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P.O. Box 105075
Atlanta, GA 30348-5075

**FIDELITY
SOUTHERN
CORPORATION**

(404) 639-6500

March 5, 2009

Mr. Neil M. Barofsky
Special Inspector General
Office of the Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Avenue, NW, Suite 1064
Washington, DC 20220

Dear Mr. Barofsky:

This letter is in response to your request dated February 6, 2009 concerning the use of Troubled Asset Relief Program ("TARP") funds and our compliance with the Emergency Economic Stabilization Act of 2008 executive compensation requirements.

1. (a.) The anticipated use of TARP funds was to "increase our lending capacity, improve our ability to work with troubled borrowers, and support the Bank's broader strategic growth and community service initiatives."

[REDACTED]

b(4)

- (b.) The TARP funds were not physically segregated from other institutional funds into a separate account. Loan production from employees hired as a result of the TARP funds are identifiable and are segregated in our internal management reports.

- (c.) Prior to receiving the TARP funds, we were actively attempting to shrink the size of the Bank to reduce our risk-based assets and increase our regulatory capital ratios. An example is that we closed our Florida and Tennessee indirect automobile lending division.

[REDACTED]

b(4)

From January 15, 2009 through February 27, 2009 we have committed to over \$100 million of new mortgage lending, and have funded \$54 million during that period. We have also re-entered the Florida market to expand our consumer automobile lending. Since the TARP funds were received, we have lent \$41.5 million in automobile loans through February 27, 2009.

[REDACTED]

b(4)

[REDACTED] Because of the TARP funds, we have begun advertising again to build our deposit base in order to in turn fund loans. We also are planning to bid on deposits offered by the FDIC from one or more institutions.

b(4)

2. The executive officers' compensation complies with all aspect of the TARP requirements. Each of the Company's senior executive officers (the "Senior Executive Officers"), (i) executed a waiver (the "Waiver") voluntarily waiving any claim against the Treasury or the Company for any changes to compensation or benefit arrangements that are required to comply with the regulation issued by the Treasury under the TARP Capital Purchase Program and acknowledging that the regulation may require modification of the compensation, bonus, incentive, and other benefit plans, arrangements, and policies and agreements (including so-called "golden parachute" agreements) (collectively, "Benefit Plans") as they relate to the period the Treasury holds any equity or debt securities of the Company acquired through the TARP Capital Purchase Program; and (ii) entered into a senior executive officer agreement ("Senior Executive Officer Agreement") with the Company amending the Benefit Plans with respect to such Senior Executive Officer as may be necessary during the period that the Treasury owns any debt or equity securities of the Company acquired pursuant to the Securities Purchase Agreement or the Warrant, to comply with Section 111(b) of the EESA.

[REDACTED]

b(4)

✓ I, James B. Miller, Jr. and Stephen H. Brolly, certify that: I have reviewed this response and supporting documents, and, based on my knowledge, this response and the supporting documents do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.

Sincerely,



James B. Miller, Jr.
Chairman



Stephen H. Brolly
Chief Financial Officer