



PUBLIC DISCLOSURE

March 27, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Fidelity Bank of Florida, National Association
Charter Number 24496

1380 North Courtenay Parkway
Merritt Island, FL 32953

Office of the Comptroller of the Currency

8375 Dix Ellis Trail, Suite 403
Jacksonville, FL 32256-8273

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 major factors supporting Fidelity Bank of Florida, National Association's (Fidelity) rating are:

- The average loan-to-deposit ratio is excellent in comparison to similarly situated banks.
- The majority of loans made are inside the assessment areas (AAs).
- Lending activities reflect reasonable penetration among businesses of different sizes.
- The geographic distribution of business lending is excellent.

SCOPE OF EXAMINATION

This evaluation covers the period from February 18, 2009 through March 27, 2014. Fidelity's primary loan product is business lending. Therefore, we based our conclusions regarding performance on an analysis of all business loans originated by Fidelity from January 2012 through December 2013.

Fidelity has three AAs in central Florida. A substantial majority of loans (79%) were originated in the Orlando AA. As a result, we gave more weight to lending in the Orlando AA when concluding on Fidelity's performance.

DESCRIPTION OF INSTITUTION

Fidelity is an intrastate bank headquartered in Merritt Island in Brevard County, Florida. Fidelity also has a branch office located in Longwood in Seminole County, Florida. In October 2012, Fidelity closed its branch office in Port Richey, Florida; this Pasco County branch was located in a moderate-income geography. Each location offers a full range of products and services and offers drive-through facilities. Fidelity does not offer automatic teller machines (ATMs) at any locations. However, it offers MasterCard debit cards, ATM debit cards, and internet banking.

On October 27, 2010, Fidelity entered into a Consent Order (CO) with the Office of the Comptroller of the Currency (OCC). The CO placed certain financial restraints on Fidelity's ability to meet AA credit needs. The CO requires the Board and senior management to take specific actions to improve the bank's financial condition, making it difficult for Fidelity to pursue new lending opportunities. We took into consideration the CO and its impact on lending activities when determining performance under the CRA.

Fidelity's primary loan product is commercial real estate loans. As of December 31, 2013, Fidelity had total assets of approximately \$284 million with net loans totaling \$153 million. Non-farm non-residential real estate and other business

lending represented approximately 90% of the loan portfolio. Fidelity’s tier 1 leverage capital ratio, as of December 31, 2013, was 6.54% and it averaged 6.65% during the evaluation period.

Fidelity received an “Outstanding” rating at its prior Community Reinvestment Act (CRA) evaluation, dated February 17, 2009.

DESCRIPTION OF ASSESSMENT AREAS

Fidelity has identified three AAs, as described below. According to community contacts, lending opportunities were much stronger in the Orlando AA in comparison to the other AAs during the evaluation period.

Description of the Orlando AA – Metropolitan Statistical Area (MSA) 36740, 19660, and 29460

The Orlando AA is located in central Florida and includes all of Lake, Orange, Osceola and Seminole Counties (Orlando-Kissimmee-Sanford MSA 36740); all of Polk County (Lakeland-Winter Haven MSA 29460); and all of Volusia County (Deltona-Daytona Beach-Ormond Beach MSA 19660). The table below includes specific 2010 Census demographic data and 2013 business data for the AA.

Demographic and Economic Characteristics of the Orlando AA (Lake, Orange, Osceola, Polk, Volusia, and Seminole Counties)		
Population	3,231,099	
Number of Families	805,186	
Number of Households	1,192,789	
Median Family Income (MFI):	\$56,312	
Unemployment rate	4.33%	
Number and Percent of Census Tracts in the AA:		
Low-Income Census Tracts	18	2.74%
Moderate-Income Census Tracts	165	25.15%
Middle-Income Census Tracts	289	44.05%
Upper-Income Census Tracts	182	27.74%
Unknown	2	0.30%
Total	656	100.00%
Number and Percent of Businesses in the AA:		
Low-Income Census Tracts	7,120	1.54%
Moderate-Income Census Tracts	105,061	22.69%
Middle-Income Census Tracts	193,185	41.71%
Upper-Income Census Tracts	157,711	34.05%
Unknown	52	0.01%
Total	463,129	100.00%

Source: 2010 Census and 2013 business data

The Orlando AA is a high growth area of Florida with a regional population in excess of three million. The primary industries are construction, education/health services, leisure and hospitality, and professional/scientific and technical services.

The AA possesses a large and relatively young labor force. More than 87% of residents age 25 and older possess at least a high school diploma, while over 31% have at least a bachelor’s degree. The Orlando AA is home to a wide variety of educational institutions. With a full-time enrollment of nearly 37,000 students, the University of Central Florida in Orlando has been fundamental in supporting the growing technology clusters in the Orlando MSA.

Banking competition in the Orlando AA is strong with community banks, regional banks, large banks, and credit unions operating in the market. As of June 30, 2013, FDIC data shows 62 deposit-taking financial institutions with a total of 886 offices in the Orlando AA. These institutions hold a total of \$51.8 billion in deposits. The top three banks hold approximately 58.1% of the deposits in the Orlando AA. Leading banks in the Orlando AA are Wells Fargo and Bank of America with a combined market share of 40%. Fidelity ranked 47 for deposit market share.

Description of the Tampa-St. Petersburg-Clearwater (Tampa) AA - MSA 45300

The Tampa AA is located on the west coast of Florida and includes all of Hillsborough, Pinellas, Hernando and Pasco Counties. Fidelity closed the Port Richey (Pasco County) office in October 2012. The table below includes specific 2010 Census demographic data and 2012 business data for the Tampa AA.

Demographic and Economic Characteristics of the Tampa-St. Petersburg-Clearwater MSA (Hillsborough, Pinellas, Hernando and Pasco Counties)		
Population	2,783,243	
Number of Families	698,563	
Number of Households	1,123,163	
Median Family Income (MFI):	\$57,333	
Unemployment rate	4.26%	
Number and Percent of Census Tracts in the AA:		
Low-Income Census Tracts	33	4.45%
Moderate-Income Census Tracts	191	25.74%
Middle-Income Census Tracts	306	41.24%
Upper-Income Census Tracts	203	27.36%
Unknown	9	1.21%
Total	742	100.00%
Number and Percent of Businesses in the AA:		
Low-Income Census Tracts	10,860	2.72%
Moderate-Income Census Tracts	85,358	21.39%
Middle-Income Census Tracts	156,656	39.25%
Upper-Income Census Tracts	145,497	36.46%
Unknown	703	0.18%
Total	399,074	100.00%

Source: 2010 Census and 2012 business data

According to City-Data, Tampa and St. Petersburg are two of the most populous cities in Florida, providing a large labor force, in addition to a large market for products and

services. The large labor force of the MSA has experienced steady growth during the past ten years. Of residents age 25 or older, more than 86% have at least a high school education, while nearly 33% possess at least a bachelor's degree. The University of South Florida (USF), located in Tampa, is the largest provider of higher education in the MSA. With a full-time enrollment of more than 27,000, USF is the third largest university in Florida. In addition to USF, community colleges provide associate degree or associate/bachelor degree programs in the MSA. The primary industries in the AA are professional/business services, education and health, and hospitality.

Banking competition in the Tampa AA is strong with community banks, regional banks, large banks, and credit unions operating in the market. FDIC data, as of June 30, 2012, shows 69 financial institutions with a total of 786 offices in the Tampa AA. These institutions hold a total of \$60.3 billion in deposits. The top three banks hold approximately 46% of the deposits in the Tampa AA. Leading banks in the Tampa AA are Wells Fargo and Bank of America with a combined deposit market share of 32%. Fidelity ranked 60 in deposit market share.

Description of the Palm Bay-Melbourne-Titusville (Palm Bay) AA - MSA 37340

The Palm Bay AA is located on the east-central coast of Florida and includes all of Brevard County. The table below includes specific 2010 demographic data and 2013 economic data for the AA.

Demographic and Economic Characteristics of the Palm Bay-Melbourne-Titusville AA (Brevard County)		
Population	543,376	
Number of Families	145,109	
Number of Households	220,871	
Median Family Income (MFI):	60,842	
Unemployment rate	4.22%	
Number and Percent of Census Tracts in the AA:		
Low-Income Census Tracts	4	3.54%
Moderate-Income Census Tracts	25	22.12%
Middle-Income Census Tracts	52	46.02%
Upper-Income Census Tracts	30	26.55%
Unknown	2	1.77%
Total	113	100.00%
Number and Percent of Businesses in the AA:		
Low-Income Census Tracts	1,198	1.69%
Moderate-Income Census Tracts	16,023	22.61%
Middle-Income Census Tracts	30,082	42.46%
Upper-Income Census Tracts	23,522	33.20%
Unknown	29	0.04%
Total	70,854	100.00%

Source: 2010 Census and 2013 business data

The area is known as "Florida's Space Coast." The region is home to the Kennedy Space Center as well as Cape Canaveral and Patrick Air Force bases. Several

companies are engaged in government contracting, supporting the region's aviation/aerospace cluster, and contribute heavily to the local economy.

The labor force is well educated, evidenced by the fact that over 86% of residents, 25 years of age or older, possess at least a high school education and nearly 24% possess a bachelor's degree or higher. Brevard Community College is one of the largest providers of higher education in the area. A large provider of private higher education is Florida Institute of Technology, located in Melbourne. Other educational institutions with a presence in the region include Barry University, Colombia College, Embry Riddle Aeronautical University, Florida Metropolitan University, and Webster University.

Banking competition in the Palm Bay AA is strong with community banks, regional banks, large banks, and credit unions operating in the market. As of June 30, 2013, FDIC data shows 18 deposit-taking financial institutions with a total of 131 offices in the Palm Bay AA. These institutions hold a total of \$7.3 billion in deposits. The top three banks hold approximately 55% of the deposits in the Palm Bay AA. Leading banks in the Palm Bay AA are Wells Fargo and Bank of America with a combined market share of 40%. Fidelity ranked 10 for deposit market share.

We made one community contact with a local nonprofit community service organization that provides emergency and long-term housing to low- and moderate-income families during this examination. Our community contact identified affordable multi-family housing and small business lending as primary community credit needs. The contact mentioned that Fidelity had a reputation for being actively involved in helping local organizations develop strategies to address those needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Fidelity has a reasonable record of meeting the credit needs of its AAs given the demographics, economic factors, competitive pressures, and legal constraints it faces. The volume of loans originated in the Tampa and Palm Bay AAs was much lower than in the Orlando AA. Fidelity's ability to serve the Tampa AA was also hindered by the branch closing in 2012.

Loan-to-Deposit (LTD) Ratio

Fidelity's average LTD ratio is more than reasonable given its size, financial condition, and AAs credit needs. Fidelity's quarterly average LTD ratio was calculated from the first quarter of 2009 through the fourth quarter of 2013. The resulting average LTD ratio is 91.27%. This ratio is only slightly lower than one comparable bank and substantially higher than three other comparable banks headquartered within the AAs. The average LTD ratios of these banks, which are comparable in size, location, and lending focus, range from 71.36% to 92.82% for the same period.

Lending in Assessment Area

Fidelity makes a majority of its loans within the AAs. Of the 82 commercial loans originated in 2012 and 2013, 62 or 75.61% of loans were originated within the AAs. By dollar volume, 73.31% of loans were originated within the AAs.

Lending in Combined AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	62	75.61	20	24.39	82	\$35,277,872	73.31	\$12,840,739	26.69	\$48,118,611

Source: All commercial loans originated in 2012 and 2013

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

Fidelity's record of lending reflects reasonable penetration among businesses of different sizes. We determined Fidelity makes loans to businesses of varying sizes, but primarily to small businesses. The conclusion regarding the loan distribution to borrowers of different incomes and sizes is based on a review of all commercial loans originated in the Orlando AA during 2012 and 2013. The volume of loans originated in the Palm Bay and Tampa AAs during the evaluation period was too small to conduct a meaningful analysis of borrower or geographic distribution.

Borrower Distribution of Loans to Businesses in the Orlando AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable	Total
% of AA Businesses	72.52	2.30	25.18	100%
% of Bank Loans in AA by #	81.63	16.33	2.04	100%
% of Bank Loans in AA by \$	47.33	52.57	0.10	100%

Source: Loan sample; 2013 Dunn and Bradstreet data

Fidelity also makes a large portion of business loans in smaller dollar amounts. Our sample included loans with original amounts ranging from \$30 thousand to \$4.9 million. The majority of loan amounts are less than \$500 thousand in each AA. This indicates Fidelity makes loans that meet the needs of small businesses.

Borrower Distribution of Loans to Businesses by Loan Size in the Orlando AA				
Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	9	18.37%	\$599,326	1.91%
\$100,001 - \$250,000	16	32.65%	\$2,893,874	9.24%
\$250,001 - \$500,000	10	20.41%	\$2,917,136	9.31%
\$500,001 - \$1,000,000	8	16.33%	\$6,150,402	19.63%
Over \$1,000,000	6	12.24%	\$18,768,000	59.91%

Source: Loan sample

Geographic Distribution of Loans

Lending to businesses reflects excellent dispersion in low- and moderate-income geographies. Our analysis is based on the same sample of business loans originated within the Orlando AA. We analyzed the geographic location of the business or property purchased. For comparison, we reviewed economic data that shows the geographic distribution of businesses in the AA. We did not identify any unexplained conspicuous gaps in lending practices for the geographies.

Geographic Distribution of Loans to Businesses in the Orlando AA								
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
Commercial	1.54	2.13	22.69	46.81	41.71	38.30	34.05	12.76

Source: Loan Sample and 2013 Dunn and Bradstreet data

** 0.01% of the AA businesses are located in CTs that have no classified income level.

Responses to Complaints

We reviewed records of consumer complaints regarding Fidelity made to our agency and those maintained in Fidelity’s public file. There were no CRA-related complaints made 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.

The OCC did not identify evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.