

---

---

# **PUBLIC DISCLOSURE**

February 12, 2007

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

One World Bank  
RSSD #3296859

2449 Walnut Hill Lane  
Dallas, Texas 75229

Federal Reserve Bank of Dallas  
2200 North Pearl Street  
Dallas, Texas 75201

**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.

## TABLE OF CONTENTS

Institution's CRA Rating .....	1
Scope of Examination .....	1
Description of Institution .....	2
Description of Assessment Area .....	3
Conclusions with Respect to Performance Criteria .....	6
Glossary .....	10

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

The performance of One World Bank in originating loans to meet the credit needs of all segments of its community is rated Satisfactory for the period covered by the evaluation. The factors supporting this rating include:

- A reasonable loan-to deposit ratio of 76% as of September 30, 2006, with a quarterly average of 72% for the six quarters since the bank opened for business;
- A majority of consumer and commercial loans originated inside the bank's assessment area, including 84% of the number and 79% of the dollar volume;
- A reasonable penetration of loans among individuals of different income levels and business of different sizes; and,
- A reasonable dispersion of loans throughout the assessment area, including 42% of commercial loans in moderate-income census tracts.

**SCOPE OF EXAMINATION**

The bank's performance was evaluated using the CRA small bank performance standards. Loans originated by the bank from its inception in April 2005 through December 31, 2006 were used to conduct this evaluation. Small Bank CRA performance standards evaluate:

- average loan-to-deposit ratio since the last CRA evaluation;
- the overall level of lending within the assessment area;
- the bank's lending to borrowers of different income levels and businesses and farms of different sizes;
- the bank's geographic distribution of loans within its assessment area; and,
- the bank's response to any written complaints since the last examination.

Each standard is viewed as part of an overall picture of the bank's performance in meeting the credit needs of its delineated assessment area.

## DESCRIPTION OF INSTITUTION

One World Bank (OWB) is a small retail bank that opened for business in Dallas, Texas in April 2005. OWB operates one banking office and an ATM in northwest Dallas, just north of Dallas Love Field near the Asian Trading District. The bank's primary mission is to provide personal and customized financial services to its customers. OWB is a wholly-owned subsidiary of One World Holding Company, Dallas, Texas.

OWB offers traditional banking products including savings, checking, certificate of deposit, IRA, MMDA, universal ATM/debit card services, and internet banking. In addition, the bank recently introduced a product called the Asset Builder Certificate of Deposit that is intended to allow customers of all income levels the opportunity to save over the long term at higher rates than are typically available on savings accounts. The time deposit may be opened with a low initial deposit of \$25.00, followed by required monthly direct deposits of \$25.00. A wide range of lending services are offered, including commercial, SBA, consumer, home improvement, home equity, residential mortgage, and commercial and residential interim construction loans.

At September 30, 2006, OWB reported total assets of approximately \$55 million, gross loans of \$33.7 million, total deposits of \$43 million, and total equity capital of \$11 million. The bank reported asset growth of 76% and loan growth of 215% as of September 30, 2006. As noted in the table below, commercial real estate loans dominate the bank's loan portfolio.

<b>Product</b>	<b>9/30/2006 \$(000)</b>	<b>% of Loans</b>	<b>9/30/2005 \$(000)</b>	<b>% of Loans</b>
<b>Real Estate</b>				
Construction/Land Development	3,822	11.33	1,336	12.51
1-4 Family-Other	320	0.95	0	0.00
Nonfarm Nonresidential	24,805	73.53	5,505	51.54
Total Real Estate	28,947	85.81	6,841	64.05
Commercial and Industrial	4,474	13.26	3,535	33.10
Consumer	276	0.82	303	2.84
Other	38	0.11	1	0.01
<b>Gross Loans</b>	<b>\$33,735</b>	<b>100.00*</b>	<b>\$10,680</b>	<b>100.00*</b>

\*Percentages may not add to 100 due to rounding.

This is One World Bank's first evaluation under the CRA since it opened for business in 2005. The bank's ability to meet various community credit needs has not been hampered by the capacity of other similarly situated institutions to lend in the assessment area (AA), demographic and economic factors present in the AA, or the lending opportunities available in the institution's AA.

Contacts in the community indicate the credit needs of the community appear to be adequately

met, with a number of financial institutions opening branches in the northwest Dallas area in recent years. Opportunities exist for helping to increase financial literacy and easing the paperwork burden for small business owners, along with an ongoing need for small dollar business loans and start up capital.

**DESCRIPTION OF ASSESSMENT AREA**

One World Bank’s assessment area consists of portions of the Dallas-Fort Worth-Arlington MSA, which encompasses the Dallas-Plano-Irving Metropolitan Division (Dallas MD) and the Fort Worth-Arlington MD (Fort Worth MD). The bank has chosen Dallas, Collin, and Denton Counties in the Dallas MD and Tarrant County in the Fort Worth MD as its assessment area. The AA includes the most populous counties in the north Texas area known as the Metroplex, and contains some of the fastest growing suburban areas in the state. The total population of the four-county area was estimated at 5.1 million as of July 2005, a 12% overall increase since 2000. The table below provides further information by county.

County	2005 Population Estimate	Percent Increase Since 2000	Major Cities	2005 Annual Unemployment Rate
Dallas	2,305,454	4%	Dallas, Garland, Irving, Carrollton, Mesquite	5.7%
Tarrant	1,620,479	12%	Fort Worth, Arlington, North Richland Hills	5.1%
Collin	659,457	34%	Plano, McKinney, Allen, Frisco	4.2%
Denton	554,642	28%	Denton, Lewisville, Flower Mound	4.3%

OWB experiences heavy competition from 148 other FDIC-insured institutions doing business in the four-county area as of June 30, 2006. Total deposits as of that date were \$148.6 billion in 1,472 banking offices, with OWB holding market share of 0.03%. Countrywide Bank, N.A.; JP Morgan Chase Bank, N.A.; and Bank of America, N.A., respectively, hold the highest percentage of deposits in the market.

Demographic and economic information impacting the bank’s performance context are discussed below. Information was obtained from publicly available sources including the U.S. Department of Commerce’s Bureau of the Census, 2000; the U.S. Department of Labor; the U.S. Department of Housing and Urban Development; D&B; and the Texas Workforce Commission.

**Income** - According to the 2000 census, there are 1.1 million families in the assessment area, 8% of which live below the poverty level. Twenty-one percent of families are low-income, 18% are

moderate-income, 20% are middle-income, and 41% are upper-income families. The median family income for 2005 and 2006 was \$65,000 and \$66,700, respectively in the Dallas MD and \$61,500 and \$63,100 in the Fort Worth MD.

The AA contains 938 census tracts, including 9% low-income, 28% moderate-income, 32% middle-income, and 30% upper-income census tracts. Low-income census tracts in the AA are primarily located in the cities of Dallas and Fort Worth.

**Housing** - There were almost 1.8 million housing units in the area as of 2000, 55% of which were owner-occupied, 39% rental, and 6% vacant. Sixty-three percent of housing units are single-family homes, 28% are five or more family units, 6% are 2-4 family units, and close to 3% are mobile homes. Three percent of owner-occupied housing units are located in low-income census tracts, 20% in moderate-income tracts, 35% in middle-income, and 42% in upper-income census tracts. The median age of the housing stock is 23 years. In 2005, median home prices in the area ranged from \$112,100 in Fort Worth, \$154,900 in Dallas, to a high of \$183,600 in Collin County.

**Employment** - The DFW Metroplex is a major trade center and transportation hub, home to DFW Airport, Love Field, Alliance Airport, and American Airlines, the world's largest airline. Other industries include electronics manufacturing, data processing, retail trade, conventions and trade shows, education and health care. Major employers, in addition to the airline industry, include Lockheed Martin, Texas Instruments, EDS, JC Penney Co., Frito-Lay, Parkland Memorial Hospital, University of Texas Southwestern Medical Center, and the University of North Texas. According to Dun & Bradstreet data, 189,901 businesses are located in the area. Eighty-eight percent reported gross annual revenues less than or equal to \$1 million. Less than five percent of businesses are located in low-income census tracts, 25% in moderate-income, 33% in middle-income, and 37% are in upper-income tracts.

The unemployment rates for the Dallas and Fort Worth MDs have been steadily declining since reaching annual average highs of 6.8% and 6.3% respectively, in 2003. According to the Texas Workforce Commission, the 2005 annual average unemployment rate for the Dallas MD stood at 5.2%, comparable to the state's 5.3% average rate, while the annual average in the Fort Worth MD was 5%.

The following chart (Exhibit 7) details demographic information for OWB's assessment area obtained from the 2000 U.S. Census and 2006 D&B data.

<b>ONE WORLD BANK ASSESSMENT AREA DEMOGRAPHICS PORTION OF DALLAS-FORT WORTH-ARLINGTON, TEXAS MSA</b>								
<b>Income Categories</b>	<b>Tract Distribution</b>		<b>Families by Tract Income</b>		<b>Families &lt; Poverty Level as % of Families by Tract</b>		<b>Families by Family Income</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low-income	86	9.2	74,541	6.5	22,527	30.2	236,789	20.5
Moderate-income	268	28.6	282,651	24.5	42,796	15.1	206,298	17.8
Middle-income	297	31.7	390,949	33.8	21,619	5.5	235,192	20.4
Upper-income	283	30.2	406,944	35.2	8,476	2.1	476,806	41.3
Unknown income	4	0.4	0	0.0	0	0.0	0	0.0
<b>Total Area</b>	<b>938</b>	<b>100.0</b>	<b>1,155,085</b>	<b>100.0</b>	<b>95,418</b>	<b>8.3</b>	<b>1,155,085</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low-income	126,129	30,743	3.1	24.4	83,419	66.1	11,967	9.5
Moderate-income	448,990	193,720	19.8	43.1	228,122	50.8	27,148	6.0
Middle-income	630,306	339,227	34.7	53.8	258,577	41.0	32,502	5.2
Upper-income	577,469	413,256	42.3	71.6	135,284	23.4	28,929	5.0
Unknown income	16	0	0.0	0.0	10	62.5	6	37.5
<b>Total Area</b>	<b>1,782,910</b>	<b>976,946</b>	<b>100.0</b>	<b>54.8</b>	<b>705,412</b>	<b>39.6</b>	<b>100,552</b>	<b>5.6</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low-income	8,734	4.6	7,619	4.6	866	4.6	249	6.4
Moderate-income	47,716	25.1	40,328	24.1	6,333	33.6	1,055	27.0
Middle-income	62,581	33.0	55,308	33.1	6,021	31.9	1,252	32.1
Upper-income	69,663	36.7	63,027	37.7	5,319	28.2	1,317	33.7
Unknown income	1,207	0.6	854	0.5	321	1.7	32	0.8
<b>Total Area</b>	<b>189,901</b>	<b>100.0</b>	<b>167,136</b>	<b>100.0</b>	<b>18,860</b>	<b>100.0</b>	<b>3,905</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>88.0</b>		<b>9.9</b>		<b>2.1</b>

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### LOAN-TO-DEPOSIT RATIO

One World Bank's net loan-to-deposit (LTD) ratio is considered reasonable, given the bank's size and financial condition, the credit needs of the assessment area, and the competitive local banking environment. As of September 30, 2006, OWB's LTD ratio was 76%, and the quarterly average for the bank in the six quarters since its opening is 72%.

To better understand the bank's performance in relation to its assessment area, a comparison of similarly situated banks was performed. These banks were chosen for analysis based on their proximity and similar size and structure. As noted in the table below, OWB's LTD ratios are equivalent to its peers.

BANK	TOTAL ASSETS* 9/30/2006	LTD RATIO 9/30/2006	QUARTERLY AVG. LTD RATIO
One World Bank Dallas, Texas	\$54,745	76.31%	71.97%
Texas Brand Bank Garland, Texas	\$55,746	77.73%	77.47%
Independent Bank of Texas Irving, Texas	\$58,183	88.68%	81.95%
United Texas Bank Dallas, Texas	\$77,276	88.15%	75.62%
Dallas National Bank Dallas, Texas	\$81,768	57.40%	57.34%

\*In thousands

### LENDING IN ASSESSMENT AREA

One World Bank's lending performance with respect to CRA was assessed by analyzing a sample of 43 commercial loans totaling \$31.7 million and 20 consumer loans totaling \$402 thousand, originated by the bank between April 2005 and December 31, 2006. As summarized in the chart below, a majority of the bank's lending takes place in the assessment area. Eighty-four percent of the number of loans and 79% of the dollar volume were originated to borrowers living or operating inside the bank's assessment area.

ASSESSMENT AREA CONCENTRATION								
LOAN TYPE	INSIDE ASSESSMENT AREA				OUTSIDE ASSESSMENT AREA			
	#	%	\$000'S	% OF \$	#	%	\$000'S	% OF \$
Commercial	36	83.7%	\$24,679	79.0%	7	16.3%	\$6,578	21.0%
Consumer	17	85.0%	\$376	93.5%	3	15.0%	\$26	6.5%
TOTAL	53	84.1%	\$25,055	79.1%	10	15.9%	\$6,604	20.9%

### LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF

## DIFFERENT SIZES

The distribution of lending based on income and revenue levels of the borrowers reflects a reasonable penetration among individuals of different income levels and businesses of different sizes. The income level of the borrowers was compared to the 2005 and 2006 HUD-adjusted median family income (MFI) for the Dallas and Fort Worth MDs. The following table depicts the income level ranges for 2006.

<b>Income Level</b>	<b>2006 Dallas MD</b>	<b>2006 Fort Worth MD</b>
Median Income	\$66,700	\$63,100
Low-income	\$0 < \$33,350	\$0 < \$31,550
Moderate-income	\$33,350 < \$53,360	\$31,550 < \$50,480
Middle-income	\$53,360 < \$80,040	\$50,480 < \$75,720
Upper-income	\$80,040 and up	\$75,720 and up

OWB's consumer loans were made to borrowers of all income levels. Four of the 17 consumer loans in the AA were made to low- and moderate-income (LMI) borrowers. This performance is considered reasonable given the small number of loans available for review and the limited length of time the bank has been open. In addition, OWB faces significant competition from other community banks in its trade area, and the bank's primary client base consist of commercial customers. The following table illustrates the distribution of OWB's consumer loans inside the AA by income level of the borrowers.

<b>DISTRIBUTION OF CONSUMER LOANS BY BORROWER INCOME LEVEL</b>					
	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>	<b>Income N/A</b>
Number of Loans	2	2	6	6	1
% of Number	11.8%	11.8%	35.3%	35.3%	5.9%
Dollar Volume	\$18,000	\$29,000	\$182,000	\$143,000	\$4,000
% of Dollar Volume	4.7%	7.8%	48.5%	37.9%	1.1%
Percent of Families	20.5%	17.9%	20.4%	41.3%	N/A

The distribution of loans to businesses of different sizes is also reasonable, with loans made to customers of a variety of revenue levels. Sixty-one percent of the commercial loans were made to small businesses with revenues of \$1 million or less, including 22% to very small businesses or start up businesses. The following two tables reflect the distribution of the commercial loans in the assessment area by gross annual revenues and loan amount.

<b>DISTRIBUTION OF COMMERCIAL LOANS BY GROSS ANNUAL REVENUES</b>		
<b>Gross Annual Revenues</b>	<b>Number of Loans</b>	<b>Percent of Loans</b>
Less than \$50,000	8	22%
\$50,001 - \$250,000	6	17%
\$250,001 - \$500,000	4	11%
\$500,001 - \$ 1 million	4	11%
Greater than \$1 million	14	39%
Total	36	100%

Another indication of the bank’s effort to meet the credit needs of small business owners is the dollar amount of each commercial loan. As the table below demonstrates, approximately 72% of commercial loans were originated in amounts of \$1 million or less. Close to one-third were smaller dollar loans under \$100,000 each.

<b>DISTRIBUTION OF COMMERCIAL LOANS BY LOAN AMOUNT</b>		
<b>Loan Amount</b>	<b>Number of Loans</b>	<b>Percent of Loans</b>
Less than 100,000	11	31%
\$100,001 - \$250,000	7	19%
\$250,001 - \$1,000,000	8	22%
Over \$1,000,000	10	28%
Total	36	100%

## **GEOGRAPHIC DISTRIBUTION OF LOANS**

The overall geographic distribution of the bank’s loans reflects a reasonable dispersion of loans throughout the AA given the performance context. Although OWB did not originate any consumer loans in low-income tracts, less than 7% of AA families are located in low-income census tracts. Almost 18% of the bank’s consumer loans were made to borrowers in moderate-income tracts, compared to 24% of families living in moderate-income census tracts. Given its de novo status and small size, the bank is not reasonably expected to serve all LMI census tracts throughout the large and densely populated AA. The following table depicts the distribution of OWB’s consumer loans by income level of the census tracts.

<b>DISTRIBUTION OF CONSUMER LOANS BY GEOGRAPHIC INCOME LEVEL</b>				
	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>
Number of Loans	0	3	4	10
% of Number	0.0%	17.6%	23.5%	58.8%
Dollar Volume	\$0	\$32,000	\$79,000	\$264,000
% of Dollar Volume	0.0%	8.5%	21.1%	70.4%
Percent of Families	6.5%	24.5%	33.8%	35.2%

As illustrated in the table below, no commercial loans were made in low-income tracts; however

less than 5% of area businesses are located in low-income tracts. OWB’s lending performance in moderate-income tracts was excellent with almost 42% of commercial loans made in moderate-income tracts, compared to 25% of businesses that are located in moderate-income tracts.

<b>DISTRIBUTION OF COMMERCIAL LOANS BY GEOGRAPHIC INCOME LEVEL</b>					
	<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>	<b>Income N/A</b>
Number of Loans	0	15	11	9	1
% of Number	0.0%	41.7%	30.6%	25.0%	2.8%
Dollar Volume	\$0	\$8,227,000	\$6,262,000	\$9,941,000	\$250,000
% of Dollar Volume	0.0%	33.3%	25.4%	40.3%	1.0%
Percent of Businesses	4.6%	25.1%	33%	36.7%	0.6%

### **RESPONSE TO COMPLAINTS**

The bank has not received any CRA-related complaints during the evaluation period.

### **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified during the concurrent Consumer Affairs Examination.

## GLOSSARY

**Census tract:** A small, relatively permanent statistical subdivision of a county or statistically equivalent entity, delineated for data presentation purposes by a local group of census data users or the geographic staff of a regional census center in accordance with U.S. Census Bureau guidelines. Designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions **at the time they are established**, census tracts generally contain between 1,000 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries are delineated with the intention of being stable over many decades, so they generally follow relatively permanent visible features. However, they may follow governmental unit boundaries and other invisible features in some instances; the boundary of a state or county (or statistically equivalent entity) is always a census tract boundary.

**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, home equity 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 non-relatives 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 household and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

**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.

**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.

**Metropolitan Statistical Area (MSA):** A core area, as defined by the United States Office of Management and Budget, with at least one urbanized area of 50,000 or more population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties. MSAs are defined in terms of whole counties.

**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.

**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.

**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.

**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.