



Comptroller of the Currency
Administrator of National Banks

Limited Purpose

Public Disclosure

February 5, 2001

Community Reinvestment Act Performance Evaluation

**TCM Bank, National Association
Charter Number: 23363**

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Tampa, Florida 33607**

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Midwestern District Office
Credit Card East Division
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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 community development investments and services.
- The bank demonstrates occasional use of innovative qualified investments and community development services.
- The bank demonstrates adequate responsiveness to community development needs in its assessment area.

Scope of the Examination

In evaluating the bank's performance under the CRA, we reviewed community development activities from May 18, 1998, through February 5, 2001. We reviewed the level and nature of qualified investments and community development services. This is the bank's first CRA examination.

Description of Institution

TCM Bank, National Association (TCM) operates one office in Tampa, Florida. It opened for business May 18, 1998, with approval as a limited purpose bank for CRA and operating under the provisions of the Competitive Equality Banking Act of 1987 (CEBA).

TCM is a wholly owned subsidiary of ICBA Bancard, Incorporated (ICBA Bancard), which is wholly owned by Community Banking Network (CBN), which is owned by Independent Community Bankers Association (ICBA). ICBA operates as a tax-exempt entity. ICBA Bancard is a direct issuer of credit cards to 1500 of the 5500 ICBA member banks. These banks, through their credit card portfolios, pay ICBA Bancard a percentage of the transactions on accounts. In return, member banks are provided services at an affordable cost.

TCM issues Visa and Master Card credit cards to customers of ICBA member banks through the total card management program. The total card management program is an agent bank program offered as an alternative to the ICBA Bancard's direct issuer program. It was formed as a means to address a need among community banks for a risk-free way to issue credit cards to their customers, protect these customers from competitors, and maintain their bank's identity. They offer regular and Gold MasterCard and Visas under the "true neighbor" card program.

TCM does not accept retail deposits or make commercial loans. The bank funds credit cards through wholesale deposits made up of short term fixed rate certificates of deposit (certificates) gathered from ICBA members. Additional funding is obtained from three-year variable rate

certificates, which are required from agent banks as a condition of offering customers a credit card through the TCM "true neighbor" program.

At year-end 2000, TCM's total assets were \$58.5 million. To date, TCM has purchased credit card receivables from 158 community banks located in more than 40 states. TCM currently has 57,000 credit card accounts, none of which are in Tampa, the largest city in Hillsborough County. Net loans totaled \$41.0 million. Remaining assets consisted of Federal Funds Sold (\$10.6 million), securities (\$3.2 million), intangible assets (\$2.8 million) and other assets (\$.8 million). There has been no merger or acquisition activity since the bank opened. Deposits totaled \$49.4 million, all of which were from other depository institutions.

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.

Also, until 1999, due to regulatory restrictions on the types of investment securities a bank could hold, TCM could not legally invest in some of the types of bonds used to facilitate community development.

TCM has not yet become profitable, although as Table 1 below indicates, losses have been declining. Staffing is also limited with only ten employees and officers. This limits the time and resources that can be devoted to community development services.

Table 1: Financial Information (000s)

	Year-end 1998 (7 months)	Year-end 1999	Year-end 2000	Average for Evaluation Period
Tier 1 Capital *	\$ 4,818	\$ 5,484	\$ 6,573	\$ 5,625
Total Income	\$ 571	\$ 2,998	\$ 6,852	\$ 3,474
Net Operating Income	\$ (1,186)	\$ (1,248)	\$ (750)	\$ (1,061)
Total Assets	\$ 16,723	\$ 36,825	\$ 58,548	\$ 37,365
Pass Through Receivables	\$ 11,158	\$ 24,106	\$ 42,619	\$ 25,961

Source: Consolidated Report of Condition and Income and bank reported data.

* Tier 1 capital has been growing from capital injections made by the parent company.

Description of Assessment Area

TCM has designated Hillsborough County, Florida as its assessment area (AA). Hillsborough County is a densely populated urban area. According to 1998 County data, total population for the AA was 940,484, which represented a 13% increase over the 1990 Census Data population of

834,054. The most recent Department of Housing and Urban Development (HUD) updated median family income for 2000 was \$47,500. The median housing price for Hillsborough County was \$80,069 with the average home being built during 1973. Household incomes for 13% of the population were below the poverty level.

Hillsborough County is primarily a working class community and has not relied heavily on tourism, as have other Florida cities. Hillsborough County is often selected as a place to test products since, because of its diverse mix of people and income classes, it is almost a virtual replica of the United States on a smaller scale. Hillsborough County contains two-thirds of the population of the Tampa MSA, which contains four counties. The County is also the 14th largest agricultural county in Florida. The City of Tampa is the largest urban city in the MSA and contains the largest number of low-income residents of any city in Hillsborough County.

During the past three decades, Hillsborough County’s job growth rate has outpaced the national job growth rate. The unemployment rate for Hillsborough County in December 2000 was 2.3% compared to a national rate of approximately 4%.

Table 2: Assessment Area Description

	Number	Low	Moderate	Middle	Upper
Geographies (Census Tracts)*	168	6%	21%	42%	28%
Distribution of Families by Geography	221,211	3%	16%	43%	38%
Small Businesses by Geography*	32,395	2%	20%	38%	39%

Source: Demographic Data - 1990 U.S. Census, Dun & Bradstreet Data.

***Does not add to 100%. Five Census Tracts (3%) are not income categorized*

Community credit needs and opportunities were determined from a number of sources. The Department of Housing and Urban Development (HUD) Consolidated Plans describe a growing need for housing throughout Hillsborough County, particularly affordable housing for low- and moderate-income individuals. This was described in both the Fiscal Year 1996 Plan for the City of Tampa and the 1998 Plan for Hillsborough County. The Tampa Plan also identified education/skills enhancement for low- and moderate-income individuals as a community development need.

We reviewed 4 previous community contact forms completed by representatives of bank regulatory agencies. The mission of all organizations contacted was economic development. One CD organization targeted distressed communities such as Ybor City and Tampa Heights for community development. These community contacts confirmed that the greatest credit need in Hillsborough County is affordable housing for low- and moderate-income individuals. The need exists for both multi-family and single family homes. Another identified credit need included working capital loan programs for start-up and existing small businesses.

Opportunities for CD investments and services throughout Hillsborough County are varied and many. The Office of the Comptroller of the Currency’s Community Reinvestment and

Development Division (CRD) identified a minimum of fifteen (15) community development organizations located in Tampa, Florida. Missions of these organizations meet all four definitions of community development as defined in the CRA regulation. See *Definitions and Common Abbreviations* at the end of this evaluation for activities that constitute community development.

We reviewed four Public Disclosures of CRA Performance Evaluations (PE) previously completed by bank regulatory agencies for banks located in Tampa, Florida. These PEs identified the following types of CD investment opportunities: affordable housing bonds for low- and moderate-income (LMI) individuals, low income housing tax credits, equity investments in non-profit CD corporations, and grants and donations to local CD organizations.

Conclusions about Performance

Summary

TCM's overall CRA performance as a limited purpose bank is Satisfactory. The bank's level of community development activities is adequate. The bank's use of innovative or complex community development activities is occasional. The bank's responsiveness to community development needs in its assessment area is adequate.

Given its capacity, TCM's level of community development activities is adequate. Please refer to the Description of the Institution for additional information. During the evaluation period, the bank made qualified community development grants totaling \$760. Total investments for the evaluation period represented less than 1% of average Tier 1 Capital for the evaluation period. The level of CD services is also adequate. During the evaluation period, bank representatives provided financial services to schools and qualified community development organizations.

TCM's use of innovative community development activities is occasional. TCM used an innovative approach to deliver financial-related training by partnering with high schools.

TCM's responsiveness to community development needs in its assessment area was adequate. Education/skills enhancement was identified as a community development need. TCM partnered with the Hillsborough County School Board to help meet this need through its *Choices and Decisions* financial training program.

Qualified Investments

TCM originated an adequate level of qualified investments given its resources. Table 3 shows that during the evaluation period, TCM originated \$760 in eligible CD grants. This amount represents the cost of finance-related training packages that were distributed to eligible high schools and CD organizations. This amount is very small. However, given that TCM is a new bank that is not yet profitable, the amount allocated is not considered unreasonable.

TCM's use of innovative investments was occasional. The \$760 in eligible contributions resulted from a financial training program that was delivered in an innovative way. See comments under *Community Development Services* for additional support.

TCM provided adequate responsiveness to community development needs in its assessment area, given its limited capacity. Its eligible contributions were associated with financial training to enhance the skills of low- and moderate-income individuals. Financial training to enhance skills of low- and moderate-income individuals was identified as a community development need.

Table 3: Qualified Investment Activity (000s)

	Benefits AA
Originated Investments	\$ 0
Originated Grants	\$ 1
Prior Period Investments that Remain Outstanding	NA
Total Qualified Investments	\$ 1

Table 4 shows qualified investments as percentages of Average Tier 1 Capital and Average Total Income.

Table 4: Qualified Investment Percentages

	Benefit AA (%)
Total Investments/Average Tier 1 Capital	<1%
Total Investments/Average Total Income	<1%

Community Development Services

TCM provided an adequate level of CD services. Services consisted of finance-related training for low- and moderate-income individuals. This training was conducted at five high schools in moderate-income geographies where a majority of students attending these schools are low- and moderate-income. The training was also conducted at seven adult education centers. Most adult education students are low- and moderate-income individuals because most did not complete high school and have minimum wage skills. The program was also taught at *The Caribe Program*, an adult and community education project that offers free English and high technology vocational training to low- and moderate-income individuals. The program is funded by State and County grants, which provide financial assistance to school participants. In 2000, 102 participants received training using lessons #1, #2 and #3 (see description of lessons later in this section).

On January 19, 2000, TCM representatives approached the Hillsborough County School Board about partnering to offer a formal money-management course called *Choices and Decisions*. The School Board accepted the bank's offer because there was an identified need for this type of community development service. At a two-day workshop in August 2000, TCM trained 58 high school social studies teachers in the proper use of training materials supplied by the bank.

In addition to training the trainers, TCM personnel also serve as outside speakers for high schools in the Hillsborough County School District. In November 2000, a bank employee taught at a high school in a moderate-income geography. He taught three classes. Thirty students were in each class. The topics were from lessons #3 and #4 (see descriptions of lessons later in this section).

Choices and Decisions is a comprehensive 14 lesson, multi-media personal financial management program for use in high schools, colleges, and adult education. The course contains three parts: A teachers training manual, a compact disc containing interactive learning games, and a video. All fourteen lessons are finance-related. The 14 lessons and their content follow:

1. *Making Decisions* - a general overview about making the right financial decisions
2. *Making Money* - identifies hidden costs and benefits of working
3. *The Art of Budgeting* - identifying and prioritizing personal and financial goals
4. *Living on Your Own* - interpreting rental and lease agreements, establishing budgets
5. *Buying a Home* - understanding the costs and process of home buying
6. *Banking Services* - compares and discusses different banking services
7. *About Credit* - defines credit and explains rights and responsibilities of using credit
8. *Credit Cards* - evaluates terms and conditions of various credit cards
9. *Cars and Loans* - costs of buying, insuring, maintaining and operating cars
10. *The Influence of Advertising* - how advertising influences buying decisions
11. *Consumer Awareness* - comparative shopping techniques, consumer scams, handling consumer complaints
12. *Savings and Investing* - common savings and investment vehicles
13. *In Trouble* - behaviors and circumstances that can lead to financial trouble
14. *About Consumer Privacy* - general overview of privacy issues

TCM's use of innovative community development services was occasional. TCM is the only bank in Hillsborough County that offers a comprehensive money management-training program as part of a formal high school curriculum. It is the only bank in Hillsborough County that offers a formal training course to all the high schools in the Hillsborough County School District. The program is part of the social studies or economics curriculum.

Fair Lending Review

An analysis of 1999 and 2000 public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. The analysis of the information revealed no basis for the OCC to conduct a comprehensive fair lending examination in connection with the CRA evaluation this year. There has not been a comprehensive fair lending examination since the bank opened in May 1998.

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 by 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 which 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 benefits a 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.

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. The United States Census Bureau has established BNAs in conjunction with state agencies.

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 \$100M (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) - Small, locally defined statistical areas within metropolitan areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten-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.

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 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 or a block numbering area 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. A limited-purpose institution continues to meet the narrow product line requirement if it only infrequently provides other types of loans.

Median Family Income (MFI) - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development 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.

Low-Income Family or Geography - An income level that is less than 50% of the MFI.

Moderate-Income Family or Geography - An income level that is at least 50% and less than 80% of the MFI.

Middle-Income Family or Geography - An income level that is at least 80% and less than 120% of the MFI.

Upper-Income Family or Geography - An income level that is 120% or more of the MFI.

Metropolitan Statistical Area (MSA) - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

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 regardless of the balances of those receivables being carried on the bank's books or sold to another entity. The bank provides this information.

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.