

# **PUBLIC DISCLOSURE**

**October 6, 2003**

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First Western Bank  
Cooper City, Florida**

**RSSD ID Number: 14931**

**Federal Reserve Bank of Atlanta  
1000 Peachtree Street, N.E.  
Atlanta, Georgia 30309-4470**

***NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to the institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.***

<b>TABLE OF CONTENTS</b>
--------------------------

	<b>PAGE</b>
GENERAL INFORMATION	1
INSTITUTION'S CRA RATING	1
DESCRIPTION OF INSTITUTION	2
DESCRIPTION OF ASSESSMENT AREA: Broward County, Florida	3
CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA	9
Loan-to-Deposit Ratio Analysis	9
Assessment Area Concentration	9
Scope of Examination	10
Lending to Borrowers of Different Incomes and Businesses of Different Sizes	10
Geographic Distribution of Loans	13
Complaints	16
Compliance with Antidiscrimination Laws	16

<b>TABLES</b>
---------------

	<b>PAGE</b>
COMPOSITION OF THE LOAN PORTFOLIO	2
1990 BANK ASSESSMENT AREA DEMOGRAPHICS	4
2000 BANK ASSESSMENT AREA DEMOGRAPHICS	6
2002 ANALYSIS OF LENDING IN THE ASSESSMENT AREA	9
2003 ANALYSIS OF LENDING IN THE ASSESSMENT AREA	10
2002 SMALL BUSINESS LOANS BY BUSINESS REVENUE AND LOAN SIZE	11
2003 SMALL BUSINESS LOANS BY BUSINESS REVENUE AND LOAN SIZE	11
2002 CONSUMER LOANS BY BORROWER INCOME	12
2003 CONSUMER LOANS BY BORROWER INCOME	13
2002 GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS	13
2002 GEOGRAPHIC DISTRIBUTION OF CONSUMER LOANS	14
2003 GEOGRAPHIC DISTRIBUTION OF SMALL BUSINESS LOANS	15
2003 GEOGRAPHIC DISTRIBUTION OF CONSUMER LOANS	15

<b>DEFINITIONS</b>
--------------------

**Income Definitions**

Throughout this evaluation, the following definitions are used for the various income levels. These levels are defined in the CRA.

*Low-Income* - an individual income or median family income for geographies, that is less than 50 percent of the area median income.

*Moderate-Income* - An individual income, or median family income for geographies, that is at least 50 percent but less than 80 percent of the area median income.

*Middle-Income* - An individual income, or median family income for geographies, that is at least 80 percent but less than 120 percent of the area median income.

*Upper-Income* - an individual income or median family income for geographies that is 120 percent or more of the area median income.

**Other Definitions**

ATM -	Automated Teller Machine
BNA -	Block Numbering Area
HMDA -	Home Mortgage Disclosure Act
HUD -	Department of Housing and Urban Development
LTD -	Loan-to-Deposit Ratio
MSA -	Metropolitan Statistical Area
REIS -	Regional Economic Information System

<b>ROUNDING CONVENTION</b>
----------------------------

Because the percentages presented in tables were rounded to the nearest whole number in most cases, some columns may not total exactly 100 percent.

<b>GENERAL INFORMATION</b>
----------------------------

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of First Western Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of October 6, 2003. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

First Western Bank's average loan-to-deposit ratio for the sixteen-quarter period ending June 30, 2003, is **REASONABLE** given the institution's size, financial condition, and assessment area credit needs. A **SUBSTANTIAL MAJORITY** of the bank's small business and consumer loans were extended **IN** the bank's assessment area. Overall, the bank's lending reflects **EXCELLENT** penetration among individuals of different incomes, including low- and moderate-income levels, and businesses of different sizes. The bank's geographic distribution of small business and consumer loans within its assessment area was analyzed using both 1990 and 2000 demographic data, which contained a variation of census tract configurations. The geographic distribution of loans reflects a **POOR** dispersion throughout the assessment area. No CRA-related complaints have been received since the previous examination. In addition, the bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations.

**DESCRIPTION OF INSTITUTION**

First Western Bank is a community bank that operates one office in Broward County, Florida. According to the Consolidated Reports of Condition and Income, between September 30, 1999 and June 30, 2003, total assets grew from \$28.4 million to \$30.5 million (7.7 percent). During the same time period, gross loans grew by 20.5 percent from \$12.9 million to \$15.6 million, and total deposits grew by 6 percent from \$24.7 million to \$26.2 million.

First Western Bank is primarily a commercial lender. The bank offers installment loans and home equity lines of credit, but it does not offer conventional fixed and adjustable rate mortgage loans. The composition of the loan portfolio according to the June 30, 2003 Consolidated Reports of Condition and Income is as follows:

<b>COMPOSITION OF LOAN PORTFOLIO</b>						
<b>Loan Type</b>	<b>6/30/2003</b>		<b>12/31/2002</b>		<b>12/31/2001</b>	
	<b>\$ (000s)</b>	<b>Percent</b>	<b>\$ (000s)</b>	<b>Percent</b>	<b>\$ (000s)</b>	<b>Percent</b>
Construction and Development	\$1,341	8.6%	\$1,346	8.8%	\$408	3.3%
Secured by One- to Four- Family Dwellings	\$1,590	10.1%	\$1,629	10.6%	\$1,387	11.3%
Other Real Estate: Farmland	\$643	4.1%	\$657	4.3%	\$346	2.8%
Multifamily	\$353	2.3%	\$362	2.4%	\$798	6.5%
Nonfarm Nonresidential	\$4,188	26.7%	\$3,567	23.3%	\$3,323	27.0%
Commercial and Industrial	\$7,009	44.7%	\$7,054	46.1%	\$5,417	44.0%
Loans to Individuals	\$557	3.6%	\$688	4.5%	\$645	5.2%
Agricultural Loans	\$0	0.0%	\$0	0.0%	\$0	0.0%
<b>Total</b>	<b>\$15,681</b>	<b>100.0%</b>	<b>\$15,303</b>	<b>100.0%</b>	<b>\$12,324</b>	<b>100.0%</b>

This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers' acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.

The bank's loan portfolio as of June 30, 2003 consisted primarily of commercial and industrial loans (44.7 percent), nonfarm nonresidential (26.7 percent), and consumer loans secured by one- to four- family dwellings (10.1 percent). The preceding table reveals that the most significant loan growth by dollar amount since December 31, 2001 was in commercial and industrial loans, which grew by \$1.6 million (29.4 percent) and construction loans, which grew by \$933,000 (229 percent). All other loan categories in the bank's portfolio experienced increases in dollars outstanding since December 31, 2001, except for multifamily real estate loans and loans to individuals. No known legal or financial impediments exist that would prevent the bank from meeting the credit needs of its assessment area. The bank received a satisfactory rating at its last CRA evaluation dated September 20, 1999.

<b>DESCRIPTION OF ASSESSMENT AREA: BROWARD COUNTY, FLORIDA</b>
--

**Overview**

First Western Bank's assessment area consists of Broward County, Florida. Because the loan sample includes loans that were originated before and after 2000 Census data became available, loans originated prior to and including 2002 were analyzed using 1990 Census data, and loans originated in 2003 were analyzed using 2000 Census data.

For loans originated between January 1, 2000 and December 31, 2002, 1990 census demographic data was used to define the bank's assessment area, which consisted of 164 census tracts (9 low-income census tracts, 32 moderate-income census tracts, 77 middle-income census tracts, and 42 upper-income census tracts). Four census tracts were without households or families.

For all loans originated in 2003, 2000 census demographic data was used to define the bank's assessment area. The assessment area is defined as 279 census tracts, including 12 low-income census tracts, 72 moderate-income census tracts, 117 middle-income census tracts, and 78 upper-income census tracts. The assessment area does not arbitrarily exclude any low- or moderate-income areas.

**1990 Census Demographic Data**

A discussion of the 1990 and 2000 census demographic data follows. Both sections discuss relevant population information, income characteristics, and housing data. The relevant census demographic data was compared to the applicable loan periods as discussed above.

The following table provides key demographic information from the 1990 Census that is used in analyzing the bank's CRA performance. Certain components of the data in the table are discussed in the evaluation as they apply to particular parts of the analysis.

**DESCRIPTION OF ASSESSMENT AREA: BROWARD COUNTY, FLORIDA (Continued)**

FIRST WESTERN ASSESSMENT AREA								
DEMOGRAPHICS								
2002 HUD Median Family Income (MSA): \$60,200 Income Categories	Tract Distribution		Families					
	#	%	Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	9	5.5%	8,778	2.6%	3,356	38.2%	66,197	19.6%
Moderate	32	19.5%	56,722	16.8%	8,729	15.4%	61,632	18.3%
Middle	77	47.0%	190,205	56.4%	9,666	5.1%	75,938	22.5%
Upper	42	25.6%	81,579	24.2%	2,279	2.8%	133,517	39.6%
NA	4	2.4%	0	0.0%	0	0.0%	-	-
<b>Total</b>	<b>164</b>	<b>100.0%</b>	<b>337,284</b>	<b>100.0%</b>	<b>24,030</b>	<b>7.1%</b>	<b>337,284</b>	<b>100.0%</b>
Housing Units by Tract								
	Total Units	Owner Occupied		Rental Occupied		Vacant		
	#	#	%	#	%	#	%	
Low	15,656	3,994	1.1%	25.5%	9,677	61.8%	1,985	12.7%
Moderate	111,245	51,762	14.4%	46.5%	41,257	37.1%	18,226	16.4%
Middle	351,740	211,628	58.9%	60.2%	89,777	25.5%	50,335	14.3%
Upper	150,002	92,186	25.6%	61.5%	28,144	18.8%	29,672	19.8%
NA	17	17	0.0%	100.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>628,660</b>	<b>359,587</b>	<b>100.0%</b>	<b>57.2%</b>	<b>168,855</b>	<b>26.9%</b>	<b>100,218</b>	<b>15.9%</b>
Total Businesses by Tract								
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
	#	%	Under \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	2,573	5.0%	1,948	4.5%	544	8.3%	81	4.7%
Moderate	8,405	16.3%	6,967	16.1%	1,229	18.8%	209	12.1%
Middle	25,547	49.6%	21,652	50.0%	3,006	46.0%	889	51.6%
Upper	15,000	29.1%	12,699	29.4%	1,757	26.9%	544	31.6%
NA	1	0.0%	1	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>51,526</b>	<b>100.0%</b>	<b>43,267</b>	<b>100.0%</b>	<b>6,536</b>	<b>100.0%</b>	<b>1,723</b>	<b>100.0%</b>
<b>Percentage of Total Businesses:</b>			<b>84.0%</b>		<b>12.7%</b>		<b>3.3%</b>	

Sources: 1990 Census Data, 2002 Dun & Bradstreet business demographic data.  
 NA Tracts are tracts without household or family income.

**1990 Census Population Information**

According to the 1990 U.S. Census Bureau, the population of the bank's assessment area was 1,255,488 persons, which represents 9.7 percent of the state of Florida's population of 12,937,926 persons.

**1990 Census Income Characteristics**

At the time of the 1990 Census, there were 337,284 families in the assessment area. Of total families in the assessment area, 19.6 percent were low-income, 18.3 percent were moderate-income, 22.5 percent were middle-income, and 39.6 percent were upper-income. Additionally, 24,030 families, (7.1 percent of total families in the assessment area), had incomes below the poverty level. Most of these families were in the low- and moderate-income census tracts. Of the 527,860 households in the assessment area, 20,971 households (4 percent) received public assistance income.



<b>DESCRIPTION OF ASSESSMENT AREA: BROWARD COUNTY, FLORIDA (Continued)</b>
--

**1990 Census Housing Data**

As reflected in the 1990 demographic table, 57.2 percent of the housing units in the assessment area were owner-occupied. A significantly higher percentage of housing units in the middle-income census tracts were owner-occupied compared to the other classes of census tracts. Because of the higher number and percentage of owner-occupied units in the middle-income census tracts, the majority of home equity lending would be expected in these tracts.

52 percent of housing in the assessment area was comprised of one-to-four family dwellings and the median age of the housing stock was 18 years. Additionally, 15.9 percent of the housing stock in the assessment area was vacant. The median housing value in the assessment area was \$107,148, which was more than that of the state of Florida at \$76,487.

**2000 Census Demographic Data**

The following table provides key demographic information from the 2000 Census that was used in analyzing the bank's CRA performance. Certain components of the data in the table are discussed in the evaluation as they apply to particular parts of the analysis.

**DESCRIPTION OF ASSESSMENT AREA: BROWARD COUNTY, FLORIDA (Continued)**

FIRST WESTERN ASSESSMENT AREA								
DEMOGRAPHICS								
2003 HUD Median Family Income (MSA): \$56,400	Tract Distribution		Families					
	#	%	Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
Income Categories	#	%	#	%	#	%	#	%
Low	12	4.3%	11,716	2.8%	4,150	35.4%	86,302	20.8%
Moderate	72	25.8%	104,298	25.2%	15,986	15.3%	75,209	18.2%
Middle	117	41.9%	179,424	43.3%	11,991	6.7%	84,773	20.5%
Upper	78	28.0%	118,520	28.6%	3,837	3.2%	167,674	40.5%
NA	0	0.0%	0	0.0%	0	0.0%	-	-
<b>Total</b>	<b>279</b>	<b>100.0%</b>	<b>413,958</b>	<b>100.0%</b>	<b>35,964</b>	<b>8.7%</b>	<b>413,958</b>	<b>100.0%</b>
Housing Units by Tract								
	Total Units	Owner Occupied		Rental Occupied		Vacant		
	#	#	%	#	%	#	%	
Low	19,960	4,649	1.0%	23.3%	13,036	65.3%	2,275	11.4%
Moderate	203,409	108,262	23.8%	53.2%	69,934	34.4%	25,213	12.4%
Middle	333,388	208,788	45.9%	62.6%	86,096	25.8%	38,504	11.5%
Upper	184,286	132,926	29.2%	72.1%	30,754	16.7%	20,606	11.2%
NA	0	0	0.0%	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>741,043</b>	<b>454,625</b>	<b>100.0%</b>	<b>61.3%</b>	<b>199,820</b>	<b>27.0%</b>	<b>86,598</b>	<b>11.7%</b>
Total Businesses by Tract			Businesses by Tract and Revenue Size					
	#	%	Under \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	2,326	4.4%	1,837	4.2%	412	6.1%	77	4.4%
Moderate	13,850	26.3%	11,337	25.6%	2,128	31.5%	385	22.0%
Middle	23,476	44.5%	19,829	44.8%	2,868	42.4%	779	44.6%
Upper	13,084	24.8%	11,224	25.4%	1,353	20.0%	507	29.0%
NA	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>52,736</b>	<b>100.0%</b>	<b>44,227</b>	<b>100.0%</b>	<b>6,761</b>	<b>100.0%</b>	<b>1,748</b>	<b>100.0%</b>
<b>Percentage of Total Businesses:</b>			<b>83.9%</b>		<b>12.8%</b>		<b>3.3%</b>	

Sources: 2000 Census Data, 2002 Dun & Bradstreet business demographic data.  
 NA Tracts are tracts without household or family income.

**2000 Census Population Information**

According to the 2000 Census, the population of Broward County is 1,623,018 persons, which represents approximately 10.2 percent of the state of Florida's population of 15,982,378 persons, and a 29.3 percent increase from the 1990 Census.

**2000 Census Income Characteristics**

Based on 2000 U.S. Census data, there are 413,958 families in the assessment area. Of total families in the assessment area, 20.8 percent are low-income, 18.2 percent are moderate-income, 20.5 percent are middle-income, and 40.5 are upper-income. Of total families, 35,964 families (8.7 percent) have incomes below the poverty level. Most of these families reside in the low- and moderate-income census tracts. Furthermore, of the 654,787 households in the assessment area, 13,555 (2.1 percent) receive public assistance. According to HUD data, the median family income for Broward County was \$54,500 in 2000, \$56,900 in 2001, \$60,200 in 2002, and \$56,400 in 2003.

**DESCRIPTION OF ASSESSMENT AREA: BROWARD COUNTY, FLORIDA (Continued)**

**2000 Census Housing Characteristics**

According to 2000 U.S. Census data, 61.3 percent of the housing units in the bank's assessment area are owner-occupied. One-to-four family dwellings comprise 55.9 percent of the housing stock and the median age of the housing stock is 24 years. 11.7 percent of the housing stock in the assessment area is vacant. U.S. Census data indicate that the median housing value is \$102,816 within the assessment area, which is more than that of the state of Florida at \$93,200.

The 2000 Census data reveal that a higher percentage of housing units in the middle- and upper-income census tracts are owner-occupied than in the low- and moderate-income census tracts. Because of this greater concentration, the majority of home equity lending would be expected in these tracts.

**Employment Statistics**

A review of data from the U. S. Bureau of Labor Statistics as of 1996 indicates that service industries are the largest employers in Broward County, followed by retail trade and the government sector employees. According to REIS data, from 1990 to 1995, Broward County experienced a 12.2 percent increase in total full- and part-time employment, with the greatest increases shown in services, transportation and utilities, and government. According to the Bureau of Labor Statistics, the annual unemployment rates in Broward County were 4.1 percent in 1999, 3.7 percent in 2000, 4.9 percent in 2001, and 6 percent in 2002. Unemployment rates for the state of Florida for the same time frames were 3.9 percent, 3.6 percent, 4.8 percent, and 5.5 percent. As of July 2003, the unemployment rate for Broward County was 5.8 percent.

**Business Size Characteristics**

The demographic table earlier in this report provides key demographic business data by census tracts within First Western Bank's assessment area. The Dun and Bradstreet information for 2002 according to 2000 Census Boundaries illustrates that 44,227 businesses (83.9 percent) in the bank's assessment area had total revenues less than \$1 million and were, therefore, considered small businesses.

As reflected in the same table, a significantly higher number of total businesses (including businesses under \$1 million in revenues) are located in the middle-income census tracts than in the other census tracts. Because of the higher number of businesses in the middle-income census tracts, the majority of small business lending would be expected in these tracts.

<b>DESCRIPTION OF ASSESSMENT AREA: BROWARD COUNTY, FLORIDA (Continued)</b>
--

**Competition**

First Western Bank is located in a highly competitive market. The local competition does not appear to have significantly affected the bank's ability to grow and serve the credit needs of its assessment area. The competition is mainly from 39 banks. Of these 39 banks, only 3 are similar in asset size to First Western Bank. The other 36 banks are statewide, multi-regional, and national banks, most with resources substantially greater than those of First Western Bank.

**Community Contacts**

As part of the CRA examination, information was obtained from two community contacts regarding local economic conditions and community credit needs. One contact represented an organization that promotes female-owned businesses in the bank's assessment area. This contact stated that a number of local banks support and participate in the organization. The other contact, representing a small business development center in the assessment area, expressed the need for financing programs for start-up businesses.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

**Loan-to-Deposit Ratio**

First Western Bank's average loan-to-deposit ratio is considered **REASONABLE** given the bank's size, financial condition, and assessment area credit needs. Based on information from the bank's Consolidated Reports of Condition and Income, the bank's current loan to deposit ratio as of June 30, 2003 was 59.4 percent. The bank's average loan-to-deposit ratio for the four-quarter period ending June 30, 2003 was 57.3 percent, which was comparable to the average LTD ratios of two of its three peer banks in the assessment area, which ranged from 57.2 percent to 78.4 percent.

**Assessment Area Concentration**

An analysis of the bank's small business and consumer lending inside versus outside its assessment area was conducted. The analysis consisted of a review of 53 small business loans and 40 consumer loans originated between January 1, 2000 and June 30, 2003.

The following table provides assessment area lending information that was used in analyzing the bank's CRA performance for small business and consumer loans originated through 2002. As illustrated in the table below, a **SUBSTANTIAL MAJORITY** (by both number and dollar volume) of the bank's small business and consumer loans were originated **IN** the assessment area.

<b>LENDING INSIDE AND OUTSIDE ASSESSMENT AREA</b>				
<b>Loan Type</b>	<b>IN</b>			
	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Small Business	42	89.4%	\$5,241	87.8%
Consumer	34	91.9%	\$660	93.1%
<i>Total In</i>	<i>76</i>	<i>90.5%</i>	<i>\$5,901</i>	<i>88.4%</i>
	<b>OUT</b>			
	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Small Business	5	10.6%	\$728	12.2%
Consumer	3	8.1%	\$49	6.9%
<i>Total Out</i>	<i>8</i>	<i>9.5%</i>	<i>\$777</i>	<i>11.6%</i>

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)**

The following table provides assessment area lending information that was used in analyzing the bank's CRA performance for small business and consumer loans originated in 2003. As indicated by the table below, a **SUBSTANTIAL MAJORITY** of the bank's lending is **IN** the bank's assessment area. 100 percent of the bank's small business and consumer loans were made inside the bank's assessment area. Also, 100 percent of the loan dollars associated with these loans were inside the bank's assessment area. This level of lending inside the assessment area indicates the bank's willingness to serve the credit needs of its assessment area.

<b>LENDING INSIDE AND OUTSIDE ASSESSMENT AREA</b>				
<b>Loan Type</b>	<b>IN</b>			
	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Small Business	6	100.0%	\$795	100.0%
Consumer	3	100.0%	\$48	100.0%
<i>Total In</i>	9	100.0%	\$843	100.0%
	<b>OUT</b>			
	<b>#</b>	<b>%</b>	<b>\$ (000s)</b>	<b>%</b>
Small Business	0	0.0%	\$0	0.0%
Consumer	0	0.0%	\$0	0.0%
<i>Total Out</i>	0	0.0%	\$0	0.0%

**Scope of Examination**

Because small business lending comprises a greater percentage of the bank's loan portfolio, is a primary focus for the bank's lending strategy, and constitutes the larger percentage of total dollar volume of loans made during the review period, greater weight was given to small business loans in the overall rating.

**Lending to Borrowers of Different Incomes and Businesses of Different Sizes**

To assess First Western Bank's performance relative to this criterion, small business loans and consumer loans originated within the bank's assessment area were analyzed. Borrower income classifications were assigned in accordance with the definitions presented earlier in this report. For the analysis, the distribution of small business lending by revenue size and consumer loans by borrower income level was compared with available demographic information.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)**

*Lending to Businesses of Different Sizes*

For small business loan analysis, the distribution of loans by business revenue and loan size for loans originated in 2002 was compared to 1990 Census demographic data. The following table shows the distribution of loans by loan size for commercial loans originated in 2002.

<b>SMALL BUSINESS LENDING</b>		
<b>Business Revenue:</b>	<b>#</b>	<b>%</b>
\$1 Million or Less	31	91.2%
Over \$1 Million	3	8.8%
<b>Total</b>	<b>34</b>	<b>100.0%</b>
<b>Loan Size:</b>		
\$100,000 or Less	28	66.7%
\$100,001 - \$250,000	5	11.9%
\$250,001 - \$500,000	9	21.4%
<b>Total</b>	<b>42</b>	<b>100.0%</b>

Of the sample of 34 small business loans with revenue information, 91.2 percent were originated to businesses with gross annual revenues of \$1 million or less. In addition, 66.7 percent of the small business loans were for amounts of \$100,000 or less. Based on these factors, First Western Bank's performance with regard to lending to businesses of different sizes is excellent. This level of lending is well above the percentage of small businesses in the assessment area at 84 percent, as noted earlier.

Loans originated in 2003 were compared to 2000 Census demographic data. The following table shows the distribution by business revenue and loan size for commercial loans originated in 2003.

<b>SMALL BUSINESS LENDING</b>		
<b>Business Revenue:</b>	<b>#</b>	<b>%</b>
\$1 Million or Less	3	100.0%
Over \$1 Million	0	0.0%
<b>Total</b>	<b>3</b>	<b>100.0%</b>
<b>Loan Size:</b>		
\$100,000 or Less	4	66.7%
\$100,001 - \$250,000	1	16.7%
\$250,001 - \$500,000	1	16.7%
<b>Total</b>	<b>6</b>	<b>100.0%</b>

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)**

First Western Bank's record of lending to businesses of different sizes in 2003 is considered outstanding given the business demographics of the bank's assessment area. Of the sample of three small business loans with revenue information, 100 percent were originated to businesses with gross annual revenues of \$1 million or less. In addition, 66.7 percent of the small business loans originated were for amounts of \$100,000 or less. Based on these factors, First Western Bank's performance with regard to lending to businesses of different sizes is excellent.

*Consumer Lending to Borrowers of Different Incomes*

For this analysis, the distribution of consumer loans by borrower's income level for loans originated through 2002 was compared to 1990 Census demographic data. Of the 34 consumer loans originated in the assessment area in 2002, 22 (64.7 percent) had income information. The following table shows the distribution of loans by borrower income for consumer loans originated through 2002.

<b>CONSUMER LOANS BY BORROWER INCOME</b>		
<b>Borrower Income Level</b>	<b>#</b>	<b>%</b>
Low-Income	2	9.1%
Moderate-Income	1	4.5%
Middle-Income	7	31.8%
Upper-Income	12	54.5%
<i>Total</i>	22	100.0%

Of the 22 loans with income information originated through 2002, two (9.1 percent) were originated to low-income borrowers, which represented 19.6 percent of families in the assessment area. A possible reason for some of this lending disparity is that 7.1 percent of families in the assessment area were below the poverty level. These families are generally not eligible for credit, because they typically have a lower capacity for debt repayment. Assuming that the 24,030 families below poverty level in the assessment area are categorized as low-income, there were 42,167 non-poverty, low-income families in the assessment area, which represented 12.5 percent of total families. One (4.5 percent) of the loans with income information was originated to a moderate-income borrower. This percentage is well below the percentage of moderate-income families at 18.3 percent in the assessment area. However, these levels are considered reasonable based on the size of the bank, its low level of consumer lending, and local competition.



**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)**

Loans originated in 2003 were compared to 2000 Census demographic data. Of the three consumer loans originated in the assessment area in 2003, two had income information.

<b>CONSUMER LOANS BY BORROWER INCOME</b>		
<b>Borrower Income Level</b>	<b>#</b>	<b>%</b>
Low-Income	0	0.0%
Moderate-Income	0	0.0%
Middle-Income	0	0.0%
Upper-Income	2	100.0%
<i>Total</i>	2	<i>100.0%</i>

When the bank's performance context is considered, the distribution of lending in 2003 by income level of borrowers is considered reasonable. Of the two loans with income information originated in 2003, none were originated to low- or moderate-income borrowers, which represent 20.8 percent and 18.2 percent, of families in the assessment area respectively. However, the bank is primarily a commercial lender and originated only three consumer loans within its assessment area during the first half of 2003. Most of the bank's consumer loans are made as accommodations to its business clients, who generally do not fall into the low- and moderate-income categories. Overall, the bank's lending reflects **EXCELLENT** penetration among individuals of different income (including low- and moderate-income) levels and businesses of different sizes.

**Geographic Distribution of Loans Originated through 2002**

Small business loans and consumer loans were used to analyze the geographic distribution of lending activity in the assessment area. For this analysis, the geographic distribution of small business loans and consumer loans was compared with the demographic information available. For all loans originated through 2002, 1990 census data were used to define the bank's assessment area.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)**

<b>GEOGRAPHIC DISTRIBUTION</b>		
<b>Tract Income Level</b>	<b>Small Business</b>	
	<b>#</b>	<b>%</b>
Low-Income	0	0.0%
Moderate-Income	3	7.1%
Middle-Income	20	47.6%
Upper-Income	19	45.2%
<i>Total Assessment Area</i>	42	100.0%

According to the table, no small business loans were made in the low-income census tracts, which contained 5 percent of the assessment area's total businesses and 4.5 percent of businesses with revenue under \$1 million. 7.1 percent of small business loans were originated in the moderate-income census tracts, which contained 16.3 percent of the assessment area's total businesses and 16.1 percent of businesses with revenue under \$1 million. This level of performance is poor considering the fact that the bank focuses on business loans, yet none were made in low-income tracts and only three were made in moderate-income tracts.

<b>GEOGRAPHIC DISTRIBUTION</b>		
<b>Tract Income Level</b>	<b>Consumer</b>	
	<b>#</b>	<b>%</b>
Low-Income	0	0.0%
Moderate-Income	2	5.9%
Middle-Income	15	44.1%
Upper-Income	17	50.0%
<i>Total Assessment Area</i>	34	100.0%

According to the table above, no consumer loans were originated in the low-income census tracts, which contained 2.6 percent of total families in the assessment area. The bank's level of consumer lending at 5.9 percent in the moderate-income census tracts was also below the percentage of families at 16.8 percent that reside in the moderate-income census tracts. This level of performance is poor despite the fact that the bank focuses on business lending, as a significant concentration of consumer loans was noted in middle- and upper-income tracts.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)**

**Geographic Distribution of 2003 Loans**

The six small business loans and three consumer loans were used to analyze the distribution of lending activity in the assessment area. For all loans originated in 2003, 2000 Census data were used for the analysis of the geographic distribution of loans. As previously stated, the assessment area consists of 12 low-income tracts, 72 moderate-income tracts, 117 middle-income tracts, and 78 upper-income tracts. The following tables illustrate the geographic distribution of loans in the assessment area for small business and consumer loans.

<b>GEOGRAPHIC DISTRIBUTION</b>		
<b>Tract Income Level</b>	<b>Small Business</b>	
	<b>#</b>	<b>%</b>
Low-Income	0	0.0%
Moderate-Income	2	33.3%
Middle-Income	4	66.7%
Upper-Income	0	0.0%
<i>Total Assessment Area</i>	6	100.0%

The table above shows that 33.3 percent of the small business loans in 2003 were made in moderate-income tracts, which contains 26.3 percent of the assessment area's businesses and 25.6 percent of businesses with under \$1 million in revenues. The bank's performance in this category compares very favorably to the demographics. However, the bank did not originate any small business loans in the low-income census tracts, which contain 4.4 percent of the assessment area's businesses and 4.2 percent of small businesses.

<b>GEOGRAPHIC DISTRIBUTION</b>		
<b>Tract Income Level</b>	<b>Consumer</b>	
	<b>#</b>	<b>%</b>
Low-Income	0	0.0%
Moderate-Income	0	0.0%
Middle-Income	1	33.3%
Upper-Income	2	66.7%
<i>Total Assessment Area</i>	3	100.0%

<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)</b>
---

According to the previous table, no consumer loans were originated in the low- or moderate-income census tracts, which contain 2.8 percent and 25.2 percent of total families in the assessment area respectively. This level of performance is considered poor.

Based on the analysis, the overall geographic distribution reflects **POOR** dispersion throughout the assessment area.

### **Complaints**

No complaints relating to the bank's compliance with CRA have been received since the previous examination.

### **Compliance with Antidiscrimination Laws**

The bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations. No evidence of discrimination or the use of illegal credit practices was noted during the review of bank policies and procedures. No practices were identified that have the intent or the effect of discouraging applicants from applying for loans.