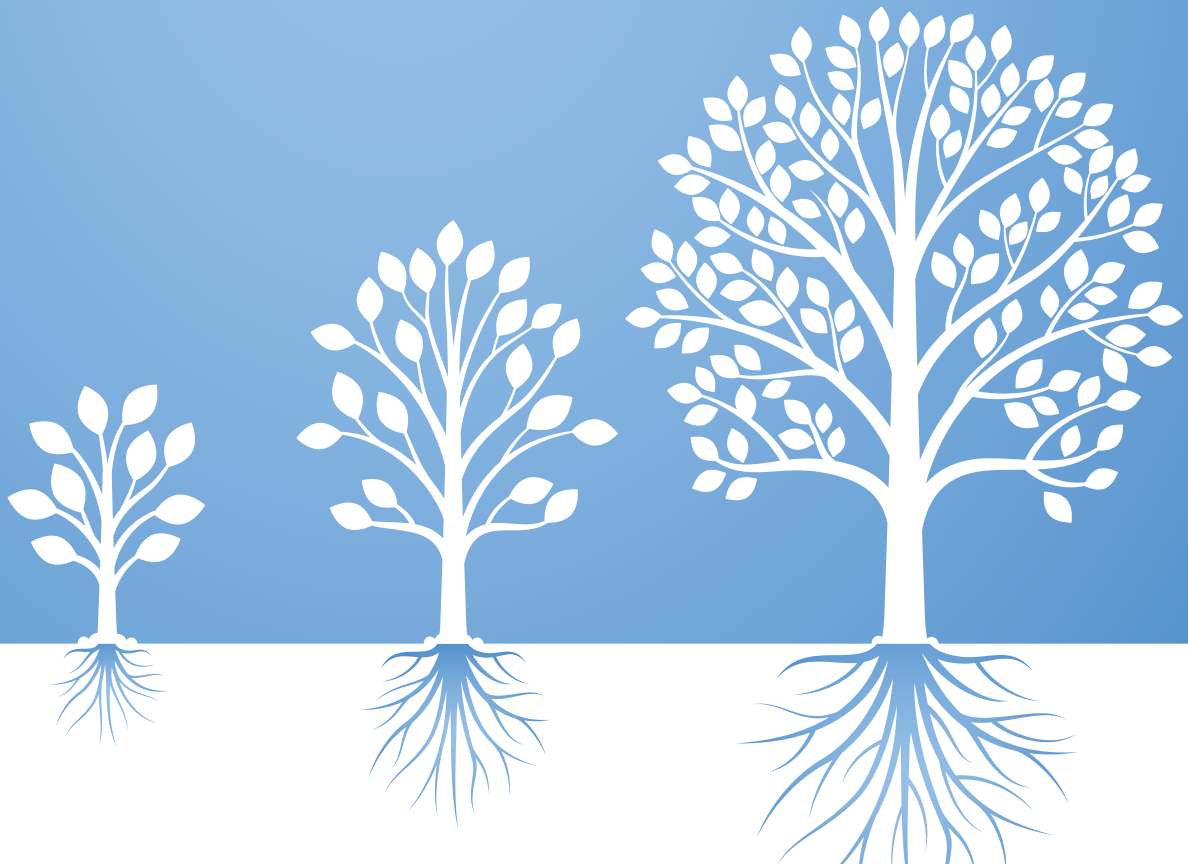




2017 ANNUAL REPORT
CULTURAL GROWTH







Dear Shareholders:

In 2017, we delivered another year of top-quartile financial results, invested heavily in our compliance and risk management areas and experienced significant growth in customer relationships. These and other achievements contributed to meaningful growth in our market value and our reputation as a leading financial institution in the Southeast.

Our financial results were outstanding. We grew our operating earnings by 14.4%, had organic loan growth of over 20%, or almost \$1 billion, and grew total revenue to \$364.6 million. Additionally, we grew tangible book value by 23.9% to \$17.86 per share, which is the result of impressive earnings and our successful capital raise in the first quarter. All together, the market liked our results and our market value increased by 18.0% to \$1.80 billion at the end of 2017.

While our momentum continues to produce consistent growth, we are increasingly focused on quality and sustainability in our business. Our efforts to diversify our loan portfolio have led us to build real expertise in safer sectors such as municipalities and insurance premium finance. We were successful at recruiting impressive talent to lead our treasury management services and risk management groups, as well as additional commercial bankers. We are also driven to deliver a quality customer experience amid all the growth and change our company experiences, so we are actively investing in systems and staff that measure the customer experience in a much more quantitative way.

We recently announced two planned acquisitions that will give us a stronger presence in the Jacksonville, Florida MSA and the Atlanta, Georgia MSA. These acquisitions will position us well to sustain the growth that has become our hallmark, and will allow us to leverage what we believe are our best assets, our talent and our culture. Time after time, we have proven that our culture's impact on employees pushes them to achieve greater success both personally and for our customers.

At the end of 2017, we proudly announced several promotions within our executive team. Dennis Zember assumed the role of chief executive officer of Ameris Bank and Nicole Stokes succeeded him as chief financial officer of Ameris Bancorp. Dennis and Nicole are just two examples of the many leaders at our Company who are tireless in their efforts to improve our performance and influence those around them to wear our jersey with pride.

When I assumed the role of CEO of Ameris Bank in 2005, I made the statement, "Action becomes habits that determine our character, and we believe that there is never a wrong time to do the right thing. We remain committed to improving our performance and are appreciative of our valued employees, customers and shareholders." This is just as true now as it was then. I humbly thank our employees for executing our bold strategies and their high-performing results, our Board for their strategic oversight and passion for community banking and our valued customers and shareholders for your continued confidence.

With sincere appreciation,



Edwin W. Hortman Jr.
Ameris Bancorp

Executive Chairman, President and Chief Executive Officer





QUALITY OF SERVICE

From our earliest beginnings in 1971, Ameris Bank has been known for our steadfast combination of character, service and value. In 2014, we coined The Ameris Approach, further defining our expectations for how we conduct business. Our high-performance standards, complemented by exceptional customer service, resulted in Ameris Bank financing over \$1 billion in businesses, over \$25 million in personal financing needs, and over \$4.9 billion in home loans throughout the Southeast in 2017. This is in addition to our colleagues proudly participating in over 450 local, civic and volunteer events and organizations.

In 2017, we built a world-class, scalable Bank Secrecy Act and Anti-Money Laundering (BSA-AML) compliance program. Essential to our enhanced BSA-AML program is greater communication with our customers. We now have a more intimate understanding of our customers, allowing us to better serve their needs.

As we look to 2018, we welcome a more laser-focused approach to providing exceptional experiences. Extensive research will begin to take place to gain a solid understanding of the experiences currently being delivered across all areas of our company, both internally and externally. This valuable insight will be used as we react to and strategize opportunities for enhancing our Ameris Bank experience.



Our seasoned and extensive BSA-AML team is led by BSA-AML Manager Steven Dietz, alongside AML Risk Intelligence Manager Bill Dayhoff, Program Manger Heather Nabers and AML Operations Manager Angie Williams.

Mortgage Loan Assistant Sebastian Riveros, Solid Source Realty Representative Shirley Johnson, Mortgage Branch Manager Joe Hunter and Mortgage Banker Tony Birch attended an Invest Atlanta event where attendees received educational material regarding first time home buying, down payment assistance, and the benefits of an Invest Atlanta loan through Ameris Bank.

Through the Ameris Bank School Spirit Program, Ameris Bank has proudly donated over \$254,000 to schools throughout our Southeastern footprint since the program's inception in 2014. City President Jake Cleghorn and Assistant Branch Manager Miranda Johnson presented Vidalia City Schools Superintendent Dr. Garrett Wilcox with earnings from this program benefiting the Vidalia Board of Education in Vidalia, Georgia.





DEVELOPMENT AND GROWTH

The personal development and growth of our colleagues is vital to the success of our company. We consider it a privilege and honor to select, grow and promote colleagues based on our Vision of providing exceptional experiences in a high-performing environment. Our Learning and Development Division was reimagined in 2015, and year-over-year continues to advance our course offerings for all career paths to include training pertaining to job skills, leadership and management, compliance and security, and personal development, all conducted using a blended learning methodology. 2017 was the inauguration of a formal internship program, as well as a formal mentor program which gives rising leaders in our company mentorship from seasoned professionals throughout our organization.

In 2017, we began our partnership with US Premium Finance (USPF), one of the country's largest insurance premium finance companies offering innovative, customer-centric and smart solutions for insurance premium financing. During the first quarter of 2018, we acquired full ownership of USPF, making Ameris Bank the exclusive provider of credit across their national platform.

Overall, 2017 was a year of financial growth, showcasing a significant increase in our operating net earnings, organic loan growth, deposits and total revenue. Our high-performance and business acumen firmly place us in the top-quartile for performance within our banking peer group.



In 2017, on average, every Ameris Bank colleague participated in over 32 hours of training. Courses are offered in person and through webinars, mentorships, and distance learning, providing a variety of settings to suit the learning preference of the individual. Ameris Bank is also committed to the growth and development of our future leaders and bankers, launching a formal internship program in 2017. Pictured is the Director of Learning & Development Jennifer Garizio with Intern Will Redding.

US Premium Finance colleagues joined the Ameris Bank team in 2017, and since joining, have financed over \$983 million to clients in 53 states and territories. US Premium Finance is the fifth largest premium finance company in the United States by loan volume.

South Carolina Regional President Mze Wilkins and Commercial Banker Juanita Vitali-Cox continue to grow their banking relationship with owner and president of J.C. Wilkie Construction, Jason Wilkie. This is an example of business development across a variety of industries, which has earned the Columbia, South Carolina market high performance honors, including 243% growth in demand deposits in 2017.





LOOKING FORWARD

Ameris Bank's success is found in the leadership of only two chief executive officers throughout our 46-year history. Our first CEO, Jack Hunnicutt, cut the ribbon at our opening ceremony on October 1, 1971, and under his leadership, Ameris Bancorp was first listed on the NASDAQ in 1994, and our banking presence expanded across three states. In 2005, the role of CEO transitioned to Ed Hortman, who led our company through a multi-charter consolidation into a single charter, the branding of Ameris Bank, and ten FDIC-assisted acquisitions and five whole bank mergers, taking our asset size from \$1.27 billion in 2004 to over \$7.8 billion at the end of 2017.

2018 marks the tenure of the third CEO in Ameris Bank's history as Dennis Zember assumes the role of Ameris Bank CEO, and continues to hold the title of Ameris Bancorp COO. Nicole Stokes, CPA, has been promoted to Ameris Bancorp CFO, and continues to hold the title of Ameris Bank CFO. Ed Hortman will continue as president and chief executive officer

of Ameris Bancorp, in addition to assuming the role of executive chairman of both Ameris Bancorp and Ameris Bank. This demonstrates the strength and impressive talent on our executive team and positions our company for even greater financial results for years to come.

M&A activity continues to be a prominent growth strategy for our company, and in 2018 we look forward to the pending acquisitions of Atlantic Coast Bank and Hamilton State Bank, announced at the end of 2017 and early 2018, respectively. This is an exciting time for our company, filled with opportunity. The completed acquisition of Atlantic Coast Bank will further position us as the largest community bank in Northeast Florida, and when we combine Hamilton State Bank with our existing Atlanta location, we will be ranked the 13th largest bank in the Atlanta market. The completion of both acquisitions will bring our asset size to approximately \$11 billion.

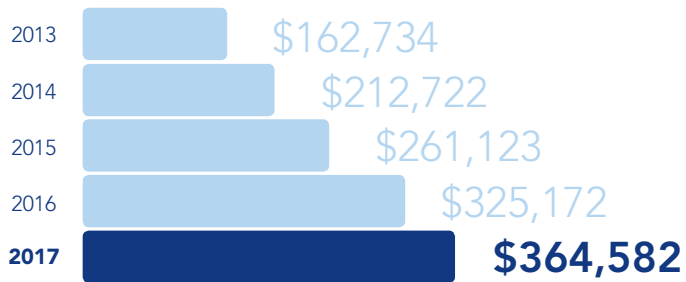


Ameris Bank and Ameris Bancorp proudly announce Ameris Bank's new CEO and Ameris Bancorp's COO Dennis Zember, Ameris Bank and Ameris Bancorp CFO Nicole Stokes, and Ameris Bancorp Executive Chairman, President and CEO Ed Hortman.

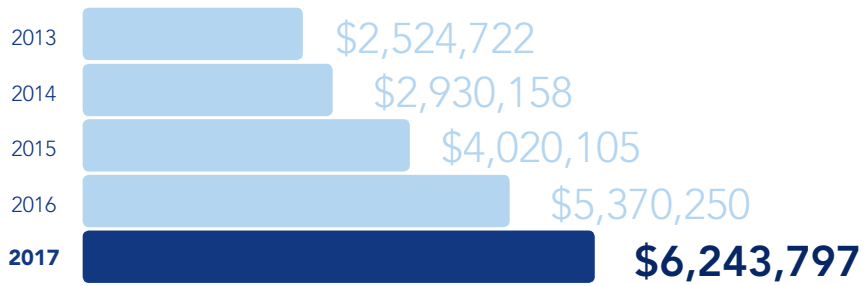
The highest performing commercial bankers and branch managers come together for the annual Top Gun conference to celebrate deposit growth achieved in the prior year. In 2017, Top Gun participants grew deposits over \$514 million. Under the direction of our new Director of Treasury Services Duane Bunn, 2018 marks the transition of Top Gun to the ACE Awards, emphasizing achievement, commitment and excellence, with an enhanced focus on building deposit relationships.

Ameris Bank continues to expand our Southeastern footprint and Northeast Florida market. We take great pride in growing relationships with new and existing customers and enjoy sharing in their growth and development. In Jacksonville, Commercial Banking Market Executive Scott M. Hall continues to cultivate his longstanding relationship with the Jacksonville Bar Association President-Elect, Katie L. Dearing and President T.A. (Tad) Delegal.

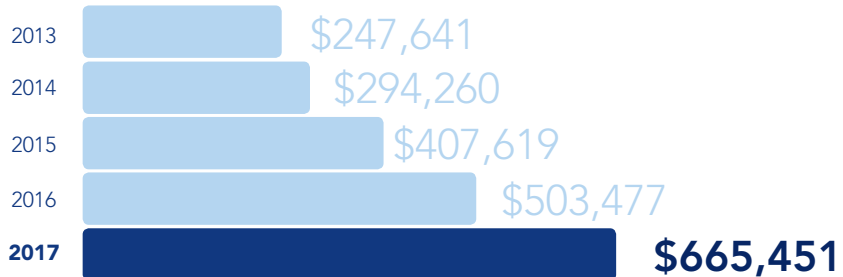




**NET INTEREST INCOME
PLUS NON-INTEREST INCOME**
(In thousands of dollars)



TOTAL LOANS
(In thousands of dollars)



TANGIBLE COMMON EQUITY
(In thousands of dollars)

FINANCIALS FOR 2017

REVENUE (NET INTEREST INCOME PLUS NON-INTEREST INCOME)

Total revenue increased by \$39.4 million, or 12.1%, during 2017, which is consistent with our balance sheet growth strategies. Net interest income increased 18.6% due to continued growth in earning assets, while noninterest income decreased 1.3% as we recorded fewer service charges on deposit accounts. Our lines of business, such as mortgage, warehouse lending, SBA and the new premium finance division, returned strong revenue that we expect to continue in to 2018. We were able to control the growth in operating expenses to a pace slower than the growth in income, such that our operating efficiency ratio improved to 60.27% for the full year 2017.

LOANS

We continued to see robust loan growth during 2017, while maintaining strong credit quality. Total loans, including loans held for sale, purchased loans and purchased loan pools, increased 16.3% during 2017. Organic loan growth in 2017 totaled \$941.0 million, or 20.3%. We ended the year with a loan to deposit ratio of 94.2%. Our relationship style of banking has allowed us to build solid relationships and serve quality customers while growing the loan portfolio and deposit base at a strong pace without compromising our core credit culture.

TANGIBLE COMMON EQUITY

Capital strength is a fundamental quality to support our growth and acquisition strategy into the future. We continue to be diligent in how we utilize our capital through growth, while also building shareholder value. Tangible book value per share increased 23.9% during 2017 to end the year at \$17.86 per share. At the end of 2017, we had approximately \$665.5 million of tangible common equity and our market capitalization exceeded \$1.79 billion.

AMERIS BANCORP LEADERSHIP

BOARD OF DIRECTORS



PICTURED FROM LEFT TO RIGHT. TOP ROW: **LEAD DIRECTOR DANIEL B. JETER**, STANDARD DISCOUNT CORPORATION (CONSUMER FINANCE); **EDWIN W. HORTMAN JR.**, EXECUTIVE CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER, AMERIS BANCORP; **WILLIAM I. BOWEN JR.**, BOWEN DONALDSON HOME FOR FUNERALS (FUNERAL SERVICES). MIDDLE ROW: **R. DALE EZZELL**, WISECARDS PRINTING (PRINT SERVICES); **LEO J. HILL**, TRANSAMERICA MUTUAL FUNDS (LEAD INDEPENDENT DIRECTOR); **ROBERT P. LYNCH**, LYNCH MANAGEMENT COMPANY (AUTOMOBILE SALES). BOTTOM ROW: **ELIZABETH A. MCCAGUE**, MCCAGUE AND COMPANY, LLC (CONSULTING AND MEDIATION); **WILLIAM H. STERN**, STERN & STERN AND ASSOCIATES (REAL ESTATE); **JIMMY D. VEAL**, BEACHVIEW TENT RENTALS, INC. (EVENT SERVICES).

EXECUTIVE OFFICERS



PICTURED FROM LEFT TO RIGHT. TOP ROW: **EDWIN W. HORTMAN JR.**, AMERIS BANCORP EXECUTIVE CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER; **DENNIS J. ZEMBER JR.**, AMERIS BANCORP EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER, AMERIS BANK CHIEF EXECUTIVE OFFICER; **LAWTON E. BASSETT III**, AMERIS BANCORP BANKING GROUP PRESIDENT AND AMERIS BANK PRESIDENT. MIDDLE ROW: **NICOLE S. STOKES, CPA**, EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER; **JON S. EDWARDS**, EXECUTIVE VICE PRESIDENT AND CHIEF CREDIT OFFICER; **JOSEPH B. KISSEL**, EXECUTIVE VICE PRESIDENT AND CHIEF INFORMATION OFFICER; **JAMES A. LAHAIE**, EXECUTIVE VICE PRESIDENT AND CORPORATE BANKING EXECUTIVE. BOTTOM ROW: **CINDI H. LEWIS**, EXECUTIVE VICE PRESIDENT, CHIEF ADMINISTRATIVE OFFICER AND CORPORATE SECRETARY; **WILLIAM D. MCKENDRY**, EXECUTIVE VICE PRESIDENT AND CHIEF RISK OFFICER; **STEPHEN A. MELTON, JD**, EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL.

COMMUNITY BOARDS OF DIRECTORS

The Ameris Bank Leadership team remains committed to providing the vision and opportunities necessary for our company to grow consistently and strategically year after year. Supporting our executive team is Ameris Bank's unique structure, one with local market leadership and assistance from local community boards of directors.

Albany & Cordele, GA

Regional President:
Austen D. Carroll

Market President:
Calvin L. McMillan

Directors:
Reid E. Mills, Chairman
Bonny B. Dorough
Gregory R. Garland
Y. Duncan Moore Jr.
J. Austin Turner

Cairo, GA

Market President:
Austen D. Carroll

City President:
Martin L. Cannington

Directors:
Jeffrey F. Cox, Chairman
Kevin S. Cauley
Cuy Harrell, III
G. Ashley Register, M.D.

Donalsonville & Colquitt, GA

Regional President:
Austen D. Carroll

Market President:
D. Mark O'Mary Sr.

City President:
Tracy D. Pickle

Directors:
N. Ed King Jr., Chairman
D. Glenn Heard
Kenneth R. Massey
Dan E. Ponder Jr.
Danny S. Shepard

Directors Emeritus:
H. Wayne Carr
John B. Clarke Sr.
Joseph S. Hall
Jerry G. Mitchell

Dothan, AL

Regional President:
Austen D. Carroll

Market President:
D. Mark O'Mary Sr.

Directors:
R. Dale Ezzell, Chairman
Ronald E. Dean
John D. DeLoach
C. Phillip Hayes
Alan D. Wells

Douglas, GA

Regional President:
Michael T. Lee

Market President:
David B. Batchelor

City President:
M. Shane Shook

Directors:
Kevin L. Gilliard,
Chairman
Faye H. Hennesy
Alfred Lott Jr.
Donnie H. Smith

Gainesville & Ocala, FL

Regional President:
Kendall L. Spencer

Market President:
Suzanne B. Norris

Directors:
Thomas P. McIntosh,
Chairman
R. Dale Barron
Adra B. Kennard
Kenneth B. Kirkpatrick
G. Thomas Mallini
Breck A. Weingart

Director Emeritus:
James D. Salter

Jacksonville, FL

Regional President:
Kendall L. Spencer

Directors:
Joseph P. Helow,
Chairman
Robert M. Bradley Jr.
Phillip H. Cury
John A. Delaney
A. Hugh Greene
Major B. Harding Jr.
Robert P. Lynch
J. Charles Wilson, CPA

Moultrie, GA

Regional President:
Austen D. Carroll

Market President:
Ronnie F. Marchant

Directors:
Thomas W. Rowell,
Chairman
Thomas L. Estes, M.D.
Robert A. Faircloth
R. Plenn Hunnicutt
Daniel B. Jeter
Lynn L. Jones Jr.
J. Mark Mobley Jr.

Director Emeritus:
Brooks Sheldon

Ocilla, GA

Regional President:
Michael T. Lee

Market President:
David B. Batchelor

Directors:
Gary H. Paulk, Chairman
Howard C. McMahan, M.D.
Wesley T. Paulk

Directors Emeritus:
Loran A. Pate
Daniel M. Paulk

Savannah, GA

Regional President:
Michael T. Lee

Market President:
Jenny L. Gentry

Directors:
Matthew A. West,
Chairman
Nina T. Gompels
J. Mason Heidt, CLTC
John L. Reynolds
Harold B. Yellin, J.D.

Southeast Georgia Coast

Regional President:
Michael T. Lee

Market President:
Michael D. Hodges

Directors:
Jimmy D. Veal, Chairman
Michael L. Davis
Stephen V. Kinney
G. Tony Sammons

Directors Emeritus:
C. Ray Acosta
John W. McDill
Thomas I. Stafford Jr.
J. Thomas Whelchel

State of South Carolina

Director of Commercial
Banking: H. Richard Sturm

Regional President:
Mze Wilkins

Directors:
William H. Stern, Chairman
Kirkman Finlay, III
Edward G. McDonnell
William Weston J. Newton
Laurens C. Nicholson
A. Rae Phillips

St. Augustine, FL

Regional President:
Kendall L. Spencer

Market President:
Cecil F. Gibson, III

Directors:
Mark F. Bailey Sr.,
Chairman

Director Emeritus:
Melvin A. McQuaig

Tallahassee, FL

Regional President:
Austen D. Carroll

Market President:
Robert D. Vice

Directors:
Halsey W. Beshears,
Chairman
Jeff Hartley
Hector A. Mejia, M.D.
Ruben R. Rowe, III
Brent D. Sparkman

Thomasville, GA

Regional President:
Austen D. Carroll

Directors:
L. Maurice Chastain,
Chairman
Dale E. Aldridge
S. Mark Brewer, M.D.
Kenneth E. Hickey
Terrel M. Solana, Ph.D.

Tifton, GA

Regional President:
Michael T. Lee

Market President:
Charles T. Barger, III

Directors:
William I. Bowen Jr.,
Chairman
Austin L. Coarsey
Scott R. Fulp, D.D.S.
John Alan Lindsey
Fortson B. Turner
Clifford A. Walker Sr.,
D.M.D.

Director Emeritus:
J. Raymond Fulp

Valdosta, GA

Regional President:
Michael T. Lee

City President:
Jason C. Glas

Directors:
Charles E. Smith,
Chairman
Bart T. Mizell
M. Alan Wheeler

Directors Emeritus:
Doyle Weltzbarker
Henry C. Wortman

Vidalia, GA

Regional President:
Michael T. Lee

Market President:
David B. Batchelor

City President:
Jacob E. Cleghorn

Directors:
Christopher A. Hopkins,
Chairman
Pollyann F. Martin
Britton J. McDade
Jeffery S. McLain

Cautionary Note Regarding Forward-Looking Statements

This Annual Report contains statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words "believe", "estimate", "expect", "intend", "anticipate" and similar expressions and variations thereof identify certain of such forward-looking statements, which speak only as of the dates which they were made. Ameris Bancorp undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those indicated in the forward-looking statements as a result of various factors. Readers are cautioned not to place undue reliance on these forward-looking statements.



ANNUAL REPORT 2017
FORM 10-K

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

FORM 10-K

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

For the fiscal year ended December 31, 2017, or

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

For the transition period from _____ to _____.

Commission File Number
001-13901



AMERIS BANCORP
(Exact name of registrant as specified in its charter)

GEORGIA
(State of incorporation)

58-1456434
(IRS Employer ID No.)

310 FIRST ST., SE, MOULTRIE, GA 31768
(Address of principal executive offices)

(229) 890-1111
(Registrant's telephone number)

Securities registered pursuant to Section 12(b) of the Act: Common Stock, Par Value \$1 Per Share
Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act. Yes No

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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the voting and non-voting common equity held by nonaffiliates of the registrant was approximately \$1,737,874,955.

As of February 19, 2018, the registrant had outstanding 38,240,509 shares of common stock, \$1.00 par value per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2018 Annual Meeting of Shareholders are incorporated into Part III hereof by reference.

AMERIS BANCORP
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**CAUTIONARY NOTE
REGARDING FORWARD-LOOKING STATEMENTS**

This Annual Report on Form 10-K (this “Annual Report”) and the documents incorporated by reference herein may contain certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, forward-looking statements can be identified by the use of words such as “may,” “might,” “will,” “would,” “should,” “could,” “expect,” “plan,” “intend,” “anticipate,” “believe,” “estimate,” “predict,” “probable,” “potential,” “possible,” “target,” “continue,” “look forward,” or “assume,” and words of similar import. Forward-looking statements are not historical facts but instead express only management’s beliefs regarding future results or events, many of which, by their nature, are inherently uncertain and outside of management’s control. It is possible that actual results and events may differ, possibly materially, from the anticipated results or events indicated in these forward-looking statements. Forward-looking statements are not guarantees of future performance, and we caution you not to place undue reliance on these statements.

You should understand that important factors, including the following, in addition to those described in Part I, Item 1A., “Risk Factors,” and elsewhere in this Annual Report, as well as in the documents which are incorporated by reference into this Annual Report, and those described from time to time in our future reports filed with the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), could cause actual results to differ materially from those expressed in such forward-looking statements:

- the risks of any acquisitions, mergers or divestitures which we may undertake in the future, including, without limitation, the related time and costs of implementing such transactions, integrating operations as part of these transactions and possible failures to achieve expected gains, revenue growth, expense savings and/or other results from such transactions;
- the effects of future economic, business and market conditions and changes, including seasonality;
- legislative and regulatory changes, including changes in banking, securities and tax laws, regulations and policies and their application by our regulators;
- changes in accounting rules, practices and interpretations;
- the risks of changes in interest rates on the levels, composition and costs of deposits, loan demand, and the values and liquidity of loan collateral, securities and interest-sensitive assets and liabilities;
- changes in borrower credit risks and payment behaviors;
- changes in the availability and cost of credit and capital in the financial markets;
- changes in the prices, values and sales volumes of residential and commercial real estate;
- the effects of concentrations in our loan portfolio;
- our ability to resolve nonperforming assets;
- the failure of assumptions and estimates underlying the establishment of reserves for possible loan losses and other estimates and valuations;
- changes in technology or products that may be more difficult, costly or less effective than anticipated; and
- the effects of war or other conflicts, acts of terrorism, hurricanes, floods, tornados or other catastrophic events that may affect economic conditions.

Our management believes the forward-looking statements about us are reasonable. However, you should not place undue reliance on them. Any forward-looking statements in this Annual Report and the documents incorporated by reference herein are not guarantees of future performance. They involve risks, uncertainties and assumptions, and actual results, developments and business decisions may differ from those contemplated by those forward-looking statements, and such differences may be material. Many of the factors that will determine these results are beyond our ability to control or predict. We disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section.

PART I

As used in this Annual Report, the terms “we,” “us,” “our,” “Ameris” and the “Company” refer to Ameris Bancorp and its subsidiaries (unless the context indicates another meaning).

ITEM 1. BUSINESS OVERVIEW

We are a financial holding company whose business is conducted primarily through our wholly owned banking subsidiary, Ameris Bank (the “Bank”), which provides a full range of banking services to its retail and commercial customers who are primarily concentrated in select markets in Georgia, Alabama, Florida and South Carolina. Ameris was incorporated on December 18, 1980 as a Georgia corporation. The Company’s executive office is located at 310 First St., S.E., Moultrie, Georgia 31768, our telephone number is (229) 890-1111 and our internet address is www.amerisbank.com. We operate 97 domestic banking offices. We do not operate in any foreign countries. At December 31, 2017, we had approximately \$7.86 billion in total assets, \$6.24 billion in total loans, \$6.63 billion in total deposits and \$804.5 million of shareholders’ equity. Our deposits are insured, up to applicable limits, by the Federal Deposit Insurance Corporation (the “FDIC”).

We make our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act available free of charge on our website at www.amerisbank.com as soon as reasonably practicable after we electronically file such material with the SEC. These reports are also available without charge on the SEC’s website at www.sec.gov.

The Parent Company

Our primary business as a bank holding company is to manage the business and affairs of the Bank. As a bank holding company, we perform certain shareholder and investor relations functions and seek to provide financial support, if necessary, to the Bank.

Ameris Bank

Our principal subsidiary is the Bank, which is headquartered in Moultrie, Georgia and operates branches primarily concentrated in select markets in Georgia, Alabama, Florida and South Carolina. These branches serve distinct communities in our business areas with autonomy but do so as one bank, leveraging our favorable geographic footprint in an effort to acquire more customers.

Capital Trust Securities

On September 20, 2006, the Company completed a private placement of an aggregate of \$36,000,000 of trust preferred securities. The placement occurred through a statutory trust subsidiary of Ameris, Ameris Statutory Trust I (the “Trust”). The trust preferred securities carry a quarterly adjustable interest rate of 1.63% over the 3-Month LIBOR. The trust preferred securities mature on December 15, 2036, and became redeemable at the Company’s option on September 15, 2011.

On December 16, 2005, Ameris acquired First National Banc, Inc. (“FNB”) by merger. In connection with such transaction, Ameris assumed the obligations of FNB related to its prior issuance of trust preferred securities. In 2004, FNB’s statutory trust subsidiary, First National Banc Statutory Trust I, issued \$5,000,000 in principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 2.80% through a pool sponsored by a national brokerage firm. These trust preferred securities have a maturity of 30 years and are redeemable at the Company’s option on any quarterly interest payment date.

On December 23, 2013, Ameris acquired The Prosperity Banking Company (“Prosperity”) by merger. In connection with such transaction, Ameris assumed the obligations of Prosperity related to the following issuances of trust preferred securities: (i) in 2003, Prosperity’s statutory trust subsidiary, Prosperity Bank Statutory Trust II, issued \$4,500,000 in principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 3.15%; (ii) in 2004, Prosperity’s statutory trust subsidiary, Prosperity Banking Capital Trust I, issued \$5,000,000 in principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 2.57%; (iii) in 2006, Prosperity’s statutory trust subsidiary, Prosperity Bank Statutory Trust III, issued \$10,000,000 in principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 1.60%; and (iv) in 2007, Prosperity’s statutory trust subsidiary, Prosperity Bank Statutory Trust IV, issued \$10,000,000 in principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 1.54%. Each of the foregoing issuances was consummated through a pool sponsored by a national brokerage firm. These trust preferred securities have a maturity of 30 years and are redeemable at the Company’s option on any quarterly interest payment date.

On June 30, 2014, Ameris acquired Coastal Bankshares, Inc. (“Coastal”) by merger. In connection with such transaction, Ameris assumed the obligations of Coastal related to the following issuances of trust preferred securities: (i) in 2003, Coastal’s statutory trust subsidiary, Coastal Bankshares Statutory Trust I, issued \$5,000,000 in principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 3.15%; and (ii) in 2005, Coastal’s statutory trust subsidiary, Coastal Bankshares Statutory Trust II, issued \$10,000,000 in principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 1.60%. Each of the foregoing issuances was consummated through a pool sponsored by a national brokerage firm. These trust preferred securities have a maturity of 30 years and are redeemable at the Company’s option on any quarterly interest payment date.

On May 22, 2015, Ameris acquired Merchants & Southern Banks of Florida, Incorporated (“Merchants”) by merger. In connection with such transaction, Ameris assumed the obligations of Merchants related to the following issuances of trust preferred securities: (i) in 2005, Merchants’ statutory trust subsidiary, Merchants & Southern Statutory Trust I, issued \$3,000,000 in principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 1.90%; and (ii) in 2006, Merchants’ statutory trust subsidiary, Merchants & Southern Statutory Trust II, issued \$3,000,000 in principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 1.50%. Each of the foregoing issuances was consummated through a pool sponsored by a national brokerage firm. These trust preferred securities have a maturity of 30 years and are redeemable at the Company’s option on any quarterly interest payment date.

On March 11, 2016, Ameris acquired Jacksonville Bancorp, Inc. (“JAXB”) by merger. In connection with such transaction, Ameris assumed the obligations of JAXB related to the following issuances of trust preferred securities: (i) in 2004, JAXB’s statutory trust subsidiary, Jacksonville Statutory Trust I, issued \$4,000,000 in principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 2.63%; (ii) in 2006, JAXB’s statutory trust subsidiary, Jacksonville Statutory Trust II, issued \$3,000,000 in principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 1.73%; (iii) in 2008, JAXB’s statutory trust subsidiary, Jacksonville Bancorp, Inc. Statutory Trust III, issued \$7,550,000 in principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 3.75%; and (iv) in 2005, JAXB’s statutory trust subsidiary, Atlantic BancGroup, Inc. Statutory Trust I, issued \$3,000,000 in principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 1.50%. Each of the foregoing issuances was consummated through a pool sponsored by a national brokerage firm. These trust preferred securities have a maturity of 30 years and are redeemable at the Company’s option on any quarterly interest payment date.

See the notes to our consolidated financial statements included in this Annual Report for a further discussion of these trust preferred securities.

Strategy

We seek to increase our presence and grow the “Ameris” brand in the markets that we currently serve in Georgia, Alabama, Florida and South Carolina and in neighboring communities that present attractive opportunities for expansion. Management has pursued this objective through an acquisition-oriented growth strategy and a prudent operating strategy. Our community banking philosophy emphasizes personalized service and building broad and deep customer relationships, which has provided us with a substantial base of low cost core deposits. Our markets are managed by senior level, experienced decision makers in a decentralized structure that differentiates us from our larger competitors. Management believes that this structure, along with involvement in and knowledge of our local markets, will continue to provide growth and assist in managing risk throughout our Company.

We have maintained our focus on a long-term strategy of expanding and diversifying our franchise in terms of revenues, profitability and asset size. Our growth over the past several years has been enhanced significantly by bank acquisitions, including the purchase of JAXB in 2016, 18 retail branches from Bank of America in 2015 and the acquisition of Merchants in 2015, Coastal in 2014, Prosperity in 2013 and ten failed institutions in FDIC-assisted transactions between 2009 and 2012. We expect to continue to take advantage of the consolidation in the financial services industry and enhance our franchise through future acquisitions. We intend to grow within our existing markets, to branch into or acquire financial institutions in existing markets as well as financial institutions in other markets consistent with our capital availability and management abilities.

BANKING SERVICES

Lending Activities

General. The Company maintains a diversified loan portfolio by providing a broad range of commercial and retail lending services to business entities and individuals. We provide agricultural loans, commercial business loans, commercial and residential real estate construction and mortgage loans, consumer loans, revolving lines of credit and letters of credit. The Company also originates first mortgage residential mortgage loans and generally enters into a commitment to sell these loans in the secondary market. We have not made or participated in foreign, energy-related or subprime loans. In addition, the Company does not regularly buy loan participations or portions of national credits but from time to time, may acquire balances subject to participation agreements through acquisition. Less than 1% of the Company's loan portfolio was a loan participation purchased at December 31, 2017.

At December 31, 2017, our loan portfolio totaled approximately \$6.24 billion, representing approximately 79.5% of our total assets. For additional discussion of our loan portfolio, see "Management's Discussion and Analysis of Financial Condition and Results of Operations – Loans."

Commercial Real Estate Loans. This portion of our loan portfolio has grown significantly over the past few years and represents the largest segment of our loan portfolio. These loans are generally extended for acquisition, development or construction of commercial properties. The loans are underwritten with an emphasis on the viability of the project, the borrower's ability to meet certain minimum debt service requirements and an analysis and review of the collateral and guarantors, if any.

Residential Real Estate Mortgage Loans. Ameris originates adjustable and fixed-rate residential mortgage loans. These mortgage loans are generally originated under terms and conditions consistent with secondary market guidelines. Some of these loans will be placed in the Company's loan portfolio; however, a majority are sold in the secondary market. The residential real estate mortgage loans that are included in the Company's loan portfolio are usually owner-occupied and generally amortized over a 20- to 30-year period with three- to five-year maturity or repricing. In addition, during 2015 and 2016, the Company purchased residential mortgage loan pools collateralized by properties located outside our Southeast markets, specifically in California, Washington and Illinois.

Agricultural Loans. Our agricultural loans are extended to finance crop production, the purchase of farm-related equipment or farmland and the operations of dairies, poultry producers, livestock producers and timber growers. Agricultural loans typically involve seasonal balance fluctuations. Although we typically look to an agricultural borrower's cash flow as the principal source of repayment, agricultural loans are also generally secured by a security interest in the crops or the farm-related equipment and, in some cases, an assignment of crop insurance and mortgage on real estate. The lending officer visits the borrower regularly during the growing season and re-evaluates the loan in light of the borrower's updated cash flow projections. A portion of our agricultural loans is guaranteed by the Farm Service Agency Guaranteed Loan Program.

Commercial and Industrial Loans. Generally, commercial and industrial loans consist of loans made primarily to manufacturers, wholesalers and retailers of goods, service companies, municipalities and other industries. These loans are made for acquisition, expansion and working capital purposes and may be secured by real estate, accounts receivable, inventory, equipment, personal guarantees or other assets. The Company monitors these loans by requesting submission of corporate and personal financial statements and income tax returns. The Company has also generated loans which are guaranteed by the U.S. Small Business Administration (the "SBA"). SBA loans are generally underwritten in the same manner as conventional loans generated for the Bank's portfolio. Periodically, a portion of the loans that are secured by the guaranty of the SBA will be sold in the secondary market. Management believes that making such loans helps the local community and also provides Ameris with a source of income and solid future lending relationships as such businesses grow and prosper. The primary repayment risk for commercial loans is the failure of the business due to economic or financial factors. During 2016, the Bank purchased a pool of commercial insurance premium finance loans made to borrowers throughout the United States and began a division to originate, administer and service these types of loans.

Consumer Loans. Our consumer loans include home improvement, home equity, motor vehicle, loans secured by savings accounts and small unsecured personal credit lines. The terms of these loans typically range from 12 to 240 months and vary based upon the nature of collateral and size of the loan. These loans are generally secured by various assets owned by the consumer. In addition, during 2016, the Bank began purchasing consumer installment home improvement loans made to borrowers throughout the United States.

Credit Administration

We have sought to maintain a comprehensive lending policy that meets the credit needs of each of the communities served by the Bank, including low and moderate-income customers, and to employ lending procedures and policies consistent with this approach. All loans are subject to our corporate loan policy, which is reviewed annually and updated as needed. The loan policy provides that lending officers have sole authority to approve loans of various amounts commensurate with their seniority, experience and needs within the market. Our local market presidents have discretion to approve loans in varying principal amounts up to established limits, and our regional credit officers review and approve loans that exceed such limits.

Individual lending authority is assigned by the Company's Chief Credit Officer, as is the maximum limit of new extensions of credit that may be approved in each market. These approval limits are reviewed annually by the Company and adjusted as needed. All requests for extensions of credit in excess of any of these limits are reviewed by one of six regional credit officers. When the request for approval exceeds the authority level of the regional credit officer, the approval of the Company's Chief Credit Officer and/or the Company's loan committee is required. All new loans or modifications to existing loans in excess of \$250,000 are reviewed monthly by the Company's Credit Administration Department with the lender responsible for the credit. In addition, our ongoing loan review program subjects the portfolio to sampling and objective review by our ongoing internal loan review process which is independent of the originating loan officer.

Each lending officer has authority to make loans only in the market area in which his or her Bank office is located and its contiguous counties. Occasionally, our loan committee will approve making a loan outside of the market areas of the Bank, provided the Bank has a prior relationship with the borrower. Our lending policy requires analysis of the borrower's projected cash flow and ability to service the debt.

The Bank has purchased loans outside of its market area. These include residential mortgage loan pools collateralized by properties located outside our Southeast markets, specifically in California, Washington and Illinois, consumer installment home improvement loans made to borrowers throughout the United States and commercial insurance premium finance loans made to borrowers throughout the United States. These purchases were reviewed and approved by the Chief Credit Officer.

We actively market our services to qualified lending customers in both the commercial and consumer sectors. Our commercial lending officers actively solicit the business of new companies entering the market as well as longstanding members of that market's business community. Through personalized professional service and competitive pricing, we have been successful in attracting new commercial lending customers. At the same time, we actively advertise our consumer loan products and continually seek to make our lending officers more accessible.

The Bank continually monitors its loan portfolio to identify areas of concern and to enable management to take corrective action when necessary. Local market presidents and lending officers meet periodically to review all past due loans, the status of large loans and certain other credit or economic related matters. Individual lending officers are responsible for collection of past due amounts and monitoring any changes in the financial status of the borrowers. Loans that are serviced by others, such as certain residential mortgage loans and consumer installment home improvement loans, are monitored by the Company's credit officers, although ultimate collection of past due amounts is the responsibility of the servicing agents.

Investment Activities

Our investment policy is designed to maximize income from funds not needed to meet loan demand in a manner consistent with appropriate liquidity and risk management objectives. Under this policy, our Company may invest in federal, state and municipal obligations, corporate obligations, public housing authority bonds, industrial development revenue bonds, securities issued by Government-Sponsored Enterprises ("GSEs") and satisfactorily-rated trust preferred obligations. Investments in our portfolio must satisfy certain quality criteria. Our Company's investments must be "investment-grade" as determined by either Moody's or Standard and Poor's. Investment securities where the Company has determined a certain level of credit risk are periodically reviewed to determine the financial condition of the issuer and to support the Company's decision to continue holding the security. Our Company may purchase non-rated municipal bonds only if the issuer of such bonds is located in the Company's general market area and such bonds are determined by the Company to have a credit risk no greater than the minimum ratings referred to above. Industrial development authority bonds, which normally are not rated, are purchased only if the issuer is located in the Company's market area and if the bonds are considered to possess a high degree of credit soundness. Traditionally, the Company has purchased and held investment securities with very high levels of credit quality, favoring investments backed by direct or indirect guarantees of the U.S. government.

While our investment policy permits our Company to trade securities to improve the quality of yields or marketability or to realign the composition of the portfolio, the Bank historically has not done so to any significant extent.

Our investment committee implements the investment policy and portfolio strategies and monitors the portfolio. Reports on all purchases, sales, net profits or losses and market appreciation or depreciation of the bond portfolio are reviewed by our Board of Directors each month. The written investment policy is reviewed annually by the Company's Board of Directors and updated as needed.

The Company's securities are held in safekeeping accounts at approved correspondent banks.

Deposits

The Company provides a full range of deposit accounts and services to both retail and commercial customers. These deposit accounts have a variety of interest rates and terms and consist of interest-bearing and noninterest-bearing accounts, including commercial and retail checking accounts, regular interest-bearing savings accounts, money market accounts, individual retirement accounts and certificates of deposit. Our Bank obtains most of its deposits from individuals and businesses in its market areas.

Brokered deposits are deposits obtained by utilizing an outside broker that is paid a fee. The Bank utilizes brokered deposits to accomplish several purposes, such as (i) acquiring a certain maturity and dollar amount without repricing the Bank's current customers which could increase or decrease the overall cost of deposits and (ii) acquiring certain maturities and dollar amounts to help manage interest rate risk.

Other Funding Sources

The Federal Home Loan Bank ("FHLB") allows the Company to obtain advances through its credit program. These advances are secured by securities owned by the Company and held in safekeeping by the FHLB, FHLB stock owned by the Company and certain qualifying loans secured by real estate, including residential mortgage loans, home equity lines of credit and commercial real estate loans. The Company has a revolving credit agreement with a regional bank, secured by subsidiary bank stock, and the Company maintains credit arrangements with various other financial institutions to purchase federal funds. The Company participates in the Federal Reserve discount window borrowings program.

On March 13, 2017, the Company completed the public offering and sale of \$75.0 million in aggregate principal amount of its 5.75% Fixed-To-Floating Rate Subordinated Notes due 2027. The subordinated notes were sold to the public at par. The subordinated notes will mature on March 15, 2027 and through March 14, 2022 will bear a fixed rate of interest of 5.75% per annum. Beginning March 15, 2022, the interest rate on the subordinated notes resets quarterly to a floating rate per annum equal to the then-current three-month LIBOR plus 3.616%.

The Company has long-term subordinated deferrable interest debentures with a net book carrying value of \$85.6 million as of December 31, 2017. The majority of these trust preferred securities were assumed as liabilities in previous whole bank acquisitions.

The Company also enters into repurchase agreements. These repurchase agreements are treated as short-term borrowings and are reflected on the Company's balance sheet as such.

Use of Derivatives

The Company seeks to provide stable net interest income despite changes in interest rates. In its review of interest rate risk, the Company considers the use of derivatives to protect interest income on loans or to create a structure in institutional borrowings that limits the Company's cost. During 2016 and 2017, the Company had an interest rate swap with a notional amount of \$37.1 million for the purpose of converting from a variable to a fixed interest rate on certain junior subordinated debentures on the Company's balance sheet. The interest rate swap, which is classified as a cash flow hedge, is indexed to 90-day LIBOR.

The Company maintains a risk management program to manage interest rate risk and pricing risk associated with its mortgage lending activities. This program includes the use of forward contracts and other derivatives that are used to offset changes in the value of the mortgage inventory due to changes in market interest rates. As a normal part of its operations, the Company enters into derivative contracts such as forward sale commitments and interest rate lock commitments ("IRLCs") to economically hedge risks associated with overall price risk related to IRLCs and mortgage loans held for sale carried at fair value. The fair value of these instruments amounted to an asset of approximately \$2,888,000 and \$4,314,000 at December 31, 2017 and 2016, respectively, and a derivative liability of approximately \$67,000 and \$0 at December 31, 2017 and 2016, respectively.

CORPORATE RESTRUCTURING AND BUSINESS COMBINATIONS

Hamilton State Bancshares, Inc.

On January 25, 2018, the Company and Hamilton State Bancshares, Inc., a Georgia corporation ("Hamilton"), entered into an Agreement and Plan of Merger (the "Hamilton Merger Agreement") pursuant to which Hamilton will merge into Ameris, with Ameris as the surviving entity and immediately thereafter, Hamilton State Bank, a Georgia bank wholly owned by Hamilton, will be merged into Ameris Bank, with Ameris Bank as the surviving entity. Hamilton State Bank operates 28 full-service banking locations, 24 of which are located in the Atlanta, Georgia MSA, two of which are located in the Gainesville, Georgia MSA, and two of which are located just outside the Atlanta, Georgia MSA. Under the terms of the Hamilton Merger Agreement, Hamilton's shareholders will receive \$0.93 in cash and 0.16 shares of Ameris common stock, par value \$1.00 per share (the "Common Stock"), for each share of Hamilton common stock they hold. The estimated purchase price is \$405.7 million in the aggregate based upon the \$53.45 per share closing price of our Common Stock as of January 25, 2018. The merger is subject to customary closing conditions, including the receipt of regulatory approvals and the approval of Hamilton's shareholders. The transaction is expected to close during the third quarter of 2018. As of December 31, 2017, Hamilton reported assets of \$1.79 billion, gross loans of \$1.30 billion and deposits of \$1.55 billion. The purchase price will be allocated among the net assets of Hamilton acquired as appropriate, with the remaining balance being reported as goodwill.

Atlantic Coast Financial Corporation

On November 16, 2017, the Company and Atlantic Coast Financial Corporation, a Maryland corporation ("Atlantic"), entered into an Agreement and Plan of Merger (the "Atlantic Merger Agreement") pursuant to which Atlantic will merge into Ameris, with Ameris as the surviving entity and immediately thereafter, Atlantic Coast Bank, a Florida bank wholly owned by Atlantic, will be merged into Ameris Bank, with Ameris Bank as the surviving entity. Atlantic Coast Bank operates 12 full-service banking locations, eight of which are located in the Jacksonville, Florida MSA, three of which are located in the Waycross, Georgia MSA, and one of which is located in the Douglas, Georgia MSA. Under the terms of the Atlantic Merger Agreement, Atlantic's stockholders will receive \$1.39 in cash and 0.17 shares of our Common Stock for each share of Atlantic common stock they hold. The estimated purchase price is \$145.0 million in the aggregate based upon the \$47.30 per share closing price of our Common Stock as of November 16, 2017. The merger is subject to customary closing conditions, including the receipt of regulatory approvals and the approval of Atlantic's stockholders. The transaction is expected to close during the second quarter of 2018. As of December 31, 2017, Atlantic reported assets of \$983.3 million, gross loans of \$851.4 million and deposits of \$675.8 million. The purchase price will be allocated among the net assets of the Atlantic acquired as appropriate, with the remaining balance being reported as goodwill.

US Premium Finance

In December 15, 2016, the Bank entered into a Management and License Agreement with William J. Villari and US Premium Financing Holding Company, a Florida corporation ("USPF"), pursuant to which Mr. Villari agreed to manage a division of the Bank operated under the name "US Premium Finance" and engaged in the business of soliciting, originating, servicing, administering and collecting loans made for purposes of funding insurance premiums and other loans made to persons engaged in the insurance business.

Also on December 15, 2016, the Company entered into a Stock Purchase Agreement with Mr. Villari pursuant to which the Company agreed to purchase from Mr. Villari 4.99% of the outstanding shares of common stock of USPF. As consideration for such shares, the Company agreed to issue to Mr. Villari 128,572 unregistered shares of our Common Stock in a private placement transaction pursuant to the exemptions from registration provided in Section 4(a)(2) of the Securities Act of 1933, as amended, (the "Securities Act"), and Rule 506 of Regulation D promulgated thereunder. Those transactions closed on January 18, 2017. The Company's 4.99% investment in USPF was valued at \$5.8 million, based upon the \$45.45 per share closing price of our Common Stock immediately prior to the parties' execution of the Stock Purchase Agreement.

On January 3, 2018, the Company completed the purchase of an additional 25.01% of the outstanding shares of common stock of USPF from Mr. Villari pursuant to a Stock Purchase Agreement dated December 29, 2017. In exchange for such shares, the Company paid \$12.5 million and issued 114,285 unregistered shares of our Common Stock in a similarly exempt private placement transaction.

The Company accrued the additional 25.01% investment in USPF in its December 31, 2017 financial statements. The Company's additional 25.01% investment in USPF was valued at \$18.1 million based upon the \$12.5 million cash payment to be made and the \$48.75 per share closing price of our Common Stock immediately prior to the parties' execution of the Stock Purchase Agreement.

Because USPF does not have a readily determinable fair value, the 4.99% investment in USPF is carried at cost and is included in other investments in the Company's December 31, 2017 consolidated balance sheet at a carrying value of \$5.8 million. Additionally, the Company's accrued liability of \$18.1 million and the related additional 25.01% investment in USPF was recorded in other liabilities and other investments, respectively, in the Company's December 31, 2017 consolidated balance sheet pending settlement in cash and shares of the Company's common stock on January 3, 2018.

On January 25, 2018, the Company, the Bank and the remaining shareholders of USPF entered into a Stock Purchase Agreement pursuant to which the Company agreed to purchase the remaining 70% of the outstanding shares of common stock of USPF. In exchange for such shares, Ameris agreed to pay the selling shareholders approximately \$8.92 million in cash and issue to them 830,301 unregistered shares of our Common Stock in an exempt private placement transaction. In addition, under the agreement, the selling shareholders may receive additional cash payments aggregating up to approximately \$5.83 million based on the achievement by the Company's premium finance division of certain income targets between January 1, 2018 and June 30, 2019. The purchase of the remaining 70% of the outstanding shares of common stock of USPF was completed on January 31, 2018, with a cash payment of \$8.92 million and issuance of 830,301 shares of Common Stock valued at \$44.5 million based upon the \$53.55 per share closing price of our Common Stock as of January 24, 2018.

Upon acquisition of the remaining 70% of the outstanding shares of common stock of USPF, the Management and License Agreement was terminated, and Mr. Villari will continue to manage the premium finance division as an employee of the Bank.

Prior to the January 31, 2018 completion of this business combination, USPF was a private entity and the information necessary to complete the initial accounting for the business combination is incomplete at this time. In the Company's consolidated statement of income for the year ended December 31, 2017, no gain or loss has been recognized as a result of remeasuring to fair value the prior minority equity investment in USPF held by the Company immediately before the business combination was completed. During the first quarter of 2018, the total purchase price for USPF will be allocated among the net assets of USPF acquired as appropriate, with the remaining balance being reported as goodwill and any gain or loss resulting from remeasuring to fair value the prior minority equity investment in USPF will be recognized.

Jacksonville Bancorp, Inc.

On March 11, 2016, Ameris acquired JAXB by merger, at which time JAXB's wholly owned banking subsidiary, The Jacksonville Bank ("Jacksonville Bank"), also was merged with and into the Bank. JAXB was headquartered in Jacksonville, Florida and it operated eight full-service branches located in Jacksonville and Jacksonville Beach, Duval County, Florida. The acquisition expanded the Company's existing market presence in the Jacksonville market. The consideration for the acquisition was a combination of cash and our Common Stock, with an aggregate purchase price of approximately \$96.4 million. The total consideration consisted of \$23.9 million in cash and 2,549,469 shares of Common Stock with a value of approximately \$72.5 million.

Merchants & Southern Banks of Florida, Inc.

On May 22, 2015, Ameris acquired Merchants by merger, at which time Merchants' wholly owned banking subsidiary, Merchants and Southern Bank, also was merged with and into the Bank. Merchants was headquartered in Gainesville, Florida and operated thirteen banking locations in Alachua, Marion and Clay Counties in Florida. The acquisition of Merchants was significant to the Company's growth strategy, as it expanded our existing footprint in several attractive Florida markets. Ameris paid an aggregate purchase price of \$50.0 million to acquire the stock of Merchants.

Acquisition of 18 Branches in North Florida and South Georgia

On June 12, 2015, Ameris completed the 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. Ameris acquired approximately \$644.7 million in deposits and 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, Ameris acquired approximately \$4.0 million in loans and \$10.7 million in premises and equipment.

Coastal Bankshares, Inc.

On June 30, 2014, Ameris acquired Coastal by merger, at which time Coastal's wholly owned banking subsidiary, The Coastal Bank ("Coastal Bank"), also was merged with and into the Bank. Coastal was headquartered in Savannah, Georgia and it operated six banking locations in Chatham, Liberty and Effingham Counties in Georgia. The acquisition of Coastal grew the Company's existing market presence in the Savannah, Georgia market. The consideration for the acquisition, with an aggregate purchase

price of approximately \$37.3 million, consisted of approximately 1,599,000 shares of Common Stock with a value of approximately \$34.5 million and \$2.8 million cash in exchange for outstanding warrants.

The Prosperity Banking Company

On December 23, 2013, Ameris acquired Prosperity by merger, at which time Prosperity's wholly owned banking subsidiary, Prosperity Bank ("Prosperity Bank"), also was merged with and into the Bank. Prosperity was headquartered in Saint Augustine, Florida and it operated 12 banking locations in St. Johns, Duval, Flagler, Bay, Putnam and Volusia Counties in northeast Florida and the Florida panhandle. The acquisition of Prosperity was significant to the Company, as it expanded our existing Southeastern footprint in several attractive Florida markets. The consideration for the acquisition was a combination of cash and our Common Stock, with an aggregate purchase price of approximately \$24.6 million. The total consideration consisted of \$162,000 in cash and approximately 1,169,000 shares of Common Stock with a value of approximately \$24.5 million.

Montgomery Bank & Trust

On July 6, 2012, the Bank purchased certain assets and assumed substantially all of the liabilities of Montgomery Bank & Trust ("MBT") from the FDIC, as Receiver of MBT. MBT operated two branches in Ailey and Vidalia, Georgia. The Bank assumed approximately \$156.7 million in customer deposits and acquired approximately \$18.1 million in assets, including approximately \$16.7 million in cash and cash equivalents and approximately \$1.2 million in deposit-secured loans. The assets were acquired without a discount and the deposits were assumed with no premium. To settle the transaction, the FDIC made a cash payment to the Bank totaling approximately \$138.7 million, based on the differential between liabilities assumed and assets acquired.

Central Bank of Georgia

On February 24, 2012, the Bank purchased substantially all of the assets and assumed substantially all of the liabilities of Central Bank of Georgia ("CBG") from the FDIC, as Receiver of CBG. CBG operated five branches in Ellaville, Buena Vista, Butler, Cusseta and Macon, Georgia, with approximately \$182.6 million in loans and approximately \$261.0 million in deposits. The Company's agreements with the FDIC included a loss-sharing agreement which affords the Bank significant protection from losses associated with loans and other real estate owned ("OREO"). Under the terms of the loss-sharing agreement, the FDIC will absorb 80% of losses and share 80% of loss recoveries during the term of the agreement. The term for loss sharing on residential real estate loans is ten years, while the term for loss sharing on all other loans is five years.

The Company's bid to acquire CBG included a discount on the book value of the assets totaling \$33.9 million. The bid resulted in a cash payment from the FDIC totaling \$31.9 million.

High Trust Bank

On July 15, 2011, the Bank purchased substantially all of the assets and assumed substantially all of the liabilities of High Trust Bank ("HTB") from the FDIC, as Receiver of HTB. HTB operated two branches in Stockbridge and Leary, Georgia, with approximately \$133.5 million in loans and approximately \$175.9 million in deposits. The Company's agreements with the FDIC included a loss-sharing agreement which affords the Bank significant protection from losses associated with loans and OREO. Under the terms of the loss-sharing agreement, the FDIC will absorb 80% of losses and share 80% of loss recoveries during the term of the agreement. The term for loss sharing on residential real estate loans is ten years, while the term for loss sharing on all other loans is five years.

The Company's bid to acquire HTB included a discount on the book value of the assets totaling \$33.5 million. The bid resulted in a cash payment from the FDIC totaling \$30.2 million.

One Georgia Bank

On July 15, 2011, the Bank purchased substantially all of the assets and assumed substantially all of the liabilities of One Georgia Bank ("OGB") from the FDIC, as Receiver of OGB. OGB operated one branch in Midtown Atlanta, Georgia, with approximately \$120.8 million in loans and approximately \$136.1 million in deposits. The Company's agreements with the FDIC included a loss-sharing agreement which affords the Bank significant protection from losses associated with loans and OREO. Under the terms of the loss-sharing agreement, the FDIC will absorb 80% of losses and share 80% of loss recoveries during the term of the agreement. The term for loss sharing on residential real estate loans is ten years, while the term for loss sharing on all other loans is five years.

The Company's bid to acquire OGB included a discount on the book value of the assets totaling \$22.5 million. The bid resulted in a cash payment to the FDIC totaling \$5.7 million.

Tifton Banking Company

On November 12, 2010, the Bank purchased substantially all of the assets and assumed substantially all of the liabilities of Tifton Banking Company ("TBC") from the FDIC, as Receiver of TBC. TBC operated one branch in Tifton, Georgia, with approximately \$118.4 million in loans and approximately \$132.9 million in deposits. The Company's agreements with the FDIC included a loss-sharing agreement which affords the Bank significant protection from losses associated with loans and OREO. Under the terms of the loss-sharing agreement, the FDIC will absorb 80% of losses and share 80% of loss recoveries during the term of the agreement. The term for loss sharing on residential real estate loans is ten years, while the term for loss sharing on all other loans was five years.

The Company's acquisition of TBC resulted in the Bank recording \$956,000 of goodwill related to the purchase. The bid resulted in a cash payment to the FDIC totaling \$10.3 million to settle the transaction.

Darby Bank & Trust Co.

On November 12, 2010, the Bank purchased substantially all of the assets and assumed substantially all of the liabilities of Darby Bank & Trust Co. ("DBT") from the FDIC, as Receiver of DBT. DBT operated seven branches in Vidalia, Lyons, Savannah and Pooler, Georgia, with approximately \$393.3 million in loans and approximately \$387.0 million in deposits. The Company's agreements with the FDIC included a loss-sharing agreement which affords the Bank significant protection from losses associated with loans and OREO. The loss-sharing agreements for residential real estate loans and for all other loans are separately structured with reimbursement percentages dependent on the losses incurred under the specific agreement. Under the residential real estate agreement, losses up to \$8.4 million are reimbursed at 80%, losses between \$8.4 million and \$11.8 million are reimbursed at 30%, and losses in excess of \$11.8 million are reimbursed at 80%. Under the all other agreement, losses up to \$123.4 million are reimbursed at 80%, losses between \$123.4 million and \$181.3 million are reimbursed at 30%, and losses in excess of \$181.3 million are reimbursed at 80%. The term for loss sharing on residential real estate loans is ten years, while the term for loss sharing on all other loans was five years.

The Company's bid to acquire DBT included a discount on the book value of the assets totaling \$45.0 million. The bid resulted in a cash payment to the FDIC totaling \$149.9 million.

First Bank of Jacksonville

On October 22, 2010, the Bank purchased substantially all of the assets and assumed substantially all of the liabilities of First Bank of Jacksonville ("FBJ") from the FDIC, as Receiver of FBJ. FBJ operated two branches in Jacksonville, Florida, with approximately \$51.1 million in loans and approximately \$71.9 million in deposits. The Company's agreements with the FDIC included a loss-sharing agreement which affords the Bank significant protection from losses associated with loans and OREO. Under the terms of the loss-sharing agreement, the FDIC will absorb 80% of losses and share 80% of loss recoveries during the term of the agreement. The term for loss sharing on residential real estate loans is ten years, while the term for loss sharing on all other loans was five years.

The Company's bid to acquire FBJ included a discount on the book value of the assets totaling \$4.8 million. The bid resulted in a cash payment from the FDIC totaling \$8.1 million.

Satilla Community Bank

On May 14, 2010, the Bank purchased substantially all of the assets and assumed substantially all of the liabilities of Satilla Community Bank ("SCB") from the FDIC, as Receiver of SCB. SCB operated one branch in St. Marys, Georgia, the southernmost city on the Georgia coast and a northern suburb of Jacksonville, Florida, with approximately \$68.8 million in loans and approximately \$75.5 million in deposits. The Company's agreements with the FDIC included a loss-sharing agreement which affords the Bank significant protection from losses associated with loans and OREO. Under the terms of the loss-sharing agreement, the FDIC will absorb 80% of losses and share 80% of loss recoveries during the term of the agreement. The term for loss sharing on residential real estate loans is ten years, while the term for loss sharing on all other loans was five years.

The Company's bid to acquire SCB included a discount on the book value of the assets totaling \$14.4 million. Also included in the bid was a premium of approximately \$92,000 on SCB's deposits. Because SCB's brokered deposits did not pass to the Bank,

the acquisition resulted in significantly more assets being purchased than liabilities assumed. As a result, the Bank made a cash payment to the FDIC totaling \$35.7 million to settle the transaction.

United Security Bank

On November 6, 2009, the Bank purchased substantially all of the assets and assumed substantially all of the liabilities of United Security Bank (“USB”) from the FDIC, as Receiver of USB. USB operated one branch in Woodstock, Georgia and one branch in Sparta, Georgia, with total loans of approximately \$108.4 million and approximately \$141.1 million of total deposits. The Company’s agreements with the FDIC included a loss-sharing agreement which affords the Bank significant protection from losses associated with loans and OREO. Under the terms of the loss-sharing agreement, the FDIC will absorb 80% of losses and share 80% of loss recoveries on the first \$46 million of losses and absorb 95% of losses and share in 95% of loss recoveries on losses exceeding \$46 million. The term for loss sharing on residential real estate loans is ten years, while the term for loss sharing on all other loans was five years.

The Company’s bid to acquire USB included a discount on the book value of the assets totaling \$32.6 million. Also included in the bid was a premium of approximately \$228,000 on USB’s deposits. The bid resulted in a cash payment from the FDIC totaling \$24.2 million.

American United Bank

On October 23, 2009, the Bank purchased substantially all of the assets and assumed substantially all of the liabilities of American United Bank (“AUB”) from the FDIC, as Receiver of AUB. AUB operated one branch in Lawrenceville, Georgia, a northeast suburb of Atlanta, Georgia, with approximately \$85.7 million in loans and approximately \$100.5 million in deposits. The Company’s agreements with the FDIC included a loss-sharing agreement which affords the Bank significant protection from losses associated with loans and OREO. Under the terms of the loss-sharing agreement, the FDIC will absorb 80% of losses and share 80% of loss recoveries on the first \$38 million of losses and absorb 95% of losses and share in 95% of loss recoveries on losses exceeding \$38 million. The loss-sharing agreement for residential real estate loans was terminated in 2012 with two remaining loans, while the term for loss sharing on all other loans was five years.

The Company’s bid to acquire AUB included a discount on the book value of the assets totaling \$19.6 million. Also included in the bid was a premium of approximately \$262,000 on AUB’s deposits. The bid resulted in a cash payment from the FDIC totaling \$17.1 million.

MARKET AREAS AND COMPETITION

The banking industry in general, and in the southeastern United States specifically, is highly competitive and dramatic changes continue to occur throughout the industry. While our select market areas in Georgia, Alabama, Florida and South Carolina have experienced strong population growth over the past 20 to 30 years, intense market demands, national and local economic pressures, including a low interest rate environment, and increased customer awareness of product and service differences among financial institutions have forced banks to diversify their services and become much more cost effective. Over the past few years, our Bank has faced strong competition in attracting deposits at profitable levels. Competition for deposits comes from other commercial banks, thrift institutions, savings banks, internet banks, credit unions, and brokerage and investment banking firms. Interest rates, online banking capabilities, convenience of office locations and marketing are all significant factors in our Bank’s competition for deposits.

Competition for loans comes from other commercial banks, thrift institutions, savings banks, insurance companies, consumer finance companies, credit unions, mortgage companies, leasing companies and other institutional lenders. In order to remain competitive, our Bank has varied interest rates and loan fees to some degree as well as increased the number and complexity of services provided. We have not varied or altered our underwriting standards in any material respect in response to competitor willingness to do so and in some markets have not been able to experience the growth in loans that we would have preferred. Competition is affected by the general availability of lendable funds, general and local economic conditions, current interest rate levels and other factors that are not readily predictable.

Competition among providers of financial products and services continues to increase with consumers having the opportunity to select from a growing variety of traditional and nontraditional alternatives. The industry continues to consolidate, which affects competition by eliminating some regional and local institutions, while strengthening the franchise of acquirers. Management expects that competition will become more intense in the future due to changes in state and federal laws and regulations and the entry of additional bank and nonbank competitors. See “Supervision and Regulation” under this Item.

EMPLOYEES

At December 31, 2017, the Company employed approximately 1,460 full-time-equivalent employees. We consider our relationship with our employees to be good.

We have adopted the Ameris Bancorp 401(k) Profit Sharing Plan, as a retirement plan for our employees. This plan provides deferral of compensation by our employees and contributions by Ameris. We also maintain a comprehensive employee benefits program providing, among other benefits, hospitalization and major medical insurance and life insurance. Management considers these benefits to be competitive with those offered by other financial institutions in our market areas. Our employees are not represented by any collective bargaining group.

RELATED PARTY TRANSACTIONS

The Company makes loans to our directors and their affiliates and to banking officers. These loans are made on substantially the same terms as those prevailing at the time for comparable transactions and do not involve more than normal credit risk. At December 31, 2017, we had approximately \$6.24 billion in total loans outstanding, of which approximately \$2.1 million were outstanding to certain directors and their affiliates. Company policy prohibits loans to executive officers.

SUPERVISION AND REGULATION

General

We are extensively regulated under federal and state law. Generally, these laws and regulations are intended to protect depositors and not shareholders. Set forth below is a summary of certain provisions of certain laws that affect the regulation of bank holding companies and banks. The discussion is qualified in its entirety by reference to applicable laws and regulations. Changes in such laws and regulations may have a material effect on our business and prospects.

Federal Bank Holding Company Regulation and Structure

As a bank holding company, we are subject to regulation under the Bank Holding Company Act and to the supervision, examination and reporting requirements of the Board of Governors of the Federal Reserve System (the "Federal Reserve"). Our Bank has a Georgia state charter and is subject to regulation, supervision and examination by the FDIC and the GDBF.

The Bank Holding Company Act requires every bank holding company to obtain the prior approval of the Federal Reserve before:

- it may acquire direct or indirect ownership or control of any voting shares of any bank if, after the acquisition, the bank holding company will directly or indirectly own or control more than 5% of the voting shares of the bank;
- it or any of its subsidiaries, other than a bank, may acquire all or substantially all of the assets of any bank; or
- it may merge or consolidate with any other bank holding company.

The Bank Holding Company Act further provides that the Federal Reserve may not approve any transaction that would result in a monopoly or that would substantially lessen competition in the banking business, unless the public interest in meeting the needs of the communities to be served outweighs the anti-competitive effects. The Federal Reserve is also required to consider the financial and managerial resources and future prospects of the bank holding companies and banks involved and the convenience and needs of the communities to be served. Consideration of financial resources generally focuses on capital adequacy, and consideration of convenience and needs issues focuses, in part, on the performance under the Community Reinvestment Act, both of which are discussed elsewhere in more detail.

Subject to various exceptions, the Bank Holding Company Act and the Change in Bank Control Act, together with related regulations, require Federal Reserve approval prior to any person or company acquiring "control" of a bank holding company. Control is conclusively presumed to exist if an individual or company acquires 25% or more of any class of voting securities of a bank holding company. Control is also presumed to exist, although rebuttable, if a person or company acquires 10% or more, but less than 25%, of any class of voting securities and either:

- the bank holding company has registered securities under Section 12 of the Exchange Act; or
- no other person owns a greater percentage of that class of voting securities immediately after the transaction.

Our Common Stock is registered under Section 12 of the Exchange Act. The regulations provide a procedure for challenging rebuttable presumptions of control.

The Bank Holding Company Act generally prohibits a bank holding company from engaging in activities other than banking; managing or controlling banks or other permissible subsidiaries and acquiring or retaining direct or indirect control of any company engaged in any activities other than activities closely related to banking or managing or controlling banks. In determining whether a particular activity is permissible, the Federal Reserve considers whether performing the activity can be expected to produce benefits to the public that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest or unsound banking practices. The Federal Reserve has the power to order a bank holding company or its subsidiaries to terminate any activity or control of any subsidiary when the continuation of the activity or control constitutes a serious risk to the financial safety, soundness or stability of any bank subsidiary of that bank holding company.

Under the Bank Holding Company Act, a bank holding company may file an election with the Federal Reserve to be treated as a financial holding company and engage in an expanded list of financial activities. The election must be accompanied by a certification that all of the company's insured depository institution subsidiaries are "well capitalized" and "well managed." Additionally, the Community Reinvestment Act rating of each subsidiary bank must be satisfactory or better. Effective August 24, 2000, pursuant to a previously-filed election with the Federal Reserve, Ameris became a financial holding company. As such, we may engage in activities that are financial in nature or incidental or complementary to financial activities, including insurance underwriting, securities underwriting and dealing, and making merchant banking investments in commercial and financial companies. If the Bank ceases to be "well capitalized" or "well managed" under applicable regulatory standards, the Federal Reserve may, among other things, place limitations on our ability to conduct these broader financial activities. In addition, if the Bank receives a rating of less than satisfactory under the Community Reinvestment Act, we would be prohibited from engaging in any additional activities other than those permissible for bank holding companies that are not financial holding companies. If, after becoming a financial holding company and undertaking activities not permissible for a bank holding company, the company fails to continue to meet any of the prerequisites for financial holding company status, including those described above, the company must enter into an agreement with the Federal Reserve to comply with all applicable capital and management requirements. If the company does not return to compliance within 180 days, the Federal Reserve may order the company to divest its subsidiary banks or the company may discontinue or divest investments in companies engaged in activities permissible only for a bank holding company that has elected to be treated as a financial holding company.

By statute and regulation, we are expected to act as a source of financial strength for the Bank and to commit resources to support the Bank. This support may be required at times when, without this Federal Reserve policy, we might not be inclined to provide it. In addition, any capital loans made by us to the Bank will be repaid only after its deposits and various other obligations are repaid in full.

Our Bank is also subject to numerous state and federal statutes and regulations that affect its business, activities and operations and is supervised and examined by state and federal bank regulatory agencies. The FDIC and the GDBF regularly examine the operations of our Bank and are given the authority to approve or disapprove mergers, consolidations, the establishment of branches and similar corporate actions. These agencies also have the power to prevent the continuance or development of unsafe or unsound banking practices or other violations of law.

Payment of Dividends and Other Restrictions

Ameris is a legal entity separate and distinct from its subsidiaries. While there are various legal and regulatory limitations under federal and state law on the extent to which our Bank can pay dividends or otherwise supply funds to Ameris, the principal source of our cash revenues is dividends from our Bank. The prior approval of applicable regulatory authorities is required if the total amount of all dividends declared by the Bank in any calendar year exceeds 50% of the Bank's net profits for the previous year. The relevant federal and state regulatory agencies also have authority to prohibit a state member bank or bank holding company, which would include Ameris and the Bank, from engaging in what, in the opinion of such regulatory body, constitutes an unsafe or unsound practice in conducting its business. The payment of dividends could, depending upon the financial condition of the subsidiary, be deemed to constitute an unsafe or unsound practice in conducting its business.

Under Georgia law, the prior approval of the GDBF is required before any cash dividends may be paid by a state bank if: (i) total classified assets at the most recent examination of such bank exceed 80% of the equity capital (as defined, which includes the reserve for loan losses) of such bank; (ii) the aggregate amount of dividends declared or anticipated to be declared in the calendar year exceeds 50% of the net profits (as defined) for the previous calendar year; or (iii) the ratio of equity capital to adjusted total assets is less than 6%. As of December 31, 2017, there was approximately \$38.2 million of retained earnings of our Bank available for payment of cash dividends under applicable regulations without obtaining regulatory approval.

In addition, our Bank is subject to limitations under Section 23A of the Federal Reserve Act with respect to extensions of credit to, investments in and certain other transactions with Ameris. Furthermore, loans and extensions of credit are also subject to various collateral requirements.

The Federal Reserve has issued a policy statement on the payment of cash dividends by bank holding companies, which expresses the Federal Reserve's view that a bank holding company should pay cash dividends only to the extent that the holding company's net income for the past year is sufficient to cover both the cash dividends and a rate of earning retention that is consistent with the holding company's capital needs, asset quality and overall financial condition. The Federal Reserve also indicated that it would be inappropriate for a holding company experiencing serious financial problems to borrow funds to pay dividends. Furthermore, under the prompt corrective action regulations adopted by the Federal Reserve, the Federal Reserve may prohibit a bank holding company from paying any dividends if one or more of the holding company's bank subsidiaries are classified as undercapitalized.

A bank holding company is required to give the Federal Reserve prior written notice of any purchase or redemption of its outstanding equity securities if the gross consideration for the purchase or redemption, when combined with the net consideration paid for all such purchases or redemptions during the preceding 12 months, is equal to 10% or more of its consolidated net worth. The Federal Reserve may disapprove such a purchase or redemption if it determines that the proposal would constitute an unsafe or unsound practice or would violate any law, regulation, Federal Reserve order or any condition imposed by, or written agreement with, the Federal Reserve.

Capital Adequacy

We must comply with the Federal Reserve's established capital adequacy standards, and our Bank is required to comply with the capital adequacy standards established by the FDIC. The Federal Reserve has promulgated two basic measures of capital adequacy for bank holding companies: a risk-based measure and a leverage measure. A bank holding company must satisfy all applicable capital standards to be considered in compliance.

The risk-based capital standards are designed to make regulatory capital requirements more sensitive to differences in risk profile among banks and bank holding companies, account for off-balance-sheet exposure and minimize disincentives for holding liquid assets.

Assets and off-balance-sheet items are assigned to broad risk categories, each with appropriate weights. The resulting capital ratios represent capital as a percentage of total risk-weighted assets and off-balance-sheet items.

The regulatory capital framework under which we operate has changed, and is expected to continue to change, in significant respects as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which was enacted in July 2010 and includes certain provisions concerning the capital regulations of U.S. banking regulators. These provisions are intended to subject bank holding companies to the same capital requirements as their bank subsidiaries and to eliminate or significantly reduce the use of hybrid capital instruments, especially trust preferred securities, as regulatory capital. Although a significant number of the rules and regulations mandated by the Dodd-Frank Act have been finalized, many of the new requirements called for have yet to be implemented and will likely be subject to implementing regulations over the course of several years. Given the uncertainty associated with the manner in which the provisions of the Dodd-Frank Act will be implemented by the various regulatory agencies, the full extent of the impact such requirements will have on financial institutions' operations is unclear. The changes resulting from the Dodd-Frank Act may impact the profitability of our business activities, require changes to certain of our business practices, impose upon us more stringent capital, liquidity and leverage ratio requirements or otherwise adversely affect our business. These changes may also require us to invest significant management attention and resources to evaluate and make necessary changes in order to comply with new statutory and regulatory requirements.

In July 2013, the federal banking agencies approved an interim final rule that adopts a series of previously proposed rules to conform U.S. regulatory capital rules with the international regulatory standards agreed to by the Basel Committee on Banking Supervision in the accord referred to as "Basel III" and to implement requirements of the Dodd-Frank Act. The adopted regulations established new higher capital ratio requirements, narrowed the definitions of capital, imposed new operating restrictions on banking organizations with insufficient capital buffers and increased the risk weighting of certain assets. The Company and the Bank were required to comply with the new capital requirements beginning January 1, 2015.

The regulatory changes found in the new final rule include the following:

- The final rule established a new capital measure called “Common Equity Tier 1 Capital” consisting of common stock and related surplus, retained earnings, accumulated other comprehensive income and, subject to certain adjustments, minority common equity interests in subsidiaries. Unlike prior rules which excluded unrealized gains and losses on available for sale debt securities from regulatory capital, the final rule generally requires accumulated other comprehensive income to flow through to regulatory capital; however, pursuant to a one-time, permanent election made available to most FDIC-supervised institutions, the Bank elected to opt out of the requirement to include most components of accumulated other comprehensive income in its regulatory capital. Depository institutions and their holding companies are now required to maintain Common Equity Tier 1 Capital equal to 4.5% of risk-weighted assets. Additionally, the regulations increased the required ratio of Tier 1 Capital to risk-weighted assets from 4% to 6%. Tier 1 Capital consists of Common Equity Tier 1 Capital plus Additional Tier 1 Capital which includes non-cumulative perpetual preferred stock. Neither cumulative preferred stock (other than certain preferred stock issued to the U.S. Treasury) nor trust preferred securities qualify as Additional Tier 1 Capital, but they may be included in Tier 2 Capital along with qualifying subordinated debt. The new regulations also require a minimum Tier 1 leverage ratio of 4% for all institutions, while the minimum required ratio of total capital to risk-weighted assets remains at 8%.
- In addition to increased capital requirements, depository institutions and their holding companies will be required to maintain a capital conservation buffer of at least 2.5% of risk-weighted assets over and above the minimum risk-based capital requirements in order to avoid limitations on the payment of dividends, the repurchase of shares or the payment of discretionary bonuses. The capital conservation buffer requirement is being phased in, beginning January 1, 2016, requiring during 2016 a buffer amount greater than 0.625% in order to avoid these limitations, and increasing in amount each year (1.25% for 2017) until, beginning January 1, 2019, the buffer amount must be greater than 2.5% in order to avoid the limitations.
- The prompt corrective action regulations, under the final rule, incorporate a Common Equity Tier 1 Capital requirement and raise the capital requirements for certain capital categories. In order to be adequately capitalized for purposes of the prompt corrective action regulations, a banking organization is required to have at least an 8% Total Risk-Based Capital Ratio, a 6% Tier 1 Risk-Based Capital Ratio, a 4.5% Common Equity Tier 1 Risk Based Capital Ratio and a 4% Tier 1 Leverage Ratio. As of December 31, 2017, the minimum risk-based capital requirements including the 1.25% capital conservation buffer are as follows: 9.25% Total Risk-Based Capital Ratio, 7.25% Tier 1 Risk-Based Capital Ratio, and 5.75% Common Equity Tier 1 Risk Based Capital Ratio. To be well capitalized, a banking organization is required to have at least a 10% Total Risk-Based Capital Ratio, an 8% Tier 1 Risk-Based Capital Ratio, a 6.5% Common Equity Tier 1 Risk-Based Capital Ratio and a 5% Tier 1 Leverage Ratio.

Since 2001, our consolidated capital ratios have increased due to the issuance of trust preferred securities. At December 31, 2017, all of our trust preferred securities were included in Tier 1 Capital. At December 31, 2017, our total risk-based capital ratio, our Tier 1 risk-based capital ratio and our common equity Tier 1 capital ratio were 13.14%, 11.58% and 10.29%, respectively. Neither Ameris nor the Bank has been advised by any federal banking agency of any additional specific minimum capital ratio requirement applicable to it.

At December 31, 2017, our leverage ratio was 9.71%, compared with 8.68% at December 31, 2016. Federal Reserve guidelines provide that bank holding companies experiencing internal growth or making acquisitions will be expected to maintain strong capital positions substantially above the minimum supervisory levels without significant reliance on intangible assets. The Federal Reserve has indicated that it will consider a “tangible Tier 1 Capital leverage ratio” and other indications of capital strength in evaluating proposals for expansion or new activities. The Federal Reserve has not advised Ameris of any additional specific minimum leverage ratio or tangible Tier 1 Capital leverage ratio applicable to it.

Failure to meet capital guidelines could subject a bank to a variety of enforcement remedies, including issuance of a capital directive, the termination of deposit insurance by the FDIC, a prohibition on taking brokered deposits and certain other restrictions on its business. As described below, the FDIC can impose substantial additional restrictions upon FDIC-insured depository institutions that fail to meet applicable capital requirements.

The Federal Deposit Insurance Act (or “FDI Act”) requires the federal regulatory agencies to take “prompt corrective action” if a depository institution does not meet minimum capital requirements. The FDI Act establishes five capital tiers: “well capitalized,” “adequately capitalized,” “undercapitalized,” “significantly undercapitalized” and “critically undercapitalized.” A depository institution’s capital tier will depend upon how its capital levels compare to various relevant capital measures and certain other factors, as established by regulation.

The federal bank regulatory agencies have adopted regulations establishing relevant capital measurers and relevant capital levels applicable to FDIC-insured banks. The relevant capital measures are the Total Capital ratio, Tier 1 Capital ratio, Common Equity Tier 1 Capital ratio and leverage ratio. Under the regulations, an FDIC-insured bank will be:

- “well capitalized” if it has a Total Capital ratio of 10% or greater, a Tier 1 Capital ratio of 8% or greater, a Common Equity Tier 1 Capital ratio of 6.5% or greater and a leverage ratio of 5% or greater and is not subject to any order or written directive by the appropriate regulatory authority to meet and maintain a specific capital level for any capital measure;
- “adequately capitalized” if it has a Total Capital ratio of 8% or greater, a Tier 1 Capital ratio of 6% or greater, a Common Equity Tier 1 Capital ratio of 4.5% or greater and a leverage ratio of 4% or greater (3% in certain circumstances) and is not “well capitalized;”
- “undercapitalized” if it has a Total Capital ratio of less than 8%, a Tier 1 Capital ratio of less than 6%, a Common Equity Tier 1 Capital ratio of less than 4.5% or a leverage ratio of less than 4%;
- “significantly undercapitalized” if it has a Total Capital ratio of less than 6%, a Tier 1 Capital ratio of less than 4%, a Common Equity Tier 1 Capital ratio of less than 3% or a leverage ratio of less than 3%; and
- “critically undercapitalized” if its tangible equity is equal to or less than 2% of average quarterly tangible assets.

An institution may be downgraded to, or deemed to be in, a capital category that is lower than is indicated by its capital ratios if it is determined to be in an unsafe or unsound condition or if it receives an unsatisfactory examination rating with respect to certain matters. As of December 31, 2017, our Bank had capital levels that qualify as “well capitalized” under such regulations.

The FDI Act generally prohibits an FDIC-insured bank from making a capital distribution (including payment of a dividend) or paying any management fee to its holding company if the bank would thereafter be “undercapitalized.” “Undercapitalized” banks are subject to growth limitations and are required to submit a capital restoration plan. The federal regulators may not accept a capital plan without determining, among other things, that the plan is based on realistic assumptions and is likely to succeed in restoring the bank’s capital. In addition, for a capital restoration plan to be acceptable, the bank’s parent holding company must guarantee that the institution will comply with such capital restoration plan. The aggregate liability of the parent holding company is limited to the lesser of: (i) an amount equal to 5% of the bank’s total assets at the time it became “undercapitalized”; and (ii) the amount which is necessary (or would have been necessary) to bring the institution into compliance with all capital standards applicable with respect to such institution as of the time it fails to comply with the plan. If a bank fails to submit an acceptable plan, it is treated as if it is “significantly undercapitalized.”

“Significantly undercapitalized” insured banks may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become “adequately capitalized,” requirements to reduce total assets and the cessation of receipt of deposits from correspondent banks. “Critically undercapitalized” institutions are subject to the appointment of a receiver or conservator. A bank that is not “well capitalized” is also subject to certain limitations relating to brokered deposits.

FDIC Insurance Assessments

The Bank’s deposits are insured to the maximum extent permitted by the Deposit Insurance Fund (the “DIF”). As insurer, the FDIC is authorized to conduct examinations of, and to require reporting by, insured institutions. It also may prohibit any insured institution from engaging in any activity determined by regulation or order to pose a serious threat to the FDIC.

Pursuant to the Dodd-Frank Act, the FDI Act was amended to increase the maximum deposit insurance amount per depositor per depository institution from \$100,000 to \$250,000.

The FDIC manages the DIF in part through the DIF’s reserve ratio and sets assessment rates to achieve a “designated reserve ratio” (the “DRR”), the ratio at which the FDIC believes the DIF can withstand a future banking crisis. The FDIC has set the DRR at 2.0% as a long-range minimum target. The Dodd-Frank Act requires the reserve ratio of the DIF to reach 1.35% by September 30, 2020. As of September 30, 2017, the reserve ratio for the DIF was 1.28%. The FDIC has adopted a risk-based premium system that provides for quarterly assessments. In addition, all institutions with deposits insured by the FDIC are required to pay assessments to fund interest payments on bonds issued by the Financing Corporation, a mixed-ownership government corporation established to recapitalize the predecessor to the Deposit Insurance Fund. These assessments will continue until the Financing Corporation bonds mature in 2019.

Through June 30, 2016, the Bank's assessment rate was based on a methodology adopted by the FDIC for the quarter beginning April 1, 2011. This methodology was in response to a provision in the Dodd-Frank Act that changed the calculation of the assessment base and that entailed changes to the risk-based pricing system. Under the methodology adopted for 2011, the assessment base became an insured depository institution's average consolidated total assets less average tangible equity. The overall range of initial base assessment rates was 5 basis points to 45 basis points. Institutions, such as the Bank, that are not large and highly complex institutions were placed in one of four risk categories depending on the institution's capital level (using the same thresholds as in the prompt corrective action regime) and supervisory evaluations by the institution's primary federal regulator. The risk category with the highest-rated and well-capitalized institutions included a range of assessment rates, and a specific rate was assigned to a particular institution based on a variety of financial factors and the institution's component CAMELS ratings. Each of the remaining three risk categories imposed the same rate on all institutions in the category.

In April 2016, the FDIC adopted new assessment rates and a new methodology for the assignment of rates that would become effective when the reserve ratio of the DIF rose above 1.15%. This event occurred when the FDIC announced that as of June 30, 2016, the reserve ratio was 1.17%. Accordingly, for the last two quarters of 2016 and all four quarters of 2017, the Bank's assessment rate has been determined differently. The range of initial base assessment rates shifted down to 3 basis points to 30 basis points (subject to certain adjustments for unsecured debt and brokered deposits). Insured depository institutions other than large and highly complex institutions were assigned to one of three (rather than four) risk categories based solely on composite CAMELS rating. Each of the three risk categories has a range of rates, and the rate for a particular institution is determined based on seven financial ratios and the weighted average of its component CAMELS ratings. Under the new assessment rule, further downward adjustments of assessment rates are possible as the DRR exceeds 2.0% and higher levels.

Future changes in insurance premiums could have an adverse effect on the operating expenses and results of operations, and we cannot predict what insurance assessment rates will be in the future.

The FDIC may terminate the deposit insurance of any insured depository institution, including the Bank, if the FDIC determines after a hearing that the institution has engaged or is engaging in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, order or any condition imposed by an agreement with the FDIC. The FDIC also may suspend deposit insurance temporarily during the hearing process for the permanent termination of insurance, if the institution has no tangible capital. Management is not aware of any existing circumstances that would result in termination of our deposit insurance.

Acquisitions

As an active acquirer, we must comply with numerous laws related to our acquisition activity. Under the Bank Holding Company Act, a bank holding company may not directly or indirectly acquire ownership or control of more than 5% of the voting shares or substantially all of the assets of any bank or merge or consolidate with another bank holding company without the prior approval of the Federal Reserve. Current federal law authorizes interstate acquisitions of banks and bank holding companies without geographic limitation. Furthermore, a bank headquartered in one state is authorized to merge with a bank headquartered in another state, as long as neither of the states has opted out of such interstate merger authority prior to such date, and subject to any state requirement that the target bank shall have been in existence and operating for a minimum period of time, not to exceed five years, and to certain deposit market-share limitations. After a bank has established branches in a state through an interstate merger transaction, the bank may establish and acquire additional branches at any location in the state where a bank headquartered in that state could have established or acquired branches under applicable federal or state law.

Community Reinvestment Act

The Community Reinvestment Act requires federal bank regulatory agencies to encourage financial institutions to meet the credit needs of low and moderate-income borrowers in their local communities. An institution's size and business strategy determines the type of examination that it will receive. Large, retail-oriented institutions are examined using a performance-based lending, investment and service test. Small institutions are examined using a streamlined approach. All institutions may opt to be evaluated under a strategic plan formulated with community input and pre-approved by the bank regulatory agency.

The Community Reinvestment Act regulations provide for certain disclosure obligations. Each institution must post a notice advising the public of its right to comment to the institution and its regulator on the institution's Community Reinvestment Act performance and to review the institution's Community Reinvestment Act public file. Each lending institution must maintain for public inspection a file that includes a listing of branch locations and services, a summary of lending activity, a map of its communities and any written comments from the public on its performance in meeting community credit needs. The Community Reinvestment Act requires public disclosure of a financial institution's written Community Reinvestment Act evaluations. This promotes enforcement of Community Reinvestment Act requirements by providing the public with the status of a particular institution's community reinvestment record.

Consumer Protection Laws

The Bank is subject to a number of federal and state laws designed to protect borrowers and promote lending to various sectors of the economy and population. These laws include the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Home Mortgage Disclosure Act, the Real Estate Settlement Procedures Act, the Fair Debt Collection Practices Act and state law counterparts.

In addition, the Dodd-Frank Act created a new agency, the Consumer Financial Protection Bureau ("CFPB"), which has been given the power to promulgate and enforce federal consumer protection laws. Depository institutions are subject to the CFPB's rulemaking authority, while existing federal bank regulatory agencies retain examination and enforcement authority for such institutions. The focus of the CFPB is on the following: (i) risks to consumers and compliance with the federal consumer financial laws; (ii) the markets in which firms operate and risks to consumers posed by activities in those markets; (iii) depository institutions that offer a wide variety of consumer financial products and services; (iv) depository institutions with a more specialized focus; and (v) non-depository companies that offer one or more consumer financial products or services.

Financial Privacy

Federal law currently contains extensive customer privacy protection provisions. Under these provisions, a financial institution must provide to its customers, at the inception of the customer relationship and annually thereafter, the institution's policies and procedures regarding the handling of customers' nonpublic personal financial information. These provisions also provide that, except for certain limited exceptions, an institution may not provide such personal information to unaffiliated third parties unless the institution discloses to the customer that such information may be so provided and the customer is given the opportunity to opt out of such disclosure. Federal law makes it a criminal offense, except in limited circumstances, to obtain or attempt to obtain customer information of a financial nature by fraudulent or deceptive means.

The federal banking agencies pay close attention to the cybersecurity practices of banks, bank holding companies and their affiliates. The interagency council of the agencies, the Federal Financial Institutions Examination Council (the "FFIEC"), has issued several policy statements and other guidance for banks as new cybersecurity threats arise. The FFIEC has recently focused on such matters as compromised customer credentials and business continuity planning. Examinations by the banking agencies now include review of an institution's information technology and its ability to thwart cyber attacks.

Fiscal and Monetary Policy

Banking is a business which depends on interest rate differentials for success. In general, the difference between the interest paid by a bank on its deposits and its other borrowings, and the interest received by a bank on its loans and securities holdings, constitutes the major portion of a bank's earnings. Thus, our earnings and growth will be subject to the influence of economic conditions generally, both domestic and foreign, and also to the monetary and fiscal policies of the United States and its agencies, particularly the Federal Reserve. The Federal Reserve regulates the supply of money through various means, including open market dealings in United States government securities, the discount rate at which banks may borrow from the Federal Reserve and the reserve requirements on deposits. The nature and timing of any changes in such policies and their effect on Ameris cannot be known at this time.

Current and future legislation and the policies established by federal and state regulatory authorities will affect our future operations. Banking legislation and regulations may limit our growth and the return to our investors by restricting certain of our activities.

In addition, capital requirements could be changed and have the effect of restricting our activities or requiring additional capital to be maintained. We cannot predict with certainty what changes, if any, will be made to existing federal and state legislation and regulations or the effect that such changes may have on our business.

Federal Home Loan Bank System

Our Company has a correspondent relationship with the FHLB of Atlanta, which is one of 12 regional FHLBs that administer the home financing credit function of savings companies. Each FHLB serves as a reserve or central bank for its members within its assigned region. FHLBs are funded primarily from proceeds derived from the sale of consolidated obligations of the FHLB system and make loans to members (i.e., advances) in accordance with policies and procedures, established by the Board of Directors of the FHLB which are subject to the oversight of the Federal Housing Finance Board. All advances from the FHLB are required to be fully secured by sufficient collateral as determined by the FHLB. In addition, all long-term advances are required to provide funds for residential home financing.

The FHLB offers certain services to our Company such as processing checks and other items, buying and selling federal funds, handling money transfers and exchanges, shipping coin and currency, providing security and safekeeping of funds or other valuable items and furnishing limited management information and advice. As compensation for these services, our Company maintains certain balances with the FHLB in interest-bearing accounts.

Under federal law, the FHLBs are required to provide funds for the resolution of troubled savings companies and to contribute to low and moderately-priced housing programs through direct loans or interest subsidies on advances targeted for community investment and low and moderate-income housing projects.

Real Estate Lending Evaluations

The federal regulators have adopted uniform standards for evaluations of loans secured by real estate or made to finance improvements to real estate. Banks are required to establish and maintain written internal real estate lending policies consistent with safe and sound banking practices and appropriate to the size of the institution and the nature and scope of its operations. The regulations establish loan-to-value ratio limitations on real estate loans. Our Company's loan policies establish limits on loan-to-value ratios that are equal to or less than those established in such regulations.

Commercial Real Estate Concentrations

Our lending operations may be subject to enhanced scrutiny by federal banking regulators based on our concentration of commercial real estate loans. The federal banking regulators previously issued guidance reminding financial institutions of the risk posed by commercial real estate ("CRE") lending concentrations. CRE loans generally include land development, construction loans, and loans secured by multifamily property, and nonfarm, nonresidential real property where the primary source of repayment is derived from rental income associated with the property. The guidance prescribes the following guidelines for its examiners to help identify institutions that are potentially exposed to significant CRE risk and may warrant greater supervisory scrutiny:

- total reported loans for construction, land development and other land ("C&D") represent 100% or more of the institution's total capital; or
- total CRE loans represent 300% or more of the institution's total capital, and the outstanding balance of the institution's CRE loan portfolio has increased by 50% or more.

As of December 31, 2017, excluding purchased non-covered and covered assets, our C&D concentration as a percentage of capital totaled 75.2% and our CRE concentration, net of owner-occupied loans, as a percentage of capital totaled 183.3%. Including purchased non-covered and covered loans subject to loss-sharing agreements with the FDIC, the Company's C&D concentration as a percentage of capital totaled 83.0% and our CRE concentration, net of owner-occupied loans, as a percentage of capital totaled 218.8%.

Limitations on Incentive Compensation

The Dodd-Frank Act requires the federal banking regulators and other agencies, including the SEC, to issue regulations or guidelines requiring disclosure to the regulators of incentive-based compensation arrangements and to prohibit incentive-based compensation arrangements for directors, officers or employees that encourage inappropriate risks by providing excessive compensation, fees or benefits or that could lead to material financial loss to a financial institution. The federal bank regulatory agencies have issued guidance on incentive compensation policies, which covers all employees who have the ability to materially affect the risk profile of an institution, either individually or as part of a group, that is based upon the key principles that a financial institution's incentive compensation arrangements should (i) provide incentives that do not encourage risk-taking beyond the institution's ability to effectively identify and manage risks, (ii) be compatible with effective internal controls and risk management and (iii) be supported by strong corporate governance, including active and effective oversight by the institution's board of directors and appropriate policies, procedures and monitoring.

As part of the regular, risk-focused examination process, the incentive compensation arrangements of banking organizations will be reviewed, and the regulator's findings will be incorporated into the organization's supervisory ratings, which can affect the organization's ability to make acquisitions and take other actions. Enforcement actions may be taken against a banking organization if its incentive compensation arrangements, or related risk-management control or governance processes, pose a risk to the organization's safety and soundness and the organization is not taking prompt and effective measures to correct any deficiencies.

In April 2016, the FDIC, the other federal banking agencies and other financial regulatory agencies proposed guidance on incentive-based compensation arrangements. As applied to banks with total assets between \$1 billion and \$50 billion, the proposal would (i) prohibit types and features of incentive-based compensation arrangements that encourage inappropriate risks because they are excessive or could lead to material financial loss, (ii) require such arrangements to strike a balance between risk and reward, to be subject to effective risk management and controls, and to be subject to effective governance and (iii) require appropriate board of directors (or committee) oversight and recordkeeping and disclosure to the appropriate agency. The federal agencies have not finalized the proposal, and we do not know whether or when they may do so.

The scope and content of federal bank regulatory agencies' policies on executive compensation are continuing to develop and are likely to continue evolving in the near future. It cannot be determined at this time whether compliance with such policies will adversely affect the Company's ability to hire, retain and motivate its key employees.

Evolving Legislation and Regulatory Action

The Dodd-Frank Act implements many new changes in the way financial and banking operations are regulated in the United States. Many aspects of the Dodd-Frank Act are subject to further rulemaking and will take effect over several years, with the result that the overall financial impact on the Company and the Bank cannot be anticipated at this time.

In addition, from time to time, various other legislative and regulatory initiatives are introduced in Congress and state legislatures, as well as by regulatory agencies, that may impact the Company or the Bank. Such initiatives may include proposals to expand or contract the powers of bank holding companies and depository institutions or proposals to substantially change the financial institution regulatory system. Such legislation could change banking statutes and the operating environment of Ameris in substantial and unpredictable ways. If enacted, such legislation could increase or decrease the cost of doing business, limit or expand permissible activities or affect the competitive balance among banks, savings associations, credit unions and other financial institutions. The Company cannot predict whether any such legislation will be enacted, and, if enacted, the effect that it, or any implementing regulations, would have on the financial condition or results of operations of the Company. A change in statutes, regulations or regulatory policies applicable to the Company or the Bank could have a material effect on the business of the Company.

ITEM 1A. RISK FACTORS

An investment in our Common Stock is subject to risks inherent in our business. The material risks and uncertainties that management believes affect Ameris are described below. Before making an investment decision, you should carefully consider the risks and uncertainties described below, together with all of the other information included or incorporated by reference in this Annual Report. The risks and uncertainties described below are not the only ones facing the Company. Additional risks and uncertainties that management is not aware of or focused on or that management currently deems immaterial may also impair the Company's business operations. This Annual Report is qualified in its entirety by these risk factors.

If any of the following risks or uncertainties actually occurs, the Company's financial condition and results of operations could be materially and adversely affected. If this were to happen, the value of the Common Stock could decline significantly, and you could lose all or part of your investment.

RISKS RELATED TO OUR COMPANY AND INDUSTRY

Our revenues are highly correlated to market interest rates.

Our assets and liabilities are primarily monetary in nature, and as a result, we are subject to significant risks tied to changes in interest rates. Our ability to operate profitably is largely dependent upon net interest income. In 2017, net interest income made up 71.3% of our recurring revenue. Unexpected movement in interest rates, that may or may not change the slope of the current yield curve, could cause our net interest margins to decrease, subsequently decreasing net interest income. In addition, such changes could materially adversely affect the valuation of our assets and liabilities.

At present our one-year interest rate sensitivity position is mildly liability sensitive, such that a gradual increase in interest rates during the next twelve months should have a slightly negative impact on net interest income during that period. However, as with most financial institutions, our results of operations are affected by changes in interest rates and our ability to manage this risk. The difference between interest rates charged on interest-earning assets and interest rates paid on interest-bearing liabilities may be affected by changes in market interest rates, changes in relationships between interest rate indices, and changes in the relationships between long-term and short-term market interest rates. In addition, the mix of assets and liabilities could change as varying levels of market interest rates might present our customer base with more attractive options.

Certain changes in interest rates, inflation, deflation or the financial markets could affect demand for our products and our ability to deliver products efficiently.

Loan originations, and potentially loan revenues, could be materially adversely impacted by sharply rising interest rates. Conversely, sharply falling rates could increase prepayments within our securities portfolio lowering interest earnings from those investments. An unanticipated increase in inflation could cause our operating costs related to salaries and benefits, technology and supplies to increase at a faster pace than revenues.

The fair market value of our securities portfolio and the investment income from these securities also fluctuate depending on general economic and market conditions. In addition, actual net investment income and/or cash flows from investments that carry prepayment risk, such as mortgage-backed and other asset-backed securities, may differ from those anticipated at the time of investment as a result of interest rate fluctuations.

Our concentration of real estate loans subjects the Company to risks that could materially adversely affect our results of operations and financial condition.

The majority of our loan portfolio is secured by real estate. As the economy deteriorated and depressed real estate values in recent years, the collateral value of the portfolio and the revenue stream from those loans came under stress and required additional provision to the allowance for loan losses. Our ability to dispose of foreclosed real estate and resolve credit quality issues is dependent on real estate activity and real estate prices, both of which have been unpredictable for several years.

Greater loan losses than expected may materially adversely affect our earnings.

We, as lenders, are exposed to the risk that our customers will be unable to repay their loans in accordance with their terms and that any collateral securing the payment of their loans may not be sufficient to assure repayment. Credit losses are inherent in the business of making loans and could have a material adverse effect on our operating results. Our credit risk with respect to our real estate and construction loan portfolio will relate principally to the creditworthiness of business entities and the value of the real estate serving as security for the repayment of loans. Our credit risk with respect to our commercial and consumer loan portfolio will relate principally to the general creditworthiness of businesses and individuals within our local markets.

We make various assumptions and judgments about the collectability of our loan portfolio and provide an allowance for estimated loan losses based on a number of factors. We believe that our current allowance for loan losses is adequate. However, if our assumptions or judgments prove to be incorrect, the allowance for loan losses may not be sufficient to cover actual loan losses. We may have to increase our allowance in the future in response to the request of one of our primary banking regulators, to adjust for changing conditions and assumptions, or as a result of any deterioration in the quality of our loan portfolio. The actual amount of future provisions for loan losses cannot be determined at this time and may vary from the amounts of past provisions.

Our business is highly correlated to local economic conditions in a geographically concentrated part of the United States.

Unlike larger organizations that are more geographically diversified, our banking offices are primarily concentrated in select markets in Georgia, Alabama, Florida and South Carolina. As a result of this geographic concentration, our financial results depend largely upon economic conditions in these market areas. Deterioration in economic conditions in the markets we serve could result in one or more of the following:

- an increase in loan delinquencies;
- an increase in problem assets and foreclosures;
- a decrease in the demand for our products and services; and
- a decrease in the value of collateral for loans, especially real estate, in turn reducing customers' borrowing power, the value of assets associated with problem loans and collateral coverage.

We face additional risks due to our increased mortgage banking activities that could negatively impact net income and profitability.

We sell the majority of the mortgage loans that we originate. The sale of these loans generates noninterest income and can be a source of liquidity for the Bank. Disruption in the secondary market for residential mortgage loans as well as declines in real estate values could result in one or more of the following:

- our inability to sell mortgage loans on the secondary market, which could negatively impact our liquidity position;
- declines in real estate values could decrease the potential of mortgage originations, which could negatively impact our earnings;
- if it is determined that loans were made in breach of our representations and warranties to the secondary market, we could incur losses associated with the loans;
- increased compliance requirements could result in higher compliance costs, higher foreclosure proceedings or lower loan origination volume, all which could negatively impact future earnings; and
- a rise in interest rates could cause a decline in mortgage originations, which could negatively impact our earnings.

Legislation and regulatory proposals enacted in response to market and economic conditions may materially adversely affect our business and results of operations.

The banking industry is heavily regulated. We are subject to examinations, supervision and comprehensive regulation by various federal and state agencies. Our compliance with these regulations is costly and restricts certain of our activities. Banking regulations are primarily intended to protect the federal deposit insurance fund and depositors, not shareholders. The burden imposed by federal and state regulations puts banks at a competitive disadvantage compared to less regulated competitors such as finance companies, mortgage banking companies and leasing companies. Changes in the laws, regulations and regulatory practices affecting the banking industry may increase our costs of doing business or otherwise adversely affect us and create competitive advantages for others. Federal economic and monetary policies may also affect our ability to attract deposits and other funding sources, make loans and investments and achieve satisfactory interest spreads.

The Dodd-Frank Act represents a significant overhaul of many aspects of the regulation of the financial-services industry, including new or revised regulation of such things as systemic risk, capital adequacy, deposit insurance assessments and consumer financial protection. In addition, the federal banking regulators have issued joint guidance on incentive compensation and the Treasury and the federal banking regulators have issued statements calling for higher capital and liquidity requirements for banking organizations. Complying with these and other new legislative or regulatory requirements, and any programs established thereunder, could have a material adverse impact on our results of operations, our financial condition and our ability to fill positions with the most qualified candidates available.

Negative or unexpected consequences of the 2017 Tax Act could adversely affect Ameris's results of operations.

The Tax Cuts and Jobs Act of 2017, signed into law on December 22, 2017 (the "2017 Tax Act"), will make significant changes to the Internal Revenue Code of 1986, as amended, including a reduction in the corporate tax rate and limitations on certain corporate deductions and credits. The new tax law could have negative or unexpected consequences on our financial position. By way of example, the 2017 Tax Act will lead to changes in the valuation of certain deferred tax assets and deferred tax liabilities on our consolidated balance sheets, which could materially affect our results of operations. Further, the full extent of the impact of the 2017 Tax Act on the financial statements of the Company cannot reasonably be estimated at this time. No assurance is given that the new tax law will not have an adverse effect on the market price of our Common Stock.

Our growth and financial performance may be negatively impacted if we are unable to successfully execute our growth plans, including successful completion of the Atlantic merger and the Hamilton merger.

Economic conditions and other factors, such as our ability to identify appropriate markets for expansion, our ability to recruit and retain qualified personnel, our ability to fund earning asset growth at a reasonable and profitable level, sufficient capital to support our growth initiatives, competitive factors and banking laws, will impact our success.

We may seek to supplement our internal growth through acquisitions. This may include other acquisition transactions in addition to the Atlantic merger and the Hamilton merger that are currently pending. We cannot predict with certainty the number, size or timing of acquisitions, or whether any such acquisitions, including the Atlantic merger and the Hamilton merger, will occur at all. Our acquisition efforts have traditionally focused on targeted banking entities in markets in which we currently operate and markets in which we believe we can compete effectively. However, as consolidation of the financial services industry continues, the competition for suitable acquisition candidates may increase. We may compete with other financial services companies for acquisition opportunities, and many of these competitors have greater financial resources than we do and may be able to pay more for an acquisition than we are able or willing to pay. We also may need additional debt or equity financing in the future to fund acquisitions. We may not be able to obtain additional financing or, if available, it may not be in amounts and on terms acceptable to us. If we are unable to locate suitable acquisition candidates willing to sell on terms acceptable to us, or we are otherwise unable to obtain additional debt or equity financing necessary for us to continue making acquisitions, we would be required to find other methods to grow our business and we may not grow at the same rate we have in the past, or at all.

Generally, we must receive federal regulatory approval before we can acquire a bank or bank holding company. In determining whether to approve a proposed bank acquisition, federal bank regulators will consider, among other factors, the effect of the acquisition on the competition, financial condition and future prospects. The regulators also review current and projected capital ratios and levels, the competence, experience and integrity of management and its record of compliance with laws and regulations, the convenience and needs of the communities to be served (including the acquiring institution's record of compliance under the Community Reinvestment Act) and the effectiveness of the acquiring institution in combating money laundering activities. We cannot be certain when or if, or on what terms and conditions, any required regulatory approvals will be granted. We may also be required to sell banks or branches as a condition to receiving regulatory approval, which condition may not be acceptable to us or, if acceptable to us, may reduce the benefits of any acquisition.

In the past, we have utilized de novo branching in new and existing markets as a way to supplement our growth. De novo branching and any acquisition carry with it numerous risks, including the following:

- the inability to obtain all required regulatory approvals;
- significant costs and anticipated operating losses associated with establishing a de novo branch or a new bank;
- the inability to secure the services of qualified senior management;
- the local market may not accept the services of a new bank owned and managed by a bank holding company headquartered outside of the market area of the new bank;
- economic downturns in the new market;
- the inability to obtain attractive locations within a new market at a reasonable cost; and
- the additional strain on management resources and internal systems and controls.

We have experienced to some extent many of these risks with our de novo branching to date.

We rely on dividends from the Bank for most of our revenue.

Ameris is a separate and distinct legal entity from its subsidiaries. It receives substantially all of its revenue from dividends from the Bank. These dividends are the principal source of funds to pay dividends on the Common Stock and interest and principal on the Company's debt. Various federal and state laws and regulations limit the amount of dividends that the Bank may pay to the Company. Also, the Company's right to participate in a distribution of assets upon a subsidiary's liquidation or reorganization is subject to the prior claims of the subsidiary's creditors. In the event the Bank is unable to pay dividends to the Company, the Company may not be able to service debt, pay obligations or pay dividends on the Common Stock and its business, financial condition and results of operations may be materially adversely affected. Consequently, cash-based activities, including further investments in the Bank or in support of the Bank, could require borrowings or additional issuances of common or preferred stock.

We are subject to regulation by various federal and state entities.

We are subject to the regulations of the SEC, the Federal Reserve, the FDIC and the GDBF. New regulations issued by these agencies may adversely affect our ability to carry on our business activities. We are subject to various federal and state laws and certain changes in these laws and regulations may adversely affect our operations. Noncompliance with certain of these regulations may impact our business plans, including our ability to branch, offer certain products or execute existing or planned business strategies.

We are also subject to the accounting rules and regulations of the SEC and the Financial Accounting Standards Board. Changes in accounting rules could materially adversely affect the reported financial statements or our results of operations and may also require extraordinary efforts or additional costs to implement. Any of these laws or regulations may be modified or changed from time to time, and we cannot be assured that such modifications or changes will not adversely affect us.

If the Atlantic merger and the Hamilton merger were to occur, the pro forma combined company would exceed \$10 billion in assets, which would result in increased costs and/or reduced revenues to the resulting entity and subject it to increased regulatory scrutiny by its primary federal regulators with respect to its risk management and other activities.

It is currently expected that, if the Atlantic merger and the Hamilton merger were both completed, the pro forma combined company would exceed \$10 billion in assets, resulting in the Company being subject to additional regulation and oversight that could impact our revenues and/or expenses. Such regulation and oversight include becoming subject to: (i) under the Dodd-Frank Act, annual stress testing (or DFAST), designed to assess the Company's capital adequacy and risk management practices in the event of certain economic downturn scenarios; (ii) the examination and enforcement authority of the CFPB with respect to consumer and small business products and services; (iii) deposit insurance premium assessments based on an FDIC scorecard based on, among other things, the Bank's CAMELS rating and results of asset-related stress testing and funding-related stress testing; and (iv) a cap on interchange transaction fees for debit cards, as required by Federal Reserve regulations, which will significantly reduce our interchange revenue after the mergers. It is difficult to predict the overall compliance cost of these provisions, which will become effective (with a phase-in period) when the combined company surpasses \$10 billion in consolidated assets as a result of the Atlantic merger and the Hamilton merger. However, compliance with these provisions will likely require additional staffing, engagement of external consultants and other operating costs that could have a material adverse effect on the future financial condition and results of operations of the Company.

We are subject to industry competition which may have an impact upon our success.

Our profitability depends on our ability to compete successfully. We operate in a highly competitive financial services environment. Certain competitors are larger and may have more resources than we do. We face competition in our regional market areas from other commercial banks, savings and loan associations, credit unions, internet banks, mortgage companies, finance companies, mutual funds, insurance companies, brokerage and investment banking firms, and other financial intermediaries that offer similar services. Some of our nonbank competitors are not subject to the same extensive regulations that govern us or our bank subsidiary and may have greater flexibility in competing for business.

Another competitive factor is that the financial services market, including banking services, is undergoing rapid changes with frequent introductions of new technology-driven products and services. Our future success may depend, in part, on our ability to use technology competitively to provide products and services that provide convenience to customers and create additional efficiencies in our operations.

Changes in the policies of monetary authorities and other government action could materially adversely affect our profitability.

The results of our operations are affected by credit policies of monetary authorities, particularly the Federal Reserve. The instruments of monetary policy employed by the Federal Reserve include open market operations in U.S. government securities, changes in the discount rate or the federal funds rate on bank borrowings and changes in reserve requirements against bank deposits. In view of uncertain conditions in the national economy and in the money markets, we cannot predict with certainty possible future changes in interest rates, deposit levels, loan demand or our business and earnings.

We may need to rely on the financial markets to provide needed capital.

Our Common Stock is listed and traded on the NASDAQ Global Select Market ("NASDAQ"). If the liquidity of the NASDAQ market should fail to operate at a time when we may seek to raise equity capital, or if conditions in the capital markets are adverse, we may be constrained in raising capital. Downgrades in the opinions of the analysts that follow our Company may cause our

stock price to fall and significantly limit our ability to access the markets for additional capital. Should these risks materialize, our ability to further expand our operations through internal growth or acquisition may be limited.

We may invest or spend the proceeds in stock offerings in ways with which you may not agree and in ways that may not earn a profit.

We may choose to use the proceeds of future stock offerings for general corporate purposes, including for possible acquisition opportunities that may become available. It is not known whether suitable acquisition opportunities may become available or whether we will be able to successfully complete any such acquisitions. We may use the proceeds of an offering only to focus on sustaining our organic, or internal, growth or for other purposes. In addition, we may use all or a portion of the proceeds of an offering to support our capital. You may not agree with the ways we decide to use the proceeds of any stock offerings, and our use of the proceeds may not yield any profits.

We face risks related to our operational, technological and organizational infrastructure.

Our ability to grow and compete is dependent on our ability to build or acquire the necessary operational and technological infrastructure and to manage the cost of that infrastructure while we expand. Similar to other large corporations, in our case, operational risk can manifest itself in many ways, such as errors related to failed or inadequate processes, faulty or disabled computer systems, fraud by employees or persons outside of our Company and exposure to external events. We are dependent on our operational infrastructure to help manage these risks. In addition, we are heavily dependent on the strength and capability of our technology systems which we use both to interface with our customers and to manage our internal financial and other systems. Our ability to develop and deliver new products that meet the needs of our existing customers and attract new customers depends in part on the functionality of our technology systems. Additionally, our ability to run our business in compliance with applicable laws and regulations is dependent on these infrastructures.

We continuously monitor our operational and technological capabilities and make modifications and improvements when we believe it will be cost effective to do so. In some instances, we may build and maintain these capabilities ourselves. We also outsource some of these functions to third parties. These third parties may experience errors or disruptions that could adversely impact us and over which we may have limited control. We also face risk from the integration of new infrastructure platforms and/or new third party providers of such platforms into our existing businesses.

A security breach, cyber-attack or interruption of our technology systems may impact our financial results and customer retention.

We rely on data processing systems on a variety of computing platforms and networks. While we believe we have implemented appropriate measures to mitigate potential risks to our operations and technology functions, we cannot be certain that a security breach, cyber-attack or interruption will not occur. Such an interruption or security breach could disrupt our operations or result in the disclosure of sensitive, personal customer information. This could have a negative impact on our financial results through damage to our reputation, costs to remediate the situation, potential civil litigation, additional regulatory scrutiny, loss of customers and potential financial liability.

Financial services companies depend on the accuracy and completeness of information about customers and counterparties.

In deciding whether to extend credit or enter into other transactions, the Company may rely on information furnished by or on behalf of customers and counterparties, including financial statements, credit reports and other financial information. The Company may also rely on representations of those customers, counterparties or other third parties, such as independent auditors, as to the accuracy and completeness of that information. Reliance on inaccurate or misleading financial statements, credit reports or other financial information could have a material adverse impact on the Company's business and, in turn, the Company's financial condition and results of operations.

Reputational risk and social factors may impact our results.

Our ability to originate and maintain accounts is highly dependent upon customer and other external perceptions of our business practices and our financial health. Adverse perceptions regarding our business practices or our financial health could damage our reputation in both the customer and funding markets, leading to difficulties in generating and maintaining accounts as well as in financing them. Adverse developments with respect to the consumer or other external perceptions regarding the practices of our competitors, or our industry as a whole, may also adversely impact our reputation. In addition, adverse reputational impacts on third parties with whom we have important relationships may also adversely impact our reputation. Adverse impacts on our reputation, or the reputation of our industry, may also result in greater regulatory or legislative scrutiny, which may lead to laws, regulations or regulatory actions that may change or constrain the manner in which we engage with our customers and the products we offer. Adverse reputational impacts or events may also increase our litigation risk. We carefully monitor internal and external developments for areas of potential reputational risk and have established governance structures to assist in evaluating such risks in our business practices and decisions, but we cannot be certain that our efforts will completely mitigate these risks.

We may not be able to attract and retain skilled people.

The Company's success depends, in large part, on its ability to attract and retain key people. Competition for the best people in most activities engaged in by the Company can be intense and the Company may not be able to hire people or to retain them. The unexpected loss of services of one or more of the Company's key personnel could have a material adverse impact on the Company's business because of their skills, knowledge of the Company's market, years of industry experience and the difficulty of promptly finding qualified replacement personnel.

We engage in acquisitions of other businesses from time to time. These acquisitions may not produce revenue or earnings enhancements or cost savings at levels or within timeframes originally anticipated and may result in unforeseen integration difficulties.

When appropriate opportunities arise, we will engage in acquisitions of other businesses. Difficulty in integrating an acquired business or company may cause us not to realize expected revenue increases, cost savings, increases in geographic or product presence or other anticipated benefits from any acquisition. The integration could result in higher than expected deposit attrition (run-off), loss of key employees, disruption of our business or the business of the acquired company, or otherwise adversely affect our ability to maintain relationships with customers and employees or achieve the anticipated benefits of the acquisition. We will likely need to make additional investments in equipment and personnel to manage higher asset levels and loan balances as a result of any significant acquisition, which may materially adversely impact our earnings. Also, the negative effect of any divestitures required by regulatory authorities in acquisitions or business combinations may be greater than expected.

Depending on the condition of any institution that we may acquire, any acquisition may, at least in the near term, materially adversely affect our capital and earnings and, if not successfully integrated following the acquisition, may continue to have such effects.

Changes in national and local economic conditions could lead to higher loan charge-offs in connection with past FDIC-assisted transactions, all of which may not be supported by loss-sharing agreements with the FDIC.

Although loan portfolios acquired in past FDIC-assisted transactions have initially been accounted for at fair value, we do not know how many of the remaining acquired loans will become impaired, or to what degree such loans may become impaired, and impairment may result in additional charge-offs to the portfolio. The fluctuations in national, regional and local economic conditions, including those related to local residential, commercial real estate and construction markets, may increase the level of charge-offs that we make to our loan portfolio, and, consequently, reduce our net income, and may also increase the level of charge-offs on the loan portfolios that we have acquired in such acquisitions and correspondingly reduce our net income. These fluctuations are not predictable, cannot be controlled and may have a material adverse impact on our operations and financial condition even if other favorable events occur.

Although we have entered into loss-sharing agreements with the FDIC which provide that a significant portion of losses related to specified loan portfolios that we have acquired in connection with the FDIC-assisted transactions will be borne by the FDIC, we are not protected for all losses resulting from charge-offs with respect to those specified loan portfolios. Additionally, the loss-sharing agreements have limited terms, some of which have already expired; therefore, any charge-off of related losses that we experience after the term of the loss-sharing agreements will not be reimbursable by the FDIC and will negatively impact our net income. The loss-sharing agreements also impose standard requirements on us which must be satisfied in order to retain loss share protections.

Hurricanes or other adverse weather events could disrupt our operations or negatively affect economic conditions in the markets we serve, which could have an adverse effect on our business or results of operations.

Our market areas, located in the southeastern United States, are susceptible to natural disasters, such as hurricanes, tropical storms, other severe weather events and related flooding and wind damage. These natural disasters could negatively impact regional economic conditions, cause a decline in the value of mortgaged properties or the destruction of mortgaged properties, cause an increase in the risk of delinquencies, foreclosures or losses on loans originated by us, damage our banking facilities and offices and negatively impact our growth strategy. We cannot predict with certainty whether or to what extent damage that may be caused by severe weather events will affect our operations or assets or the economies in our current or future market areas.

RISKS RELATED TO OUR COMMON STOCK

The price of our Common Stock is volatile and may decline.

The trading price of our Common Stock may fluctuate widely as a result of a number of factors, many of which are outside our control. In addition, the stock market is subject to fluctuations in the share prices and trading volumes that affect the market prices of the shares of many companies. These broad market fluctuations have adversely affected and may continue to adversely affect the market price of our Common Stock. Among the factors that could affect our stock price are:

- actual or anticipated quarterly fluctuations in our operating results and financial condition;
- changes in revenue or earnings estimates or publication of research reports and recommendations by financial analysts or actions taken by rating agencies with respect to our securities or those of other financial institutions;
- failure to meet analysts' revenue or earnings estimates;
- speculation in the press or investment community;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- actions by institutional shareholders;
- fluctuations in the stock price and operating results of our competitors;
- general market conditions and, in particular, developments related to market conditions for the financial services industry;
- proposed or adopted regulatory changes or developments, including changes in accounting policies;
- proposed or adopted changes or developments in tax policies or rates;
- anticipated or pending investigations, proceedings or litigation that involve or affect us; or
- domestic and international economic factors unrelated to our performance.

A significant decline in our stock price could result in substantial losses for individual shareholders and could lead to costly and disruptive securities litigation.

Securities issued by us, including our Common Stock, are not FDIC insured.

Securities issued by us, including our Common Stock, are not savings or deposit accounts or other obligations of any bank and are not insured by the FDIC, the Deposit Insurance Fund or any other governmental agency or instrumentality, or any private insurer, and are subject to investment risk, including the possible loss of principal.

Holders of the Company's debt obligations and any shares of the Company's preferred stock that may be outstanding in the future will have priority over the Company's common stock with respect to payment in the event of liquidation, dissolution or winding up and with respect to the payment of interest and preferred dividends.

In the event of any winding up and termination of the Company, our Common Stock would rank below all claims of the holders of the Company's debt and any preferred stock then outstanding. As of December 31, 2017, we had outstanding trust preferred securities and accompanying junior subordinated debentures with a carrying value of \$85.6 million and other subordinated notes payable with a carrying value of \$73.8 million.

Upon the winding up and termination of the Company, holders of our Common Stock will not be entitled to receive any payment or other distribution of assets until after all of our obligations to our debt holders have been satisfied and holders of our senior debt, subordinated debt and junior subordinated debentures issued in connection with trust preferred securities have received any payments and other distributions due to them. In addition, we are required to pay interest on our senior debt, subordinated debt and junior subordinated debentures issued in connection with the Company's trust preferred securities before we pay any dividends on our Common Stock.

We may borrow funds or issue additional debt and equity securities or securities convertible into equity securities, any of which may be senior to our Common Stock as to distributions and in liquidation, which could negatively affect the value of our Common Stock.

In the future, we may attempt to increase our capital resources by entering into debt or debt-like financing that is unsecured or secured by all or up to all of our assets, or by issuing additional debt or equity securities, which could include issuances of secured or unsecured commercial paper, medium-term notes, senior notes, subordinated notes, preferred stock, common stock or securities convertible into or exchangeable for equity securities. In the event of our liquidation, our lenders and holders of our debt and preferred securities would receive a distribution of our available assets before distributions to the holders of our Common Stock. Because our decision to incur debt and issue securities in our future offerings will depend on market conditions and other factors beyond our control, we cannot predict or estimate with certainty the amount, timing or nature of our future offerings and debt financings. Further, market conditions could require us to accept less favorable terms for the issuance of our securities in the future. In addition, the borrowing of funds or issuance of debt would increase our leverage and decrease our liquidity, and the issuance of additional equity securities would dilute the interests of our existing shareholders.

You may not receive dividends on the Common Stock.

Holders of our Common Stock are only entitled to receive such dividends as our Board of Directors may declare out of funds legally available for such payments. In 2010, in response to anticipated increases in corporate risks, our Board suspended the payment of dividends on our Common Stock. In 2014, our Board reinstated the payment of dividends on our Common Stock; however, the payment of dividends could be suspended again at any time.

Sales of a significant number of shares of our Common Stock in the public markets, or the perception of such sales, could depress the market price of our Common Stock.

Sales of a substantial number of shares of our Common Stock in the public markets and the availability of those shares for sale could adversely affect the market price of our Common Stock. In addition, future issuances of equity securities, including pursuant to outstanding options, could dilute the interests of our existing shareholders and could cause the market price of our Common Stock to decline. We may issue such additional equity or convertible securities to raise additional capital. Depending on the amount offered and the levels at which we offer the stock, issuances of common or preferred stock could be substantially dilutive to shareholders of our Common Stock. Moreover, to the extent that we issue restricted stock, phantom shares, stock appreciation rights, options or warrants to purchase our Common Stock in the future and those stock appreciation rights, options or warrants are exercised or as shares of the restricted stock vest, our shareholders may experience further dilution. Holders of our shares of Common Stock have no preemptive rights that entitle holders to purchase their pro rata share of any offering of shares of any class or series and, therefore, such sales or offerings could result in increased dilution to our shareholders. We cannot predict with certainty the effect that future sales of our Common Stock would have on the market price of our Common Stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

The Company's corporate headquarters is located at 310 First St. SE, Moultrie, Georgia 31768. The Company occupies approximately 6,300 square feet at this location plus an additional 37,200 square feet used for support services for banking operations, including credit, sales and operational support, as well as audit and loan review services. The Company also leases approximately 90,700 square feet in Jacksonville, Florida used for additional corporate support services. In addition to its corporate headquarters, Ameris operates 97 office or branch locations. Of the 97 branch locations, 75 are owned and 22 are subject to either building or ground leases. Ameris also operates 13 loan production offices, all of which are subject to building leases. At December 31, 2017, there were no significant encumbrances on the offices, equipment or other operational facilities owned by Ameris and the Bank.

ITEM 3. 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 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Price of Common Stock

The Common Stock is listed on NASDAQ under the symbol "ABCB". The following table sets forth: (i) the high and low sales prices for the Common Stock as quoted on NASDAQ during 2017 and 2016; and (ii) the amount of quarterly dividends declared on the Common Stock during the periods indicated. The high and low sales prices reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not necessarily represent actual transactions.

Quarter Ended 2017	High	Low	Dividend
March 31	\$ 49.50	\$ 41.60	\$ 0.10
June 30	49.80	42.60	0.10
September 30	51.28	41.05	0.10
December 31	51.30	44.75	0.10

Quarter Ended 2016	High	Low	Dividend
March 31	\$ 33.81	\$ 24.96	\$ 0.05
June 30	32.76	27.73	0.05
September 30	36.20	28.90	0.10
December 31	47.70	34.61	0.10

Dividends

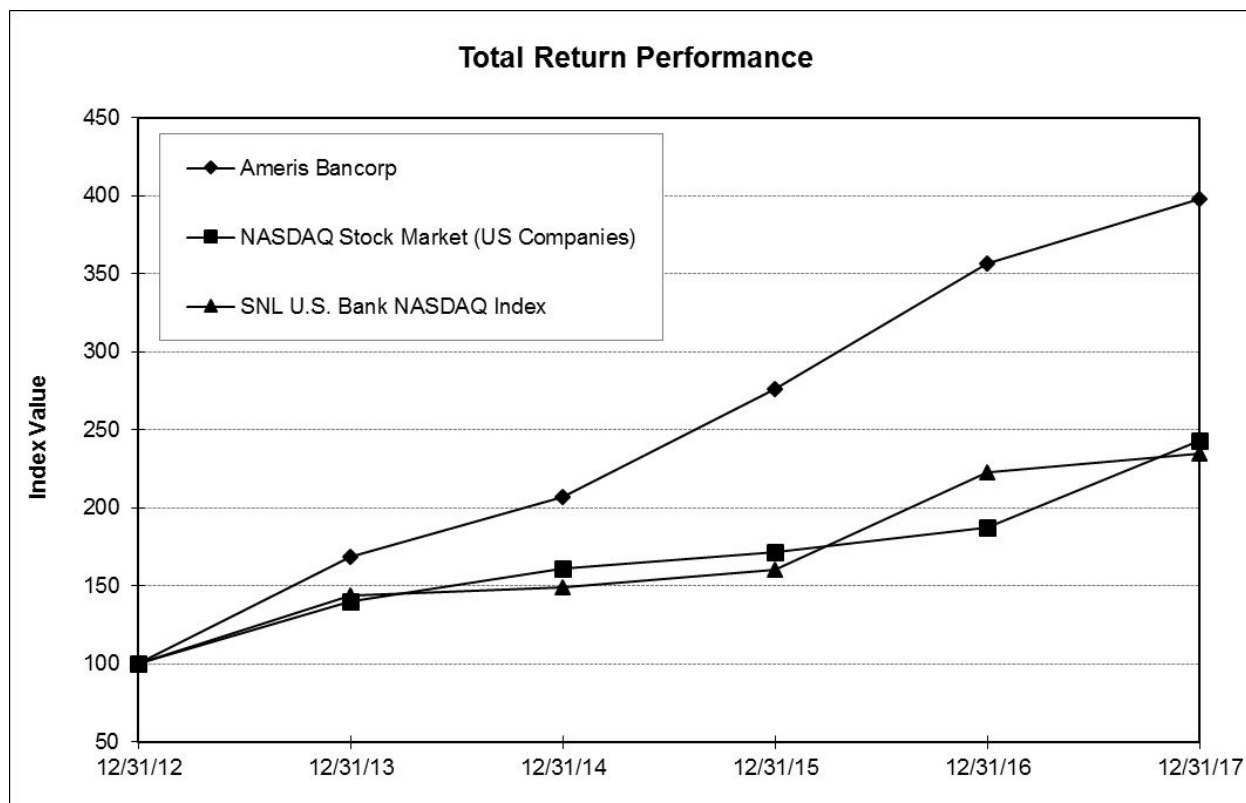
The amount of and nature of any dividends declared on our Common Stock in the future will be determined by our Board of Directors in its sole discretion. The Board reinstated a quarterly cash dividend of \$0.05 per share per quarter in June 2014 which was increased to \$0.10 per share per quarter in September 2016. The Company is required to comply with the restrictions on the payment of dividends in respect of the Common Stock discussed in the section of Part I, Item 1 of this Annual Report captioned "Payment of Dividends and Other Restrictions."

Holders of Common Stock

As of February 16, 2018, there were approximately 2,373 holders of record of the Common Stock. The Company believes a portion of Common Stock outstanding is held either in nominee name or street name brokerage accounts; therefore, the Company is unable to determine the number of beneficial owners of the Common Stock.

Performance Graph

Set forth below is a line graph comparing the change in the cumulative total shareholder return on the Common Stock against the cumulative return of the NASDAQ Stock Market (U.S. Companies) index, the index of NASDAQ Bank Stocks and the index of SNL U.S. Bank NASDAQ Stocks for the five-year period commencing December 31, 2012, and ending December 31, 2017. This line graph assumes an investment of \$100 on December 31, 2012, and reinvestment of dividends and other distributions to shareholders.



Index	Period Ending					
	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017
Ameris Bancorp	100.00	169.02	206.61	275.83	356.87	397.87
NASDAQ Stock Market (US Companies)	100.00	140.12	160.78	171.97	187.22	242.71
SNL U.S. Bank NASDAQ	100.00	143.73	148.86	160.70	222.81	234.58

Source: SNL Financial

Pursuant to the regulations of the SEC, this performance graph is not “soliciting material,” is not deemed filed with the SEC and is not to be incorporated by reference in any filing of the Company under the Securities Act or the Exchange Act.

ITEM 6. SELECTED FINANCIAL DATA

The following table presents selected consolidated financial information for Ameris. The data set forth below is derived from the audited consolidated financial statements of Ameris. Acquisitions, including the FDIC-assisted transactions completed between 2009 and 2012, the acquisition of Prosperity in 2013, the acquisition of Coastal in 2014, the branch acquisition in 2015, the acquisition of Merchants in 2015 and the acquisition of JAXB in 2016, as well as the December 2016 purchase of a pool of commercial insurance premium finance loans and the establishment of a division to originate loans of this type, significantly affected the comparability of selected financial data. Specifically, since the acquisitions were accounted for using the acquisition method of accounting, the assets of the acquired institutions were recorded at their fair values, the excess purchase price over the net fair value of the assets was recorded as goodwill and the results of operations for the business have been included in the Company’s results since the respective dates these acquisitions were completed. Accordingly, the level of our assets and liabilities and our results of operations for these acquisitions have significantly affected the Company’s financial position and results of operations. Discussion of these acquisitions can be found in the “Corporate Restructuring and Business Combinations” section of Part I, Item 1. of this Annual Report and in Note 3, “Business Combinations,” and Note 4, “Assets Acquired in FDIC-Assisted

Acquisitions,” in the notes to consolidated financial statements. The selected financial data should be read in conjunction with, and is qualified in its entirety by, the consolidated financial statements and the notes thereto and Management’s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere herein.

(dollars in thousands, except per share data)	Year Ended December 31,				
	2017	2016	2015	2014	2013
Selected Balance Sheet Data:					
Total assets	\$ 7,856,203	\$ 6,892,031	\$ 5,588,940	\$ 4,037,077	\$ 3,667,649
Earning assets	7,288,285	6,293,670	5,084,658	3,574,561	3,232,769
Loans held for sale	197,442	105,924	111,182	94,759	67,278
Loans	4,856,514	3,626,821	2,406,877	1,889,881	1,618,454
Purchased loans	861,595	1,069,191	909,083	945,518	838,990
Purchased loan pools	328,246	568,314	592,963	—	—
Investment securities	810,873	822,735	783,185	541,805	486,235
FDIC loss-share receivable, net of clawback	—	—	6,301	31,351	65,441
Total deposits	6,625,845	5,575,163	4,879,290	3,431,149	2,999,231
FDIC loss-share payable including clawback	8,803	6,313	—	—	—
Shareholders’ equity	804,479	646,437	514,759	366,028	316,699
Selected Average Balances:					
Total assets	\$ 7,330,974	\$ 6,166,714	\$ 4,804,245	\$ 3,731,281	\$ 2,848,529
Earning assets	6,759,509	5,598,077	4,320,948	3,303,467	2,472,704
Loans held for sale	113,657	97,995	87,952	71,231	110,542
Loans	4,188,378	2,777,505	2,161,726	1,753,013	1,478,816
Purchased loans	958,738	1,127,765	918,796	897,125	451,988
Purchased loan pools	496,844	619,440	201,689	—	—
Investment securities	861,189	842,886	731,165	508,383	332,413
Total deposits	5,845,430	5,200,241	4,126,885	3,200,622	2,487,901
Shareholders’ equity	770,296	613,435	492,242	316,400	277,173
Selected Income Statement Data:					
Interest income	\$ 294,347	\$ 239,065	\$ 190,393	\$ 164,566	\$ 126,322
Interest expense	34,222	19,694	14,856	14,680	10,137
Net interest income	260,125	219,371	175,537	149,886	116,185
Provision for loan losses	8,364	4,091	5,264	5,648	11,486
Noninterest income	104,457	105,801	85,586	62,836	46,549
Noninterest expense	231,936	215,835	199,115	150,869	121,945
Income before income taxes	124,282	105,246	56,744	56,205	29,303
Income tax expense	50,734	33,146	15,897	17,482	9,285
Net income	<u>\$ 73,548</u>	<u>\$ 72,100</u>	<u>\$ 40,847</u>	<u>\$ 38,723</u>	<u>\$ 20,018</u>
Preferred stock dividends	<u>—</u>	<u>—</u>	<u>—</u>	<u>286</u>	<u>1,738</u>
Net income available to common shareholders	<u>\$ 73,548</u>	<u>\$ 72,100</u>	<u>\$ 40,847</u>	<u>\$ 38,437</u>	<u>\$ 18,280</u>

(dollars in thousands, except per share data)	Year Ended December 31,				
	2017	2016	2015	2014	2013
Per Share Data					
Net income – basic	\$ 2.00	\$ 2.10	\$ 1.29	\$ 1.48	\$ 0.76
Net income – diluted	1.98	2.08	1.27	1.46	0.75
Common book value	21.59	18.51	15.98	13.67	11.50
Tangible book value	17.86	14.42	12.65	10.99	9.87
Common dividends – cash	0.40	0.30	0.20	0.15	—
Profitability Ratios					
Net income to average total assets	1.00%	1.17%	0.85%	1.08%	0.70%
Net income to average common shareholders' equity	9.55	11.75	8.37	12.40	8.06
Net interest margin	3.95	3.99	4.12	4.59	4.74
Efficiency ratio	63.62	66.38	76.25	70.92	74.94
Loan Quality Ratios					
Net charge-offs to average loans*	0.13%	0.11%	0.22%	0.34%	0.75%
Allowance for loan losses to total loans *	0.44	0.56	0.85	1.12	1.38
Nonperforming assets to total loans and OREO**	0.85	1.12	1.60	3.35	3.49
Liquidity Ratios					
Loans to total deposits	91.25%	94.42%	80.11%	82.64%	81.94%
Average loans to average earnings assets	83.50	80.83	75.96	80.22	78.08
Noninterest-bearing deposits to total deposits	26.82	28.22	27.26	24.46	22.29
Capital Adequacy Ratios					
Shareholders' equity to total assets	10.24%	9.38%	9.21%	9.07%	8.63%
Common stock dividend payout ratio	20.00	14.29	15.50	10.14	—

* Excludes purchased non-covered and covered assets.

** Excludes covered assets.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

During 2017, the Company reported net income of \$73.5 million, or \$1.98 per diluted share, compared with \$72.1 million, or \$2.08 per diluted share, in 2016. The Company's net income as a percentage of average assets for 2017 and 2016 was 1.00% and 1.17%, respectively, while the Company's net income as a percentage of average shareholders' equity was 9.55% and 11.75%, respectively. Reported net income for the year ended December 31, 2017 includes a charge of \$13.6 million to income tax expense attributable to the remeasurement of the Company's deferred tax assets and deferred tax liabilities due to the recently enacted federal tax legislation that reduces the Company's future federal corporate tax rate.

Highlights of the Company's performance in 2017 include the following:

- Total assets were \$7.86 billion at December 31, 2017, an increase of \$964.2 million, or 14.0%, from December 31, 2016.
- Organic growth in loans amounted to \$941.0 million for 2017, or 20.3% of December 31, 2016 loans excluding purchased loan pools and covered loans.
- Total deposits were \$6.63 billion at December 31, 2017, an increase of \$1.05 billion, or 18.8%, from December 31, 2016. Non-interest bearing demand deposits grew \$203.8 million, or 12.9%, during 2017 to end the year at 26.8% of total deposits.
- Total revenue increased 12.1% to \$364.6 million.
- The Company's net interest margin decreased 4 basis point to 3.95% in 2017, from 3.99% in 2016. This decrease was primarily attributable to higher funding costs even though yields on substantially all earning asset classes increased. Deposit costs, the Company's largest funding expense, increased from 0.24% in 2016 to 0.34% in 2017. Non-deposit funding yields decreased from 2.26% in 2016 to 2.11% in 2017.
- Net income from retail mortgage, warehouse lending, SBA and premium finance lines of business increased 44.0% to \$26.4 million, compared with \$18.3 million in 2016.
- Total non-accrual loans, decreased approximately \$11.5 million, or 27.9%, to \$29.6 million during 2017. Non-accrual loans, excluding purchased loans, decreased approximately \$3.9 million, or 21.6%, to \$14.2 million during 2017.
- Legacy OREO (excluding purchased OREO and OREO sourced from purchased loans) decreased from \$10.9 million at December 31, 2016 to \$8.5 million at December 31, 2017.
- Non-performing assets to total assets continued to improve during 2017, decreasing from 0.94% at December 31, 2016 to 0.68% at December 31, 2016.
- Net charge-offs for 2017 remained low at 0.13% of average total legacy loans, compared with 0.11% for 2016. Net charge-offs for 2017 remained low at 0.12% of average total loans, compared with 0.03% for 2016.
- Tangible common equity to tangible assets increased from 7.46% at December 31, 2016 to 8.62% at December 31, 2017. Tangible common book value per share increased 23.9% from \$14.42 at December 31, 2016 to \$17.86 at December 31, 2017.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Ameris has established certain accounting and financial reporting policies to govern the application of accounting principles generally accepted in the United States of America (“GAAP”) in the preparation of its financial statements. Our significant accounting policies are described in Note 1 to the consolidated financial statements. Certain accounting policies involve significant judgments and assumptions by management which have a material impact on the carrying value of certain assets and liabilities; management considers these accounting policies to be critical accounting policies. The judgments and assumptions used by management are based on historical experience and other factors which are believed to be reasonable under the circumstances. Because of the nature of the judgments and assumptions made by management, actual results could differ from the judgments and estimates adopted by management which could have a material impact on the carrying values of assets and liabilities and the results of our operations. We believe the following accounting policies applied by Ameris represent critical accounting policies.

Allowance for Loan Losses

We believe the allowance for loan losses is a critical accounting policy that requires the most significant judgments and estimates used in the preparation of our consolidated financial statements. The allowance for loan losses represents management’s estimate of probable incurred losses in the Company’s loan portfolio. Calculation of the allowance for loan losses represents a critical accounting estimate due to the significant judgment, assumptions and estimates related to the amount and timing of estimated losses, consideration of subjective environmental factors and the amount and timing of cash flows related to impaired loans.

Management believes that the allowance for loan losses is adequate. While management uses available information to recognize losses on loans, future additions to the allowance for loan losses may be necessary based on changes in economic conditions. In addition, various regulatory agencies, as an integral part of their examination processes, periodically review the Company’s allowance for loan losses. Such agencies may require the Company to recognize additions to the allowance for loan losses based on their judgments about information available to them at the time of their examination.

Considering current information and events regarding a borrower’s ability to repay its obligations, management considers a loan to be impaired when the ultimate collectability of all amounts due, according to the contractual terms of the loan agreement, is in doubt. When a loan is considered to be impaired, the amount of impairment is measured based on the present value of expected future cash flows discounted at the loan’s effective interest rate or if the loan is collateral-dependent, the fair value of the collateral is used to determine the amount of impairment. Impairment losses are included in the allowance for loan losses through a charge to the provision for loan losses.

Subsequent recoveries are credited to the allowance for loan losses. Cash receipts for accruing loans are applied to principal and interest under the contractual terms of the loan agreement. Cash receipts on impaired loans for which the accrual of interest has been discontinued are applied first to principal and then to interest income.

Certain economic and interest rate factors could have a material impact on the determination of the allowance for loan losses. An improving economy could result in the expansion of businesses and creation of jobs which would positively affect our loan growth and improve our gross revenue stream. Conversely, certain factors could result from an expanding economy which could increase our credit costs and adversely impact our net earnings. A significant rapid rise in interest rates could create higher borrowing costs and shrinking corporate profits which could have a material impact on a borrower’s ability to pay. We will continue to concentrate on maintaining a high quality loan portfolio through strict administration of our loan policy.

Another factor that we have considered in the determination of the allowance for loan losses is loan concentrations to individual borrowers or industries. Based on total committed exposure at December 31, 2017, we had six individual loans/lines of credit that exceeded our normal in-house credit limit of \$30.0 million. Total exposure from these six individual loans/lines of credit amounted to \$258.5 million as of December 31, 2017. The largest total committed exposure for a single loan/line of credit at December 31, 2017 was \$50.0 million, and we had three lines of credit at this level. All three of these \$50.0 million lines of credit are extended to clients of our warehouse lending division. As of December 31, 2017, we had 11 relationships consisting of 32 loans/lines of credit that exceeded \$30.0 million. Total exposure from these 11 relationships amounted to \$440.0 million as of December 31, 2017. The largest total committed exposure for a single relationship at December 31, 2017 was also \$50.0 million, and we had three relationships at this level. All three of these \$50.0 million relationships are clients of our warehouse lending division as well. Additional disclosure concerning the Company’s largest loan relationships is provided in the “Balance Sheet Comparison” section below.

A substantial portion of our loan portfolio is in the commercial real estate and residential real estate sectors. The majority of these loans are secured by real estate in our primary market areas. A substantial portion of OREO is located in those same

markets. Therefore, the ultimate collectability of a substantial portion of our loan portfolio and the recoverability of a substantial portion of the carrying amount of OREO are susceptible to changes to market conditions in our primary market area.

Fair Value Accounting Estimates

GAAP requires the use of fair values in determining the carrying values of certain assets and liabilities, as well as for specific disclosures. The most significant fair values used in determining carrying value include investment securities available for sale, loans held for sale, derivative financial instruments, impaired loans, OREO, and the net assets acquired in business combinations. Certain of these assets do not have a readily available market to determine fair value and require an estimate based on specific parameters. When market prices are unavailable, we determine fair values utilizing estimates, which are constantly changing, including interest rates, duration, prepayment speeds and other specific conditions. In most cases, these specific parameters require a significant amount of judgment by management. At December 31, 2017, the percentage of the Company's assets measured at fair value was 13%. See Note 22, "Fair Value Measures", in the notes to consolidated financial statements herein for additional disclosures regarding the fair value of our assets and liabilities.

When a loan is considered 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. In addition, foreclosed assets are carried at the net realizable value, following foreclosure. Accordingly, the determination of fair value in the current environment is sometimes difficult and more subjective than it would be in traditionally stable real estate environments. Although management believes its processes for determining the value of these assets are appropriate and allow Ameris to arrive at a fair value, the processes require management judgment and assumptions and the value of such assets at the time they are revalued or divested may be different from management's determination of fair value.

Business Combinations

Assets purchased and liabilities assumed in a business combination are recorded at their fair value. The fair value of a loan portfolio acquired in a business combination requires greater levels of management estimates and judgment than the remainder of purchased assets or assumed liabilities. On the date of acquisition, when the loans have evidence of credit deterioration since origination and it is probable at the date of acquisition that the Company will not collect all contractually required principal and interest payments, the difference between contractually required payments at acquisition and the cash flows expected to be collected at acquisition is referred to as the nonaccretable difference. The Company must estimate expected cash flows at each reporting date. Subsequent decreases to the expected cash flows will generally result in a provision for loan losses. Subsequent increases in cash flows result in a reversal of the provision for loan losses to the extent of prior charges and adjusted accretable yield which will have a positive impact on future interest income. In addition, purchased loans without evidence of credit deterioration are also handled under this method.

Income Taxes

As required by GAAP, we use the asset and liability method of accounting for deferred income taxes and provide deferred income taxes for all significant income tax temporary differences. See Note 16, "Income Taxes," in the notes to consolidated financial statements for additional details.

As part of the process of preparing our consolidated financial statements we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating our actual current tax exposure together with assessing temporary differences resulting from differing treatment of items, such as the provision for loan losses and gains on FDIC-assisted transactions, for tax and financial reporting purposes. These differences result in deferred tax assets and liabilities that are included in our consolidated balance sheet.

We must also assess the likelihood that our deferred tax assets will be recovered from future taxable income, and to the extent we believe that recovery is not likely, we must establish a valuation allowance. Significant management judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. To the extent we establish a valuation allowance or adjust this allowance in a period, we must include an expense within the tax provisions in the statement of income.

Long-Lived Assets, Including Intangibles

Intangible assets consist of goodwill and core deposit intangibles. Goodwill represents the excess purchase price over the fair value of net assets acquired in business acquisitions. Core deposit intangibles represent premiums paid for deposits acquired via

acquisition and are being amortized over their estimated useful lives, typically five to ten years.

NET INCOME/(LOSS) AND EARNINGS PER SHARE

The Company's net income during 2017 was \$73.5 million, or \$1.98 per diluted share, compared with \$72.1 million, or \$2.08 per diluted share, in 2016, and \$40.8 million, or \$1.27 per diluted share, in 2015.

For the fourth quarter of 2017, the Company recorded net income of \$9.2 million, or \$0.24 per diluted share, compared with \$18.2 million, or \$0.52 per diluted share, for the quarter ended December 31, 2016, and \$14.1 million, or \$0.43 per diluted share, for the quarter ended December 31, 2015.

EARNING ASSETS AND LIABILITIES

Average earning assets were approximately \$6.76 billion in 2017, compared with approximately \$5.60 billion in 2015. The earning asset and interest-bearing liability mix is regularly monitored to maximize the net interest margin and, therefore, increase return on assets and shareholders' equity.

The following statistical information should be read in conjunction with the remainder of "Management's Discussion and Analysis of Financial Condition and Results of Operation" and the consolidated financial statements and related notes included elsewhere in this Annual Report and in the documents incorporated herein by reference.

The following tables set forth the amount of average balance, interest income or interest expense, and average interest rate for each category of interest-earning assets and 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.

	Year Ended December 31,								
	2017			2016			2015		
	Average Balance	Interest Income/Expense	Average Yield/Rate Paid	Average Balance	Interest Income/Expense	Average Yield/Rate Paid	Average Balance	Interest Income/Expense	Average Yield/Rate Paid
	(dollars in thousands)								
Assets									
Interest-earning assets:									
Federal funds sold and interest-bearing deposits in banks	\$ 140,703	\$ 1,725	1.23%	\$ 132,486	\$ 860	0.65%	\$ 219,620	\$ 823	0.37%
Investment securities	861,189	22,586	2.62	842,886	20,229	2.40	731,165	18,657	2.55
Loans held for sale	113,657	4,222	3.71	97,995	3,391	3.46	87,952	3,466	3.94
Loans	4,188,378	200,999	4.80	2,777,505	131,305	4.73	2,161,726	103,206	4.77
Purchased loans	958,738	57,136	5.96	1,127,765	70,363	6.24	918,796	60,336	6.57
Purchased loan pools	496,844	14,640	2.95	619,440	17,170	2.77	201,689	6,481	3.21
Total interest-earning assets	<u>6,759,509</u>	<u>301,308</u>	4.46	<u>5,598,077</u>	<u>243,318</u>	4.35	<u>4,320,948</u>	<u>192,969</u>	4.47
Noninterest-earning assets	<u>571,465</u>			<u>568,637</u>			<u>483,297</u>		
Total assets	<u>\$ 7,330,974</u>			<u>\$ 6,166,714</u>			<u>\$ 4,804,245</u>		
Liabilities and Shareholders' Equity									
Interest-bearing liabilities:									
Savings and interest-bearing demand deposits	\$ 3,172,234	\$ 11,759	0.37%	\$ 2,793,713	\$ 6,984	0.25%	\$ 2,088,859	\$ 4,848	0.23%
Time deposits	1,002,697	8,118	0.81	890,757	5,427	0.61	810,344	4,905	0.61
Federal funds purchased and securities sold under agreements to repurchase	28,694	56	0.20	44,324	98	0.22	50,988	173	0.34
FHLB advances	496,541	5,174	1.04	150,879	899	0.60	8,444	31	0.37
Other borrowings	68,726	4,044	5.88	45,526	1,765	3.88	40,931	1,363	3.33
Subordinated deferrable interest debentures	84,878	5,071	5.97	80,952	4,522	5.59	67,962	3,536	5.20
Total interest-bearing liabilities	<u>4,853,770</u>	<u>34,222</u>	0.71	<u>4,006,151</u>	<u>19,695</u>	0.49	<u>3,067,528</u>	<u>14,856</u>	0.48
Noninterest-bearing demand deposits	1,670,499			1,515,771			1,227,682		
Other liabilities	36,409			31,357			16,793		
Shareholders' equity	<u>770,296</u>			<u>613,435</u>			<u>492,242</u>		
Total liabilities and shareholders' equity	<u>\$ 7,330,974</u>			<u>\$ 6,166,714</u>			<u>\$ 4,804,245</u>		
Interest rate spread			3.75%			3.86%			3.99%
Net interest income		<u>\$267,086</u>			<u>\$223,623</u>			<u>\$178,113</u>	
Net interest margin			3.95%			3.99%			4.12%

RESULTS OF OPERATIONS

Net Interest Income

Net interest income represents the amount by which interest income on interest-earning assets exceeds interest expense incurred on interest-bearing liabilities. Net interest income is the largest component of our income and is affected by the interest rate environment and the volume and composition of interest-earning assets and interest-bearing liabilities. Our interest-earning assets include loans, investment securities, other investments, interest-bearing deposits in banks and federal funds sold. Our interest-bearing liabilities include deposits, securities sold under agreements to repurchase, other borrowings and subordinated deferrable interest debentures.

2017 compared with 2016. For the year ended December 31, 2017, interest income was \$294.3 million, an increase of \$55.3 million, or 23.1%, compared with the same period in 2016. Average earning assets increased \$1.16 billion, or 20.7%, to \$6.76 billion for the year ended December 31, 2017, compared with \$5.60 billion as of December 31, 2016. Yield on average earning assets on a taxable equivalent basis increased during 2017 to 4.46%, compared with 4.35% for the year ended December 31, 2016. Average yields on all interest-earning asset categories increased from 2016 to 2017 with the exception of purchased loans, which experienced a decrease in accretion income.

Interest expense on deposits and other borrowings for the year ended December 31, 2017 was \$34.2 million, an increase of \$14.5 million, or 73.8%, compared with \$19.7 million for the year ended December 31, 2016. During 2017, average noninterest-bearing accounts amounted to \$1.67 billion and comprised 28.6% of average total deposits, compared with \$1.52 billion, or 29.1% of average total deposits, during 2016. Average balances of time deposits amounted to \$1.00 billion and comprised 17.2% of average total deposits during 2017, compared with \$890.8 million, or 17.1% of average total deposits, during 2016.

On a taxable-equivalent basis, net interest income for 2017 was \$267.1 million, compared with \$223.6 million in 2016, an increase of \$43.5 million, or 19.4%. The Company's net interest margin, on a tax equivalent basis, decreased 4 basis points to 3.95% for the year ended December 31, 2017, compared with 3.99% for the year ended December 31, 2016. Accretion income for 2017 decreased to \$10.6 million, compared with \$14.1 million for 2016. Excluding the effect of accretion, the Company's net interest margin for 2017 increased 5 basis points to 3.79%, compared with 3.74% for 2016.

2016 compared with 2015. For the year ended December 31, 2016, interest income was \$239.1 million, an increase of \$48.7 million, or 25.6%, compared with the same period in 2015. Average earning assets increased \$1.28 billion, or 29.6%, to \$5.60 billion for the year ended December 31, 2016, compared with \$4.32 billion as of December 31, 2015. Yield on average earning assets on a taxable equivalent basis decreased during 2016 to 4.35%, compared with 4.47% for the year ended December 31, 2015. The decline is mostly due to the short-term investment strategy associated with the Company's 2015 acquisitions. Yields on the funds invested in purchased mortgage pools decreased to 2.77% during 2016, compared with 3.21% during 2015, as a result of increased purchase premium amortization.

Interest expense on deposits and other borrowings for the year ended December 31, 2016 was \$19.7 million, compared with \$14.9 million for the year ended December 31, 2015. During 2016, average noninterest-bearing accounts amounted to \$1.52 billion and comprised 29.1% of average total deposits, compared with \$1.23 billion, or 29.2% of average total deposits, during 2015. Average balances of time deposits amounted to \$890.8 million and comprised 17.1% of average total deposits during 2016, compared with \$810.3 million, or 19.3% of average total deposits, during 2015.

On a taxable-equivalent basis, net interest income for 2016 was \$223.6 million, compared with \$178.1 million in 2015, an increase of \$45.5 million, or 25.6%. The Company's net interest margin, on a tax equivalent basis, decreased to 3.99% for the year ended December 31, 2016, compared with 4.12% for the year ended December 31, 2015. Accretion income for 2016 increased to \$14.1 million, compared with \$11.7 million for 2015. Excluding the effect of accretion, the Company's net interest margin for 2016 was 3.74%, compared with 3.85% for 2015.

The summary of changes in interest income and interest expense on a fully taxable equivalent basis resulting from changes in volume and changes in rates for each category of earning assets and interest-bearing liabilities for the years ended December 31, 2017 and 2016 are shown in the following table:

(dollars in thousands)	2017 vs. 2016			2016 vs. 2015		
	Increase (Decrease)	Changes Due To		Increase (Decrease)	Changes Due To	
		Rate	Volume		Rate	Volume
Increase (decrease) in:						
Income from earning assets:						
Interest on federal funds sold and interest-bearing deposits in banks	\$ 865	\$ 812	\$ 53	\$ 37	\$ 364	\$ (327)
Interest on investment securities	2,357	1,918	439	1,572	(1,279)	2,851
Interest on loans held for sale	831	289	542	(75)	(471)	396
Interest and fees on loans	69,694	2,996	66,698	28,099	(1,300)	29,399
Interest on purchased loans	(13,227)	(2,681)	(10,546)	10,027	(3,696)	13,723
Interest on purchased loan pools	(2,530)	868	(3,398)	10,689	(2,735)	13,424
Total interest income	57,990	4,202	53,788	50,349	(9,117)	59,466
Expense from interest-bearing liabilities:						
Interest on savings and interest-bearing demand deposits	4,775	3,829	946	2,136	500	1,636
Interest on time deposits	2,691	2,009	682	522	35	487
Interest on federal funds purchased and securities sold under agreements to repurchase	(42)	(7)	(35)	(75)	(52)	(23)
Interest on FHLB advances	4,275	2,215	2,060	868	345	523
Interest on other borrowings	2,279	1,380	899	402	249	153
Interest on trust preferred securities	549	330	219	986	310	676
Total interest expense	14,527	9,756	4,771	4,839	1,387	3,452
Net interest income	\$ 43,463	\$ (5,554)	\$ 49,017	\$ 45,510	\$ (10,504)	\$ 56,014

Provision for Loan Losses

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. As these factors change, the level of loan loss provision may change.

The Company's provision for loan losses during 2017 amounted to \$8.4 million, compared with \$4.1 million for 2016 and \$5.3 million in 2015. Net charge-offs in 2017 were 0.12% of average loans compared with 0.03% in 2016 and 0.16% in 2015. Net charge-offs in 2017 were 0.13% of average legacy loans, compared with 0.11% in 2016 and 0.22% in 2015.

At December 31, 2017, non-performing assets amounted to \$53.1 million, or 0.68% of total assets, compared with \$64.5 million, or 0.94% of total assets, at December 31, 2016. Legacy non-performing assets totaled \$28.7 million and \$29.0 million at December 31, 2017 and 2016, respectively. Legacy other real estate was approximately \$8.5 million as of December 31, 2017, reflecting a 22.2% decrease from the \$10.9 million reported at December 31, 2016. Purchased other real estate was \$9.0 million at December 31, 2017, reflecting a 28.1% decrease from the \$12.5 million at December 31, 2016.

The Company's allowance for loan losses at December 31, 2017 was \$25.8 million, or 0.43% of loans compared with \$23.9 million, or 0.45%, and \$21.1 million, or 0.54%, at December 31, 2016 and 2015, respectively. Excluding purchased loans and purchased loan pools, the Company's allowance for loan losses at December 31, 2017 was \$21.5 million, or 0.44% of loans excluding purchased loans and purchased loan pools, compared with \$20.5 million, or 0.56%, and \$20.5 million, or 0.85%, at December 31, 2016 and 2015, respectively. A significant portion of the Company's loan growth during 2017 consisted of municipal loans, residential mortgages and commercial insurance premium loans, each of which presents a lower risk of default than other loan types, such as acquisition, construction and development or investor commercial real estate loans. The growth in lower-risk loans during 2017, combined with the improved historical loss rates and qualitative factors, are the primary reasons the allowance for loan losses as a percentage of loans, excluding purchased loans and purchased loan pools, decreased during the year.

Noninterest Income

Following is a comparison of noninterest income for 2017, 2016 and 2015.

(dollars in thousands)	Years Ended December 31,		
	2017	2016	2015
Service charges on deposit accounts	\$ 42,054	\$ 42,745	\$ 34,465
Mortgage banking activities	48,535	48,298	36,800
Other service charges, commissions and fees	2,872	3,575	3,754
Net gains on sales of securities	37	94	137
Gain on sale of SBA loans	4,590	3,974	4,522
Other noninterest income	6,369	7,115	5,908
	<u>\$ 104,457</u>	<u>\$ 105,801</u>	<u>\$ 85,586</u>

2017 compared with 2016. Total noninterest income in 2017 was \$104.5 million, compared with \$105.8 million in 2016, reflecting a decrease of 1.3%, or \$1.3 million.

Service charges on deposit accounts decreased by \$691,000 to \$42.1 million during 2017, a decrease of 1.6% compared with 2016. This decrease was primarily attributable to a decrease in non-sufficient funds / overdraft charges, partially offset by increases in maintenance service charges on deposit accounts and interchange income.

Other service charges, commission and fees decreased by \$703,000 to \$2.9 million during 2017, a decrease of 19.7% compared with 2016 due to a decrease in ATM fees.

Income from mortgage banking activities was essentially flat during 2017, increasing slightly from \$48.3 million in 2016 to \$48.5 million in 2017. Retail mortgage revenues increased 8.4% during 2017, from \$55.8 million for 2016 to \$60.5 million for 2017. Net income for the Company's retail mortgage division grew 10.8% during 2017 to \$12.1 million. Revenues from the Company's warehouse lending division decreased 1.8% during the year, from \$7.8 million for 2016 to \$7.6 million for 2017. However, net income for the warehouse lending division increased 4.8% during 2017, from \$4.1 million for 2016 to \$4.3 million for 2017.

2016 compared with 2015. Total noninterest income in 2016 was \$105.8 million, compared with \$85.6 million in 2015, an increase of \$20.2 million. This increase is due primarily to an \$11.5 million increase in mortgage banking activity and an \$8.3 million increase in service charges on deposit accounts.

Service charges on deposit accounts increased by \$8.3 million to \$42.7 million during 2016, an increase of 24.0% compared with 2015. Growth in service charge related revenues on commercial and consumer accounts was responsible for most of the increase in service charges, while NSF and debit card revenues were mostly flat.

Income from mortgage banking activities continued to increase during 2016, from \$36.8 million in 2015 to \$48.3 million in 2016. Retail mortgage revenues increased 33.4% during 2016, from \$41.8 million for 2015 to \$55.8 million for 2016. Net income for the Company's retail mortgage division grew 32.2% during 2016 to \$10.9 million. Revenues from the Company's warehouse lending division increased 45.1% during the year, from \$5.3 million for 2015 to \$7.8 million for 2016, and net income for the division increased 37.7% from \$3.0 million for 2015 to \$4.1 million for 2016.

Noninterest Expense

Following is a comparison of noninterest expense for 2017, 2016 and 2015.

(dollars in thousands)	Years Ended December 31,		
	2017	2016	2015
Salaries and employee benefits	\$ 120,016	\$ 106,837	\$ 94,003
Occupancy and equipment	24,069	24,397	21,195
Amortization of intangible assets	3,932	4,376	3,741
Data processing and communications expenses	27,869	24,591	19,849
Advertising and public relations	5,131	4,181	3,312
Postage & delivery	1,803	1,906	1,810
Printing & supplies	2,047	2,158	2,554
Legal fees	1,215	1,374	942
Other professional fees	14,140	8,511	2,506
Directors fees	908	1,060	1,203
FDIC insurance	3,078	3,712	3,475
Merger and conversion charges	915	6,376	7,980
Credit resolution-related expenses	3,493	6,172	17,707
Other noninterest expenses	23,320	20,184	18,838
	<u>\$ 231,936</u>	<u>\$ 215,835</u>	<u>\$ 199,115</u>

2017 compared with 2016. Total noninterest expense increased \$16.1 million, or 7.5%, in 2017 to \$231.9 million from \$215.8 million in 2016. Total noninterest expense for 2017 include approximately \$915,000 million in merger-related charges, \$5.2 million in compliance-related charges, \$410,000 in Hurricane Irma charges, \$1.3 million in losses on sale of bank premises, and \$14.3 million in noninterest expense related to the new premium finance division that was added in late 2016. Total noninterest expense for 2016 include approximately \$6.4 million in merger-related charges, \$5.8 million in compliance-related charges, \$992,000 in losses on sale of bank premises, and \$315,000 in noninterest expense related to the premium finance division. Excluding these amounts, expenses in 2017 increased by \$7.5 million, or 3.7%, compared with 2016 levels.

Salaries and benefits increased \$13.2 million, or 12.3%, during 2017. The majority of this increase is attributable to \$4.5 million in salary and benefit expense in the new premium finance division, \$3.3 million in salary and benefit expense related to the strengthening of the Company's BSA department, and \$2.3 million in additional salary and benefits in the retail mortgage division. Exclusive of these three areas, salary and benefits increased \$3.0 million, or 4.0%.

Occupancy costs decreased \$328,000, or 1.3%, during 2017, principally as a result of management's cost saving efforts during the year. Data processing and IT-related costs increased \$3.3 million, or 13.3%, in 2017 due to an increased number of accounts and products, as well as customer's increased reliance on mobile and internet oriented products and services.

Other professional fees increased \$5.6 million, or 66.1%, in 2017, primarily due to fees incurred in the premium finance division pursuant to the USPF management and license agreement. Advertising and public relations and other noninterest expense increased during 2017 to support the larger operations of the Company.

Merger and conversion charges of \$915,000 in 2017 reflect a decrease of \$5.5 million compared with \$6.4 million recorded in 2016. Merger and conversion charges were elevated in 2016 due to the acquisition of JAXB and conversion to our core system. Credit resolution-related expenses decreased \$2.7 million, or 43.4%, in 2017 as credit quality continues to improve.

2016 compared with 2015. Operating expenses increased from \$199.1 million in 2015 to \$215.8 million in 2016. Total expenses in 2016 include approximately \$6.4 million in merger-related charges and \$5.8 million in compliance-related charges, while total expenses in 2015 include approximately \$8.0 million in merger-related charges. Excluding these amounts, expenses in 2016 increased by only \$12.6 million, or 6.6%, compared with 2015 levels.

Salaries and benefits increased \$12.8 million during 2016, driven by \$2.5 million associated with the Company's acquisition of JAXB in March 2016 and \$8.2 million relating to higher compensation levels in the Company's mortgage and SBA divisions.

Occupancy costs increased \$3.2 million, or 15.1%, during 2016, principally as a result of the increased number of retail branches operated during the year, as well as additional expenses for administrative offices. Data processing and IT-related costs increased \$4.7 million, or 23.9%, in 2016. Growth in accounts associated with the acquisition of The Jacksonville Bank accounted for a portion of this increase, while the majority of the increase related to much higher online and mobile banking adoption.

Other professional fees increased \$6.0 million in 2016, mostly due to the compliance-related charges recorded in the fourth quarter of 2016. Postage and delivery, legal fees and other noninterest expense all increased during 2016 to support the larger operations of the Company.

Merger and conversion charges of \$6.4 million in 2016 relate to the JAXB acquisition, compared with \$8.0 million recorded in 2015 related to the Merchants and branch acquisitions. Credit resolution-related expenses decreased \$11.5 million in 2016. During the second quarter of 2015, the Company recorded \$11.2 million of pre-tax OREO write-downs and other credit resolution-related expenses related to an aggressive write-down on remaining non-performing assets in order to expedite their liquidation.

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 year ended December 31, 2017, the Company recorded income tax expense of approximately \$50.7 million, compared with \$33.1 million recorded in 2016 and \$15.9 million recorded in 2015. The Company's effective tax rate was 40.8%, 31.5% and 28.0% for the years ended December 31, 2017, 2016 and 2015, respectively. Income tax expense for the year ended includes a charge of approximately \$13.6 million to income tax expense attributable to the remeasurement of the Company's deferred tax assets and deferred tax liabilities due to the recently enacted federal tax legislation that reduces the Company's future federal corporate tax rate. Excluding this remeasurement charge, income tax expense for the year ended December 31, 2017 would have been \$37.1 million and the Company's effective tax rate would have been approximately 29.9%.

BALANCE SHEET COMPARISON

LOANS

Management believes that our loan portfolio is adequately diversified. The loan portfolio contains no foreign loans or significant concentrations in any one industry. As of December 31, 2017, approximately 65.2% of our legacy loan portfolio was secured by real estate, reflecting a continuing reduction from 70.3% at December 31, 2016 and 79.8% at December 31, 2015 as the Company continues to diversify its legacy loan portfolio. The amount of loans outstanding, excluding purchased loans, at the indicated dates is shown in the following table according to type of loans.

(dollars in thousands)	December 31,				
	2017	2016	2015	2014	2013
Commercial, financial and agricultural	\$ 1,362,508	\$ 967,138	\$ 449,623	\$ 319,654	\$ 244,373
Real estate – construction and development	624,595	363,045	244,693	161,507	146,371
Real estate – commercial and farmland	1,535,439	1,406,219	1,104,991	907,524	808,323
Real estate – residential	1,009,461	781,018	570,430	456,106	351,886
Consumer installment	309,194	96,915	31,125	30,782	34,249
Other	15,317	12,486	6,015	14,308	33,252
Loans, net of unearned income	<u>\$ 4,856,514</u>	<u>\$ 3,626,821</u>	<u>\$ 2,406,877</u>	<u>\$ 1,889,881</u>	<u>\$ 1,618,454</u>

The following table summarizes the various loan types comprising the "Commercial, financial and agricultural" loan category displayed in the preceding table.

(dollars in thousands)	December 31,				
	2017	2016	2015	2014	2013
Municipal loans	\$ 522,880	\$ 385,697	\$ 239,151	\$ 115,647	\$ 60,651
Premium finance loans	482,536	353,858	—	—	—
Other commercial, financial and agricultural loans	357,092	227,583	210,472	204,007	183,722
	<u>\$ 1,362,508</u>	<u>\$ 967,138</u>	<u>\$ 449,623</u>	<u>\$ 319,654</u>	<u>\$ 244,373</u>

The following table provides additional disclosure on the various loan types comprising the subgroup “Real estate – commercial & farmland” at December 31, 2017.

(dollars in thousands)	Outstanding Balance	Average Maturity (Months)	Average Rate	% Nonaccrual
Owner-occupied	\$ 506,969	79	4.67%	0.36%
Farmland	143,345	36	4.74%	0.06%
Apartments	123,268	46	4.41%	—%
Hotels and motels	77,134	73	4.63%	—%
Offices and office buildings	222,943	66	4.23%	0.11%
Strip centers (anchored & non-anchored)	157,826	64	4.40%	—%
Convenience stores	9,560	41	4.48%	—%
Retail properties	169,389	63	4.45%	0.12%
Warehouse properties	94,935	68	4.48%	0.23%
All other	30,070	23	5.24%	0.21%
	<u>\$ 1,535,439</u>	65	4.54%	0.17%

The Company seeks to diversify its loan portfolio across its geographic footprint and in various loan types. Also, the Company’s in-house lending limit for a single loan is \$30.0 million, which would normally prevent a concentration with a single loan project. Certain lending relationships may contain more than one loan and, consequently, exceed the in-house lending limit. The Company regularly monitors its largest loan relationships to avoid a concentration with a single borrower. The largest 25 loan relationships as of December 31, 2017 based on committed amount are summarized below by type.

(dollars in thousands)	Committed Amount	Average Rate	Average Maturity (months)	% Unsecured	% in Nonaccrual Status
Commercial, financial and agricultural	\$ 302,699	2.82%	147	0.02%	—%
Real estate – construction and development	169,317	4.36%	89	—	—%
Real estate – commercial and farmland	90,578	4.28%	62	—	—%
Real estate – residential	23,209	4.34%	29	—	—%
Mortgage warehouse and mortgage servicing rights lines of credit	260,000	4.71%	3	—	—%
Total	<u>\$ 845,803</u>	3.91%	79	0.01%	—%

Total legacy loans, excluding purchased loans, as of December 31, 2017, are shown in the following table according to their contractual maturity.

(dollars in thousands)	Contractual Maturity in:			
	One Year or Less	Over One Year through Five Years	Over Five Years	Total
Commercial, financial and agricultural	\$ 520,096	\$ 272,643	\$ 569,769	\$ 1,362,508
Real estate – construction and development	134,623	383,879	106,093	624,595
Real estate – commercial and farmland	206,488	746,623	582,328	1,535,439
Real estate – residential	290,650	168,676	550,135	1,009,461
Consumer installment	24,391	98,958	185,845	309,194
Other	15,317	—	—	15,317
	<u>\$ 1,191,565</u>	<u>\$ 1,670,779</u>	<u>\$ 1,994,170</u>	<u>\$ 4,856,514</u>

Purchased Assets

Purchased loans are defined as loans that are acquired in bank acquisitions including those acquisitions covered by the loss-sharing agreements with the FDIC. Purchased loans totaled \$861.6 million and \$1.07 billion at December 31, 2017 and 2016, respectively. Purchased OREO is defined as OREO that was acquired in bank acquisitions including those acquisitions covered by the loss-sharing agreements with the FDIC. Purchased OREO totaled \$9.0 million and \$12.5 million at December 31, 2017 and 2016, respectively.

The Bank initially records purchased loans at fair value, taking into consideration certain credit quality risk and interest rate risk. 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, additional provision for loan loss expense will be recorded for the impairment in value. 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 will result in a reversal of provision for loan loss expense to the extent of prior provisions or will be recognized as interest income prospectively if no provisions have been made or have been fully reversed.

The amount of purchased loans outstanding, at the indicated dates, is shown in the following table according to type of loan.

(dollars in thousands)	December 31,				
	2017	2016	2015	2014	2013
Commercial, financial and agricultural	\$ 74,378	\$ 96,537	\$ 51,008	\$ 59,508	\$ 58,691
Real estate – construction and development	65,513	81,368	79,692	81,809	74,355
Real estate – commercial and farmland	468,246	576,355	461,981	454,333	404,349
Real estate – residential	250,539	310,277	311,191	344,862	296,024
Consumer installment	2,919	4,654	5,211	5,006	5,571
Total purchased non-covered loans	<u>\$ 861,595</u>	<u>\$ 1,069,191</u>	<u>\$ 909,083</u>	<u>\$ 945,518</u>	<u>\$ 838,990</u>

Purchased loans as of December 31, 2017, are shown below according to their contractual maturity.

(dollars in thousands)	Contractual Maturity in:			
	One Year or Less	Over One Year through Five Years	Over Five Years	Total
Purchased loans	\$ 137,009	\$ 258,756	\$ 465,830	\$ 861,595
Purchased loan pools	19,225	35,762	273,259	328,246
Total purchased loans	<u>\$ 156,234</u>	<u>\$ 294,518</u>	<u>\$ 739,089</u>	<u>\$ 1,189,841</u>

Total loans (legacy loans, purchased loans and purchased loan pools) which have maturity dates after one year are summarized below by those loans that have predetermined interest rates and those loans that have floating or adjustable interest rates.

(dollars in thousands)	December 31, 2017
Predetermined interest rates	\$ 3,048,270
Floating or adjustable interest rates	1,650,286
	<u>\$ 4,698,556</u>

Purchased Loan Pools

Purchased loan pools are defined as groups of residential mortgage loans that were not acquired in bank acquisitions or FDIC-assisted transactions. As of December 31, 2017, purchased loan pools totaled \$328.2 million and consisted of whole-loan, adjustable rate residential mortgages on properties outside the Company's markets, with principal balances totaling \$324.4 million and \$3.8 million of remaining purchase premium paid at acquisition. As of December 31, 2016, purchased loan pools totaled \$568.3 million and consisted of whole-loan, adjustable rate residential mortgages on properties outside the Company's markets, with principal balances totaling \$559.4 million and \$8.9 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 remaining purchase premium paid at acquisition. At December 31, 2017, 2016 and 2015 the Company has allocated approximately \$1.1 million, \$1.8 million and \$581,000, respectively, of the allowance for loan losses to the purchased loan pools. The Company did not have any purchased loan pools prior to 2015.

Assets Covered by Loss-Sharing Agreements with the FDIC

Included in purchased loans above are loans that were acquired in FDIC-assisted transactions that are covered by the loss-sharing agreements with the FDIC ("covered loans") totaling \$30.2 million and \$58.2 million at December 31, 2017 and 2016, respectively. OREO that is covered by the loss-sharing agreements with the FDIC totaled \$187,000 and \$1.2 million at December 31, 2017 and 2016, 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 at the respective acquisition dates. The net FDIC loss-share payable reported at December 31, 2017 was \$8.8 million which includes the clawback liability of \$10.0 million the Bank expects to pay to the FDIC. The net FDIC loss-share payable reported at December 31, 2016 was \$6.3 million which includes the clawback liability of \$9.3 million the Bank expects to pay to the FDIC.

Covered loans are shown below according to loan type as of the end of the years shown (in thousands).

(dollars in thousands)	December 31,				
	2017	2016	2015	2014	2013
Commercial, financial and agricultural	\$ 140	\$ 794	\$ 5,546	\$ 21,467	\$ 26,550
Real estate – construction and development	195	2,992	7,612	23,447	43,179
Real estate – commercial and farmland	107	12,917	71,226	147,627	224,451
Real estate – residential	29,604	41,389	53,038	78,520	95,173
Consumer installment	107	68	107	218	884
Total covered loans	<u>\$ 30,153</u>	<u>\$ 58,160</u>	<u>\$ 137,529</u>	<u>\$ 271,279</u>	<u>\$ 390,237</u>

ALLOWANCE AND PROVISION FOR LOAN LOSSES

The allowance for loan losses represents a reserve for probable incurred losses in the loan portfolio. The adequacy of the allowance for loan losses is evaluated periodically based on a review of all significant loans, with a particular emphasis on non-accruing, past due and other loans that management believes might be potentially impaired or warrant additional attention. We segregate our loan portfolio by type of loan and utilize this segregation in evaluating exposure to risks within the portfolio. In addition, based on internal reviews and external reviews performed by independent loan reviewers and regulatory authorities, we further segregate our 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 fine tune 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 data such as current loan quality trends, current economic conditions and other factors in the markets where the Bank operates. Factors considered include, among others, current valuations of real estate in our markets, unemployment rates, the effect of weather conditions on agricultural related entities and other significant local economic events, such as major plant closings.

We have 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. Commercial insurance premium loans, overdraft protection loans and certain mortgage loans and consumer loans serviced by outside processors 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 percent factor to be applied to the loan balance to determine the adequate amount of allowance. Many of the larger loans require an annual review by an independent loan officer and are often reviewed by independent third parties. As a result of these loan reviews, certain loans may be assigned specific allowance allocations. Other loans that surface as problem loans may also be assigned specific allowance allocations. Assigned risk ratings can be adjusted 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 independent internal loan review department.

Generally, the primary contributor to the allowance for loan losses methodology is historical losses by loan type. The Company's look-back period for historical losses is 16 quarters. Current period losses are lower than those incurred four years ago, which has reduced the need in the allowance for loan losses, as a percentage of loans, at December 31, 2017, as compared to prior periods.

The Company's qualitative factors currently utilized in determining the allowance for loan losses are higher compared to prior periods. Additionally, a significant portion of the Company's loan growth during 2017 consisted of municipal loans, residential mortgages and commercial insurance premium loans, each of which presents a lower risk of default than other loan types, such as acquisition, construction and development or investor commercial real estate loans. The growth in lower-risk loans during 2017, combined with the improved historical loss rates, are the primary reasons the allowance for loan losses as a percentage of loans, excluding purchased loans, decreased during the year.

The following table sets forth the breakdown of the allowance for loan losses by loan category for the periods indicated. Management believes the allowance can be allocated only on an approximate basis. The allocation of the allowance to each category is not necessarily indicative of future losses and does not restrict the use of the allowance to absorb losses in any other category.

(dollars in thousands)	December 31,									
	2017		2016		2015		2014		2013	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Commercial, financial, and agricultural	\$ 3,631	14%	\$ 2,192	9%	\$ 1,144	5%	\$ 2,004	9%	\$ 1,823	8%
Real estate construction & development	3,629	14	2,990	13	5,009	24	5,030	24	5,538	25
Real estate – commercial and farmland	7,501	29	7,662	32	7,994	38	8,823	42	8,393	37
Total Commercial	14,761	57	12,844	54	14,147	67	15,857	75	15,754	70
Real estate - residential	4,786	19	6,786	28	4,760	23	4,129	19	6,034	27
Consumer installment and Other	1,916	7	827	3	1,574	7	1,171	6	589	3
Total excluding purchased loans and purchased loan pools	21,463	83	20,457	85	20,481	97	21,157	100	22,377	100
Purchased loans	3,253	13	1,626	7	—	—	—	—	—	—
Purchased loan pools	1,075	4	1,837	8	581	3	—	—	—	—
Total	\$ 25,791	100%	\$ 23,920	100%	\$ 21,062	100%	\$ 21,157	100%	\$ 22,377	100%

The following table provides an analysis of the allowance for loan losses, provision for loan losses and net charge-offs for the years ended December 31, 2017, 2016, 2015, 2014, and 2013.

(dollars in thousands)	December 31,				
	2017	2016	2015	2014	2013
Balance of allowance for loan losses at beginning of period	\$ 23,920	\$ 21,062	\$ 21,157	\$ 22,377	\$ 23,593
Provision charged to operating expense	8,364	4,091	5,264	5,648	11,486
Charge-offs:					
Commercial, financial and agricultural	2,850	1,999	1,438	1,567	1,759
Real estate – construction and development	95	588	622	592	2,020
Real estate – commercial and farmland	853	708	2,367	3,288	3,571
Real estate - residential	2,151	1,122	1,587	1,707	5,215
Consumer installment and Other	1,618	351	410	471	719
Purchased loans	2,900	1,559	2,709	1,935	1,539
Purchased loan pools	—	—	—	—	—
Total charge-offs	10,467	6,327	9,133	9,560	14,823
Recoveries:					
Commercial, financial and agricultural	1,270	400	651	321	432
Real estate – construction and development	246	490	323	349	473
Real estate – commercial and farmland	184	269	317	274	30
Real estate - residential	237	391	151	254	888
Consumer installment and Other	116	127	137	486	298
Purchased loans	1,921	3,417	2,195	1,008	—
Purchased loan pools	—	—	—	—	—
Total recoveries	3,974	5,094	3,774	2,692	2,121
Net charge-offs	6,493	1,233	5,359	6,868	12,702
Balance of allowance for loan losses at end of period	\$ 25,791	\$ 23,920	\$ 21,062	\$ 21,157	\$ 22,377

The following table provides an analysis of the allowance for loan losses and net charge-offs for legacy loans, purchased loans, purchased loan pools and total loans held of investment.

(dollars in thousands)	Legacy Loans	Purchased Loans	Purchased Loan Pools	Total
December 31, 2017				
Allowance for loan losses at end of period	\$ 21,463	\$ 3,253	\$ 1,075	\$ 25,791
Net charge-offs (recoveries) for the period	5,514	979	—	6,493
Loan balances:				
End of period	4,856,514	861,595	328,246	6,046,355
Average for the period	4,188,378	958,738	496,844	5,643,960
Net charge-offs as a percentage of average loans	0.13%	0.10 %	0.00%	0.12%
Allowance for loan losses as a percentage of end of period loans	0.44%	0.38 %	0.33%	0.43%
December 31, 2016				
Allowance for loan losses at end of period	\$ 20,457	\$ 1,626	\$ 1,837	\$ 23,920
Net charge-offs (recoveries) for the period	3,091	(1,858)	—	1,233
Loan balances:				
End of period	3,626,821	1,069,191	568,314	5,264,326
Average for the period	2,777,505	1,127,765	619,440	4,524,710
Net charge-offs as a percentage of average loans	0.11%	(0.16)%	0.00%	0.03%
Allowance for loan losses as a percentage of end of period loans	0.56%	0.15 %	0.32%	0.45%
December 31, 2015				
Allowance for loan losses at end of period	\$ 20,481	\$ —	\$ 581	\$ 21,062
Net charge-offs (recoveries) for the period	4,845	514	—	5,359
Loan balances:				
End of period	2,406,877	909,083	592,963	3,908,923
Average for the period	2,161,726	918,796	201,689	3,282,211
Net charge-offs as a percentage of average loans	0.22%	0.06 %	0.00%	0.16%
Allowance for loan losses as a percentage of end of period loans	0.85%	0.00 %	0.10%	0.54%
December 31, 2014				
Allowance for loan losses at end of period	\$ 21,157	\$ —	\$ —	\$ 21,157
Net charge-offs (recoveries) for the period	5,941	927	—	6,868
Loan balances:				
End of period	1,889,881	945,518	—	2,835,399
Average for the period	1,753,013	897,125	—	2,650,138
Net charge-offs as a percentage of average loans	0.34%	0.10 %	0.00%	0.26%
Allowance for loan losses as a percentage of end of period loans	1.12%	0.00 %	0.00%	0.75%
December 31, 2013				
Allowance for loan losses at end of period	\$ 22,377	\$ —	\$ —	\$ 22,377
Net charge-offs (recoveries) for the period	11,163	1,539	—	12,702
Loan balances:				
End of period	1,618,454	838,990	—	2,457,444
Average for the period	1,478,816	451,988	—	1,930,804
Net charge-offs as a percentage of average loans	0.75%	0.34 %	0.00%	0.66%
Allowance for loan losses as a percentage of end of period loans	1.38%	0.00 %	0.00%	0.91%

At December 31, 2017, the allowance for loan losses allocated to legacy loans totaled \$21.5 million, or 0.44% of legacy loans, compared with \$20.5 million, or 0.56% of legacy loans, at December 31, 2016. The decrease in the allowance for loan losses as a percentage of legacy loans reflects the change in credit risk of our portfolio, both from the mix of loan and collateral types, as well as the overall improvement in credit quality of the loan portfolio. Our legacy nonaccrual loans decreased from \$18.1 million

at December 31, 2016 to \$14.2 million at December 31, 2017. Legacy nonaccrual loans as a percentage of legacy loans decreased from 0.50% at December 31, 2016 to 0.29% at December 31, 2017. For the year ended December 31, 2017, our legacy net charge off ratio as a percentage of average legacy loans increased slightly to 0.13%, compared with 0.11% for the year ended December 31, 2016. For the year ended December 31, 2017, the Company recorded legacy net charge-offs totaling \$5.5 million, compared with \$3.1 million for the year ended December 31, 2016.

The provision for loan losses for the year ended December 31, 2017 increased to \$8.4 million, compared with \$4.1 million for the year ended December 31, 2016. Our ratio of nonperforming assets to total assets decreased from 0.94% at December 31, 2016 to 0.68% at December 31, 2017.

The balance of the allowance for loan losses allocated to loans collectively evaluated for impairment increased 12.9%, or \$2.3 million, during the year ended December 31, 2017, while the balance of loans collectively evaluated for impairment increased 16.3%, or \$823.8 million, during the same period. A significant portion of the loan growth was concentrated in lower risk categories such as municipal lending, residential mortgages and commercial insurance premium loans which did not require as large of an allowance for loan losses as other categories of loans because the inherent risk and historical losses are less than traditional loans, such as acquisition, construction and development loans or investor commercial real estate loans. In addition to the change of type of loan growth, we also experienced a decline in our historical loss rates on all loan portfolios. We consider a four year loss rate on all loan categories and our charge off ratio has been steadily declining over that period. We have adjusted the qualitative factors to account for the inherent risks in the portfolio that are not captured in the historical loss rates, such as commodity prices for agriculture products, growth rates of certain loan types and other factors management deems appropriate. As a percentage of all loans collectively evaluated for impairment, the allowance allocated to those loans decreased one basis point, from 0.35% at December 31, 2016 to 0.34% at December 31, 2017. The largest decreases in allowance allocated to loans collectively evaluated for impairment as a percentage of the related loans were noted in real estate construction and development and consumer installment and other loan categories. The allowance allocated to real estate construction and development loans evaluated collectively for impairment decreased from 0.75% at December 31, 2016 to 0.57% at December 31, 2017. The allowance allocated to consumer installment and other loans evaluated collectively for impairment decreased from 0.76% at December 31, 2016 to 0.59% at December 31, 2017. There have been positive trends in net losses within both of these loan categories. Additionally, for real estate construction and development loans, underwriting on newer loans requires more borrower equity and this type of lending is now primarily focused on single family residential and commercial real estate vertical construction rather than lending for development or investment in raw land.

The balance of the allowance for loan losses allocated to loans individually evaluated for impairment decreased 6.1%, or \$389,000, during the year ended December 31, 2017, while the balance of loans individually evaluated for impairment decreased 13.6%, or \$8.2 million during the same period.

NONPERFORMING LOANS

A loan is placed on non-accrual status when, in management's judgment, the collection of the interest income appears doubtful. Interest receivable that has been accrued in prior years and is subsequently determined to have doubtful collectability is charged to the allowance for loan losses. Interest on loans that are classified as non-accrual is recognized when received. Past due loans are placed on non-accrual status when principal or interest is past due 90 days or more unless the loan is well secured and in the process of collection. 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 non-accrual basis, excluding purchased loans.

(dollars in thousands)	December 31,				
	2017	2016	2015	2014	2013
Commercial, financial and agricultural	\$ 1,306	\$ 1,814	\$ 1,302	\$ 1,672	\$ 4,103
Real estate – construction and development	554	547	1,812	3,774	3,971
Real estate – commercial and farmland	2,665	8,757	7,019	8,141	8,566
Real estate – residential	9,194	6,401	6,278	7,663	12,152
Consumer installment	483	595	449	478	411
Total	\$ 14,202	\$ 18,114	\$ 16,860	\$ 21,728	\$ 29,203
Loans contractually past due ninety days or more as to interest or principal payments and still accruing	\$ 5,991	\$ —	\$ —	\$ 1	\$ —

The following table presents an analysis of purchased loans accounted for on a non-accrual basis.

(dollars in thousands)	December 31,				
	2017	2016	2015	2014	2013
Commercial, financial & agricultural	\$ 813	\$ 692	\$ 3,867	\$ 8,716	\$ 7,268
Real estate – construction and development	3,139	2,611	2,807	8,720	15,106
Real estate – commercial and farmland	5,685	10,174	9,954	22,826	35,148
Real estate – residential	5,743	9,476	9,831	13,239	17,936
Consumer installment	48	13	109	160	353
Total	<u>\$ 15,428</u>	<u>\$ 22,966</u>	<u>\$ 26,568</u>	<u>\$ 53,661</u>	<u>\$ 75,811</u>
Loans contractually past due ninety days or more as to interest or principal payments and still accruing	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

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.

As of December 31, 2017 and 2016, the Company had a balance of \$15.6 million and \$18.2 million, respectively, in troubled debt restructurings, excluding purchased loans. The following table presents the amount of troubled debt restructurings by loan class, excluding purchased loans, classified separately as accrual and non-accrual at December 31, 2017 and 2016.

As of December 31, 2017

Loan class	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial and agricultural	4	\$ 41	12	\$ 120
Real estate – construction and development	6	417	2	34
Real estate – commercial and farmland	17	6,937	5	204
Real estate – residential	74	6,199	18	1,508
Consumer installment	4	5	33	98
Total	<u>105</u>	<u>\$ 13,599</u>	<u>70</u>	<u>\$ 1,964</u>

As of December 31, 2016

Loan class	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial and agricultural	4	\$ 47	15	\$ 114
Real estate – construction and development	8	686	2	34
Real estate – commercial and farmland	16	4,119	5	2,970
Real estate – residential	82	9,340	15	739
Consumer installment	7	17	32	130
Total	<u>117</u>	<u>\$ 14,209</u>	<u>69</u>	<u>\$ 3,987</u>

The following table presents the amount of troubled debt restructurings by loan class, excluding purchased 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 December 31, 2017 and 2016.

As of December 31, 2017	Loans Currently Paying Under Restructured Terms		Loans that have Defaulted Under Restructured Terms	
	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial and agricultural	9	\$ 55	7	\$ 106
Real estate – construction and development	4	156	4	295
Real estate – commercial and farmland	18	6,722	4	419
Real estate – residential	78	6,753	14	954
Consumer installment	24	59	13	44
Total	133	\$ 13,745	42	\$ 1,818

As of December 31, 2016	Loans Currently Paying Under Restructured Terms		Loans that have Defaulted Under Restructured Terms	
	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial and agricultural	12	\$ 82	7	\$ 79
Real estate – construction and development	8	686	2	34
Real estate – commercial and farmland	16	4,119	5	2,970
Real estate – residential	84	9,248	13	831
Consumer installment	25	76	14	71
Total	145	\$ 14,211	41	\$ 3,985

The following table presents the amount of troubled debt restructurings, excluding purchased loans, by types of concessions made, classified separately as accrual and non-accrual at December 31, 2017 and 2016.

As of December 31, 2017	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Forbearance of interest	12	\$ 2,567	4	\$ 163
Forgiveness of principal	3	1,238	—	—
Forbearance of principal	5	2,299	6	657
Rate reduction only	12	1,366	1	29
Rate reduction, forbearance of interest	32	2,224	19	484
Rate reduction, forbearance of principal	6	1,192	33	216
Rate reduction, forgiveness of interest	35	2,713	4	408
Rate reduction, forgiveness of principal	—	—	3	7
Total	105	\$ 13,599	70	\$ 1,964

As of December 31, 2016

Type of Concession	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Forbearance of interest	11	\$ 1,685	5	\$ 146
Forgiveness of principal	3	1,303	—	—
Forbearance of principal	8	2,210	9	315
Rate reduction only	12	1,573	1	29
Rate reduction, forbearance of interest	38	2,618	21	1,647
Rate reduction, forbearance of principal	8	1,734	29	1,506
Rate reduction, forgiveness of interest	37	3,086	3	341
Rate reduction, forgiveness of principal	—	—	1	3
Total	117	\$ 14,209	69	\$ 3,987

The following table presents the amount of troubled debt restructurings, excluding purchased loans, by collateral types, classified separately as accrual and non-accrual at December 31, 2017 and 2016.

As of December 31, 2017

Collateral Type	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Warehouse	4	\$ 2,697	1	\$ 79
Raw land	8	713	2	34
Hotel and motel	3	1,370	—	—
Office	4	656	—	—
Retail, including strip centers	5	2,159	3	80
1-4 family residential	74	5,992	20	1,553
Automobile/equipment/CD	6	11	43	216
Unsecured	1	1	1	2
Total	105	\$ 13,599	70	\$ 1,964

As of December 31, 2016

Collateral Type	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Warehouse	5	\$ 763	—	\$ —
Raw land	9	742	2	34
Apartment	—	—	3	1,505
Hotel and motel	3	1,525	—	—
Office	3	477	—	—
Retail, including strip centers	4	1,298	—	—
1-4 family residential	82	9,340	17	746
Church	—	—	2	1,465
Automobile/equipment/CD	10	61	44	233
Unsecured	1	3	1	4
Total	117	\$ 14,209	69	\$ 3,987

As of December 31, 2017 and 2016, the Company had a balance of \$24.9 million and \$28.1 million, respectively, in troubled debt restructurings included in purchased loans. The following table presents the amount of troubled debt restructurings by loan class of purchased loans, classified separately as accrual and non-accrual at December 31, 2017 and 2016.

As of December 31, 2017	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Loan Class				
Commercial, financial and agricultural	—	\$ —	3	\$ 16
Real estate – construction and development	3	1,018	6	340
Real estate – commercial and farmland	14	6,713	10	2,582
Real estate – residential	117	12,741	25	1,462
Consumer installment	—	—	2	5
Total	134	\$ 20,472	46	\$ 4,405

As of December 31, 2016	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Loan Class				
Commercial, financial and agricultural	1	\$ 1	4	\$ 91
Real estate – construction and development	6	1,358	3	30
Real estate – commercial and farmland	20	8,460	5	2,402
Real estate – residential	123	13,713	33	2,077
Consumer installment	3	11	1	—
Total	153	\$ 23,543	46	\$ 4,600

The following table presents the amount of troubled debt restructurings by loan class of purchased 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 December 31, 2017 and 2016.

As of December 31, 2017	Loans Currently Paying Under Restructured Terms		Loans that have Defaulted Under Restructured Terms	
	#	Balance (in thousands)	#	Balance (in thousands)
Loan Class				
Commercial, financial and agricultural	1	\$ 11	2	\$ 5
Real estate – construction and development	8	1,352	1	6
Real estate – commercial and farmland	22	9,014	2	281
Real estate – residential	124	13,151	18	1,052
Consumer installment	1	2	1	3
Total	156	\$ 23,530	24	\$ 1,347

As of December 31, 2016	Loans Currently Paying Under Restructured Terms		Loans that have Defaulted Under Restructured Terms	
	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial and agricultural	3	\$ 16	2	\$ 76
Real estate – construction and development	8	1,378	1	9
Real estate – commercial and farmland	25	10,862	—	—
Real estate – residential	126	13,484	30	2,306
Consumer installment	4	11	—	—
Total	166	\$ 25,751	33	\$ 2,391

The following table presents the amount of troubled debt restructurings included in purchased loans, by types of concessions made, classified separately as accrual and non-accrual at December 31, 2017 and 2016.

As of December 31, 2017	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Forbearance of interest	4	182	9	1,740
Forgiveness of principal	—	—	1	63
Forbearance of principal	5	2,363	4	406
Forbearance of principal, extended amortization	2	371	1	290
Rate reduction only	70	11,450	15	1,361
Rate reduction, forbearance of interest	22	2,211	9	257
Rate reduction, forbearance of principal	10	2,195	5	187
Rate reduction, forgiveness of interest	21	1,700	2	101
Total	134	\$ 20,472	46	\$ 4,405

As of December 31, 2016	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Forbearance of interest	12	\$ 3,553	4	\$ 207
Forbearance of principal	7	2,003	5	1,528
Forbearance of principal, extended amortization	1	78	1	323
Rate reduction only	78	12,710	13	1,385
Rate reduction, forbearance of interest	20	1,387	19	632
Rate reduction, forbearance of principal	11	1,617	3	231
Rate reduction, forgiveness of interest	24	2,195	1	294
Total	153	\$ 23,543	46	\$ 4,600

The following table presents the amount of troubled debt restructurings included in purchased loans, by collateral types, classified separately as accrual and non-accrual at December 31, 2017 and 2016.

As of December 31, 2017	Accruing Loans		Non-Accruing Loans	
	#	Balance	#	Balance
		(in thousands)		(in thousands)
Warehouse	2	\$ 368	—	\$ —
Raw land	2	893	7	829
Hotel and motel	1	149	1	476
Office	2	460	2	494
Retail, including strip centers	7	4,407	1	160
1-4 family residential	119	12,958	28	2,161
Church	1	1,237	1	218
Automobile/equipment/CD	—	—	6	67
Total	134	\$ 20,472	46	\$ 4,405

As of December 31, 2016	Accruing Loans		Non-Accruing Loans	
	#	Balance	#	Balance
		(in thousands)		(in thousands)
Warehouse	4	\$ 1,532	—	\$ —
Raw land	7	1,919	4	86
Hotel and motel	1	154	1	558
Office	3	967	—	—
Retail, including strip centers	7	4,489	1	197
1-4 family residential	127	14,470	33	2,318
Church	—	—	1	1,298
Automobile/equipment/inventory	4	12	6	143
Total	153	\$ 23,543	46	\$ 4,600

LIQUIDITY AND INTEREST RATE SENSITIVITY

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 our Company to meet those needs. We seek to meet liquidity requirements primarily through management of short-term investments (principally interest-bearing deposits in banks) and monthly amortizing loans. Another source of liquidity is the repayment of maturing single payment loans. In addition, our Company maintains relationships with correspondent banks, including the FHLB and the Federal Reserve Bank of Atlanta, which could provide funds on short notice, if needed.

A principal objective of our asset/liability management strategy is to minimize our exposure to changes in interest rates by matching the maturity and repricing horizons of interest-earning assets and interest-bearing liabilities. This strategy is overseen in part through the direction of our Asset and Liability Committee (the “ALCO Committee”) which establishes policies and monitors results to control interest rate sensitivity.

As part of our interest rate risk management policy, the ALCO Committee examines the extent to which its assets and liabilities are “interest rate sensitive” and monitors its interest rate-sensitivity “gap.” An asset or liability is considered to be interest rate sensitive if it will reprice or mature within the time period analyzed, usually one year or less. The interest rate-sensitivity gap is the difference between the interest-earning assets and interest-bearing liabilities scheduled to mature or reprice within such time period. A gap is considered positive when the amount of interest rate-sensitive assets exceeds the amount of interest rate-sensitive liabilities. A gap is considered negative when the amount of interest rate-sensitive liabilities exceeds the interest rate-sensitive assets. During a period of rising interest rates, a negative gap would tend to adversely affect net interest income, while a positive gap would tend to result in an increase in net interest income. During a period of falling interest rates, a negative gap would tend

to result in an increase in net interest income, while a positive gap would tend to adversely affect net interest income. If our assets and liabilities were equally flexible and moved concurrently, the impact of any increase or decrease in interest rates on net interest income would be minimal.

A simple interest rate “gap” analysis by itself may not be an accurate indicator of how net interest income will be affected by changes in interest rates. Accordingly, the ALCO Committee also evaluates how the repayment of particular assets and liabilities is impacted by changes in interest rates. Income associated with interest-earning assets and costs associated with interest-bearing liabilities may not be affected uniformly by changes in interest rates. In addition, the magnitude and duration of changes in interest rates may have a significant impact on net interest income. For example, although certain assets and liabilities may have similar maturities or periods of repricing, they may not react identically to changes in market interest rates. Interest rates on certain types of assets and liabilities fluctuate in advance of changes in general market interest rates, while interest rates on other types may lag behind changes in general market rates. In addition, certain assets, such as adjustable rate mortgage loans, have features (generally referred to as “interest rate caps”) which limit changes in interest rates on a short-term basis and over the life of the asset. In the event of a change in interest rates, prepayment and early withdrawal levels also could deviate significantly from those assumed in calculating the interest rate gap. The ability of many borrowers to service their debts also may decrease in the event of an interest rate increase.

We manage the mix of asset and liability maturities in an effort to control the effects of changes in the general level of interest rates on net interest income. Except for its effect on the general level of interest rates, inflation does not have a material impact on the balance sheet due to the rate variability and short-term maturities of its earning assets. In particular, approximately 35.6% of earning assets mature or reprice within one year or less. Mortgage loans, generally our loan category with the longest maturity, are usually made with five to fifteen year maturities, but with either a variable interest rate or a fixed rate with an adjustment between origination date and maturity date.

The following table sets forth the distribution of the repricing of our interest-earning assets and interest-bearing liabilities as of December 31, 2017, the interest rate sensitivity gap (i.e., interest rate sensitive assets minus interest rate sensitive liabilities), the cumulative interest rate sensitivity gap, the interest rate sensitivity gap ratio (i.e., interest rate sensitive assets divided by interest rate sensitive liabilities) and the cumulative interest rate sensitivity gap ratio. The table also sets forth the time periods in which earning assets and liabilities will mature or may reprice in accordance with their contractual terms. However, the table does not necessarily indicate the impact of general interest rate movements on the net interest margin since the repricing of various categories of assets and liabilities is subject to competitive pressures and the needs of our customers. In addition, various assets and liabilities indicated as repricing within the same period may in fact reprice at different times within such period and at different rates.

(dollars in thousands)	December 31, 2017				
	Maturing or Repricing Within				
	Zero to Three Months	Three Months to One Year	One to Five Years	Over Five Years	Total
Interest-earning assets:					
Federal funds sold and interest-bearing deposits in banks	\$ 191,345	\$ —	\$ —	\$ —	\$ 191,345
Investment securities	45,371	9,029	68,244	730,499	853,143
Loans held for sale	197,442	—	—	—	197,442
Loans	1,263,462	554,415	1,503,884	1,534,753	4,856,514
Purchased loans	182,437	119,206	323,007	236,945	861,595
Purchased loan pools	6,149	23,876	163,674	134,547	328,246
	<u>1,886,206</u>	<u>706,526</u>	<u>2,058,809</u>	<u>2,636,744</u>	<u>7,288,285</u>
Interest-bearing liabilities:					
Interest-bearing demand deposits	1,468,604	—	—	—	1,468,604
Money market deposit accounts	2,086,764	—	—	—	2,086,764
Savings	271,374	—	—	—	271,374
Time deposits	207,591	570,925	242,020	1,426	1,021,962
Federal funds purchased and securities sold under agreements to repurchase	30,638	—	—	—	30,638
FHLB advances	175,000	—	—	—	175,000
Other borrowings	554	—	75,000	—	75,554
Trust preferred securities	48,436	—	—	37,114	85,550
	<u>4,288,961</u>	<u>570,925</u>	<u>317,020</u>	<u>38,540</u>	<u>5,215,446</u>
Interest rate sensitivity gap	<u>\$ (2,402,755)</u>	<u>\$ 135,601</u>	<u>\$ 1,741,789</u>	<u>\$ 2,598,204</u>	<u>\$ 2,072,839</u>
Cumulative interest rate sensitivity gap	<u>\$ (2,402,755)</u>	<u>\$ (2,267,154)</u>	<u>\$ (525,365)</u>	<u>\$ 2,072,839</u>	
Interest rate sensitivity gap ratio	<u>0.44</u>	<u>1.24</u>	<u>6.49</u>	<u>68.42</u>	
Cumulative interest rate sensitivity gap ratio	<u>0.44</u>	<u>0.53</u>	<u>0.90</u>	<u>1.40</u>	

INVESTMENT PORTFOLIO

Following is a summary of the carrying value of investment securities available for sale as of the end of each reported period:

(dollars in thousands)	December 31,		
	2017	2016	2015
U.S. government sponsored agencies	\$ —	\$ 1,020	\$ 14,890
State, county and municipal securities	137,794	152,035	161,316
Corporate debt securities	47,143	32,172	6,017
Mortgage-backed securities	625,936	637,508	600,962
	<u>\$ 810,873</u>	<u>\$ 822,735</u>	<u>\$ 783,185</u>

The amounts of securities available for sale in each category as of December 31, 2017 are shown in the following table according to contractual maturity classifications: (i) one year or less, (ii) after one year through five years, (iii) after five years through ten years and (iv) after ten years.

(dollars in thousands)	State, County and Municipal Securities		Corporate Debt Securities		Mortgage-Backed Securities	
	Amount	Yield (1)(2)	Amount	Yield (1)	Amount	Yield (1)
One year or less	\$ 10,050	3.10%	\$ 1,513	5.39%	\$ —	—%
After one year through five years	39,527	2.90	19,353	2.14	9,356	2.24
After five years through ten years	50,525	2.76	24,336	5.56	157,036	2.25
After ten years	37,692	2.84	1,941	4.41	459,544	2.37
	<u>\$ 137,794</u>	2.85%	<u>\$ 47,143</u>	4.10%	<u>\$ 625,936</u>	2.34%

- (1) Yields were computed using coupon interest, adding discount accretion or subtracting premium amortization, as appropriate, on a ratable basis over the life of each security. The weighted average yield for each maturity range was computed using the amortized cost of each security in that range.
- (2) Yields on securities of state and political subdivisions are stated on a taxable-equivalent basis, using a tax rate of 35%.

The investment portfolio consists of securities which 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.

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 trade 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.

The Company's methodology for determining whether other-than-temporary impairment losses exist include management considering (i) the length of time and the extent to which the fair value has been less than cost, (ii) the financial condition and near-term prospects of the issuer or underlying collateral of the security, and (iii) 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, the Company has the intent and ability to hold such securities until maturity and it is more likely than not that the Company will not be required to sell these securities prior to recovery or maturity. The Company's investments in subordinated debt include investments in regional and super-regional banks on which the Company conducts regular analysis through review of financial information or 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 hold any investments in "pooled" trust preferred securities at December 31, 2017.

DEPOSITS

Average amount of various deposit classes and the average rates paid thereon are presented below.

(dollars in thousands)	Year Ended December 31,			
	2017		2016	
	Amount	Rate	Amount	Rate
Noninterest-bearing demand	\$ 1,670,499	—%	\$ 1,515,771	—%
NOW	1,207,024	0.20	1,141,206	0.17
Money market	1,690,091	0.54	1,390,948	0.35
Savings	275,119	0.07	261,559	0.07
Time	1,002,697	0.81	890,757	0.61
Total deposits	<u>\$ 5,845,430</u>	0.34%	<u>\$ 5,200,241</u>	0.24%

We have a large, stable base of time deposits with little or no dependence on what we consider volatile deposits. Volatile deposits, in management's opinion, are those deposit accounts that are overly rate sensitive and apt to move if our rate offerings are not at or near the top of the market. Generally speaking, these are brokered deposits or time deposits in amount greater than \$100,000.

The amounts of time certificates of deposit issued in amounts of \$100,000 or more as of December 31, 2017, are shown below by category, which is based on time remaining until maturity of (i) three months or less, (ii) over three through twelve months and (iii) greater than one year.

(dollars in thousands)	December 31, 2017
Three months or less	\$ 114,106
Three months to one year	339,781
One year or greater	139,295
Total	<u>\$ 593,182</u>

OFF-BALANCE-SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

In the ordinary course of business, our Bank has granted commitments to extend credit to approved customers. Generally, these commitments to extend credit have been granted on a temporary basis for seasonal or inventory requirements or for construction period financing and have been approved within the Bank's credit guidelines. Our Bank has also granted commitments to approved customers for financial standby letters of credit. These commitments are recorded in the financial statements when funds are disbursed or the financial instruments become payable. The Bank uses the same credit policies for these off-balance-sheet commitments as it does for financial instruments that are recorded in the consolidated financial statements. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitment amounts expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

The following table summarizes commitments outstanding at December 31, 2017 and 2016.

(dollars in thousands)	December 31,	
	2017	2016
Commitments to extend credit	\$ 1,109,806	\$ 1,101,257
Unused lines of credit	69,788	62,586
Financial standby letters of credit	11,389	14,257
Mortgage interest rate lock commitments	86,149	91,426
Mortgage forward contracts with positive fair value	31,500	150,000
	<u>\$ 1,308,632</u>	<u>\$ 1,419,526</u>

The following table summarizes short-term borrowings for the periods indicated.

	Year Ended December 31,					
	2017		2016		2015	
	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate
(dollars in thousands)						
Federal funds purchased and securities sold under agreement to repurchase	\$ 28,694	0.20%	\$ 44,324	0.22%	\$ 50,988	0.34%

	Year Ended December 31,		
	2017	2016	2015
	Total Balance	Total Balance	Total Balance
(dollars in thousands)			
Total maximum short-term borrowings outstanding at any month-end during the year	\$ 49,836	\$ 56,203	\$ 68,300

In addition, the Company had a cash flow hedge that matures September 15, 2020 with a notional amount of \$37.1 million at December 31, 2017 and 2016, for the purpose of converting the variable rate on the junior subordinated debentures to a fixed rate of 4.11%. The interest rate swap, which is classified as a cash flow hedge, is indexed to 90-Day LIBOR.

The following table sets forth certain information about contractual cash obligations as of December 31, 2017.

	Payments Due After December 31, 2017				
	Total	1 Year Or Less	1-3 Years	4-5 Years	>5 Years
(dollars in thousands)					
Time certificates of deposit	\$ 1,021,962	\$ 778,527	\$ 211,870	\$ 30,154	\$ 1,411
Deposits without a stated maturity	5,603,883	5,603,883	—	—	—
Repurchase agreements with customers	30,638	30,638	—	—	—
Operating lease obligations	28,504	5,235	8,468	6,514	8,287
Other borrowings	251,759	175,000	49	—	76,710
Subordinated deferrable interest debentures	110,059	—	—	—	110,059
Total contractual cash obligations	\$ 7,046,805	\$ 6,593,283	\$ 220,387	\$ 36,668	\$ 196,467

At December 31, 2017, estimated costs to complete construction projects in progress and other binding commitments for capital expenditures were not a material amount.

CAPITAL ADEQUACY

Capital Regulations

The capital resources of the Company are monitored on a periodic basis by state and federal regulatory authorities. During 2017, the Company's capital increased \$158.0 million, primarily due to the issuance of Common Stock of \$94.5 million and net income of \$73.5 million, which amounts were partially offset by the cash dividends declared on common shares of \$14.9 million. During 2016, the Company's capital increased \$131.7 million, primarily due to the issuance of Common Stock of \$72.5 million and net income of \$72.1 million, which amounts were partially offset by the cash dividends declared on common shares of \$10.5 million. For both 2017 and 2016, other capital related transactions, such as other comprehensive income, share-based compensation, Common Stock issuances through the exercise of stock options, issuances of shares of restricted stock, and treasury stock transactions accounted for only a small change in the capital of the Company.

In accordance with risk capital guidelines issued by the Federal Reserve, we are required to maintain a minimum standard of total capital to risk-weighted assets of 8%. Additionally, all member banks must maintain "core" or "Tier 1" capital of at least 4% of total assets ("leverage ratio"). Member banks operating at or near the 4% capital level are expected to have well-diversified risks, including no undue interest rate risk exposure, excellent control systems, good earnings, high asset quality and well managed on- and off-balance sheet activities, and, in general, be considered strong banking organizations with a composite 1 rating under the

CAMEL rating system of banks. For all but the most highly rated banks meeting the above conditions, the minimum leverage ratio is to be 4% plus an additional 1% to 2%.

The final rules implementing Basel Committee on Banking Supervision’s capital guidelines for U.S. banks (“Basel III rules”) became effective for the Company on January 1, 2015 with full compliance with all of the requirements being phased in over a multi-year schedule, and fully phased in by January 1, 2019. Under the Basel III rules, the Company must hold a capital conservation buffer above the adequately capitalized risk-based capital ratios. The capital conservation buffer is being phased in from 0.0% for 2015 to 2.50% by 2019. The capital conservation buffer is 0.625% for 2016, 1.250% for 2017 and 1.875% for 2018.

The following table summarizes the regulatory capital levels of Ameris at December 31, 2017.

(dollars in thousands)	Actual		Required		Excess	
	Amount	Percent	Amount	Percent	Amount	Percent
Tier 1 Leverage Ratio (tier 1 capital to average assets)						
Consolidated	\$ 741,159	9.713%	\$ 305,231	4.000%	\$ 435,928	5.713%
Ameris Bank	\$ 805,238	10.564%	\$ 304,904	4.000%	\$ 500,334	6.564%
CET1 Ratio (common equity tier 1 capital to risk weighted assets)						
Consolidated	\$ 658,529	10.291%	\$ 367,940	5.750%	\$ 290,589	4.541%
Ameris Bank	\$ 805,238	12.644%	\$ 366,186	5.750%	\$ 439,052	6.894%
Tier 1 Capital Ratio (tier 1 capital to risk weighted assets)						
Consolidated	\$ 741,159	11.582%	\$ 463,925	7.250%	\$ 277,234	4.332%
Ameris Bank	\$ 805,238	12.644%	\$ 461,712	7.250%	\$ 343,526	5.394%
Total Capital Ratio (total capital to risk weighted assets)						
Consolidated	\$ 840,745	13.139%	\$ 591,904	9.250%	\$ 248,841	3.889%
Ameris Bank	\$ 831,029	13.049%	\$ 589,081	9.250%	\$ 241,948	3.799%

The required CET1 Ratio, Tier 1 Capital Ratio, and the Total Capital Ratio reflected in the table above include a capital conservation buffer of 1.250%.

INFLATION

The consolidated financial statements and related consolidated financial data presented herein have been prepared in accordance with GAAP and practices within the banking industry which require the measurement of financial position and operating results in terms of historical dollars without considering the changes in the relative purchasing power of money over time due to inflation. Unlike most industrial companies, virtually all the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates have a more significant impact on a financial institution’s performance than the effects of general levels of inflation.

QUARTERLY FINANCIAL INFORMATION

The following table sets forth certain consolidated quarterly financial information of the Company. This information is derived from unaudited consolidated financial statements, which include, in the opinion of management, all normal recurring adjustments which management considers necessary for a fair presentation of the results for such periods.

(dollars in thousands, except per share data)	Quarters Ended December 31, 2017			
	4	3	2	1
Selected Income Statement Data:				
Interest income	\$ 79,564	\$ 76,322	\$ 71,411	\$ 67,050
Interest expense	10,041	9,467	8,254	6,460
Net interest income	69,523	66,855	63,157	60,590
Provision for loan losses	2,536	1,787	2,205	1,836
Net interest income after provision for loan losses	66,987	65,068	60,952	58,754
Noninterest income	23,563	26,999	28,189	25,706
Noninterest expense	58,916	63,675	55,739	52,691
Merger and conversion charges	421	92	—	402
Income before income taxes	31,213	28,300	33,402	31,367
Income tax	22,063	8,142	10,315	10,214
Net income	\$ 9,150	\$ 20,158	\$ 23,087	\$ 21,153

Per Share Data:

Net income – basic	\$ 0.25	\$ 0.54	\$ 0.62	\$ 0.59
Net income – diluted	0.24	0.54	0.62	0.59
Common dividends - cash	0.10	0.10	0.10	0.10

(dollars in thousands)	Quarters Ended December 31, 2016			
	4	3	2	1
Selected Income Statement Data:				
Interest income	\$ 62,956	\$ 62,210	\$ 59,340	\$ 54,559
Interest expense	5,677	5,143	4,751	4,123
Net interest income	57,279	57,067	54,589	50,436
Provision for loan losses	1,710	811	889	681
Net interest income after provision for loan losses	55,569	56,256	53,700	49,755
Noninterest income	24,272	28,864	28,379	24,286
Noninterest expense	54,660	53,199	52,359	49,241
Merger and conversion charges	17	—	—	6,359
Income before income taxes	25,164	31,921	29,720	18,441
Income tax	6,987	10,364	9,671	6,124
Net income	\$ 18,177	\$ 21,557	\$ 20,049	\$ 12,317

Per Share Data:

Net income – basic	\$ 0.52	\$ 0.62	\$ 0.58	\$ 0.38
Net income – diluted	0.52	0.61	0.57	0.37
Common dividends - cash	0.10	0.10	0.05	0.05

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed only to U.S. Dollar interest rate changes and, accordingly, we manage exposure by considering the possible changes in the net interest margin. We do not have any trading instruments nor do we classify any portion of the investment portfolio as trading. Finally, we have no exposure to foreign currency exchange rate risk, commodity price risk or 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 our asset/liability management program, the timing of repriced assets and liabilities is referred to as gap management. Our policy is to maintain a management-adjusted gap ratio in the one-year time horizon of 0.80 to 1.20.

As indicated by the table below, we are slightly liability sensitive in relation to changes in market interest rates in the one-year time horizon, but we become asset sensitive over a two-year time horizon. Being liability sensitive would result in net interest income decreasing in a rising rate environment and increasing in a declining rate environment.

We use 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 allow 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 an instantaneous 100 basis point increase or 100 basis point decrease in market rates on net interest income and is monitored on a quarterly basis. Our most recent model projects net interest income would decrease slightly if rates rise 100 basis points over the next year. A scenario involving more than a 100 basis point decrease is irrelevant at this time due to the level of current market rates.

The following table presents the earnings simulation model’s projected impact of a change in interest rates on the projected baseline net interest income for the 12- and 24-month periods commencing January 1, 2018. This change in interest rates assumes parallel shifts in the yield curve and does not take into account changes in the slope of the yield curve.

Earnings Simulation Model Results

Change in Interest Rates (in bps)	% Change in Projected Baseline Net Interest Income	
	12 Months	24 Months
400	(2.2)%	7.8%
300	(1.2)%	6.8%
200	(0.5)%	5.2%
100	(0.1)%	2.9%
(100)	(0.8)%	(4.2)%

In the event of a shift in interest rates, we may take certain actions intended to mitigate the negative impact to net interest income or to maximize the positive impact to net interest income. These actions may include, but are not limited to, restructuring of interest-earning assets and interest-bearing liabilities, seeking alternative funding sources or investment opportunities and modifying the pricing or terms of loans, leases and deposits.

Impact of Inflation and Changing Prices

The consolidated financial statements and related notes presented elsewhere in this report have been prepared in accordance with GAAP. This requires the measurement of financial position and operating results in terms of historical dollars without considering the changes in the relative purchasing power of money over time due to inflation. Unlike most industrial companies, the vast majority of our assets and liabilities are monetary in nature. As a result, interest rates have a greater impact on our performance than do the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or to the same extent as the prices of goods and services.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets – December 31, 2017 and 2016

Consolidated Statements of Income – Years ended December 31, 2017, 2016 and 2015

Consolidated Statements of Comprehensive Income – Years ended December 31, 2017, 2016 and 2015

Consolidated Statements of Shareholders' Equity – Years ended December 31, 2017, 2016 and 2015

Consolidated Statements of Cash Flows – Years ended December 31, 2017, 2016 and 2015

Notes to Consolidated Financial Statements

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure 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 Annual 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 Annual Report, the Company's disclosure controls and procedures are effective.

Management's Report on Internal Control Over Financial Reporting

Management's Report on Internal Control Over Financial Reporting is set forth on page F-3 of this Annual Report.

Changes in Internal Control Over Financial Reporting

During the quarter ended December 31, 2017, 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.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information set forth under the captions “Proposal 1 – Election of Directors,” “Board and Committee Matters,” “Executive Officers” and “Section 16(a) Beneficial Ownership Reporting Compliance” in the Proxy Statement to be used in connection with the solicitation of proxies for the Company’s 2018 Annual Meeting of Shareholders, to be filed with the SEC, is incorporated herein by reference.

Code of Ethics

Ameris has adopted a code of ethics that is applicable to all employees, including its Chief Executive Officer and all senior financial officers, including its Chief Financial Officer and principal accounting officer. Ameris will provide to any person without charge, upon request, a copy of its code of ethics. Such requests should be directed to the Corporate Secretary of Ameris Bancorp at 310 First St., SE, Moultrie, Georgia 31768.

ITEM 11. EXECUTIVE COMPENSATION

The information set forth under the caption “Executive Compensation” in the Proxy Statement to be used in connection with the solicitation of proxies for the Company’s 2018 Annual Meeting of Shareholders, to be filed with the SEC, is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information set forth under the caption “Security Ownership of Certain Beneficial Owners and Management” in the Proxy Statement to be used in connection with the solicitation of proxies for the Company’s 2018 Annual Meeting of Shareholders, to be filed with the SEC, is incorporated herein by reference.

Equity Compensation Plans

The following table sets forth certain information with respect to securities to be issued under our equity compensation plans as of December 31, 2017.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders (1)	84,307	\$ 11.51	884,602

- (1) Consists of (i) our 2014 Omnibus Equity Compensation Plan, which provides for the granting to directors, officers and certain other employees of qualified or nonqualified stock options, stock units, stock awards, stock appreciation rights, dividend equivalents and other stock-based awards; and (ii) the 2005 Omnibus Stock Ownership and Long-Term Incentive Plan and the ABC Bancorp Omnibus Stock Ownership and Long-Term Incentive Plan that was adopted in 1997, both of which are now operative only with respect to the exercise of options that remain outstanding under such plans and under which no further awards may be granted. All securities remaining for future issuance represent awards that may be granted under the 2014 Omnibus Equity Compensation Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information set forth under the captions “Certain Relationships and Related Transactions” and “Proposal 1 – Election of Directors” in the Proxy Statement to be used in connection with the solicitation of proxies for the Company’s 2018 Annual Meeting of Shareholders, to be filed with the SEC, is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information set forth under the caption “Proposal 2 – Ratification of Appointment of Independent Auditor” in the Proxy Statement to be used in connection with the solicitation of proxies for the Company’s 2018 Annual Meeting of Shareholders, to be filed with the SEC, is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

1. Financial statements:

(a) Ameris Bancorp and Subsidiaries:

- (i) Consolidated Balance Sheets – December 31, 2017 and 2016;
- (ii) Consolidated Statements of Income – Years ended December 31, 2017, 2016 and 2015;
- (iii) Consolidated Statements of Comprehensive Income – Years ended December 31, 2017, 2016 and 2015;
- (iv) Consolidated Statements of Shareholders' Equity – Years ended December 31, 2017, 2016 and 2015;
- (v) Consolidated Statements of Cash Flows – Years ended December 31, 2017, 2016 and 2015; and
- (vi) Notes to Consolidated Financial Statements.

(b) Ameris Bancorp (parent company only):

Parent company only financial information has been included in Note 25 of the Notes to Consolidated Financial Statements.

2. Financial statement schedules:

All schedules are omitted as the required information is inapplicable or the information is presented in the financial statements or related notes.

3. A list of the Exhibits required by Item 601 of Regulation S-K to be filed as a part of this Annual Report is shown on the "Exhibit Index" filed herewith.

EXHIBIT INDEX

Exhibit No.	Description
2.1	Agreement and Plan of Merger dated as of November 16, 2017 by and between Ameris Bancorp and Atlantic Coast Financial Corporation (incorporated by reference to Exhibit 2.1 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on November 17, 2017).
2.2	Stock Purchase Agreement dated as of December 29, 2017 by and between Ameris Bancorp and William J. Villari (incorporated by reference to Exhibit 2.1 to Ameris Bancorp's Registration Statement on Form S-3 (Registration No. 333-223080) filed with the SEC on February 16, 2018).
2.3	Agreement and Plan of Merger dated as of January 25, 2018 by and between Ameris Bancorp and Hamilton State Bancshares, Inc. (incorporated by reference to Exhibit 2.1 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on January 26, 2018).
2.4	Stock Purchase Agreement dated as of January 25, 2018 by and among Ameris Bancorp, Ameris Bank, William J. Villari and The Villari Family Gift Trust (incorporated by reference to Exhibit 2.2 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on January 26, 2018).
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 SEC on August 14, 1987).
3.2	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 SEC on March 26, 1999).
3.3	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 SEC on March 31, 2003).
3.4	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 SEC on December 1, 2005).
3.5	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 SEC on November 21, 2008).
3.6	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 SEC on June 1, 2011).
3.7	Bylaws of Ameris Bancorp, as amended and restated effective January 16, 2018 (incorporated by reference to Exhibit 3.1 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on January 19, 2018).
4.1	Indenture between Ameris Bancorp and Wilmington Trust Company dated September 20, 2006 (incorporated by reference to Exhibit 4.4 to Ameris Bancorp's Registration Statement on Form S-4 (Registration No. 333-138252) filed with the SEC on October 27, 2006).
4.2	Floating Rate Junior Subordinated Deferrable Interest Debenture dated September 20, 2006 to Ameris Statutory Trust I (incorporated by reference to Exhibit 4.7 to Ameris Bancorp's Registration Statement on Form S-4 (Registration No. 333-138252) filed with the SEC on October 27, 2006).
4.3	Indenture between Ameris Bancorp (as successor to The Prosperity Banking Company) and U.S. Bank National Association dated as of March 26, 2003 (incorporated by reference to Exhibit 4.3 to Ameris Bancorp's Annual Report on Form 10-K filed with the SEC on March 14, 2014).
4.4	First Supplemental Indenture dated as of December 23, 2013 by and among Ameris Bancorp, The Prosperity Banking Company and U.S. Bank National Association (incorporated by reference to Exhibit 4.4 to Ameris Bancorp's Annual Report on Form 10-K filed with the SEC on March 14, 2014).

- 4.5 Form of Floating Rate Junior Subordinated Deferrable Interest Debenture Due 2033 (included as Exhibit A to the Indenture filed as Exhibit 4.3 to Ameris Bancorp's Annual Report on Form 10-K filed with the SEC on March 14, 2014).
- 4.6 Indenture between Ameris Bancorp (as successor to The Prosperity Banking Company) and Deutsche Bank Trust Company Americas dated as of June 24, 2004 (incorporated by reference to Exhibit 4.6 to Ameris Bancorp's Annual Report on Form 10-K filed with the SEC on March 14, 2014).
- 4.7 First Supplemental Indenture dated as of December 23, 2013 by and among Ameris Bancorp, The Prosperity Banking Company and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.7 to Ameris Bancorp's Annual Report on Form 10-K filed with the SEC on March 14, 2014).
- 4.8 Form of Floating Rate Junior Subordinated Deferrable Interest Note Due 2034 (incorporated by reference to Exhibit 4.8 to Ameris Bancorp's Annual Report on Form 10-K filed with the SEC on March 14, 2014).
- 4.9 Indenture between Ameris Bancorp (as successor to The Prosperity Banking Company) and Wilmington Trust Company dated as of January 31, 2006 (incorporated by reference to Exhibit 4.9 to Ameris Bancorp's Annual Report on Form 10-K filed with the SEC on March 14, 2014).
- 4.10 First Supplemental Indenture dated as of December 23, 2013 by and among Ameris Bancorp, The Prosperity Banking Company and Wilmington Trust Company (pertaining to Indenture dated as of January 31, 2006) (incorporated by reference to Exhibit 4.10 to Ameris Bancorp's Annual Report on Form 10-K filed with the SEC on March 14, 2014).
- 4.11 Form of Floating Rate Junior Subordinated Deferrable Interest Debenture Due 2036 (included as Exhibit A to the Indenture filed as Exhibit 4.9 to Ameris Bancorp's Annual Report on Form 10-K filed with the SEC on March 14, 2014).
- 4.12 Indenture between Ameris Bancorp (as successor to The Prosperity Banking Company) and Wilmington Trust Company dated as of September 20, 2007 (incorporated by reference to Exhibit 4.18 to Ameris Bancorp's Annual Report on Form 10-K filed with the SEC on March 14, 2014).
- 4.13 First Supplemental Indenture dated as of December 23, 2013 by and among Ameris Bancorp, The Prosperity Banking Company and Wilmington Trust Company (pertaining to Indenture dated as of September 20, 2007) (incorporated by reference to Exhibit 4.19 to Ameris Bancorp's Annual Report on Form 10-K filed with the SEC on March 14, 2014).
- 4.14 Form of Fixed/Floating Rate Junior Subordinated Deferrable Interest Debenture Due 2037 (included as Exhibit A to the Indenture filed as Exhibit 4.18 to Ameris Bancorp's Annual Report on Form 10-K filed with the SEC on March 14, 2014).
- 4.15 Indenture between Ameris Bancorp (as successor to Coastal Bankshares, Inc.) and Wells Fargo Bank, National Association dated as of August 27, 2003 (incorporated by reference to Exhibit 4.1 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on July 1, 2014).
- 4.16 First Supplemental Indenture dated as of June 30, 2014 by and among Ameris Bancorp and Wells Fargo Bank, National Association (pertaining to Indenture dated as of August 27, 2003) (incorporated by reference to Exhibit 4.2 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on July 1, 2014).
- 4.17 Form of Junior Subordinated Debt Security Due 2033 (included as Exhibit A to the Indenture filed as Exhibit 4.1 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on July 1, 2014).
- 4.18 Indenture between Ameris Bancorp (as successor to Coastal Bankshares, Inc.) and U.S. Bank National Association dated as of December 14, 2005 (incorporated by reference to Exhibit 4.4 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on July 1, 2014).
- 4.19 First Supplemental Indenture dated as of June 30, 2014 by and among Ameris Bancorp, Coastal Bankshares, Inc. and U.S. Bank National Association (pertaining to Indenture dated as of December 14, 2005) (incorporated by reference to Exhibit 4.5 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on July 1, 2014).

- 4.20 Form of Junior Subordinated Debt Security Due 2035 (included as Exhibit A to the Indenture filed as Exhibit 4.4 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on July 1, 2014).
- 4.21 Indenture between Ameris Bancorp (as successor to Merchants & Southern Banks of Florida, Incorporated) and Wilmington Trust Company dated as of March 17, 2005 (incorporated by reference to Exhibit 4.1 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on May 27, 2015).
- 4.22 First Supplemental Indenture dated as of May 22, 2015 by and among Ameris Bancorp, Merchants & Southern Banks of Florida, Incorporated and Wilmington Trust Company (pertaining to Indenture dated as of March 17, 2005) (incorporated by reference to Exhibit 4.2 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on May 27, 2015).
- 4.23 Form of Floating Rate Junior Subordinated Deferrable Interest Debenture Due 2035 (included as Exhibit A to the Indenture filed as Exhibit 4.1 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on May 27, 2015).
- 4.24 Indenture between Ameris Bancorp (as successor to Merchants & Southern Banks of Florida, Incorporated) and Wilmington Trust Company dated as of March 30, 2006 (incorporated by reference to Exhibit 4.4 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on May 27, 2015).
- 4.25 First Supplemental Indenture dated as of May 22, 2015 by and among Ameris Bancorp, Merchants & Southern Banks of Florida, Incorporated and Wilmington Trust Company (pertaining to Indenture dated as of March 30, 2006) (incorporated by reference to Exhibit 4.5 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on May 27, 2015).
- 4.26 Form of Floating Rate Junior Subordinated Deferrable Interest Debenture Due 2036 (included as Exhibit A to the Indenture filed as Exhibit 4.4 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on May 27, 2015).
- 4.27 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 SEC on March 14, 2016).
- 4.28 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 SEC on March 14, 2016).
- 4.29 Form of Floating Rate Junior Subordinated Deferrable Interest Debenture Due 2034 (included as Exhibit A to the Indenture filed as Exhibit 4.1 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on March 14, 2016).
- 4.30 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 SEC on March 14, 2016).
- 4.31 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 SEC on March 14, 2016).
- 4.32 Form of Fixed/Floating Rate Junior Subordinated Deferrable Interest Debenture Due 2035 (included as Exhibit A to the Indenture filed as Exhibit 4.4 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on March 14, 2016).
- 4.33 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 SEC on March 14, 2016).
- 4.34 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 SEC on March 14, 2016).

- 4.35 Form of Floating Rate Junior Subordinated Deferrable Interest Debenture Due 2036 (included as Exhibit A to the Indenture filed as Exhibit 4.7 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on March 14, 2016).
- 4.36 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 SEC on March 14, 2016).
- 4.37 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 SEC on March 14, 2016).
- 4.38 Form of Junior Subordinated Debt Security Due 2038 (included as Exhibit A to the Indenture filed as Exhibit 4.10 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on March 14, 2016).
- 4.39 Subordinated Debt Indenture dated as of March 13, 2017 by and between Ameris Bancorp and Wilmington Trust, National Association (incorporated by reference to Exhibit 4.1 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on March 13, 2017).
- 4.40 First Supplemental Indenture, dated as of March 13, 2017, by and between Ameris Bancorp and Wilmington Trust, National Association (incorporated by reference to Exhibit 4.2 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on March 13, 2017).
- 4.41 Form of 5.75% Fixed-to-Floating Rate Subordinated Note due 2027 (included as Exhibit A to the First Supplemental Indenture filed as Exhibit 4.2 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on March 13, 2017).
- 4.42 Registration Rights Agreement dated as of January 3, 2018 by and between Ameris Bancorp and William J. Villari (incorporated by reference to Exhibit 4.9 to Ameris Bancorp's Registration Statement on Form S-3 (Registration No. 333-223080) filed with the SEC on February 16, 2018).
- 4.43 Registration Rights Agreement dated as of January 31, 2018 by and among Ameris Bancorp, William J. Villari and The Villari Family Gift Trust (incorporated by reference to Exhibit 4.1 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on February 6, 2018).
- 10.1* Omnibus Stock Ownership and Long-Term Incentive Plan (incorporated by reference to Exhibit 10.17 to Ameris Bancorp's Annual Report on Form 10-K filed with the SEC on March 25, 1998).
- 10.2* ABC Bancorp 2000 Officer/Director Stock Bonus Plan (incorporated by reference to Exhibit 10.19 to Ameris Bancorp's Annual Report on Form 10-K filed with the SEC on March 29, 2000).
- 10.3* 2005 Omnibus Stock Ownership and Long-Term Incentive Plan (incorporated by reference to Appendix A to Ameris Bancorp's Definitive Proxy Statement filed with the SEC on April 18, 2005).
- 10.4* Form of Incentive Stock Option Agreement (incorporated by reference to Exhibit 4.2 to Ameris Bancorp's Registration Statement on Form S-8 filed with the SEC on January 24, 2006).
- 10.5* Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 4.3 to Ameris Bancorp's Registration Statement on Form S-8 filed with the SEC on January 24, 2006).
- 10.6* Form of Restricted Stock Agreement (incorporated by reference to Exhibit 4.4 to Ameris Bancorp's Registration Statement on Form S-8 filed with the SEC on January 24, 2006).
- 10.7* Executive Employment Agreement with H. Richard Sturm dated as of May 31, 2007 (incorporated by reference to Exhibit 10.2 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on June 6, 2007).
- 10.8* First Amendment to Executive Employment Agreement dated December 30, 2008, by and between Ameris Bancorp and H. Richard Sturm (incorporated by reference to Exhibit 10.6 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on December 30, 2008).

- 10.9* Supplemental Executive Retirement Agreement with Edwin W. Hortman, Jr., dated as of November 7, 2012 (incorporated by reference to Exhibit 10.1 to Ameris Bancorp's Form 10-Q filed with the SEC on November 9, 2012).
- 10.10* Supplemental Executive Retirement Agreement with Dennis J. Zember Jr., dated as of November 7, 2012 (incorporated by reference to Exhibit 10.2 to Ameris Bancorp's Form 10-Q filed with the SEC on November 9, 2012).
- 10.11* Supplemental Executive Retirement Agreement with Jon S. Edwards, dated as of November 7, 2012 (incorporated by reference to Exhibit 10.3 to Ameris Bancorp's Form 10-Q filed with the SEC on November 9, 2012).
- 10.12* Supplemental Executive Retirement Agreement with Cindi H. Lewis, dated as of November 7, 2012 (incorporated by reference to Exhibit 10.4 to Ameris Bancorp's Form 10-Q filed with the SEC on November 9, 2012).
- 10.13* Supplemental Executive Retirement Agreement with Nicole S. Stokes, dated as of November 7, 2012.
- 10.14 Loan Agreement dated as of August 28, 2013 by and between Ameris Bancorp and NexBank SSB (incorporated by reference to Exhibit 10.1 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on August 29, 2013).
- 10.15 Pledge and Security Agreement dated as of August 28, 2013 by and between Ameris Bancorp and NexBank SSB (incorporated by reference to Exhibit 10.3 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on August 29, 2013).
- 10.16* Executive Employment Agreement by and between Ameris Bancorp and James A. LaHaise dated as of June 30, 2014 (incorporated by reference to Exhibit 10.1 to Ameris Bancorp's Form 10-Q filed with the SEC on August 8, 2014).
- 10.17 First Amendment to Loan Agreement dated as of September 26, 2014 by and between Ameris Bancorp and NexBank SSB (incorporated by reference to Exhibit 10.1 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on September 29, 2014).
- 10.18* Ameris Bancorp 2014 Omnibus Equity Compensation Plan (incorporated by reference to Appendix A to Ameris Bancorp's Definitive Proxy Statement filed with the SEC on April 17, 2014).
- 10.19* Form of Incentive Stock Option Grant Agreement (incorporated by reference to Exhibit 99.2 to Ameris Bancorp's Registration Statement on Form S-8 filed with the SEC on November 26, 2014).
- 10.20* Form of Nonqualified Stock Option Grant Agreement (incorporated by reference to Exhibit 99.3 to Ameris Bancorp's Registration Statement on Form S-8 filed with the SEC on November 26, 2014).
- 10.21* Form of Restricted Stock Grant Agreement (incorporated by reference to Exhibit 99.4 to Ameris Bancorp's Registration Statement on Form S-8 filed with the SEC on November 26, 2014).
- 10.22* Executive Employment Agreement by and among Ameris Bancorp, Ameris Bank and Edwin W. Hortman, Jr. dated as of December 15, 2014 (incorporated by reference to Exhibit 99.1 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on December 18, 2014).
- 10.23* Executive Employment Agreement by and among Ameris Bancorp, Ameris Bank and Dennis J. Zember Jr. dated as of December 15, 2014 (incorporated by reference to Exhibit 99.2 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on December 18, 2014).
- 10.24* Executive Employment Agreement by and among Ameris Bancorp, Ameris Bank and Jon S. Edwards dated as of December 15, 2014 (incorporated by reference to Exhibit 99.4 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on December 18, 2014).

- 10.25* Executive Employment Agreement by and among Ameris Bancorp, Ameris Bank and Stephen A. Melton dated as of December 15, 2014 (incorporated by reference to Exhibit 99.5 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on December 18, 2014).
- 10.26* Executive Employment Agreement by and among Ameris Bancorp, Ameris Bank and Cindi H. Lewis dated as of December 15, 2014 (incorporated by reference to Exhibit 99.6 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on December 18, 2014).
- 10.27* Executive Employment Agreement by and among Ameris Bancorp, Ameris Bank and Lawton Bassett, III dated as of December 15, 2014 (incorporated by reference to Exhibit 10.29 to Ameris Bancorp's Annual Report on Form 10-K filed with the SEC on February 29, 2016).
- 10.28* Supplemental Executive Retirement Agreement by and between Ameris Bank and Edwin W. Hortman, Jr. dated as of November 7, 2016 (incorporated by reference to Exhibit 10.1 to Ameris Bancorp's Form 10-Q filed with the SEC on November 9, 2016).
- 10.29* First Amendment to Supplemental Executive Retirement Agreement by and between Ameris Bank and Cindi H. Lewis dated as of November 7, 2016 (incorporated by reference to Exhibit 10.2 to Ameris Bancorp's Form 10-Q filed with the SEC on November 9, 2016).
- 10.30* Executive Employment Agreement by and among Ameris Bancorp, Ameris Bank and Joseph B. Kissel dated as of July 25, 2016 (incorporated by reference to Exhibit 10.3 to Ameris Bancorp's Form 10-Q filed with the SEC on November 9, 2016).
- 10.31 Limited Waiver and Second Amendment to Loan Agreement dated as of December 28, 2016 by and between Ameris Bancorp and NexBank SSB (incorporated by reference to Exhibit 10.1 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on December 29, 2016).
- 10.32* Severance Protection and Restrictive Covenants Agreement by and among Ameris Bancorp, Ameris Bank and William D. McKendry dated as of October 3, 2017 (incorporated by reference to Exhibit 10.1 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on October 6, 2017).
- 10.33 Third Amendment to Loan Agreement dated October 20, 2017 by and between Ameris Bancorp and NexBank SSB (incorporated by reference to Exhibit 10.1 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on October 23, 2017).
- 10.34 Third Amended and Restated Revolving Promissory Note dated as of September 26, 2017 issued by Ameris Bancorp to NexBank SSB (incorporated by reference to Exhibit 10.2 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on October 23, 2017).
- 12.1 Ratio of Earnings to Fixed Charges and Preferred Stock Dividends.
- 21.1 Schedule of Subsidiaries of Ameris Bancorp.
- 23.1 Consent of Crowe Horwath LLP.
- 31.1 Rule 13a-14(a)/15d-14(a) Certification by Chief Executive Officer.
- 31.2 Rule 13a-14(a)/15d-14(a) Certification by Chief Financial Officer.
- 32.1 Section 1350 Certification by Chief Executive Officer.
- 32.2 Section 1350 Certification by Chief Financial Officer.

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The following financial statements from Ameris Bancorp's Form 10-K for the year ended December 31, 2017, formatted as interactive data files in XBRL (eXtensible Business Reporting Language):

- (i) Consolidated Balance Sheets;
- (ii) Consolidated Statements of Income;
- (iii) Consolidated Statements of Comprehensive Income (Loss);
- (iv) Consolidated Statements of Shareholders' Equity;
- (v) Consolidated Statements of Cash Flows; and
- (vi) Notes to Consolidated Financial Statements.

* Management contract or a compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

AMERIS BANCORP

Date: March 1, 2018

By: /s/ Edwin W. Hortman, Jr.
Edwin W. Hortman, Jr.,
Executive Chairman, President and Chief Executive Officer
(principal executive officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in their capacities indicated on March 1, 2018.

/s/ Edwin W. Hortman, Jr.
Edwin W. Hortman, Jr., Executive Chairman, President,
Chief Executive Officer and Director
(principal executive officer)

/s/ Nicole S. Stokes
Nicole S. Stokes, Executive Vice President and Chief
Financial Officer
(principal accounting and financial officer)

/s/ William I. Bowen, Jr.
William I. Bowen, Jr., Director

/s/ R. Dale Ezzell
R. Dale Ezzell, Director

/s/ Leo J. Hill
Leo J. Hill, Director

/s/ Daniel B. Jeter
Daniel B. Jeter, Director

/s/ Robert P. Lynch
Robert P. Lynch, Director

/s/ Elizabeth A. McCague
Elizabeth A. McCague, Director

/s/ William H. Stern
William H. Stern, Director

/s/ Jimmy D. Veal
Jimmy D. Veal, Director

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Report of Independent Registered Public Accounting Firm

Shareholders and the Board of Directors
Ameris Bancorp and Subsidiaries
Moultrie, Georgia

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Ameris Bancorp and Subsidiaries (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework: (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework: (2013) issued by COSO.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Crowe Horwath LLP

We have served as the Company's auditor since 2014.

Atlanta, Georgia
March 1, 2018

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Ameris Bancorp and subsidiaries (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2017. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (COSO) in *Internal Control-Integrated Framework*. Based on this assessment and those criteria, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2017.

Crowe Horwath LLP, the Company's independent registered public accounting firm, has issued an attestation report on the effectiveness of the Company's internal control over financial reporting. That report is included in this Annual Report on page F-2.

/s/ Edwin W. Hortman, Jr.

Edwin W. Hortman, Jr.,
Executive Chairman, President and Chief Executive Officer
(principal executive officer)

/s/ Nicole S. Stokes

Nicole S. Stokes
Executive Vice President and Chief Financial Officer
(principal accounting and financial officer)

AMERIS BANCORP AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2017 and 2016
(dollars in thousands, except per share data)

	<u>2017</u>	<u>2016</u>
Assets		
Cash and due from banks	\$ 139,313	\$ 127,164
Interest-bearing deposits in banks	191,335	71,221
Federal funds sold	10	—
Investment securities available for sale, at fair value	810,873	822,735
Other investments	42,270	29,464
Loans held for sale, at fair value	197,442	105,924
Loans	4,856,514	3,626,821
Purchased loans	861,595	1,069,191
Purchased loan pools	328,246	568,314
Loans, net of unearned income	<u>6,046,355</u>	<u>5,264,326</u>
Allowance for loan losses	(25,791)	(23,920)
Loans, net	<u>6,020,564</u>	<u>5,240,406</u>
Other real estate owned, net	8,464	10,874
Purchased other real estate owned, net	9,011	12,540
Total other real estate owned, net	<u>17,475</u>	<u>23,414</u>
Premises and equipment, net	117,738	121,217
Goodwill	125,532	125,532
Other intangible assets, net	13,496	17,428
Cash value of bank owned life insurance	79,641	78,053
Deferred income taxes, net	28,320	40,776
Other assets	72,194	88,697
Total assets	<u><u>\$ 7,856,203</u></u>	<u><u>\$ 6,892,031</u></u>
Liabilities		
Deposits		
Noninterest-bearing	\$ 1,777,141	\$ 1,573,389
Interest-bearing	4,848,704	4,001,774
Total deposits	<u>6,625,845</u>	<u>5,575,163</u>
Securities sold under agreements to repurchase	30,638	53,505
Other borrowings	250,554	492,321
Subordinated deferrable interest debentures, net	85,550	84,228
FDIC loss-share payable, net	8,803	6,313
Other liabilities	50,334	34,064
Total liabilities	<u>7,051,724</u>	<u>6,245,594</u>
Commitments and Contingencies (Note 20)		
Shareholders' 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; 38,734,873 and 36,377,807 shares issued	38,735	36,378
Capital surplus	508,404	410,276
Retained earnings	273,119	214,454
Accumulated other comprehensive income (loss), net of tax	(1,280)	(1,058)
Treasury stock, at cost, 1,474,861 and 1,456,333 shares	(14,499)	(13,613)
Total shareholders' equity	<u>804,479</u>	<u>646,437</u>
Total liabilities and shareholders' equity	<u><u>\$ 7,856,203</u></u>	<u><u>\$ 6,892,031</u></u>

See notes to consolidated financial statements.

AMERIS BANCORP AND SUBSIDIARIES
Consolidated Statements of Income
Years Ended December 31, 2017, 2016 and 2015
(dollars in thousands, except per share data)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Interest income			
Interest and fees on loans	\$ 270,887	\$ 218,659	\$ 171,567
Interest on taxable securities	20,154	17,824	16,134
Interest on nontaxable securities	1,581	1,722	1,869
Interest on deposits in other banks	1,725	827	790
Interest on federal funds sold	—	33	33
Total interest income	<u>294,347</u>	<u>239,065</u>	<u>190,393</u>
Interest expense			
Interest on deposits	19,877	12,410	9,752
Interest on other borrowings	14,345	7,284	5,104
Total interest expense	<u>34,222</u>	<u>19,694</u>	<u>14,856</u>
Net interest income	260,125	219,371	175,537
Provision for loan losses	8,364	4,091	5,264
Net interest income after provision for loan losses	<u>251,761</u>	<u>215,280</u>	<u>170,273</u>
Noninterest income			
Service charges on deposit accounts	42,054	42,745	34,465
Mortgage banking activity	48,535	48,298	36,800
Other service charges, commissions and fees	2,872	3,575	3,754
Net gains on sales of securities	37	94	137
Gain on sale of SBA loans	4,590	3,974	4,522
Other noninterest income	6,369	7,115	5,908
Total noninterest income	<u>104,457</u>	<u>105,801</u>	<u>85,586</u>
Noninterest expense			
Salaries and employee benefits	120,016	106,837	94,003
Occupancy and equipment	24,069	24,397	21,195
Advertising and marketing	5,131	4,181	3,312
Amortization of intangible assets	3,932	4,376	3,741
Data processing and communications expenses	27,869	24,591	19,849
Legal and other professional fees	15,355	9,885	3,448
Credit resolution-related expenses	3,493	6,172	17,707
Merger and conversion charges	915	6,376	7,980
FDIC insurance	3,078	3,712	3,475
Other noninterest expenses	28,078	25,308	24,405
Total noninterest expense	<u>231,936</u>	<u>215,835</u>	<u>199,115</u>
Income before income tax expense	124,282	105,246	56,744
Income tax expense	(50,734)	(33,146)	(15,897)
Net income	<u>\$ 73,548</u>	<u>\$ 72,100</u>	<u>\$ 40,847</u>
Basic earnings per common share	\$ 2.00	\$ 2.10	\$ 1.29
Diluted earnings per common share	\$ 1.98	\$ 2.08	\$ 1.27
Dividends declared per common share	\$ 0.40	\$ 0.30	\$ 0.20
Weighted average common shares outstanding			
Basic	36,828	34,347	31,762
Diluted	37,144	34,702	32,127

See notes to consolidated financial statements.

AMERIS BANCORP AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2017, 2016 and 2015
(dollars in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net income	\$ 73,548	\$ 72,100	\$ 40,847
Other comprehensive income (loss)			
Net unrealized holding gains (losses) arising during period on investment securities available for sale, net of tax expense (benefit) of \$(169), \$(2,355) and (\$1,239)	(314)	(4,374)	(2,300)
Reclassification adjustment for gains on investment securities included in earnings, net of tax of \$13, \$33 and \$48	(24)	(61)	(89)
Net unrealized gains (losses) on cash flow hedge during the period, net of tax expense (benefit) of \$63, \$13 and (\$192)	116	24	(356)
Total other comprehensive income (loss)	<u>(222)</u>	<u>(4,411)</u>	<u>(2,745)</u>
Comprehensive income	<u>\$ 73,326</u>	<u>\$ 67,689</u>	<u>\$ 38,102</u>

See notes to consolidated financial statements.

AMERIS BANCORP AND SUBSIDIARIES
Consolidated Statements of Shareholders' Equity
Years Ended December 31, 2017, 2016 and 2015
(dollars in thousands)

	2017		2016		2015	
	Shares	Amount	Shares	Amount	Shares	Amount
Common Stock						
Balance at beginning of period	36,377,807	\$ 36,378	33,625,162	\$ 33,625	28,159,027	\$ 28,159
Issuance of common stock	2,141,072	2,141	2,549,469	2,549	5,320,000	5,320
Exercise of stock options	132,319	132	54,510	55	75,135	75
Issuance of restricted shares	84,147	84	155,751	156	71,000	71
Forfeitures of restricted shares	(472)	—	(7,085)	(7)	—	—
Balance at end of period	38,734,873	38,735	36,377,807	\$ 36,378	33,625,162	\$ 33,625
Capital Surplus						
Balance at beginning of period		\$ 410,276		\$ 337,349		\$ 225,015
Issuance of common stock, net of issuance cost of \$4,925, \$0 and \$4,811		92,359		69,906		109,569
Share-based compensation		3,316		2,261		1,485
Share-based compensation net tax benefit		—		—		235
Exercise of stock options		2,537		909		1,116
Issuance of restricted shares		(84)		(156)		(71)
Forfeitures of restricted shares		—		7		—
Balance at end of period		\$ 508,404		\$ 410,276		\$ 337,349
Retained Earnings						
Balance at beginning of period		\$ 214,454		\$ 152,820		\$ 118,412
Net income		73,548		72,100		40,847
Dividends on common shares		(14,883)		(10,466)		(6,439)
Balance at end of period		\$ 273,119		\$ 214,454		\$ 152,820
Accumulated Other Comprehensive Income (Loss), Net of Tax						
Unrealized gains (losses) on securities						
Balance at beginning of period		\$ (1,234)		\$ 3,201		\$ 5,590
Change during period		(338)		(4,435)		(2,389)
Balance at end of period		\$ (1,572)		\$ (1,234)		\$ 3,201
Unrealized gain (loss) on interest rate swap						
Balance at beginning of period		\$ 176		\$ 152		\$ 508
Change during period		116		24		(356)
Balance at end of period		\$ 292		\$ 176		\$ 152
Balance at end of period		\$ (1,280)		\$ (1,058)		\$ 3,353
Treasury Stock						
Balance at beginning of period	1,456,333	\$ (13,613)	1,413,777	\$ (12,388)	1,385,164	\$ (11,656)
Purchase of treasury shares	18,528	(886)	42,556	(1,225)	28,613	(732)
Balance at end of period	1,474,861	\$ (14,499)	1,456,333	\$ (13,613)	1,413,777	\$ (12,388)
Total Shareholders' Equity		<u>\$ 804,479</u>		<u>\$ 646,437</u>		<u>\$ 514,759</u>

See notes to consolidated financial statements.

AMERIS BANCORP AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years Ended December 31, 2017, 2016 and 2015
(dollars in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating Activities			
Net income	\$ 73,548	\$ 72,100	\$ 40,847
Adjustments to reconcile net income to net cash used in operating activities:			
Depreciation	9,196	9,519	8,058
Net losses (gains) on sale or disposal of premises and equipment	1,264	992	184
Provision for loan losses	8,364	4,091	5,264
Net write-downs and losses on sale of other real estate owned	500	1,953	15,696
Share-based compensation expense	3,316	2,261	1,485
Amortization of intangible assets	3,932	4,376	3,741
Provision for deferred taxes	12,430	847	(344)
Net amortization of investment securities available for sale	6,384	7,057	5,881
Net gains on securities available for sale	(37)	(94)	(137)
Accretion of discount on purchased loans	(11,308)	(16,637)	(20,248)
Amortization of premium on purchased loan pools	3,543	5,653	1,165
Net amortization (accretion) on other borrowings	95	(76)	—
Amortization of subordinated deferrable interest debentures	1,322	1,453	1,043
Originations of mortgage loans held for sale	(1,502,314)	(1,403,954)	(1,038,691)
Payments received on mortgage loans held for sale	1,238	1,390	1,331
Proceeds from sales of mortgage loans held for sale	1,370,008	1,340,668	989,979
Net gains on mortgage loans held for sale	(46,913)	(52,198)	(40,389)
Originations of SBA loans	(33,104)	(69,512)	(54,594)
Proceeds from sales of SBA loans	30,696	28,268	39,484
Net gains on sales of SBA loans	(4,590)	(3,974)	(4,522)
Increase in cash surrender value of bank owned life insurance	(1,588)	(1,734)	(1,384)
Changes in FDIC loss-share receivable/payable, net of cash payments received	3,005	11,798	5,777
Decrease (increase) in interest receivable	(3,728)	(1,004)	(4,251)
Increase (decrease) in interest payable	1,757	446	(327)
Increase (decrease) in taxes payable	(473)	(8,328)	9,033
Change attributable to other operating activities	10,895	(5,128)	10,696
Net cash used in operating activities	<u>(62,562)</u>	<u>(69,767)</u>	<u>(25,223)</u>
Investing Activities, net of effects of business combinations			
Purchases of securities available for sale	(113,261)	(200,823)	(249,115)
Proceeds from prepayments and maturities of securities available for sale	115,166	131,390	89,030
Proceeds from sale of securities available for sale	3,090	75,990	72,528
Net decrease (increase) in other investments	11,046	(17,936)	1,824
Net increase in loans, excluding purchased loans	(1,016,409)	(1,063,345)	(442,180)
Payments received on purchased loans	210,470	247,452	234,038
Purchases of purchased loan pools	—	(152,091)	(622,533)
Payments received on purchased loan pools	112,330	171,087	28,405
Purchases of premises and equipment	(3,760)	(10,977)	(12,576)
Proceeds from sale of premises and equipment	16	295	244
Proceeds from sales of other real estate owned	14,920	22,483	43,269
Purchase of bank owned life insurance	—	—	(4,000)
Payments received from (paid to) FDIC under loss-sharing agreements	(515)	816	19,273
Net cash proceeds received from (paid in) acquisitions	—	(7,206)	673,933
Net cash used in investing activities	<u>(666,907)</u>	<u>(802,865)</u>	<u>(167,860)</u>

(Continued)

AMERIS BANCORP AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years Ended December 31, 2017, 2016 and 2015
(dollars in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Financing Activities, net of effects of business combinations			
Net increase (decrease) in deposits	1,050,682	294,513	353,984
Net increase (decrease) in securities sold under agreements to repurchase	(22,867)	(10,080)	(9,725)
Proceeds from other borrowings	1,837,692	635,886	—
Repayment of other borrowings	(2,079,554)	(231,020)	(39,881)
Issuance of common stock	88,656	—	114,889
Proceeds from exercise of stock options	2,669	964	1,191
Dividends paid - common stock	(14,650)	(8,584)	(6,439)
Purchase of treasury shares	(886)	(1,225)	(732)
Net cash provided by financing activities	<u>861,742</u>	<u>680,454</u>	<u>413,287</u>
Net increase (decrease) in cash and cash equivalents	132,273	(192,178)	220,204
Cash and cash equivalents at beginning of period	198,385	390,563	170,359
Cash and cash equivalents at end of period	<u>\$ 330,658</u>	<u>\$ 198,385</u>	<u>\$ 390,563</u>
Supplemental Disclosures of Cash Flow Information			
Cash paid during the year for:			
Interest	\$ 32,465	\$ 19,248	\$ 15,183
Income taxes	\$ 38,939	\$ 40,575	\$ 5,828
Loans (excluding purchased loans) transferred to other real estate owned	\$ 4,372	\$ 3,203	\$ 11,261
Purchased loans transferred to other real estate owned	\$ 5,023	\$ 7,229	\$ 12,383
Loans transferred from loans held for sale to loans held for investment	\$ 212,850	\$ 119,352	\$ 71,347
Loans transferred from loans held for investment to loans held for sale	\$ 119,389	\$ —	\$ —
Loans provided for the sales of other real estate owned	\$ 1,334	\$ 1,942	\$ 4,826
Assets acquired in business combinations	\$ —	\$ 561,440	\$ 1,169,990
Liabilities assumed in business combinations	\$ —	\$ 465,048	\$ 1,099,988
Issuance of common stock in acquisitions	\$ —	\$ 72,455	\$ —
Issuance of common stock in exchange for equity investment in US Premium Finance Holding Company	\$ 5,844	\$ —	\$ —
Change in unrealized gain (loss) on securities available for sale, net of tax	\$ (338)	\$ (4,435)	\$ (2,389)
Change in unrealized gain (loss) on cash flow hedge, net of tax	\$ 116	\$ 24	\$ (356)

(Concluded)

See notes to consolidated financial statements.

AMERIS BANCORP AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Ameris Bancorp and subsidiaries (the “Company” or “Ameris”) is a financial holding company headquartered in Moultrie, Georgia, and whose primary business is presently conducted by Ameris Bank, its wholly owned banking subsidiary (the “Bank”). Through the Bank, the Company operates a full service banking business and offers a broad range of retail and commercial banking services to its customers concentrated in select markets in Georgia, Alabama, Florida and South Carolina. The Bank also engages in mortgage banking activities and SBA lending, and, as such, originates, acquires, sells and services one-to-four family residential mortgage loans and SBA loans in the Southeast. The Bank has purchased residential mortgage loan pools collateralized by properties located outside our Southeast markets, specifically in California, Washington and Illinois. The Bank purchases consumer installment home improvement loans made to borrowers throughout the United States. The Bank also originates, administers and services commercial insurance premium loans made to borrowers throughout the United States. The Company and the Bank are subject to the regulations of certain federal and state agencies and are periodically examined by those regulatory agencies.

Basis of Presentation and Accounting Estimates

The consolidated financial statements include the accounts of the Company and its subsidiaries. Significant intercompany transactions and balances have been eliminated in consolidation.

In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Acquisition Accounting

Acquisitions are accounted for under the acquisition method of accounting. Purchased assets and assumed liabilities are recorded at their estimated fair values as of the purchase date. Any identifiable intangible assets are also recorded at fair value. When the consideration given is less than the fair value of the net assets received, the acquisition results in a “bargain purchase gain.” If the consideration given exceeds the fair value of the net assets received, goodwill is recognized. Fair values are subject to refinement for up to one year after the closing date of an acquisition as additional information regarding the closing date fair values becomes available.

All identifiable intangible assets that are acquired in a business combination are recognized at fair value on the acquisition date. Identifiable intangible assets are recognized separately if they arise from contractual or other legal rights or if they are separable (i.e., capable of being sold, transferred, licensed, rented, or exchanged separately from the entity). Because deposit liabilities and the related customer relationship intangible assets may be exchanged in a sale or exchange transaction, the intangible asset associated with the depositor relationship is considered identifiable.

Purchased loans acquired in a business combination are recorded at estimated fair value on their purchase date and prohibit the carryover of the related allowance for loan losses. When the loans have evidence of credit deterioration since origination and it is probable at the date of acquisition that the Company will not collect all contractually required principal and interest payments, the difference between contractually required payments at acquisition and the cash flows expected to be collected at acquisition is referred to as the non-accretable difference. The Company must estimate expected cash flows at each reporting date. Subsequent decreases to the expected cash flows will generally result in a provision for loan losses. Subsequent increases in expected cash flows result in a reversal of the provision for loan losses to the extent of prior provisions and adjust accretable discount if no prior provisions have been made or have been fully reversed. This increase in accretable discount will have a positive impact on interest income.

Transfer of financial assets

Transfers of financial assets are accounted for as sales, when control over the assets has been relinquished. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the Company, the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, cash items in process of collection, amounts due from banks, interest-bearing deposits in banks and federal funds sold. Net cash flows are reported for customer loan and deposit transactions, securities sold under agreements to repurchase and federal funds purchased.

The Bank is required to maintain reserve balances in cash or on deposit with the Federal Reserve Bank. The total of the average daily required reserve was approximately \$38.8 million and \$37.8 million for the years ended December 31, 2017 and 2016, respectively.

Investment Securities

The Company classifies its investment securities in one of three categories: (i) trading, (ii) held to maturity or (iii) available for sale. Trading securities are bought and held principally for the purpose of selling them in the near term. Held to maturity securities are those securities for which the Company has the ability and intent to hold until maturity. All other investment securities are classified as available for sale. At December 31, 2017 and 2016, all securities were classified as available for sale.

Trading securities are carried at fair value. Unrealized gains and losses on trading securities are recorded in earnings as a component of other noninterest income. Held to maturity securities are recorded initially at cost and subsequently adjusted for paydowns and amortization of premium recorded when purchased or accretion of discount recorded when purchased. Available for sale securities are carried at fair value. Unrealized holding gains and losses, net of the related tax effect, on available for sale securities are excluded from earnings and are reported in other comprehensive income as a separate component of shareholders' equity until realized. Transfers of securities between categories are recorded at fair value at the date of transfer. Unrealized holding gains or losses associated with transfers of securities from held to maturity to available for sale are recorded as a separate component of shareholders' equity. These unrealized holding gains or losses are amortized into income over the remaining life of the security as an adjustment to the yield in a manner consistent with the amortization or accretion of the original purchase premium or discount on the associated security.

The amortization of premiums and accretion of discounts are recognized in interest income using methods approximating the interest method over the expected 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 trade date. A decline in the market value of any available for sale or held to maturity investment below cost that is deemed other than temporary establishes a new cost basis for the security. Other than temporary impairment deemed to be credit related is charged to earnings. Other than temporary impairment attributed to non-credit related factors is recognized in other comprehensive income.

In determining whether other-than-temporary impairment losses exist, management considers (i) the length of time and the extent to which the fair value has been less than cost, (ii) the financial condition and near-term prospects of the issuer or underlying collateral of the security and (iii) the Company's 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.

Other Investments

Other investments include Federal Home Loan Bank ("FHLB") stock, Federal Reserve Bank stock and a minority equity investment in US Premium Finance Holding Company, a Florida corporation ("USPF"). The investments do not have readily determinable fair values and are carried at cost. They are periodically evaluated for impairment based on ultimate recovery of par value or cost basis. Both cash and stock dividends are reported as income.

Loans Held for Sale

Loans held for sale are carried at the estimated fair value, as determined by outstanding commitments from third party investors in the secondary market. Adjustments to reflect unrealized gains and losses resulting from changes in fair value of mortgage loans held for sale and realized gains and losses upon ultimate sale of the loans are classified as mortgage banking activity in the consolidated statements of income. Adjustments to reflect unrealized gains and losses resulting from changes in fair value of SBA loans held for sale and realized gains and losses upon ultimate sale of the loans are classified as gain on sale of SBA loans in the consolidated statements of income.

Servicing Rights

When mortgage and SBA loans are sold with servicing retained, servicing rights are initially recorded at fair value with the income statement effect recorded in mortgage banking activity or gains on sales of SBA loans accordingly. Fair value is based on market prices for comparable servicing contracts, when available or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. All classes of servicing assets are subsequently measured using the amortization method which requires servicing rights to be amortized into non-interest income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans.

Servicing fee income, which is reported on the income statement as other noninterest income, is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal or a fixed amount per loan and are recorded as income when earned. The amortization of servicing rights is netted against loan servicing fee income. Servicing fees totaled \$1,687,000, \$1,708,000 and \$1,268,000 for the years ended December 31, 2017, 2016 and 2015, respectively. Late fees and ancillary fees related to loan servicing are not material.

Servicing rights are evaluated for impairment based upon the fair value of the rights as compared to carrying amount. Impairment is determined by stratifying rights into strata based on predominant risk characteristics, such as interest rate, loan type and investor type. Impairment is recognized for a particular stratum through a valuation allowance, to the extent that fair value is less than the carrying amount. If the Company later determines that all or a portion of the impairment no longer exists for a particular stratum, a reduction of the valuation allowance may be recorded as an increase to income. Changes in valuation allowances related to servicing rights are reported in other noninterest income on the income statement. The fair values of servicing rights are subject to significant fluctuations as a result of changes in estimated and actual prepayment speeds and default rates and losses.

Loans

Loans, excluding purchased loans and residential mortgage purchased loan pools (“purchased loan pools”) are reported at their outstanding principal balances less unearned income, net of deferred fees and origination costs. Interest income is accrued on the outstanding principal balance. For all classes of loans, the accrual of interest on loans is discontinued when, in management’s opinion, the borrower may be unable to make payments as they become due, unless the loan is well secured and in the process of collection. Interest income on mortgage and commercial loans is discontinued and placed on non-accrual status at the time the loan is 90 days delinquent unless the loan is well secured and in process of collection. Mortgage loans and commercial loans are charged off to the extent principal or interest is deemed uncollectible. Consumer loans continue to accrue interest until they are charged off, generally between 90 and 120 days past due, unless the loan is in the process of collection. Non-accrual loans and loans past due 90 days still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans. All interest accrued, but not collected for loans that are placed on nonaccrual or charged off, is reversed against interest income. Interest income on nonaccrual loans is applied against 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.

Purchased Loans

Purchased loans include loans acquired in FDIC-assisted acquisitions (“covered loans”) and other acquisitions (“purchased non-covered loans”) and are initially recorded at fair value on the date of the purchase. Purchased loans that contain evidence of credit deterioration (“purchased credit impaired loans”) on the date of purchase are carried at the net present value of expected future proceeds. All other purchased loans are recorded at their initial fair value, adjusted for subsequent advances, pay downs, amortization or accretion of any premium or discount on purchase, charge-offs and any other adjustment to carrying value. There is no carryover of the seller’s allowance for loan losses. After acquisition, losses are recognized by recording a charge-off of the loss and a corresponding provision expense.

In determining the initial fair value of purchased loans without evidence of credit deterioration at the date of acquisition, management includes (i) no carryover of the seller’s allowance for loan losses and (ii) an adjustment of the recorded investment to reflect an appropriate market rate of interest, given the remaining term, risk profile and grade assigned to each loan. This adjustment is accreted into earnings as a yield adjustment, using methods approximating the effective yield method, over the remaining life of each loan.

Purchased credit impaired loans are accounted for individually. The Company estimates the amount and timing of expected cash flows for each loan, and the expected cash flows in excess of the amount paid is recorded as interest income over the remaining life of the loan (accretable yield). The excess of the loan’s contractual principal and interest over expected cash flows is not recorded (nonaccretable difference).

Over the life of the loan, expected cash flows continue to be estimated. If the present value of expected cash flows is less than the carrying amount, an impairment loss is recorded as a provision for loan losses. If the present value of expected cash flows is greater than the carrying amount, it is recognized as part of future interest income through an increase in accretable yield.

Purchased Loan Pools

Purchased loan pools include groups of residential mortgage loans that were not acquired in bank acquisitions or FDIC-assisted transactions. Purchased loan pools are reported at their outstanding principal balances plus purchase premiums, net of accumulated amortization. Interest income is accrued on the outstanding principal balance. The accrual of interest on loans is discontinued when, in management's opinion, the borrower may be unable to make payments as they become due, unless the loan is well secured and in the process of collection.

Allowance for Loan Losses

The allowance for loan losses is established through a provision for loan losses charged to expense. 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.

The allowance is an amount that management believes will be adequate to absorb estimated losses relating to specifically identified loans, as well as probable incurred losses in the balance of the loan portfolio. The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of various risks in the loan portfolio highlighted by historical experience, the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, current economic conditions that may affect the borrower's ability to pay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance for loan losses evaluation does not include the effects of expected losses on specific loans or groups of loans that are related to future events or expected changes in economic conditions. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowance for loan losses and may require the Bank to make additions to the allowance based on their judgment about information available to them at the time of their examinations.

The allowance consists of specific and general components. The specific component includes loans management considers impaired and other loans or groups of loans that management has classified with higher risk characteristics. For such loans that are classified as impaired, an allowance is established when the discounted cash flows, collateral value or observable market price of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience adjusted for qualitative factors.

The allowance for loan losses represents a reserve for probable incurred losses in the loan portfolio. The adequacy of the allowance for loan losses is evaluated periodically based on a review of all significant loans, with a particular emphasis on non-accruing, past due and other loans that management believes might be potentially impaired or warrant additional attention. The Company segregates the loan portfolio by type of loan and utilizes this segregation in evaluating exposure to risks within the portfolio. In addition, based on internal reviews and external reviews performed by independent loan reviewers and regulatory authorities, the Company further segregates the loan portfolio by loan grades based on an assessment of risk for a particular loan or group of loans. In establishing allowances, management considers historical loan loss experience but adjusts this data with a significant emphasis on data such as risk ratings, 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 their 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. Commercial insurance premium loans, overdraft protection loans and certain mortgage loans and consumer loans serviced by outside processors 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 of historical losses, calculated by loan type, and adjusted for qualitative factors to be applied to the balance of loans by risk rating and loan type, to determine the adequate amount of reserve. Many of the larger loans require an annual review by an independent loan officer in the Company's internal loan review department. Assigned risk ratings are adjusted based on various factors including changes in borrower's financial condition, the number of days past due and general economic conditions. The calculation of the allowance for loan losses, including underlying data and assumptions, is reviewed quarterly by 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, and the guarantor demonstrates willingness and capacity to support the debt, 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.

Loan Commitments and Financial Instruments

Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and standby letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

Premises and Equipment

Land is carried at cost. Other premises and equipment are carried at cost, less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets. In general, estimated lives for buildings are up to 40 years, furniture and equipment useful lives range from three to 20 years and the lives of software and computer related equipment range from three to five years. Leasehold improvements are amortized over the life of the related lease, or the related assets, whichever is shorter. Expenditures for major improvements of the Company's premises and equipment are capitalized and depreciated over their estimated useful lives. Minor repairs, maintenance and improvements are charged to operations as incurred. When assets are sold or disposed of, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in earnings.

FDIC Loss-Share Receivable/Payable

In connection with the Company's FDIC-assisted acquisitions, the Company has recorded an FDIC loss-share receivable to reflect the indemnification provided by the FDIC. Since the indemnified items are covered loans and covered foreclosed assets, which are initially measured at fair value, the FDIC loss-share receivable is also initially measured and recorded at fair value, and is calculated by discounting the cash flows expected to be received from the FDIC. These cash flows are estimated by multiplying estimated losses by the reimbursement rates as set forth in the loss-sharing agreements. The balance of the FDIC loss-share receivable and the accretion (or amortization) thereof is adjusted periodically to reflect changes in expectations of discounted cash flows, expense reimbursements under the loss-sharing agreements and other factors. The Company is accreting (or amortizing) its FDIC loss-share receivable over the shorter of the contractual term of the indemnification agreement (ten years for the single family loss-sharing agreements, and five years for the non-single family loss-sharing agreements) or the remaining life of the indemnified asset.

Pursuant to the clawback provisions of the loss-sharing agreements for the Company's FDIC-assisted acquisitions, the Company may be required to reimburse the FDIC should actual losses be less than certain thresholds established in each loss-sharing agreement. The amount of the clawback provision for each acquisition is measured and recorded at fair value. It is calculated as the difference between management's estimated losses on covered loans and covered foreclosed assets and the loss threshold contained in each loss-sharing agreement, multiplied by the applicable clawback provisions contained in each loss-sharing agreement. This clawback amount, which is payable to the FDIC upon termination of the applicable loss-sharing agreement, is

then discounted back to net present value, generally over ten years. To the extent that actual losses on covered loans and covered foreclosed assets are less than estimated losses, the applicable clawback payable to the FDIC upon termination of the loss-sharing agreements will increase. To the extent that actual losses on covered loans and covered foreclosed assets are more than estimated losses, the applicable clawback payable to the FDIC upon termination of the loss-sharing agreements will decrease. The balance of the FDIC clawback payable and the amortization thereof are adjusted periodically to reflect changes in expected losses on covered assets and the impact of such changes on the clawback payable and other factors. The FDIC loss-share receivable is reported net of the clawback liability.

Goodwill and Intangible Assets

Goodwill represents the excess of cost over the fair value of the net assets purchased in business combinations. Goodwill is required to be tested annually for impairment or whenever events occur that may indicate that the recoverability of the carrying amount is not probable. In the event of an impairment, the amount by which the carrying amount exceeds the fair value is charged to earnings. The Company performs its annual impairment testing of goodwill in the fourth quarter of each year.

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 seven to ten years. Amortization periods are reviewed annually in connection with the annual impairment testing of goodwill.

Cash Value of Bank Owned Life Insurance

The Company has purchased life insurance policies on certain officers. The life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due that are probable at settlement.

Other Real Estate Owned

Foreclosed assets acquired through or in lieu of loan foreclosure are held for sale and are initially recorded at fair value less estimated cost to sell. Any write-down to fair value at the time of transfer to foreclosed assets is charged to the allowance for loan losses. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Costs of improvements are capitalized up to the fair value of the property, whereas costs relating to holding foreclosed assets and subsequent adjustments to the value are charged to operations.

Income Taxes

Deferred income tax assets and liabilities are determined using the liability method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

In the event the future tax consequences of differences between the financial reporting bases and the tax bases of the assets and liabilities results in deferred tax assets, an evaluation of the probability of being able to realize the future benefits indicated by such assets is required. A valuation allowance is provided for the portion of the deferred tax asset when it is more likely than not that some portion or all of the deferred tax asset will not be realized. In assessing the realizability of the deferred tax assets, management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategies.

The Company currently evaluates income tax positions judged to be uncertain. A loss contingency reserve is accrued if it is probable that the tax position will be challenged with a tax examination being presumed to occur, it is probable that the future resolution of the challenge will confirm that a loss has been incurred, and the amount of such loss can be reasonably estimated.

The Company recognizes interest and penalties related to income tax matters in other noninterest expenses.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated.

Share-Based Compensation

The Company accounts for its stock compensation plans using a fair value based method whereby compensation cost is measured at the grant date based on the value of the award and is recognized over the service period, which is usually the vesting period. The Company recorded approximately \$3.3 million, \$2.3 million, and \$1.5 million of share-based compensation cost in 2017, 2016 and 2015, respectively.

Treasury Stock

The Company's repurchases of shares of its common stock are recorded at cost as treasury stock and result in a reduction of shareholders' equity.

Earnings Per Share

Basic earnings per share are computed by dividing net income allocated to common shareholders by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per common share are computed by dividing net income allocated to common shareholders by the effect of the issuance of potential common shares that are dilutive and by the sum of the weighted-average number of shares of common stock outstanding. Potential common shares consist of stock options and restricted shares for the years ended December 31, 2017, 2016 and 2015, and are determined using the treasury stock method. The Company has determined that its outstanding non-vested stock awards are participating securities, and all dividends on these awards are paid similar to other dividends.

Presented below is a summary of the components used to calculate basic and diluted earnings per share.

(dollars in thousands, shares in thousands)	Years Ended December 31,		
	2017	2016	2015
Net income available to common shareholders	\$ 73,548	\$ 72,100	\$ 40,847
Weighted average number of common shares outstanding	36,828	34,347	31,762
Effect of dilutive stock options	62	108	121
Effect of dilutive restricted stock awards	254	247	244
Weighted average number of common shares outstanding used to calculate diluted earnings per share	37,144	34,702	32,127

For the years ended December 31, 2017, 2016 and 2015, the Company has not excluded any potential common shares with strike prices that would cause them to be anti-dilutive.

Derivative Instruments and Hedging Activities

The goal of the Company's interest rate risk management process is to minimize the volatility in the net interest margin caused by changes in interest rates. Derivative instruments are used to hedge certain assets or liabilities as a part of this process. The Company is required to recognize certain contracts and commitments as derivatives when the characteristics of those contracts and commitments meet the definition of a derivative. All derivative instruments are required to be carried at fair value on the balance sheet.

The Company's hedging strategies include utilizing an interest rate swap classified as a cash flow hedge. Cash flow hedges relate to converting the variability in future interest payments on a floating rate liability to fixed payments. When effective, the fair value of cash flow hedges is carried as a component of other comprehensive income rather than an income statement item.

The Company had a cash flow hedge with notional amount of \$37.1 million at December 31, 2017 and 2016 for the purpose of converting the variable rate on certain junior subordinated debentures to a fixed rate. The fair value of this instrument amounted to a liability of approximately \$381,000 and \$978,000 as of December 31, 2017 and 2016, respectively. No material hedge ineffectiveness from cash flow hedges was recognized in the statement of income. All components of each derivative's gain or loss are included in the assessment of hedge effectiveness. The interest rate swap matures in September 2020.

Mortgage Banking Derivatives

The Company maintains a risk management program to manage interest rate risk and pricing risk associated with its mortgage lending activities. Commitments to fund mortgage loans (interest rate locks) to be sold into the secondary market and forward commitments for the future delivery of these mortgage loans are accounted for as free standing derivatives. The fair value of the interest rate lock is recorded at the time the commitment to fund the mortgage loan is executed and is adjusted for the expected exercise of the commitment before the loan is funded. In order to hedge the change in interest rates resulting from its commitments to fund the loans, the Company enters into forward commitments for the future delivery of mortgage loans when interest rate locks are entered into. Fair values of these mortgage derivatives are estimated based on changes in mortgage interest rates from the date the interest on the loan is locked. Changes in the fair values of these derivatives are included in mortgage banking activity in the Company's consolidated statement of income. The fair value of these instruments amounted to an asset of approximately \$2,888,000 and \$4,314,000 at December 31, 2017 and 2016, respectively, and a derivative liability of approximately \$67,000 and \$0 at December 31, 2017 and 2016, respectively.

Comprehensive Income

The Company's comprehensive income consists of net income, changes in the net unrealized holding gains and losses of securities available for sale, unrealized gain or loss on the effective portion of cash flow hedges and the realized gain or loss recognized due to the sale or unwind of cash flow hedges prior to their contractual maturity date. These amounts are carried in accumulated other comprehensive income (loss) on the consolidated statements of comprehensive income and are presented net of taxes.

Fair Value Measures

Fair values of assets and liabilities are estimated using relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect these estimates.

Operating Segments

The Company has five reportable segments, the Banking Division, the Retail Mortgage Division, the Warehouse Lending Division, the SBA Division and the Premium Finance Division. The Banking Division derives its revenues from the delivery of full service financial services to include commercial loans, consumer loans and deposit accounts. The Retail Mortgage Division derives its revenues from the origination, sales and servicing of one-to-four family residential mortgage loans. The Warehouse Lending Division derives its revenues from the origination and servicing of warehouse lines to other businesses that are secured by underlying one-to-four family residential mortgage loans and residential mortgage servicing rights. The SBA Division derives its revenues from the origination, sales and servicing of SBA loans. The Premium Finance Division derives its revenues from the origination and servicing of commercial insurance premium finance loans.

The Banking, Retail Mortgage, Warehouse Lending, SBA and Premium Finance Divisions are managed as separate business units because of the different products and services they provide. The Company evaluates performance and allocates resources based on profit or loss from operations. There are no material intersegment sales or transfers.

Accounting Standards Adopted in 2017

ASU 2016-09 – *Improvements to Employee Share-Based Payment Accounting* (“ASU 2016-09”). ASU 2016-09 simplifies various aspects of how share-based payments are accounted for and presented in the financial statements. Under ASU 2016-09, companies will record all excess tax benefits and tax deficiencies as income tax expense or benefit in the income statement and will no longer record excess tax benefits and certain tax deficiencies in additional paid-in capital. The standard eliminates the requirement that excess tax benefits be realized before companies can recognize them. The excess tax benefits will be reported as an operating activity on the statement of cash flows, and the cash paid to a tax authority when shares are withheld to satisfy a company's statutory income tax withholding obligation will be reported as a financing activity on its statement of cash. In addition, the standard increases the amount an employer can withhold to cover income taxes on awards and still qualify for the exception to liability classification for shares used to satisfy the employer's statutory income tax withholding obligation. ASU 2016-09 permits companies to make an accounting policy election for the impact of forfeitures on the recognition of expense for share-based payment awards. Forfeitures can be estimated, as required today, or recognized when they occur. The Company has elected to recognize forfeitures as they occur. ASU 2016-09 became effective on January 1, 2017 and did not have a material impact on the consolidated financial statements.

ASU 2017-08 – *“Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities (‘ASU 2017-08’)*. ASU 2017-08 shortens the amortization period for certain purchased callable debt securities held at a premium, shortening such period to the earliest call date. Under the current guidance, entities generally amortize the premium on a callable debt security as an adjustment of yield over the contractual life (to maturity date) of the instrument. This ASU does not require any accounting change in the accounting for debt securities held at a discount; the discount continues to be amortized as an adjustment of yield over the contractual life (to maturity) of the instrument. ASU 2017-08 is effective for interim and annual reporting periods beginning after December 15, 2018. The Company has early adopted the provisions of ASU 2017-08 and the adoption did not have a material impact on the Company’s consolidated financial statements.

Accounting Standards Pending Adoption

ASU 2017-12 – *“Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities (‘ASU 2017-12’)*. The purposes of ASU 2017-12 are to (1) improve the transparency and understandability of information conveyed in financial statements about an entity’s risk management activities by better aligning the entity’s financial reporting for hedging relationships with the economic objectives of those risk management activities and (2) reduce the complexity of and simplify the application of hedge accounting by preparers. ASU 2017-12 is effective for interim and annual reporting periods beginning after December 15, 2018 with early adoption in an interim period permitted. ASU 2017-12 requires a modified retrospective transition method in which the Company will recognize the cumulative effect of the change on the opening balance of each affected component of equity in the statement of financial position as of the beginning of the fiscal year of adoption. The Company is currently evaluating the provisions of ASU 2017-12 to determine the potential impact the new standard will have on the Company’s results of operations, financial position and disclosures, but it is not expected to have a material impact.

ASU 2017-09 – *“Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting (‘ASU 2017-09’)*. ASU 2017-09 clarifies when changes to the terms of a share-based award must be accounted for as a modification. Companies must apply the modification accounting guidance if any of the following change: the share-based award’s fair value, vesting provisions or classification as an equity instrument or a liability instrument. The new guidance should reduce diversity in practice and result in fewer changes to the terms of share-based awards being accounted for as modifications, as the guidance will allow companies to make certain non-substantive changes to share-based awards without accounting for them as modifications. ASU 2017-09 is effective for interim and annual reporting periods beginning after December 15, 2017 with early adoption permitted. ASU 2017-09 is not expected to have a material impact on the Company’s results of operations, financial position or disclosures.

ASU 2017-04 – *Intangibles: Goodwill and Other: Simplifying the Test for Goodwill Impairment (‘ASU 2017-04’)*. ASU 2017-04 eliminates Step 2 from the goodwill impairment test to simplify the subsequent measurement of goodwill. The annual, or interim, goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit’s fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. In addition, the income tax effects of tax deductible goodwill on the carrying amount of the reporting unit should be considered when measuring the goodwill impairment loss, if applicable. ASU 2017-04 also eliminates the requirements for any reporting unit with a zero or negative carrying amount to perform Step 2 of the goodwill impairment test. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the qualitative impairment test is necessary. The standard must be adopted using a prospective basis and the nature and reason for the change in accounting principle should be disclosed upon transition. ASU 2017-04 is effective for annual or any interim goodwill impairment tests in reporting periods beginning after December 15, 2019. Early adoption is permitted on testing dates after January 1, 2017. The Company is currently evaluating the impact this standard will have on the Company’s results of operations, financial position and disclosures, but it is not expected to have a material impact.

ASU 2017-01 – *Business Combinations (Topic 805): Clarifying the Definition of a Business (‘ASU 2017-01’)*. ASU 2017-01 provides a framework to use in determining when a set of assets and activities is a business. The standard provides more consistency in applying the business combination guidance, reduces the costs of application, and makes the definition of a business more operable. ASU 2017-01 is effective for interim and annual periods within those annual periods beginning after December 15, 2017. The Company is currently evaluating the impact this standard will have on the Company’s results of operations, financial position and disclosures, but it is not expected to have a material impact.

ASU 2016-13 – *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (‘ASU 2016-13’)*. ASU 2016-13 significantly changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The standard will replace the current incurred loss approach with an expected loss model, referred to as the current expected credit loss (‘CECL’) model. The new standard will apply to financial assets subject to credit losses and measured at amortized cost and certain off-balance-sheet credit exposures, which include, but are not limited to, loans, leases, held-to-maturity securities, loan commitments and financial guarantees. ASU 2016-13 simplifies the accounting for purchased credit-impaired debt securities and loans and expands the disclosure requirements regarding

an entity's assumptions, models and methods for estimating the allowance for loan and lease losses. In addition, entities will need to disclose the amortized cost balance for each class of financial asset by credit quality indicator, disaggregated by the year of origination. ASU 2016-13 is effective for interim and annual reporting periods beginning after December 15, 2019. Early adoption is permitted for interim and annual reporting periods beginning after December 15, 2018. Upon adoption, ASU 2016-13 provides for a modified retrospective transition by means of a cumulative-effect adjustment to equity as of the beginning of the period in which the guidance is effective. While the Company is currently evaluating the impact this standard will have on the results of operations, financial position and disclosures, the Company expects to recognize a one-time cumulative effect adjustment to the allowance for loan losses as of the beginning of the first reporting period in which the new standard is effective. The Company has established a steering committee which includes the appropriate members of management to evaluate the impact this ASU will have on Company's financial position, results of operations and financial statement disclosures and determine the most appropriate method of implementing the amendments in this ASU as well as any resources needed to implement the amendments. This committee has identified the software vendor of choice for implementation, established an implementation timeline and continues to stay current on implementation issues and concerns.

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 has several leased facilities, which are currently treated as operating leases, and are not currently shown on the Company's consolidated balance sheet. After ASU 2016-02 is implemented, the Company expects to begin reporting these lease agreements on the balance sheet as a right-of-use asset and a corresponding liability. The Company is currently evaluating the impact this standard will have on the Company's consolidated statement of income and comprehensive income, consolidated statement of shareholders' equity and consolidated statement of cash flows, but it is not expected to have a material impact.

ASU 2014-09 – *Revenue from Contracts with Customers* (“ASU 2014-09”). ASU 2014-09 provides guidance that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective prospectively, for annual and interim periods, beginning after December 15, 2017. Management has substantially completed its evaluation of the impact ASU 2014-09 will have on the Company's consolidated financial statements. Based on this evaluation to date, management has determined that for the revenue streams of the Company within the scope of ASU 2014-09, the new accounting guidance will not change the timing or amount of revenue recognized. The adoption of ASU 2014-09 is not expected to have a material impact on the Company's consolidated financial statements.

Reclassifications

Certain reclassifications of prior year amounts have been made to conform with the current year presentations.

NOTE 2. PENDING ACQUISITIONS

Hamilton State Bancshares, Inc. Transaction

On January 25, 2018, the Company and Hamilton State Bancshares, Inc., a Georgia corporation (“Hamilton”), entered into an Agreement and Plan of Merger (the "Hamilton Merger Agreement") pursuant to which Hamilton will merge into Ameris, with Ameris as the surviving entity and immediately thereafter, Hamilton State Bank, a Georgia bank wholly owned by Hamilton, will be merged into Ameris Bank, with Ameris Bank as the surviving entity. Hamilton State Bank operates 28 full-service banking locations, 24 of which are located in the Atlanta, Georgia MSA, two of which are located in the Gainesville, Georgia MSA, and two of which are located just outside the Atlanta, Georgia MSA. Under the terms of the Hamilton Merger Agreement, Hamilton's shareholders will receive \$0.93 in cash and 0.16 shares of Ameris common stock for each share of Hamilton common stock they hold. The estimated purchase price is \$405.7 million in the aggregate based upon the \$53.45 per share closing price of the Company's common stock as of January 25, 2018. The merger is subject to customary closing conditions, including the receipt of regulatory approvals and the approval of Hamilton's shareholders. The transaction is expected to close during the third quarter of 2018. As of December 31, 2017, Hamilton reported assets of \$1.79 billion, gross loans of \$1.30 billion and deposits of \$1.55 billion. The purchase price will be allocated among the net assets of Hamilton acquired as appropriate, with the remaining balance being reported as goodwill.

Atlantic Coast Financial Corporation Transaction

On November 16, 2017, the Company and Atlantic Coast Financial Corporation, a Maryland corporation (“Atlantic”), entered into an Agreement and Plan of Merger (the "Atlantic Merger Agreement") pursuant to which Atlantic will merge into Ameris, with Ameris as the surviving entity and immediately thereafter, Atlantic Coast Bank, a Florida bank wholly owned by Atlantic, will be merged into Ameris Bank, with Ameris Bank as the surviving entity. Atlantic Coast Bank operates 12 full-service banking locations, eight of which are located in the Jacksonville, Florida MSA, three of which are located in the Waycross, Georgia MSA, and one of which is located in the Douglas, Georgia MSA. Under the terms of the Atlantic Merger Agreement, Atlantic's stockholders will receive \$1.39 in cash and 0.17 shares of Ameris common stock for each share of Atlantic common stock they hold. The estimated purchase price is \$145.0 million in the aggregate based upon the \$47.30 per share closing price of the Company's common stock as of November 16, 2017. The merger is subject to customary closing conditions, including the receipt of regulatory approvals and the approval of Atlantic's stockholders. The transaction is expected to close during the second quarter of 2018. As of December 31, 2017, Atlantic reported assets of \$983.3 million, gross loans of \$851.4 million and deposits of \$675.8 million. The purchase price will be allocated among the net assets of Atlantic acquired as appropriate, with the remaining balance being reported as goodwill.

US Premium Finance Holding Company Transaction

On December 15, 2016, the Bank entered into a Management and License Agreement with William J. Villari and US Premium Finance Holding Company (“USPF”) pursuant to which Mr. Villari agreed to manage a division of the Bank to be operated under the name “US Premium Finance” and engaged in the business of soliciting, originating, servicing, administering and collecting loans made for purposes of funding insurance premiums and other loans made to persons engaged in the insurance business.

Also on December 15, 2016, the Company entered into a Stock Purchase Agreement with Mr. Villari pursuant to which the Company agreed to purchase from Mr. Villari 4.99% of the outstanding shares of common stock of USPF. As consideration for such shares, the Company agreed to issue to Mr. Villari 128,572 unregistered shares of its common stock in a private placement transaction pursuant to the exemptions from registration provided in Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder. Those transactions closed on January 18, 2017. The Company's 4.99% investment in USPF was valued at \$5.8 million, based upon the \$45.45 per share closing price of the Company's common stock immediately prior to the parties' execution of the Stock Purchase Agreement.

On January 3, 2018, the Company completed the purchase of an additional 25.01% of the outstanding shares of common stock of USPF from Mr. Villari pursuant to a Stock Purchase Agreement dated December 29, 2017. In exchange for such shares, the Company paid \$12.5 million and issued 114,285 unregistered shares of Ameris common stock in a similarly exempt private placement transaction.

The Company accrued the additional 25.01% investment in USPF in its December 31, 2017 financial statements. The Company's additional 25.01% investment in USPF was valued at \$18.1 million based upon the \$12.5 million cash payment to be made and the \$48.75 per share closing price of the Company's common stock immediately prior to the parties' execution of the Stock Purchase Agreement.

Because USPF does not have a readily determinable fair value, the 4.99% investment in USPF is carried at cost and is included in other investments in the Company's December 31, 2017 consolidated balance sheet at a carrying value of \$5.8 million. Additionally, the Company's accrued liability of \$18.1 million and the related additional 25.01% investment in USPF was recorded in other liabilities and other investments, respectively, in the Company's December 31, 2017 consolidated balance sheet pending settlement in cash and shares of the Company's common stock on January 3, 2018.

On January 25, 2018, the Company, the Bank and the remaining shareholders of USPF entered into a Stock Purchase Agreement pursuant to which the Company agreed to purchase the remaining 70% of the outstanding shares of common stock of USPF. In exchange for such shares, Ameris agreed to pay the selling shareholders approximately \$8.92 million in cash and issue to them 830,301 unregistered shares of Ameris common stock in an exempt private placement transaction. In addition, under the agreement, the selling shareholders may receive additional cash payments aggregating up to approximately \$5.83 million based on the achievement by the Company's premium finance division of certain income targets between January 1, 2018 and June 30, 2019. The purchase of the remaining 70% of the outstanding shares of common stock of USPF was completed on January 31, 2018, with a cash payment of \$8.92 million and issuance of 830,301 shares valued at \$44.5 million based upon the \$53.55 per share closing price of the Company's common stock as of January 24, 2018.

Upon acquisition of the remaining 70% of the outstanding shares of common stock of USPF, the Management and License Agreement was terminated, and Mr. Villari will continue to manage the premium finance division as an employee of the Bank.

Prior to the January 31, 2018 completion of this business combination, USPF was a private entity and the information necessary to complete the initial accounting for the business combination is incomplete at this time. In the Company's consolidated statement of income for the year ended December 31, 2017, no gain or loss has been recognized as a result of remeasuring to fair value the prior minority equity investment in USPF held by the Company immediately before the business combination was completed. During the first quarter of 2018, the total purchase price for USPF will be allocated among the net assets of USPF acquired as appropriate, with the remaining balance being reported as goodwill and any gain or loss resulting from remeasuring to fair value the prior minority equity investment in USPF will be recognized.

NOTE 3. 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. During the third and fourth quarters of 2016, management revised its initial estimates regarding the valuation of loans, other real estate owned, premises and equipment, core deposit intangible and other assets acquired. 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.

The following table presents the assets acquired and liabilities of JAXB assumed as of March 11, 2016 and their fair value estimates.

(dollars in thousands)	As Recorded by JAXB	Initial Fair Value Adjustments	Subsequent 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)	553 (j)	401,638
Less allowance for loan losses	(12,613)	12,613 (c)	—	—
Loans, net	<u>404,218</u>	<u>(3,133)</u>	<u>553</u>	<u>401,638</u>
Other real estate owned	2,873	(1,035) (d)	88 (k)	1,926
Premises and equipment	4,798	—	(119) (l)	4,679
Intangible assets	288	5,566 (e)	(1,108) (m)	4,746
Other assets	14,141	23,266 (f)	(3,524) (n)	33,883
Total assets	<u><u>\$ 506,343</u></u>	<u><u>\$ 23,722</u></u>	<u><u>\$ (4,110)</u></u>	<u><u>\$ 525,955</u></u>
Liabilities				
Deposits:				
Noninterest-bearing	\$ 123,399	\$ —	\$ —	\$ 123,399
Interest-bearing	277,539	421 (g)	—	277,960
Total deposits	<u>400,938</u>	<u>421</u>	<u>—</u>	<u>401,359</u>
Other borrowings	48,350	84 (h)	—	48,434
Subordinated deferrable interest debentures	16,294	(3,393) (i)	—	12,901
Other liabilities	2,354	—	—	2,354
Total liabilities	<u>467,936</u>	<u>(2,888)</u>	<u>—</u>	<u>465,048</u>
Net identifiable assets acquired over (under) liabilities assumed	38,407	26,610	(4,110)	60,907
Goodwill	—	31,375	4,110	35,485
Net assets acquired over (under) liabilities assumed	<u><u>\$ 38,407</u></u>	<u><u>\$ 57,985</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 96,392</u></u>
Consideration:				
Ameris Bancorp common shares issued	2,549,469			
Price per share of the Company's common stock	\$ 28.42			
Company common stock issued	<u>\$ 72,455</u>			
Cash exchanged for shares	<u>\$ 23,937</u>			
Fair value of total consideration transferred	<u><u>\$ 96,392</u></u>			

Explanation of fair value adjustments

- (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.
- (j) Adjustment reflects additional recording of fair value adjustment of the acquired loan portfolio.
- (k) Adjustment reflects additional recording of fair value adjustment of other real estate owned.
- (l) Adjustment reflects recording of fair value adjustment of the premises and equipment.
- (m) Adjustment reflects adjustment to the core deposit intangible on the acquired core deposit accounts.
- (n) Adjustment reflects additional recording of deferred taxes on the difference in the carrying values of acquired assets and assumed liabilities for financial reporting purposes and their basis for federal income tax purposes.

Goodwill of \$35.5 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 \$401.6 million of loans at fair value, net of \$15.2 million, or 3.64%, estimated discount to the outstanding principal balance. Of the total loans acquired, management identified \$27.0 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 payments, 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 payments have been adjusted for estimated prepayments.

(dollars in thousands)

Contractually required principal and interest	\$ 42,314
Non-accretable difference	(9,181)
Cash flows expected to be collected	<u>33,133</u>
Accretable yield	(6,182)
Total purchased credit-impaired loans acquired	<u>\$ 26,951</u>

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

(dollars in thousands)	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
Acquired receivables subject to ASC 310-30	\$ 26,951	\$ 42,314	\$ 9,181
Acquired receivables not subject to ASC 310-30	\$ 374,687	\$ 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. During the third and fourth quarters of 2015, management revised its initial estimates regarding the valuation of loans, premises and intangible assets acquired.

The following table presents the assets acquired and liabilities assumed as of June 12, 2015 and their fair value estimates.

(dollars in thousands)	<u>As Recorded by Bank of America</u>	<u>Initial Fair Value Adjustments</u>	<u>Subsequent Fair Value Adjustments</u>	<u>As Recorded by Ameris</u>
Assets				
Cash and cash equivalents	\$ 630,220	\$ —	\$ —	\$ 630,220
Loans	4,363	—	(364) (d)	3,999
Premises and equipment	10,348	1,060 (a)	(755) (e)	10,653
Intangible assets	—	7,651 (b)	985 (f)	8,636
Other assets	126	—	—	126
Total assets	<u>\$ 645,057</u>	<u>\$ 8,711</u>	<u>\$ (134)</u>	<u>\$ 653,634</u>
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	<u>\$ —</u>	<u>\$ 20,002</u>	<u>\$ —</u>	<u>\$ 20,002</u>
Consideration:				
Cash paid as deposit premium	\$ 20,002			
Fair value of total consideration transferred	<u>\$ 20,002</u>			

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 and the first and second quarters of 2016, management revised its initial estimates regarding the valuation of investment securities, other investments, loans, 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 Sections 382 of the Internal Revenue Code of 1986, as amended.

The following table presents the assets acquired and liabilities of Merchants assumed as of May 22, 2015 and their fair value estimates.

(dollars in thousands)	<u>As Recorded by Merchants</u>	<u>Initial Fair Value Adjustments</u>	<u>Subsequent Fair Value Adjustments</u>	<u>As Recorded by Ameris</u>
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)	91 (l)	191,546
Less allowance for loan losses	(3,354)	3,354 (c)	—	—
Loans, net	<u>196,601</u>	<u>(5,146)</u>	<u>91</u>	<u>191,546</u>
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) (m)	3,943
Other assets	2,333	2,335 (g)	(1,109) (n)	3,559
Total assets	<u>\$ 496,638</u>	<u>\$ (3,582)</u>	<u>\$ (2,544)</u>	<u>\$ 490,512</u>
Liabilities				
Deposits:				
Noninterest-bearing	\$ 121,708	\$ —	\$ —	\$ 121,708
Interest-bearing	286,112	—	41,588 (o)	327,700
Total deposits	<u>407,820</u>	<u>—</u>	<u>41,588</u>	<u>449,408</u>
Federal funds purchased and securities sold under agreements to repurchase	41,588	—	(41,588) (o)	—
Subordinated deferrable interest debentures	6,186	(2,680) (h)	—	3,506
Other liabilities	2,151	81 (i)	—	2,232
Total liabilities	<u>457,745</u>	<u>(2,599)</u>	<u>—</u>	<u>455,146</u>
Net identifiable assets acquired over (under) liabilities assumed	38,893	(983)	(2,544)	35,366
Goodwill	—	12,090	2,544	14,634
Net assets acquired over (under) liabilities assumed	<u>\$ 38,893</u>	<u>\$ 11,107</u>	<u>\$ —</u>	<u>\$ 50,000</u>
Consideration:				
Cash exchanged for shares	\$ 50,000			
Fair value of total consideration transferred	<u>\$ 50,000</u>			

Explanation of fair value adjustments

- (a) Adjustment reflects the fair value adjustments of the investment securities available for sale portfolio as of the acquisition date.
- (b) Adjustment reflects the fair value adjustments based on the Company's evaluation of the acquired loan portfolio.
- (c) Adjustment reflects the elimination of 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 adjustment to the subordinated deferrable interest debentures at the acquisition date.
- (i) Adjustment reflects the fair value adjustments based on the Company's evaluation of interest rate swap liabilities.
- (j) Adjustment reflects additional fair value adjustments of the investment securities available for sale portfolio as of the acquisition date.
- (k) Adjustment reflects the fair value adjustments of other investments as of the acquisition date.
- (l) Adjustment reflects additional recording of fair value adjustments of the acquired loan portfolio.
- (m) Adjustment reflects adjustment to the core deposit intangible on the acquired core deposit accounts.
- (n) Adjustment reflects additional recording of 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.
- (o) Subsequent to acquisition, the acquired securities sold under agreements to repurchase were converted to deposit accounts.

Goodwill of \$14.6 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 \$8.4 million, or 4.21%, 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 payments, 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 payments have been adjusted for estimated prepayments.

(dollars in thousands)

Contractually required principal and interest	\$ 17,201
Non-accretable difference	(2,712)
Cash flows expected to be collected	<u>14,489</u>
Accretable yield	(3,254)
Total purchased credit-impaired loans acquired	<u>\$ 11,235</u>

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

(dollars in thousands)	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
Acquired receivables subject to ASC 310-30	\$ 11,235	\$ 14,086	\$ 2,712
Acquired receivables not subject to ASC 310-30	\$ 180,311	\$ 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 income. 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.

(dollars in thousands, except per share data)	Year Ended December 31,	
	2016	2015
Net interest income and noninterest income	\$ 329,248	\$ 286,573
Net income	\$ 72,835	\$ 47,994
Net income available to common shareholders	\$ 72,835	\$ 47,994
Income per common share available to common shareholders – basic	\$ 2.09	\$ 1.40
Income per common share available to common shareholders – diluted	\$ 2.07	\$ 1.38
Average number of shares outstanding, basic	34,841	34,311
Average number of shares outstanding, diluted	35,196	34,676

NOTE 4. ASSETS ACQUIRED IN FDIC-ASSISTED ACQUISITIONS

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

<u>Bank Acquired</u>	<u>Location</u>	<u>Branches</u>	<u>Date Acquired</u>
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 following table summarizes components of all covered assets at December 31, 2017 and 2016 and their origin. The FDIC loss-share receivable is shown net of the clawback liability.

(dollars in thousands)	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)
December 31, 2017								
AUB	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (7)
USB	2,626	11	2,615	—	—	—	2,615	(1,767)
SCB	2,237	24	2,213	—	—	—	2,213	(229)
FBJ	3,634	375	3,259	—	—	—	3,259	(330)
DBT	8,995	287	8,708	81	—	81	8,789	(4,651)
TBC	1,498	—	1,498	—	—	—	1,498	(10)
HTB	1,844	27	1,817	—	—	—	1,817	28
OGB	920	30	890	—	—	—	890	(1,061)
CBG	9,767	614	9,153	106	—	106	9,259	(776)
Total	<u>\$ 31,521</u>	<u>\$ 1,368</u>	<u>\$ 30,153</u>	<u>\$ 187</u>	<u>\$ —</u>	<u>\$ 187</u>	<u>\$ 30,340</u>	<u>\$ (8,803)</u>
December 31, 2016								
AUB	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (27)
USB	3,199	13	3,186	51	—	51	3,237	(1,642)
SCB	4,019	51	3,968	—	—	—	3,968	(32)
FBJ	3,767	452	3,315	—	—	—	3,315	(234)
DBT	12,166	565	11,601	—	—	—	11,601	(4,591)
TBC	1,679	—	1,679	—	—	—	1,679	(33)
HTB	1,913	33	1,880	—	—	—	1,880	734
OGB	1,077	32	1,045	—	—	—	1,045	(993)
CBG	33,449	1,963	31,486	1,161	4	1,157	32,643	505
Total	<u>\$ 61,269</u>	<u>\$ 3,109</u>	<u>\$ 58,160</u>	<u>\$ 1,212</u>	<u>\$ 4</u>	<u>\$ 1,208</u>	<u>\$ 59,368</u>	<u>\$ (6,313)</u>

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 anniversary during the fourth quarter of 2014, the SCB NSF agreement passed its five-year anniversary during the second quarter of 2015, the FBJ, TBC and DBT NSF agreements passed their five-year anniversary during the fourth quarter of 2015, the HTB and OGB NSF agreements passed their five-year anniversaries during the third quarter of 2016, and the CBG NSF passed its five-year anniversary during the first quarter of 2017. Losses will no longer be reimbursed on these agreements.

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 December 31, 2017 and 2016, the Company has recorded a clawback liability of \$10.0 million and \$9.3 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-sharing agreement. This clawback is netted against the FDIC loss-share receivable.

Changes in the FDIC loss-share receivable (payable) are as follows:

(dollars in thousands)	For the Years Ended December 31,	
	2017	2016
Balance, January 1	\$ (6,313)	\$ 6,301
Payments to (received from) FDIC	515	(816)
Accretion, net	(864)	(3,913)
Change in clawback liability	(674)	(1,056)
Change in receivable due to:		
Net recoveries on covered loans	(1,563)	(4,804)
Loss (gain) on covered other real estate owned including writedowns	(86)	233
Reimbursable expenses on covered assets	488	749
Other activity, net	(306)	(3,007)
Ending balance	<u>\$ (8,803)</u>	<u>\$ (6,313)</u>

NOTE 5. SECURITIES

The amortized cost and estimated fair value of securities available for sale along with gross unrealized gains and losses are summarized as follows:

(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2017				
State, county and municipal securities	135,968	1,989	(163)	137,794
Corporate debt securities	46,659	721	(237)	47,143
Mortgage-backed securities	630,666	1,762	(6,492)	625,936
Total debt securities	<u>\$ 813,293</u>	<u>\$ 4,472</u>	<u>\$ (6,892)</u>	<u>\$ 810,873</u>
December 31, 2016				
U.S. government sponsored agencies	\$ 999	\$ 21	\$ —	\$ 1,020
State, county and municipal securities	149,899	2,605	(469)	152,035
Corporate debt securities	32,375	167	(370)	32,172
Mortgage-backed securities	641,362	2,700	(6,554)	637,508
Total debt securities	<u>\$ 824,635</u>	<u>\$ 5,493</u>	<u>\$ (7,393)</u>	<u>\$ 822,735</u>

The following table shows the gross unrealized losses and estimated fair value of securities aggregated by category and length of time that securities have been in a continuous unrealized loss position at December 31, 2017 and 2016.

(dollars in thousands)	Less Than 12 Months		12 Months or More		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
December 31, 2017						
State, county and municipal securities	33,976	(115)	4,725	(48)	38,701	(163)
Corporate debt securities	3,465	(35)	18,853	(202)	22,318	(237)
Mortgage-backed securities	262,353	(2,401)	190,368	(4,091)	452,721	(6,492)
Total debt securities	<u>\$ 299,794</u>	<u>\$ (2,551)</u>	<u>\$ 213,946</u>	<u>\$ (4,341)</u>	<u>\$ 513,740</u>	<u>\$ (6,892)</u>
December 31, 2016						
State, county and municipal securities	47,647	(469)	—	—	47,647	(469)
Corporate debt securities	18,377	(363)	493	(7)	18,870	(370)
Mortgage-backed securities	414,300	(6,177)	11,791	(377)	\$ 426,091	(6,554)
Total debt securities	<u>\$ 480,324</u>	<u>\$ (7,009)</u>	<u>\$ 12,284</u>	<u>\$ (384)</u>	<u>\$ 492,608</u>	<u>\$ (7,393)</u>

As of December 31, 2017, the Company's security portfolio consisted of 418 securities, 215 of which were in an unrealized loss position. The majority of the unrealized losses are related to the Company's mortgage-backed securities as discussed below.

At December 31, 2017, the Company held 181 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 December 31, 2017.

At December 31, 2017, the Company held 24 state, county and municipal securities and 10 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 December 31, 2017.

During 2017 and 2016, the Company received timely and current interest and principal payments on all of the securities classified as corporate debt securities. During the third quarter of 2015, the Company received all interest payments due on a security that had previously deferred interest since the fourth quarter of 2010. The Company's investments in subordinated debt include investments in regional and super-regional banks on which the Company prepares regular analysis through review of financial information or 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 December 31, 2017 or 2016.

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 concerns 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 December 31, 2017, 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 December 31, 2017, these investments are not considered impaired on an other-than-temporary basis.

At December 31, 2017 and 2016, all of the Company's mortgage-backed securities were obligations of government-sponsored entities and agencies.

The amortized cost and estimated fair value of debt securities available for sale as of December 31, 2017, by contractual maturity are shown below. Maturities may differ from contractual maturities in mortgage-backed securities because the mortgages underlying the securities may be called or repaid without penalty. Securities not due at a single maturity date are shown separately. Therefore, these securities are not included in the maturity categories in the following maturity summary.

(dollars in thousands)	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 11,510	\$ 11,562
Due from one year to five years	58,549	58,881
Due from five to ten years	73,566	74,861
Due after ten years	39,002	39,633
Mortgage-backed securities	630,666	625,936
	<u>\$ 813,293</u>	<u>\$ 810,873</u>

Securities with a carrying value of approximately \$403.3 million and \$618.2 million at December 31, 2017 and 2016, respectively, serve as collateral to secure public deposits, securities sold under agreements to repurchase and for other purposes required or permitted by law.

Gains and losses on sales of securities available for sale consist of the following:

(dollars in thousands)	For the Years Ended December 31,		
	2017	2016	2015
Gross gains on sales of securities	\$ 38	\$ 312	\$ 396
Gross losses on sales of securities	(1)	(218)	(259)
Net realized gains on sales of securities available for sale	\$ 37	\$ 94	\$ 137

NOTE 6. LOANS AND ALLOWANCE FOR LOAN LOSSES

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. During 2015 and 2016, the Bank purchased residential mortgage loan pools collateralized by properties located outside our Southeast markets, specifically in California, Washington and Illinois. During the third quarter of 2016, the Bank began purchasing from unrelated third parties consumer installment home improvement loans made to borrowers throughout the United States. As of December 31, 2017 and 2016, the net carrying value of these consumer installment home improvement loans was approximately \$273.7 million and \$60.8 million, respectively, and such loans are reported in the consumer installment loan category. During the fourth quarter of 2016, the Bank purchased a pool of commercial insurance premium finance loans made to borrowers throughout the United States and began a division to originate, administer and service these types of loans. As of December 31, 2017 and 2016, the net carrying value of commercial insurance premium finance loans was approximately \$482.5 million and \$353.9 million, respectively, and such loans are reported in the commercial, financial and agricultural loan category. 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, commercial insurance premium finance and other business purposes. Commercial, financial and agricultural loans also include SBA loans and municipal 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. The Company's 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 home improvement loans, 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 consist of rapidly depreciating assets such as automobiles and equipment that may not provide an adequate source of repayment of the loan in the case of default.

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

(dollars in thousands)	December 31,	
	2017	2016
Commercial, financial and agricultural	\$ 1,362,508	\$ 967,138
Real estate – construction and development	624,595	363,045
Real estate – commercial and farmland	1,535,439	1,406,219
Real estate – residential	1,009,461	781,018
Consumer installment	309,194	96,915
Other	15,317	12,486
	<u>\$ 4,856,514</u>	<u>\$ 3,626,821</u>

Included in the commercial, financial and agricultural category in the table above are direct financing leases collateralized by a secured interest in commercial equipment and in certain circumstances, additional collateral and/or guarantees. These commercial equipment direct financing leases are presented in the following table as of December 31, 2017 and 2016.

(dollars in thousands)	2017	2016
Minimum lease payments receivable	\$ 60,365	\$ —
Residuals	7,205	—
Unearned income	(4,207)	—
Deferred lease origination costs	69	—
Direct financing leases, net of unearned income	<u>63,432</u>	<u>—</u>
Allowance for lease losses	(317)	—
Direct financing leases, net	<u>\$ 63,115</u>	<u>\$ —</u>

The following is a schedule of future minimum lease payments to be received on the commercial equipment direct financing leases at December 31, 2017.

(dollars in thousands)	
2018	\$ 19,487
2019	19,494
2020	16,465
2021	3,482
2022	502
Thereafter	935
	<u>\$ 60,365</u>

Purchased loans are defined as loans that were acquired in bank acquisitions including those that are covered by a loss-sharing agreement with the FDIC. Purchased loans totaling \$861.6 million and \$1.07 billion at December 31, 2017 and 2016, respectively, are not included in the above schedule.

The carrying value of purchased loans are shown below according to major loan type as of the end of the years shown.

(dollars in thousands)	2017	2016
Commercial, financial and agricultural	\$ 74,378	\$ 96,537
Real estate – construction and development	65,513	81,368
Real estate – commercial and farmland	468,246	576,355
Real estate – residential	250,539	310,277
Consumer installment	2,919	4,654
	<u>\$ 861,595</u>	<u>\$ 1,069,191</u>

A rollforward of purchased loans for the years ended December 31, 2017 and 2016 is shown below.

(dollars in thousands)	2017	2016
Balance, January 1	\$ 1,069,191	\$ 909,083
Charge-offs	(3,411)	(3,576)
Additions due to acquisitions	—	401,638
Accretion	11,308	16,637
Transfers to purchased other real estate owned	(5,023)	(7,229)
Payments received	(210,470)	(247,452)
Other	—	90
Ending balance	<u>\$ 861,595</u>	<u>\$ 1,069,191</u>

The following is a summary of changes in the accretable discounts of purchased loans during years ended December 31, 2017 and 2016:

(dollars in thousands)	2017	2016
Balance, January 1	\$ 30,624	\$ 33,848
Additions due to acquisitions	—	11,295
Accretion	(11,308)	(16,637)
Accretable discounts removed due to charge-offs	(17)	(161)
Transfers between non-accretable and accretable discounts, net	893	2,279
Ending balance	<u>\$ 20,192</u>	<u>\$ 30,624</u>

Purchased loan pools are defined as groups of residential mortgage loans that were not acquired in bank acquisitions or FDIC-assisted transactions. As of December 31, 2017, purchased loan pools totaled \$328.2 million and consisted of whole-loan, adjustable rate residential mortgages on properties outside the Company's markets, with principal balances totaling \$324.4 million and \$3.8 million of remaining purchase premium paid at acquisition. At December 31, 2017, the Company had allocated \$1.1 million of allowance for loan losses for the purchased loan pools. As of December 31, 2016, purchased loan pools totaled \$568.3 million and consisted of whole-loan, adjustable rate residential mortgages on properties outside the Company's markets, with principal balances totaling \$559.4 million and \$8.9 million of purchase premium paid at acquisition. At December 31, 2017 and 2016, one loan in the purchased loan pools with a principal balance of \$904,000 and \$925,000, respectively, was classified as a troubled debt restructuring and risk-rated grade 40, while all other loans included in the purchased loan pools were performing current loans, risk-rated grade 20. During the second quarter of 2017, this troubled debt restructuring defaulted on its restructured terms and was placed on nonaccrual status. At December 31, 2017, this troubled debt restructuring had returned to accrual status. At December 31, 2017 and 2016, the Company had allocated \$1.1 million and \$1.8 million, 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 in order 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 were 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.

Nonaccrual and Past Due Loans

A loan is placed on nonaccrual status when, in management's judgment, the collection of the interest income appears doubtful. Interest receivable that has been accrued and is subsequently determined to have doubtful collectability is charged 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 loans.

(dollars in thousands)	2017	2016
Commercial, financial and agricultural	\$ 1,306	\$ 1,814
Real estate – construction and development	554	547
Real estate – commercial and farmland	2,665	8,757
Real estate – residential	9,194	6,401
Consumer installment	483	595
	<u>\$ 14,202</u>	<u>\$ 18,114</u>

The following table presents an analysis of purchased loans accounted for on a nonaccrual basis.

(dollars in thousands)	2017	2016
Commercial, financial and agricultural	\$ 813	\$ 692
Real estate – construction and development	3,139	2,611
Real estate – commercial and farmland	5,685	10,174
Real estate – residential	5,743	9,476
Consumer installment	48	13
	<u>\$ 15,428</u>	<u>\$ 22,966</u>

The following table presents an analysis of past due loans, excluding purchased loans as of December 31, 2017 and 2016.

(dollars in thousands)	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
As of December 31, 2017							
Commercial, financial and agricultural	\$ 8,124	\$ 3,285	\$ 6,978	\$ 18,387	\$ 1,344,121	\$ 1,362,508	\$ 5,991
Real estate – construction and development	810	23	288	1,121	623,474	624,595	—
Real estate – commercial and farmland	869	787	1,940	3,596	1,531,843	1,535,439	—
Real estate – residential	8,772	2,941	7,041	18,754	990,707	1,009,461	—
Consumer installment	1,556	472	329	2,357	306,837	309,194	—
Other	—	—	—	—	15,317	15,317	—
Total	<u>\$ 20,131</u>	<u>\$ 7,508</u>	<u>\$ 16,576</u>	<u>\$ 44,215</u>	<u>\$ 4,812,299</u>	<u>\$ 4,856,514</u>	<u>\$ 5,991</u>

(dollars in thousands)	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
As of December 31, 2016							
Commercial, financial and agricultural	\$ 565	\$ 82	\$ 1,293	\$ 1,940	\$ 965,198	\$ 967,138	\$ —
Real estate – construction and development	908	446	439	1,793	361,252	363,045	—
Real estate – commercial and farmland	6,329	1,711	6,945	14,985	1,391,234	1,406,219	—
Real estate – residential	6,354	1,282	5,302	12,938	768,080	781,018	—
Consumer installment	624	263	350	1,237	95,678	96,915	—
Other	—	—	—	—	12,486	12,486	—
Total	<u>\$ 14,780</u>	<u>\$ 3,784</u>	<u>\$ 14,329</u>	<u>\$ 32,893</u>	<u>\$ 3,593,928</u>	<u>\$ 3,626,821</u>	<u>\$ —</u>

The following table presents an analysis of purchased past due loans as of December 31, 2017 and 2016.

(dollars in thousands)	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
As of December 31, 2017							
Commercial, financial and agricultural	\$ —	\$ 33	\$ 760	\$ 793	\$ 73,585	\$ 74,378	\$ —
Real estate – construction and development	87	31	2,517	2,635	62,878	65,513	—
Real estate – commercial and farmland	1,190	701	2,724	4,615	463,631	468,246	—
Real estate – residential	2,722	1,585	2,320	6,627	243,912	250,539	—
Consumer installment	57	4	43	104	2,815	2,919	—
Total	<u>\$ 4,056</u>	<u>\$ 2,354</u>	<u>\$ 8,364</u>	<u>\$ 14,774</u>	<u>\$ 846,821</u>	<u>\$ 861,595</u>	<u>\$ —</u>

(dollars in thousands)	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
As of December 31, 2016							
Commercial, financial and agricultural	\$ 113	\$ 18	\$ 593	\$ 724	\$ 95,813	\$ 96,537	\$ —
Real estate – construction and development	161	11	2,518	2,690	78,678	81,368	—
Real estate – commercial and farmland	2,034	326	7,152	9,512	566,843	576,355	—
Real estate – residential	4,566	698	6,835	12,099	298,178	310,277	—
Consumer installment	22	—	13	35	4,619	4,654	—
Total	<u>\$ 6,896</u>	<u>\$ 1,053</u>	<u>\$ 17,111</u>	<u>\$ 25,060</u>	<u>\$ 1,044,131</u>	<u>\$ 1,069,191</u>	<u>\$ —</u>

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 \$100,000 and all troubled debt restructurings greater than \$100,000 (including all troubled debt restructurings, whether or not currently classified as such). 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 loans:

	As of and For the Years Ended December 31,		
	2017	2016	2015
(dollars in thousands)			
Nonaccrual loans	\$ 14,202	\$ 18,114	\$ 16,860
Troubled debt restructurings not included above	13,599	14,209	14,418
Total impaired loans	<u>\$ 27,801</u>	<u>\$ 32,323</u>	<u>\$ 31,278</u>
Interest income recognized on impaired loans	\$ 1,867	\$ 1,033	\$ 909
Foregone interest income on impaired loans	<u>\$ 950</u>	<u>\$ 977</u>	<u>\$ 1,204</u>

The following table presents an analysis of information pertaining to impaired loans, excluding purchased loans as of December 31, 2017 and 2016.

	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, 2017						
Commercial, financial and agricultural	\$ 1,453	\$ 734	\$ 613	\$ 1,347	\$ 145	\$ 2,173
Real estate – construction and development	1,467	471	500	971	48	1,122
Real estate – commercial and farmland	10,646	729	8,873	9,602	1,047	11,053
Real estate – residential	17,416	4,828	10,565	15,393	1,005	14,930
Consumer installment	523	488	—	488	—	541
Total	<u>\$ 31,505</u>	<u>\$ 7,250</u>	<u>\$ 20,551</u>	<u>\$ 27,801</u>	<u>\$ 2,245</u>	<u>\$ 29,819</u>

	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, 2016						
Commercial, financial and agricultural	\$ 3,068	\$ 204	\$ 1,656	\$ 1,860	\$ 134	\$ 1,684
Real estate – construction and development	2,047	—	1,233	1,233	273	2,018
Real estate – commercial and farmland	13,906	6,811	6,065	12,876	1,503	12,845
Real estate – residential	15,482	2,238	13,503	15,741	3,080	14,453
Consumer installment	671	—	613	613	5	506
Total	<u>\$ 35,174</u>	<u>\$ 9,253</u>	<u>\$ 23,070</u>	<u>\$ 32,323</u>	<u>\$ 4,995</u>	<u>\$ 31,506</u>

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

(dollars in thousands)	As of and For the Years Ended December 31,		
	2017	2016	2015
Nonaccrual loans	\$ 15,428	\$ 22,966	\$ 26,568
Troubled debt restructurings not included above	20,472	23,543	22,656
Total impaired loans	\$ 35,900	\$ 46,509	\$ 49,224
Interest income recognized on impaired loans	\$ 1,625	\$ 2,755	\$ 1,671
Foregone interest income on impaired loans	\$ 1,239	\$ 1,637	\$ 2,961

The following table presents an analysis of information pertaining to purchased impaired loans as of December 31, 2017 and 2016.

(dollars in thousands)	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
As of December 31, 2017						
Commercial, financial and agricultural	\$ 4,170	\$ 70	\$ 744	\$ 814	\$ 400	\$ 827
Real estate – construction and development	9,060	282	3,875	4,157	1,114	3,877
Real estate – commercial and farmland	14,596	1,224	11,173	12,397	906	15,329
Real estate – residential	20,867	6,574	11,910	18,484	821	20,743
Consumer installment	57	48	—	48	—	41
Total	\$ 48,750	\$ 8,198	\$ 27,702	\$ 35,900	\$ 3,241	\$ 40,817

(dollars in thousands)	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment
As of December 31, 2016						
Commercial, financial and agricultural	\$ 5,031	\$ 370	\$ 322	\$ 692	\$ —	\$ 2,206
Real estate – construction and development	24,566	493	3,477	3,970	153	4,279
Real estate – commercial and farmland	36,174	3,598	15,036	18,634	385	19,872
Real estate – residential	27,022	7,883	15,306	23,189	1,088	23,163
Consumer installment	37	24	—	24	—	96
Total	\$ 92,830	\$ 12,368	\$ 34,141	\$ 46,509	\$ 1,626	\$ 49,616

Credit Quality Indicators

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

The following table presents the loan portfolio, excluding purchased loans, by risk grade as of December 31, 2017 and 2016 (in thousands).

As of December 31, 2017

Risk Grade	Commercial, Financial and Agricultural	Real Estate - Construction and Development	Real Estate - Commercial and Farmland	Real Estate - Residential	Consumer Installment	Other	Total
10	\$ 539,899	\$ —	\$ 5,790	\$ 47	\$ 9,243	\$ —	\$ 554,979
15	568,557	1,005	68,507	49,742	670	—	688,481
20	125,740	59,318	966,391	843,178	24,035	15,317	2,033,979
23	330	4,474	6,408	5,781	3	—	16,996
25	117,358	552,918	454,506	88,537	274,462	—	1,487,781
30	5,236	4,207	15,108	5,339	185	—	30,075
40	5,381	2,673	18,729	16,837	596	—	44,216
50	7	—	—	—	—	—	7
60	—	—	—	—	—	—	—
Total	\$ 1,362,508	\$ 624,595	\$ 1,535,439	\$ 1,009,461	\$ 309,194	\$ 15,317	\$ 4,856,514

As of December 31, 2016

Risk Grade	Commercial, Financial and Agricultural	Real Estate - Construction and Development	Real Estate - Commercial and Farmland	Real Estate - Residential	Consumer Installment	Other	Total
10	\$ 397,093	\$ —	\$ 8,814	\$ 125	\$ 8,532	\$ —	\$ 414,564
15	376,323	5,390	102,893	54,136	405	—	539,147
20	97,057	36,307	889,539	609,583	25,026	12,486	1,669,998
23	366	6,803	8,533	7,470	14	—	23,186
25	92,066	307,903	357,151	88,370	62,098	—	907,588
30	144	719	22,986	5,197	126	—	29,172
40	4,089	5,923	16,303	16,038	714	—	43,067
50	—	—	—	99	—	—	99
60	—	—	—	—	—	—	—
Total	\$ 967,138	\$ 363,045	\$ 1,406,219	\$ 781,018	\$ 96,915	\$ 12,486	\$ 3,626,821

The following table presents the purchased loan portfolio by risk grade as of December 31, 2017 and 2016 (in thousands).

As of December 31, 2017

Risk Grade	Commercial, Financial and Agricultural	Real Estate - Construction and Development	Real Estate - Commercial and Farmland	Real Estate - Residential	Consumer Installment	Other	Total
10	\$ 3,358	\$ —	\$ —	\$ —	\$ 606	\$ —	\$ 3,964
15	4,541	—	5,047	91,270	240	—	101,098
20	8,517	13,014	186,187	50,988	1,166	—	259,872
23	—	2,306	6,081	11,349	—	—	19,736
25	43,085	39,877	230,570	70,837	711	—	385,080
30	13,718	4,076	13,637	5,637	53	—	37,121
40	1,159	6,240	26,724	20,458	143	—	54,724
50	—	—	—	—	—	—	—
60	—	—	—	—	—	—	—
Total	\$ 74,378	\$ 65,513	\$ 468,246	\$ 250,539	\$ 2,919	\$ —	\$ 861,595

As of December 31, 2016

Risk Grade	Commercial, Financial and Agricultural	Real Estate - Construction and Development	Real Estate - Commercial and Farmland	Real Estate - Residential	Consumer Installment	Other	Total
10	\$ 5,722	\$ —	\$ —	\$ —	\$ 814	\$ —	\$ 6,536
15	1,266	—	7,619	31,331	570	—	40,786
20	16,204	10,686	194,168	111,712	1,583	—	334,353
23	22	3,643	9,019	14,791	—	—	27,475
25	67,123	56,006	323,242	121,379	1,276	—	569,026
30	5,072	7,271	15,039	7,605	45	—	35,032
40	1,128	3,762	27,268	23,459	366	—	55,983
50	—	—	—	—	—	—	—
60	—	—	—	—	—	—	—
Total	\$ 96,537	\$ 81,368	\$ 576,355	\$ 310,277	\$ 4,654	\$ —	\$ 1,069,191

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 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 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 that 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 2017 and 2016 totaling \$103.0 million and \$69.4 million, respectively, under such parameters.

As of December 31, 2017 and 2016, the Company had a balance of \$15.6 million and \$18.2 million, respectively, in troubled debt restructurings, excluding purchased loans. The Company has recorded \$2.8 million and \$1.2 million in previous charge-offs on such loans at December 31, 2017 and 2016, respectively. The Company’s balance in the allowance for loan losses allocated to such troubled debt restructurings was \$1.4 million and \$3.1 million at December 31, 2017 and 2016, respectively. At December 31, 2017, the Company did not have any commitments to lend additional funds to debtors whose terms have been modified in troubled restructurings.

During the year ending December 31, 2017 and 2016, the Company modified loans as troubled debt restructurings, excluding purchased loans, with principal balances of \$4.2 million and \$4.5 million, respectively, and these modifications did not have a material impact on the Company’s allowance for loan losses. The following table presents the loans by class modified as troubled debt restructurings, excluding purchased loans, which occurred during the year ending December 31, 2017 and 2016.

Loan Class	December 31, 2017		December 31, 2016	
	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial and agricultural	2	\$ 7	6	\$ 58
Real estate – construction and development	—	—	2	250
Real estate – commercial and farmland	7	3,516	4	1,656
Real estate – residential	12	656	34	2,495
Consumer installment	11	33	12	63
Total	32	\$ 4,212	58	\$ 4,522

Troubled debt restructurings, excluding purchased loans, with an outstanding balance of \$1.6 million and \$3.5 million at December 31, 2016 and 2015 defaulted during the year ended December 31, 2017 and 2016, 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 year ending December 31, 2017 and 2016.

Loan Class	December 31, 2017		December 31, 2016	
	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial and agricultural	2	\$ 47	5	\$ 51
Real estate – construction and development	2	261	1	5
Real estate – commercial and farmland	4	419	5	2,970
Real estate – residential	12	838	5	460
Consumer installment	7	22	6	38
Total	27	\$ 1,587	22	\$ 3,524

The following table presents the amount of troubled debt restructurings by loan class, excluding purchased loans, classified separately as accrual and non-accrual at December 31, 2017 and 2016.

As of December 31, 2017

Loan Class	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial and agricultural	4	\$ 41	12	\$ 120
Real estate – construction and development	6	417	2	34
Real estate – commercial and farmland	17	6,937	5	204
Real estate – residential	74	6,199	18	1,508
Consumer installment	4	5	33	98
Total	105	\$ 13,599	70	\$ 1,964

As of December 31, 2016

Loan Class	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial and agricultural	4	\$ 47	15	\$ 114
Real estate – construction and development	8	686	2	34
Real estate – commercial and farmland	16	4,119	5	2,970
Real estate – residential	82	9,340	15	739
Consumer installment	7	17	32	130
Total	117	\$ 14,209	69	\$ 3,987

As of December 31, 2017 and 2016, the Company had a balance of \$24.9 million and \$28.1 million, respectively, in troubled debt restructurings included in purchased loans. The Company has recorded \$1.2 million and \$1.5 million, respectively, in previous charge-offs on such loans at December 31, 2017 and 2016. At December 31, 2017, the Company did not have any commitments to lend additional funds to debtors whose terms have been modified in troubled restructurings.

During the year ending December 31, 2017 and 2016, the Company modified purchased loans as troubled debt restructurings, with principal balances of \$3.6 million and \$6.0 million, respectively, and these modifications did not have a material impact on the Company's allowance for loan losses. The following table presents the purchased loans by class modified as troubled debt restructurings, which occurred during the year ending December 31, 2017 and 2016.

Loan Class	December 31, 2017		December 31, 2016	
	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial and agricultural	1	\$ 5	1	\$ 76
Real estate – construction and development	—	—	—	—
Real estate – commercial and farmland	4	1,311	6	2,789
Real estate – residential	18	2,319	28	3,091
Consumer installment	—	—	—	—
Total	23	\$ 3,635	35	\$ 5,956

Troubled debt restructurings included in purchased loans with an outstanding balance of \$742,000 and \$1.0 million defaulted during the years ended December 31, 2017 and 2016, 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 year ending December 31, 2017 and 2016.

Loan Class	December 31, 2017		December 31, 2016	
	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial and agricultural	1	\$ 5	2	\$ 76
Real estate – construction and development	—	—	1	9
Real estate – commercial and farmland	2	282	—	—
Real estate – residential	9	452	18	910
Consumer installment	1	3	—	—
Total	13	\$ 742	21	\$ 995

The following table presents the amount of troubled debt restructurings by loan class of purchased loans, classified separately as accrual and non-accrual at December 31, 2017 and 2016.

As of December 31, 2017

Loan Class	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial and agricultural	—	\$ —	3	\$ 16
Real estate – construction and development	3	1,018	6	340
Real estate – commercial and farmland	14	6,713	10	2,582
Real estate – residential	117	12,741	25	1,462
Consumer installment	—	—	2	5
Total	134	\$ 20,472	46	\$ 4,405

As of December 31, 2016

Loan Class	Accruing Loans		Non-Accruing Loans	
	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial and agricultural	1	\$ 1	4	\$ 91
Real estate – construction and development	6	1,358	3	30
Real estate – commercial and farmland	20	8,460	5	2,402
Real estate – residential	123	13,713	33	2,077
Consumer installment	3	11	1	—
Total	153	\$ 23,543	46	\$ 4,600

During 2016, the Company modified one loan in the purchased loan pools with a balance of \$925,000. As of December 31, 2017 and 2016 this modified loan had a balance of \$904,000 and \$925,000, respectively. The loan was on accrual status as of

December 31, 2017 and 2016. The modification did not have a material impact on the Company's allowance for loan losses. There are no other troubled debt restructurings included in the purchased loan pools.

Related Party Loans

In the ordinary course of business, the Company has granted loans to certain directors and their affiliates. Company policy prohibits loans to executive officers. Changes in related party loans are summarized as follows:

(dollars in thousands)	December 31,	
	2017	2016
Balance, January 1	\$ 3,167	\$ 3,818
Advances	654	78
Repayments	(1,676)	(729)
Transactions due to changes in related parties	—	—
Ending balance	<u>\$ 2,145</u>	<u>\$ 3,167</u>

Allowance for Loan Losses

The following table details activity in the allowance for loan losses by portfolio segment for the periods indicated. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

(dollars in thousands)	Commercial, Financial and Agricultural	Real Estate – Construction and Development	Real Estate – Commercial and Farmland	Real Estate – Residential	Consumer Installment and Other	Purchased Loans	Purchased Loan Pools	Total
Twelve months ended December 31, 2017								
Balance, January 1, 2017	\$ 2,192	\$ 2,990	\$ 7,662	\$ 6,786	\$ 827	\$ 1,626	\$ 1,837	\$ 23,920
Provision for loan losses	3,019	488	508	(86)	2,591	2,606	(762)	8,364
Loans charged off	(2,850)	(95)	(853)	(2,151)	(1,618)	(2,900)	—	(10,467)
Recoveries of loans previously charged off	1,270	246	184	237	116	1,921	—	3,974
Balance, December 31, 2017	<u>\$ 3,631</u>	<u>\$ 3,629</u>	<u>\$ 7,501</u>	<u>\$ 4,786</u>	<u>\$ 1,916</u>	<u>\$ 3,253</u>	<u>\$ 1,075</u>	<u>\$ 25,791</u>
Period-end amount allocated to:								
Loans individually evaluated for impairment ⁽¹⁾	\$ 465	\$ 48	\$ 1,047	\$ 1,028	\$ —	\$ 3,253	\$ 177	\$ 6,018
Loans collectively evaluated for impairment	3,166	3,581	6,454	3,758	1,916	—	898	19,773
Ending balance	<u>\$ 3,631</u>	<u>\$ 3,629</u>	<u>\$ 7,501</u>	<u>\$ 4,786</u>	<u>\$ 1,916</u>	<u>\$ 3,253</u>	<u>\$ 1,075</u>	<u>\$ 25,791</u>
Loans:								
Individually evaluated for impairment ⁽¹⁾	\$ 2,971	\$ 500	\$ 8,873	\$ 10,818	\$ —	\$ 28,165	\$ 904	\$ 52,231
Collectively evaluated for impairment	1,359,537	624,095	1,526,566	998,643	324,511	718,447	327,342	5,879,141
Acquired with deteriorated credit quality	—	—	—	—	—	114,983	—	114,983
Ending balance	<u>\$ 1,362,508</u>	<u>\$ 624,595</u>	<u>\$ 1,535,439</u>	<u>\$ 1,009,461</u>	<u>\$ 324,511</u>	<u>\$ 861,595</u>	<u>\$ 328,246</u>	<u>\$ 6,046,355</u>

- (1) At December 31, 2017, loans individually evaluated for impairment includes all nonaccrual loans greater than \$100,000 and all troubled debt restructurings greater than \$100,000, including all troubled debt restructurings and not only those currently classified as troubled debt restructurings.

(dollars in thousands)	Commercial, Financial and Agricultural	Real Estate – Construction and Development	Real Estate – Commercial and Farmland	Real Estate - Residential	Consumer Installment and Other	Purchased Loans	Purchased Loan Pools	Total
Twelve months ended December 31, 2016								
Balance, January 1, 2016	\$ 1,144	\$ 5,009	\$ 7,994	\$ 4,760	\$ 1,574	\$ —	\$ 581	\$ 21,062
Provision for loan losses	2,647	(1,921)	107	2,757	(523)	(232)	1,256	4,091
Loans charged off	(1,999)	(588)	(708)	(1,122)	(351)	(1,559)	—	(6,327)
Recoveries of loans previously charged off	400	490	269	391	127	3,417	—	5,094
Balance, December 31, 2016	<u>\$ 2,192</u>	<u>\$ 2,990</u>	<u>\$ 7,662</u>	<u>\$ 6,786</u>	<u>\$ 827</u>	<u>\$ 1,626</u>	<u>\$ 1,837</u>	<u>\$ 23,920</u>
Period-end amount allocated to:								
Loans individually evaluated for impairment ⁽¹⁾	\$ 120	\$ 266	\$ 1,502	\$ 2,893	\$ —	\$ 1,626	\$ —	\$ 6,407
Loans collectively evaluated for impairment	2,072	2,724	6,160	3,893	827	—	1,837	17,513
Ending balance	<u>\$ 2,192</u>	<u>\$ 2,990</u>	<u>\$ 7,662</u>	<u>\$ 6,786</u>	<u>\$ 827</u>	<u>\$ 1,626</u>	<u>\$ 1,837</u>	<u>\$ 23,920</u>
Loans:								
Individually evaluated for impairment ⁽¹⁾	\$ 501	\$ 659	\$ 12,423	\$ 12,697	\$ —	\$ 34,141	\$ —	\$ 60,421
Collectively evaluated for impairment	966,637	362,386	1,393,796	768,321	109,401	886,516	568,314	5,055,371
Acquired with deteriorated credit quality	—	—	—	—	—	148,534	—	148,534
Ending balance	<u>\$ 967,138</u>	<u>\$ 363,045</u>	<u>\$ 1,406,219</u>	<u>\$ 781,018</u>	<u>\$ 109,401</u>	<u>\$ 1,069,191</u>	<u>\$ 568,314</u>	<u>\$ 5,264,326</u>

- (1) At December 31, 2016, loans individually evaluated for impairment includes all nonaccrual loans greater than \$100,000 and all troubled debt restructurings greater than \$100,000, including all troubled debt restructurings and not only those currently classified as troubled debt restructurings.

(dollars in thousands)	Commercial, Financial and Agricultural	Real Estate – Construction and Development	Real Estate – Commercial and Farmland	Real Estate - Residential	Consumer Installment and Other	Purchased Loans	Purchased Loan Pools	Total
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	514	581	5,264
Loans charged off	(1,438)	(622)	(2,367)	(1,587)	(410)	(2,709)	—	(9,133)
Recoveries of loans previously charged off	651	323	317	151	137	2,195	—	3,774
Balance, December 31, 2015	<u>\$ 1,144</u>	<u>\$ 5,009</u>	<u>\$ 7,994</u>	<u>\$ 4,760</u>	<u>\$ 1,574</u>	<u>\$ —</u>	<u>\$ 581</u>	<u>\$ 21,062</u>
Period-end amount allocated to:								
Loans individually evaluated for impairment ⁽¹⁾	\$ 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	<u>\$ 1,144</u>	<u>\$ 5,009</u>	<u>\$ 7,994</u>	<u>\$ 4,760</u>	<u>\$ 1,574</u>	<u>\$ —</u>	<u>\$ 581</u>	<u>\$ 21,062</u>
Loans:								
Individually evaluated for impairment ⁽¹⁾	\$ 323	\$ 1,958	\$ 11,877	\$ 9,554	\$ —	\$ 44,989	\$ —	\$ 68,701
Collectively evaluated for impairment	449,300	242,735	1,093,114	560,876	37,140	721,309	592,963	3,697,437
Acquired with deteriorated credit quality	—	—	—	—	—	142,785	—	142,785
Ending balance	<u>\$ 449,623</u>	<u>\$ 244,693</u>	<u>\$ 1,104,991</u>	<u>\$ 570,430</u>	<u>\$ 37,140</u>	<u>\$ 909,083</u>	<u>\$ 592,963</u>	<u>\$ 3,908,923</u>

- (1) At December 31, 2015, loans individually evaluated for impairment includes all nonaccrual loans greater than \$200,000 and all troubled debt restructurings greater than \$100,000, including all troubled debt restructurings and not only those currently classified as troubled debt restructurings.

NOTE 7. OTHER REAL ESTATE OWNED

The following is a summary of the activity in other real estate owned during years ended December 31, 2017 and 2016:

(dollars in thousands)	2017	2016
Balance, January 1	\$ 10,874	\$ 16,147
Loans transferred to other real estate owned	4,372	3,203
Net gains (losses) on sale and write-downs recorded in statement of income	(862)	(1,338)
Sales proceeds	(5,920)	(7,138)
Ending balance	<u>\$ 8,464</u>	<u>\$ 10,874</u>

The following is a summary of the activity in purchased other real estate owned during years ended December 31, 2017 and 2016:

(dollars in thousands)	2017	2016
Balance, January 1	\$ 12,540	\$ 19,344
Loans transferred to other real estate owned	5,023	7,229
Acquired in acquisitions	—	1,927
Portion of gains (losses) on sale and write-downs payable to (receivable from) the FDIC under loss-sharing agreements	86	—
Net gains (losses) on sale and write-downs recorded in statement of income	362	(615)
Sales proceeds	(9,000)	(15,345)
Ending balance	<u>\$ 9,011</u>	<u>\$ 12,540</u>

NOTE 8. PREMISES AND EQUIPMENT

Premises and equipment are summarized as follows:

(dollars in thousands)	December 31,	
	2017	2016
Land	\$ 39,299	\$ 38,521
Buildings	95,771	94,533
Furniture and equipment	48,809	45,988
Construction in progress	757	1,533
	<u>184,636</u>	<u>180,575</u>
Accumulated depreciation	(66,898)	(59,358)
	<u>\$ 117,738</u>	<u>\$ 121,217</u>

Depreciation expense was approximately \$9.2 million, \$9.5 million, and \$8.1 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Leases

The Company has entered into various operating leases for certain branch locations, loan production offices, and corporate support services. Generally, these leases are on smaller locations with initial lease terms under ten years with up to two renewal options.

Rental expense amounted to approximately \$4.9 million, \$4.5 million, and \$3.0 million for the years ended December 31, 2017, 2016 and 2015, respectively. Future minimum lease commitments under the Company's operating leases, excluding any renewal options, are summarized as follows (in thousands):

2018	\$ 5,235
2019	4,602
2020	3,866
2021	3,419
2022	3,095
Thereafter	8,287
	<u>\$ 28,504</u>

NOTE 9. GOODWILL AND INTANGIBLE ASSETS

The change in the carrying value of goodwill for the years ended December 31, 2017 and 2016 is summarized below.

(dollars in thousands)	December 31,	
	2017	2016
Carrying amount of goodwill at beginning of year	\$ 125,532	\$ 90,082
Additions related to acquisitions in current year	—	35,485
Fair value adjustments related to acquisitions in prior year	—	(35)
Carrying amount of goodwill at end of year	<u>\$ 125,532</u>	<u>\$ 125,532</u>

During 2016, the Company recorded goodwill totaling \$35,485,000 related to the acquisition of JAXB. During 2016, the Company recorded a reduction of \$35,000 of goodwill related to the 2015 Merchants acquisition.

Impairment exists when a reporting unit's carrying value of goodwill exceeds its fair value. At December 31, 2017, the Company's reporting unit had positive equity and the Company elected to perform a qualitative assessment to determine if it was more likely than not that the fair value of the reporting unit exceeded its carrying value, including goodwill. The qualitative assessment indicated that it was more likely than not that the fair value of the reporting unit exceeded its carrying value, resulting in no impairment.

The carrying value of intangible assets as of December 31, 2017 and 2016 was \$13,496,000 and \$17,428,000, respectively. Intangible assets are comprised solely of core deposit intangibles. The Company recorded a core deposit intangible asset of \$4,746,000 associated with the acquisition of JAXB during 2016. The amortization period used for core deposit intangibles ranges from seven to ten years. Following is a summary of information related to acquired intangible assets:

(dollars in thousands)	As of December 31, 2017		As of December 31, 2016	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
Amortized intangible assets - core deposit premiums	\$ 26,250	\$ 12,754	\$ 26,250	\$ 8,822

The aggregate amortization expense for intangible assets was approximately \$3,932,000, \$4,376,000, and \$3,741,000 for the years ended December 31, 2017, 2016 and 2015, respectively.

The estimated amortization expense for each of the next five years is as follows (in thousands):

2018	\$ 3,697
2019	3,622
2020	2,915
2021	1,691
2022	653
Thereafter	918
	<u>\$ 13,496</u>

NOTE 10. DEPOSITS

The scheduled maturities of time deposits at December 31, 2017 are as follows:

(dollars in thousands)	
2018	\$ 778,527
2019	153,269
2020	58,601
2021	11,302
2022	18,852
Thereafter	1,411
	<u>\$ 1,021,962</u>

The aggregate amount of time deposits in denominations of \$250,000 or more at December 31, 2017 and 2016 was \$235.8 million and \$172.8 million, respectively.

As of December 31, 2017, the Company had brokered deposits of \$228.6 million. The Company did not have any brokered deposits at December 31, 2016.

Deposits from principal officers, directors, and their affiliates at December 31, 2017 and 2016 were \$6,229,000 and \$5,623,000, respectively.

NOTE 11. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

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 December 31, 2017 and 2016, 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 securities sold under repurchase agreements for the years ended December 31, 2017, 2016 and 2015:

(dollars in thousands)	For the Years Ended December 31,		
	2017	2016	2015
Average daily balance during the year	\$ 28,694	\$ 44,324	\$ 50,988
Average interest rate during the year	0.20%	0.22%	0.34%
Maximum month-end balance during the year	\$ 49,836	\$ 56,203	\$ 68,300
Weighted average interest rate at year-end	0.18%	0.19%	0.30%

The following is a summary of the Company's securities sold under agreements to repurchase at December 31, 2017 and 2016:

(dollars in thousands)	December 31, 2017	December 31, 2016
Securities sold under agreements to repurchase	\$ 30,638	\$ 53,505

At December 31, 2017 and 2016, the investment securities underlying these agreements were comprised of state, county and municipal securities and mortgage-backed securities.

NOTE 12. EMPLOYEE BENEFIT PLANS

The Company has established a retirement plan for eligible employees. The Ameris Bancorp 401(k) Profit Sharing Plan allows a participant to defer a portion of his compensation and provides that the Company will match a portion of the deferred compensation. The Plan also provides for non-elective and discretionary contributions. All full-time and part-time employees are eligible to participate in the Plan provided they have met the eligibility requirements. An employee is eligible to participate in the Plan after 30 days of employment and having attained an age of 18.

The aggregate expense under the Plan charged to operations during 2017, 2016 and 2015 amounted to \$2,213,000, \$2,053,000 and \$1,430,000, respectively.

NOTE 13. DEFERRED COMPENSATION PLANS

The Company and the Bank have entered into separate deferred compensation arrangements and supplemental executive retirement plans with certain executive officers and directors. The plans call for certain amounts payable at retirement, death or disability. The estimated present value of the deferred compensation is being accrued over the expected service period. The Company and the Bank have purchased life insurance policies which they intend to use to fund these liabilities. The cash surrender value of the life insurance was \$79.6 million and \$78.1 million at December 31, 2017 and 2016, respectively. Accrued deferred compensation of \$874,000 and \$944,000 at December 31, 2017 and 2016, respectively, is included in other liabilities. Accrued supplemental executive retirement plan liabilities of \$4,962,000 and \$3,570,000 at December 31, 2017 and 2016, respectively, is also included in other liabilities. Aggregate compensation expense under the plans was \$1,416,000, \$1,127,000 and \$849,000 per year for 2017, 2016 and 2015, respectively, which is included in salaries and employee benefits.

NOTE 14. OTHER BORROWINGS

Other borrowings consist of the following:

(dollars in thousands)	December 31,	
	2017	2016
Federal Home Loan Bank ("FHLB") borrowings:		
Daily Rate Credit from FHLB with a variable interest rate (1.59% at December 31, 2017 and 0.80% at December 31, 2016)	\$ 25,000	\$ 150,000
Advance from FHLB due January 8, 2018; fixed interest rate of 1.39%	150,000	—
Advance from FHLB due January 6, 2017; fixed interest rate of 0.56%	—	292,500
Advance from FHLB due January 9, 2017; fixed interest rate of 1.40%	—	4,002
Advance from FHLB due May 30, 2017; fixed interest rate of 1.23%	—	5,006
Subordinated notes payable:		
Subordinated notes payable due March 15, 2027 net of unamortized debt issuance cost of \$1,205; fixed interest rate of 5.75% through March 14, 2022; variable interest rate thereafter at three-month LIBOR plus 3.616%	73,795	—
Other debt:		
Advance from correspondent bank due October 5, 2019; fixed interest rate of 4.25%	49	77
Advance from correspondent bank due September 5, 2026; secured by a loan receivable; fixed interest rate of 2.09%	1,710	1,886
Advances under revolving credit agreement with a regional bank due September 26, 2020; secured by subsidiary bank stock; variable interest rate at 90-day LIBOR plus 3.50% (4.43% at December 31, 2016)	—	38,000
Advances under revolving credit agreement with a regional bank due January 7, 2017; fixed interest rate of 8.00%	—	850
	<u>\$ 250,554</u>	<u>\$ 492,321</u>

The advances from the FHLB are collateralized by a blanket lien on all eligible first mortgage loans and other specific loans in addition to FHLB stock. At December 31, 2017, \$1.06 billion was available for borrowing on lines with the FHLB.

At December 31, 2017, \$30.0 million was available for borrowing under the revolving credit agreement with a regional bank, secured by subsidiary bank stock.

As of December 31, 2017, the Company maintained credit arrangements with various financial institutions to purchase federal funds up to \$82.0 million.

The Company also participates in the Federal Reserve discount window borrowings program. At December 31, 2017, the Company had \$1.14 billion of loans pledged at the Federal Reserve discount window and had \$726.6 million available for borrowing.

Subordinated Notes Payable

On March 13, 2017, the Company completed the public offering and sale of \$75.0 million in aggregate principal amount of its 5.75% Fixed-To-Floating Rate Subordinated Notes due 2027 (the "subordinated notes"). The subordinated notes were sold to the public at par pursuant to an underwriting agreement and were issued pursuant to an indenture and a supplemental indenture. The subordinated notes will mature on March 15, 2027 and through March 14, 2022 will bear a fixed rate of interest of 5.75% per annum, payable semi-annually in arrears on September 15 and March 15 of each year. Beginning March 15, 2022, the interest rate on the subordinated notes resets quarterly to a floating rate per annum equal to the then-current three-month LIBOR plus 3.616%, payable quarterly in arrears on June 15, September 15, December 15, and March 15 of each year to the maturity date or earlier redemption.

On any scheduled interest payment date beginning March 15, 2022, the Company may, at its option, redeem the subordinated notes, in whole or in part, at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

The subordinated notes are unsecured and rank equally with all other unsecured subordinated indebtedness of the Company, including any subordinated indebtedness issued in the future under the indenture governing the subordinated notes. The subordinated notes are subordinated in right of payment to all senior indebtedness of the Company. The subordinated notes are obligations of the Company only and are not guaranteed by any subsidiaries, including the Bank. Additionally, the subordinated notes are structurally subordinated to all existing and future indebtedness and other liabilities of the Company's subsidiaries,

meaning that creditors of the Company's subsidiaries (including, in the case of the Bank, its depositors) generally will be paid from those subsidiaries' assets before holders of the subordinated notes have any claim to those assets.

For regulatory capital adequacy purposes, the subordinated notes qualify as Tier 2 capital for the Company. If in the future the subordinated notes no longer qualify as Tier 2 capital, the subordinated notes may be redeemed by the Company at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest, subject to prior approval by the Board of Governors of the Federal Reserve System.

NOTE 15. SHAREHOLDERS' EQUITY

On January 18, 2017, the Company issued 128,572 unregistered shares of its common stock to William J. Villari in exchange for 4.99% of the outstanding shares of common stock of USPF. A registration statement was filed with the Securities and Exchange Commission on February 13, 2017 to register the resale or other disposition of these shares. The issuance of the 128,572 common shares was valued at \$45.45 per share, resulting in an increase in shareholders' equity of \$5.8 million. For additional information regarding the investment in USPF, see Note 2.

On March 6, 2017, the Company completed an underwritten public offering of 2,012,500 shares of the Company's common stock at a price to the public of \$46.50 per share. The Company received net proceeds from the issuance of approximately \$88.7 million, after deducting \$4.9 million in underwriting discounts and commissions and other issuance costs.

In March 2017, the Company made a capital contribution to the Bank in the amount of \$110.0 million, using the net proceeds of the March 6, 2017 issuance of common stock as well as a portion of the net proceeds of the March 13, 2017 issuance of the Company's 5.75% Fixed-To-Floating Rate Subordinated Notes due 2027 discussed in Note 14.

On January 3, 2018, the Company completed the purchase of an additional 25.01% of the outstanding shares of common stock of USPF from William J. Villari pursuant to a Stock Purchase Agreement dated December 29, 2017. In exchange for such shares, the Company paid Mr. Villari \$12.5 million and issued to him 114,285 unregistered shares of Ameris common stock in a private placement transaction. For additional information regarding the investment in USPF, see Note 2.

NOTE 16. INCOME TAXES

The income tax expense in the consolidated statements of income consists of the following:

(dollars in thousands)	For the Years Ended December 31,		
	2017	2016	2015
Current – federal	\$ 33,074	\$ 28,749	\$ 15,215
Current - state	5,230	3,550	1,026
Deferred - federal	3,874	2,460	(344)
Deferred - state	(5,069)	(1,613)	—
Remeasurement of deferred tax assets and deferred tax liabilities at reduced federal corporate tax rate	\$ 13,625	\$ —	\$ —
	\$ 50,734	\$ 33,146	\$ 15,897

The Company's income tax expense differs from the amounts computed by applying the federal income tax statutory rates to income before income taxes. A reconciliation of the differences is as follows:

(dollars in thousands)	For the Years Ended December 31,		
	2017	2016	2015
Tax at federal income tax rate	\$ 43,499	\$ 36,836	\$ 19,860
Change resulting from:			
Tax-exempt interest	(4,390)	(3,916)	(2,490)
Increase in cash value of bank owned life insurance	(556)	(607)	(484)
Excess tax benefit from stock compensation	(939)	—	—
State income tax, net of federal benefit	(680)	695	667
Remeasurement of deferred tax assets and deferred tax liabilities at reduced federal corporate tax rate	13,625	—	—
Other	175	138	(1,656)
Provision for income taxes	<u>\$ 50,734</u>	<u>\$ 33,146</u>	<u>\$ 15,897</u>

Net deferred income tax assets of \$28,320,000 and \$40,776,000 at December 31, 2017 and 2016, respectively, are included in other assets. The components of deferred income taxes are as follows:

(dollars in thousands)	December 31,	
	2017	2016
Deferred tax assets		
Allowance for loan losses	\$ 6,704	\$ 8,731
Deferred compensation	1,494	1,648
Deferred gain on interest rate swap	114	296
Unrealized loss on interest rate swap	80	342
Nonaccrual interest	5	17
Purchase accounting adjustments	5,631	13,444
Goodwill and intangible assets	4,909	7,488
Other real estate owned	3,203	6,244
Net operating loss tax carryforward	17,853	26,414
AMT credit carryforward	813	813
Unrealized loss on securities available for sale	508	665
Capitalized costs, accrued expenses and other	1,144	680
	<u>42,458</u>	<u>66,782</u>
Deferred tax liabilities		
Depreciation and amortization	4,064	6,188
Mortgage servicing rights	1,885	1,412
Subordinated debentures	5,147	9,428
FDIC-assisted transaction adjustments	3,042	8,978
	<u>14,138</u>	<u>26,006</u>
Net deferred tax asset	<u>\$ 28,320</u>	<u>\$ 40,776</u>

At December 31, 2017, the Company had federal net operating loss carryforwards of approximately \$70.32 million which expire at various dates from 2029 to 2035. At December 31, 2016, the Company had federal net operating loss carryforwards of approximately \$72.37 million which expire at various dates from 2028 to 2035. At December 31, 2017, the Company had state net operating loss carryforwards of approximately \$69.71 million which expire at various dates from 2028 to 2035. At December 31, 2016, the Company had state net operating loss carryforwards of approximately \$73.27 million which expire at various dates from 2033 to 2034. The federal net operating loss carryforwards are subject to limitations pursuant to section 382 of the Internal Revenue Code and are expected to be recovered over the next 12 to 18 years. The state net operating loss carryforwards are subject to similar limitations and are expected to be recovered over the next 11 to 18 years. Deferred tax assets are recognized for net operating losses because the benefit is more likely than not to be realized.

The Company did not record any interest and penalties related to income taxes for the years ended December 31, 2017, 2016 and 2015, and the Company did not have any amount accrued for interest and penalties at December 31, 2017, 2016 and 2015.

The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax of the various states. The Company is no longer subject to examination by taxing authorities for years before 2014.

The Company has completed its accounting for the effects of the Tax Cuts and Jobs Act of 2017 on its deferred tax assets and deferred tax liabilities. In the course of normal operations, the Company is required to make reasonable estimates for certain tax items which could not be fully determined at year-end, but will be finalized when its tax return is filed in 2018. However, the Company does not believe that any adjustments resulting from the finalization of the tax return will have a material impact on its financial statements.

NOTE 17. SUBORDINATED DEFERRABLE INTEREST DEBENTURES

During 2005, the Company acquired First National Banc Statutory Trust I, a statutory trust subsidiary of First National Banc, Inc., whose sole purpose was to issue \$5,000,000 principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 2.80% (4.45% at December 31, 2017) through a pool sponsored by a national brokerage firm. The trust preferred securities have a maturity of 30 years and are redeemable at the Company's option on any quarterly interest payment date beginning in April 2009. There are certain circumstances (as described in the trust agreement) in which the securities may be redeemed within the first five years at the Company's option. The aggregate principal amount of trust preferred certificates outstanding at December 31, 2017 was \$5,000,000. The aggregate principal amount of debentures outstanding was \$5,155,000. The Company's investment in the common stock of the trust was \$155,000 and is included in other assets.

During 2006, the Company formed Ameris Statutory Trust I, issuing trust preferred certificates in the aggregate principal amount of \$36,000,000. The related debentures issued by the Company were in the aggregate principal amount of \$37,114,000. Both the trust preferred securities and the related debentures bear interest at 3-Month LIBOR plus 1.63% (3.22% at December 31, 2017). Distributions on the trust preferred securities are paid quarterly, with interest on the debentures being paid on the corresponding dates. The trust preferred securities mature on December 15, 2036 and are redeemable at the Company's option beginning September 15, 2011. The Company's investment in the common stock of the trust was \$1,114,000 and is included in other assets.

During 2013, the Company acquired Prosperity Banking Capital Trust I, a statutory trust subsidiary of Prosperity, whose sole purpose was to issue \$5,000,000 principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 2.57% (4.26% at December 31, 2017) through a pool sponsored by a national brokerage firm. The trust preferred securities have a maturity of 30 years and are redeemable at the Company's option on any quarterly interest payment date beginning in July 2009. The aggregate principal amount of trust preferred certificates outstanding at December 31, 2017 was \$5,000,000. The aggregate principal amount of debentures outstanding was \$5,155,000, and is being carried at \$3,465,000 on the Company's balance sheet net of unamortized purchase discount. The Company's investment in the common stock of the trust was \$155,000 and is included in other assets.

During 2013, the Company acquired Prosperity Bank Statutory Trust II, a statutory trust subsidiary of Prosperity, whose sole purpose was to issue \$4,500,000 principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 3.15% (4.82% at December 31, 2017) through a pool sponsored by a national brokerage firm. The trust preferred securities have a maturity of 30 years and are redeemable at the Company's option on any quarterly interest payment date beginning in March 2008. The aggregate principal amount of trust preferred certificates outstanding at December 31, 2017 was \$4,500,000. The aggregate principal amount of debentures outstanding was \$4,640,000, and is being carried at \$3,434,000 on the Company's balance sheet net of unamortized purchase discount. The Company's investment in the common stock of the trust was \$140,000 and is included in other assets.

During 2013, the Company acquired Prosperity Bank Statutory Trust III, a statutory trust subsidiary of Prosperity, whose sole purpose was to issue \$10,000,000 principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 1.60% (3.19% at December 31, 2017) through a pool sponsored by a national brokerage firm. The trust preferred securities have a maturity of 30 years and are redeemable at the Company's option on any quarterly interest payment date beginning in March 2011. The aggregate principal amount of trust preferred certificates outstanding at December 31, 2017 was \$10,000,000. The aggregate principal amount of debentures outstanding was \$10,310,000, and is being carried at \$5,736,000 on the Company's balance sheet net of unamortized purchase discount. The Company's investment in the common stock of the trust was \$310,000 and is included in other assets.

During 2013, the Company acquired Prosperity Bank Statutory Trust IV, a statutory trust subsidiary of Prosperity, whose sole purpose was to issue \$10,000,000 principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 1.54% (3.13% at December 31, 2017) through a pool sponsored by a national brokerage firm. The trust preferred securities

have a maturity of 30 years and are redeemable at the Company's option on any quarterly interest payment date beginning in December 2012. The aggregate principal amount of trust preferred certificates outstanding at December 31, 2017 was \$5,000,000. The aggregate principal amount of debentures outstanding was \$5,155,000, and is being carried at \$3,158,000 on the Company's balance sheet net of unamortized purchase discount. The Company's investment in the common stock of the trust was \$310,000 and is included in other assets.

During 2014, the Company acquired Coastal Bankshares Statutory Trust I, a statutory trust subsidiary of Coastal, whose sole purpose was to issue \$5,000,000 principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 3.15% (4.51% at December 31, 2017) through a pool sponsored by a national brokerage firm. The trust preferred securities have a maturity of 30 years and are redeemable at the Company's option on any quarterly interest payment date beginning in October 2008. The aggregate principal amount of trust preferred certificates outstanding at December 31, 2017 was \$5,000,000. The aggregate principal amount of debentures outstanding was \$5,155,000, and is being carried at \$3,936,000 on the Company's balance sheet net of unamortized purchase discount. The Company's investment in the common stock of the trust was \$155,000 and is included in other assets.

During 2014, the Company acquired Coastal Bankshares Statutory Trust II, a statutory trust subsidiary of Coastal, whose sole purpose was to issue \$10,000,000 principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 1.60% (3.19% at December 31, 2017) through a pool sponsored by a national brokerage firm. The trust preferred securities have a maturity of 30 years and are redeemable at the Company's option on any quarterly interest payment date beginning in December 2010. The aggregate principal amount of trust preferred certificates outstanding at December 31, 2017 was \$10,000,000. The aggregate principal amount of debentures outstanding was \$10,310,000, and is being carried at \$6,191,000 on the Company's balance sheet net of unamortized purchase discount. The Company's investment in the common stock of the trust was \$310,000 and is included in other assets.

During 2015, the Company acquired Merchants & Southern Statutory Trust I, a statutory trust subsidiary of Merchants, whose sole purpose was to issue \$3,000,000 principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 1.90% (3.50% at December 31, 2017) through a pool sponsored by a national brokerage firm. The trust preferred securities have a maturity of 30 years and are redeemable at the Company's option on any quarterly interest payment date beginning in March 2010. The aggregate principal amount of trust preferred certificates outstanding at December 31, 2017 was \$3,000,000. The aggregate principal amount of debentures outstanding was \$3,093,000, and is being carried at \$2,004,000 on the Company's balance sheet net of unamortized purchase discount. The Company's investment in the common stock of the trust was \$93,000 and is included in other assets.

During 2015, the Company acquired Merchants & Southern Statutory Trust II, a statutory trust subsidiary of Merchants, whose sole purpose was to issue \$3,000,000 principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 1.50% (3.09% at December 31, 2017) through a pool sponsored by a national brokerage firm. The trust preferred securities have a maturity of 30 years and are redeemable at the Company's option on any quarterly interest payment date beginning in June 2011. The aggregate principal amount of trust preferred certificates outstanding at December 31, 2017 was \$3,000,000. The aggregate principal amount of debentures outstanding was \$3,093,000, and is being carried at \$1,842,000 on the Company's balance sheet net of unamortized purchase discount. The Company's investment in the common stock of the trust was \$93,000 and is included in other assets.

During 2016, the Company acquired Atlantic BancGroup, Inc. Statutory Trust I, a statutory trust subsidiary of JAXB, whose sole purpose was to issue \$3,000,000 principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 1.50% (3.09% at December 31, 2017) through a pool sponsored by a national brokerage firm. The trust preferred securities have a maturity of 30 years and are redeemable at the Company's option on any quarterly interest payment date beginning in September 2015. The aggregate principal amount of trust preferred certificates outstanding at December 31, 2017 was \$3,000,000. The aggregate principal amount of debentures outstanding was \$3,093,000, and is being carried at \$1,787,000 on the Company's balance sheet net of unamortized purchase discount. The Company's investment in the common stock of the trust was \$93,000 and is included in other assets.

During 2016, the Company acquired Jacksonville Statutory Trust I, a statutory trust subsidiary of JAXB, whose sole purpose was to issue \$4,000,000 principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 2.63% (4.23% at December 31, 2017) through a pool sponsored by a national brokerage firm. The trust preferred securities have a maturity of 30 years and are redeemable at the Company's option on any quarterly interest payment date beginning in June 2009. The aggregate principal amount of trust preferred certificates outstanding at December 31, 2017 was \$4,000,000. The aggregate principal amount of debentures outstanding was \$4,124,000, and is being carried at \$3,130,000 on the Company's balance sheet net of unamortized purchase discount. The Company's investment in the common stock of the trust was \$124,000 and is included in other assets.

During 2016, the Company acquired Jacksonville Statutory Trust II, a statutory trust subsidiary of JAXB, whose sole purpose was to issue \$3,000,000 principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 1.73% (3.32% at December 31, 2017) through a pool sponsored by a national brokerage firm. The trust preferred securities have a maturity of 30 years and are redeemable at the Company's option on any quarterly interest payment date beginning in December 2011. The aggregate principal amount of trust preferred certificates outstanding at December 31, 2017 was \$3,000,000. The aggregate principal amount of debentures outstanding was \$3,093,000, and is being carried at \$1,982,000 on the Company's balance sheet net of unamortized purchase discount. The Company's investment in the common stock of the trust was \$93,000 and is included in other assets.

During 2016, the Company acquired Jacksonville Bancorp, Inc. Statutory Trust III, a statutory trust subsidiary of JAXB, whose sole purpose was to issue \$7,550,000 principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 3.75% (5.34% at December 31, 2017) through a pool sponsored by a national brokerage firm. The trust preferred securities have a maturity of 30 years and are redeemable at the Company's option on any quarterly interest payment date beginning in June 2013. The aggregate principal amount of trust preferred certificates outstanding at December 31, 2017 was \$7,550,000. The aggregate principal amount of debentures outstanding was \$7,784,000, and is being carried at \$6,616,000 on the Company's balance sheet net of unamortized purchase discount. The Company's investment in the common stock of the trust was \$234,000 and is included in other assets.

Under applicable accounting standards, the assets and liabilities of such trusts, as well as the related income and expenses, are excluded from the Company's consolidated financial statements. However, the subordinated debentures issued by the Company and purchased by the trusts remain on the consolidated balance sheets. In addition, the related interest expense continues to be included in the consolidated statements of income. For regulatory capital purposes, the trust preferred securities qualify as a component of Tier 1 Capital.

NOTE 18. SHARE-BASED COMPENSATION

The Company awards its employees and directors various forms of share-based incentives under certain plans approved by its shareholders. Awards granted under the plans may be in the form of qualified or nonqualified stock options, restricted stock, stock appreciation rights ("SARs"), long-term incentive compensation units consisting of cash and common stock, or any combination thereof within the limitations set forth in the plans. The plans provide that the aggregate number of shares of the Company's common stock which may be subject to award may not exceed 2,985,000 subject to adjustment in certain circumstances to prevent dilution. At December 31, 2017, there were 884,602 shares available to be issued under the plans.

All stock options have an exercise price that is equal to the closing fair market value of the Company's stock on the date the options were granted. Options granted under the plans generally vest over a five-year period and have a 10-year maximum term. Most options granted since 2005 contain performance-based vesting conditions.

The Company did not grant any options during 2017, 2016 or 2015. As of December 31, 2017, there was no unrecognized compensation cost related to nonvested share-based compensation arrangements granted related to performance or non-performance-based options.

As of December 31, 2017, the Company has 277,815 outstanding restricted shares granted under the plans as compensation to certain employees. These shares carry dividend and voting rights. Sales of these shares are restricted prior to the date of vesting, which is three to four years from the date of the grant. Shares issued under the plans are recorded at their fair market value on the date of their grant. The compensation expense is recognized on a straight-line basis over the related vesting period. In 2017, 2016 and 2015, compensation expense related to these grants was approximately \$3,316,000, \$2,261,000, and \$1,485,000, respectively. The total income tax benefit related to these grants was approximately \$698,000, \$721,000 and \$1,069,000 in 2017, 2016 and 2015, respectively.

It is the Company's policy to issue new shares for stock option exercises and restricted stock rather than issue treasury shares. The Company recognizes share-based compensation expense on a straight-line basis over the options' related vesting term. The Company did not record any share-based compensation expense related to stock options during 2017, 2016 and 2015. The total income tax benefit related to stock options was approximately \$248,000, \$177,000 and \$102,000 in 2017, 2016 and 2015, respectively.

The fair value of each share-based compensation grant is estimated on the date of grant using the Black-Scholes option-pricing model.

A summary of the activity of non-performance-based and performance-based options as of December 31, 2017 is presented below.

	Non-Performance-Based			Performance-Based				
	Shares	Weighted Average Exercise Price	Weighted Average Contractual Term	Aggregate Intrinsic Value \$ (000)	Shares	Weighted Average Exercise Price	Weighted Average Contractual Term	Aggregate Intrinsic Value \$ (000)
Under option, beginning of year	58,603	\$ 14.76			142,910	\$ 15.06		
Granted	—	—			—	—		
Exercised	(11,309)	14.76		\$ 167	(102,309)	17.62		\$ 1,803
Forfeited	—	—			(3,588)	21.35		
Under option, end of year	<u>47,294</u>	\$ 14.76	0.14	\$ 1,519	<u>37,013</u>	\$ 7.36	1.07	\$ 1,463
Exercisable at end of year	<u>47,294</u>	\$ 14.76	0.14	\$ 1,519	<u>37,013</u>	\$ 7.36	1.07	\$ 1,463

A summary of the activity of non-performance-based and performance-based options as of December 31, 2016 is presented below.

	Non-Performance-Based			Performance-Based				
	Shares	Weighted Average Exercise Price	Weighted Average Contractual Term	Aggregate Intrinsic Value \$ (000)	Shares	Weighted Average Exercise Price	Weighted Average Contractual Term	Aggregate Intrinsic Value \$ (000)
Under option, beginning of year	72,483	\$ 18.55			224,132	\$ 16.92		
Granted	—	—			—	—		
Exercised	(13,880)	14.38		\$ 200	(40,714)	14.68		\$ 765
Forfeited	—	—			(40,508)	19.67		
Under option, end of year	<u>58,603</u>	\$ 14.76	1.14	\$ 1,620	<u>142,910</u>	\$ 15.06	1.22	\$ 3,909
Exercisable at end of year	<u>58,603</u>	\$ 14.76	1.14	\$ 1,620	<u>142,910</u>	\$ 15.06	1.22	\$ 3,909

A summary of the activity of non-performance-based and performance-based options as of December 31, 2015 is presented below.

	Non-Performance-Based			Performance-Based				
	Shares	Weighted Average Exercise Price	Weighted Average Contractual Term	Aggregate Intrinsic Value \$ (000)	Shares	Weighted Average Exercise Price	Weighted Average Contractual Term	Aggregate Intrinsic Value \$ (000)
Under option, beginning of year	88,111	\$ 18.00			359,331	\$ 16.74		
Granted	—	—			—	—		
Exercised	(15,628)	15.47		\$ 242	(59,507)	15.39		\$ 916
Forfeited	—	—			(75,691)	17.37		
Under option, end of year	<u>72,483</u>	\$ 18.55	2.13	\$ 1,331	<u>224,132</u>	\$ 16.92	1.80	\$ 3,697
Exercisable at end of year	<u>72,483</u>	\$ 18.55	2.13	\$ 1,331	<u>189,587</u>	\$ 15.91	2.06	\$ 3,252

A summary of the status of the Company's restricted stock awards as of and for the years ended December 31, 2017, 2016 and 2015 is presented below.

	2017		2016		2015	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Nonvested shares at beginning of year	279,727	\$ 26.10	285,326	\$ 17.29	323,151	\$ 13.46
Granted	84,147	46.93	155,751	29.26	71,000	23.46
Vested	(85,587)	23.30	(154,350)	13.10	(108,825)	9.96
Forfeited	(472)	47.60	(7,000)	23.80	—	—
Nonvested shares at end of year	<u>277,815</u>	33.24	<u>279,727</u>	26.10	<u>285,326</u>	17.29

The balance of unearned compensation related to restricted stock grants as of December 31, 2017, 2016 and 2015 was approximately \$4,489,000, \$3,878,000, and \$1,749,000, respectively. At December 31, 2017, the cost is expected to be recognized over a weighted-average period of 2.0 years.

NOTE 19. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Cash Flow Hedge

During 2010, the Company entered into an interest rate swap to lock in a fixed rate as opposed to the contractual variable interest rate on certain junior subordinated debentures. The interest rate swap contract has a notional amount of \$37.1 million and is hedging the variable rate on certain junior subordinated debentures described in Note 17 of the consolidated financial statements. The Company receives a variable rate of the 90-day LIBOR rate plus 1.63% and pays a fixed rate of 4.11%. The swap matures in September 2020.

This contract is classified as a cash flow hedge of an exposure to changes in the cash flow of a recognized liability. At December 31, 2017 and 2016, the fair value of the remaining instrument totaled a liability of \$381,000 and \$978,000, respectively. As a cash flow hedge, the change in fair value of a hedge that is deemed to be highly effective is recognized in other comprehensive income and the portion deemed to be ineffective is recognized in earnings. As of December 31, 2017, the hedge is deemed to be highly effective. Interest expense recorded on this swap transaction totaled \$484,000, \$678,000, and \$822,000 during 2017, 2016, and 2015 and is reported as a component of interest expense on other borrowings. At December 31, 2017, the Company expected \$235,000 of the unrealized loss to be reclassified as an increase of interest expense during the next 12 months.

Mortgage Banking Derivatives

The Company maintains a risk management program to manage interest rate risk and pricing risk associated with its mortgage lending activities. This program includes the use of forward contracts and other derivatives that are used to offset changes in value of the mortgage inventory due to changes in market interest rates. As a normal part of its operations, the Company enters into derivative contracts such as forward sale commitments and IRLCs to economically hedge risks associated with overall price risk related to IRLCs and mortgage loans held for sale carried at fair value. These mortgage banking derivatives are not designated in hedge relationships. At December 31, 2017, the Company had approximately \$86.1 million of IRLCs and \$158.3 million of forward commitments for the future delivery of residential mortgage loans. The fair value of these mortgage banking derivatives was reflected as a derivative asset of \$2.9 million and a derivative liability of \$67,000. At December 31, 2016, the Company had approximately \$91.4 million of IRLCs and \$150.0 million of forward commitments for the future delivery of residential mortgage loans. The fair value of these mortgage banking derivatives was reflected as a derivative asset of \$4.3 million and a derivative liability of \$0. Fair values were estimated based on changes in mortgage interest rates from the date of the commitments. Changes in the fair values of these mortgage-banking derivatives are included in net gains on sales of mortgage loans.

The net gains (losses) relating to free-standing mortgage banking derivative instruments used for risk management are summarized below as of December 31, 2017, 2016 and 2015.

(dollars in thousands)	Location	December 31, 2017	December 31, 2016	December 31, 2015
Forward contracts related to mortgage loans held for sale	Mortgage banking activity	\$ (12)	\$ 1,285	\$ (137)
Interest rate lock commitments	Mortgage banking activity	\$ 2,833	\$ 3,029	\$ 2,687

The following table reflects the amount and market value of mortgage banking derivatives included in the consolidated balance sheets as of December 31, 2017 and 2016.

(dollars in thousands)	2017		2016	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Included in other assets:				
Forward contracts related to mortgage loans held for sale	\$ 31,500	\$ 55	\$ 150,000	\$ 1,285
Interest rate lock commitments	86,149	2,833	91,426	3,029
Total included in other assets	<u>\$ 117,649</u>	<u>\$ 2,888</u>	<u>\$ 241,426</u>	<u>\$ 4,314</u>
Included in other liabilities:				
Forward contracts related to mortgage loans held for sale	\$ 126,750	\$ 67	\$ —	\$ —
Total included in other liabilities	<u>\$ 126,750</u>	<u>\$ 67</u>	<u>\$ —</u>	<u>\$ —</u>

NOTE 20. COMMITMENTS AND CONTINGENT LIABILITIES

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 consolidated 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)	December 31,	
	2017	2016
Commitments to extend credit	\$ 1,109,806	\$ 1,101,257
Unused home equity lines of credit	69,788	62,586
Financial standby letters of credit	11,389	14,257
Mortgage interest rate lock commitments	86,149	91,426
Mortgage forward contracts with positive fair value	31,500	150,000

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. These commitments, predominantly at variable interest rates, generally have fixed expiration dates of one year or less 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. The Company has not been required to perform on any material financial standby letters

of credit and the Company has not incurred any losses on financial standby letters of credit for the years ended December 31, 2017 and 2016.

Other Commitments

As of December 31, 2017, a \$75.0 million letter of credit issued by the Federal Home Loan Bank was used to guarantee the Bank's performance related to a portion of its public fund deposit balances.

Included in other liabilities in the Company's consolidated balance sheet is \$18.1 million as of December 31, 2017 which represents an accrued liability for the additional 25.01% investment in USPF. This accrued liability was settled on January 3, 2018 by payment of \$12.5 million in cash and the Company's issuance of 114,285 shares of its common stock.

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 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 judgment was appealed to the South Carolina Court of Appeals. On May 24, 2017, the Court of Appeals filed its decision and unanimously found in favor of the Company and reversed the trial court judgment. The plaintiff filed a petition for rehearing with the Court of Appeals, which has been denied. The plaintiff filed a writ of certiorari asking the Supreme Court of South Carolina to hear the case, and this request was denied on February 1, 2018. The case is now concluded in favor of the Company. The Company has not and will not incur any loss as a result of this case.

NOTE 21. REGULATORY MATTERS

The Bank is subject to certain restrictions on the amount of dividends that may be declared without prior regulatory approval. At December 31, 2017, \$38.2 million of retained earnings were available for dividend declaration without regulatory approval.

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Company's and Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. Capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios of total, Tier 1 capital and Common Equity Tier 1 capital, as defined by the regulations, to risk-weighted assets, as defined, and of Tier 1 capital to average assets, as defined. The final rules implementing the Basel Committee on Banking Supervision's capital guidelines for U.S. banks (the "Basel III rules") became effective for the Company on January 1, 2015 with full compliance with all of the requirements being phased in over a multi-year schedule, and fully phased in by January 1, 2019. Under the Basel III rules, the Company must hold a capital conservation buffer above the adequately capitalized risk-based capital ratios. The capital conservation buffer is being phased in from 0.0% for 2015 to 2.50% by 2019. The capital conservation buffer for 2017 is 1.250%. The capital conservation buffer for 2016 was 0.625%. The net realized gain or loss on available for sale

securities is not included in computing regulatory capital. Management believes that, as of December 31, 2017 and 2016, the Company and the Bank met all capital adequacy requirements to which they are subject.

As of December 31, 2017 and 2016, the most recent notification from the regulatory authorities categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier 1 risk-based, Common Equity Tier 1 risk-based and Tier 1 leverage ratios as set forth in the following table. There are no conditions or events since that notification that management believes have changed the Bank's category. Prompt corrective action provisions are not applicable to bank holding companies.

The Company's and Bank's actual capital amounts and ratios are presented in the following table.

(dollars in thousands)	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2017						
Tier 1 Leverage Ratio (tier 1 capital to average assets):						
Consolidated	\$ 741,159	9.713%	\$ 305,231	4.000%		—N/A—
Ameris Bank	\$ 805,238	10.564%	\$ 304,904	4.000%	\$ 381,131	5.00%
CET1 Ratio (common equity tier 1 capital to risk weighted assets):						
Consolidated	\$ 658,529	10.291%	\$ 367,940	5.750%		—N/A—
Ameris Bank	\$ 805,238	12.644%	\$ 366,186	5.750%	\$ 413,949	6.50%
Tier 1 Capital Ratio (tier 1 capital to risk weighted assets):						
Consolidated	\$ 741,159	11.582%	\$ 463,925	7.250%		—N/A—
Ameris Bank	\$ 805,238	12.644%	\$ 461,712	7.250%	\$ 509,476	8.00%
Total Capital Ratio (total capital to risk weighted assets):						
Consolidated	\$ 840,745	13.139%	\$ 591,904	9.250%		—N/A—
Ameris Bank	\$ 831,029	13.049%	\$ 589,081	9.250%	\$ 636,845	10.00%
As of December 31, 2016						
Tier 1 Leverage Ratio (tier 1 capital to average assets):						
Consolidated	\$ 555,447	8.675%	\$ 256,106	4.000%		—N/A—
Ameris Bank	\$ 592,641	9.266%	\$ 255,828	4.000%	\$ 319,785	5.00%
CET1 Ratio (common equity tier 1 capital to risk weighted assets):						
Consolidated	\$ 476,806	8.317%	\$ 293,811	5.125%		—N/A—
Ameris Bank	\$ 592,641	10.351%	\$ 293,422	5.125%	\$ 372,145	6.50%
Tier 1 Capital Ratio (tier 1 capital to risk weighted assets):						
Consolidated	\$ 555,447	9.689%	\$ 379,804	6.625%		—N/A—
Ameris Bank	\$ 592,641	10.351%	\$ 379,301	6.625%	\$ 458,024	8.00%
Total Capital Ratio (total capital to risk weighted assets):						
Consolidated	\$ 579,367	10.106%	\$ 494,462	8.625%		—N/A—
Ameris Bank	\$ 616,561	10.769%	\$ 493,807	8.625%	\$ 572,530	10.00%

The December 31, 2017 The CET1 Ratios, the Tier 1 Capital Ratios, and the Total Capital Ratios displayed in the above table under the heading "For Capital Adequacy Purposes" include a capital conservation buffer of 1.250% for December 31, 2017 and 0.625% for December 31, 2016.

FDIC Consent Order

On December 16, 2016, the Bank entered into a Stipulation to the Issuance of a Consent Order (the “Stipulation”) with its bank regulatory agencies, the FDIC and the GDBF, consenting to the issuance of a consent order (the “Order”) relating to weaknesses in the Bank’s Bank Secrecy Act (together with its implementing regulations, the “BSA”) compliance program. In consenting to the issuance of the Order, the Bank did not admit or deny any charges of unsafe or unsound banking practices related to its BSA compliance program. Under the terms of the Order, the Bank or its board of directors was required to take certain affirmative actions to comply with the Bank’s obligations under the BSA. These included, but were not limited to, the following: strengthening the board of directors’ oversight of BSA activities; enhancing and adopting a revised BSA compliance program; completing a BSA risk assessment; developing a revised system of internal controls designed to ensure full compliance with the BSA; reviewing and revising customer due diligence and risk assessment processes, policies and procedures; developing, adopting and implementing effective BSA training programs; assessing BSA staffing needs and resources and appointing a qualified BSA officer; establishing an independent BSA testing program; ensuring that all reports required by the BSA are accurately and properly filed; and engaging an independent firm to review past account activity to determine whether suspicious activity was properly identified and reported. On December 11, 2017, the Order was terminated by the FDIC and the GDBF.

NOTE 22. FAIR VALUE MEASURES

The fair value of an asset or liability 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 assets and liabilities. 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 asset or liability. The accounting standard for disclosures about the fair value measures 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’s loans held for sale are carried at fair value and are comprised of the following:

(dollars in thousands)

Mortgage loans held for sale
SBA loans held for sale
Total loans held for sale

		December 31,	
		2017	2016
\$	190,445	\$	105,924
	6,997		—
\$	<u>197,442</u>	\$	<u>105,924</u>

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 income under the heading interest income – interest and fees on loans. The servicing value is included in the fair value of the IRLCs with borrowers. The mark to market adjustments related to mortgage loans held for sale and the associated economic hedges are captured in mortgage banking activities. Net gains of \$4.6 million, \$2.2 million and \$3.5 million resulting from fair value changes of these mortgage loans were recorded in income during the years ended December 31, 2017, 2016 and 2015, respectively. These amounts do 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 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 December 31, 2017 and 2016.

(dollars in thousands)	December 31,	
	2017	2016
Aggregate fair value of mortgage loans held for sale	\$ 190,445	\$ 105,924
Aggregate unpaid principal balance	\$ 185,814	\$ 103,691
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, loans held for sale and derivative financial instruments 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 assets and liabilities recorded at fair value and for estimating the fair value of its financial instruments.

Cash, Due From Banks, Federal Funds Sold and Interest-Bearing Accounts: The carrying amount of cash, due from banks, federal funds sold and interest-bearing deposits in banks 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 certain U.S. agency bonds, mortgage-backed securities, collateralized mortgage and debt obligations, and municipal securities. 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 other less liquid securities.

Other Investments: FHLB stock, FRB stock and the Company's minority equity investment in USPF are included in other investment securities. These investments do not have readily determinable fair values and are carried at original cost basis. It is not practical to determine the fair value of these investments due to restrictions placed on its transferability. The investments are periodically evaluated for impairment based on ultimate recovery of par value or cost basis. Cost basis approximates fair value for these investments.

Loans Held for Sale: The Company records loans held for sale at fair value. The fair value of 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 and internal evaluations 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.

Intangible Assets: 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 seven to ten years.

FDIC Loss-Share Receivable/Payable: 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/payable is impacted by changes in estimated cash flows associated with these loans.

Pursuant to the clawback provisions of the loss-sharing agreements for the Company’s FDIC-assisted acquisitions, the Company may be required to reimburse the FDIC should actual losses be less than certain thresholds established in each loss-sharing agreement. The amount of the clawback provision for each acquisition is measured and recorded at fair value. The clawback amount, which is payable to the FDIC upon termination of the applicable loss-sharing agreement, is discounted using an appropriate discount rate.

The FDIC loss-share receivable/payable is reported net of the clawback liability.

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 deposits approximates fair value. The fair value of fixed-rate certificates of deposits is estimated based on discounted contractual cash flows using interest rates currently being offered for certificates of similar maturities.

Securities Sold under Agreements to Repurchase and Other Borrowings: The carrying amount of securities sold under repurchase agreements approximates fair value and are classified as Level 1. The carrying value of variable-rate other borrowings approximates fair value. 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 trust preferred securities is based 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 December 31, 2017 and 2016, 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 December 31, 2017 and 2016.

(dollars in thousands)	Recurring Basis Fair Value Measurements December 31, 2017			
	Fair Value	Level 1	Level 2	Level 3
State, county and municipal securities	\$ 137,794	\$ —	\$ 137,794	\$ —
Corporate debt securities	47,143	—	45,643	1,500
Mortgage-backed securities	625,936	—	625,936	—
Loans held for sale	197,442	—	197,442	—
Mortgage banking derivative instruments	2,888	—	2,888	—
Total recurring assets at fair value	\$ 1,011,203	\$ —	\$ 1,009,703	\$ 1,500
Derivative financial instruments	\$ 381	\$ —	\$ 381	\$ —
Mortgage banking derivative instruments	67	—	67	—
Total recurring liabilities at fair value	\$ 448	\$ —	\$ 448	\$ —

(dollars in thousands)	Recurring Basis Fair Value Measurements December 31, 2016			
	Fair Value	Level 1	Level 2	Level 3
U.S. government sponsored agencies	\$ 1,020	\$ —	\$ 1,020	\$ —
State, county and municipal securities	152,035	—	152,035	—
Corporate debt securities	32,172	—	30,672	1,500
Mortgage-backed securities	637,508	—	637,508	—
Loans held for sale	105,924	—	105,924	—
Mortgage banking derivative instruments	4,314	—	4,314	—
Total recurring assets at fair value	\$ 932,973	\$ —	\$ 931,473	\$ 1,500
Derivative financial instruments	\$ 978	\$ —	\$ 978	\$ —
Total recurring liabilities at fair value	\$ 978	\$ —	\$ 978	\$ —

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 December 31, 2017 and 2016.

(dollars in thousands)	Nonrecurring Basis Fair Value Measurements December 31, 2017			
	Fair Value	Level 1	Level 2	Level 3
Impaired loans carried at fair value	\$ 27,684	\$ —	\$ —	\$ 27,684
Other real estate owned	323	—	—	323
Purchased other real estate owned	9,011	—	—	9,011
Total nonrecurring assets at fair value	<u>\$ 37,018</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 37,018</u>

(dollars in thousands)	Nonrecurring Basis Fair Value Measurements December 31, 2016			
	Fair Value	Level 1	Level 2	Level 3
Impaired loans carried at fair value	\$ 28,253	\$ —	\$ —	\$ 28,253
Other real estate owned	1,172	—	—	1,172
Purchased other real estate owned	12,540	—	—	12,540
Total nonrecurring assets at fair value	<u>\$ 41,965</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 41,965</u>

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

For the years ended December 31, 2017 and 2016, 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.

(dollars in thousands)	Fair Value	Valuation Technique	Unobservable Inputs	Range of Discounts	Weighted Average Discount
As of December 31, 2017					
Recurring:					
Investment securities available for sale	\$ 1,500	Discounted par values	Credit quality of underlying issuer	0%	0%
Nonrecurring:					
Impaired loans	\$ 27,684	Third party appraisals and discounted cash flows	Collateral discounts and discount rates	20% - 90%	24%
Other real estate owned	\$ 323	Third party appraisals and sales contracts	Collateral discounts and estimated costs to sell	15% - 15%	15%
Purchased other real estate owned	\$ 9,011	Third party appraisals	Collateral discounts and estimated costs to sell	10% to 74%	26%
As of December 31, 2016					
Recurring:					
Investment securities available for sale	\$ 1,500	Discounted par values	Credit quality of underlying issuer	0%	0%
Nonrecurring:					
Impaired loans	\$ 28,253	Third party appraisals and discounted cash flows	Collateral discounts and discount rates	15% - 100%	28%
Other real estate owned	\$ 1,172	Third party appraisals and sales contracts	Collateral discounts and estimated costs to sell	15% - 74%	22%
Purchased other real estate owned	\$ 12,540	Third party appraisals	Collateral discounts and estimated costs to sell	10% to 74%	15%

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

(dollars in thousands)	Carrying Amount	Fair Value Measurements December 31, 2017			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and due from banks	\$ 139,313	\$ 139,313	\$ —	\$ —	\$ 139,313
Federal funds sold and interest-bearing accounts	191,345	191,345	—	—	191,345
Loans, net	5,992,880	—	—	5,960,963	5,960,963
Accrued interest receivable	26,005	26,005	—	—	26,005
Financial liabilities:					
Deposits	6,625,845	—	6,627,773	—	6,627,773
Securities sold under agreements to repurchase	30,638	30,638	—	—	30,638
Other borrowings	250,554	—	271,759	—	251,759
Subordinated deferrable interest debentures	85,550	—	74,243	—	74,243
FDIC loss-share payable	8,803	—	—	9,548	9,548
Accrued interest payable	3,258	3,258	—	—	3,258

**Fair Value Measurements
December 31, 2016**

(dollars in thousands)	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and due from banks	\$ 127,164	\$ 127,164	\$ —	\$ —	\$ 127,164
Federal funds sold and interest-bearing accounts	71,221	71,221	—	—	71,221
Loans, net	5,212,153	—	—	5,236,034	5,236,034
Accrued interest receivable	22,278	22,278	—	—	22,278
Financial liabilities:					
Deposits	5,575,163	—	5,575,288	—	5,575,288
Securities sold under agreements to repurchase	53,505	53,505	—	—	53,505
Other borrowings	492,321	—	492,321	—	492,321
Subordinated deferrable interest debentures	84,228	—	67,321	—	67,321
FDIC loss-share payable	6,313	—	—	8,243	8,243
Accrued interest payable	1,501	1,501	—	—	1,501

NOTE 23. 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 reclassification for gains included in net income is recorded in net gains on sales of securities in the consolidated statements of income. The following tables present a summary of the accumulated other comprehensive income balances, net of tax, as of December 31, 2017 and 2016.

(dollars in thousands)	Unrealized Gain (Loss) on Derivatives	Unrealized Gain (Loss) on Securities	Accumulated Other Comprehensive Income (Loss)
Balance, December 31, 2016	\$ 176	\$ (1,234)	\$ (1,058)
Reclassification for gains included in net income, net of tax	—	(24)	(24)
Current year changes, net of tax	116	(314)	(198)
Balance, December 31, 2017	<u>\$ 292</u>	<u>\$ (1,572)</u>	<u>\$ (1,280)</u>

(dollars in thousands)	Unrealized Gain (Loss) on Derivatives	Unrealized Gain (Loss) on Securities	Accumulated Other Comprehensive Income (Loss)
Balance, December 31, 2015	\$ 152	\$ 3,201	\$ 3,353
Reclassification for gains included in net income, net of tax	—	(61)	(61)
Current year changes, net of tax	24	(4,374)	(4,350)
Balance, December 31, 2016	<u>\$ 176</u>	<u>\$ (1,234)</u>	<u>\$ (1,058)</u>

(dollars in thousands)	Unrealized Gain (Loss) on Derivatives	Unrealized Gain (Loss) on Securities	Accumulated Other Comprehensive Income (Loss)
Balance, December 31, 2014	\$ 508	\$ 5,590	\$ 6,098
Reclassification for gains included in net income, net of tax	—	(89)	(89)
Current year changes, net of tax	(356)	(2,300)	(2,656)
Balance, December 31, 2015	<u>\$ 152</u>	<u>\$ 3,201</u>	<u>\$ 3,353</u>

NOTE 24. SEGMENT REPORTING

The following table presents selected financial information with respect to the Company's reportable business segments for the years ended December 31, 2017, 2016 and 2015.

(dollars in thousands)	Year Ended December 31, 2017					Total
	Banking Division	Retail Mortgage Division	Warehouse Lending Division	SBA Division	Premium Finance Division	
Interest income	\$ 231,111	\$ 21,318	\$ 7,701	\$ 5,293	\$ 28,924	\$ 294,347
Interest expense	20,392	5,731	1,824	1,549	4,726	34,222
Net interest income	210,719	15,587	5,877	3,744	24,198	260,125
Provision for loan losses	6,787	771	186	(111)	731	8,364
Noninterest income	51,416	44,913	1,739	6,277	112	104,457
Noninterest expense						
Salaries and employee benefits	78,857	32,996	530	3,126	4,507	120,016
Occupancy and equipment expenses	21,436	2,217	4	215	197	24,069
Data processing and communications expenses	25,177	1,611	98	21	962	27,869
Other expenses	46,192	4,260	163	738	8,629	59,982
Total noninterest expense	171,662	41,084	795	4,100	14,295	231,936
Income before income tax expense	83,686	18,645	6,635	6,032	9,284	124,282
Income tax expense	36,518	6,526	2,322	2,111	3,257	50,734
Net income	\$ 47,168	\$ 12,119	\$ 4,313	\$ 3,921	\$ 6,027	\$ 73,548
Total assets	\$ 6,431,151	\$ 598,355	\$ 238,561	\$ 101,737	\$ 486,399	\$ 7,856,203
Goodwill	\$ 125,532	\$ —	\$ —	\$ —	\$ —	\$ 125,532
Other intangible assets, net	\$ 13,496	\$ —	\$ —	\$ —	\$ —	\$ 13,496

(dollars in thousands)	Year Ended December 31, 2016					Total
	Banking Division	Retail Mortgage Division	Warehouse Lending Division	SBA Division	Premium Finance Division	
Interest income	\$ 213,246	\$ 14,110	\$ 6,686	\$ 3,959	\$ 1,064	\$ 239,065
Interest expense	14,762	3,469	724	739	—	19,694
Net interest income	198,484	10,641	5,962	3,220	1,064	219,371
Provision for loan losses	1,973	573	590	847	108	4,091
Noninterest income	53,168	45,162	1,790	5,681	—	105,801
Noninterest expense						
Salaries and employee benefits	72,824	30,689	619	2,705	—	106,837
Occupancy and equipment expenses	22,209	1,928	4	254	2	24,397
Data processing and communications expenses	23,140	1,300	103	4	44	24,591
Other expenses	54,438	4,485	106	712	269	60,010
Total noninterest expense	172,611	38,402	832	3,675	315	215,835
Income before income tax expense	77,068	16,828	6,330	4,379	641	105,246
Income tax expense	23,283	5,891	2,215	1,533	224	33,146
Net income	\$ 53,785	\$ 10,937	\$ 4,115	\$ 2,846	\$ 417	\$ 72,100
Total assets	\$ 5,879,859	\$ 358,497	\$ 189,670	\$ 90,908	\$ 373,097	\$ 6,892,031
Goodwill	\$ 125,532	\$ —	\$ —	\$ —	\$ —	\$ 125,532
Other intangible assets, net	\$ 17,428	\$ —	\$ —	\$ —	\$ —	\$ 17,428

**Year Ended
December 31, 2015**

(dollars in thousands)	Banking Division	Retail Mortgage Division	Warehouse Lending Division	SBA Division	Premium Finance Division	Total
Interest income	\$ 174,162	\$ 8,821	\$ 4,137	\$ 3,273	\$ —	\$ 190,393
Interest expense	12,742	1,484	159	471	—	14,856
Net interest income	161,420	7,337	3,978	2,802	—	175,537
Provision for loan losses	4,847	417	—	—	—	5,264
Noninterest income	44,251	34,498	1,364	5,473	—	85,586
Noninterest expense						
Salaries and employee benefits	68,183	22,112	519	3,189	—	94,003
Occupancy and equipment expenses	19,320	1,674	7	194	—	21,195
Data processing and communications expenses	18,681	1,065	95	8	—	19,849
Other expenses	59,636	3,787	123	522	—	64,068
Total noninterest expense	165,820	28,638	744	3,913	—	199,115
Income before income tax expense	35,004	12,780	4,598	4,362	—	56,744
Income tax expense	8,257	4,504	1,609	1,527	—	15,897
Net income	26,747	8,276	2,989	2,835	—	40,847
Total assets	\$ 5,166,045	\$ 246,730	\$ 101,893	\$ 74,272	\$ —	\$ 5,588,940
Goodwill	\$ 90,082	\$ —	\$ —	\$ —	\$ —	\$ 90,082
Other intangible assets, net	\$ 17,058	\$ —	\$ —	\$ —	\$ —	\$ 17,058

NOTE 25. CONDENSED FINANCIAL INFORMATION OF AMERIS BANCORP (PARENT COMPANY ONLY)

**Condensed Balance Sheets
December 31, 2017 and 2016
(dollars in thousands)**

	<u>2017</u>	<u>2016</u>
Assets		
Cash and due from banks	\$ 4,409	\$ 457
Investment in subsidiaries	953,815	767,682
Other assets	31,221	7,706
Total assets	<u>\$ 989,445</u>	<u>\$ 775,845</u>
Liabilities		
Other liabilities	\$ 25,621	\$ 6,330
Other borrowings	73,795	38,850
Subordinated deferrable interest debentures	85,550	84,228
Total liabilities	<u>184,966</u>	<u>129,408</u>
Shareholders' equity	804,479	646,437
Total liabilities and shareholders' equity	<u>\$ 989,445</u>	<u>\$ 775,845</u>

**Condensed Statements of Income
Years Ended December 31, 2017, 2016 and 2015
(dollars in thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Income			
Dividends from subsidiaries	\$ —	\$ 34,631	\$ 10,000
Other income	132	208	59
Total income	<u>132</u>	<u>34,839</u>	<u>10,059</u>
Expense			
Interest expense	9,065	6,280	4,813
Other expense	4,612	2,825	1,521
Total expense	<u>13,677</u>	<u>9,105</u>	<u>6,334</u>
Income (loss) before taxes and equity in undistributed income of subsidiaries	(13,545)	25,734	3,725
Income tax benefit	10,622	2,972	2,382
Income (loss) before equity in undistributed income of subsidiaries	<u>(2,923)</u>	<u>28,706</u>	<u>6,107</u>
Equity in undistributed income of subsidiaries	76,471	43,394	34,740
Net income	<u>\$ 73,548</u>	<u>\$ 72,100</u>	<u>\$ 40,847</u>

Condensed Statements of Cash Flows
Years Ended December 31, 2017, 2016 and 2015
(dollars in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
OPERATING ACTIVITIES			
Net income	\$ 73,548	\$ 72,100	\$ 40,847
Adjustments to reconcile net income to net cash provided by operating activities:			
Share-based compensation expense	3,316	2,261	1,485
Undistributed earnings of subsidiaries	(76,471)	(43,394)	(34,740)
Increase (decrease) in interest payable	1,142	(63)	20
Decrease (increase) in tax receivable	5,176	(3,224)	(2,656)
Provision for deferred taxes	(4,620)	508	188
Other operating activities	1,230	(528)	866
Total adjustments	<u>(70,227)</u>	<u>(44,440)</u>	<u>(34,837)</u>
Net cash provided by operating activities	<u>3,321</u>	<u>27,660</u>	<u>6,010</u>
INVESTING ACTIVITIES			
Investment in subsidiary	(110,000)	—	(60,000)
Net cash proceeds received from (paid for) acquisitions	—	(23,205)	(49,940)
Net cash used in investing activities	<u>(110,000)</u>	<u>(23,205)</u>	<u>(109,940)</u>
FINANCING ACTIVITIES			
Issuance of common stock	88,656	—	114,889
Purchase of treasury shares	(886)	(1,225)	(732)
Dividends paid common stock	(14,650)	(8,584)	(6,439)
Proceeds from other borrowings	73,692	14,000	—
Repayment of other borrowings	(38,850)	(15,000)	—
Proceeds from exercise of stock options	2,669	964	1,191
Net cash provided by (used in) financing activities	<u>110,631</u>	<u>(9,845)</u>	<u>108,909</u>
Net change in cash and cash equivalents	3,952	(5,390)	4,979
Cash and cash equivalents at beginning of year	457	5,847	868
Cash and cash equivalents at end of year	<u>\$ 4,409</u>	<u>\$ 457</u>	<u>\$ 5,847</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid during the year for interest	\$ 7,923	\$ 6,343	\$ 4,793
Cash paid (received) during the year for income taxes	\$ (11,000)	\$ —	\$ —

NOTE 26. QUARTERLY FINANCIAL DATA (unaudited)

The following table sets forth certain consolidated quarterly financial information of the Company. During the fourth quarter of 2017, the Company recorded approximately \$13.6 million of additional income tax expense attributable to the remeasurement of deferred tax assets and deferred tax liabilities at a reduced federal corporate tax rate. During the third quarter of 2017, the Company recorded approximately \$3.1 million of after-tax compliance resolution expense. During the fourth quarter of 2016, the Company recorded approximately \$3.7 million of after-tax compliance resolution expense. During the first quarter of 2016, the Company completed the acquisition of JAXB and recorded approximately \$4.1 million of after-tax merger related charges from this acquisition.

	Quarters Ended December 31, 2017			
	4	3	2	1
(dollars in thousands, except per share data)				
Selected Income Statement Data				
Interest income	\$ 79,564	\$ 76,322	\$ 71,411	\$ 67,050
Interest expense	10,041	9,467	8,254	6,460
Net interest income	69,523	66,855	63,157	60,590
Provision for loan losses	2,536	1,787	2,205	1,836
Net interest income after provision for loan losses	66,987	65,068	60,952	58,754
Noninterest income	23,563	26,999	28,189	25,706
Noninterest expense	58,916	63,675	55,739	52,691
Merger and conversion charges	421	92	—	402
Income before income taxes	31,213	28,300	33,402	31,367
Income tax	22,063	8,142	10,315	10,214
Net income	<u>\$ 9,150</u>	<u>\$ 20,158</u>	<u>\$ 23,087</u>	<u>\$ 21,153</u>
Per Share Data				
Net income – basic	\$ 0.25	\$ 0.54	\$ 0.62	\$ 0.59
Net income – diluted	0.24	0.54	0.62	0.59
Common dividends - cash	0.10	0.10	0.10	0.10

	Quarters Ended December 31, 2016			
	4	3	2	1
(dollars in thousands, except per share data)				
Selected Income Statement Data				
Interest income	\$ 62,956	\$ 62,210	\$ 59,340	\$ 54,559
Interest expense	5,677	5,143	4,751	4,123
Net interest income	57,279	57,067	54,589	50,436
Provision for loan losses	1,710	811	889	681
Net interest income after provision for loan losses	55,569	56,256	53,700	49,755
Noninterest income	24,272	28,864	28,379	24,286
Noninterest expense	54,660	53,199	52,359	49,241
Merger and conversion charges	17	—	—	6,359
Income before income taxes	25,164	31,921	29,720	18,441
Income tax	6,987	10,364	9,671	6,124
Net income	<u>\$ 18,177</u>	<u>\$ 21,557</u>	<u>\$ 20,049</u>	<u>\$ 12,317</u>
Per Share Data				
Net income – basic	\$ 0.52	\$ 0.62	\$ 0.58	\$ 0.38
Net income – diluted	0.52	0.61	0.57	0.37
Common dividends - cash	0.10	0.10	0.05	0.05

Common Stock and Dividend Information

Ameris Bancorp Common Stock is listed on the NASDAQ Global Select Market under the symbol "ABCB". The following table sets forth the dividends declared and the low and high sales prices for the common stock as quoted on NASDAQ during 2017.

CALENDAR PERIOD	DIVIDENDS	SALES PRICE	
		Low	High
2017			
First Quarter	\$0.10	\$41.60	\$49.50
Second Quarter	\$0.10	\$42.60	\$49.80
Third Quarter	\$0.10	\$41.05	\$51.28
Fourth Quarter	\$0.10	\$44.75	\$51.30

SHAREHOLDER SERVICES

Computershare is Ameris Bancorp's stock transfer agent and administers all matters related to our stock. You may contact them via:

First Class, Registered or Certified Mail:

Computershare Investor Services
P.O. Box 505000
Louisville, KY 40233-5000

Overnight Delivery:

Computershare Investor Services
462 South 4th Street, Suite 1600
Louisville, KY 40202

Shareholder Services Number: (800) 568-3476

Investor Centre™ portal: www.computershare.com/investor

If your shares are held in a brokerage account, please contact your broker or financial advisor.

AVAILABILITY OF INFORMATION

Upon written request, Ameris Bancorp will provide, without charge, a copy of the Annual Report on Form 10-K, including the financial statements and the financial statement schedules, required to be filed with the Securities and Exchange Commission for the fiscal year 2017.

Please direct requests to:

Ameris Bancorp
Investor Relations
1301 Riverplace Boulevard, Suite 2600
Jacksonville, FL 32207

investor.relations@amerisbank.com

ANNUAL MEETING OF SHAREHOLDERS

The 2018 Annual Meeting of Shareholders of Ameris Bancorp will be held at 9:30 AM (ET), May 15, 2018, at the Company's offices located at 24 Second Avenue, Southeast, Moultrie, Georgia.



Mixed Sources: Produced using sustainable methods with materials from well-managed forests, controlled sources or recycled wood or fiber.

AMERIS BANK'S REACH

Banking Communities

Proud to have banking offices located in a variety of communities throughout Alabama, Florida, Georgia, South Carolina and Tennessee.

ALABAMA

Abbeville
Birmingham*
Dothan
Eufaula

FLORIDA

Blountstown
Crawfordville
Cross City
Defuniak Springs
Fleming Island
Gainesville
High Springs
Jacksonville
Jacksonville Beach
Keystone Heights
Lake City
Live Oak
Lynn Haven
Melrose
Neptune Beach
Ocala
Orange Park
Ormond Beach
Palatka
Palm Coast

Panama City
Panama City Beach
St. Augustine
Tallahassee
Trenton

GEORGIA

Albany
Atlanta Midtown
Brunswick
Buena Vista
Butler
Cairo
Colquitt
Cordele
Doerun
Donalsonville
Douglas
Dublin
Duluth*
Ellaville
Fitzgerald
Hinesville
Jekyll Island
Lyons
Marietta*
Moultrie

Ocilla
Pooler
Quitman
Richmond Hill
Rincon
Savannah
St. Marys
St. Simons Island
Stockbridge*
Thomasville
Tifton
Valdosta
Vidalia
Waycross

SOUTH CAROLINA

Beaufort
Charleston West Ashley
Columbia
Greenville
Hilton Head Island
Irmo
Lexington
Mt. Pleasant
Summerville

TENNESSEE

Franklin*

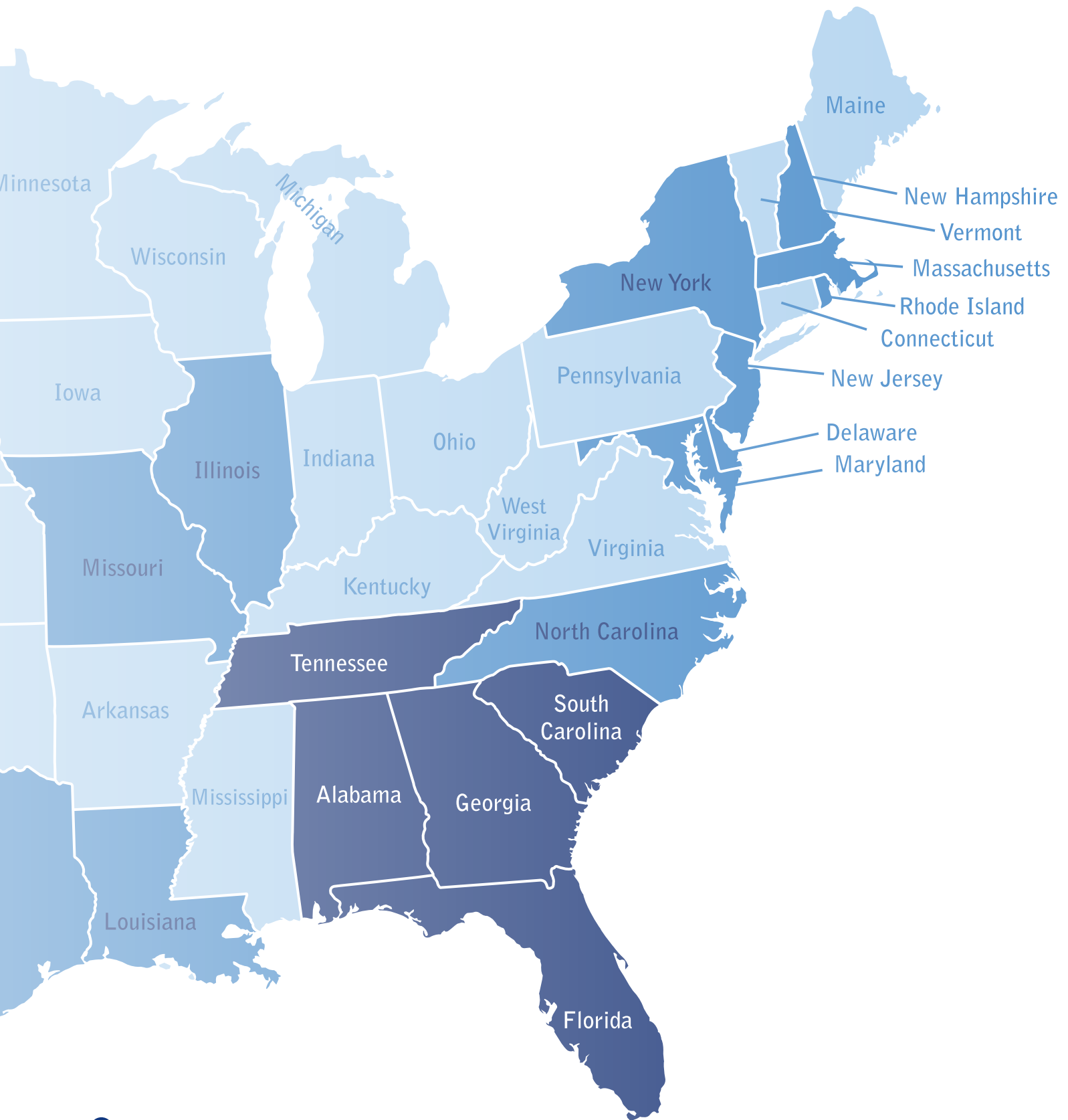
Business Development

Our family of employees extends throughout the United States, with business development occurring in:

Arizona
California
Delaware
Illinois
Louisiana
Maryland
Massachusetts
Missouri
New Hampshire
New Jersey

New York
North Carolina
Rhode Island
Texas
Washington

*Denotes mortgage only locations



- Ameris Bank Banking Locations
- Ameris Bank Business Development Presence





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