

Ameris Bancorp  
Form 10-Q  
August 07, 2015  
**Table of Contents**

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2015**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Commission File Number: 001-13901**

**AMERIS BANCORP**

**(Exact name of registrant as specified in its charter)**

**GEORGIA**  
**(State of incorporation)**

**58-1456434**  
**(IRS Employer ID No.)**

**310 FIRST STREET, S.E., MOULTRIE, GA 31768**

**(Address of principal executive offices)**

**(229) 890-1111**

**(Registrant's telephone number)**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act. (Check one):

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act). Yes  No

There were 32,195,089 shares of Common Stock outstanding as of July 31, 2015.

Table of Contents

## AMERIS BANCORP

## TABLE OF CONTENTS

|   | <b>Page</b> |
|---|-------------|
| <b>PART I FINANCIAL INFORMATION</b>   |             |
| <b>Item 1. <u>Financial Statements.</u></b>   |             |
| <u>Consolidated Balance Sheets at June 30, 2015, December 31, 2014 and June 30, 2014</u>  | 1           |
| <u>Consolidated Statements of Earnings and Comprehensive Income/(Loss) for the Three and Six Month Periods Ended June 30, 2015 and 2014</u> | 2           |
| <u>Consolidated Statements of Changes in Stockholders' Equity for the Six Months Ended June 30, 2015 and 2014</u>                           | 3           |
| <u>Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2015 and 2014</u>  | 4           |
| <u>Notes to Consolidated Financial Statements</u>   | 6           |
| <b>Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations.</u></b>                                | 54          |
| <b>Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk.</u></b>   | 80          |
| <b>Item 4. <u>Controls and Procedures.</u></b>  | 80          |
| <b>PART II OTHER INFORMATION</b>  |             |
| <b>Item 1. <u>Legal Proceedings.</u></b>  | 81          |
| <b>Item 1A. <u>Risk Factors.</u></b>  | 81          |
| <b>Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds.</u></b>  | 81          |
| <b>Item 3. <u>Defaults Upon Senior Securities.</u></b>  | 81          |
| <b>Item 4. <u>Mine Safety Disclosures.</u></b>  | 81          |
| <b>Item 5. <u>Other Information.</u></b>  | 81          |
| <b>Item 6. <u>Exhibits.</u></b>   | 81          |
| <b><u>Signatures</u></b>  | 81          |

**Table of Contents****Item 1. Financial Statements.****AMERIS BANCORP AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(dollars in thousands, except per share data)**

|  | <b>June 30,<br/>2015<br/>(Unaudited)</b> | <b>December 31,<br/>2014<br/>(Audited)</b> | <b>June 30,<br/>2014<br/>(Unaudited)</b> |
|--|--|--|--|
| <b>Assets</b>  |  |  |  |
| Cash and due from banks  | \$ 115,413                               | \$ 78,036                                  | \$ 80,986                                |
| Federal funds sold and interest-bearing accounts   | 239,804                                  | 92,323                                     | 44,800                                   |
| Investment securities available for sale, at fair value                                      | 862,154                                  | 541,805                                    | 535,630                                  |
| Other investments  | 9,322                                    | 10,275                                     | 10,971                                   |
| Mortgage loans held for sale, at fair value  | 108,829                                  | 94,759                                     | 81,491                                   |
| Loans, net of unearned income  | 2,171,600                                | 1,889,881                                  | 1,770,059                                |
| Purchased loans not covered by FDIC loss share agreements<br>( purchased non-covered loans ) | 808,313                                  | 674,239                                    | 702,131                                  |
| Purchased loan pools not covered by FDIC loss share agreements<br>( purchased loan pools )   | 268,984                                  |  |  |
| Purchased loans covered by FDIC loss share agreements ( covered<br>loans )                   | 209,598                                  | 271,279                                    | 331,250                                  |
| Less: allowance for loan losses related to non-purchased loans                               | (21,658)                                 | (21,157)                                   | (22,254)                                 |
| Loans, net   | 3,436,837                                | 2,814,242                                  | 2,781,186                                |
| Other real estate owned, net   | 22,567                                   | 33,160                                     | 35,373                                   |
| Purchased, non-covered other real estate owned, net  | 13,112                                   | 15,585                                     | 16,598                                   |
| Covered other real estate owned, net   | 12,626                                   | 19,907                                     | 38,426                                   |
| Total other real estate owned, net   | 48,305                                   | 68,652                                     | 90,397                                   |
| Premises and equipment, net  | 124,916                                  | 97,251                                     | 99,495                                   |
| FDIC loss-share receivable   | 14,957                                   | 31,351                                     | 49,180                                   |
| Other intangible assets, net   | 19,189                                   | 8,221                                      | 9,812                                    |
| Goodwill   | 87,367                                   | 63,547                                     | 58,903                                   |
| Cash value of bank owned life insurance  | 59,552                                   | 58,867                                     | 57,864                                   |
| Other assets   | 79,089                                   | 77,748                                     | 72,420                                   |
| Total assets   | \$ 5,205,734                             | \$ 4,037,077                               | \$ 3,973,135                             |

**Liabilities and Stockholders Equity****Liabilities**

Deposits:

Edgar Filing: Ameris Bancorp - Form 10-Q

|  |                     |                     |                     |
|--|---------------------|---------------------|---------------------|
| Noninterest-bearing  | \$ 1,280,174        | \$ 839,377          | \$ 790,798          |
| Interest-bearing   | 3,231,373           | 2,591,772           | 2,598,237           |
| <b>Total deposits</b>  | <b>4,511,547</b>    | <b>3,431,149</b>    | <b>3,389,035</b>    |
| Securities sold under agreements to repurchase   | 75,066              | 73,310              | 51,109              |
| Other borrowings   | 39,000              | 78,881              | 100,293             |
| Other liabilities  | 24,026              | 22,384              | 24,457              |
| Subordinated deferrable interest debentures  | 69,325              | 65,325              | 64,842              |
| <b>Total liabilities</b>   | <b>4,718,964</b>    | <b>3,671,049</b>    | <b>3,629,736</b>    |
| <b>Stockholders Equity</b>   |                     |                     |                     |
| Preferred stock, stated value \$1,000; 5,000,000 shares authorized; 0 shares issued and outstanding      |                     |                     |                     |
| Common stock, par value \$1; 100,000,000 shares authorized; 33,608,866; 28,159,027 and 28,155,317 issued |                     |                     |                     |
|  | 33,609              | 28,159              | 28,155              |
| Capital surplus  | 336,212             | 225,015             | 223,888             |
| Retained earnings  | 126,265             | 118,412             | 98,847              |
| Accumulated other comprehensive income   | 3,072               | 6,098               | 4,123               |
| Treasury stock, at cost, 1,413,777; 1,385,164 and 1,383,496 shares                                       | (12,388)            | (11,656)            | (11,614)            |
| <b>Total stockholders equity</b>   | <b>486,770</b>      | <b>366,028</b>      | <b>343,399</b>      |
| <b>Total liabilities and stockholders equity</b>   | <b>\$ 5,205,734</b> | <b>\$ 4,037,077</b> | <b>\$ 3,973,135</b> |

See notes to unaudited consolidated financial statements.

Table of Contents**AMERIS BANCORP AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME/(LOSS)**

(dollars in thousands, except per share data)

(Unaudited)

|  | <b>Three Months<br/>Ended<br/>June 30,</b> |             | <b>Six Months Ended<br/>June 30,</b> |             |
|--|--|-------------|--------------------------------------|-------------|
|  | <b>2015</b>                                | <b>2014</b> | <b>2015</b>                          | <b>2014</b> |
| <b>Interest income</b>                                     |  |             |                                      |             |
| Interest and fees on loans                                 | \$ 39,838                                  | \$ 35,297   | \$ 78,456                            | \$ 69,766   |
| Interest on taxable securities                             | 3,747                                      | 2,953       | 6,900                                | 5,938       |
| Interest on nontaxable securities                          | 462  | 312         | 931                                  | 647         |
| Interest on deposits in other banks and federal funds sold | 182  | 45          | 310                                  | 129         |
| Total interest income                                      | 44,229                                     | 38,607      | 86,597                               | 76,480      |
| <b>Interest expense</b>                                    |  |             |                                      |             |
| Interest on deposits                                       | 2,264                                      | 2,205       | 4,544                                | 4,388       |
| Interest on other borrowings                               | 1,277                                      | 1,138       | 2,533                                | 2,344       |
| Total interest expense                                     | 3,541                                      | 3,343       | 7,077                                | 6,732       |
| Net interest income  | 40,688                                     | 35,264      | 79,520                               | 69,748      |
| <b>Provision for loan losses</b>                           | 2,656                                      | 1,365       | 3,725                                | 3,091       |
| Net interest income after provision for loan losses        | 38,032                                     | 33,899      | 75,795                               | 66,657      |
| <b>Noninterest income</b>                                  |  |             |                                      |             |
| Service charges on deposit accounts                        | 7,151                                      | 5,847       | 13,580                               | 11,433      |
| Mortgage banking activity                                  | 9,727                                      | 7,002       | 17,810                               | 12,166      |
| Other service charges, commissions and fees                | 829  | 662         | 1,497                                | 1,314       |
| Gain on sale of securities                                 | 10   |             | 22                                   | 6           |
| Other noninterest income                                   | 2,909                                      | 2,308       | 5,292                                | 3,654       |
| Total noninterest income                                   | 20,626                                     | 15,819      | 38,201                               | 28,573      |
| <b>Noninterest expense</b>                                 |  |             |                                      |             |
| Salaries and employee benefits                             | 22,465                                     | 16,942      | 43,097                               | 34,336      |
| Occupancy and equipment                                    | 4,809                                      | 4,071       | 9,363                                | 8,135       |
| Advertising and marketing expenses                         | 833  | 718         | 1,474                                | 1,428       |
| Amortization of intangible assets                          | 630  | 437         | 1,260                                | 970         |
| Data processing and communications costs                   | 4,214                                      | 3,940       | 8,474                                | 7,394       |

Edgar Filing: Ameris Bancorp - Form 10-Q

|  |            |          |           |           |
|--|------------|----------|-----------|-----------|
| Credit resolution-related expenses   | 11,240     | 2,840    | 14,401    | 5,030     |
| Merger and conversion charges  | 5,712      | 2,872    | 5,727     | 3,322     |
| Other noninterest expenses   | 6,961      | 5,498    | 13,895    | 9,942     |
| Total noninterest expense  | 56,864     | 37,318   | 97,691    | 70,557    |
| Income before income tax expense   | 1,794      | 12,400   | 16,305    | 24,673    |
| Income tax expense   | 486        | 4,270    | 5,233     | 8,193     |
| Net income   | 1,308      | 8,130    | 11,072    | 16,480    |
| Less preferred stock dividends and discount accretion  |            |          |           | 286       |
| Net income available to common shareholders  | \$ 1,308   | \$ 8,130 | \$ 11,072 | \$ 16,194 |
| <b>Other comprehensive income (loss)</b>   |            |          |           |           |
| Unrealized holding gains (losses) arising during period on investment securities available for sale, net of tax of \$1,901, \$1,142, \$1,561 and \$2,724 | (3,531)    | 2,121    | (2,881)   | 5,059     |
| Reclassification adjustment for gains included in earnings, net of tax of \$3, \$0, \$8 and \$2  | (6)        |          | (14)      | (4)       |
| Unrealized gains (losses) on cash flow hedges arising during period, net of tax of \$138, \$200, \$70 and \$344  | 256        | (372)    | (131)     | (638)     |
| <b>Other comprehensive income (loss)</b>   | (3,281)    | 1,749    | (3,026)   | 4,417     |
| <b>Total comprehensive income (loss)</b>   | \$ (1,973) | \$ 9,879 | \$ 8,046  | \$ 20,897 |
| <b>Basic earnings per common share</b>   | \$ 0.04    | \$ 0.32  | \$ 0.35   | \$ 0.64   |
| <b>Diluted earnings per common share</b>   | \$ 0.04    | \$ 0.32  | \$ 0.35   | \$ 0.63   |
| <b>Dividends declared per common share</b>   | \$ 0.05    | \$ 0.05  | \$ 0.10   | \$ 0.05   |
| <b>Weighted average common shares outstanding</b>  |            |          |           |           |
| Basic  | 32,184     | 25,181   | 31,318    | 25,163    |
| Diluted  | 32,520     | 25,572   | 31,653    | 25,552    |

See notes to unaudited consolidated financial statements.

Table of Contents

## AMERIS BANCORP AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

(dollars in thousands, except per share data)

(Unaudited)

|   | Six Months Ended<br>June 30, 2015 |                   | Six Months Ended<br>June 30, 2014 |                   |
|---|-----------------------------------|-------------------|-----------------------------------|-------------------|
|   | Shares                            | Amount            | Shares                            | Amount            |
| <b>PREFERRED STOCK</b>  |                                   |                   |                                   |                   |
| Balance at beginning of period                                      |                                   | \$                | 28,000                            | \$ 28,000         |
| Repurchase of preferred stock                                       |                                   |                   | (28,000)                          | (28,000)          |
| <i>Issued at end of period</i>                                      |                                   | \$                |                                   | \$                |
| <b>COMMON STOCK</b>   |                                   |                   |                                   |                   |
| Balance at beginning of period                                      | 28,159,027                        | \$ 28,159         | 26,461,769                        | \$ 26,462         |
| Issuance of common stock  | 5,320,000                         | 5,320             | 1,598,987                         | 1,599             |
| Proceeds from exercise of stock options                             | 58,839                            | 59                | 26,514                            | 26                |
| Issuance of restricted shares                                       | 71,000                            | 71                | 68,047                            | 68                |
| <i>Issued at end of period</i>                                      | <b>33,608,866</b>                 | <b>\$ 33,609</b>  | <b>28,155,317</b>                 | <b>\$ 28,155</b>  |
| <b>CAPITAL SURPLUS</b>  |                                   |                   |                                   |                   |
| Balance at beginning of period                                      |                                   | \$ 225,015        |                                   | \$ 189,722        |
| Stock-based compensation  |                                   | 760               |                                   | 1,012             |
| Issuance of common shares, net of issuance costs of \$4,811 and \$0 |                                   | 109,569           |                                   | 32,875            |
| Proceeds from exercise of stock options                             |                                   | 939               |                                   | 347               |
| Issuance of restricted shares                                       |                                   | (71)              |                                   | (68)              |
| <i>Balance at end of period</i>                                     |                                   | <b>\$ 336,212</b> |                                   | <b>\$ 223,888</b> |
| <b>RETAINED EARNINGS</b>  |                                   |                   |                                   |                   |
| Balance at beginning of period                                      |                                   | \$ 118,412        |                                   | \$ 83,991         |
| Net income  |                                   | 11,072            |                                   | 16,480            |
| Dividends on preferred shares                                       |                                   |                   |                                   | (286)             |
| Dividends on common shares  |                                   | (3,219)           |                                   | (1,338)           |
| <i>Balance at end of period</i>                                     |                                   | <b>\$ 126,265</b> |                                   | <b>\$ 98,847</b>  |
| <b>ACCUMULATED OTHER COMPREHENSIVE INCOME, NET OF TAX</b>           |                                   |                   |                                   |                   |
| Unrealized gains on securities and derivatives:                     |                                   |                   |                                   |                   |
| Balance at beginning of period                                      |                                   | \$ 6,098          |                                   | \$ (294)          |
| Other comprehensive income (loss) during the period                 |                                   | (3,026)           |                                   | 4,417             |
| <i>Balance at end of period</i>                                     |                                   | <b>\$ 3,072</b>   |                                   | <b>\$ 4,123</b>   |



**TREASURY STOCK**

|   |                    |                    |                    |                    |
|---|--------------------|--------------------|--------------------|--------------------|
| Balance at beginning of period          | (1,385,164)        | \$ (11,656)        | (1,363,342)        | \$ (11,182)        |
| Purchase of treasury shares             | (28,613)           | (732)              | (20,154)           | (432)              |
| <i>Balance at end of period</i>         | <b>(1,413,777)</b> | <b>\$ (12,388)</b> | <b>(1,383,496)</b> | <b>\$ (11,614)</b> |
| <b><i>TOTAL STOCKHOLDERS EQUITY</i></b> |                    | <b>\$ 486,770</b>  |                    | <b>\$ 343,399</b>  |

See notes to unaudited consolidated financial statements.

Table of Contents

**AMERIS BANCORP AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(dollars in thousands)

(Unaudited)

|  | <b>Six Months Ended</b> |                 |
|--|-------------------------|-----------------|
|  | <b>June 30,</b>         |                 |
|  | <b>2015</b>             | <b>2014</b>     |
| <b>Cash flows from operating activities:</b>   |                         |                 |
| Net income   | \$ 11,072               | \$ 16,480       |
| Adjustments reconciling net income to net cash provided by operating activities:     |                         |                 |
| Depreciation   | 3,950                   | 3,709           |
| Amortization of intangible assets  | 1,260                   | 970             |
| Net amortization of investment securities available for sale                         | 2,669                   | 1,525           |
| Net gains on securities available for sale   | (22)                    | (6)             |
| Stock based compensation expense   | 760                     | 1,012           |
| Net losses on sale or disposal of premises and equipment                             | 98                      | 1               |
| Net write-downs and losses on sale of other real estate owned                        | 9,779                   | 1,985           |
| Provision for loan losses  | 3,725                   | 3,091           |
| Accretion of discount on covered loans   | (6,251)                 | (15,432)        |
| Accretion of discount on purchased non-covered loans                                 | (5,388)                 | (3,153)         |
| Changes in FDIC loss-share receivable, net of cash payments received                 | 3,855                   | 5,685           |
| Increase in cash surrender value of BOLI   | (685)                   | (620)           |
| Originations of mortgage loans held for sale   | (472,660)               | (316,767)       |
| Proceeds from sales of mortgage loans held for sale                                  | 449,570                 | 305,546         |
| Net gains on sale of mortgage loans held for sale                                    | (18,244)                | (11,935)        |
| Originations of SBA loans  | (26,684)                | (24,586)        |
| Proceeds from sales of SBA loans   | 20,539                  | 11,418          |
| Net gains on sale of SBA loans   | (2,290)                 | (1,250)         |
| Change attributable to other operating activities                                    | 7,683                   | 7,585           |
| <b>Net cash used in operating activities</b>   | <b>(17,264)</b>         | <b>(14,742)</b> |
| <b>Cash flows from investing activities, net of effect of business combinations:</b> |                         |                 |
| Net (increase) decrease in federal funds sold and interest-bearing deposits          | (41,293)                | 176,107         |
| Purchase of securities available for sale  | (230,226)               | (68,632)        |
| Proceeds from maturities of securities available for sale                            | 36,544                  | 22,493          |
| Proceeds from sales of securities available for sale                                 | 30,113                  | 69,768          |
| Decrease in restricted equity securities, net  | 1,825                   | 6,832           |
| Net increase in loans, excluding purchased non-covered and covered loans             | (257,665)               | (129,977)       |
| Purchases of loan pools  | (268,984)               |                 |
| Payments received on purchased non-covered loans                                     | 80,668                  | 27,791          |
| Payments received on covered loans   | 42,103                  | 64,743          |

Edgar Filing: Ameris Bancorp - Form 10-Q

|  |                |                |
|--|----------------|----------------|
| Purchases of premises and equipment                        | (6,595)        | (2,223)        |
| Proceeds from sales of premises and equipment              | 217            | 56             |
| Proceeds from sales of other real estate owned             | 27,691         | 17,420         |
| Payments received from FDIC under loss-share agreements    | 12,539         | 10,576         |
| Net cash proceeds received from acquisitions               | 567,652        | 1,099          |
| <b>Net cash provided by (used in) investing activities</b> | <b>(5,411)</b> | <b>196,053</b> |

**Table of Contents****Cash flows from financing activities, net of effect of business combinations:**

|  |                   |                  |
|--|-------------------|------------------|
| Net increase in deposits                                       | 27,829            | 20,780           |
| Net decrease in securities sold under agreements to repurchase | (39,832)          | (37,835)         |
| Proceeds from other borrowings                                 |                   | 57,463           |
| Repayment of other borrowings                                  | (39,881)          | (174,005)        |
| Redemption of preferred stock                                  |                   | (28,000)         |
| Dividends paid preferred stock                                 |                   | (286)            |
| Dividends paid common stock                                    | (3,220)           | (1,338)          |
| Purchase of treasury shares                                    | (731)             | (432)            |
| Issuance of common stock                                       | 114,889           |                  |
| Proceeds from exercise of stock options                        | 998               | 373              |
| <b>Net cash provided by (used in) financing activities</b>     | <b>60,052</b>     | <b>(163,280)</b> |
| <b>Net increase in cash and due from banks</b>                 | <b>37,377</b>     | <b>18,031</b>    |
| <b>Cash and due from banks at beginning of period</b>          | <b>78,036</b>     | <b>62,955</b>    |
| <b>Cash and due from banks at end of period</b>                | <b>\$ 115,413</b> | <b>\$ 80,986</b> |

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

## Cash paid/(received) during the period for:

|  |            |           |
|--|------------|-----------|
| Interest   | \$ 7,220   | \$ 6,740  |
| Income taxes   | \$ 2,659   | \$ 5,583  |
| Loans (excluding purchased non-covered and covered loans) transferred to other real estate owned | \$ 8,636   | \$ 6,400  |
| Purchased non-covered loans transferred to other real estate owned                               | \$ 2,039   | \$ 1,425  |
| Covered loans transferred to other real estate owned   | \$ 6,534   | \$ 9,083  |
| Loans provided for the sales of other real estate owned  | \$ 1,948   | \$ 578    |
| Change in unrealized gain on securities available for sale, net of tax                           | \$ (2,895) | \$ 5,055  |
| Change in unrealized loss on cash flow hedge (interest rate swap), net of tax                    | \$ (131)   | \$ (638)  |
| Issuance of common stock in acquisitions   | \$         | \$ 34,474 |

**See notes to unaudited consolidated financial statements.**

---

**Table of Contents**

**AMERIS BANCORP AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2015**

**(Unaudited)**

**NOTE 1 BASIS OF PRESENTATION AND ACCOUNTING POLICIES**

Ameris Bancorp (the Company or Ameris) is a financial holding company headquartered in Moultrie, Georgia. Ameris conducts substantially all of its operations through its wholly owned banking subsidiary, Ameris Bank (the Bank). At June 30, 2015 the Bank operated 103 branches in select markets in Georgia, Alabama, Florida and South Carolina. Our business model capitalizes on the efficiencies of a large financial services company while still providing the community with the personalized banking service expected by our customers. We manage our Bank through a balance of decentralized management responsibilities and efficient centralized operating systems, products and loan underwriting standards. The Company's Board of Directors and senior managers establish corporate policy, strategy and administrative policies. Within our established guidelines and policies, the banker closest to the customer responds to the differing needs and demands of his or her unique market.

The accompanying unaudited consolidated financial statements for Ameris have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and Regulation S-X. Accordingly, the financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statement presentation. The interim consolidated financial statements included herein are unaudited but reflect all adjustments (consisting of normal recurring accruals) which, in the opinion of management, are necessary for a fair presentation of the consolidated financial position and results of operations for the interim periods presented. All significant intercompany accounts and transactions have been eliminated in consolidation. The results of operations for the period ended June 30, 2015 are not necessarily indicative of the results to be expected for the full year. These financial statements should be read in conjunction with the financial statements and notes thereto and the report of our registered independent public accounting firm included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

***Newly Issued Accounting Pronouncements***

ASU 2015-03 *Interest Imputation of Interest* (ASU 2015-03). ASU 2015-03 simplifies presentation of debt issuance costs by requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability, consistent with debt discounts. ASU 2015-03 is effective for annual periods and interim periods within those annual periods beginning after December 15, 2015, and early adoption is permitted. It should be applied on a retrospective basis. The Company is currently evaluating the impact this standard will have on the Company's results of operations, financial position or disclosures.

ASU 2015-02 *Consolidation (Topic 810) Amendments to the Consolidation Analysis* (ASU 2015-02). ASU 2015-02 includes amendments that are intended to improve targeted areas of consolidation for legal entities including reducing the number of consolidation models from four to two and simplifying the FASB Accounting Standards Codification. ASU 2015-02 is effective for annual and interim periods within those annual periods, beginning after December 15, 2015. The amendments may be applied retrospectively in previously issued financial statements for one or more years with a cumulative effect adjustment to retained earnings as of the beginning of the first year restated. Early adoption is

permitted, including adoption in an interim period. The Company is currently evaluating the impact this standard will have on the Company's results of operations, financial position or disclosures.

ASU 2015-01 *Income Statement - Extraordinary and Unusual Items* ( ASU 2015-01 ). ASU 2015-01 eliminates the concept of extraordinary items by no longer allowing companies to segregate an extraordinary item from the results of operations, separately present an extraordinary item on the income statement, or disclose income taxes or earnings-per-share data applicable to an extraordinary item. ASU 2015-01 is effective for annual periods and interim periods within those annual periods beginning after December 15, 2015, and early adoption is permitted. The adoption of this standard is not expected to have a material effect on the Company's results of operations, financial position or disclosures.

ASU 2014-11 *Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures* ( ASU 2014-11 ). ASU 2014-11 impacted FASB ASC 860 *Transfers and Servicing* by changing the accounting for repurchase-to-maturity transactions and linked repurchase financings to secured borrowing accounting, which is consistent with the accounting for other repurchase agreements. The amendments also require new disclosures. An entity is required to disclose information on transfers accounted for as sales in transactions that are economically similar to repurchase agreements. An entity must also provide additional information about the types of collateral pledged in repurchase agreements and similar transactions accounted for as secured borrowings. An entity is required to present changes in accounting for transactions outstanding on the effective date as a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. The amendments in this update became effective for interim and annual periods beginning after December 15, 2014 and did not have a material impact on the consolidated financial statements although the required disclosures have been included in Note 7.

ASU 2014-09 *Revenue from Contracts with Customers* ( ASU 2014-09 ). ASU 2014-09 provides guidance that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective prospectively, for annual and interim periods, beginning after December 15, 2017. The Company is currently evaluating the impact this standard will have on the Company's results of operations, financial position or disclosures.

**Table of Contents****NOTE 2 BUSINESS COMBINATIONS***Branch Acquisition*

On June 12, 2015, the Company completed its acquisition of 18 branches from Bank of America, National Association located in Calhoun, Columbia, Dixie, Hamilton, Suwanee and Walton Counties, Florida and Ben Hill, Colquitt, Dougherty, Laurens, Liberty, Thomas, Tift and Ware Counties, Georgia. Under the terms of the Purchase and Assumption Agreement dated January 28, 2015, the Company paid a deposit premium of \$20.0 million, equal to 3.00% of the average daily deposits for the 15 calendar day period immediately prior to the acquisition date. In addition, the Company acquired approximately \$4.4 million in loans and \$11.4 million in premises and equipment.

The acquisition of the 18 branches was accounted for using the purchase method of accounting in accordance with FASB ASC 805, *Business Combinations*. Assets acquired, liabilities assumed and consideration exchanged were recorded at their respective acquisition date fair values. Determining the fair value of assets and liabilities is a complicated process involving significant judgment regarding methods and assumptions used to calculate estimated fair values. Fair values are preliminary and subject to refinement for up to one year after the closing date of the acquisition as additional information regarding the closing date fair values becomes available. Management continues to evaluate fair value adjustments related to premises and core deposit intangible assets acquired.

The following table presents the assets acquired and liabilities assumed as of June 12, 2015 and their initial fair value estimates. The fair value adjustments shown in the following table continue to be evaluated by management and may be subject to further adjustment:

| (Dollars in Thousands)    | As Recorded by<br>Bank of America | Fair<br>Value<br>Adjustments | As Recorded<br>by Ameris |
|---------------------------|-----------------------------------|------------------------------|--------------------------|
| <b>Assets</b>             |                                   |                              |                          |
| Cash and cash equivalents | \$ 630,220                        | \$                           | \$ 630,220               |
| Loans                     | 4,363                             |                              | 4,363                    |
| Premises and equipment    | 10,348                            | 1,060(a)                     | 11,408                   |
| Intangible assets         |                                   | 7,651(b)                     | 7,651                    |
| Other assets              | 126                               |                              | 126                      |
| <b>Total assets</b>       | <b>\$ 645,057</b>                 | <b>\$ 8,711</b>              | <b>\$ 653,768</b>        |
| <b>Liabilities</b>        |                                   |                              |                          |
| <b>Deposits:</b>          |                                   |                              |                          |
| Noninterest-bearing       | \$ 149,854                        | \$                           | \$ 149,854               |
| Interest-bearing          | 495,110                           | (215)(c)                     | 494,895                  |
| <b>Total deposits</b>     | <b>644,964</b>                    | <b>(215)</b>                 | <b>644,749</b>           |
| <b>Other liabilities</b>  | <b>93</b>                         |                              | <b>93</b>                |
| <b>Total liabilities</b>  | <b>645,057</b>                    | <b>(215)</b>                 | <b>644,842</b>           |
|                           |                                   | <b>8,926</b>                 | <b>8,926</b>             |

|  |        |        |
|--|--------|--------|
| Net identifiable assets acquired over<br>(under) liabilities assumed |        |        |
| Goodwill   | 11,076 | 11,076 |

|   |    |           |           |
|---|----|-----------|-----------|
| Net assets acquired over (under)<br>liabilities assumed | \$ | \$ 20,002 | \$ 20,002 |
|---|----|-----------|-----------|

**Consideration:**

|                              |    |        |
|------------------------------|----|--------|
| Cash paid as deposit premium | \$ | 20,002 |
|------------------------------|----|--------|

|  |    |        |
|--|----|--------|
| Fair value of total consideration<br>transferred | \$ | 20,002 |
|--|----|--------|

*Explanation of fair value adjustments*

- (a) Adjustment reflects the fair value adjustments of the premise and equipment as of the acquisition date.
  - (b) Adjustment reflects the recording of core deposit intangible on the acquired core deposit accounts.
  - (c) Adjustment reflects the fair value adjustments based on the Company's evaluation of the acquired deposits.
- Goodwill of \$11.1 million, which is the excess of the merger consideration over the fair value of net assets acquired, was recorded in the branch acquisition and is the result of expected operational synergies and other factors.

In the acquisition, the Company purchased \$4.4 million of loans at fair value. Management did not identify any loans that were considered to be credit impaired and are accounted for under ASC Topic 310-30.



**Table of Contents***Merchants & Southern Banks of Florida, Incorporated*

On May 22, 2015, the Company completed its acquisition of all shares of the outstanding common stock of Merchants & Southern Banks of Florida, Incorporated ( Merchants ), a bank holding company headquartered in Gainesville, Florida, for a total purchase price of \$50,000,000. Upon consummation of the stock purchase, Merchants was merged with and into the Company, with Ameris as the surviving entity in the merger. At that time, Merchant s wholly owned banking subsidiary, Merchants and Southern Bank, was also merged with and into the Bank. The acquisition grew the Company s existing market presence, as Merchants and Southern Bank had a total of 13 banking locations in Alachua, Marion and Clay Counties, Florida.

The acquisition of Merchants was accounted for using the purchase method of accounting in accordance with FASB ASC 805, *Business Combinations*. Assets acquired, liabilities assumed and consideration exchanged were recorded at their respective acquisition date fair values. Determining the fair value of assets and liabilities is a complicated process involving significant judgment regarding methods and assumptions used to calculate estimated fair values. Fair values are preliminary and subject to refinement for up to one year after the closing date of the acquisition as additional information regarding the closing date fair values becomes available. Management continues to evaluate fair value adjustments related to loans, premises, deferred taxes and core deposit intangible assets acquired.

The following table presents the assets acquired and liabilities of Merchants assumed as of May 22, 2015 and their initial fair value estimates. The fair value adjustments shown in the following table continue to be evaluated by management and may be subject to further adjustment:

| (Dollars in Thousands)                              | As Recorded by<br>Merchants | Fair<br>Value<br>Adjustments | As Recorded<br>by Ameris |
|---|-----------------------------|------------------------------|--------------------------|
| <b>Assets</b>                                       |                             |                              |                          |
| Cash and cash equivalents                           | \$ 7,527                    | \$                           | \$ 7,527                 |
| Federal funds sold and interest-bearing<br>balances | 106,188                     |                              | 106,188                  |
| Investment securities                               | 164,421                     | (553)(a)                     | 163,868                  |
| Other investments                                   | 872                         |                              | 872                      |
| Loans   | 199,955                     | (8,500)(b)                   | 191,455                  |
| Less allowance for loan losses                      | (3,354)                     | 3,354(c)                     |                          |
| Loans, net  | 196,601                     | (5,146)                      | 191,455                  |
| Other real estate owned                             | 4,082                       | (1,115)(d)                   | 2,967                    |
| Premises and equipment                              | 14,614                      | (3,680)(e)                   | 10,934                   |
| Intangible assets                                   |                             | 4,577(f)                     | 4,577                    |
| Other assets  | 2,333                       | 2,335(g)                     | 4,668                    |
| <b>Total assets</b>                                 | <b>\$ 496,638</b>           | <b>\$ (3,582)</b>            | <b>\$ 493,056</b>        |
| <b>Liabilities</b>                                  |                             |                              |                          |
| <b>Deposits:</b>                                    |                             |                              |                          |
| Noninterest-bearing                                 | \$ 121,708                  | \$                           | \$ 121,708               |
| Interest-bearing                                    | 286,112                     |                              | 286,112                  |

Edgar Filing: Ameris Bancorp - Form 10-Q

|  |           |            |           |
|--|-----------|------------|-----------|
| Total deposits   | 407,820   |            | 407,820   |
| Federal funds purchased and securities sold under agreements to repurchase | 41,588    |            | 41,588    |
| Other liabilities  | 2,151     | 81(h)      | 2,232     |
| Subordinated deferrable interest debentures                                | 6,186     | (2,680)(i) | 3,506     |
| Total liabilities  | 457,745   | (2,599)    | 455,146   |
| Net identifiable assets acquired over (under) liabilities assumed          | 38,893    | (983)      | 37,910    |
| Goodwill   |           | 12,090     | 12,090    |
| Net assets acquired over (under) liabilities assumed                       | \$ 38,893 | \$ 11,107  | \$ 50,000 |
| <b>Consideration:</b>  |           |            |           |
| Cash exchanged for shares  | \$ 50,000 |            |           |
| Fair value of total consideration transferred                              | \$ 50,000 |            |           |

*Explanation of fair value adjustments*

- (a) Adjustment reflects the fair value adjustments of the available for sale portfolio as of the acquisition date.
- (b) Adjustment reflects the fair value adjustments based on the Company's evaluation of the acquired loan portfolio.
- (c) Adjustment reflects the elimination of Merchant's allowance for loan losses.
- (d) Adjustment reflects the fair value adjustment based on the Company's evaluation of the acquired OREO portfolio.
- (e) Adjustment reflects the fair value adjustment based on the Company's evaluation of the acquired premises.

**Table of Contents**

- (f) Adjustment reflects the recording of core deposit intangible on the acquired core deposit accounts.
- (g) Adjustment reflects the deferred taxes on the difference in the carrying values of acquired assets and assumed liabilities for financial reporting purposes and their basis for federal income tax purposes.
- (h) Adjustment reflects the fair value adjustments based on the Company's evaluation of interest rate swap liabilities.
- (i) Adjustment reflects the fair value adjustment to the subordinated deferrable interest debentures at the acquisition date.

Goodwill of \$12.1 million, which is the excess of the merger consideration over the fair value of net assets acquired, was recorded in the Merchants acquisition and is the result of expected operational synergies and other factors. This goodwill is not expected to be deductible for tax purposes.

In the acquisition, the Company purchased \$191.5 million of loans at fair value, net of \$8.5 million, or 4.25%, estimated discount to the outstanding principal balance. Of the total loans acquired, management identified \$17.4 million that were considered to be credit impaired and are accounted for under ASC Topic 310-30. The table below summarizes the total contractually required principal and interest cash payment, management's estimate of expected total cash payments and fair value of the loans as of acquisition date for purchased credit impaired loans. Contractually required principal and interest payment have been adjusted for estimated prepayments.

|   |                  |
|---|------------------|
| Contractually required principal and interest         | \$ 24,446        |
| Non-accretable difference                             | (3,814)          |
| Cash flows expected to be collected                   | 20,632           |
| Accretable yield                                      | (3,254)          |
| <b>Total purchased credit-impaired loans acquired</b> | <b>\$ 17,378</b> |

The following table presents the acquired loan data for the Merchants acquisition.

|   | <b>Fair Value of<br/>Acquired Loans<br/>at<br/>Acquisition<br/>Date</b> | <b>Gross<br/>Contractual<br/>Amounts<br/>Receivable at<br/>Acquisition<br/>Date</b> | <b>Best Estimate<br/>at Acquisition<br/>Date of<br/>Contractual<br/>Cash Flows<br/>Not<br/>Expected<br/>to be<br/>Collected</b> |
|---|---|---|---|
|   | <b>(Dollars in Thousands)</b>   |   |   |
| Acquired receivables subject to ASC 310-30  | \$ 17,378   | \$ 24,446   | \$ 3,814  |
| Acquired receivables not subject to ASC 310-30<br><i>Coastal Bankshares, Inc.</i> | \$ 174,077  | \$ 178,763  | \$  |

On June 30, 2014, the Company completed its acquisition of The Coastal Bankshares, Inc. (Coastal), a bank holding company headquartered in Savannah, Georgia. Upon consummation of the acquisition, Coastal was merged with and into the Company, with Ameris as the surviving entity in the merger. At that time, Coastal's wholly owned banking

subsidiary, The Coastal Bank ( Coastal Bank ), was also merged with and into the Bank. The acquisition grew the Company's existing market presence, as Coastal Bank had a total of six banking locations in Chatham, Liberty and Effingham Counties, Georgia. Coastal's common shareholders received 0.4671 of a share of the Company's common stock in exchange for each share of Coastal's common stock. As a result, the Company issued 1,598,998 common shares at a fair value of \$34.5 million and paid \$2.8 million cash in exchange for outstanding warrants.

The acquisition of Coastal was accounted for using the purchase method of accounting in accordance with FASB ASC 805, *Business Combinations*. Assets acquired, liabilities assumed and consideration exchanged were recorded at their respective acquisition date fair values. Determining the fair value of assets and liabilities is a complicated process involving significant judgment regarding methods and assumptions used to calculate estimated fair values. Fair values are preliminary and subject to refinement for up to one year after the closing date of the acquisition as additional information regarding the closing date fair values becomes available. During the third quarter of 2014 and the second quarter of 2015, management revised its initial estimates regarding the valuation of other real estate owned. In addition, during the third and fourth quarters of 2014 and second quarter of 2015, management continued its assessment and recorded the deferred tax assets resulting from differences in the carrying values of acquired assets and assumed liabilities for financial reporting purposes and their basis for income tax purposes. This estimate also reflects acquired net operating loss carryforwards and other acquired assets with built-in losses that are expected to be settled or otherwise recovered in future periods where the realization of such benefits would be subject to applicable limitations under Sections 382 of the Internal Revenue Code of 1986, as amended.

**Table of Contents**

The following table presents the assets acquired and liabilities of Coastal assumed as of June 30, 2014 and their fair value estimates:

| (Dollars in Thousands)   | As Recorded by Initial Fair Value |                    | Subsequent<br>Fair<br>Value<br>Adjustments | As Recorded<br>by Ameris |
|--|-----------------------------------|--------------------|--|--------------------------|
|  | Coastal                           | Adjustments        |  |                          |
| <b>Assets</b>  |                                   |                    |  |                          |
| Cash and cash equivalents  | \$ 3,895                          | \$                 | \$   | \$ 3,895                 |
| Federal funds sold and interest-bearing balances                           | 15,923                            |                    |  | 15,923                   |
| Investment securities  | 67,266                            | (500)(a)           |  | 66,766                   |
| Other investments  | 975                               |                    |  | 975                      |
| Mortgage loans held for sale   | 7,288                             |                    |  | 7,288                    |
| Loans  | 296,141                           | (16,700)(b)        |  | 279,441                  |
| Less allowance for loan losses   | (3,218)                           | 3,218(c)           |  |                          |
| Loans, net   | 292,923                           | (13,482)           |  | 279,441                  |
| Other real estate owned  | 14,992                            | (3,528)(d)         | (3,407)(g)                                 | 8,057                    |
| Premises and equipment   | 11,882                            |                    |  | 11,882                   |
| Intangible assets  | 507                               | 4,266(e)           | (231)(h)                                   | 4,542                    |
| Cash value of bank owned life insurance                                    | 7,812                             |                    |  | 7,812                    |
| Other assets   | 14,898                            |                    | (601)(i)                                   | 14,297                   |
| <b>Total assets</b>  | <b>\$ 438,361</b>                 | <b>\$ (13,244)</b> | <b>\$ (4,239)</b>                          | <b>\$ 420,878</b>        |
| <b>Liabilities</b>   |                                   |                    |  |                          |
| <b>Deposits:</b>   |                                   |                    |  |                          |
| Noninterest-bearing  | \$ 80,012                         | \$                 | \$   | \$ 80,012                |
| Interest-bearing   | 289,012                           |                    |  | 289,012                  |
| <b>Total deposits</b>  | <b>369,024</b>                    |                    |  | <b>369,024</b>           |
| Federal funds purchased and securities sold under agreements to repurchase | 5,428                             |                    |  | 5,428                    |
| Other borrowings   | 22,005                            |                    |  | 22,005                   |
| Other liabilities  | 6,192                             |                    |  | 6,192                    |
| Subordinated deferrable interest debentures                                | 15,465                            | (6,413)(f)         |  | 9,052                    |
| <b>Total liabilities</b>   | <b>418,114</b>                    | <b>(6,413)</b>     |  | <b>411,701</b>           |
| Net identifiable assets acquired over (under) liabilities assumed          | 20,247                            | (6,831)            | (4,239)                                    | 9,177                    |
| Goodwill   |                                   | 23,854             | 4,239                                      | 28,093                   |

|  |    |        |    |        |    |  |    |        |
|--|----|--------|----|--------|----|--|----|--------|
| Net assets acquired over (under) liabilities assumed | \$ | 20,247 | \$ | 17,023 | \$ |  | \$ | 37,270 |
|--|----|--------|----|--------|----|--|----|--------|

**Consideration:**

|  |    |           |  |  |  |  |  |  |
|--|----|-----------|--|--|--|--|--|--|
| Ameris Bancorp common shares issued                    |    | 1,598,998 |  |  |  |  |  |  |
| Purchase price per share of the Company's common stock | \$ | 21.56     |  |  |  |  |  |  |
| Company common stock issued                            |    | 34,474    |  |  |  |  |  |  |
| Cash exchanged for shares                              |    | 2,796     |  |  |  |  |  |  |
| Fair value of total consideration transferred          | \$ | 37,270    |  |  |  |  |  |  |

*Explanation of fair value adjustments*

- (a) Adjustment reflects the fair value adjustments of the available for sale portfolio as of the acquisition date.
- (b) Adjustment reflects the fair value adjustments based on the Company's evaluation of the acquired loan portfolio.
- (c) Adjustment reflects the elimination of Coastal's allowance for loan losses.
- (d) Adjustment reflects the fair value adjustment based on the Company's evaluation of the acquired OREO portfolio.
- (e) Adjustment reflects the recording of core deposit intangible on the acquired core deposit accounts.
- (f) Adjustment reflects the fair value adjustment to the subordinated deferrable interest debentures at the acquisition date.

**Table of Contents**

- (g) Adjustment reflects the additional fair value adjustment based on the Company's evaluation of the acquired OREO portfolio.
- (h) Adjustment reflects final recording of core deposit intangible on the acquired core deposit accounts.
- (i) Adjustment reflects the deferred taxes on the difference in the carrying values of acquired assets and assumed liabilities for financial reporting purposes and their basis for federal income tax purposes.

Goodwill of \$28.1 million, which is the excess of the merger consideration over the fair value of net assets acquired, was recorded in the Coastal acquisition and is the result of expected operational synergies and other factors. This goodwill is not expected to be deductible for tax purposes.

In the acquisition, the Company purchased \$279.4 million of loans at fair value, net of \$16.7 million, or 5.64%, estimated discount to the outstanding principal balance. Of the total loans acquired, management identified \$29.3 million that were considered to be credit impaired and are accounted for under ASC Topic 310-30. The table below summarizes the total contractually required principal and interest cash payment, management's estimate of expected total cash payments and fair value of the loans as of acquisition date for purchased credit impaired loans. Contractually required principal and interest payment have been adjusted for estimated prepayments.

|   |                  |
|---|------------------|
| Contractually required principal and interest         | \$ 38,194        |
| Non-accretable difference                             | (5,632)          |
| Cash flows expected to be collected                   | 32,562           |
| Accretable yield                                      | (3,282)          |
| <b>Total purchased credit-impaired loans acquired</b> | <b>\$ 29,280</b> |

The results of operations of Merchants and Coastal subsequent to the respective acquisition dates are included in the Company's consolidated statements of operations. The following unaudited pro forma information reflects the Company's estimated consolidated results of operations as if the acquisitions had occurred on January 1, 2014, unadjusted for potential cost savings (in thousands).

|   | <b>Three Months Ended</b> |             | <b>Six Months Ended</b> |             |
|---|---------------------------|-------------|-------------------------|-------------|
|   | <b>June 30,</b>           |             | <b>June 30,</b>         |             |
|   | <b>2015</b>               | <b>2014</b> | <b>2015</b>             | <b>2014</b> |
| Net interest income and noninterest income                                | \$ 63,259                 | \$ 60,212   | \$ 123,308              | \$ 116,454  |
| Net income (loss)   | \$ (128)                  | \$ 6,963    | \$ 10,739               | \$ 17,163   |
| Net income (loss) available to common stockholders                        | \$ (128)                  | \$ 6,963    | \$ 10,739               | \$ 16,877   |
| Income (loss) per common share available to common stockholders - basic   | \$ 0.00                   | \$ 0.26     | \$ 0.34                 | \$ 0.63     |
| Income (loss) per common share available to common stockholders - diluted | \$ 0.00                   | \$ 0.26     | \$ 0.34                 | \$ 0.62     |
| Average number of shares outstanding, basic                               | 32,184                    | 26,780      | 31,318                  | 26,762      |
| Average number of shares outstanding, diluted                             | 32,520                    | 27,232      | 31,653                  | 27,214      |

A rollforward of purchased non-covered loans for the six months ended June 30, 2015, the year ended December 31, 2014 and the six months ended June 30, 2014 is shown below:

| <b>(Dollars in Thousands)</b>                              | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> | <b>June 30,<br/>2014</b> |
|--|--------------------------|------------------------------|--------------------------|
| Balance, January 1   | \$ 674,239               | \$ 448,753                   | \$ 448,753               |
| Charge-offs, net of recoveries                             | (470)                    | (84)                         |                          |
| Additions due to acquisitions                              | 195,818                  | 279,441                      | 279,441                  |
| Accretion  | 5,388                    | 9,745                        | 3,635                    |
| Transfers to purchased non-covered other real estate owned | (2,039)                  | (4,160)                      | (1,425)                  |
| Transfer from covered loans due to loss-share expiration   | 15,462                   | 15,475                       |                          |
| Payments received  | (80,085)                 | (74,931)                     | (28,273)                 |
| Ending balance   | \$ 808,313               | \$ 674,239                   | \$ 702,131               |



**Table of Contents**

The following is a summary of changes in the accretable discounts of purchased non-covered loans during the six months ended June 30, 2015, the year ended December 31, 2014 and the six months ended June 30, 2014:

| <b>(Dollars in Thousands)</b>                                  | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> | <b>June 30,<br/>2014</b> |
|--|--------------------------|------------------------------|--------------------------|
| Balance, January 1   | \$ 25,716                | \$ 26,189                    | \$ 26,189                |
| Additions due to acquisitions                                  | 4,686                    | 7,799                        | 7,799                    |
| Accretion  | (5,388)                  | (9,745)                      | (3,635)                  |
| Accretable discounts removed due to charge-offs                | (1,685)                  |                              |                          |
| Transfers between non-accretable and accretable discounts, net | (1,007)                  | 1,473                        | 1,968                    |
| Ending balance   | \$ 22,322                | \$ 25,716                    | \$ 32,321                |

**NOTE 3 INVESTMENT SECURITIES**

The Company's investment policy blends the Company's liquidity needs and interest rate risk management with its desire to increase income and provide funds for expected growth in loans. The investment securities portfolio consists primarily of U.S. government sponsored mortgage-backed securities and agencies, state, county and municipal securities and corporate debt securities. The Company's portfolio and investing philosophy concentrate activities in obligations where the credit risk is limited. For the small portion of the Company's portfolio found to present credit risk, the Company has reviewed the investments and financial performance of the obligors and believes the credit risk to be acceptable.

The amortized cost and estimated fair value of investment securities available for sale at June 30, 2015, December 31, 2014 and June 30, 2014 are presented below:

|  | <b>Amortized<br/>Cost</b>     | <b>Gross<br/>Unrealized<br/>Gains</b> | <b>Gross<br/>Unrealized<br/>Losses</b> | <b>Fair<br/>Value</b> |
|--|-------------------------------|---------------------------------------|--|-----------------------|
|  | <b>(Dollars in Thousands)</b> |                                       |  |                       |
| <b>June 30, 2015:</b>                  |                               |                                       |  |                       |
| U. S. government agencies              | \$ 14,956                     | \$                                    | \$ (210)                               | \$ 14,746             |
| State, county and municipal securities | 165,070                       | 3,305                                 | (1,003)                                | 167,372               |
| Corporate debt securities              | 12,710                        | 184                                   | (58)                                   | 12,836                |
| Mortgage-backed securities             | 665,274                       | 4,948                                 | (3,022)                                | 667,200               |
| Total securities                       | \$ 858,010                    | \$ 8,437                              | \$ (4,293)                             | \$ 862,154            |
| <b>December 31, 2014:</b>              |                               |                                       |  |                       |
| U. S. government agencies              | \$ 14,953                     | \$                                    | \$ (275)                               | \$ 14,678             |
| State, county and municipal securities | 137,873                       | 3,935                                 | (433)                                  | 141,375               |
| Corporate debt securities              | 10,812                        | 228                                   |  | 11,040                |
| Mortgage-backed securities             | 369,581                       | 6,534                                 | (1,403)                                | 374,712               |

Edgar Filing: Ameris Bancorp - Form 10-Q

|  |            |           |            |            |
|--|------------|-----------|------------|------------|
| Total securities                       | \$ 533,219 | \$ 10,697 | \$ (2,111) | \$ 541,805 |
| <b>June 30, 2014:</b>                  |            |           |            |            |
| U. S. government agencies              | \$ 14,950  | \$        | \$ (505)   | \$ 14,445  |
| State, county and municipal securities | 143,507    | 3,136     | (863)      | 145,780    |
| Corporate debt securities              | 10,805     | 284       | (131)      | 10,958     |
| Mortgage-backed securities             | 361,194    | 5,435     | (2,182)    | 364,447    |
| Total securities                       | \$ 530,456 | \$ 8,855  | \$ (3,681) | \$ 535,630 |

**Table of Contents**

The amortized cost and fair value of available-for-sale securities at June 30, 2015 by contractual maturity are summarized in the table below. Expected maturities for mortgage-backed securities may differ from contractual maturities because in certain cases borrowers can prepay obligations without prepayment penalties. Therefore, these securities are not included in the following maturity summary.

|                                 | <b>Amortized<br/>Cost</b>         | <b>Fair<br/>Value</b> |
|---------------------------------|-----------------------------------|-----------------------|
|                                 | <b>(Dollars in<br/>Thousands)</b> |                       |
| Due in one year or less         | \$ 7,960                          | \$ 7,999              |
| Due from one year to five years | 47,037                            | 48,246                |
| Due from five to ten years      | 66,573                            | 67,686                |
| Due after ten years             | 71,166                            | 71,023                |
| Mortgage-backed securities      | 665,274                           | 667,200               |
|                                 | \$ 858,010                        | \$ 862,154            |

Securities with a carrying value of approximately \$323.9 million serve as collateral to secure public deposits and for other purposes required or permitted by law at June 30, 2015, compared with \$286.6 million and \$228.3 million at December 31, 2014 and June 30, 2014, respectively.

The following table details the gross unrealized losses and fair value of securities aggregated by category and duration of continuous unrealized loss position at June 30, 2015, December 31, 2014 and June 30, 2014.

| Description of Securities              | Less Than 12<br>Months |                      | 12 Months or More |                      | Total         |                      |
|--|------------------------|----------------------|-------------------|----------------------|---------------|----------------------|
|  | Fair<br>Value          | Unrealized<br>Losses | Fair<br>Value     | Unrealized<br>Losses | Fair<br>Value | Unrealized<br>Losses |
| <b>(Dollars in Thousands)</b>          |                        |                      |                   |                      |               |                      |
| June 30, 2015:                         |                        |                      |                   |                      |               |                      |
| U. S. government agencies              | \$ 9,818               | \$ (138)             | \$ 4,928          | \$ (72)              | \$ 14,746     | \$ (210)             |
| State, county and municipal securities | 50,294                 | (680)                | 10,404            | (323)                | 60,698        | (1,003)              |
| Corporate debt securities              | 7,149                  | (58)                 |                   |                      | 7,149         | (58)                 |
| Mortgage-backed securities             | 238,174                | (2,046)              | 30,672            | (976)                | 268,846       | (3,022)              |
| Total temporarily impaired securities  | \$ 305,435             | \$ (2,922)           | \$ 46,004         | \$ (1,371)           | \$ 351,439    | \$ (4,293)           |
| December 31, 2014:                     |                        |                      |                   |                      |               |                      |
| U. S. government agencies              | \$                     | \$                   | \$ 14,678         | \$ (275)             | \$ 14,678     | \$ (275)             |
| State, county and municipal securities | 15,038                 | (70)                 | 19,665            | (363)                | 34,703        | (433)                |
| Corporate debt securities              |                        |                      |                   |                      |               |                      |
| Mortgage-backed securities             | 36,760                 | (221)                | 46,812            | (1,182)              | 83,572        | (1,403)              |
| Total temporarily impaired securities  | \$ 51,798              | \$ (291)             | \$ 81,155         | \$ (1,820)           | \$ 132,953    | \$ (2,111)           |

|  |           |          |           |            |            |            |
|--|-----------|----------|-----------|------------|------------|------------|
| June 30, 2014:                         |           |          |           |            |            |            |
| U. S. government agencies              | \$        | \$       | \$ 14,445 | \$ (505)   | \$ 14,445  | \$ (505)   |
| State, county and municipal securities | 4,088     | (35)     | 29,203    | (828)      | 33,291     | (863)      |
| Corporate debt securities              |           |          | 4,945     | (131)      | 4,945      | (131)      |
| Mortgage-backed securities             | 25,107    | (65)     | 51,039    | (2,117)    | 76,146     | (2,182)    |
| Total temporarily impaired securities  | \$ 29,195 | \$ (100) | \$ 99,632 | \$ (3,581) | \$ 128,827 | \$ (3,681) |

As of June 30, 2015, the Company's security portfolio consisted of 443 securities, 163 of which were in an unrealized loss position. The majority of unrealized losses are related to the Company's mortgage-backed and state, county and municipal securities, as discussed below.

At June 30, 2015, the Company held 114 mortgage-backed securities that were in an unrealized loss position, all of which were issued by U.S. government-sponsored entities and agencies. Because the decline in fair value is attributable to changes in interest rates and illiquidity, and not credit quality, and because the Company does not have the intent to sell these mortgage-backed securities and it is likely that it will not be required to sell the securities before their anticipated recovery, the Company does not consider these securities to be other-than-temporarily impaired at June 30, 2015.

**Table of Contents**

At June 30, 2015, the Company held 40 state, county and municipal securities, three U.S. government-sponsored agency security, and six corporate security that were in an unrealized loss position. Because the decline in fair value is attributable to changes in interest rates, and not credit quality, and because the Company does not have the intent to sell these securities and it is likely that it will not be required to sell the securities before their anticipated recovery, the Company does not consider these securities to be other-than-temporarily impaired at June 30, 2015.

During the first six months of 2015 and 2014, the Company received timely and current interest and principal payments on all of the securities classified as corporate debt securities, except for one security that began deferring interest during the fourth quarter of 2010. The Company's investments in subordinated debt include investments in regional and super-regional banks on which the Company prepares regular analysis through review of financial information and credit ratings. Investments in preferred securities are also concentrated in the preferred obligations of regional and super-regional banks through non-pooled investment structures. The Company did not have investments in pooled trust preferred securities at June 30, 2015, December 31, 2014 or June 30, 2014.

Management and the Company's Asset and Liability Committee (the ALCO Committee) evaluate securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market conditions warrant such evaluation. While the majority of the unrealized losses on debt securities relate to changes in interest rates, corporate debt securities have also been affected by reduced levels of liquidity and higher risk premiums. Occasionally, management engages independent third parties to evaluate the Company's position in certain corporate debt securities to aid management and the ALCO Committee in its determination regarding the status of impairment. The Company believes that each investment poses minimal credit risk and further, that the Company does not intend to sell these investment securities at an unrealized loss position at June 30, 2015, and it is more likely than not that the Company will not be required to sell these securities prior to recovery or maturity. Therefore, at June 30, 2015, these investments are not considered impaired on an other-than-temporary basis.

The following table is a summary of sales activities in the Company's investment securities available for sale for the six months ended June 30, 2015, year ended December 31, 2014 and six months ended June 30, 2014:

|  | June 30,<br>2015       | December 31,<br>2014 | June 30,<br>2014 |
|--|------------------------|----------------------|------------------|
|  | (Dollars in Thousands) |                      |                  |
| Gross gains on sales of securities                           | \$ 41                  | \$ 141               | \$ 8             |
| Gross losses on sales of securities                          | (19)                   | (3)                  | (2)              |
| Net realized gains on sales of securities available for sale | \$ 22                  | \$ 138               | \$ 6             |
| Sales proceeds   | \$ 30,113              | \$ 94,051            | \$ 69,768        |

**Table of Contents****NOTE 4 LOANS**

The Company engages in a full complement of lending activities, including real estate-related loans, agriculture-related loans, commercial and financial loans and consumer installment loans within select markets in Georgia, Alabama, Florida and South Carolina. Ameris concentrates the majority of its lending activities in real estate loans. While the risk of loss in the Company's portfolio is primarily tied to the credit quality of the various borrowers, risk of loss may increase due to factors beyond the Company's control, such as local, regional and/or national economic downturns. General conditions in the real estate market may also impact the relative risk in the real estate portfolio.

Commercial, financial and agricultural loans include both secured and unsecured loans for working capital, expansion, crop production and other business purposes. Short-term working capital loans are secured by non-real estate collateral such as accounts receivable, crops, inventory and equipment. The Company evaluates the financial strength, cash flow, management, credit history of the borrower and the quality of the collateral securing the loan. The Bank often requires personal guarantees and secondary sources of repayment on commercial, financial and agricultural loans.

Real estate loans include construction and development loans, commercial and farmland loans and residential loans. Construction and development loans include loans for the development of residential neighborhoods, one-to-four family residential construction loans to builders and consumers, and commercial real estate construction loans, primarily for owner-occupied properties. The Company limits its construction lending risk through adherence to established underwriting procedures. Commercial real estate loans include loans secured by owner-occupied commercial buildings for office, storage, retail, farmland and warehouse space. They also include non-owner occupied commercial buildings such as leased retail and office space. Commercial real estate loans may be larger in size and may involve a greater degree of risk than one-to-four family residential mortgage loans. Payments on such loans are often dependent on successful operation or management of the properties. The Company's residential loans represent permanent mortgage financing and are secured by residential properties located within the Bank's market areas.

Consumer installment loans and other loans include automobile loans, boat and recreational vehicle financing, and secured and unsecured personal loans. Consumer loans carry greater risks than other loans, as the collateral can consist of rapidly depreciating assets such as automobiles and equipment that may not provide an adequate source of repayment of the loan in the case of default.

Loans are stated at unpaid balances, net of unearned income and deferred loan fees. Balances within the major loans receivable categories are presented in the following table, excluding purchased non-covered and covered loans:

| <b>(Dollars in Thousands)</b>            | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> | <b>June 30,<br/>2014</b> |
|--|--------------------------|------------------------------|--------------------------|
| Commercial, financial and agricultural   | \$ 373,202               | \$ 319,654                   | \$ 304,588               |
| Real estate construction and development | 205,019                  | 161,507                      | 149,346                  |
| Real estate commercial and farmland      | 1,010,195                | 907,524                      | 850,000                  |
| Real estate residential                  | 537,201                  | 456,106                      | 422,731                  |
| Consumer installment                     | 30,080                   | 30,782                       | 31,902                   |
| Other                                    | 15,903                   | 14,308                       | 11,492                   |
|  | <b>\$ 2,171,600</b>      | <b>\$ 1,889,881</b>          | <b>\$ 1,770,059</b>      |

Purchased non-covered loans are defined as loans that were acquired in bank acquisitions that are not covered by a loss-sharing agreement with the FDIC. Purchased non-covered loans totaling \$808.3 million, \$674.2 million and \$702.1 million at June 30, 2015, December 31, 2014 and June 30, 2014, respectively, are not included in the above schedule.

Purchased non-covered loans are shown below according to major loan type as of the end of the periods shown:

| <b>(Dollars in Thousands)</b>            | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> | <b>June 30,<br/>2014</b> |
|--|--------------------------|------------------------------|--------------------------|
| Commercial, financial and agricultural   | \$ 45,337                | \$ 38,041                    | \$ 41,583                |
| Real estate construction and development | 75,302                   | 58,362                       | 64,084                   |
| Real estate commercial and farmland      | 404,588                  | 306,706                      | 311,748                  |
| Real estate residential                  | 276,798                  | 266,342                      | 278,451                  |
| Consumer installment                     | 6,288                    | 4,788                        | 6,265                    |
|  | <b>\$ 808,313</b>        | <b>\$ 674,239</b>            | <b>\$ 702,131</b>        |

**Table of Contents**

Purchased loan pools are defined as groups of loans that were not acquired in bank acquisitions or FDIC-assisted transactions. As of June 30, 2015, purchased loan pools totaled \$269.0 million and consisted of whole-loan, adjustable rate residential mortgages on properties outside the Company's markets, with principal balances totaling \$263.8 million and \$5.2 million of purchase premium paid at acquisition. At June 30, 2015, all loans included in the purchased loan pools were performing current loans, all risk-rated grade 20. The Company did not have any purchased loan pools at December 31, 2014 or June 30, 2014.

Covered loans are defined as loans that were acquired in FDIC-assisted transactions that are covered by a loss-sharing agreement with the FDIC. Covered loans totaling \$209.6 million, \$271.3 million and \$331.3 million at June 30, 2015, December 31, 2014 and June 30, 2014, respectively, are not included in the above schedules.

Covered loans are shown below according to loan type as of the end of the periods shown:

| <b>(Dollars in Thousands)</b>            | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> | <b>June 30,<br/>2014</b> |
|--|--------------------------|------------------------------|--------------------------|
| Commercial, financial and agricultural   | \$ 17,666                | \$ 21,467                    | \$ 25,209                |
| Real estate construction and development | 15,002                   | 23,447                       | 31,600                   |
| Real estate commercial and farmland      | 111,772                  | 147,627                      | 188,643                  |
| Real estate residential                  | 64,982                   | 78,520                       | 85,518                   |
| Consumer installment                     | 176                      | 218                          | 280                      |
|  | <b>\$ 209,598</b>        | <b>\$ 271,279</b>            | <b>\$ 331,250</b>        |

**Nonaccrual and Past Due Loans**

A loan is placed on nonaccrual status when, in management's judgment, the collection of the interest income appears doubtful. Interest receivable that has been accrued and is subsequently determined to have doubtful collectability is charged against interest income. Interest payments on nonaccrual loans are typically applied to principal unless collectability of the principal amount is reasonably assured, in which case interest is recognized on a cash basis. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. Past due loans are loans whose principal or interest is past due 90 days or more. In some cases, where borrowers are experiencing financial difficulties, loans may be restructured to provide terms significantly different from the original contractual terms.

The following table presents an analysis of loans accounted for on a nonaccrual basis, excluding purchased non-covered and covered loans:

| <b>(Dollars in Thousands)</b>            | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> | <b>June 30,<br/>2014</b> |
|--|--------------------------|------------------------------|--------------------------|
| Commercial, financial and agricultural   | \$ 4,067                 | \$ 1,672                     | \$ 1,596                 |
| Real estate construction and development | 1,594                    | 3,774                        | 3,452                    |
| Real estate commercial and farmland      | 8,938                    | 8,141                        | 8,831                    |
| Real estate residential                  | 5,650                    | 7,663                        | 7,795                    |
| Consumer installment                     | 491                      | 478                          | 437                      |



\$ 20,740      \$ 21,728      \$ 22,111

The following table presents an analysis of purchased non-covered loans accounted for on a nonaccrual basis:

| <b>(Dollars in Thousands)</b>            | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> | <b>June 30,<br/>2014</b> |
|--|--------------------------|------------------------------|--------------------------|
| Commercial, financial and agricultural   | \$ 309                   | \$ 175                       | \$ 143                   |
| Real estate construction and development | 1,483                    | 1,119                        | 2,273                    |
| Real estate commercial and farmland      | 9,634                    | 10,242                       | 6,647                    |
| Real estate residential                  | 5,930                    | 6,644                        | 6,658                    |
| Consumer installment                     | 88                       | 69                           | 49                       |
|  | <b>\$ 17,444</b>         | <b>\$ 18,249</b>             | <b>\$ 15,770</b>         |

The following table presents an analysis of covered loans accounted for on a nonaccrual basis:

| <b>(Dollars in Thousands)</b>            | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> | <b>June 30,<br/>2014</b> |
|--|--------------------------|------------------------------|--------------------------|
| Commercial, financial and agricultural   | \$ 7,948                 | \$ 8,541                     | \$ 12,254                |
| Real estate construction and development | 3,120                    | 7,601                        | 8,028                    |
| Real estate commercial and farmland      | 13,997                   | 12,584                       | 17,027                   |
| Real estate residential                  | 3,712                    | 6,595                        | 8,702                    |
| Consumer installment                     | 94                       | 91                           | 127                      |
|  | <b>\$ 28,871</b>         | <b>\$ 35,412</b>             | <b>\$ 46,138</b>         |

**Table of Contents**

The following table presents an aging analysis of loans, excluding purchased non-covered and covered past due loans as of June 30, 2015, December 31, 2014 and June 30, 2014:

|  | Loans<br>30-59<br>Days Past<br>Due | Loans<br>60-89<br>Days<br>Past Due | Loans 90<br>or More<br>Days Past<br>Due | Total<br>Loans<br>Past Due | Current<br>Loans | Total<br>Loans | Loans 90<br>Days or<br>More Past<br>Due and<br>Still<br>Accruing |
|--|------------------------------------|------------------------------------|---|----------------------------|------------------|----------------|--|
| (Dollars in Thousands)                 |                                    |                                    |   |                            |                  |                |  |
| <b>As of June 30, 2015:</b>            |                                    |                                    |   |                            |                  |                |  |
| Commercial, financial & agricultural   | \$ 840                             | \$ 888                             | \$ 3,891                                | \$ 5,619                   | \$ 367,583       | \$ 373,202     | \$   |
| Real estate construction & development | 1,201                              | 374                                | 1,536                                   | 3,111                      | 201,908          | 205,019        |  |
| Real estate commercial & farmland      | 1,958                              | 2,823                              | 7,014                                   | 11,795                     | 998,400          | 1,010,195      |  |
| Real estate residential                | 5,135                              | 1,949                              | 4,727                                   | 11,811                     | 525,390          | 537,201        |  |
| Consumer installment loans             | 293                                | 77                                 | 315                                     | 685                        | 29,395           | 30,080         |  |
| Other                                  |                                    |                                    |   |                            | 15,903           | 15,903         |  |
| Total                                  | \$ 9,427                           | \$ 6,111                           | \$ 17,483                               | \$ 33,021                  | \$ 2,138,579     | \$ 2,171,600   | \$   |

|  | Loans<br>30-59<br>Days Past<br>Due | Loans<br>60-89<br>Days<br>Past Due | Loans 90<br>or More<br>Days Past<br>Due | Total<br>Loans<br>Past Due | Current<br>Loans | Total<br>Loans | Loans 90<br>Days or<br>More Past<br>Due and<br>Still<br>Accruing |
|--|------------------------------------|------------------------------------|---|----------------------------|------------------|----------------|--|
| (Dollars in Thousands)                 |                                    |                                    |   |                            |                  |                |  |
| <b>As of December 31, 2014:</b>        |                                    |                                    |   |                            |                  |                |  |
| Commercial, financial & agricultural   | \$ 900                             | \$ 233                             | \$ 1,577                                | \$ 2,710                   | \$ 316,944       | \$ 319,654     | \$   |
| Real estate construction & development | 1,382                              | 286                                | 3,367                                   | 5,035                      | 156,472          | 161,507        |  |
| Real estate commercial & farmland      | 2,859                              | 635                                | 7,668                                   | 11,162                     | 896,362          | 907,524        |  |
| Real estate residential                | 3,953                              | 2,334                              | 6,755                                   | 13,042                     | 443,064          | 456,106        |  |
| Consumer installment loans             | 634                                | 158                                | 366                                     | 1,158                      | 29,624           | 30,782         | 1  |
| Other                                  |                                    |                                    |   |                            | 14,308           | 14,308         |  |
| Total                                  | \$ 9,728                           | \$ 3,646                           | \$ 19,733                               | \$ 33,107                  | \$ 1,856,774     | \$ 1,889,881   | \$ 1   |

Edgar Filing: Ameris Bancorp - Form 10-Q

| Loans<br>30-59<br>Days Past<br>Due | Loans<br>60-89<br>Days<br>Past<br>Due | Loans<br>90<br>or More<br>Days<br>Past<br>Due | Total<br>Loans<br>Past<br>Due | Current<br>Loans | Total<br>Loans | Loans 90<br>Days or<br>More<br>Past<br>Due<br>and<br>Still<br>Accruing |
|------------------------------------|---------------------------------------|---|-------------------------------|------------------|----------------|--|
|------------------------------------|---------------------------------------|---|-------------------------------|------------------|----------------|--|

(Dollars in Thousands)

**As of June 30, 2014:**

|  |           |          |           |           |              |              |    |
|--|-----------|----------|-----------|-----------|--------------|--------------|----|
| Commercial, financial & agricultural   | \$ 1,180  | \$ 966   | \$ 1,077  | \$ 3,223  | \$ 301,365   | \$ 304,588   | \$ |
| Real estate construction & development | 3,942     | 296      | 3,449     | 7,687     | 141,659      | 149,346      |    |
| Real estate commercial & farmland      | 4,622     | 1,860    | 7,404     | 13,886    | 836,114      | 850,000      |    |
| Real estate residential                | 5,806     | 3,829    | 7,197     | 16,832    | 405,899      | 422,731      |    |
| Consumer installment loans             | 345       | 176      | 310       | 831       | 31,071       | 31,902       |    |
| Other                                  |           |          |           |           | 11,492       | 11,492       |    |
| Total                                  | \$ 15,895 | \$ 7,127 | \$ 19,437 | \$ 42,459 | \$ 1,727,600 | \$ 1,770,059 | \$ |

**Table of Contents**

The following table presents an analysis of purchased non-covered past due loans as of June 30, 2015, December 31, 2014 and June 30, 2014:

|  | Loans<br>30-59<br>Days Past<br>Due | Loans<br>60-89<br>Days<br>Past Due | Loans 90<br>or More<br>Days Past<br>Due | Total<br>Loans<br>Past Due | Current<br>Loans  | Total<br>Loans    | Loans 90<br>Days or<br>More Past<br>Due and<br>Still<br>Accruing |
|--|------------------------------------|------------------------------------|---|----------------------------|-------------------|-------------------|--|
| <b>(Dollars in Thousands)</b>          |                                    |                                    |   |                            |                   |                   |  |
| <b>As of June 30, 2015:</b>            |                                    |                                    |   |                            |                   |                   |  |
| Commercial, financial & agricultural   | \$                                 | \$ 1,101                           | \$ 202                                  | \$ 1,303                   | \$ 44,034         | \$ 45,337         | \$   |
| Real estate construction & development | 245                                |                                    | 1,026                                   | 1,271                      | 74,031            | 75,302            |  |
| Real estate commercial & farmland      | 2,115                              | 724                                | 9,062                                   | 11,901                     | 392,687           | 404,588           |  |
| Real estate residential                | 3,848                              | 1,400                              | 5,369                                   | 10,617                     | 266,181           | 276,798           |  |
| Consumer installment loans             | 6                                  |                                    | 84                                      | 90                         | 6,198             | 6,288             |  |
| <b>Total</b>                           | <b>\$ 6,214</b>                    | <b>\$ 3,225</b>                    | <b>\$ 15,743</b>                        | <b>\$ 25,182</b>           | <b>\$ 783,131</b> | <b>\$ 808,313</b> | <b>\$</b>  |

|  | Loans<br>30-59<br>Days Past<br>Due | Loans<br>60-89<br>Days<br>Past Due | Loans 90<br>or More<br>Days Past<br>Due | Total<br>Loans<br>Past Due | Current<br>Loans  | Total<br>Loans    | Loans 90<br>Days or<br>More Past<br>Due and<br>Still<br>Accruing |
|--|------------------------------------|------------------------------------|---|----------------------------|-------------------|-------------------|--|
| <b>(Dollars in Thousands)</b>          |                                    |                                    |   |                            |                   |                   |  |
| <b>As of December 30, 2014:</b>        |                                    |                                    |   |                            |                   |                   |  |
| Commercial, financial & agricultural   | \$ 461                             | \$ 90                              | \$ 175                                  | \$ 726                     | \$ 37,315         | \$ 38,041         | \$   |
| Real estate construction & development | 790                                | 1,735                              | 1,117                                   | 3,642                      | 54,720            | 58,362            |  |
| Real estate commercial & farmland      | 2,107                              | 1,194                              | 9,529                                   | 12,830                     | 293,876           | 306,706           |  |
| Real estate residential                | 6,907                              | 1,401                              | 6,369                                   | 14,677                     | 251,665           | 266,342           |  |
| Consumer installment loans             | 82                                 |                                    | 65                                      | 147                        | 4,641             | 4,788             |  |
| <b>Total</b>                           | <b>\$ 10,347</b>                   | <b>\$ 4,420</b>                    | <b>\$ 17,255</b>                        | <b>\$ 32,022</b>           | <b>\$ 642,217</b> | <b>\$ 674,239</b> | <b>\$</b>  |

| Loans<br>30-59<br>Days Past | Loans<br>60-89<br>Days | Loans<br>90<br>or More | Total<br>Loans<br>Past | Current<br>Loans | Total<br>Loans | Loans 90<br>Days or<br>More |
|-----------------------------|------------------------|------------------------|------------------------|------------------|----------------|-----------------------------|
|-----------------------------|------------------------|------------------------|------------------------|------------------|----------------|-----------------------------|

Edgar Filing: Ameris Bancorp - Form 10-Q

|  | <b>Due</b>      | <b>Past<br/>Due</b> | <b>Days<br/>Past<br/>Due</b> | <b>Due</b>       |                   |                   | <b>Past<br/>Due<br/>and<br/>Still<br/>Accruing</b> |
|--|-----------------|---------------------|------------------------------|------------------|-------------------|-------------------|--|
| <b>(Dollars in Thousands)</b>          |                 |                     |                              |                  |                   |                   |  |
| <b>As of June 30, 2014:</b>            |                 |                     |                              |                  |                   |                   |  |
| Commercial, financial & agricultural   | \$ 137          | \$ 26               | \$ 143                       | \$ 306           | \$ 41,277         | \$ 41,583         | \$   |
| Real estate construction & development | 712             | 168                 | 2,165                        | 3,045            | 61,039            | 64,084            |  |
| Real estate commercial & farmland      | 1,263           | 1,605               | 6,647                        | 9,515            | 302,233           | 311,748           |  |
| Real estate residential                | 6,952           | 983                 | 6,144                        | 14,079           | 264,372           | 278,451           |  |
| Consumer installment loans             | 23              | 29                  | 47                           | 99               | 6,166             | 6,265             |  |
| <b>Total</b>                           | <b>\$ 9,087</b> | <b>\$ 2,811</b>     | <b>\$ 15,146</b>             | <b>\$ 27,044</b> | <b>\$ 675,087</b> | <b>\$ 702,131</b> | <b>\$</b>  |

**Table of Contents**

The following table presents an aging analysis of covered loans as of June 30, 2015, December 31, 2014 and June 30, 2014:

|  | Loans<br>30-59<br>Days Past<br>Due | Loans<br>60-89<br>Days<br>Past Due | Loans 90<br>or More<br>Days Past<br>Due    | Total<br>Loans<br>Past Due | Current<br>Loans  | Total<br>Loans    | Loans 90<br>Days or<br>More Past<br>Due and<br>Still<br>Accruing |
|--|------------------------------------|------------------------------------|--|----------------------------|-------------------|-------------------|--|
| (Dollars in Thousands)                 |                                    |                                    |  |                            |                   |                   |  |
| <b>As of June 30, 2015:</b>            |                                    |                                    |  |                            |                   |                   |  |
| Commercial, financial & agricultural   | \$ 237                             | \$ 240                             | \$ 1,670                                   | \$ 2,147                   | \$ 15,519         | \$ 17,666         | \$   |
| Real estate construction & development | 292                                | 31                                 | 3,045                                      | 3,368                      | 11,634            | 15,002            | 143  |
| Real estate commercial & farmland      | 699                                | 81                                 | 9,396                                      | 10,176                     | 101,596           | 111,772           |  |
| Real estate residential                | 2,690                              | 927                                | 2,122                                      | 5,739                      | 59,243            | 64,982            |  |
| Consumer installment loans             |                                    |                                    | 50   | 50                         | 126               | 176               |  |
| <b>Total</b>                           | <b>\$ 3,918</b>                    | <b>\$ 1,279</b>                    | <b>\$ 16,283</b>                           | <b>\$ 21,480</b>           | <b>\$ 188,118</b> | <b>\$ 209,598</b> | <b>\$ 143</b>  |
| (Dollars in Thousands)                 |                                    |                                    |  |                            |                   |                   |  |
| <b>As of December 31, 2014:</b>        |                                    |                                    |  |                            |                   |                   |  |
| Commercial, financial & agricultural   | \$ 451                             | \$ 136                             | \$ 1,878                                   | \$ 2,465                   | \$ 19,002         | \$ 21,467         | \$   |
| Real estate construction & development | 238                                | 226                                | 6,703                                      | 7,167                      | 16,280            | 23,447            |  |
| Real estate commercial & farmland      | 4,371                              | 1,486                              | 7,711                                      | 13,568                     | 134,059           | 147,627           | 714  |
| Real estate residential                | 3,464                              | 962                                | 5,656                                      | 10,082                     | 68,438            | 78,520            |  |
| Consumer installment loans             | 10                                 |                                    | 91   | 101                        | 117               | 218               |  |
| <b>Total</b>                           | <b>\$ 8,534</b>                    | <b>\$ 2,810</b>                    | <b>\$ 22,039</b>                           | <b>\$ 33,383</b>           | <b>\$ 237,896</b> | <b>\$ 271,279</b> | <b>\$ 714</b>  |
| (Dollars in Thousands)                 |                                    |                                    |  |                            |                   |                   |  |
|  | Loans<br>30-59<br>Days Past<br>Due | Loans<br>60-89<br>Days<br>Past Due | Loans<br>90<br>or More<br>Days Past<br>Due | Total<br>Loans<br>Past Due | Current<br>Loans  | Total<br>Loans    | Loans 90<br>Days or<br>More                                      |

Edgar Filing: Ameris Bancorp - Form 10-Q

|  | Due | Past<br>Due | Days<br>Past<br>Due | Due |  |  | Past<br>Due<br>and<br>Still<br>Accruing |
|--|-----|-------------|---------------------|-----|--|--|---|
|--|-----|-------------|---------------------|-----|--|--|---|

(Dollars in Thousands)

**As of June 30, 2014:**

|  |                 |                 |                  |                  |                   |                   |           |
|--|-----------------|-----------------|------------------|------------------|-------------------|-------------------|-----------|
| Commercial, financial & agricultural   | \$ 16           | \$ 467          | \$ 6,909         | \$ 7,392         | \$ 17,817         | \$ 25,209         | \$        |
| Real estate construction & development | 551             | 459             | 7,708            | 8,718            | 22,882            | 31,600            |           |
| Real estate commercial & farmland      | 6,399           | 139             | 10,443           | 16,981           | 171,662           | 188,643           |           |
| Real estate residential                | 2,490           | 690             | 5,939            | 9,119            | 76,399            | 85,518            |           |
| Consumer installment loans             |                 | 49              | 56               | 105              | 175               | 280               |           |
| <b>Total</b>                           | <b>\$ 9,456</b> | <b>\$ 1,804</b> | <b>\$ 31,055</b> | <b>\$ 42,315</b> | <b>\$ 288,935</b> | <b>\$ 331,250</b> | <b>\$</b> |

**Table of Contents**

**Impaired Loans**

Loans are considered impaired when, based on current information and events, it is probable the Company will be unable to collect all amounts due in accordance with the original contractual terms of the loan agreements. When determining if the Company will be unable to collect all principal and interest payments due in accordance with the contractual terms of the loan agreement, the Company considers the borrower's capacity to pay, which includes such factors as the borrower's current financial statements, an analysis of global cash flow sufficient to pay all debt obligations and an evaluation of secondary sources of repayment, such as guarantor support and collateral value. Impaired loans include loans on nonaccrual status and troubled debt restructurings. The Company individually assesses for impairment all nonaccrual loans greater than \$200,000 and rated substandard or worse and all troubled debt restructurings greater than \$100,000. If a loan is deemed impaired, a specific valuation allowance is allocated, if necessary, so that the loan is reported net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. Interest payments on impaired loans are typically applied to principal unless collectability of the principal amount is reasonably assured, in which case interest is recognized on a cash basis.



**Table of Contents**

The following is a summary of information pertaining to impaired loans, excluding purchased non-covered and covered loans:

|  | As of and For the Period Ended |                      |                  |
|--|--------------------------------|----------------------|------------------|
|  | June 30,<br>2015               | December 31,<br>2014 | June 30,<br>2014 |
|  | (Dollars in Thousands)         |                      |                  |
| Nonaccrual loans   | \$ 20,740                      | \$ 21,728            | \$ 22,111        |
| Troubled debt restructurings not included above              | 12,467                         | 12,759               | 17,337           |
| <b>Total impaired loans</b>                                  | <b>\$ 33,207</b>               | <b>\$ 34,487</b>     | <b>\$ 39,448</b> |
| Quarter-to-date interest income recognized on impaired loans | \$ 192                         | \$ 237               | \$ 1,133         |
| Year-to-date interest income recognized on impaired loans    | \$ 344                         | \$ 1,991             | \$ 1,423         |
| Quarter-to-date foregone interest income on impaired loans   | \$ 311                         | \$ 323               | \$ 375           |
| Year-to-date foregone interest income on impaired loans      | \$ 629                         | \$ 1,491             | \$ 815           |

The following table presents an analysis of information pertaining to impaired loans, excluding purchased non-covered and covered loans as of June 30, 2015, December 31, 2014 and June 30, 2014:

|  | Unpaid Contractual Principal Balance | Recorded Investment With No Allowance | Recorded Investment With Allowance | Total Recorded Investment | Related Allowance | Three Month Average Recorded Investment | Six Month Average Recorded Investment |
|--|--------------------------------------|---------------------------------------|------------------------------------|---------------------------|-------------------|---|---------------------------------------|
| (Dollars in Thousands)                 |                                      |                                       |                                    |                           |                   |   |                                       |
| <b>As of June 30, 2015:</b>            |                                      |                                       |                                    |                           |                   |   |                                       |
| Commercial, financial & agricultural   | \$ 6,004                             | \$ 442                                | \$ 3,903                           | \$ 4,345                  | \$ 458            | \$ 2,819                                | \$ 2,533                              |
| Real estate construction & development | 3,765                                |                                       | 2,416                              | 2,416                     | 445               | 3,245                                   | 3,648                                 |
| Real estate commercial & farmland      | 18,117                               | 5,960                                 | 9,595                              | 15,555                    | 1,243             | 15,378                                  | 15,125                                |
| Real estate residential                | 11,743                               | 1,153                                 | 9,199                              | 10,352                    | 1,825             | 11,555                                  | 12,006                                |
| Consumer installment loans             | 633                                  |                                       | 539                                | 539                       | 8                 | 494                                     | 507                                   |
| <b>Total</b>                           | <b>\$ 40,262</b>                     | <b>\$ 7,555</b>                       | <b>\$ 25,652</b>                   | <b>\$ 33,207</b>          | <b>\$ 3,979</b>   | <b>\$ 33,491</b>                        | <b>\$ 33,819</b>                      |

Edgar Filing: Ameris Bancorp - Form 10-Q

|  | Unpaid Contractual Principal Balance | Recorded Investment With No Allowance | Recorded Investment With Allowance | Total Recorded Investment | Related Allowance | Three Month Average Recorded Investment | Twelve Month Average Recorded Investment |
|--|--------------------------------------|---------------------------------------|------------------------------------|---------------------------|-------------------|---|--|
| <b>As of December 31, 2014:</b>        |                                      |                                       |                                    |                           |                   |   |  |
| Commercial, financial & agricultural   | \$ 3,387                             | \$ 6                                  | \$ 1,956                           | \$ 1,962                  | \$ 395            | \$ 2,457                                | \$ 3,021                                 |
| Real estate construction & development | 8,325                                | 448                                   | 4,005                              | 4,453                     | 771               | 4,703                                   | 5,368                                    |
| Real estate commercial & farmland      | 17,514                               | 4,967                                 | 9,651                              | 14,618                    | 1,859             | 15,341                                  | 15,972                                   |
| Real estate residential                | 15,571                               | 3,514                                 | 9,407                              | 12,921                    | 974               | 14,244                                  | 16,317                                   |
| Consumer installment loans             | 618                                  |                                       | 533                                | 533                       | 9                 | 527                                     | 519                                      |
| <b>Total</b>                           | <b>\$ 45,415</b>                     | <b>\$ 8,935</b>                       | <b>\$ 25,552</b>                   | <b>\$ 34,487</b>          | <b>\$ 4,008</b>   | <b>\$ 37,272</b>                        | <b>\$ 41,197</b>                         |

|  | Unpaid Contractual Principal Balance | Recorded Investment With No Allowance | Recorded Investment With Allowance | Total Recorded Investment | Related Allowance | Three Month Average Recorded Investment | Six Month Average Recorded Investment |
|--|--------------------------------------|---------------------------------------|------------------------------------|---------------------------|-------------------|---|---------------------------------------|
| <b>As of June 30, 2014:</b>            |                                      |                                       |                                    |                           |                   |   |                                       |
| Commercial, financial & agricultural   | \$ 3,398                             | \$                                    | \$ 1,852                           | \$ 1,852                  | \$ 298            | \$ 2,786                                | \$ 3,397                              |
| Real estate construction & development | 9,336                                |                                       | 5,532                              | 5,532                     | 798               | 5,783                                   | 5,811                                 |
| Real estate commercial & farmland      | 19,215                               |                                       | 16,421                             | 16,421                    | 1,629             | 16,851                                  | 16,394                                |
| Real estate residential                | 18,313                               |                                       | 15,131                             | 15,131                    | 884               | 16,563                                  | 17,698                                |
| Consumer installment loans             | 638                                  |                                       | 512                                | 512                       | 10                | 530                                     | 514                                   |
| <b>Total</b>                           | <b>\$ 50,900</b>                     | <b>\$</b>                             | <b>\$ 39,448</b>                   | <b>\$ 39,448</b>          | <b>\$ 3,619</b>   | <b>\$ 42,513</b>                        | <b>\$ 43,814</b>                      |

**Table of Contents**

The following is a summary of information pertaining to purchased non-covered impaired loans:

|  | As of and For the Period Ended |                      |                  |
|--|--------------------------------|----------------------|------------------|
|  | June 30,<br>2015               | December 31,<br>2014 | June 30,<br>2014 |
|  | (Dollars in Thousands)         |                      |                  |
| Nonaccrual loans   | \$ 17,444                      | \$ 18,249            | \$ 15,770        |
| Troubled debt restructurings not included above              | 6,792                          | 1,212                |                  |
| <b>Total impaired loans</b>                                  | <b>\$ 24,236</b>               | <b>\$ 19,461</b>     | <b>\$ 15,770</b> |
| Quarter-to-date interest income recognized on impaired loans | \$ 143                         | \$ 64                | \$ 41            |
| Year-to-date interest income recognized on impaired loans    | \$ 161                         | \$ 132               | \$ 41            |
| Quarter-to-date foregone interest income on impaired loans   | \$ 451                         | \$ 521               | \$ 426           |
| Year-to-date foregone interest income on impaired loans      | \$ 923                         | \$ 1,759             | \$ 652           |

The following table presents an analysis of information pertaining to purchased non-covered impaired loans as of June 30, 2015, December 31, 2014 and June 30, 2014:

|  | Unpaid Contractual Principal Balance | Recorded Investment With No Allowance | Recorded Investment With Allowance | Total Recorded Investment | Related Allowance | Three Month Average Recorded Investment | Six Month Average Recorded Investment |
|--|--------------------------------------|---------------------------------------|------------------------------------|---------------------------|-------------------|---|---------------------------------------|
| (Dollars in Thousands)                 |                                      |                                       |                                    |                           |                   |   |                                       |
| <b>As of June 30, 2015:</b>            |                                      |                                       |                                    |                           |                   |   |                                       |
| Commercial, financial & agricultural   | \$ 1,476                             | \$ 309                                | \$                                 | \$ 309                    | \$                | \$ 254                                  | \$ 227                                |
| Real estate construction & development | 9,656                                | 1,857                                 |                                    | 1,857                     |                   | 1,485                                   | 1,469                                 |
| Real estate commercial & farmland      | 17,043                               | 13,691                                |                                    | 13,691                    |                   | 11,753                                  | 11,366                                |
| Real estate residential                | 12,992                               | 8,285                                 |                                    | 8,285                     |                   | 7,982                                   | 7,718                                 |
| Consumer installment loans             | 111                                  | 94                                    |                                    | 94                        |                   | 61                                      | 64                                    |
| <b>Total</b>                           | <b>\$ 41,278</b>                     | <b>\$ 24,236</b>                      | <b>\$</b>                          | <b>\$ 24,236</b>          | <b>\$</b>         | <b>\$ 21,535</b>                        | <b>\$ 20,844</b>                      |

Edgar Filing: Ameris Bancorp - Form 10-Q

|  | Unpaid<br>Contractual<br>Principal<br>Balance | Recorded<br>Investment<br>With No<br>Allowance | Recorded<br>Investment<br>With<br>Allowance | Total<br>Recorded<br>Investment | Related<br>Allowance | Three Month<br>Average<br>Recorded<br>Investment | Twelve Month<br>Average<br>Recorded<br>Investment |
|--|---|--|---|---------------------------------|----------------------|--|---|
| <b>As of December 31, 2014:</b>        |   |  |   |                                 |                      |  |   |
| Commercial, financial & agricultural   | \$ 1,366                                      | \$ 175   | \$  | \$ 175                          | \$                   | \$ 277   | \$ 165  |
| Real estate construction & development | 5,161   | 1,436  |   | 1,436                           |                      | 2,242  | 1,643   |
| Real estate commercial & farmland      | 15,007  | 10,588   |   | 10,588                          |                      | 11,148   | 7,484   |
| Real estate residential                | 12,283  | 7,191  |   | 7,191                           |                      | 8,447  | 7,084   |
| Consumer installment loans             | 172   | 71   |   | 71                              |                      | 124  | 68  |
| <b>Total</b>                           | <b>\$ 33,989</b>                              | <b>\$ 19,461</b>                               | <b>\$</b>                                   | <b>\$ 19,461</b>                | <b>\$</b>            | <b>\$ 22,238</b>                                 | <b>\$ 16,444</b>                                  |

|  | Unpaid<br>Contractual<br>Principal<br>Balance | Recorded<br>Investment<br>With No<br>Allowance | Recorded<br>Investment<br>With<br>Allowance | Total<br>Recorded<br>Investment | Related<br>Allowance | Three Month<br>Average<br>Recorded<br>Investment | Six<br>Month<br>Average<br>Recorded<br>Investment |
|--|---|--|---|---------------------------------|----------------------|--|---|
| <b>As of June 30, 2014:</b>            |   |  |   |                                 |                      |  |   |
| Commercial, financial & agricultural   | \$ 550  | \$ 143   | \$  | \$ 143                          | \$                   | \$ 130   | \$ 90   |
| Real estate construction & development | 4,649   | 2,273  |   | 2,273                           |                      | 1,702  | 1,243   |
| Real estate commercial & farmland      | 9,848   | 6,647  |   | 6,647                           |                      | 6,738  | 5,043   |
| Real estate residential                | 10,598  | 6,658  |   | 6,658                           |                      | 6,933  | 6,175   |
| Consumer installment loans             | 65  | 49   |   | 49                              |                      | 41   | 31  |
| <b>Total</b>                           | <b>\$ 25,710</b>                              | <b>\$ 15,770</b>                               | <b>\$</b>                                   | <b>\$ 15,770</b>                | <b>\$</b>            | <b>\$ 15,544</b>                                 | <b>\$ 12,582</b>                                  |

**Table of Contents**

The following is a summary of information pertaining to covered impaired loans:

|  | As of and For the Period Ended |                      |                  |
|--|--------------------------------|----------------------|------------------|
|  | June 30,<br>2015               | December 31,<br>2014 | June 30,<br>2014 |
|  | (Dollars in Thousands)         |                      |                  |
| Nonaccrual loans   | \$ 28,871                      | \$ 35,412            | \$ 46,138        |
| Troubled debt restructurings not included above              | 17,500                         | 22,619               | 9,221            |
| <b>Total impaired loans</b>                                  | <b>\$ 46,371</b>               | <b>\$ 58,031</b>     | <b>\$ 55,359</b> |
| Quarter-to-date interest income recognized on impaired loans | \$ 219                         | \$ 443               | \$ 796           |
| Year-to-date interest income recognized on impaired loans    | \$ 431                         | \$ 2,057             | \$ 1,193         |
| Quarter-to-date foregone interest income on impaired loans   | \$ 409                         | \$ 571               | \$ 843           |
| Year-to-date foregone interest income on impaired loans      | \$ 947                         | \$ 3,123             | \$ 1,892         |

The following table presents an analysis of information pertaining to covered impaired loans as of June 30, 2015, December 31, 2014 and June 30, 2014:

|  | Unpaid Contractual Principal Balance | Recorded Investment With No Allowance | Recorded Investment With Allowance | Total Recorded Investment | Three Month Average Recorded Investment | Six Month Average Recorded Investment |
|--|--------------------------------------|---------------------------------------|------------------------------------|---------------------------|---|---------------------------------------|
| (Dollars in Thousands)                 |                                      |                                       |                                    |                           |   |                                       |
| <b>As of June 30, 2015:</b>            |                                      |                                       |                                    |                           |   |                                       |
| Commercial, financial & agricultural   | \$ 14,260                            | \$ 7,951                              | \$                                 | \$ 7,951                  | \$ 8,869                                | \$ 8,773                              |
| Real estate construction & development | 29,895                               | 5,953                                 |                                    | 5,953                     | 7,819                                   | 8,757                                 |
| Real estate commercial & farmland      | 37,426                               | 17,970                                |                                    | 17,970                    | 21,795                                  | 21,418                                |
| Real estate residential                | 18,226                               | 14,402                                |                                    | 14,402                    | 16,600                                  | 17,084                                |
| Consumer installment loans             | 125                                  | 95                                    |                                    | 95                        | 99                                      | 97                                    |
| <b>Total</b>                           | <b>\$ 99,932</b>                     | <b>\$ 46,371</b>                      | <b>\$</b>                          | <b>\$ 46,371</b>          | <b>\$ 55,179</b>                        | <b>\$ 56,129</b>                      |

|  | Unpaid<br>Contractual<br>Principal<br>Balance | Recorded<br>Investment<br>With No<br>Allowance | Recorded<br>Investment<br>With<br>Allowance | Total<br>Recorded<br>Investment | Related<br>Allowance | Three Month<br>Average<br>Recorded<br>Investment | Twelve Month<br>Average<br>Recorded<br>Investment |
|--|---|--|---|---------------------------------|----------------------|--|---|
| <b>As of December 31, 2014:</b>        |   |  |   |                                 |                      |  |   |
| Commercial, financial & agricultural   | \$ 14,385                                     | \$ 8,582                                       | \$  | \$ 8,582                        | \$                   | \$ 8,525   | \$ 9,325  |
| Real estate construction & development | 27,289  | 10,638   |   | 10,638                          |                      | 11,279   | 13,935  |
| Real estate commercial & farmland      | 31,309  | 20,663   |   | 20,663                          |                      | 21,890   | 28,057  |
| Real estate residential                | 22,860  | 18,054   |   | 18,054                          |                      | 18,242   | 20,776  |
| Consumer installment loans             | 124   | 94   |   | 94                              |                      | 100  | 160   |
| <b>Total</b>                           | <b>\$ 95,967</b>                              | <b>\$ 58,031</b>                               | <b>\$</b>                                   | <b>\$ 58,031</b>                | <b>\$</b>            | <b>\$ 60,036</b>                                 | <b>\$ 72,253</b>                                  |

|  | Unpaid<br>Contractual<br>Principal<br>Balance | Recorded<br>Investment<br>With No<br>Allowance | Recorded<br>Investment<br>With<br>Allowance | Total<br>Recorded<br>Investment | Related<br>Allowance | Three Month<br>Average<br>Recorded<br>Investment | Six<br>Month<br>Average<br>Recorded<br>Investment |
|--|---|--|---|---------------------------------|----------------------|--|---|
| <b>As of June 30, 2014:</b>            |   |  |   |                                 |                      |  |   |
| Commercial, financial & agricultural   | \$ 14,694                                     | \$ 12,266                                      | \$  | \$ 12,266                       | \$                   | \$ 11,153  | \$ 9,858  |
| Real estate construction & development | 12,921  | 11,048   |   | 11,048                          |                      | 14,541   | 15,706  |
| Real estate commercial & farmland      | 27,742  | 24,007   |   | 24,007                          |                      | 27,877   | 32,167  |
| Real estate residential                | 21,874  | 19,793   |   | 19,793                          |                      | 21,199   | 22,465  |
| Consumer installment loans             | 161   | 127  |   | 127                             |                      | 130  | 200   |
| <b>Total</b>                           | <b>\$ 77,392</b>                              | <b>\$ 67,241</b>                               | <b>\$</b>                                   | <b>\$ 67,241</b>                | <b>\$</b>            | <b>\$ 74,899</b>                                 | <b>\$ 80,397</b>                                  |

---

**Table of Contents**

**Credit Quality Indicators**

The Company uses a nine category risk grading system to assign a risk grade to each loan in the portfolio. Every loan is assigned a risk rating, with the exception of credit card receivables and overdraft protection loans, which are treated as pools for risk-rating purposes. Relationships greater than \$1.0 million and a sample of relationships greater than \$250,000 are reviewed annually by the Bank's independent internal loan review department or an independent third party loan review firm. The following is a description of the general characteristics of the grades:

*Grade 10 Prime Credit* This grade represents loans to the Company's most creditworthy borrowers or loans that are secured by cash or cash equivalents.

*Grade 15 Good Credit* This grade includes loans that exhibit one or more characteristics better than that of a *Satisfactory Credit*. Generally, the debt service coverage and borrower's liquidity is materially better than required by the Company's loan policy.

*Grade 20 Satisfactory Credit* This grade is assigned to loans to borrowers who exhibit satisfactory credit histories, contain acceptable loan structures and demonstrate ability to repay.

*Grade 23 Performing, Under-Collateralized Credit* This grade is assigned to loans that are currently performing and supported by adequate financial information that reflects repayment capacity but exhibit a loan-to-value ratio greater than 110%, based on a documented collateral valuation.

*Grade 25 Minimum Acceptable Credit* This grade includes loans which exhibit all the characteristics of a *Satisfactory Credit*, but warrant more than normal level of banker supervision due to (i) circumstances which elevate the risks of performance (such as start-up operations, untested management, heavy leverage and interim losses); (ii) adverse, extraordinary events that have affected, or could affect, the borrower's cash flow, financial condition, ability to continue operating profitability or refinancing (such as death of principal, fire and divorce); (iii) loans that require more than the normal servicing requirements (such as any type of construction financing, acquisition and development loans, accounts receivable or inventory loans and floor plan loans); (iv) existing technical exceptions which raise some doubts about the Bank's perfection in its collateral position or the continued financial capacity of the borrower; or (v) improvements in formerly criticized borrowers, which may warrant banker supervision.

*Grade 30 Other Asset Especially Mentioned* This grade includes loans that exhibit potential weaknesses that deserve management's close attention. If left uncorrected, these weaknesses may result in deterioration of the repayment prospects for the asset or in the Company's credit position at some future date.

*Grade 40 Substandard* This grade represents loans which are inadequately protected by the current credit quality and paying capacity of the borrower or of the collateral pledged, if any. These assets exhibit a well-defined weakness or are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. These weaknesses may be characterized by past due performance, operating losses or questionable collateral values.

*Grade 50 Doubtful* This grade includes loans which exhibit all of the characteristics of a substandard loan with the added provision that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable or improbable.

*Grade 60 Loss* This grade is assigned to loans which are considered uncollectible and of such little value that their continuance as active assets of the Bank is not warranted. This classification does not mean that the loss has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing it off.





**Table of Contents**

The following table presents the loan portfolio, excluding purchased non-covered and covered loans, by risk grade as of June 30, 2015:

| Risk Grade | Commercial, financial & agricultural | Real estate - construction & development | Real estate - commercial & farmland | Real estate - residential | Consumer installment loans | Other     | Total        |
|------------|--------------------------------------|--|-------------------------------------|---------------------------|----------------------------|-----------|--------------|
|            | (Dollars in Thousands)               |  |                                     |                           |                            |           |              |
| 10         | \$ 173,795                           | \$ 268                                   | \$ 150                              | \$ 1,606                  | \$ 6,114                   | \$        | \$ 181,933   |
| 15         | 25,447                               | 3,402                                    | 127,090                             | 85,812                    | 1,319                      |           | 243,070      |
| 20         | 96,169                               | 47,207                                   | 592,636                             | 334,999                   | 17,833                     | 15,903    | 1,104,747    |
| 23         | 635                                  | 8,071                                    | 11,984                              | 6,655                     | 55                         |           | 27,400       |
| 25         | 69,304                               | 140,119                                  | 248,227                             | 83,207                    | 3,807                      |           | 544,664      |
| 30         | 2,566                                | 2,510                                    | 11,088                              | 8,612                     | 244                        |           | 25,020       |
| 40         | 5,286                                | 3,442                                    | 19,020                              | 16,310                    | 708                        |           | 44,766       |
| 50         |                                      |  |                                     |                           |                            |           |              |
| 60         |                                      |  |                                     |                           |                            |           |              |
| Total      | \$ 373,202                           | \$ 205,019                               | \$ 1,010,195                        | \$ 537,201                | \$ 30,080                  | \$ 15,903 | \$ 2,171,600 |

The following table presents the loan portfolio, excluding purchased non-covered and covered loans, by risk grade as of December 31, 2014:

| Risk Grade | Commercial, financial & agricultural | Real estate - construction & development | Real estate - commercial & farmland | Real estate - residential | Consumer installment loans | Other     | Total        |
|------------|--------------------------------------|--|-------------------------------------|---------------------------|----------------------------|-----------|--------------|
|            | (Dollars in Thousands)               |  |                                     |                           |                            |           |              |
| 10         | \$ 121,355                           | \$ 268                                   | \$ 155                              | \$ 226                    | \$ 6,573                   | \$        | \$ 128,577   |
| 15         | 25,318                               | 4,010                                    | 128,170                             | 59,301                    | 1,005                      |           | 217,804      |
| 20         | 100,599                              | 47,541                                   | 511,198                             | 256,758                   | 17,544                     | 14,308    | 947,948      |
| 23         | 56                                   | 8,933                                    | 10,507                              | 9,672                     | 37                         |           | 29,205       |
| 25         | 62,519                               | 93,514                                   | 224,464                             | 102,998                   | 4,692                      |           | 488,187      |
| 30         | 3,758                                | 1,474                                    | 13,035                              | 7,459                     | 257                        |           | 25,983       |
| 40         | 6,049                                | 5,767                                    | 19,995                              | 19,692                    | 673                        |           | 52,176       |
| 50         |                                      |  |                                     |                           | 1                          |           | 1            |
| 60         |                                      |  |                                     |                           |                            |           |              |
| Total      | \$ 319,654                           | \$ 161,507                               | \$ 907,524                          | \$ 456,106                | \$ 30,782                  | \$ 14,308 | \$ 1,889,881 |

The following table presents the loan portfolio, excluding purchased non-covered and covered loans, by risk grade as of June 30, 2014:

Edgar Filing: Ameris Bancorp - Form 10-Q

| Risk<br>Grade | Commercial,<br>financial<br>&<br>agricultural | Real estate<br>-<br>construction &<br>development | Real estate -<br>commercial &<br>farmland | Real estate -<br>residential | Consumer<br>installment loans | Other     | Total        |
|---------------|---|---|---|------------------------------|-------------------------------|-----------|--------------|
|               | (Dollars in Thousands)                        |   |   |                              |                               |           |              |
| 10            | \$ 103,726                                    | \$  | \$ 255                                    | \$ 505                       | \$ 6,356                      | \$        | \$ 110,842   |
| 15            | 24,620  | 4,678   | 141,846                                   | 54,388                       | 1,120                         |           | 226,652      |
| 20            | 102,278                                       | 48,008  | 460,715                                   | 226,149                      | 17,714                        | 11,492    | 866,356      |
| 23            | 123   | 9,215   | 9,318                                     | 9,479                        | 294                           |           | 28,429       |
| 25            | 65,882  | 77,973  | 197,381                                   | 103,846                      | 5,281                         |           | 450,363      |
| 30            | 4,004   | 2,680   | 12,914                                    | 13,568                       | 194                           |           | 33,360       |
| 40            | 3,955   | 6,792   | 27,571                                    | 14,786                       | 943                           |           | 54,047       |
| 50            |   |   |   | 10                           |                               |           | 10           |
| 60            |   |   |   |                              |                               |           |              |
| Total         | \$ 304,588                                    | \$ 149,346  | \$ 850,000                                | \$ 422,731                   | \$ 31,902                     | \$ 11,492 | \$ 1,770,059 |

**Table of Contents**

The following table presents the purchased non-covered loan portfolio by risk grade as of June 30, 2015:

| Risk<br>Grade | Commercial, Real estate<br>financial - Real estate - Consumer<br>& construction & commercial & Real estate - installment<br>agricultural development farmland residential loans Other |           |            |            |          | Total      |
|---------------|---|-----------|------------|------------|----------|------------|
|               | (Dollars in Thousands)  |           |            |            |          |            |
| 10            | \$ 9,091  | \$        | \$ 80      | \$         | \$ 952   | \$ 10,123  |
| 15            | 1,377   | 866       | 8,710      | 41,641     | 626      | 53,220     |
| 20            | 12,545  | 16,979    | 190,219    | 139,792    | 2,769    | 362,304    |
| 23            |   | 240       | 3,792      | 6,505      |          | 10,537     |
| 25            | 18,556  | 49,070    | 165,267    | 65,818     | 1,700    | 300,411    |
| 30            | 2,462   | 3,409     | 19,042     | 9,803      | 63       | 34,779     |
| 40            | 1,276   | 4,738     | 17,478     | 13,217     | 178      | 36,887     |
| 50            | 30  |           |            | 22         |          | 52         |
| 60            |   |           |            |            |          |            |
| Total         | \$ 45,337   | \$ 75,302 | \$ 404,588 | \$ 276,798 | \$ 6,288 | \$ 808,313 |

The following table presents the purchased non-covered loan portfolio by risk grade as of December 31, 2014:

| Risk<br>Grade | Commercial, Real estate - Real estate - Consumer<br>financial & construction & commercial & Real estate - installment<br>agricultural development farmland residential loans Other |           |            |            |          | Total      |
|---------------|--|-----------|------------|------------|----------|------------|
|               | (Dollars in Thousands)   |           |            |            |          |            |
| 10            | \$ 6,624   | \$        | \$         | \$ 290     | \$ 480   | \$ 7,394   |
| 15            | 1,376  | 552       | 13,277     | 14,051     | 501      | 29,727     |
| 20            | 13,657   | 12,991    | 116,308    | 64,083     | 1,647    | 208,686    |
| 23            | 73   |           | 3,207      | 3,298      |          | 6,578      |
| 25            | 13,753   | 36,230    | 144,293    | 164,959    | 1,920    | 361,155    |
| 30            | 1,618  | 4,365     | 12,279     | 7,444      | 41       | 25,747     |
| 40            | 910  | 4,254     | 17,342     | 12,184     | 199      | 34,889     |
| 50            | 30   |           |            | 33         |          | 63         |
| 60            |  |           |            |            |          |            |
| Total         | \$ 38,041  | \$ 58,362 | \$ 306,706 | \$ 266,342 | \$ 4,788 | \$ 674,239 |

The following table presents the purchased non-covered loan portfolio by risk grade as of June 30, 2014:

| Risk<br>Grade | Commercial, Real estate<br>financial -<br>& construction & | Real estate -<br>commercial &<br>farmland | Real estate -<br>residential | Consumer<br>installment<br>loans | Other | Total |
|---------------|--|---|------------------------------|----------------------------------|-------|-------|
|---------------|--|---|------------------------------|----------------------------------|-------|-------|

**agricultural development**

**(Dollars in Thousands)**

|       |           |           |            |            |          |    |            |
|-------|-----------|-----------|------------|------------|----------|----|------------|
| 10    | \$ 3,494  | \$        | \$         | \$ 293     | \$ 557   | \$ | \$ 4,344   |
| 15    | 4,728     | 245       | 14,191     | 15,839     | 537      |    | 35,540     |
| 20    | 11,567    | 12,905    | 94,598     | 64,937     | 2,683    |    | 186,690    |
| 23    |           |           |            | 165        |          |    | 165        |
| 25    | 18,251    | 42,127    | 175,427    | 178,523    | 2,343    |    | 416,671    |
| 30    | 3,162     | 4,722     | 16,078     | 8,326      | 21       |    | 32,309     |
| 40    | 381       | 4,085     | 11,454     | 10,368     | 124      |    | 26,412     |
| 50    |           |           |            |            |          |    |            |
| 60    |           |           |            |            |          |    |            |
| Total | \$ 41,583 | \$ 64,084 | \$ 311,748 | \$ 278,451 | \$ 6,265 | \$ | \$ 702,131 |

**Table of Contents**

The following table presents the covered loan portfolio by risk grade as of June 30, 2015:

| Risk Grade | Commercial, financial & agricultural | Real estate - construction & development | Real estate - commercial & farmland | Real estate - residential | Consumer installment loans | Other | Total      |
|------------|--------------------------------------|--|-------------------------------------|---------------------------|----------------------------|-------|------------|
|            | (Dollars in Thousands)               |  |                                     |                           |                            |       |            |
| 10         | \$                                   | \$                                       | \$                                  | \$                        | \$                         | \$    | \$         |
| 15         |                                      |  | 488                                 | 125                       |                            |       | 613        |
| 20         | 580                                  | 1,218                                    | 17,382                              | 12,571                    | 43                         |       | 31,794     |
| 23         | 68                                   |  | 5,255                               | 6,083                     |                            |       | 11,406     |
| 25         | 4,089                                | 8,142                                    | 60,682                              | 30,870                    | 37                         |       | 103,820    |
| 30         | 4,923                                | 2,409                                    | 4,165                               | 5,730                     |                            |       | 17,227     |
| 40         | 8,006                                | 3,233                                    | 23,800                              | 9,603                     | 96                         |       | 44,738     |
| 50         |                                      |  |                                     |                           |                            |       |            |
| 60         |                                      |  |                                     |                           |                            |       |            |
| Total      | \$ 17,666                            | \$ 15,002                                | \$ 111,772                          | \$ 64,982                 | \$ 176                     | \$    | \$ 209,598 |

The following table presents the covered loan portfolio by risk grade as of December 31, 2014:

| Risk Grade | Commercial, financial & agricultural | Real estate - construction & development | Real estate - commercial & farmland | Real estate - residential | Consumer installment loans | Other | Total      |
|------------|--------------------------------------|--|-------------------------------------|---------------------------|----------------------------|-------|------------|
|            | (Dollars in Thousands)               |  |                                     |                           |                            |       |            |
| 10         | \$                                   | \$                                       | \$                                  | \$                        | \$                         | \$    | \$         |
| 15         |                                      | 1  | 761                                 | 525                       |                            |       | 1,287      |
| 20         | 917                                  | 3,184                                    | 23,167                              | 14,089                    | 77                         |       | 41,434     |
| 23         | 164                                  | 537                                      | 11,404                              | 6,642                     |                            |       | 18,747     |
| 25         | 5,181                                | 9,406                                    | 80,334                              | 33,124                    | 37                         |       | 128,082    |
| 30         | 4,808                                | 2,753                                    | 5,302                               | 8,050                     |                            |       | 20,913     |
| 40         | 10,397                               | 7,566                                    | 26,659                              | 16,090                    | 104                        |       | 60,816     |
| 50         |                                      |  |                                     |                           |                            |       |            |
| 60         |                                      |  |                                     |                           |                            |       |            |
| Total      | \$ 21,467                            | \$ 23,447                                | \$ 147,627                          | \$ 78,520                 | \$ 218                     | \$    | \$ 271,279 |

The following table presents the covered loan portfolio by risk grade as of June 30, 2014:

| Risk Grade | Commercial, financial & | Real estate - construction & | Real estate - commercial & farmland | Real estate - residential | Consumer installment loans | Other | Total |
|------------|-------------------------|------------------------------|-------------------------------------|---------------------------|----------------------------|-------|-------|
|------------|-------------------------|------------------------------|-------------------------------------|---------------------------|----------------------------|-------|-------|

Edgar Filing: Ameris Bancorp - Form 10-Q

agricultural development

(Dollars in Thousands)

|       |           |           |            |           |        |    |            |
|-------|-----------|-----------|------------|-----------|--------|----|------------|
| 10    | \$        | \$        | \$         | \$        | \$     | \$ | \$         |
| 15    |           |           | 2          | 822       | 629    |    | 1,453      |
| 20    | 1,133     | 5,524     | 33,050     | 17,143    | 68     |    | 56,918     |
| 23    | 124       | 555       | 15,528     | 5,557     |        |    | 21,764     |
| 25    | 6,569     | 9,251     | 94,504     | 36,507    | 40     |    | 146,871    |
| 30    | 4,398     | 4,802     | 9,959      | 8,326     | 2      |    | 27,487     |
| 40    | 12,985    | 11,466    | 34,780     | 17,356    | 170    |    | 76,757     |
| 50    |           |           |            |           |        |    |            |
| 60    |           |           |            |           |        |    |            |
| Total | \$ 25,209 | \$ 31,600 | \$ 188,643 | \$ 85,518 | \$ 280 | \$ | \$ 331,250 |

---

**Table of Contents**

**Troubled Debt Restructurings**

The restructuring of a loan is considered a troubled debt restructuring if both (i) the borrower is experiencing financial difficulties and (ii) the Company has granted a concession. Concessions may include interest rate reductions to below market interest rates, principal forgiveness, restructuring amortization schedules and other actions intended to minimize potential losses. The Company has exhibited the greatest success for rehabilitation of the loan by a reduction in the rate alone (maintaining the amortization of the debt) or a combination of a rate reduction and the forbearance of previously past due interest or principal. This has most typically been evidenced in certain commercial real estate loans whereby a disruption in the borrower's cash flow resulted in an extended past due status, of which the borrower was unable to catch up completely as the cash flow of the property ultimately stabilized at a level lower than its original level. A reduction in rate, coupled with a forbearance of unpaid principal and/or interest, allowed the net cash flows to service the debt under the modified terms.

The Company's policy requires a restructure request to be supported by a current, well-documented credit evaluation of the borrower's financial condition and a collateral evaluation that is no older than six months from the date of the restructure. Key factors of that evaluation include the documentation of current, recurring cash flows, support provided by the guarantor(s) and the current valuation of the collateral. If the appraisal in the file is older than six months, an evaluation must be made as to the continued reasonableness of the valuation. For certain income-producing properties, current rent rolls and/or other income information can be utilized to support the appraisal valuation, when coupled with documented cap rates within our markets and a physical inspection of the collateral to validate the current condition.

The Company's policy states that in the event a loan has been identified as a troubled debt restructuring, it should be assigned a grade of substandard and placed on nonaccrual status until such time the borrower has demonstrated the ability to service the loan payments based on the restructured terms—generally defined as six months of satisfactory payment history. Missed payments under the original loan terms are not considered under the new structure; however, subsequent missed payments are considered non-performance and are not considered toward the six month required term of satisfactory payment history. The Company's loan policy states that a nonaccrual loan may be returned to accrual status when (i) none of its principal and interest is due and unpaid, and the Company expects repayment of the remaining contractual principal and interest or (ii) it otherwise becomes well secured and in the process of collection. Restoration to accrual status on any given loan must be supported by a well-documented credit evaluation of the borrower's financial condition and the prospects for full repayment, approved by the Company's Chief Credit Officer.

In the normal course of business, the Company renews loans with a modification of the interest rate or terms that are not deemed as troubled debt restructurings because the borrower is not experiencing financial difficulty. The Company modified loans in the first six months of 2015 and 2014 totaling \$54.8 million and \$8.4 million, respectively, under such parameters.

As of June 30, 2015, December 31, 2014 and June 30, 2014, the Company had a balance of \$14.0 million, \$15.3 million and \$21.1 million, respectively, in troubled debt restructurings, excluding purchased non-covered and covered loans. The Company has recorded \$1.6 million, \$2.2 million and \$3.0 million in previous charge-offs on such loans at June 30, 2015, December 31, 2014 and June 30, 2014, respectively. The Company's balance in the allowance for loan losses allocated to such troubled debt restructurings was \$210,000, \$231,000 and \$398,000 at June 30, 2015, December 31, 2014 and June 30, 2014, respectively. At June 30, 2015, the Company did not have any commitments to lend additional funds to debtors whose terms have been modified in troubled restructurings.

During the six months ending June 30, 2015 and 2014, the Company modified loans as troubled debt restructurings, excluding purchased non-covered and covered loans, with principal balances of \$782,000 and \$1.7 million,

Edgar Filing: Ameris Bancorp - Form 10-Q

respectively, and these modifications did not have a material impact on the Company's allowance for loan loss. The following table presents the loans by class modified as troubled debt restructurings, excluding purchased non-covered and covered loans, which occurred during the six months ending June 30, 2015 and 2014:

| Loan class:                            | June 30, 2015 |                           | June 30, 2014 |                           |
|--|---------------|---------------------------|---------------|---------------------------|
|  | #             | Balance<br>(in thousands) | #             | Balance<br>(in thousands) |
| Commercial, financial & agricultural   | 3             | \$ 18                     | 2             | \$ 16                     |
| Real estate construction & development | 2             | 16                        | 4             | 235                       |
| Real estate commercial & farmland      |               |                           | 3             | 1,037                     |
| Real estate residential                | 15            | 729                       | 6             | 328                       |
| Consumer installment                   | 5             | 19                        | 11            | 46                        |
| Total                                  | 25            | \$ 782                    | 26            | \$ 1,662                  |



**Table of Contents**

Troubled debt restructurings, excluding purchased non-covered and covered loans, with an outstanding balance of \$2.2 million and \$130,000 defaulted during the six months ended June 30, 2015 and 2014, respectively, and these defaults did not have a material impact on the Company's allowance for loan loss. The following table presents the troubled debt restructurings by class that defaulted (defined as 30 days past due) during the six months ending June 30, 2015 and 2014:

| Loan class:                            | June 30, 2015 |                           | June 30, 2014 |                           |
|--|---------------|---------------------------|---------------|---------------------------|
|  | #             | Balance<br>(in thousands) | #             | Balance<br>(in thousands) |
| Commercial, financial & agricultural   | 2             | \$ 35                     |               | \$                        |
| Real estate construction & development |               |                           | 1             | 35                        |
| Real estate commercial & farmland      | 5             | 1,274                     |               |                           |
| Real estate residential                | 10            | 884                       | 2             | 72                        |
| Consumer installment                   | 6             | 32                        | 1             | 23                        |
| Total                                  | 23            | \$ 2,225                  | 4             | \$ 130                    |

The following table presents the amount of troubled debt restructurings by loan class, excluding purchased non-covered and covered loans, classified separately as accrual and non-accrual at June 30, 2015, December 31, 2014 and June 30, 2014:

| As of June 30, 2015                    | Accruing Loans |                           | Non-Accruing Loans |                           |
|--|----------------|---------------------------|--------------------|---------------------------|
|  | #              | Balance<br>(in thousands) | #                  | Balance<br>(in thousands) |
| Commercial, financial & agricultural   | 6              | \$ 278                    | 5                  | \$ 29                     |
| Real estate construction & development | 11             | 821                       | 3                  | 57                        |
| Real estate commercial & farmland      | 17             | 6,617                     | 3                  | 598                       |
| Real estate residential                | 49             | 4,702                     | 15                 | 783                       |
| Consumer installment                   | 11             | 49                        | 17                 | 82                        |
| Total                                  | 94             | \$ 12,467                 | 43                 | \$ 1,549                  |

| As of December 31, 2014                | Accruing Loans |                           | Non-Accruing Loans |                           |
|--|----------------|---------------------------|--------------------|---------------------------|
|  | #              | Balance<br>(in thousands) | #                  | Balance<br>(in thousands) |
| Commercial, financial & agricultural   | 6              | \$ 290                    | 2                  | \$ 13                     |
| Real estate construction & development | 9              | 679                       | 5                  | 228                       |
| Real estate commercial & farmland      | 19             | 6,477                     | 3                  | 724                       |
| Real estate residential                | 47             | 5,258                     | 11                 | 1,485                     |
| Consumer installment                   | 11             | 55                        | 11                 | 73                        |

Edgar Filing: Ameris Bancorp - Form 10-Q

Total 92 \$ 12,759 32 \$ 2,523

| <i>As of June 30, 2014</i>             | <b>Accruing Loans</b> |                       | <b>Non-Accruing</b> |                       |
|--|-----------------------|-----------------------|---------------------|-----------------------|
|  | <b>#</b>              | <b>Balance</b>        | <b>#</b>            | <b>Balance</b>        |
| Loan class:                            |                       | <i>(in thousands)</i> |                     | <i>(in thousands)</i> |
| Commercial, financial & agricultural   | 3                     | \$ 257                | 3                   | \$ 465                |
| Real estate construction & development | 12                    | 2,080                 | 2                   | 32                    |
| Real estate commercial & farmland      | 19                    | 7,590                 | 4                   | 2,151                 |
| Real estate residential                | 38                    | 7,335                 | 8                   | 1,044                 |
| Consumer installment                   | 14                    | 75                    | 5                   | 51                    |
| Total                                  | 86                    | \$ 17,337             | 22                  | \$ 3,743              |

**Table of Contents**

As of June 30, 2015 and December 31, 2014, the Company had a balance of \$7.0 million and \$1.2 million, respectively, in troubled debt restructurings included in purchased non-covered loans. The Company did not have any troubled debt restructurings included in purchased non-covered loans at June 30, 2014. The Company has recorded \$632,000 and \$29,000 in previous charge-offs on such loans at June 30, 2015 and December 31, 2014, respectively. At June 30, 2015, the Company did not have any commitments to lend additional funds to debtors whose terms have been modified in troubled restructurings.

During the six months ending June 30, 2015, the Company modified purchased non-covered loans as troubled debt restructurings, with principal balances of \$1.0 million, and these modifications did not have a material impact on the Company's allowance for loan loss. The Company did not modify any purchased non-covered loans as troubled debt restructurings during the six months ended June 30, 2014. The Company transferred troubled debt restructurings with principal balances of \$4.8 million from the covered loan category to the purchased non-covered loan category during the six months ended June 30, 2015 due to the expiration of the loss-sharing agreements. The following table presents the purchased non-covered loans by class modified as troubled debt restructurings, which occurred during the six months ending June 30, 2015 and 2014:

| Loan class:                            | # | June 30, 2015<br>Balance<br>(in thousands) | # | June 30, 2014<br>Balance<br>(in thousands) |
|--|---|--|---|--|
| Commercial, financial & agricultural   |   | \$   |   | \$   |
| Real estate construction & development |   |  |   |  |
| Real estate commercial & farmland      |   |  |   |  |
| Real estate residential                | 5 | 1,017                                      |   |  |
| Consumer installment                   | 1 | 5  |   |  |
| Total                                  | 6 | \$ 1,022                                   |   | \$   |

Troubled debt restructurings included in purchased non-covered loans with an outstanding balance of \$65,000 defaulted during the six months ended June 30, 2015, and these defaults did not have a material impact on the Company's allowance for loan loss. There were no troubled debt restructurings included in purchased non-covered loans that defaulted during the six months ended June 30, 2014. The following table presents the troubled debt restructurings by class that defaulted (defined as 30 days past due) during the six months ending June 30, 2015 and 2014:

| Loan class:                            | # | June 30, 2015<br>Balance<br>(in thousands) | # | June 30, 2014<br>Balance<br>(in thousands) |
|--|---|--|---|--|
| Commercial, financial & agricultural   |   | \$   |   | \$   |
| Real estate construction & development |   |  |   |  |
| Real estate commercial & farmland      |   |  |   |  |
| Real estate residential                | 1 | 65   |   |  |
| Consumer installment                   |   |  |   |  |
| Total                                  | 1 | \$ 65                                      |   | \$   |

Edgar Filing: Ameris Bancorp - Form 10-Q

The following table presents the amount of troubled debt restructurings by loan class of purchased non-covered loans, classified separately as accrual and non-accrual at June 30, 2015, December 31, 2014 and June 30, 2014:

| <i>As of June 30, 2015</i>             | Accruing Loans |                           | Non-Accruing Loans |                           |
|--|----------------|---------------------------|--------------------|---------------------------|
|  | #              | Balance<br>(in thousands) | #                  | Balance<br>(in thousands) |
| Loan class:                            |                |                           |                    |                           |
| Commercial, financial & agricultural   |                | \$                        | 1                  | \$ 1                      |
| Real estate construction & development | 3              | 374                       |                    |                           |
| Real estate commercial & farmland      | 7              | 4,058                     | 1                  | 69                        |
| Real estate residential                | 12             | 2,354                     | 2                  | 91                        |
| Consumer installment                   | 2              | 6                         | 2                  | 5                         |
| Total                                  | 24             | \$ 6,792                  | 6                  | \$ 166                    |

| <i>As of December 31, 2014</i>         | Accruing Loans |                           | Non-Accruing Loans |                           |
|--|----------------|---------------------------|--------------------|---------------------------|
|  | #              | Balance<br>(in thousands) | #                  | Balance<br>(in thousands) |
| Loan class:                            |                |                           |                    |                           |
| Commercial, financial & agricultural   |                | \$                        |                    | \$                        |
| Real estate construction & development | 1              | 317                       |                    |                           |
| Real estate commercial & farmland      | 1              | 346                       |                    |                           |
| Real estate residential                | 6              | 547                       | 1                  | 25                        |
| Consumer installment                   | 1              | 2                         |                    |                           |
| Total                                  | 9              | \$ 1,212                  | 1                  | \$ 25                     |

**Table of Contents**

As of June 30, 2015, December 31, 2014 and June 30, 2014, the Company had a balance of \$19.6 million, \$24.6 million and \$23.7 million, respectively, in troubled debt restructurings included in covered loans. The Company has recorded \$42,000, \$1.8 million and \$1.5 million in previous charge-offs on such loans at June 30, 2015, December 31, 2014 and June 30, 2014, respectively. At June 30, 2015, the Company did not have any commitments to lend additional funds to debtors whose terms have been modified in troubled restructurings.

During the six months ending June 30, 2015 and 2014, the Company modified covered loans as troubled debt restructurings with principal balances of \$1.2 million and \$2.6 million, respectively, and these modifications did not have a material impact on the Company's allowance for loan loss. The following table presents the covered loans by class modified as troubled debt restructurings, excluding purchased non-covered and covered loans, which occurred during the six months ending June 30, 2015 and 2014:

| Loan class:                            | #  | June 30, 2015 |                           | June 30, 2014 |                           |
|--|----|---------------|---------------------------|---------------|---------------------------|
|  |    |               | Balance<br>(in thousands) | #             | Balance<br>(in thousands) |
| Commercial, financial & agricultural   | 1  | \$            | 1                         | \$            |                           |
| Real estate construction & development | 2  |               | 34                        | 2             | 28                        |
| Real estate commercial & farmland      | 4  |               | 796                       | 5             | 1,024                     |
| Real estate residential                | 6  |               | 376                       | 24            | 1,525                     |
| Consumer installment                   | 2  |               | 5                         |               |                           |
| Total                                  | 15 | \$            | 1,212                     | 31            | \$ 2,577                  |

Troubled debt restructurings of covered loans with an outstanding balance of \$297,000 and \$1.1 million defaulted during the six months ended June 30, 2015 and 2014, respectively, and these defaults did not have a material impact on the Company's allowance for loan loss. The following table presents the troubled debt restructurings by class that defaulted (defined as 30 days past due) during the six months ending June 30, 2015 and 2014:

| Loan class:                            | # | June 30, 2015 |                           | June 30, 2014 |                           |
|--|---|---------------|---------------------------|---------------|---------------------------|
|  |   |               | Balance<br>(in thousands) | #             | Balance<br>(in thousands) |
| Commercial, financial & agricultural   |   | \$            |                           | \$            |                           |
| Real estate construction & development |   |               |                           |               |                           |
| Real estate commercial & farmland      | 1 |               | 21                        | 1             | 71                        |
| Real estate residential                | 5 |               | 276                       | 13            | 1,010                     |
| Consumer installment                   |   |               |                           |               |                           |
| Total                                  | 6 | \$            | 297                       | 14            | \$ 1,081                  |

**Table of Contents**

The following table presents the amount of troubled debt restructurings by loan class of covered loans, classified separately as accrual and non-accrual at June 30, 2015, December 31, 2014 and June 30, 2014:

| <i>As of June 30, 2015</i>             | Accruing Loans |                           | Non-Accruing Loans |                           |
|--|----------------|---------------------------|--------------------|---------------------------|
|  | #              | Balance<br>(in thousands) | #                  | Balance<br>(in thousands) |
| Loan class:                            |                |                           |                    |                           |
| Commercial, financial & agricultural   | 1              | \$ 3                      | 2                  | \$ 0                      |
| Real estate construction & development | 3              | 2,832                     | 1                  | 13                        |
| Real estate commercial & farmland      | 11             | 3,973                     | 3                  | 1,105                     |
| Real estate residential                | 95             | 10,690                    | 14                 | 941                       |
| Consumer installment                   | 1              | 2                         |                    |                           |
| <b>Total</b>                           | <b>111</b>     | <b>\$ 17,500</b>          | <b>20</b>          | <b>\$ 2,059</b>           |

| <i>As of December 31, 2014</i>         | Accruing Loans |                           | Non-Accruing Loans |                           |
|--|----------------|---------------------------|--------------------|---------------------------|
|  | #              | Balance<br>(in thousands) | #                  | Balance<br>(in thousands) |
| Loan class:                            |                |                           |                    |                           |
| Commercial, financial & agricultural   | 2              | \$ 40                     | 2                  | \$ 29                     |
| Real estate construction & development | 4              | 3,037                     | 2                  | 1,082                     |
| Real estate commercial & farmland      | 14             | 8,079                     | 8                  | 831                       |
| Real estate residential                | 96             | 11,460                    |                    |                           |
| Consumer installment                   | 1              | 3                         |                    |                           |
| <b>Total</b>                           | <b>117</b>     | <b>\$ 22,619</b>          | <b>17</b>          | <b>\$ 1,942</b>           |

| <i>As of June 30, 2014</i>             | Accruing Loans |                           | Non-Accruing Loans |                           |
|--|----------------|---------------------------|--------------------|---------------------------|
|  | #              | Balance<br>(in thousands) | #                  | Balance<br>(in thousands) |
| Loan class:                            |                |                           |                    |                           |
| Commercial, financial & agricultural   | 1              | \$ 12                     | 4                  | \$ 27                     |
| Real estate construction & development | 4              | 3,020                     | 5                  | 74                        |
| Real estate commercial & farmland      | 13             | 6,979                     | 7                  | 1,388                     |
| Real estate residential                | 92             | 11,091                    | 16                 | 1,070                     |
| Consumer installment                   |                |                           | 1                  | 4                         |
| <b>Total</b>                           | <b>110</b>     | <b>\$ 21,102</b>          | <b>33</b>          | <b>\$ 2,563</b>           |

---

**Table of Contents****Allowance for Loan Losses**

The allowance for loan losses represents an allowance for probable incurred losses in the loan portfolio. The adequacy of the allowance for loan losses is evaluated periodically based on a review of all significant loans, with a particular emphasis on non-accruing, past due and other loans that management believes might be potentially impaired or warrant additional attention. The Company segregates the loan portfolio by type of loan and utilizes this segregation in evaluating exposure to risks within the portfolio. In addition, based on internal reviews and external reviews performed by independent auditors and regulatory authorities, the Company further segregates the loan portfolio by loan grades based on an assessment of risk for a particular loan or group of loans. Certain reviewed loans are assigned specific allowances when a review of relevant data determines that a general allocation is not sufficient or when the review affords management the opportunity to adjust the amount of exposure in a given credit. In establishing allowances, management considers historical loan loss experience but adjusts this data with a significant emphasis on current loan quality trends, current economic conditions and other factors in the markets where the Company operates. Factors considered include, among others, current valuations of real estate in the Company's markets, unemployment rates, the effect of weather conditions on agricultural related entities and other significant local economic events.

The Company has developed a methodology for determining the adequacy of the allowance for loan losses which is monitored by the Company's Chief Credit Officer. Procedures provide for the assignment of a risk rating for every loan included in the total loan portfolio, with the exception of certain mortgage loans serviced at a third party, mortgage warehouse lines and overdraft protection loans, which are treated as pools for risk-rating purposes. The risk rating schedule provides nine ratings of which five ratings are classified as pass ratings and four ratings are classified as criticized ratings. Each risk rating is assigned a percentage factor to be applied to the loan balance to determine the adequate amount of reserve. All relationships greater than \$1.0 million and a sample of relationships greater than \$250,000 are reviewed annually by the Bank's independent internal loan review department or an independent third party loan review firm. As a result of these loan reviews, certain loans may be identified as having deteriorating credit quality. Other loans that surface as problem loans may also be assigned specific reserves. Past due loans are assigned risk ratings based on the number of days past due. The calculation of the allowance for loan losses, including underlying data and assumptions, is reviewed regularly by the Company's Chief Financial Officer and the independent internal loan review department.

Loan losses are charged against the allowance when management believes the collection of a loan's principal is unlikely. Subsequent recoveries are credited to the allowance. Consumer loans are charged-off in accordance with the Federal Financial Institutions Examination Council's (FFIEC) Uniform Retail Credit Classification and Account Management Policy. Commercial loans are charged-off when they are deemed uncollectible, which usually involves a triggering event within the collection effort. If the loan is collateral dependent, the loss is more easily identified and is charged-off when it is identified, usually based upon receipt of an appraisal. However, when a loan has guarantor support, the Company may carry the estimated loss as a reserve against the loan while collection efforts with the guarantor are pursued. If, after collection efforts with the guarantor are complete, the deficiency is still considered uncollectible, the loss is charged-off and any further collections are treated as recoveries. In all situations, when a loan is downgraded to an Asset Quality Rating of 60 (Loss per the regulatory guidance), the uncollectible portion is charged-off.

**Table of Contents**

The following table details activity in the allowance for loan losses by portfolio segment for the six months ended June 30, 2015, the year ended December 31, 2014 and the six months ended June 30, 2014. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

|  | Commercial,<br>financial &<br>agricultural | Real<br>estate<br>& construction<br>development | Real estate<br>& commercial<br>& farmland | Real<br>estate<br>residential | Consumer<br>installment<br>loans<br>and<br>Other | Purchased<br>non-<br>covered<br>loans,<br>including<br>pools | Covered<br>loans | Total     |
|--|--|---|---|-------------------------------|--|--|------------------|-----------|
| <b>Three months ended June 30, 2015:</b>   |  |   |   |                               |  |  |                  |           |
| <b>Balance, March 31, 2015</b>             | \$ 1,399                                   | \$ 5,311  | \$ 8,770                                  | \$ 5,008                      | \$ 1,364   | \$   | \$               | \$ 21,852 |
| Provision for loan losses                  | 322  | 40  | 756                                       | 234                           | 448  | 121  | 735              | 2,656     |
| Loans charged off                          | (410)                                      | (263)   | (1,162)                                   | (464)                         | (153)  | (240)  | (850)            | (3,542)   |
| Recoveries of loans previously charged off | 115  | 277   | 17  | 27                            | 22   | 119  | 115              | 692       |
| <b>Balance, June 30, 2015</b>              | \$ 1,426                                   | \$ 5,365  | \$ 8,381                                  | \$ 4,805                      | \$ 1,681   | \$   | \$               | \$ 21,658 |
| <b>Six months ended June 30, 2015:</b>     |  |   |   |                               |  |  |                  |           |
| <b>Balance, January 1, 2015</b>            | \$ 2,004                                   | \$ 5,030  | \$ 8,823                                  | \$ 4,129                      | \$ 1,171   | \$   | \$               | \$ 21,157 |
| Provision for loan losses                  | (176)                                      | 387   | 700                                       | 1,324                         | 665  | (311)  | 1,136            | 3,725     |
| Loans charged off                          | (802)                                      | (360)   | (1,174)                                   | (732)                         | (239)  | (470)  | (1,413)          | (5,190)   |
| Recoveries of loans previously             | 400  | 308   | 32  | 84                            | 84   | 781  | 277              | 1,966     |



|   |            |            |              |            |           |              |            |    |              |
|---|------------|------------|--------------|------------|-----------|--------------|------------|----|--------------|
| charged off   |            |            |              |            |           |              |            |    |              |
| <b>Balance,<br/>June 30,<br/>2015</b>                     | \$ 1,426   | \$ 5,365   | \$ 8,381     | \$ 4,805   | \$ 1,681  | \$           | \$         | \$ | \$ 21,658    |
| <b>Period-end<br/>amount<br/>allocated to:</b>            |            |            |              |            |           |              |            |    |              |
| Loans<br>individually<br>evaluated for<br>impairment      | \$ 450     | \$ 414     | \$ 1,242     | \$ 1,786   | \$        | \$           | \$         | \$ | \$ 3,892     |
| Loans<br>collectively<br>evaluated for<br>impairment      | 976        | 4,951      | 7,139        | 3,019      | 1,681     |              |            |    | 17,766       |
| Ending<br>balance   | \$ 1,426   | \$ 5,365   | \$ 8,381     | \$ 4,805   | \$ 1,681  | \$           | \$         | \$ | \$ 21,658    |
| <b>Loans:</b>   |            |            |              |            |           |              |            |    |              |
| Individually<br>evaluated for<br>impairment               | \$ 3,351   | \$ 1,437   | \$ 15,028    | \$ 8,069   | \$        | \$           | \$         | \$ | \$ 27,885    |
| Collectively<br>evaluated for<br>impairment               | 369,851    | 203,582    | 995,167      | 529,132    | 45,983    | 698,068      | 91,188     |    | 2,932,971    |
| Acquired<br>with<br>deteriorated<br>credit quality        |            |            |              |            |           | 110,245      | 118,410    |    | 228,655      |
| Loan pools<br>collectively<br>evaluated for<br>impairment |            |            |              |            |           | 268,984      |            |    | 268,984      |
| <b>Ending<br/>balance</b>                                 | \$ 373,202 | \$ 205,019 | \$ 1,010,195 | \$ 537,201 | \$ 45,983 | \$ 1,077,297 | \$ 209,598 | \$ | \$ 3,458,495 |

**Table of Contents**

|  | Commercial,<br>financial<br>& agricultural | Real<br>estate<br>construction<br>development | Real estate<br>& commercial<br>farmland | Real<br>estate<br>& residential | Consumer<br>installment<br>loans<br>and<br>Other | Purchased<br>non-covered<br>loans,<br>including<br>pools | Covered<br>loans | Total     |
|--|--|---|---|---------------------------------|--|--|------------------|-----------|
| <b>Three months ended</b>                  |  |   |   |                                 |  |  |                  |           |
| <b>December 31, 2014:</b>                  |  |   |   |                                 |  |  |                  |           |
| <b>Balance, September 30, 2014</b>         |  |   |   |                                 |  |  |                  |           |
|  | \$ 2,581                                   | \$ 5,294                                      | \$ 8,632                                | \$ 5,407                        | \$ 298   | \$   | \$               | \$ 22,212 |
| Provision for loan losses                  | (200)                                      | (239)   | 1,133                                   | (981)                           | 937  | 80   | 158              | 888       |
| Loans charged off                          | (468)                                      | (74)  | (1,033)                                 | (368)                           | (128)  | (80)   | (337)            | (2,488)   |
| Recoveries of loans previously charged off | 91   | 49  | 91                                      | 71                              | 64   |  | 179              | 545       |
| <b>Balance, December 31, 2014</b>          |  |   |   |                                 |  |  |                  |           |
|  | \$ 2,004                                   | \$ 5,030                                      | \$ 8,823                                | \$ 4,129                        | \$ 1,171   | \$   | \$               | \$ 21,157 |
| <b>Twelve months ended</b>                 |  |   |   |                                 |  |  |                  |           |
| <b>December 31, 2014:</b>                  |  |   |   |                                 |  |  |                  |           |
| <b>Balance, January 1, 2014</b>            |  |   |   |                                 |  |  |                  |           |
|  | \$ 1,823                                   | \$ 5,538                                      | \$ 8,393                                | \$ 6,034                        | \$ 589   | \$   | \$               | \$ 22,377 |
| Provision for loan losses                  | 1,427                                      | (265)   | 3,444                                   | (452)                           | 567  | 84   | 843              | 5,648     |
| Loans charged off                          | (1,567)                                    | (592)   | (3,288)                                 | (1,707)                         | (471)  | (84)   | (1,851)          | (9,560)   |
| Recoveries of loans previously charged off | 321  | 349   | 274                                     | 254                             | 486  |  | 1,008            | 2,692     |
| <b>Balance, December 31, 2014</b>          |  |   |   |                                 |  |  |                  |           |
|  | \$ 2,004                                   | \$ 5,030                                      | \$ 8,823                                | \$ 4,129                        | \$ 1,171   | \$   | \$               | \$ 21,157 |
| <b>Period-end amount allocated to:</b>     |  |   |   |                                 |  |  |                  |           |
| Loans individually                         | \$ 375                                     | \$ 743  | \$ 1,861                                | \$ 911                          | \$   | \$   | \$               | \$ 3,890  |

|  |            |            |            |            |           |            |            |              |
|--|------------|------------|------------|------------|-----------|------------|------------|--------------|
| evaluated for<br>impairment                          |            |            |            |            |           |            |            |              |
| Loans<br>collectively<br>evaluated for<br>impairment | 1,629      | 4,287      | 6,962      | 3,218      | 1,171     |            |            | 17,267       |
| <b>Ending balance</b>                                | \$ 2,004   | \$ 5,030   | \$ 8,823   | \$ 4,129   | \$ 1,171  | \$         | \$         | \$ 21,157    |
| <b>Loans:</b>  |            |            |            |            |           |            |            |              |
| Individually<br>evaluated for<br>impairment          | \$ 490     | \$ 3,709   | \$ 14,546  | \$ 8,904   | \$        | \$         | \$         | \$ 27,649    |
| Collectively<br>evaluated for<br>impairment          | 319,164    | 157,798    | 892,978    | 447,202    | 45,090    | 579,172    | 122,248    | 2,563,652    |
| Acquired with<br>deteriorated<br>credit quality      |            |            |            |            |           | 95,067     | 149,031    | 244,098      |
| <b>Ending balance</b>                                | \$ 319,654 | \$ 161,507 | \$ 907,524 | \$ 456,106 | \$ 45,090 | \$ 674,239 | \$ 271,279 | \$ 2,835,399 |

**Table of Contents**

|  | Commercial,<br>financial<br>&<br>agricultural | Real<br>estate<br>construction<br>development | Real estate<br>& commercial<br>& farmland | Real<br>estate<br>residential | Consumer<br>installment<br>loans<br>and<br>Other | Purchased<br>non-covered<br>loans,<br>including<br>pools | Covered<br>loans | Total     |
|--|---|---|---|-------------------------------|--|--|------------------|-----------|
| (Dollars in Thousands)                     |   |   |   |                               |  |  |                  |           |
| <b>Three months ended</b>                  |   |   |   |                               |  |  |                  |           |
| <b>June 30, 2014:</b>                      |   |   |   |                               |  |  |                  |           |
| <b>Balance, March 31, 2014</b>             |   |   |   |                               |  |  |                  |           |
|  | \$ 2,219                                      | \$ 5,918                                      | \$ 8,625                                  | \$ 5,280                      | \$ 702   | \$   | \$               | \$ 22,744 |
| Provision for loan losses                  | (3)   | (426)   | 452                                       | 590                           | 384  |  | 368              | 1,365     |
| Loans charged off                          | (165)   | (157)   | (769)                                     | (752)                         | (130)  |  | (641)            | (2,614)   |
| Recoveries of loans previously charged off | 134   | 96  | 9   | 48                            | 199  |  | 273              | 759       |
| <b>Balance, June 30, 2014</b>              | \$ 2,185                                      | \$ 5,431                                      | \$ 8,317                                  | \$ 5,166                      | \$ 1,155   | \$   | \$               | \$ 22,254 |
| <b>Six months ended</b>                    |   |   |   |                               |  |  |                  |           |
| <b>June 30, 2014:</b>                      |   |   |   |                               |  |  |                  |           |
| <b>Balance, January 1, 2014</b>            |   |   |   |                               |  |  |                  |           |
|  | \$ 1,823                                      | \$ 5,538                                      | \$ 8,393                                  | \$ 6,034                      | \$ 589   | \$   | \$               | \$ 22,377 |
| Provision for loan losses                  | 1,087   | (89)  | 1,074                                     | (66)                          | 492  |  | 593              | 3,091     |
| Loans charged off                          | (908)   | (222)   | (1,302)                                   | (933)                         | (214)  |  | (1,139)          | (4,718)   |
| Recoveries of loans previously charged off | 183   | 204   | 152                                       | 131                           | 288  |  | 546              | 1,504     |
| <b>Balance, June 30, 2014</b>              | \$ 2,185                                      | \$ 5,431                                      | \$ 8,317                                  | \$ 5,166                      | \$ 1,155   | \$   | \$               | \$ 22,254 |
| <b>Period-end amount allocated to:</b>     |   |   |   |                               |  |  |                  |           |
| Loans individually evaluated for           | \$ 282  | \$ 710  | \$ 1,652                                  | \$ 801                        | \$   | \$   | \$               | \$ 3,445  |

|   |            |            |            |            |           |            |            |    |              |
|---|------------|------------|------------|------------|-----------|------------|------------|----|--------------|
| impairment                                  |            |            |            |            |           |            |            |    |              |
| Loans collectively evaluated for impairment | 1,903      | 4,721      | 6,665      | 4,365      | 1,155     |            |            |    | 18,809       |
| <b>Ending balance</b>                       | \$ 2,185   | \$ 5,431   | \$ 8,317   | \$ 5,166   | \$ 1,155  | \$         | \$         | \$ | \$ 22,254    |
| <b>Loans:</b>                               |            |            |            |            |           |            |            |    |              |
| Individually evaluated for impairment       | \$ 855     | \$ 3,264   | \$ 16,865  | \$ 11,538  | \$        | \$         | \$         | \$ | \$ 32,522    |
| Collectively evaluated for impairment       | 303,733    | 146,082    | 833,135    | 411,193    | 43,394    | 608,874    | 152,620    |    | 2,499,031    |
| Acquired with deteriorated credit quality   |            |            |            |            |           | 93,257     | 178,630    |    | 271,887      |
| <b>Ending balance</b>                       | \$ 304,588 | \$ 149,346 | \$ 850,000 | \$ 422,731 | \$ 43,394 | \$ 702,131 | \$ 331,250 |    | \$ 2,803,440 |

**Table of Contents****NOTE 5 ASSETS ACQUIRED IN FDIC-ASSISTED ACQUISITIONS**

From October 2009 through July 2012, the Company participated in ten FDIC-assisted acquisitions whereby the Company purchased certain failed institutions out of the FDIC's receivership. These institutions include the following:

| <b>Bank Acquired</b>               | <b>Location:</b>     | <b>Branches:</b> | <b>Date Acquired</b> |
|------------------------------------|----------------------|------------------|----------------------|
| American United Bank ( AUB )       | Lawrenceville, Ga.   | 1                | October 23, 2009     |
| United Security Bank ( USB )       | Sparta, Ga.          | 2                | November 6, 2009     |
| Satilla Community Bank ( SCB )     | St. Marys, Ga.       | 1                | May 14, 2010         |
| First Bank of Jacksonville ( FBJ ) | Jacksonville, Fl.    | 2                | October 22, 2010     |
| Tifton Banking Company ( TBC )     | Tifton, Ga.          | 1                | November 12, 2010    |
| Darby Bank & Trust ( DBT )         | Vidalia, Ga.         | 7                | November 12, 2010    |
| High Trust Bank ( HTB )            | Stockbridge, Ga.     | 2                | July 15, 2011        |
| One Georgia Bank ( OGB )           | Midtown Atlanta, Ga. | 1                | July 15, 2011        |
| Central Bank of Georgia ( CBG )    | Ellaville, Ga.       | 5                | February 24, 2012    |
| Montgomery Bank & Trust ( MBT )    | Ailey, Ga.           | 2                | July 6, 2012         |

The determination of the initial fair values of loans at the acquisition date and the initial fair values of the related FDIC indemnification assets involves a high degree of judgment and complexity. The carrying values of the acquired loans and the FDIC indemnification assets reflect management's best estimate of the fair value of each of these assets as of the date of acquisition. However, the amount that the Company realizes on these assets could differ materially from the carrying values reflected in the financial statements included in this report, based upon the timing and amount of collections on the acquired loans in future periods. Because of the loss-sharing agreements with the FDIC on these assets, the Company does not expect to incur any significant losses. The Company's FDIC-assisted acquisition of MBT did not include a loss-sharing agreement. To the extent the actual values realized for the acquired loans are different from the estimates, the indemnification assets will generally be affected in an offsetting manner due to the loss-sharing support from the FDIC.

FASB ASC 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality* ( ASC 310 ), applies to a loan with evidence of deterioration of credit quality since origination, acquired by completion of a transfer for which it is probable, at acquisition, that the investor will be unable to collect all contractually required payments receivable. ASC 310 prohibits carrying over or creating an allowance for loan losses upon initial recognition for loans which fall under the scope of this statement. At the acquisition dates, a majority of these loans were valued based on the liquidation value of the underlying collateral because the future cash flows are primarily based on the liquidation of underlying collateral. There was no allowance for credit losses established related to these ASC 310 loans at the acquisition dates, based on the provisions of this statement. Over the life of the acquired loans, the Company continues to estimate cash flows expected to be collected. If the expected cash flows expected to be collected increases, then the Company adjusts the amount of accretable discount recognized on a prospective basis over the loan's remaining life. If the expected cash flows expected to be collected decreases, then the Company records a provision for loan loss in its consolidated statement of operations.

At June 30, 2015, the Company's FDIC loss-sharing receivable totaled \$15.0 million, which is comprised of \$13.4 million in indemnification asset (for reimbursements associated with anticipated losses in future quarters) and \$8.9 million in current charge-offs and expenses already incurred but not yet submitted for reimbursement, less the accrued clawback liability of \$7.3 million.



**Table of Contents**

The following table summarizes components of all covered assets at June 30, 2015, December 31, 2014 and June 30, 2014 and their origin:

|                                 | <b>Covered<br/>loans</b> | <b>Less:<br/>Fair<br/>value<br/>adjustments</b> | <b>Total<br/>covered<br/>loans</b> | <b>OREO</b>      | <b>Less:<br/>Fair<br/>value<br/>adjustments</b> | <b>Total<br/>covered<br/>OREO</b> | <b>Total<br/>covered<br/>assets</b> | <b>FDIC<br/>indemnification<br/>asset</b> |
|---------------------------------|--------------------------|---|------------------------------------|------------------|---|-----------------------------------|-------------------------------------|---|
| <b>As of June 30,<br/>2015:</b> |                          |   |                                    |                  |   |                                   |                                     |   |
| AUB                             | \$                       | \$  | \$                                 | \$               | \$  | \$                                | \$                                  | \$ 187                                    |
| USB                             | 3,883                    | 18  | 3,865                              | 165              |   | 165                               | 4,030                               | (1,232)                                   |
| SCB                             | 5,318                    | 209   | 5,109                              | 95               |   | 95                                | 5,204                               | 1,300                                     |
| FBJ                             | 17,708                   | 1,286   | 16,422                             | 815              | 121   | 694                               | 17,116                              | 1,227                                     |
| DBT                             | 46,269                   | 3,667   | 42,602                             | 5,216            | 700   | 4,516                             | 47,118                              | 2,126                                     |
| TBC                             | 19,609                   | 515   | 19,094                             | 1,480            | 116   | 1,364                             | 20,458                              | 521                                       |
| HTB                             | 47,176                   | 4,127   | 43,049                             | 3,085            | 955   | 2,130                             | 45,179                              | 4,806                                     |
| OGB                             | 34,218                   | 2,192   | 32,026                             | 442              |   | 442                               | 32,468                              | 1,856                                     |
| CBG                             | 52,259                   | 4,828   | 47,431                             | 3,559            | 339   | 3,220                             | 50,651                              | 4,166                                     |
| <b>Total</b>                    | <b>\$ 226,440</b>        | <b>\$ 16,842</b>                                | <b>\$ 209,598</b>                  | <b>\$ 14,857</b> | <b>\$ 2,231</b>                                 | <b>\$ 12,626</b>                  | <b>\$ 222,224</b>                   | <b>\$ 14,957</b>                          |

|   | <b>Covered<br/>loans</b> | <b>Less:<br/>Fair<br/>value<br/>adjustments</b> | <b>Total<br/>covered<br/>loans</b> | <b>OREO</b>      | <b>Less:<br/>Fair<br/>value<br/>adjustments</b> | <b>Total<br/>covered<br/>OREO</b> | <b>Total<br/>covered<br/>assets</b> | <b>FDIC<br/>indemnification<br/>asset</b> |
|---|--------------------------|---|------------------------------------|------------------|---|-----------------------------------|-------------------------------------|---|
| <b>As of<br/>December 31,<br/>2014:</b> |                          |   |                                    |                  |   |                                   |                                     |   |
| AUB                                     | \$                       | \$  | \$                                 | \$               | \$  | \$                                | \$                                  | \$ 188                                    |
| USB                                     | 4,350                    | 150   | 4,200                              | 165              |   | 165                               | 4,365                               | (1,197)                                   |
| SCB                                     | 26,686                   | 602   | 26,084                             | 2,849            | 389   | 2,460                             | 28,544                              | 1,828                                     |
| FBJ                                     | 21,243                   | 1,825   | 19,418                             | 632              |   | 632                               | 20,050                              | 1,885                                     |
| DBT                                     | 64,338                   | 6,437   | 57,901                             | 6,655            | 514   | 6,141                             | 64,042                              | 6,860                                     |
| TBC                                     | 23,487                   | 1,117   | 22,370                             | 2,388            | 367   | 2,021                             | 24,391                              | 3,287                                     |
| HTB                                     | 52,699                   | 5,120   | 47,579                             | 3,670            | 1,283   | 2,387                             | 49,966                              | 6,459                                     |
| OGB                                     | 42,971                   | 3,785   | 39,186                             | 2,244            | 39  | 2,205                             | 41,391                              | 3,906                                     |
| CBG                                     | 60,950                   | 6,409   | 54,541                             | 4,805            | 909   | 3,896                             | 58,437                              | 8,135                                     |
| <b>Total</b>                            | <b>\$ 296,724</b>        | <b>\$ 25,445</b>                                | <b>\$ 271,279</b>                  | <b>\$ 23,408</b> | <b>\$ 3,501</b>                                 | <b>\$ 19,907</b>                  | <b>\$ 291,186</b>                   | <b>\$ 31,351</b>                          |



**Table of Contents**

|                             |                   | Less:<br>Fair<br>value | Total<br>covered<br>loans | OREO             | Less:<br>Fair<br>value<br>adjustments | Total<br>covered<br>OREO | Total<br>covered<br>assets | FDIC<br>covered indemnification<br>asset |
|-----------------------------|-------------------|------------------------|---------------------------|------------------|---------------------------------------|--------------------------|----------------------------|--|
| <b>As of June 30, 2014:</b> |                   |                        |                           |                  |                                       |                          |                            |  |
| AUB                         | \$ 9,106          | \$ 133                 | \$ 8,973                  | \$ 1,690         | \$                                    | \$ 1,690                 | \$ 10,663                  | \$ 1,676                                 |
| USB                         | 14,030            | 805                    | 13,225                    | 2,927            | 62                                    | 2,865                    | 16,090                     | 920                                      |
| SCB                         | 30,545            | 954                    | 29,591                    | 3,332            | 308                                   | 3,024                    | 32,615                     | 3,073                                    |
| FBJ                         | 23,264            | 2,696                  | 20,568                    | 1,734            | 135                                   | 1,599                    | 22,167                     | 2,752                                    |
| DBT                         | 81,700            | 8,774                  | 72,926                    | 12,766           | 913                                   | 11,853                   | 84,779                     | 10,119                                   |
| TBC                         | 28,363            | 1,853                  | 26,510                    | 4,493            | 758                                   | 3,735                    | 30,245                     | 3,543                                    |
| HTB                         | 59,267            | 6,535                  | 52,732                    | 4,130            | 1,349                                 | 2,781                    | 55,513                     | 9,000                                    |
| OGB                         | 49,501            | 4,937                  | 44,564                    | 7,964            | 2,984                                 | 4,980                    | 49,544                     | 7,268                                    |
| CBG                         | 71,959            | 9,798                  | 62,161                    | 7,432            | 1,533                                 | 5,899                    | 68,060                     | 10,829                                   |
| <b>Total</b>                | <b>\$ 367,735</b> | <b>\$ 36,485</b>       | <b>\$ 331,250</b>         | <b>\$ 46,468</b> | <b>\$ 8,042</b>                       | <b>\$ 38,426</b>         | <b>\$ 369,676</b>          | <b>\$ 49,180</b>                         |

A rollforward of acquired covered loans for the six months ended June 30, 2015, the year ended December 31, 2014 and the six months ended June 30, 2014 is shown below:

| (Dollars in Thousands)  | June 30,<br>2015  | December 31,<br>2014 | June 30,<br>2014  |
|---|-------------------|----------------------|-------------------|
| Balance, January 1  | \$ 271,279        | \$ 390,237           | \$ 390,237        |
| Charge-offs   | (7,065)           | (9,255)              | (5,694)           |
| Accretion   | 6,251             | 22,188               | 13,330            |
| Transfer to covered other real estate owned                           | (6,534)           | (13,650)             | (9,083)           |
| Transfer to purchased, non-covered loans due to loss-share expiration | (15,462)          | (15,475)             |                   |
| Payments received   | (38,871)          | (102,996)            | (57,540)          |
| Other   |                   | 230                  |                   |
| <b>Ending balance</b>   | <b>\$ 209,598</b> | <b>\$ 271,279</b>    | <b>\$ 331,250</b> |

The following is a summary of changes in the accretable discounts of acquired loans during the six months ended June 30, 2015, the year ended December 31, 2014 and the six months ended June 30, 2014:

| (Dollars in Thousands)  | June 30,<br>2015 | December 31,<br>2014 | June 30,<br>2014 |
|---|------------------|----------------------|------------------|
| Balance, January 1  | \$ 15,578        | \$ 25,493            | \$ 25,493        |
| Accretion   | (6,251)          | (22,188)             | (15,432)         |
| Transfer to purchased, non-covered loans due to loss-share expiration | (84)             |                      |                  |
|   | 2,817            | 12,273               | 5,850            |

Edgar Filing: Ameris Bancorp - Form 10-Q

Transfers between non-accretable and accretable  
discounts, net

|                |           |           |           |
|----------------|-----------|-----------|-----------|
| Ending balance | \$ 12,060 | \$ 15,578 | \$ 15,911 |
|----------------|-----------|-----------|-----------|

**Table of Contents**

The shared-loss agreements are subject to the servicing procedures as specified in the agreement with the FDIC. The expected reimbursements under the shared-loss agreements were recorded as an indemnification asset at their estimated fair values on the acquisition dates. As of June 30, 2015, December 31, 2014 and June 30, 2014, the Company has recorded a clawback liability of \$7.3 million, \$6.2 million and \$5.2 million, respectively, which represents the obligation of the Company to reimburse the FDIC should actual losses be less than certain thresholds established in each loss-share agreement. Changes in the FDIC shared-loss receivable for the six months ended June 30, 2015, for the year ended December 31, 2014 and for the six months ended June 30, 2014 are as follows:

| <b>(Dollars in Thousands)</b>            | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> | <b>June 30,<br/>2014</b> |
|--|--------------------------|------------------------------|--------------------------|
| Beginning balance, January 1             | \$ 31,351                | \$ 65,441                    | \$ 65,441                |
| Payments received from FDIC              | (12,539)                 | (22,494)                     | (10,576)                 |
| Accretion (amortization)                 | (5,393)                  | (18,449)                     | (11,390)                 |
| Changes in clawback liability            | (1,057)                  | (1,222)                      | (228)                    |
| Increase in receivable due to:           |                          |                              |                          |
| Charge-offs on covered loans             | 1,955                    | 3,372                        | 2,372                    |
| Write downs of covered other real estate | 2,206                    | 4,771                        | 2,090                    |
| Reimbursable expenses on covered assets  | 1,866                    | 1,078                        | 2,248                    |
| Other activity, net                      | (3,432)                  | (1,146)                      | (777)                    |
| Ending balance                           | \$ 14,957                | \$ 31,351                    | \$ 49,180                |

**NOTE 6. OTHER REAL ESTATE OWNED**

The following is a summary of the activity in other real estate owned during the six months ended June 30, 2015, the year ended December 31, 2014 and the six months ended June 30, 2014:

| <b>(Dollars in Thousands)</b>                | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> | <b>June 30,<br/>2014</b> |
|--|--------------------------|------------------------------|--------------------------|
| Beginning balance, January 1                 | \$ 33,160                | \$ 33,351                    | \$ 33,351                |
| Loans transferred to other real estate owned | 8,636                    | 11,972                       | 6,400                    |
| Net gains (losses) on sale and write-downs   | (9,449)                  | (4,585)                      | (1,523)                  |
| Sales proceeds                               | (9,780)                  | (7,578)                      | (2,855)                  |
| Ending balance                               | \$ 22,567                | \$ 33,160                    | \$ 35,373                |

The following is a summary of the activity in purchased, non-covered other real estate owned during the six months ended June 30, 2015, the year ended December 31, 2014 and the six months ended June 30, 2014:

| <b>(Dollars in Thousands)</b> | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> | <b>June 30,<br/>2014</b> |
|-------------------------------|--------------------------|------------------------------|--------------------------|
| Beginning balance, January 1  | \$ 15,585                | \$ 4,276                     | \$ 4,276                 |

Edgar Filing: Ameris Bancorp - Form 10-Q

|  |           |           |           |
|--|-----------|-----------|-----------|
| Loans transferred to other real estate owned                               | 2,039     | 4,160     | 1,425     |
| Acquired in acquisitions   | 2,189     | 8,864     | 11,464    |
| Transfer from covered other real estate owned due to loss-share expiration | 75        | 1,226     |           |
| Net gains (losses) on sale and write-downs                                 | 182       | 828       | 61        |
| Sales proceeds   | (6,958)   | (3,769)   | (628)     |
| Ending balance   | \$ 13,112 | \$ 15,585 | \$ 16,598 |

The following is a summary of the activity in covered other real estate owned during the six months ended June 30, 2015, the year ended December 31, 2014 and the six months ended June 30, 2014:

| <b>(Dollars in Thousands)</b>  | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> | <b>June 30,<br/>2014</b> |
|--|--------------------------|------------------------------|--------------------------|
| Beginning balance, January 1   | \$ 19,907                | \$ 45,893                    | \$ 45,893                |
| Loans transferred to other real estate owned                               | 6,534                    | 13,650                       | 9,083                    |
| Transfer from covered other real estate owned due to loss-share expiration | (75)                     | (1,226)                      |                          |
| Net gains (losses) on sale and write-downs                                 | (2,758)                  | (5,965)                      | (2,613)                  |
| Sales proceeds   | (10,982)                 | (32,445)                     | (13,937)                 |
| Ending balance   | \$ 12,626                | \$ 19,907                    | \$ 38,426                |

**Table of Contents****NOTE 7 SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE**

The Company classifies the sales of securities under agreements to repurchase as short-term borrowings. The amounts received under these agreements are reflected as a liability in the Company's consolidated balance sheets and the securities underlying these agreements are included in investment securities in the Company's consolidated balance sheets. At June 30, 2015, December 31, 2014 and June 30, 2014, all securities sold under agreements to repurchase mature on a daily basis. The market value of the securities fluctuate on a daily basis due to market conditions. The Company monitors the market value of the securities underlying these agreements on a daily basis and is required to transfer additional securities if the market value of the securities fall below the repurchase agreement price. The Company maintains an unpledged securities portfolio that it believes is sufficient to protect against a decline in the market value of the securities sold under agreements to repurchase.

The following is a summary of the Company's securities sold under agreements to repurchase at June 30, 2015, December 31, 2014 and June 30, 2014:

| <b>(Dollars in Thousands)</b>                  | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> | <b>June 30,<br/>2014</b> |
|--|--------------------------|------------------------------|--------------------------|
| Securities sold under agreements to repurchase | \$ 75,066                | \$ 73,310                    | \$ 51,109                |
| Total  | \$ 75,066                | \$ 73,310                    | \$ 51,109                |

At June 30, 2015, December 31, 2014 and June 30, 2014, the investment securities underlying these agreements were all mortgage-backed securities.

**NOTE 8 OTHER BORROWINGS**

The Company has, from time to time, utilized certain borrowing arrangements with various financial institutions to fund growth in earning assets or provide additional liquidity when appropriate spreads can be realized. At June 30, 2015, December 31, 2014 and June 30, 2014, there were \$39.0 million, \$78.9 million and \$100.3 million, respectively, outstanding borrowings with the Company's correspondent banks. Other borrowings consist of the following:

| <b>(Dollars in Thousands)</b>  | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> | <b>June 30,<br/>2014</b> |
|--|--------------------------|------------------------------|--------------------------|
| Daily Rate Credit from Federal Home Loan Bank with a fixed interest rate of 0.36%  | \$                       | \$ 35,000                    | \$ 40,000                |
| Advance from Federal Home Loan Bank with a fixed interest rate of 0.20%, due July 2, 2014  |                          |                              | 5,000                    |
| Advance from Federal Home Loan Bank with a fixed interest rate of 0.21%, due July 16, 2014   |                          |                              | 5,000                    |
| Advance from Federal Home Loan Bank with a fixed interest rate of 0.19%, due July 23, 2014   |                          |                              | 3,000                    |
| Advances under revolving credit agreement with a regional bank with interest at 90-day LIBOR plus 3.50% (3.78% at June 30, 2015 and 3.73% at | 24,000                   | 24,000                       |                          |

Edgar Filing: Ameris Bancorp - Form 10-Q

|  |           |           |            |
|--|-----------|-----------|------------|
| December 31, 2014) due in August 2016, secured by subsidiary bank stock  |           |           |            |
| Advances under revolving credit agreement with a regional bank with interest at 90-day LIBOR plus 4.00% (4.23% at June 30, 2014) due in August 2016, secured by subsidiary bank stock                          |           |           | 22,500     |
| Advance from correspondent bank with a fixed interest rate of 4.50%, due November 27, 2017, secured by subsidiary bank loan receivable   | 4,881     |           | 4,936      |
| Subordinated debt issued by Prosperity Bank due June 2016 with an interest rate of 90-day LIBOR plus 1.60% (1.84% at June 30, 2014)  |           |           | 5,000      |
| Subordinated debt issued by The Prosperity Banking Company due September 2016 with an interest rate of 90-day LIBOR plus 1.75% (2.04% at June 30, 2015, 1.99% at December 31, 2014 and 1.98% at June 30, 2014) | 15,000    | 15,000    | 14,857     |
| Total  | \$ 39,000 | \$ 78,881 | \$ 100,293 |

The advances from the Federal Home Loan Bank ( FHLB ) are collateralized by a blanket lien on all first mortgage loans and other specific loans in addition to FHLB stock. At June 30, 2015, \$297.5 million was available for borrowing on lines with the FHLB.

**Table of Contents**

As of June 30, 2015, the Company maintained credit arrangements with various financial institutions to purchase federal funds up to \$65 million.

The Company also participates in the Federal Reserve discount window borrowings. At June 30, 2015, the Company had \$633.1 million of loans pledged at the Federal Reserve discount window and had \$441.6 million available for borrowing.

**NOTE 9 COMMITMENTS AND CONTINGENCIES****Loan Commitments**

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. They involve, to varying degrees, elements of credit risk and interest rate risk in excess of the amount recognized in the balance sheets.

The Company's exposure to credit loss is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. A summary of the Company's commitments is as follows:

| <b>(Dollars in Thousands)</b>           | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> | <b>June 30,<br/>2014</b> |
|---|--------------------------|------------------------------|--------------------------|
| Commitments to extend credit            | \$ 431,678               | \$ 293,517                   | \$ 243,163               |
| Unused lines of credit                  | \$ 51,834                | \$ 49,567                    | \$ 41,908                |
| Financial standby letters of credit     | \$ 10,535                | \$ 9,683                     | \$ 8,392                 |
| Mortgage interest rate lock commitments | \$ 91,977                | \$ 38,868                    | \$ 70,854                |

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the customer.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. Collateral is required in instances which the Company deems necessary.

**Contingencies**

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief

sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

A former borrower of the Company has filed a claim related to a loan previously made by the Company asserting lender liability. The case was tried without a jury and an order was issued by the court against the Company awarding the borrower approximately \$2.9 million. The order is currently on appeal to the South Carolina Court of Appeals and the Company is asserting it had no fiduciary responsibility to the borrower. As of June 30, 2015, the Company believes that it has valid bases in law and fact to overturn on appeal the verdict. As a result, the Company believes that the likelihood that the amount of the judgment will be affirmed is not probable, and, accordingly, that the amount of any loss cannot be reasonably estimated at this time. Because the Company believes that this potential loss is not probable or estimable, it has not recorded any reserves or contingencies related to this legal matter. In the event that the Company's assumptions used to evaluate this matter as neither probable nor estimable change in future periods, it may be required to record a liability for an adverse outcome.



**Table of Contents****NOTE 10 ACCUMULATED OTHER COMPREHENSIVE INCOME**

Accumulated other comprehensive income for the Company consists of changes in net unrealized gains and losses on investment securities available for sale and interest rate swap derivatives. The following tables present a summary of the accumulated other comprehensive income balances, net of tax, as of June 30, 2015 and 2014:

| (Dollars in Thousands)                               | Unrealized Gain (Loss) |   | Accumulated Other<br>Comprehensive Income<br>(Loss) |
|--|------------------------|---|---|
|  | on<br>Derivatives      | Unrealized Gain (Loss)<br>on Securities |   |
| Balance, January 1, 2015                             | \$ 508                 | \$ 5,590                                | \$ 6,098  |
| Reclassification for gains<br>included in net income |                        | (14)                                    | (14)  |
| Current year changes                                 | (131)                  | (2,881)                                 | (3,012)   |
| Balance, June 30, 2015                               | \$ 377                 | \$ 2,695                                | \$ 3,072  |

| (Dollars in Thousands)                               | Unrealized Gain (Loss) |   | Accumulated Other<br>Comprehensive Income<br>(Loss) |
|--|------------------------|---|---|
|  | on<br>Derivatives      | Unrealized Gain (Loss)<br>on Securities |   |
| Balance, January 1, 2014                             | \$ 1,397               | \$ (1,691)                              | \$ (294)  |
| Reclassification for gains<br>included in net income |                        | (4)                                     | (4)   |
| Current year changes                                 | (638)                  | 5,059                                   | 4,421   |
| Balance, June 30, 2014                               | \$ 759                 | \$ 3,364                                | \$ 4,123  |

**NOTE 11 WEIGHTED AVERAGE SHARES OUTSTANDING**

Earnings per share have been computed based on the following weighted average number of common shares outstanding:

|  | For the Three Months<br>Ended June 30, |        | For the Six Months<br>Ended June 30, |        |
|--|--|--------|--------------------------------------|--------|
|  | 2015                                   | 2014   | 2015                                 | 2014   |
|  | (Share Data in Thousands)              |        | (Share Data in Thousands)            |        |
| Basic shares outstanding                   | 32,184                                 | 25,181 | 31,318                               | 25,163 |
| Plus: Dilutive effect of ISOs              | 116                                    | 120    | 115                                  | 118    |
| Plus: Dilutive effect of Restricted grants | 220                                    | 271    | 220                                  | 271    |
| Diluted shares outstanding                 | 32,520                                 | 25,572 | 31,653                               | 25,552 |

## Edgar Filing: Ameris Bancorp - Form 10-Q

For the three-month periods ended June 30, 2015 and 2014, the Company has excluded 5,000 and 119,000, respectively, potential common shares with strike prices that would cause them to be anti-dilutive. For the six-month periods ended June 30, 2015 and 2014, the Company has excluded 5,000 and 120,000, respectively, potential common shares with strike prices that would cause them to be anti-dilutive.

**Table of Contents****NOTE 12 FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair value is based on discounted cash flows or other valuation techniques. These techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The accounting standard for disclosures about the fair value of financial instruments excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

The Company has elected to record mortgage loans held-for-sale at fair value in order to eliminate the complexities and inherent difficulties of achieving hedge accounting and to better align reported results with the underlying economic changes in value of the loans and related hedge instruments. This election impacts the timing and recognition of origination fees and costs, as well as servicing value, which are now recognized in earnings at the time of origination. Interest income on mortgage loans held-for-sale is recorded on an accrual basis in the consolidated statement of earnings and comprehensive income under the heading Interest income interest and fees on loans. The servicing value is included in the fair value of the interest rate lock commitments (IRLCs) with borrowers. The mark to market adjustments related to loans held-for-sale and the associated economic hedges are captured in mortgage banking activities. Net gains of \$3.2 million and \$2.3 million resulting from fair value changes of these mortgage loans were recorded in income during the six months ended June 30, 2015 and 2014, respectively. The amount does not reflect changes in fair values of related derivative instruments used to hedge exposure to market-related risks associated with these mortgage loans. The change in fair value of both mortgage loans held for sale and the related derivative instruments are recorded in Mortgage banking activity in the Consolidated Statements of Earnings and Comprehensive Income. The Company's valuation of mortgage loans held for sale incorporates an assumption for credit risk; however, given the short-term period that the Company holds these loans, valuation adjustments attributable to instrument-specific credit risk is nominal.

The following table summarizes the difference between the fair value and the principal balance for mortgage loans held for sale measured at fair value as of June 30, 2015, December 31, 2014 and June 30, 2014:

|  | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> | <b>June 30,<br/>2014</b> |
|--|--------------------------|------------------------------|--------------------------|
|  | (Dollars in Thousands)   |                              |                          |
| Aggregate Fair Value of Mortgage Loans held for sale | \$ 108,829               | \$ 94,759                    | \$ 81,491                |
| Aggregate Unpaid Principal Balance                   | \$ 105,184               | \$ 90,418                    | \$ 78,395                |
| Past due loans of 90 days or more                    | \$                       | \$                           | \$                       |
| Nonaccrual loans                                     | \$                       | \$                           | \$                       |

The Company utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Securities available for sale and derivatives are recorded at fair value on a recurring basis. From time to time, the Company may be required to record at fair value other assets on a nonrecurring basis, such as impaired loans and OREO. Additionally, the Company is required to disclose, but not record, the fair value of other financial instruments.

**Fair Value Hierarchy**

## Edgar Filing: Ameris Bancorp - Form 10-Q

The Company groups assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

**Level 1** Quoted prices in active markets for identical assets or liabilities.

**Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

---

**Table of Contents**

The following methods and assumptions were used by the Company in estimating the fair value of its financial instruments:

**Cash and Due From Banks, Federal Funds Sold and Interest-Bearing Accounts:** The carrying amount of cash and due from banks, federal funds sold and interest-bearing accounts approximates fair value.

**Investment Securities Available for Sale:** The fair value of securities available for sale is determined by various valuation methodologies. Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Level 2 securities include mortgage-backed securities issued by government-sponsored enterprises and municipal bonds. The Level 2 fair value pricing is provided by an independent third-party and is based upon similar securities in an active market. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy and include certain residual municipal securities and other less liquid securities.

**Other Investments:** FHLB stock is included in other investments at its original cost basis. It is not practical to determine the fair value of FHLB stock due to restrictions placed on its transferability.

**Mortgage Loans Held for Sale:** The Company records mortgage loans held for sale at fair value. The fair value of mortgage loans held for sale is determined on outstanding commitments from third party investors in the secondary markets and is classified within Level 2 of the valuation hierarchy.

**Loans:** The carrying amount of variable-rate loans that reprice frequently and have no significant change in credit risk approximates fair value. The fair value of fixed-rate loans is estimated based on discounted contractual cash flows, using interest rates currently being offered for loans with similar terms to borrowers with similar credit quality. The fair value of impaired loans is estimated based on discounted contractual cash flows or underlying collateral values, where applicable. A loan is determined to be impaired if the Company believes it is probable that all principal and interest amounts due according to the terms of the note will not be collected as scheduled. The fair value of impaired loans is determined in accordance with ASC 310-10, *Accounting by Creditors for Impairment of a Loan*, and generally results in a specific reserve established through a charge to the provision for loan losses. Losses on impaired loans are charged to the allowance when management believes the uncollectability of a loan is confirmed. Management has determined that the majority of impaired loans are Level 3 assets due to the extensive use of market appraisals.

**Other Real Estate Owned:** The fair value of other real estate owned ( OREO ) is determined using certified appraisals, internal evaluations and broker price opinions that value the property at its highest and best uses by applying traditional valuation methods common to the industry. The Company does not hold any OREO for profit purposes and all other real estate is actively marketed for sale. In most cases, management has determined that additional write-downs are required beyond what is calculable from the appraisal to carry the property at levels that would attract buyers. Because this additional write-down is not based on observable inputs, management has determined that other real estate owned should be classified as Level 3.

**Covered Other Real Estate Owned:** Covered other real estate owned includes other real estate owned on which the majority of losses would be covered by loss-sharing agreements with the FDIC. Management initially valued these assets at fair value using mostly unobservable inputs and, as such, has classified these assets as Level 3.

**FDIC Loss-Share Receivable:** Because the FDIC will reimburse the Company for certain acquired loans should the Company experience a loss, an indemnification asset is recorded at fair value at the acquisition date. The indemnification asset is recognized at the same time as the indemnified loans, and measured on the same basis, subject

to collectability or contractual limitations. The shared loss agreements on the acquisition date reflect the reimbursements expected to be received from the FDIC, using an appropriate discount rate, which reflects counterparty credit risk and other uncertainties. The shared loss agreements continue to be measured on the same basis as the related indemnified loans, and the loss-share receivable is impacted by changes in estimated cash flows associated with these loans.

**Accrued Interest Receivable/Payable:** The carrying amount of accrued interest receivable and accrued interest payable approximates fair value.

**Deposits:** The carrying amount of demand deposits, savings deposits and variable-rate certificates of deposit approximates fair value. The fair value of fixed-rate certificates of deposit is estimated based on discounted contractual cash flows using interest rates currently offered for certificates with similar maturities.

**Table of Contents**

**Securities Sold under Agreements to Repurchase and Other Borrowings:** The carrying amount of variable rate borrowings and securities sold under repurchase agreements approximates fair value and are classified as Level 1. The fair value of fixed rate other borrowings is estimated based on discounted contractual cash flows using the current incremental borrowing rates for similar borrowing arrangements and are classified as Level 2.

**Subordinated Deferrable Interest Debentures:** The fair value of the Company's variable rate trust preferred securities is based primarily upon discounted cash flows using rates for securities with similar terms and remaining maturities and are classified as Level 2.

**Off-Balance-Sheet Instruments:** Because commitments to extend credit and standby letters of credit are typically made using variable rates and have short maturities, the carrying value and fair value are immaterial for disclosure.

**Derivatives:** The Company has entered into derivative financial instruments to manage interest rate risk. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the derivatives. This analysis reflects the contractual terms of the derivative, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair value of the derivatives is determined using the market standard methodology of netting the discounted future fixed cash receipts and the discounted expected variable cash payments. The variable cash payments are based on an expectation of future interest rates (forward curves derived from observable market interest rate curves).

The Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting any applicable credit enhancements such as collateral postings, thresholds, mutual puts and guarantees.

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself or the counterparty. However, as of June 30, 2015, December 31, 2014 and June 30, 2014, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustment is not significant to the overall valuation of its derivatives. As a result, the Company has determined that its derivative valuation in its entirety is classified in Level 2 of the fair value hierarchy.

**Table of Contents**

The following table presents the fair value measurements of assets and liabilities measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall as of June 30, 2015, December 31, 2014 and June 30, 2014 (dollars in thousands):

**Fair Value Measurements on a Recurring Basis  
As of June 30, 2015**

|  | <b>Fair Value</b> | <b>Quoted Prices<br/>in Active<br/>Markets for<br/>Identical<br/>Assets<br/>(Level 1)</b> | <b>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level 2)</b> | <b>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</b> |
|--|-------------------|---|--|--|
| U.S. government agencies                         | \$ 14,746         | \$  | \$ 14,746  | \$   |
| State, county and municipal securities           | 167,372           |   | 167,372  |  |
| Corporate debt securities                        | 12,836            |   | 10,336   | 2,500  |
| Mortgage-backed securities                       | 667,200           |   | 667,200  |  |
| Mortgage loans held for sale                     | 108,829           |   | 108,829  |  |
| Mortgage banking derivative instruments          | 3,775             |   | 3,775  |  |
| <b>Total recurring assets at fair value</b>      | <b>\$ 974,758</b> | <b>\$</b>   | <b>\$ 972,258</b>  | <b>\$ 2,500</b>  |
| Derivative financial instruments                 | \$ 1,306          | \$  | \$ 1,306   | \$   |
| <b>Total recurring liabilities at fair value</b> | <b>\$ 1,306</b>   | <b>\$</b>   | <b>\$ 1,306</b>  | <b>\$</b>  |

**Fair Value Measurements on a Recurring Basis  
As of December 31, 2014**

|   | <b>Fair Value</b> | <b>Quoted Prices<br/>in Active<br/>Markets for<br/>Identical<br/>Assets<br/>(Level 1)</b> | <b>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level 2)</b> | <b>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</b> |
|---|-------------------|---|--|--|
| U.S. government agencies                    | \$ 14,678         | \$  | \$ 14,678  | \$   |
| State, county and municipal securities      | 141,375           |   | 141,375  |  |
| Corporate debt securities                   | 11,040            |   | 8,540  | 2,500  |
| Mortgage-backed securities                  | 374,712           | 8,248   | 366,464  |  |
| Mortgage loans held for sale                | 94,759            |   | 94,759   |  |
| Mortgage banking derivative instruments     | 1,757             |   | 1,757  |  |
| <b>Total recurring assets at fair value</b> | <b>\$ 638,321</b> | <b>\$ 8,248</b>   | <b>\$ 627,573</b>  | <b>\$ 2,500</b>  |
| Derivative financial instruments            | \$ 1,315          | \$  | \$ 1,315   | \$   |
| Mortgage banking derivative instruments     | 249               |   | 249  |  |



Total recurring liabilities at fair value           \$ 1,564       \$                       \$ 1,564       \$

**Fair Value Measurements on a Recurring Basis  
As of June 30, 2014**

|  | <b>Fair Value</b> | <b>Quoted Prices<br/>in Active<br/>Markets for<br/>Identical<br/>Assets<br/>(Level 1)</b> | <b>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level 2)</b> | <b>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</b> |
|--|-------------------|---|--|--|
| U.S. government agencies                         | \$ 14,445         | \$  | \$ 14,445  | \$   |
| State, county and municipal securities           | 145,780           |   | 145,780  |  |
| Corporate debt securities                        | 10,958            |   | 8,958  | 2,000  |
| Mortgage-backed securities                       | 364,447           |   | 364,447  |  |
| Mortgage loans held for sale                     | 81,491            |   | 81,491   |  |
| Mortgage banking derivative instruments          | 2,625             |   | 2,625  |  |
| <b>Total recurring assets at fair value</b>      | <b>\$ 619,746</b> | <b>\$</b>   | <b>\$ 617,746</b>  | <b>\$ 2,000</b>  |
| Derivative financial instruments                 | \$ 1,142          | \$  | \$ 1,142   | \$   |
| <b>Total recurring liabilities at fair value</b> | <b>\$ 1,142</b>   | <b>\$</b>   | <b>\$ 1,142</b>  | <b>\$</b>  |

**Table of Contents**

The following table presents the fair value measurements of assets measured at fair value on a non-recurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy as of June 30, 2015, December 31, 2014 and June 30, 2014 (dollars in thousands):

**Fair Value Measurements on a Nonrecurring Basis  
As of June 30, 2015**

|  | <b>Fair<br/>Value</b> | <b>Quoted<br/>Prices<br/>in<br/>Active<br/>Markets for<br/>Identical<br/>Assets<br/>(Level<br/>1)</b> | <b>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level<br/>2)</b> | <b>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</b> |
|--|-----------------------|---|--|--|
| Impaired loans carried at fair value           | \$ 29,228             | \$  | \$   | \$ 29,228  |
| Other real estate owned                        | 11,069                |   |  | 11,069   |
| Purchased, non-covered other real estate owned | 13,112                |   |  | 13,112   |
| Covered other real estate owned                | 12,626                |   |  | 12,626   |
| <b>Total nonrecurring assets at fair value</b> | <b>\$ 54,966</b>      | <b>\$</b>   | <b>\$</b>  | <b>\$ 54,966</b>   |

**Fair Value Measurements on a Nonrecurring Basis  
As of December 31, 2014**

|  | <b>Fair<br/>Value</b> | <b>Quoted<br/>Prices<br/>in<br/>Active<br/>Markets for<br/>Identical<br/>Assets<br/>(Level<br/>1)</b> | <b>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level<br/>2)</b> | <b>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</b> |
|--|-----------------------|---|--|--|
| Impaired loans carried at fair value           | \$ 30,479             | \$  | \$   | \$ 30,479  |
| Purchased, non-covered other real estate owned | 15,585                |   |  | 15,585   |
| Covered other real estate owned                | 19,907                |   |  | 19,907   |
| <b>Total nonrecurring assets at fair value</b> | <b>\$ 65,971</b>      | <b>\$</b>   | <b>\$</b>  | <b>\$ 65,971</b>   |

**Fair Value Measurements on a Nonrecurring Basis  
As of June 30, 2014**

|  | <b>Fair<br/>Value</b> | <b>Quoted<br/>Prices<br/>in<br/>Active<br/>Markets for<br/>Identical<br/>Assets<br/>(Level<br/>1)</b> | <b>Significant<br/>Other<br/>Observable<br/>Inputs<br/>(Level<br/>2)</b> | <b>Significant<br/>Unobservable<br/>Inputs<br/>(Level 3)</b> |
|--|-----------------------|---|--|--|
| Impaired loans carried at fair value           | \$ 35,829             | \$  | \$   | \$ 35,829  |
| Purchased, non-covered other real estate owned | 16,598                |   |  | 16,598   |
| Covered other real estate owned                | 38,426                |   |  | 38,426   |
| Total nonrecurring assets at fair value        | \$ 90,853             | \$  | \$   | \$ 90,853  |

**Table of Contents**

The inputs used to determine estimated fair value of impaired loans and covered loans include market conditions, loan terms, underlying collateral characteristics and discount rates. The inputs used to determine fair value of other real estate owned and covered other real estate owned include market conditions, estimated marketing period or holding period, underlying collateral characteristics and discount rates.

For the six months ended June 30, 2015, the year ended December 31, 2014 and the six months ended June 30, 2014, there was not a change in the methods and significant assumptions used to estimate fair value.

The following table shows significant unobservable inputs used in the fair value measurement of Level 3 assets and liabilities:

|   | <b>Fair Value</b> | <b>Valuation Technique</b>                                     | <b>Unobservable Inputs</b>                       | <b>Range of Discounts</b> | <b>Weighted Average Discount</b> |
|---|-------------------|--|--|---------------------------|----------------------------------|
| <b>As of June 30, 2015</b>                    |                   |  |  |                           |                                  |
| Nonrecurring:                                 |                   |  |  |                           |                                  |
| Impaired loans                                | \$ 29,228         | Third party appraisals and discounted cash flows               | Collateral discounts and discount rates          | 4% - 75%                  | 24%                              |
| Other real estate owned                       | \$ 11,069         | Third party appraisals, Sales contracts, Broker price opinions | Collateral discounts and estimated costs to sell | 10%                       | 10%                              |
| Purchased non-covered other real estate owned | \$ 13,112         | Third party appraisals   | Collateral discounts and estimated costs to sell | 10% - 85%                 | 19%                              |
| Covered other real estate owned               | \$ 12,626         | Third party appraisals   | Collateral discounts and estimated costs to sell | 10% - 70%                 | 12%                              |
| Recurring:                                    |                   |  |  |                           |                                  |
| Investment securities available for sale      | \$ 2,500          | Discounted par values  | Credit quality of underlying issuer              | 0%                        | 0%                               |
| <b>As of December 31, 2014</b>                |                   |  |  |                           |                                  |
| Nonrecurring:                                 |                   |  |  |                           |                                  |
| Impaired loans                                | \$ 30,479         | Third party appraisals and discounted cash flows               | Collateral discounts and discount rates          | 0% - 50%                  | 20%                              |
| Purchased non-covered real estate owned       | \$ 15,585         | Third party appraisals   | Collateral discounts and estimated costs to sell | 10% - 96%                 | 20%                              |
| Covered real estate owned                     | \$ 19,907         | Third party appraisals   | Collateral discounts and estimated costs to sell | 10% - 90%                 | 11%                              |
| Recurring:                                    |                   |  |  |                           |                                  |
| Investment securities available for sale      | \$ 2,500          | Discounted par values  | Credit quality of underlying issuer              | 0%                        | 0%                               |
| <b>As of June 30, 2014</b>                    |                   |  |  |                           |                                  |
| Nonrecurring:                                 |                   |  |  |                           |                                  |
| Impaired loans                                | \$ 35,289         | Third party appraisals and discounted cash flows               | Collateral discounts and discount rates          | 4% - 90%                  | 27%                              |

Edgar Filing: Ameris Bancorp - Form 10-Q

|  |           |                        |  |           |     |
|--|-----------|------------------------|--|-----------|-----|
| Purchased non-covered real estate owned  | \$ 16,598 | Third party appraisals | Collateral discounts and estimated costs to sell | 21% - 70% | 23% |
| Covered real estate owned                | \$ 38,426 | Third party appraisals | Collateral discounts and estimated costs to sell | 10% - 90% | 11% |
| <b>Recurring:</b>                        |           |                        |  |           |     |
| Investment securities available for sale | \$ 2,000  | Discounted par values  | Credit quality of underlying issuer              | 0%        | 0%  |

**Table of Contents**

The carrying amount and estimated fair value of the Company's financial instruments, not shown elsewhere in these financial statements, were as follows:

|  | Carrying<br>Amount | Fair Value Measurements at June 30, 2015 Using: |              |           |              |
|--|--------------------|---|--------------|-----------|--------------|
|  |                    | Level 1   | Level 2      | Level 3   | Total        |
| <b>(Dollars in Thousands)</b>                    |                    |   |              |           |              |
| <b>Financial assets:</b>                         |                    |   |              |           |              |
| Cash and due from banks                          | \$ 115,413         | \$ 115,413                                      | \$           | \$        | \$ 115,413   |
| Federal funds sold and interest-bearing accounts | 239,804            | 239,804   |              |           | 239,804      |
| Loans, net                                       | 3,407,609          |   |              | 3,428,008 | 3,428,008    |
| FDIC loss-share receivable                       | 14,957             |   |              | 5,295     | 5,295        |
| Accrued interest receivable                      | 17,648             | 17,648  |              |           | 17,648       |
| <b>Financial liabilities:</b>                    |                    |   |              |           |              |
| Deposits   | \$ 4,511,547       | \$  | \$ 4,513,218 | \$        | \$ 4,513,218 |
| Securities sold under agreements to repurchase   | 75,066             | 75,066  |              |           | 75,066       |
| Other borrowings                                 | 39,000             |   | 39,000       |           | 39,000       |
| Accrued interest payable                         | 1,239              | 1,239   |              |           | 1,239        |
| Subordinated deferrable interest debentures      | 69,325             |   | 50,924       |           | 50,924       |

|  | Carrying<br>Amount | Fair Value Measurements at December 31, 2014<br>Using: |              |           |              |
|--|--------------------|--|--------------|-----------|--------------|
|  |                    | Level 1  | Level 2      | Level 3   | Total        |
| <b>(Dollars in Thousands)</b>                    |                    |  |              |           |              |
| <b>Financial assets:</b>                         |                    |  |              |           |              |
| Cash and due from banks                          | \$ 78,026          | \$ 78,026  | \$           | \$        | \$ 78,026    |
| Federal funds sold and interest-bearing accounts | 92,323             | 92,323   |              |           | 92,323       |
| Loans, net                                       | 2,783,763          |  |              | 2,785,627 | 2,785,627    |
| FDIC loss-share receivable                       | 31,351             |  |              | 18,764    | 18,764       |
| Accrued interest receivable                      | 17,023             | 17,023   |              |           | 17,023       |
| <b>Financial liabilities:</b>                    |                    |  |              |           |              |
| Deposits   | \$ 3,431,149       | \$   | \$ 3,432,059 | \$        | \$ 3,432,059 |
| Securities sold under agreements to repurchase   | 73,310             | 73,310   |              |           | 73,310       |
| Other borrowings                                 | 78,881             |  | 78,881       |           | 78,881       |
| Accrued interest payable                         | 1,382              | 1,382  |              |           | 1,382        |
| Subordinated deferrable interest debentures      | 65,325             |  | 46,564       |           | 46,564       |



**Table of Contents**

|  | Carrying<br>Amount | Fair Value Measurements at June 30, 2014 Using: |              |           | Total        |
|--|--------------------|---|--------------|-----------|--------------|
|  |                    | Level 1   | Level 2      | Level 3   |              |
| <b>(Dollars in Thousands)</b>                    |                    |   |              |           |              |
| <b>Financial assets:</b>                         |                    |   |              |           |              |
| Cash and due from banks                          | \$ 80,986          | \$ 80,986                                       | \$           | \$        | \$ 80,986    |
| Federal funds sold and interest-bearing accounts | 44,800             | 44,800  |              |           | 44,800       |
| Loans, net                                       | 2,745,897          |   |              | 2,754,953 | 2,754,953    |
| FDIC loss-share receivable                       | 49,180             |   |              | 36,182    | 36,182       |
| Accrued interest receivable                      | 15,711             | 15,711  |              |           | 15,711       |
| <b>Financial liabilities:</b>                    |                    |   |              |           |              |
| Deposits   | \$ 3,389,035       | \$  | \$ 3,389,880 | \$        | \$ 3,389,880 |
| Securities sold under agreements to repurchase   | 51,109             | 51,109  |              |           | 51,109       |
| Other borrowings                                 | 100,293            |   | 100,293      |           | 100,293      |
| Accrued interest payable                         | 1,423              | 1,423   |              |           | 1,423        |
| Subordinated deferrable interest debentures      | 64,842             |   | 45,864       |           | 45,864       |



**Table of Contents****NOTE 13 SEGMENT REPORTING**

The following tables present selected financial information with respect to the Company's reportable business segments for the three months ended June 30, 2015 and 2014:

|  | <b>Three Months Ended</b> |                                     |                             |                                   |               |
|--|---------------------------|-------------------------------------|-----------------------------|-----------------------------------|---------------|
|  | <b>June 30, 2015</b>      |                                     |                             |                                   |               |
|  | <b>Banking Division</b>   | <b>Retail Mortgage<br/>Division</b> | <b>Lending<br/>Division</b> | <b>Warehouse<br/>SBA Division</b> | <b>Total</b>  |
|  | (Dollars in Thousands)    |                                     |                             |                                   |               |
| Net interest income                                | \$ 36,806                 | \$ 1,979                            | \$ 1,179                    | \$ 724                            | \$ 40,688     |
| Provision for loan losses                          | 2,456                     | 200                                 |                             |                                   | 2,656         |
| Noninterest income                                 | 9,262                     | 9,095                               | 383                         | 1,886                             | 20,626        |
| Noninterest expense                                |                           |                                     |                             |                                   |               |
| Salaries and employee benefits                     | 15,675                    | 5,592                               | 99                          | 1,099                             | 22,465        |
| Equipment and occupancy expenses                   | 4,376                     | 396                                 | 1                           | 36                                | 4,809         |
| Data processing and telecommunications expenses    | 3,913                     | 279                                 | 20                          | 2                                 | 4,214         |
| Other expenses                                     | 24,048                    | 1,150                               | 19                          | 159                               | 25,376        |
| <b>Total noninterest expense</b>                   | <b>48,012</b>             | <b>7,417</b>                        | <b>139</b>                  | <b>1,296</b>                      | <b>56,864</b> |
| Income (loss) before income tax expense (benefit)  | (4,400)                   | 3,457                               | 1,423                       | 1,314                             | 1,794         |
| Income tax expense (benefit)                       | (1,682)                   | 1,210                               | 498                         | 460                               | 486           |
| Net income (loss)                                  | (2,718)                   | 2,247                               | 925                         | 854                               | 1,308         |
| Less preferred stock dividends                     |                           |                                     |                             |                                   |               |
| Net income (loss) available to common shareholders | \$ (2,718)                | \$ 2,247                            | \$ 925                      | \$ 854                            | \$ 1,308      |
| Total assets                                       | \$ 4,823,335              | \$ 235,067                          | \$ 82,913                   | \$ 64,419                         | \$ 5,205,734  |
| Intangible assets                                  | \$ 106,556                | \$                                  | \$                          | \$                                | \$ 106,556    |

|                           | <b>Three Months Ended</b> |                                     |                             |                                   |              |
|---------------------------|---------------------------|-------------------------------------|-----------------------------|-----------------------------------|--------------|
|                           | <b>June 30, 2014</b>      |                                     |                             |                                   |              |
|                           | <b>Banking Division</b>   | <b>Retail Mortgage<br/>Division</b> | <b>Lending<br/>Division</b> | <b>Warehouse<br/>SBA Division</b> | <b>Total</b> |
|                           | (Dollars in Thousands)    |                                     |                             |                                   |              |
| Net interest income       | \$ 33,345                 | \$ 972                              | \$ 367                      | \$ 580                            | \$ 35,264    |
| Provision for loan losses | 1,365                     |                                     |                             |                                   | 1,365        |
| Noninterest income        | 7,449                     | 6,836                               | 166                         | 1,368                             | 15,819       |

Edgar Filing: Ameris Bancorp - Form 10-Q

|   |                     |                   |                  |                  |                     |
|---|---------------------|-------------------|------------------|------------------|---------------------|
| Noninterest expense                             |                     |                   |                  |                  |                     |
| Salaries and employee benefits                  | 12,509              | 3,881             | 56               | 496              | 16,942              |
| Equipment and occupancy expenses                | 3,752               | 300               |                  | 19               | 4,071               |
| Data processing and telecommunications expenses | 3,590               | 329               | 14               | 7                | 3,940               |
| Other expenses                                  | 10,753              | 1,233             | 79               | 300              | 12,365              |
| <b>Total noninterest expense</b>                | <b>30,604</b>       | <b>5,743</b>      | <b>149</b>       | <b>822</b>       | <b>37,318</b>       |
| Income before income tax expense                | 8,825               | 2,065             | 384              | 1,126            | 12,400              |
| Income tax expense                              | 3,019               | 723               | 134              | 394              | 4,270               |
| Net income                                      | 5,806               | 1,342             | 250              | 732              | 8,130               |
| Less preferred stock dividends                  |                     |                   |                  |                  |                     |
| Net income available to common shareholders     | \$ 5,806            | \$ 1,342          | \$ 250           | \$ 732           | \$ 8,130            |
| <b>Total assets</b>                             | <b>\$ 3,744,089</b> | <b>\$ 131,275</b> | <b>\$ 44,010</b> | <b>\$ 53,761</b> | <b>\$ 3,973,135</b> |
| Intangible assets                               | \$ 68,715           | \$                | \$               | \$               | \$ 68,715           |

**Table of Contents**

The following tables present selected financial information with respect to the Company's reportable business segments for the six months ended June 30, 2015 and 2014:

|  | <b>Six Months Ended<br/>June 30, 2015</b> |                                     |   |                     | <b>Total</b>  |
|--|---|-------------------------------------|---|---------------------|---------------|
|  | <b>Banking Division</b>                   | <b>Retail Mortgage<br/>Division</b> | <b>Warehouse<br/>Lending<br/>Division</b> | <b>SBA Division</b> |               |
|  | (Dollars in Thousands)                    |                                     |   |                     |               |
| Net interest income                                | \$ 72,645                                 | \$ 3,524                            | \$ 2,014                                  | \$ 1,337            | \$ 79,520     |
| Provision for loan losses                          | 3,383                                     | 342                                 |   |                     | 3,725         |
| Noninterest income                                 | 18,042                                    | 16,705                              | 656                                       | 2,798               | 38,201        |
| Noninterest expense                                |   |                                     |   |                     |               |
| Salaries and employee benefits                     | 31,037                                    | 10,119                              | 226                                       | 1,715               | 43,097        |
| Equipment and occupancy expenses                   | 8,520                                     | 776                                 | 3   | 64                  | 9,363         |
| Data processing and telecommunications expenses    | 7,924                                     | 491                                 | 53  | 6                   | 8,474         |
| Other expenses                                     | 34,404                                    | 2,082                               | 55  | 216                 | 36,757        |
| <b>Total noninterest expense</b>                   | <b>81,885</b>                             | <b>13,468</b>                       | <b>337</b>                                | <b>2,001</b>        | <b>97,691</b> |
| Income (loss) before income tax expense (benefit)  | 5,419                                     | 6,419                               | 2,333                                     | 2,134               | 16,305        |
| Income tax expense (benefit)                       | 1,423                                     | 2,246                               | 817                                       | 747                 | 5,233         |
| Net income (loss)                                  | 3,996                                     | 4,173                               | 1,516                                     | 1,387               | 11,072        |
| Less preferred stock dividends                     |   |                                     |   |                     |               |
| Net income (loss) available to common shareholders | \$ 3,996                                  | \$ 4,173                            | \$ 1,516                                  | \$ 1,387            | \$ 11,072     |

|                                  | <b>Six Months Ended<br/>June 30, 2014</b> |                                     |   |                     | <b>Total</b> |
|----------------------------------|---|-------------------------------------|---|---------------------|--------------|
|                                  | <b>Banking Division</b>                   | <b>Retail Mortgage<br/>Division</b> | <b>Warehouse<br/>Lending<br/>Division</b> | <b>SBA Division</b> |              |
|                                  | (Dollars in Thousands)                    |                                     |   |                     |              |
| Net interest income              | \$ 66,273                                 | \$ 1,886                            | \$ 553                                    | \$ 1,036            | \$ 69,748    |
| Provision for loan losses        | 3,091                                     |                                     |   |                     | 3,091        |
| Noninterest income               | 14,810                                    | 11,916                              | 250                                       | 1,597               | 28,573       |
| Noninterest expense              |   |                                     |   |                     |              |
| Salaries and employee benefits   | 26,086                                    | 7,403                               | 102                                       | 745                 | 34,336       |
| Equipment and occupancy expenses | 7,501                                     | 601                                 | 1   | 32                  | 8,135        |
|                                  | 6,916                                     | 443                                 | 22  | 13                  | 7,394        |

Edgar Filing: Ameris Bancorp - Form 10-Q

|   |           |          |        |        |           |
|---|-----------|----------|--------|--------|-----------|
| Data processing and telecommunications expenses |           |          |        |        |           |
| Other expenses                                  | 18,133    | 2,008    | 119    | 432    | 20,692    |
| Total noninterest expense                       | 58,636    | 10,455   | 244    | 1,222  | 70,557    |
| Income before income tax expense                | 19,356    | 3,347    | 559    | 1,411  | 24,673    |
| Income tax expense                              | 6,332     | 1,171    | 196    | 494    | 8,193     |
| Net income                                      | 13,024    | 2,176    | 363    | 917    | 16,480    |
| Less preferred stock dividends                  | 286       |          |        |        | 286       |
| Net income available to common shareholders     | \$ 12,738 | \$ 2,176 | \$ 363 | \$ 917 | \$ 16,194 |

---

**Table of Contents**

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

**Cautionary Note Regarding Any Forward-Looking Statements**

Certain of the statements made in this report are forward-looking statements within the meaning of, and subject to the protections of, Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions and future performance and involve known and unknown risks, uncertainties and other factors, many of which may be beyond our control and which may cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements.

All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as may, will, anticipate, assume, should, indicate, would, believe, contemplate, expect, estimate, continue, plan, point to, project, predict, potential and other similar words and expressions of the future. These forward-looking statements may not be realized due to a variety of factors, including, without limitation, legislative and regulatory initiatives; additional competition in our markets; potential business strategies, including acquisitions or dispositions of assets or internal restructuring, that may be pursued by us; state and federal banking regulations; changes in or application of environmental and other laws and regulations to which we are subject; political, legal and economic conditions and developments; financial market conditions and the results of financing efforts; changes in commodity prices and interest rates; weather, natural disasters and other catastrophic events; and other factors discussed in our filings with the Securities and Exchange Commission under the Exchange Act.

All written or oral forward-looking statements that are made by or are attributable to us are expressly qualified in their entirety by this cautionary notice. Our forward-looking statements apply only as of the date of this report or the respective date of the document from which they are incorporated herein by reference. We have no obligation and do not undertake to update, revise or correct any of the forward-looking statements after the date of this report, or after the respective dates on which such statements otherwise are made, whether as a result of new information, future events or otherwise.

**Overview**

The following is management's discussion and analysis of certain significant factors which have affected the financial condition and results of operations of the Company as reflected in the unaudited consolidated balance sheet as of June 30, 2015, as compared with December 31, 2014, and operating results for the three- and six-month periods ended June 30, 2015 and 2014. These comments should be read in conjunction with the Company's unaudited consolidated financial statements and accompanying notes appearing elsewhere herein.

The following table sets forth unaudited selected financial data for the previous five quarters. This data should be read in conjunction with the consolidated financial statements and the notes thereto and the information contained in this Item 2.

**Table of Contents**

For Six Months Ended

(in thousands, except share data,

taxable equivalent)

| <b>Results of Operations:</b>               | <b>Second Quarter 2015</b> | <b>First Quarter 2015</b> | <b>Fourth Quarter 2014</b> | <b>Third Quarter 2014</b> | <b>Second Quarter 2014</b> | <b>June 30, 2015</b> | <b>June 30, 2014</b> |
|---|----------------------------|---------------------------|----------------------------|---------------------------|----------------------------|----------------------|----------------------|
| Net interest income                         | \$ 40,688                  | \$ 38,832                 | \$ 41,006                  | \$ 39,132                 | \$ 35,264                  | \$ 79,520            | \$ 69,748            |
| Net interest income (tax equivalent)        | 41,267                     | 39,323                    | 41,498                     | 39,608                    | 35,626                     | 80,590               | 70,434               |
| Provision for loan losses                   | 2,656                      | 1,069                     | 888                        | 1,669                     | 1,365                      | 3,725                | 3,091                |
| Non-interest income                         | 20,626                     | 17,575                    | 16,362                     | 17,901                    | 15,819                     | 38,201               | 28,573               |
| Non-interest expense                        | 56,864                     | 40,827                    | 41,733                     | 38,579                    | 37,318                     | 97,691               | 70,557               |
| Income tax expense                          | 486                        | 4,747                     | 4,167                      | 5,122                     | 4,270                      | 5,233                | 8,193                |
| Preferred stock dividends                   |                            |                           |                            |                           |                            |                      | 286                  |
| Net income available to common shareholders | 1,308                      | 9,764                     | 10,580                     | 11,663                    | 8,130                      | 11,072               | 16,194               |
| <b>Selected Average Balances:</b>           |                            |                           |                            |                           |                            |                      |                      |
| Mortgage loans held for sale                | \$ 81,823                  | \$ 75,831                 | \$ 97,406                  | \$ 83,751                 | \$ 54,517                  | \$ 75,281            | \$ 51,884            |
| Loans, net of unearned income               | 2,111,507                  | 1,911,601                 | 1,871,618                  | 1,795,059                 | 1,706,564                  | 2,005,416            | 1,673,493            |
| Purchased non-covered loans                 | 671,705                    | 650,331                   | 659,472                    | 688,452                   | 433,249                    | 666,685              | 437,068              |
| Purchased loan pools                        | 17,308                     |                           |                            |                           |                            | 8,702                |                      |
| Covered loans                               | 246,422                    | 262,693                   | 299,981                    | 324,498                   | 354,766                    | 259,157              | 367,045              |
| Investment securities                       | 680,426                    | 566,601                   | 533,872                    | 525,739                   | 468,129                    | 623,828              | 465,252              |

Edgar Filing: Ameris Bancorp - Form 10-Q

|                                     |            |            |            |            |            |            |            |
|-------------------------------------|------------|------------|------------|------------|------------|------------|------------|
| Earning assets                      | 3,999,148  | 3,630,843  | 3,545,088  | 3,489,563  | 3,075,204  | 3,816,013  | 3,081,909  |
| Assets                              | 4,464,558  | 4,079,750  | 4,011,128  | 3,969,893  | 3,494,466  | 4,273,217  | 3,507,952  |
| Deposits                            | 3,770,253  | 3,432,127  | 3,427,251  | 3,382,810  | 3,010,142  | 3,602,123  | 2,992,821  |
| Common shareholders equity          | 491,959    | 452,132    | 362,659    | 350,733    | 309,696    | 472,652    | 304,222    |
| <b>Period-End Balances:</b>         |            |            |            |            |            |            |            |
| Mortgage loans held for sale        | \$ 108,829 | \$ 73,796  | \$ 94,759  | \$ 110,059 | \$ 81,491  | \$ 108,829 | \$ 81,491  |
| Loans, net of unearned income       | 2,171,600  | 1,999,420  | 1,889,881  | 1,848,759  | 1,770,059  | 2,171,600  | 1,770,059  |
| Purchased non-covered loans         | 808,313    | 643,092    | 674,239    | 673,724    | 702,131    | 808,313    | 702,131    |
| Purchased loan pools                | 268,984    |            |            |            |            | 268,984    |            |
| Covered loans                       | 209,598    | 245,745    | 271,279    | 313,589    | 331,250    | 209,598    | 331,250    |
| Earning assets                      | 4,669,282  | 3,698,540  | 3,564,286  | 3,515,805  | 3,465,361  | 4,669,282  | 3,465,361  |
| Total assets                        | 5,205,734  | 4,152,904  | 4,037,077  | 3,999,408  | 3,973,135  | 5,205,734  | 3,973,135  |
| Total deposits                      | 4,511,547  | 3,480,231  | 3,431,149  | 3,373,119  | 3,389,035  | 4,511,547  | 3,389,035  |
| Common shareholders equity          | 486,770    | 489,783    | 366,028    | 353,830    | 343,399    | 486,770    | 343,399    |
| <b>Per Common Share Data:</b>       |            |            |            |            |            |            |            |
| Earnings per share basic            | \$ 0.04    | \$ 0.32    | \$ 0.40    | \$ 0.44    | \$ 0.32    | \$ 0.35    | \$ 0.64    |
| Earnings per share diluted          | 0.04       | 0.32       | 0.39       | 0.43       | 0.32       | 0.35       | 0.63       |
| Common book value per share         | 15.12      | 15.22      | 13.67      | 13.22      | 12.83      | 15.12      | 12.83      |
| End of period shares outstanding    | 32,195,089 | 32,182,143 | 26,773,863 | 26,774,402 | 26,771,821 | 32,195,089 | 26,771,821 |
| Weighted average shares outstanding |            |            |            |            |            |            |            |
| Basic                               | 32,184,355 | 30,442,998 | 26,771,636 | 26,773,033 | 25,180,665 | 31,318,487 | 25,162,604 |
| Diluted                             | 32,520,453 | 30,796,148 | 27,090,293 | 27,160,886 | 25,572,405 | 31,652,557 | 25,552,469 |
| <b>Market Price:</b>                |            |            |            |            |            |            |            |

Edgar Filing: Ameris Bancorp - Form 10-Q

|                                      |    |         |    |         |    |         |    |        |    |        |         |        |
|--------------------------------------|----|---------|----|---------|----|---------|----|--------|----|--------|---------|--------|
| High closing price                   | \$ | 26.87   | \$ | 26.55   | \$ | 26.48   | \$ | 24.04  | \$ | 23.90  | 26.87   | 24.00  |
| Low closing price                    |    | 24.73   |    | 22.75   |    | 21.95   |    | 21.00  |    | 19.73  | 22.75   | 19.73  |
| Closing price for quarter            |    | 25.29   |    | 26.39   |    | 25.64   |    | 21.95  |    | 21.56  | 25.29   | 21.56  |
| Average daily trading volume         |    | 107,413 |    | 105,152 |    | 111,473 |    | 79,377 |    | 79,038 | 106,301 | 90,963 |
| Cash dividend per share              |    | 0.05    |    | 0.05    |    | 0.05    |    | 0.05   |    | 0.05   | 0.10    | 0.05   |
| Closing price to book value          |    | 1.67    |    | 1.73    |    | 1.88    |    | 1.66   |    | 1.68   | 1.67    | 1.68   |
| <b>Performance Ratios:</b>           |    |         |    |         |    |         |    |        |    |        |         |        |
| Return on average assets             |    | 0.12%   |    | 0.97%   |    | 1.05%   |    | 1.17%  |    | 0.93%  | 0.52%   | 0.95%  |
| Return on average common equity      |    | 1.07%   |    | 8.76%   |    | 11.57%  |    | 13.19% |    | 10.53% | 4.54%   | 11.32% |
| Average loans to average deposits    |    | 82.53%  |    | 84.51%  |    | 85.45%  |    | 85.48% |    | 84.68% | 83.47%  | 84.52% |
| Average equity to average assets     |    | 11.02%  |    | 11.08%  |    | 9.04%   |    | 8.83%  |    | 8.86%  | 11.06%  | 8.67%  |
| Net interest margin (tax equivalent) |    | 4.14%   |    | 4.39%   |    | 4.64%   |    | 4.50%  |    | 4.65%  | 4.26%   | 4.61%  |
| Efficiency ratio (tax equivalent)    |    | 92.74%  |    | 72.38%  |    | 72.75%  |    | 67.64% |    | 73.05% | 82.99%  | 71.76% |



**Table of Contents****Results of Operations for the Three Months Ended June 30, 2015 and 2014****Consolidated Earnings and Profitability**

Ameris reported net income available to common shareholders of \$1.3 million, or \$0.04 per diluted share, for the quarter ended June 30, 2015, compared with \$8.1 million, or \$0.32 per diluted share, for the same period in 2014. The Company's return on average assets and average shareholders' equity of 0.12% and 1.07%, respectively, in the second quarter of 2015, compared with 0.93% and 10.53%, respectively, in the second quarter of 2014. During the second quarter of 2015, the Company completed the acquisition of Merchants and completed the acquisition and data conversion of 18 additional branches in South Georgia and North Florida from Bank of America. The Company recorded approximately \$3.7 million of after-tax merger related charges from these acquisitions. Additionally, during the second quarter of 2015, the Company recorded \$7.3 million of after-tax OREO write-downs and other credit-related resolution expenses related to an aggressive write-down on remaining non-performing assets. Excluding these acquisition and credit-related resolution expenses, the Company's net income was \$12.3 million, or \$0.38 per diluted share for the second quarter of 2015. The Company's mortgage banking activities have had a significant impact on the overall financial results of the Company. Below is additional information regarding the retail banking activities, mortgage banking activities, warehouse lending activities and SBA activities of the Company during the second quarter of 2015 and 2014, respectively:

|  | <b>Three Months Ended June 30, 2015</b> |                                 |                                   |                     |               |
|--|---|---------------------------------|-----------------------------------|---------------------|---------------|
|  | <b>Banking Division</b>                 | <b>Retail Mortgage Division</b> | <b>Warehouse Lending Division</b> | <b>SBA Division</b> | <b>Total</b>  |
|  | <i>(Dollars in Thousands)</i>           |                                 |                                   |                     |               |
| Net interest income                                | \$ 36,806                               | \$ 1,979                        | \$ 1,179                          | \$ 724              | \$ 40,688     |
| Provision for loan losses                          | 2,456                                   | 200                             |                                   |                     | 2,656         |
| Noninterest income                                 | 9,262                                   | 9,095                           | 383                               | 1,886               | 20,626        |
| Noninterest expense                                |   |                                 |                                   |                     |               |
| Salaries and employee benefits                     | 15,675                                  | 5,592                           | 99                                | 1,099               | 22,465        |
| Equipment and occupancy expenses                   | 4,376                                   | 396                             | 1                                 | 36                  | 4,809         |
| Data processing and telecommunications expenses    | 3,913                                   | 279                             | 20                                | 2                   | 4,214         |
| Other expenses                                     | 24,048                                  | 1,150                           | 19                                | 159                 | 25,376        |
| <b>Total noninterest expense</b>                   | <b>48,012</b>                           | <b>7,417</b>                    | <b>139</b>                        | <b>1,296</b>        | <b>56,864</b> |
| Income (loss) before income tax expense (benefit)  | (4,400)                                 | 3,457                           | 1,423                             | 1,314               | 1,794         |
| Income tax expense (benefit)                       | (1,682)                                 | 1,210                           | 498                               | 460                 | 486           |
| Net income (loss)                                  | (2,718)                                 | 2,247                           | 925                               | 854                 | 1,308         |
| Less preferred stock dividends                     |   |                                 |                                   |                     |               |
| Net income (loss) available to common shareholders | \$ (2,718)                              | \$ 2,247                        | \$ 925                            | \$ 854              | \$ 1,308      |

## Three Months Ended June 30, 2014

|   | Warehouse                     |              |            |            |               |
|---|-------------------------------|--------------|------------|------------|---------------|
|   | Retail                        | Mortgage     | Lending    | SBA        |               |
|   | Banking Division              | Division     | Division   | Division   | Total         |
|   | <i>(Dollars in Thousands)</i> |              |            |            |               |
| Net interest income                             | \$ 33,345                     | \$ 972       | \$ 367     | \$ 580     | \$ 35,264     |
| Provision for loan losses                       | 1,365                         |              |            |            | 1,365         |
| Noninterest income                              | 7,449                         | 6,836        | 166        | 1,368      | 15,819        |
| Noninterest expense                             |                               |              |            |            |               |
| Salaries and employee benefits                  | 12,509                        | 3,881        | 56         | 496        | 16,942        |
| Equipment and occupancy expenses                | 3,752                         | 300          |            | 19         | 4,071         |
| Data processing and telecommunications expenses | 3,590                         | 329          | 14         | 7          | 3,940         |
| Other expenses                                  | 10,753                        | 1,233        | 79         | 300        | 12,365        |
| <b>Total noninterest expense</b>                | <b>30,604</b>                 | <b>5,743</b> | <b>149</b> | <b>822</b> | <b>37,318</b> |
| Income before income tax expense                | 8,825                         | 2,065        | 384        | 1,126      | 12,400        |
| Income tax expense                              | 3,019                         | 723          | 134        | 394        | 4,270         |
| Net income                                      | 5,806                         | 1,342        | 250        | 732        | 8,130         |
| Less preferred stock dividends                  |                               |              |            |            |               |
| Net income available to common shareholders     | \$ 5,806                      | \$ 1,342     | \$ 250     | \$ 732     | \$ 8,130      |

**Table of Contents****Net Interest Income and Margins**

The following tables set forth the amount of the Company's interest income or interest expense for each category of interest-earning assets and interest-bearing liabilities and the average interest rate for total interest-earning assets and total interest-bearing liabilities, net interest spread and net interest margin on average interest-earning assets. Federally tax-exempt income is presented on a taxable-equivalent basis assuming a 35% federal tax rate.

|  | Quarter Ended June 30, |                                |                                |                    |                                |                                |
|--|------------------------|--------------------------------|--------------------------------|--------------------|--------------------------------|--------------------------------|
|  | 2015                   |                                |                                | 2014               |                                |                                |
|  | Average<br>Balance     | Interest<br>Income/<br>Expense | Average<br>Yield/<br>Rate Paid | Average<br>Balance | Interest<br>Income/<br>Expense | Average<br>Yield/<br>Rate Paid |
| <i>( in Thousands )</i>  |                        |                                |                                |                    |                                |                                |
| <b>ASSETS</b>  |                        |                                |                                |                    |                                |                                |
| Interest-earning assets:   |                        |                                |                                |                    |                                |                                |
| Mortgage loans held for sale   | \$ 81,823              | \$ 764                         | 3.75%                          | \$ 54,517          | \$ 457                         | 3.36%                          |
| Loans  | 2,111,507              | 25,629                         | 4.87                           | 1,706,564          | 21,996                         | 5.17                           |
| Purchased non-covered loans  | 654,397                | 10,328                         | 6.33                           | 433,249            | 7,933                          | 7.34                           |
| Purchased loan pools   | 17,308                 | 149                            | 3.45                           |                    |                                |                                |
| Covered loans  | 246,422                | 3,385                          | 5.51                           | 354,766            | 5,164                          | 5.84                           |
| Investment securities  | 680,426                | 4,371                          | 2.58                           | 474,758            | 3,374                          | 2.85                           |
| Short-term assets  | 207,265                | 182                            | 0.35                           | 51,350             | 45                             | 0.35                           |
| Total interest-earning assets  | 3,999,148              | 44,808                         | 4.49                           | 3,075,204          | 38,969                         | 5.08                           |
| Noninterest-earning assets   | 465,410                |                                |                                | 419,262            |                                |                                |
| Total assets   | \$ 4,464,558           |                                |                                | \$ 3,494,466       |                                |                                |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                |                        |                                |                                |                    |                                |                                |
| Interest-bearing liabilities:  |                        |                                |                                |                    |                                |                                |
| Savings and interest-bearing demand deposits                               | \$ 1,915,619           | \$ 1,115                       | 0.23%                          | \$ 1,606,928       | \$ 1,053                       | 0.26%                          |
| Time deposits  | 766,385                | 1,150                          | 0.60                           | 723,156            | 1,152                          | 0.64                           |
| Other borrowings   | 41,930                 | 346                            | 3.31                           | 35,280             | 415                            | 4.72                           |
| FHLB advances  | 17,275                 | 16                             | 0.37                           | 28,626             | 26                             | 0.36                           |
| Federal funds purchased and securities sold under agreements to repurchase | 58,722                 | 48                             | 0.33                           | 40,008             | 31                             | 0.31                           |
| Subordinated deferrable interest debentures                                | 67,180                 | 866                            | 5.17                           | 55,789             | 666                            | 4.79                           |
| Total interest-bearing liabilities   | 2,867,111              | 3,541                          | 0.50                           | 2,489,787          | 3,343                          | 0.54                           |
| Demand deposits  | 1,088,249              |                                |                                | 680,058            |                                |                                |
| Other liabilities  | 17,231                 |                                |                                | 14,925             |                                |                                |

Edgar Filing: Ameris Bancorp - Form 10-Q

|   |              |              |       |
|---|--------------|--------------|-------|
| Stockholders equity                       | 491,967      | 309,696      |       |
| Total liabilities and stockholders equity | \$ 4,464,558 | \$ 3,494,466 |       |
| Interest rate spread                      |              | 3.99%        | 4.54% |
| Net interest income                       | \$ 41,267    | \$ 35,626    |       |
| Net interest margin                       |              | 4.14%        | 4.65% |

**Table of Contents**

On a tax equivalent basis, net interest income for the second quarter of 2015 was \$41.3 million, an increase of \$5.6 million, or 15.8%, compared with \$35.6 million reported in the same quarter in 2014. The higher net interest income is a result of the acquisition of Coastal Bank at the end of the second quarter of 2014, along with organic growth in the loan portfolio. The Company's net interest margin decreased during the second quarter of 2015 to 4.14%, compared with 4.39% during the first quarter of 2015, and compared with 4.65% reported in the second quarter of 2014. The Company's net interest margin was negatively impacted due to the higher level of short-term assets as a percentage of earning assets. The Company intends to be fully invested in either investment securities or loans by the end of the year and to maintain minimal levels of short-term assets as it has in the past.

Total interest income, on a tax equivalent basis, during the second quarter of 2015 was \$44.8 million, compared with \$39.0 million in the same quarter of 2014. Yields on earning assets declined to 4.49%, compared with 5.08% reported in the second quarter of 2014. During the second quarter of 2015, loans comprised 77.8% of earning assets, compared with 82.9% in the same quarter of 2014. This decrease is a result of the increased short-term assets and investments received in the Merchants and branch acquisitions completed during the second quarter of 2015. Yields on legacy loans decreased to 4.87% in the second quarter of 2015, compared with 5.17% in the same period of 2014. The yield on purchased non-covered loans declined from 7.34% in the second quarter of 2014 to 6.26% during the second quarter of 2015. Covered loan yields decreased from 5.84% in the second quarter of 2014 to 5.51% in the second quarter of 2015. Management anticipates improving economic conditions and increased loan demand will provide consistent interest income.

Total funding costs improved to 0.36% in the second quarter of 2015, compared with 0.42% during the second quarter of 2014. Deposit costs decreased from 0.29% in the second quarter of 2014 to 0.24% in the second quarter of 2015, and non-deposit funding costs decreased from 2.86% in the second quarter of 2014 to 2.76% in the second quarter of 2015. Continued shifts in the funding mix toward noninterest-bearing demand and other lower cost deposit categories were the primary reason for the decline in deposit costs. Ongoing efforts to maintain the percentage of funding from transaction deposits have succeeded such that non-CD deposits averaged 79.7% of total deposits in the second quarter of 2015, compared with 76.0% during the second quarter of 2014. Lower costs on deposits were realized due mostly to the lower rate environment and the Company's ability to rely less on higher priced CDs due to its larger than normal position in short-term assets. Further opportunity to realize savings on deposits may be limited due to current costs. Average balances of interest bearing deposits and their respective costs for the second quarter of 2015 and 2014 are shown below:

| (Dollars in Thousands)           | June 30, 2015       |              | June 30, 2014       |              |
|----------------------------------|---------------------|--------------|---------------------|--------------|
|                                  | Average Balance     | Average Cost | Average Balance     | Average Cost |
| NOW                              | \$ 745,709          | 0.17%        | \$ 691,353          | 0.17%        |
| MMDA                             | 981,143             | 0.31%        | 770,047             | 0.38%        |
| Savings                          | 188,767             | 0.08%        | 145,528             | 0.11%        |
| Retail CDs < \$100,000           | 388,248             | 0.50%        | 356,483             | 0.54%        |
| Retail CDs > \$100,000           | 378,137             | 0.70%        | 360,703             | 0.70%        |
| Brokered CDs                     |                     | 0.00%        | 5,970               | 3.22%        |
| <b>Interest-bearing deposits</b> | <b>\$ 2,682,004</b> | <b>0.34%</b> | <b>\$ 2,330,084</b> | <b>0.38%</b> |

**Provision for Loan Losses**

The Company's provision for loan losses during the second quarter of 2015 amounted to \$2.7 million, compared with \$1.1 million in the first quarter of 2015 and \$1.4 million in the second quarter of 2014. At June 30, 2015, classified loans still accruing totaled \$42.5 million, compared with \$42.6 million at June 30, 2014. Non-performing assets as a percent of total assets decreased from 2.26% at June 30, 2014 to 1.42% at June 30, 2015. Net charge-offs on loans during the second quarter of 2015 were \$2.0 million, or 0.37% of loans on an annualized basis, compared with \$1.5 million, or 0.34% of loans, in the second quarter of 2014. The Company's allowance for loan losses at June 30, 2015 was \$21.7 million, or 1.00% of loans (excluding purchased non-covered and covered loans), compared with \$22.3 million, or 1.26% of loans (excluding purchased non-covered and covered loans), at June 30, 2014 due to improved credit quality of the loan portfolio.

---

**Table of Contents*****Noninterest Income***

Total non-interest income for the second quarter of 2015 was \$20.6 million, compared with \$15.8 million in the second quarter of 2014. Service charges on deposit accounts in the second quarter of 2015 increased to \$7.2 million, compared with \$5.8 million in the second quarter of 2014. This increase was driven by the growth of core accounts through the recent acquisitions of Coastal Bank, Merchants and Southern Bank and 18 additional branches. Income from mortgage-related activities continued to increase, from \$6.9 million in the second quarter of 2014, to \$9.7 million in the second quarter of 2015, as a result of the Company's increased number of mortgage bankers and higher levels of production. Other non-interest income increased from \$2.4 million during the second quarter of 2014 to \$2.9 million during the second quarter of 2015 due to the increase in gains on sales of SBA loans.

***Noninterest Expense***

Total non-interest expenses for the second quarter of 2015 increased to \$56.9 million, compared with \$37.3 million in the same quarter in 2014. During the second quarter of 2015, the Company recorded \$5.7 million of merger charges related to the Merchants and branch acquisitions, compared with \$2.9 million of merger charges related to the Coastal acquisition recorded in the second quarter of 2014. Additionally, during the second quarter of 2015, the Company recorded \$11.2 million of OREO write-downs and other credit resolution-related expenses related to an aggressive write-down on remaining non-performing assets. Other increases in noninterest expenses were primarily the result of the acquisitions of Coastal Bank at the end of the second quarter of 2014 and Merchants and Southern Bank and 18 additional branches during the second quarter of 2015. Salaries and benefits increased \$5.5 million as compared with the second quarter of 2014. Occupancy and equipment expense increased during the quarter from \$4.1 million in the second quarter of 2014 to \$4.8 million in the second quarter of 2015. Data processing and telecommunications expenses increased to \$4.2 million for the second quarter of 2015 from \$3.9 million for the same period in 2014. Excluding the credit resolution-related charges discussed above, credit resolution-related expenses decreased to \$2.3 million in the second quarter of 2015, compared with \$2.8 million in the second quarter of 2014.

***Income Taxes***

Income tax expense is influenced by the amount of taxable income, the amount of tax-exempt income and the amount of non-deductible expenses. For the second quarter of 2015, the Company reported income tax expense of \$486,000, compared with \$4.3 million in the same period of 2014. The Company's effective tax rate for the three months ending June 30, 2015 and 2014 was 27.1% and 34.3%, respectively.

**Results of Operations for the Six Months Ended June 30, 2015 and 2014**

Ameris reported net income available to common shareholders of \$11.1 million, or \$0.35 per diluted share, for the six months ended June 30, 2015, compared with \$6.2 million, or \$0.63 per diluted share, for the same period in 2014. During the second quarter of 2015, the Company completed the acquisition of Merchants and completed the acquisition and data conversion of 18 additional branches in South Georgia and North Florida. The Company recorded approximately \$3.7 million of after-tax merger related charges from these acquisitions. Additionally, during the second quarter of 2015, the Company recorded \$7.3 million of after-tax OREO write-downs and other credit resolution-related expenses related to an aggressive write-down on remaining non-performing assets. Excluding these acquisition and credit resolution-related expenses, the Company's net income was \$22.1 million, or \$0.70 per diluted share for the first six months of 2015. The Company's mortgage banking activities have had a significant impact on the overall financial results of the Company.





**Table of Contents**

Below is additional information regarding the retail banking activities, mortgage banking activities, warehouse lending activities and SBA activities of the Company during the first six months of 2015 and 2014, respectively:

**Six Months Ended June 30, 2015**

|  | <b>Warehouse</b>              |                 |                     |                     |              |
|--|-------------------------------|-----------------|---------------------|---------------------|--------------|
|  | <b>Retail Mortgage</b>        | <b>Lending</b>  | <b>SBA Division</b> | <b>Total</b>        |              |
|  | <b>Banking Division</b>       | <b>Division</b> | <b>Division</b>     | <b>SBA Division</b> | <b>Total</b> |
|  | <i>(Dollars in Thousands)</i> |                 |                     |                     |              |
| Net interest income                                | \$ 72,645                     | \$ 3,524        | \$ 2,014            | \$ 1,337            | \$ 79,520    |
| Provision for loan losses                          | 3,383                         | 342             |                     |                     | 3,725        |
| Noninterest income                                 | 18,042                        | 16,705          | 656                 | 2,798               | 38,201       |
| Noninterest expense                                |                               |                 |                     |                     |              |
| Salaries and employee benefits                     | 31,037                        | 10,119          | 226                 | 1,715               | 43,097       |
| Equipment and occupancy expenses                   | 8,520                         | 776             | 3                   | 64                  | 9,363        |
| Data processing and telecommunications expenses    | 7,924                         | 491             | 53                  | 6                   | 8,474        |
| Other expenses                                     | 34,404                        | 2,082           | 55                  | 216                 | 36,757       |
| Total noninterest expense                          | 81,885                        | 13,468          | 337                 | 2,001               | 97,691       |
| Income (loss) before income tax expense (benefit)  | 5,419                         | 6,419           | 2,333               | 2,134               | 16,305       |
| Income tax expense (benefit)                       | 1,423                         | 2,246           | 817                 | 747                 | 5,233        |
| Net income (loss)                                  | 3,996                         | 4,173           | 1,516               | 1,387               | 11,072       |
| Less preferred stock dividends                     |                               |                 |                     |                     |              |
| Net income (loss) available to common shareholders | \$ 3,996                      | \$ 4,173        | \$ 1,516            | \$ 1,387            | \$ 11,072    |

**Six Months Ended June 30, 2014**

|   | <b>Warehouse</b>              |                 |                     |                     |              |
|---|-------------------------------|-----------------|---------------------|---------------------|--------------|
|   | <b>Retail Mortgage</b>        | <b>Lending</b>  | <b>SBA Division</b> | <b>Total</b>        |              |
|   | <b>Banking Division</b>       | <b>Division</b> | <b>Division</b>     | <b>SBA Division</b> | <b>Total</b> |
|   | <i>(Dollars in Thousands)</i> |                 |                     |                     |              |
| Net interest income                             | \$ 66,273                     | \$ 1,886        | \$ 553              | \$ 1,036            | \$ 69,748    |
| Provision for loan losses                       | 3,091                         |                 |                     |                     | 3,091        |
| Noninterest income                              | 14,810                        | 11,916          | 250                 | 1,597               | 28,573       |
| Noninterest expense                             |                               |                 |                     |                     |              |
| Salaries and employee benefits                  | 26,086                        | 7,403           | 102                 | 745                 | 34,336       |
| Equipment and occupancy expenses                | 7,501                         | 601             | 1                   | 32                  | 8,135        |
| Data processing and telecommunications expenses | 6,916                         | 443             | 22                  | 13                  | 7,394        |
| Other expenses                                  | 18,133                        | 2,008           | 119                 | 432                 | 20,692       |

|   |           |          |        |        |           |
|---|-----------|----------|--------|--------|-----------|
| Total noninterest expense                   | 58,636    | 10,455   | 244    | 1,222  | 70,557    |
| Income before income tax expense            | 19,356    | 3,347    | 559    | 1,411  | 24,673    |
| Income tax expense                          | 6,332     | 1,171    | 196    | 494    | 8,193     |
| Net income                                  | 13,024    | 2,176    | 363    | 917    | 16,480    |
| Less preferred stock dividends              | 286       |          |        |        | 286       |
| Net income available to common shareholders | \$ 12,738 | \$ 2,176 | \$ 363 | \$ 917 | \$ 16,194 |

### ***Interest Income***

Interest income, on a tax equivalent basis, for the six months ended June 30, 2015 was \$87.7 million, an increase of \$10.5 million as compared with \$77.2 million for the same period in 2014. Average earning assets for the six-month period increased \$734.1 million to \$3.82 billion as of June 30, 2015, compared with \$3.08 billion as of June 30, 2014. The increase in average earning assets is due to the Coastal, Merchants and branch acquisitions completed in the past year. Yield on average earning assets was 4.63% for the six months ended June 30, 2015, compared with 5.05% in the first six months of 2014.

### ***Interest Expense***

Total interest expense for the six months ended June 30, 2015 amounted to \$7.1 million, reflecting a \$345,000 increase from the \$6.7 million expense recorded in the same period of 2014. During the six-month period ended June 30, 2015, the Company's funding costs improved to 0.38% from 0.43% reported in 2014. Deposit costs decreased to 0.25% during the six-month period ended June 30, 2015, compared with 0.30% during the same period in 2014. Total non-deposit funding costs increased from 2.56% during the first six months of 2014 to 2.81% during the first six months of 2015.

**Table of Contents****Net Interest Income**

The following tables set forth the amount of the Company's interest income or interest expense for each category of interest-earning assets and interest-bearing liabilities and the average interest rate for total interest-earning assets and total interest-bearing liabilities, net interest spread and net interest margin on average interest-earning assets. Federally tax-exempt income is presented on a taxable-equivalent basis assuming a 35% federal tax rate.

|  | Six Months Ended June 30, |  |                                |                    |  |                                |
|--|---------------------------|--|--------------------------------|--------------------|--|--------------------------------|
|  | Average<br>Balance        | 2015<br>Interest<br>Income/<br>Expense | Average<br>Yield/<br>Rate Paid | Average<br>Balance | 2014<br>Interest<br>Income/<br>Expense | Average<br>Yield/<br>Rate Paid |
| <i>( in Thousands )</i>  |                           |  |                                |                    |  |                                |
| <b>ASSETS</b>  |                           |  |                                |                    |  |                                |
| Interest-earning assets:   |                           |  |                                |                    |  |                                |
| Mortgage loans held for sale   | \$ 75,281                 | \$ 1,456                               | 3.90%                          | \$ 51,884          | \$ 860                                 | 3.34%                          |
| Loans  | 2,007,914                 | 48,047                                 | 4.83                           | 1,673,493          | 42,643                                 | 5.14                           |
| Purchased non-covered loans  | 655,485                   | 22,168                                 | 6.82                           | 437,068            | 14,798                                 | 6.83                           |
| Purchased loan pools   | 8,702                     | 149                                    | 3.45                           |                    |  |                                |
| Covered loans  | 259,157                   | 7,380                                  | 5.74                           | 367,045            | 11,925                                 | 6.55                           |
| Investment securities  | 623,828                   | 8,157                                  | 2.64                           | 473,296            | 6,811                                  | 2.90                           |
| Short-term assets  | 185,646                   | 310                                    | 0.34                           | 79,123             | 129                                    | 0.33                           |
| Total interest-earning assets  | 3,816,013                 | 87,667                                 | 4.63                           | 3,081,909          | 77,166                                 | 5.05                           |
| Noninterest-earning assets   | 457,204                   |  |                                | 426,043            |  |                                |
| Total assets   | \$ 4,273,217              |  |                                | \$ 3,507,952       |  |                                |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                |                           |  |                                |                    |  |                                |
| Interest-bearing liabilities:  |                           |  |                                |                    |  |                                |
| Savings and interest-bearing demand deposits                               | \$ 1,847,072              | \$ 2,191                               | 0.24%                          | \$ 1,587,303       | \$ 2,059                               | 0.26%                          |
| Time deposits  | 761,432                   | 2,354                                  | 0.62                           | 732,205            | 2,329                                  | 0.64                           |
| Other borrowings   | 42,895                    | 712                                    | 3.35                           | 32,657             | 823                                    | 5.08                           |
| FHLB advances  | 17,028                    | 31                                     | 0.37                           | 48,370             | 63                                     | 0.26                           |
| Federal funds purchased and securities sold under agreements to repurchase | 55,731                    | 91                                     | 0.33                           | 48,513             | 84                                     | 0.35                           |
| Subordinated deferrable interest debentures                                | 66,313                    | 1,698                                  | 5.16                           | 55,442             | 1,374                                  | 5.00                           |
| Total interest-bearing liabilities   | 2,790,471                 | 7,077                                  | 0.51                           | 2,504,490          | 6,732                                  | 0.54                           |
| Demand deposits  | 993,619                   |  |                                | 673,313            |  |                                |
| Other liabilities  | 16,475                    |  |                                | 14,511             |  |                                |

Edgar Filing: Ameris Bancorp - Form 10-Q

|  |              |              |
|--|--------------|--------------|
| Stockholders' equity                       | 472,652      | 315,638      |
| Total liabilities and stockholders' equity | \$ 4,273,217 | \$ 3,507,952 |
| Interest rate spread                       | 4.12%        | 4.51%        |
| Net interest income                        | \$ 80,590    | \$ 70,434    |
| Net interest margin                        | 4.26%        | 4.61%        |

For the year-to-date period ending June 30, 2015, the Company reported \$80.6 million of net interest income on a tax equivalent basis, compared with \$70.4 million of net interest income for the same period in 2014. The average balance of earning assets increased 23.8%, from \$3.1 billion during the first six months of 2014 to \$3.8 billion during the first six months of 2015. The Company's net interest margin decreased to 4.26% in the six month period ending June 30, 2015, compared with 4.61% in the same period in 2014.

---

**Table of Contents*****Provision for Loan Losses***

The provision for loan losses increased to \$3.7 million for the six months ended June 30, 2015, compared with \$3.1 million in the same period in 2014. Non-performing assets (excluding covered assets) totaled \$73.9 million at June 30, 2015, compared with \$89.9 million at June 30, 2014. For the six-month period ended June 30, 2015, the Company had net charge-offs totaling \$2.4 million, compared with \$2.6 million for the same period in 2014. Annualized net charge-offs as a percentage of loans (excluding purchased non-covered and covered loans) decreased to 0.22% during the first six months of 2015, compared with 0.30% during the first six months of 2014.

***Noninterest Income***

Non-interest income for the first six months of 2015 was \$38.2 million, compared with \$28.6 million in the same period in 2014. Service charges on deposit accounts increased approximately \$2.2 million to \$13.6 million in the first six months of 2015, compared with \$11.4 million in the same period in 2014. This increase was driven by the growth of core accounts through the acquisitions of Coastal, Merchants and 18 additional branches. Income from mortgage banking activity increased from \$12.0 million in the first six months of 2014 to \$17.8 million in the first half of 2015, due to an increased number of mortgage bankers and higher levels of production. Other non-interest income increased from \$3.8 million during the first six months of 2014 to \$5.3 million during the first six months of 2015 due to the increase in gains on sales of SBA loans.

***Noninterest Expense***

Total operating expenses for the first six months of 2015 increased to \$97.7 million, compared with \$70.6 million in the same period in 2014. During the second quarter of 2015, the Company recorded \$5.7 million of merger charges related to the Merchants and branch acquisitions, compared with \$2.9 million of merger charges related to the Coastal acquisition recorded in the second quarter of 2014. Additionally, during the second quarter of 2015, the Company recorded \$11.2 million of OREO write-downs and other credit resolution-related expenses related to an aggressive write-down on remaining non-performing assets. Other increases in noninterest expenses were primarily the result of the acquisitions of Coastal Bank at the end of the second quarter of 2014 and Merchants and Southern Bank and 18 additional branches during the second quarter of 2015. Salaries and benefits increased \$8.8 million as compared with the first half of 2014. Occupancy and equipment expenses for the first six months of 2015 amounted to \$9.4 million, representing an increase of \$1.2 million from the same period in 2014. Data processing and telecommunications expenses increased from \$7.4 million in the first six months of 2014 to \$8.5 million in the first six months of 2015. Excluding the credit resolution-related charges discussed above, credit resolution-related expenses increased to \$5.5 million in the first six months of 2015, compared with \$5.0 million in the first half of 2014.

***Income Taxes***

In the first six months of 2015, the Company recorded income tax expense of \$5.2 million, compared with \$8.2 million in the same period of 2014. The Company's effective tax rate for the six months ended June 30, 2015 and 2014 was 32.1% and 33.2%, respectively.

**Financial Condition as of June 30, 2015****Securities**

Debt securities with readily determinable fair values are classified as available for sale and recorded at fair value with unrealized gains and losses excluded from earnings and reported in accumulated other comprehensive income, net of

the related deferred tax effect. Equity securities, including restricted equity securities, are classified as other investment securities and are recorded at the lower of cost or market value.

The amortization of premiums and accretion of discounts are recognized in interest income using methods approximating the interest method over the life of the securities. Realized gains and losses, determined on the basis of the cost of specific securities sold, are included in earnings on the settlement date. Declines in the fair value of securities below their cost that are deemed to be other-than-temporary are reflected in earnings as realized losses.

In determining whether other-than-temporary impairment losses exist, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

**Table of Contents**

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Substantially all of the unrealized losses on debt securities are related to changes in interest rates and do not affect the expected cash flows of the issuer or underlying collateral. All unrealized losses are considered temporary because each security carries an acceptable investment grade and the Company does not intend to sell these investment securities at an unrealized loss position at June 30, 2015, and it is more likely than not that the Company will not be required to sell these securities prior to recovery or maturity. Therefore, at June 30, 2015, these investments are not considered impaired on an other-than-temporary basis.

The following table illustrates certain information regarding the Company's investment portfolio with respect to yields, sensitivities and expected cash flows over the next twelve months assuming constant prepayments and maturities:

|                                | <b>Book Value</b>    | <b>Fair Value</b> | <b>Yield</b> | <b>Modified Duration</b> | <b>Estimated Cash Flows 12 months</b> |
|--------------------------------|----------------------|-------------------|--------------|--------------------------|---------------------------------------|
|                                | Dollars in Thousands |                   |              |                          |                                       |
| <b>June 30, 2015:</b>          |                      |                   |              |                          |                                       |
| U.S. government agencies       | \$ 14,956            | \$ 14,746         | 1.85%        | 4.70                     | \$                                    |
| State and municipal securities | 165,070              | 167,372           | 4.03%        | 6.25                     | 8,474                                 |
| Corporate debt securities      | 12,710               | 12,836            | 5.11%        | 7.88                     | 1,500                                 |
| Mortgage-backed securities     | 665,274              | 667,200           | 2.39%        | 3.95                     | 107,845                               |
| <b>Total debt securities</b>   | <b>\$ 858,010</b>    | <b>\$ 862,154</b> | <b>2.74%</b> | <b>4.46</b>              | <b>\$ 117,819</b>                     |
| <b>June 30, 2014:</b>          |                      |                   |              |                          |                                       |
| U.S. government agencies       | \$ 14,950            | \$ 14,445         | 1.85%        | 5.34                     | \$                                    |
| State and municipal securities | 143,507              | 145,780           | 4.14%        | 6.49                     | 5,272                                 |
| Corporate debt securities      | 10,805               | 10,958            | 6.40%        | 7.44                     | 1,250                                 |
| Mortgage-backed securities     | 361,194              | 364,447           | 2.43%        | 3.86                     | 62,447                                |
| <b>Total debt securities</b>   | <b>\$ 530,456</b>    | <b>\$ 535,630</b> | <b>2.96%</b> | <b>4.69</b>              | <b>\$ 68,969</b>                      |

**Loans and Allowance for Loan Losses**

At June 30, 2015, gross loans outstanding (including mortgage loans held for sale, purchased non-covered, purchased loan pools and covered loans) were \$3.57 billion, an increase from \$2.93 billion reported at December 31, 2014 and \$2.88 billion reported at June 30, 2014. Mortgage loans held for sale increased from \$94.8 million at December 31, 2014 to \$108.8 million at June 30, 2015. Legacy loans (excluding purchased non-covered and covered loans) increased \$282.7 million, from \$1.89 billion at December 31, 2014 to \$2.17 billion at June 30, 2015. Purchased non-covered loans increased \$403.1 million, from \$674.2 million at December 31, 2014 to \$1.08 billion at June 30, 2015. Covered loans decreased \$61.7 million, from \$271.3 million at December 31, 2014 to \$209.6 million at June 30, 2015.

The Company regularly monitors the composition of the loan portfolio to evaluate the adequacy of the allowance for loan losses in light of the impact that changes in the economic environment may have on the loan portfolio. The Company focuses on the following loan categories: (1) commercial, financial and agricultural; (2) residential real

estate; (3) commercial and farmland real estate; (4) construction and development related real estate; and (5) consumer. The Company's management has strategically located its branches in select markets in south and southeast Georgia, north Florida, southeast Alabama and throughout South Carolina to take advantage of the growth in these areas.

The Company's risk management processes include a loan review program designed to evaluate the credit risk in the loan portfolio and ensure credit grade accuracy. Through the loan review process, the Company conducts (1) a loan portfolio summary analysis, (2) charge-off and recovery analysis, (3) trends in accruing problem loan analysis, and (4) problem and past due loan analysis. This analysis process serves as a tool to assist management in assessing the overall quality of the loan portfolio and the adequacy of the allowance for loan losses. Loans classified as substandard are loans which are inadequately protected by the current sound worth and paying capacity of the borrower or of the collateral pledged. These assets exhibit a well-defined weakness or are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected. These weaknesses may be characterized by past due performance, operating losses and/or questionable collateral values. Loans classified as doubtful are those loans that have characteristics similar to substandard loans but have an increased risk of loss. Loans classified as loss are those loans which are considered uncollectible and are in the process of being charged-off.



**Table of Contents**

The allowance for loan losses is a reserve established through charges to earnings in the form of a provision for loan losses. The provision for loan losses is based on management's evaluation of the size and composition of the loan portfolio, the level of non-performing and past due loans, historical trends of charged-off loans and recoveries, prevailing economic conditions and other factors management deems appropriate. The Company's management has established an allowance for loan losses which it believes is adequate for the probable incurred losses in the loan portfolio. Based on a credit evaluation of the loan portfolio, management presents a monthly review of the allowance for loan losses to the Company's Board of Directors. The review that management has developed primarily focuses on risk by evaluating individual loans in certain risk categories. These categories have also been established by management and take the form of loan grades. By grading the loan portfolio in this manner the Company's management is able to effectively evaluate the portfolio by risk, which management believes is the most effective way to analyze the loan portfolio and thus analyze the adequacy of the allowance for loan losses.

The allowance for loan losses is established by examining (1) the large classified loans, nonaccrual loans and loans considered impaired and evaluating them individually to determine the specific reserve allocation and (2) the remainder of the loan portfolio to allocate a portion of the allowance based on past loss experience and the economic conditions for the particular loan category. The Company also considers other factors such as changes in lending policies and procedures; changes in national, regional and/or local economic and business conditions; changes in the nature and volume of the loan portfolio; changes in the experience, ability and depth of either the bank president or lending staff; changes in the volume and severity of past due and classified loans; changes in the quality of the Company's corporate loan review system; and other factors management deems appropriate.

For the six-month period ended June 30, 2015, the Company recorded net charge-offs totaling \$2.4 million, compared with \$2.6 million for the period ended June 30, 2014. The provision for loan losses for the six months ended June 30, 2015 increased to \$3.7 million, compared with \$3.1 million during the six-month period ended June 30, 2014. At the end of the second quarter of 2015, the allowance for loan losses totaled \$21.7 million, or 1.00% of total legacy loans, compared with \$21.2 million, or 1.12% of total legacy loans, at December 31, 2014 and \$22.3 million, or 1.26% of total legacy loans, at June 30, 2014. The decrease in the allowance for loan losses as a percentage of non-covered loans reflects the improving credit quality trends in the loan portfolio.

The following table presents an analysis of the allowance for loan losses, excluding purchased non-covered and covered loans, for the six months ended June 30, 2015 and 2014:

| <b>(Dollars in Thousands)</b>                               | <b>June 30,<br/>2015</b> | <b>June 30,<br/>2014</b> |
|---|--------------------------|--------------------------|
| Balance of allowance for loan losses at beginning of period | \$ 21,157                | \$ 22,377                |
| Provision charged to operating expense                      | 2,900                    | 2,498                    |
| Charge-offs:  |                          |                          |
| Commercial, financial and agricultural                      | 802                      | 908                      |
| Real estate residential                                     | 732                      | 933                      |
| Real estate commercial and farmland                         | 1,174                    | 1,302                    |
| Real estate construction and development                    | 360                      | 222                      |
| Consumer installment  | 239                      | 214                      |
| Other   |                          |                          |
| Total charge-offs   | 3,307                    | 3,579                    |

Edgar Filing: Ameris Bancorp - Form 10-Q

|   |           |           |
|---|-----------|-----------|
| Recoveries:   |           |           |
| Commercial, financial and agricultural                              | 400       | 183       |
| Real estate residential   | 84        | 131       |
| Real estate commercial and farmland                                 | 32        | 152       |
| Real estate construction and development                            | 308       | 204       |
| Consumer installment  | 84        | 288       |
| Other   |           |           |
| Total recoveries  | 908       | 958       |
| Net charge-offs   | 2,399     | 2,621     |
| Balance of allowance for loan losses at end of period               | \$ 21,658 | \$ 22,254 |
| Net annualized charge-offs as a percentage of average loans         | 0.22%     | 0.30%     |
| Allowance for loan losses as a percentage of loans at end of period | 1.00%     | 1.26%     |

**Table of Contents****Purchased Non-Covered Assets**

Loans that were acquired in transactions and are not covered by the loss-sharing agreements with the FDIC ( purchased non-covered loans ) totaled \$808.3 million, \$674.2 million and \$702.1 million at June 30, 2015, December 31, 2014 and June 30, 2014, respectively. OREO that was acquired in transactions and is not covered by the loss-sharing agreements with the FDIC totaled \$13.1 million, \$15.6 million and \$16.6 million at June 30, 2015, December 31, 2014 and June 30, 2014, respectively. Purchased non-covered assets include assets that were acquired in FDIC-assisted transactions, but are no longer covered by the loss-sharing agreements due to the expiration of the loss-sharing agreements.

The Bank initially recorded the loans at their fair values, taking into consideration certain credit quality, risk and liquidity marks. The Company believes its estimation of credit risk and its adjustments to the carrying balances of the acquired loans is adequate. If the Company determines that a loan or group of loans has deteriorated from its initial assessment of fair value, a reserve for loan losses will be established to account for that difference. During the six months ended June 30, 2015, the Company recorded a net provision for loan loss credit of \$311,000 due to recoveries received on previously charged off purchased non-covered loans. During the year ended December 31, 2014 the Company recorded provision for loan loss expense of \$84,000 to account for losses where there was a decrease in cash flows from the initial estimates on purchased non-covered loans. The Company did not have any provision for loan loss expense during the six months ended June 30, 2014 related to purchased non-covered loans. If the Company determines that a loan or group of loans has improved from its initial assessment of fair value, then the increase in cash flows over those expected at the acquisition date is recognized as interest income prospectively.

Purchased non-covered loans are shown below according to loan type as of the end of the periods shown:

| <b>(Dollars in Thousands)</b>            | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> | <b>June 30,<br/>2014</b> |
|--|--------------------------|------------------------------|--------------------------|
| Commercial, financial and agricultural   | \$ 45,337                | \$ 38,041                    | \$ 41,583                |
| Real estate construction and development | 75,302                   | 58,362                       | 64,084                   |
| Real estate commercial and farmland      | 404,588                  | 306,706                      | 311,748                  |
| Real estate residential                  | 276,798                  | 266,342                      | 278,451                  |
| Consumer installment                     | 6,288                    | 4,788                        | 6,265                    |
|  | <b>\$ 808,313</b>        | <b>\$ 674,239</b>            | <b>\$ 702,131</b>        |

**Purchased Loan Pools**

Purchased loan pools are defined as groups of loans that were not acquired in bank acquisitions or FDIC-assisted transactions. As of June 30, 2015, purchased loan pools totaled \$269.0 million and consisted of whole-loan, adjustable rate residential mortgages on properties outside the Company's markets, with principal balances totaling \$263.8 million and \$5.2 million of purchase premium paid at acquisition. The Company did not have any purchased loan pools at December 31, 2014 or June 30, 2014.

**Assets Covered by Loss-Sharing Agreements with the FDIC**

Loans that were acquired in FDIC-assisted transactions that are covered by the loss-sharing agreements with the FDIC ( covered loans ) totaled \$209.6 million, \$271.3 million and \$331.3 million at June 30, 2015, December 31, 2014 and

June 30, 2014, respectively. OREO that is covered by the loss-sharing agreements with the FDIC totaled \$12.6 million, \$19.9 million and \$38.4 million at June 30, 2015, December 31, 2014 and June 30, 2014, respectively. The loss-sharing agreements are subject to the servicing procedures as specified in the agreements with the FDIC. The expected reimbursements under the loss-sharing agreements were recorded as an indemnification asset at their estimated fair value on the acquisition dates. The FDIC loss-share receivable reported at June 30, 2015, December 31, 2014 and June 30, 2014 was \$15.0 million, \$31.4 million and \$49.2 million, respectively, which is net of the clawback liability the Bank expects to pay to the FDIC.

The Bank initially recorded the loans at their fair values, taking into consideration certain credit quality, risk and liquidity marks. The Company believes its estimation of credit risk and its adjustments to the carrying balances of the acquired loans is adequate. If the Company determines that a loan or group of loans has deteriorated from its initial assessment of fair value, a reserve for loan losses will be established to account for that difference. During the six months ended June 30, 2015, the year ended December 31, 2014 and the six months ended June 30, 2014, the Company recorded provision for loan loss expense of \$1.1 million, \$843,000 and \$593,000, respectively, net of the FDIC loss-share receivable, to account for losses where there was a decrease in cash flows from the initial estimates on loans acquired in FDIC-assisted transactions. If the Company determines that a loan or group of loans has improved from its initial assessment of fair value, then the increase in cash flows over those expected at the acquisition date is recognized as interest income prospectively over the remaining life of the loan, with an associated write off of the remaining indemnification asset over the shorter of the life of the loan or the loss-share agreement.

**Table of Contents**

Covered loans are shown below according to loan type as of the end of the periods shown:

| <b>(Dollars in Thousands)</b>            | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> | <b>June 30,<br/>2014</b> |
|--|--------------------------|------------------------------|--------------------------|
| Commercial, financial and agricultural   | \$ 17,666                | \$ 21,467                    | \$ 25,209                |
| Real estate construction and development | 15,002                   | 23,447                       | 31,600                   |
| Real estate commercial and farmland      | 111,772                  | 147,627                      | 188,643                  |
| Real estate residential                  | 64,982                   | 78,520                       | 85,518                   |
| Consumer installment                     | 176                      | 218                          | 280                      |
|  | <b>\$ 209,598</b>        | <b>\$ 271,279</b>            | <b>\$ 331,250</b>        |

**Non-Performing Assets**

Non-performing assets include nonaccrual loans, accruing loans contractually past due 90 days or more, repossessed personal property, and other real estate owned. Loans are placed on nonaccrual status when management has concerns relating to the ability to collect the principal and interest and generally when such loans are 90 days or more past due. Management performs a detailed review and valuation assessment of impaired loans on a quarterly basis and recognizes losses when impairment is identified. A loan is considered impaired when it is probable that not all principal and interest amounts will be collected according to the loan contract. When a loan is placed on nonaccrual status, any interest previously accrued but not collected is reversed against current income.

Non-accrual loans, excluding purchased non-covered and covered loans, totaled \$20.7 million at June 30, 2015, a 6.2% decrease from \$22.1 million reported at the end of the second quarter of 2014. Nonaccrual purchased non-covered loans totaled \$17.4 million at June 30, 2015, compared with \$15.8 million at June 30, 2014. At June 30, 2015, other real estate owned (excluding purchased non-covered and covered OREO) totaled \$22.6 million, compared with \$32.3 million at March 31, 2015 and \$35.4 million at June 30, 2014. Management regularly assesses the valuation of OREO through periodic reappraisal and through inquiries received in the marketing process. At the end of the second quarter of 2015, total non-performing assets were 1.42% of total assets, compared with 2.20% at December 31, 2014 and 2.26% at June 30, 2014.

Non-performing assets (excluding covered assets) at June 30, 2015, December 31, 2014 and June 30, 2014 were as follows:

| <b>(Dollars in Thousands)</b>  | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> | <b>June 30,<br/>2014</b> |
|--|--------------------------|------------------------------|--------------------------|
| Total nonaccrual loans (excluding purchased non-covered and covered loans) | \$ 20,740                | \$ 21,728                    | \$ 22,111                |
| Nonaccrual purchased non-covered loans                                     | 17,444                   | 18,249                       | 15,770                   |
| Accruing loans delinquent 90 days or more                                  |                          | 1                            |                          |
| Foreclosed assets (excluding purchased assets)                             | 22,567                   | 33,160                       | 35,373                   |
| Purchased, non-covered other real estate owned                             | 13,112                   | 15,585                       | 16,598                   |
| Total non-performing assets  | <b>\$ 73,863</b>         | <b>\$ 88,723</b>             | <b>\$ 89,852</b>         |



**Table of Contents****Troubled Debt Restructurings**

The restructuring of a loan is considered a troubled debt restructuring if both (i) the borrower is experiencing financial difficulties and (ii) the Company has granted a concession. The following table presents the amount of troubled debt restructurings by loan class, excluding purchased non-covered and covered loans, classified separately as accrual and non-accrual at June 30, 2015, December 31, 2014 and June 30, 2014:

| <i>As of June 30, 2015</i>             | <b>Accruing Loans</b> |                       | <b>Non-Accruing</b> |                       |
|--|-----------------------|-----------------------|---------------------|-----------------------|
|  | <b>#</b>              | <b>Balance</b>        | <b>#</b>            | <b>Balance</b>        |
| Loan class:                            |                       | <i>(in thousands)</i> |                     | <i>(in thousands)</i> |
| Commercial, financial & agricultural   | 6                     | \$ 278                | 5                   | \$ 29                 |
| Real estate construction & development | 11                    | 821                   | 3                   | 57                    |
| Real estate commercial & farmland      | 17                    | 6,617                 | 3                   | 598                   |
| Real estate residential                | 49                    | 4,702                 | 15                  | 783                   |
| Consumer installment                   | 11                    | 49                    | 17                  | 82                    |
| <b>Total</b>                           | <b>94</b>             | <b>\$ 12,467</b>      | <b>43</b>           | <b>\$ 1,549</b>       |

| <i>As of December 31, 2014</i>         | <b>Accruing Loans</b> |                       | <b>Non-Accruing</b> |                       |
|--|-----------------------|-----------------------|---------------------|-----------------------|
|  | <b>#</b>              | <b>Balance</b>        | <b>#</b>            | <b>Balance</b>        |
| Loan class:                            |                       | <i>(in thousands)</i> |                     | <i>(in thousands)</i> |
| Commercial, financial & agricultural   | 6                     | \$ 290                | 2                   | \$ 13                 |
| Real estate construction & development | 9                     | 679                   | 5                   | 228                   |
| Real estate commercial & farmland      | 19                    | 6,477                 | 3                   | 724                   |
| Real estate residential                | 47                    | 5,258                 | 11                  | 1,485                 |
| Consumer installment                   | 11                    | 55                    | 11                  | 73                    |
| <b>Total</b>                           | <b>92</b>             | <b>\$ 12,759</b>      | <b>32</b>           | <b>\$ 2,523</b>       |

| <i>As of June 30, 2014</i>             | <b>Accruing Loans</b> |                       | <b>Non-Accruing</b> |                       |
|--|-----------------------|-----------------------|---------------------|-----------------------|
|  | <b>#</b>              | <b>Balance</b>        | <b>#</b>            | <b>Balance</b>        |
| Loan class:                            |                       | <i>(in thousands)</i> |                     | <i>(in thousands)</i> |
| Commercial, financial & agricultural   | 3                     | \$ 257                | 3                   | \$ 465                |
| Real estate construction & development | 12                    | 2,080                 | 2                   | 32                    |
| Real estate commercial & farmland      | 19                    | 7,590                 | 4                   | 2,151                 |
| Real estate residential                | 38                    | 7,335                 | 8                   | 1,044                 |
| Consumer installment                   | 14                    | 75                    | 5                   | 51                    |
| <b>Total</b>                           | <b>86</b>             | <b>\$ 17,337</b>      | <b>22</b>           | <b>\$ 3,743</b>       |





**Table of Contents**

The following table presents the amount of troubled debt restructurings by loan class, excluding purchased non-covered and covered loans, classified separately as those currently paying under restructured terms and those that have defaulted (defined as 30 days past due) under restructured terms at June 30, 2015, December 31, 2014 and June 30, 2014:

| <i>As of June 30, 2015</i>             | <b>Loans Currently<br/>Paying Under<br/>Restructured<br/>Terms</b> |                       |        | <b>Loans that have<br/>Defaulted Under<br/>Restructured<br/>Terms</b> |                       |       |
|--|--|-----------------------|--------|---|-----------------------|-------|
|  | #  | <b>Balance</b>        |        | #   | <b>Balance</b>        |       |
|  |  | <i>(in thousands)</i> |        |   | <i>(in thousands)</i> |       |
| Loan class:                            |  |                       |        |   |                       |       |
| Commercial, financial & agricultural   | 7  | \$                    | 256    | 4   | \$                    | 50    |
| Real estate construction & development | 12   |                       | 823    | 2   |                       | 56    |
| Real estate commercial & farmland      | 14   |                       | 5,877  | 6   |                       | 1,338 |
| Real estate residential                | 44   |                       | 3,819  | 20  |                       | 1,665 |
| Consumer installment                   | 17   |                       | 89     | 11  |                       | 41    |
| Total                                  | 94   | \$                    | 10,864 | 43  | \$                    | 3,152 |

| <i>As of December 31, 2014</i>         | <b>Loans Currently<br/>Paying Under<br/>Restructured<br/>Terms</b> |                       |        | <b>Loans that have<br/>Defaulted Under<br/>Restructured<br/>Terms</b> |                       |       |
|--|--|-----------------------|--------|---|-----------------------|-------|
|  | #  | <b>Balance</b>        |        | #   | <b>Balance</b>        |       |
|  |  | <i>(in thousands)</i> |        |   | <i>(in thousands)</i> |       |
| Loan class:                            |  |                       |        |   |                       |       |
| Commercial, financial & agricultural   | 7  | \$                    | 67     | 1   | \$                    | 236   |
| Real estate construction & development | 9  |                       | 679    | 5   |                       | 228   |
| Real estate commercial & farmland      | 19   |                       | 6,477  | 3   |                       | 724   |
| Real estate residential                | 45   |                       | 5,036  | 13  |                       | 1,707 |
| Consumer installment                   | 14   |                       | 67     | 8   |                       | 61    |
| Total                                  | 94   | \$                    | 12,326 | 30  | \$                    | 2,956 |

| <i>As of June 30, 2014</i>             | <b>Loans Currently<br/>Paying Under<br/>Restructured<br/>Terms</b> |                       |       | <b>Loans that have<br/>Defaulted Under<br/>Restructured<br/>Terms</b> |                       |       |
|--|--|-----------------------|-------|---|-----------------------|-------|
|  | #  | <b>Balance</b>        |       | #   | <b>Balance</b>        |       |
|  |  | <i>(in thousands)</i> |       |   | <i>(in thousands)</i> |       |
| Loan class:                            |  |                       |       |   |                       |       |
| Commercial, financial & agricultural   | 5  | \$                    | 272   | 1   | \$                    | 449   |
| Real estate construction & development | 10   |                       | 2,042 | 4   |                       | 69    |
| Real estate commercial & farmland      | 20   |                       | 7,895 | 3   |                       | 1,846 |

Edgar Filing: Ameris Bancorp - Form 10-Q

|                         |    |           |    |          |
|-------------------------|----|-----------|----|----------|
| Real estate residential | 34 | 6,582     | 12 | 1,798    |
| Consumer installment    | 14 | 92        | 5  | 35       |
| Total                   | 83 | \$ 16,883 | 25 | \$ 4,197 |

**Table of Contents**

The following table presents the amount of troubled debt restructurings, excluding purchased non-covered and covered loans, by types of concessions made, classified separately as accrual and non-accrual at June 30, 2015, December 31, 2014 and June 30, 2014:

| <i>As of June 30, 2015</i>               | <b>Accruing Loans</b> |                       | <b>Non-Accruing</b> |                 |
|--|-----------------------|-----------------------|---------------------|-----------------|
|  | <b>#</b>              | <b>Balance</b>        | <b>#</b>            | <b>Loans</b>    |
| Type of concession:                      |                       | <b>(in thousands)</b> |                     | <b>Balance</b>  |
| Forbearance of interest                  | 11                    | \$ 1,910              | 4                   | \$ 255          |
| Forgiveness of principal                 | 4                     | 1,861                 | 1                   | 489             |
| Forbearance of principal                 | 6                     | 94                    | 8                   | 174             |
| Rate reduction only                      | 16                    | 2,339                 | 1                   | 29              |
| Rate reduction, forbearance of interest  | 32                    | 2,177                 | 22                  | 427             |
| Rate reduction, forbearance of principal | 14                    | 3,006                 | 7                   | 175             |
| Rate reduction, forgiveness of interest  | 10                    | 1,076                 |                     |                 |
| Rate reduction, forgiveness of principal | 1                     | 4                     |                     |                 |
| <b>Total</b>                             | <b>94</b>             | <b>\$ 12,467</b>      | <b>43</b>           | <b>\$ 1,549</b> |

| <i>As of December 31, 2014</i>           | <b>Accruing Loans</b> |                       | <b>Non-Accruing</b> |                 |
|--|-----------------------|-----------------------|---------------------|-----------------|
|  | <b>#</b>              | <b>Balance</b>        | <b>#</b>            | <b>Loans</b>    |
| Type of concession:                      |                       | <b>(in thousands)</b> |                     | <b>Balance</b>  |
| Forbearance of Interest                  | 10                    | \$ 1,917              | 4                   | \$ 270          |
| Forgiveness of Principal                 | 5                     | 2,394                 |                     |                 |
| Forbearances of Principal                | 6                     | 165                   |                     |                 |
| Rate Reduction Only                      | 16                    | 3,677                 | 4                   | 477             |
| Rate Reduction, Forbearance of Interest  | 31                    | 2,160                 | 21                  | 1,738           |
| Rate Reduction, Forbearance of Principal | 19                    | 1,981                 | 2                   | 13              |
| Rate Reduction, Forgiveness of Interest  | 4                     | 460                   |                     |                 |
| Rate Reduction, Forgiveness of Principal | 1                     | 5                     | 1                   | 25              |
| <b>Total</b>                             | <b>92</b>             | <b>\$ 12,759</b>      | <b>32</b>           | <b>\$ 2,523</b> |

| <i>As of June 30, 2014</i>              | <b>Accruing Loans</b> |                       | <b>Non-Accruing</b> |                |
|---|-----------------------|-----------------------|---------------------|----------------|
|   | <b>#</b>              | <b>Balance</b>        | <b>#</b>            | <b>Loans</b>   |
| Type of concession:                     |                       | <b>(in thousands)</b> |                     | <b>Balance</b> |
| Forbearance of interest                 | 12                    | \$ 2,145              |                     | \$             |
| Forgiveness of principal                | 5                     | 2,448                 |                     |                |
| Rate reduction only                     | 14                    | 6,842                 | 5                   | 1,176          |
| Rate reduction, forbearance of interest | 38                    | 3,204                 | 14                  | 2,522          |

Edgar Filing: Ameris Bancorp - Form 10-Q

|  |    |           |    |          |
|--|----|-----------|----|----------|
| Rate reduction, forbearance of principal | 17 | 2,698     | 2  | 16       |
| Rate reduction, payment modification     |    |           | 1  | 29       |
| Total                                    | 86 | \$ 17,337 | 22 | \$ 3,743 |

**Table of Contents**

The following table presents the amount of troubled debt restructurings, excluding purchased non-covered and covered loans, by collateral types, classified separately as accrual and non-accrual at June 30, 2015, December 31, 2014 and June 30, 2014:

| <i>As of June 30, 2015</i>      | <b>Accruing Loans</b> |                       | <b>Non-Accruing</b> |                       |
|---------------------------------|-----------------------|-----------------------|---------------------|-----------------------|
|                                 | <b>#</b>              | <b>Balance</b>        | <b>#</b>            | <b>Balance</b>        |
| Collateral type:                |                       | <i>(in thousands)</i> |                     | <i>(in thousands)</i> |
| Warehouse                       | 5                     | \$ 826                |                     | \$                    |
| Raw land                        | 5                     | 78                    | 2                   | 30                    |
| Agricultural land               | 1                     | 303                   | 1                   | 64                    |
| Hotel & motel                   | 3                     | 1,962                 |                     |                       |
| Office                          | 3                     | 509                   |                     |                       |
| Retail, including strip centers | 3                     | 1,345                 | 2                   | 534                   |
| 1-4 family residential          | 56                    | 6,760                 | 18                  | 830                   |
| Church                          | 1                     | 357                   |                     |                       |
| Automobile/equipment/inventory  | 15                    | 92                    | 20                  | 91                    |
| Unsecured                       | 2                     | 235                   |                     |                       |
| <b>Total</b>                    | <b>94</b>             | <b>\$ 12,467</b>      | <b>43</b>           | <b>\$ 1,549</b>       |

| <i>As of December 31, 2014</i>  | <b>Accruing Loans</b> |                       | <b>Non-Accruing</b> |                       |
|---------------------------------|-----------------------|-----------------------|---------------------|-----------------------|
|                                 | <b>#</b>              | <b>Balance</b>        | <b>#</b>            | <b>Balance</b>        |
| Collateral type:                |                       | <i>(in thousands)</i> |                     | <i>(in thousands)</i> |
| Warehouse                       | 4                     | \$ 1,346              |                     | \$                    |
| Raw Land                        | 11                    | 2,345                 | 6                   | 292                   |
| Hotel & Motel                   | 3                     | 2,185                 |                     |                       |
| Office                          | 4                     | 1,909                 |                     |                       |
| Retail, including Strip Centers | 4                     | 1,095                 | 2                   | 660                   |
| 1-4 Family Residential          | 36                    | 7,747                 | 12                  | 1,501                 |
| Church                          | 1                     | 250                   |                     |                       |
| Automobile/Equipment/CD         | 8                     | 92                    | 12                  | 70                    |
| Unsecured                       | 1                     | 245                   |                     |                       |
| <b>Total</b>                    | <b>92</b>             | <b>\$ 12,759</b>      | <b>32</b>           | <b>\$ 2,523</b>       |

| <i>As of June 30, 2014</i> | <b>Accruing Loans</b> |                       | <b>Non-Accruing</b> |                       |
|----------------------------|-----------------------|-----------------------|---------------------|-----------------------|
|                            | <b>#</b>              | <b>Balance</b>        | <b>#</b>            | <b>Balance</b>        |
| Collateral type:           |                       | <i>(in thousands)</i> |                     | <i>(in thousands)</i> |
| Warehouse                  | 4                     | \$ 1,385              | 2                   | \$ 469                |
| Raw land                   | 5                     | 1,279                 | 1                   | 29                    |
| Agricultural land          | 2                     | 374                   |                     |                       |

Edgar Filing: Ameris Bancorp - Form 10-Q

|                                 |           |                  |           |                 |
|---------------------------------|-----------|------------------|-----------|-----------------|
| Hotel & motel                   | 3         | 2,101            |           |                 |
| Office                          | 4         | 1,644            |           |                 |
| Retail, including strip centers | 5         | 1,722            | 2         | 1,682           |
| 1-4 family residential          | 46        | 8,144            | 10        | 1,063           |
| Church                          | 1         | 364              |           |                 |
| Automobile/equipment/inventory  | 15        | 84               | 7         | 500             |
| Unsecured                       | 1         | 240              |           |                 |
| <b>Total</b>                    | <b>86</b> | <b>\$ 17,337</b> | <b>22</b> | <b>\$ 3,743</b> |

**Table of Contents**

As of June 30, 2015 and December 31, 2014, the Company had a balance of \$6.8 million and \$1.2 million, respectively, in troubled debt restructurings included in purchased non-covered loans. The Company did not have any troubled debt restructurings included in purchased non-covered loans at June 30, 2014. The following table presents the amount of troubled debt restructurings by loan class of purchased non-covered loans, classified separately as accrual and non-accrual at June 30, 2015, December 31, 2014 and June 30, 2014:

| <i>As of June 30, 2015</i>             | Accruing Loans |                           | Non-Accruing Loans |                           |
|--|----------------|---------------------------|--------------------|---------------------------|
|  | #              | Balance<br>(in thousands) | #                  | Balance<br>(in thousands) |
| Loan class:                            |                |                           |                    |                           |
| Commercial, financial & agricultural   |                | \$                        | 1                  | \$ 1                      |
| Real estate construction & development | 3              | 374                       |                    |                           |
| Real estate commercial & farmland      | 7              | 4,058                     | 1                  | 69                        |
| Real estate residential                | 12             | 2,354                     | 2                  | 91                        |
| Consumer installment                   | 2              | 6                         | 2                  | 5                         |
| Total                                  | 24             | \$ 6,792                  | 6                  | \$ 166                    |

| <i>As of December 31, 2014</i>         | Accruing Loans |                           | Non-Accruing Loans |                           |
|--|----------------|---------------------------|--------------------|---------------------------|
|  | #              | Balance<br>(in thousands) | #                  | Balance<br>(in thousands) |
| Loan class:                            |                |                           |                    |                           |
| Commercial, financial & agricultural   |                | \$                        |                    | \$                        |
| Real estate construction & development | 1              | 317                       |                    |                           |
| Real estate commercial & farmland      | 1              | 346                       |                    |                           |
| Real estate residential                | 6              | 547                       | 1                  | 25                        |
| Consumer installment                   | 1              | 2                         |                    |                           |
| Total                                  | 9              | \$ 1,212                  | 1                  | \$ 25                     |

The following table presents the amount of troubled debt restructurings by loan class of purchased non-covered loans, classified separately as those currently paying under restructured terms and those that have defaulted (defined as 30 days past due) under restructured terms at June 30, 2015 and December 31, 2014:

| <i>As of June 30, 2015</i>             | Loans Currently Paying |                           | Loans that have Defaulted |                           |
|--|------------------------|---------------------------|---------------------------|---------------------------|
|  | #                      | Balance<br>(in thousands) | #                         | Balance<br>(in thousands) |
| Loan class:                            |                        |                           |                           |                           |
| Commercial, financial & agricultural   | 1                      | \$ 1                      |                           | \$                        |
| Real estate construction & development | 3                      | 374                       |                           |                           |
| Real estate commercial & farmland      | 7                      | 4,058                     | 1                         | 69                        |
| Real estate residential                | 11                     | 2,289                     | 3                         | 156                       |
| Consumer installment                   | 3                      | 10                        | 1                         | 1                         |

Edgar Filing: Ameris Bancorp - Form 10-Q

Total 25 \$ 6,732 5 \$ 226

| As of December 31, 2014                | Loans Currently Paying<br>Under Restructured Terms |                           | Loans that have Defaulted<br>Under Restructured Terms |                           |
|--|--|---------------------------|---|---------------------------|
|  | #  | Balance<br>(in thousands) | #   | Balance<br>(in thousands) |
| Loan class:                            |  |                           |   |                           |
| Commercial, financial & agricultural   |  | \$                        |   | \$                        |
| Real estate construction & development |  |                           | 1   | 317                       |
| Real estate commercial & farmland      | 1  | 346                       |   |                           |
| Real estate residential                | 5  | 480                       | 2   | 92                        |
| Consumer installment                   |  |                           | 1   | 2                         |
| Total                                  | 6  | \$ 826                    | 4   | \$ 411                    |



**Table of Contents**

The following table presents the amount of troubled debt restructurings included in purchased non-covered loans, by types of concessions made, classified separately as accrual and non-accrual at June 30, 2015 and December 31, 2014:

| <i>As of June 30, 2015</i>               | Accruing Loans |                           | Non-Accruing Loans |                           |
|--|----------------|---------------------------|--------------------|---------------------------|
|  | #              | Balance<br>(in thousands) | #                  | Balance<br>(in thousands) |
| Type of Concession:                      |                |                           |                    |                           |
| Forbearance of Interest                  | 2              | \$ 69                     | 1                  | \$ 68                     |
| Forbearance of Principal                 | 2              | 594                       |                    |                           |
| Payment Modification Only                | 2              | 515                       |                    |                           |
| Rate Reduction Only                      | 6              | 3,704                     | 1                  | 23                        |
| Rate Reduction, Forbearance of Interest  | 7              | 761                       | 3                  | 6                         |
| Rate Reduction, Forbearance of Principal | 3              | 996                       | 1                  | 69                        |
| Rate Reduction, Forgiveness of Interest  | 2              | 153                       |                    |                           |
| Total                                    | 24             | \$ 6,792                  | 6                  | \$ 166                    |

| <i>As of December 31, 2014</i>           | Accruing Loans |                           | Non-Accruing Loans |                           |
|--|----------------|---------------------------|--------------------|---------------------------|
|  | #              | Balance<br>(in thousands) | #                  | Balance<br>(in thousands) |
| Type of Concession:                      |                |                           |                    |                           |
| Forbearance of Interest                  | 2              | \$ 69                     |                    | \$                        |
| Payment Modification Only                | 1              | 346                       |                    |                           |
| Rate Reduction Only                      | 2              | 373                       | 1                  | 25                        |
| Rate Reduction, Forgiveness of Interest  | 2              | 155                       |                    |                           |
| Rate Reduction, Forbearance of Interest  | 1              | 231                       |                    |                           |
| Rate Reduction, Forbearance of Principal | 1              | 38                        |                    |                           |
| Total                                    | 9              | \$ 1,212                  | 1                  | \$ 25                     |

The following table presents the amount of troubled debt restructurings included in purchased non-covered loans, by collateral types, classified separately as accrual and non-accrual at June 30, 2015 and December 31, 2014:

| <i>As of June 30, 2015</i>      | Accruing Loans |                           | Non-Accruing Loans |                           |
|---------------------------------|----------------|---------------------------|--------------------|---------------------------|
|                                 | #              | Balance<br>(in thousands) | #                  | Balance<br>(in thousands) |
| Collateral type:                |                |                           |                    |                           |
| Warehouse                       | 1              | \$ 203                    | 1                  | \$ 69                     |
| Raw Land                        | 2              | 35                        |                    |                           |
| Office                          | 1              | 458                       |                    |                           |
| Retail, including Strip Centers | 1              | 135                       |                    |                           |
| 1-4 Family Residential          | 17             | 5,955                     | 2                  | 91                        |
| Automobile/Equipment/Inventory  | 2              | 6                         | 3                  | 6                         |

Edgar Filing: Ameris Bancorp - Form 10-Q

|       |    |          |   |        |
|-------|----|----------|---|--------|
| Total | 24 | \$ 6,792 | 6 | \$ 166 |
|-------|----|----------|---|--------|

| <i>As of December 31, 2014</i> | Accruing Loans |                | Non-Accruing |                |
|--------------------------------|----------------|----------------|--------------|----------------|
| Collateral type:               | #              | Balance        | #            | Balance        |
|                                |                | (in thousands) |              | (in thousands) |
| Warehouse                      | 1              | \$ 346         |              | \$             |
| Raw Land                       | 2              | 373            |              |                |
| 1-4 Family Residential         | 5              | 491            | 1            | 25             |
| Automobile/Equipment/Inventory | 1              | 2              |              |                |
| Total                          | 9              | \$ 1,212       | 1            | \$ 25          |

**Table of Contents**

As of June 30, 2015, December 31, 2014 and June 30, 2014, the Company had a balance of \$19.6 million, \$24.6 million and \$23.7 million, respectively, in troubled debt restructurings included in covered loans. The following table presents the amount of troubled debt restructurings by loan class of covered loans, classified separately as accrual and non-accrual at June 30, 2015, December 31, 2014 and June 30, 2014:

| <i>As of June 30, 2015</i>             | Accruing Loans |                           | Non-Accruing Loans |                           |
|--|----------------|---------------------------|--------------------|---------------------------|
|  | #              | Balance<br>(in thousands) | #                  | Balance<br>(in thousands) |
| Loan class:                            |                |                           |                    |                           |
| Commercial, financial & agricultural   | 1              | \$ 3                      | 2                  | \$                        |
| Real estate construction & development | 3              | 2,832                     | 1                  | 13                        |
| Real estate commercial & farmland      | 11             | 3,973                     | 3                  | 1,105                     |
| Real estate residential                | 95             | 10,690                    | 14                 | 941                       |
| Consumer installment                   | 1              | 2                         |                    |                           |
| Total                                  | 111            | \$ 17,500                 | 20                 | \$ 2,059                  |

| <i>As of December 31, 2014</i>         | Accruing Loans |                           | Non-Accruing Loans |                           |
|--|----------------|---------------------------|--------------------|---------------------------|
|  | #              | Balance<br>(in thousands) | #                  | Balance<br>(in thousands) |
| Loan class:                            |                |                           |                    |                           |
| Commercial, financial & agricultural   | 2              | \$ 40                     | 2                  | \$                        |
| Real estate construction & development | 4              | 3,037                     | 2                  | 29                        |
| Real estate commercial & farmland      | 14             | 8,079                     | 5                  | 1,082                     |
| Real estate residential                | 96             | 11,460                    | 8                  | 831                       |
| Consumer installment                   | 1              | 3                         |                    |                           |
| Total                                  | 117            | \$ 22,619                 | 17                 | \$ 1,942                  |

| <i>As of June 30, 2014</i>             | Accruing Loans |                           | Non-Accruing Loans |                           |
|--|----------------|---------------------------|--------------------|---------------------------|
|  | #              | Balance<br>(in thousands) | #                  | Balance<br>(in thousands) |
| Loan class:                            |                |                           |                    |                           |
| Commercial, financial & agricultural   | 1              | \$ 12                     | 4                  | \$ 27                     |
| Real estate construction & development | 4              | 3,020                     | 5                  | 74                        |
| Real estate commercial & farmland      | 13             | 6,979                     | 7                  | 1,388                     |
| Real estate residential                | 92             | 11,091                    | 16                 | 1,070                     |
| Consumer installment                   |                |                           | 1                  | 4                         |
| Total                                  | 110            | \$ 21,102                 | 33                 | \$ 2,563                  |

**Table of Contents**

The following table presents the amount of troubled debt restructurings by loan class of covered loans, classified separately as those currently paying under restructured terms and those that have defaulted (defined as 30 days past due) under restructured terms at June 30, 2015, December 31, 2014 and June 30, 2014:

| <i>As of June 30, 2015</i>             | Loans Currently Paying<br>Under Restructured Terms |                           | Loans that have<br>Defaulted Under Restructured<br>Terms |                           |
|--|--|---------------------------|--|---------------------------|
|  | #  | Balance<br>(in thousands) | #  | Balance<br>(in thousands) |
| Loan class:                            |  |                           |  |                           |
| Commercial, financial & agricultural   | 3  | \$ 3                      |  | \$                        |
| Real estate construction & development | 3  | 2,832                     | 1  | 13                        |
| Real estate commercial & farmland      | 13   | 5,057                     | 1  | 21                        |
| Real estate residential                | 90   | 10,177                    | 19   | 1,454                     |
| Consumer installment                   | 1  | 2                         |  |                           |
| Total                                  | 110  | \$ 18,071                 | 21   | \$ 1,488                  |

| <i>As of December 31, 2014</i>         | Loans Currently Paying<br>Under Restructured<br>Terms |                           | Loans that have<br>Defaulted<br>Under Restructured<br>Terms |                           |
|--|---|---------------------------|---|---------------------------|
|  | #   | Balance<br>(in thousands) | #   | Balance<br>(in thousands) |
| Loan class:                            |   |                           |   |                           |
| Commercial, financial & agricultural   | 4   | \$ 40                     |   | \$                        |
| Real estate construction & development | 4   | 3,037                     | 2   | 29                        |
| Real estate commercial & farmland      | 18  | 9,082                     | 1   | 79                        |
| Real estate residential                | 79  | 9,897                     | 25  | 2,394                     |
| Consumer installment                   | 1   | 3                         |   |                           |
| Total                                  | 106   | \$ 22,059                 | 28  | \$ 2,502                  |

| <i>As of June 30, 2014</i>             | Loans Currently Paying<br>Under Restructured Terms |                           | Loans that have Defaulted<br>Under Restructured Terms |                              |
|--|--|---------------------------|---|------------------------------|
|  | #  | Balance<br>(in thousands) | #   | Balance<br>(in<br>thousands) |
| Loan class:                            |  |                           |   |                              |
| Commercial, financial & agricultural   | 5  | \$ 39                     |   | \$                           |
| Real estate construction & development | 6  | 3,047                     | 3   | 47                           |
| Real estate commercial & farmland      | 18   | 8,047                     | 2   | 319                          |
| Real estate residential                | 94   | 10,808                    | 14  | 1,352                        |
| Consumer installment                   | 1  | 4                         |   |                              |
| Total                                  | 124  | \$ 21,947                 | 19  | \$ 1,718                     |



**Table of Contents**

The following table presents the amount of troubled debt restructurings included in covered loans, by types of concessions made, classified separately as accrual and non-accrual at June 30, 2015, December 31, 2014 and June 30, 2014:

| <i>As of June 30, 2015</i>               | Accruing Loans |                           | Non-Accruing Loans |                           |
|--|----------------|---------------------------|--------------------|---------------------------|
|  | #              | Balance<br>(in thousands) | #                  | Balance<br>(in thousands) |
| Type of Concession:                      |                |                           |                    |                           |
| Forbearance of Interest                  | 4              | \$ 1,575                  | 2                  | \$ 43                     |
| Forbearance of Principal                 |                |                           |                    |                           |
| Rate Reduction Only                      | 92             | 14,233                    | 6                  | 632                       |
| Rate Reduction, Forbearance of Interest  | 8              | 579                       | 8                  | 324                       |
| Rate Reduction, Forbearance of Principal | 4              | 716                       | 3                  | 1,060                     |
| Rate Reduction, Forgiveness of Interest  | 3              | 397                       |                    |                           |
| <b>Total</b>                             | <b>111</b>     | <b>\$ 17,500</b>          | <b>20</b>          | <b>\$ 2,059</b>           |

| <i>As of December 31, 2014</i>           | Accruing Loans |                           | Non-Accruing Loans |                           |
|--|----------------|---------------------------|--------------------|---------------------------|
|  | #              | Balance<br>(in thousands) | #                  | Balance<br>(in thousands) |
| Type of Concession:                      |                |                           |                    |                           |
| Forbearance of Interest                  | 3              | \$ 1,532                  | 3                  | \$ 88                     |
| Forbearance of Principal                 | 1              |                           | 1                  |                           |
| Rate Reduction Only                      | 97             | 17,360                    | 7                  | 1,626                     |
| Rate Reduction, Forbearance of Interest  | 5              | 274                       | 3                  | 14                        |
| Rate Reduction, Forbearance of Principal | 8              | 3,052                     | 3                  | 214                       |
| Rate Reduction, Forgiveness of Interest  | 3              | 401                       |                    |                           |
| <b>Total</b>                             | <b>117</b>     | <b>\$ 22,619</b>          | <b>17</b>          | <b>\$ 1,942</b>           |

| <i>As of June 30, 2014</i>               | Accruing Loans |                           | Non-Accruing Loans |                           |
|--|----------------|---------------------------|--------------------|---------------------------|
|  | #              | Balance<br>(in thousands) | #                  | Balance<br>(in thousands) |
| Type of Concession:                      |                |                           |                    |                           |
| Forbearance of Interest                  |                | \$                        | 4                  | \$ 122                    |
| Forbearance of Principal                 | 1              |                           | 9                  | 262                       |
| Rate Reduction Only                      | 97             | 17,766                    | 9                  | 850                       |
| Rate Reduction, Forbearance of Interest  | 3              | 88                        | 7                  | 268                       |
| Rate Reduction, Forbearance of Principal | 9              | 3,248                     | 3                  | 227                       |
| Rate Reduction, Payment Modification     |                |                           | 1                  | 834                       |
| <b>Total</b>                             | <b>110</b>     | <b>\$ 21,102</b>          | <b>33</b>          | <b>\$ 2,563</b>           |



**Table of Contents**

The following table presents the amount of troubled debt restructurings included in covered loans, by collateral types, classified separately as accrual and non-accrual at June 30, 2015, December 31, 2014 and June 30, 2014:

| <i>As of June 30, 2015</i>      | Accruing Loans |                           | Non-Accruing Loans |                           |
|---------------------------------|----------------|---------------------------|--------------------|---------------------------|
|                                 | #              | Balance<br>(in thousands) | #                  | Balance<br>(in thousands) |
| Collateral type:                |                |                           |                    |                           |
| Warehouse                       | 2              | \$ 1,463                  |                    | \$                        |
| Raw Land                        | 2              | 438                       | 1                  | 13                        |
| Hotel & Motel                   | 4              | 3,204                     | 1                  | 937                       |
| Office                          | 2              | 886                       |                    |                           |
| Retail, including Strip Centers | 3              | 665                       | 1                  | 6                         |
| 1-4 Family Residential          | 97             | 10,841                    | 15                 | 1,103                     |
| Automobile/Equipment/Inventory  | 1              | 3                         | 2                  |                           |
| Total                           | 111            | \$ 17,500                 | 20                 | \$ 2,059                  |

| <i>As of December 31, 2014</i>  | Accruing Loans |                           | Non-Accruing<br>Loans |                              |
|---------------------------------|----------------|---------------------------|-----------------------|------------------------------|
|                                 | #              | Balance<br>(in thousands) | #                     | Balance<br>(in<br>thousands) |
| Collateral type:                |                |                           |                       |                              |
| Warehouse                       | 2              | \$ 1,510                  | 1                     | \$ 79                        |
| Raw Land                        | 3              | 411                       | 1                     | 14                           |
| Hotel & Motel                   | 5              | 4,395                     |                       |                              |
| Office                          | 1              | 473                       | 2                     | 858                          |
| Retail, including Strip Centers | 6              | 4,174                     | 2                     | 145                          |
| 1-4 Family Residential          | 98             | 11,616                    | 9                     | 846                          |
| Automobile/Equipment/Inventory  | 1              | 3                         | 2                     |                              |
| Unsecured                       | 1              | 37                        |                       |                              |
| Total                           | 117            | \$ 22,619                 | 17                    | \$ 1,942                     |

| <i>As of June 30, 2014</i>      | Accruing Loans |                           | Non-Accruing<br>Loans |                           |
|---------------------------------|----------------|---------------------------|-----------------------|---------------------------|
|                                 | #              | Balance<br>(in thousands) | #                     | Balance<br>(in thousands) |
| Collateral type:                |                |                           |                       |                           |
| Warehouse                       |                | \$                        | 2                     | \$ 319                    |
| Raw Land                        | 1              | 372                       | 4                     | 83                        |
| Hotel & Motel                   | 6              | 4,622                     |                       |                           |
| Office                          | 1              | 488                       | 2                     | 905                       |
| Retail, including Strip Centers | 6              | 4,206                     | 2                     | 140                       |
| 1-4 Family Residential          | 95             | 11,402                    | 19                    | 1,089                     |
| Automobile/Equipment/Inventory  |                |                           | 4                     | 27                        |
| Unsecured                       | 1              | 12                        |                       |                           |



|       |     |    |        |    |    |       |
|-------|-----|----|--------|----|----|-------|
| Total | 110 | \$ | 21,102 | 33 | \$ | 2,563 |
|-------|-----|----|--------|----|----|-------|

### Commercial Lending Practices

On December 12, 2006, the Federal Bank Regulatory Agencies released guidance on *Concentration in Commercial Real Estate Lending*. This guidance defines commercial real estate ( CRE ) loans as loans secured by raw land, land development and construction (including 1-4 family residential construction), multi-family property and non-farm nonresidential property where the primary or a significant source of repayment is derived from rental income associated with the property, excluding owner occupied properties (loans for which 50% or more of the source of repayment is derived from the ongoing operations and activities conducted by the party, or affiliate of the party, who owns the property) or the proceeds of the sale, refinancing or permanent financing of the property. Loans for owner occupied CRE are generally excluded from the CRE guidance.

The CRE guidance is applicable when either:

- (1) total loans for construction, land development, and other land, net of owner occupied loans, represent 100% or more of a bank s total risk-based capital; or
- (2) total loans secured by multifamily and nonfarm nonresidential properties and loans for construction, land development, and other land, net of owner occupied loans, represent 300% or more of a bank s total risk-based capital.

**Table of Contents**

Banks that are subject to the CRE guidance criteria are required to implement enhanced strategic planning, CRE underwriting policies, risk management and internal controls, portfolio stress testing, risk exposure limits, and other policies, including management compensation and incentives, to address the CRE risks. Higher allowances for loan losses and capital levels may also be appropriate.

As of June 30, 2015, the Company exhibited a concentration in the CRE loan category based on Federal Reserve Call codes. The primary risks of CRE lending are:

- (1) within CRE loans, construction and development loans are somewhat dependent upon continued strength in demand for residential real estate, which is reliant on favorable real estate mortgage rates and changing population demographics;
- (2) on average, CRE loan sizes are generally larger than non-CRE loan types; and
- (3) certain construction and development loans may be less predictable and more difficult to evaluate and monitor.

The following table outlines CRE loan categories and CRE loans as a percentage of total loans as of June 30, 2015 and December 31, 2014. The loan categories and concentrations below are based on Federal Reserve Call codes and include purchased non-covered and covered loans:

| (Dollars in Thousands)             | June 30, 2015 |                  | December 31, 2014 |                  |
|------------------------------------|---------------|------------------|-------------------|------------------|
|                                    | Balance       | % of Total Loans | Balance           | % of Total Loans |
| Construction and development loans | \$ 295,323    | 9%               | \$ 243,316        | 9%               |
| Multi-family loans                 | 87,556        | 2%               | 72,356            | 3%               |
| Nonfarm non-residential loans      | 1,438,999     | 42%              | 1,289,501         | 45%              |
| <b>Total CRE Loans</b>             | 1,821,878     | 53%              | 1,605,173         | 57%              |
| All other loan types               | 1,636,617     | 47%              | 1,230,226         | 43%              |
| <b>Total Loans</b>                 | \$ 3,458,495  | 100%             | \$ 2,835,399      | 100%             |

The following table outlines the percentage of total CRE loans, net of owner occupied loans to total risk-based capital, and the Company's internal concentration limits as of June 30, 2015 and December 31, 2014:

|                              | Internal Limit | June 30, 2015 Actual | December 31, 2014 Actual |
|------------------------------|----------------|----------------------|--------------------------|
| Construction and development | 100%           | 61%                  | 67%                      |
| Commercial real estate       | 300%           | 195%                 | 232%                     |

### **Short-Term Investments**

The Company's short-term investments are comprised of federal funds sold and interest-bearing balances. At June 30, 2015, the Company's short-term investments were \$239.8 million, compared with \$92.3 million and \$44.8 million at December 31, 2014 and June 30, 2014, respectively. The increase in short-term investments during the first six months of 2015 is due primarily to the additional cash received in the Merchants and branch acquisition during the second quarter of 2015. At June 30, 2015, \$5.5 million was in federal funds sold and \$234.3 million was in interest-bearing balances at correspondent banks and the Federal Reserve Bank of Atlanta.

### **Derivative Instruments and Hedging Activities**

The Company has a cash flow hedge that matures September 15, 2020 with a notional amount of \$37.1 million at June 30, 2015, December 31, 2014 and June 30, 2014 for the purpose of converting the variable rate on the junior subordinated debentures to a fixed rate of 4.11%. The fair value of these instruments amounted to a liability of approximately \$1.3 million, \$1.3 million and \$1.1 million at June 30, 2015, December 31, 2014 and June 30, 2014, respectively. The Company also has forward contracts and IRLCs to hedge changes in the value of the mortgage inventory due to changes in market interest rates. The fair value of these instruments amounted to a net asset of approximately \$3.8 million, \$1.5 million and \$2.6 million at June 30, 2015, December 31, 2014 and June 30, 2014, respectively. No material hedge ineffectiveness from cash flow hedges was recognized in the statement of operations. All components of each derivative's gain or loss are included in the assessment of hedge effectiveness.

---

**Table of Contents****Capital**

On January 29, 2015, the Company completed a private placement of 5,320,000 shares of common stock at a price of \$22.50 per share. The Company received net proceeds from the issuance of approximately \$114.5 million, after deducting placement agent commissions and other issuance costs. The Company used the net proceeds to fund the acquisitions of Merchants and 18 Bank of America branches located in North Florida and South Georgia.

Capital management consists of providing equity to support both current and anticipated future operations. The Company is subject to capital adequacy requirements imposed by the Federal Reserve Board (the FRB ) and the Georgia Department of Banking and Finance (the GDBF ), and the Bank is subject to capital adequacy requirements imposed by the FDIC and the GDBF.

The FRB, the FDIC and the GDBF have adopted risk-based capital requirements for assessing bank holding company and bank capital adequacy. These standards define and establish minimum capital requirements in relation to assets and off-balance sheet exposure, adjusted for credit risk. The risk-based capital standards currently in effect are designed to make regulatory capital requirements more sensitive to differences in risk profiles among bank holding companies and banks and to account for off-balance sheet exposure.

In July 2013, the Federal Reserve published final rules for the adoption of the Basel III regulatory capital framework (the Basel III Capital Rules ). The Basel III Capital Rules defined a new capital measure called Common Equity Tier 1 ( CET1 ), established that Tier 1 capital consist of Common Equity Tier 1 and Additional Tier 1 Capital instruments meeting specified requirements, defined Common Equity Tier 1, established a capital conservation buffer and expanded the scope of the adjustments as compared with existing regulations. The capital conservation buffer is being phased in from 0.0% for 2015 to 2.50% by 2019. The Basel III Capital Rules became effective for us on January 1, 2015 with certain transition provisions fully phased in on January 1, 2019.

The regulatory capital standards are defined by the following key measurements:

- a) The Leverage Ratio is defined as Tier 1 capital to average assets. To be considered adequately capitalized under this measurement, a bank must maintain a leverage ratio greater than or equal to 4.00%. For a bank to be considered well capitalized, it must maintain a leverage ratio greater than or equal to 5.00%.
- b) The CET1 Ratio is defined as Common equity tier 1 capital to total risk weighted assets. To be considered adequately capitalized under this measurement, a bank must maintain a core capital ratio greater than or equal to 4.50%. For a bank to be considered well capitalized, it must maintain a core capital ratio greater than or equal to 6.50%.
- c) The Core Capital Ratio is defined as Tier 1 capital to total risk weighted assets. To be considered adequately capitalized under this measurement, a bank must maintain a core capital ratio greater than or equal to 6.00%. For a bank to be considered well capitalized, it must maintain a core capital ratio greater than or equal to 8.00%.
- d) The Total Capital Ratio is defined as total capital to total risk weighted assets. To be considered adequately capitalized under this measurement, a bank must maintain a total capital ratio greater than or equal to 8.00%. For a bank to be considered well capitalized, it must maintain a total capital ratio greater than or equal to 10.00%.

As of June 30, 2015, under the regulatory capital standards, the Bank was considered well capitalized under all capital measurements. The following table sets forth the regulatory capital ratios of Ameris at June 30, 2015, December 31, 2014 and June 30, 2014:

|  | <b>June 30,<br/>2015</b> | <b>December 31,<br/>2014</b> | <b>June 30,<br/>2014</b> |
|--|--------------------------|------------------------------|--------------------------|
| <b>Leverage Ratio</b> (tier 1 capital to average assets)                 |                          |                              |                          |
| <b>Consolidated</b>  | 10.21%                   | 8.94%                        | 9.25%                    |
| <b>Ameris Bank</b>   | 11.15                    | 10.01                        | 9.77                     |
| <b>CET1 Ratio</b> (common equity tier 1 capital to risk weighted assets) |                          |                              |                          |
| <b>Consolidated</b>  | 10.21                    | N/A                          | N/A                      |
| <b>Ameris Bank</b>   | 13.16                    | N/A                          | N/A                      |
| <b>Core Capital Ratio</b> (tier 1 capital to risk weighted assets)       |                          |                              |                          |
| <b>Consolidated</b>  | 12.04                    | 12.66                        | 13.32                    |
| <b>Ameris Bank</b>   | 13.16                    | 14.14                        | 14.11                    |
| <b>Total Capital Ratio</b> (total capital to risk weighted assets)       |                          |                              |                          |
| <b>Consolidated</b>  | 12.63                    | 13.42                        | 14.26                    |
| <b>Ameris Bank</b>   | 13.75                    | 14.90                        | 15.04                    |

---

**Table of Contents****Capital Purchase Program**

On November 21, 2008, the Company, pursuant to the Capital Purchase Program established in connection with the Troubled Asset Relief Program, issued and sold to the U.S. Treasury, for an aggregate cash purchase price of \$52 million, (i) 52,000 shares (the Preferred Shares) of the Company's Fixed Rate Cumulative Perpetual Preferred Stock, Series A, having a liquidation preference of \$1,000 per share, and (ii) a ten-year warrant (the Warrant) to purchase up to 679,443 shares of our common stock at an exercise price of \$11.48 per share. On June 14, 2012, the Preferred Shares were sold by the Treasury through a registered public offering. On August 22, 2012, the Company repurchased the Warrant from the Treasury for \$2.67 million. In December 2012, the Company repurchased 24,000 outstanding Preferred Shares, and in March 2014, the Company redeemed the remaining 28,000 outstanding Preferred Shares.

**Interest Rate Sensitivity and Liquidity**

The Company's primary market risk exposures are credit risk, interest rate risk, and to a lesser degree, liquidity risk. The Bank operates under an Asset Liability Management Policy approved by the Company's Board of Directors and the Asset and Liability Committee (the ALCO Committee). The policy outlines limits on interest rate risk in terms of changes in net interest income and changes in the net market values of assets and liabilities over certain changes in interest rate environments. These measurements are made through a simulation model which projects the impact of changes in interest rates on the Bank's assets and liabilities. The policy also outlines responsibility for monitoring interest rate risk, and the process for the approval, implementation and monitoring of interest rate risk strategies to achieve the Bank's interest rate risk objectives.

The ALCO Committee is comprised of senior officers of Ameris and two outside members of the Company's Board of Directors. The ALCO Committee makes all strategic decisions with respect to the sources and uses of funds that may affect net interest income, including net interest spread and net interest margin. The objective of the ALCO Committee is to identify the interest rate, liquidity and market value risks of the Company's balance sheet and use reasonable methods approved by the Company's Board of Directors and executive management to minimize those identified risks.

The normal course of business activity exposes the Company to interest rate risk. Interest rate risk is managed within an overall asset and liability framework for the Company. The principal objectives of asset and liability management are to predict the sensitivity of net interest spreads to potential changes in interest rates, control risk and enhance profitability. Funding positions are kept within predetermined limits designed to properly manage risk and liquidity. The Company employs sensitivity analysis in the form of a net interest income simulation to help characterize the market risk arising from changes in interest rates. In addition, fluctuations in interest rates usually result in changes in the fair market value of the Company's financial instruments, cash flows and net interest income. The Company's interest rate risk position is managed by the ALCO Committee.

The Company uses a simulation modeling process to measure interest rate risk and evaluate potential strategies. Interest rate scenario models are prepared using software created and licensed from an outside vendor. The Company's simulation includes all financial assets and liabilities. Simulation results quantify interest rate risk under various interest rate scenarios. Management then develops and implements appropriate strategies. The ALCO Committee has determined that an acceptable level of interest rate risk would be for net interest income to decrease no more than 5.00% given a change in selected interest rates of 200 basis points over any 24-month period.

Liquidity management involves the matching of the cash flow requirements of customers, who may be either depositors desiring to withdraw funds or borrowers needing assurance that sufficient funds will be available to meet their credit needs, and the ability of Ameris to manage those requirements. The Company strives to maintain an

adequate liquidity position by managing the balances and maturities of interest-earning assets and interest-bearing liabilities so that the balance it has in short-term investments at any given time will adequately cover any reasonably anticipated immediate need for funds. Additionally, the Bank maintains relationships with correspondent banks, which could provide funds on short notice, if needed. The Company has invested in FHLB stock for the purpose of establishing credit lines with the FHLB. The credit availability to the Bank is equal to 20% of the Bank's total assets as reported on the most recent quarterly financial information submitted to the regulators subject to the pledging of sufficient collateral. At June 30, 2015, December 31, 2014 and June 30, 2014, there were \$39.0 million, \$78.9 million and \$100.3 million, respectively, outstanding borrowings with the Company's correspondent banks.

**Table of Contents**

The following liquidity ratios compare certain assets and liabilities to total deposits or total assets:

|  | June 30,<br>2015 | March 31,<br>2015 | December 31,<br>2014 | September 30,<br>2014 | June 30,<br>2014 |
|--|------------------|-------------------|----------------------|-----------------------|------------------|
| Investment securities available for sale to total deposits | 19.11%           | 17.54%            | 15.79%               | 15.70%                | 15.80%           |
| Loans (net of unearned income) to total deposits           | 76.66%           | 82.99%            | 82.64%               | 84.08%                | 82.72%           |
| Interest-earning assets to total assets                    | 89.69%           | 89.06%            | 88.29%               | 87.91%                | 87.22%           |
| Interest-bearing deposits to total deposits                | 71.62%           | 72.21%            | 75.54%               | 75.79%                | 76.67%           |

The liquidity resources of the Company are monitored continuously by the ALCO Committee and on a periodic basis by state and federal regulatory authorities. As determined under guidelines established by these regulatory authorities, the Company's and the Bank's liquidity ratios at June 30, 2015 were considered satisfactory. The Company is aware of no events or trends likely to result in a material change in liquidity.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

The Company is exposed only to U.S. dollar interest rate changes, and, accordingly, the Company manages exposure by considering the possible changes in the net interest margin. The Company does not have any trading instruments nor does it classify any portion of the investment portfolio as held for trading. The Company's hedging activities are limited to cash flow hedges and are part of the Company's program to manage interest rate sensitivity. At June 30, 2015, the Company had one effective LIBOR rate swap with a notional amount of \$37.1 million. The LIBOR rate swap exchanges fixed rate payments of 4.11% for floating rate payments based on the three month LIBOR and matures September 2020. The Company also had forward contracts and IRLCs to hedge changes in the value of the mortgage inventory due to changes in market interest rates. The fair value of these instruments amounted to a net asset of approximately \$3.8 million, \$1.5 million and \$2.6 million at June 30, 2015, December 31, 2014, and June 30, 2014 respectively. Finally, the Company has no exposure to foreign currency exchange rate risk, commodity price risk and other market risks.

Interest rates play a major part in the net interest income of a financial institution. The sensitivity to rate changes is known as interest rate risk. The repricing of interest-earning assets and interest-bearing liabilities can influence the changes in net interest income. As part of the Company's asset/liability management program, the timing of repriced assets and liabilities is referred to as gap management.

The Company uses simulation analysis to monitor changes in net interest income due to changes in market interest rates. The simulation of rising, declining and flat interest rate scenarios allows management to monitor and adjust interest rate sensitivity to minimize the impact of market interest rate swings. The analysis of the impact on net interest income over a twelve-month period is subjected to a gradual and shock 200 basis point increase or decrease in market rates on net interest income and is monitored on a quarterly basis.

Additional information required by Item 305 of Regulation S-K is set forth under Part I, Item 2 of this report.

**Item 4. Controls and Procedures.**

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act), as of



the end of the period covered by this report, as required by paragraph (b) of Rules 13a-15 or 15d-15 of the Exchange Act. Based on such evaluation, such officers have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures are effective.

During the quarter ended June 30, 2015, there was no change in the Company's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rules 13a-15 or 15d-15 of the Exchange Act that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

**Table of Contents**

**PART II OTHER INFORMATION**

**Item 1. Legal Proceedings.**

Nothing to report with respect to the period covered by this report.

**Item 1A. Risk Factors.**

There have been no material changes to the risk factors disclosed in Item 1A. of Part 1 in our Annual Report on Form 10-K for the year ended December 31, 2014.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

None.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**Item 5. Other Information.**

None.

**Item 6. Exhibits.**

The exhibits required to be furnished with this report are listed on the exhibit index attached hereto.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 7, 2015

**AMERIS BANCORP**

/s/ Dennis J. Zember Jr.  
Dennis J. Zember Jr., Executive Vice President and  
Chief Financial Officer (duly authorized signatory  
and principal accounting and financial officer)



**Table of Contents****EXHIBIT INDEX**

| <b>Exhibit No.</b> | <b>Description</b>   |
|--------------------|--|
| 3.1                | Articles of Incorporation of Ameris Bancorp, as amended (incorporated by reference to Exhibit 2.1 to Ameris Bancorp's Regulation A Offering Statement on Form 1-A filed with the Commission on August 14, 1987).   |
| 3.2                | Amendment to Amended Articles of Incorporation of Ameris Bancorp (incorporated by reference to Exhibit 3.1.1 to Ameris Bancorp's Form 10-K filed with the Commission on March 28, 1996).   |
| 3.3                | Amendment to Amended Articles of Incorporation of Ameris Bancorp (incorporated by reference to Exhibit 4.3 to Ameris Bancorp's Registration Statement on Form S-4 filed with the Commission on July 17, 1996).   |
| 3.4                | Articles of Amendment to the Articles of Incorporation of Ameris Bancorp (incorporated by reference to Exhibit 3.5 to Ameris Bancorp's Annual Report on Form 10-K filed with the Commission on March 25, 1998).  |
| 3.5                | Articles of Amendment to the Articles of Incorporation of Ameris Bancorp (incorporated by reference to Exhibit 3.7 to Ameris Bancorp's Annual Report on Form 10-K filed with the Commission on March 26, 1999).  |
| 3.6                | Articles of Amendment to the Articles of Incorporation of Ameris Bancorp (incorporated by reference to Exhibit 3.9 to Ameris Bancorp's Annual Report on Form 10-K filed with the Commission on March 31, 2003).  |
| 3.7                | Articles of Amendment to the Articles of Incorporation of Ameris Bancorp (incorporated by reference to Exhibit 3.1 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on December 1, 2005).  |
| 3.8                | Articles of Amendment to the Articles of Incorporation of Ameris Bancorp (incorporated by reference to Exhibit 3.1 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on November 21, 2008).   |
| 3.9                | Articles of Amendment to the Articles of Incorporation of Ameris Bancorp (incorporated by reference to Exhibit 3.1 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on June 1, 2011).  |
| 3.10               | Amended and Restated Bylaws of Ameris Bancorp (incorporated by reference to Exhibit 3.1 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on March 14, 2005).   |
| 4.1                | Indenture between Ameris Bancorp (as successor to Merchants & Southern Banks of Florida, Incorporated) and Wilmington Trust Company dated as of March 17, 2005 (incorporated by reference to Exhibit 4.1 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on May 27, 2015).      |
| 4.2                | First Supplemental Indenture dated as of May 22, 2015 by and among Ameris Bancorp, Merchants & Southern Banks of Florida, Incorporated and Wilmington Trust Company (incorporated by reference to Exhibit 4.2 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on May 27, 2015). |
| 4.3                |  |

## Edgar Filing: Ameris Bancorp - Form 10-Q

Form of Floating Rate Junior Subordinated Deferrable Interest Debenture Due 2035 (incorporated by reference to Exhibit 4.3 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on May 27, 2015).

- 4.4 Indenture between Ameris Bancorp (as successor to Merchants & Southern Banks of Florida, Incorporated) and Wilmington Trust Company dated as of March 30, 2006 (incorporated by reference to Exhibit 4.4 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on May 27, 2015).
- 4.5 First Supplemental Indenture dated as of May 22, 2015 by and among Ameris Bancorp, Merchants & Southern Banks of Florida, Incorporated and Wilmington Trust Company (incorporated by reference to Exhibit 4.5 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on May 27, 2015).
- 4.6 Form of Floating Rate Junior Subordinated Deferrable Interest Debenture Due 2036 (incorporated by reference to Exhibit 4.6 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on May 27, 2015).
- 31.1 Rule 13a-14(a)/15d-14(a) Certification by the Company's Chief Executive Officer.
- 31.2 Rule 13a-14(a)/15d-14(a) Certification by the Company's Chief Financial Officer.
- 32.1 Section 1350 Certification by the Company's Chief Executive Officer.
- 32.2 Section 1350 Certification by the Company's Chief Financial Officer.
- 101 The following financial statements from Ameris Bancorp's Form 10-Q for the quarter ended June 30, 2015, formatted as interactive data files in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Earnings and Comprehensive Income; (iii) Consolidated Statements of Changes in Stockholders' Equity; (iv) Consolidated Statements of Cash Flows; and (v) Notes to Consolidated Financial Statements.