



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# LIMITED PURPOSE BANK

## PUBLIC DISCLOSURE

January 7, 2019

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

TCM Bank, National Association  
Charter Number 23363

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

Office of the Comptroller of the Currency

Midsized and Credit Card Bank Supervision  
400 7th Street SW, Suite 3 E-218  
Washington, D.C. 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.

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**Overall CRA Rating:**

**This institution is rated Satisfactory.**

The conclusions for the three rating criteria are:

- The bank demonstrates an adequate level of community development services and qualified investment activity.
- The bank demonstrates no use of innovative or complex qualified investments or community development services.
- The bank demonstrates adequate responsiveness to community development needs in its assessment area.

## 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:** The OCC considers all qualified investments, community development loans, and community development services that benefit areas within the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

**Benefit Outside Assessment Area:** The OCC considers the qualified investments, community development loans, and community development services that benefit areas outside the bank's assessment area(s), if the bank has adequately addressed the needs of its assessment area(s).

**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.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster

areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**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):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

## Description of Institution

TCM Bank, National Association (TCM or bank) is a \$300 million financial institution, headquartered in Tampa, Florida. The bank was formed on May 18, 1998 as a limited purpose bank, operating under the provisions of the Competitive Equality Banking Act of 1987 (CEBA). CEBA banks are restricted to credit card operations, maintain only one office, may not engage in the business of making commercial loans, and do not accept demand deposits, savings or time deposits of less than \$100,000 (other than to secure extensions of credit). TCM holds all receivables on its balance sheet. The bank's CEBA designation, operating focus, and small staff limit its ability for involvement in complex Community Development (CD) activities.

The bank is a wholly-owned subsidiary of ICBA Bancard, Inc. ICBA Bancard is a subsidiary of the Independent Community Bankers Association, a nonprofit trade association that represents the interests of locally-owned community banks nationwide, with over 6,000 member banks.

ICBA Bancard established TCM to facilitate community banks' participation in the credit card market. TCM operates under an "Agent" model and provides Visa and Mastercard credit card products to member banks who otherwise lack the resources to be direct issuers. The cards are branded and issued with the member banks' names and logos. TCM also provides services to member banks that need the expertise to help manage their credit card portfolios.

TCM has not acquired or merged with any financial institutions since the last evaluation period, but continues to acquire existing card portfolios from member banks as part of their business model. TCM acquired the Agent portfolio of Fifth Third Bank in 2016, which was the largest portfolio acquisition in the bank's history. The acquisition added approximately 100 thousand cardholder accounts and \$100 million in loans outstanding.

Table 1 provides financial information relating to TCM's financial capacity to help meet the needs of its assessment area (AA).

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

	<b>Year-end CY16</b>	<b>Year-end CY17</b>	<b>Year-end CY18</b>	<b>Average for Evaluation Period</b>
<b>Tier 1 Capital</b>	\$46,336	\$46,771	\$49,160	\$47,422
<b>Total Income</b>	\$41,873	\$49,073	\$49,684	\$46,877
<b>Net Operating Income</b>	\$2,387	\$1,679	\$3,283	\$2,450
<b>Total Assets</b>	\$311,368	\$336,413	\$299,776	\$315,852
<b>Pass-Through Receivables/Managed Assets</b>	\$242,247	\$239,911	\$219,571	\$233,910

Source: December 31, 2018 Consolidated Report of Condition and Income and bank reported data.

## **Scope of the Examination**

We reviewed CD activities from January 1, 2016 through December 31, 2018 in evaluating the bank's performance under the CRA. We reviewed the level and nature of qualified investments and CD services. At the prior examination dated October 26, 2015, we rated the bank Satisfactory.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank'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, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## Description of Assessment Area

TCM's AA consists of the entirety of Hillsborough County in Florida, which is part of the Tampa-St. Petersburg-Clearwater MSA #45300. The AA consists of 321 geographies with a population of 1,302,884. Of the 321 geographies, 31 geographies or 9.7 percent are classified as low-income, 69 geographies or 21.5 percent are classified as moderate-income, 95 geographies or 29.6 percent are classified as middle-income, 113 geographies or 35.2 percent are classified as upper-income, and 13 geographies or 4.0 percent have not been assigned an income classification. The bank's AA consists of both rural and suburban areas, meets legal requirements, and does not arbitrarily exclude any low- or moderate-income geographies.

The unemployment rate for the area has dropped steadily year over year during the evaluation period from a high of 6.2 percent in 2016 to 3.5 percent in 2018. The area economy continues to experience a strong recovery. In 2018, the leisure and hospitality industries grew at the fastest pace in 30 years, recovering from the losses from Hurricane Irma in 2017. The top employers in the area are Publix Super Markets Inc., Baycare Health Systems, HCA Holdings, MacDill Airforce Base, and Verizon Communications.

Of the total 549,024 housing units in the AA, 284,285 or 51.78 percent are owner-occupied, 201,793 or 36.75 percent are rental units, and 62,946 or 11.47 percent are vacant. 1-4 family housing units make up the majority of all units at 68.83 percent and the average cost of housing in the area is \$166,916.

The poverty level for the area is 12.7 percent. The percentage of families that are low- or moderate-income in the area is 21.9 percent and 16.8 percent respectively. The FFIEC updated median family income for the area is \$63,900. The maximum income level for a low-income borrower in the area is \$31,950. The median housing value is 5.22 times greater than the maximum low-income level, which makes it difficult for low-income borrowers to afford a home in the area.

**Table 2: Assessment Area Description**

	Number	Low	Moderate	Middle	Upper
<b>Tracts</b>	321	9.7%	21.5%	29.6%	35.2%
<b>Families</b>	309,914	21.9%*	16.8%*	17.7%*	43.6%*
<b>Businesses</b>	137,471	6.7%**	18.9%**	28.1%**	45.6%**

Source: Demographic Data –2015 ACS Census, 2018 Dun & Bradstreet Data. \*Represents families by income level. \*\*Represents businesses by income level of census tract. (13) Census Tracts are not income categorized.

We contacted a non-profit community development financial institution (CDFI) to determine the credit and community development needs of the area. The primary needs identified were affordable housing and economic development. The contact noted that while the economic conditions in the area are improving, there is still a great need for affordable housing, specifically multi-family housing in the Tampa area, which is exacerbated by the growing wealth gap. The contact stated that while there are ample opportunities in the area for community development, there is high competition for investments and loans. According to the June 30, 2018 FDIC Deposit Market Share report, there are 45 national banks and savings institutions operating 285 offices in the bank's AA.

## Conclusions about Performance

### Summary

- TCM’s level of CD activities consisting of qualified investments and CD services is adequate given the available opportunities, legal restrictions, financial capacity, nature of operations, and competition from local, national, and regional banks and saving institutions.
- The bank demonstrates no use of innovative or complex qualified investments or community development services.
- The bank demonstrates adequate responsiveness to community development needs in its assessment area.

### Qualified Investments

The bank made seven grants totaling \$60 thousand to four organizations during the evaluation period. The bank did not originate any investments during the evaluation period and continues to hold \$2 million in a prior-period outstanding investment in a CRA-qualified investment fund. The bank did not make use of innovative or complex investments during the evaluation period. The grants made by the bank during the evaluation period support affordable housing and community services in the AA.

- TCM made two grants totaling \$20 thousand to the local Habitat for Humanity in Hillsborough County. The grants went directly to fund the construction of two houses for low-income families in the area. TCM employees also spent several hours helping to construct the homes for the two families.
- The bank made two grants totaling \$20 thousand to an organization that provides meals to low- and moderate-income seniors who are considered “homebound” in the Tampa area.
- Two grants totaling \$15 thousand to an organization that supports at-risk youth in the AA. The organization offers low- and moderate-income children facing adversity with one-on-one mentorship opportunities.
- One grant for \$5 thousand to an organization that works with low- and moderate-income families in the AA to send their children to private or public schools in other counties.

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

	<b>Benefits AA</b>
<b>Originated Investments</b>	\$0
<b>Originated Grants</b>	\$60
<b>Prior-Period Investments that Remain Outstanding</b>	\$2,000
<b>Total Qualified Investments</b>	\$2,060
<b>Unfunded Commitments*</b>	\$0

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

**Table 4b: Qualified Investment Percentages**

	<b>Benefit AA (%)</b>
<b>Total Investments/Average Tier 1 Capital</b>	4.34
<b>Total Investments/Average Total Income</b>	4.39
<b>Total Investments/Average Pass-Through Receivables</b>	0.88

### Community Development Services

Based on the level of community development services and the following performance context considerations, we concluded that the provision of community development services is adequate. The bank conducted or supported an adequate number of CD services, consistent with its capacity and expertise to conduct specific activities.

During the evaluation period, the bank partnered with local organizations that provide affordable housing, community services, and revitalization and stabilization in the AA. TCM employees held Board or committee positions and/or provided technical assistance to qualifying organizations commensurate with their bank job duties.

**Table 7: Community Development Service Activities**

<b>CD Service</b>	<b>Benefits AA</b>	<b>Hours</b>
The Information Security Officer serves on the Cybersecurity Committee of the local Habitat for Humanity	X	4
The President and CEO serves on the Board of Directors of the local Habitat for Humanity	X	90
The Chief Risk Officer serves on the Grant Review Committee for the Housing and Community Development Division of the City of Tampa	X	60
The Chief Risk Officer provided advisory services to a local community services organization that provides support to at-risk low- and moderate-income youths in the area.	X	20
The Chief Risk Officer served as the Board Chairman for the local Habitat for Humanity from June 2015 – June 2018.	X	275

X means yes; Blank means No