



PUBLIC DISCLOSURE

April 03, 2017

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

4042 Park Oaks Blvd
Suite 240
Tampa, FL 33610

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 March 28, 2014 through December 31, 2016. 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 2014 through December 2016.

Fidelity has three AAs in central Florida. A substantial majority of loans (89 percent) were originated in the Brevard County AA. As a result, we gave more weight to lending in the Brevard County 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. Each location offers a full range of products and services and offers drive-through facilities. Fidelity does not offer automatic teller machines (ATMs) at either location. 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 the Fidelity's ability to meet AA credit needs. The CO required 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. The CO was terminated on November 12, 2015. We took into consideration the CO and its impact on lending activities when determining performance under the Community Reinvestment Act (CRA).

Fidelity's primary loan product is commercial real estate loans. As of December 31, 2016, Fidelity had total assets of approximately \$175 million, with net loans totaling

\$125 million. Non-farm non-residential real estate and other business lending represented approximately 97 percent of the loan portfolio. Fidelity's tier 1 leverage capital ratio, as of December 31, 2016 was 11.48 percent and it averaged 9.62 percent during the evaluation period.

Fidelity received a "Satisfactory" rating at its prior CRA evaluation, dated March 27, 2014.

DESCRIPTION OF ASSESSMENT AREA(S)

Fidelity has identified three AAs, as described below. According to community contacts, lending opportunities were much stronger in the Brevard AA in comparison to the other AAs during the evaluation period. The AAs include geographies where the main banking office, branch office and deposit taking ATMs are located as well as surrounding geographies where a substantial portion of loans are originated or purchased.

Description of the Brevard County AA

The Merritt Island Office (Main office) is located in Brevard County in MSA 37340 – Palm Bay-Melbourne-Titusville, Florida. This office is located in an upper level income tract. The population is predominately white, non-Hispanic. Housing in the area consists mainly of owner occupied dwellings. The table below includes specific 2010 Census demographic data and 2016 business data for the AA.

Demographic and Economic Characteristics of the Brevard County AA		
Population	543,376	
Number of Families	145,109	
Number of Households	220,871	
Median Family Income (MFI):	\$60,842	
Unemployment rate	5.10%	
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%
UnknownN	2	1.77%
Total	113	100.00%
Number and Percent of Businesses in the AA:		
Low-Income Census Tracts	949	1.88%
Moderate-Income Census Tracts	11,298	22.32%
Middle-Income Census Tracts	21,201	41.89%
Upper-Income Census Tracts	17,140	33.57%
Unknown	23	0.05%
Total	50,611	100.00%

Source: 2010 Census and 2016 business data

We made one community contact with a local nonprofit community service organization designed to assist local organizations meet community needs. Our community contact identified affordable housing, small business lending and financial education as primary community credit needs. The contact mentioned Fidelity had a reputation for being actively involved in helping local organizations develop strategies to address those needs.

Description of the Orange County AA

Orange County is a high growth area in central Florida with a regional population in excess of one million. Orange County is part of Orlando MSA 36740, which includes Orlando-Kissimmee-Sanford, Florida. Fidelity does not have a banking office in Orange County, but the county is contiguous to Brevard and Seminole County AAs. Housing is mainly owner occupied dwellings. The population is predominately white, non-Hispanic. The primary industries are construction, education/health services, leisure and hospitality, and professional/scientific and technical services. The table below includes specific 2010 Census demographic data and 2016 business data for the AA.

Demographic and Economic Characteristics of the Orange County AA		
Population	1,145,956	
Number of Families	265,806	
Number of Households	406,002	
Median Family Income (MFI):	\$58,474	
Unemployment rate	6.23%	
Number and Percent of Census Tracts in the AA:		
Low-Income Census Tracts	5	2.43%
Moderate-Income Census Tracts	69	33.50%
Middle-Income Census Tracts	69	33.50%
Upper-Income Census Tracts	63	30.58%
Unknown	0	0.00%
Total	206	100.00%
Number and Percent of Businesses in the AA:		
Low-Income Census Tracts	923	0.70%
Moderate-Income Census Tracts	35,881	27.33%
Middle-Income Census Tracts	43,130	32.86%
Upper-Income Census Tracts	51,332	39.11%
Unknown	0	0.00%
Total	131,266	100.00%

Source: 2010 Census and 2016 business data

Description of the Seminole County AA

The Longwood Branch Office is located in Seminole County, which is part of MSA 36740 – Orlando-Kissimmee-Sanford, Florida. This office is located in a middle-income tract. The population is predominately white, non-Hispanic. Housing is mainly owner

occupied dwellings. The table below includes specific 2010 Census demographic data and 2016 business data for the AA.

Demographic and Economic Characteristics of the Seminole County AA		
Population	422,718	
Number of Families	103,419	
Number of Households	152,682	
Median Family Income (MFI):	\$58,474	
Unemployment rate	4.89%	
Number and Percent of Census Tracts in the AA:		
Low-Income Census Tracts	1	1.16%
Moderate-Income Census Tracts	7	8.14%
Middle-Income Census Tracts	30	34.88%
Upper-Income Census Tracts	48	55.81%
Unknown	0	0.00%
Total	86	100.00%
Number and Percent of Businesses in the AA:		
Low-Income Census Tracts	262	10.51%
Moderate-Income Census Tracts	2,533	4.96%
Middle-Income Census Tracts	18,096	35.40%
Upper-Income Census Tracts	30,221	59.13%
Unknown	0	0.00%
Total	51,112	100.00%

Source: 2010 Census and 2016 business data

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 Orange and Seminole AAs was much lower than the Brevard AA.

Loan-to-Deposit Ratio

Fidelity's average Loan-to-Deposit (LTD) ratio is more than reasonable given its size, financial condition, and AA credit needs. Fidelity's quarterly average LTD ratio was calculated from the first quarter of 2014 through the fourth quarter of 2016. The resulting LTD average ratio is 80.57 percent. This ratio is slightly higher than three comparable banks and substantially higher than one comparable bank headquartered within the AAs. The average LTD ratios of these banks, which are comparable in size, location, and lending focus, range from 34.10 percent to 78.54 percent for the same period.

Lending in Assessment Area

Fidelity makes a majority of its loans within the AAs. Of the 151 commercial loans originated in 2014, 2015 and 2016, 81, or 53.64 percent of loans, were originated within the AAs. By dollar volume, 58.22 percent 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	81	53.64	70	46.36	151	\$44,234,604	58.22	\$31,745,647	41.78	\$75,980,251

Source: All commercial loans originated in 2014 through 2016

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 Brevard County AA from 2014 through 2016.

Borrower Distribution of Loans to Businesses in Brevard AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	88.80	3.75	7.45	100%
% of Bank Loans in AA by #	85.19	14.81	0.00	100%
% of Bank Loans in AA by \$	83.41	16.59	0.00	100%

Source: Loan Sample; 2016 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 \$35 thousand to \$2 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 Brevard AA				
Loan Size (000’s)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	23	31.94%	\$1,514,190	5.59%
\$100,001 - \$250,000	26	36.11%	\$4,326,656	15.97%
\$250,001 - \$500,000	9	12.50%	\$3,243,193	11.97%
\$500,001 - \$1,000,000	6	8.33%	\$4,323,651	15.96%
Over \$1,000,000	8	11.11%	\$13,682,106	50.51%

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 Brevard 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 Brevard 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	1.88	5.77	22.32	34.62	41.89	36.54	33.87	23.08

Source: Loan Sample and Dunn & Bradstreet data.

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 CFR 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 of 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.