

PUBLIC DISCLOSURE

August 24, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Ojai Valley Bank
21017**

**1207 Maricopa Highway
Ojai, California 93023**

Federal Deposit Insurance Corporation

**25 Ecker Street
San Francisco, California 94105**

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.

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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 **Ojai Valley Bank** prepared by the Federal Deposit Insurance Corporation, the institution's supervisory agency, as of **August 24, 1998**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

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

The bank's CRA performance depicts a satisfactory practice of providing for the credit needs of its assessment area. This rating is supported by the following:

- The average loan-to-deposit ratio reflects an adequate responsiveness to community credit needs.
- A substantial majority of loan originations from January 1998 to June 1998 are within the bank's assessment area.
- The bank has achieved a reasonable dispersion of loans within its assessment area.
- The bank adequately lends to borrowers of different income levels and businesses of different sizes.

DESCRIPTION OF INSTITUTION

Ojai Valley Bank (OVB) is headquartered in Ojai, California. In addition to its main office in Ojai, OVB operates a full-service branch located in Oakview, California. Since the last examination, the bank has not opened or closed any branch.

OVB's June 30, 1998 Consolidated Report of Condition and Income reflects \$62.6 million in total assets, of which \$27.6 million or 44 percent were comprised of loans. The composition of the loan portfolio is predominately commercial/industrial, commercial real estate loans, and loans secured by 1-4 family residential. Refer to the table below for a description of the loan portfolio.

OVB's ability to meet the credit needs of the community is not limited by its financial condition, size, or other legal impediments.

The following table illustrates the composition of the bank's loan portfolio as of June 30, 1998.

LOAN TYPE	AMOUNT (000's)	%
Commercial and Industrial	\$4,686	17
Commercial Real Estate	4,913	18
Construction and Land Development	3,007	11
Secured by 1-4 Residential Properties	10,776	39
All Other Loans	4,223	15
TOTAL LOANS	\$27,605	100

DESCRIPTION OF *THE ASSESSMENT AREA*

OVB has designated an assessment area to include the areas surrounding the main office and the branch. The bank's assessment area comprises the entire Ojai Valley, which includes the communities of Ojai, Oak View, Meiners Oaks, Mira Monte, and Casitas Springs. The assessment area includes 4 census tracts from the northern portion of Ventura County Metropolitan Statistical Area (MSA) #8735. OVB's assessment area comprises approximately 3 percent of the census tracts located within MSA #8735. Of the 4 census tracts, two are classified as moderate-income and two are classified as middle-income.

Based on the 1990 U.S. Census, the total population for MSA #8735 is estimated at 669,000. The RECON survey available from the Federal Deposit Insurance Corporation's Division of Insurance's website reported that the population for MSA #8735 has increased to 724,852 as of 1997. In comparison, the population for the assessment area is estimated at 28,830 or 4.31 percent of the MSA total. The 1998 HUD-adjusted family income for the county is \$63,100. There are 11,152 housing units within the assessment area; 65 percent of these units are owner-occupied, 30 percent are rental units, and 5 percent are vacant. The median home value in Ventura County is \$243,504.

There are numerous financial institutions in the Ventura County MSA. Branches of several major retail banks, as well as institutions that meet the definition of a small bank, are located in OVB's immediate local area. Major industries in Ventura County include engineering services, wholesale and retail trade, and government. The top major employers are the Naval Air Warfare Center, Naval Construction Battalion Center, St. John's Regional Medical Center and Boskovich Farms. Other employers include Community Memorial Hospital, Southern California Edison, and GTE. Census Bureau data reflects that there are 210,379 employers in Ventura County. Approximately 94 percent of these establishments employ less than 50 people each.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LOAN TO DEPOSIT RATIO

The bank's loan-to-deposit ratio indicates an adequate responsiveness to area credit needs. The bank's average loan-to-deposit ratio for the previous 11 fiscal quarters is 58 percent. The average loan-to-deposit ratio compares favorably to ratios reported by the bank's peer group. The average loan-to-deposit ratio for similar situated institutions located in Ventura County with assets less than \$200 million was 61 percent.

LENDING IN ASSESSMENT AREA

Examiners reviewed commercial and consumer loans originated from January 1998 to June 1998 to analyze the bank's lending performance within its assessment area. During that time frame, the bank originated 189 loans totaling \$3.5 million. Of those loans, 161 or \$2.9 million were originated within the bank's assessment area. The resultant capture rates of 85 percent by number and 85 percent by dollar exceed satisfactory performance.

GEOGRAPHIC DISTRIBUTION OF LOANS

The bank's geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Although the dispersion of loans within the moderate-income census tracts is below the makeup of the bank's assessment area, the percentages of loans made by both dollar and number within the moderate-income census tracts are considered satisfactory. The table below reflects the geographic distribution of loan originations according to census tract income level.

DISPERSION OF COMMERCIAL AND CONSUMER LOANS BY CENSUS TRACT INCOME GROUP						
Type of Census Tract	# of Census Tracts	% of Total	# of Loans Extended	% of Total	Amount of Loans Extended (000's)	% of Total
Moderate	2	50	46	29	\$620	21
Middle	2	50	115	71	2,316	79
Total	4	100	161	100	\$2,936	100

LENDING TO BORROWERS OF DIFFERENT INCOMES AND BUSINESSES OF DIFFERENT SIZES

The bank has achieved an adequate penetration among borrowers of different incomes and businesses of different sizes. The 1998 HUD adjusted median family income (MFI) of \$63,100 was used for borrower distribution analysis. The following table provides information on how each income level is defined.

INCOME LEVEL	PERCENT OF MFI	INCOME RANGE
Low	Less than 50%	Less than \$31,550
Moderate	50% to 80%	\$31,550 to less than \$50,480
Middle	80% to 120%	\$50,480 to less than \$75,720
Upper	120% and over	\$75,720 and over

The following table reflects the lending distribution of the consumer loans reviewed. The sample consisted of 27 loans totaling \$331,909 from a potential universe of 117 loans totaling \$794,027. In addition, the table includes the percentage of families within each income level according to the 1990 census data. The analysis only includes the sampled loans which were originated within the assessment area.

CONSUMER LOANS					
INCOME LEVEL	PERCENT OF FAMILIES	NUMBER	PERCENT	DOLLAR AMOUNT (000's)	PERCENT
Low	23	2	7	\$14	4
Moderate	22	10	37	105	32
Middle	24	8	30	91	27
Upper	31	7	26	122	37
TOTALS	100	27	100	\$332	100

Business loans originated within the assessment area were reviewed to determine the degree of the bank's lending to businesses of different sizes. The sample consisted of 29 loans totaling approximately \$2 million from a potential universe of 44 loans totaling \$2.1 million. The table below depicts the distribution of the sampled commercial loans made within the assessment area.

COMMERCIAL LOANS				
GROSS REVENUE	NUMBER	PERCENT	DOLLAR AMOUNT (000's)	PERCENT
Less than \$100,000	7	24	\$223	11
\$100,000 to \$250,000	4	14	88	4
\$250,001 to \$1,000,000	12	41	1,171	58
Over \$1 Million	6	21	546	27
TOTALS	29	100	\$2,028	100

REVIEW OF COMPLAINTS

Ojai Valley Bank has not received any complaints relative to its CRA program since the last examination.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

Compliance with antidiscrimination laws was evaluated during the examination, including the Fair Housing Act, the Equal Credit Opportunity Act, and the Home Mortgage Disclosure Act. No substantive violations of the antidiscrimination laws were noted.