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FIDELITY NATIONAL CORP /GA/
Form 424B4
April 22, 2002

Filed pursuant to Rule 424(b)(4)
Registration No. 333-86304

FIDELITY NATIONAL CORPORATION

50,000 SHARES OF COMMON STOCK

NO PAR VALUE

Fidelity National Corporation ("Fidelity" or "Company") is a registered bank holding company headquartered in Atlanta, Georgia. All of our activities are conducted by our wholly owned subsidiaries: Fidelity National Bank ("FNB" or the "Bank"), which was organized as a national banking corporation in 1973; and Fidelity National Capital Investors, Inc. ("Fidelity Capital"), organized as a Georgia corporation in 1992.

The Bank provides traditional deposit, lending, mortgage, securities brokerage and international trade services to its commercial and retail customers. The Bank is a full-service banking corporation and Fidelity Capital is a securities brokerage operation. We conduct full-service banking and residential mortgage lending through 19 locations in the metropolitan Atlanta area and one cyber bank office.

We conduct our indirect automobile lending (the purchase of consumer automobile installment sales contracts from automobile dealers), residential mortgage lending and residential construction lending through certain of our Atlanta offices and our Jacksonville, Florida location. At December 31, 2001, the total assets of Fidelity were \$994 million, total loans were \$791 million, total deposits were \$818 million and shareholders' equity was \$59 million.

We are registering 50,000 shares of common stock that were acquired on April 11, 2002 by Raymond James & Associates, Inc. ("Selling Shareholder") upon its exercise in part of the warrant granted on December 12, 1997. Raymond James also received 11,859 shares of common stock upon its cashless exercise of the warrant on April 11, 2002. The warrant, which has been fully exercised, was issued in connection with our public offering of 3,450,000 shares of common stock in December 1997. Raymond James was the primary underwriter of that public offering. (see "Selling Shareholder").

Our common stock is listed for trading on The Nasdaq National Market under the symbol LION. On April 12, 2002, the closing sales price for our common stock was \$9.75 per share.

INVESTING IN THE COMMON STOCK INVOLVES A HIGH DEGREE OF RISK. SEE "RISK FACTORS" BEGINNING ON PAGE 8.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This Prospectus is dated April 22, 2002.

THE OFFERING

The 50,000 shares of common stock purchased upon the exercise of the warrant may be offered or sold by the selling shareholder from time to time in

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The Nasdaq National Market, or otherwise at market prices then prevailing in negotiated transactions or otherwise. Brokers or dealers will receive commissions or discounts from the selling shareholder in amounts to be negotiated immediately prior to the sale. Such resales are subject to the prospectus delivery requirements of the Securities Act of 1933, as amended (the "Securities Act"). In connection with any such sales, the selling shareholder and any brokers and dealers participating in such sales may be deemed to be "underwriters" within the meaning of the Securities Act.

USE OF PROCEEDS

The net proceeds from the sale of the common stock being offered pursuant to this Prospectus will be received by the selling shareholder.

The Company will not receive any of the proceeds from the resale of the common stock, but received the proceeds upon the exercise of the warrant to purchase 50,000 shares of common stock in the amount of \$412,500. See "Selling Shareholder" and "Plan of Distribution".

SELLING SHAREHOLDER

In December 1997, we issued a warrant to Raymond James to purchase 150,000 shares of our common stock. The exercise price is \$8.25 per share. This warrant would expire on December 8, 2002, unless exercised prior to that date.

The warrant contains provisions that protect the holder against dilution by adjustment of the exercise price upon the occurrence of certain events, including stock dividends, stock splits, mergers, and sale of substantially all of the Company's assets. The holder of the warrant will not possess any rights as a shareholder unless and until the holder exercises the warrant and the common stock is issued.

On April 11, 2002, Raymond James exercised the warrant to purchase 50,000 shares of common stock for an aggregate consideration of \$412,500 and received 11,859 shares of common stock through the cashless exercise of the warrant to purchase 100,000 shares of common stock. The shares were acquired in a private placement in compliance with Section 4(2) of the Securities Act and Rule 144 promulgated under the Securities Act. The 50,000 shares of common stock purchased for cash by Raymond James are included in this Prospectus. The 11,859 shares of common stock acquired through the cashless exercise of the warrant are not included in this Prospectus and may be sold by Raymond James in a brokerage transaction in accordance with Rule 144 promulgated under the Securities Act at any time after acquisition.

2

AVAILABLE INFORMATION

We are subject to the information requirements of the Securities Exchange Act of 1934, as amended ("Exchange Act") and, in accordance therewith, files reports, proxy and information statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy and information statements and other information filed by the Company can be inspected and copied at the public reference facilities maintained by the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, and at its regional offices at Northwestern Atrium Center, 500 West Madison Street, Chicago, Illinois 60661-2511 or 233 Broadway, New York, New York 10279. Copies of such material can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549 at prescribed rates. In addition, the Commission maintains a web site at <http://www.sec.gov> containing reports, proxy and information statements and other

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information regarding registrants that file electronically with the Commission, including our company.

We have filed with the Commission a Registration Statement (together with all amendments and exhibits, the "Registration Statement") on Form S-3 under the Securities Act of 1933, as amended, with respect to the common stock offered pursuant to this Prospectus. This Prospectus does not contain all the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. Statements made in this Prospectus as to the contents of any agreement or other document referred to herein are not necessarily complete and reference is made to the copy of such agreement or to the Registration Statement and to the exhibits and schedules filed therewith. Copies of the material containing this information may be obtained from the Commission upon payment of the prescribed fee.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed by the Company with the Commission are incorporated herein by reference:

- (a) Annual Report on Form 10-K for the fiscal year ended December 31, 2001;
- (b) Report on Form 8-K filed on March 29, 2002; and
- (c) Definitive Proxy Statement for the Company's 2002 Annual Meeting of Shareholders, as filed on April 3, 2002.

All documents subsequently filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended and prior to the termination of this offering, shall be deemed to be incorporated by reference in this Prospectus. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein, or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein, modifies or

3

supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

We will provide, without charge, to each person, including any beneficial owner, to whom a copy of this Prospectus is delivered, upon the written oral request of such person, a copy of any or all of the documents that have been incorporated herein by reference, other than Exhibits to such documents (unless such Exhibits are specifically incorporated by reference therein). Requests for such copies should be directed to: Martha Fleming, Secretary, Fidelity National Corporation, 3490 Piedmont Road, Suite 1550, Atlanta, Georgia 30305 (404/240-1504).

4

PROSPECTUS SUMMARY

This summary highlights some information from this Prospectus. It may not contain all of the information that is important to you. To understand this offering fully, you should read the entire Prospectus carefully, including the risk factors and the financial statements incorporated by reference.

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THE COMPANY

Fidelity is a registered bank holding company headquartered in Atlanta, Georgia. All of our activities are conducted by our wholly-owned subsidiaries: Fidelity National Bank ("FNB" or the "Bank"), which was organized as a national banking corporation in 1973; and Fidelity National Capital Investors, Inc. ("Fidelity Capital"), organized as a Georgia corporation in 1992.

The Bank provides traditional deposit, lending, mortgage, securities brokerage and international trade services to its commercial and retail customers. The Bank is a full-service banking corporation and Fidelity Capital is a securities brokerage operation. We conduct full-service banking and residential mortgage lending through 19 locations in the metropolitan Atlanta area and on cyber branch location.

We conduct indirect automobile lending (the purchase of consumer automobile installment sales contracts from automobile dealers), residential mortgage lending and residential construction lending through certain of our Atlanta offices and our Jacksonville, Florida location. At December 31, 2001, the total assets of Fidelity were \$994 million, total loans were \$791 million, total deposits were \$818 million and shareholders' equity was \$59 million.

The Company's headquarters is located at 3490 Piedmont Road, Suite 1550, Atlanta, Georgia 30305 (telephone number: 404/240-1504).

MARKET AREA

Our subsidiary bank conducts banking business primarily through 19 branches located in Fulton, DeKalb, Cobb, Clayton and Gwinnett counties in Georgia and one cyber branch location. The Bank's customers are primarily individuals and small and medium sized businesses. The customer base for our credit card portfolio is national in scope, with customers in all 50 states. We conduct indirect automobile, residential construction and mortgage lending from the Jacksonville, Florida office in addition to the offices in Georgia. Customers of our other services are located almost exclusively in Georgia.

5

PRODUCTS AND SERVICES

Our products and services include (i) depository accounts, (ii) direct and indirect automobile and home equity lending, (iii) secured and unsecured installment loans, (iv) credit card loans, (v) construction and residential real estate loans, (vi) commercial loans, including commercial loans secured by real estate, (vii) securities brokerage services and (viii) international trading services.

Deposits

Our subsidiary bank offers a full range of depository accounts and services to both individuals and businesses. As of December 31, 2001, the deposit base totaled approximately \$818 million, consisting of approximately \$112 million in noninterest-bearing demand deposits (13.8% of total deposits), approximately \$120 million in interest-bearing demand deposits and money market accounts (14.7% of total deposits), approximately \$101 million in savings deposits (12.4% of total deposits), approximately \$319 million in time deposits in amounts less than \$100,000 (38.9% of total deposits), and approximately \$166 million in time deposits of \$100,000 or more (20.2% of total deposits). Brokered deposits at December 31, 2001, included in time deposits in amounts less than \$100,000, totaled \$20 million.

Lending

Our primary lending activities include consumer loans (direct and indirect automobile loans and credit card loans), real estate loans and commercial loans to small and medium sized businesses.

As of December 31, 2001, consumer (including installment and credit card loans), real estate (including residential mortgage, construction and commercial loans secured by real estate), and commercial loans were \$444 million, \$293 million and \$64 million, respectively, representing approximately 55.4%, 36.6% and 8.0%, respectively, of the total loan portfolio. Real estate loans included \$98 million in construction loans, \$129 million in residential real estate loans and \$66 million in commercial loans secured by real estate. As of December 31, 2001, commercial loans, including commercial loans secured by real estate, totaled \$130 million.

Consumer Lending

Our consumer lending primarily consists of indirect automobile lending and consumer credit cards. We also make direct consumer loans, including direct automobile loans, home equity and personal loans.

Indirect Automobile Lending

We acquire, on a nonrecourse basis, consumer installment contracts secured by new and used vehicles purchased by consumers from franchised motor vehicle dealers located

6

primarily in Georgia, Florida and North Carolina. As of December 31, 2001, the aggregate amount of indirect automobile loans outstanding was \$342 million, representing 42.7% of our total loan portfolio. Approximately 54% and 26% of the outstanding indirect automobile loans at December 31, 2001, were originated in the Atlanta, Georgia and Jacksonville, Florida offices, respectively. An additional \$276 million of indirect automobile loans originated and sold by us are being serviced by us for others.

The potential charge-offs in excess of dealer holdbacks are provided for by the allowance for loan losses. Net charge-offs on indirect automobile loans for the years ended December 31, 2001 and 2000, were \$1.7 million and \$1.9 million, respectively.

Credit Card Loans

We offer Visa, MasterCard, Visa Gold, Business and affinity Visa programs and sponsors Visa/MasterCard agent bank relationships. At December 31, 2001, credit card loans were approximately \$81 million, or 11.0% of the total loan portfolio.

Residential Mortgage Banking

The Bank is engaged in the residential mortgage banking business, focusing on one-to-four family properties. The Bank offers Federal Housing Authority ("FHA"), Veterans Administration ("VA"), conventional and non-conforming loans (those with balances over \$300,700). In addition, loans are purchased from independent mortgage companies located in the Southeast.

During 2001, the Bank originated approximately \$5 million in loans to be held in its portfolio.

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Securities Brokerage Services

Fidelity Capital is a full-service securities broker which was established in 1992.

International Trade Services

Fidelity provides services to individuals and business clients in meeting their international business requirements. Letters of credit, foreign currency drafts, foreign and documentary collections, export finance and international wire transfers represent some of the services provided.

Recent Developments

The Bank entered into an agreement with the Office of the Comptroller of the Currency ("OCC") on September 5, 2001, (the "Letter Agreement"). The Letter Agreement, which stems from the OCC's examination of the Bank as of December 31, 2000, calls for, among other things (i) the appointment of a Compliance Committee; (ii) total Bank capital of 11% of risk-weighted assets and a leverage ratio of 8% of adjusted total assets; (iii) three-year strategic

7

and capital plans, revised as necessary; (iv) payment of dividends by the Bank only when there is no supervisory objection; (v) formalizing the process for reviewing new management capabilities and strengthen management, as required; (vii) a review of loan policies, loan management information systems, and the internal loan review process especially related to criticized assets, nonaccrual loans and the allowance for loan losses; and (viii) revisions to the internal audit process. Fidelity does not expect to incur significant additional costs to comply with the consent order or the Letter Agreement, as most items have already been addressed or can be addressed internally.

Fidelity's Board of Directors on March 21, 2002, adopted a resolution requested by the Federal Reserve Bank of Atlanta ("Board Resolution"). The Board Resolution, which followed the Federal Reserve Bank inspection of Fidelity as of December 31, 2000 and September 30, 2001, among other things, prohibits Fidelity from redeeming its capital stock, paying dividends on its common stock or incurring debt without the prior approval of the FRB. The Board Resolution continues until cancelled by the FRB.

On March 22, 2002 the Bank entered into an alliance and sales agreements with NOVA Information Systems ("NOVA") pursuant to which NOVA will provide payment processing services to the merchant customers of the Bank located predominately in the states of Georgia and Florida. Pursuant to the sales agreement the Bank sold its existing merchant processing agreements and recognized a gain of approximately \$3.5 million. Under the agreement the Bank will maintain an interest in the ongoing net revenues from new customers acquired through this alliance. It is anticipated that the future earnings from the alliance with NOVA will not be material.

In the conduct of our business, we are subject to various claims, lawsuits and arbitration proceedings which arise in the normal course of business. These matters include a recent arbitration award against our securities broker subsidiary in the aggregate amount of approximately \$600,000 plus interest and fees with respect to the claims filed by 14 claimants. On the basis of present information, anticipated insurance coverage and advice received from our counsel, it is our management's opinion that the disposition or ultimate determination of these pending claims, lawsuits and proceedings will not have a material adverse affect on our consolidated results of operations or our

consolidated financial position.

RISK FACTORS

Before you invest in our common stock, you should be aware that there are various risks, including those described below. You should consider carefully these risk factors together with all of the other information included in this Prospectus before you decided to purchase shares of our common stock. No investment should be made by any person who is not in a position to lose the entire amount of the investment.

Some of the information and statements contained in this Prospectus may include forward-looking statements that reflect our current expectations regarding the future and involve risks and uncertainties. These statement may be identified by the use of forwarding-

8

looking terminology such as "believes," "expects," "anticipates," "estimates" and "intends" and similar expressions. These forwarding-looking statements involve certain risks and uncertainties. The actual results could differ materially from those projected for many reasons, including without limitation, changing events and trends that have influenced Fidelity's assumptions. These trends and events include (i) changes in the interest rate environment which may reduce margins, (ii) non-achievement of expected growth, (iii) less favorable than anticipated changes in the national and local business environment and securities markets, (iv) adverse changes in the regulatory requirements affecting the Company, (v) greater competitive pressures among financial institutions in our market, and (vi) greater loan losses than historic levels. Investors are encouraged to read the related section in Fidelity's 2001 Annual Report to Shareholders and those discussed below under "Risk Factors".

Prior Regulatory Approval of Dividends Is Required

Our subsidiary bank is restricted in the payment of dividends to Fidelity pursuant to the Letter Agreement with the OCC and Fidelity is restricted in the payment of dividends to our shareholders by the Board Resolution adopted at the request of the Federal Reserve Bank of Atlanta ("FRB"). Our ability to continue to pay dividends is subject to the approval of the FRB and the OCC pursuant to these undertakings. The inability to pay dividends or the reduction in the amount of the dividends may adversely affect the market price of our common stock.

Increases in Credit Card Loan Loss Will Adversely Affect Our Financial Condition

Our loan losses on credit card loans approximate industry norms. There can be no assurance that credit card losses will not return to higher than historical levels. Credit card loan losses exceeding our current rate could have a material adverse effect on the results of our operations and financial condition.

Increase of Loan Losses in Excess of Allowances for Loan Losses and Loan Concentration Will Adversely Affect Our Financial Condition

A major risk facing lenders is the risk of losing principal and interest as a result of a borrower's failure to perform according to the terms of the loan agreement, or "credit risk." Real estate loans include residential mortgages and construction and commercial loans secured by real estate. Our credit risk with respect to real estate loans relates principally to the value of the underlying collateral. Our credit risk with respect to indirect

automobile loans and commercial loans relates principally to the general creditworthiness of the borrowers, who primarily are individuals and small and medium-sized businesses in the metropolitan areas of Atlanta, Georgia and Jacksonville, Florida. While indirect automobile loans are secured, they are characterized by loan to value ratios that could result in our not recovering the full value of an outstanding loan upon default by our borrower. The credit risk with respect to our credit card portfolio relates principally to the general creditworthiness of individuals in light of the unsecured nature of credit card loans. There can be no assurance that our allowance for loan losses will be adequate to cover future losses in our existing loan portfolios. Loan losses exceeding historical rates could have a material adverse affect on the results of our operations and financial condition.

9

Changes in Interest Rates May Adversely Affect Net Interest Income

Our profitability depends to a large extent upon net interest income, which is the difference between interest income on interest-earning assets, such as loans and investments, and interest expense on interest-bearing liabilities, such as deposits and borrowings. Our net interest income would be adversely affected if changes in market interest rates resulted in the cost of interest-bearing liabilities increasing faster than the increase in the yield on our interest-earning assets. In addition, a decline in interest rates may result in greater than normal prepayments of the higher interest-bearing obligations held by the Company.

Failure to Update Management Information Systems May Adversely Affect Our Financial Condition

The sophistication and level of risk of our business requires the utilization of thorough and accurate management information systems. Our failure to effectively implement, maintain, update and utilize updated management information systems could prevent management from recognizing in a timely manner deterioration in the performance of our business, particularly the credit card and indirect automobile loan portfolios. Such failure to effectively implement, maintain, update and utilize comprehensive management information systems could have a material adverse effect on our results of operations and financial condition.

Adverse Economic Conditions Could Adversly Affect Our Financial Condition

Our major lending activities are indirect automobile, credit card, and real estate and commercial loans. Indirect automobile loans and residential mortgage loans are also produced for resale, with servicing rights retained for indirect automobile loans only. An increase in interest rates could have a material adverse effect on the housing and automobile industries and consumer spending generally. In addition, an increase in interest rates could cause a decline in the value of residential mortgages and indirect automobile loans held-for-sale. These events could adversely affect our results of operations and financial condition.

As of December 31, 2001, residential mortgages held-for-sale were principally on real property located in the metropolitan areas of Atlanta, Georgia, and Jacksonville, Florida. Indirect automobile loans have been obtained principally from automobile dealers located in the metropolitan areas of Jacksonville, Florida, and Atlanta, Georgia. As of December 31, 2001, credit card loans were concentrated with borrowers in Georgia, California, Texas and Florida. Adverse national, regional and local economic conditions may adversely affect our results of operations and financial condition.

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The Company is Dependent on Key Personnel

We currently depend heavily on the services of our Chief Executive Officer, James B. Miller, Jr., and a number of other key management personnel. The loss of Mr. Miller's services or of other key personnel could materially and adversely affect our results of operations and financial condition. Our success will also depend in part on the ability to attract

10

and retain additional qualified management personnel. Competition for such personnel is strong in the banking industry and we may not be successful in attracting or retaining the personnel we require.

Changes In Governmental Regulation Restrictions Affecting Our Subsidiary Bank May Adversely Affect Competition and the Cost of Doing Business

We are subject to extensive supervision, regulation and control by several Federal and state governmental agencies, including the FRB, OCC, Georgia Department of Banking and Finance ("GBDF"), Federal Deposit Insurance Corporation ("FDIC"), Federal National Mortgage Association ("FNMA"), Federal Home Loan Mortgage Corporation ("FHLMC") and GNMA. Future legislation, regulations and government policy could adversely affect our business and the financial institution industry as a whole, including the cost of doing business. Although the impact of such legislation, regulation and policies cannot be predicted, future changes may alter the structure of and competitive relationships among financial institutions and the cost of doing business.

Changes In Governmental Regulation Restrictions Regarding Mortgage Banking May Adversely Affect Our Financial Condition

The mortgage banking operations of our subsidiary bank are subject to extensive regulation by Federal and state governmental authorities and agencies, including FNMA, FHLMC, Government National Mortgage Association ("GNMA"), the Federal Housing Authority and the Veterans Administration. Consequently, We are subject to various laws, rules and regulations and judicial and administrative decisions that, among other things, regulate credit-granting activities, govern secured transactions, and establish collection, repossession and claims-handling procedures and other trade practices. Our failure to comply with these regulatory requirements can lead to loss of approved status, termination of servicing contracts without compensation to the servicer, demands for indemnification or mortgage loan repurchases, class action lawsuits and administrative enforcement actions. Although we believe that we are in compliance in all material respects with applicable federal, state and agency laws, rules and regulations, there can be no assurance that more restrictive laws, rules and regulations will not be adopted in the future which could make compliance more difficult or expensive, restrict our ability to originate, purchase or sell mortgage loans, further limit or restrict the amount of interest and other fees that may be earned or charged on mortgage loans originated, purchased or serviced by us or otherwise adversely affect the results of our operations and financial condition.

Changes In Governmental Regulation Restrictions of Broker-Dealers May Increase Costs

The securities industry in the United States is subject to extensive regulation under both Federal and state laws. Broker-dealers are subject to regulations covering all aspects of the securities business, including sales methods, trade practices among broker-dealers, use and safekeeping of customers' funds and securities, capital structure, record keeping and the conduct of directors, officers and employees. Our securities broker subsidiary is required

to comply with many complex laws and rules as a broker-dealer, including rules relating to possession and control of customer funds and securities, margin lending and execution and settlement of transactions.

11

Additional legislation, changes in rules promulgated by the Commission, NASD, the FRB, the various stock exchange and other self-regulatory organizations, or changes in the interpretation or enforcement of existing laws and rules, may directly affect the mode of operation and profitability of broker-dealers. The Commission, the NASD, and other self-regulatory organizations and state securities commissions may conduct administrative proceedings regarding alleged violations of their rules, which can result in censure, fine, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer or any of its officers or employees. Our securities broker subsidiary's ability to comply with all applicable laws and rules is dependent in large part upon the establishment and maintenance of a compliance system reasonably designed to ensure such compliance, as well as its ability to attract and retain qualified compliance personnel. The principal purpose of regulation and discipline of broker-dealers is the protection of customers and the securities markets, rather than protection of creditors and stockholders of broker-dealers. Our securities broker subsidiary could in the future be subject to disciplinary or other actions due to claimed noncompliance, which could have a material adverse effect on the results of our operations and financial condition.

Changes In Consumer and Debtor Protection Laws Compliance May Increase Costs and Adversely Affect Collections

We are subject to numerous Federal and state consumer protection laws that impose requirements related to offering and extending credit. The United States Congress and state governments may enact laws and amend existing laws to regulate further the consumer industry or to reduce finance charges or other fees or charges applicable to credit card and other consumer revolving loan accounts. Such laws, as well as any new laws or rulings which may be adopted, may adversely affect our ability to collect on account balances or maintain previous levels of finance charges and other fees and charges with respect to the accounts. Any failure to comply with such legal requirements also could adversely affect our ability to collect the full amount of the account balances. Changes in Federal and state bankruptcy and debtor relief laws could adversely affect our results of operations and financial condition if such changes result in, among other things, additional administrative expenses and accounts being written off as uncollectible.

Our Real Estate Loans Are Affected by the Conditions of the Georgia and Florida Market

Our subsidiary bank's real estate loan portfolio includes residential mortgages and construction and commercial loans secured by real estate. All of our real estate mortgage loans are generated in Georgia and Florida. Therefore, conditions of these real estate markets could strongly influence the level of our non-performing mortgage loans and the results of our operations and financial condition. Real estate values and the demand for mortgages and construction loans are affected by, among other things, changes in general or local economic conditions, changes in governmental rules or policies, the availability of loans to potential purchasers and acts of nature. Although our underwriting standards are intended to protect us against adverse general and local real estate trends, declines in real estate markets could adversely impact the demand for new real estate loans, the value of the collateral securing our loans and the results of our operations and financial condition.

Changes in Monetary Policy by the Federal Reserve May Adversely Affect Our Business

Our operating results are affected by credit policies of monetary authorities, particularly the Federal Reserve. The instruments of monetary policy employed by the Federal Reserve include open market operations in U.S. Government securities, changes in the discount rate on bank borrowings and changes in reserve requirements against bank deposits. In view of changing conditions in the national economy and in the money markets, as well as the effect of action by monetary and fiscal authorities, including the Federal Reserve, no prediction can be made as to possible effects of future changes in interest rates, deposit levels and loan demand on the results of our operations and business.

Changes in Our Relationships with Dealers May Adversely Affect the Volume of Finance Contracts Acquired and Sold

Our indirect automobile lending operation depends in large part upon its ability to maintain and service its relationship with automobile dealers. There can be no assurance we will be successful in maintaining such relationships or increasing the number of dealers with which we do business or that our existing dealer base will continue to generate a volume of finance contracts comparable to the volume historically generated by such dealers.

PLAN OF DISTRIBUTION

Raymond James may sell the shares of common stock subject to this Prospectus directly to purchasers in the over-the-counter market, through broker-dealers acting as agents for selling shareholder or to broker-dealers who may purchase securities as principals and thereafter sell the common stock from time to time in the over-the-counter market, in negotiated transactions or otherwise. Such broker-dealers, if any, may receive compensation in the form of discounts, concessions or commissions from the selling shareholder and/or the purchasers for whom such broker-dealers act as agents or to whom it may sell as principals or otherwise (which compensation as to a particular broker-dealer may exceed customary commissions). The selling shareholder will pay all commissions, transfer taxes, and other expenses associated with the sale of common stock by it.

The selling shareholder and broker-dealers, if any, acting in connection with such sales may be deemed to be "underwriters" within the meaning of Section 2(11) of the Securities Act and any commission received by them and any profit on the resale of the securities by them might be deemed to be underwriting discounts and commissions under the Securities Act. We have agreed to indemnify the selling shareholder against certain liabilities under the Securities Act.

From time to time this Prospectus will be supplemented and amended as required by the Securities Act. During any time when a supplement or amendment is so required, the selling shareholder is to cease sales until the Prospectus has been supplemented or amended. Pursuant to the registration rights granted to the selling shareholder, we have agreed to update and maintain the effectiveness of this Prospectus. The selling shareholder also is entitled to sell its shares without the use of this Prospectus, provided that it complies with the requirements of Rule 144 promulgated under the Securities Act.

We are bearing all costs relating to the registration of the shares of

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common stock offered hereby other than certain fees and expenses, if any, of advisors to the selling shareholder. Any commissions, discounts or other fees payable to brokers or dealers in connection with any sale of the shares will be borne by the selling shareholder, the purchasers participating in such transaction, or both.

EXPERTS

The consolidated financial statements of Fidelity National Corporation and Subsidiaries incorporated by reference in Fidelity National Corporation's Annual Report (Form 10-K) for the year ended December 31, 2001 have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon incorporated by reference therein and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

14

LEGAL MATTERS

The validity of the issuance of the shares of common stock offered hereby and certain other legal matters in connection with this offering have been passed upon for us by Nelson Mullins Riley & Scarborough, LLP, Atlanta, Georgia.

LIMITATION OF LIABILITY AND INDEMNIFICATION

The Company has adopted provisions in its Article of Incorporation that eliminate the personal liability of its directors for monetary damages arising from a breach of their fiduciary duties in certain circumstances to the fullest extent permitted by law and that authorize the Company to indemnify its directors and officers to the fullest extent permitted by law. Such limitation of liability does not affect the availability of equitable remedies such as injunctive relief or rescission.

The Bylaws provide that the Company shall indemnify its directors and officers to the fullest extent permitted by the laws of Georgia, including circumstances in which indemnification is otherwise discretionary under Georgia law. The Bylaws also provide that, to the fullest extent permitted by Georgia law, the Company shall advance expenses incurred by its directors and officers as a result of any proceedings against them as to which they could be indemnified.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the Company pursuant to the foregoing provisions, the Company has been informed that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. The Company believes that its Articles of Incorporation and Bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers.

15

TABLE OF CONTENTS

PAGE

Edgar Filing: FIDELITY NATIONAL CORP /GA/ - Form 424B4

| | |
|---|----|
| The Offering | 2 |
| Use of Proceeds | 2 |
| Selling Shareholder | 2 |
| Available Information | 3 |
| Documents Incorporated by Reference | 3 |
| Prospectus Summary | 5 |
| The Company | 5 |
| Risk Factors | 8 |
| Plan of Distribution | 14 |
| Experts | 14 |
| Legal Matters | 15 |
| Limitation of Liability and Indemnification | 15 |