



## PUBLIC DISCLOSURE

October 26, 2015

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

TCM Bank, National Association  
Charter Number 23363

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

Office of the Comptroller of the Currency

Midsized and Credit Card Bank Supervision  
400 7th Street SW, Suite 3E-218  
Washington, DC 20219

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.

## **General Information and Institution's CRA Rating**

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 (LMI) neighborhoods, consistent with the 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 CRA performance of TCM Bank, National Association (TCM) issued by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, for the evaluation period starting November 30, 2010 through October 26, 2015. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

**This institution is rated Satisfactory.**

The conclusions for the three rating criteria are:

- The bank demonstrates an adequate level of qualified investments.
- The bank demonstrates no use of innovative or complex qualified investments.
- The bank demonstrates excellent responsiveness to credit and CD needs in its assessment area (AA).

## **Scope of the Evaluation**

In evaluating the bank's performance under the CRA, we reviewed CD activities from November 30, 2010 through October 26, 2015. We reviewed the level and nature of qualified investments. At the prior evaluation dated November 29, 2010, we rated the bank Satisfactory.

## **Description of Institution**

TCM is a \$179 million financial institution, which operates one office in Tampa, Florida. The bank opened on May 18, 1998 as a limited-purpose bank, operating under the provisions of the Competitive Equality Banking Act of 1987 (CEBA). TCM was established by, and is a wholly-owned subsidiary of, ICBA Bancard, Incorporated. ICBA Bancard is a subsidiary of the Independent Community Bankers Association, a nonprofit trade association that represents the interests of the locally-owned community banks nationwide, with over 6,000 banks in membership. The bank's primary business model is concentrated in the acquisition and origination of both consumer (predominantly) and commercial (limited) credit card receivables using agent bank relationships.

ICBA Bancard established TCM Bank, National Association to facilitate community banks'

participation in the credit card market by offering an agent bankcard program called Total Card Management. Through this program, TCM provides credit card products for member banks wanting to offer credit cards, but lacking the resources to be direct issuers. TCM offers general-purpose VISA and MasterCard products, branded under the member bank's name. TCM also provides services to banks that need additional expertise to manage their own credit card portfolios. TCM's agent relationship also provides for the purchase of existing credit card portfolios from member banks.

As a CEBA credit card bank, TCM must engage only in credit card operations. TCM must not: accept demand deposits or deposits that the depositor may withdraw by check or similar means for payment to third parties or others; accept any savings or time deposits of less than \$100,000; maintain more than one office that accepts deposits; or engage in the business of making commercial loans. TCM holds all receivables on its balance sheet. TCM's narrow operating focus and small staff limit its ability for involvement in complex CD activities.

Table 1 provides financial information relating to TCM's financial capacity to help meet the needs of the AA.

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

	Fourth Qtr 2010	Year-End 2011	Year-End 2012	Year-End 2013	Year-End 2014	Most Recent Quarter-End 6/30/15	Average for Evaluation Period
<b>Tier 1 Capital</b>	\$27,614	\$33,659	\$38,303	\$41,694	\$44,850	\$44,770	\$38,481
<b>Total Income</b>	\$34,767	\$28,931	\$28,612	\$27,992	\$28,530	\$28,492*	\$29,554
<b>Net Operating Income</b>	\$5,438	\$6,045	\$4,643	\$3,391	\$3,156	\$2,826*	\$4,250
<b>Total Assets</b>	\$170,017	\$179,798	\$183,894	\$184,156	\$191,557	\$179,065	\$181,415
<b>Pass-Through Receivables</b>	\$152,671	\$156,960	\$159,714	\$157,576	\$151,614	\$139,653	\$153,031

Source: June 30, 2015 Consolidated Report of Condition and Income and bank reported data. \*Annualized Data

## Description of Assessment Area

TCM's AA consists of Hillsborough County Florida, which is located within the Tampa-St. Petersburg-Clearwater MSA. The AA consists of both urban and suburban areas and does not arbitrarily exclude LMI geographies. According to 2010 census information, 25 (8 percent) of the geographies in this AA are low-income, 72 (23 percent) are moderate-income, 116 (36 percent) are middle-income, 99 (31 percent) are upper-income, and eight (2 percent) have not been assigned an income classification. See Table 2 on the following page for additional information.

The AA continues a strong recovery. Since the previous evaluation, there has been substantial growth in the leisure and hospitality services. Financial services are another sector that has experienced above average growth since the previous evaluation. The area's housing market is also expanding with residential construction employment reaching its highest level in six years in 2015<sup>1</sup>.

<sup>1</sup> Moody's Analytics, October 2015

Housing units in the AA total 526,016 with 69 percent classified as 1-4 family units. Multifamily housing represents 23 percent of total housing units in the AA. A majority of housing units in the AA (56 percent) are owner-occupied. According to the US Census Bureau American Community Survey, between 2009 and 2013, the median value of owner-occupied housing units was \$160,000.

The AA seasonally adjusted unemployment rate has declined every year since the previous evaluation, decreasing from 11.6 percent in November 2010 to 5.1 percent in August 2015. During the evaluation period, the AA's average unemployment rate of 7.6 percent mirrored the state average. The AA and state average were slightly above the national average of 7.4 percent during the evaluation period. Major industries consist of professional and business services, education and health services, followed by government, and retail trade. Major employers include MacDill Air Force Base, Verizon Communications, University of South Florida, Tampa International Airport and Tampa General Hospital<sup>1</sup>. According to the US Census, the population of Hillsborough County Florida increased 7.1 percent from January 1, 2010 through December 31, 2014. This compares to 5.8 percent growth rate for the entire state during the same time period.

Thirteen percent of families live below the poverty level in the AA, based on the 2010 Census Data and 2014 Federal Financial Institutions Examination Council (FFIEC) updated median family income of \$57,333. It is especially difficult for this segment of the population to afford and maintain a home. As of 2010, the AA had 295,936 families. Twenty one percent of families were low-income, 17 percent were moderate-income, 19 percent were middle-income, and 43 percent were upper-income.

**Table 2: Assessment Area Description – 2010 Census Data**

	Number	Low	Moderate	Middle	Upper
<b>Tracts*</b>	320	8%	23%	36%	31%
<b>Families**</b>	295,936	21%	17%	19%	43%
<b>Businesses***</b>	145,537	5%	21%	33%	41%

Source): Demographic Data – 2010 U.S. Census, Dun & Bradstreet Data. \*2% of geographies have not been assigned an income classification. \*\*Represents families by income level. \*\*\*Represents businesses by income level of census tract.

During the CRA evaluation, we contacted an affordable housing organization in Tampa to discuss community credit needs. We obtained additional information on CD opportunities from three additional AA contacts completed within the previous 12 months. These organizations have missions that include affordable housing, small business technical assistance and community services for LMI families. We identified the following credit and non-credit related needs for this AA.

- Funding for CD Programs – There is a continued need in the AA for affordable housing, small business financing and community services for LMI families. All of the organizations need increased funding through loans and investments to expand their programs within the AA.

## Economic Development Needs

- Small Business Assistance – Small business owners in the area are in need of access to capital to expand existing businesses. Small business owners also need financial education. Additionally, funding for affordable small business rental spaces to keep small business owners in the local community and contribute to neighborhood revitalization through job creation.
- Micro lending – Small businesses need short-term loans of \$5,000 or less, for business working capital or startup capital.

## Community Service Needs

- Financial Education – Banks can assist with the development, funding and/or instruction of financial education to LMI families.
- Technical Assistance to Community Organizations – Community organizations in the AA can benefit from bank professional expertise in areas like marketing, IT, and human resources.

In addition to these specific CD needs, several of the organizations expressed a desire to increase the number of community bank partners. Past partnerships have been with large banks and credit unions. However, community organizations do not always know how to identify and engage the community bankers in the AA.

The greatest needs in the AA are for affordable housing and economic development. There are ample opportunities to support CD needs in the AA and there are numerous organizations in the AA that provide those opportunities. However, data from the FDIC as of April 21, 2016 shows there are 47 banks and savings institutions operating 312 offices in Hillsborough County. Therefore, there is significant competition from other financial institutions for these CD opportunities and subsequent CRA credit.

## Conclusions about Performance

### Summary

- The bank's overall level of CD activities is adequate given available opportunities, strong competition from full service banks, legal restrictions, its financial capacity, and nature of its banking operations. TCM made a \$600 thousand investment during the current evaluation period and made a \$1.4 million investment in the prior evaluation period, which continues to benefit the AA. The bank did not provide any CD services.
- TCM did not use innovative or complex qualified investments to meet the credit and community needs of this AA. TCM's narrow operating focus and small staff limit its ability for involvement in complex CD activities.

- TCM exhibited excellent responsiveness to credit and CD needs in this AA. TCM's qualified investments address the needs for affordable housing and economic development, which are the greatest needs in the AA.

### Qualified Investments

TCM has a prior period investment of \$1.4 million in a qualified investment fund (QIF)<sup>2</sup>. The bank's prior investment continues to meet a critical need of affordable housing for LMI families within the AA. It primarily provides financing for a qualified multi-family project located in Tampa, Florida in which 100 percent of occupants are LMI. The project was formerly a Section 8 Housing Assistance Payment Contract project. It now operates under the HUD Section 236(e) Program and is financed with a HUD insured guaranteed mortgage including Interest Reduction Payments. In addition, the prior period investment contains mortgage-backed securities targeted to moderate-income individuals in Hillsborough County, Florida.

During the current evaluation period, the bank invested an additional \$600 thousand in the fund. The bank's funds purchased a qualified SBA loan, which finances a small business in a moderate-income CT in Hillsborough County, Florida. This loan helps to meet a critical need for economic development in the AA.

Although the qualified investments were not innovative or complex, they were highly responsive to community needs. All investments were within the bank's defined AA. Table 3 identifies the total dollar amount of qualified investments. Table 4 details TCM's amount of qualified investments as a percentage of Average Tier 1 Capital, Average Total Income, and Average Pass-Through Receivables.

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

	<b>Benefits AA</b>
<b>Originated Investments</b>	\$600
<b>Originated Grants</b>	0
<b>Prior-Period Investments that Remain Outstanding</b>	\$1,400
<b>Total Qualified Investments</b>	\$2,000
<b>Unfunded Commitments*</b>	\$0

\* "Unfunded Commitments" means legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.

<sup>2</sup> A QIF makes investments in qualified securities throughout the nation and can target its purchases to fund projects in each shareholder's (bank's) AA. These investments include Small Business Administration loans, individual mortgages to low- and moderate-income individuals, municipal housing bonds, and other mortgage backed securities that assist low- and moderate-income individuals with housing needs.

**Table 4: Qualified Investment Percentages**

	<b>Benefit AA (%)</b>
<b>Total Investments/Average Tier 1 Capital</b>	5.20
<b>Total Investments/Average Total Income</b>	6.77
<b>Total Investments/Average Pass-Through Receivables</b>	1.31

**Community Development Services**

TCM did not provide any CD services for us to consider in evaluating the bank’s performance in this AA. TCM’s narrow operating focus and small staff limit its ability for involvement in complex CD activities.

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

Pursuant to 12 C.F.R. 25.28(c) and 195.28(c), in determining a national bank’s (bank) or federal savings association’s (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank’s or FSA’s lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S Department of Justice, the U.S. Department of Housing and Urban Development (HUD), and the Consumer Financial Protection Bureau (CFPB).

The OCC did not identify any evidence of discriminatory or other illegal credit practices with respect to the institution.

The OCC will consider any evidence of discriminatory or other illegal credit practices relative to this institution that other regulators may provide to the OCC before the end of the institution’s next performance evaluation in that subsequent evaluation, even if the information provided concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## 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 the same company directly or indirectly controls both companies. 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. (Credit card loans made to businesses, which meet the criteria for a "small business concern," that are eligible for business loans under regulations established by the Small Business Administration under 13 CFR 121 are not considered commercial loans.)

**Census Tract (CT) – 2000 Census:** 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.

**Census Tract (CT) – 2010 Census:** Small, relatively permanent statistical subdivisions of a county delineated by local participants as part of the U.S. Census Bureau's Participant Statistical Areas Program. The primary purpose of CTs is to provide a stable set of geographic units for the presentation of decennial census data. CTs generally have between 1,500 and 8,000 people, with an optimum size of 4,000 people.

**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 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.

**Median Family Income (MFI) – 2000 Census:** 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.

**Median Family Income (MFI) – 2010 Census:** The median income derived from the United States Census Bureau’s American Community Survey data every 5 years and used to determine the income level category of geographies. Also, it is the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level of individuals within a geography. For any given geography, the median is the point at which half of the families have income above it and half below it.

**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.

**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.

**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.

**Total Assets:** Total bank assets as listed in the Consolidated Report of Condition and Income.

**Total Income:** From the Consolidated Report of Condition and Income – Total Interest income plus Total Noninterest income.