



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Fidelity Bancorp, Inc., and subsidiary, Fidelity Bank, PaSB

Person to be contacted regarding this report:	Richard Spencer
UST Sequence Number:	261
CPP Funds Received:	7,000,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	12/12/2008
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	3144736
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	28038
City:	Pittsburgh
State:	Pennsylvania

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). To answer that question, Treasury is seeking responses that describe generally how the CPP 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 investment was deployed or how many CPP 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 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 funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	While we have seen a reduction in the overall loan portfolio, we have increased commercial real estate and commercial business loans by \$8.0 million from December 31, 2008 to December 31, 2009. The reduction in residential lending reflects refinancing and a slow housing market.
<input type="checkbox"/>	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.).	
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	Securities balances increased approximately \$21 million from December 31, 2008 to December 31, 2009, as a portion of the cashflow from the runoff in the residential loan portfolio was reinvested in agency securities.

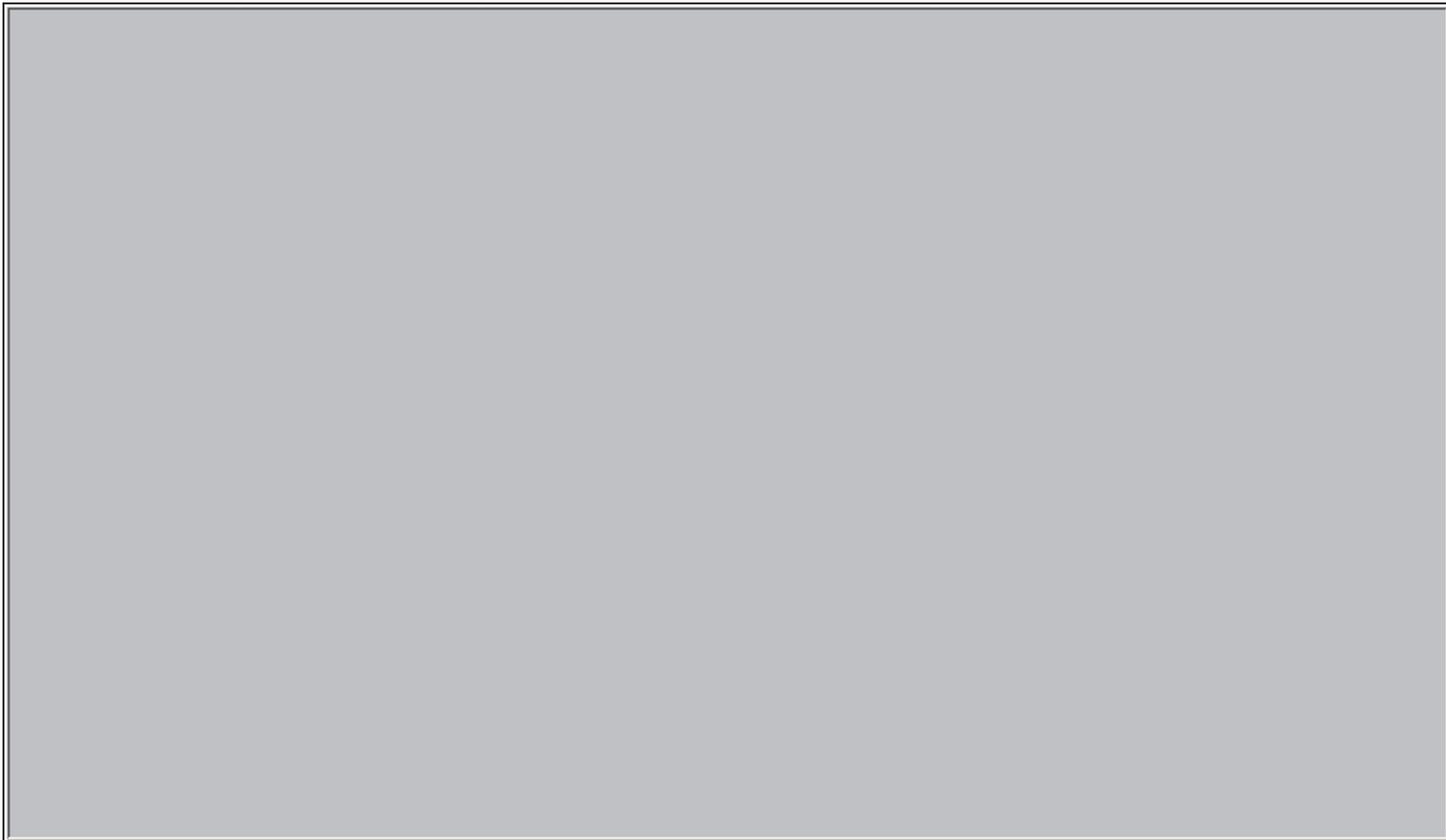
<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Reserves for loan losses increased from \$3.59 million at December 31, 2008 to \$5.96 million at December 31, 2009, or an increase of \$2.37 million.
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	Net loan charge-offs increased to \$3.2 million for the twelve months ended December 31, 2009 compared to \$1.2 million for the period ended December 31, 2008. In addition, we recorded impairment charges on securities of \$6.3 million in the 2009 period.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	The Company increased the leverage ratio slightly to 6.38% at 12/31/09 compared to 6.30% at 12/31/08, in spite of showing a net loss of \$3.5 million during this period. Total assets were reduced to \$736.0 million at 12/31/09 from \$741.3 million at 12/31/08.

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

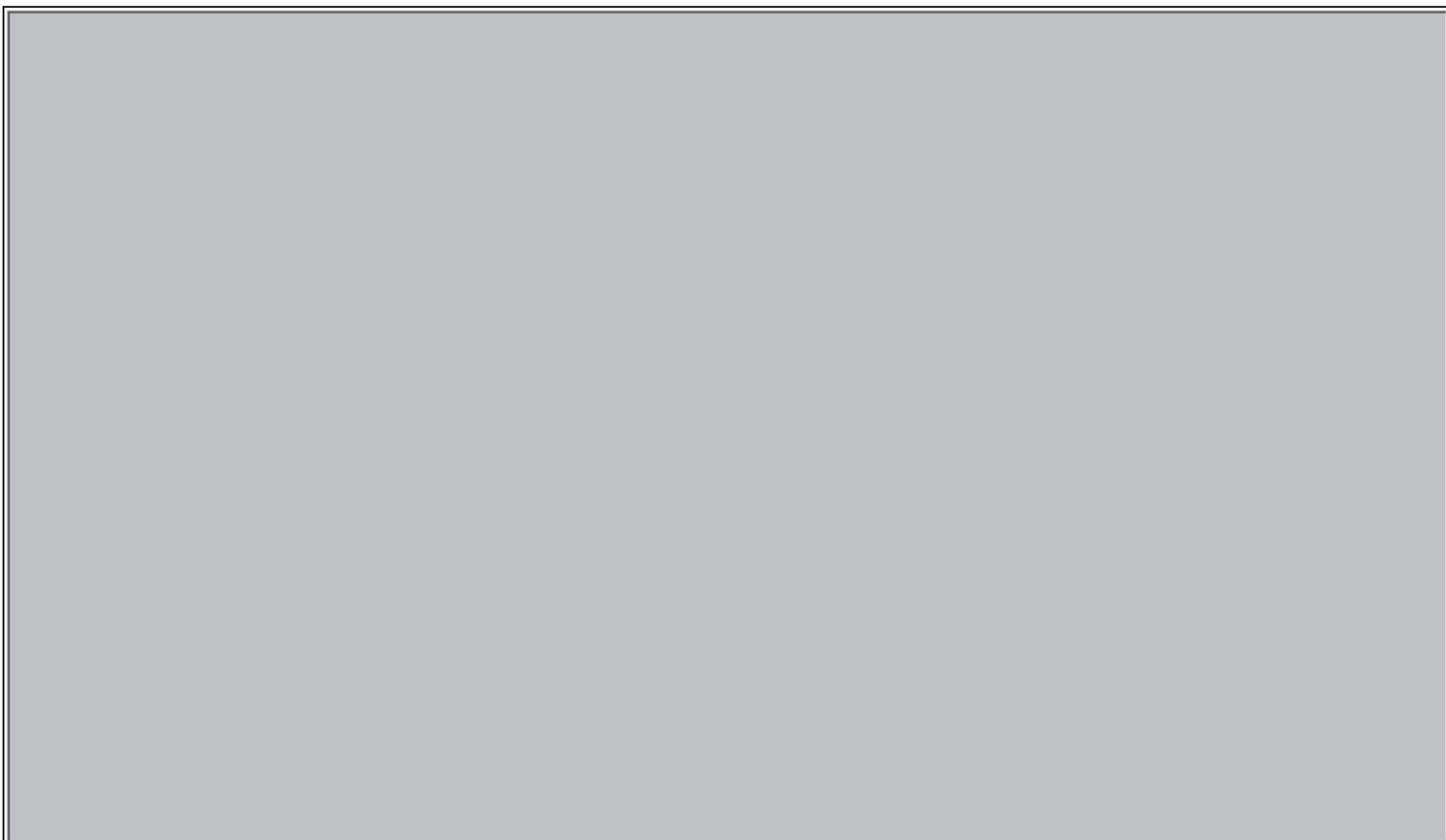
The infusion of CPP funds has helped us to remain well-capitalized by all regulatory standards during this period of economic uncertainty, without having to change our operations significantly. Had we not received the funds, it is likely that we would have curtailed our commercial lending; however, we have actually increased that portion of our loan portfolio as noted above. In addition, it is likely that we would have taken steps to decrease the size of the institution to increase capital ratios, with the possibility that some jobs may have been affected. We have been able to avoid downsizing, preserving jobs in this very difficult economy.

As a community bank, we believe it is important for us to be active in our local market, both from a business standpoint and from a volunteer/charitable standpoint. Since virtually all of our lending is done locally, we have been able to continue to meet the needs of both local retail and business customers. In addition, our employees are involved in a variety of local charitable and volunteer efforts and we have a charitable contributions budget. We have been able to maintain that budget during this period and our employees have been able to continue to be involved in their volunteer efforts.

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



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



According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.