



## **PUBLIC DISCLOSURE**

October 1, 2013

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

T Bank, National Association  
Charter Number 24467

16000 Dallas Parkway, Suite 125  
Dallas, TX 75248

Office of the Comptroller of the Currency  
Dallas Field Office  
225 E. John Carpenter Freeway, Suite 500  
Irving, TX 75062-2326

**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 lending test indicates that T Bank, National Association (NA) has a satisfactory performance of meeting its community credit needs. This assessment is based on the following conclusion.

- The bank's loans to deposit ratio exceeds standards for satisfactory performance based on the bank's size and complexity.
- When performance context issues are considered, T Bank's efforts to meet the credit needs of its Assessment Area (AA) are adequate and meet the standard for satisfactory performance.
- A majority of the bank's loans were extended within the AA.
- There were no consumer complaints regarding T Bank's CRA performance received during this evaluation period.
- The bank has a satisfactory level of qualified community development investments that are highly responsive to its community needs.

**SCOPE OF EXAMINATION**

The bank was evaluated under the Community Reinvestment Act using small bank procedures, and is therefore subject to the lending test. The lending test evaluates the bank's record of helping to meet the credit needs of its AA through its lending activities. The evaluation of T Bank's performance covers the period from April 2008 through June 2013. The last CRA examination was conducted as of March 2008. We considered all loans originated since the last CRA examination.

**DESCRIPTION OF INSTITUTION**

T Bank is a community bank located in north Dallas, which is located in Dallas County, Texas. The bank is a wholly owned subsidiary of T Bancshares, Inc., which is a publicly traded company. The bank, chartered in November 2004, has approximately \$126 million in total assets as of June 2013. The main office is located at 16000 Dallas Parkway in Dallas, Texas, and is a full service banking office. Management closed the Plano, Texas branch and the Southlake, Texas Loan Production Office (LPO) in August 2013.

T Bank is a full service commercial bank, which offers a broad range of commercial banking services to small and medium size businesses, business owners, professionals, and individuals who can utilize the bank's unique style of service. T Bank has been on the forefront of bank technology, allowing business customers to conduct

all their transactions electronically from anywhere in the world. The bank provides its customers with free ATM access worldwide and even absorbs ATM usage fees from other institutions. Corporate customers have the ability to deposit checks and perform other transactions from remote locations.

Since inception, management and the board's business focus has been on small to medium sized businesses. T Bank has developed a niche with dental professionals. As of the examination date (most recent Annual Report), approximately 55 percent of the loans were to dental professionals located in 31 different states. During fourth quarter 2012, the bank began originating and acquiring Small Business Administration (SBA) loans through a newly formed SBA lending division. At June 30, 2013, total SBA loans were \$11 million. The bank is a Preferred Lender for the SBA. The SBA lending division uses a national platform to originate and acquire SBA loans. There are SBA loan production offices located in Phoenix, Arizona; Denver, Colorado; Portland, Oregon; and Youngstown, Florida.

T Bank began offering fiduciary services in August 2006 through its trust department. Fiduciary asset growth to date is primarily attributable to the bank's relationship with a registered investment advisor and public accounting firm that specializes in dental practice management, including financial planning.

As of June 30, 2013, the bank's total assets were \$126 million, total loans were \$104 million, and total deposits were \$93 million. A summary of the loan portfolio mix is as follows:

<b>Types of Domestic Loans Outstanding (\$000's) as of June 30, 2013 Report of Condition</b>		
<b>Loan Category</b>	<b>Amount</b>	<b>Percentage</b>
Commercial Loans	68,942	66%
Commercial Real Estate	29,279	28%
Consumer Loans	1,305	1%
Residential Real Estate Loans	2,695	3%
Other Loans	2,119	2%
<b>Total Gross Loans:</b>	<b>104,340</b>	<b>100.00%</b>

During a portion of the current evaluation period, T Bank operated under a regulatory enforcement action that included capital restrictions. While the bank continues to be committed to lending in their local community, market competition has impacted loan demand. There were no legal, financial, or other factors that would impede the bank's ability to meet the credit needs of its assessment area.

## DESCRIPTION OF ASSESSMENT AREA(S)

T Bank's assessment area is in the Dallas, Collin, Denton, Tarrant, and Rockwall counties Metropolitan Statistical Area (MSA), and consists of 903 whole census tracts. The bank's AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income census tracts. The bank's AA includes 84 low-income, 262 moderate-income, 279 middle-income, and 274 upper-income census tracts. The remaining four census tracts are non-applicable, because the tracts were not assigned an income level. The table below reflects the demographics for the AA in Dallas, Collin, Denton, Tarrant, and Rockwall counties. The HUD estimated median family income for the MSA for 2012 was \$87,000.

Demographic Data				
Dallas/Collin/Denton/Tarrant/Rockwall MSA Assessment Area				
Demographic Data	2000 Census		2010 Census	
<b>Population Data</b>				
Population				
Total Families	962,464		1,093,464	
Total Households	1,406,860		1,596,377	
<b>Geographies</b>				
Number of CT's	777		903	
Number and % Low-Income CT's	69	9%	84	10%
Number and % Moderate Income CT's	222	28%	262	29%
Number and % Middle Income CT's	233	30%	279	31%
Number and % Upper Income CT's	250	32%	274	30%
<b>Median Family Income (MFI)</b>				
MFI for Assessment Area	\$85,911		\$87,416	
HUD Adjusted MFI	\$69,600		\$70,600	
<b>Economic Indicators</b>				
Unemployment Rate	2.01%		4.28%	
% Households Below Poverty Level	3.81%		8.37%	
Median Housing Value	\$157,948		\$192,184	

Derived from the 2000 & 2010 Census Bureau data and 2011 & 2012 HUD data.

Community contacts identify small business loans as a primary credit need within the AA. Small business loans are the bank's main product line, with the majority being dental professional loans. The bank has also added SBA loans to the portfolio, which constitutes 57 percent of the bank's portfolio. A significant number of those are in the bank's AA.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Lending Test

The bank's CRA performance is "Satisfactory." The evaluation period covered lending activities for commercial, residential real estate, and consumer lending reported for April 2008 to June 2013. The bank voluntarily collects small business data subject to filing under CRA. This data was used to evaluate small business lending performance.

### Loan-to-Deposit Ratio

T Bank's loan-to-deposit (LTD) ratio exceeds standards for satisfactory performance, given the bank's size, the local economy, lending activities, and demographics of the AA. The thirteen-quarter average LTD ratio is 103 percent compared to the 78 percent average for local competitors and the national peer group. During the evaluation period, the bank's loan-to-deposit ratio ranged from a low of 73 percent to a high of 117 percent. The following banks were identified as peer banks that operate in the AA with similar asset size or product lines.

The institution's size and average LTD ratio are detailed in the following table:

Institution	TA as of 6/30 (in 000's)	Average LTD
T Bank	\$125,756	103%
Texas Republic	\$94,231	81%
Collin Bank	\$180,581	83%
North Dallas Bank & Trust	\$1,249,314	38%
Liberty Capital Bank	\$106,280	65%

Source: *The Federal Financial Institutions Examination Council's (FFIEC) Consolidated Reports on Condition and Income (Call Report) data gathered from June 30, 2010 to June 30, 2013.*

### Lending in Assessment Area

Performance for lending to borrowers of different income, and businesses of different sizes, is reasonable and meets the standard for satisfactory performance. Our analysis took into consideration the bank's AA, the size of the bank, and the location of the bank. We used the information provided by management, which included commercial and consumer loans originated since the last evaluation in March 2008. The bank is not a consumer or residential lender but accommodates established customers.

Considering the bank's lending focus is dental and SBA loans, T Bank exhibited satisfactory performance for lending in the AA. Approximately 57 percent of the number and 55 percent of the dollar volume of loans were extended in the bank's AA.

The bank's competition for SBA lending is Wells Fargo, J.P. Morgan Chase, and Key Bank. Primary competition for dental lending is Bank of America, U.S. Bank, and J.P. Morgan Chase.

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

Performance for lending to businesses of different sizes is reasonable and meets the standard for satisfactory performance. Our analysis took into consideration that revenues were unknown for a sizable portion of the small loans made during this evaluation period. Table 1 compares our sample of loans from 2008 through 2011 with the 2000 census data. Table 1a compares our sample of loans originated in 2012 and 2013 with the data from the 2010 census.

<b>Table 1 - Borrower Distribution of Loans to Businesses in AA (2000 Census)</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	66.47	2.41	31.12	100%
% of Bank Loans in AA by #	56.92	43.08	0	100%
% of Bank Loans in AA by \$	54.73	45.27	0	100%

Source: Data collected by the bank.

Of the small business loans originated between 2008 and 2011 within the AA, 55 percent of the dollar amount of loans and 57 percent of the number of loans were to businesses with less than, or equal to, \$1 million in gross annual revenues. This is reasonable compared to the 66 percent of AA businesses with less than \$1 million in annual revenues.

<b>Table 1a - Borrower Distribution of Loans to Businesses in AA (2010 Census)</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	71.24	3.20	25.55	100%
% of Bank Loans in AA by #	57	39.7	3.3	100%
% of Bank Loans in AA by \$	40	58	2	100%

Of the small business loans originated in 2012 and 2013 within the AA, 40 percent of the dollar amount of loans and 57 percent of the number of loans were to businesses with less than, or equal to, \$1 million in gross annual revenues. This is reasonable compared with the 71 percent of AA businesses with less than \$1 million in annual revenue.

Borrower distribution of home purchase or refinance loans is poor. The bank's distribution of home purchase loans to both low- and moderate-income borrowers is significantly lower than the percentage of low- and moderate-income borrowers in the AA. The bank has a limited number of residential loans in the portfolio, as this is not a main product line. We obtained residential information from the 2009 through 2012 HMDA data submitted by the bank. A high percentage of the applicant income was unknown, because the applicant was not a natural person (i.e. business entities). We did not analyze the residential related information as the bank made an insufficient

volume of loans to perform a meaningful analysis. Loan officers originate residential real estate loans to accommodate current customers of the bank.

### Geographic Distribution of Loans

The geographic distribution of loans is satisfactory. The geographic distribution of commercial and residential loans in low- and moderate-income census tracts is satisfactory. Geographic distribution of consumer loans is poor, as the bank does not originate these types of loans. The penetration in low- and moderate-income census tracts is lower than the percentage of businesses operating in those tracts; however, considering the bank's lending focus of dental loans and SBA loans, the penetration is reasonable.

<b>Table 2 - Geographic Distribution of Loans to Businesses in the AA (2000 Census)</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Small business	3.42	0	19.91	25	30.65	45	45.14	25

Source: Data collected by bank and Dunn & Brad Street. Percentage of businesses with no income data is 0.88%.

Table 2 above compares the sample of loans originated between 2008 and 2011 with the 2000 census data. The bank originated 25 percent of these loans to small businesses in moderate-income census tracts. This compares favorably with the percent of businesses in moderate-income tracts. The bank's penetration in low-income tracts was zero, and the percent of small businesses in low-income tracts is low at 3.4 percent.

<b>Table 2A - Geographic Distribution of Loans to Businesses in the AA (2010 Census)</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Small business	7.35	5.00	18.96	25.00	28.47	45	45.01	25

Percentage of businesses with no income data is 0.21%.

Table 2A above compares our sample of loans originated in 2012 and 2013 with the 2010 census data. This table shows the bank originated 5 percent of small business loans in low-income tracts and 25 percent of small business loans in moderate-income census tracts. This compares favorably with the percent of businesses in low- and moderate-income census tracts at 7.4 percent and 19 percent respectively.

### **Qualified Investments and CD Services**

The bank's performance under the investment test in the Dallas, Collin, Denton, Tarrant, and Rockwall MSA is satisfactory. During the evaluation period, T Bank made several investments in the Dallas MSA totaling \$520,000. The bank provided financing indirectly through the purchase of \$500,000 in a FNMA "Delegated Underwriter Servicer" mortgage backed security in the Dallas MSA. The bond is secured by a mortgage covering a 232-unit apartment complex in one of the low-income census tracts in east Dallas. The bank invested and donated \$20,000 to *Traffic 911* an organization providing temporary housing and counseling to rescue victims of human trafficking in the Dallas area.

The bank donated computer equipment and cash of \$10,000 and invested \$2,500 in the southern Collin County *Habitat for Humanity* and \$2,500 in *Rebuild Together Greater Dallas (RTGD)*, an organization that provides materials and volunteer labor to renovate existing homes in Dallas County. This area is in the bank's AA. The goal of *RTGD* is to revitalize entire neighborhoods, focusing on disabled veteran housing.

### **Responses to Complaints**

The bank did not receive any complaints during this evaluation period.

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

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 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.

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