



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

October 31, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Fidelity Bank & Trust, N.A.
Charter Number 22989**

**100 Main Street
Fort Worth, Texas 76102**

**Comptroller of the Currency
1600 Lincoln Plaza
500 North Akard Street
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 CRA performance of **Fidelity Bank & Trust, N.A.**, prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of October 31, 1996. 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 & Trust's (Fidelity) performance reflects satisfactory responsiveness to the credit needs of the communities served. The bank's loan to deposit ratio is reasonable and is comparable to the ratios of area banks. Most of the loans are within the bank's designated assessment areas and reasonably penetrate the different income levels.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	FIDELITY BANK & TRUST, N.A. PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
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	Distribution not performed		
Response to Complaints	No complaints were received since the prior examination		

DESCRIPTION OF INSTITUTION

Fidelity is owned 100% by Fidelity Bancorporation, Inc. which is owned 100% by Fidelity Bancshares, Inc., a one-bank holding company. Fidelity's main bank is located in downtown Fort Worth, Texas with a branch in south Fort Worth. The bank also has a facility operating as a Loan Production Office (LPO) in Austin, Texas. Total assets of the bank, as of September 30, 1996, were \$102,196,000. Fidelity's asset mix consists of 60% loans and 27% investment securities.

The bank offers a variety of credit products including consumer, real estate and commercial credits. The composition of the loan portfolio is as follows; commercial real estate and business loans 62%, 1-4 family mortgage and construction loans 20%, and other consumer loans 18%.

Fidelity's financial condition does not inhibit its ability to meet credit needs in its assessment areas. Additionally, the bank has no legal impediments that would inhibit its ability to meet community credit needs.

DESCRIPTION OF THE ASSESSMENT AREA

Fidelity has identified the following as its assessment areas:

- Tarrant County (Tarrant) out of the Fort Worth - Arlington Metropolitan Statistical Area (MSA), and
- Travis County (Travis) out of the Austin - San Marcos MSA.

Information on each assessment area is detailed below.

Tarrant

This area is serviced by the main bank and the south Fort Worth branch. Tarrant has a population of 1,170 thousand with a Median Family Income of \$37,571. There are 269 census tracts in this area which are broken down as 10% low-income tracts, 25% moderate-income, 34% middle-income and 31% upper-income. The local economy is stable despite cutbacks in the defense industry. It is supported by aircraft manufacturing, air transportation, medical services and whole sale trade and distribution. Job growth continues to improve as the area has seen an increase of jobs of over 24,000 in the last 18 months. This has enabled the area to maintain a low unemployment rate of 3%. Community contacts performed at an earlier time indicate that there are no significant unmet credit needs in the area.

Travis

This area is serviced by a small facility that represents only 15% of the bank's total assets and 7% of total deposits. This facility is licensed to operate as a full-service bank, however, it is considered an LPO as the type and volume of deposit services provided are very limited. As an LPO, this facility focuses primarily on interim construction real estate loans on 1-4 family residences. This area has a population of 576 thousand with a Median Family Income of \$35,481. There are 146 census tracts in this area which are broken down as 10% low-income tracts, 31% moderate-income, 32% middle-income and 27% upper-income. The area is largely supported by the high-tech industry. Also, the area contains the state capital of Austin and is naturally supported by government agencies and activities. Other supporting industries are medical and a major college. Job growth continues to improve in this area as it has seen an increase of jobs of over 27,000 in the last 18 months. This has enabled the area to maintain a low unemployment rate of 3%. Community contacts performed at an earlier time indicate that there are no significant unmet credit needs in this area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Fidelity is a competitive lender in the area which is in part reflected in the loan-to-deposit ratio. Fidelity competes with several institutions including large regional banks in the area. Fidelity's loan-to-deposit ratio reflects good performance at 72% compared to the ratios of these other institutions which range from 45% to 85%. The bank has no minimum loan amount and has demonstrated its willingness to make small loans. Internal reports indicate that 12% of the loans extended in 1996 year-to-date (YTD), were at amounts less than \$5,000. Management recognizes the need for these types of loans and will continue to make them.

A substantial majority of the bank's loans are in the assessment areas. Management's analysis of the loan distribution as of September 30, 1996, YTD, indicates that 81% of its lending activity occurs in Tarrant and Travis.

While the bank obtains income information on its loan customers there is no internal analysis to determine the level of penetration into the different income levels. Using a random sample, we were able to determine that there is a reasonable penetration of loans among individuals of different income levels. The breakdown by income level of the consumer loans sampled is as follows; low income - 12%, moderate income - 16%, middle income - 19% and upper income - 53%. These percentages are significantly affected by the distribution of 1-4 family real estate loans which are primarily centered in

the upper-income category. This is due primarily to the following items:

- ▶ Of the loans with incomes reported in the upper income level, approximately 62% reported more than 1 source of income.
- ▶ The bank has numerous loans to several upper income borrowers who are landlords for low- and moderate-income housing. As of September 30, 1996 the low- and moderate-income housing units controlled by these borrowers totaled 126.

The identity of Fidelity's typical loan customer depends on the location. In downtown Fort Worth the typical customer is a small business or professional/executive borrower. This type of customer would also contribute to the dispersion of loans, discussed above, as these individuals tend to have a higher level of income. The south Fort Worth branch's typical customer is a consumer auto or other small consumer loan borrower. In the Travis area the typical customer is real estate developer and interim construction borrower.

The bank is attempting to meet the needs of the small businesses in the assessment areas. A random sample of the bank's business customers indicated that 63% of loans extended were to businesses with gross income of less than \$1 million.

Historically the bank geocodes loan extensions for Tarrant, however, the 1996 geocoding has not been completed. The individual geocodings of extensions for 1993-1995 indicate the bank has had reasonable lending activity throughout this area. Geocodings for Travis are not done at this time due to the small volume of lending activity. In addition to the actual geocodings, management periodically analyzes a report of census tracts where there has been no lending activity. The results of this analysis indicate the bank continues to lend throughout Tarrant. Although a specific 1996 geocoding was not performed, it did not appear that any area of the different communities had been arbitrarily excluded.

During the evaluation period, Fidelity received no negative responses from the public regarding its CRA performance. Further, based on the fair lending portion of our examination, no violations of the substantive provisions of the antidiscrimination laws and regulations were identified. Management has been active in training officers and employees on fair lending concepts and practices.