



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

**May 28, 2002**

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

**Omni Bank, National Association  
Charter Number 16840**

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

**Comptroller of the Currency  
Los Angeles North  
550 North Brand Boulevard, Suite 500  
Glendale, CA 91203**

**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 CRA RATING**

**This institution is rated “Satisfactory”.**

The following factors support the bank’s rating:

- Loan-to-deposit ratio exceeds peer comparison.
- A majority of the bank’s loans are within its assessment areas.
- The bank has a satisfactory dispersion of loans throughout the assessment areas.
- Lending to borrowers of different incomes and businesses of different sizes is satisfactory.

## **DESCRIPTION OF INSTITUTION**

Omni Bank, N.A. (Omni) is an independent bank, which began operations in 1980. The bank has five branch offices within the State of California. Three branches are located in Los Angeles County with one branch each in Orange and Santa Clara counties. The bank is headquartered in Alhambra, Los Angeles County. The bank owns and operates two automated teller machines (ATMs), which are attached to the Alhambra and Santa Clara branches. Hours of operations are the same at all branches Monday through Friday. The Orange and Santa Clara branches are opened for an additional one-half hour on Saturdays. As of March 31, 2002, Omni reported assets of \$184 million, of which \$133 million or 72 percent were centered in loans.

Approximately 99 percent of Omni's lending is for business and multi-family purposes. At March 31, 2002, the bank's loan portfolio was distributed as follows: commercial real estate \$88 million (66 percent), multi-family residential real estate \$44 million (33 percent), and consumer loans \$840 thousand (1 percent).

The bank has no financial or legal impediments that would affect its ability to meet the credit needs of its assessment area. The bank's CRA performance was last evaluated in March 1998. At that time the bank's performance was rated "Satisfactory". The bank has not closed any offices since our last examination.

## **DESCRIPTION OF ASSESSMENT AREAS**

### **Los Angeles MSA**

Omni's assessment area meets the requirements of the regulation. The assessment area is comprised of 578 of the 1,652 census tracts within the Los Angeles MSA. The census tracts primarily comprise the San Gabriel Valley. Refer to the table below for details. This MSA is a

complex, highly diverse urban area that includes 80 cities and a number of unincorporated areas. Los Angeles is the largest and most rapidly growing metropolitan region in the fastest growing state in the country.

LOS ANGELES ASSESSMENT AREA DEMOGRAPHIC INFORMATION						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	578	9.0	27.0	38.0	26.0	0.0
Population by Geography	3,325,367	7.0	32.0	39.0	22.0	0.0
Owner-Occupied Housing by Geography	519,371	1.0	17.0	44.0	38.0	0.0
Businesses by Geography	120,928	17.0	24.0	38.0	21.0	0.0
Family Distribution by Income Level	752,437	6.0	28.0	40.0	26.0	0.0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	313,771	24.0	18.0	21.0	37.0	0.0
Median Family Income = \$39,035 HUD Adjusted Median Family Income = \$54,500 Households Below the Poverty Level = 12.56%						Median Housing Value = \$205,895 Unemployment Rate (2001) = 3.75%

Source: 1990 U.S. Census and 2001 HUD updated MFI.

Competition is strong with 224 financial institutions in Los Angeles County competing for the available business. Major banking institutions include Bank of America, Washington Mutual Bank, Wells Fargo Bank, United Pacific Bank, and Union Bank of California. Omni considers its major competitors to be the major institutions, community banks, and minority banks servicing the Asian communities. Principal minority institutions include Cathay Bank, General Bank, Far East National Bank, Grand National Bank, East West Bank, EverTrust Bank, and Omni Bank.

In the late 1980s, structural changes in the economy and other events combined to undermine the general prosperity. Defense spending cuts and other federal decisions caused huge reductions in aerospace and defense manufacturing jobs. Other states lured away business with tax concessions and more favorable business environments. The civil disturbances in 1992 further aggravated business and community problems. Despite federal and state assistance, many of the businesses destroyed during the disturbances have not reopened. As a result, jobs were lost. This created further economic dislocations. The Los Angeles MSA's economy has now rebounded. The unemployment rate has continued to decline.

The largest industries in order of importance are services, retail trade, wholesale trade, finance and real estate, manufacturing, and construction. In response to concessions from other states, the motion picture industry has moved a great deal of its production activity out of Los Angeles.

However, there are many business opportunities within the MSA. According to recent Dun & Bradstreet statistics, 88 percent of businesses and farms located within the MSA have annual revenues of less than \$1 million.

As a part of this examination, we contacted four organizations in the community knowledgeable about community credit needs. Our contacts included a local development corporation, a minority revolving loan fund, an economic development organization, and a local housing community corporation. These contacts identified the area's major credit needs as small business and start-up business loans. Other area needs are for investment in loan funds and operating capital.

## Orange County MSA

The Orange County MSA is the bank's second assessment area in Southern California. It includes 16 cities and various unincorporated areas. HUD data for 1995 indicated that at 2.4 million, Orange County was the fifth most populous county in the United States. The bank has one branch located in a low-income census tract. The bank competes with 168 institutions for area deposits and loans.

The MSA includes 484 tracts. Omni elected to serve a portion of the MSA, or 430 of the census tracts. The bank's assessment area complies with the requirements of the law. Census data showed that the 1990 median housing value was over \$251 thousand. Fifty-six percent of housing units were owner occupied and 40 percent were renter occupied. The HUD adjusted median family income for 2001 was \$74 thousand. Refer to table below for details.

ORANGE ASSESSMENT AREA DEMOGRAPHIC INFORMATION						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	430	3.0	26.0	45.0	25.0	1.0
Population by Geography	2,094,463	4.0	29.0	42.0	25.0	0.0
Owner-Occupied Housing by Geography	409,055	1.0	19.0	46.0	34.0	0.0
Businesses by Geography	109,074	5.0	30.0	41.0	24.0	0.0
Family Distribution by Income Level	505,103	20.0	20.0	23.0	37.0	0.0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	199,829	20.0	20.0	23.0	37.0	0.0
Median Family Income = \$51,269 HUD Adjusted Median Family Income = \$73,700 Households Below the Poverty Level = 6.48%						Median Housing Value = \$251,812 Unemployment Rate (2001) = 2.86%

Source: 1990 U.S. Census and 2001 HUD updated MFI.

The county's economy declined during the early 1990s for multiple reasons including the recession and a county bankruptcy. Downsizing in the aerospace and defense industries caused job losses and a decline in real estate values. The economy has rebounded and at 2.9 percent in 1998, unemployment was well below the state average. Dun and Bradstreet 2001 data shows that companies with sales under \$1 million represented 88 percent of total businesses. Major industries are services, retail trade and finance, insurance, and real estate. Income levels are higher than neighboring counties (114 percent of the state average in 1996).

Community contacts for the area revealed a need for all types of affordable housing. Other needs include micro-loans for startups and emerging small businesses.

## San Jose MSA

Omni's assessment area meets the requirements of the regulation. The assessment area is comprised of 215 of the 385 census tracts within the San Jose MSA. This MSA is a complex, highly diverse urban area that includes 16 cities and a number of unincorporated areas. San Jose is the largest city in this MSA. Refer to the table below for details.

SAN JOSE ASSESSMENT AREA DEMOGRAPHIC INFORMATION						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA % of #
Geographies (Census Tracts/BNAs)	215	5.0	24.0	52.0	19.0	0.0
Population by Geography	1,082,696	5.0	26.0	52.0	17.0	0.0
Owner-Occupied Housing by Geography	207,313	2.0	18.0	56.0	24.0	0.0
Businesses by Geography	59,728	7.0	28.0	50.0	15.0	0.0
Family Distribution by Income Level	255,973	4.0	24.0	53.0	19.0	0.0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	104,019	25.0	18.0	48.0	9.0	0.0
Median Family Income = \$53,771 HUD Adjusted Median Family Income = \$87,300 Households Below the Poverty Level = 6.48%		Median Housing Value = \$288,830 Unemployment Rate ( 2001) = 2.81%				

Source: 1990 U.S. Census and 2001 HUD updated MFI.

So far, San Jose is showing adverse effects from the downturn in technology stocks and the loss of investor confidence for e-commerce firms. Job growth is highly volatile and follows the path of global high-tech markets, rather than the general pace of the country's economy. Nearly all manufacturing is concentrated in high-tech industries. The unemployment rate has increased to 2.81 percent. The boom of the mid-1990s is clearly over. This area has the highest concentration of high-tech employment of any metropolitan area and a huge exposure to stock asset values.

Housing shortages persist. The California Association of Realtors reports that housing sales within San Jose skyrocketed in April 2000, increasing over 118 percent over the previous year. The median home price in February 2002 was \$535,000. As a result, this puts affordable owner-occupied housing out of reach of most current renters.

There are at least 33 financial institutions competing for the available business. Included among these institutions are some of the large regional banks, as well as some community banks, and large savings and loan associations.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

### Scope of Examination

We evaluated the bank's performance based on loans originated from March 1, 1998, through March 31, 2002. We focused our evaluation on the multi-family residential real estate, commercial real estate, and automobile loans, as these are the largest categories of loans originated by the bank. We evaluated all of the multi-family residential real estate loans and sampled 50 commercial real estate loans for the Los Angeles MSA. For the Orange County MSA, we sampled 25 commercial real estate loans, as these represented the largest category of loans. In the San Jose MSA, automobile loans were the largest category of loans, and we sampled 28 of these loans. Because the bank is not required to collect and report revenue and income information, we obtained this information from the files sampled.

### Loan-to-Deposit Ratio

The bank's average loan-to-deposit ratio (LTD) is reasonable. The bank's LTD for the 13 quarters ended December 31, 2001, was 77 percent. The bank's LTD ratio slightly exceeds that of six similarly situated banks, which had an average ratio of 75 percent for the same period. For purposes of this examination, we consider similarly situated banks to mean banks of similar asset size located within Omni's assessment areas.

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

The bank's lending to borrowers of different incomes and businesses of different sizes meets the standard for satisfactory performance.

### Commercial Real Estate loans

Omni originated \$18,565,775 or 100 percent of its loans to businesses within the Los Angeles area that had revenues of less than \$1 million. According to Dun and Bradstreet, businesses in the area that reported revenues less than \$1 million accounted for 88 percent of total businesses. Average loan size was \$489 thousand. Refer to the table below for details.

**Revenue Distribution – Commercial Real Estate Loans (Los Angeles)**

Revenues	Businesses in Assessment Area*		Loans Originated		Number of Loans Originated	
	# of Businesses	% of Business	Dollars	% of Dollars	Numbers	% of Numbers
<\$1,000,000	105,827	88%	\$18,565,775	100%	38	100%
>\$1,000,000	15,101	12%	\$0	0%	0	0%
<b>Total</b>	<b>120,928</b>	<b>100%</b>	<b>\$18,565,775</b>	<b>100%</b>	<b>38</b>	<b>100%</b>

\*Businesses reporting revenues

The bank originated 84 percent by dollars and 86 percent by numbers of its loans to businesses reporting revenues of less than \$1 million in the Orange County MSA. This performance is consistent with area demographics. Of the businesses that reported revenues, 88 percent had revenues of less than \$1 million. Business with revenues exceeding \$1 million received 16 percent by dollars and 14 percent by numbers of the loans originated. Refer to table below for details.

### Revenue Distribution – Commercial Real Estate Loans (Orange)

Revenues	Businesses in Assessment Area*		Loans Originated		Number of Loans Originated	
	# of Businesses	% of Business	Dollars	% of Dollars	Numbers	% of Numbers
<\$1,000,000	96,428	88%	\$7,204,961	84%	18	86%
>\$1,000,000	12,646	12%	\$1,382,000	16%	3	14%
<b>Total</b>	<b>109,074</b>	<b>100%</b>	<b>\$8,586,961</b>	<b>100%</b>	<b>21</b>	<b>100%</b>

\*Businesses reporting revenues

### Automobile Loans

Omni originated loans to borrowers at all income levels in the San Jose MSA. Low-income individuals received 57 percent by dollars and 47 percent by numbers of the loans funded. These percentages exceeded area demographics, which indicate that 4 percent of the households are low-income. Moderate-income borrowers received 29 percent by dollars and 43 percent by numbers of the loans originated. Area demographics for these borrowers was 25 percent. Middle- and upper-income borrowers received 7 percent by dollars and 5 percent by numbers of the loans. Refer to table below for details.

### Income Distribution – Automobile Loans (San Jose)

Income Level	Households in Assessment Area		Loans Originated		Number of Loans Originated	
	# of Households	% of Households	Dollars	% of Dollars	Numbers	% of Numbers
Low	14,356	4%	\$213,416	57%	9	47%
Moderate	98,471	25%	\$109,106	29%	8	43%
Middle	208,080	54%	\$24,117	7%	1	5%
Upper	63,977	17%	\$24,150	7%	1	5%
<b>Total</b>	<b>384,884</b>	<b>100%</b>	<b>\$370,789</b>	<b>100%</b>	<b>19</b>	<b>100%</b>

### Geographic Distribution of Loans

The bank's lending within the Los Angeles MSA meets the standard for satisfactory performance.

### Multi-Family Residential Real Estate Loans

The bank's geographic distribution of multi-family residential real estate loans within the Los Angeles MSA is satisfactory. Omni's loans to households in low-income geographies slightly

exceeded the area demographics. Households in the low-income geographies are 7 percent of the total households in the assessment area. Loans extended to those households in low-income geographies were 8 percent by dollars and 9 percent by numbers. However, loans to households located in the moderate-income geographies exceeded area demographics. Households located within the moderate-income geographies are 28 percent of the total households. The bank funded originated 39 percent by dollars and 32 percent by numbers to those households. Loans extended to households located within the middle- and upper-income geographies were consistent with area demographics. Refer to table below for details.

**Geographic Distribution of Multi-Family Residential Real Estate Loans (Los Angeles)**

Tract Income Type	Households in Assessment Area		Loans Originated		Number of Loans Originated	
	# of Households	% of Households	Dollars	% of Dollars	Numbers	% of Numbers
Low	65,566	7%	\$641,000	8%	2	9%
Moderate	271,693	28%	\$2,970,000	39%	7	32%
Middle	397,880	40%	\$3,238,500	43%	8	36%
Upper	250,808	25%	\$794,000	10%	5	23%
<b>Total</b>	<b>985,947</b>	<b>100%</b>	<b>\$7,643,500</b>	<b>100%</b>	<b>22</b>	<b>100%</b>

**Commercial Real Estate Loans**

Omni's distribution of commercial real estate loans to businesses located within the low-income geographies within the Los Angeles MSA is consistent with area demographics. Seventeen percent of the businesses are located in the low-income geographies. The bank extended 23 percent by dollars and 13 percent by numbers of its loans to those businesses. Businesses located within the moderate-income geographies received 14 percent of dollars and 29 percent by numbers of the loans originated. This distribution is consistent with the area demographics, as businesses in these geographies represent 24 percent of total businesses. Loans originated to businesses within the middle- and upper-income geographies, were also consistent with the area demographics. Refer to the table below for details.

**Geographic Distribution of Commercial Real Estate Loans (Los Angeles)**

Tract Income Type	Businesses* in Assessment Area		Loans Originated		Number of Loans Originated	
	# of Businesses	% of Business	Dollars	% of Dollars	Numbers	% of Numbers
Low	20,121	17%	\$4,201,562	23%	5	13%
Moderate	29,408	24%	\$2,593,017	14%	11	29%
Middle	45,466	38%	\$6,243,446	33%	13	34%
Upper	25,933	21%	\$5,527,750	30%	9	24%
<b>Total</b>	<b>120,928</b>	<b>100%</b>	<b>\$18,565,775</b>	<b>100%</b>	<b>38</b>	<b>100%</b>

\* Businesses reporting revenues

The distribution of loans originated to businesses within the low-income geographies in the Orange County MSA is consistent with the area demographics. These businesses received 6 percent by dollars and 5 percent by numbers of the loans, while businesses within the low-income areas accounted for 5 percent of total businesses. Distribution of loans to businesses

within the moderate-income geographies were 30 percent by dollars and 28 percent by numbers, while businesses located in these geographies were 30 percent of total businesses. Loan distribution in the middle-income geographies exceeded area demographics, but were less than demographics in the upper-income geographies. Refer to table below for details.

**Geographic Distribution of Real Estate Loans (Orange)**

Tract Income Type	Businesses* in Assessment Area		Loans Originated		Number of Loans Originated	
	# of Businesses	% of Business	Dollars	% of Dollars	Numbers	% of Numbers
Low	5,569	5%	\$480,000	6%	1	5%
Moderate	33,183	30%	\$2,621,250	30%	6	28%
Middle	44,779	41%	\$4,540,737	53%	9	43%
Upper	25,543	24%	\$944,974	11%	5	24%
<b>Total</b>	<b>109,074</b>	<b>100%</b>	<b>\$8,586,961</b>	<b>100%</b>	<b>21</b>	<b>100%</b>

The bank's distribution of automobile loans within the San Jose MSA is reasonable considering the economic downturn this area has experienced with the closing and flight of the high-tech industries. Omni did not fund any loans to households located within the low-income geographies. There were loans originated to households within the moderate-income geographies. However, these loans were less than demographics. Households in these geographies received 14 percent by dollars and 16 percent by numbers of the loans funded. Distribution of loans to households located within the middle-income geographies slightly exceeded demographics. Loans to households within the upper-income geographies were consistent with area demographics. Refer to table below for details.

**Geographic Distribution of Automobile Loans (San Jose)**

Tract Income Type	Households in Assessment Area		Loans Originated		Number of Loans Originated	
	# of Households	% of Households	Dollars	% of Dollars	Numbers	% of Numbers
Low	14,356	4%	\$0	0%	0	0%
Moderate	98,471	25%	\$53,117	14%	3	16%
Middle	208,080	54%	\$247,522	67%	11	58%
Upper	63,977	17%	\$70,150	19%	5	26%
<b>Total</b>	<b>384,884</b>	<b>100%</b>	<b>\$370,789</b>	<b>100%</b>	<b>19</b>	<b>100%</b>

**Lending in Assessment Area**

The bank's lending within the Los Angeles MSA, Orange County MSA, and San Jose MSA assessment areas meet the standard for satisfactory performance. Omni originated the majority of its loans within the assessment areas. Refer to the table below for details.

### Lending Within Assessment Area

Assessment Area	Total Loans By Number And Dollar	Total Loans Originated Within Assessment Area	Percent of Total Loans Originated within Assessment Area
Los Angeles	117	60	51%
	\$46,905,447	\$26,209,275	56%
Orange County	25	21	84%
	\$10,076,945	\$8,586,961	85%
San Jose	28	19	68%
	\$595,467	\$370,789	62%

### Response to Complaints

There are no complaints associated with the bank's performance under the provisions of the CRA.

### Fair Lending Review

An analysis of four years public comments and consumer complaint information and HMDA was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending examination was performed in 1998.