



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 9, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Omni Bank, N.A.
Charter Number 16840**

**1235 South Garfield Avenue
Alhambra, CA 91801**

**COMPTROLLER OF THE CURRENCY
Southern California North Field Office
550 N Brand Boulevard, Suite 500
Glendale, CA 91203**

NOTE: 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.
--

GENERAL INFORMATION

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 **Omni Bank, N.A.** prepared by **The Office of The Comptroller of The Currency**, the institution's supervisory agency, as of **March 9, 1998**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

- ▶ A majority of the bank's loans are made to borrowers within the assessment areas.
- ▶ The bank's loans are reasonably distributed among borrowers of various income levels and businesses of different sizes within the assessment areas.
- ▶ Omni Bank's loans are reasonably dispersed among low- and moderate-income groups within the assessment areas.
- ▶ The bank's loan-to-deposit ratio is reasonable despite intense market competition.

DESCRIPTION OF INSTITUTION:

Omni Bank, N.A. (Omni) opened in 1980 and is headquartered in the City of Alhambra, California, located in the San Gabriel Valley area of eastern Los Angeles County. In addition to its main office in Alhambra, Omni also operates branches in the nearby cities of Monterey Park and Rowland Heights, and in northern California in the city of San Jose. The bank recently opened a branch in Irvine, California, which is in Orange County. At December 31, 1997, the bank had total assets of \$175 million and total loans of \$95 million. The bank was assigned a rating of Satisfactory at the last CRA examination in March 1996.

Omni Bank, N.A. is a commercial bank whose lending focus is small- and medium-sized businesses. Over 95 percent (by dollar volume) of the bank's loan portfolio consists of commercial loans for businesses and commercial real estate loans. The remainder are loans to consumers. Competition among financial institutions servicing the three assessment areas is intense. For example, in Alhambra there are more than 30 banks, and over 50 banks in nearby Monterey Park. The Irvine and San Jose branches have similar competitive environments.

DESCRIPTION OF ASSESSMENT AREAS (AA):

Omni has three assessment areas: 1) San Gabriel Valley in Los Angeles County, 2) San Jose in Santa Clara County (Northern California), and 3) Irvine in Orange County.

The San Gabriel AA:

The San Gabriel AA consists of 531 whole census tracts within the Los Angeles Metropolitan Statistical Area (MSA). The area contains 23 of the 28 cities located within the San Gabriel Valley area of eastern Los Angeles County. The largest cities include Alhambra, El Monte, Monterey Park, and West Covina. The bank has not arbitrarily excluded low-and moderate-income census tracts from this assessment area. The following chart illustrates income categories of the census tracts in this AA.

Income Distribution of Census Tracts for the San Gabriel Valley AA.

Income Category	# of Tracts by Income	% of Total
Low	47	9%
Moderate	157	29%
Middle	202	38%
Upper	123	23%

Note: Two of the census tracts did not report income data.

Within the San Gabriel Valley AA, the 1990 census reported a total population of 3,093,308 persons. This population included 117,377 unemployed persons and 278,254 persons over the age of 65. Rental units accounted for 48 percent of the total housing stock. The 1997 Updated HUD Median Family Income is \$47,800.

Southern California’s economy has been dominated by the aerospace, defense and real estate industries. However, when the local economy was in recession in the late 1980's and early 1990's, the real estate market suffered major price declines. The aerospace and defense industries also suffered severe setbacks when the defense budget was cut in the early 1990's. Today, the local economy is showing significant improvement. The unemployment rate is falling and job opportunities are increasing on a regular basis. Local real estate values are increasing after several years of decline.

The San Jose AA:

The San Jose AA includes 215 census tracts in northwestern Santa Clara County (Santa Clara MSA). Major cities include San Jose, Sunnyvale, Santa Clara, and Mountain View. The bank has not arbitrarily excluded low- and moderate-income tracts from this assessment area. The following chart illustrates income categories of the census tracts in this AA.

Income Distribution of Census Tracts for the San Jose AA

Income Category	# of Tracts by Income	% of Total
Low	10	5%
Moderate	50	23%
Middle	114	53%
Upper	40	19%

Note: One census tract, dominated by a military base, did not report income in the census survey.

Within the San Jose AA, the 1990 Census reported a total population of 1,082,696 persons. This population included 30,398 unemployed persons and 97,810 persons over the age of 65. Rental units accounted for 46 percent of the total housing stock. The 1997 Updated HUD Median Family Income is \$70,200.

Compared with southern California, the San Jose area was not as dramatically affected by the recession of the early 1990's. Unemployment increased, real estate values fell, and the creation of new jobs suffered. However, the general area was not as dependent upon the defense industry and the effects of the downturn were mitigated by diverse high technology and electronics industries. The area's recovery from the effects of recession began sooner than Southern California, due mostly to the quick rebound of the technology and electronics industries of nearby "Silicon Valley". Currently, employment is at record levels due to substantial job growth and real estate values have recently experienced significant increases. According to Collaborative Economic Reports, the Silicon Valley area has added over 200,000 new jobs since 1992. According to the National Association of Realtors, the current median residential real estate value in the city of Santa Clara currently exceeds \$519,000, or four times the national median.

The Irvine AA:

The Irvine AA contains 153 census tracts and is located in the Orange County MSA. The bank opened a branch in the AA in May of 1997. Because the branch has been open for only a short period of time, loan activity from the branch within the assessment area and surrounding areas was not included in this analysis of CRA performance.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Lending in the Assessment Areas:

Omni's performance in lending within the two AA's considered in this evaluation is satisfactory. This conclusion is based upon the bank's record of lending in the San Gabriel and San Jose AA's.

Loans Made within the Combined Assessment Areas

Total Loans Made by # and \$ Amount	Total Loans Made Within the Two AA's	% of Total Loans Made Within the Two AA's
297	216	73%
\$88,725,400	\$59,269,600	67%

As illustrated above, over two-thirds of the bank's loans by dollar amount were made within the two AA's. These loans included all loans made in 1996 and 1997. The relatively low 54 percent of loans made in the San Jose AA is significantly offset by the higher 69 percent of loans made in the San Gabriel Valley AA in which the bank made six times more loans. Using bank information, we sampled loans to confirm the accuracy of bank data. The following charts illustrate the performance within each AA.

Loans Made Within the San Gabriel Valley AA

Total Loans Made by # and \$ Amount	Total Loans Made Within This AA	% of Total Loans Made Within This AA
244	182	75%
\$76,507,900	\$52,665,900	69%

Loans Made Within the San Jose AA

Total Loans Made by # and \$ Amount	Total Loans Made Within This AA	% of Total Loans Made Within This AA
53	34	64%
\$12,217,500	\$6,603,700	54%

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes:

Omni's loans are reasonably distributed among borrowers of various income levels and businesses of different sizes within the AA's. More than 73 percent of the number of loans originated between January 1, 1996, and December 31, 1997, in the two AA's consisted of business loans and loans for commercial real estate. We sampled 20 business and commercial real estate loan files. Within this sample we found that 60 percent of the borrowers had gross annual revenues of less than \$1,000,000 and 40 percent had annual revenues of more than \$1,000,000. And, within the sample, a majority (57 percent) of the loans made within the two AA's were for amounts of less than \$250,000. The following charts illustrate the distribution of loans by size within each AA.

Size of Business and Commercial Real Estate Loans within the San Gabriel Valley AA

Loan Size	# of Loans	% of Total
<\$100,000	34	24%
\$100,000 to <\$250,000	48	34%
\$250,000 to <\$500,000	30	21%
\$500,000 to <\$1,000,000	16	11%
\$1,000,000 and Over	15	10%
Total	143	100%

Size of Business and Commercial Real Estate Loans within the San Jose AA

Loan Size	# of Loans	% of Total
<\$100,000	9	53%
\$100,000 to <\$250,000	0	0%
\$250,000 to <\$500,000	4	24%
\$500,000 to <\$1,000,000	1	6%
\$1,000,000 and Over	3	17%
Total	17	100%

Geographic Distribution of Loans:

The overall distribution of loans within the bank's AA's is reasonable. As illustrated by the following charts, loans made by the bank during 1996 and 1997 within the two AA's are reasonably distributed among low- and moderate-income areas. In the San Gabriel Valley AA, 31 percent of the loan proceeds went to low- and moderate-income census tracts which represent 38 percent of tracts within the AA. In the San Jose AA, 75 percent of loan proceeds went to low- and moderate-income census tracts which represent 28 percent of tracts within the AA.

In total, the bank made loans in only 107 or 14 percent of the 746 census tracts in the two AA's. In the San Gabriel Valley AA, the bank made loans in 86 or 16 percent of 531 total tracts. In the San Jose AA, the bank made loans in 21 or 10 percent of the 215 total tracts. The low penetration within the two AA's indicate gaps exist in the bank's lending. However, as discussed above and detailed in the following charts, the gaps do not disproportionately affect low- and moderate-income areas.

The following charts illustrate the distribution by number and dollar amount of loans to various income levels of census tracts in each of the two AA's.

Distribution of Loans by Number Within the San Gabriel Valley AA

Income Characteristics of Census Tracts	% of Total Census Tracts Within This AA	# of Loans	% of Loans
Low Income	9%	11	6%
Moderate Income	29%	36	20%
Middle Income	38%	73	40%
Upper Income	23%	62	34%
Total	100%	182	100%

Distribution of Loans by Dollar Amount Within The San Gabriel AA

Income Characteristics of Census Tracts	% of Total Census Tracts Within This AA	\$ Amount of Loans	% of Loans
Low Income	9%	3,128,000	6%
Moderate Income	29%	13,300,000	25%
Middle Income	38%	24,300,000	46%
Upper Income	23%	11,900,000	23%
Total	100%	52,628,000	100%

Distribution of Loans By Number Within The San Jose AA

Income Characteristics of Census Tracts	% of Total Census Tracts Within This AA	# of Loans	% of Loans
Low Income	5%	0	0%
Moderate Income	23%	13	38%
Middle Income	53%	17	50%
Upper Income	19%	4	12%
Total	100%	34	100%

Distribution of Loans by Dollar Amount Within The San Jose AA

Income Characteristics of Census Tract	% of Total Census Tracts Within This AA	\$ Amount of Loans	% of Loans
Low Income	5%	0	0%
Moderate Income	23%	4,900,000	75%
Middle Income	53%	794,000	12%
Upper Income	19%	860,000	13%
Total	100%	6,544,000	100%

LOAN-TO-DEPOSIT RATIO:

Omni's loan-to-deposit ratio is reasonable, in line with those of its peers, and meets the standards for satisfactory performance. The bank reported an average loan-to-deposit ratio of 57 percent over the last eight quarters ending December 31, 1997. The average loan-to-deposit ratio of five banks having similar asset size and business focus within the major AA was 56 percent. The bank's loan-to-deposit ratio was greater than two and lower than three of the five similarity situated competitors.

RECORD OF COMPLIANCE WITH ANTI-DISCRIMINATORY LAWS:

We conducted a concurrent Fair Lending examination of the bank and found no evidence of disparate treatment or discriminatory lending practices. The bank complies with the provisions of anti-discrimination laws and regulations.

RESPONSE TO COMPLAINTS:

Omni has not received any complaints associated with its performance under the provisions of the CRA since the last OCC examination in March, 1996.