

FIDELITY SOUTHERN CORP

Form S-4/A

December 23, 2015

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As filed with the Securities and Exchange Commission on December 23, 2015

File No. 333-208228

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 1

to

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

FIDELITY SOUTHERN CORPORATION

(Exact name of issuer as specified in its charter)

Georgia 58-1416811
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

Fidelity Southern Corporation
3490 Piedmont Road, Suite 1550
Atlanta, Georgia 30305
(404) 639-6500
(Address, including zip code, and telephone number,
including area code, of registrant's principal executive
offices)

Stephen H. Brolly
3490 Piedmont Road, Suite 1550
Atlanta, Georgia 30305
(404) 639-6500
(Name, address, including zip code, and telephone
number,
including area code, of agent for service)

Copies to:

James W. Stevens
Troutman Sanders LLP
600 Peachtree Street, Suite 5200
Atlanta, Georgia 30308
(404) 885-3721

Robert C. Schwartz
Smith, Gambrell & Russell, LLP
Promenade, Suite 3100
1230 Peachtree Street, N.E.
Atlanta, Georgia 30309
(404) 815-3758

Approximate date of commencement of proposed sale to the public: The exchange of the Registrant's shares for shares of common stock of American Enterprise Bankshares, Inc. will take place upon consummation of the merger of American Enterprise Bankshares, Inc. into the Registrant.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities of an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, no par value per share	1,295,671(1)	Not Applicable	\$ 21,948,285.70(2)	\$ 2,210.19(2)(3)

(1)

The number of shares of the Registrant's common stock being registered hereunder is based upon the anticipated maximum number of such shares required to consummate the proposed merger of American Enterprise Bankshares, Inc. into the Registrant. The Registrant will remove from registration by means of a post-effective amendment any shares being registered that are not issued in connection with such merger.

(2)

In accordance with Rule 457(f)(2) and (3), the registration fee is based on \$21,948,285.70, which is the result of the maximum number of shares of common stock of American Enterprise Bankshares, Inc. that may be received by the Registrant pursuant to the merger (5,022,491) multiplied by the book value per share of American Enterprise Bankshares, Inc. as of October 31, 2015 (\$4.37).

(3)

Previously paid.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a) may determine.

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The information in this document is not complete and may be changed. We may not sell the securities offered by this document until the registration statement filed with the Securities and Exchange Commission is effective. This document is not an offer to sell these securities, and we are not soliciting an offer to buy these securities, in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED DECEMBER 23, 2015
PROXY STATEMENT/PROSPECTUS

MERGER PROPOSED — YOUR VOTE IS VERY IMPORTANT

These materials are a proxy statement of American Enterprise Bankshares, Inc. (“AEB”) and a prospectus of Fidelity Southern Corporation (“Fidelity”). They are furnished to you in connection with the notice of special meeting of AEB shareholders to be held on January 29, 2016. At the special meeting of AEB shareholders, you will be asked to vote on the merger of AEB with and into Fidelity described in more detail herein. As of December 23, 2015, the record date for the AEB shareholders meeting, there were 3,055,223 shares of common stock outstanding and entitled to vote at that meeting. Approval of the merger requires the affirmative vote of holders of a majority of the shares of AEB common stock.

On October 26, 2015, AEB entered into an Agreement and Plan of Merger with Fidelity that provides for the merger of the two holding companies. If approved by AEB shareholders, AEB will merge with and into Fidelity (the “merger”), and American Enterprise Bank of Florida will merge with and into Fidelity Bank (the “bank merger”).

If the merger is approved and consummated, unless adjusted pursuant to the terms of the Agreement and Plan of Merger, holders of AEB common stock will be entitled to receive shares of Fidelity common stock based upon the volume weighted average price of Fidelity common stock for a twenty-day trading period prior to the closing of the merger (the “VWAP”), subject to minimum and maximum exchange ratios as follows:

- If the VWAP immediately prior to the merger is equal to or greater than \$23.20, then each share of AEB common stock will be converted into 0.237 shares of Fidelity common stock;
- If the VWAP immediately prior to the merger is less than \$23.20, but greater than \$18.98, then each share of AEB common stock will be converted into \$5.50 payable in shares of Fidelity common stock (with the exchange ratio equal to \$5.50 divided by the VWAP; and
- If the VWAP immediately prior to the merger is equal to or less than \$18.98, then each share of AEB common stock will be converted into 0.290 shares of Fidelity common stock (such ratio in each of the three scenarios, the “exchange ratio”).

The market value of the merger consideration may fluctuate with the market price of Fidelity common stock and will not be known at the time AEB shareholders vote on the merger. Furthermore, pursuant to the termination provisions contained in the merger agreement, under certain circumstances, Fidelity may increase the exchange ratio or make a cash payment to AEB shareholders to avoid termination of the merger. Based on the \$21.32 per share closing price of Fidelity’s common stock on the Nasdaq Global Select Market on December 22, 2015, the last practicable date before the date of this document, the value of the per share merger consideration payable to holders of AEB common stock was approximately \$5.50, and the aggregate merger consideration (assuming the conversion of all outstanding

subordinated debentures) was approximately \$27,623,700.50. We urge you to obtain current market quotations for Fidelity (Nasdaq Global Select Market trading symbol "LION") because the value of the per share merger consideration will fluctuate.

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As of December 23, 2015, the record date for the AEB special meeting of shareholders, there were 3,055,223 shares of AEB common stock outstanding and entitled to vote at the special meeting. Fidelity will issue 5,022,491 shares of common stock to AEB shareholders and AEB subordinated debenture holders (assuming all such holders elect to convert their debentures) in the aggregate upon completion of the merger if the merger is approved and consummated and there is no adjustment to the stock consideration paid by Fidelity. The exact number of shares of Fidelity common stock that will be issued in the merger will be dependent on the exchange ratio, which will not be determined until the date of the merger, and the number of shares of AEB common stock outstanding immediately prior to the merger.

This document, which serves as a proxy statement for the meeting of AEB shareholders and as a prospectus with respect to the offering and issuance of the maximum of 5,022,491 shares of Fidelity common stock to be issued in the merger and upon conversion of subordinated debentures, describes the AEB shareholders meeting, and includes important information about the proposed merger, the companies participating in the merger, and the Agreement and Plan of Merger pursuant to which the merger will be consummated if approved. We encourage you to read the entire document carefully, including the “Risk Factors” section beginning on page 12, for a discussion of the risks related to the proposed merger.

AEB’s board of directors has determined that the Agreement and Plan of Merger and the transactions contemplated thereby, including the merger, are in the best interests of AEB and its shareholders, has approved the Agreement and Plan of Merger and the transactions contemplated thereby and recommends that AEB shareholders vote “FOR” all of the proposals described in this document.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or passed upon the adequacy or accuracy of these materials. Any representation to the contrary is a criminal offense. Shares of common stock of Fidelity are not savings accounts, deposits or other obligations of any bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of these materials is [•], 2015, and they are expected to be first mailed to shareholders on or about [•], 2015.

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AMERICAN ENTERPRISE BANKSHARES, INC.

10611 Deerwood Park Boulevard

Jacksonville, Florida 32256

Notice Of Special Meeting Of Shareholders

To Be Held On January 29, 2016

A special meeting of shareholders of American Enterprise Bankshares, Inc. will be held on January 29, 2016, at 11:00 a.m., at the Sheraton Hotel, 10605 Deerwood Park Boulevard, Jacksonville, Florida 32256 for the following purposes:

1.

To consider and vote on an Agreement and Plan of Merger (the “merger agreement”), under which American Enterprise Bankshares, Inc. (“AEB”) will merge with and into Fidelity Southern Corporation (“Fidelity”), as more particularly described in the accompanying materials; and

2.

To transact such other business as may properly come before the special meeting or any adjournments of the special meeting.

Only shareholders of record at the close of business on December 23, 2015 are entitled to notice of and to vote at the special meeting and any adjournment thereof. AEB’s board of directors has adopted a resolution approving the merger and the merger agreement and unanimously recommends that you vote “FOR” all of the proposals described in the accompanying materials.

Business and financial information about AEB is available without charge to you upon written or oral request made to T. Edwin Stinson, Jr., Chief Financial Officer, American Enterprise Bankshares, Inc., 10611 Deerwood Park Boulevard, Jacksonville, Florida 32256, telephone number (904) 482-4973. To obtain delivery of such business and financial information before the special meeting, your request must be received no later than January 22, 2016.

YOUR VOTE IS VERY IMPORTANT. If you hold your shares of record in your name, you can vote your shares by signing, dating and returning the enclosed proxy card. If you are the record holder of the shares, you may change your vote by: (1) if you previously completed and returned a proxy card, submitting a new proxy card with a later date and returning it to AEB prior to the vote at the special meeting; (2) submitting timely written notice of revocation to AEB’s Corporate Secretary, T. Edwin Stinson, Jr., at American Enterprise Bankshares, Inc., 10611 Deerwood Park Boulevard, Jacksonville, Florida 32256, at any time prior to the vote at the special meeting; or (3) attending the special meeting in person and voting your shares at the special meeting. If your shares are held in street name, you may vote your shares by following the instructions provided by your brokerage firm, bank or other similar entity. If your shares are held in street name, you may change your vote by submitting new voting instructions to your brokerage firm, bank or other similar entity or, if you have obtained a legal proxy from your brokerage firm, bank, or other similar entity giving you the right to vote your shares, you may change your vote by attending the special meeting and voting in person.

By Order of the Board of Directors,

[•], 2015

Jacksonville, Florida

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q:

What am I being asked to approve?

A:

You are being asked to approve the Agreement and Plan of Merger by and between AEB and Fidelity, pursuant to which AEB will be merged with and into Fidelity. Approval of the merger requires the affirmative vote of a majority of the outstanding shares of AEB common stock. The AEB board of directors has unanimously approved and adopted the Agreement and Plan of Merger and recommends voting “FOR” approval of this merger agreement.

Q:

When is the merger expected to be completed?

A:

We plan to complete the merger during the first quarter of 2016.

Q:

What will I receive in the merger?

A:

If the merger is approved and consummated, unless adjusted pursuant to the terms of the Agreement and Plan of Merger, holders of AEB common stock will be entitled to receive shares of Fidelity common stock based upon the volume weighted average price of Fidelity common stock for a twenty-day trading period prior to the closing of the merger (the “VWAP”), subject to minimum and maximum exchange ratios as follows:

- If the VWAP immediately prior to the merger is equal to or greater than \$23.20, then each share of AEB common stock will be converted into 0.237 shares of Fidelity common stock;
- If the VWAP immediately prior to the merger is less than \$23.20, but greater than \$18.98, then each share of AEB common stock will be converted into \$5.50 payable in shares of Fidelity common stock (with the exchange ratio equal to \$5.50 divided by the VWAP); and
- If the VWAP immediately prior to the merger is equal to or less than \$18.98, then each share of AEB common stock will be converted into 0.290 shares of Fidelity common stock (such ratio in each of the three scenarios, the “exchange ratio”).

The market value of the merger consideration may fluctuate with the market price of Fidelity common stock and will not be known at the time AEB shareholders vote on the merger. Furthermore, pursuant to the termination provisions contained in the merger agreement, under certain circumstances, Fidelity may increase the exchange ratio or make a cash payment to AEB shareholders to avoid termination of the merger. Based on the \$21.32 per share closing price of Fidelity’s common stock on the Nasdaq Global Select Market on December 22, 2015, the last practicable date before the date of this document, the value of the per share merger consideration payable to holders of AEB common stock was approximately \$5.50, and the aggregate merger consideration (assuming the conversion of all outstanding subordinated debentures) was approximately \$27,623,700.50.

To review what you will receive in the merger in greater detail, see “Details of the Proposed Merger — Merger Consideration Adjustment and Termination Rights” beginning on page 17.

Q:

Will the value of the merger consideration change between the date of this document and the time the merger is completed?

A:

Yes. The value of the merger consideration may fluctuate between the date of this document and the completion of the merger based upon the market value of Fidelity common stock. Any fluctuation in the market price of Fidelity common stock after the date of this document may change the value of the shares of Fidelity common stock that AEB shareholders will receive. AEB shareholders should obtain current market quotations for Fidelity common stock, which is traded under the symbol "LION" on the Nasdaq Global Select Market.

Q:

What will my ownership of Fidelity be post-merger?

A:

It is currently expected that, following the merger, the former shareholders of AEB and the former subordinated debenture holders of AEB (assuming all such holders elect to convert their debentures) as a group will receive shares in the merger constituting approximately [•] of the outstanding shares of Fidelity's common stock immediately after the merger.

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Q:

What should I do now?

A:

After you have carefully read this document and decided how you wish to vote your shares, please vote your shares promptly so that your shares will be represented and voted at the special meeting.

Record Holder: You do not have to attend the special meeting to vote. The AEB board of directors is soliciting proxies so that you can vote before the special meeting. Even if you currently plan to attend the special meeting, we recommend that you vote by proxy before the special meeting so that your vote will be counted if you later decide not to attend. However, if you attend the special meeting and vote your shares by ballot, your vote at the special meeting will revoke any vote you submitted previously by proxy. If you are the record holder of your shares, you may vote by completing, signing, dating and returning the enclosed proxy card.

If you vote by returning the enclosed proxy card, you will be designating F. Sutton McGehee, Jr. and Bennett Brown as your proxies to vote your shares as you instruct. If you vote by returning your proxy card without giving specific voting instructions, these individuals will vote your shares by following the recommendations of the AEB board of directors. If any other business properly comes before the special meeting, these individuals will vote on those matters in a manner they consider appropriate.

Street Holder: If your shares are held in street name, you may vote your shares before the special meeting by mail, by completing, signing and returning the voting instruction form you received from your broker, bank or other nominee. You should check your voting instruction form to see if any alternative method, such as internet or telephone voting, is available to you.

Q:

If my shares of AEB common stock are held in street name by my broker, bank or other nominee, will my broker, bank or other nominee automatically vote my shares for me?

A:

No. If you hold your shares in a stock brokerage account or if your shares are held by a bank or other nominee (that is, in street name), your broker, bank or other nominee may not vote your shares of AEB common stock unless you provide instructions to your broker, bank or other nominee on how to vote.

You should instruct your broker, bank or other nominee to vote your shares by following the instructions provided by the broker, bank or nominee with this document. Please note that you may not vote shares held in street name by returning a proxy card directly to AEB or by voting in person at the special meeting unless you provide a "legal proxy," which you must obtain from your bank, broker or nominee and bring to the special meeting.

Q:

What if I abstain from voting or fail to instruct my bank or broker?

A:

If you (1) fail to submit a proxy or vote in person at the special meeting, (2) mark "Abstain" on your proxy card, or (3) fail to instruct your bank or broker how to vote, it will have the same effect as a vote "Against" the proposal. If you fail to submit a proxy or vote in person at the special meeting or fail to instruct your bank or broker how to vote, or mark "Abstain" on your proxy card with respect to any other proposal to be considered at the special meeting, it will have no effect on such other proposal.

Q:

Can I attend the special meeting and vote my shares in person?

A:

Yes. All AEB shareholders, including shareholders of record and shareholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the special meeting. Record holders of AEB common stock can vote in person at the special meeting. If you are not a shareholder of record, you must obtain a proxy, executed in your favor, from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting.

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Q:

Can I change my vote?

A:

Yes. If you are a holder of record of AEB common stock, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to AEB's Corporate Secretary, or (3) attending the special meeting in person, notifying the Corporate Secretary and voting by ballot at the special meeting. Attendance at the special meeting will not automatically revoke your proxy. A revocation or later-dated proxy received by AEB after the special meeting will be ineffective. AEB's Corporate Secretary's mailing address is: 10611 Deerwood Park Boulevard, Jacksonville, Florida 32256. If you hold your shares in "street name" through a bank or broker, you should contact your bank or broker if you want to revoke your proxy.

Q:

What information should I consider?

A:

We encourage you to read this entire document carefully. You should also review the factors considered by each company's board of directors discussed in "Details of the Proposed Merger-Background of the Merger" beginning on page 14 and "Details of the Proposed Merger — Recommendation of AEB's Board of Directors and Reasons for the Merger" beginning on page 15.

Q:

What are the tax consequences of the merger to me?

A:

We expect that the exchange of shares of AEB common stock for Fidelity common stock by AEB shareholders generally will be tax-free to you for federal income tax purposes. However, you will have to pay taxes at capital gains rates on cash received in lieu of fractional shares of Fidelity common stock and upon your exercise of appraisal rights. To review the tax consequences to AEB shareholders in greater detail, see "Details of the Proposed Merger — Material Federal Income Tax Consequences of the Merger and Opinion of Tax Counsel" beginning on page 30.

Your tax consequences will depend on your personal situation. You should consult your tax adviser for a full understanding of the tax consequences of the merger to you.

Q:

Should I send in my stock certificates now?

A:

No. After the merger is completed, you will receive written instructions from Fidelity for exchanging your AEB common stock certificates for Fidelity common stock.

Q:

Who should I call with questions?

A:

You should call T. Edwin Stinson, Jr., Chief Financial Officer, American Enterprise Bankshares, Inc., at (904) 482-4973, or Bennett Brown, President, American Enterprise Bankshares, Inc., at (904) 482-4970.

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SUMMARY

This summary highlights material information from these materials regarding the proposed merger. For a more complete description of the terms of the proposed merger, you should carefully read this entire document, and the related documents to which it refers. The Agreement and Plan of Merger and Bank Agreement and Plan of Merger, which are the legal documents that govern the proposed merger, are in Appendix A to these materials. In addition, the sections entitled “Where You Can Find More Information”, on page 49, and “Incorporation of Certain Documents By Reference”, on page 49, contain references to additional sources of information about Fidelity.

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The Companies (see pages 41 and 45)

Fidelity Southern Corporation
3490 Piedmont Road, Suite 1550
Atlanta, Georgia 30305
(404) 639-6500

Fidelity is a bank holding company headquartered in Atlanta, Georgia. Fidelity conducts operations primarily through Fidelity Bank, a state chartered wholly-owned subsidiary bank. Fidelity Bank was organized as a national banking corporation in 1973 and converted to a Georgia chartered state bank in 2003. LionMark Insurance Company is a wholly-owned subsidiary of Fidelity and is an insurance agency offering consumer credit related insurance products. Fidelity also owns three subsidiaries established to issue trust preferred securities.

Fidelity is a legal entity separate and distinct from its bank subsidiary. Fidelity coordinates the financial resources of the consolidated enterprise and thereby maintains financial, operational and administrative systems that allow centralized evaluation of subsidiary operations and coordination of selected policies and activities. Fidelity’s operating revenues and net income are derived primarily from management fees and cash dividends received from Fidelity Bank. As of September 30, 2015, Fidelity had total assets of \$3.5 billion, total net loans of \$3.0 billion, total deposits of \$2.9 billion, and shareholders’ equity of \$295.3 million.

Fidelity’s principal executive offices are located at 3490 Piedmont Road, Suite 1550, Atlanta, Georgia 30305. Fidelity’s telephone number is (404) 639-6500 and its website is www.lionbank.com. Information on Fidelity’s website is not incorporated herein by reference and is not part of this document.

For a complete description of Fidelity’s business, financial condition, results of operations and other important information, please refer to Fidelity’s filings with the Securities and Exchange Commission (the “SEC”) that are incorporated by reference herein, including its Annual Report on Form 10-K for the year ended December 31, 2014 and Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2015, June 30, 2015 and September 30, 2015. For instructions on how to find copies of these documents, see “Where You Can Find More Information.”

American Enterprise Bankshares, Inc.
10611 Deerwood Park Boulevard
Jacksonville, Florida 32256

AEB was formed under the laws of the State of Florida in 2005 and is registered as a bank holding company under the Federal Reserve Act. American Enterprise Bank of Florida, AEB’s wholly-owned bank subsidiary, is an independent and locally oriented commercial bank, chartered under the laws of Florida and headquartered in Jacksonville, Florida. American Enterprise Bank of Florida provides a full range of banking and related financial services with a focus on service to individual clients, small business, and mortgage banking for its clients. The general banking business conducted includes the receipt of deposits, making of loans, issuance of checks, acceptance of drafts, consumer credit operations, and all aspects of a full service bank.

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The Terms of the Merger (see page 14)

If the merger is approved and consummated, unless adjusted pursuant to the terms of the Agreement and Plan of Merger, holders of AEB common stock will be entitled to receive shares of Fidelity common stock based upon the volume weighted average price of Fidelity common stock for a twenty-day trading period prior to the closing of the merger, or the VWAP, subject to minimum and maximum exchange ratios as follows:

•
If the VWAP immediately prior to the merger is equal to or greater than \$23.20, then each share of AEB common stock will be converted into 0.237 shares of Fidelity common stock;

•
If the VWAP immediately prior to the merger is less than \$23.20, but greater than \$18.98, then each share of AEB common stock will be converted into \$5.50 payable in shares of Fidelity common stock (with the exchange ratio equal to \$5.50 divided by the VWAP); and

•
If the VWAP immediately prior to the merger is equal to or less than \$18.98, then each share of AEB common stock will be converted into 0.290 shares of Fidelity common stock.

You will also receive a cash payment, without interest, for the value of any fraction of a share of Fidelity common stock that you would otherwise be entitled to receive in an amount equal to such fraction multiplied by the VWAP. AEB has \$6,000,000 in outstanding subordinated debentures. Holders of AEB's debentures currently have the right to convert their debentures into AEB common stock. The conversion price is derived by dividing 75% of the book value of shareholders' equity in AEB by the number of shares of common stock outstanding, with the book value and number of shares outstanding being calculated as of the end of the calendar quarter next preceding the conversion date. Prior to the consummation of the merger, AEB will issue a notice to its subordinated debenture holders advising them of the merger transaction and providing them with notice of their option to convert the debentures. Debenture holders that elect to convert their debentures into AEB common stock prior to the consummation of the merger will receive merger consideration for their shares of AEB common stock upon consummation.

For example, assuming a conversion date of October 26, 2015, the date the merger agreement was executed, and further assuming that all AEB debenture holders had elected to convert their debentures as of such date, then the conversion price would have been \$3.28 per share of AEB common stock based on shareholders' equity in AEB of \$13,353,464.29 and 3,055,223 shares of AEB common stock outstanding as of September 30, 2015.

Following the merger, AEB's subsidiary, American Enterprise Bank of Florida, will be merged with and into Fidelity Bank, a wholly-owned Georgia bank subsidiary of Fidelity, and Fidelity Bank will be the surviving bank.

•
The Reasons Management of Both Companies Support the Merger (see page 15)

The boards of directors of AEB and Fidelity support the merger and believe that it is in the best interests of both companies and their respective shareholders. The board of directors of AEB believes that the merger will allow AEB to better serve its customers and markets and that the merger will permit AEB shareholders to have an equity interest in a resulting financial institution with greater financial resources, significant economies of scale and a larger shareholder base, which will increase the liquidity of the AEB shareholders' equity investments. The board of directors of Fidelity believes that AEB provides Fidelity with an expansion opportunity in an attractive market area. Both boards of directors believe that the terms of the merger are fair and equitable and that following the merger the combined bank will maintain the competitive advantage of a community banking business model.

AEB's board of directors unanimously recommends a vote "FOR" approval of the merger.

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- Shareholders' Meeting

The special meeting of shareholders of AEB will be held on January 29, 2016 at 11:00 a.m., at the Sheraton Hotel, 10605 Deerwood Park Boulevard, Jacksonville, Florida 32256, for the purpose of voting on approval of the merger.

- Record Date

You are entitled to vote at the shareholders' meeting if you owned shares of AEB common stock on December 23, 2015.

- Vote Required (see page 21)

Approval by holders of a majority of the AEB common stock outstanding on December 23, 2015 is required to approve the merger. As of such date, 3,055,223 shares of AEB common stock were issued and outstanding, each of which is entitled to one vote per share. All of the directors of AEB have agreed to vote their shares in favor of the merger pursuant to an agreement. Further, under the merger agreement, AEB will use its best efforts to obtain agreements from all 5% shareholders of AEB under which such shareholders will agree to vote their shares in favor of the merger. The form of such agreement entered into by directors, and to be entered into by 5% shareholders, is attached as Exhibit B to the merger agreement, which is included as Appendix A to these materials. As of the record date, AEB's directors and 5% shareholders own 1,360,457 shares, or 45%, of AEB common stock (excluding options and convertible debentures).

- Accounting Treatment (see page 27)

The merger will be accounted for as a purchase of a business for financial reporting and accounting purposes.

- Conditions, Termination, and Effective Date (see pages 17 – 20 and 27)

The merger will not occur unless certain conditions are met, and Fidelity or AEB can terminate the merger agreement if specified events occur or fail to occur. The merger must also be approved by holders of the AEB common stock. Following the merger, AEB's subsidiary, American Enterprise Bank of Florida, will be merged into Fidelity's Georgia bank subsidiary, Fidelity Bank.

The merger and the bank merger must be approved by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation and the Department of Banking and Finance of the State of Georgia. The closing of the merger will occur after the merger is approved by AEB shareholders and the foregoing regulators and after the issuance of the certificate of merger by the Secretary of State of Georgia or the Secretary of State of Florida with respect to the merger, as applicable.

- Appraisal Rights of Dissenting Shareholders (see page 28)

As a holder of AEB common stock, you are entitled to dissent from the merger and to receive a cash payment for your AEB common stock if you follow certain statutory provisions regarding the appraisal rights of dissenting shareholders under the Florida Business Corporation Act.

- Federal Income Tax Consequences (see page 30)

Fidelity has received an opinion from Troutman Sanders LLP, and AEB has received an opinion from Smith, Gambrell & Russell, LLP, stating that, assuming the merger is completed as currently anticipated, AEB will not recognize any gain or loss for federal income tax purposes, and shareholders of AEB to the extent they receive solely

Fidelity stock will not recognize any gain or loss for federal income tax purposes. All cash you receive as a result of the merger in lieu of fractional shares or as payment for exercising your

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right to dissent, will be fully or partially subject to income tax under the Internal Revenue Code of 1986, as amended, as capital gain or loss. Neither Fidelity nor AEB has requested a ruling to this effect from the Internal Revenue Service. We urge each AEB shareholder to contact his or her own tax advisor to fully understand the tax implications of the merger.

- Opinion of AEB’s Financial Advisor (see page 33)

Hovde Group, LLC (“Hovde”) has rendered an opinion to AEB that based on and subject to the procedures, matters, and limitations described in its opinion and other matters it considered relevant, as of the date of its opinion, the merger consideration is fair from a financial point of view to the shareholders of AEB. A summary of Hovde’s opinion begins on page 33 and the full opinion is attached as Appendix C to these materials.

- Markets for Common Stock

Fidelity’s common stock trades on the Nasdaq Global Select Market under the ticker symbol “LION”. The following table sets forth, for the periods indicated, the high, low and closing sales prices per share of Fidelity’s common stock as quoted on Nasdaq.

	High(*)	Low(*)	Close
2015			
Fourth Quarter (through December 22, 2015)	\$ 22.93	\$ 20.06	\$ 21.32
Third Quarter	21.40	17.23	21.14
Second Quarter	17.44	15.46	17.44
First Quarter	17.12	15.11	16.88
2014			
Fourth Quarter	\$ 16.36	\$ 13.55	\$ 16.11
Third Quarter	14.88	12.98	13.70
Second Quarter	14.44	12.80	12.99
First Quarter	16.57	13.63	13.97
2013			
Fourth Quarter	\$ 17.80	\$ 13.32	\$ 16.61
Third Quarter	15.84	12.47	15.34
Second Quarter	12.96	10.65	12.37
First Quarter	11.54	9.35	11.50

(*)

Historical periods prior to and including December 31, 2013 adjusted for stock dividends

The closing sales price of Fidelity common stock as of October 26, 2015, the date the merger agreement was executed, was \$21.01. The closing sales price of Fidelity common stock as of December 22, 2015, the most recent date feasible for inclusion in these materials, was \$21.32.

There has been no public trading market for AEB common stock. We believe the last sale of AEB common stock among shareholders in a private transaction was on June 30, 2013, at a price of \$3.00 per share, based on unofficial information that AEB management believes is reliable.

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Equivalent AEB Per Share Value

The following table presents the closing price of Fidelity common stock on October 23, 2015, the last trading day before the merger agreement was announced, and December 22, 2015, the most recent date feasible for inclusion in these materials. The table also presents the equivalent value of the merger consideration per share of AEB common stock on those dates.

Date	Fidelity closing sales price	Exchange Ratio	Equivalent AEB per share value(1)
October 23, 2015	\$ 21.09	0.261	\$ 5.50
December 22, 2015	\$ 21.32	0.249	\$ 5.50

(1)

The equivalent value of the per share merger consideration is based on the closing prices of Fidelity common stock of \$21.09 on October 23, 2015 and \$21.32 on December 22, 2015, and, in each case, the applicable exchange ratio, assuming that price was the VWAP. The actual exchange ratio at the closing of the merger will be determined based on the VWAP and there can be no assurance that it will be equal to 0.261. If the VWAP is equal to or greater than \$23.20, then the exchange ratio will be 0.237. If the VWAP is less than \$23.20 but greater than \$18.98, then the exchange ratio will be the quotient of \$5.50 divided by the VWAP. If the VWAP is equal to or less than \$18.98, then the exchange ratio will be 0.290.

There were 166 shareholders of record of AEB common stock as of December 22, 2015.

- Interests of Directors and Officers of AEB and American Enterprise Bank of Florida in the Merger (see page 22)

Some of the directors and officers of AEB have interests in the merger in addition to their interests as shareholders generally, including the following:

- Bennett Brown, President of AEB and American Enterprise Bank of Florida, has entered into an employment agreement with Fidelity whereby Mr. Brown will serve as Fidelity’s Jacksonville Area Market President following the merger.

- Bennett Brown was awarded 50,000 shares of AEB common stock on February 21, 2006, but only 10,000 shares were granted. Pursuant to a letter from the AEB board of directors dated June 28, 2012, the remaining 40,000 shares will be granted to Mr. Brown upon the closing of any merger or acquisition of AEB and American Enterprise Bank of Florida.

- At the closing of the merger, various other AEB and American Enterprise Bank of Florida officers will continue employment with Fidelity or Fidelity Bank pursuant to employment agreements.

- Fidelity will provide liability insurance to the present directors and officers of AEB and American Enterprise Bank of Florida for a period of six years following the closing of the merger for actions taken by such directors and officers in such capacity.

- Differences in Legal Rights Between Shareholders of AEB and Fidelity (see page 23)

Following the merger you will no longer be an AEB shareholder and your rights as a shareholder will no longer be governed by AEB's articles of incorporation and bylaws. You will be a Fidelity shareholder, and your rights as a Fidelity shareholder will be governed by Fidelity's amended and restated articles of incorporation, as amended, and bylaws, as amended. Your former rights as an AEB shareholder and your new rights as a Fidelity shareholder are different in certain ways, including the following:

- AEB's board of directors consists of eleven members, while Fidelity's consists of nine members.
- Fidelity's bylaws require the holders of at least twenty-five percent of the outstanding common stock to request a special meeting, while AEB's bylaws only require ten percent.

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Fidelity has different special procedures in its articles of incorporation requiring supermajority approval of some business transactions.

•

Florida's dissenters' rights laws, which AEB is subject to, differ from Georgia's dissenters' rights laws, which govern Fidelity's shareholders.

•

Fidelity is subject to filing requirements under the Securities Exchange Act of 1934. AEB is not subject to such requirements.

•

Dividends (see page 27)

Fidelity declared aggregate cash dividends of \$0.29 per share of common stock for the nine months ended September 30, 2015 and aggregate cash dividends of \$0.30 per share of common stock for the year ended December 31, 2014. Fidelity intends to continue paying cash dividends, but the amount and frequency of cash dividends, if any, will be determined by Fidelity's board of directors after consideration of certain non-financial and financial factors including earnings, capital requirements, and the financial condition of Fidelity, and will depend on cash dividends paid to it by its subsidiary bank. The ability of Fidelity's subsidiary bank to pay dividends to it is restricted by certain regulatory requirements.

AEB has never declared or paid dividends on shares of its common stock.

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TABLE OF CONTENTS**SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF FIDELITY**

We are providing the following information to help you analyze the financial aspects of the merger. The following tables set forth summary historical operations and financial condition data and summary performance, asset quality and other information of Fidelity at and for the periods indicated. You should read this data in conjunction with Fidelity's Consolidated Financial Statements and notes thereto incorporated herein by reference from Fidelity's Annual Report on Form 10-K for the year ended December 31, 2014 and Fidelity's quarterly report on Form 10-Q for the quarter ended September 30, 2015. Financial amounts as of and for the nine months ended September 30, 2015 and 2014 are unaudited and are not necessarily indicative of the results of operations for the full year or any other interim period, and management of Fidelity believes that such amounts reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of its results of operations and financial position as of the dates and for the periods indicated. You should not assume the results of operations for past years and the nine months ended September 30, 2015 and 2014 indicate results for any future period.

	At or for the Nine Months Ended September 30,		Years Ended December 31,				
	2015	2014	2014	2013	2012	2011	2010
(\$ in thousands, except per share data)							
INCOME STATEMENT DATA:							
Interest income	\$ 83,599	\$ 75,034	\$ 101,667	\$ 97,563	\$ 97,570	\$ 93,710	\$ 90,000
Interest expense	10,907	8,208	11,226	13,961	17,078	22,849	30,000
Net interest income	72,692	66,826	90,441	83,602	80,492	70,861	60,000
Provision for loan losses	1,254	(25)	531	5,440	13,420	20,325	10,000
Noninterest income, including securities gains	99,352	70,609	95,320	96,878	87,961	51,429	40,000
Securities gains, net	—	—	—	189	307	1,078	2,000
Noninterest expense	119,849	102,109	138,754	132,325	115,397	85,422	70,000
Net income	32,358	22,823	30,036	27,638	25,327	11,398	10,000
PERFORMANCE:							
Earnings per common share – basic(1)	\$ 1.48	\$ 1.07	\$ 1.41	\$ 1.35	\$ 1.47	\$ 0.60	\$ 0.50
Earnings per common share – diluted(1)	\$ 1.42	\$ 0.97	\$ 1.28	\$ 1.21	\$ 1.32	\$ 0.54	\$ 0.45
Book value per common share(1)	\$ 12.83	\$ 12.10	\$ 12.40	\$ 11.07	\$ 9.57	\$ 8.33	\$ 7.00
Cash dividends paid per common share	\$ 0.29	\$ 0.21	\$ 0.30	\$ 0.05	\$ —	\$ 0.02	\$ —
	1.33%	1.15%	1.11%	1.09%	1.08%	0.55%	0.00%

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Return on average
assets

Return on average
shareholders'
equity

Net interest margin

15.56%	12.46%	12.07%	12.20%	14.19%	7.43%	7
3.25%	3.67%	3.62%	3.58%	3.74%	3.67%	3

END OF PERIOD
BALANCE
SHEET

SUMMARY:

Total Assets	\$ 3,499,465	\$ 2,861,569	\$ 3,085,135	\$ 2,564,053	\$ 2,476,744	\$ 2,234,199	\$ 1
Earning assets	3,237,110	2,652,462	2,848,618	2,357,273	2,285,460	2,073,969	1
Loans, excluding Loans Held-for-Sale	2,641,814	2,073,803	2,253,306	1,893,037	1,777,031	1,623,871	1
Total loans	2,981,465	2,398,245	2,622,241	2,080,403	2,081,125	1,757,720	1
Total deposits	2,912,038	2,459,291	2,458,022	2,202,452	2,068,011	1,871,516	1
Long term borrowings	120,289	46,297	46,303	56,278	66,981	119,432	1
Shareholders' equity	295,286	258,163	264,951	236,230	192,888	167,280	1

DAILY
AVERAGE
BALANCE
SHEET

SUMMARY:

Total Assets	\$ 3,251,132	\$ 2,646,238	\$ 2,715,657	\$ 2,542,743	\$ 2,344,604	\$ 2,062,903	\$ 1
Earning assets	3,013,603	2,449,236	2,510,247	2,345,492	2,161,438	1,944,385	1
Total loans	2,798,024	1,924,265	2,284,245	2,109,575	1,931,714	1,611,825	1
Total deposits	2,629,670	2,207,149	2,259,825	2,103,465	1,933,473	1,499,451	1
Long-term debt	80,193	48,925	48,264	68,607	85,686	125,209	1
Shareholders' equity	277,993	244,899	248,783	226,457	178,517	153,312	1

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	At or for the Nine Months Ended September 30,		Years Ended December 31,				
	2015	2014	2014	2013	2012	2011	2010
(\$ in thousands, except per share data)							
ASSET QUALITY RATIOS:							
Net charge-offs to average loans	0.10%	0.24%	0.33%	0.38%	0.60%	1.38%	1.44%
Net charge-offs to average loans excluding covered loans	0.06%	0.23%	0.33%	0.39%	0.47%	1.39%	1.44%
Allowance to period-end loans	0.94%	1.36%	1.13%	1.78%	1.92%	1.72%	2.00%
Nonperforming assets to total loans, ORE and repossessions	1.86%	3.08%	2.61%	3.78%	4.56%	5.59%	6.89%
Allowance to nonperforming loans, ORE and repossessions	0.50x	0.44x	0.43x	0.46x	0.41x	0.30x	0.29x
SELECTED RATIOS:							
Loans to total deposits	90.72%	84.33%	91.67%	85.95%	85.93%	86.77%	86.99%
Average total loans to average earning assets	92.85%	78.57%	91.00%	90.00%	89.91%	83.35%	83.34%
Non-Interest Income to Revenue	54.31%	48.48%	48.39%	49.83%	47.41%	35.43%	31.01%
Leverage Ratio	9.44%	10.64%	10.40%	11.02%	10.18%	9.83%	9.36%
Common equity tier 1 Capital	8.82%	N/A	N/A	N/A	N/A	N/A	N/A
Tier 1 Risk-Based Capital	10.25%	11.84%	11.07%	12.71%	12.06%	11.85%	10.87%
Total Risk-Based Capital	13.40%	12.99%	12.01%	13.96%	13.43%	13.70%	13.28%
Average equity to average assets	8.55%	9.25%	9.16%	8.90%	7.61%	7.43%	7.19%

(1)
Historical periods prior to and including December 31, 2013 adjusted for stock dividends

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RISK FACTORS

In addition to the other information, including risk factors, incorporated by reference herein from Fidelity's Annual Report on Form 10-K for the year ended December 31, 2014, you should carefully read and consider the following factors in evaluating the merger.

Because the market price of Fidelity common stock will fluctuate, AEB shareholders cannot be sure of the value of the merger consideration they will receive.

Upon completion of the merger, each share of AEB common stock will be converted into the merger consideration consisting of shares of Fidelity common stock. The market value of the merger consideration received by AEB shareholders who receive all or part of the merger consideration in the form of Fidelity shares will vary with the price of Fidelity's common stock. Fidelity's stock price changes daily as a result of a variety of factors other than the business and relative prospects of Fidelity, including general market and economic conditions, industry trends, and the regulatory environment. These factors are beyond Fidelity's control.

AEB's officers and directors have interests in the merger in addition to or different from your interests as an AEB shareholder.

Some of AEB's executive officers participated in negotiations of the merger agreement with Fidelity, and the board of directors approved the merger agreement and is recommending that AEB shareholders vote for the merger agreement. In considering these facts and the other information contained in these materials, you should be aware that certain of AEB's executive officers and directors have economic interests in the merger in addition to the interests that they share with you as an AEB shareholder. These interests include the employment of several officers of AEB by Fidelity following completion of the merger. See "Details of the Proposed Merger — Interests of the Directors and Officers of AEB and American Enterprise Bank of Florida in the Merger" on page 22.

Fidelity may be unable to successfully integrate AEB's operations and retain its key employees.

The merger involves the integration of two companies that previously operated independently. The difficulties of combining the companies' operations include integrating personnel, departments, systems, operating procedures and information technologies and retaining key employees. Failures in integrating operations or the loss of key personnel could have a material adverse effect on the business and results of operations of the combined company.

Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or cannot be met.

Before the transactions contemplated by the merger agreement, including the merger and the bank merger, may be completed, various approvals must be obtained from bank regulatory authorities. These governmental entities may impose conditions on the granting of such approvals. Such conditions or changes and the process of obtaining regulatory approvals could have the effect of delaying completion of the merger or of imposing additional costs or limitations on Fidelity following the merger. The regulatory approvals may not be received at all, may not be received in a timely fashion, and may contain conditions on the completion of the merger that are not anticipated or cannot be met. If the consummation of the merger is delayed, including by a delay in receipt of necessary governmental approvals, the business, financial condition and results of operations of each company may also be materially adversely affected.

If the merger is not completed, Fidelity common stock and AEB common stock could be materially adversely affected.

The merger is subject to customary conditions to closing, including the approval of the AEB shareholders. In addition, Fidelity and AEB may terminate the merger agreement under certain circumstances. If Fidelity and AEB do not complete the merger, the market price of Fidelity common stock or AEB common stock may fluctuate to the extent that the current market prices of those shares reflect a market assumption that the merger will be completed. Further, whether or not the merger is completed, Fidelity and AEB will also be obligated to pay certain investment banking, legal and accounting fees and

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related expenses in connection with the merger, which could negatively impact results of operations when incurred. In addition, neither company would realize any of the expected benefits of having completed the merger. If the merger is not completed, Fidelity and AEB cannot assure their respective shareholders that additional risks will not materialize or not materially adversely affect the business, results of operations and stock prices of Fidelity and AEB.

The termination fee contained in the merger agreement may discourage other companies from trying to acquire AEB. AEB has agreed to pay a termination fee of \$1 million to Fidelity if, under certain circumstances, the merger agreement is terminated and, at the time of termination, a competing offer is outstanding or such offer has been accepted by AEB. This fee could discourage other companies from trying to acquire AEB.

AEB shareholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

AEB shareholders currently have the right to vote in the election of the AEB board of directors and on other matters affecting AEB. Upon the completion of the merger, each AEB shareholder will be a shareholder of Fidelity with a percentage ownership of Fidelity that is much smaller than such shareholder's current percentage ownership of AEB. In addition, under the merger agreement, none of the AEB directors or executive officers will become a director of Fidelity following the merger. It is currently expected that the former shareholders of AEB and the former subordinated debenture holders of AEB (assuming all such holders elect to convert their debentures) as a group will receive shares in the merger constituting approximately [•] of the outstanding shares of Fidelity's common stock immediately after the merger. Accordingly, former AEB shareholders will own significantly less than a majority of the outstanding voting stock of the combined company and could, as a result, be outvoted by current Fidelity shareholders if such current Fidelity shareholders voted together as a group. Consequently, AEB shareholders will have significantly less influence on the management and policies of Fidelity than they now have on the management and policies of AEB.

The market price of Fidelity common stock after the merger may be affected by factors different from those affecting the shares of AEB or Fidelity currently.

The businesses and current markets of Fidelity and AEB differ and, accordingly, the results of operations of the combined company and the market price of the combined company's shares of common stock may be affected by factors different from those currently affecting the independent results of operations of either Fidelity or AEB. For a discussion of the business of Fidelity and of certain factors to consider in connection with its business, see the documents incorporated by reference into this document and referred to under "Where You Can Find More Information." For a discussion of the business of AEB and of certain factors to consider in connection with its business, see "Information About American Enterprise Bankshares, Inc." beginning on page 45.

The opinion obtained by AEB from Hovde will not reflect changes in circumstances between signing the merger agreement and the closing of the merger.

Hovde rendered an opinion to AEB, dated October 26, 2015, to address the fairness of the merger consideration from a financial point of view as of that date. Subsequent changes in the operations and prospects of Fidelity or AEB, general market and economic conditions and other factors that may be beyond the control of Fidelity and AEB, and on which the Hovde opinion was based, may significantly alter the value of Fidelity or AEB or the prices of shares of Fidelity common stock by the time the merger is completed. The opinion does not speak as of the time the merger will be completed or as of any date other than the date of such opinion. Because Fidelity currently does not anticipate asking Hovde to update its opinion, the opinion will not address the fairness of the common stock merger consideration, from a financial point of view, at the time the merger is completed. For a description of the opinion that AEB received from Hovde, see "Opinion of AEB's Financial Advisor" beginning on page 33. For a description of the other factors considered by the AEB board of directors in determining to approve the merger, see "Recommendation of AEB's Board of Directors and Reasons for the Merger" beginning on page 15.

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Changes in laws and regulations or failures to comply with such laws and regulations may adversely affect our financial condition and results of operations.

We and our subsidiary bank are heavily regulated by federal and state authorities. This regulation is designed primarily to protect depositors, federal deposit insurance funds and the banking system as a whole, but not shareholders. Congress and state legislatures and federal and state regulatory authorities continually review banking laws, regulations and policies for possible changes. Changes to statutes, regulations or regulatory policies, including interpretation and implementation of statutes, regulations or policies could affect us in substantial and unpredictable ways, including limiting the types of financial services and products we may offer or increasing the ability of non-banks to offer competing financial services and products. Any regulatory changes or scrutiny could increase or decrease the cost of doing business, limit or expand our permissible activities, or affect the competitive balance among banks, credit unions, savings and loan associations and other institutions. We cannot predict whether new legislation will be enacted and, if enacted, the effect that it, or any regulations, would have on our business, financial condition, or results of operations.

Federal and state regulators have the ability to impose or request that we consent to substantial sanctions, restrictions and requirements on our banking and nonbanking subsidiaries if they determine, upon examination or otherwise, violations of laws, rules or regulations with which we or our subsidiaries must comply, or weaknesses or failures with respect to general standards of safety and soundness. Such enforcement may be formal or informal and can include directors' resolutions, memoranda of understanding, cease and desist or consent orders, civil money penalties and termination of deposit insurance and bank closures. Enforcement actions may be taken regardless of the capital level of the institution. Enforcement actions may require certain corrective steps (including staff additions or changes), impose limits on activities (such as lending, deposit taking, acquisitions or branching), prescribe lending parameters (such as loan types, volumes and terms) and require additional capital to be raised, any of which could adversely affect our financial condition and results of operations. Enforcement actions, including the imposition of monetary penalties, may have a material impact on our financial condition or results of operations, and damage to our reputation, and loss of our holding company status. In addition, compliance with any such action could distract management's attention from our operations, cause us to incur significant expenses, restrict us from engaging in potentially profitable activities, and limit our ability to raise capital.

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DETAILS OF THE PROPOSED MERGER

Background of the Merger

As a part of its ongoing consideration and evaluation of its long-term prospects and strategies, on March 31, 2011, AEB's board of directors appointed a committee of independent directors to consider any potential merger or acquisition opportunities (the "Special Board Committee"). In addition, senior management has regularly reviewed and assessed AEB's business strategies and objectives with the Special Board Committee, including strategic opportunities and challenges, and has considered various strategic options potentially available, all with the goal of enhancing value for AEB's shareholders. The strategic discussions have focused on, among other things, the business environment facing financial institutions in general and AEB, in particular, as well as current conditions and ongoing consolidation in the financial services industry.

On March 31, 2015, Bennett Brown, President of AEB, and Ed Stinson, Chief Financial Officer of AEB, met with a representative from Hovde Group, LLC to discuss the Florida M&A landscape, valuation, buyer audience, and other items for consideration.

On April 15, 2015, Mr. Brown invited a Hovde representative to a meeting of the Special Board Committee to present an updated version of the presentation presented to Mr. Brown and Mr. Stinson at the March 31, 2015 meeting.

On April 28, 2015, at the regularly scheduled meeting of the AEB board of directors, the Special Board Committee reported on the April 15, 2015 meeting with the Hovde representative. The Special Board Committee recommended that Hovde be engaged to represent the Bank at the appropriate time.

On May 26, 2015, at the regularly scheduled meeting of the AEB board of directors, Mr. Brown advised the board of directors that there were at least two banks considering a loan request by AEB to enable AEB to redeem its subordinated debentures, a transaction which Hovde had advised would make it easier to negotiate a potential merger.

On June 23, 2015, at the regularly scheduled meeting of the AEB board of directors, Mr. Brown advised the board of directors that it did not appear that a loan could be secured for the purpose of redeeming its subordinated debentures. The board anticipated that AEB would not be able to make the interest payments due on these debentures on March 31, 2016 without raising additional capital. Given the time constraints imposed by this impending payment, he and the Special Board Committee recommended that Hovde be engaged to represent AEB. At this meeting, the board of directors authorized Mr. Brown to execute the engagement agreement with Hovde on behalf of AEB. On June 25, 2015, Mr. Brown executed the agreement to engage Hovde as the exclusive financial advisor to AEB.

In July 2015, Hovde contacted a number of financial institutions to assess their interest in a potential acquisition of AEB. As a part of that process, AEB created a data room with initial due diligence information, and non-disclosure agreements were signed with three parties, including Fidelity.

On August 10, 2015, initial indications of interest were submitted by two financial institutions. Fidelity's proposal was much higher than the other at \$5.35 per share. The two interested financial institutions delivered non-binding letters of intent to Hovde.

On August 19, 2015, at a special meeting of the AEB board of directors, the Hovde representative presented an analysis of the two letters of intent which had been received for a possible acquisition of AEB. At the meeting the board authorized Hovde to seek to reach terms of a non-binding letter of intent with Fidelity which could be signed prior to the next board meeting. On August 23, 2015, Fidelity agreed to increase their offer from \$5.35 per share to \$5.50 per share and the non-binding letter of intent was executed.

On August 25, 2015, at the regularly scheduled meeting of the AEB board of directors, Mr. Stinson reported that letter of intent was signed and the Bank was awaiting the due diligence request list. With respect to the reverse due diligence on Fidelity, Saltmarsh, Cleaveland & Gund, CPAs, outside accountants

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to AEB, (“Saltmarsh”) had been selected by the Special Board Committee to perform a limited review and report to the board at a future meeting. Mr. Brown reported that several members of senior management planned to visit Atlanta in conjunction with Saltmarsh to conduct further due diligence.

In late August and through most of September 2015, Fidelity conducted a formal due diligence review of AEB and confirmed its offer of \$5.50 per share payable in shares of Fidelity common stock. On September 21 and 22, five members of AEB’s senior management, along with AEB’s head of human resources, visited Fidelity’s offices in Atlanta to conduct due diligence. On September 29, 2015, at the regularly scheduled meeting of the AEB board of directors, Mr. Brown reported on the due diligence and reverse due diligence progress. The senior officers that visited Fidelity in Atlanta reported on their meetings with the Fidelity senior management and results of the due diligence related to their areas.

During the first three weeks of October, legal counsel for Fidelity and AEB, as well as the financial advisors and senior officers of each company, negotiated and finalized the definitive agreement and related agreements.

On October 26, 2015, at a regularly scheduled board meeting, the AEB board of directors met to review and consider the merger agreement and related agreements. Legal counsel for AEB, a representative from Saltmarsh, and a representative from Hovde participated in the meeting. The representative from Saltmarsh presented the results of their reverse due diligence and the senior officers that participated in the visit to Atlanta reported on the due diligence in their particular areas. AEB legal counsel reviewed for the directors their fiduciary duties and responsibilities, and also reviewed the terms and conditions of the merger agreement and related agreements. The merger agreement and all related agreements and documents had been previously distributed to the directors in advance of the meeting. Representatives from Hovde provided the board with a presentation of Hovde’s analysis of the fairness of the merger consideration to AEB shareholders from a financial point of view. The representatives announced that Hovde was issuing its written opinion to the AEB board to the effect that the merger consideration in connection with the merger was fair to the shareholders of AEB from a financial point of view.

The AEB board of directors discussed, among other things, the proposal relative to the estimated stand-alone prospects for AEB capital stock and determined that the proposal was in the best interests of AEB shareholders. As a result, and after taking into account, among other things, the factors described under the heading “— Recommendation of AEB’s Board of Directors and Reasons for the Merger”, the AEB board of directors unanimously approved the merger agreement.

AEB and Fidelity signed the merger agreement and the transaction was announced in a press release issued on October 26, 2015.

Recommendation of AEB’s Board of Directors and Reasons for the Merger

AEB’s board of directors believes that the merger is in the best interests of AEB and its shareholders. Accordingly, AEB’s board of directors has approved and executed the merger agreement and recommends that AEB voting shareholders vote “FOR” the approval of the merger.

In reaching its decision to recommend the merger, AEB’s Board of Directors consulted with AEB’s outside legal counsel and AEB’s financial advisor regarding the merger and considered a variety of factors, including the following:

- the AEB board of directors’ familiarity with and review of AEB’s business, financial condition, results of operations and prospects, including, but not limited to, its business plan and its potential for growth, development, productivity and profitability;
- the current and prospective environment in which AEB operates, including national and local economic conditions (including net interest margin pressures), the competitive environment for financial institutions generally, the increased regulatory burden on financial institutions generally, and the trend toward consolidation in the financial services industry;
- AEB’s belief that AEB needs to grow to be in a position to deliver a competitive return to its shareholders and such growth would require, among other things, the raising of capital;

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- the AEB board of directors' review, with the assistance of AEB's legal and financial advisors, of strategic alternatives to the merger, including a potential "merger of equals," a potential equity raise, the discussions with Fidelity and other bidders, and the possibility of remaining independent;

- the likelihood that acquisition opportunities for AEB as a buyer are limited without raising additional capital, and the ability to do so and the price at which such shares would be sold are uncertain;

- the AEB board of directors' review, based in part on presentations by AEB's management and advisors and on the due diligence performed in connection with the transaction, of Fidelity's business, financial condition, results of operations and management; the recent performance of Fidelity's common stock on both a historical and prospective basis; the strategic fit between the parties; the potential synergies expected from the merger; and the business risks associated with the merger;

- the expectation that the merger will provide holders of AEB stock with the opportunity to receive a publicly traded stock with liquidity and that the exchange of Fidelity shares for AEB shares will be tax-free for federal income tax purposes;

- the expected pro forma financial impact of the transaction, taking into account anticipated cost savings and other factors, on both AEB shareholders and Fidelity shareholders, including that the transaction is expected to be accretive to the earnings per share of both Fidelity and AEB.

The foregoing discussion of the information and factors considered by the board of AEB is not intended to be exhaustive, but includes the material factors considered. In view of the variety of factors considered in connection with its evaluation of the transaction and the exchange ratio, the board of directors of AEB did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determinations and recommendations, and individual directors may have given differing weights to different factors. Each member of the board of directors of AEB has indicated that he intends to vote his shares of AEB common stock in favor of the merger.

THE BOARD OF DIRECTORS OF AEB UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS OF AEB VOTE "FOR" THE PROPOSAL TO APPROVE THE MERGER AGREEMENT.

If the merger is approved and consummated, unless adjusted pursuant to the terms of the Agreement and Plan of Merger, holders of AEB common stock will be entitled to receive shares of Fidelity common stock based upon the VWAP, subject to minimum and maximum exchange ratios as follows:

- If the VWAP immediately prior to the merger is equal to or greater than \$23.20, then each share of AEB common stock will be converted into 0.237 shares of Fidelity common stock;

- If the VWAP immediately prior to the merger is less than \$23.20, but greater than \$18.98, then each share of AEB common stock will be converted into \$5.50 payable in shares of Fidelity common stock (with the exchange ratio equal to \$5.50 divided by the VWAP); and

- If the VWAP immediately prior to the merger is equal to or less than \$18.98, then each share of AEB common stock will be converted into 0.290 shares of Fidelity common stock.

Fidelity will not issue fractional shares in the merger. Instead, you will receive a cash payment, without interest, for the value of any fraction of a share of Fidelity common stock that you would otherwise be entitled to receive in an amount equal to such fraction multiplied by the VWAP.

AEB has \$6,000,000 in outstanding subordinated debentures. Holders of AEB's debentures currently have the right to convert their debentures into AEB common stock. The conversion price is derived by dividing 75% of the book value of shareholders' equity in AEB by the number of shares of common stock outstanding, with the book value and number of shares outstanding being calculated as of the end of the calendar quarter next preceding the conversion date. Prior to the consummation of the merger, AEB will

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issue a notice to its subordinated debenture holders advising them of the merger transaction and providing them with notice of their option to convert the debentures. Debenture holders that elect to convert their debentures into AEB common stock prior to the consummation of the merger will receive merger consideration for their shares of AEB common stock upon consummation.

For example, assuming a conversion date of October 26, 2015, the date the merger agreement was executed, and further assuming that all AEB debenture holders had elected to convert their debentures as of such date, then the conversion price would have been \$3.28 per share of AEB common stock based on shareholders' equity in AEB of \$13,353,464.29 and 3,055,223 shares of AEB common stock outstanding as of September 30, 2015.

Merger Consideration Adjustment and Termination Rights

Because a portion of the merger consideration includes Fidelity common stock payable at an exchange ratio for AEB common stock and the market value of the Fidelity common stock changes daily, the total value of the merger consideration will fluctuate. Neither Fidelity nor AEB can give you any assurance as to the price of Fidelity common stock or the value of the merger consideration when the merger becomes effective or when Fidelity's shares are delivered to you. As an illustration, assuming the merger had been completed on October 26, 2015, the date the merger agreement was executed, the aggregate merger consideration payable (assuming the conversion of all outstanding subordinated debentures) would have been \$27,623,700.50 based on a VWAP of \$20.59. However, assuming the merger had been completed on December 22, 2015, the most recent date available before these materials were mailed, the aggregate merger consideration payable (assuming the conversion of all outstanding subordinated debentures) would have been \$27,623,700.50 based on a VWAP of \$22.11.

Under the merger agreement, AEB may terminate the merger agreement if, at any time during the five-day period commencing with the fifth trading day immediately preceding the effective date of the merger (we refer to such five-day period as the "determination date"), both of the following conditions are satisfied:

- the number obtained by dividing the average of the daily closing prices for the shares of Fidelity common stock for the twenty consecutive full trading days on which such shares are actually traded on the Nasdaq Global Select Market (as reported by the Wall Street Journal ending on the determination date) (the "average closing price") by the lesser of (i) \$21.09 and (ii) the closing price of a share of Fidelity common stock on the Nasdaq Global Select Market on October 23, 2015 (the "Fidelity Ratio") is less than 0.85; and
- the Fidelity Ratio is less than 0.85 of the number obtained by dividing (i) the average of the closing price of the Nasdaq Bank Index for the twenty consecutive full trading days ending on the trading day prior to the determination date by (ii) the closing price of the Nasdaq Bank Index on October 23, 2015 (the "index ratio").

In the event the two conditions above are satisfied, AEB may elect to terminate the merger agreement by providing written notice of such termination to Fidelity. During the five-day period beginning with receipt of such notice from AEB, Fidelity has the option to increase the consideration to be received by the AEB shareholders by increasing the exchange ratio and/or making a cash payment so that the value of the per share purchase price to be received by each AEB shareholder equals the lesser of:

- the product of (i) \$21.09, (ii) 0.85 and (iii) the exchange ratio; and
- an amount equal to (i) the product of (1) the index ratio, (2) 0.85, (3) the exchange ratio and (4) the average closing price, (ii) divided by the Fidelity Ratio.

Even if the first two conditions described above are met, the AEB board of directors may elect not to terminate the merger agreement. Any decision to terminate the merger agreement will be made by the AEB board of directors in light of all of the circumstances existing at the time. Prior to making any decision to terminate the merger agreement, the AEB board of directors would consult with its financial and other advisors and would consider all financial and

other information it deemed relevant to its decision, including whether the then current consideration to be received in the merger would deliver more value to AEB shareholders than the value that could be expected in the event AEB were to continue as an independent

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company (which would occur if the AEB board of directors were to elect to abandon the merger and Fidelity determined not to increase the exchange ratio). In addition, the AEB board of directors would consider whether, in light of market and other industry conditions at the time of such decision, the merger consideration continued to be fair from a financial point of view to AEB's shareholders.

If each of the first two conditions set forth above were satisfied and the AEB board of directors elected to terminate the merger agreement, Fidelity would have the option of increasing the consideration payable to AEB shareholders by increasing the exchange ratio and/or making a cash payment in the amount set forth above (in addition to, and not in lieu of, issuing shares of Fidelity common stock). Fidelity is under no obligation to increase the exchange ratio or to make any such cash payment, and there can be no assurance that Fidelity would elect to increase the exchange ratio or make any such cash payment to prevent the termination of the merger agreement. Any decision would be made by Fidelity in light of the circumstances existing at the time. If Fidelity elected to increase the exchange ratio or to make such cash payment as described above, then AEB could not terminate the merger agreement as a result of the above-described circumstances.

For example, assume that Fidelity's average closing price during the determination period was \$15.82, representing a 25% decrease from \$21.09, and that the average daily current market price of the Nasdaq Bank Index during the determination period was 2,800.00. In that case, AEB would then have the right to terminate the merger agreement because both (i) the Fidelity Ratio is less than 0.85, and (ii) the subtraction of 0.15 from the quotient of 2,800.00 divided by 2,878.74 is greater than the Fidelity Ratio.

However, in this example, Fidelity could prevent the merger agreement from terminating by electing to either increase the exchange ratio to 0.3185 or by making a cash payment (in addition to, and not in lieu of, issuing shares of Fidelity common stock) of \$0.45 per share of AEB common stock.

This summary highlights selected information regarding the merger consideration adjustment and termination provisions in the merger agreement. For a more complete description of these terms, you should carefully read the Agreement and Plan of Merger included in Appendix A to these materials. In addition, we urge you to obtain current information on the market value of Fidelity shares. See "Summary — Markets for Common Stock" on page 7.

The Merger Agreement

The material features of the merger agreement are summarized below:

Effective Date

The merger agreement provides that the merger will be effective upon the approval of the Agreement and Plan of Merger by the shareholders of AEB and the filing of the Certificate of Merger reflecting the merger with the Secretary of State of the State of Georgia.

The merger and the bank merger must be approved by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation and the Department of Banking and Finance of the State of Georgia.

Management of Fidelity and AEB anticipate that the merger will become effective during the first quarter of 2016.

Terms of the Merger

If AEB shareholders approve the merger and subject to required regulatory approvals, AEB will be merged with and into Fidelity. In connection with the merger, AEB shareholders will receive Fidelity common stock in exchange for their AEB common stock, subject to adjustment and proration as previously described. Fidelity shareholders will continue to hold their existing Fidelity common stock.

If, prior to the merger closing, the outstanding shares of Fidelity common stock or AEB common stock are increased through a stock dividend, stock split, subdivision, recapitalization, or reclassification of shares, or are combined into a lesser number of shares by reclassification, reverse stock split, recapitalization, reduction of capital or other transaction, the number of shares of Fidelity common stock to be delivered pursuant to the merger in exchange for a share of AEB common stock will be proportionately adjusted.

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If the merger is completed, AEB will be merged with and into Fidelity. Following the merger, the articles of incorporation, bylaws, corporate identity, and existence of Fidelity will not be changed, and AEB will cease to exist as a separate entity. Following the merger, AEB's bank subsidiary, American Enterprise Bank of Florida, will be merged with and into Fidelity Bank, Atlanta, Georgia, a wholly-owned Georgia bank subsidiary of Fidelity, and Fidelity Bank will be the surviving bank.

Registration of Fidelity Common Stock

As a condition to the merger, Fidelity agreed to register with the SEC the shares of Fidelity common stock to be exchanged for shares of AEB common stock and to maintain the effectiveness of such registration through the issuance of such shares in connection with the closing of the merger. However, such registration will not cover resales of Fidelity common stock by any former holders of AEB common stock, and Fidelity is under no obligation to maintain the effectiveness of such registration, or to prepare and file any post-effective amendments to such registration, after the issuance of such shares in connection with the closing of the merger.

AEB Option Holders

Fidelity has agreed to pay the holder of each AEB option an amount in cash, without interest, equal to the difference between (i) the exercise price per share of AEB common stock issuable pursuant to such AEB option and (ii) an amount as determined by multiplying the exchange ratio by the VWAP. If such amount is a negative number, the AEB option will be terminated without any payment for such AEB option.

Termination and Conditions of Closing

The merger agreement may be terminated at any time either before or after approval of the merger agreement by the shareholders of AEB, but not later than the effective date of the merger:

- (1)
by Fidelity, if a material adverse effect (as defined in the merger agreement) has occurred, or if AEB has suffered a material loss or damage to any of its properties or assets, which change, loss or damage materially affects or impairs its ability to conduct its business;
- (2)
by AEB, if a material adverse change in the business, operations or financial condition of Fidelity on a consolidated basis shall have occurred, which change would reasonably be expected to have a material adverse effect on the market price of Fidelity's common stock or would materially affect or impair its ability to conduct its business;
- (3)
by either party, if the other party has not substantially complied with, or substantially performed, the terms, covenants or conditions of the merger agreement, and such non-compliance has not otherwise been waived;
- (4)
by either party, in the event of a material breach by the other party of any covenant, agreement or obligation contained in the merger agreement which breach has not been cured within twenty days after the giving of written notice of the breach or, if such breach is not capable of being cured within twenty days, the breaching party has not begun to cure such breach within twenty days after such written notice;
- (5)
by Fidelity, if it learns of any facts or conditions not disclosed by AEB in the merger agreement, the disclosure memorandum or its financial statements, which facts or conditions were required to be disclosed, and which materially and adversely affects such business, properties, assets, or earnings or the ownership, value or continuance thereof;
- (6)
by either party, if required regulatory approval has been denied by the relevant governmental entity or any governmental entity of competent jurisdiction has issued a final, nonappealable injunction permanently enjoining or otherwise prohibiting the consummation of the transactions contemplated by the merger agreement;

- (7)
by either party, if the merger has not occurred on or before April 30, 2016;

- (8)
by Fidelity, if the holders of more than 10% of the outstanding shares of AEB common stock elect to exercise statutory dissenters' rights;

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(9)

by either party, if the AEB shareholders do not approve the merger agreement; or

(10)

by AEB, as described in “— Merger Consideration Adjustment and Termination Rights” on page 17.

AEB must pay to Fidelity a termination fee of \$1 million, if, while a competing offer for the acquisition of AEB by a party other than Fidelity is outstanding or after such an offer has been accepted by AEB:

- either party terminates the agreement because the AEB shareholders did not approve the merger;

- AEB terminates the agreement other than pursuant to either (2)–(4) listed above; or

- Fidelity terminates the agreement.

The following summarizes the required conditions of closing:

- the accuracy of the representations and warranties of all parties contained in the merger agreement and related documents as of the date when made and the effective date;
- the performance of all agreements and the satisfaction of all conditions required by the merger agreement;
- the delivery of officers’ certificates, secretary’s certificates, and legal opinions to AEB and Fidelity by the other;
- the execution of an agreement by each director of AEB, pursuant to which each of them agrees: (i) to recommend, subject to any applicable fiduciary duty, to AEB shareholders approval of the merger; (ii) to vote the capital stock of AEB owned or controlled by them in favor of the merger; and (iii) to not compete with Fidelity for a period of one year after the closing date of the merger;
- approval of the merger by at least a majority of the shares of AEB common stock held by AEB shareholders;
- approvals of governmental authorities, and the expiration of any regulatory waiting periods;
- effectiveness of the registration statement of Fidelity relating to the shares of Fidelity common stock to be issued to AEB shareholders in the merger, of which this document forms a part;
- the receipt by Fidelity of a legal opinion from Troutman Sanders LLP to the effect that the merger will be treated as a “reorganization” described in Section 368(a) of the Internal Revenue Code of 1986, as amended;
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the receipt by AEB of a legal opinion from Smith, Gambrell & Russell, LLP to the effect that the merger will be treated as a “reorganization” described in Section 368(a) of the Internal Revenue Code of 1986, as amended;

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the receipt by Fidelity of a letter from Saltmarsh, Cleaveland & Gund with respect to AEB’s unaudited financial statements from December 31, 2014 through the date of the most recent monthly financial statements available in the ordinary course of business; and

•

the termination of that certain Memorandum of Understanding dated December 19, 2013 between the Federal Deposit Insurance Corporation and American Enterprise Bank of Florida.

Surrender of Certificates

After the effective date of the merger, each holder of AEB common stock (as of that date) will be required to deliver the certificates representing such holder’s shares of AEB common stock to Fidelity’s exchange agent, Computershare, in order to receive payment of the consideration from Fidelity in connection with the merger.

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After delivering shares of AEB common stock, assuming there has been no adjustment to the merger consideration, the holder will receive, per share of AEB common stock that such holder owned on the effective date of the merger, an amount of shares of Fidelity common stock based on the exchange ratio. In lieu of a fractional share, a cash payment, without interest, will be paid for any fractional interest in Fidelity common stock.

Until a holder delivers AEB common stock to Computershare, the holder may not receive payment of any dividends or other distributions on shares of Fidelity common stock into which his, her, or its shares of AEB common stock have been converted, if any, and may not receive any notices sent by Fidelity to its shareholders with respect to those shares.

Required Shareholder Approval

The holders of a majority of the outstanding shares of AEB common stock entitled to vote at the special meeting must approve the merger agreement for the merger to be completed. Abstentions from voting and broker non-votes will be included in determining whether a quorum is present and will have the effect of a vote against the merger agreement. As of December 23, 2015, the record date for determining the shareholders entitled to notice of and to vote at the special meeting, the outstanding voting securities of AEB consisted of 3,055,223 shares of common stock, with each registered holder of AEB common stock being entitled to one vote per share. All of the directors of AEB have agreed to vote their shares in favor of the merger. Further, under the merger agreement, AEB will use its best efforts to obtain agreements from all 5% shareholders of AEB under which such shareholders will agree to vote their shares in favor of the merger. The form of such agreement entered into by directors, and to be entered into by 5% shareholders, is attached as Exhibit B to the merger agreement, which is included as Appendix A to these materials. As of the record date, AEB's directors and 5% shareholders owned 1,360,457 shares, or 45%, of AEB common stock (excluding options and convertible debentures).

Expenses

All expenses incurred by Fidelity in connection with the merger, including all fees and expenses of its agents, representatives, counsel and accountants and the fees and expenses related to filing these materials and all regulatory applications with state and federal authorities will be paid by Fidelity. All expenses incurred by AEB in connection with the merger agreement, including all fees and expenses of its agents, representatives, counsel and accountants will be paid by AEB.

Conduct of Business of AEB Pending Closing

The merger agreement provides that, pending consummation of the merger, AEB will, except with the written consent of Fidelity:

- conduct its business in the ordinary course, without the creation of any indebtedness for borrowed money other than deposits and ordinary and customary accounts and credit arrangements;
- maintain its properties and assets in good operating condition, ordinary wear and tear excepted;
- maintain and keep in full force and effect all required insurance;
- preserve its capital structure and make no change in its authorized or issued capital stock or other securities, and grant no right or option to purchase or otherwise acquire any of its capital stock or securities;
- not pay or declare cash dividends, distributions or payments with respect to AEB's common stock;
- not redeem, purchase or otherwise acquire, directly or indirectly, any of its capital stock;

- make no amendment to its articles of incorporation or bylaws, and preserve its corporate existence and powers;
- acquire no business, corporation, partnership, association or other entity or division thereof, and no assets which are material, in the aggregate, to it;

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- not sell, mortgage, lease, buy or otherwise acquire, transfer or dispose of any real property or interest therein, or any tangible or intangible asset (other than in the ordinary course of business);
- make any loan or extension of credit in an amount in excess of \$500,000 (excluding any loan or extension of credit of a smaller amount on an outstanding loan or line of credit in excess of \$500,000), or renew or amend any existing loan or extension of credit that is characterized as “Special Mention”, “Substandard”, “Doubtful” or “Loss” in the books and records of AEB; provided, however, that AEB may make a loan or extension of credit in an amount in excess of \$500,000 in the event Fidelity shall not have disapproved of such request in writing within five business days upon receipt of such request from AEB;
- make no change in its banking and safe deposit arrangements;
- not enter into, renew or cancel any material contracts;
- maintain all books and records in the usual, regular and ordinary course;
- not prepare or file any tax return inconsistent with past practice, or on any tax return, take any position, make any election, or adopt any method inconsistent with positions taken, elections made or methods used in preparing or filing similar tax returns in prior periods; make or change any express or deemed election related to taxes; change an annual accounting period; adopt or change any method of accounting, file an amended tax return; surrender any right to claim a refund of taxes; enter into any closing agreements with respect to tax; or consent to any extension or waiver of the limitation period applicable to any tax proceedings relating to AEB or American Enterprise Bank of Florida;
- promptly advise Fidelity orally and in writing of any change or event having, or which could reasonably be expected to have, a material adverse effect (as defined in the merger agreement);
- file all reports required to be filed with any regulatory or governmental agencies, and deliver copies of such reports to Fidelity promptly after they are filed; and
- not adopt any new benefit plans or programs or amend any existing benefit plans or programs, the effect of which is to increase benefits to employees, directors, officers or independent contractors or their descendants or beneficiaries or the liabilities of AEB or its successors, and not grant or institute any new severance pay, termination pay, retention pay or transaction or deal bonus or arrangement or other benefit plan.

Interests of the Directors and Officers of AEB and American Enterprise Bank of Florida in the Merger
Except as set forth below, no director or officer of AEB, or any of their associates, has any direct or indirect material interest in the merger other than owning shares of AEB common stock which will be converted in the merger into Fidelity common stock and cash. Fidelity and AEB do not anticipate that the merger will result in any material change in compensation to employees of AEB.

Bennett Brown, President of AEB and American Enterprise Bank of Florida, has entered into an employment agreement with Fidelity whereby Mr. Brown will serve as Fidelity’s Jacksonville Area Market President. At the

closing of the merger, various other AEB and American Enterprise Bank of Florida officers will continue employment with Fidelity or Fidelity Bank pursuant to employment agreements.

Bennett Brown was awarded 50,000 shares of AEB common stock on February 21, 2006, but only 10,000 shares were granted. Pursuant to a letter from the AEB board of directors dated June 28, 2012, the remaining 40,000 shares are to be granted to Mr. Brown upon the closing of any merger or acquisition of AEB and American Enterprise Bank of Florida.

Fidelity will provide liability insurance to the present directors and officers of AEB and American Enterprise Bank of Florida for a period of six years following the closing of the merger for actions taken by such directors and officers in such capacity.

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Fidelity has agreed to provide to officers and employees of AEB and American Enterprise Bank of Florida who continue employment with Fidelity or its subsidiaries employee benefits under employee benefit plans, on terms and conditions substantially similar to those currently provided to similarly situated Fidelity officers and employees.

Differences in Legal Rights Between Shareholders of AEB and Fidelity

Following the merger you will no longer be an AEB shareholder and, if you receive shares of Fidelity following the merger, your rights as a shareholder will no longer be governed by AEB’s articles of incorporation and bylaws. You will be a Fidelity shareholder and your rights as a Fidelity shareholder will be governed by Fidelity’s articles of incorporation and bylaws. Your former rights as an AEB shareholder and your new rights as a Fidelity shareholder are different in certain ways, including the following:

	AEB Shareholder Rights	Fidelity Shareholder Rights
Authorized, Issued and Outstanding Capital Stock	AEB is authorized to issue 20,000,000 shares of common stock, \$3.00 par value per share. As of November 30, 2015, there were 3,055,223 shares of common stock outstanding (excluding shares issuable upon the exercise of stock options).	Fidelity is authorized to issue 50,000,000 shares of common stock, no par value per share, and up to 10,000,000 shares of preferred stock, no par value per share. Fidelity has authorized 48,200 shares of Series A preferred stock and 1,000 shares of Series B preferred stock. As of November 30, 2015, there were 23,105,492 shares of common stock outstanding, no shares of Series A preferred stock outstanding and no shares of Series B preferred stock outstanding.
Number of Directors	The articles of incorporation of AEB provide that the shareholders and the board of directors have the power to set the number of directors from time to time at no less than one director. The AEB board of directors currently consists of eleven directors.	The bylaws of Fidelity state that the board of directors shall consist of not less than three or more than twenty-four persons of eighteen years of age or over, except that if all of the shares of Fidelity are owned beneficially by less than three shareholders, the number of directors may be less than three. The Fidelity board of directors currently consists of nine directors.
Filling Vacancies on the Board	Any vacancy occurring on the board may be filled by the affirmative vote of a majority of the remaining directors and shall hold office until the next election of directors by the shareholders.	A vacancy occurring in the board of directors by reason of removal of a director by the shareholders shall be filled by the shareholders, or, if authorized by the shareholders, by the remaining directors. Any other vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall serve for the unexpired term of his predecessor in office.

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	AEB Shareholder Rights	Fidelity Shareholder Rights
Annual Meeting of Shareholders	AEB’s bylaws provide that an annual meeting will be held each year at the time and place set by the AEB board of directors, but in no event later than thirteen months after the last preceding annual meeting.	Fidelity’s bylaws provide that the annual meeting of the shareholders shall be held at such place on such date and at such time as the board of directors may by resolution provide, or if the board fails to provide, then such meeting shall be held at the principal office of Fidelity at 10:00 A.M. on the fourth Tuesday in April of each year. The board of directors may specify by resolution prior to any special meeting of shareholders held within the year that such meeting shall be in lieu of the annual meeting.
Shareholder Ability to Call Special Meetings	AEB’s bylaws provide that special meetings of the AEB shareholders may be called by the Chairman of the Board, the President or the board of directors, or at the request in writing of shareholders owning at least ten percent in amount of the shares of AEB common stock outstanding and entitled to vote.	Special meeting of the Fidelity shareholders may be called at any time by the board of directors, the President, or upon written request of the holders of at least twenty-five percent of the outstanding common stock.
Notice of Meetings	Notice of any annual or special meeting must be given personally or by mail to each shareholder entitled to vote at the annual or special meeting not less than ten nor more than sixty days prior to the annual or special meeting.	Written notice of each meeting of shareholders, stating the time and place of the meeting, and the purpose of any special meeting, shall be mailed to each shareholder entitled to vote at or to notice of such meeting not less than ten nor more than seventy days prior to such meeting unless such shareholder waives notice of the meeting.
Approval of Business Combinations	AEB’s articles of incorporation and bylaws do not contain any provisions for the special approval of business combinations. Florida does not have a business combination statute like Delaware, but instead has an affiliated transactions statute. The Florida statute defines an “affiliated transaction” as a merger by a Florida corporation with an “interested shareholder,” a sale, lease or other disposition to the interested shareholder of assets of the corporation above a certain threshold, including 5% or more of the fair market value of all of the assets of the corporation, or the	Fidelity’s articles of incorporation provide that any merger, liquidation or dissolution of Fidelity, or any action that would result in the same or other disposition of all or substantially all of the assets of Fidelity shall require approval by the affirmative vote of the holders of at least sixty-six and two-thirds percent (662/3%) of the issued and outstanding shares of capital stock then entitled to vote on such matters. Under the Georgia Business Corporation Code (“GBCC”), a plan of merger or share exchange must be adopted by the board of directors of each party to such merger or share exchange and, subject to certain exceptions, approved by the shareholders of each party.

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AEB Shareholder Rights

issuance or transfer by the corporation of shares of its capital stock having a fair market value equal to 5% of the fair market value of all of the outstanding shares of the corporation to the interested shareholder, adoption of any plan for liquidation or dissolution involving the interested shareholder, any reclassification of securities, or any receipt by the interested shareholder of any loans, guarantees or other financial assistance. Generally, the Florida statute requires approval of an affiliated transaction by two-thirds of the voting shares of the corporation other than the shares beneficially owned by the interested shareholder.

Fidelity Shareholder Rights

The GBCC provides that Fidelity shareholders who comply with certain procedural requirements of the GBCC are entitled to dissent from and obtain payment of the fair value of their shares in the event of certain mergers, share exchanges, sales or exchanges of all or substantially all of the Fidelity’s assets, amendments to the articles of incorporation that materially and adversely affect certain rights with respect to a dissenter’s shares, and certain other actions taken pursuant to a shareholder vote to the extent provided for under the GBCC, the articles of incorporation, the bylaws, or by resolution of the Fidelity board. However, shareholders of any class of shares are not entitled to vote on certain mergers, share exchanges, sales or exchanges of property, or amendments to the articles of incorporation if such shares, at the record date fixed to determine the shareholders entitled to receive notice of and to vote at a meeting of shareholders at which the certain merger, share exchange, sale or exchange of property, or amendment to the articles of incorporation is to be acted on, were either listed on a national securities exchange or held of record by more than 2,000 shareholders.

Dissenters’ Rights

Under Florida law, holders of AEB common stock are entitled to appraisal rights under the Florida Business Corporation Act (“FBCA”). Pursuant to Section 607.1302 of the FBCA, an AEB shareholder who does not wish to accept the consideration to be received pursuant to the terms of the merger agreement may dissent from the merger and receive a cash payment equal to the fair value of his or her shares of AEB stock instead of receiving the merger consideration. To exercise appraisal rights, AEB common shareholders must strictly follow the procedures established by Sections 607.1301 through 607.1333 of the FBCA. A dissenting shareholder who desires to exercise his or her appraisal rights must file with AEB, prior to the taking of the vote on the merger agreement, a written notice of intent to demand payment for his or her shares if the merger is effectuated. See “Appraisal Rights of Dissenting Shareholders,” beginning at page 28.

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	AEB Shareholder Rights	Fidelity Shareholder Rights
Amendments to Articles of Incorporation	Under Florida law, the board of directors may propose an amendment to AEB’s articles of incorporation for submission to the shareholders. Generally, to be adopted, the amendment must be approved by a majority of the votes entitled to be cast on such amendment.	Any amendment or repeal of Article VI (business combinations) or Article VII (tender offers) of Fidelity’s articles of incorporation shall require the affirmative vote of holders of sixty-six and two-thirds percent (66 ² / ₃ %) of the shares of capital stock of Fidelity then entitled to vote on such matters.
Amendments to Bylaws	The bylaws of AEB may be appealed, altered, amended and rescinded by the board of directors.	The board of directors shall have the power to alter, amend or repeal Fidelity’s bylaws or adopt new bylaws, but any bylaws adopted by the board may be altered, amended or repealed and new bylaws adopted by the shareholders. The shareholders may prescribe that any bylaw adopted by them shall not be altered, amended or repealed by the board. Action by the directors with respect to the bylaws shall be taken by an affirmative vote of a majority of all the directors then in office. Action by the shareholders with respect to the bylaws shall be taken by an affirmative vote of a majority of all shares outstanding and entitled to vote.
Indemnification of Directors and Officers and Limitation of Director Liability	AEB’s bylaws provide that it may indemnify any person who is party to any proceeding by reason that the person is or was a director, officer, employee, or agent of AEB, if the person acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interest of AEB, and, with respect to any criminal proceeding, had no reasonable cause to believe his conduct was unlawful.	Fidelity’s articles of incorporation provide that, to the extent permitted by law, a director shall not be liable to Fidelity or its shareholders for monetary damages for breach of the duty of care or other duty as a director; provided, however, that a director may be liable (a) for any appropriation, in violation of his duties, of any business opportunity of Fidelity; (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (c) for the types of liability set forth in the Official Code of Georgia Annotated Section 14-2-832; or (d) for any transaction from which the director derived an improper personal benefit. Fidelity’s bylaws provide that it shall indemnify and hold harmless any person who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that he is or was a director, officer, employee or agent of Fidelity against expenses (including attorneys’ fees), judgments, fines and amounts paid in

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AEB Shareholder Rights

Fidelity Shareholder Rights

settlement actually and reasonably incurred by him in connection with such proceeding if he acted in a manner he reasonably believed to be in or not opposed to the best interests of Fidelity, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any proceeding shall not, or itself, create a presumption that the person did not act in a manner which he reasonably believed to be in or not opposed to the best interests of Fidelity, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Securities Exchange Act Reporting

AEB is not subject to any of the filing requirements with the SEC.

Fidelity is subject to filing requirements under the Securities Exchange Act of 1934. These filing requirements are both periodic and transaction-based obligations whereby Fidelity discloses certain information to the SEC, and this information is subsequently made available to the public.

Dividends

Fidelity declared aggregate cash dividends of \$0.29 per share of common stock for the nine months ended September 30, 2015 and aggregate cash dividends of \$0.30 per share of common stock for the year ended December 31, 2014. Fidelity intends to continue paying cash dividends, but the amount and frequency of cash dividends, if any, will be determined by Fidelity’s board of directors after consideration of certain non-financial and financial factors including earnings, capital requirements, and the financial condition of Fidelity, and will depend on cash dividends paid to it by its subsidiary bank. The ability of Fidelity’s subsidiary bank to pay dividends to it is restricted by certain regulatory requirements.

AEB has never declared or paid dividends on shares of its common stock.

Accounting Treatment

The merger will be accounted for as a purchase for financial reporting and accounting purposes. After the merger, the results of operations of AEB will be included in the consolidated financial statements of Fidelity. The merger consideration will be allocated based on the fair values of the assets acquired and the liabilities assumed. Any excess of cost over fair value of the net tangible and identified intangible assets of AEB acquired will be recorded as goodwill. Any identified intangible asset may be amortized by charges to operations under generally accepted accounting principles.

Regulatory Approvals

The Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation and the Department of Banking and Finance of the State of Georgia must approve the merger. In determining whether to grant that approval, the Federal Reserve will consider the effect of the merger on the financial and managerial resources and future prospects of the companies and banks concerned and the convenience and needs of the communities to be served.

The review of the merger application by the Federal Reserve, the Federal Deposit Insurance Corporation or the Georgia Department of Banking and Finance will not include an evaluation of the proposed transaction from the financial perspective of the individual shareholders of AEB. Further, no shareholder should construe

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an approval of the merger application by the Federal Reserve, the Federal Deposit Insurance Corporation or the Georgia Department of Banking and Finance to be a recommendation that the shareholders vote to approve the proposal. Each shareholder entitled to vote should evaluate the proposal to determine the personal financial impact of the completion of the proposed transaction. Shareholders not fully knowledgeable in such matters are advised to obtain the assistance of competent professionals in evaluating all aspects of the proposal including any determination that the completion of the proposed transaction is in the best financial interest of the shareholder.

Appraisal Rights of Dissenting Shareholders

Under Florida law, holders of AEB common stock may be entitled to assert appraisal rights pursuant to Sections 607.1301 through 607.1333 of the Florida Business Corporation Act (the “Dissenter Provisions”). The following summary of Florida law is qualified in its entirety by reference to the full text of the Dissenter Provisions, a copy of which is included as Appendix B to these materials.

In order to exercise appraisal rights, a dissenting shareholder must strictly comply with the statutory procedures of the Dissenter Provisions, which are summarized below. AEB shareholders are urged to read Appendix B in its entirety and to consult with their legal advisors. Each AEB shareholder who desires to assert his or her appraisal rights is cautioned that failure on his or her part to adhere strictly to the requirements of Florida law in any regard will cause a forfeiture of any appraisal rights.

A dissenting shareholder who desires to exercise his or her appraisal rights must file with AEB, prior to the taking of the vote on the Agreement and Plan of Merger, a written notice of intent to demand payment for his or her shares if the merger is effectuated. A vote against the Agreement and Plan of Merger will not alone be deemed to be the written notice of intent to demand payment and will not be deemed to satisfy the notice requirements under the Dissenter Provisions. A dissenting shareholder need not vote against the Agreement and Plan of Merger, but cannot vote, or allow any nominee who holds such shares for the dissenting shareholder to vote, any of his or her shares of AEB common stock in favor of the Agreement and Plan of Merger. A vote in favor of the Agreement and Plan of Merger will constitute a waiver of the shareholder’s appraisal rights. A shareholder’s failure to vote against the Agreement and Plan of Merger will not constitute a waiver of such shareholder’s dissenters’ rights. Such written notification should be delivered either in person or by mail (certified mail, return receipt requested, being the recommended form of transmittal) to the main office of AEB, attention Corporate Secretary.

All such notices must be signed in the same manner as the shares are registered on the books of AEB. If an AEB shareholder has not provided written notice of intent to demand fair value before the vote on the proposal to approve the Agreement and Plan of Merger is taken at the special meeting, then the AEB shareholder will be deemed to have waived his or her appraisal rights.

Within ten days after the completion of the merger, Fidelity must provide to each AEB shareholder who filed a notice of intent to demand payment for his or her shares a written appraisal notice and an election form that specifies, among other things:

- the date of the completion of the merger;
- Fidelity’s estimate of the fair value of the shares of AEB common stock;
- where to return the completed appraisal election form and the shareholder’s stock certificates and the date by which each must be received by Fidelity or its agent, which date with respect to the receipt of the appraisal election form may not be fewer than forty, nor more than sixty, days after the date Fidelity sent the appraisal election form to the shareholder (and shall state that the shareholder shall have waived the right to demand appraisal with respect to the shares unless such form is received by Fidelity by such specified date) and which with respect to the return of stock certificates must not be earlier than the date for receiving the appraisal election form;
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that, if requested in writing, Fidelity will provide to the shareholder so requesting, within ten days after the date set for receipt by Fidelity of the appraisal election form, the number of shareholders who return the forms by such date and the total number of shares owned by them; and

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- the date by which a notice from the AEB shareholder of his or her desire to withdraw his or her appraisal election must be received by Fidelity, which date must be within twenty days after the date set for receipt by Fidelity of the appraisal election form from the AEB shareholder.

The form must also contain Fidelity's offer to pay to the AEB shareholder the amount that it has estimated as the fair value of the shares of AEB common stock, and request certain information from the AEB shareholder, including:

- the shareholder's name and address;

- the number of shares as to which the shareholder is asserting appraisal rights;

- that the shareholder did not vote for the merger;

- whether the shareholder accepts the offer of Fidelity to pay its estimate of the fair value of the shares of AEB common stock to the shareholder; and

- if the shareholder does not accept the offer of Fidelity, the shareholder's estimated fair value of the shares of AEB common stock and a demand for payment of the shareholder's estimated value plus interest.

A dissenting shareholder must execute the appraisal election form, and in the case of certificated shares, deposit the shareholder's certificates, by the specified date. Any dissenting shareholder failing to return a properly completed appraisal election form and his or her stock certificates within the period stated in the form will lose his or her appraisal rights and be bound by the terms of the Agreement and Plan of Merger. Upon returning the appraisal election form, a dissenting shareholder will be entitled only to payment pursuant to the procedure set forth in the Dissenter Provisions and will not be entitled to vote or to exercise any other rights of a shareholder, unless the dissenting shareholder withdraws his or her demand for appraisal within the time period specified in the appraisal election form.

A dissenting shareholder who has delivered the appraisal election form and his or her AEB common stock certificates may decline to exercise appraisal rights and withdraw from the appraisal process by giving written notice to Fidelity within the time period specified in the appraisal election form. Thereafter, a dissenting shareholder may not withdraw from the appraisal process without the written consent of Fidelity. Upon such withdrawal, the right of the dissenting shareholder to be paid the fair value of his or her shares will cease, and he or she will be reinstated as a shareholder and will be entitled to receive the merger consideration.

If the dissenting shareholder accepts the offer of Fidelity in the appraisal election form to pay Fidelity's estimate of the fair value of the shares of AEB common stock, payment for the shares of the dissenting shareholder is to be made within ninety days after the receipt of the appraisal election form by Fidelity or its agent. Upon payment of the agreed value, the dissenting shareholder will cease to have any interest in such shares.

A shareholder must demand appraisal rights with respect to all of the shares registered in his or her name, except that a record shareholder may assert appraisal rights as to fewer than all of the shares registered in the record shareholder's name but which are owned by a beneficial shareholder, if the record shareholder objects with respect to all shares owned by the beneficial shareholder. A record shareholder must notify AEB in writing of the name and address of each beneficial shareholder on whose behalf appraisal rights are being asserted. A beneficial shareholder may assert appraisal rights as to any shares held on behalf of the beneficial shareholder only if the beneficial shareholder submits to AEB the record shareholder's written consent to the assertion of such rights before the date specified in the appraisal election form, and does so with respect to all shares that are beneficially owned by the beneficial shareholder.

A shareholder who is dissatisfied with Fidelity's estimate of the fair value of the shares of Fidelity common stock must notify Fidelity of the shareholder's estimate of the fair value of the shares and demand payment of that estimate plus interest in the appraisal election form within the time period specified in the

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form. A shareholder who fails to notify Fidelity in writing of the shareholder's demand to be paid its stated estimate of the fair value of the shares plus interest within the required time period waives the right to demand payment and will be entitled only to the payment offered by Fidelity in the appraisal election form.

Section 607.1330 of the Dissenter Provisions addresses what should occur if a dissenting shareholder fails to accept the offer of Fidelity to pay the value of the shares as estimated by Fidelity, and Fidelity fails to comply with the demand of the dissenting shareholder to pay the value of the shares as estimated by the dissenting shareholder, plus interest.

If a dissenting shareholder refuses to accept the offer of Fidelity to pay the value of the shares as estimated by Fidelity, and Fidelity fails to comply with the demand of the dissenting shareholder to pay the value of the shares as estimated by the dissenting shareholder, plus interest, then within sixty days after receipt of a written demand from any dissenting shareholder, Fidelity shall, or at its election at any time within such period of sixty days may, file an action in any court of competent jurisdiction in the county in Florida where the registered office of Fidelity, maintained pursuant to Florida law, is located requesting that the fair value of such shares be determined by the court. If Fidelity fails to institute a proceeding within the above-prescribed period, any dissenting shareholder may do so in the name of Fidelity. All dissenting shareholders whose demands remain unsettled shall be made parties to the proceeding as in an action against their shares and a copy of the initial pleading will be served on each dissenting shareholder as provided by law. The shareholders demanding appraisal rights are entitled to the same discovery rights as parties in other civil proceedings. There shall be no right to a jury trial.

Fidelity is required to pay each dissenting shareholder the amount found to be due within ten days after final determination of the proceedings, which amount may, in the discretion of the court, include a fair rate of interest, which will also be determined by the court. Upon payment of the judgment, the dissenting shareholder ceases to have any interest in such shares.

Section 607.1331 of the Dissenter Provisions provides that the costs of a court appraisal proceeding, including reasonable compensation for, and expenses of, appraisers appointed by the court, will be determined by the court and assessed against Fidelity, except that the court may assess costs against all or some of the dissenting shareholders who are involved in the judicial proceeding, in amounts the court finds equitable, to the extent that the court finds such shareholders acted arbitrarily, vexatiously or not in good faith with respect to their appraisal rights. The court also may assess the fees and expenses of counsel and experts for the respective parties, in amounts the court finds equitable, against: (i) Fidelity and in favor of any or all dissenting shareholders who are involved in the judicial proceeding if the court finds Fidelity did not substantially comply with the notification provisions set forth in Sections 607.1320 and 607.1322 of the Dissenter Provisions; or (ii) either Fidelity or a dissenting shareholder, in favor of any other party, if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously, or not in good faith with respect to the appraisal rights. If the court in an appraisal proceeding finds that the services of counsel for any dissenting shareholder were of substantial benefit to other dissenting shareholders, and that the fees for those services should not be assessed against Fidelity, the court may award to such counsel reasonable fees to be paid out of the amounts awarded the dissenting shareholders who were benefited. To the extent that Fidelity fails to make a required payment when a dissenting shareholder accepts Fidelity's offer to pay the value of the shares as estimated by Fidelity, the dissenting shareholder may sue directly for the amount owed and, to the extent successful, shall be entitled to recover from Fidelity all costs and expenses of the suit, including counsel fees.

Because of the complexity of the Florida laws relating to appraisal rights of dissenting shareholders, AEB shareholders who are considering dissenting from the merger are urged to consult their own legal counsel.

Material Federal Income Tax Consequences of the Merger and Opinion of Tax Counsel

Subject to the limitations, assumptions and qualifications described herein, in the opinion of each of Troutman Sanders LLP and Smith, Gambrell & Russell, LLP, the following discussion summarizes the anticipated material U.S. federal income tax consequences of the merger generally applicable to "U.S. holders" (as defined below) of AEB common stock that exchange their shares in the merger. This summary

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is based upon the Internal Revenue Code of 1986, as amended (the “Code”), Treasury regulations promulgated thereunder, judicial authorities, published positions of the Internal Revenue Service (“IRS”) and other applicable authorities, all as in effect on the date of this discussion and all of which are subject to change (possibly with retroactive effect) and differing interpretations. The opinions of tax counsel for each of Fidelity and AEB are filed as Exhibit 8.1 and Exhibit 8.2, respectively, to the registration statement on Form S-4 of which this document is a part. This summary is limited to U.S. holders (as defined below) that hold their shares of AEB common stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). Furthermore, this discussion does not address all of the tax consequences that may be relevant to a particular AEB shareholder or to AEB shareholders that are subject to special rules under U.S. federal income tax laws, such as: shareholders that are not U.S. holders; financial institutions; insurance companies; mutual funds; tax-exempt organizations; S corporations or other pass-through entities (or investors in such entities); regulated investment companies; real estate investment trusts; dealers in securities or currencies; persons subject to the alternative minimum tax provisions of the Code; former citizens or residents of the United States; persons whose functional currency is not the U.S. dollar; traders in securities that elect to use a mark-to-market method of accounting; persons who (directly or through attribution) own 5% or more of the outstanding common stock of AEB; persons who hold AEB common stock as part of a straddle, hedge, constructive sale or conversion transaction; and U.S. holders who acquired their shares of AEB common stock through the exercise of an employee stock option or otherwise as compensation.

For purposes of this section, the term “U.S. holder” means a beneficial owner of AEB common stock that for U.S. federal income tax purposes is: (i) an individual who is a citizen or resident of the United States; (ii) an entity, including a corporation (or other entity taxable as a corporation), created or organized under the laws of the United States, any state thereof, or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source; or (iv) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust, and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) a valid election to be treated as a U.S. person is in effect with respect to such trust.

If a partnership (including any entity or arrangement that is treated as a partnership for U.S. federal income tax purposes) holds AEB common stock, the tax treatment of a partner generally will depend on the status of the partners and the activities of the partnership. Partnerships and partners in such a partnership should consult their tax advisers about the tax consequences of the merger to them.

Holders of AEB common stock are urged to consult with their own tax advisors as to the tax consequences of the merger in their particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign income tax and other tax laws and of any changes in those laws.

The Merger

The merger is intended to constitute a “reorganization” within the meaning of Section 368(a) of the Code. Consummation of the merger is conditioned upon each of Fidelity and AEB receiving a written tax opinion, dated the closing date of the merger, from their respective outside legal counsels to the effect that, based upon facts, representations and assumptions set forth in such opinions, the merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. An opinion of counsel represents the counsel’s best legal judgment and is not binding on the IRS or any court, and as a result, there can be no assurance that the IRS will not assert, or that a court would not sustain, a position contrary to any such opinion. In addition, if any of the representations or assumptions upon which these opinions are based is inconsistent with the actual facts, the U.S. federal income tax consequences of the merger could be adversely affected. Accordingly, each AEB shareholder should consult its tax advisor with respect to the particular tax consequences of the merger to such holder. The remainder of this discussion assumes that, for U.S. federal income tax purposes, the merger will constitute a reorganization within the meaning of Section 368(a) of the Code.

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Consequences to Fidelity and AEB

Each of Fidelity and AEB will be a party to the merger within the meaning of Section 368(b) of the Code, and neither Fidelity nor AEB will recognize any gain or loss as a result of the merger.

Consequences to Shareholders

Exchange Solely for Fidelity Common Stock. A U.S. holder will not recognize any gain or loss in connection with such U.S. holder's exchange of all of its shares of AEB common stock for shares of Fidelity common stock, except in respect of cash received in lieu of any fractional share of Fidelity common stock.

Cash Received in Lieu of a Fractional Share. If a U.S. holder receives cash in the merger instead of a fractional share interest in Fidelity common stock, the U.S. holder will be treated as having received such fractional share in the merger, and then as having received cash in exchange for such fractional share. Gain or loss would be recognized in an amount equal to the difference between the amount of cash received and the AEB shareholder's adjusted tax basis allocable to such fractional share. The gain or loss generally will be a capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, the U.S. holder held its shares of AEB common stock for more than one year.

Exchange Solely for Cash upon Exercise of Appraisal Rights. Upon the proper exercise of appraisal rights, the exchange of AEB shares solely for cash generally will result in recognition of gain or loss by the U.S. holder in an amount equal to the difference between the amount of cash received by the U.S. holder and the U.S. holder's tax basis in its AEB common stock (generally the purchase price paid by the U.S. holder to acquire such stock). The gain or loss generally will be a capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, the U.S. holder held its shares of AEB common stock for more than one year.

Tax Basis in, and Holding Period for, Fidelity Common Stock. The aggregate tax basis of the Fidelity common stock received by a U.S. holder as a result of the merger (excluding fractional shares deemed received and redeemed as described above) will be equal to the aggregate tax basis of its AEB common stock surrendered decreased by any portion of such tax basis allocated to fractional shares of Fidelity common stock that are treated as redeemed by Fidelity. The holding period of the Fidelity common stock a U.S. holder receives as a result of the exchange will include the holding period of AEB common stock surrendered in the merger. If a U.S. holder has differing bases or holding periods in respect of its shares of AEB common stock, it should consult its tax advisor with regard to identifying the bases or holding periods of the particular shares of Fidelity common stock received in the exchange.

Backup Withholding and Information Reporting

A non-corporate U.S. holder may be subject under certain circumstances to information reporting and backup withholding (currently at a rate of 28%) on any cash payments received. A U.S. holder generally will not be subject to backup withholding, however, if such U.S. holder: (1) furnishes a correct taxpayer identification number, certifies that it is not subject to backup withholding and otherwise complies with all the applicable requirements of the backup withholding rules; or (2) provides proof that it is otherwise exempt from backup withholding. Any amounts withheld under the backup withholding rules are not an additional tax and generally will be allowed as a refund or credit against the U.S. holder's U.S. federal income tax liability, provided such U.S. holder timely furnishes the required information to the IRS. U.S. holders should consult their own tax advisors regarding the application of backup withholding based on their particular circumstances and the availability and procedure for obtaining an exemption from backup withholding.

An AEB shareholder who receives Fidelity common stock as a result of the merger will be required to retain records pertaining to the merger. Each AEB shareholder who is required to file a U.S. federal income tax return and who is a "significant holder" that receives Fidelity common stock in the merger will be required to file a statement with such U.S. federal income tax return in accordance with Treasury Regulations Section 1.368-3 setting forth information regarding the parties to the merger, the date of the merger, the fair market value of such AEB shareholder's AEB shares surrendered and such shareholder's

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basis in such shares. A “significant holder” is a holder of AEB common stock who, immediately before the merger, either: (i) owned at least 1% by vote or value of the outstanding stock of AEB or (ii) owned securities of AEB with a basis for federal income tax purposes of at least \$1 million.

THE PRECEDING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF THE MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER AND DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OR DISCUSSION OF ALL POTENTIAL TAX EFFECTS RELEVANT THERETO. AEB SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE MERGER, INCLUDING TAX RETURN REPORTING REQUIREMENTS, THE APPLICABILITY AND EFFECT OF NON-U.S., FEDERAL, STATE, AND LOCAL INCOME TAX, AND OTHER APPLICABLE TAX LAWS, AND THE EFFECT OF ANY PROPOSED CHANGES IN THE TAX LAWS.

Opinion of AEB’s Financial Advisor

The fairness opinion of AEB’s financial advisor, Hovde Group, LLC, is described below. The description contains projections, estimates and other forward-looking statements about the future earnings or other measures of the future performance of AEB. The projections were based on numerous variables and assumptions, which are inherently uncertain, including factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in the projections. You should not rely on any of these statements as having been made or adopted by AEB or Fidelity. You should review the copy of the fairness opinion, which is attached as Appendix C.

Hovde has acted as AEB’s financial advisor in connection with the proposed merger. Hovde is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger and is familiar with AEB and its operations. As part of its investment banking business, Hovde is continually engaged in the valuation of businesses and their securities in connection with, among other things, mergers and acquisitions. AEB’s board of directors selected Hovde to render a fairness opinion in connection with the merger on the basis of the firm’s reputation and expertise in transactions such as the merger.

Hovde reviewed the financial aspects of the proposed merger with AEB’s board of directors and, on October 26, 2015, delivered a written opinion to AEB’s board of directors that the merger consideration to be paid in connection with the merger was fair to the shareholders of AEB from a financial point of view. In requesting Hovde’s advice and opinion, no limitations were imposed by AEB upon Hovde with respect to the investigations made or procedures followed by it in rendering its opinion.

AEB engaged Hovde on June 25, 2015, to provide AEB with financial services relating to issuing a fairness opinion to AEB’s board of directors. Pursuant to the terms of the engagement, Hovde will receive consideration in the amount of \$50,000 for the delivery of its fairness opinion. At the time the merger is completed, AEB will pay Hovde a completion fee, which is contingent upon the completion of the merger. Pursuant to the engagement agreement, in addition to its fees and regardless of whether the merger is consummated, AEB has agreed to reimburse Hovde for certain reasonable out-of-pocket expenses incurred in performing its services and to indemnify Hovde against certain claims, losses and expenses arising out of the merger or Hovde’s engagement. In addition, Hovde has not had a material relationship with any party to the merger for which it has received compensation during the prior two years. The full text of Hovde’s written opinion is included in this proxy statement as Appendix C and is incorporated herein by reference. You are urged to read the opinion in its entirety for a description of the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Hovde. The summary of the Hovde’s opinion included in this proxy statement is qualified in its entirety by reference to the full text of such opinion. Hovde’s opinion is directed to AEB’s board of directors and addresses only the fairness, from a financial point of view, of the merger consideration payable to AEB’s shareholders in connection with the merger. It does not address the underlying business decision to proceed with the merger and does not constitute a recommendation to any of the shareholders as to how such shareholder should vote at the special meeting on the merger or any related matter.

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The type and amount of consideration payable in the merger was determined through negotiations between AEB and Fidelity, with the assistance of Hovde, and was approved by AEB's board of directors. As described above, Hovde's opinion to the board of directors of AEB was one of many factors taken into consideration by the board of directors of AEB in making its determination to approve the merger agreement.

During the course of its engagement, and as a basis for arriving at its opinion, Hovde reviewed and analyzed material bearing upon the financial and operating conditions of AEB and material prepared in connection with the merger, including, among other things, the following:

- a draft of the Agreement dated October 16, 2015, as provided to Hovde by AEB;
- certain unaudited financial statements for AEB and Fidelity for the nine-month period ended September 30, 2015;
- certain historical annual reports of AEB and American Enterprise Bank of Florida and Fidelity, including audited annual reports for the year ended December 31, 2014;
- certain historical publicly available business and financial information concerning AEB, American Enterprise Bank of Florida and Fidelity;
- certain internal financial statements and other financial and operating data concerning AEB, American Enterprise Bank of Florida and Fidelity;
- financial projections prepared by certain members of senior management of AEB and American Enterprise Bank of Florida;
- the terms of recent merger, acquisition and control investment transactions, to the extent publicly available, involving financial institutions and financial institution holding companies that Hovde considered relevant;
- the general economic, market and financial conditions;
- the pro forma impact of the merger on the combined company's earnings per share, consolidated capitalization and financial ratios;
- certain publicly available financial and stock market data relating to selected public companies that Hovde deemed relevant; and
- historical market prices and trading volumes of Fidelity's common stock.

Hovde also conducted meetings and had discussions with members of senior management of AEB and Fidelity for purposes of reviewing the business, financial condition, results of operations and future prospects of AEB, American Enterprise Bank of Florida, and Fidelity, as well as the history and past and current operations of AEB, American

Enterprise Bank of Florida, and Fidelity, AEB's convertible subordinated debentures and the terms thereof, and AEB's, American Enterprise Bank of Florida's, and Fidelity's historical financial performance, outlook and future prospects. Hovde also discussed with management of AEB its assessment of the rationale for the merger. Hovde also performed such other analyses and considered such other factors as Hovde deemed appropriate, and took into account its experience in other transactions, as well as its knowledge of American Enterprise Bank of Florida and financial services industry and its general experience in securities valuations.

In rendering its opinion, Hovde assumed, without independent verification, the accuracy and completeness of the financial and other information and representations contained in the materials provided to it by AEB, American Enterprise Bank of Florida, and Fidelity, and in the discussions it had with management of AEB. Hovde relied upon the reasonableness and achievability of the financial forecasts and projections (and the assumptions and bases therein) provided to Hovde by AEB, American Enterprise Bank of Florida and Fidelity, and assumed that the financial forecasts, including without limitation, the projections regarding under-performing and non-performing assets and net charge-offs, were reasonably prepared by AEB, American Enterprise Bank of Florida, and Fidelity on a basis reflecting the

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best currently available information and judgments and estimates by AEB, American Enterprise Bank of Florida, and Fidelity, and that such forecasts will be realized in the amounts and at the times contemplated thereby. Hovde did not assume any responsibility to independently to verify such information or assumptions.

Hovde is not an expert in the evaluation of loan and lease portfolios for purposes of assessing the adequacy of the allowances for loan losses with respect thereto. Hovde assumed that such allowances for AEB, American Enterprise Bank of Florida, and Fidelity, are in the aggregate, adequate to cover such losses, and will be adequate on a pro forma basis for the combined entity. Hovde was not requested to make, and did not conduct, an independent evaluation, physical inspection or appraisal of the assets, properties, facilities or liabilities (contingent or otherwise) of AEB, American Enterprise Bank of Florida, or Fidelity, the collateral securing any such assets or liabilities, or the collectability of any such assets, and Hovde was not furnished with any such evaluations or appraisals, nor did Hovde review any loan or credit files of AEB, American Enterprise Bank of Florida, or Fidelity.

Hovde assumed that the merger will be consummated substantially in accordance with the terms set forth in the Agreement, without any waiver of material terms or conditions by AEB or any other party to the Agreement and that the final Agreement would not differ materially from the draft Hovde reviewed. Hovde assumed that the merger is, and will be, in compliance with all laws and regulations that are applicable to AEB and Fidelity. AEB advised Hovde that there are no factors that would impede any necessary regulatory or governmental approval of the merger. Hovde further assumed that, in the course of obtaining the necessary regulatory and government approvals, no restriction will be imposed on AEB or on Fidelity that would have a material adverse effect on the contemplated benefits of the merger. Hovde also assumed that no changes in applicable law or regulation will occur that will cause a material adverse change in the prospects or operations of AEB and Fidelity after the merger.

In performing its analyses, Hovde made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Hovde, AEB and Fidelity. Hovde's opinion was necessarily based on financial, economic, market and other conditions and circumstances as they existed on, and on the information made available to Hovde as of, the dates used in its opinion. Hovde has no obligation to update or reaffirm its opinion at any time. Any estimates contained in the analyses performed by Hovde are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities may be sold or the prices at which any securities may trade at any time in the future. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. Hovde's opinion does not address the relative merits of the merger as compared to any other business combination in which AEB might engage. In addition, Hovde's fairness opinion was among several factors taken into consideration by AEB's board of directors in making its determination to approve the Agreement and the merger. Consequently, the analyses described below should not be viewed as solely determinative of the decision of AEB's board of directors or AEB's management with respect to the fairness of the merger consideration to be paid to, or any consideration to be received by, AEB's shareholders in connection with the merger.

The following is a summary of the material analyses prepared by Hovde and delivered to AEB's board of directors on October 26, 2015, in connection with the delivery of its fairness opinion. This summary is not a complete description of the analyses underlying the fairness opinion or the presentation prepared by Hovde, but it summarizes the material analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Hovde did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include the information presented in tabular format. The analyses and the summary of the analyses must be considered as a whole and selecting portions of the analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading

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or incomplete view of the process underlying the analyses and opinion of Hovde. The tables alone are not a complete description of the financial analyses.

Market Approach — Comparable Transactions. As part of its analysis, Hovde reviewed publicly available information related to two comparable groups (“Regional Group” and “Nationwide Group”) of select acquisition transactions of banks. The Regional Group consisted of acquisition transactions of banks headquartered in the Southeast Region of the United States (consisting of the states of Virginia, West Virginia, Tennessee, North Carolina, South Carolina, Georgia, Arkansas, Mississippi, Louisiana, and Florida) announced since January 1, 2013, in which the target had assets between \$100 million and \$300 million, nonperforming assets (“NPAs”) to assets between 1.0% and 6.0% and a return on average assets (“ROAA”) greater than 0.0% over the last twelve months (“LTM”). The Nationwide Group consisted of acquisition transactions of banks in the United States announced since January 1, 2013, in which the target had assets between \$150 million and \$300 million, NPAs to assets between 2.0% and 6.0% and a return on average assets between 0.25% and 0.75% over the last twelve months. Information for the target institutions was based on balance sheet data as of, and income statement data for the twelve months preceding, the most recent quarter prior to announcement of the transactions. The resulting two groups consisted of the following transactions (21 transactions for the Regional Group and 19 transactions for the Nationwide Group):

Regional Group: Buyer (State)	Target (State)
Southern States Bancshares, Inc. (AL)	Columbus Community Bank (GA)
Hamilton State Bancshares, Inc. (GA)	Highland Financial Services, Inc. (GA)
River Financial Corporation (AL)	Keystone Bancshares, Inc. (AL)
Achieva Credit Union (FL)	Calusa Financial Corporation, Inc. (FL)
Carolina Alliance Bank (SC)	PBSC Financial Corporation (SC)
Ironhorse Financial Group, Inc. (OK)	Benefit Bank (AR)
ServisFirst Bancshares, Inc. (AL)	Metro Bancshares, Inc. (GA)
American National Bancshares, Inc. (VA)	MainStreet BankShares, Inc. (VA)
Charles Investment Group, LLC (AL)	United Group Banking Company of Florida, Inc. (FL)
Community & Southern Holdings, Inc. (GA)	Alliance Bancshares, Inc. (GA)
First American Bank Corporation (IL)	Bank of Coral Gables (FL)
State Bank Financial Corporation (GA)	Atlanta Bancorporation, Inc. (GA)
Heritage Financial Group, Inc. (GA)	Alarion Financial Services, Inc. (FL)
First Citizens Bancshares, Inc. (TN)	Southern Heritage Bancshares, Inc. (TN)
HomeTrust Bancshares, Inc. (NC)	

TriSummit Bancorp, Inc. (TN)	Bank of Commerce (NC)
Franklin Financial Network, Inc. (TN)	Community National Bank of the Lakeway Area (TN)
Community & Southern Holdings, Inc. (GA)	MidSouth Bank (TN)
Carolina Alliance Bank (SC)	Verity Capital Group, Inc. (GA)
HomeTrust Bancshares, Inc. (NC)	Forest Commercial Bank (NC)
Southern BancShares (N.C.), Inc. (NC)	BankGreenville Financial Corporation (SC)
	Heritage Bancshares, Inc. (NC)

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Nationwide Group: Buyer (State)	Target (State)
Preferred Bank (CA)	United International Bank (NY)
First Capital, Inc. (IN)	Peoples Bancorp Inc. of Bullitt County (KY)
Heartland Financial USA, Inc. (IA)	Community Bancorporation of New Mexico (NM)
Ironhorse Financial Group, Inc. (OK)	Benefit Bank (AR)
Glacier Bancorp, Inc. (MT)	Montana Community Banks, Inc. (MT)
ServisFirst Bancshares, Inc. (AL)	Metro Bancshares, Inc. (GA)
First Busey Corporation (IL)	Herget Financial Corp. (IL)
Investor group	Northfield Bancshares, Inc. (MN)
American National Bankshares Inc. (VA)	MainStreet BankShares, Inc. (VA)
Little London Bancorp Inc. (CO)	5Star Bank (CO)
Community & Southern Holdings, Inc. (GA)	Alliance Bancshares, Inc. (GA)
Southern Missouri Bancorp, Inc. (MO)	Peoples Service Company (MO)
Franklin Financial Network, Inc. (TN)	MidSouth Bank (TN)
Northrim BanCorp, Inc. (AK)	Alaska Pacific Bancshares, Inc. (AK)
Croghan Bancshares, Inc. (OH)	Indebancorp (OH)
Texas State Bankshares, Inc. (TX)	Border Capital Group, Inc. (TX)
CrossFirst Holdings, LLC (KS)	Tulsa National Bancshares, Inc. (OK)
New Hampshire Thrift Bancshares, Inc. (NH)	Central Financial Corporation (VT)
Southern BancShares (N.C.), Inc. (NC)	Heritage Bancshares, Inc. (NC)

For each precedent transaction, Hovde compared the implied ratio of deal value to certain financial characteristics of AEB as follows:

- the multiple of the purchase consideration to the acquired company's tangible common book value (the "Price-to-Tangible Common Book Value Multiple");
- the multiple of the purchase consideration to the acquired company's last twelve months net earnings per share (the "Price-to-LTM Earnings Multiple"); and
- the multiple of the difference between the purchase consideration and the acquired company's tangible book value to the acquired company's core deposits (the "Premium-to-Core Deposits Multiple").

The results of the analysis are set forth in the table below. Transaction multiples for the merger were derived from the estimated per share purchase price of \$5.50, which implied an aggregate merger consideration of \$27.1 million for AEB and was based on September 30, 2015 financial results of AEB.

Implied Value for AEB Based On:	Price-to-Tangible Common Book Value Multiple	Price-to-LTM Earnings Multiple	Premium-to-Core Deposits Multiple
Merger Consideration	140.6%	39.2x	6.1%
Precedent Transactions	120.0%	20.4x	4.9%
Regional Group:			

Median

Precedent Transactions

Nationwide Group: 117.0% 21.4x 2.3%

Median

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Using publicly available information, Hovde compared the financial performance of AEB with that of the median of the precedent transactions from the Regional Group and Nationwide Group. The performance highlights are based on September 30, 2015 financial results of AEB.

	Tangible Equity/Tangible Assets	Core Deposits	LTM ROAA(1)	LTM ROAE(2)	Efficiency Ratio	NPAs/ Assets	ALLL/ NPLs(3)
AEB	9.40%	73.72%	0.59%	6.53%	82.75%	4.07%	23.31%
Precedent Transactions Regional Group: Median	10.77%	77.20%	0.59%	4.67%	83.33%	2.03%	82.82%
Precedent Transactions Nationwide Group: Median	11.15%	83.59%	0.46%	3.74%	84.30%	2.57%	47.17%

(1)
Return on Average Assets

(2)
Return on average equity

(3)
Allowance for loan and lease losses as a percentage of nonperforming loans

No company or transaction used as a comparison in the above transaction analyses is identical to AEB, and no transaction was consummated on terms identical to the terms of the Agreement. Accordingly, an analysis of these results is not strictly mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.

Income Approach — Discounted Cash Flow Analysis. Taking into account various factors including, but not limited to, AEB's recent performance, the current banking environment and the local economy in which AEB operates, Hovde determined, in consultation with and based on information provided by management of AEB, earnings estimates for AEB over a forward looking five-year period, and AEB management developed the forward-looking projections and key assumptions, which formed the basis for the discounted cash flow analyses. To determine present values of AEB based on these projections, Hovde utilized three discounted cash flow models, each of which capitalized terminal values using a different methodology: (1) terminal growth model ("DCF Terminal Growth Model"); (2) terminal price/earnings multiple ("DCF Terminal P/E Multiple"); and (3) terminal price/tangible book value multiple ("DCF Terminal P/TBV Multiple").

For the DCF Terminal Growth Model, an estimated value per fully diluted share of AEB's common stock was calculated based on the present value of AEB's after-tax future free cash flows based on AEB management's forward-looking projections. Hovde utilized a terminal value at the end of 2020 based on AEB's earnings increasing perpetually thereafter, assuming a range of perpetuity growth rates of 2.0% to 4.0%. A range of discount rates between 12.0% and 15.0% were used to determine the present value of the free cash flows plus the terminal value. These rates were chosen to reflect different assumptions regarding the required rates of return of holders or prospective buyers of AEB's common stock. The resulting values of the DCF Terminal Growth Model ranged between \$1.67 and \$2.98 per fully diluted share, with a midpoint of \$2.17 per fully diluted share.

In the DCF Terminal P/E Multiple analysis, the same earnings estimates were used; however, in arriving at the terminal value of AEB's projected earnings at the end of 2020, Hovde applied a range of price-to-earnings multiples of

19.4x to 23.4x, with a midpoint of 21.4x, which is the median price-to-earnings multiple derived from transactions in the Nationwide Group. The present value of AEB's projected dividends, if any, plus the terminal value was then calculated assuming a range of discount rates between 12.0% and 15.0%. The resulting values of the DCF Terminal P/E Multiple ranged between \$3.70 and \$5.13 per fully diluted share, with a midpoint of \$4.37 per fully diluted share. In the DCF Terminal P/TBV Multiple model, the same earnings estimates and projected dividends were used; however, in arriving at the terminal value at the end of 2020, Hovde applied a range of price-to-tangible book value multiples of 0.97x to 1.37x with the midpoint being 1.17x, which is the median price-to-tangible book value multiple derived from transactions in the Nationwide Group. The present

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