



# WHOLESALE or LIMITED PURPOSE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

November 29, 2010

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

TCM Bank, National Association  
Charter Number: 23363

2701 North Rocky Pointe Drive, Suite 700  
Tampa, FL 33607

Office of the Comptroller of the Currency

Credit Card Bank Supervision  
7101 College Boulevard, Suite 1600  
Overland Park, KS 66210

**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 conclusions for the three rating criteria are:

- ❖ The bank demonstrates an adequate level of qualified investment activity.
- ❖ The bank demonstrates no use of innovative or complex qualified investments or community development (CD) services. The bank did not provide any CD services.
- ❖ The bank demonstrates adequate responsiveness to credit and community development needs in its assessment area (AA).

## **Scope of the Examination**

In evaluating the bank's performance under the CRA, we reviewed community development activities from September 1, 2006 through November 29, 2010. We reviewed the level and nature of qualified investments and community development services. At the prior examination dated August 7, 2006, we rated the bank Satisfactory.

## **Description of the Institution**

TCM Bank, National Association (TCM) operates one office in Tampa, Florida. It opened for business May 18, 1998 and was approved as a limited-purpose bank, operating under the provisions of the Competitive Equality Banking Act of 1987 (CEBA). TCM is a wholly-owned subsidiary of ICBA Bancard, Inc. ICBA Bancard is a subsidiary of the Independent Community Bankers Association, a trade association that represents the interests of the locally-owned community banks nationwide, with approximately 5,000 banks in membership.

In 1998, ICBA Bancard, Inc. established TCM Bank, N.A. to facilitate community banks' participation in the credit card market by offering a competitive, agent bank card program, Total Card Management. TCM generally establishes an agent relationship with community banks that want to sell their portfolios and exit the credit card business. TCM keeps each bank's brand identity visible to its customers subsequent to the portfolio purchase. TCM offers general purpose VISA and MasterCard products.

As a CEBA credit card bank, TCM must engage only in credit card operations and must not: (1) accept demand deposits or deposits that the depositor may withdraw by check or similar means for payment to third parties or others; (2) accept any savings or time deposits of less than \$100,000; (3) maintain more than one office that accepts deposits; or (4) engage in the business of making commercial loans.

As of September 30, 2010, TCM's total assets were \$156 million; deposits totaled \$130 million. Credit card accounts totaled \$138 million in outstanding balances.

**Table 1: Financial Information (000s)**

	Year-end 2006*	Year-end 2007*	Year-end 2008*	Year-end 2009*	Most Recent Quarter-end 09/30/2010**	Average for Evaluation Period
<b>Tier 1 Capital</b>	\$18,962	\$21,469	\$21,641	\$22,176	\$26,502	\$22,150
<b>Total Income</b>	\$25,606	\$26,143	\$25,146	\$27,404	\$35,815	\$28,023
<b>Net Operating Income</b>	\$2,447	\$963	\$172	(\$1,465)	\$5,768	\$1,577
<b>Total Assets</b>	\$146,417	\$145,496	\$155,132	\$159,971	\$166,410	\$154,685
<b>Pass-Through Receivables</b>	\$127,529	\$131,378	\$137,354	\$150,597	\$143,494	\$138,070

Source: Consolidated Report of Condition and Income. \*\*Annualized data reported. \* Actual data reported. The Average for Evaluation Period is the average of the numbers in the five columns.

## Description of Assessment Area (AA)

TCM's assessment area is Hillsborough County, Florida. Hillsborough County is part of the Tampa-St.Petersburg-Clearwater Metropolitan Statistical Area (MSA# 45300). Hillsborough County is an urban area which, according to data from the 2000 census, has a total population of 998,948 persons.

### **Income**

The 2000 Census median family income (MFI) for the MSA is \$45,339. The 2010 updated MFI computed by HUD<sup>1</sup> for the Tampa MSA is \$59,400.

**Table 2: Assessment Area Description**

	Number	Low Income	Moderate Income	Middle Income	Upper Income
Tracts	249	5%	23%	37%	35%
Families*	256,882	19%	17%	21%	44%
Businesses**	105,654	3%	23%	31%	43%

Source: 2000 U.S. Census Data, 2010 Business Economic Data.

\*Represents families by income level. \*\*Represents the location of businesses by census tract income level.

### **Housing**

Housing units in the AA total 425,962 with 68% classified as 1-4 family units. Multifamily housing represents 22% of total housing units in the AA. A majority of housing units in the AA (59%) are owner-occupied. 2000 Census data indicates that the median housing value is \$100,069 and the median age of the housing stock is 33 years. Home price escalation has been a significant issue in the MSA in recent years. Home prices peaked in 2006 and have since declined significantly. From 2007 through the third quarter of 2010, the median sales price for existing homes has declined 39% (source: National Association of Realtors). Home foreclosures have significantly impacted the economy of the area. Florida had the second highest rate of home foreclosures for October 2010.

<sup>1</sup> Department of Housing and Urban Development

Hillsborough County ranks fourth in the state for foreclosures in October 2010, behind only the South Florida markets of Broward, Palm Beach and Miami-Dade counties. (source: Realtytrac).

### ***Employment***

Hillsborough County is a business community with a significant majority (80%) of residents being wage-earners. As with much of the United States, unemployment has increased in the area. Data from the State of Florida shows the October 2010 unemployment rate was 11.6% for Hillsborough County<sup>2</sup>. This figure is consistent with the State of Florida (11.6%) but compares less than favorably to the Nation (9.0%). The labor market in the Tampa MSA was hard hit by the collapse of the housing market, as a significant portion of residents were employed in financial services or real estate-related industries. The largest major industry sector is Health Care and Social Assistance, followed by Retail Trade, and Accommodation and Food Services. The largest major occupational group is Office and Administrative Support Occupations. Several large financial services companies have back-office and shared-services operations located in Tampa. Major private sector employers include J.P. Morgan Chase (financial services), Citibank (financial services), H. Lee Moffitt Cancer Center & Research Institute (healthcare), PricewaterhouseCoopers (accounting) and Progressive Insurance.

### ***Community Contacts***

Community credit needs and opportunities for community development investments and services were determined from a number of sources. The City of Tampa's Consolidated Plan (2008-2012) discusses the lack of affordable housing in the area—single family and multifamily housing. According to the Plan, 65% of low and moderate-income renters have difficulty affording rental housing in the AA. Additionally, small business financing is an important component in revitalizing neighborhoods. Furthermore, given the current economic climate in the area, job creation is essential to recovery. During the evaluation period, OCC representatives met with a not-for-profit community organization in the AA whose efforts were focused on providing social services for families. The contact noted that there is a need for greater involvement by banks in providing grants and services for housing assistance programs.

There are a significant number of banking institutions in the area that also seek out community development opportunities. Data from the FDIC as of June 30, 2010 shows that there are 57 banks and savings institutions operating 316 offices in Hillsborough County. Together, these institutions hold a total of \$1.4 billion in deposits in this market.

## **Conclusions about Performance**

### **Summary**

- The bank's overall level of CD activities is adequate. The bank did not provide any CD services.

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<sup>2</sup> Not seasonally adjusted. Source: Florida Research and Economic Database

- TCM’s CD activities are neither innovative nor complex. TCM’s narrow operating focus and small staff limit its ability for involvement in complex CD activities.
- Bank activities are adequately responsive to identified needs – in particular, affordable housing, small businesses and job creation in low- and moderate-income areas.

## Qualified Investments

**Table 3: Qualified Investment Activity (000s)**

	Benefits AA
Originated Investments	\$1,150
Originated Grants	\$0
Prior-Period Investments that Remain Outstanding	\$500
<b>Total Qualified Investments</b>	<b>\$1,650</b>

**Table 4: Qualified Investment Percentages**

	Benefit AA (%)
Total Investments/Average Tier 1 Capital	7.4%
Total Investments/Average Total Income	5.9%
Total Investments/Average Pass-Through Receivables	1.2%

In the current evaluation period, the bank invested \$900 thousand in an investment fund for the purchase of targeted mortgage-backed securities. The investments are pools of single-family home mortgages made to moderate-income borrowers in the bank’s AA. TCM also has a continuing investment in the fund for \$500 thousand. For the current evaluation period, the bank’s funds were used to purchase an investment in the development of Belmont Heights Estates, a multifamily housing project targeted to low- and moderate-income residents in East Tampa.

TCM also made \$250 thousand investment in a certified Community Development Entity (CDE) under the U.S. Treasury Department’s Community Development Financial Institutions Fund (CDFI). To qualify as a CDE, an entity must have as its primary mission to serve or provide investment capital for low-income communities or low-income persons. This CDE is an active buyer of SBA 7(a) loans made to small businesses in low- and moderate-income areas or to businesses that employ low- and moderate-income persons. Over the evaluation period, the CDE purchased loans, using TCM’s investment, to five qualifying small businesses in the bank’s AA, totaling over \$726 thousand. By providing a secondary market for these types of loans, the CDE affects a lower cost of capital and availability of credit for these types of small businesses.

## Community Development Services

**Table 7: Community Development Service Activities**

CD Service	Benefits AA
None	

X means yes; Blank means No

There were no community development services performed during the evaluation period. Given the adequate level of qualified investments made during the evaluation period, the bank’s overall community development activities are satisfactory. However, TCM is encouraged to pursue opportunities to provide community development services in the AA.

## Fair Lending or Other Illegal Credit Practices Review

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

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Assessment Area (AA):** A geographic area that consists generally of one or more MSAs (using the MSA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the bank has its main office, branches, and deposit-taking ATMs.

**Benefit to Assessment Area:** A qualified Community Development activity benefits the assessment area if (i) the activity benefits areas within the assessment area, or (ii) the activity has the potential to benefit the assessment area and is located in the broader statewide or regional area that includes the bank's assessment area. If a bank has adequately addressed the needs of its assessment area, then the OCC also considers activities submitted by the bank that benefit areas outside of its assessment area.

**CEBA:** Competitive Equality Banking Act of 1987, which permitted corporations to form limited-purpose credit card banks, whose operations are restricted to credit card activities, without the corporation becoming subject to the limitations of a "bank holding company" under the Bank Holding Company Act. A CEBA credit card bank engages only in credit card operations, does not accept demand deposits or savings or time deposits of less than \$100,000 (other than to secure extensions of credit), maintains only one office and does not engage in the business of making commercial loans. [*This definition is not needed for non-CEBA Limited Purchase or Wholesale Institutions.*]

**Census Tract (CT):** Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per 10-year census and an average population of 4,000.

**Community Development (CD):** Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;

- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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

**Limited Purpose Institution:** An institution that offers only a narrow product line (such as credit cards or automobile loans) to a regional or broader market and for which a designation as limited purpose bank is in effect. [*This definition is not needed if bank is designated a wholesale institution.*]

**Median Family Income (MFI):** The median income determined by the United States Census Bureau every 10 years and used to determine the income level category of geographies. Also, it is the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of families. For any given geography, the median is the point at which half of the families have income above it and half below it. (See the four categories of median income below.)

- **Low-Income** – An income level that is less than 50% of the MFI.
- **Moderate-Income** – An income level that is at least 50% and less than 80% of the MFI.
- **Middle-Income** – An income level that is at least 80% and less than 120% of the MFI.
- **Upper-Income** – An income level that is 120% or more of the MFI.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**Net Operating Income:** As listed in the Consolidated Report of Condition and Income: Income before income taxes and extraordinary items and other adjustments. [*Schedule RI - Income Statement, line 8 or UBPR, page 2, "PreTax Operating Income (TE)"*]

**Pass-Through Receivables:** Outstanding receivables tied to all accounts issued or owned by the bank. Pass-through receivables include receivables attributable and receivables retained on balance sheet as those terms are used in 12 CFR 8. [*If not already reported to the OCC, the bank provides this information. If not applicable to institution being examined, definition is not required.*]

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries. [*Schedule RC-R - Regulatory Capital, line 3a(1) or UBPR, page 11A, "Net Tier One"*]

**Total Assets:** Total bank assets as listed in the Consolidated Report of Condition and Income. [*Schedule RC - Balance Sheet, line 12 or UBPR, page 4, "Total Assets"*]

**Total Income:** From the Consolidated Report of Condition and Income – Total Interest income plus Total Noninterest income. [*Schedule RI - Income Statement, Total Interest Income, line 1g and Total Noninterest Income, line 5g, except for banks with domestic offices only and total assets less than \$100 million, line 5c or UBPR, page 2, "Total Interest Income" and "Noninterest Income"*]

[*For wholesale institutions, add this definition*]

**Wholesale Institution:** An institution that is not in the business of extending home mortgage, small business, small farm, or consumer loans to retail customers and for which a designation as a wholesale bank is in effect.