



TCB Holding Company

March 13, 2009

Via FedEx and Email
(sigtarp.response@do.treas.gov)

Mr. Neil M. Barofsky
Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Avenue, NW, Suite 1064
Washington, D.C. 20220

Re: Information regarding participation by TCB Holding Company in the Troubled Asset Relief Program ("TARP") Capital Purchase Program ("CPP")

Dear Mr. Barofsky:

On behalf of TCB Holding Company (the "Company"), the purpose of this letter is to respond to your correspondence dated February 6, 2009 regarding the anticipated use of the funds the Company received under the CPP and certain other matters related to the Company's participation in the CPP. On January 16, 2009, the Company issued 11,730 shares of the Company's Series A Preferred Stock, liquidation value \$1,000 per share, and a warrant to purchase up to 587 shares of the Company's Series B Preferred Stock, liquidation value \$1,000 per share, to U.S. Department of Treasury ("Treasury") for aggregate consideration equal to \$11,730,000.

Use of CPP Funds

Anticipated Use of CPP Funds

The Company has no immediate plans to utilize CPP funds for activities other than to fund prudent loans in its markets of the types the Company has historically originated. Additionally, the Company plans to use the CPP funds to strengthen the capital position of the Company and Texas Community Bank, N.A., the Company's wholly owned subsidiary bank (the "Bank"), providing the Company with flexibility to meet future capital needs as they may arise, and to support losses that may occur in the future.

During 2009, the Company anticipates that it will continue to increase its outstanding loans, primarily to commercial borrowers, and will continue to originate residential real estate second lien loans, residential real estate first lien loans and home equity loans to consumers, provided that all such loans are consistent with its credit underwriting criteria.

Segregation of CPP Funds

The Company has not segregated and does not plan to segregate the CPP funds. The Company has contributed cash as capital to the Bank, to ensure that the Bank maintains capital in excess of well-capitalized levels, as defined by the Office of the Comptroller of the Currency, the Bank's primary federal regulator.

Actual Use of CPP Funds

Since January 16, 2009, the date the Company received the CPP funds, the Company has used such funds to support its lending activities. For example, from January 16, 2009 through March 12, 2009, the Company originated \$13.5 million in new loans.

Executive Compensation Matters

Plans for Addressing CPP Executive Compensation Requirements

The Company and each of the senior executive officers (the "SEOs"), who as of January 16, 2009 consisted of Roger Lawrence, Chairman of the Board and Chief Executive Officer, James P. Ebrey, President and Senior Lending Officer, Sean P. Chaney, Senior Vice President, Walter Beard, President, Houston Branch and Terry Pruden, Vice Chairman and President, River Oaks Branch, executed a waiver in conjunction with the closing of the CPP funding voluntarily waiving any claim against Treasury or the Company for any changes to such SEO's compensation or benefits that are required to comply with the regulations issued by Treasury under the CPP.

The Executive Committee of the Company's Board of Directors and the appropriate senior risk officers plan to meet on or before April 16, 2009 to discuss and identify any features in the Company's compensation arrangements with the SEOs and the other highly-compensated employees to ensure that the compensation arrangements do not encourage such officers or employees to take unnecessary and excessive risks that threaten the Bank's or Company's value.

Further, the Executive Committee and the appropriate executive officer will perform the annual analyses and make the certifications required by the CPP and will provide those certifications to the TARP Chief Compliance Officer and the Office of the Comptroller of the Currency.

Components of the Company's Compensation Arrangements

The executive compensation program for the Company's SEOs includes three principal elements that the Company believes; taken together, constitute a flexible and balanced method of establishing total compensation. (b) (4)

(b) (4)

The Executive Committee has no immediate plans to offset any of the executive compensation limitations under the CPP by other changes to other, longer-term or deferred forms of executive compensation. (b) (4)

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The Executive Committee intends to consider the limitations on executive compensation under the CPP and related laws and guidance in determining executive compensation so that such compensation is within the required parameters of the CPP while continuing to provide the salary and incentive opportunities which allow the Company to remain competitive.

Certification

I, Sean P. Chaney, Senior Vice President of the Company, certify that I have reviewed this response and, based on my knowledge, this response does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.

If you require further information regarding the Company's participation in the CPP, please contact me at (b) (6)

Very truly yours,



Sean P. Chaney
Senior Vice President