

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**
SEC Accession No. **0000950128-95-000092**

([HTML Version](#) on secdatabase.com)

FILER

FIRST WESTERN BANCORP INC

CIK: **740876** | IRS No.: **251461570** | State of Incorporation: **PA** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-13882** | Film No.: **95536161**
SIC: **6021** National commercial banks

Mailing Address
101 EAST WASHINGTON
STREET
NEW CASTLE PA 16101

Business Address
101 E WASHINGTON ST
NEW CASTLE PA 16101
4126528550

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(X) Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended March 31, 1995

OR

() Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____

Commission File No. 0-13882

FIRST WESTERN BANCORP, INC.

(Exact name of Registrant as specified in its charter)

Commonwealth of Pennsylvania 25-1461570
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

101 East Washington Street, New Castle, Pennsylvania 16101
(Address of principal executive offices) (Zip Code)

(412) 652-8550
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO

The number of shares outstanding of the Registrant's common stock as of May 5, 1995 was:

Common Stock, \$5.00 par value - 5,182,239 shares outstanding

FIRST WESTERN BANCORP, INC.

INDEX

<TABLE>
<CAPTION>

Page
Number

<S>	<C>	<C>	<C>
Part I. Financial Information:			
	Item 1.	Financial Statements:	
		Independent Accountants' Report.....	3
		Consolidated Balance Sheets:	
		March 31, 1995, December 31, 1994 and	
		March 31, 1994.....	4
		Consolidated Statements of Income:	
		Three months ended March 31, 1995	
		and three months ended March 31, 1994	5
		Consolidated Statements of Changes	
		in Shareholders' Equity:	
		Three months ended March 31, 1995	

and three months ended March 31, 1994..... 6

Consolidated Statements of Cash Flows:
Three months ended March 31, 1995
and three months ended March 31, 1994..... 7

Notes to Consolidated Financial Statements..... 9

Item 2. Management's Discussion and Analysis of
Financial Condition and Results of Operations..... 10

Part II. Other Information:

Item 1. - Item 6. 22

Signature..... 23

</TABLE>

3
DELOITTE &
TOUCHE LLP

2500 One PPG Place Telephone: (412) 338-7200
Pittsburgh, Pennsylvania 15222-5401 Facsimile: (412) 338-7380

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors and Shareholders
of First Western Bancorp, Inc.

We have reviewed the accompanying consolidated balance sheets of First Western Bancorp, Inc. and subsidiaries as of March 31, 1995 and 1994, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the three-month periods then ended. These financial statements are the responsibility of the Corporation's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to such consolidated financial statements for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of First Western Bancorp, Inc. and subsidiaries as of December 31, 1994, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated January 27, 1995, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 1994 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ DELOITTE & TOUCHE LLP

April 17, 1995

DELOITTE TOUCHE
TOHMATSU
INTERNATIONAL

4
Part I. Item 1. Financial Information

FIRST WESTERN BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

<TABLE>
<CAPTION>

	March 31, 1995	December 31, 1994	March 31, 1994
<S>	<C>	<C>	<C>
ASSETS:			

Cash and due from banks	\$ 49,742	\$ 42,903	\$ 36,842
Interest-bearing deposits with other banks	887	872	475
Securities available for sale (amortized cost of \$162,747, \$71,041 and \$122,661)	162,508	67,670	123,634
Investment securities (market value of \$128,607, \$128,712 and \$127,753)	131,215	134,356	129,168
Mortgage-backed securities (market value of \$190,943, \$188,258 and \$196,231)	197,909	202,041	199,994
Loans (net of unearned income of \$37,345, \$34,920 and \$29,975)	1,016,824	978,562	861,100
Less: Allowance for possible loan losses	13,223	12,943	11,482
Net loans	1,003,601	965,619	849,618
Premises and equipment	19,006	17,900	18,056
Other assets	25,479	23,212	26,303
Total Assets	\$1,590,347	\$1,454,573	\$1,384,090
=====			
LIABILITIES:			

Deposits:			
Noninterest-bearing demand	\$ 96,440	\$ 97,242	\$ 95,071
Interest-bearing demand	109,471	101,659	105,051
Savings	305,481	281,953	280,818
Time	669,448	548,555	494,509
Total deposits	1,180,840	1,029,409	975,449

Borrowed funds:			
Federal funds purchased and other short-term borrowings	14,472	34,847	17,850
Repurchase agreements and secured lines of credit	117,399	128,461	130,072
Advances from the Federal Home Loan Bank	138,121	128,121	120,950
Total borrowed funds	269,992	291,429	268,872

Long-term debt	9,778	10,318	11,246
Other liabilities	18,981	17,338	27,672
Total Liabilities	1,479,591	1,348,494	1,283,239

SHAREHOLDERS' EQUITY:			

Preferred stock, no stated value, 4,000,000 shares authorized, none issued	-	-	-
Common stock, \$5.00 par value, 20,000,000 shares authorized, 5,182,239, 5,180,172 and 5,166,832 shares issued and outstanding	25,911	25,901	25,834
Additional paid-in capital	34,442	34,431	34,431
Retained earnings	50,581	47,961	40,062
Unrealized (depreciation) appreciation in securities available for sale	(155)	(2,191)	633
Unallocated common stock held by ESOP (at cost)	(23)	(23)	(109)
Total Shareholders' Equity	110,756	106,079	100,851
Total Liabilities and Shareholders' Equity	\$1,590,347	\$1,454,573	\$1,384,090
=====			

</TABLE>

See Notes to Consolidated Financial Statements.

4

5

Part I. Item 1. Financial Information

FIRST WESTERN BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)
(Unaudited)

<TABLE>
<CAPTION>

For the Three Months Ended

	March 31, 1995	March 31, 1994
<S>	<C>	<C>
INTEREST INCOME:		

Interest and fees on loans	\$21,225	\$17,275
Interest on deposits with other banks	11	4
Interest on securities available for sale	1,659	2,772
Interest and dividends on investment securities:		
Taxable interest	813	475
Tax-exempt interest	1,010	966
Interest on mortgage-backed securities	3,016	2,498
Interest on federal funds sold	74	3
	-----	-----
Total Interest Income	27,808	23,993
	-----	-----
INTEREST EXPENSE:		

Interest on deposits:		
Demand	501	491
Savings	1,971	1,709
Time	8,064	5,614
Interest on borrowed funds:		
Federal funds purchased and other short-term borrowings	241	168
Repurchase agreements and secured lines of credit	1,643	1,296
Advances from the Federal Home Loan Bank	1,857	1,434
Interest on long-term debt	199	160
	-----	-----
Total Interest Expense	14,476	10,872
	-----	-----
NET INTEREST INCOME	13,332	13,121
Provision for possible loan losses	730	862
	-----	-----
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN LOSSES	12,602	12,259
	-----	-----
OTHER INCOME:		

Trust fees	573	587
Service charges on deposit accounts	686	635
Credit card program fees	296	261
Net securities (losses) gains	(66)	599
Other operating income	730	283
	-----	-----
Total Other Income	2,219	2,365
	-----	-----
OTHER EXPENSES:		

Salaries and wages	3,271	3,141
Employee benefits	1,030	1,066
Net occupancy expense	696	697
Equipment rentals, depreciation and maintenance	572	560
Federal deposit insurance	598	550
Outside examination, legal fees and consulting	316	294
Advertising and promotion	377	311
Supplies	331	454
Outside data processing services	320	282
Other operating expense	1,674	1,538
	-----	-----
Total Other Expenses	9,185	8,893
	-----	-----
INCOME BEFORE INCOME TAXES	5,636	5,731
Income Taxes	1,669	1,797
	-----	-----
NET INCOME	\$3,967	\$3,934
	=====	=====
EARNINGS PER SHARE	\$0.76	\$0.75
	=====	=====
DIVIDENDS PER SHARE	\$0.26	\$0.22
	=====	=====
WEIGHTED AVERAGE SHARES OUTSTANDING AND COMMON SHARE EQUIVALENTS	5,238	5,232
	=====	=====

</TABLE>

See Notes To Consolidated Financial Statements.

Part I. Item 1. Financial Information

FIRST WESTERN BANCORP, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
 (In thousands, except per share amounts)
 (Unaudited)

<TABLE>
 <CAPTION>

For the Three Months Ended March 31, 1995							
	Common Stock		Surplus	Retained Earnings	Unrealized Appreciation (Depreciation) in Securities Available for Sale	Common Stock Held by ESOP (at Cost)	
	Shares	Amount				Shares	Amount
<S> Balance - January 1, 1995	<C> 5,180	<C> \$25,901	<C> \$34,431	<C> \$47,961	<C> (\$2,191)	<C> (1)	<C> (\$23)
Net income	-	-	-	3,967	-	-	-
Cash dividends paid (\$0.26 per share)	-	-	-	(1,347)	-	-	-
Exercise of options, net of shares redeemed	2	10	11	-	-	-	-
Net change in unrealized appreciation (depreciation) in securities available for sale	-	-	-	-	2,036	-	-
Balance - March 31, 1995	5,182	\$25,911	\$34,442	\$50,581	(\$155)	(1)	(\$23)

</TABLE>

<TABLE>
 <CAPTION>

For the Three Months Ended March 31, 1994							
	Common Stock		Surplus	Retained Earnings	Unrealized Appreciation (Depreciation) in Securities Available for Sale	Common Stock Held by ESOP (at Cost)	
	Shares	Amount				Shares	Amount
<S> Balance - January 1, 1994	<C> 5,153	<C> \$25,763	<C> \$34,158	<C> \$37,263	<C> \$2,925	<C> (7)	<C> (\$109)
Net income	-	-	-	3,934	-	-	-
Cash dividends paid (\$0.22 per share)	-	-	-	(1,135)	-	-	-
Exercise of options	4	20	21	-	-	-	-
Common stock issued for dividend reinvestment	10	51	252	-	-	-	-
Net change in unrealized appreciation (depreciation) in securities available for sale	-	-	-	-	(2,292)	-	-
Balance - March 31, 1994	5,167	\$25,834	\$34,431	\$40,062	\$633	(7)	(\$109)

</TABLE>

See Notes To Consolidated Financial Statements.

Part I. Item 1. Financial Information

<TABLE>
 <CAPTION>

FIRST WESTERN BANCORP, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 (In thousands)
 (Unaudited)

For the Three Months Ended

	March 31, 1995	March 31, 1994
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		

Net income	\$ 3,967	\$ 3,934

Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	548	547
Amortization and accretion	(123)	318
Provision for possible loan losses	730	862
Loss (gain) on sale of securities	66	(599)
(Gain) loss on sale of real estate owned	(326)	24
Loss on sale of premises and equipment	39	23
Gain on sale of loans	(2)	-
Provision for deferred tax benefit	(98)	(133)
Increase in interest receivable	(751)	(184)
Increase in interest payable	1,483	1,135
Other - net	(746)	(262)

Total adjustments	820	1,731

Net cash provided by operating activities	4,787	5,665

CASH FLOWS FROM INVESTING ACTIVITIES:		

Proceeds from sales of securities available for sale	10,204	67,050
Proceeds from maturity or paydown of securities available for sale	1,609	19,421
Purchase of securities available for sale	(98,370)	(1,717)
Proceeds from maturity or paydown of investment securities	7,516	12,399
Purchase of investment securities	(230)	(35,907)
Purchase of loans	(14,540)	(12,160)
Proceeds from sale of loans	10,807	-
Net increase in loans	(34,814)	(34,069)
(Increase) decrease in deposits with other banks	(14)	337
Purchase of premises and equipment	(467)	(188)
Proceeds from sale of premises and equipment	39	-
Proceeds from sale of other real estate owned	828	154
Cash received in branch purchases	88,021	13,968

Net cash (used in) provided by investing activities	(29,411)	29,288

CASH FLOWS FROM FINANCING ACTIVITIES:		

Net increase (decrease) in deposits	54,767	(59)
Net decrease in federal funds purchased and other short-term borrowings	(20,375)	(17,450)
Net decrease in repurchase agreements and secured lines of credit	(11,062)	(16,616)
Net increase in advances from the Federal Home Loan Bank	10,000	-
Payments on long-term debt	(541)	(151)
Proceeds from exercise of stock options	21	41
Proceeds from common stock issued for dividend reinvestment plan	-	303
Dividends paid on common stock	(1,347)	(1,135)

Net cash provided by (used in) financing activities	31,463	(35,067)

NET INCREASE (DECREASE) IN CASH AND DUE FROM BANKS	6,839	(114)

CASH AND DUE FROM BANKS - Beginning of year	42,903	36,956

CASH AND DUE FROM BANKS - End of period	\$ 49,742	\$ 36,842
=====		

</TABLE>

See Notes To Consolidated Financial Statements.

7

8

Part I. Item 1. Financial Information

FIRST WESTERN BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED
(In thousands)
(Unaudited)

<TABLE>
<CAPTION>

For the Three Months Ended

March 31, March 31,

	1995	1994
	-----	-----
<S>	<C>	<C>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	\$12,517	\$ 9,737
	=====	=====
Income taxes	\$ 291	\$ 600
	=====	=====
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES:		
Securities purchased settling after March 31	\$ 215	\$12,886
	=====	=====
Securities sold settling after March 31	\$ 49	\$11,060
	=====	=====
Transfers to other real estate owned and in substance foreclosed	\$ 160	\$ 363
	=====	=====
Net change in unrealized appreciation (depreciation) in securities available for sale, net of income tax effects	\$ 2,036	(\$2,292)
	=====	=====
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES:		
Deposits assumed in branch acquisitions	\$96,681	\$14,426
	=====	=====

See Notes To Consolidated Financial Statements.

</TABLE>

8

9

FIRST WESTERN BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND 1994
(Unaudited)

1. Principles of Consolidation:

The consolidated financial statements include the accounts of First Western Bancorp, Inc. (First Western) and its wholly-owned subsidiaries, First Western Bank, National Association (First Western Bank, N.A.), First Western Bank, Federal Savings Bank (First Western Bank, F.S.B.), First Western Trust Services Company (Trust Services) and Residential Mortgage Company of America. All significant intercompany transactions have been eliminated in consolidation.

The consolidated balance sheets as of March 31, 1995 and March 31, 1994, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the three month periods ended March 31, 1995 and 1994 are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of such financial statements have been included. Such adjustments consisted only of normal recurring items. Interim results are not necessarily indicative of results for a full year.

The financial statements and notes are presented as permitted by Form 10-Q. The interim statements are unaudited and should be read in conjunction with the financial statements and notes thereto contained in First Western's 1994 Annual Report on Form 10-K.

2. Earnings Per Share:

Earnings per common share are based on the weighted average number of common shares outstanding and common share equivalents in each period. Weighted average shares outstanding include common share equivalents under First Western's Incentive Stock Option Plan for Key Officers.

3. Recent Accounting Pronouncements:

During the first quarter of 1995, First Western adopted Statements of Financial Accounting Standards No. 114 "Accounting by Creditors for Impairment of a Loan" and No. 118 "Accounting by Creditors for Impairment of a Loan - Income Recognition and Disclosure". The effect of adopting these statements on

Part 1. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of operations for the three months ended March 31, 1995 compared with the three months ended March 31, 1994:

For the three months ended March 31, 1995, First Western's net income was \$4.0 million, slightly greater than \$3.9 million for the three months ended March 31, 1994. First Western's earnings per share were \$0.76 for the three months ended March 31, 1995, comparable to \$0.75 for the three months ended March 31, 1994. For the first quarter of 1995, earnings increased from the prior year due to increased net interest income after provision for loan losses which was offset partially by increased operating expenses and decreased other income. Other income decreased \$146,000 from the prior year primarily due to First Western realizing a \$66,000 loss on security sales during the first three months of 1995 compared with realizing gains on securities sales of \$599,000 during the first three months of 1994. This decrease in other income from securities transactions was partially offset by gains on sales of other real estate owned of \$326,000 during the first three months of 1995 compared with losses on sales of other real estate owned of \$24,000 during the first three months of 1994. Earnings for the three months ended March 31, 1995 and March 31, 1994, exclusive of net securities gains and losses and other real estate owned gains and losses, would have been approximately \$0.73 per share and \$0.68 per share, respectively. First Western's return on average assets was 1.08% for the three months ended March 31, 1995, compared with the 1.16% for the first three months of 1994. The decrease in First Western's return on average assets was due primarily to a decline in First Western's net interest margin for the first three months of 1995 compared with the prior year.

During the first quarter of 1995, First Western completed the acquisition of the Andover, Ohio banking office of Peoples Bank, N.A. of Ashtabula, Ohio along with the acquisition of four banking offices located in northeastern Ohio in Lake and Ashtabula Counties from Union Federal Savings Bank of Indianapolis, Indiana. The acquisition of these branches added \$96.7 million of deposits to First Western's existing deposit base. First Western paid a premium of \$7.6 million in order to acquire these branches and this premium paid increased First Western's intangible assets during the first quarter of 1995.

Net Interest Income:

First Western's net interest income was \$13.3 million for the three months ended March 31, 1995, increasing \$211,000 or 1.6% from \$13.1 million for the first three months of 1994. The increase in net interest income was generated by a \$109.4 million or 8.3% increase in average earning assets which was partially offset by a decline in First Western's net interest margin from 4.20% for the first three months of 1994 to 3.95% for the first three months of 1995. The increase in average earning assets was due to a \$149.9 million or 18.0% increase in average loans outstanding. Average loans outstanding increased due to strong loan growth experienced throughout 1994. Average securities decreased \$45.6 million or 9.4% for the first three months of 1995 compared with the first three months of 1994 as First Western sold securities during 1994 in response to increasing interest rates. Most of the growth in average earning assets was funded by a \$113.9 million or 11.9% increase in average deposits due to the deposits acquired during the first quarter of 1995 and also due to strong growth of time deposits which resulted from an increase in overall interest rates and a more aggressive pricing strategy implemented by First Western during 1995.

First Western's net interest margin or net interest income expressed as a percentage of average earning assets was 3.95% for the first three months of 1995 compared with 4.20% for the first three months of 1994. First Western's net interest margin declined as the cost of funds increased more than the yield on earning assets during a period of rising interest rates during the last six months of 1994 and the first three months of 1995. The growth of the loan portfolio helped to mitigate the compression on the net interest margin since loans generally have higher yields than other components of earning assets. The loan portfolio comprised 68.7% of average earning assets for the

first three months of 1995 compared with 63.1% for the first three months of 1994. First Western's yield on average earning assets was 8.05% for the first three months of 1995 compared with 7.54% for the first three months of 1994, an increase of 51 basis points, while the cost of funds increased 86 basis points from 3.78% to 4.64%.

Provision for Possible Loan Losses:

First Western's provision for possible loan losses was \$730,000 for the first three months of 1995 compared with \$862,000 for the first three months of 1994. Net charge-offs for the first three months of 1995 were \$450,000 compared with \$482,000 for the first three months of 1994. First Western's net charge-offs for the first three months of 1995 are lower than the prior year due to decreased commercial loan charge-offs. Installment loan charge-offs increased \$124,000 or 34.9% from \$355,000 for the first three months of 1994 to \$479,000 for the first three months of 1995 due to an increase in consumer loans during this period. First Western's net charge-offs by loan type are as follows (in thousands):

<TABLE>
<CAPTION>

	Three months ended March 31,	
	1995	1994
<S>	<C>	<C>
Commercial, financial and agricultural loans.....	\$ (26)	\$ 119
Real estate construction loans.....	-	-
Real estate mortgage loans.....	(3)	8
Installment loans.....	479	355
	\$ 450	\$ 482
	=====	=====
Net charge-offs as a percentage of average loans.....	0.19%	0.23%
	=====	=====

</TABLE>

Other Income and Other Expenses:

Other income decreased \$146,000 or 6.2% from \$2.4 million for the first three months of 1994 to \$2.2 million for the first three months of 1995 due primarily to net securities gains and losses. First Western realized \$599,000 of net securities gains during the first three months of 1994 resulting from First Western reducing its portfolio of securities available for sale. During the first three months of 1995, First Western realized net securities losses of \$66,000. The decline in other income for the first quarter of 1994 to the first quarter of 1995 due to securities gains and losses was partially offset by sales of other real estate owned which generated gains of \$326,000 during the first three months of 1995.

Trust fees were \$573,000 for the first three months of 1995, approximately even with \$587,000 for the first three months of 1994. Service charges on deposit accounts increased \$51,000 or 8.0% for the first three months of 1995 compared with the prior year. The increase in service charges on deposit accounts reflects an increased service

charge schedule implemented by First Western during the first quarter of 1995. First Western's credit card program fees increased \$35,000 or 13.4% from \$261,000 for the first three months of 1994 to \$296,000 for the first three months of 1995. Other operating income increased \$447,000 or 158.0% from \$283,000 for the three months ended March 31, 1994 to \$730,000 for the three months ended March 31, 1995 with most of this increase due to gains on sales of other real estate owned. Customer check fees, credit insurance fees and automated teller machine ("ATM") card fees also increased in the first three months of 1995 compared with the prior year.

Total other expenses increased \$292,000 or 3.3% from \$8.9 million for the first three months of 1994 to \$9.2 million for the first three months of 1995. The five branch offices acquired by First Western during the first

quarter of 1995 resulted in most of the increase in other expenses.

First Western's salary and employee benefits expense increased a combined \$94,000 or 2.2% for the first three months of 1995 compared with the first three months of 1994. This increase in salaries and employee benefits was attributable to the additional employees resulting from the five branch offices acquired and also due to normal salary and wage increases. The increase in salaries and wages expense was partially offset by decreases in the costs of certain employee benefit programs such as pension and profit sharing expense.

Occupancy and equipment expense increased a combined \$11,000 or 1.0% from the first three months of 1994 to the first three months of 1995. The five branch offices acquired during the first quarter of 1995 did not have a significant impact on occupancy and equipment expense since the branches were acquired late in the first quarter.

Federal deposit insurance expense increased \$48,000 or 8.7% from \$550,000 for the first three months of 1994 to \$598,000 for the first three months of 1995. This increase was attributable to an increase in First Western's insured deposits. Currently, there are several proposals to change the rates paid for deposit insurance. The proposed rate changes for deposits insured by the Federal Deposit Insurance Corporation's Bank Insurance Fund ("BIF") is for the lowest premium to decrease 83%. Approximately 61% of First Western's deposits are insured by the BIF. If this rate change occurs as proposed it will result in a decrease in First Western's deposit insurance expense of approximately \$1.2 million annually. Any future decreases in insurance expense for the deposits insured by the BIF could be offset by possible rate increases or special assessments by the Savings Association Insurance Fund which insures the remaining 39% of First Western's deposits.

Supplies expense decreased \$123,000 or 27.1% from the first three months of 1994 to the first three months of 1995 with most of this decrease relating to additional supplies necessary for the name changes that occurred at First Western's subsidiaries in late 1993 and early 1994.

13

14

First Western's advertising and promotion expense increased \$66,000 or 21.2% from \$311,000 for the first three months of 1994 to \$377,000 for the first three months of 1995. This increase in advertising and promotion expense is primarily related to various promotions run in the market areas of the newly acquired branches.

Other operating expenses increased \$136,000 or 8.8% from \$1.5 million for the first three months of 1994 to \$1.7 million for the first three months of 1995. The amortization of the intangible assets due to the recent branch acquisitions contributed \$75,000 of the increase in other expenses. The amortization of intangible assets will increase in future quarters since the new branches were not owned by First Western for the full quarter. Another factor increasing other operating expense was the increase in postal rates. First Western's postage expense increased \$23,000 or 9.9% for the first quarter of 1995 compared with the first quarter of 1994.

Income Taxes:

First Western's income tax expense decreased \$128,000 or 7.1% from \$1.8 million for the first three months of 1994 to \$1.7 million for the first three months of 1995. This decrease was a result of a decrease in First Western's pretax earnings along with an increase in First Western's tax-exempt interest income. First Western's effective tax rate for the first three months of 1995 was 29.6%, comparable to 31.4% for the first three months of 1994.

Financial Condition as of March 31, 1995 as compared with December 31, 1994 and March 31, 1994.

As of March 31, 1995, First Western's total assets were \$1.590 billion compared with \$1.455 billion at December 31, 1994 and \$1.384 billion at March 31, 1994. Most of the increase from March 31, 1994 was due to the growth of the loan portfolio funded by a \$205.4 million or 21.1% increase in deposits from five recently acquired branch offices and also due to a more aggressive deposit pricing strategy. The \$135.8 million increase in assets during the first three months of 1995 was due primarily to the deposits acquired with the branch acquisitions with those funds used to purchase securities available for sale. Total average assets for the first three months of 1995 were \$1.488 billion compared with \$1.374 billion for the first three months of 1994, an increase of 8.3%.

Loan Portfolio:

Net loans increased \$38.3 million or 3.9% during the first three months of 1995. Real estate-mortgage loans increased \$26.4 million during the first three months of 1995 primarily as a result of First Western purchasing \$14.5 million of residential mortgage loans. Installment loans increased \$1.4 million during the first three months of 1995, which is net of the sale of \$10.8 million of student loans. During the last twelve months, most of First Western's loan growth has been in mortgages and installment loans. Mortgage loans have increased as a result of First Western purchasing mortgage loans and also as a result of First Western expanding its use of third-party mortgage loan originators. Installment loans increased as a result of First Western expanding its network of indirect auto lending into new market areas. The following table shows the composition of First Western's loan portfolio at March 31, 1995, December 31, 1994 and March 31, 1994:

<TABLE>
<CAPTION>

	March 31, 1995		December 31, 1994		March 31, 1994	
	Amount	Percent	Amount	Percent	Amount	Percent
			(Dollars in Thousands)			
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Commercial, financial and agricultural:						
Automobile floorplan loans.....	\$ 24,953	2.5 %	\$ 25,229	2.6 %	\$ 22,107	2.6 %
Loans to municipalities.....	11,915	1.2	10,307	1.1	11,759	1.4
Other commercial loans.....	74,078	7.3	63,662	6.5	55,927	6.5
	-----	-----	-----	-----	-----	-----
Subtotal.....	110,946	11.0	99,198	10.2	89,793	10.5
	-----	-----	-----	-----	-----	-----
Real estate-construction.....	17,394	1.7	18,721	1.9	12,689	1.5
	-----	-----	-----	-----	-----	-----
Real estate-mortgage:						
1-4 Family residential.....	394,110	38.8	370,582	37.8	343,627	39.8
Multi-family residential.....	29,962	2.9	30,923	3.2	33,224	3.9
Home equity.....	36,618	3.6	37,129	3.8	35,956	4.2
Commercial and other.....	131,546	12.9	127,176	13.0	110,015	12.8
	-----	-----	-----	-----	-----	-----
Subtotal.....	592,236	58.2	565,810	57.8	522,822	60.7
	-----	-----	-----	-----	-----	-----
Installment:						
Credit cards.....	35,822	3.5	39,412	4.0	28,119	3.3
Installment and other.....	260,426	25.6	255,421	26.1	207,677	24.0
	-----	-----	-----	-----	-----	-----
Subtotal.....	296,248	29.1	294,833	30.1	235,796	27.3
	-----	-----	-----	-----	-----	-----
Total.....	\$1,016,824	100.0 %	\$978,562	100.0 %	\$861,100	100.0 %
	=====	=====	=====	=====	=====	=====

</TABLE>

First Western has several procedures in place to assist in maintaining the overall quality of its loan portfolio. First Western has established underwriting guidelines to be followed by its subsidiaries. In addition, a formal, ongoing loan review program, which concentrates principally on commercial credits, has been established to help monitor the loan portfolios of the subsidiaries. First Western also regularly monitors its delinquency levels for any negative or adverse trends and particularly monitors credits which have total exposures of \$1.5 million or more.

First Western's delinquent loans, nonaccrual loans and nonperforming assets consisted of the following at March 31, 1995, December 31, 1994 and March 31, 1994:

<TABLE>
<CAPTION>

	March 31, 1995	December 31, 1994	March 31, 1994
	-----	-----	-----
	(Dollars in Thousands)		
<S>	<C>	<C>	<C>
Loans delinquent and still accruing interest:			
Loans past due 30 to 89 days	\$ 5,592	\$ 7,370	\$ 5,218
Loans past due 90 days or more	1,611	1,870	1,683
Total loan delinquencies	\$ 7,203	\$ 9,240	\$ 6,901
Nonaccrual loans	\$ 3,735	\$ 2,875	\$ 5,023
Other real estate owned and in-substance foreclosed	843	1,185	1,881
Total nonperforming assets	\$ 4,578	\$ 4,060	\$ 6,904
Total nonperforming assets and loans past due 90 days or more	\$ 6,189	\$ 5,930	\$ 8,587
Nonaccrual loans to total loans	0.37 %	0.29 %	0.58 %
Nonperforming assets to total loans and other real estate owned	0.45 %	0.41 %	0.80 %
Nonperforming assets to total assets	0.29 %	0.28 %	0.50 %
Nonperforming assets and loans past due 90 days or more to total assets	0.39 %	0.41 %	0.62 %
Nonaccrual loans and loans past due 90 days or more to total loans	0.53 %	0.48 %	0.78 %
Allowance for possible loan losses to nonaccrual loans	354.03 %	450.16 %	228.59 %
Allowance for possible loan losses to loans past due 90 days or more and nonaccrual loans	247.34 %	272.78 %	171.22 %
Allowance for possible loan losses to total loans	1.30 %	1.32 %	1.33 %

</TABLE>

In order to determine the adequacy of the allowance for possible loan losses, management considers the risk classification of loans, delinquency trends, charge-off experience, credit concentrations, economic conditions and other factors. Specific reserves are established for each classified credit taking into consideration the credit's delinquency status, current operating status, pledged collateral and plan of action for resolving any deficiencies. For nonclassified loans and smaller loans not individually reviewed, management considers historical charge-off experience in determining the amount to be allocated to the allowance. An unallocated or

16

17

general reserve is also established which takes into consideration, among other things, unfunded commitments, concentrations of credit, economic conditions, delinquency and nonaccrual trends, management experience and trends in volume and terms of loans. The allowance is maintained at a level determined according to this methodology by charging a provision to operations.

First Western believes that the allowance for possible loan losses of \$13.2 million at March 31, 1995 is adequate to cover losses inherent in the portfolio as of such date. However, there can be no assurance that First Western will not sustain losses in future periods, which could be substantial in relation to the size of the allowance at March 31, 1995.

Investment Securities, Mortgage-Backed Securities, and Securities Available for Sale:

Investment securities and mortgage-backed securities decreased a combined \$7.3 million for the first three months of 1995 with this decrease due to maturities and paydowns of securities. The market value of First Western's investment securities and mortgage-backed securities held to maturity was a combined \$319.6 million, \$9.5 million or 2.9% below the amortized cost of

\$329.1 million. First Western's portfolio of investment securities and mortgage-backed securities had a market value below amortized cost of \$19.4 million or 5.8% at December 31, 1994.

Securities available for sale increased \$94.8 million or 140.1% during the first three months of 1995 as First Western purchased securities with the funds provided by the branch acquisitions. Securities available for sale increased \$38.9 million from \$123.6 million at March 31, 1994 to \$162.5 million at March 31, 1995 with most of this increase due to the purchase of securities during the first three months of 1995. First Western's net unrealized depreciation on securities available for sale decreased from net unrealized depreciation of \$3.4 million at December 31, 1994 to \$239,000 at March 31, 1995 primarily as a result of a decline in intermediate and long-term interest rates during the first three months of 1995.

Deposits:

Total deposits increased \$151.4 million or 14.7% from \$1.029 billion at December 31, 1994 to \$1.181 billion at March 31, 1995 with approximately \$96.7 million of this increase due to the deposits acquired with the five branch offices that First Western purchased during the first quarter of 1995. Deposits also increased due to First Western implementing a more aggressive pricing strategy for time deposit products in order to increase deposits. First Western continues to experience a shifting in deposits from demand and savings

17

18

accounts to time accounts due to the increased rates paid on time deposits resulting from recent market interest rate increases. First Western's deposits increased \$205.4 million from March 31, 1994 to March 31, 1995 with most of this growth attributable to the deposits acquired in the first quarter of 1995, along with the more aggressive pricing strategy.

Borrowed Funds:

First Western's borrowed funds decreased \$21.4 million during the first three months of 1995 from \$291.4 million at December 31, 1994 to \$270.0 million at March 31, 1995. This reduction in borrowed funds, primarily short-term borrowings and repurchase agreements, was the result of increased deposits. Total borrowed funds only increased \$1.1 million or 0.4% from March 31, 1994 to March 31, 1995 as increased deposits provided the funds necessary for the growth of the loan portfolio and the increase in the portfolio of securities available for sale.

18

19

Shareholders' Equity:

Shareholders' equity increased \$4.7 million during the first three months of 1995 primarily as a result of the retention of earnings of \$2.6 million, net of cash dividends paid to shareholders. Also increasing shareholders' equity was a \$2.0 million decrease in net unrealized depreciation in securities available for sale, net of income tax effects. First Western's capital ratios declined from December 31, 1994 to March 31, 1995 primarily as a result of the branches that were acquired in the first quarter of 1995. The branch acquisition decreased First Western's capital ratios due to the intangible assets which decreased First Western's Tier I capital. The branch acquisitions also increased First Western's total assets with no additional shareholders' equity. The following table presents First Western's capital ratios at March 31, 1995 and December 31, 1994:

<TABLE>
<CAPTION>

	March 31, 1995	December 31, 1994
	-----	-----
	(Dollars in Thousands)	
	<C>	<C>
Tier I:		
Common shareholders' equity	\$110,756	\$106,079
Non-exempt intangible assets	(8,029)	(504)
Unrealized depreciation in securities		

available for sale	155	2,191
	-----	-----
Total Tier I	102,882	107,766
	-----	-----
Tier II:		
Qualifying long term debt	0	301
Qualifying allowance for possible loan losses	12,133	11,528
	-----	-----
Total Tier II	12,133	11,829
	-----	-----
Total capital	\$115,015	\$119,595
	=====	=====
Risk weighted assets	\$961,561	\$922,235
	=====	=====
Tier I capital ratio	10.70%	11.69%
	=====	=====
Required Tier I capital ratio	4.00%	4.00%
	=====	=====
Total capital ratio	11.96%	12.97%
	=====	=====
Required total capital ratio	8.00%	8.00%
	=====	=====
Tier I leverage ratio	6.95%	7.60%
	=====	=====
Required Tier I leverage ratio *	3.00%	3.00%
	=====	=====

<FN>

* For all but the most highly rated, low risk profile organizations, the minimum Tier I leverage ratio is to be 3% plus a cushion of 100 to 200 basis points.

</TABLE>

19

20

Liquidity and Cash Flows:

Liquidity is the ability to provide the cash necessary to meet customer credit needs, satisfy depositor withdrawal requirements and to pay-off short-term borrowings. One source of liquidity is cash and due from banks and short-term assets such as interest-bearing deposits in other banks and federal funds sold, which totaled \$50.6 million at March 31, 1995 as compared with \$43.8 million at December 31, 1994 and \$37.3 million at March 31, 1994. Another source of liquidity is borrowing capability. First Western's banking subsidiaries have a variety of sources of short-term liquidity available to them, including federal funds purchased from correspondent banks, sales of securities available for sale, sales of securities under agreements to repurchase, the Federal Reserve discount window, interbank deposits, FHLB advances and loan participations or sales. First Western also generates liquidity from the regular principal payments and prepayments made on its portfolio of loans and mortgage-backed securities. First Western's banking subsidiaries had \$32.1 million of unused overnight credit lines available at March 31, 1995.

First Western's operating activities provided cash flows of \$4.8 million during the first three months of 1995 compared with \$5.7 million for the first three months of 1994. The primary source of operating cash flows for the first three months of 1995 was net income combined with noncash expenses such as the provision for possible loan losses and depreciation.

Investing activities used cash flows of \$29.4 million in the first three months of 1995 compared with providing \$29.3 million for the first three months of 1994. The five branch offices acquired during the first quarter of 1995 provided First Western with net cash flows of \$88.0 million which represents the deposit liabilities assumed by First Western net of the premium paid for the deposits and the assets that were purchased. Most of the funds provided by the acquisition of the branches were used to purchase securities available for sale. The growth of the portfolio of securities available for sale used net cash flows of \$86.6 million during the first three months of 1995. The growth of the loan portfolio during the first three months of 1995 used net cash flows of \$38.5 million. During the first three months of 1994, sales and maturities of securities available for sale provided cash flows of \$84.8 million with these cash flows used to fund loan growth and also to purchase investment securities held to maturity.

Financing activities provided cash flows of \$31.5 million in the first three months of 1995 primarily as a result of an increase in deposits. First Western used the cash flows provided by increased deposits to fund loan growth and also to decrease borrowings during the first three months of 1995. During

the first three months of 1994, financing activities used cash flows of \$35.1 million primarily as a result of decreases in repurchase agreements and federal funds purchased and other short-term borrowings. The cash flows used to

20

21

decrease borrowings during the first three months of 1994 were provided by the sales of the securities available for sale during that time period.

21

22

Part II. Other Information

Items 1-3. Not applicable.

Item 4. Result of Votes of Securities Holders:

First Western's Annual Meeting of Shareholders was held on April 18, 1995. The matters voted on at the Annual Meeting were as follows:

- (i) The election of Robert N. Chambers, Louis J. Kasing, Jr., John P. O'Leary, Jr., Wendell H. Boyd, and Robert C. Duvall as directors for three year terms expiring in 1998. The election of John W. Sant as a director for a one year term expiring in 1996.
- (ii) The reapproval of the First Western Bancorp, Inc. Incentive Stock Compensation Plan for Key Officers, as amended.

Item (ii) was approved as follows:

Votes for	3,508,847
Votes against	385,947
Abstain	197,412

Item 5. Not applicable.

Item 6. Exhibits and Reports on Form 8-K:

a. Exhibits:

10.1 First Western Bancorp, Inc. Deferred Compensation Plan for Directors as amended and restated effective July 1, 1995.

15.1 Letter re: Unaudited Interim Financial Information.

27 Financial Data Schedule

b. Reports on Form 8-K: None.

22

23

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FIRST WESTERN BANCORP, INC.
(Registrant)

May 5, 1995

/s/ Robert H. Young

Robert H. Young

FIRST WESTERN BANCORP, INC.

EXHIBITS TO FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1995

EXHIBIT INDEX

<TABLE>	<CAPTION>	Exhibit	Number	Description	Method of	Filing
-----				-----		-----
<S>			10.1	<C>	First Western Bancorp, Inc. Deferred	Filed
				Compensation Plan for Directors as	herewith	page __/__
				amended and restated effective		
				July 1, 1995		
			15.1	Letter re: Unaudited Interim Financial	Filed	herewith
				Information	page __/__	

</TABLE>

FIRST WESTERN BANCORP, INC.
 DEFERRED COMPENSATION PLAN FOR DIRECTORS
 AS AMENDED AND RESTATED EFFECTIVE JULY 1, 1995

ARTICLE I. NAME AND PURPOSE; PRIOR PLANS

The name of this plan is the First Western Bancorp, Inc. Deferred Compensation Plan for Directors (the "PLAN"). Its purpose is to provide members of the Board of Directors ("DIRECTORS") of First Western Bancorp, Inc. (the "COMPANY") or any subsidiary of the Company ("SUBSIDIARY") with the opportunity to defer fees earned as a Director. This Plan became effective January 1, 1994 (the "EFFECTIVE DATE"), and is amended and restated in its entirety effective July 1, 1995 (the "RESTATEMENT DATE").

Prior to the Effective Date, the Company and its Subsidiaries maintained certain other deferred compensation arrangements for the benefit of Directors (the "PRIOR PLANS"). As of the Effective Date, no further deferrals shall be made under the Prior Plans. The amounts credited to the accounts of Directors under the Prior Plans (the "PRIOR PLAN ACCOUNTS") immediately prior to the Effective Date shall continue to be credited with interest in accordance with Article IV hereof and shall be distributable in accordance with Article V hereof.

ARTICLE II. PARTICIPANTS

Any Director of the Company or any Subsidiary shall be eligible to participate in the Plan. Any such Director who elects to participate in the Plan is hereinafter called a "PARTICIPANT." The Company shall establish for each Participant one or more unfunded deferred compensation accounts ("DEFERRAL ACCOUNTS") as specified in Article IV.

ARTICLE III. ELECTION OF DEFERRAL

3.01 TIMING OF ELECTIONS. On or before December 31 of any calendar year, each Director shall be entitled to make an irrevocable election to defer receipt of all or a specified portion of the fees otherwise payable to such Director for services as a member of the Board of Directors of the Company or any Subsidiary, or any Committee thereof, or as a consultant to

the Company or any Subsidiary ("FEES"); provided, however, that by submitting

an irrevocable election prior to the Restatement Date, a Director who did not previously elect to defer any portion of his Fees for 1995 may elect to defer all or a portion of his Fees earned during the period from the Restatement Date through December 31, 1995.

3.02 CONTENT OF DEFERRAL ELECTIONS. Each deferral election filed pursuant to Section 3.01 shall include an irrevocable election as to the percentage or amount of the Participant's Fees to be deferred for the applicable period. The initial deferral election of a Participant shall also include an election as to the method of distribution desired for amounts deferred during the initial deferral period and all future periods, i.e., in a lump sum payment or in 40 quarterly installments payable as described in Section 5.01. Such election of a distribution method shall be irrevocable, except that by filing a new distribution method election prior to the commencement of a calendar year, a Participant can change the distribution method prospectively, i.e., with respect to Fees deferred for calendar years beginning after the date the new election is filed and interest on such deferred Fees.

ARTICLE IV. DEFERRAL ACCOUNTS

4.01 ESTABLISHMENT OF DEFERRAL ACCOUNTS. Separate Deferral Accounts shall be established and maintained for each Participant reflecting the amount deferred in accordance with the Participant's deferral election form(s). In the event a Participant elects to change distribution methods prospectively as permitted in Section 3.02 above, a new Deferral Account shall be established for the Participant to record separately the deferred Fees and interest subject to the new distribution method.

4.02 CREDITS TO ACCOUNTS. As of the last day of each calendar quarter, an amount shall be credited to each Participant's Deferral Account equal to the Fees otherwise payable during said calendar quarter but deferred pursuant to the Plan by such Participant. The amount credited to a Participant's Deferral Accounts and his Prior Plan Account, if any (hereinafter referred to collectively as his "ACCOUNTS"), shall, at the Participant's election, be allocated in whole percentages between a cash sub-account (the "CASH SUB-ACCOUNT") and/or a stock sub-account (the "STOCK SUB-ACCOUNT"). Amounts allocated to the Cash Sub-Account shall be credited with deemed investment income computed by using the average variable interest rate paid on 18-month Individual Retirement Accounts by those Subsidiaries that provide such accounts. Such deemed investment income shall be credited to the Participant's Cash Sub-Account as of the last day of each quarter and as of such other dates as the Company may determine (each such date, a "VALUATION DATE"), based upon the

balance credited to each such Cash Sub-Account on such Valuation Date after reducing the Account balance to reflect any distributions made since the immediately preceding Valuation Date from such Cash Sub-Account and before

crediting the Account to reflect any new deferrals added thereto. Amounts allocated to the Stock Sub-Account shall, unless the Company otherwise determines, be contributed by the Company as soon as practicable to a grantor trust (the "TRUST") established by the Company in connection with the Plan. Such contributed amounts shall be used by the Trustee of the Trust to purchase shares of Common Stock of the Company in accordance with the terms of the applicable Trust Agreement. No more than once each calendar year, as of a Valuation Date, a Director may elect to have all or any portion of the balance then credited to his Cash Sub-Account transferred to his Stock Sub-Account, which transferred amount shall be contributed by the Company to the Trust as soon as practicable after the applicable Valuation Date. Amounts allocated to a Director's Stock Sub-Account, however, must remain allocated to such Sub-Account until distributed in accordance with Article V. For purposes of determining the amount distributable to the Director or his beneficiary in accordance with Article V, the Director's Stock Sub-Account shall consist of that number of shares of Company Common Stock, and the amount of cash and other assets, if any, credited to the Director's separate investment account under the Trust.

ARTICLE V. METHOD OF DISTRIBUTION OF DEFERRED COMPENSATION

5.01 DISTRIBUTION UPON CESSATION OF DIRECTOR STATUS. This Section 5.01 governs distributions to Directors upon cessation of Director status for reasons other than death, and Section 5.02 governs distributions upon the death of a Director, whether such death occurs before or after benefit payments have commenced. The amount credited to a Participant's Deferral Accounts shall be payable in accordance with the method selected by the Participant pursuant to Section 3.02 above, and the amount credited to a Participant's Prior Plan Account, if any, shall be payable in accordance with the distribution method elected and in effect under the applicable Prior Plan immediately prior to the Effective Date. Such payment shall be made (in the case of a lump sum distribution) or commenced (in the case of an installment distribution) as soon as practicable after the end of the calendar quarter in which Director status ceases. An individual must no longer be a voting member of the Boards of Directors of the Company and all Subsidiaries in order to be entitled to receive a distribution pursuant to this Section 5.01. If installments are elected for any deferral period, the first payment shall be a fraction of the amount credited to the applicable Accounts as of the last day of the calendar quarter in which Director status ceases, the numerator of which fraction is one and the denominator of which is the total number of installments to be paid. The amount of each subsequent payment

shall be a fraction of the amount credited to the applicable Accounts as of the last day of the calendar quarter (or semi-annual period, in the case of elections of semi-annual installments under a Prior Plan) preceding the date of each subsequent payment, the numerator of which is one and the denominator of which is the total number of installments to be paid minus the number of

installments previously paid.

5.02 DISTRIBUTION UPON DEATH. If a Participant dies before receiving all amounts credited to his Accounts, the unpaid amounts in the Participant's Accounts shall be paid to the Participant's beneficiary or beneficiaries identified in the last effective beneficiary designation form filed by the Participant with the Company. Such unpaid amounts shall be paid to the beneficiary in accordance with the method selected by the Participant pursuant to Section 3.02 above; provided, however, that if the beneficiary is the Participant's estate, the distribution shall be made in one lump sum. Distribution to the beneficiary shall be made or commenced as soon as practicable after the end of the calendar quarter in which the Participant dies. Each Participant shall file with the Company a form indicating the person, persons or entity which are to receive the Participant's benefits under the Plan if he dies before receiving all the balances in his Accounts. A Participant's beneficiary designation may be changed at any time prior to his death by execution and delivery of a new beneficiary designation form. If a Participant has failed to designate a beneficiary or no designated beneficiary survives the Participant, payment shall be made in a lump sum to the estate of the Participant.

5.03 FORM OF PAYMENT. Upon any distribution to a Participant (or beneficiary) hereunder, the balance of the Participant's Accounts allocated to the Stock Sub-Account shall be paid to such Participant (or beneficiary) in the form of whole shares of Common Stock of the Company (with the value of a fractional share being paid in cash) and the balance allocated to the Cash Sub-Account shall be paid in cash; provided, however, that if elected by the Participant (or beneficiary). the entire distribution shall be paid in cash.

ARTICLE VI. PARTICIPANTS' RIGHTS

Establishment of the Plan shall not be construed to give any Participant the right to be retained as a Director or to any benefits not specifically provided by the Plan. A Participant (or beneficiary) shall not have any interest in the deferred compensation and earnings credited to his Accounts until the amounts credited to such Accounts are distributed in accordance with the Plan. All amounts deferred or otherwise held for the account of a Participant (or beneficiary) under the Plan shall remain the sole property of the Company, subject to the claims of its general creditors and available for its use for

whatever purposes are desired. All Accounts under the Plan shall be for bookkeeping purposes only and shall not represent a claim against specific assets of the Company. Nothing contained in this Plan shall be deemed to create a trust of any kind or create any fiduciary relationship between the Company and any person. With respect to amounts deferred or otherwise held for the account of a Participant (or beneficiary), the Participant (or beneficiary)

is merely a general creditor of the Company, and the obligation of the Company hereunder is purely contractual and shall not be required to be funded or secured in any way. Any investments which the Company and/or the Trust make with respect to the assets allocated to the Accounts shall remain, until distributed to Participants and their beneficiaries in accordance with the terms of the Plan, assets of the Company and subject to the general creditors of the Company.

ARTICLE VII. NON-ALIENABILITY AND NON-TRANSFERABILITY

The rights of a Participant (or beneficiary) to the payment of deferred compensation as provided in the Plan shall not be assigned, transferred, pledged or encumbered or be subject in any manner to alienation or anticipation. No Participant (or beneficiary) may borrow against his Account. No Account shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, whether voluntary or involuntary, including any liability which is for alimony or other payments for the support of a spouse or former spouse, or for any other relative of any Participant (or beneficiary).

ARTICLE VIII. AMENDMENT AND TERMINATION

The Plan may, at any time, be amended, modified or terminated by the Board of Directors of the Company. No amendment, modification or termination shall, without the consent of a Participant, adversely affect such Participant's right with respect to amounts accrued in his Accounts.

ARTICLE IX. GENERAL PROVISIONS

9.01 NOTICES. All notices to the Company hereunder shall be delivered to the attention of the Secretary of the Company. Any notice or filing required or permitted to be given to the Company under this Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the Company at its principal executive office. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark or the receipt for registration or certification.

6

9.02 CONTROLLING LAW. The laws of the Commonwealth of Pennsylvania, other than the conflict of laws provisions thereof, shall be controlling in all matters relating to the Plan.

9.03 GENDER AND NUMBER. Where the context admits, words in the masculine gender shall include the feminine and neuter genders, the plural shall include the singular and the singular shall include the plural.

9.04 CAPTIONS. The captions of Articles and Sections of this Plan are for convenience only and shall not control or affect the meaning or construction of

any of its provisions.

9.05 ACTION BY THE COMPANY. Any action required or permitted by the Company under the Plan shall be by resolution of its Board of Directors or any person or persons authorized by resolution of its Board of Directors.

9.07 FACILITY OF PAYMENT. Any amounts payable hereunder to any person under legal disability or who, in the judgment of the Company, is unable to properly manage his financial affairs may be paid to the legal representative of such person or may be applied for the benefit of such person in any manner which the Company may select.

9.08 SEVERABILITY. Whenever possible, each provision of the Plan shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of the Plan shall be held to be prohibited by or invalid under applicable law, then (a) such provision shall be deemed amended to contain, and to have contained from the outset, such language as shall be necessary to accomplish the objectives of the provision as originally written to the fullest extent permitted by law and (b) all other provisions of the Plan shall remain in full force and effect.

9.09 NO STRICT CONSTRUCTION. No rule of strict construction shall be applied against the Company, the Board of Directors or any other person in the interpretation of any of the terms of the Plan.

9.10 SUCCESSORS. The provisions of the Plan shall bind and inure to the benefit of the Company and its successors and assigns. The term "successors" as used herein shall include any corporation or other business entity which shall by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of the Company and successors of any such corporation or other business entity.

- 6 -

7

IN WITNESS WHEREOF, First Western Bancorp, Inc. has caused its corporate seal to be hereunto affixed and has caused its name to be signed hereto by its President and attested by its Secretary, pursuant to due authority of its Board of Directors, this 18th day of April, 1995.

FIRST WESTERN BANCORP, INC.

By: Thomas J. O'Shane

President

Attest:

Robert H. Young

Secretary

(Corporate Seal)

- 7 -

 2500 One PPG Place Telephone: (412) 338-7200
 Pittsburgh, Pennsylvania 15222-5401 Facsimile: (412) 338-7380

May 4, 1995

To the Shareholders and
 Board of Directors
 First Western Bancorp, Inc.
 New Castle, Pennsylvania 16103

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim financial information of First Western Bancorp, Inc. and subsidiaries for the periods ended March 31, 1995 and 1994, as indicated in our report dated April 17, 1995; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended March 31, 1995, is incorporated by reference in the Registration Statements of First Western Bancorp, Inc. on Form S-8 (No. 33-46923) for the First Western Bancorp, Inc. 401(k) Profit-Sharing and Stock Bonus Plan, on Form S-8 (No. 33-50372) for the First Western Bancorp, Inc. Incentive Stock Option Plan for Key Employees and on Form S-3 (No. 33-40596) for the First Western Bancorp, Inc. Dividend Reinvestment and Additional Stock Purchase Plan.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statements prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ DELOITTE & TOUCHE LLP

 DELOITTE TOUCHE
 TOHMATSU
 INTERNATIONAL

<TABLE> <S> <C>

<ARTICLE> 9

<CIK> 0000740876

<NAME> First Western Bancorp Inc.

<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	3-MOS
<FISCAL-YEAR-END>	DEC-31-1995
<PERIOD-START>	JAN-01-1995
<PERIOD-END>	MAR-31-1995
<CASH>	49,742
<INT-BEARING-DEPOSITS>	887
<FED-FUNDS-SOLD>	0
<TRADING-ASSETS>	0
<INVESTMENTS-HELD-FOR-SALE>	162,508
<INVESTMENTS-CARRYING>	329,124
<INVESTMENTS-MARKET>	319,550
<LOANS>	1,016,824
<ALLOWANCE>	13,223
<TOTAL-ASSETS>	1,590,347
<DEPOSITS>	1,180,840
<SHORT-TERM>	269,992
<LIABILITIES-OTHER>	18,981
<LONG-TERM>	9,778
<COMMON>	25,911
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<OTHER-SE>	84,845
<TOTAL-LIABILITIES-AND-EQUITY>	1,590,347
<INTEREST-LOAN>	21,225
<INTEREST-INVEST>	6,498
<INTEREST-OTHER>	85
<INTEREST-TOTAL>	27,808
<INTEREST-DEPOSIT>	10,536
<INTEREST-EXPENSE>	14,476
<INTEREST-INCOME-NET>	13,332
<LOAN-LOSSES>	730
<SECURITIES-GAINS>	(66)
<EXPENSE-OTHER>	9,185
<INCOME-PRETAX>	5,636
<INCOME-PRE-EXTRAORDINARY>	3,967
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	3,967
<EPS-PRIMARY>	0.76
<EPS-DILUTED>	0.76
<YIELD-ACTUAL>	8.05

<LOANS-NON>	3,735
<LOANS-PAST>	1,611
<LOANS-TROUBLED>	0
<LOANS-PROBLEM>	0
<ALLOWANCE-OPEN>	12,943
<CHARGE-OFFS>	545
<RECOVERIES>	95
<ALLOWANCE-CLOSE>	13,223
<ALLOWANCE-DOMESTIC>	7,853
<ALLOWANCE-FOREIGN>	0
<ALLOWANCE-UNALLOCATED>	5,370

</TABLE>