



PUBLIC DISCLOSURE

November 29, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Westroads Bank, Inc.
RSSD# 222754

15750 West Dodge Road
Omaha, Nebraska 68118

Federal Reserve Bank of Kansas City
1 Memorial Drive
Kansas City, Missouri 64198

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

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INSTITUTION'S COMMUNITY REINVESTMENT ACT RATING

First Westroads Bank, Inc. (the bank) is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit ratio (NLTD) is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans are originated inside the AA.
- A poor distribution of loans occurs throughout the bank's AA.
- Lending reflects a reasonable distribution among businesses of different sizes.
- Neither the bank nor the Federal Reserve Bank of Kansas City (Reserve Bank) received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

Examiners utilized the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics, and credit needs. Lending performance was assessed within the bank's only AA. Examiners reviewed the following data:

- The bank's 18-quarter average NLTD ratio, and
- A statistical sample of 80 loans from a universe of 131 small business loans all originated between January 1, 2020 and December 31, 2020.

DESCRIPTION OF INSTITUTION

The bank is a community bank headquartered in Omaha, Nebraska. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Ameriwest Corporation, a one-bank holding company also located in Omaha.
- The bank has total assets of \$355.8 million (MM) as of June 30th, 2021.
- In addition to its headquarters, the bank has one additional branch office that is also located in Omaha.
- Both the bank's main office and branch office maintain cash-only automated teller machines and are located in the western portion of the city.
- As illustrated in the table below, the bank's primary business focus is commercial lending.

Table 1

Composition of Loan Portfolio as of June 30, 2021		
Loan Type	\$(000)	%
Construction and Land Development	27,559	12.1
Farmland	1,528	0.7
1- to 4-Family Residential Real Estate	21,962	9.6
Multifamily Residential Real Estate	32,589	14.3
Non-Farm Non-Residential Real Estate	94,519	41.4
Agricultural	0	0.0
Commercial and Industrial	49,573	21.7
Consumer	366	0.2
Other	457	0.2
Gross Loans	228,553	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The bank was rated Satisfactory under the CRA at its July 10, 2017 performance evaluation. There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its communities.

DESCRIPTION OF ASSESSMENT AREA

The bank’s Douglas County Metropolitan AA consists of Douglas County in its entirety, which is one of eight counties that comprise the Omaha-Council Bluffs Nebraska-Iowa Metropolitan Statistical Area (MSA). See Appendix A for an AA map and Appendix B for additional demographic data.

- The AA consists of 27 low-, 38 moderate-, 52 middle-, and 39 upper-income census tracts for a total of 156 census tracts within the AA. The AA delineation has not changed since the previous evaluation; however, the AA experienced some changes to the income designations for several tracts. At the previous evaluation there were 28 low-, 34 moderate-, 51 middle-, 42 upper- and 1 unknown-income census tract.
- According to the June 30, 2021 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranks 14th of 37 FDIC-insured institutions operating in the AA, with a deposit market share of 1.1 percent.
- One interview with a community member was conducted to ascertain the credit needs of the communities within the bank’s AA, the responsiveness of area banks in meeting those needs, and the local economic conditions. The contact represented an organization supporting small businesses in the Omaha area.

Table 2

Population Change			
Assessment Area: Douglas County Metropolitan AA			
Area	2010 Population	2015 Population	Percent Change
Douglas County Metropolitan AA	517,110	537,655	4.0
Omaha-Council Bluffs, NE-IA MSA	865,350	895,919	3.5
Nebraska	1,826,341	1,869,365	2.4

*Source: 2010 U.S. Census Bureau: Decennial Census
2011 – 2015 U.S. Census Bureau: American Community Survey*

- With a population of 584,526 persons in 2020 according to the U.S. Census Bureau, the AA's population has increased by 8.7 percent from 2015 to 2020.
- The main population center in the AA is the city of Omaha, with a population of 486,051 persons.
- Douglas County is the most populous county in Nebraska, accounting for 28.8 percent of the state's population.

Table 3

Median Family Income Change			
Assessment Area: Douglas County Metropolitan AA			
Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Douglas County Metropolitan AA	73,685	71,291	(3.2)
Omaha-Council Bluffs, NE-IA MSA	75,723	73,632	(2.8)
Nebraska	67,393	67,225	(0.2)

*Source: 2006 – 2010 U.S. Census Bureau: American Community Survey
2011 – 2015 U.S. Census Bureau: American Community Survey*

Note: Median family incomes have been inflation-adjusted and are expressed in 2015 dollars.

- The AA has a higher percentage of low- and moderate-income (LMI) families at 40.8 percent when compared to both the statewide and the Omaha-Council Bluffs MSA figures at 37.5 percent and 38.3 percent, respectively.
- The percentage of families in the AA living below poverty at 10.5 percent exceeds both the statewide and the Omaha-Council Bluffs MSA figures at 8.8 percent and 8.6 percent, respectively.

Table 4

Housing Cost Burden						
Assessment Area: Douglas County Metropolitan AA						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Douglas County Metropolitan AA	75.7	29.0	42.3	68.5	36.9	19.4
Omaha-Council Bluffs, NE-IA MSA	74.6	27.5	40.0	65.8	34.0	18.0
Nebraska	71.1	23.8	37.2	60.6	28.5	16.5

Cost Burden is housing cost that equals 30 percent or more of household income
 Source: U.S. Department of Housing and Urban Development (HUD), 2013-2017 Comprehensive Housing Affordability Strategy

- As shown in the table, there are slightly more homeowners living in the AA who incur housing costs that equal 30.0 percent or more of their household income (19.4 percent) when compared to both the state and the entire MSA. This comparison indicates that more homeowners in the AA experience housing cost burden when compared to other areas.
- The median housing value in the AA is \$145,900, which is above the statewide figure of \$133,200; however, it is more comparable to the MSA figure of \$148,241.

Table 5

Unemployment Rates					
Assessment Area: Douglas County Metropolitan AA					
Area	2016	2017	2018	2019	2020
Douglas County Metropolitan AA	3.3	3.2	3.1	3.2	5.1
Omaha-Council Bluffs, NE-IA MSA	3.2	3.0	2.9	3.0	4.8
Nebraska	3.1	2.9	2.9	3.0	4.2

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- A community member stated that the banking and insurance industries are two of the main employers for residents residing inside the AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank’s overall performance under the lending test is reasonable. All applicable criteria were equally weighted through the evaluation.

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank’s average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank’s capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA, and in comparison to the ratios of similarly situated FDIC-insured institutions. The similarly situated institutions were selected based

on location, asset size, product offerings, and loan portfolio composition. Overall, the bank’s NLTD ratio is reasonable, as the bank’s ratio was within range of the ratios for the three similarly situated banks.

Table 6

Comparative NLTD Ratios March 31, 2017 – June 30, 2021			
Institution	Location	Asset Size \$(000)	NLTD Ratio (%)
			18-Quarter Average
First Westroads Bank, Inc.	Omaha, Nebraska	355,836	92.5
Similarly Situated Institutions			
Dundee Bank	Omaha, Nebraska	436,501	101.1
Premier Bank	Omaha, Nebraska	378,941	88.7
Enterprise Bank	Omaha, Nebraska	428,967	92.0

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. The bank originated a majority of loans, by both number and dollar, inside the AA.

Table 7

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%
Total Small Business related	64	80.0	17,574	86.4	16	20.0	2,768	13.6
Total Loans	64	80.0	17,574	86.4	16	20.0	2,768	13.6

Note: Percentages may not total 100.0 percent due to rounding.

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of lending within its AA by income level of census tracts with consideration given to the dispersion of loans throughout the AA. Due to the lower levels of lending in LMI census tracts, the bank’s geographic distribution of loans reflects poor distribution and dispersion throughout the AA.

Small Business Lending

The geographic distribution of small business lending is poor. As noted in Table 8, the bank did not originate any loans in the AA’s low-income census tracts, which was below the percentage of AA businesses operating in those census tracts. The bank’s lending in moderate-income census tracts was more comparable to the demographic figure of 18.4 percent. However, significant gaps in dispersion were identified due to the lack of lending in low-income tracts and low penetration in moderate-income tracts (no loans were made in 34 of the AA’s 38 moderate-income tracts).

While the geographic distribution is poor, performance did not significantly alter the overall rating due to the significant competition in the AA and the bank’s limited branching presence and location. A community member noted that the Omaha banking environment is highly competitive; approximately 36 other FDIC-insured institutions are located in the AA operating from 167 branch offices. Additionally, the majority of the AA’s LMI census tracts are located in the eastern portion of the AA or city of Omaha, while the bank’s locations are located further west.

Table 8

Distribution of 2020 Small Business Lending By Income Level of Geography					
Assessment Area: Douglas County Metropolitan AA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	8.0
Moderate	8	12.5	2,934	16.7	18.4
Middle	29	45.3	6,700	38.1	43.0
Upper	27	42.2	7,941	45.2	30.6
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	64	100.0	17,574	100.0	100.0

Source: 2020 FFIEC Census Data
2020 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Lending to Businesses of Different Sizes

This performance criterion evaluates the bank’s lending to businesses of different revenue sizes. The bank’s lending has a reasonable distribution among businesses of different sizes.

Small Business Lending

The borrower distribution of small business lending is reasonable. As noted in Table 9, the bank’s lending to businesses with gross annual revenues of \$1MM or less was below the percentage of small businesses operating within the AA. However, performance is reasonable due to the high level of competition in the AA, as noted by a member of the community, and lower demand for small business credit.

While the bank does not report CRA data, a review of 2020 aggregate small business lending data reported by all CRA filers in the AA revealed that 45.9 percent of aggregate lending by number volume and 25.2 percent by dollar volume was made to small businesses during the review period. This aggregate lending data is not a direct comparison to the bank’s performance; however, the lower aggregate lending levels reflect an overall lower credit demand from small businesses in the AA. In

addition, the community member noted that commercial real estate prices are rising as a result of efforts to revitalize the downtown area of Omaha. As such, new or small business owners may struggle to obtain credit due to the higher investment requirement, increased real estate costs, and low working capital.

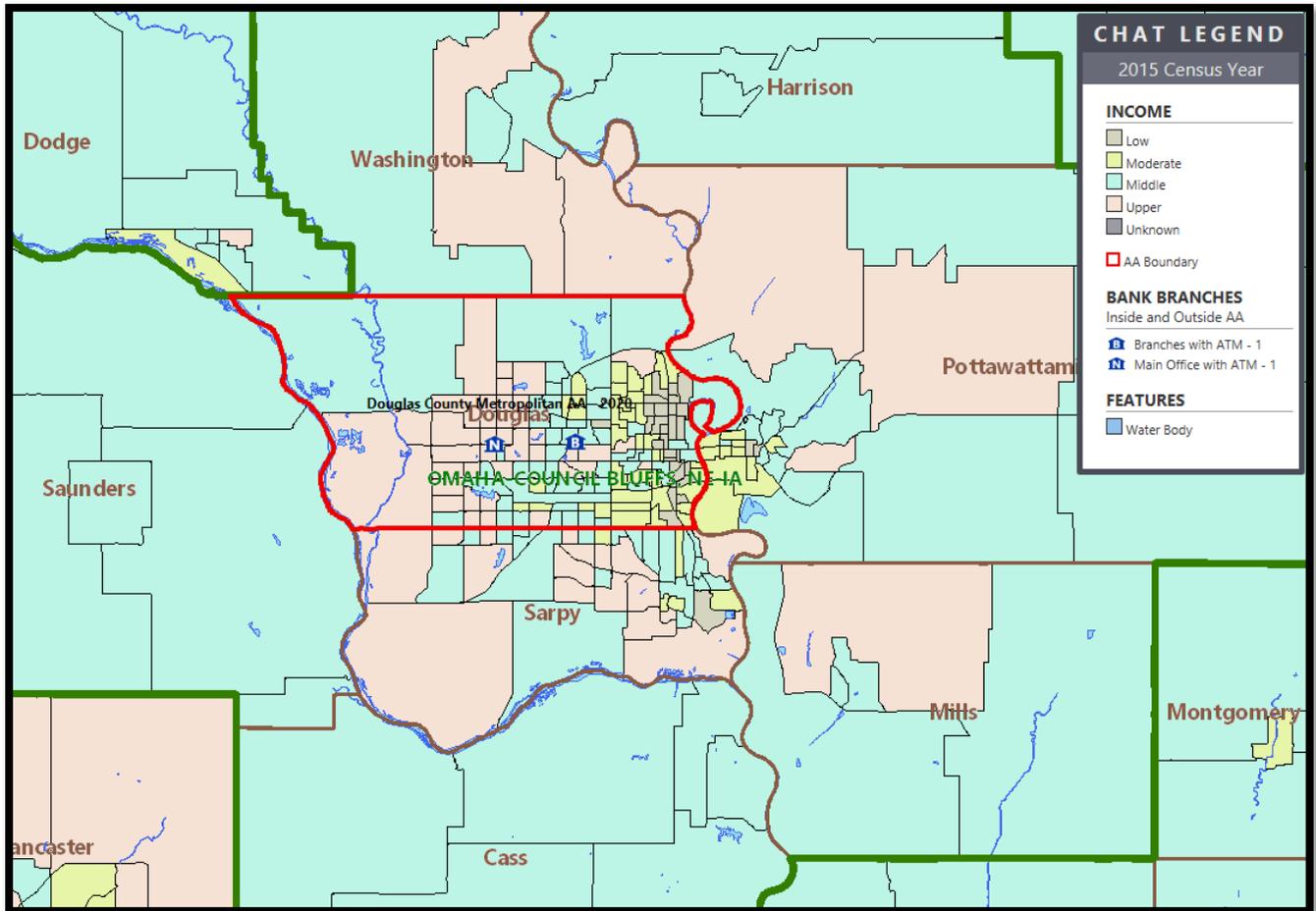
Table 9

Distribution of 2020 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Douglas County Metropolitan AA					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	30	46.9	8,884	50.6	89.4
Over \$1 Million	26	40.6	8,317	47.3	9.9
Revenue Unknown	8	12.5	374	2.1	0.7
Total	64	100.0	17,574	100.0	100.0
By Loan Size					
\$100,000 or Less	25	39.1	898	5.1	
\$100,001 - \$250,000	17	26.6	3,033	17.3	
\$250,001 - \$1 Million	22	34.4	13,643	77.6	
Total	64	100.0	17,574	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	13	43.3	436	4.9	
\$100,001 - \$250,000	6	20.0	958	10.8	
\$250,001 - \$1 Million	11	36.7	7,490	84.3	
Total	30	100.0	8,884	100.0	
<i>Source: 2020 FFIEC Census Data 2020 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Compliance with the substantive provisions of anti-discrimination and other consumer protection laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act, was considered as part of this CRA evaluation. No evidence of a pattern or practice of discrimination on a prohibited basis or of other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – MAP OF THE ASSESSMENT AREA



APPENDIX B – DEMOGRAPHIC INFORMATION
Table B-1

2020 Douglas County Metropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	27	17.3	15,164	11.8	5,142	33.9	29,655	23.0
Moderate	38	24.4	29,304	22.7	4,521	15.4	22,963	17.8
Middle	52	33.3	45,232	35.1	2,909	6.4	25,439	19.7
Upper	39	25.0	39,338	30.5	919	2.3	50,981	39.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	156	100.0	129,038	100.0	13,491	10.5	129,038	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	31,350	9,848	7.6	31.4	16,696	53.3	4,806	15.3
Moderate	56,054	28,062	21.8	50.1	23,634	42.2	4,358	7.8
Middle	82,835	47,698	37.0	57.6	30,058	36.3	5,079	6.1
Upper	54,807	43,173	33.5	78.8	9,372	17.1	2,262	4.1
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	225,046	128,781	100.0	57.2	79,760	35.4	16,505	7.3
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	2,111	8.0	1,854	7.9	250	9.6	7	3.8
Moderate	4,822	18.4	4,334	18.5	468	18.0	20	10.9
Middle	11,307	43.0	9,885	42.1	1,336	51.2	86	47.0
Upper	8,029	30.6	7,406	31.5	553	21.2	70	38.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	26,269	100.0	23,479	100.0	2,607	100.0	183	100.0
Percentage of Total Businesses:				89.4		9.9		0.7
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	11	4.4	11	4.5	0	0.0	0	0.0
Moderate	23	9.2	23	9.5	0	0.0	0	0.0
Middle	101	40.4	98	40.5	2	28.6	1	100.0
Upper	115	46.0	110	45.5	5	71.4	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	250	100.0	242	100.0	7	100.0	1	100.0
Percentage of Total Farms:				96.8		2.8		0.4

Source: 2020 FFIEC Census Data
 2020 Dun & Bradstreet Data
 2011-2015 U.S. Census Bureau: American Community Survey
 Note: Percentages may not total 100.0 percent due to rounding.

APPENDIX C – GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan area (NonMSA): Any area that is not located within an MSA.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as 'small business loans' if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the Consolidated Reports of Condition and Income (Call Report) instructions. These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.