



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

May 31, 2007

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

Fidelity Bank, National Association  
Charter Number: 23909

5049 West Park Boulevard  
Plano, TX 75093

Office of the Comptroller of the Currency

Dallas  
17300 Dallas Parkway Suite 2020  
Dallas, TX 75248

**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.**

- Fidelity's loan-to-deposit ratio exceeds the standards for satisfactory performance given the bank's size, financial condition and the assessment area credit needs.
- Lending to borrowers and businesses located within the assessment area is good.
- The geographic distribution and lending to small businesses meets the standards for satisfactory performance.

## SCOPE OF EXAMINATION

This evaluation of Fidelity's CRA performance covers the period from the bank's last CRA review dated January 14, 2002 through April 30, 2007 with the primary focus on the lending activity for the years 2005, 2006 and year-to-date 2007. The evaluation includes an analysis of Fidelity's designated AA and the bank's lending patterns.

Since the bank's last review, the lending focus has shifted from residential interim construction to commercial real estate and commercial lending. Based on the dollar volume and the number of loans outstanding as of April 30, 2007, we determined that the bank's primary lending products are commercial and consumer loans. Although the dollar volume of consumer loans comprises only 3% of the loan portfolio, the number of loans account for 15% of the loan portfolio. For our commercial sample we combined commercial real estate and commercial loans. Twenty loans were randomly selected for each of the product lines to determine the bank's lending performance. The scope of our examination did not warrant a review of qualified investments or services.

## DESCRIPTION OF INSTITUTION

Fidelity Bank, National Association (formally known as Parkway Bank, N.A.) is a wholly owned subsidiary of Parkway National Bancshares of Delaware, Inc which is wholly owned by Parkway National Bancshares, Inc a Texas one-bank holding company. The bank began operations in December 1999 under the name Parkway Bank, N.A. In June 2006 the board elected to change its name to Fidelity Bank, N.A. Fidelity operates from two locations; the main office located in Plano, Texas and the Preston Center branch located in Dallas, Texas. Fidelity provides a full range of banking services to individuals and commercial customers and is subject to competition from other financial institutions. Hours of operations are convenient and commensurate with other banks in the area.

Management and the board's primary business focus is commercial lending. As of March 31, 2007 Fidelity had total assets of \$130 million with \$74 million in loans and \$115 million in deposits. A summary of the loan portfolio mix is as follows:

<b>Types of Domestic Loans Outstanding (000's) as of March 31, 2007</b>		
<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>
Commercial Real Estate	22,917	31%
Commercial and Industrial Loans	20,831	28%
Construction & Land Development	18,913	26%
Residential Real Estate	8,833	12%
Consumer	2,026	3%
Other Loans	32	<1%
<b>Total</b>	<b>73,552</b>	<b>100%</b>

The bank has no legal, financial, or other factors impeding its ability to meet the credit

needs of its assessment area. Fidelity (Parkway) Bank received a Satisfactory Community Reinvestment Act rating during its prior examination dated January 14, 2002.

**DESCRIPTION OF ASSESSMENT AREA (AA)**

Fidelity’s AA is comprised of 242 whole census tracts located in the Dallas Metropolitan Statistical Area (MSA). The tracts are within an approximate ten-mile radius of the bank and a seven-mile radius of the branch that overlaps that of the main bank. The AA is comprised of 168 tracts from Dallas County, 58 tracts from Collin and 16 tracts from Denton County. The AA meets regulatory guidelines and does not arbitrarily exclude low- or moderate-income areas. The following table reflects the US 2000 census demographics for the AA:

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	270,792
Number of Households	446,516
<i>Geographies</i>	
Number of Census Tracts	242
# - % Low-Income	20 – 8%
# - % Moderate-Income	32 – 13%
# - % Middle-Income	66 – 28%
# - % Upper-Income	121 – 50%
# - % Unknown	3 – 1%
<i>Median Family Income (MFI)</i>	
2000 MFI for AA	\$56,313
2005 HUD-Adjusted MFI	\$65,000
2006 HUD-Adjusted MFI	\$66,700
<i>Economic Indicators</i>	
Unemployment Rate	2%
2000 Median Housing Value	\$162,717
% of Households Below Poverty Level	7.82%

Per the 2000 census data, total occupied housing units for the AA is at 94%, with owner-occupied housing at 47% and rental-occupied housing at 46%. Vacant housing in the AA is at 6%

Competition in the Dallas MSA is strong and includes dominate large national banking companies, large regional financial institutions and numerous small community banks. Per the FDIC’s Market Share Report as of June 30, 2006, there are approximately 96 FDIC-Insured institutions with 650 offices located within the bank’s primary AA, of which JP Morgan Chase and Bank of America account for 34% and 26% of the market share respectively. Fidelity has 0.13% of the market share. Economic conditions for the Dallas area are good. Per Moody’s Economy.Com, Inc., Dallas is adding jobs at twice the national pace. Hiring is broad-based with the majority of Dallas’s core sectors – business/professional services, financial activities and education/healthcare – recording

above average job growth. The Dallas unemployment rate is at a six-year low (4.2%) and below the national average. Dallas has the highest concentration of key national business services industries such as accounting, legal, consulting, advertising and banking in Texas, and the ninth highest in the nation (as of July 2007). Top employers include Texas Instruments, Parkland Memorial Hospital, UT Southwestern Medical Center, Baylor University Medical Center and Compucom Campus.

According to a recent community contact in the Dallas MSA, the leading partners in investing money to assist with the funding of Dallas area CDCs are the local lenders and smaller institutions. The contact stated that they seem to be better at the process and more willing to work with low – and moderate-income clients.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Overall, Fidelity meets the standards for satisfactory performance. Details of our analysis are as follows:

### Loan-to-Deposit Ratio

Fidelity’s loan-to-deposit (LTD) ratio exceeds the standards for satisfactory performance. The quarterly average LTD since the last review period is 82%. This compares favorably to the ratios of similarly situated banks during the same evaluation period (3/31/02 through 3/31/07).

Institution	Assets ('000's) As of 3/31/2007	Average LTD Ratio
Professional Bank (13 qtrs)	78,532	94%
T-Bank, NA (10 qtrs)	134,172	86%
<b>Fidelity Bank, NA</b>	<b>130,565</b>	<b>82%</b>
Millennium State Bank (15 qtrs)	112,538	76%
Signature Bank	83,220	73%
<i>National Peer Average*</i>	<i>\$100-\$300 Million</i>	<i>79%</i>

*\*The National Peer group consists of banks with average assets between \$100 million and \$300 million, have two or fewer banking offices, and are located in a metropolitan statistical area.*

### Lending in Assessment Area

Fidelity’s lending in the AA performance meets the standard for satisfactory rating. Of the forty loans selected in our sample, 58% of the number and 64% of the total dollars of loans were extended to borrowers and/or businesses located within the bank’s AA.

Lending in the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	13	65	7	35	20	6,953	65	3,755	35	10,708
Consumer	10	50	10	50	20	302	52	274	48	576
Totals	23	58	17	42	40	7,255	64	4,029	36	11,284

Source: Loan sample.

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

Fidelity’s lending performance to businesses of different sizes, particularly small businesses, exceeds the standard for satisfactory performance. Our sample indicated that 70% of the number and 81% of the dollar amount were extended to businesses with revenues of less than one million. There were a substantial percentage of businesses who did not report revenue or revenues were unavailable or unknown.

Borrower Distribution of Loans to Businesses in the AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	67%	7%	26%	100%
% of Bank Loans in AA by #	70%	25%	5%	100%
% of Bank Loans in AA by \$	81%	18%	1%	100%

Source: Loan sample (20 loans totaling \$9,587,708); Dunn and Bradstreet data.

The bank’s lending performance to consumers of various income levels is reasonable. Although the penetration appears to be less that satisfactory in low- and moderate-income levels, income information was not available in 35% of the number of loans and 32% of the dollar amount. Also, given management’s primary focus is on commercial lending more weight was given to this criteria than consumer lending.

Borrower Distribution of Consumer Loans in the AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	18%	5%	17%	10%	18%	0%	47%	50%

Source: Loan sample (20 loans totaling \$571,357) and U.S. Census data.

### Geographic Distribution of Loans

Fidelity’s geographic distribution of loans to businesses within the AA meets the standards for satisfactory performance. Twenty-three percent of the businesses are

located in a low- or moderate-income census tract. This compares reasonably to the 20% of loans in our sample.

Geographic Distribution of Loans to Businesses in the 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 Loans	3%	0%	20%	20%	28%	25%	47%	55%

*\*2% of the Non-Farm Businesses are located in unidentified income level census tracts. Source: Loan sample (20 loans totaling \$9,587,708) and U.S. Census data.*

The geographic distribution of consumer loans is adequate. Again given that the bank is primarily a commercial lender, more consideration was given to the geographic distribution of loans to businesses versus consumers.

Geographic Distribution of Consumer Loans in the AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	8%	0%	14%	10%	31%	25%	47%	65%

*Source: Loan sample (20 loans totaling \$571,357) and U.S. Census data.*

### Responses to Complaints

Fidelity has not received any complaints about its performance in helping to meet needs in its AA during this evaluation period.

### Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.