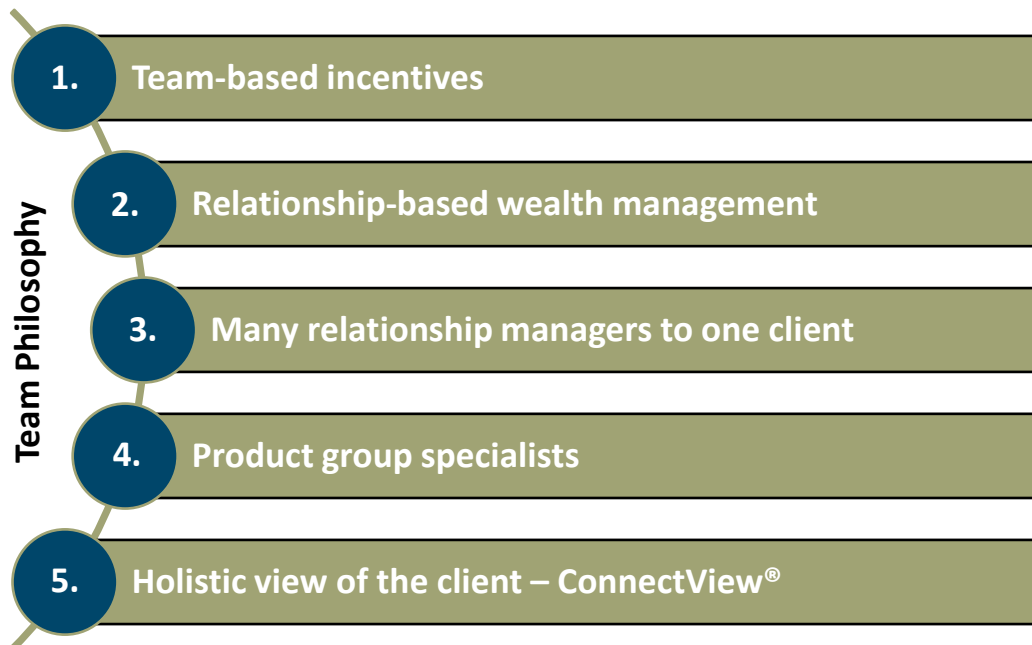
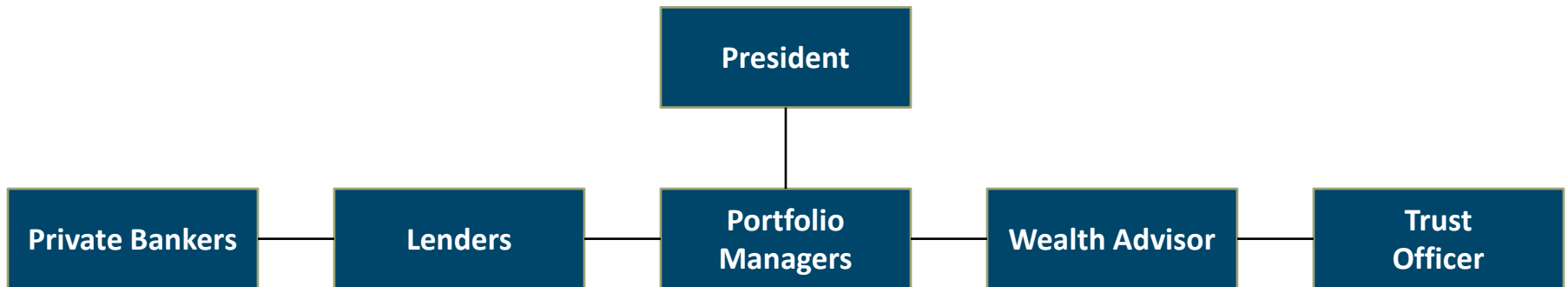
MYFW's Sophisticated Board of Directors

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

(1) CPA license inactive.

Integrated Team Approach in Boutique Offices

... by working as a team to grow relationships



Teamwork Drives Client Satisfaction, Retention

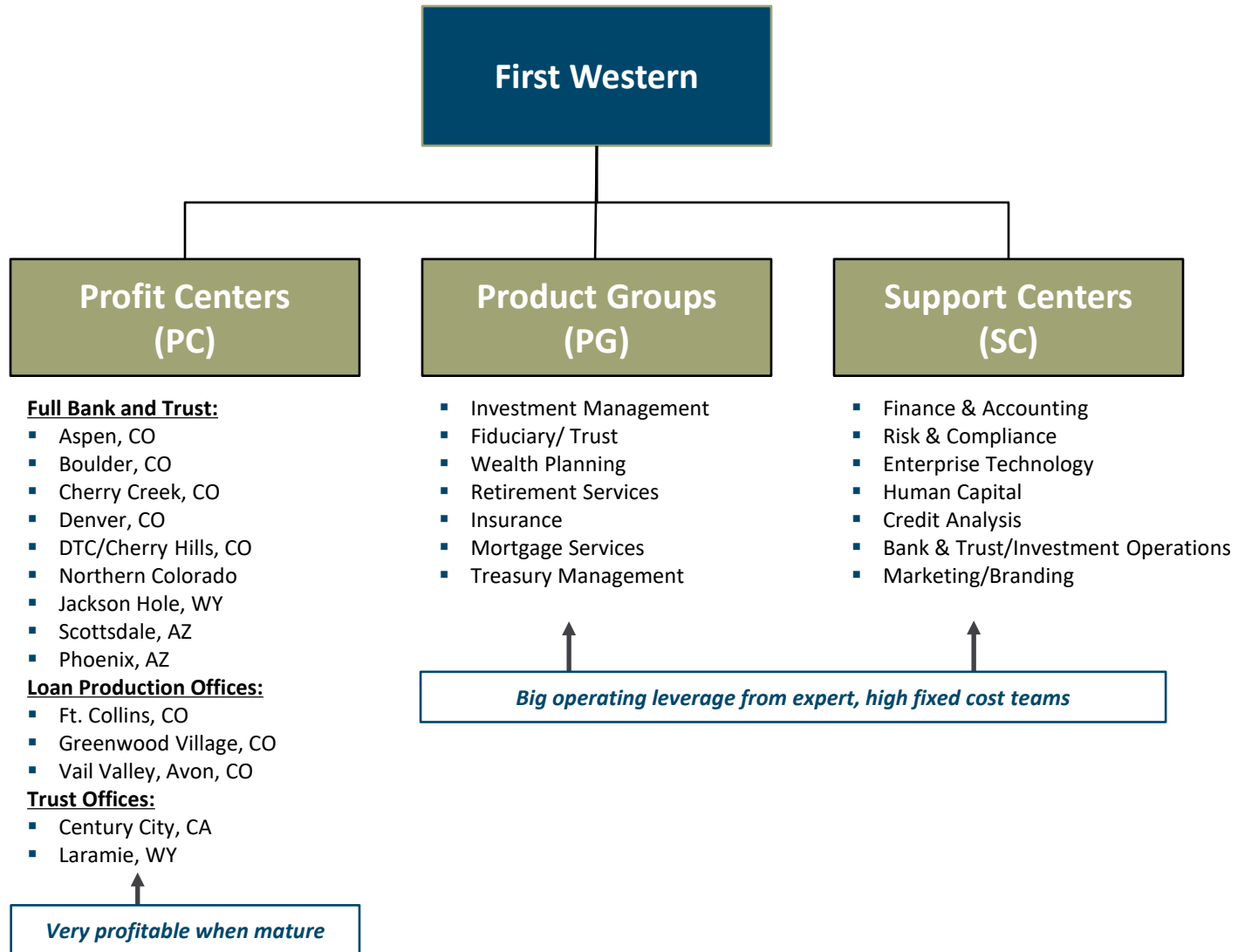
Example of investment management teamwork shows how MYFW, not relationship managers, owns our clients



(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	
Pre-tax, Pre-provision Income	\$4,774	\$4,556	\$5,795	\$7,602	\$10,854	

<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	
Adjusted net income to common shareholders	\$2,586	\$2,406	\$2,572	\$1,772	

<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	
Adjusted earnings per share	\$0.33	\$0.30	\$0.32	\$0.22	



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
Gross revenue	\$49,693	\$54,265	\$55,208	\$57,797	\$64,336

<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
Gross revenue	\$14,947	\$16,698

<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
Efficiency ratio	90.4%	88.2%	85.4%	80.6%