

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Fidelity Financial Corporation / Fidelity Bank

Point of Contact:	Clay Bastian	RSSD: (For Bank Holding Companies)	3223967
UST Sequence Number:	275	Docket Number: (For Thrift Holding Companies)	H-0928
CPP/CDCI Funds Received:	36,282,000	FDIC Certificate Number: (For Depository Institutions)	30895-2
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	n/a
Date Funded (first funding):	December 19, 2008	City:	Wichita
Date Repaid ¹ :	N/A	State:	Kansas

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

Increase lending or reduce lending less than otherwise would have occurred.

In 2010 subsidiary Fidelity Bank originated \$398 million and renewed \$321 million of commercial and consumer loans. Overall 2010 had a 3.1% increase in total loans over 2009. We believe this is the same as would have occurred without CPP funding.

To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).

We are unable to specifically attribute lending volumes that resulted from CPP funding. Our lending mix includes Construction Loans, Commercial Real Estate Loans, Commercial & Industrial Loans, Residential Mortgage Loans, and Consumer Loans.

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Increase securities purchased (ABS, MBS, etc.).

No securities were purchased in CY2010.

Make other investments.

Increase reserves for non-performing assets.

Fidelity Bank's Allowance for Loan and Lease Losses increased \$464,570 to \$12.88 million. The proportion of these reserves to loan assets increased 19 basis points to 1.54%.

Reduce borrowings.

Borrowings from FHLB & FRB were reduced \$65.7 million or 47%, but this was a more strategic decision and not directly related to CPP funding.

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Increase charge-offs.

Empty response box for 'Increase charge-offs.'

Purchase another financial institution or purchase assets from another financial institution.

Empty response box for 'Purchase another financial institution or purchase assets from another financial institution.'

Held as non-leveraged increase to total capital.

Due to the economic and market conditions in 2010, Fidelity Bank was not willing or able to adequately lever the CPP funding. The increase to capital has been a valuable buffer to continued deterioration in the local and regional markets we serve.

Empty response box for 'Held as non-leveraged increase to total capital.'

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

At December 31, 2010 Fidelity Bank's Tier 1 core capital was \$190.64 million which was 11.60% of adjusted assets. Federal regulators consider this level to be above "well capitalized". Without the CPP funding this capital measure would have been \$154.36 million or 9.60% of adjusted assets. Fidelity Bank would still be considered "well capitalized" without the Treasury's investment, but in the current economic environment additional capital is considered prudent and beneficial to maintaining lending activity. Had the economy turned worse in 2010, if not for having CPP funding the Bank might have had to approach the public markets for additional capital.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Having the additional CPP capital enabled Fidelity Bank to sustain its traditional lending activity and to expand into the commercial and industrial loan markets . We believe that having the additional capital enabled the Bank to lend more in non-residential areas than we otherwise would have. Without the additional capital, the Bank's credit policies might have become more restrictive than they are. The additional capital also fortified our market appeal in retail banking as a well capitalized financial institution.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

A large, empty rectangular box with a black border, intended for the respondent to provide a detailed description of actions taken with the capital infusion of CPP/CDCI funds.