



PUBLIC DISCLOSURE

May 2, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Fidelity Federal Savings and Loan Association
Charter Number 703587

60 N Sandusky Street
Delaware, OH 43015-1926

Office of the Comptroller of the Currency

Westlake Center
4555 Lake Forest Drive, Suite 610
Cincinnati, Ohio 45242-3760

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 Outstanding.

Fidelity Federal Savings and Loan Association (Fidelity Federal), a federal savings association (FSA), exhibits an outstanding record of meeting its community credit needs. The rating is primarily based on the following:

- The loan-to-deposit (LTD) ratio is reasonable given the FSA's size, financial condition, and credit needs of the Assessment Area (AA).
- Fidelity Federal's lending inside the AA is reasonable as a majority of their primary loan products are inside their AA.
- Fidelity Federal's overall penetration of lending to borrowers of different income levels and businesses of different sizes is excellent.
- The FSA's overall performance of lending to geographies of different income levels exhibits excellent dispersion throughout the AA.

SCOPE OF EXAMINATION

We conducted a full scope Community Reinvestment Act (CRA) evaluation to assess the institution's record and performance of meeting the credit needs of its community, including low-and moderate-income areas. We used the Small Bank CRA evaluation procedures to evaluate the institution's performance. The Lending Test includes loans originated from January 1, 2014 to December 31, 2015, which is the evaluation period. A data integrity examination of the thrift's home mortgage loans, as reported in the Home Mortgage Disclosure Act Loan Applications Register (HMDA LAR), was performed in 2016 in addition to the review of the institution's HMDA compliance reports. We found the data was accurate and reliable.

The FSA's primary loan product, based on discussions with management and a review of loan originations during the evaluation period, is residential real estate. We also reviewed the FSA's quarterly LTD ratio from April 1, 2010 through December 31, 2015.

DESCRIPTION OF INSTITUTION

Fidelity Federal is a federally chartered mutual savings association with total assets of \$104 million and a net loan and lease portfolio of \$46 million as of December 31, 2015. The main office is located in the city of Delaware, Ohio, which is the county seat and serves Delaware County, OH. Fidelity Federal also has one branch office, which is also located in the City of Delaware. Both offices are located in middle-income geographies. No offices were opened or closed since the previous CRA evaluation.

Fidelity Federal offers a variety of checking accounts, savings accounts, and certificates of deposit, including individual retirement accounts. In addition, automated teller machine services and safe deposit boxes are available at both offices. The thrift's primary lending product consists of loans secured by 1-4 family residential real estate. Fidelity Federal operates as a traditional thrift with a focus on home lending. Loans are available for the purchase, refinance, construction, or improvement of residential property. Fidelity Federal also offers consumer and small business/commercial loans.

Presently, there are no financial or legal impediments that affect Fidelity Federal's ability to serve the credit needs of its community. Fidelity Federal's last CRA evaluation was conducted as of March 15, 2010 and resulted in an "outstanding" rating.

DESCRIPTION OF ASSESSMENT AREA

Fidelity Federal's AA consists of the entirety of Delaware County, OH. The AA is located within the Columbus, Ohio Metropolitan Statistical Area (MSA). The AA does not arbitrarily exclude any low or moderate income (LMI) census tracts (CTs) and meets the requirements of the CRA.

As of December 2015, Delaware County, Ohio's unemployment rate was 3.3 percent (U.S. Bureau of Labor Statistics), which is below Ohio's statewide unemployment rate of 4.8 percent and below the national average of 5.0 percent. Delaware County is comprised of urban, suburban, and rural communities. Major employers in Delaware County include The Kroger Company, Ohio Wesleyan University, and the Delaware City School District. Our evaluation of the FSA's CRA performance included discussions with two community contacts who indicated that financial institutions have opportunities to impact the local community and local institutions are meeting those opportunities.

Competition in the AA is moderately high with competition including national banks, branches of larger financial institutions, and savings and loan institutions. According to the June 30, 2015 Deposit Market Share Report from the Federal Deposit Insurance Corporation (FDIC), Fidelity Federal had approximately a 3.2 percent deposit market share in Delaware County and was ranked 7th out of 12 financial institutions in the area.

2010 U.S. Census Data Information

According to the 2010 U.S. Census data, the AA has no low-income tracts, one moderate-income census tract, seven middle-income census tracts, and 27 upper-income census tracts. The total population of the AA was 174,214, comprised of 61,203 households and 47,302 families. Of these families, 8.8 percent are at the low-income level, 9.7 percent are at the moderate-income level, 15.9 percent are at the middle-income level, and 65.6 percent are at the upper-income level. The weighted average of the Median Family Income in the AA was \$106,947. Comparatively, the weighted average of the HUD Updated MSA Median Family Income was \$71,000.

The AA contains 64,337 housing units, with 95.13 percent occupied. Of the total occupied housing units, 79.17 percent are owner occupied. Based on the total households within the AA, 5.21 percent live at or below the poverty level and 1.89 percent receive some form of public assistance. Retirees comprise 16.69 percent of the AA's households and 18.35 percent of households receive social security benefits.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Based on the Small Bank CRA lending test criteria, the FSA's lending performance is outstanding.

Loan-to-Deposit Ratio

Fidelity Federal's loan-to-deposit (LTD) ratio is reasonable given the thrift's size, financial condition, and assessment area credit needs. The thrift's quarterly average LTD ratio for the 23 quarters since the prior CRA evaluation (April 1, 2010 through December 31, 2015) of 60.83 percent is reasonable compared to similarly situated financial institutions. A review of four similarly situated financial institutions revealed an average LTD of 66.53 percent over the same period. Since the prior CRA evaluation, the thrift's LTD ratio decreased from 81.48 percent to 56.76 percent as of December 31, 2015. The decrease is mainly attributed to the thrift's strategy to sell the majority of their fixed rate mortgage loans on the secondary market in order to mitigate interest rate risk. The heightened competition among financial institutions in Delaware County also contributed to the decreased LTD ratio.

Lending in Assessment Area

Overall, a majority of Fidelity Federal's lending activity occurs inside its assessment area. Table 1 details the thrift's AA lending activity during the evaluation period by number of loans and dollar volume originated.

Table 1 – Lending in the Fidelity AA										
Loan Type	Number of Loans					Dollars of Loans (000's omitted)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	21	53.8%	18	46.2%	39	2,409	44.2%	3,041	55.8%	5,450
Home Improvement	2	40.0%	3	60.0%	5	39	14.6%	228	85.4%	267
Home Refinance	25	89.3%	3	10.7%	28	2,864	93.4%	203	6.6%	3,067
Totals	48	66.7%	24	33.3%	72	5,312	60.5%	3,472	39.5%	8,784

Lending to Borrowers of Different Incomes

The distribution of loans reflects excellent penetration among individuals of different income levels and supports the FSA’s outstanding performance. The thrift’s lending to low- or moderate-income borrowers, as a percentage, significantly exceeded the lending by AA lenders and the percentage of families in those income levels in the AA, as reflected in the table below.

Table 2 - Borrower Distribution of Residential Real Estate Loans in the Fidelity AA							
Borrower Income Level	% Total Thrift Loans			% of Loans by AA Lenders			% of AA Families by Income Level
Loan Type	Purchases	Home Improvement	Refinances	Purchases	Home Improvement	Refinances	
Low	0.0	50.0	12.5	2.0	3.8	3.5	8.8
Moderate	50.0	50.0	12.5	11.6	10.3	11.3	9.7
Middle	22.2	0.0	29.2	19.9	12.5	18.3	15.9
Upper	27.8	0.0	45.8	66.5	73.4	66.9	65.6

Source: 2010 U.S. Census data, Thrift's HMDA loan data for 2014 and 2015, and 2014 peer mortgage data

Geographic Distribution of Loans

Fidelity Federal’s geographic distribution of residential real estate loans reflects excellent dispersion. The AA contains no low-income census tracts. The thrift’s offices are located near the only moderate-income census tract in the AA. In addition, only 1.3 percent of owner-occupied housing units in the AA are located in the moderate-income census tract. In 2014 and 2015, home purchase loans and refinance loans as a percentage of home mortgage originations by number in the AA totaled 44 percent and 52 percent respectively. We placed the most emphasis on the home purchase and refinance loans. As reflected in the table below, the thrift’s lending in the moderate-income census tract, as a percentage, significantly exceeded the lending of AA lenders and the percentage of owner-occupied housing units in the AA for home purchase and refinance loans.

Table 3 - Geographic Distribution of Residential Real Estate Loans in the Fidelity AA							
Census Tract Income Level	% Total Thrift Loans			% of Loans by AA Lenders			% of AA Owner Occupied Housing Units
Loan Type	Purchases	Home Improvement	Refinances	Purchases	Home Improvement	Refinances	
Moderate	4.8	0.0	4.0	1.3	0.5	0.6	1.3
Middle	42.9	100.0	52.0	14.9	11.6	13.5	14.1
Upper	52.3	0.0	44.0	83.8	87.9	85.9	84.6

Source: 2010 U.S. Census data, Thrift's HMDA loan data for 2014 and 201, and 2014 peer mortgage data

Responses to Complaints

The FSA has not received any complaints about its performance in helping meet the credit needs of its AA since the previous CRA evaluation.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Pursuant to 12 C.F.R. 25.28 (c), in determining a federal savings association's CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the FSA, or in any assessment area by an affiliate whose loans have been considered as part of the FSA's lending performance. We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.