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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

January 8, 1997

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Fidelity Bank, N.A.  
Charter Number: 18073**

**6501 Hillcrest  
University Park, Texas 75205**

**Office of the Comptroller of the Currency  
Southwestern District  
500 N. Akard, 1600 Lincoln Plaza  
Dallas, Texas 75201-3394**

**NOTE:** 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.

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Fidelity Bank, N.A.** prepared by **The Office of the Comptroller of the Currency (OCC)** the institution's supervisory agency, as of January 8, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

Fidelity Bank's lending levels reflect a reasonable responsiveness to its community credit needs. The bank's loan to deposit ratio averaged 53.94% over the last eleven quarters. This ratio compares favorably with that of other "similarly situated" institutions within the same assessment area. A review of all loans originated and purchased in 1995 and the first 9 months in 1996 show a substantial majority of the bank's loans are within its designated assessment area. A review of all Home Mortgage Disclosure Act (HMDA) reportable loans originated and purchased within the bank's assessment area in 1995 and through the third quarter, 1996, in conjunction with a review of all consumer and small business loans originated within the bank's assessment area through the third quarter 1996, generally reflect a reasonable level of credit extensions to individuals of different income levels and businesses of different sizes. Our review reflects a reasonable geographic distribution of loans throughout the assessment area.

The following table indicates the performance level of **Fidelity Bank, N.A.** with respect to each of the five performance criteria.

<b>SMALL INSTITUTION ASSESSMENT CRITERIA</b>	<b><u>Fidelity Bank, N.A.</u> PERFORMANCE LEVELS</b>		
	<b>Exceeds Standards for Satisfactory Performance</b>	<b>Meets Standards for Satisfactory Performance</b>	<b>Does not meet Standards for Satisfactory Performance</b>
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior compliance examination		

## **DESCRIPTION OF INSTITUTION**

Fidelity Bank, is located in the City of Dallas, in Dallas County, Texas. The bank is 100% owned by Fidelity Resources Company, a one-bank holding company also located in Dallas, Texas. Fidelity has fourteen banking offices in Dallas county. A majority of the bank's locations were acquired via other bank acquisitions. Thirteen of the fourteen offices are located within the city of Dallas. One of the branches is located downtown, two branches are located northwest of downtown, two are east of downtown, eight are north of downtown, and one branch is located in the far southern section of Dallas County in the City of Duncanville. The main office is located at 6501 Hillcrest St., in University Park, Texas which is a very high income neighborhood. Southern Methodist University, a private liberal arts college, is also located in University Park. At least eight of the locations, including the main office, have automated teller machines (ATMs) and drive up facilities. As of September 30, 1996, the bank reported total assets of \$306 million, with net loans of \$143 million. The bank's primary lending focus is small business and commercial loans. Commercial and commercial real estate loans represent 65% of total loans, with residential real estate and consumer loans representing 27% and 8% of total loans, respectively. The bank does not participate in any government guaranteed loan programs. The only government guaranteed loans in the loan portfolio are four SBA loans that were acquired through other bank acquisitions. The total dollar amount of those loans are insignificant in relation to total loans. A full range of deposit and other banking services are available at all fourteen locations. Loan and deposit products offered are commensurate with the bank's size and resources. Neither the bank's financial condition nor the legal, regulatory, or economic environment hinder its ability to make loans and provide reasonable banking services throughout its entire assessment area.

## **DESCRIPTION OF THE ASSESSMENT AREA - DALLAS COUNTY**

Fidelity Bank defines its assessment area as Dallas County. According to 1990 Census Bureau data, the population of this assessment area is 1.8 million. The 1990 Census Bureau and 1996 Housing and Urban Development (HUD) median family income for the Metropolitan Statistical Area (MSA), including Dallas County, is \$38,754 and \$48,300 respectively. Dallas County is comprised of 415 census tracts. Based on the 1990 Census Bureau median family income data, 56 or 13% of the census tracts are categorized as low income, 113 or 27% are moderate income, 132 or 32% are middle income, and 108 or 26% are upper income. Income information for 6 or 1% of the census tracts is not available. The bank's assessment area is legal and does not arbitrarily exclude low- and moderate-income areas.

The principal industries in the assessment area are related to retail, technology development, insurance and medical services. Fidelity Bank operates in a very competitive banking environment, with numerous community banks, multinational and regional bank branches, in addition to nonbank financial institutions. Examiners conducting other examinations in the area interviewed one community contact in July 1996. In 1995 and 1996 Fidelity Bank's management team also conducted community contact interviews. The contacts interviewed by the OCC and bank management identified home improvement and new and existing small business financing as major credit needs. Fidelity Bank offers credit products that address home improvement and existing small business lending. Fidelity is also actively involved in a local community development corporation that is specifically designed for new and existing small businesses in southern Dallas.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

### LOANS-TO-DEPOSITS

Fidelity Bank's lending levels are reasonable and commensurate with its size, available resources, and the nature of its lending activities. The bank's loan to deposit ratio averaged 53.94% over the last eleven quarters since the previous CRA examination conducted 1/24/94. The loan-to-deposit ratio at 9/30/96 was 50.77%. These ratios compare favorably with that of the five similarly situated banks operating in the same assessment area with asset sizes ranging from \$135 million to \$402 million. The average loan to deposit ratios of those banks ranged from 30% to 78% over the same time periods.

### ASSESSMENT AREA CONCENTRATION

A substantial majority of the bank's lending is within its assessment area, as illustrated in the table below. All of the following tables are reflective of the bank's internal reports. Based on a cursory review and sampling of the data, the reports are considered to be reliable.

Assessment Area Lending - Originations/Purchases	1995			1996 (9 mos)		
	#	\$(000)	% of #	#	\$(000)	% of #
Inside Dallas County	2,012	107,063	83%	638	57,063	81%
Outside Dallas County	423	21,998	17%	145	15,489	19%
TOTALS	2,435	129,061	100%	783	72,552	100%

**LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS AND BUSINESSES OF DIFFERENT SIZES**

The “Applicant Income” on the following tables is based on a percentage of the 1996 HUD Median Family Income for the Dallas County MSA of \$48,300. As the table below shows, the distribution of loans to borrowers of different income levels and businesses of different income sizes is reasonable.

<b>DISTRIBUTION OF HMDA LOANS BY APPLICANT INCOME</b>						
<b>Applicant Income as a Percent of HUD Median Family Income</b>	<b>1995</b>			<b>1996 (9 mos)</b>		
	<b>#</b>	<b>\$(000)</b>	<b>% of Total #</b>	<b>#</b>	<b>\$(000)</b>	<b>% of Total #</b>
Low	2	47	9%	1	5	2%
Moderate	1	42	5%	0	0	0%
Middle	4	548	18%	1	8	2%
Upper	11	1,776	50%	16	2,614	36%
Not Available	4	716	18%	26	4,110	59%
<b>TOTAL</b>	<b>22</b>	<b>3,129</b>	<b>100%</b>	<b>44</b>	<b>6,737</b>	<b>100%</b>

<b>DISTRIBUTION OF CONSUMER LOANS BY APPLICANT INCOME - 1996</b>			
<b>Applicant Income as a Percent of HUD Median Family Income</b>	<b>#</b>	<b>\$(000)</b>	<b>% of Total #</b>
Low	29	212	10%
Moderate	44	386	15%
Middle	32	371	11%
Upper	166	4,649	58%
Not Applicable	16	461	6%
<b>TOTAL</b>	<b>287</b>	<b>6,079</b>	<b>100%</b>

<b>DISTRIBUTION OF SMALL BUSINESS LOANS BY REVENUES 1996 (Excluding individual loans over \$1 million)</b>			
	<b>#</b>	<b>\$(000)</b>	<b>% of Total #</b>
Revenues \$1million or less	170	12,420	58%
Revenues in excess of \$1 million	122	12,105	42%
<b>TOTAL</b>	<b>292</b>	<b>24,525</b>	<b>100%</b>

**GEOGRAPHIC DISTRIBUTION OF LOANS**

The tables below illustrate a reasonable geographic distribution of loans. The data is derived from the bank's own internal analysis of all loans extended within the assessment area. The "Income Characteristics of the Census Tract" in the tables is based on a percentage of the 1990 Census Median Family Income for the Dallas County MSA of \$38,754.

<b>GEOGRAPHIC DISTRIBUTION OF ALL ORIGINATIONS/PURCHASES</b>						
<b>Income Characteristics of Census Tracts</b>	<b>1995</b>			<b>1996 (9 mos)</b>		
	<b>#</b>	<b>\$(000)</b>	<b>% of #</b>	<b>#</b>	<b>\$(000)</b>	<b>% of #</b>
Low	125	6,274	6%	51	5,635	8%
Moderate	569	29,338	28%	163	11,702	25%
Middle	746	30,907	37%	150	12,043	23%
Upper	553	38,847	28%	276	27,728	42%
NA	19	1,697	1%	11	1,033	2%
<b>TOTAL</b>	<b>2,012</b>	<b>107,063</b>	<b>100%</b>	<b>651</b>	<b>58,141</b>	<b>100%</b>

<b>GEOGRAPHIC DISTRIBUTION OF HMDA LOANS</b>						
<b>Income Characteristics of Census Tracts</b>	<b>1995</b>			<b>1996 (9 mos)</b>		
	<b>#</b>	<b>\$(000)</b>	<b>% of #</b>	<b>#</b>	<b>\$(000)</b>	<b>% of #</b>
Low	0	0	0%	4	292	9%
Moderate	5	219	23%	7	156	16%
Middle	6	459	27%	6	685	14%
Upper	11	2,451	50%	27	5,604	61%
<b>TOTAL</b>	<b>22</b>	<b>3,129</b>	<b>100%</b>	<b>44</b>	<b>6,737</b>	<b>100%</b>

<b>GEOGRAPHIC DISTRIBUTION OF CONSUMER AND SMALL BUSINESS LOANS MADE IN 1996</b>			
<b>Income Characteristics of Census Tracts</b>	<b>#</b>	<b>\$(000)</b>	<b>% of Total #</b>
<b><i>Consumer Loans</i></b>			
Low	13	206	5%
Moderate	36	648	13%
Middle	76	1,517	26%
Upper	162	3,708	56%
<b>TOTAL</b>	<b>287</b>	<b>6,079</b>	<b>100%</b>
<b><i>Small Business Loans</i></b>			
Low	13	1,452	8%
Moderate	52	3,101	31%
Middle	38	2,265	22%
Upper	59	4,728	35%
Not Available	8	874	5%
<b>TOTAL</b>	<b>170</b>	<b>12,420</b>	<b>100%</b>



FAIR LENDING ANALYSIS

Fidelity Bank is in compliance with provisions of the anti-discrimination laws and regulations. The analysis we performed did not disclose any discriminatory treatment or illegal practices on the prohibited basis of sex and marital status.

CONSUMER COMPLAINTS

No complaints were received since the prior compliance examination.