

OFFICERS

Michael M. Storey
Chief Executive Officer & President

Jamie N. Fritz
Senior Vice President

Julia J. Hoffmann
Vice President & Chief Financial Officer

Sara L. Astle
Vice President

Deborah A. Brown
Corporate Secretary

James E. Guldi
Loan Officer

Thomas S. Morton
Loan Officer

Thomas Booth
Loan Officer

Dawn West
Compliance Officer & Auditor

DIRECTORS

W. Janson Davis

Russell M. Barnes

Jeffrey C. Stalnaker, M.D.

Carolyn Y. Storey

Michael M. Storey

MAIN OFFICE

1380 N. Courtenay Parkway
Merritt Island, Florida 32953

☎ (321) 452-0011

Fax: (321) 452-0233

LONGWOOD OFFICE

901 E. State Road 434
Longwood, Florida 32750

☎ (407) 830-4404

Fax: (407) 830-5450

PORT RICHEY OFFICE

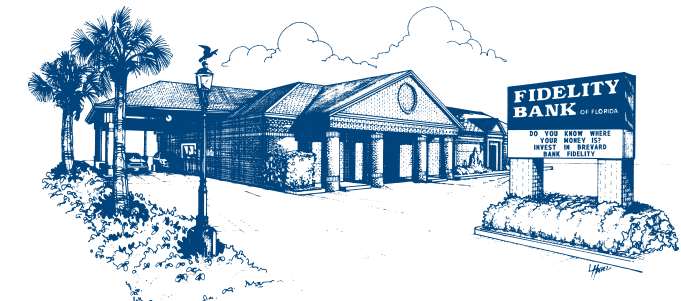
10523 US Highway 19
Port Richey, FL 34668

☎ (727) 868-0484

Fax: (727) 862-6540



FIDELITY BANK
of Florida



STATEMENT OF CONDITION

(Unaudited)

December 31, 2008

Member FDIC



April 1, 2009

Dear Shareholders:

Fidelity Bank of Florida had a poor year in 2008. Net loss was \$3,528,000. Our year ending assets of \$410,816,000 and capital of \$50,450,000 were 3.7% and 2.5% decreases, respectively, over the previous year. Fidelity Bank's year end capital/assets ratio was 12.3%.

The loss for 2008 was mainly caused by a loss on the sale of Fannie Mae and Freddie Mac preferred stock that Fidelity Bank held as an investment.

It is anticipated that 2009 will be another disappointing year due to foreclosures, write downs and charge offs.

The book value of Fidelity Bank's common stock on December 31, 2008 was \$126.49 per share.

Fidelity Bank continues to reach out to offer its products and services to an America which continually is becoming more diverse. In its most recent Community Reinvestment Act (CRA) Examination, Fidelity Bank received an "outstanding" rating, which is the highest possible. This marks the twelfth consecutive year that Fidelity Bank has maintained an "outstanding" rating. The CRA measures a bank's success in serving the banking needs of the entire community.

Both the major challenge and major opportunity facing Fidelity Bank will be its ability to adapt to a rapidly changing world. Although Fidelity Bank cherishes traditional values, its vision is of the increasingly complex and shrinking world. Banks and our non-bank competitors offer many similar products and services. Therefore, Fidelity Bank will focus on those products and services in which it can compete effectively, efficiently, and profitably.

I would like to thank all our directors, officers, and employees for their support. Their hard work and competence will enable us to successfully make it through these most challenging times.

Sincerely,



Michael M. Storey
Chairman, CEO

CONSOLIDATED STATEMENT OF CONDITION

December 31, 2008
Dollars in Thousands
(UNAUDITED)

ASSETS

Cash and Due From Banks	\$	988
Federal Funds Sold		7,550
Interest Bearing Deposit in Banks		3,908
Investment Securities Held to Maturity		10,772
Investment Securites Avail. For Sale		7,035
Unrealized Gain (Loss) on Securities		(277)
Gross Loans	\$381,021	
Less: Reserve for Loan Losses	(13,761)	
Unearned Income	(5,191)	
Net Loans		362,069
Net Premises & Fixed Assets		3,185
Other Real Estate		3,293
Other Assets		12,293
Total Assets		<u>\$410,816</u>

LIABILITIES

Deposits:		
Demand Deposits	\$	5,588
NOW Accounts		1,223
Money Market Accounts		32,409
Savings Deposits		3,181
Certificates of Deposits		<u>253,826</u>
Total Deposits		296,227
FHLB Borrowing		63,000
Other Liabilities		1,139
Total Liabilities		<u>\$360,366</u>

CAPITAL

Capital Stock	\$	2,044
Surplus		2,468
Reserve Unrealized Gain/Loss		(173)
Treasury Stock		(138)
Undivided Profits		<u>46,249</u>
Total Capital		<u>\$ 50,450</u>
Total Liabilities and Capital		<u>\$410,816</u>

CONSOLIDATED STATEMENT OF INCOME

January 1 - December 31, 2008
Dollars in Thousands
(UNAUDITED)

INTEREST INCOME

Loans	\$ 34,593
Investment Securities	1,767
Federal Funds Sold	230
Other Interest Income	<u>149</u>
Total Interest Income	<u>36,739</u>

INTEREST EXPENSE

Deposits	13,588
Interest FHLB	<u>3,697</u>
Total Interest Expense	17,285
Net Interest Income	<u>19,454</u>
Provision for Loan Losses	<u>5,730</u>
Net Interest Income After Provision for Loan Losses	<u>13,724</u>

NON-INTEREST INCOME

Service Charges on Deposit Accounts	82
Other Income	<u>(16,145)</u>
Total Non-Interest Income	<u>(16,063)</u>

NON-INTEREST EXPENSE

Salaries and Employee Benefits	1,812
Net Occupancy Expense	461
Other Expense	<u>1,723</u>
Total Non-Interest Expense	<u>3,996</u>
Net Non-Interest Expense	<u>20,059</u>

EARNINGS

Income Before Income Taxes	(6,335)
Provision for Income Taxes	<u>(2,807)</u>

NET INCOME \$ (3,528)