



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

November 07, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The MINT National Bank
Charter Number 24827

1213 Kingwood Drive
Kingwood, TX 77339-0000

Office of the Comptroller of the Currency

Houston (8515) Field Office
1301 McKinney Street, Suite 1410
Houston, TX 77010-3031

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.

COMMUNITY REINVESTMENT ACT RATING: This institution is rated Satisfactory.

The MINT National Bank has a Satisfactory record of meeting community credit needs. This is based on the following:

- The loan-to-deposit ratio (LTD) is more than reasonable, and the quarterly average has been 94 percent for this evaluation period. This ratio is higher than competing banks in the Assessment Area (AA).
- A substantial majority of the bank's loans were originated inside the AA.
- Loan originations reflect a reasonable penetration among businesses of different sizes and families of various income levels within the bank's AA.
- The geographic distribution of loans reflects a reasonable dispersion throughout the AA.

SCOPE OF EXAMINATION

The MINT National Bank, Kingwood, Texas, was evaluated under the Small Bank examination procedures, including the Lending Test. The Lending Test evaluates the bank's record of meeting the credit needs of its AA through its lending activities. Our examination evaluated the bank's lending performance from January 5, 2009 through September 30, 2011.

The bank's primary loan products are business and 1-to-4 family residential loans, with business loans being the largest by both number and dollar amount of loans. Business loans were weighted more heavily in the final rating.

The bank is not required to report data under the Home Mortgage Disclosure Act or the Community Reinvestment Act (CRA) regulation; however, the Board and management have elected to collect borrower information on business gross revenue, family income, and census tract location of originated loans. In our business loan sample, we found the census tract information to be reliable. Therefore, we used bank information to determine lending in the AA and the geographic distribution of originated loans. We found the error rate in gross revenue information for business loans exceeded five percent; therefore, we selected a statistically valid sample using bank reports of loan originations. The sample for gross revenue included a total of 28 loans. For the owner-occupied 1-to-4 family residential loans, we used the entire population of 1-to-4 family residential loans for primary residences originated during the examination period, a total of 29 loans.

DESCRIPTION OF INSTITUTION

The MINT National Bank is a \$42 million community bank chartered on January 5, 2009. The bank is located in the master planned community of Kingwood. In 1996, Kingwood was annexed by the City of Houston, Texas in Harris County. Kingwood is located approximately 22 miles northeast of downtown Houston. During the evaluation period, the bank's headquarters was the only location; the bank does offer full-service online banking. The bank's office is located in an upper-income census tract.

The bank does not have an Automated Teller Machine (ATM), drive-through facility, or teller counter. Customer ATM fees are reimbursed at any ATM in the world. The bank offers an array of standard deposit products, loan products, and services to help meet the credit needs of its community. Banking hours are reasonable with lobby hours of 9:00 AM to 4:00 PM Monday through Friday.

Business and residential real estate lending are the bank's primary lending focus. The loan portfolio as of September 30, 2011 was composed of 68 percent business loans and 31 percent 1-to-4 family residential loans. A majority of the business loans are secured by commercial real estate, and these loans account for 45 percent of the total 68 percent. The remaining one percent of the loan portfolio was composed of consumer loans.

There are no legal or financial impediments to the bank's ability to meet the credit needs of its AA. This is the bank's first Community Reinvestment Act examination.

Please refer to the bank's Public File for additional information.

DESCRIPTION OF ASSESSMENT AREA

The Houston-Sugar Land-Baytown Metropolitan Statistical Area (MSA) is the sixth largest metropolitan area in the country. It has ten counties that include Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, San Jacinto, and Waller. The bank has designated only a portion of the MSA as its AA. The bank's AA includes all of Harris, Montgomery, and Fort Bend Counties. The AA had a population of 4 million according to 2000 U.S. Census information. Harris County has the most census tracts (CTs) with 649. Montgomery County has 47 CTs, and Fort Bend County has 58 CTs. Of the total 754 CTs in the AA, 65 or 8.62 percent are designated as low-income, 236 or 31.30 percent are moderate-income, and 215 or 28.51 percent are middle-income. Of the remaining CTs, 230 or 30.50 percent are upper-income, and eight or 1.06 percent are Not Applicable, without an income designation. The weighted average of the Housing & Urban Development (HUD) updated median family income was \$63,800 for 2009, \$65,100 for 2010, and \$66,000 for 2011. According to the Bureau of Labor Statistics, the MSA unemployment rate as of September 2011 was 8.6 percent which was similar to the Texas unemployment rate of 8.5 percent for the same period.

Harris County had a population of 3.4 million according to 2000 U.S. Census Bureau information. Based on U.S. Census Bureau information, the population had grown to 4.1 million by 2010. Harris County has a total area of 1,778 square miles. According to the U.S. Bureau of Labor Statistics, the unemployment rate in Harris County as of September 2011 was 8.6 percent similar to the Texas unemployment rate of 8.5 percent for the same period. Houston is the county seat of Harris County, and it is the largest city in Harris County and the bank's AA. Houston has the most impact on the bank's AA. In addition, Houston is the largest city in Texas and the fourth largest city in the nation. According to the U.S. Census Bureau, the city of Houston population was 1.9 million in 2000 and had grown to an estimated 2.1 million in 2010. According to the October 2011 Houston Economic Update published by the Federal Reserve Bank of Dallas, Houston Branch, Houston's economic outlook remains positive. Year to date 2011, the average annualized monthly growth rate for economic activity was 5.3 percent, and annualized nonfarm employment had grown 2.3 percent.

The Greater Houston Partnership (GHP) was formed by the merger of the Houston Chamber of Commerce, the Houston Economic Development Council, and the Houston World Trade Association in 1989. The GHP has many of the city's largest businesses as members. The GHP describes the city as a major port and financial center for several major oil companies. Biomedical research, aeronautics, petrochemical manufacturing, and the Houston ship channel are also large sectors of the city's industrial base. Houston has a significant number of employers. The GHP lists 116 employers who are members of the partnership with more than 1,000 employees. Per GHP information updated as of May 5, 2011, 23 of the 2011 *Fortune 500* companies are headquartered in the Houston-Sugar Land-Baytown MSA. Houston ranks third in *Fortune 500* company headquarters behind New York with 74 and Chicago with 27. The three largest of Houston's 23 *Fortune 500* companies by annual revenues were ConocoPhillips with revenues of \$185 billion, Marathon Oil with revenues of \$68 billion, and Sysco with revenues of \$37 billion. Houston is also home to the Texas Medical Center. According to information from the center, it is the largest medical center in the world. The center includes 25 agencies of government and 24 private not-for-profit health institutions. The center's annual regional economic impact exceeds \$14 billion annually, and it has approximately 94 thousand employees. Annual research expenditures are approximately \$1.8 billion.

Montgomery County is adjacent to and north of Harris County, and it is the 15th largest county in Texas covering 1,042 square miles. Montgomery County had a population of 294 thousand according to 2000 U.S. Census Bureau information. Based on U.S. Census Bureau information, the population had grown to 456 thousand by 2010. Conroe, Texas is the county seat. According to U.S. Census Bureau information, the population was 37 thousand in 2000 and grew to an estimated population of 56 thousand in 2010. Conroe is located approximately 41 miles north of downtown Houston, Texas. The largest city in Montgomery County is The Woodlands, approximately 10 miles south of Conroe. According to 2000 U.S. Census Bureau information, the population was 57 thousand and grew to a population of 94 thousand in 2010. Based on information from the South Montgomery County Woodlands Economic Development Partnership, major employers in South Montgomery County include the Conroe Independent School District with 3,346 employees, Anadarko Petroleum

Corporation with 2,566 employees, and Aon Hewitt with 1,500 employees. The Woodlands has two branches of major Houston hospitals including Memorial Hermann The Woodlands Hospital with 1,400 employees and St. Luke's The Woodlands Hospital with 1,067 employees. Per the U.S. Bureau of Labor Statistics, the September 2011 unemployment rate for Montgomery County was 7.6 percent which was below the unemployment rate of 8.5 percent for the state of Texas for the same period.

Fort Bend County is southwest of and adjacent to Harris County. The county has a land area of 861 square miles. Fort Bend County had a population of 354 thousand according to 2000 U.S. Census information. Based on U.S. Census Bureau information, the population had grown to 585 thousand by 2010. According to the Texas Association of Counties for 2010 information, three of the largest cities in Fort Bend County are also located in Harris County. Sugar Land, Texas is the largest of the three with a population of 73 thousand in Fort Bend County. Missouri City is second with 62 thousand in population, and Houston is third with 38 thousand in Fort Bend County. Richmond is the county seat and had a population of 12 thousand in 2010. In March 2010, the *Texas Tribune* reported Fort Bend was 16th among the fastest growing counties in the nation. Based on information from the Greater Fort Bend Economic Development Council, the major employers include Fort Bend Independent School District with 9,492 employees, Lamar Consolidated Independent School District with 2,884 employees, Fluor Corporation with 2,500 employees, and Fort Bend County with 2,225 employees. In February 2010, *Forbes Magazine* ranked Fort Bend County first on its list of the Best Places to Get Ahead. This list was based on a list of counties that experienced the most income and job growth over the past few years. Per the U.S. Bureau of Labor Statistics, the September 2011 unemployment rate for Fort Bend County was 8.1 percent which was below the unemployment rate of 8.5 percent for the state of Texas for the same period.

Banking competition is intense in the AA. According to Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report information as of June 30, 2011, the five largest competitors included JP Morgan Chase Bank, National Association (N.A.), Wells Fargo Bank, N.A., Bank of America, N.A., Compass Bank, and Amegy Bank, N.A. According to the same FDIC information, the bank is ranked 97th of 117 banks in the Houston-Sugar Land-Baytown MSA for market share of deposits with a 0.02 percent market share.

Our Community Affairs Officer completed a community contact interview with the Executive Director of a local business development non-profit corporation. The corporation aids eligible small businesses throughout Houston in accessing affordable financing that they may not qualify for with conventional lenders. Also, the corporation will assume a second lien position. The Director indicated that credit needs were new lending sources, startup money for new small businesses, and refinancing for existing loans. The bank's primary loan product is small business lending.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The loan-to-deposit (LTD) ratio is more than reasonable. The quarterly LTD ratio during the review period has averaged 94.29 percent. We compared this ratio to a peer group of twelve banks located in Harris and Fort Bend Counties. The average quarterly ratio of this peer group was 83.06 percent, ranging from a low of 47.83 percent to a high of 179.49 percent. The only bank with a higher LTD ratio than this bank also opened in 2009, and that bank's ratio average is heavily influenced by an extremely high ratio in the first two quarters of operation.

Lending in Assessment Area

A substantial majority of loans were originated inside the AA. Based on reliable census tract information, we used bank-provided information on all business and 1-to-4 family residential loans originated from January 5, 2009 to September 30, 2011. As shown in Table 1 below, 90 percent of the number of loans and 84 percent of the dollar amount of loans were originated in the AA.

Loan Type	Number of Loans					Dollars of Loans (\$000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential Loans	23	79.31	6	20.69	29	7,844	73.81	2,783	26.19	10,626
Business Loans	111	92.50	9	7.50	120	30,612	86.64	4,722	13.36	35,334
Totals	134	89.93	15	10.07	149	38,456	83.67	7,505	16.33	45,960

Source: Data collected by the bank.

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

The bank's lending to borrowers of different incomes and to businesses of different sizes reflects reasonable penetration.

Residential Real Estate Loans

The distribution of 1-to-4 family residential loans reflects a reasonable penetration. Lending to low-income borrowers reflects poor penetration and is lower than the characteristics of the AA. However, it may be difficult for low-income borrowers to qualify for home purchase loans. According to 2000 U.S. Census Bureau information, the weighted average of median housing was \$102,368. Lending to moderate-income borrowers reflects reasonable penetration and is somewhat lower than the characteristics of the AA.

We compared the borrower income information for all owner-occupied 1-to-4 family residential real estate loans for primary residences to U.S. Census data for the characteristics of the AA. The bank’s performance is shown in the following table:

Table 2A - Borrower Distribution of Residential Real Estate Loans in Harris, Montgomery and Fort Bend Counties								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential Loans	22.68	4.35	17.33	8.70	18.67	8.70	41.32	78.25

Source: Loan sample; U.S. Census data.

Business Loans

The distribution of small business loans reflects reasonable dispersion to businesses of different sizes based upon an analysis of the borrower’s gross annual revenues. We compared the results of a statistically valid loan sample to Dunn & Bradstreet information about the size of businesses in the AA. The bank’s performance can be seen in the following table:

Table 2B - Borrower Distribution of Loans to Businesses in Harris, Montgomery and Fort Bend Counties				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	78.91	3.91	17.18	100%
% of Bank Loans in AA by #	53.85	46.15	0.00	100%
% of Bank Loans in AA by \$	63.76	36.24	0.00	100%

Source: Loan sample; Dunn & Bradstreet data.

Geographic Distribution of Loans

Overall, the geographic distribution of the bank’s loans reflects reasonable dispersion considering the characteristics of the AA. The analysis reflects lending in most income level tracts for residential real estate and all income level tracts for business loans.

Residential Real Estate Lending

Overall, the bank’s lending for 1-to-4 family residential loans reflects a reasonable dispersion. Lending in low-income CTs reflects excellent dispersion and exceeds the characteristics of the AA. However, lending in moderate-income CTs reflects a very poor dispersion. No loans were originated in moderate-income CTs. The bank’s performance is shown in the following table:

Table 3A - Geographic Distribution of Residential Real Estate Loans in Harris, Montgomery and Fort Bend Counties								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential Loans	3.23	8.70	22.84	0.00	30.35	17.39	43.58	73.91

Source: Data collected by the bank; U.S. Census data.

Business Loans

Overall, the bank’s lending to businesses reflects a reasonable dispersion. Lending in low-income CTs reflects excellent dispersion and exceeds the characteristics of the AA. Lending in moderate-income CTs is reasonable and near to the characteristics of the AA. The bank’s performance is shown in the following table:

Table 3B - Geographic Distribution of Loans to Businesses in Harris, Montgomery and Fort Bend Counties								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	4.54	5.41	22.99	22.52	27.22	38.74	44.58	33.33

Source: Data collected by the bank; U.S. Census data. Note: 0.67% of area businesses were located in tracts without an income designation.

Responses to Complaints

The bank did not receive any CRA-related complaints during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

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