

Ameris Bancorp
Form 10-Q
May 09, 2016

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 March 31, 2016

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 **58-1456434**
(State of incorporation) (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):

Edgar Filing: Ameris Bancorp - Form 10-Q

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if 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 34,831,329 shares of Common Stock outstanding as of April 30, 2016.

AMERIS BANCORP

TABLE OF CONTENTS

	Page
PART I - FINANCIAL INFORMATION	
Item 1. <u>Financial Statements.</u>	
<u>Consolidated Balance Sheets at March 31, 2016, December 31, 2015 and March 31, 2015</u>	3
<u>Consolidated Statements of Earnings and Comprehensive Income for the Three Months Ended March 31, 2016 and 2015</u>	4
<u>Consolidated Statements of Changes in Stockholders' Equity for the Three Months Ended March 31, 2016 and 2015</u>	5
<u>Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2016 and 2015</u>	6
<u>Notes to Consolidated Financial Statements</u>	8
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	60
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk.</u>	85
Item 4. <u>Controls and Procedures.</u>	85
PART II – OTHER INFORMATION	
Item 1. <u>Legal Proceedings.</u>	86
Item 1A. <u>Risk Factors.</u>	86
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds.</u>	86
Item 3. <u>Defaults Upon Senior Securities.</u>	86
Item 4. <u>Mine Safety Disclosures.</u>	86
Item 5. <u>Other Information.</u>	86
Item 6. <u>Exhibits.</u>	86
<u>Signatures</u>	86

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

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)	March 31, 2015 (Unaudited)
Assets			
Cash and due from banks	\$ 146,863	\$ 118,518	\$ 80,142
Federal funds sold and interest-bearing accounts	107,373	272,045	126,157
Investment securities available for sale, at fair value	837,103	783,185	610,330
Other investments	12,802	9,323	8,636
Mortgage loans held for sale, at fair value	97,439	111,182	73,796
Loans, net of unearned income	2,528,007	2,406,877	1,999,420
Purchased loans not covered by FDIC loss-share agreements (“purchased non-covered loans”)	1,129,919	771,554	643,092
Purchased loan pools not covered by FDIC loss-share agreements (“purchased loan pools”)	656,734	592,963	-
Purchased loans covered by FDIC loss-share agreements (“covered loans”)	130,279	137,529	245,745
Less: allowance for loan losses	(21,482)	(21,062)	(21,852)
Loans, net	4,423,457	3,887,861	2,866,405
Other real estate owned, net	14,967	16,147	32,339
Purchased, non-covered other real estate owned, net	15,048	14,333	13,818
Covered other real estate owned, net	3,764	5,011	16,089
Total other real estate owned, net	33,779	35,491	62,246
Premises and equipment, net	124,747	121,639	98,292
FDIC loss-share receivable, net	1,197	6,301	23,312
Other intangible assets, net	21,892	17,058	7,591
Goodwill	121,512	90,082	63,547
Cash value of bank owned life insurance	76,676	64,251	59,212
Other assets	92,931	72,004	73,238
Total assets	\$6,097,771	\$ 5,588,940	\$4,152,904
Liabilities and Stockholders' Equity			
Liabilities			
Deposits:			
Noninterest-bearing	\$ 1,529,037	\$ 1,329,857	\$ 967,015

Edgar Filing: Ameris Bancorp - Form 10-Q

Interest-bearing	3,701,750	3,549,433	2,513,216
Total deposits	5,230,787	4,879,290	3,480,231
Securities sold under agreements to repurchase	43,741	63,585	55,520
Other borrowings	110,531	39,000	43,851
Other liabilities	28,647	22,432	17,952
Subordinated deferrable interest debentures	83,237	69,874	65,567
Total liabilities	5,496,943	5,074,181	3,663,121
Stockholders' Equity			
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; 36,272,185; 33,625,162 and 33,592,585 shares issued	36,272	33,625	33,593
Capital surplus	407,726	337,349	335,578
Retained earnings	163,395	152,820	126,566
Accumulated other comprehensive income	6,411	3,353	6,353
Treasury stock, at cost, 1,434,731; 1,413,777 and 1,410,442 shares	(12,976)	(12,388)	(12,307)
Total stockholders' equity	600,828	514,759	489,783
Total liabilities and stockholders' equity	\$6,097,771	\$ 5,588,940	\$4,152,904

See notes to unaudited consolidated financial statements

AMERIS BANCORP AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME****(dollars in thousands, except per share data)****(Unaudited)**

	Three Months Ended March 31,	
	2016	2015
Interest income		
Interest and fees on loans	\$ 49,191	\$ 38,618
Interest on taxable securities	4,583	3,153
Interest on nontaxable securities	446	469
Interest on deposits in other banks and federal funds sold	336	128
Total interest income	54,559	42,368
Interest expense		
Interest on deposits	2,741	2,280
Interest on other borrowings	1,382	1,256
Total interest expense	4,123	3,536
Net interest income	50,436	38,832
Provision for loan losses	681	1,069
Net interest income after provision for loan losses	49,755	37,763
Noninterest income		
Service charges on deposit accounts	9,915	6,429
Mortgage banking activity	10,211	8,083
Other service charges, commissions and fees	1,111	668
Gain on sale of securities	94	12
Other noninterest income	2,955	2,383
Total noninterest income	24,286	17,575
Noninterest expense		
Salaries and employee benefits	26,187	20,632
Occupancy and equipment expense	5,700	4,554
Advertising and marketing expense	805	641
Amortization of intangible assets	1,020	630
Data processing and communications costs	6,113	4,260
Credit resolution related expenses	1,799	3,161
Merger and conversion charges	6,359	15

Edgar Filing: Ameris Bancorp - Form 10-Q

Other noninterest expenses	7,617	6,934
Total noninterest expense	55,600	40,827
Income before income tax expense	18,441	14,511
Income tax expense	6,124	4,747
Net income	12,317	9,764
Other comprehensive income		
Unrealized holding gains arising during period on investment securities available for sale, net of tax of \$2,011 and \$350	3,734	650
Reclassification adjustment for gains included in earnings, net of tax of \$33 and \$4	(61)	(8)
Unrealized loss on cash flow hedges arising during period, net of tax of \$331 and \$208	(615)	(387)
Other comprehensive income	3,058	255
Total comprehensive income	15,375	10,019
Basic earnings per common share	\$ 0.38	\$ 0.32
Diluted earnings per common share	\$ 0.37	\$ 0.32
Dividends declared per common share	\$ 0.05	\$ 0.05
Weighted average common shares outstanding		
Basic	32,752	30,443
Diluted	33,054	30,796

See notes to unaudited consolidated financial statements

AMERIS BANCORP AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY****(dollars in thousands, except per share data)****(Unaudited)**

	Three Months Ended March 31, 2016		Three Months Ended March 31, 2015	
	Shares	Amount	Shares	Amount
PREFERRED STOCK				
Balance at beginning of period	-	\$-	-	\$-
Balance at end of period	-	\$-	-	\$-
COMMON STOCK				
Balance at beginning of period	33,625,162	\$33,625	28,159,027	\$28,159
Issuance of common shares	2,549,469	2,549	5,320,000	5,320
Issuance of restricted shares	96,749	97	71,000	71
Cancellation of restricted shares	(3,000)	(3)	-	-
Proceeds from exercise of stock options	3,805	4	42,558	43
Balance at end of period	36,272,185	\$36,272	33,592,585	\$33,593
CAPITAL SURPLUS				
Balance at beginning of period		\$337,349		\$225,015
Stock-based compensation		492		380
Issuance of common shares, net of issuance costs of \$0 and \$4,811		69,906		109,569
Issuance of restricted shares		(97)		(71)
Cancellation of restricted shares		3		-
Proceeds from exercise of stock options		73		685
Balance at end of period		\$407,726		\$335,578
RETAINED EARNINGS				
Balance at beginning of period		\$152,820		\$118,412
Net income		12,317		9,764
Dividends on common shares		(1,742)		(1,610)
Balance at end of period		\$163,395		\$126,566
ACCUMULATED OTHER COMPREHENSIVE INCOME, NET OF TAX				
Unrealized gains on securities and derivatives:				
Balance at beginning of period		\$3,353		\$6,098
Other comprehensive income during the period		3,058		255
Balance at end of period		\$6,411		\$6,353

Edgar Filing: Ameris Bancorp - Form 10-Q

TREASURY STOCK

Balance at beginning of period	(1,413,777)	\$(12,388)	(1,385,164)	\$(11,656)
Purchase of treasury shares	(20,954)	(588)	(25,278)	(651)
Balance at end of period	(1,434,731)	\$(12,976)	(1,410,442)	\$(12,307)
TOTAL STOCKHOLDERS' EQUITY		\$600,828		\$489,783

See notes to unaudited consolidated financial statements.

AMERIS BANCORP AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS****(Dollars in Thousands)****(Unaudited)**

	Three Months Ended March 31,	
	2016	2015
Cash flows from operating activities:		
Net income	\$12,317	\$9,764
Adjustments reconciling net income to net cash provided by operating activities:		
Depreciation	2,723	1,938
Amortization of intangible assets	1,020	630
Net amortization of investment securities available for sale	1,441	1,158
Net gains on securities available for sale	(94)	(12)
Stock based compensation expense	492	380
Net (gains) losses on sale or disposal of premises and equipment	(77)	89
Net write-downs and losses on sale of other real estate owned	1,498	1,834
Provision for loan losses	681	1,069
Accretion of discount on covered loans	(1,487)	(4,466)
Accretion of discount on purchased non-covered loans	(2,647)	(3,111)
Changes in FDIC loss-share receivable, net of cash payments received	1,805	3,899
Increase in cash surrender value of BOLI	(357)	(345)
Originations of mortgage loans held for sale	(266,587)	(186,332)
Proceeds from sales of mortgage loans held for sale	280,022	204,173
Net gains on sale of mortgage loans held for sale	(11,405)	(8,619)
Originations of SBA loans	(17,134)	(17,185)
Proceeds from sales of SBA loans	13,300	8,163
Net gains on sale of SBA loans	(1,086)	(909)
Change attributable to other operating activities	(946)	170
Net cash provided by operating activities	13,479	12,288
Cash flows from investing activities:		
Purchase of securities available for sale	(56,168)	(89,811)
Proceeds from maturities of securities available for sale	24,666	16,022
Proceeds from sales of securities available for sale	41,564	5,118
Decrease in other investments, net	(1,274)	1,639
Net increase in loans, excluding purchased non-covered and covered loans	(94,916)	(90,716)
Purchases of loan pools	(90,369)	-
Payments received on purchased non-covered loans	43,807	32,920
Payments received on purchased loan pools	26,598	-
Payments received on covered loans	8,218	25,958

Edgar Filing: Ameris Bancorp - Form 10-Q

Purchases of premises and equipment	(3,694)	(2,999)
Proceeds from sales of premises and equipment	131	173
Proceeds from sales of other real estate owned	4,497	9,340
Payments received from FDIC under loss-share agreements	3,299	6,390
Net cash proceeds received (paid) from acquisitions	(7,205)	-
Net cash used in investing activities	(100,846)	(85,966)
Cash flows from financing activities:		
Net increase (decrease) in deposits	(49,863)	49,082
Net decrease in securities sold under agreements to repurchase	(19,844)	(17,790)
Proceeds from other borrowings	23,000	-
Repayment of other borrowings	-	(35,030)
Dividends paid – common stock	(1,742)	(1,610)
Purchase of treasury shares	(588)	(651)
Issuance of common stock	-	114,889
Proceeds from exercise of stock options	77	728

	Three Months Ended March 31,	
	2016	2015
Net cash provided by (used in) financing activities	(48,960)	109,618
Net increase (decrease) in cash and cash equivalents	(136,327)	35,940
Cash and cash equivalents at beginning of period	390,563	170,359
Cash and cash equivalents at end of period	\$254,236	\$206,299

SUPPLEMENTAL DISCLOSURES OF NON-CASH INFORMATION

Cash paid during the period for:

Interest	\$4,059	\$3,741
Income taxes	\$804	\$215
Loans (excluding purchased non-covered and covered loans) transferred to other real estate owned	\$1,044	\$2,444
Purchased non-covered loans transferred to other real estate owned	\$1,243	\$1,094
Covered loans transferred to other real estate owned	\$158	\$1,230
Loans provided for the sales of other real estate owned	\$585	\$1,573
Change in unrealized gain on securities available for sale	\$3,673	\$642
Change in unrealized loss on cash flow hedge (interest rate swap)	\$(615)	\$(387)
Issuance of common stock in acquisitions	\$72,456	\$-

See notes to unaudited consolidated financial statements

AMERIS BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

(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 March 31, 2016, 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 March 31, 2016 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, 2015.

Newly Issued Accounting Pronouncements

ASU 2016-02 – *Leases (Topic 842)* (“ASU 2016-02”). ASU 2016-02 amends the existing standards for lease accounting effectively requiring most leases be carried on the balance sheets of the related lessees by requiring them to recognize

a right-of-use asset and a corresponding lease liability. ASU 2016-02 includes qualitative and quantitative disclosure requirements intended to provide greater insight into the nature of an entity's leasing activities. The standard must be adopted using a modified retrospective transition with a cumulative-effect adjustment to equity as of the beginning of the period in which it is adopted. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within those annual periods with early adoption permitted. The Company is currently evaluating the impact this standard will have on the Company's results of operations, financial position or disclosures.

ASU 2015-16 – *Business Combinations (Topic 805) - Simplifying the Accounting for Measurement-Period Adjustments* (“ASU 2015-16”). ASU 2015-16 requires that an acquirer recognize adjustments to estimated amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The amendments require that the acquirer record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the estimated amounts, calculated as if the accounting had been completed at the acquisition date. The standard also requires an entity to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the estimated amounts had been recognized as of the acquisition date. ASU 2015-16 is effective for public business entities for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The amendments should be applied prospectively to adjustments to provisional amounts that occur after the effective date with earlier application permitted for financial statements that have not been issued. The Company has early adopted the provisions of this amendment, and the adoption did not have a material impact on the Company's consolidated financial statements.

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 adoption of this standard did not have a material effect 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 adoption of this standard did not have a material effect 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 did not have a material effect on the Company’s results of operations, financial position or disclosures.

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, 2016. The Company is currently evaluating the impact this standard will have on the Company’s results of operations, financial position or disclosures.

NOTE 2 – BUSINESS COMBINATIONS

Jacksonville Bancorp, Inc.

On March 11, 2016, the Company completed its acquisition of Jacksonville Bancorp, Inc. (“JAXB”), a bank holding company headquartered in Jacksonville, Florida. Upon consummation of the acquisition, JAXB was merged with and into the Company, with Ameris as the surviving entity in the merger. At that time, JAXB’s wholly owned banking subsidiary, The Jacksonville Bank (“Jacksonville Bank”), was also merged with and into the Bank. The acquisition expanded the Company’s existing market presence, as Jacksonville Bank had a total of eight full-service branches located in Jacksonville and Jacksonville Beach, Duval County, Florida. Under the terms of the merger, JAXB’s common shareholders received 0.5861 shares of Ameris common stock or \$16.50 in cash for each share of JAXB common stock or nonvoting common stock they previously held, subject to the total consideration being allocated 75% stock and 25% cash. As a result, the Company issued 2,549,469 common shares at a fair value of \$72.5 million and paid \$23.9 million in cash to former shareholders of JAXB.

The acquisition of JAXB was accounted for using the acquisition 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. In addition, management assessed 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 Section 382 of the Internal Revenue Code of 1986, as amended. Management continues to evaluate fair value adjustments related to loans, other real estate owned, premises, intangibles and deferred tax assets.

Edgar Filing: Ameris Bancorp - Form 10-Q

The following table presents the assets acquired and liabilities of JAXB assumed as of March 11, 2016 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 JAXB	Fair Value Adjustments	As Recorded by Ameris
Assets			
Cash and cash equivalents	\$ 9,704	\$ -	\$ 9,704
Federal funds sold and interest-bearing balances	7,027	-	7,027
Investment securities	60,836	(942)	(a) 59,894
Other investments	2,458	-	2,458
Loans	416,831	(15,746)	(b) 401,085
Less allowance for loan losses	(12,613)	) 12,613	(c) -
Loans, net	404,218	(3,133)	) 401,085
Other real estate owned	2,873	(1,035)	(d) 1,838
Premises and equipment	4,798	-	4,798
Intangible assets	288	5,566	(e) 5,854
Other assets	14,141	23,266	(f) 37,407
Total assets	\$ 506,343	\$ 23,722	\$ 530,065
Liabilities			
Deposits:			
Noninterest-bearing	\$ 123,399	\$ -	\$ 123,399
Interest-bearing	277,539	421	(g) 277,960
Total deposits	400,938	421	401,359
Other borrowings	48,350	84	(h) 48,434
Other liabilities	2,354	-	2,354
Subordinated deferrable interest debentures	16,294	(3,393)	(i) 12,901
Total liabilities	467,936	(2,888)	) 465,048
Net identifiable assets acquired over (under) liabilities assumed	38,407	26,610	65,017
Goodwill	-	31,375	31,375
Net assets acquired over (under) liabilities assumed	\$ 38,407	\$ 57,985	\$ 96,392
Consideration:			
Ameris Bancorp common shares issued	2,549,469		
Purchase price per share of the Company's common stock	\$ 28.42		
Company common stock issued	72,456		
Cash exchanged for shares	23,936		
Fair value of total consideration transferred	\$ 96,392		

Explanation of fair value adjustments

Edgar Filing: Ameris Bancorp - Form 10-Q

(a) Adjustment reflects the fair value adjustments of the portfolio of securities available for sale as of the acquisition date.

(b) Adjustment reflects the fair value adjustments based on the Company's evaluation of the acquired loan portfolio, net of the reversal of JAXB remaining fair value adjustments from their prior acquisitions.

(c) Adjustment reflects the elimination of JAXB's allowance for loan losses.

(d) Adjustment reflects the fair value adjustment based on the Company's evaluation of the acquired OREO portfolio, which is based largely on contracted sale prices.

(e) Adjustment reflects the recording of core deposit intangible on the acquired core deposit accounts.

(f) 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 and the reversal of JAXB valuation allowance established on their deferred tax assets.

(g) Adjustment reflects the fair value adjustments based on the Company's evaluation of the acquired deposits.

(h) Adjustment reflects the fair value adjustments based on the Company's evaluation of the liability for other borrowings.

- (i) Adjustment reflects the fair value adjustment to the subordinated deferrable interest debentures at the acquisition date, net of the reversal of JAXB remaining fair value adjustments from their prior acquisitions.

Goodwill of \$31.4 million, which is the excess of the purchase price over the fair value of net assets acquired, was recorded in the JAXB 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 \$401.1 million of loans at fair value, net of \$15.7 million, or 3.78%, estimated discount to the outstanding principal balance. Of the total loans acquired, management identified \$28.3 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	\$42,314
Non-accretable difference	(7,877)
Cash flows expected to be collected	34,437
Accretable yield	(6,182)
Total purchased credit-impaired loans acquired	\$28,255

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

	Fair Value of Acquired Loans at Acquisition Date	Gross Contractual Amounts Receivable at Acquisition Date	Best Estimate at Acquisition Date of Contractual Cash Flows Not Expected to be Collected
	(Dollars in Thousands)		
Acquired receivables subject to ASC 310-30	\$28,255	\$ 42,314	\$ 7,877
Acquired receivables not subject to ASC 310-30	\$372,830	\$ 488,346	\$ -

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 \$4.0 million in loans and \$10.7 million in premises and equipment.

The acquisition of the 18 branches was accounted for using the acquisition 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 and fourth quarters of 2015, management revised its initial estimates regarding the valuation of loans, premises and intangible assets acquired. Management continues to evaluate fair value adjustments related to premises acquired.

The following table presents the assets acquired and liabilities assumed as of June 12, 2015 and their 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 Bank of America	Initial Fair Value Adjustments		Subsequent Fair Value Adjustments	As Recorded by Ameris
Assets					
Cash and cash equivalents	\$ 630,220	\$ -		\$ -	\$ 630,220
Loans	4,363	-		(364)	3,999
Premises and equipment	10,348	1,060	(a)	(755)	10,653
Intangible assets	-	7,651	(b)	985	8,636
Other assets	126			-	126
Total assets	\$ 645,057	\$ 8,711		\$ (134)	\$ 653,634
Liabilities					
Deposits:					
Noninterest-bearing	\$ 149,854	\$ -		\$ -	\$ 149,854
Interest-bearing	495,110	(215)	(c)	-	494,895
Total deposits	644,964	(215)		-	644,749
Other liabilities	93	-		-	93
Total liabilities	645,057	(215)		-	644,842
Net identifiable assets acquired over (under) liabilities assumed	-	8,926		(134)	8,792
Goodwill	-	11,076		134	11,210
Net assets acquired over (under) liabilities assumed	\$ -	\$ 20,002		\$ -	\$ 20,002
Consideration:					
Cash paid as deposit premium	\$ 20,002				
Fair value of total consideration transferred	\$ 20,002				

Explanation of fair value adjustments

- (a) Adjustment reflects the fair value adjustments of the premises 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.

(d) Adjustment reflects the fair value adjustments based on the Company's evaluation of the acquired loan portfolio.

(e) Adjustment reflects additional recording of fair value adjustment of the premises and equipment.

(f) Adjustment reflects additional recording of core deposit intangible on the acquired core deposit accounts.

Goodwill of \$11.2 million, which is the excess of the purchase 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 \$4.0 million of loans at fair value. Management identified \$364,000 of overdrafts that were considered to be credit impaired and were subsequently charged off as uncollectible under ASC Topic 310-30.

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, Merchants’ 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 acquisition 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 and fourth quarters of 2015, management revised its initial estimates regarding the valuation of investment securities, core deposit intangible and other assets acquired. In addition, 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 Section 382 of the Internal Revenue Code of 1986, as amended. Management continues to evaluate fair value adjustments related to loans and premises acquired.

Edgar Filing: Ameris Bancorp - Form 10-Q

The following table presents the assets acquired and liabilities of Merchants assumed as of May 22, 2015 and their 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 Merchants	Initial Fair Value Adjustments		Subsequent Fair Value Adjustments		As Recorded by Ameris
Assets						
Cash and cash equivalents	\$ 7,527	\$ -		\$ -		\$ 7,527
Federal funds sold and interest-bearing balances	106,188	-		-		106,188
Investment securities	164,421	(553	)(a)	(639	)(j)	163,229
Other investments	872	-		(253	)(k)	619
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)	(634	)(l)	3,943
Other assets	2,333	2,335	(g)	(1,109	)(m)	3,559
Total assets	\$ 496,638	\$ (3,582	)	\$ (2,635	)	\$ 490,421
Liabilities						
Deposits:						
Noninterest-bearing	\$ 121,708	\$ -		\$ -		\$ 121,708
Interest-bearing	286,112	-		41,588	(n)	327,700
Total deposits	407,820	-		-		449,408
Federal funds purchased and securities sold under agreements to repurchase	41,588	-		(41,588	)(n)	-
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	)	(2,635	)	35,275
Goodwill	-	12,090		2,635		14,725
Net assets acquired over (under) liabilities assumed	\$ 38,893	\$ 11,107		\$ -		\$ 50,000
Consideration:						
Cash exchanged for shares	\$ 50,000					
Fair value of total consideration transferred	\$ 50,000					

Explanation of fair value adjustments

Edgar Filing: Ameris Bancorp - Form 10-Q

- (a) Adjustment reflects the fair value adjustments of the portfolio of securities available for sale 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 Merchants' 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.

- (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.
- (j) Adjustment reflects the additional fair value adjustments of the portfolio of securities available for sale as of the acquisition date.
- (k) Adjustment reflects the fair value adjustments of other investments as of the acquisition date.
- (l) Adjustment reflects adjustment to the core deposit intangible on the acquired core deposit accounts.
- (m) Adjustment reflects the additional 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.

Subsequent to acquisition, the acquired securities sold under agreements to repurchase were converted to deposit (n) accounts and are no longer reported as securities sold under agreements to repurchase on the Consolidated Balance Sheet as of December 31, 2015.

Goodwill of \$14.7 million, which is the excess of the purchase price 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 \$11.2 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	\$17,201
Non-accretable difference	(2,712)

Edgar Filing: Ameris Bancorp - Form 10-Q

Cash flows expected to be collected	14,489
Accretable yield	(3,254)
Total purchased credit-impaired loans acquired	\$11,235

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

	Fair Value of Acquired Loans at Acquisition Date	Gross Contractual Amounts Receivable at Acquisition Date	Best Estimate at Acquisition Date of Contractual Cash Flows Not Expected to be Collected
	(Dollars in Thousands)		
Acquired receivables subject to ASC 310-30	\$11,235	\$ 14,086	\$ 2,712
Acquired receivables not subject to ASC 310-30	\$180,220	\$ 184,906	\$ -

The results of operations of JAXB and Merchants 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, 2015, unadjusted for potential cost savings (in thousands).

	Three Months Ended	
	March 31, 2016	2015
Net interest income and noninterest income	\$ 78,798	\$ 64,931
Net income	\$ 13,052	\$ 12,195
Income per common share available to common stockholders – basic	\$ 0.38	\$ 0.37
Income per common share available to common stockholders – diluted	\$ 0.37	\$ 0.37
Average number of shares outstanding, basic	34,741	32,992
Average number of shares outstanding, diluted	35,043	33,345

A rollforward of purchased non-covered loans for the three months ended March 31, 2016, the year ended December 31, 2015 and the three months ended March 31, 2015 is shown below:

(Dollars in Thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Balance, January 1	\$ 771,554	\$ 674,239	\$ 674,239
Charge-offs, net of recoveries	(317)	(991)	(244)
Additions due to acquisitions	401,085	195,818	-
Accretion	2,647	10,590	3,111
Transfers to purchased non-covered other real estate owned	(1,243)	(4,473)	(1,094)
Transfer from covered loans due to loss-share expiration	-	50,568	-
Payments received	(43,807)	(154,666)	(32,920)
Other	-	469	-
Ending balance	\$ 1,129,919	\$ 771,554	\$ 643,092

The following is a summary of changes in the accretable discounts of purchased non-covered loans during the three months ended March 31, 2016, the year ended December 31, 2015 and the three months ended March 31, 2015:

(Dollars in Thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Balance, January 1	\$ 24,785	\$ 25,716	\$ 25,716
Additions due to acquisitions	9,991	5,788	-
Accretion	(2,647)	(10,590)	(3,111)

Edgar Filing: Ameris Bancorp - Form 10-Q

Transfer from covered loans due to loss-share expiration	-	1,665	-
Accretable discounts removed due to charge-offs	(11)	(1,768)	(1,380)
Transfers between non-accretable and accretable discounts, net	353	3,974	(996)
Ending balance	\$ 32,471	\$ 24,785	\$ 20,229

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 March 31, 2016, December 31, 2015 and March 31, 2015 are presented below:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
(Dollars in Thousands)				
March 31, 2016:				
U.S. government agencies	\$7,592	\$ 45	\$ (9	) \$7,628
State, county and municipal securities	152,764	4,894	(125	) 157,533
Corporate debt securities	8,407	139	(24	) 8,522
Mortgage-backed securities	657,764	7,042	(1,386	) 663,420
Total debt securities	\$826,527	\$ 12,120	\$ (1,544	) \$837,103
December 31, 2015:				
U.S. government agencies	\$ 14,959	\$ -	\$ (69	) \$ 14,890
State, county and municipal securities	157,681	4,046	(411	) 161,316
Corporate debt securities	5,900	145	(28	) 6,017
Mortgage-backed securities	599,721	3,945	(2,704	) 600,962
Total debt securities	\$778,261	\$ 8,136	\$ (3,212	) \$783,185
March 31, 2015:				
U.S. government agencies	\$ 14,954	\$ 72	\$ (42	) \$ 14,984
State, county and municipal securities	154,499	4,800	(235	) 159,064
Corporate debt securities	10,794	193	(52	) 10,935
Mortgage-backed securities	420,497	6,185	(1,335	) 425,347
Total debt securities	\$600,744	\$ 11,250	\$ (1,664	) \$610,330

The amortized cost and fair value of available-for-sale securities at March 31, 2016 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 shown separately in the following maturity summary.

	Amortized Cost	Fair Value
(Dollars in Thousands)		
Due in one year or less	\$ 4,028	\$ 4,060
Due from one year to five years	52,090	53,677
Due from five to ten years	51,887	53,967
Due after ten years	60,758	61,979
Mortgage-backed securities	657,764	663,420
	\$ 826,527	\$ 837,103

Securities with a carrying value of approximately \$493.0 million serve as collateral to secure public deposits and for other purposes required or permitted by law at March 31, 2016, compared with \$551.0 million and \$426.6 million at December 31, 2015 and March 31, 2015, respectively.

The following table details the gross unrealized losses and fair value of securities aggregated by category and duration of the continuous unrealized loss position at March 31, 2016, December 31, 2015 and March 31, 2015.

Description of Securities	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(Dollars in Thousands)						
March 31, 2016:						
U.S. government agencies	\$4,991	\$ (9)	\$ -	\$ -	\$4,991	\$ (9)
State, county and municipal securities	5,845	(96)	1,639	(29)	7,484	(125)
Corporate debt securities	883	(24)	-	-	883	(24)
Mortgage-backed securities	142,687	(975)	24,762	(411)	167,449	(1,386)
Total debt securities	\$ 154,406	\$ (1,104)	\$ 26,401	\$ (440)	\$ 180,807	\$ (1,544)
December 31, 2015:						
U.S. government agencies	\$9,932	\$ (27)	\$ 4,958	\$ (42)	\$ 14,890	\$ (69)
State, county and municipal securities	19,293	(199)	11,557	(212)	30,850	(411)
Corporate debt securities	1,383	(28)	-	-	1,383	(28)
Mortgage-backed securities	263,281	(1,950)	29,950	(754)	293,231	(2,704)
Total debt securities	\$ 293,889	\$ (2,204)	\$ 46,465	\$ (1,008)	\$ 340,354	\$ (3,212)

Edgar Filing: Ameris Bancorp - Form 10-Q

March 31, 2015:

U.S. government agencies	\$-	\$ -	\$ 4,958	\$ (42)	\$ 4,958	\$ (42)
State, county and municipal securities	4,675	(34)	10,579	(201)	15,254	(235)
Corporate debt securities	5,007	(52)	-	-	5,007	(52)
Mortgage-backed securities	46,361	(378)	31,483	(957)	77,844	(1,335)
Total debt securities	\$56,043	\$ (464)	\$ 47,020	\$ (1,200)	\$ 103,063	\$ (1,664)

As of March 31, 2016, the Company's security portfolio consisted of 406 securities, 55 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 March 31, 2016, the Company held 46 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 March 31, 2016.

At March 31, 2016, the Company held six state, county and municipal securities, one U.S. government-sponsored agency security, and two corporate securities 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 March 31, 2016. During the first three months of 2016 and 2015, the Company received timely and current interest and principal payments on all of the securities classified as corporate debt securities. 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 March 31, 2016, December 31, 2015 or March 31, 2015.

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 March 31, 2016, 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 March 31, 2016, these investments are not considered impaired on an other-than-temporary basis.

At March 31, 2016, December 31, 2015 and March 31, 2015, all of the Company's mortgage-backed securities were obligations of government-sponsored agencies.

The following table is a summary of sales activities in the Company's investment securities available for sale for the three months ended March 31, 2016, year ended December 31, 2015 and three months ended March 31, 2015:

	March 31, 2016	December 31, 2015	March 31, 2015
	(Dollars in Thousands)		
Gross gains on sales of securities	\$312	\$ 396	\$ 31
Gross losses on sales of securities	(218)	(259)	(19)
Net realized gains on sales of securities available for sale	\$94	\$ 137	\$ 12
Sales proceeds	\$41,564	\$ 72,528	\$ 5,118

NOTE 4 - LOANS

The Bank 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. The Bank also purchased loan pools during 2015 and 2016 collateralized by properties located outside our Southeast markets, specifically in California, Washington and Illinois. The Bank concentrates the majority of its lending activities in real estate loans. While 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.

A substantial portion of the Bank's loans are secured by real estate in the Bank's primary market area. In addition, a substantial portion of the OREO is located in those same markets. Accordingly, the ultimate collectability of a substantial portion of the Bank's loan portfolio and the recovery of a substantial portion of the carrying amount of OREO are susceptible to changes in real estate conditions in the Bank's primary market area.

Commercial, financial and agricultural loans include both secured and unsecured loans for working capital, expansion, crop production, and other business purposes, including SBA guaranteed loans. Short-term working capital loans are secured by non-real estate collateral such as accounts receivable, crops, inventory and equipment. The Bank 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 home 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. Residential loans represent permanent mortgage financing and are secured by residential properties located within the Bank's market areas, along with warehouse lines of credit secured by residential mortgages.

Consumer installment loans and other loans include automobile loans, boat and recreational vehicle financing, and both secured and unsecured personal loans. Consumer loans carry greater risks than other loans, as the collateral can

Edgar Filing: Ameris Bancorp - Form 10-Q

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 loan categories are presented in the following table:

(Dollars in Thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Commercial, financial and agricultural	\$434,073	\$ 449,623	\$334,917
Real estate – construction and development	264,820	244,693	178,568
Real estate – commercial and farmland	1,154,887	1,104,991	947,274
Real estate – residential	629,138	570,430	496,043
Consumer installment	31,901	31,125	29,113
Other	13,188	6,015	13,505
	\$2,528,007	\$ 2,406,877	\$ 1,999,420

Purchased non-covered loans are defined as loans that were acquired in bank acquisitions that are not covered, or are no longer covered, by a loss-sharing agreement with the Federal Deposit Insurance Corporation (“FDIC”). Purchased non-covered loans totaling \$1.13 billion, \$771.6 million and \$643.1 million at March 31, 2016, December 31, 2015 and March 31, 2015, 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:

(Dollars in Thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Commercial, financial and agricultural	\$111,537	\$ 45,462	\$36,258
Real estate – construction and development	103,753	72,080	53,668
Real estate – commercial and farmland	598,935	390,755	291,760
Real estate – residential	309,770	258,153	257,216
Consumer installment	5,924	5,104	4,190
	\$1,129,919	\$ 771,554	\$ 643,092

Purchased loan pools are defined as groups of loans that were not acquired in bank acquisitions or FDIC-assisted transactions. As of March 31, 2016, purchased loan pools totaled \$656.7 million and consisted of whole-loan, adjustable rate residential mortgages on properties outside the Company's markets, with principal balances totaling \$644.3 million and \$12.4 million of remaining purchase premium paid at acquisition. As of December 31, 2015, purchased loan pools totaled \$593.0 million and consisted of whole-loan, adjustable rate residential mortgages on properties outside the Company's markets, with principal balances totaling \$580.7 million and \$12.3 million of purchase premium paid at acquisition. The Company did not have any purchased loan pools at March 31, 2015. At March 31, 2016 and December 31, 2015, all loans included in the purchased loan pools were performing current loans, all risk-rated grade 20. At March 31, 2016 and December 31, 2015, the Company had allocated \$1.3 million and \$581,000, respectively, of allowance for loan losses for the purchased loan pools. As part of the due diligence process prior to purchasing an individual mortgage pool, a complete re-underwrite of the individual loan files was conducted. The underwriting process included a review of all income, asset, credit and property related documentation that was used to originate the loan. Underwriters utilized the originating lender's program guidelines, as well as general prudent mortgage lending standards, to assess each individual loan file. Additional research was conducted to assess the real estate market conditions and market expectations in the geographic areas where a collateral concentration existed. As part of this review, an automated valuation model was employed to provide current collateral valuations and to support individual loan-to-value ratios. Additionally, a sample of site inspections was completed to provide further assurance. The results of the due diligence review were evaluated by officers of the Company in order to determine overall conformance to the Bank's credit and lending policies.

Covered loans are defined as loans that were acquired in FDIC-assisted transactions and are still covered by a loss-sharing agreement with the FDIC. Covered loans totaling \$130.3 million, \$137.5 million and \$245.7 million at March 31, 2016, December 31, 2015 and March 31, 2015, 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:

(Dollars in Thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Commercial, financial and agricultural	\$ 4,739	\$ 5,546	\$ 20,905
Real estate – construction and development	7,205	7,612	19,519
Real estate – commercial and farmland	67,055	71,226	130,290
Real estate – residential	51,176	53,038	74,847
Consumer installment	104	107	184
	\$ 130,279	\$ 137,529	\$ 245,745

Nonaccrual and Past-Due Loans

Edgar Filing: Ameris Bancorp - Form 10-Q

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 to interest income. Interest on loans that are classified as nonaccrual is subsequently applied to principal until the loans are returned to accrual status. 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 30 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:

(Dollars in Thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Commercial, financial and agricultural	\$ 1,266	\$ 1,302	\$ 1,015
Real estate – construction and development	1,776	1,812	3,286
Real estate – commercial and farmland	7,067	7,019	7,893
Real estate – residential	5,191	6,278	8,246
Consumer installment	400	449	401
	\$ 15,700	\$ 16,860	\$ 20,841

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

(Dollars in Thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Commercial, financial and agricultural	\$ 660	\$ 1,064	\$ 198
Real estate – construction and development	1,620	1,106	785
Real estate – commercial and farmland	10,895	4,920	9,096
Real estate – residential	5,925	6,168	7,202
Consumer installment	87	72	27
	\$ 19,187	\$ 13,330	\$ 17,308

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

(Dollars in Thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Commercial, financial and agricultural	\$ 2,799	\$ 2,803	\$ 8,404
Real estate – construction and development	1,537	1,701	6,262
Real estate – commercial and farmland	5,265	5,034	17,000
Real estate – residential	3,694	3,663	6,606
Consumer installment	36	37	87
	\$ 13,331	\$ 13,238	\$ 38,359

Edgar Filing: Ameris Bancorp - Form 10-Q

The following table presents an analysis of past due loans, excluding purchased non-covered and covered loans, as of March 31, 2016, December 31, 2015 and March 31, 2015:

	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 or More Days Past Due	Total Loans Past Due	Current Loans	Total Loans	Loans 90 Days or More Past Due and Still Accruing
(Dollars in Thousands)							
As of March 31, 2016:							
Commercial, financial & agricultural	\$ 1,161	\$ 633	\$ 870	\$ 2,664	\$ 431,409	\$ 434,073	\$ -
Real estate – construction & development	793	709	1,476	2,978	261,842	264,820	-
Real estate – commercial & farmland	1,015	539	6,955	8,509	1,146,378	1,154,887	-
Real estate – residential	6,078	1,084	4,176	11,338	617,800	629,138	-
Consumer installment loans	399	92	291	782	31,119	31,901	-
Other	-	-	-	-	13,188	13,188	-
Total	\$ 9,446	\$ 3,057	\$ 13,768	\$ 26,271	\$ 2,501,736	\$ 2,528,007	\$ -

	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 or More Days Past Due	Total Loans Past Due	Current Loans	Total Loans	Loans 90 Days or More Past Due and Still Accruing
(Dollars in Thousands)							
As of December 30, 2015:							
Commercial, financial & agricultural	\$ 568	\$ 271	\$ 835	\$ 1,674	\$ 447,949	\$ 449,623	\$ -
Real estate – construction & development	1,413	261	1,739	3,413	241,280	244,693	-
Real estate – commercial & farmland	1,781	641	6,912	9,334	1,095,657	1,104,991	-
Real estate – residential	3,806	2,120	5,121	11,047	559,383	570,430	-
Consumer installment loans	374	188	238	800	30,325	31,125	-
Other	-	-	-	-	6,015	6,015	-
Total	\$ 7,942	\$ 3,481	\$ 14,845	\$ 26,268	\$ 2,380,609	\$ 2,406,877	\$ -

Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 or More Days Past Due	Total Loans Past Due	Current Loans	Total Loans	Loans 90 Days or More Past Due and Still
------------------------------------	------------------------------------	---	----------------------------	------------------	----------------	---

	(Dollars in Thousands)						
As of March 31, 2015:							
Commercial, financial & agricultural	\$1,258	\$ 2,821	\$ 984	\$ 5,063	\$329,854	\$334,917	\$ -
Real estate – construction & development	404	240	3,205	3,849	174,719	178,568	-
Real estate – commercial & farmland	6,398	1,285	7,732	15,415	931,859	947,274	-
Real estate – residential	4,430	1,879	7,569	13,878	482,165	496,043	-
Consumer installment loans	367	136	256	759	28,354	29,113	-
Other	-	-	-	-	13,505	13,505	-
Total	\$12,857	\$ 6,361	\$ 19,746	\$ 38,964	\$1,960,456	\$1,999,420	\$ -

Edgar Filing: Ameris Bancorp - Form 10-Q

The following table presents an analysis of purchased non-covered past-due loans as of March 31, 2016, December 31, 2015 and March 31, 2015:

	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 or More Days Past Due	Total Loans Past Due	Current Loans	Total Loans	Loans 90 Days or More Past Due and Still Accruing
(Dollars in Thousands)							
As of March 31, 2016:							
Commercial, financial & agricultural	\$172	\$ 73	\$ 445	\$ 690	\$110,847	\$111,537	\$ -
Real estate – construction & development	1,481	32	1,149	2,662	101,091	103,753	-
Real estate – commercial & farmland	2,204	488	9,126	11,818	587,117	598,935	-
Real estate – residential	2,951	2,172	4,652	9,775	299,995	309,770	-
Consumer installment loans	4	-	66	70	5,854	5,924	-
Total	\$6,812	\$ 2,765	\$ 15,438	\$ 25,015	\$1,104,904	\$1,129,919	\$ -

	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 or More Days Past Due	Total Loans Past Due	Current Loans	Total Loans	Loans 90 Days or More Past Due and Still Accruing
(Dollars in Thousands)							
As of December 30, 2015:							
Commercial, financial & agricultural	\$248	\$ 13	\$ 846	\$ 1,107	\$44,355	\$45,462	\$ -
Real estate – construction & development	416	687	420	1,523	70,557	72,080	-
Real estate – commercial & farmland	2,479	1,629	3,347	7,455	383,300	390,755	-
Real estate – residential	4,965	2,176	4,928	12,069	246,084	258,153	-
Consumer installment loans	31	9	70	110	4,994	5,104	-
Total	\$8,139	\$ 4,514	\$ 9,611	\$ 22,264	\$749,290	\$771,554	\$ -

	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 or More Days Past Due	Total Loans Past Due	Current Loans	Total Loans	Loans 90 Days or More Past Due and Still Accruing
(Dollars in Thousands)							
As of March 31, 2015:							

Edgar Filing: Ameris Bancorp - Form 10-Q

Commercial, financial & agricultural	\$216	\$ -	\$ 85	\$ 301	\$35,957	\$36,258	\$ -
Real estate – construction & development	393	17	766	1,176	52,492	53,668	-
Real estate – commercial & farmland	1,611	831	8,495	10,937	280,823	291,760	-
Real estate – residential	3,113	2,454	6,490	12,057	245,159	257,216	-
Consumer installment loans	100	-	19	119	4,071	4,190	-
Total	\$5,433	\$ 3,302	\$ 15,855	\$ 24,590	\$618,502	\$643,092	\$ -

Edgar Filing: Ameris Bancorp - Form 10-Q

The following table presents an analysis of covered past-due loans as of March 31, 2016, December 31, 2015 and March 31, 2015:

	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 or More Days Past Due	Total Loans Past Due	Current Loans	Total Loans	Loans 90 Days or More Past Due and Still Accruing
(Dollars in Thousands)							
As of March 31, 2016:							
Commercial, financial & agricultural	\$75	\$ -	\$ 2,757	\$ 2,832	\$ 1,907	\$ 4,739	\$ -
Real estate – construction & development	87	-	1,471	1,558	5,647	7,205	-
Real estate – commercial & farmland	744	50	2,736	3,530	63,525	67,055	-
Real estate – residential	1,532	805	2,580	4,917	46,259	51,176	-
Consumer installment loans	-	-	36	36	68	104	-
Total	\$2,438	\$ 855	\$ 9,580	\$ 12,873	\$ 117,406	\$ 130,279	\$ -

	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 or More Days Past Due	Total Loans Past Due	Current Loans	Total Loans	Loans 90 Days or More Past Due and Still Accruing
(Dollars in Thousands)							
As of December 30, 2015:							
Commercial, financial & agricultural	\$-	\$ -	\$ 2,802	\$ 2,802	\$ 2,744	\$ 5,546	\$ -
Real estate – construction & development	96	-	1,633	1,729	5,883	7,612	-
Real estate – commercial & farmland	170	205	3,064	3,439	67,787	71,226	-
Real estate – residential	2,155	1,001	2,658	5,814	47,224	53,038	-
Consumer installment loans	-	-	37	37	70	107	-
Total	\$2,421	\$ 1,206	\$ 10,194	\$ 13,821	\$ 123,708	\$ 137,529	\$ -

	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 or More Days Past Due	Total Loans Past Due	Current Loans	Total Loans	Loans 90 Days or More Past Due and Still Accruing
(Dollars in Thousands)							
As of March 31, 2015:							

Edgar Filing: Ameris Bancorp - Form 10-Q

Commercial, financial & agricultural	\$ 165	\$ 225	\$ 1,776	\$ 2,166	\$ 18,739	\$ 20,905	\$ -
Real estate – construction & development	455	-	5,605	6,060	13,459	19,519	-
Real estate – commercial & farmland	2,364	1,150	11,063	14,577	115,713	130,290	-
Real estate – residential	2,293	1,019	4,999	8,310	66,536	74,847	-
Consumer installment loans	-	-	87	87	97	184	-
Total	\$5,277	\$ 2,394	\$ 23,530	\$ 31,201	\$214,544	\$245,745	\$ -

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. Impaired loans include loans on nonaccrual status and accruing troubled debt restructurings. 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. The Company individually assesses for impairment all nonaccrual loans greater than \$125,000 and all troubled debt restructurings greater than \$100,000. The tables below include all loans deemed impaired, whether or not individually assessed for impairment. 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.

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		
	March 31, 2016	December 31, 2015	March 31, 2015
	(Dollars in Thousands)		
Nonaccrual loans	\$15,700	\$ 16,860	\$ 20,841
Troubled debt restructurings not included above	14,385	14,418	12,935
Total impaired loans	\$30,085	\$ 31,278	\$ 33,776
Interest income recognized on impaired loans	\$318	\$ 909	\$ 168
Foregone interest income on impaired loans	\$242	\$ 1,204	\$ 109

The following table presents an analysis of information pertaining to impaired loans, excluding purchased non-covered and covered loans as of March 31, 2016, December 31, 2015 and March 31, 2015:

	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
	(Dollars in Thousands)					
As of March 31, 2016:						
Commercial, financial & agricultural	\$3,150	\$ 339	\$ 1,206	\$ 1,545	\$ 408	\$ 1,544
Real estate – construction & development	3,278	230	2,022	2,252	742	2,428
Real estate – commercial & farmland	14,530	5,142	7,870	13,012	874	12,898
Real estate – residential	13,976	1,662	11,177	12,839	2,223	13,345
Consumer installment loans	519	-	437	437	7	466
Total	\$35,453	\$ 7,373	\$ 22,712	\$ 30,085	\$ 4,254	\$ 30,681

	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
	(Dollars in Thousands)					
As of December 31, 2015:						
Commercial, financial & agricultural	\$3,062	\$ 158	\$ 1,385	\$ 1,543	\$ 135	\$ 2,275
Real estate – construction & development	3,581	230	2,374	2,604	774	3,228
Real estate – commercial & farmland	14,385	6,702	6,083	12,785	1,067	15,105
Real estate – residential	15,809	1,621	12,230	13,851	2,224	11,977
Consumer installment loans	592	-	495	495	9	488

Edgar Filing: Ameris Bancorp - Form 10-Q

Total	\$37,429	\$ 8,711	\$ 22,567	\$ 31,278	\$ 4,209	\$ 33,073
-------	----------	----------	-----------	-----------	----------	-----------

	Unpaid Contractual Principal Balance (Dollars in Thousands)	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
As of March 31, 2015:						
Commercial, financial & agricultural	\$2,378	\$ 5	\$ 1,287	\$ 1,292	\$ 240	\$ 1,627
Real estate – construction & development	7,397	274	3,801	4,075	667	4,264
Real estate – commercial & farmland	16,980	3,280	11,922	15,202	2,127	14,909
Real estate – residential	14,181	1,592	11,166	12,758	1,869	12,833
Consumer installment loans	548	-	449	449	6	491
Total	\$41,484	\$ 5,151	\$ 28,625	\$ 33,776	\$ 4,909	\$ 34,124

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

	As of and For the Period Ended		
	March 31, 2016	December 31, 2015	March 31, 2015
	(Dollars in Thousands)		
Nonaccrual loans	\$ 19,187	\$ 13,330	\$ 17,308
Troubled debt restructurings not included above	9,193	9,373	1,526
Total impaired loans	\$ 28,380	\$ 22,703	\$ 18,834
Interest income recognized on impaired loans	\$ 357	\$ 785	\$ 18
Foregone interest income on impaired loans	\$ 356	\$ 1,365	\$ 21

The following table presents an analysis of information pertaining to impaired purchased non-covered loans as of March 31, 2016, December 31, 2015 and March 31, 2015:

	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
(Dollars in Thousands)						
As of March 31, 2016:						
Commercial, financial & agricultural	\$ 2,632	\$ 236	\$ 426	\$ 662	\$ -	\$ 864
Real estate – construction & development	3,599	892	1,237	2,129	2	1,799
Real estate – commercial & farmland	15,358	8,480	8,694	17,174	182	14,154
Real estate – residential	9,774	1,648	6,675	8,323	270	8,640
Consumer installment loans	87	92	-	92	-	85
Total	\$ 31,450	\$ 11,348	\$ 17,032	\$ 28,380	\$ 454	\$ 25,542

	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
(Dollars in Thousands)						
As of December 31, 2015:						
Commercial, financial & agricultural	\$ 3,103	\$ 1,066	\$ -	\$ 1,066	\$ -	\$ 392
Real estate – construction & development	8,987	1,469	-	1,469	-	1,429
Real estate – commercial & farmland	14,999	11,134	-	11,134	-	10,806
Real estate – residential	14,946	8,957	-	8,957	-	8,067
Consumer installment loans	94	77	-	77	-	65
Total	\$ 42,129	\$ 22,703	\$ -	\$ 22,703	\$ -	\$ 20,759

Edgar Filing: Ameris Bancorp - Form 10-Q

	Unpaid Contractual Principal Balance (Dollars in Thousands)	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
As of March 31, 2015:						
Commercial, financial & agricultural	\$1,331	\$ 198	\$ -	\$ 198	\$ -	\$ 187
Real estate – construction & development	2,153	1,113	-	1,113	-	1,275
Real estate – commercial & farmland	13,911	9,816	-	9,816	-	10,202
Real estate – residential	12,183	7,679	-	7,679	-	7,435
Consumer installment loans	38	28	-	28	-	50
Total	\$29,616	\$ 18,834	\$ -	\$ 18,834	\$ -	\$ 19,148

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

	As of and For the Period Ended		
	March 31, 2016	December 31, 2015	March 31, 2015
	(Dollars in Thousands)		
Nonaccrual loans	\$ 13,331	\$ 13,238	\$ 38,359
Troubled debt restructurings not included above	12,308	13,283	20,721
Total impaired loans	\$ 25,639	\$ 26,521	\$ 59,080
Interest income recognized on impaired loans	\$ 185	\$ 886	\$ 220
Foregone interest income on impaired loans	\$ 170	\$ 1,596	\$ 130

The following table presents an analysis of information pertaining to impaired covered loans as of March 31, 2016, December 31, 2015 and March 31, 2015:

	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
(Dollars in Thousands)						
As of March 31, 2016:						
Commercial, financial & agricultural	\$4,842	\$ -	\$ 3,107	\$ 3,107	\$ 111	\$ 2,801
Real estate – construction & development	8,347	-	2,354	2,354	84	2,403
Real estate – commercial & farmland	10,264	-	6,712	6,712	168	6,789
Real estate – residential	15,457	4,167	9,256	13,423	166	14,042
Consumer installment loans	51	43	-	43	-	45
Total	\$38,961	\$ 4,210	\$ 21,429	\$ 25,639	\$ 529	\$ 26,080

	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
(Dollars in Thousands)						
As of December 31, 2015:						
Commercial, financial & agricultural	\$5,188	\$ 2,802	\$ -	\$ 2,802	\$ -	\$ 7,408
Real estate – construction & development	15,119	2,480	-	2,480	-	6,906
Real estate – commercial & farmland	20,508	7,001	-	7,001	-	18,504
Real estate – residential	15,830	14,192	-	14,192	-	16,010
Consumer installment loans	60	46	-	46	-	86
Total	\$56,705	\$ 26,521	\$ -	\$ 26,521	\$ -	\$ 48,914

Edgar Filing: Ameris Bancorp - Form 10-Q

	Unpaid Contractual Principal Balance (Dollars in Thousands)	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
As of March 31, 2015:						
Commercial, financial & agricultural	\$ 13,512	\$ 8,407	\$ -	\$ 8,407	\$ -	\$ 8,495
Real estate – construction & development	24,503	9,080	-	9,080	-	9,859
Real estate – commercial & farmland	35,493	23,462	-	23,462	-	22,062
Real estate – residential	23,585	18,042	-	18,042	-	18,048
Consumer installment loans	119	89	-	89	-	92
Total	\$97,212	\$ 59,080	\$ -	\$ 59,080	\$ -	\$ 58,556

Credit Quality Indicators

The Company uses a nine category risk grading system to assign a risk grade to each loan in the portfolio. 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, 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 exhibits 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 worthiness 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.

Edgar Filing: Ameris Bancorp - Form 10-Q

The following table presents the loan portfolio, excluding purchased non-covered and covered loans, by risk grade as of March 31, 2016:

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	\$243,355	\$ -	\$ 2,316	\$ 1,479	\$ 7,053	\$-	\$254,203
15	22,705	4,170	112,167	73,341	1,127	-	213,510
20	90,196	58,014	729,346	434,434	20,872	13,188	1,346,050
23	581	7,414	10,040	6,813	199	-	25,047
25	72,557	188,385	275,297	89,834	1,969	-	628,042
30	1,908	3,829	10,517	5,730	157	-	22,141
40	2,771	3,008	15,204	17,507	523	-	39,013
50	-	-	-	-	-	-	-
60	-	-	-	-	1	-	1
Total	\$434,073	\$ 264,820	\$ 1,154,887	\$ 629,138	\$ 31,901	\$13,188	\$2,528,007

The following table presents the loan portfolio, excluding purchased non-covered and covered loans, by risk grade as of December 31, 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	\$241,721	\$ 294	\$ 116	\$ 1,606	\$ 6,872	\$-	\$250,609
15	28,420	2,074	117,880	78,165	1,191	-	227,730
20	97,142	46,221	685,538	369,624	19,780	6,015	1,224,320
23	559	7,827	13,073	6,112	36	-	27,607
25	77,829	183,512	254,012	91,465	2,595	-	609,413
30	1,492	1,620	13,821	7,347	143	-	24,423
40	2,460	3,145	20,551	16,111	506	-	42,773
50	-	-	-	-	-	-	-
60	-	-	-	-	2	-	2
Total	\$449,623	\$ 244,693	\$ 1,104,991	\$ 570,430	\$ 31,125	\$6,015	\$2,406,877

The following table presents the loan portfolio, excluding purchased non-covered and covered loans, by risk grade as of March 31, 2015:

Edgar Filing: Ameris Bancorp - Form 10-Q

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	\$147,820	\$ 1,751	\$ 152	\$ 1,727	\$ 6,011	\$-	\$157,461
15	24,619	3,504	119,032	57,583	1,191	-	205,929
20	90,407	47,148	541,490	303,463	16,720	13,505	1,012,733
23	981	8,521	11,934	7,141	66	-	28,643
25	60,018	110,570	238,026	100,175	4,222	-	513,011
30	3,911	1,890	11,364	8,007	289	-	25,461
40	7,161	5,184	25,276	17,947	610	-	56,178
50	-	-	-	-	4	-	4
60	-	-	-	-	-	-	-
Total	\$334,917	\$ 178,568	\$ 947,274	\$ 496,043	\$ 29,113	\$13,505	\$1,999,420

Edgar Filing: Ameris Bancorp - Form 10-Q

The following table presents the purchased non-covered loan portfolio by risk grade as of March 31, 2016:

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	\$9,306	\$ -	\$ -	\$ 138	\$ 1,061	\$ -	\$10,505
15	1,206	1,135	9,302	35,904	682	-	48,229
20	20,666	13,477	188,912	119,213	2,211	-	344,479
23	-	4,334	9,773	13,338	-	-	27,445
25	73,016	73,700	343,928	115,422	1,772	-	607,838
30	5,308	7,948	25,615	11,613	33	-	50,517
40	2,003	3,159	21,405	14,142	165	-	40,874
50	30	-	-	-	-	-	30
60	2	-	-	-	-	-	2
Total	\$111,537	\$ 103,753	\$ 598,935	\$ 309,770	\$ 5,924	\$ -	\$1,129,919

The following table presents the purchased non-covered loan portfolio by risk grade as of December 31, 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	\$8,592	\$ -	\$ -	\$ -	\$ 1,010	\$ -	\$9,602
15	1,186	1,143	10,490	37,808	541	-	51,168
20	10,057	13,678	183,219	128,005	2,031	-	336,990
23	-	438	5,177	6,414	-	-	12,029
25	17,565	47,517	162,253	66,166	1,328	-	294,829
30	6,657	4,185	14,297	5,503	51	-	30,693
40	1,373	5,119	15,319	14,257	143	-	36,211
50	30	-	-	-	-	-	30
60	2	-	-	-	-	-	2
Total	\$45,462	\$ 72,080	\$ 390,755	\$ 258,153	\$ 5,104	\$ -	\$771,554

The following table presents the purchased non-covered loan portfolio by risk grade as of March 31, 2015:

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

Edgar Filing: Ameris Bancorp - Form 10-Q

Grade & agricultural	development	farmland					
(Dollars in Thousands)							
10	\$6,696	\$ -	\$ -	\$ 289	\$ 459	\$ -	\$7,444
15	995	641	9,396	12,136	472	-	23,640
20	13,751	13,746	115,359	62,056	1,568	-	206,480
23	73	-	3,174	6,777	-	-	10,024
25	12,585	31,512	136,581	155,187	1,521	-	337,386
30	958	3,564	9,404	8,332	65	-	22,323
40	1,170	4,205	17,846	12,417	105	-	35,743
50	30	-	-	22	-	-	52
60	-	-	-	-	-	-	-
Total	\$36,258	\$ 53,668	\$ 291,760	\$ 257,216	\$ 4,190	\$ -	\$643,092

Edgar Filing: Ameris Bancorp - Form 10-Q

The following table presents the covered loan portfolio by risk grade as of March 31, 2016:

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	-	-	-	-	-	-	-
20	47	770	10,443	9,635	-	-	20,895
23	25	-	1,797	5,024	-	-	6,846
25	1,932	3,704	37,276	23,388	11	-	66,311
30	4	823	3,003	4,338	48	-	8,216
40	2,731	1,908	14,536	8,791	45	-	28,011
50	-	-	-	-	-	-	-
60	-	-	-	-	-	-	-
Total	\$4,739	\$ 7,205	\$ 67,055	\$ 51,176	\$ 104	\$ -	\$130,279

The following table presents the covered loan portfolio by risk grade as of December 31, 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	-	-	-	-	-	-	-
20	93	800	11,698	10,040	-	-	23,631
23	52	-	2,957	5,723	-	-	8,732
25	2,594	3,907	38,741	24,345	11	-	69,598
30	5	828	2,857	4,552	-	-	8,242
40	2,802	2,077	14,973	8,378	96	-	28,326
50	-	-	-	-	-	-	-
60	-	-	-	-	-	-	-
Total	\$5,546	\$ 7,612	\$ 71,226	\$ 53,038	\$ 107	\$ -	\$137,529

The following table presents the covered loan portfolio by risk grade as of March 31, 2015:

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

Edgar Filing: Ameris Bancorp - Form 10-Q

Grade & agricultural	development	farmland					
(Dollars in Thousands)							
10	\$-	\$ -	\$ -	\$ -	\$ -	\$ -	\$-
15	667	1,847	734	522	-	-	3,770
20	75	458	21,010	13,353	51	-	34,947
23	4,481	8,567	6,382	6,130	-	-	25,560
25	5,094	2,594	69,536	36,510	37	-	113,771
30	10,588	6,053	4,053	5,893	9	-	26,596
40	-	-	28,575	12,439	87	-	41,101
50	-	-	-	-	-	-	-
60	-	-	-	-	-	-	-
Total	\$20,905	\$ 19,519	\$ 130,290	\$ 74,847	\$ 184	\$ -	\$245,745

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 three months of 2016 and 2015 totaling \$36.8 million and \$32.0 million, respectively, under such parameters

Edgar Filing: Ameris Bancorp - Form 10-Q

As of March 31, 2016, December 31, 2015 and March 31, 2015, the Company had a balance of \$17.5 million, \$16.4 million and \$13.9 million, respectively, in troubled debt restructurings, excluding purchased non-covered and covered loans. The Company has recorded \$1.2 million, \$1.3 million and \$1.6 million in previous charge-offs on such loans at March 31, 2016, December 31, 2015 and March 31, 2015, respectively. The Company's balance in the allowance for loan losses allocated to such troubled debt restructurings was \$2.7 million, \$2.7 million and \$1.6 million at March 31, 2016, December 31, 2015 and March 31, 2015, respectively. At March 31, 2016, the Company did not have any commitments to lend additional funds to debtors whose terms have been modified in troubled restructurings.

During the three months ending March 31, 2016 and 2015, the Company modified loans as troubled debt restructurings, excluding purchased non-covered and covered loans, with principal balances of \$1.7 million and \$2.7 million, 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 three months ending March 31, 2016 and 2015:

Loan class:	March 31, 2016		March 31, 2015	
	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial & agricultural	1	\$ 12	-	\$ -
Real estate – construction & development	-	-	-	-
Real estate – commercial & farmland	2	1,605	2	2,015
Real estate – residential	1	60	7	666
Consumer installment	-	-	3	17
Total	4	\$ 1,676	12	\$ 2,698

Troubled debt restructurings, excluding purchased non-covered and covered loans, with an outstanding balance of \$793,000 and \$1.5 million defaulted during the three months ended March 31, 2016 and 2015, 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 three months ending March 31, 2016 and 2015:

Loan class:	March 31, 2016		March 31, 2015	
	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial & agricultural	2	\$ 7	1	\$ 5
Real estate – construction & development	1	18	-	-
Real estate – commercial & farmland	1	194	3	746
Real estate – residential	9	563	6	748
Consumer installment	1	11	4	20
Total	14	\$ 793	14	\$ 1,519

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 nonaccrual at March 31, 2016, December 31, 2015 and March 31, 2015:

As of March 31, 2016	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial & agricultural	5	\$ 279	10	\$ 75
Real estate – construction & development	9	476	2	30
Real estate – commercial & farmland	17	5,945	3	1,871
Real estate – residential	52	7,648	19	1,040
Consumer installment	10	37	21	87
Total	93	\$ 14,385	55	\$ 3,103

As of December 31, 2015	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial & agricultural	4	\$ 240	10	\$ 110
Real estate – construction & development	11	792	3	63
Real estate – commercial & farmland	16	5,766	3	596
Real estate – residential	51	7,574	20	1,123
Consumer installment	12	46	23	94
Total	94	\$ 14,418	59	\$ 1,986

Edgar Filing: Ameris Bancorp - Form 10-Q

As of March 31, 2015	Accruing Loans		Non-Accruing Loans	
		Balance		Balance
Loan class:	#	<i>(in thousands)</i>	#	<i>(in thousands)</i>
Commercial, financial & agricultural	5	\$ 277	3	\$ 17
Real estate – construction & development	9	789	4	90
Real estate – commercial & farmland	20	7,309	1	64
Real estate – residential	42	4,513	11	736
Consumer installment	10	47	15	90
Total	86	\$ 12,935	34	\$ 997

As of March 31, 2016, December 31, 2015 and March 31, 2015, the Company had a balance of \$9.9 million, \$10.0 million and \$1.7 million, respectively, in troubled debt restructurings included in purchased non-covered loans. The Company has recorded \$377,000 in previous charge-offs on such loans at March 31, 2016 and December 31, 2015. The Company had not recorded any previous charge-offs on such loans at March 31, 2015. At March 31, 2016, the Company did not have any commitments to lend additional funds to debtors whose terms have been modified in troubled restructurings.

During the three months ending March 31, 2016 and 2015, the Company modified purchased non-covered loans as troubled debt restructurings, with principal balances of \$494,000 and \$5,000, respectively, and these modifications did not have a material impact on the Company's allowance for loan loss. The following table presents the purchased non-covered loans by class modified as troubled debt restructurings, which occurred during the three months ending March 31, 2016 and 2015:

Loan class:	March 31, 2016		March 31, 2015	
	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial & agricultural	-	\$ -	1	\$ 1
Real estate – construction & development	-	-	-	-
Real estate – commercial & farmland	1	29	-	-
Real estate – residential	1	465	-	-
Consumer installment	-	-	1	4
Total	2	\$ 494	2	\$ 5

Troubled debt restructurings included in purchased non-covered loans with an outstanding balance of \$12,000 and \$329,000 defaulted during the three months ended March 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 three months ending March 31, 2016 and 2015:

Loan class:	March 31, 2016		March 31, 2015	
	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial & agricultural	-	\$ -	-	\$ -
Real estate – construction & development	1	12	1	328
Real estate – commercial & farmland	-	-	-	-
Real estate – residential	-	-	-	-
Consumer installment	-	-	1	1
Total	1	\$ 12	2	\$ 329

The following table presents the amount of troubled debt restructurings by loan class of purchased non-covered loans, classified separately as accrual and nonaccrual at March 31, 2016, December 31, 2015 and March 31, 2015:

As of March 31, 2016	Accruing Loans		Non-Accruing Loans	
	Loan class:	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial & agricultural	1	\$ 2	2	\$ 19
Real estate – construction & development	2	510	3	39
Real estate – commercial & farmland	12	6,003	4	431
Real estate – residential	12	2,397	5	486
Consumer installment	2	5	2	2
Total	29	\$ 8,917	16	\$ 977

As of December 31, 2015	Accruing Loans		Non-Accruing Loans	
	Loan class:	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial & agricultural	1	\$ 2	2	\$ 21
Real estate – construction & development	1	363	3	42
Real estate – commercial & farmland	14	6,214	3	412
Real estate – residential	13	2,789	4	180
Consumer installment	2	5	2	3
Total	31	\$ 9,373	14	\$ 658

As of March 31, 2015	Accruing Loans		Non-Accruing Loans	
	Loan class:	#	Balance (in thousands)	#
Commercial, financial & agricultural	-	\$ -	1	\$ 1
Real estate – construction & development	1	328	-	-
Real estate – commercial & farmland	3	720	1	69
Real estate – residential	5	477	2	93
Consumer installment	1	1	1	4
Total	10	\$ 1,526	5	\$ 167

As of March 31, 2016, December 31, 2015 and March 31, 2015, the Company had a balance of \$15.7 million, \$15.5 million and \$23.3 million, respectively, in troubled debt restructurings included in covered loans. The Company has recorded \$1.2 million, \$1.2 million and \$1.1 million in previous charge-offs on such loans at March 31, 2016, December 31, 2015 and March 31, 2015, respectively. At March 31, 2016, the Company did not have any commitments to lend additional funds to debtors whose terms have been modified in troubled restructurings.

During the three months ending March 31, 2016 and 2015, the Company modified covered loans as troubled debt restructurings with principal balances of \$574,000 and \$115,000, 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, during the three months ending March 31, 2016 and 2015:

Loan class:	March 31, 2016		March 31, 2015	
	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial & agricultural	1	\$ 76	-	\$ -
Real estate – construction & development	-	-	-	-
Real estate – commercial & farmland	1	475	-	-
Real estate – residential	1	23	2	115
Consumer installment	-	-	-	-
Total	3	\$ 574	2	\$ 115

Troubled debt restructurings of covered loans with an outstanding balance of \$1.1 million and \$2.1 million defaulted during the three months ended March 30, 2016 and 2015, 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 three months ending March 31, 2016 and 2015:

Loan class:	March 31, 2016		March 31, 2015	
	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial & agricultural	-	\$ -	-	\$ -
Real estate – construction & development	-	-	-	-
Real estate – commercial & farmland	1	613	2	1,728
Real estate – residential	7	489	5	362
Consumer installment	-	-	-	-
Total	8	\$ 1,102	7	\$ 2,090

The following table presents the amount of troubled debt restructurings by loan class of covered loans, classified separately as accrual and nonaccrual at March 31, 2016, December 31, 2015 and March 31, 2015:

As of March 31, 2016	Accruing Loans		Non-Accruing Loans	
	Loan class:	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial & agricultural	-	\$ -	3	\$ 77
Real estate – construction & development	4	790	-	-
Real estate – commercial & farmland	3	1,311	5	2,133
Real estate – residential	96	10,200	26	1,224
Consumer installment	1	7	-	-
Total	104	\$ 12,308	34	\$ 3,434

As of December 31, 2015	Accruing Loans		Non-Accruing Loans	
	Loan class:	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial & agricultural	-	\$ -	2	\$ 1
Real estate – construction & development	4	779	-	-
Real estate – commercial & farmland	4	1,967	3	1,067
Real estate – residential	97	10,529	26	1,116
Consumer installment	2	8	-	-
Total	107	\$ 13,283	31	\$ 2,184

As of March 31, 2015	Accruing Loans		Non-Accruing Loans	
	Loan class:	#	Balance (in thousands)	#
Commercial, financial & agricultural	1	\$ 3	2	\$ -
Real estate – construction & development	3	2,819	1	13
Real estate – commercial & farmland	13	6,461	2	1,736
Real estate – residential	97	11,436	10	821
Consumer installment	1	2	-	-
Total	115	\$ 20,721	15	\$ 2,570

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 nonaccrual, 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 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. 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.

Edgar Filing: Ameris Bancorp - Form 10-Q

The following table details activity in the allowance for loan losses by portfolio segment for the three months ended March 31, 2016, the year ended December 31, 2015 and the three months ended March 31, 2015. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

	Commercial, & agricultural	Real estate – construction & development	Real estate – commercial & farmland	Real estate – residential	Consumer installment loans and Other	Purchased non-covered loans, including pools	Covered loans	Total
Three months ended March 31, 2016:								
Balance, January 1, 2016	\$1,144	\$ 5,009	\$ 7,994	\$ 4,760	\$ 1,574	\$ 581	\$-	\$21,062
Provision for loan losses	788	(1,051)	(669)	25	399	828	361	681
Loans charged off	(406)	(155)	(347)	(468)	(59)	(307)	(72)	(1,814)
Recoveries of loans previously charged off	73	122	121	314	25	658	240	1,553
Balance, March 31, 2016	\$1,599	\$ 3,925	\$ 7,099	\$ 4,631	\$ 1,939	\$ 1,760	\$ 529	\$21,482
Period-end amount allocated to:								
Loans individually evaluated for impairment	\$400	\$ 733	\$ 873	\$ 2,153	\$-	\$ 454	\$ 529	\$5,142
Loans collectively evaluated for impairment	1,199	3,192	6,226	2,478	1,939	1,306	-	16,340
Ending balance	\$1,599	\$ 3,925	\$ 7,099	\$ 4,631	\$ 1,939	\$ 1,760	\$ 529	\$21,482
Loans:	\$799	\$ 1,604	\$ 12,050	\$ 9,540	\$-	\$ 17,032	\$ 21,429	\$62,454

Edgar Filing: Ameris Bancorp - Form 10-Q

Individually evaluated for impairment								
Collectively evaluated for impairment	433,274	263,216	1,142,837	619,598	45,089	1,635,551	28,937	4,168,502
Acquired with deteriorated credit quality	-	-	-	-	-	134,070	79,913	213,983
Ending balance	\$434,073	\$264,820	\$1,154,887	\$629,138	\$45,089	\$1,786,653	\$130,279	\$4,444,939

	Commercial, financial & agricultural	Real estate – construction & development	Real estate – commercial & farmland	Real estate – residential	Consumer installment loans and Other	Purchased non-covered loans, including pools	Covered loans	Total
(Dollars in Thousands)								
Twelve months ended December 31, 2015:								
Balance, January 1, 2015	\$2,004	\$5,030	\$8,823	\$4,129	\$1,171	\$-	\$-	\$21,157
Provision for loan losses	(73)	278	1,221	2,067	676	344	751	5,264
Loans charged off	(1,438)	(622)	(2,367)	(1,587)	(410)	(950)	(1,759)	(9,133)
Recoveries of loans previously charged off	651	323	317	151	137	1,187	1,008	3,774
Balance, December 31, 2015	\$1,144	\$5,009	\$7,994	\$4,760	\$1,574	\$581	\$-	\$21,062
Period-end amount allocated to:								
Loans individually evaluated for impairment	\$126	\$759	\$1,074	\$2,172	\$-	\$-	\$-	\$4,131
Loans collectively evaluated for impairment	1,018	4,250	6,920	2,588	1,574	581	-	16,931
Ending balance	\$1,144	\$5,009	\$7,994	\$4,760	\$1,574	\$581	\$-	\$21,062

Loans:

Edgar Filing: Ameris Bancorp - Form 10-Q

Individually evaluated for impairment	\$323	\$ 1,958	\$ 11,877	\$ 9,554	\$-	\$-	\$-	\$23,712
Collectively evaluated for impairment	449,300	242,735	1,093,114	560,876	37,140	1,261,821	52,451	3,697,437
Acquired with deteriorated credit quality	-	-	-	-	-	102,696	85,078	187,774
Ending balance	\$449,623	\$ 244,693	\$ 1,104,991	\$ 570,430	\$ 37,140	\$ 1,364,517	\$ 137,529	\$3,908,923

Edgar Filing: Ameris Bancorp - Form 10-Q

	Commercial & agricultural	Real estate – construction & development	Real estate – commercial & farmland	Real estate – residential	Consumer installment loans and Other	Purchased non-covered loans	Covered loans	Total
(Dollars in Thousands)								
Three months ended March 31, 2015:								
Balance, January 1, 2015	\$2,004	\$ 5,030	\$ 8,823	\$4,129	\$ 1,171	\$-	\$-	\$21,157
Provision for loan losses	(498)	347	(56)	1,090	217	(432)	401	1,069
Loans charged off	(392)	(97)	(12)	(268)	(86)	(230)	(563)	(1,648)
Recoveries of loans previously charged off	285	31	15	57	62	662	162	1,274
Balance, March 31, 2015	\$1,399	\$ 5,311	\$ 8,770	\$ 5,008	\$ 1,364	\$-	\$-	\$21,852
Period-end amount allocated to:								
Loans individually evaluated for impairment	\$230	\$ 627	\$ 2,123	\$ 1,837	\$-	\$-	\$-	\$4,817
Loans collectively evaluated for impairment	1,169	4,684	6,647	3,171	1,364	-	-	17,035
Ending balance	\$1,399	\$ 5,311	\$ 8,770	\$ 5,008	\$ 1,364	\$-	\$-	\$21,852
Loans:								
Individually evaluated for impairment	\$324	\$ 2,982	\$ 14,557	\$ 11,124	\$-	\$-	\$-	\$28,987
Collectively evaluated for impairment	334,593	175,586	932,717	484,919	42,618	552,837	108,113	2,631,383
Acquired with deteriorated credit quality	-	-	-	-	-	90,255	137,632	227,887
Ending balance	\$334,917	\$ 178,568	\$ 947,274	\$ 496,043	\$ 42,618	\$ 643,092	\$ 245,745	\$2,888,257

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:

Bank Acquired	Location	Branches	Date Acquired
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. 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.

Each acquisition with loss-sharing agreements has separate agreements for the single family residential assets (“SFR”) and the non-single family assets (“NSF”). The SFR agreements cover losses and recoveries for ten years. The NSF agreements are for eight years. During the first five years, losses and recoveries are covered. During the final three years, only recoveries, net of expenses, are covered. The AUB SFR agreement was terminated during 2012 and Ameris received a payment of \$87,000. The AUB and USB NSF agreements passed their five-year anniversaries during the fourth quarter of 2014, the SCB NSF agreement passed its five-year anniversary during the second quarter of 2015 and the FBJ, TBC and DBT NSF agreements passed their five-year anniversaries during the fourth quarter of 2015. Losses will no longer be reimbursed on these agreements. The remaining NSF assets for these six agreements have been reclassified to purchased non-covered loans and purchased non-covered other real estate owned.

At March 31, 2016, the Company’s FDIC loss-sharing receivable totaled \$1.2 million, which is comprised of \$5.1 million in indemnification asset (for reimbursements associated with anticipated losses in future quarters) and \$4.4 million in current charge-offs and expenses already incurred but not yet submitted for reimbursement, less the accrued clawback liability of \$8.3 million.

The following table summarizes components of all covered assets at March 31, 2016, December 31, 2015 and March 31, 2015 and their origin:

	Covered loans	Less: Fair value adjustments	Total covered loans	OREO	Less: Fair value adjustments	Total covered OREO	Total covered assets	FDIC loss-share receivable (payable)
As of March 31, 2016:								
AUB	\$ -	\$ -	\$-	\$-	\$ -	\$-	\$-	\$ 261
USB	3,561	(14)	3,547	-	-	-	3,547	(1,590)

Edgar Filing: Ameris Bancorp - Form 10-Q

SCB	5,187	(87)	5,100	-	-	-	5,100	138
FBJ	4,498	(541)	3,957	68	-	68	4,025	(20)
DBT	15,147	(1,000)	14,147	-	-	-	14,147	(3,451)
TBC	2,027	(10)	2,017	-	-	-	2,017	94
HTB	43,996	(3,750)	40,246	1,451	(328)	1,123	41,369	3,079
OGB	22,512	(1,249)	21,263	136	-	136	21,399	556
CBG	42,895	(2,893)	40,002	2,602	(165)	2,437	42,439	2,130
Total	\$ 139,823	\$ (9,544)	\$ 130,279	\$ 4,257	\$ (493)	\$ 3,764	\$ 134,043	\$ 1,197

Edgar Filing: Ameris Bancorp - Form 10-Q

	Covered loans	Less: Fair value adjustments	Total covered loans	OREO	Less: Fair value adjustments	Total covered OREO	Total covered assets	FDIC loss-share receivable (payable)
As of December 31, 2015:								
AUB	\$ -	\$ -	\$-	\$-	\$ -	\$-	\$-	\$ 111
USB	3,639	16	3,623	165	-	165	3,788	(1,424)
SCB	5,228	124	5,104	-	-	-	5,104	149
FBJ	4,782	562	4,220	41	-	41	4,261	252
DBT	15,934	1,131	14,803	-	-	-	14,803	(1,084)
TBC	2,159	11	2,148	-	-	-	2,148	1,446
HTB	44,405	3,881	40,524	2,433	643	1,790	42,314	3,875
OGB	27,561	1,900	25,661	160	-	160	25,821	913
CBG	44,865	3,419	41,446	3,139	284	2,855	44,301	2,063
Total	\$ 148,573	\$ 11,044	\$137,529	\$5,938	\$ 927	\$5,011	\$142,540	\$ 6,301

	Covered loans	Less: Fair value adjustments	Total covered loans	OREO	Less: Fair value adjustments	Total covered OREO	Total covered assets	FDIC loss-share receivable
<u>As of March 31, 2015:</u>								
AUB	\$ -	\$ -	\$-	\$-	\$ -	\$-	\$-	\$ 248
USB	4,031	19	4,012	165	-	165	4,177	(1,216)
SCB	23,803	512	23,291	2,474	389	2,085	25,376	2,093
FBJ	19,409	1,539	17,870	427	56	371	18,241	1,366

Edgar Filing: Ameris Bancorp - Form 10-Q

DBT	53,832	4,740	49,092	5,716	381	5,335	54,427	3,576
TBC	21,068	570	20,498	1,698	162	1,536	22,034	1,545
HTB	48,384	4,331	44,053	2,885	938	1,947	46,000	7,069
OGB	38,699	2,409	36,290	1,435	39	1,396	37,686	2,748
CBG	56,262	5,623	50,639	3,731	477	3,254	53,893	5,883
Total	\$ 265,488	\$ 19,743	\$245,745	\$18,531	\$ 2,442	\$16,089	\$261,834	\$ 23,312

Edgar Filing: Ameris Bancorp - Form 10-Q

A rollforward of acquired covered loans for the three months ended March 31, 2016, the year ended December 31, 2015 and the three months ended March 31, 2015 is shown below:

(Dollars in Thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Balance, January 1	\$ 137,529	\$ 271,279	\$ 271,279
Charge-offs	(361)	(5,558)	(2,812)
Accretion	1,487	9,658	4,466
Transfer to covered other real estate owned	(158)	(7,910)	(1,230)
Transfer to purchased, non-covered loans due to loss-share expiration	-	(50,568)	-
Payments received	(8,218)	(79,372)	(25,958)
Ending balance	\$ 130,279	\$ 137,529	\$ 245,745

The following is a summary of changes in the accretable discounts of acquired loans during the three months ended March 31, 2016, the year ended December 31, 2015 and the three months ended March 31, 2015:

(Dollars in Thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Balance, January 1	\$ 9,063	\$ 15,578	\$ 15,578
Accretion	(1,487)	(9,658)	(4,466)
Transfer to purchased, non-covered loans due to loss-share expiration	-	(1,665)	-
Transfers between non-accretable and accretable discounts, net	366	4,808	1,853
Ending balance	\$ 7,942	\$ 9,063	\$ 12,965

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 March 31, 2016, December 31, 2015 and March 31, 2015, the Company has recorded a clawback liability of \$8.3 million, \$8.2 million and \$6.8 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 three months ended March 31, 2016, for the year ended December 31, 2015 and for the three months ended March 31, 2015 are as follows:

(Dollars in Thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Beginning balance, January 1	\$ 6,301	\$ 31,351	\$ 31,351
Payments received from FDIC	(3,299)	(19,273)	(6,390)
Amortization, net	(1,545)	(8,878)	(3,666)
Change in clawback liability	(91)	(2,008)	(569)

Edgar Filing: Ameris Bancorp - Form 10-Q

Increase in receivable due to:			
Charge-offs on covered loans	(673)	416	1,602
Write downs of covered other real estate	581	4,752	804
Reimbursable expenses on covered assets	244	2,582	651
Other activity, net	(321)	(2,641)	(471)
Ending balance	\$ 1,197	\$ 6,301	\$ 23,312

NOTE 6 – OTHER REAL ESTATE OWNED

The following is a summary of the activity in other real estate owned during the three months ended March 31, 2016, the year ended December 31, 2015 and the three months ended March 31, 2015:

(Dollars in Thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Beginning balance, January 1	\$ 16,147	\$ 33,160	\$ 33,160
Loans transferred to other real estate owned	1,044	11,261	2,444
Net gains (losses) on sale and write-downs	(736)	(9,971)	(958)
Sales proceeds	(1,488)	(18,303)	(2,307)
Ending balance	\$ 14,967	\$ 16,147	\$ 32,339

The following is a summary of the activity in purchased, non-covered other real estate owned during the three months ended March 31, 2016, the year ended December 31, 2015 and the three months ended March 31, 2015:

(Dollars in Thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Beginning balance, January 1	\$ 14,333	\$ 15,585	\$ 15,585
Loans transferred to other real estate owned	1,243	4,473	1,094
Acquired in acquisitions	1,838	2,160	-
Transfer from covered other real estate owned due to loss-share expiration	-	3,148	-
Net gains (losses) on sale and write-downs	58	201	129
Sales proceeds	(2,424)	(11,234)	(2,990)
Ending balance	\$ 15,048	\$ 14,333	\$ 13,818

The following is a summary of the activity in covered other real estate owned during the three months ended March 31, 2016, the year ended December 31, 2015 and the three months ended March 31, 2015:

(Dollars in Thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Beginning balance, January 1	\$ 5,011	\$ 19,907	\$ 19,907
Loans transferred to other real estate owned	158	7,910	1,230
Transfer from covered other real estate owned due to loss-share expiration	-	(3,148)	-
Net gains (losses) on sale and write-downs	(821)	(5,926)	(1,005)
Sales proceeds	(584)	(13,732)	(4,043)
Ending balance	\$ 3,764	\$ 5,011	\$ 16,089

NOTE 7 – 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 Ended March 31, 2016 2015 (share data in thousands)	
Basic average shares outstanding	32,752	30,443
Plus: Dilutive effect of ISOs	114	124
Plus: Dilutive effect of Restricted Share Grants	188	229
Diluted average shares outstanding	33,054	30,796

The Company has not excluded any potential common shares at March 31, 2016 and March 31, 2015.

NOTE 8 – 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 March 31, 2016, December 31, 2015 and March 31, 2015, 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 March 31, 2016, December 31, 2015 and March 31, 2015:

Edgar Filing: Ameris Bancorp - Form 10-Q

(Dollars in Thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Securities sold under agreements to repurchase	\$ 43,741	\$ 63,585	\$ 55,520

At March 31, 2016, December 31, 2015 and March 31, 2015, the investment securities underlying these agreements were all mortgage-backed securities.

NOTE 9 – 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 March 31, 2016, December 31, 2015 and March 31, 2015, there were \$110.5 million, \$39.0 million and \$43.9 million, respectively, outstanding borrowings with the Company's correspondent banks.

Other borrowings consist of the following:

(Dollars in Thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Daily Rate Credit from Federal Home Loan Bank with a fixed interest rate of 0.51%	\$47,000	\$ -	\$ -
Advance from Federal Home Loan Bank with a fixed interest rate of 2.81%, due July 15, 2016	\$2,518	\$ -	\$ -
Advance from Federal Home Loan Bank with a fixed interest rate of 1.40%, due January 9, 2017	\$4,020	\$ -	\$ -
Advance from Federal Home Loan Bank with a fixed interest rate of 1.23%, due May 30, 2017	\$5,017	\$ -	\$ -
Advances under revolving credit agreement with a regional bank with interest at 90-day LIBOR plus 3.50% (3.78% at March 31, 2016, 3.92% at December 31, 2015 and 3.73% at March 31, 2015) due in August 2017, secured by subsidiary bank stock	36,000	24,000	24,000
Advances under revolving credit agreement with a regional bank with a fixed interest rate of 8.00% due January 2017	879	-	-
Advance from correspondent bank with a fixed interest rate of 4.50%, due November 27, 2017, secured by subsidiary bank loan receivable	-	-	4,851
Advance from correspondent bank with a fixed interest rate of 4.25%, due October 15, 2019, secured by subsidiary bank loan receivable	97	-	-
Subordinated debt issued by The Prosperity Banking Company due September 2016 with an interest rate of 90-day LIBOR plus 1.75% (2.38% at March 31, 2016, 2.28% at December 31, 2015 and 2.02% at March 31, 2015)	15,000	15,000	15,000
Total	\$ 110,531	\$ 39,000	\$ 43,851

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 March 31, 2016, \$309.4 million was available for borrowing on lines with the FHLB.

Edgar Filing: Ameris Bancorp - Form 10-Q

As of March 31, 2016, the Company maintained credit arrangements with various financial institutions to purchase federal funds up to \$55 million.

At March 31, 2016, \$4.0 million was available for borrowing under the revolving credit agreement with a regional bank, secured by subsidiary bank stock.

The Company also participates in the Federal Reserve discount window borrowings. At March 31, 2016, the Company had \$677.4 million of loans pledged at the Federal Reserve discount window and had \$432.0 million available for borrowing.

NOTE 10 – 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:

(Dollars in Thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Commitments to extend credit	\$ 604,133	\$ 548,898	\$ 328,191
Unused lines of credit	\$ 52,814	\$ 52,798	\$ 143,962
Financial standby letters of credit	\$ 81,599	\$ 14,712	\$ 10,548
Mortgage interest rate lock commitments	\$ 135,250	\$ 77,710	\$ 91,482

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 on August 8, 2013. 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 March 31, 2016, 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.

NOTE 11 – 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 March 31, 2016 and 2015.

(Dollars in Thousands)	Unrealized Gain (Loss) on Derivatives	Unrealized Gain (Loss) on Securities	Accumulated Other Comprehensive Income (Loss)
Balance, January 1, 2016	\$ 152	\$ 3,201	\$ 3,353
Reclassification for gains included in net income, net of tax	-	(61	) (61
Current year changes, net of tax	(615	) 3,734	3,119
Balance, March 31, 2016	\$ (463	) \$ 6,874	\$ 6,411

(Dollars in Thousands)	Unrealized Gain (Loss) on Derivatives	Unrealized Gain (Loss) on Securities	Accumulated Other Comprehensive Income (Loss)
Balance, January 1, 2015	\$ 508	\$ 5,590	\$ 6,098
Reclassification for gains included in net income, net of tax	-	(8	) (8
Current year changes, net of tax	(387	) 650	263
Balance, March 31, 2015	\$ 121	\$ 6,232	\$ 6,353

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 \$3.0 million and \$2.6 million resulting from fair value changes of these mortgage loans were recorded in income during the three months ended March 31, 2016 and 2015, 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 March 31, 2016, December 31, 2015 and March 31, 2015:

	March 31, 2016	December 31, 2015	March 31, 2015
	(Dollars in Thousands)		
Aggregate Fair Value of Mortgage Loans held for sale	\$97,439	\$ 111,182	\$ 73,796
Aggregate Unpaid Principal Balance	\$94,346	\$ 107,652	\$ 70,905
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

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.

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 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.

Intangible Assets and Goodwill: Intangible assets consist of core deposit premiums acquired in connection with business combinations and are based on the established value of acquired customer deposits. The core deposit premium is initially recognized based on a valuation performed as of the consummation date and is amortized over an estimated useful life of three to ten years. Goodwill represents the excess of the purchase price over the fair value of the net identifiable assets acquired in a business combination. Goodwill and other intangible assets deemed to have an indefinite useful life are not amortized but instead are subject to an annual review for impairment.

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.

Cash Value of Bank Owned Life Insurance: The carrying value of cash value of bank owned life insurance 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.

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 March 31, 2016, December 31, 2015 and March 31, 2015, 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.

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 March 31, 2016, December 31, 2015 and March 31, 2015 (dollars in thousands):

	Fair Value Measurements on a Recurring Basis As of March 31, 2016			
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. government agencies	\$ 7,628	\$ -	\$ 7,628	\$ -
State, county and municipal securities	157,533	-	157,533	-
Corporate debt securities	8,522	-	7,022	1,500
Mortgage-backed securities	663,420	-	663,420	-

Edgar Filing: Ameris Bancorp - Form 10-Q

Mortgage loans held for sale	97,439	-	97,439	-
Mortgage banking derivative instruments	4,234	-	4,234	-
Total recurring assets at fair value	\$ 938,763	\$ -	\$ 937,263	\$ 1,500
Derivative financial instruments	\$ 2,281	\$ -	\$ 2,281	\$ -
Mortgage banking derivative instruments	592	-	592	-
Total recurring liabilities at fair value	\$ 2,873	\$ -	\$ 2,873	\$ -

Fair Value Measurements on a Recurring Basis
As of December 31, 2015

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. government agencies	\$ 14,890	\$ -	\$ 14,890	\$ -
State, county and municipal securities	161,316	-	161,316	-
Corporate debt securities	6,017	-	3,019	2,998
Mortgage-backed securities	600,962	-	600,962	-
Mortgage loans held for sale	111,182	-	111,182	-
Mortgage banking derivative instruments	2,687	-	2,687	-
Total recurring assets at fair value	\$ 897,054	\$ -	\$ 894,056	\$ 2,998
Derivative financial instruments	\$ 1,439	\$ -	\$ 1,439	\$ -
Mortgage banking derivative instruments	137	-	137	-
Total recurring liabilities at fair value	\$ 1,576	\$ -	\$ 1,576	\$ -

Fair Value Measurements on a Recurring Basis
As of March 31, 2015

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. government agencies	\$ 14,984	\$ -	\$ 14,984	\$ -
State, county and municipal securities	159,064	-	159,064	-
Corporate debt securities	10,935	-	8,435	2,500
Mortgage-backed securities	425,347	-	425,347	-
Mortgage loans held for sale	73,796	-	73,796	-
Mortgage banking derivative instruments	4,006	-	4,006	-
Total recurring assets at fair value	\$ 688,132	\$ -	\$ 685,632	\$ 2,500
Derivative financial instruments	\$ 1,805	\$ -	\$ 1,805	\$ -
Mortgage banking derivative instruments	548	-	548	-
Total recurring liabilities at fair value	\$ 2,353	\$ -	\$ 2,353	\$ -

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 March 31, 2016, December 31, 2015 and March 31, 2015 (dollars in thousands):

Fair Value Measurements on a Nonrecurring Basis
As of March 31, 2016

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Impaired loans carried at fair value	\$ 25,831	\$ -	\$ -	\$ 25,831
Other real estate owned	1,857	-	-	1,857
Purchased, non-covered other real estate owned	15,048	-	-	15,048
Covered other real estate owned	3,764	-	-	3,764
Total nonrecurring assets at fair value	\$ 46,500	\$ -	\$ -	\$ 46,500

Fair Value Measurements on a Nonrecurring Basis
As of December 31, 2015

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Impaired loans carried at fair value	\$ 27,069	\$ -	\$ -	\$ 27,069
Other real estate owned	10,456	-	-	10,456
Purchased, non-covered other real estate owned	14,333	-	-	14,333
Covered other real estate owned	5,011	-	-	5,011
Total nonrecurring assets at fair value	\$ 56,869	\$ -	\$ -	\$ 56,869

Fair Value Measurements on a Nonrecurring Basis
As of March 31, 2015

Fair Value	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
------------	--	---	---

Edgar Filing: Ameris Bancorp - Form 10-Q

		(Level 1)		
Impaired loans carried at fair value	\$ 28,867	\$ -	\$ -	\$ 28,867
Purchased, non-covered other real estate owned	13,818	-	-	13,818
Covered other real estate owned	16,089	-	-	16,089
Total nonrecurring assets at fair value	\$ 58,774	\$ -	\$ -	\$ 58,774

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 three months ended March 31, 2016, the year ended December 31, 2015 and the three months ended March 31, 2015, 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:

	Fair Value	Valuation Technique	Unobservable Inputs	Range of Discounts	Weighted Average Discount	
As of March 31, 2016						
Nonrecurring:						
Impaired loans	\$25,830	Third-party appraisals and discounted cash flows	Collateral discounts and discount rates	0% - 100 %	27	%
Other real estate owned	\$1,857	Third-party appraisals, sales contracts, broker price opinions	Collateral discounts and estimated costs to sell	10% -90 %	13	%
Purchased non-covered real estate owned	\$15,048	Third-party appraisals	Collateral discounts and estimated costs to sell	10% -75 %	16	%
Covered real estate owned	\$3,764	Third-party appraisals	Collateral discounts and estimated costs to sell	15% - 59 %	17	%
Recurring:						
Investment securities available for sale	\$1,500	Discounted par values	Credit quality of underlying issuer	0 %	0	%
As of December 31, 2015						
Nonrecurring:						
Impaired loans	\$27,069	Third-party appraisals and discounted cash flows	Collateral discounts and discount rates	0% - 100 %	29	%
Other real estate owned	\$10,456	Third-party appraisals, sales contracts, broker price opinions	Collateral discounts and estimated costs to sell	10% -90 %	13	%
	\$14,333	Third-party appraisals		10% -69 %	19	%

Edgar Filing: Ameris Bancorp - Form 10-Q

Purchased non-covered real estate owned			Collateral discounts and estimated costs to sell				
Covered real estate owned	\$5,011	Third-party appraisals	Collateral discounts and estimated costs to sell	0% - 74	%	12	%
Recurring:							
Investment securities available for sale	\$2,998	Discounted par values	Credit quality of underlying issuer	0	%	0	%
As of March 31, 2015							
Nonrecurring:							
Impaired loans	\$28,867	Third-party appraisals and discounted cash flows	Collateral discounts and discount rates	0% - 70	%	24	%
Purchased non-covered real estate owned	\$13,818	Third-party appraisals	Collateral discounts and estimated costs to sell	10% - 96	%	16	%
Covered real estate owned	\$16,089	Third-party appraisals	Collateral discounts and estimated costs to sell	10% - 70	%	9	%
Recurring:							
Investment securities available for sale	\$2,500	Discounted par values	Credit quality of underlying issuer	0	%	0	%

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

	Carrying Amount	Fair Value Measurements at March 31, 2016 Using:			Total
		Level 1	Level 2	Level 3	
(Dollars in Thousands)					
Financial assets:					
Cash and due from banks	\$ 146,863	\$ 146,863	\$ -	\$ -	\$ 146,863
Federal funds sold and interest-bearing accounts	107,373	107,373	-	-	107,373
Loans, net	4,495,066	-	-	4,518,521	4,518,521
FDIC loss-share receivable	1,197	-	-	(5,114)	(5,114)
Accrued interest receivable	20,940	20,940	-	-	20,940
Financial liabilities:					
Deposits	\$ 5,230,787	\$ -	\$ 5,231,556	\$ -	\$ 5,231,556
Securities sold under agreements to repurchase	43,741	43,741	-	-	43,741
Other borrowings	110,531	-	110,531	-	110,531
Accrued interest payable	1,119	1,119	-	-	1,119
Subordinated deferrable interest debentures	83,237	-	66,783	-	66,783

	Carrying Amount	Fair Value Measurements at December 31, 2015 Using:			Total
		Level 1	Level 2	Level 3	
(Dollars in Thousands)					
Financial assets:					
Cash and due from banks	\$ 118,518	\$ 118,518	\$ -	\$ -	\$ 118,518
Federal funds sold and interest-bearing accounts	272,045	272,045	-	-	272,045
Loans, net	3,971,974	-	-	3,982,606	3,982,606
FDIC loss-share receivable	6,301	-	-	(944)	(944)
Accrued interest receivable	21,274	21,274	-	-	21,274
Financial liabilities:					
Deposits	\$ 4,879,290	\$ -	\$ 4,880,294	\$ -	\$ 4,880,294
Securities sold under agreements to repurchase	63,585	63,585	-	-	63,585
Other borrowings	39,000	-	39,000	-	39,000
Accrued interest payable	1,054	1,054	-	-	1,054
Subordinated deferrable interest debentures	69,874	-	52,785	-	52,785

Fair Value Measurements at March 31, 2015 Using:

	Carrying Amount	Level 1	Level 2	Level 3	Total
(Dollars in Thousands)					
Financial assets:					
Cash and due from banks	\$80,142	\$80,142	\$-	\$-	\$80,142
Federal funds sold and interest-bearing accounts	126,157	126,157	-	-	126,157
Loans, net	2,837,538	-	-	2,885,524	2,885,524
FDIC loss-share receivable	23,312	-	-	9,990	9,990
Accrued interest receivable	15,332	15,332	-	-	15,332
Financial liabilities:					
Deposits	\$3,480,231	\$-	\$3,481,470	\$-	\$3,481,470
Securities sold under agreements to repurchase	55,520	55,520	-	-	55,520
Other borrowings	43,851	-	43,851	-	43,851
Accrued interest payable	1,177	1,177	-	-	1,177
Subordinated deferrable interest debentures	65,567	-	47,055	-	47,055

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 March 31, 2016 and 2015:

	Three Months Ended March 31, 2016				Total
	Banking Division	Retail Mortgage Division	Warehouse Lending Division	SBA Division	
	(Dollars in Thousands)				
Interest income	\$49,779	\$ 3,020	\$ 1,019	\$ 741	\$54,559
Interest expense	3,978	-	-	145	4,123
Net interest income	45,801	3,020	1,019	596	50,436
Provision for loan losses	681	-	-	-	681
Noninterest income	12,735	9,624	333	1,594	24,286
Noninterest expense					
Salaries and employee benefits	18,989	6,347	188	663	26,187
Equipment and occupancy expenses	5,150	488	1	61	5,700
Data processing and telecommunications expenses	5,820	272	20	1	6,113
Other expenses	16,436	956	25	183	17,600
Total noninterest expense	46,395	8,063	234	908	55,600
Income before income tax expense	11,460	4,581	1,118	1,282	18,441
Income tax expense	3,681	1,603	391	449	6,124
Net income	\$7,779	\$ 2,978	\$ 727	\$ 833	\$12,317
Total assets	\$5,634,850	\$ 260,038	\$ 137,461	\$ 65,422	\$6,097,771
Other intangible assets, net	\$21,892	\$ -	\$ -	\$ -	\$21,892
Goodwill	\$121,512	\$ -	\$ -	\$ -	\$121,512

Three Months Ended**March 31, 2015**

	Banking Division	Retail Mortgage Division	Warehouse Lending Division	SBA Division	Total
	(Dollars in Thousands)				
Interest income	\$39,297	\$ 1,545	\$ 835	\$ 691	\$42,368
Interest expense	3,458	-	-	78	3,536
Net interest income	35,839	1,545	835	613	38,832
Provision for loan losses	927	142	-	-	1,069
Noninterest income	8,780	7,610	273	912	17,575

Edgar Filing: Ameris Bancorp - Form 10-Q

Noninterest expense					
Salaries and employee benefits	15,362	4,527	127	616	20,632
Equipment and occupancy expenses	4,144	380	2	28	4,554
Data processing and telecommunications expenses	4,011	212	33	4	4,260
Other expenses	10,356	932	36	57	11,381
Total noninterest expense	33,873	6,051	198	705	40,827
Income before income tax expense	9,819	2,962	910	820	14,511
Income tax expense	3,105	1,037	319	287	4,747
Net income	\$6,714	\$ 1,925	\$ 592	\$ 533	\$9,764
Total assets	\$3,839,417	\$ 154,766	\$ 89,711	\$ 69,010	\$4,152,904
Other intangible assets, net	\$7,591	\$ -	\$ -	\$ -	\$7,591
Goodwill	\$63,547	\$ -	\$ -	\$ -	\$63,547

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,” “could,” “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

Edgar Filing: Ameris Bancorp - Form 10-Q

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 March 31, 2016, as compared with December 31, 2015, and operating results for the three-month periods ended March 31, 2016 and 2015. 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.

Edgar Filing: Ameris Bancorp - Form 10-Q

	2016	2015			
(in thousands, except share data, taxable equivalent)	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Results of Operations:					
Net interest income	\$50,436	\$48,618	\$47,399	\$40,688	\$38,832
Net interest income (tax equivalent)	51,177	49,403	48,120	41,267	39,323
Provision for loan losses	681	553	986	2,656	1,069
Non-interest income	24,286	22,407	24,978	20,626	17,575
Non-interest expense	55,600	53,028	48,396	56,864	40,827
Income tax expense	6,124	3,296	7,368	486	4,747
Net income available to common shareholders	12,317	14,148	15,627	1,308	9,764
Selected Average Balances:					
Mortgage loans held for sale	\$82,803	\$98,765	\$102,961	\$81,823	\$75,831
Loans, net of unearned income	2,410,747	2,333,577	2,224,490	2,111,507	1,911,601
Purchased non-covered loans	836,187	752,508	788,351	671,705	650,331
Purchased loan pools	627,178	454,884	323,258	17,308	-
Covered loans	134,383	180,493	195,175	246,422	262,693
Investment securities	806,699	809,641	854,123	680,426	566,601
Earning assets	5,106,011	4,926,671	4,692,915	3,999,148	3,630,843
Assets	5,618,397	5,427,367	5,213,275	4,464,558	4,079,750
Deposits	4,874,310	4,724,531	4,539,715	3,770,253	3,432,127
Common shareholders' equity	542,264	513,098	494,957	491,959	452,132
Period-End Balances:					
Mortgage loans held for sale	\$97,439	\$111,182	\$111,807	\$108,829	\$73,796
Loans, net of unearned income	2,528,007	2,406,877	2,290,649	2,171,600	1,999,420
Purchased non-covered loans	1,129,919	771,554	767,494	808,313	643,092
Purchased loan pools	656,734	592,963	410,072	268,984	-
Covered loans	130,279	137,529	191,021	209,598	245,745
Earning assets	5,486,854	5,075,335	4,703,353	4,669,282	3,698,540
Total assets	6,097,771	5,588,940	5,216,300	5,205,734	4,152,904
Deposits	5,230,787	4,879,290	4,530,523	4,511,547	3,480,231
Common shareholders' equity	600,828	514,759	502,300	486,770	489,783
Per Common Share Data:					
Earnings per share – Basic	\$0.38	\$0.44	\$0.49	\$0.04	\$0.32
Earnings per share – Diluted	0.37	0.43	0.48	0.04	0.32
Common book value per share	17.25	15.98	15.60	15.12	15.22
Tangible book value per share	13.13	12.65	12.31	11.81	13.01
End of period shares outstanding	34,837,454	32,211,385	32,196,117	32,195,089	32,182,143
Weighted average shares outstanding					
Basic	32,752,063	32,199,632	32,195,435	32,184,355	30,442,998
Diluted	33,053,554	32,594,929	32,553,167	32,520,453	30,796,148
Market Data:					
High closing price	\$32.68	\$34.90	\$28.75	\$26.87	\$26.55
Low closing price	25.09	27.65	24.97	24.73	22.75

Edgar Filing: Ameris Bancorp - Form 10-Q

Closing price for quarter	29.58		33.99		28.75		25.29		26.39	
Average daily trading volume	253,779		301,775		174,900		107,413		105,152	
Cash dividends per share	0.05		0.05		0.05		0.05		0.05	
Closing price to book value	1.71		2.13		1.84		1.67		1.73	
Performance Ratios:										
Return on average assets	0.88	%	1.03	%	1.19	%	0.12	%	0.97	%
Return on average common equity	9.14	%	10.94	%	12.53	%	1.07	%	8.76	%
Average loan to average deposits	83.94	%	80.86	%	80.05	%	82.53	%	84.51	%
Average equity to average assets	9.65	%	9.45	%	9.49	%	11.02	%	11.08	%
Net interest margin (tax equivalent)	4.03	%	3.98	%	4.07	%	4.14	%	4.39	%
Efficiency ratio (tax equivalent)	74.41	%	74.66	%	66.87	%	92.74	%	72.38	%

Results of Operations for the Three Months Ended March 31, 2016***Consolidated Earnings and Profitability***

Ameris reported net income available to common shareholders of \$12.3 million, or \$0.37 per diluted share, for the quarter ended March 31, 2016, compared with \$9.8 million, or \$0.32 per diluted share, for the same quarter in 2015. The Company's returns on average assets and average stockholders' equity in the first quarter of 2016 were 0.88% and 9.14%, respectively, compared with 0.97% and 8.76%, respectively, in the first quarter of 2015. During the first quarter of 2016, the Company recorded \$4.2 million of after-tax merger and conversion charges related to the acquisition of JAXB. Excluding these charges, the Company reported net income of \$16.5 million, or \$0.50 per diluted share, for the first quarter of 2016. The Company's mortgage banking activities have had a significant impact on the overall financial results of the Company. Below is a more detailed analysis of the retail banking activities, retail mortgage banking activities, warehouse lending activities and SBA activities of the Company during the first quarter of 2016 and 2015, respectively.

	Three Months Ended March 31, 2016				
	Banking Division	Retail Mortgage Division	Warehouse Lending Division	SBA Division	Total
	(Dollars in Thousands)				
Interest income	\$49,779	\$ 3,020	\$ 1,019	\$ 741	\$54,559
Interest expense	3,978	-	-	145	4,123
Net interest income	45,801	3,020	1,019	596	50,436
Provision for loan losses	681	-	-	-	681
Noninterest income	12,735	9,624	333	1,594	24,286
Noninterest expense					
Salaries and employee benefits	18,989	6,347	188	663	26,187
Equipment and occupancy expenses	5,150	488	1	61	5,700
Data processing and telecommunications expenses	5,820	272	20	1	6,113
Other expenses	16,436	956	25	183	17,600
Total noninterest expense	46,395	8,063	234	908	55,600
Income before income tax expense	11,460	4,581	1,118	1,282	18,441
Income tax expense	3,681	1,603	391	449	6,124
Net income	\$7,779	\$ 2,978	\$ 727	\$ 833	\$12,317

	Three Months Ended March 31, 2015				
	Banking Division	Retail Mortgage Division	Warehouse Lending	SBA Division	Total

Edgar Filing: Ameris Bancorp - Form 10-Q

	(Dollars in Thousands)		Division		
Interest income	\$39,297	\$ 1,545	\$ 835	\$ 691	\$42,368
Interest expense	3,458	-	-	78	3,536
Net interest income	35,839	1,545	835	613	38,832
Provision for loan losses	927	142	-	-	1,069
Noninterest income	8,780	7,610	273	912	17,575
Noninterest expense					
Salaries and employee benefits	15,362	4,527	127	616	20,632
Equipment and occupancy expenses	4,144	380	2	28	4,554
Data processing and telecommunications expenses	4,011	212	33	4	4,260
Other expenses	10,356	932	36	57	11,381
Total noninterest expense	33,873	6,051	198	705	40,827
Income before income tax expense	9,819	2,962	910	820	14,511
Income tax expense	3,105	1,037	319	287	4,747
Net income	\$6,714	\$ 1,925	\$ 592	\$ 533	\$9,764

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 March 31, 2016			2015				
	Average Balance	Interest Income/ Expense	Average Yield/ Rate Paid	Average Balance	Interest Income/ Expense	Average Yield/ Rate Paid		
ASSETS								
Interest-earning assets:								
Mortgage loans held for sale	\$82,803	\$ 755	3.67	%	\$75,831	\$ 692	3.70	%
Loans	2,410,747	28,684	4.79		1,911,601	22,418	4.76	
Purchased non-covered loans	836,187	13,133	6.32		650,331	11,840	7.38	
Purchased loan pools	627,178	5,144	3.30		-	-	-	
Covered loans	134,383	2,060	6.17		262,693	3,995	6.17	
Investment securities	806,699	5,188	2.59		566,601	3,786	2.71	
Short-term assets	208,014	336	0.65		163,786	128	0.32	
Total interest-earning assets	5,106,011	55,300	4.36		3,630,843	42,859	4.79	
Noninterest-earning assets	512,386				448,907			
Total assets	\$5,618,397				\$4,079,750			
LIABILITIES AND STOCKHOLDERS' EQUITY								
Interest-bearing liabilities:								
Savings and interest-bearing demand deposits	\$2,666,383	\$ 1,551	0.23	%	\$1,777,765	\$ 1,076	0.25	%
Time deposits	845,920	1,190	0.57		756,425	1,204	0.65	
Other borrowings	42,096	370	3.54		43,871	366	3.38	
FHLB advances	9,648	23	0.96		16,778	15	0.36	
Federal funds purchased and securities sold under agreements to repurchase	52,787	35	0.27		52,707	43	0.33	
Subordinated deferrable interest debentures	72,589	954	5.29		65,436	832	5.16	
Total interest-bearing liabilities	3,689,423	4,123	0.45		2,712,982	3,536	0.53	
Demand deposits	1,362,007				897,937			
Other liabilities	24,703				16,699			

Edgar Filing: Ameris Bancorp - Form 10-Q

Stockholders' equity	542,264			452,132		
Total liabilities and stockholders' equity	\$5,618,397			\$4,079,750		
Interest rate spread			3.91 %		4.26 %	
Net interest income		\$51,177			\$39,323	
Net interest margin			4.03 %		4.39 %	

On a tax-equivalent basis, net interest income for the first quarter of 2016 was \$51.2 million, an increase of \$11.9 million from the same quarter in 2015. The higher net interest income is a result of the acquisition activity during the second quarter of 2015, along with organic growth in the loan portfolio, and continued low rates in the Company's cost of funds. The Company's net interest margin decreased during the first quarter of 2016 to 4.03%, compared with 4.39% during the first quarter of 2015, but increased as compared with 3.98% reported in the fourth quarter of 2015.

Total interest income, on a tax-equivalent basis, during the first quarter of 2016 was \$55.3 million, compared with \$42.9 million in the same quarter of 2015. Yields on earning assets declined to 4.36%, compared with 4.79% reported in the first quarter of 2015. During the first quarter of 2016, loans comprised 80.1% of earning assets, compared with 79.9% in the same quarter of 2015. Yields on legacy loans increased to 4.79% in the first quarter of 2016, compared with 4.76% in the same period of 2015. The yield on purchased non-covered loans was 6.32% for the first quarter of 2016, compared with 7.38% in the same quarter of 2015. The yield on the newly acquired loan pools was 3.30% during the first quarter of 2016. Covered loan yields remained constant at 6.17% in the first quarter of 2016 and 2015. Management anticipates improving economic conditions and increased loan demand will provide consistent interest income.

Total cost of interest bearing liabilities improved from 0.53% in the first quarter of 2015 to 0.45% in the first quarter of 2016. Total funding costs, inclusive of noninterest bearing demand deposits, decreased to 0.33% in the first quarter of 2016, compared with 0.40% during the first quarter of 2015. Deposit costs decreased from 0.27% in the first quarter of 2015 to 0.23% in the first quarter of 2016. A continued shift in the funding mix toward noninterest-bearing demand and other lower cost deposit categories was the primary reason for the decline. Ongoing efforts to maintain the percentage of funding from transaction deposits have succeeded such that non-CD deposits averaged 82.6% of total deposits in the first quarter of 2016, compared with 78.0% during the first quarter of 2015. Lower costs on deposits were realized due mostly to the lower rate environment and the Company's ability to be less competitive on higher priced CDs due to its larger than normal position in short-term assets. Further opportunity to realize savings on deposits exists but may be limited due to current costs. Average balances of interest-bearing deposits and their respective costs for the first quarter of 2016 and 2015 are shown below:

(Dollars in Thousands)	March 31, 2016		March 31, 2015	
	Average Balance	Average Cost	Average Balance	Average Cost
NOW	\$1,137,076	0.17 %	\$756,795	0.20 %
MMDA	1,278,199	0.33 %	857,346	0.31 %
Savings	251,108	0.07 %	163,624	0.09 %
Retail CDs < \$100,000	438,122	0.47 %	372,463	0.56 %
Retail CDs > \$100,000	406,699	0.67 %	383,962	0.73 %
Brokered CDs	1,099	0.73 %	-	- %
Interest-bearing deposits	\$3,512,303	0.31 %	\$2,534,190	0.36 %

Provision for Loan Losses

The Company's provision for loan losses during the first quarter of 2016 amounted to \$681,000, compared with \$553,000 in the fourth quarter of 2015 and \$1.1 million in the first quarter of 2015. At March 31, 2016, classified loans still accruing totaled \$39.5 million, compared with \$52.6 million at March 31, 2015. Nonperforming loans as a percentage of loans (excluding covered loans) decreased from 1.44% at March 31, 2015 to 0.81% at March 31, 2016. Nonperforming loans as a percentage of total assets decreased from 0.92% at March 31, 2015 to 0.57% at March 31, 2016. Net charge-offs on loans during the first quarter of 2016 were \$780,000, or 0.12% of loans on an annualized basis, compared with \$405,000, or 0.08% of loans, in the first quarter of 2015. The Company's allowance for loan losses at March 31, 2016 was \$21.5 million, or 0.85% of total loans and 136.83% of nonperforming loans, compared with \$21.9 million, or 1.09% of total loans and 104.85% of nonperforming loans, at March 31, 2015.

Noninterest Income

Total noninterest income for the first quarter of 2016 was \$24.3 million, compared with \$17.6 million in the first quarter of 2015. Service charges on deposit accounts in the first quarter of 2016 increased to \$9.9 million, compared with \$6.4 million in the first quarter of 2015. Stronger growth in commercial and treasury management accounts contributed to the growth in income, as did growth in balances that resulted from the Company's acquisitions during the second quarter of 2015. Income from mortgage banking activity increased from \$8.1 million in the first three months of 2015 to \$10.2 million in the first three months of 2016 due to higher levels of production. Total production in the first quarter of 2016 amounted to \$268.6 million (85% retail and 15% wholesale), compared with \$188.3 million in the same quarter of 2015 (83% retail and 17% wholesale). Open pipelines finished the first quarter of 2016 at \$161.5 million, compared with \$94.5 million at the beginning of the first quarter of 2016 and \$110.9 million at the end of the first quarter of 2015. Other non-interest income increased from \$2.4 million during the first quarter of 2015 to \$3.0 million during the first quarter of 2016 due to the increase in gains on sales of SBA loans.

Noninterest Expense

Total noninterest expense for the first quarter of 2016 increased to \$55.6 million, compared with \$40.8 million at the same time in 2015. During the first quarter of 2016, the Company incurred merger and conversion charges of \$6.4 million, before tax, compared with only de minimis amounts in the first quarter of 2015. Increases in noninterest expenses were primarily the result of the acquisition of Merchants and the branch acquisition during the second quarter of 2015 and additional expenses related to increases in mortgage volume. Salaries and employee benefits increased from \$20.6 million in the first quarter of 2015 to \$26.2 million in the first quarter of 2016. Occupancy and equipment expense increased during the quarter from \$4.6 million in the first quarter of 2015 to \$5.7 million in the first quarter of 2016. Total data processing and telecommunications expense in the first quarter of 2016 was \$6.1 million, compared with \$4.3 million in the first quarter of 2015. Credit-related expenses, including problem loan and OREO expense and OREO write-downs and losses, decreased to \$1.8 million in the first quarter of 2016, compared with \$3.2 million in the first quarter of 2015. During the first quarter of 2015, the Company brought several larger non-performing assets closer to resolution and incurred higher than normal expenses associated with these efforts.

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 first quarter of 2016, the Company reported income tax expense of \$6.1 million, compared with \$4.7 million in the same period of 2015. The Company's effective tax rate for the three months ended March 31, 2016 and 2015 was 33.2% and 32.7%, respectively.

Balance Sheet Comparison

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 their fair 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.

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 March 31, 2016, 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 March 31, 2016, 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:

	Book Value	Fair Value	Yield	Modified Duration	Estimated Cash Flows 12 months
Dollars in Thousands					
March 31, 2016:					
U.S. government agencies	\$ 7,592	\$ 7,628	1.91 %	0.63	\$ 5,600
State, county and municipal securities	\$ 152,764	\$ 157,533	4.16 %	6.15	\$ 6,102
Corporate debt securities	\$ 8,407	\$ 8,522	3.08 %	7.13	\$ 1,500
Mortgage-backed securities	\$ 657,764	\$ 663,420	2.29 %	3.75	\$ 121,438
Total debt securities	\$ 826,527	\$ 837,103	2.64 %	4.20	\$ 134,640
March 31, 2015:					
U.S. government agencies	\$ 14,954	\$ 14,984	1.85 %	4.71	\$ -
State, county and municipal securities	\$ 154,499	\$ 159,064	4.07 %	6.31	\$ 8,352
Corporate debt securities	\$ 10,794	\$ 10,935	6.67 %	7.37	\$ 1,250
Mortgage-backed securities	\$ 420,497	\$ 425,347	2.26 %	3.69	\$ 84,117
Total debt securities	\$ 600,744	\$ 610,330	2.80 %	4.46	\$ 93,719

Loans and Allowance for Loan Losses

At March 31, 2016, gross loans outstanding (including purchased non-covered and covered loans and mortgage loans held for sale) were \$4.54 billion, an increase from the \$4.02 billion reported at December 31, 2015. Mortgage loans held for sale decreased from \$111.2 million at December 31, 2015 to \$97.4 million at March 31, 2016. Legacy loans (excluding purchased non-covered, purchased non-covered loan pools and covered loans) increased \$121.1 million, from \$2.41 billion at December 31, 2015 to \$2.53 billion at March 31, 2016. Purchased non-covered loans increased \$358.4 million, from \$771.6 million at December 31, 2015 to \$1.13 billion at March 31, 2016. Purchased non-covered loan pools increased \$63.8 million, from \$593.0 million at December 31, 2015 to \$656.7 million at March 31, 2016. Covered loans decreased \$7.3 million, from \$137.5 million at December 31, 2015 to \$130.3 million at March 31, 2016.

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.

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 three months ended March 31, 2016, the Company recorded net charge-offs totaling \$780,000, compared with 405,000 for the period ended March 31, 2015. The provision for loan losses for the three months ended March 31, 2016 decreased to \$681,000, compared with \$1.1 million during the three months ended March 31, 2015. At the end of the first quarter of 2016, the allowance for loan losses totaled \$21.5 million, or 0.85% of total loans, compared with \$21.1 million, or 0.88% of total loans, at December 31, 2015 and \$21.9 million, or 1.09% of total loans, at March 31, 2015. This decline is attributable to the addition of purchased loans where there is not a carryover of the allowance for loan loss.

The following table presents an analysis of the allowance for loan losses for the three-month periods ended March 31, 2016 and March 31, 2015:

(Dollars in Thousands)	March 31, 2016	March 31, 2015
Balance of allowance for loan losses at beginning of period	\$ 21,062	\$ 21,157
Provision charged to operating expense	681	1,069
Charge-offs:		
Commercial, financial and agricultural	406	392
Real estate – residential	468	268
Real estate – commercial and farmland	347	12
Real estate – construction and development	155	97
Consumer installment	59	86
Purchased, non-covered loans	307	230
Covered loans	72	563
Total charge-offs	1,814	1,648
Recoveries:		
Commercial, financial and agricultural	73	285
Real estate – residential	314	57
Real estate – commercial and farmland	121	15
Real estate – construction and development	122	31
Consumer installment	25	62
Purchased, non-covered loans	658	662

Edgar Filing: Ameris Bancorp - Form 10-Q

Covered loans	240		162	
Total recoveries	1,553		1,274	
Net charge-offs	261		374	
Balance of allowance for loan losses at end of period	\$ 21,482		\$ 21,852	
Net annualized charge-offs as a percentage of average loans	0.12	%	0.08	%
Allowance for loan losses allocated to legacy loans as a percentage of legacy loans at end of period	0.76	%	1.09	%
Allowance for loan losses allocated to purchased, non-covered loans as a percentage of purchased, non-covered loans at end of period	0.04	%	0.00	%
Allowance for loan losses allocated to purchased loan pools as a percentage of purchased loan pools at end of period	0.20	%	0.00	%
Allowance for loan losses allocated to covered loans as a percentage of covered loans at end of period	0.41	%	0.00	%

Purchased Non-Covered Assets

Loans that were acquired in bank acquisitions and are not covered by the loss-sharing agreements with the FDIC (“purchased non-covered loans”) totaled \$1.13 billion, \$771.6 million and \$643.1 million at March 31, 2016, December 31, 2015 and March 31, 2015, respectively. OREO that was acquired in transactions and is not covered by the loss-sharing agreements with the FDIC totaled \$15.0 million, \$14.3 million and \$13.8 million at March 31, 2016, December 31, 2015 and March 31, 2015, 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 portion of the 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 three months ended March 31, 2016, the year ended December 31, 2015 and the three months ended March 31, 2015, the Company recorded a net provision for loan loss credit of \$351,000, \$237,000 and \$432,000, respectively, due to recoveries received on previously charged off 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:

(Dollars in Thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Commercial, financial and agricultural	\$ 111,537	\$ 45,462	\$ 36,258
Real estate – construction and development	103,753	72,080	53,668
Real estate – commercial and farmland	598,935	390,755	291,760
Real estate – residential	309,770	258,153	257,216
Consumer installment	5,924	5,104	4,190
	\$ 1,129,919	\$ 771,554	\$ 643,092

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 March 31, 2016, purchased loan pools totaled \$656.7 million and consisted of whole-loan, adjustable rate residential mortgages on properties outside the Company’s markets, with principal balances totaling

\$644.3 million and \$12.4 million of purchase premium paid at acquisition. As of December 31, 2015, purchased loan pools totaled \$593.0 million and consisted of whole-loan, adjustable rate residential mortgages on properties outside the Company's markets, with principal balances totaling \$580.7 million and \$12.3 million of purchase premium paid at acquisition. The Company has allocated approximately \$1.3 million and \$581,000 of the allowance for loan losses to the purchased loan pools at March 31, 2016 and December 31, 2015, respectively. The Company did not have any purchased loan pools at March 31, 2015.

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 \$130.3 million, \$137.5 million and \$245.7 million at March 31, 2016, December 31, 2015 and March 31, 2015, respectively. OREO that is covered by the loss-sharing agreements with the FDIC totaled \$3.8 million, \$5.0 million and \$16.1 million at March 31, 2016, December 31, 2015 and March 31, 2015, 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 March 31, 2016, December 31, 2015 and March 31, 2015 was \$1.2 million, \$6.3 million and \$23.3 million, respectively, which is net of the clawback liability the Bank expects to pay 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 three months ended March 31, 2016, the Company recorded a net provision for loan loss credit of \$168,000, net of the FDIC loss-share receivable, due to recoveries received on previously charged off covered loans. During the year ended December 31, 2015 and the three months ended March 31, 2015, the Company recorded provision for loan loss expense of \$751,000 and \$401,000, 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.

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

(Dollars in Thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Commercial, financial and agricultural	\$4,739	\$ 5,546	\$20,905
Real estate – construction and development	7,205	7,612	19,519
Real estate – commercial and farmland	67,055	71,226	130,290
Real estate – residential	51,176	53,038	74,847
Consumer installment	104	107	184
	\$ 130,279	\$ 137,529	\$245,745

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.

Nonaccrual loans, excluding purchased non-covered loans, purchased non-covered loan pools and covered loans, totaled \$15.7 million at March 31, 2016, a 24.7% decrease from \$20.8 million reported at the end of the first quarter of 2015. Nonaccrual purchased non-covered loans totaled \$19.2 million at March 31, 2016, compared with \$17.3

Edgar Filing: Ameris Bancorp - Form 10-Q

million at March 31, 2015. Nonaccrual loans acquired in the JAXB acquisition totaled \$4.8 million at March 31, 2016. At March 31, 2016, OREO (excluding purchased non-covered and covered OREO) totaled \$15.0 million, compared with \$32.3 million at March 31, 2015. Purchased non-covered OREO totaled \$15.0 million at March 31, 2016, compared with \$13.8 million at March 31, 2015. OREO acquired in the JAXB acquisition totaled \$1.8 million at March 31, 2016. Management regularly assesses the valuation of OREO through periodic reappraisal and through inquiries received in the marketing process. At the end of the first quarter of 2016, total non-covered non-performing assets decreased to 1.06% of total assets compared with 2.03% at March 31, 2015.

Non-performing assets (excluding covered assets) at March 31, 2016, December 31, 2015 and March 31, 2015 were as follows:

(Dollars in Thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Total nonaccrual loans (excluding purchased non-covered and covered loans)	\$ 15,700	\$ 16,860	\$ 20,841
Nonaccrual purchased non-covered loans	19,187	13,330	17,308
Accruing loans delinquent 90 days or more	-	-	-
Foreclosed assets (excluding purchased assets)	14,967	16,147	32,339
Purchased, non-covered other real estate owned	15,048	14,333	13,818
Total non-performing assets, excluding covered assets	\$ 64,902	\$ 60,670	\$ 84,306

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 nonaccrual at March 31, 2016, December 31, 2015 and March 31, 2015:

As of March 31, 2016	Accruing Loans		Non-Accruing Loans	
Loan class:	#	Balance	#	Balance
		<i>(in thousands)</i>		<i>(in thousands)</i>
Commercial, financial & agricultural	5	\$ 279	10	\$ 75
Real estate – construction & development	9	476	2	30
Real estate – commercial & farmland	17	5,945	3	1,871
Real estate – residential	52	7,648	19	1,040
Consumer installment	10	37	21	87
Total	93	\$ 14,385	55	\$ 3,103

As of December 31, 2015	Accruing Loans		Non-Accruing Loans	
Loan class:	#	Balance	#	Balance
		<i>(in thousands)</i>		<i>(in thousands)</i>
Commercial, financial & agricultural	4	\$ 240	10	\$ 110
Real estate – construction & development	11	792	3	63
Real estate – commercial & farmland	16	5,766	3	596
Real estate – residential	51	7,574	20	1,123
Consumer installment	12	46	23	94
Total	94	\$ 14,418	59	\$ 1,986

As of March 31, 2015	Accruing Loans		Non-Accruing Loans	
Loan class:	#	Balance	#	Balance
		<i>(in thousands)</i>		<i>(in thousands)</i>
Commercial, financial & agricultural	5	\$ 277	3	\$ 17
Real estate – construction & development	9	789	4	90
Real estate – commercial & farmland	20	7,309	1	64
Real estate – residential	42	4,513	11	736
Consumer installment	10	47	15	90
Total	86	\$ 12,935	34	\$ 997

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 March 31, 2016, December 31, 2015 and March 31, 2015:

As of March 31, 2016	Loans Currently Paying Under Restructured Terms		Loans that have Defaulted Under Restructured Terms	
	#	Balance (in thousands)	#	Balance (in thousands)
Loan class:				
Commercial, financial & agricultural	10	\$ 312	5	\$ 42
Real estate – construction & development	9	476	2	30
Real estate – commercial & farmland	18	5,985	2	1,831
Real estate – residential	49	7,158	22	1,531
Consumer installment	17	53	14	70
Total	103	\$ 13,984	45	\$ 3,504

As of December 31, 2015	Loans Currently Paying Under Restructured Terms		Loans that have Defaulted Under Restructured Terms	
	#	Balance (in thousands)	#	Balance (in thousands)
Loan class:				
Commercial, financial & agricultural	11	\$ 314	3	\$ 37
Real estate – construction & development	10	771	4	83
Real estate – commercial & farmland	16	5,739	3	624
Real estate – residential	49	7,086	22	1,610
Consumer installment	20	75	15	65
Total	106	\$ 13,985	47	\$ 2,419

As of March 31, 2015	Loans Currently Paying Under Restructured Terms		Loans that have Defaulted Under Restructured Terms	
	#	Balance (in thousands)	#	Balance (in thousands)
Loan class:				
Commercial, financial & agricultural	7	\$ 289	1	\$ 5
Real estate – construction & development	9	789	4	90
Real estate – commercial & farmland	17	6,563	4	810
Real estate – residential	38	3,807	15	1,442
Consumer installment	14	75	11	62
Total	85	\$ 11,523	35	\$ 2,409

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 nonaccrual at March 31, 2016, December 31, 2015 and March 31, 2015:

As of March 31, 2016	Accruing Loans		Non-Accruing Loans	
Type of Concession:	#	Balance	#	Balance
		(in thousands)		(in thousands)
Forbearance of Interest	10	\$ 1,854	7	\$ 208
Forbearance of Principal	7	2,933	8	203
Forgiveness of Principal	2	1,221	1	357
Rate Reduction Only	14	1,845	1	29
Rate Reduction, Forbearance of Interest	41	2,630	20	222
Rate Reduction, Forbearance of Principal	10	3,112	15	1,728
Rate Reduction, Forgiveness of Interest	9	790	2	353
Rate Reduction, Forgiveness of Principal	-	-	1	3
Total	93	\$ 14,385	55	\$ 3,103

As of December 31, 2015	Accruing Loans		Non-Accruing Loans	
Type of Concession:	#	Balance	#	Balance
		(in thousands)		(in thousands)
Forbearance of Interest	10	\$ 1,891	8	\$ 247
Forgiveness of Principal	2	1,241	1	357
Forbearances of Principal	6	2,798	8	158
Rate Reduction Only	15	1,869	2	226
Rate Reduction, Forbearance of Interest	39	2,504	23	383
Rate Reduction, Forbearance of Principal	12	3,316	15	256
Rate Reduction, Forgiveness of Interest	9	795	2	359
Rate Reduction, Forgiveness of Principal	1	4	-	-
Total	94	\$ 14,418	59	\$ 1,986

As of March 31, 2015	Accruing Loans		Non-Accruing Loans	
Type of Concession:	#	Balance	#	Balance
		(in thousands)		(in thousands)
Forbearance of Interest	10	\$ 1,891	4	\$ 267
Forbearance of Principal	6	162	1	44
Forgiveness of Principal	5	2,374	-	-
Rate Reduction Only	16	2,346	2	32
Rate Reduction, Forbearance of Interest	29	2,124	20	470
Rate Reduction, Forbearance of Principal	9	2,953	7	184
Rate Reduction, Forgiveness of Interest	10	1,081	-	-

Edgar Filing: Ameris Bancorp - Form 10-Q

Rate Reduction, Forgiveness of Principal	1	4	-	-
Total	86	\$ 12,935	34	\$ 997

72

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 nonaccrual at March 31, 2016, December 31, 2015 and March 31, 2015:

As of March 31, 2016	Accruing Loans		Non-Accruing Loans	
	#	Balance	#	Balance
Collateral type:		(in thousands)		(in thousands)
Warehouse	5	\$ 793	-	\$ -
Raw Land	9	476	2	30
Agriculture	1	59	-	-
Apartments	3	1,505	-	-
Hotel & Motel	3	1,842	-	-
Office	3	495	-	-
Retail, including Strip Centers	3	1,311	1	40
1-4 Family Residential	51	7,588	21	1,055
Church	-	-	2	1,831
Automobile/Equipment/CD	14	93	28	143
Unsecured	1	223	1	4
Total	93	\$ 14,385	55	\$ 3,103

As of December 31, 2015	Accruing Loans		Non-Accruing Loans	
	#	Balance	#	Balance
Collateral type:		(in thousands)		(in thousands)
Warehouse	4	\$ 608	1	\$ 198
Raw Land	6	165	3	62
Apartment	1	1,314	-	-
Hotel & Motel	3	1,882	-	-
Office	3	499	-	-
Retail, including Strip Centers	3	1,335	1	42
1-4 Family Residential	58	8,329	22	1,139
Church	-	-	1	357
Automobile/Equipment/CD	15	61	30	184
Unsecured	1	225	1	4
Total	94	\$ 14,418	59	\$ 1,986

As of March 31, 2015	Accruing Loans		Non-Accruing Loans	
	#	Balance	#	Balance
Collateral type:		(in thousands)		(in thousands)
Warehouse	6	\$ 923	-	\$ -
Raw Land	9	789	4	90

Edgar Filing: Ameris Bancorp - Form 10-Q

Agriculture	1	304	1	65
Apartments	1	1,314	-	-
Hotel & Motel	3	2,001	-	-
Office	3	514	-	-
Retail, including Strip Centers	5	1,893	-	-
1-4 Family Residential	42	4,513	13	759
Church	1	359	-	-
Automobile/Equipment/CD	14	92	15	78
Unsecured	1	233	1	5
Total	86	\$ 12,935	34	\$ 997

As of March 31, 2016, December 31, 2015 and March 31, 2015, the Company had a balance of \$9.9 million, \$10.0 million and \$1.7 million, respectively, in troubled debt restructurings included in purchased non-covered loans. The following table presents the amount of troubled debt restructurings by loan class of purchased non-covered loans, classified separately as accrual and nonaccrual at March 31, 2016, December 31, 2015 and March 31, 2015:

As of March 31, 2016	Accruing Loans		Non-Accruing Loans	
	Loan class:	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial & agricultural	1	\$ 2	2	\$ 19
Real estate – construction & development	2	509	3	39
Real estate – commercial & farmland	12	6,003	4	431
Real estate – residential	12	2,398	5	486
Consumer installment	2	5	2	2
Total	29	\$ 8,917	16	\$ 977

As of December 31, 2015	Accruing Loans		Non-Accruing Loans	
	Loan class:	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial & agricultural	1	\$ 2	2	\$ 21
Real estate – construction & development	1	363	3	42
Real estate – commercial & farmland	14	6,214	3	412
Real estate – residential	13	2,789	4	180
Consumer installment	2	5	2	3
Total	31	\$ 9,373	14	\$ 658

As of March 31, 2015	Accruing Loans		Non-Accruing Loans	
	Loan class:	#	Balance (in thousands)	#
Commercial, financial & agricultural	-	\$ -	1	\$ 1
Real estate – construction & development	1	328	-	-
Real estate – commercial & farmland	3	720	1	69
Real estate – residential	5	477	2	93
Consumer installment	1	1	1	4
Total	10	\$ 1,526	5	\$ 167

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 March 31, 2016, December 31, 2015 and March 31, 2015:

As of March 31, 2016	Loans Currently Paying Under Restructured Terms		Loans that have Defaulted Under Restructured Terms	
	#	Balance (in thousands)	#	Balance (in thousands)
Loan class:				
Commercial, financial & agricultural	3	\$ 21	-	\$ -
Real estate – construction & development	2	510	3	39
Real estate – commercial & farmland	14	6,379	2	54
Real estate – residential	11	2,059	6	824
Consumer installment	3	7	1	1
Total	33	\$ 8,976	12	\$ 918

As of December 31, 2015	Loans Currently Paying Under Restructured Terms		Loans that have Defaulted Under Restructured Terms	
	#	Balance (in thousands)	#	Balance (in thousands)
Loan class:				
Commercial, financial & agricultural	3	\$ 23	-	\$ -
Real estate – construction & development	2	374	2	30
Real estate – commercial & farmland	15	6,570	2	57
Real estate – residential	9	2,086	8	883
Consumer installment	3	7	1	1
Total	32	\$ 9,060	13	\$ 971

As of March 31, 2015	Loans Currently Paying Under Restructured Terms		Loans that have Defaulted Under Restructured Terms	
	#	Balance (in thousands)	#	Balance (in thousands)
Loan class:				
Commercial, financial & agricultural	1	\$ 1	-	\$ -
Real estate – construction & development	1	328	-	-
Real estate – commercial & farmland	3	720	1	69
Real estate – residential	5	477	2	93
Consumer installment	2	5	-	-
Total	12	\$ 1,531	3	\$ 162

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 nonaccrual at March 31, 2016, December 31, 2015 and March 31, 2015:

As of March 31, 2016	Accruing Loans		Non-Accruing Loans	
	Type of Concession:	#	Balance (in thousands)	#	Balance (in thousands)
Forbearance of Interest	5	\$ 1,893	3	\$ 116
Forbearance of Principal	2	570	-	-
Payment Modification Only	1	346	-	-
Forbearance of Principal, extended amortization	1	84	1	347
Rate Reduction Only	7	4,044	2	76
Rate Reduction, Forgiveness of Interest	2	151	-	-
Rate Reduction, Forbearance of Interest	7	699	9	419
Rate Reduction, Forbearance of Principal	4	1,130	1	19
Total	29	\$ 8,917	16	\$ 977

As of December 31, 2015	Accruing Loans		Non-Accruing Loans	
	Type of Concession:	#	Balance (in thousands)	#	Balance (in thousands)
Forbearance of Interest	4	\$ 1,465	2	\$ 87
Forbearance of Principal	2	574	-	-
Payment Modification Only	2	892	-	-
Forbearance of Principal, extended amortization	1	86	1	355
Rate Reduction Only	8	4,054	2	77
Rate Reduction, Forgiveness of Interest	2	152	-	-
Rate Reduction, Forbearance of Interest	8	1,011	8	118
Rate Reduction, Forbearance of Principal	4	1,139	1	21
Total	31	\$ 9,373	14	\$ 658

As of March 31, 2015	Accruing Loans		Non-Accruing Loans	
	Type of Concession:	#	Balance (in thousands)	#	Balance (in thousands)
Forbearance of Interest	1	\$ 1	1	\$ 68
Payment Modification Only	1	117	-	-
Rate Reduction Only	2	383	1	25
Rate Reduction, Forgiveness of Interest	2	154	-	-
Rate Reduction, Forbearance of Interest	1	231	-	-
Rate Reduction, Forbearance of Principal	3	640	3	74
Total	10	\$ 1,526	5	\$ 167

Edgar Filing: Ameris Bancorp - Form 10-Q

The following table presents the amount of troubled debt restructurings included in purchased non-covered loans, by collateral types, classified separately as accrual and nonaccrual at March 31, 2016, December 31, 2015 and March 31, 2015:

As of March 31, 2016	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Warehouse	3	\$ 1,685	1	\$ 29
Raw Land	1	380	5	116
Hotel & Motel	1	156	-	-
Retail, including Strip Centers	4	3,372	-	-
Office	2	526	-	-
1-4 Family Residential	15	2,791	6	811
Automobile/Equipment/Inventory	3	7	4	21
Total	29	\$ 8,917	16	\$ 977

As of December 31, 2015	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Warehouse	3	\$ 1,722	-	\$ -
Raw Land	-	-	4	63
Hotel & Motel	1	158	-	-
Retail, including Strip Centers	5	3,421	-	-
Office	2	530	-	-
1-4 Family Residential	17	3,535	6	571
Automobile/Equipment/Inventory	3	7	4	24
Total	31	\$ 9,373	14	\$ 658

As of March 31, 2015	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Warehouse	1	\$ 117	1	\$ 69
Raw Land	2	384	-	-
Office	1	466	-	-
Retail, including Strip Centers	1	136	-	-
1-4 Family Residential	4	422	2	93
Automobile/Equipment/Inventory	1	1	2	5
Total	10	\$ 1,526	5	\$ 167

As of March 31, 2016, December 31, 2015 and March 31, 2015, the Company had a balance of \$15.7 million, \$15.5 million and \$22.3 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 nonaccrual at March 31, 2016, December 31, 2015 and March 31, 2015:

As of March 31, 2016	Accruing Loans		Non-Accruing Loans	
	Loan class:	# Balance (in thousands)	# Balance (in thousands)	
Commercial, financial & agricultural	-	\$ -	3	\$ 77
Real estate – construction & development	4	790	-	-
Real estate – commercial & farmland	3	1,311	5	2,133
Real estate – residential	96	10,200	26	1,224
Consumer installment	1	7	-	-
Total	104	\$ 12,308	34	\$ 3,434

As of December 31, 2015	Accruing Loans		Non-Accruing Loans	
	Loan class:	# Balance (in thousands)	# Balance (in thousands)	
Commercial, financial & agricultural	-	\$ -	2	\$ 1
Real estate – construction & development	4	779	-	-
Real estate – commercial & farmland	4	1,967	3	1,067
Real estate – residential	97	10,529	26	1,116
Consumer installment	2	8	-	-
Total	107	\$ 13,283	31	\$ 2,184

As of March 31, 2015	Accruing Loans		Non-Accruing Loans	
	Loan class:	# Balance (in thousands)	# Balance (in thousands)	
Commercial, financial & agricultural	1	\$ 3	2	\$ -
Real estate – construction & development	3	2,819	1	13
Real estate – commercial & farmland	13	6,461	2	1,736
Real estate – residential	97	11,436	10	821
Consumer installment	1	2	-	-
Total	115	\$ 20,721	15	\$ 2,570

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 March 31, 2016, December 31, 2015 and March 31, 2015:

As of March 31, 2016	Loans Currently Paying Under Restructured Terms		Loans that have Defaulted Under Restructured Terms	
	#	Balance (in thousands)	#	Balance (in thousands)
Loan class:				
Commercial, financial & agricultural	2	\$ 1	1	\$ 76
Real estate – construction & development	4	790	-	-
Real estate – commercial & farmland	7	2,831	1	613
Real estate – residential	99	9,200	23	2,224
Consumer installment	1	7	-	-
Total	113	\$ 12,829	25	\$ 2,913

As of December 31, 2015	Loans Currently Paying Under Restructured Terms		Loans that have Defaulted Under Restructured Terms	
	#	Balance (in thousands)	#	Balance (in thousands)
Loan class:				
Commercial, financial & agricultural	2	\$ -	-	\$ -
Real estate – construction & development	4	779	-	-
Real estate – commercial & farmland	5	2,890	2	144
Real estate – residential	95	9,057	28	2,589
Consumer installment	2	8	-	-
Total	108	\$ 12,734	30	\$ 2,733

As of March 31, 2015	Loans Currently Paying Under Restructured Terms		Loans that have Defaulted Under Restructured Terms	
	#	Balance (in thousands)	#	Balance (in thousands)
Loan class:				
Commercial, financial & agricultural	3	\$ 3	-	\$ -
Real estate – construction & development	3	2,819	1	13
Real estate – commercial & farmland	14	6,469	2	1,728
Real estate – residential	87	10,553	19	1,704
Consumer installment	1	2	-	-
Total	108	\$ 19,846	22	\$ 3,445

The following table presents the amount of troubled debt restructurings included in covered loans, by types of concessions made, classified separately as accrual and nonaccrual at March 31, 2016, December 31, 2015 and March 31, 2015:

As of March 31, 2016	Accruing Loans		Non-Accruing Loans	
	Type of Concession:	#	Balance (in thousands)	#	Balance (in thousands)
Forbearance of Interest	5	\$ 1,311	5	\$ 597
Forbearance of Principal	-	-	2	2
Rate Reduction Only	80	9,318	9	1,521
Rate Reduction, Forbearance of Interest	9	584	16	395
Rate Reduction, Forbearance of Principal	7	702	2	919
Rate Reduction, Forgiveness of Interest	3	393	-	-
Total	104	\$ 12,308	34	\$ 3,434

As of December 31, 2015	Accruing Loans		Non-Accruing Loans	
	Type of Concession:	#	Balance (in thousands)	#	Balance (in thousands)
Forbearance of Interest	5	\$ 1,347	4	\$ 88
Forbearance of Principal	-	-	2	4
Rate Reduction Only	84	10,270	7	744
Rate Reduction, Forbearance of Interest	8	564	16	422
Rate Reduction, Forbearance of Principal	7	708	2	926
Rate Reduction, Forgiveness of Interest	3	394	-	-
Total	107	\$ 13,283	31	\$ 2,184

As of March 31, 2015	Accruing Loans		Non-Accruing Loans	
	Type of Concession:	#	Balance (in thousands)	#
Forbearance of Interest	4	\$ 1,600	1	\$ 8
Forbearance of Principal	-	-	1	-
Rate Reduction Only	96	16,836	7	1,480
Rate Reduction, Forbearance of Interest	7	388	3	13
Rate Reduction, Forbearance of Principal	5	1,498	3	1,069
Rate Reduction, Forgiveness of Interest	3	399	-	-
Total	115	\$ 20,721	15	\$ 2,570

The following table presents the amount of troubled debt restructurings included in covered loans, by collateral types, classified separately as accrual and nonaccrual at March 31, 2016, December 31, 2015 and March 31, 2015:

As of March 31, 2016	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Raw Land	4	\$ 790	-	\$ -
Agriculture	1	523	-	-
Hotel & Motel	-	-	2	1,530
Office	-	-	1	475
Retail, including Strip Centers	2	534	1	2
1-4 Family Residential	95	10,399	27	1,351
Automobile/Equipment/Inventory	2	62	3	76
Total	104	\$ 12,308	34	\$ 3,434

As of December 31, 2015	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Raw Land	5	\$ 1,321	-	\$ -
Hotel & Motel	1	620	1	923
Retail, including Strip Centers	2	537	1	6
1-4 Family Residential	97	10,742	27	1,255
Automobile/Equipment/Inventory	2	63	2	-
Total	107	\$ 13,283	31	\$ 2,184

As of March 31, 2015	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Warehouse	2	\$ 1,489	-	\$ -
Raw Land	2	424	1	13
Hotel & Motel	4	3,208	1	946
Office	1	90	1	782
Retail, including Strip Centers	6	3,918	1	8
1-4 Family Residential	99	11,589	9	821
Automobile/Equipment/Inventory	1	3	2	-
Total	115	\$ 20,721	15	\$ 2,570

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.

Banks that are subject to the CRE guidance’s 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 March 31, 2016, the Company exhibited a concentration in CRE loans 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

Edgar Filing: Ameris Bancorp - Form 10-Q

(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 March 31, 2016 and December 31, 2015. The loan categories and concentrations below are based on Federal Reserve Call codes and include all loans:

(Dollars in Thousands)	March 31, 2016		December 31, 2015		
	Balance	% of Total Loans	Balance	% of Total Loans	
Construction and development loans	\$375,778	8	% \$ 324,385	8	%
Multi-family loans	107,181	2	% 102,320	3	%
Nonfarm non-residential loans	1,713,696	39	% 1,464,652	37	%
Total CRE Loans	\$2,196,655	49	% \$ 1,891,357	48	%
All other loan types	2,248,284	51	% 2,017,566	52	%
Total Loans	\$4,444,939	100	% \$ 3,908,923	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 March 31, 2016 and December 31, 2015:

	Internal Limit	March 31, 2016		December 31, 2015	
		%	Actual	%	Actual
Construction and development	100	%	63	%	63
Commercial real estate	300	%	195	%	189

Short-Term Investments

The Company's short-term investments are comprised of federal funds sold and interest-bearing balances. At March 31, 2016, the Company's short-term investments were \$107.4 million, compared with \$272.0 million and \$126.2 million at December 31, 2015 and March 31, 2015, respectively. At March 31, 2016, \$8.7 million was in federal funds sold and \$98.7 million was in interest-bearing balances at correspondent banks and the Federal Reserve Bank of Atlanta.

Derivative Instruments and Hedging Activities

The Company had a cash flow hedge that was scheduled to mature September 15, 2020 with a notional amount of \$37.1 million at March 31, 2016, December 31, 2015 and March 31, 2015, for the purpose of converting the variable rate on the junior subordinated debentures to a fixed rate of 4.11%. The fair value of this instrument amounted to a liability of approximately \$2.3 million, \$1.4 million and \$1.8 million at March 31, 2016, December 31, 2015 and March 31, 2015, respectively. 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 an asset of approximately \$4.8 million, \$2.7 million and \$1.1 million at March 31, 2016, December 31, 2015 and March 31, 2015, respectively, and a liability of approximately \$592,000, \$137,000 and \$548,000 at March 31, 2016, December 31, 2015 and March 31, 2015, 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.

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 eighteen 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 and 0.625% for 2016. It is being increased by 0.625% per year until reaching 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 March 31, 2016, 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 March 31, 2016, December 31, 2015 and March 31, 2015:

	March 31, 2016		December 31, 2015		March 31, 2015	
Leverage Ratio(tier 1 capital to average assets)						
Consolidated	8.49	%	8.70	%	10.12	%
Ameris Bank	9.33		9.32		11.43	
CET1 Ratio(common equity tier 1 capital to risk weighted assets)						
Consolidated	8.71		9.54		13.87	
Ameris Bank	11.23		11.74		15.67	
Core Capital Ratio(tier 1 capital to risk weighted assets)						
Consolidated	10.22		10.96		13.87	
Ameris Bank	11.23		11.74		15.67	
Total Capital Ratio(total capital to risk weighted assets)						
Consolidated	10.66		11.45		14.62	
Ameris Bank	11.67		12.24		16.42	

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 March 31, 2016, December 31, 2015 and March 31, 2015, there were \$110.5 million, \$39.0 million and \$43.9 million, respectively, outstanding borrowings with the Company's correspondent banks.

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

	March 31, 2016		December 31, 2015		September 30, 2015		June 30, 2015		March 31, 2015	
Investment securities available for sale to total deposits	16.00	%	16.05	%	17.91	%	19.11	%	17.54	%
Loans (net of unearned income) to total deposits	84.98	%	80.11	%	80.77	%	76.66	%	82.99	%
Interest-earning assets to total assets	89.98	%	90.81	%	90.17	%	89.69	%	89.06	%
Interest-bearing deposits to total deposits	70.77	%	72.74	%	71.84	%	71.62	%	72.21	%

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 March 31, 2016 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 March 31, 2016, 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 \$4.2 million, \$2.5 million and \$3.5 million at March 31, 2016, December 31, 2015, and March 31, 2015 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 March 31, 2016, 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.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, as a normal incident of the nature and kind of business in which the Company is engaged, various claims or charges are asserted against the Company or the Bank. In the ordinary course of business, the Company and the Bank are also subject to regulatory examinations, information gathering requests, inquiries and investigations. Other than ordinary routine litigation incidental to the Company's business, management believes based on its current knowledge and after consultation with legal counsel that there are no pending or threatened legal proceedings that will, individually or in the aggregate, have a material adverse effect on the consolidated results of operations or financial condition of the Company.

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, 2015.

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.

AMERIS BANCORP

Date: May 9, 2016

/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)

EXHIBIT INDEX

Exhibit No.	Description
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 Jacksonville Bancorp, Inc.) and Wilmington Trust Company dated as of June 17, 2004 (incorporated by reference to Exhibit 4.1 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on March 14, 2016).
4.2	

Edgar Filing: Ameris Bancorp - Form 10-Q

First Supplemental Indenture dated as of March 11, 2016 by and among Ameris Bancorp, Jacksonville Bancorp, Inc. 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 March 14, 2016).

4.3 Form of Floating Rate Junior Subordinated Deferrable Interest Debenture Due 2034 (incorporated by reference to Exhibit 4.3 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on March 14, 2016).

4.4 Indenture between Ameris Bancorp (as successor to Jacksonville Bancorp, Inc.) and Wilmington Trust Company dated as of September 15, 2005 (incorporated by reference to Exhibit 4.4 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on March 14, 2016).

4.5 Second Supplemental Indenture dated as of March 11, 2016 by and among Ameris Bancorp, Jacksonville Bancorp, Inc. and Wilmington Trust (incorporated by reference to Exhibit 4.5 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on March 14, 2016).

4.6 Form of Fixed/Floating Rate Junior Subordinated Deferrable Interest Debenture Due (incorporated by reference to Exhibit 4.6 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on March 14, 2016).

4.7 Indenture between Ameris Bancorp (as successor to Jacksonville Bancorp, Inc.) and Wilmington Trust Company dated as of December 14, 2006 (incorporated by reference to Exhibit 4.7 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on March 14, 2016).

4.8 First Supplemental Indenture dated as of March 11, 2016 by and among Ameris Bancorp, Jacksonville Bancorp, Inc. and Wilmington Trust Company (incorporated by reference to Exhibit 4.8 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on March 14, 2016).

4.9 Form of Floating Rate Junior Subordinated Deferrable Interest Debenture Due 2036 (incorporated by reference to Exhibit 4.9 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on March 14, 2016).

Exhibit No.	Description
4.10	Indenture between Ameris Bancorp (as successor to Jacksonville Bancorp, Inc.) and Wells Fargo Bank, National Association dated as of June 20, 2008 (incorporated by reference to Exhibit 4.10 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on March 14, 2016).
4.11	First Supplemental Indenture dated as of March 11, 2016 by and between Ameris Bancorp and Wells Fargo Bank, National Association (incorporated by reference to Exhibit 4.11 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on March 14, 2016).
4.12	Form of Junior Subordinated Debt Security Due 2038 (incorporated by reference to Exhibit 4.12 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on March 14, 2016).
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 March 31, 2016, 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.