



**SMALL BANK**

---

Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

---

## **PUBLIC DISCLOSURE**

**January 8, 2007**

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

**Professional Bank, National Association  
Charter Number 24447**

**2101 Abrams Road  
Dallas, Texas 75214**

**Comptroller of the Currency  
Dallas Field Office  
17300 Dallas Parkway, Suite 2020  
Dallas, Texas 75248**

**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: Satisfactory

The lending performance of Professional Bank, National Association reflects a satisfactory responsiveness to the community's credit needs. This assessment is based upon the following conclusions:

- Professional Bank's average loan-to-deposit ratio is 97.20%. This is good compared to other similarly-situated institutions within the Dallas metropolitan area.
- A majority of Professional Bank's primary loan products were granted within the assessment area by number of loans. The sample indicated that 53% of the number and 43% of the dollar volume of loans were originated within the assessment area.
- The distribution of loans to small businesses shows satisfactory performance with 62% of commercial loans reviewed in the assessment area were made to businesses with revenues less than \$1 million.
- The geographic distribution for commercial loans in low- and moderate-income census tracts needs to improve.
- There was no evidence of illegal discrimination.

## DESCRIPTION OF INSTITUTION

As of September 30, 2006, Professional Bank has total assets of \$72 million with \$46 million in total loans and \$62 million in total deposits. The full-service main office is located in the Lakewood neighborhood five miles east of downtown Dallas, Texas. The bank operates two full service branch locations with one located in the Park Cities area of Dallas, Texas and the other in the adjacent city of Garland, Texas. ATM services are provided at all bank locations. Hours of operation are convenient and commensurate with other area banks. The bank offers a full range of loan products and deposit services, including electronic banking. Lending emphasis includes commercial and residential real estate, construction, commercial and professional loans. As reflected in the table below, loans as of September 30, 2006 are distributed as follows:

<b>Loan Category</b>	<b>\$(000)</b>	<b>%</b>
Residential Real Estate	8,107	17.60
Commercial Real Estate	10,554	22.29
Commercial Loans	25,127	54.56
Consumer Loans	1,603	3.48
Ag (Real Estate Purpose)	70	0.15
Other	596	1.29
<b>Total</b>	<b>46,057</b>	<b>100.00</b>

Professional Bank is owned by a one-bank holding company within a two-tier holding company

structure, Professional Capital, Inc. (Texas) and Professional Capital, Inc. (Delaware). There are no financial or legal impediments to the bank’s ability to meet the credit needs of its assessment area. Professional Bank’s primary business focus is to serve the banking needs of its community. This is the first CRA Performance Evaluation since the bank was chartered and began operations in January 2004. The bank is actively involved in Dallas Habitat for Humanity and the Frazier Housing Development.

**DESCRIPTION OF ASSESSMENT AREA**

Professional Bank’s primary lending area consists of the Park Cities area, City of Garland, and the Lakewood area. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income census tracts. All census tracts in the assessment area are located within the Dallas, Texas metropolitan area. The assessment area is part of the Dallas Metropolitan Statistical Area (MSA), and according to the 2000 Census Bureau data the area contains 73 census tracts with a population of 317,058. The table below reflects the demographics based on 2000 Census Bureau and the 2006 Housing and Urban Development Agency (HUD) data.

<b>DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA</b>	
Population - Year 2005	
Number of Families	72,021
Number of Households	126,899
Geographies	
Number of Census Tracts/BNA	73
% Low-Income Census Tracts/BNA	8.22
% Moderate-Income Census Tracts/BNA	27.40
% Middle-Income Census Tracts/BNA	38.36
% Upper-Income Census Tracts/BNA	26.03
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$64,060
2006 HUD-Adjusted MFI	\$66,700
Economic Indicators	
Unemployment Rate	4.87
2000 Median Housing Value	\$160,634
% of Households Below Poverty Level	9.81

The economy of Dallas County is well diversified and expanding. The assessment area includes a number of urban Dallas residential neighborhoods and the bedroom community of Garland, with many workers commuting to other areas of the MSA. A large number of retail, commercial

and professional businesses are located within the assessment area. General economic condition for the MSA reflects a wide range of industries, including transportation, finance and manufacturing. The rate of unemployment for the assessment area is approximately the same as the current seasonally adjusted statewide rate. Primary credit needs include housing, small business and consumer loans.

We reviewed the community contact information from Central Dallas CDC. This non-profit corporation has a mission to increase the supply of affordable housing and is engaged in 1 to 4 family and multi-family projects in the downtown and eastern portion of Dallas. This organization is active within Professional Bank’s assessment area. The primary credit need they identified is the extreme lack of affordable residential property both for rent and purchase.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Our assessment of the bank’s overall lending performance utilized sampling of the commercial loan and commercial real estate loan portfolios. We evaluated the residential lending activity, but did not heavily rely on this product since the bank has only originated 18 residential real estate loans since opening for business in 2004. As a new bank open for less than five years, the loan-to-deposit ratio, lending penetration within the assessment area, and degree of lending to small businesses weighed most heavily in our evaluation. The lending tests revealed a satisfactory effort to meet the lending needs of the assessment area.

### Loan-to-Deposit Ratio

Professional Bank’s loan-to-deposit (LTD) ratio is good and exceeds that of other financial institutions. The banks in the comparison were selected based on location, age of bank, and number of branches. Professional Bank’s average quarterly LTD ratio since March 2004 to September 2007 is 97.20%. The LTD ratio on September 30, 2006 was 73.28%. The average September 2007 LTD ratio for the other financial institutions was 73.11%.

<b>Institution</b>	<b>\$ Assets (as of 09/30/2006)</b>	<b>Average LTD Ratio</b>
Preston National Bank	57,801	99.28%
<b>Professional Bank</b>	<b>71,895</b>	<b>97.20%</b>
T Bank, N.A.	83,770	88.32%
American National Bank	22,961	54.95%
Dallas National Bank	81,768	54.05%

*Source of data: Derived from Call Report information*

### Lending in Assessment Area

Professional Bank's performance of lending in its assessment area is adequate. We selected all of the 18 residential real estate loans, and a random sample of 20 commercial real estate loans and 40 commercial loans that were originated from January 2004 to September 2006 in order to assess the bank's lending performance within its assessment area. The bank originated 53% by number and 43% by dollar volume of its loans within the assessment area. The bank's ratio of lending in the assessment area was calculated from its primary loan types.

TOTAL LOANS REVIEWED – (1/23/2004 – 9/30/2006)								
LOAN TYPE	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Residential RE	10	56%	2,118	47%	8	44%	2,360	53%
Commercial RE	10	50%	3,613	44%	10	50%	4,644	56%
Commercial loans	21	53%	4,709	41%	19	47%	6,863	59%
Total Reviewed	41	53%	10,440	43%	37	47%	13,867	57%

Source of data: Derived from loan sample results

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

Professional Bank's distribution of loans to businesses with annual revenues of less than \$1 million shows satisfactory performance with 62% of commercial loans made to small businesses in the assessment area.

Borrower Distribution of Loans to Businesses (1/23/2004 – 9/30/2006)				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	64.37	5.73	29.90	100%
% of Bank Loans in AA by #	61.90	38.10	0	100%
% of Bank Loans in AA by \$	77.50	22.50	0	100%

Source: Loan sample; Dunn and Bradstreet data.

Residential real estate lending to low- and moderate-income borrowers needs improvement. The majority of the residential real estate loans are made to borrowers in the upper-income level. Intense competition makes penetration of the low- and moderate-income levels difficult for a newly opened bank. Professional Bank has recently hired additional personnel for increased marketing and outreach to these borrower income levels. The number of residential real estate loans is too small to provide a valid borrower distribution analysis, but no residential real estate loans were made to low- or moderate income borrowers.

### Geographic Distribution of Loans

Improvement is needed to increase lending penetration for small business loans in low- and moderate-income census tracts. Limited lending opportunities exist in low-income geographies, since few businesses are located in low-income census tracts. The majority of the bank's small business loans in the assessment area are located in the upper-income census tracts. Increased marketing efforts are currently being made to expand lending in the low- and moderate-income census tracts.

GEOGRAPHIC DISTRIBUTION OF SMALL LOANS TO BUSINESSES (1/23/2004 – 9/30/2006)								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses	4.97		24.78		34.04		36.21	
Loan Type	% of Number	% of Amount						
Business	0.00	0.00	0.00	0.00	23.08	19.98	76.92	80.02

*Source of data: Derived from loan sample results and D and B data.*

Residential real estate loans are concentrated in the upper-income level census tracts. However, there has been some real estate lending within the moderate- and middle-income tracts in the assessment area. Residential lending penetration of the low- and moderate-income census tracts also needs improvement. The limited lending volume precludes a valid geographic analysis, but only one loan was made in a moderate-income census tract and none were in a low-income census tract.

### **Responses to Complaints**

Professional Bank did not receive any consumer complaints related to its CRA performance during this evaluation period.

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

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