



## **PUBLIC DISCLOSURE**

July 22, 2013

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

New Omni Bank, National Association  
Charter Number 16840

1235 South Garfield Avenue  
Alhambra, CA 91801-5037

Office of the Comptroller of the Currency

550 North Brand Boulevard  
Suite 500  
Glendale, CA 91203-1985

**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.

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

The major factors that support this rating include:

- The bank's loan-to-deposit ratio is reasonable given the bank's size and performance context.
- A substantial majority of the bank's lending activity is within its delineated assessment area.
- The bank's distribution of consumer loans to households of different sizes reflects excellent penetration compared to area demographics.
- The geographic distribution of consumer loans reflects reasonable dispersion throughout the assessment area compared to area demographics.

**SCOPE OF EXAMINATION**

This Performance Evaluation (PE) assesses New Omni Bank's Community Reinvestment Act (CRA) performance using the lending test criteria for small bank examinations. We performed a full-scope examination of the bank's assessment area. We analyzed a random sample of consumer automobile loans originated or purchased between January 1, 2010 and December 31, 2011, as this is representative of the bank's lending strategy since the prior CRA examination. We focused our review on consumer loans because they represent the major portion of the bank's lending activity.

**DESCRIPTION OF INSTITUTION**

New Omni Bank, N.A. (New Omni or bank) is a full-service community bank headquartered in Alhambra, California. The bank, a minority-owned depository institution, opened in December 1980. The main branch is located in Alhambra, California in a moderate-income census tract (CT). In addition, there is a branch in Roland Heights, California, located in a middle-income CT.

The bank sold the San Jose branch that was located in a middle-income CT in October 2011. The branch had an automated teller machine (ATM) machine located on the premises. Bank management closed the branch due to low loan demand, a highly competitive market, and other operating constraints.

New Omni offers a variety of commercial and consumer loan products to meet the credit needs of the community, with an emphasis on commercial real estate and automobile lending. The bank offers traditional services at both of its branches. Branches are open for business Monday through Thursday 9:30am to 5:00pm and Friday 10:00am to 6:00am. The bank does not have ATMs or drive-up teller access at either location.

As of March 31, 2013, New Omni reported total assets of \$218 million, total loans of \$142 million, total deposits of \$158 million, and total equity capital of \$32 million. The following chart summarizes the loan portfolio by major loan type.

<b>New Omni Bank, N.A. Loan Portfolio Outstanding Balances by Major Product Type as of March 31, 2013</b>		
Loan Type	\$(000's)	Percent
Commercial Real Estate	62,094	43.7
Multifamily Residential RE	44,755	31.5
1-4 Family Residential RE	24,180	17.0
Commercial-Industrial	5,019	3.5
Construction	4,321	3.0
Consumer	1,833	1.3
Total	142,202	100.00

There are no financial or legal factors that impede the bank's ability to meet the credit needs of the community. New Omni received a "Satisfactory" rating under the "Small Bank" rating criteria at the prior CRA examination, dated August 27, 2007.

## **DESCRIPTION OF ASSESSMENT AREAS**

During part of the evaluation period, New Omni maintained two assessment areas (AAs) for CRA purposes. Both AA delineations meet regulatory requirements, have whole census tracts, and do not arbitrarily exclude low- and moderate-income (LMI) geographies.

The bank's primary AA is a portion of Los Angeles County. As noted under "Description of Institution" above, management sold the only branch in the bank's San Jose AA in October 2011. We did not evaluate lending performance in the San Jose AA for lending to borrowers of different incomes or for the geographic distribution of loans because the volume of loans was too low to reach meaningful conclusions.

### **Los Angeles Assessment Area**

New Omni has designated the eastern portion of Los Angeles County as its AA. The cities within East Los Angeles include Pasadena, Monterey Park, Alhambra, San Gabriel, Rowland Heights, Pomona, Azusa, Claremont, Vernon, Pico Rivera, and Norwalk. The bank's AA includes 805 of the total 2,054 census tracts that make up the Los Angeles Metropolitan Statistical Area (MSA). Eighty-four of the census tracts (10.4 percent) are low-income; 274 (34.0 percent) are moderate-income; 242 (30.1) are middle-income; 200 (24.9 percent) are upper-income; and five (0.6 percent) do not have an income designation. New Omni has developed lending relationships in the AA, and has determined that the designated AA is an area the bank can reasonably serve.

The banking environment within the bank's AA is highly competitive. The June 30, 2012 FDIC Deposit Market Share report indicates that 124 institutions compete for deposits in the Los Angeles MSA. New Omni ranks 78<sup>th</sup> and holds a deposit market share of 0.06 percent. Eighty-three percent of the deposits in the AA are held by Bank of America, N.A.; Wells Fargo, N.A., Union Bank N.A.; JP Morgan Chase, N.A.; City National Bank; Citibank, N.A.; OneWest Bank; East West Bank; U.S. Bank, N.A.; Bank of the West; Commerce Bank; Cathay Bank; and HSBC Bank USA, N.A. The remaining competing banks hold less than 1 percent each. The banks that compete for deposits within the AA also compete for loans. In addition, there are numerous other institutions that do not collect deposits but compete for loans within the AA, making it even more difficult for banks to compete for loans than deposits.

The 2000 U.S. Census median housing value was \$221,066. The decline in the housing market, which started just prior to the prior CRA evaluation, has since rebounded. The California Association of Realtors notes the median sales price of a home as of May 2012 was \$289,280. The price increased significantly to \$379,640 as of May 2013. Approximately, 59 percent of the housing units are owner-occupied. The 2013 HUD updated MSA median family income is \$63,000. About 12 percent of the population is below the poverty level.

The economy in the AA also showed signs of improvement during the review period. Payrolls increased primarily because of a surge in hiring among the motion picture and sound recording industries. There were also modest gains by apparel makers. However, layoffs in technology, manufacturing, and local government tempered gains. Nonetheless, in April 2013, the unemployment rate dropped below 10 percent for the first time in four years. As of May 2013, the unemployment rate for the Los Angeles MSA was 8.3 percent. This is slightly below the unemployment rate of 8.6 percent for the State of California, but higher than the national unemployment rate of 7.6 percent as of May 2013. The top industries in the Los Angeles MSA are state and local government, restaurants, private household workers, motion picture and video, health-related services, employment services, colleges and universities, aerospace, and federal government. The top employers are Kaiser Permanente; University of California Los Angeles; Northrop Grumman Corporation; University of Southern California; Target Corporation; Kroger Corporation; Cedars Sinai Medical Center; Bank of America, N.A.; The Boeing Company; Providence Health Systems, The Home Depot, USA Inc.; Vons; Wells Fargo, N.A.; Edison International; and AT&T.

We contacted one community development organization that serves the working poor in West San Gabriel Valley. The organization focuses on helping individuals overcome the barriers of underemployment, poverty, language, inadequate housing, limited education, and lack of medical care. The contact stated that there is a need for affordable housing loans to low- and moderate-income individuals and micro loans to small businesses. The contact also stated that there are numerous opportunities for bank involvement, including providing financial education and financing for community development projects and programs.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Based on our random sample of 20 consumer automobile loans, the bank’s performance in meeting the credit needs of the community is Satisfactory. During the evaluation period, New Omni made a substantial majority of its loans to borrowers inside the AA. The loan-to-deposit ratio is reasonable given the bank’s size and performance context. The bank has excellent penetration among households of different sizes, and reasonable geographic dispersion throughout the AA. Each of the areas considered in the lending test is described below.

### Loan-to-Deposit Ratio

New Omni’s loan-to-deposit (LTD) ratio is reasonable given the bank’s size, financial condition, and local economic conditions. We analyzed the bank’s quarterly average LTD ratio for the prior 23 quarters, from its prior CRA examination through March 31, 2013. The bank’s average LTD ratio for this period was 96 percent. For the purpose of this analysis, we compared the bank’s ratio to the average ratio of five banks that are similar in asset size and that operate in a similar geographic area. The combined average quarterly LTD ratio for the comparable banks over the same period was 95 percent, with the ratios ranging from 85 percent to 106 percent.

### Lending in Assessment Area

New Omni originated a substantial majority of its loans within its delineated AA, and exceeds the standard for satisfactory performance. Based on our sample, the bank originated 90 percent of the number of consumer automobile loans and 89 percent of the dollar amount within the AA during the evaluation period. See Table 1 for details.

Table 1 - Lending in the Defined CRA Area Los Angeles and San Jose AAs Consumer Automobile Loans January 2010 through December 2011										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total #	Inside		Outside		Total \$(000's)
	#	%	#	%		\$(000's)	%	\$(000's)	%	
Consumer Automobile	18	90	2	10	20	203	89	24	11	227

Source: Random sample of 20 consumer automobile loan originations.

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

The bank’s distribution of loans to households of different sizes reflects excellent penetration compared to area demographics, and exceeds the standard for satisfactory performance. The bank originated 70 percent of sampled loans to low-income families and 25 percent to moderate-income families in its AA. This compares favorably to household demographics in the Los Angeles AA. See Table 2 for details.

Table 2 – Borrower Distribution of Consumer Loans Los Angeles AA January 2010 through December 2011								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Automobile	25%	70%	18%	25%	18%	0%	39%	5%

Source: Random sample of 20 consumer automobile loan originations. 2000 U.S. Census Data.

### Geographic Distribution of Loans

The geographic distribution of consumer automobile loans based on the loan sample reflects reasonable dispersion throughout the AA compared to area demographics, and meets the standard for satisfactory performance. New Omni’s lending to borrowers in low-income CTs significantly exceeds the demographic data for the AA. Lending to borrowers in the moderate-income CTs is lower than the demographics. See Table 3 for details.

Table 3 - Geographic Distribution of Consumer Loans Los Angeles AA January 2010 through December 2011								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Automobile	8%	20%	31%	15%	34%	50%	27%	15%

Source: Random sample of 20 consumer automobile loan originations. 2000 U.S. Census Data.

### Responses to Complaints

New Omni has not received any complaints about its performance under the Community Reinvestment Act during this evaluation period.

## **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any AA by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.