

From the Management Team

This year's annual report focuses on the heart of our business – our customers. We're highlighting some of their remarkable accomplishments, each giving a unique purpose to the everyday activities of our employees. We're honored to share in our customers' successes, and look forward to playing a role in their future achievements.

As a family-owned bank, our values and culture allow us to develop trusted, long-lasting relationships. With more than 100 years of experience and our fourth generation of family members active in our operations, we have a unique appreciation for the challenges and rewards of managing a business enterprise.

Our guiding values and culture are proving to be even more vital during these challenging economic times. By focusing on trusted customer relationships, Fidelity continues to generate healthy financial results that are key to our stability. In fact, a review of the first four months of our fiscal year 2009, which is included in this report, indicates we're on track for a potentially record-breaking period. This is especially encouraging given frequently adverse news from the financial industry nationwide.

Over the past twelve months, we've concentrated our efforts on building the infrastructure needed to support our ever-expanding customer base of business clients. We've introduced eZDepositor, a remote deposit capture product that delivers greater efficiency to our business customers. This innovation eliminates the need to physically deposit checks at a branch location. Deposits now can be made from a computer using a special terminal to transmit them electronically to the bank.

To further assist business customers, we established a Treasury Management Group to aid in cash management. A strategic alliance was developed with the Trust Company of Kansas. Lastly, we created additional specialized products and staffed a Private Banking Group. Each of these actions illustrates our ongoing commitment to the business community in both Wichita and Oklahoma City. Customer reaction to these strategies has been encouraging. For example, total Fidelity Bank deposits reached a

new benchmark in fiscal year 2008. The number of customer accounts is also at an all-time high.

One of our more visible financial commitments can be seen in the renovation of the historic Carnegie Library in downtown Wichita. When completed, it will become the hub of our Business Banking Group as well as preserving a historic Wichita moment from the early 1900s.

Looking back to January of 2004, we can proudly reflect on our decision to expand beyond the Wichita metropolitan area with the acquisition of Bridgeview Bank in Oklahoma City. At the time, Bridgeview had one location with deposits of \$28 million. Today, we've expanded our Oklahoma City presence to five locations with deposits approaching \$150 million.

During the past twelve months, our Oklahoma deposit base has increased more than 50% – a truly remarkable achievement. This reflects positively on the investment we've made in physical facilities the past four years, as well as the quality of our people, products and services.

Our five locations in Oklahoma City reflect our commitment to the area, while recent deposit gains signify our growing competitive edge. We're now in the final negotiation stages for parcels of land in south Oklahoma City and Moore, Oklahoma, which will become our first branch sites in that area. These branches will be staffed with experienced customer service and lending personnel, providing a full range of banking services to local businesses and residents.

We've also reorganized staff responsibilities in Oklahoma City to place greater emphasis on our business banking expertise. Finally, we will continue to be opportunistic with regard to potential acquisitions in this region.

While Oklahoma City's deposit results stand out as an extraordinary accomplishment for fiscal year 2008, we also experienced remarkable division-wide achievements. The launch of eChecking, our newest checking service, was a rousing success, far exceeding our expectations with more than 3,000 new accounts and deposits of over \$50 million. Overall, we established

almost \$110 million in new retail deposits, one of our strongest years ever in this category.

Our deposits in the business sector were up nearly \$100 million over the previous fiscal year, and loan growth was up 10%. We are also proud to mention that not a single dollar of commercial business loans was charged off. The validity of our lending strategies is further supported by our fiscal 2008 year-end delinquency ratio of 1.08%, consistent with historical lows for Fidelity Bank in that category. Additionally, the positive response to these initiatives and achievements motivates us to continue setting new standards of excellence for our business banking clients.

Net income for the year fell short of budget; however, it exceeded \$10 million for only the seventh time in our company's 102 year history. Operating earnings finished the year strong at \$18.2 million the second highest level in company history. We were pleased with the overall results, particularly in light of the problems faced by many financial institutions over the past twelve months.

Financial market turmoil did reduce the value of certain securities held in our investment portfolio. We expect market conditions will stabilize during the next twelve months and values will improve as confidence and liquidity return.

Over the next twelve months, we will complete the renovation of the Carnegie Library and move our executive offices and commercial business lending staff to that historic building. We foresee it serving as an iconic symbol of our heritage, expertise and commitment to Wichita business banking clients.

We are proud of our family heritage that has driven this organization for more than 60 years. We believe it gives us the unique ability to move swiftly in making the most of market opportunities. It also gives us a unique perspective that enables us to provide a more personal level of service. It's a commitment and quality more and more customers are pursuing, and we at Fidelity Bank and Oklahoma Fidelity Bank are honored to continually deliver.



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