



Federal Deposit Insurance Corporation

550 17th Street NW, Washington, D.C. 20429-9990

Division of Supervision and Consumer Protection

July 16, 2008

Mr. Scott C. Wylie
Chairman and Chief Executive Officer
First Western Financial, Inc.
1200 Seventeenth Street, Suite 2650
Denver, Colorado 80202

Subject: First Western Trust Bank of Arizona (In Organization)
Scottsdale, Arizona
Applications for Federal Deposit Insurance and Consent to Exercise Trust Powers

Dear Mr. Wylie:

The applications filed by First Western Trust Bank of Arizona (the Bank) for Federal deposit insurance and consent to exercise full trust powers were approved today, subject to the conditions stated in the enclosed Order adopted by the Division of Supervision and Consumer Protection and for the reasons set forth in the Statement attached to the Order.

In granting approval, the FDIC has placed significant reliance on the business plan and commitments provided by the proponents. Please be advised that any major deviation from the business plan during the first three years of operation must be reported to the Regional Director of the FDIC's Dallas Regional Office (Regional Director) before consummation of the change. Significant deviation from the business plan, in either the rate of growth or type of business conducted, may require the injection of additional capital prior to any change being effected.

Also enclosed is a form for the Bank's use in certifying that its board of directors has adopted a resolution approving the action of the prospective incorporators in preparing and presenting the Bank's application for Federal deposit insurance. After incorporation has been duly effected and the state authority charters the Bank to do business, please submit the properly executed form to the Regional Director. The form must be accompanied, if those documents have not been submitted previously, by a copy of the Bank's articles of incorporation or association and a copy of the Bank's license or authorization to operate a bank. In the meantime, if the Bank's board cannot yet act in its corporate capacity to adopt the resolution prescribed, please furnish a statement signed by the majority of the proposed directors agreeing to adopt the resolution when the board is legally organized.

Please provide to the Regional Director satisfactory evidence of the Bank's compliance with, or definite arrangements to comply with, the conditions stated in the enclosed Order. Once all requested information is received, you will be notified of the effective date of deposit

CapitalSource Bank (In Organization)
Pasadena, California

insurance, and the institution's insurance certificate will be mailed directly to your office. Please advise the Regional Director of the exact date and time the institution opens for business.

If an extension of the time limitation prescribed in the Order is required, please send the Regional Director a letter application requesting a specified extension and the reasons for the request. Please contact Assistant Regional Director Joseph A. Meade at (972) 761-2068 or Case Manager G. Michael Chandler at (972) 761-2036 if you have any questions. Correspondence may be addressed to Thomas J. Dujenski, Regional Director, Dallas Regional Office, 1601 Bryan Street, Dallas, Texas 75201.

Sincerely,

/s/

Lisa D. Arquette
Associate Director

Enclosures

cc: Bruce Tunell, Deputy Superintendent
Arizona Department of Financial Institutions
2910 North 44th Street, Suite 310
Phoenix, Arizona 85018

FEDERAL DEPOSIT INSURANCE CORPORATION

In Re: First Western Trust Bank of Arizona (In Organization)
Scottsdale, Maricopa County, Arizona
Application for Federal Deposit Insurance
(Deposit Insurance Fund)
And
Application for Consent to Exercise Full Trust Powers

STATEMENT

Pursuant to the provisions of Section 5 of the Federal Deposit Insurance Act (FDI Act) (12 U.S.C. §1815), an application for Federal deposit insurance and an application for consent to exercise full trust powers have been filed for First Western Trust Bank of Arizona (the Bank), a proposed new Arizona state-chartered nonmember bank, to be located at 7025 North Scottsdale Road, Scottsdale, Maricopa County, Arizona.

The Bank will be a direct subsidiary of First Western Financial, Inc. (First Western), a financial holding company located in Denver, Colorado. First Western is a single bank holding company that directly and indirectly owns four non-banking subsidiaries. First Western provides a full range of investment management, personal trust, wealth advisory and private banking services to individual and corporate customers. First Western will apply to the Board of Governors of the Federal Reserve System to become a multi-bank financial holding company pursuant to Section 3 of the Bank Holding Company Act.

The Bank will offer traditional banking, personal trust, and wealth management products and services to customers in the Phoenix, Arizona, metropolitan area. The Bank's target market includes those individuals and households controlling liquid net assets ranging from \$1 million to \$20 million. The Bank will operate from a single location in Scottsdale, Arizona.

For the purposes of this proposal, capital is adequate, projections for future earnings prospects are favorable, management is considered satisfactory, and the investment in fixed assets is reasonable. Corporate powers to be exercised are consistent with the purpose of the FDI Act. No formal objections to this proposal have been filed, and no undue risk to the insurance fund is apparent.

Accordingly, based upon careful evaluation of all available facts and information, the Associate Director, acting under delegated authority, has concluded that approval of the application is warranted, subject to certain prudential conditions.

**ASSOCIATE DIRECTOR
DIVISION OF SUPERVISION AND CONSUMER PROTECTION
FEDERAL DEPOSIT INSURANCE CORPORATION**

FEDERAL DEPOSIT INSURANCE CORPORATION

In Re: First Western Trust Bank of Arizona (In Organization)
Scottsdale, Maricopa County, Arizona
Application for Federal Deposit Insurance
(Deposit Insurance Fund)
And
Application for Consent to Exercise Full Trust Powers

ORDER

The FDIC has satisfactorily resolved the factors enumerated in section 6 of the Federal Deposit Insurance Act, as they relate to the application for Federal deposit insurance and the application for consent to exercise full trust powers submitted by First Western Trust Bank of Arizona (the Bank), a proposed new Arizona state-chartered, non-member bank to be located at 7025 North Scottsdale Road, Scottsdale, Maricopa County, Arizona. Accordingly, it is hereby ORDERED, for the reasons set forth in the attached Statement, that the applications submitted by the Bank for Federal deposit insurance and the consent to exercise full trust powers be approved, subject to the following conditions:

- (1) The Bank's beginning paid-in-capital funds shall not be less than \$12,000,000.
- (2) The Bank's Tier 1 capital to assets leverage ratio (as defined in the appropriate capital regulation and guidance from the Bank's primary federal regulator) shall be maintained at not less than eight percent (8%) throughout the first three years of operation and that an adequate allowance for loan and lease losses will be provided.
- (3) Any changes in proposed management or proposed ownership of 10 percent or more of stock, including new acquisitions of or subscriptions to 10 percent or more of stock, shall be approved by the FDIC prior to opening.
- (4) An accrual accounting system shall be adopted for maintaining the Bank's books.
- (5) Federal deposit insurance shall not become effective until the Bank is authorized to operate as a state-chartered bank and trust company by the appropriate state authority.
- (6) First Western Financial, Inc., Denver, Colorado, has obtained approval of the Board of Governors of the Federal Reserve System to acquire voting stock control of the Bank prior to opening.
- (7) Where applicable, the Bank has submitted any proposed contracts, leases, or agreements relating to construction or rental of permanent quarters to the appropriate FDIC Regional Director for review and comments.
- (8) Where applicable, full disclosure has been made to all proposed directors and stockholders of the facts concerning the interest of any insider in any transactions being

effected or then contemplated, including the identity of the parties to the transaction and the terms and cost involved. An insider is one who is or is proposed to be a director, officer, or incorporator of the Bank; a shareholder who directly or indirectly controls 10 or more percent of any class of the Bank's outstanding voting stock; or the associates or interests of any such person.

- (9) Prior to the effective date of Federal deposit insurance, the Bank shall obtain surety bond coverage in a sufficient amount to conform to generally accepted banking practices.
- (10) The Bank shall obtain an audit of its financial statements by an independent public accountant annually for at least the first three years after deposit insurance is effective and shall submit to the appropriate FDIC regional director, (i) a copy of the audited annual financial statements and the independent public auditor's report thereon within 90 days after the end of the Bank's fiscal year, (ii) a copy of any other reports by the independent auditor (including any management letters) within 15 days after their receipt by the Bank, and (iii) written notification within 15 days when a change in the Bank's independent auditor occurs.
- (11) The Bank shall operate within the parameters of the business plan submitted to the FDIC. Furthermore, during the first three years of operations, the Bank shall notify the appropriate FDIC Regional Director of any proposed major deviation or material change from the submitted plan 60 days before consummating of the change.
- (12) Prior to exercising any trust powers or engaging in any trust activities, the Bank shall hire and retain, subject to the prior written non-objection of the appropriate FDIC Regional Director, a qualified senior trust officer from the local area. The Bank shall submit all appropriate background information on the selected candidate, who must possess the knowledge, experience, and capability to carry out the responsibilities of the position, given the projected size and complexity of the planned trust activities. Further, the Bank's board shall have adopted the FDIC's Statement of Principles of Trust Management.
- (13) Prior to the effective date of Federal deposit insurance, the Bank shall provide an amended Management Services Contract acceptable to the appropriate FDIC Regional Director.
- (14) The Bank shall obtain written approval from the appropriate FDIC Regional Director prior to adding or replacing a member of the Bank's Board of Directors or any senior executive officer during the first three years of operation.
- (15) Until the Bank is established and the trust powers exercised, the FDIC shall have the right to alter, suspend, or withdraw said commitment should any interim development be deemed to warrant such action; and

- (16) If deposit insurance has not become effective within twelve months from the date of this ORDER, the consent granted herein shall expire unless the FDIC approves a request for an extension of the deadline prior to the expiration.

Dated at Washington, D.C., this 15 day of July 2008.

FEDERAL DEPOSIT INSURANCE CORPORATION

By: */s/*
Lisa D. Arquette
Associate Director
Division of Supervision and Consumer Protection