Ameris Bancorp
Form 10-K
February 27, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2016, 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	**58-1456434**
(State of incorporation)	**(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 x   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 x

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 x 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 x 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 or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Accelerated filer ¨

Non-accelerated filer ¨ Smaller reporting company ¨

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

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 $1,001,965,021.

As of February 21, 2017, the registrant had outstanding 35,118,792 shares of common stock, $1.00 par value per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s Proxy Statement for the 2017 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,” “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, 2016, we had approximately $6.89 billion in total assets, $5.37 billion in total loans, $5.58 billion in total deposits and $646.4 million of stockholders’ 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.

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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, 2016 and 2015.

At December 31, 2016, our loan portfolio totaled approximately $5.37 billion, representing approximately 77.9% 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 motor vehicle, home improvement, home equity, loans secured by savings accounts and small unsecured personal credit lines. The terms of these loans typically range from 12 to 72 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 five 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 are 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, 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 the purchased loan pools, home improvement loans and insurance premium 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 time 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.

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 2015 and 2016, 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 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 $4,314,000 and $2,687,000 at December 31, 2016 and 2015, respectively, and a derivative liability of approximately $0 and $137,000 at December 31, 2016 and 2015, respectively.

CORPORATE RESTRUCTURING AND BUSINESS COMBINATIONS

US Premium Finance

On 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 will manage a division of the Bank operated under the name "US Premium Finance" and which is 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, Ameris entered into a Stock Purchase Agreement with Mr. Villari pursuant to which the Company agreed to purchase from him 4.99% of the outstanding shares of common stock of USPF. As consideration for those shares, the Company agreed to issue to Mr. Villari 128,572 unregistered shares of 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, and a registration statement was filed with the SEC on February 13, 2017 to register the resale or other disposition of the shares of Common Stock that were issued to Mr. Villari.

At the time of closing, the Company also entered into a Shareholders Agreement with USPF and all other shareholders of USPF under which the Company will be obligated to purchase from Mr. Villari, and Mr. Villari will be obligated to sell to the Company, an additional 25.01% of the outstanding shares of common stock of USPF on or before December 31, 2017, subject to the receipt of all necessary regulatory approvals, in exchange for consideration to Mr. Villari of $12,000,000 in cash and an additional 114,285 unregistered shares of the Company's Common Stock (with such number of shares to be increased as provided in the Shareholders Agreement if the average trading price of the Common Stock for a period of 30 days immediately prior to closing is less than $35.00 per share). If the parties agree to consummate such transactions at a later date, the cash payable to Mr. Villari for the additional USPF shares will increase by $200,000 for each calendar month or portion thereof beginning January 1, 2018 and continuing through and including June 30, 2018.

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 was our common stock, par value $1.00 per share (the "Common Stock"), with an aggregate purchase price of approximately $37.3 million. The total consideration 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.

Capital Purchase Program

On November 21, 2008, the Company, pursuant to the Capital Purchase Program (the “CPP”) established under the Economic Stabilization Act of 2008 (“EESA”), in connection with the Troubled Asset Relief Program (“TARP”), issued and sold to the United States Department of the Treasury (the “Treasury”), for an aggregate cash purchase price of $52 million, (i) 52,000 shares (the “Preferred Shares”) of the Company’s Fixed Rate Cumulative Perpetual Preferred Stock, Series A, having a liquidation preference of $1,000 per share, and (ii) a ten-year warrant (the “Warrant”) to purchase up to 679,443 shares of Common Stock, at an exercise price of $11.48 per share. Proceeds from the issuance of the Preferred Shares and the Warrant were allocated based on the relative market values of each. As a result of the Company’s participation in the CPP, the Company was subject to the rules and regulations promulgated under the EESA. These rules and regulations included certain limitations on compensation for senior executives, dividend payments and payments to senior executives upon termination of employment, as well as certain obligations of the Company to increase its efforts to reduce the number of foreclosures of primary residences.

On June 14, 2012, the Preferred Shares were sold by the Treasury through a registered public offering as part of the Treasury’s efforts to wind down its remaining TARP bank investments. While the sale of the Preferred Shares to new investors did not result in any accounting entries and did not change the Company’s capital position, it eliminated the executive compensation and corporate governance restrictions that were applicable to the Company during the period in which the Treasury held its investment in the Preferred Shares. Subsequently, on August 22, 2012, the Company repurchased the Warrant from the Treasury for $2.67 million and in December 2012, the Company repurchased 24,000 of the outstanding Preferred Shares. The Company redeemed the remaining 28,000 outstanding Preferred

Shares on March 24, 2014.

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. Our select market areas in Georgia, Alabama, Florida and South Carolina have experienced strong population growth over the past 20 to 30 years, but have endured significant economic challenges in recent years. Intense market demands, national and local economic pressures, interest rates near zero 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, 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, 2016, the Company employed approximately 1,298 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, 2016, we had approximately $5.37 billion in total loans outstanding, of which approximately $3.2 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.

FDIC Consent Order

On December 16, 2016, the Bank entered into a Stipulation to the Issuance of a Consent Order with its bank regulatory agencies, the FDIC and the Georgia Department of Banking and Finance (the “GDBF”), consenting to the issuance of a consent order (the “Order”) relating to 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 is required to take certain affirmative actions to comply with the Bank's obligations under the BSA. These include, but are 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.

Prior to implementation, certain of the actions required by the Order are subject to review by, and approval or non-objection from, the FDIC and the GDBF. The Order will remain in effect and be enforceable until it is modified, terminated, suspended or set aside by the FDIC and the GDBF. The Bank began taking corrective actions prior to the entry of the Order after communicating with its regulators and expects that it will be able to undertake and implement all required actions within the time periods specified in the Order.

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, 2016, there was approximately $39.0 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 the 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, 2016, the minimum risk-based capital requirements including the 0.625% capital conservation buffer are as follows: 8.625% Total Risk-Based Capital Ratio, 6.625% Tier 1 Risk-Based Capital Ratio, and 5.125% 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, 2016, all of our trust preferred securities were included in Tier 1 Capital. At December 31, 2016, our total risk-based capital ratio, our Tier 1 risk-based capital ratio and our common equity Tier 1 capital ratio were 10.11%, 9.69% and 8.32%, 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, 2016, our leverage ratio was 8.68%, compared with 8.70% at December 31, 2015. 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, 2016, 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 June 30, 2016, the reserve ratio for the DIF was 1.17%. 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, 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, 2016, excluding purchased non-covered and covered assets, our C&D concentration as a percentage of capital totaled 62.7% and our CRE concentration, net of owner-occupied loans, as a percentage of capital totaled 204.7%. 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 76.7% and our CRE concentration, net of owner-occupied loans, as a percentage of capital totaled 269.4%.

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 2016, net interest income made up 67.5% 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.

The Company and the Bank are operating under enhanced regulatory supervision that could materially and adversely affect our business.

On December 16, 2016, the Bank entered into a Stipulation to the Issuance of a Consent Order 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 is required to take certain affirmative actions to comply with the Bank’s obligations under the BSA. These include, but are 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.

The Order is expected to result in additional BSA compliance expenses for the Bank and the Company. It may also have the effect of limiting or delaying the Bank’s and the Company’s ability to obtain regulatory approval for certain expansionary activities, to the extent desired by the Company.

Our failure to comply with the Order may result in additional regulatory action, including civil money penalties against the Bank and its officers and directors or enforcement of the Order through court proceedings, which could have a material and adverse effect on our business, results of operations, financial condition, cash flows and stock price.

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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 substantially all 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.

Our growth and financial performance may be negatively impacted if we are unable to successfully execute our growth plans.

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. We cannot predict with certainty the number, size or timing of acquisitions, or whether any such acquisitions 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 benefit 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.

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.

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 yet know whether many of the loans we acquired will 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 mortgage 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.

The value of the Company's deferred tax assets could be reduced if corporate income tax rates are reduced or as a result of other changes in the United States corporate tax system.

Governmental officials have recently made public statements regarding potential reductions in United States federal corporate income tax rates. While the Company's income tax expense may benefit from a reduction in applicable income tax rates, such a reduction could negatively impact the value of the Company's deferred tax assets and result in a reduction in the Company's net income for the period in which the change is enacted. Statements have also been made publicly by governmental officials regarding possible other, more sweeping changes to the United States tax system generally. We cannot predict with certainty whether any such tax rate reductions or other tax reform proposals will be enacted into law or whether or how they may affect the Company.

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 our junior subordinated debentures have rights that are senior to those of our common shareholders.

We have supported a portion of our growth through the issuance of trust preferred securities from special purpose trusts and accompanying junior subordinated debentures. Also, in connection with our acquisitions of other financial institutions, we assumed junior subordinated debentures issued by those institutions. At December 31, 2016, we had trust preferred securities and accompanying junior subordinated debentures with a carrying value of $84.2 million. Payments of the principal and interest on the trust preferred securities of these trusts are conditionally guaranteed by us. Further, the junior subordinated debentures we issued to the trusts are senior to our shares of Common Stock. As a result, we must make payments on the junior subordinated debentures before any dividends can be paid on our Common Stock and, in the event of our bankruptcy, dissolution or liquidation, the holders of the junior subordinated debentures must be satisfied before any distributions can be made on our Common Stock. We have the right to defer distributions on our junior subordinated debentures (and the related trust preferred securities) for up to five years, during which time no dividends may be paid 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 63,900 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 11 mortgage production offices, all of which are subject to building leases. At December 31, 2016, 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.

A former borrower of the Company has filed a claim related to a loan previously made by the Company asserting lender liability. The case was tried without a jury and an order was issued by the court against the Company awarding the borrower approximately $2.9 million on August 8, 2013. The order is currently on appeal to the South Carolina Court of Appeals and the Company is asserting it had no fiduciary responsibility to the borrower. As of December 31, 2016, the Company believes that it has valid bases in law and fact to overturn the verdict on appeal. As a result, the Company believes that the likelihood that the amount of the judgment will be affirmed is not probable, and, accordingly, that the amount of any loss cannot be reasonably estimated at this time. Because the Company believes that this potential loss is not probable or estimable, it has not recorded any reserves or contingencies related to this legal matter. In the event that the Company's assumptions used to evaluate this matter as neither probable nor estimable change in future periods, it may be required to record a liability for an adverse outcome.

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 2016 and 2015; 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 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

Quarter Ended 2015	High	Low	Dividend
March 31	$26.89	$22.71	$ 0.05
June 30	27.01	24.01	0.05
September 30	28.99	24.67	0.05
December 31	35.21	27.30	0.05

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 15, 2017, there were approximately 2,390 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, 2011, and ending December 31, 2016. This line graph assumes an investment of $100 on December 31, 2011, and reinvestment of dividends and other distributions to shareholders.

	Period Ending					
Index	12/31/11	12/31/12	12/31/13	12/31/14	12/31/15	12/31/16
Ameris Bancorp	100.00	121.50	205.35	251.03	335.13	433.59
NASDAQ Stock Market (US Companies)	100.00	117.45	164.57	188.84	201.98	219.89
NASDAQ Bank	100.00	118.69	168.21	176.48	192.08	265.02
SNL U.S. Bank NASDAQ	100.00	119.19	171.31	177.42	191.53	265.56

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 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 2, "Business Combinations," and Note 3, "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.

	Year Ended December 31,				
	2016	**2015**	**2014**	**2013**	**2012**
	(dollars in thousands, except per share data)				
Selected Balance Sheet Data:					
Total assets	$6,892,031	$5,588,940	$4,037,077	$3,667,649	$3,019,052
Earning assets	6,293,670	5,084,658	3,574,561	3,232,769	2,554,551
Mortgage loans held for sale	105,924	111,182	94,759	67,278	48,786
Loans, net of unearned income	3,626,821	2,406,877	1,889,881	1,618,454	1,450,635
Purchased non-covered loans	1,011,031	771,554	674,239	448,753	-
Purchased loan pools	568,314	592,963	-	-	-
Covered loans	58,160	137,529	271,279	390,237	507,712
Investment securities available for sale	822,735	783,185	541,805	486,235	346,909
FDIC loss-share receivable, net of clawback	-	6,301	31,351	65,441	159,724
Total deposits	5,575,163	4,879,290	3,431,149	2,999,231	2,624,663
FDIC loss-share payable including clawback	6,313	-	-	-	-
Stockholders' equity	646,437	514,759	366,028	316,699	279,017
Selected Average Balances:					
Total assets	$6,166,714	$4,804,245	$3,731,281	$2,848,529	$2,971,960
Earning assets	5,598,077	4,320,948	3,303,467	2,472,704	2,501,098
Mortgage loans held for sale	97,995	87,952	71,231	110,542	29,194
Loans, net of unearned income	2,777,505	2,161,726	1,753,013	1,478,816	1,393,012
Purchased non-covered loans	1,019,093	712,022	557,708	11,065	-
Purchased loan pools	619,440	201,689	-	-	-
Covered loans	108,672	206,774	339,417	440,923	553,657

Investment securities available for sale	842,886	731,165	508,383	332,413	369,734
Total deposits	5,200,241	4,126,885	3,200,622	2,487,901	2,597,840
Stockholders’ equity	613,435	492,242	316,400	277,173	293,400
Selected Income Statement Data:					
Interest income	$239,065	$190,393	$164,566	$126,322	$129,479
Interest expense	19,694	14,856	14,680	10,137	15,074
Net interest income	219,371	175,537	149,886	116,185	114,405
Provision for loan losses	4,091	5,264	5,648	11,486	31,089
Noninterest income	105,801	85,586	62,836	46,549	57,874
Noninterest expense	215,835	199,115	150,869	121,945	119,470
Income before income taxes	105,246	56,744	56,205	29,303	21,720
Income tax expense	33,146	15,897	17,482	9,285	7,285
Net income	$72,100	$40,847	$38,723	$20,018	$14,435
Preferred stock dividends	-	-	286	1,738	3,577
Net income available to common shareholders	$72,100	$40,847	$38,437	$18,280	$10,858

	Year Ended December 31,				
	2016	2015	2014	2013	2012
	(dollars in thousands, except per share data)				
Per Share Data					
Net income – basic	$2.10	$1.29	$1.48	$0.76	$0.46
Net income – diluted	2.08	1.27	1.46	0.75	0.46
Common book value	18.51	15.98	13.67	11.50	10.56
Tangible book value	14.42	12.65	10.99	9.87	10.39
Common dividends – cash	0.30	0.20	0.15	-	-
Profitability Ratios					
Net income to average total assets	1.17 %	0.85 %	1.08 %	0.70 %	0.49 %
Net income to average common stockholders’ equity	11.75	8.37	12.40	8.06	5.99
Net interest margin	3.99	4.12	4.59	4.74	4.60
Efficiency ratio	66.38	76.25	70.92	74.94	69.35
Loan Quality Ratios					
Net charge-offs to average loans*	0.11 %	0.22 %	0.34 %	0.75 %	2.87 %
Allowance for loan losses to total loans *	0.56	0.85	1.12	1.38	1.63
Nonperforming assets to total loans and OREO**	1.12	1.60	3.35	3.49	5.28
Liquidity Ratios					
Loans to total deposits	94.42%	80.11%	82.64%	81.94%	74.61%
Average loans to average earnings assets	80.83	75.96	80.22	78.08	77.83
Noninterest-bearing deposits to total deposits	28.22	27.26	24.46	22.29	19.46
Capital Adequacy Ratios					
Stockholders’ equity to total assets	9.38 %	9.21 %	9.07 %	8.63 %	9.24 %
Common stock dividend payout ratio	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 2016, the Company reported net income available to common shareholders of $72.1 million, or $2.08 per diluted share, compared with $40.8 million, or $1.27 per diluted share, in 2015. The Company's net income as a percentage of average assets for 2016 and 2015 was 1.17% and 0.85%, respectively, while the Company's net income as a percentage of average shareholders' equity was 11.75% and 8.37%, respectively.

Highlights of the Company's performance in 2016 include the following:

- In March 2016, the Company completed the acquisition of Jacksonville Bancorp, Inc., the parent company of The Jacksonville Bank, increasing total assets by $526.0 million, total loans by $402.1 million and total deposits by $401.4 million. The JAXB acquisition added eight retail banking locations, all of which are located in the Jacksonville, Florida MSA. The acquisition further expanded the Company's existing Southeastern footprint in the attractive Jacksonville market. The Company recorded $35.5 million in additional goodwill and $4.7 million in core deposit intangibles associated with the JAXB acquisition.

- Total assets were $6.89 billion at December 31, 2016, an increase of $1.30 billion, or 23.3%, from December 31, 2015.

- Organic growth in loans amounted to $660.4 million for 2016, or 20.8% of December 31, 2015 loans excluding purchased loan pools and covered loans.

- Total deposits were $5.58 billion at December 31, 2016, an increase of $695.9 million, or 14.3%, from December 31, 2015. Non-interest bearing demand deposits grew $243.5 million, or 18.3%, during 2016 to end the year at 28.2% of total deposits.

- Total revenue increased 24.5% to $325.2 million.

- The Company's net interest margin decreased to 3.99% in 2016, from 4.12% in 2015. This decrease was primarily attributable to lower yields on substantially all earning asset classes. Deposit costs, the Company's largest funding expense, increased slightly from 0.23% in 2015 to 0.24% in 2016. Non-deposit funding yields decreased from 3.03%

in 2015 to 2.26% in 2016, due to an increase in short-term FHLB borrowings.

- Net income from retail mortgage, warehouse lending and SBA lines of business increased 35.7% to $20.6 million, compared with $15.2 million in 2015.

- Non-accrual loans, excluding purchased loans, increased approximately $1.3 million, or 7.4%, to $18.1 million during 2016. However, non-accrual loans, excluding purchased loans expressed as a percentage of loans, excluding purchased loans, declined from 0.70% at December 31, 2015 to 0.50% at December 31, 2016.

- Legacy OREO (excluding purchased OREO and OREO sourced from purchased loans) decreased from $16.1 million at December 31, 2015 to $10.9 million at December 31, 2016.

- Non-performing assets excluding covered assets to total assets continued to improve during 2016, decreasing from 1.09% at December 31, 2015 to 0.85% at December 31, 2016.

- Net charge-offs for 2016 declined to 0.11% of average total legacy loans, compared with 0.22% for 2015. Net charge-offs for 2016 declined to 0.03% for average total loans, compared with 0.16% for 2015.

- Tangible common equity to tangible assets increased slightly from 7.44% at December 31, 2015 to 7.46% at December 31, 2016. Tangible common book value per share increased 14.0% from $12.65 at December 31, 2015 to $14.42 at December 31, 2016.

- Adjusted operating return on average assets increased to 1.30%, compared with 1.11% in 2015.

- Adjusted operating return on average tangible common equity increased to 16.71%, compared with 13.66% in 2015.

- Adjusted operating efficiency ratio improved to 62.7%, compared with 68.9% for 2015.

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. At December 31, 2016, we had six individual loans that exceeded our in-house credit limit of $25.0 million. We had eight relationships consisting of 12 different non-covered loans that exceeded our $25.0 million in-house credit limit. Total exposure resulting from these eight relationships was $298.7 million. 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 include 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, 2016, the percentage of the Company's assets measured at fair value was 14%. See Note 21, "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. The Company's impaired loans and foreclosed property are concentrated in markets and areas where the determination of fair value through market research (recent sales and/or qualified appraisals) is difficult. 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 15, “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 gains on FDIC-assisted transactions and the provision for loan losses, 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 its estimated useful life, typically five to ten years.

NET INCOME/(LOSS) AND EARNINGS PER SHARE

The Company's net income available to common shareholders during 2016 was $72.1 million, or $2.08 per diluted share, compared with $40.8 million, or $1.27 per diluted share, in 2015, and $38.4 million, or $1.46 per diluted share, in 2014.

For the fourth quarter of 2016, the Company recorded net income available to common shareholders of $18.2 million, or $0.52 per diluted share, compared with $14.1 million, or $0.43 per diluted share, for the quarter ended December 31, 2013, and $10.6 million, or $0.39 per diluted share, for the quarter ended December 31, 2014.

EARNING ASSETS AND LIABILITIES

Average earning assets were approximately $5.60 billion in 2016, compared with approximately $4.32 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,								
	2016			2015			2014		
	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:									
Mortgage loans held for sale	$97,995	$3,391	3.46%	$87,952	$3,466	3.94%	$71,231	$2,593	3.64%
Loans	2,777,505	131,305	4.73	2,161,726	103,206	4.77	1,753,013	87,727	5.00
Purchased non-covered loans	1,019,093	63,860	6.27	712,022	46,208	6.49	557,708	40,020	7.18
Purchased loan pools	619,440	17,170	2.77	201,689	6,481	3.21	-	-	-
Covered loans	108,672	6,503	5.98	206,774	14,128	6.83	339,417	21,355	6.29
Investment securities	842,886	20,229	2.40	731,165	18,657	2.55	508,383	14,281	2.81
Short-term assets	132,486	860	0.65	219,620	823	0.37	73,715	244	0.33
Total interest- earning assets	5,598,077	243,318	4.35	4,320,948	192,969	4.47	3,303,467	166,220	5.03
Noninterest-earning assets	568,637			483,297			427,814		
Total assets	$6,166,714			$4,804,245			$3,731,281		
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest-bearing liabilities:									
Savings and interest-bearing demand deposits	$2,793,713	$6,984	0.25%	$2,088,859	$4,848	0.23%	$1,680,328	$4,435	0.26%
Time deposits	890,757	5,427	0.61	810,344	4,905	0.61	768,420	5,054	0.66
Other borrowings	45,526	1,765	3.88	40,931	1,363	3.33	39,850	1,760	4.42
FHLB advances	150,879	899	0.60	8,444	31	0.37	46,986	140	0.30
Federal funds purchased and securities sold under agreements to	44,324	98	0.22	50,988	173	0.34	47,136	164	0.35

repurchase									
Subordinated deferrable interest debentures	80,952	4,522	5.59	67,962	3,536	5.20	60,298	3,127	5.19
Total interest-bearing liabilities	4,006,151	19,695	0.49	3,067,528	14,856	0.48	2,643,018	14,680	0.56
Noninterest-bearing demand deposits	1,515,771			1,227,682			751,874		
Other liabilities	31,357			16,793			19,989		
Stockholders' equity	613,435			492,242			316,400		
Total liabilities and stockholders' equity	$6,166,714			$4,804,245			$3,731,281		
Interest rate spread			3.86%			3.99%			4.47%
Net interest income		$223,623			$178,113			$151,540	
Net interest margin			3.99%			4.12%			4.59%

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 debentures.

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.

2015 compared with 2014. For the year ended December 31, 2015, interest income was $190.4 million, an increase of $25.8 million, or 15.7%, compared with the same period in 2014. Average earning assets increased $1.02 billion, or 30.8%, to $4.32 billion for the year ended December 31, 2015, compared with $3.30 billion as of December 31, 2014.

Yield on average earning assets on a taxable equivalent basis decreased during 2015 to 4.47%, compared with 5.03% for the year ended December 31, 2014. However, lower yields on most earning assets have been partially offset by lower funding costs.

Interest expense on deposits and other borrowings for the year ended December 31, 2015 was $14.9 million, compared with $14.7 million for the year ended December 31, 2014. The Company’s funding mix continued to improve during 2015, leading to savings in cost of funds. During 2015, average noninterest-bearing accounts amounted to $1.23 billion and comprised 29.2% of average total deposits, compared with $751.9 million, or 23.5% of average total deposits, during 2014. Average balances of time deposits amounted to $810.3 million and comprised 19.3% of average total deposits during 2015, compared with $768.4 million, or 24.0% of average total deposits, during 2014.

On a taxable-equivalent basis, net interest income for 2015 was $178.1 million, compared with $151.5 million in 2014, an increase of $26.6 million, or 17.5%. The Company’s net interest margin, on a tax equivalent basis, decreased to 4.12% for the year ended December 31, 2015, compared with 4.59% for the year ended December 31, 2014.

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, 2016 and 2015 are shown in the following table:

	2016 vs. 2015			2015 vs. 2014		
	Increase	Changes Due To		Increase	Changes Due To	
	(Decrease)	Rate	Volume	(Decrease)	Rate	Volume
	(dollars in thousands)					
Increase (decrease) in:						
Income from earning assets:						
Interest on mortgage loans held for sale	$(75)	$(471)	$396	$873	$264	$609
Interest and fees on loans	28,099	(1,300)	29,399	15,479	(4,974)	20,453
Interest on purchased non-covered loans	17,652	(2,276)	19,928	6,188	(4,885)	11,073
Interest on purchased loan pools	10,689	(2,735)	13,424	6,481	-	6,481
Interest on covered loans	(7,625)	(922)	(6,703)	(7,227)	1,118	(8,345)
Interest on securities	1,572	(1,279)	2,851	4,376	(1,882)	6,258
Interest on short-term assets	37	364	(327)	579	96	483
Total interest income	50,349	(8,619)	58,968	26,749	(10,263)	37,012
Expense from interest-bearing liabilities:						
Interest on savings and interest-bearing demand deposits	2,136	500	1,636	413	(665)	1,078
Interest on time deposits	522	35	487	(149)	(425)	276
Interest on other borrowings	402	249	153	(397)	(446)	49
Interest on FHLB advances	868	345	523	(109)	6	(115)
Interest on federal funds purchased and securities sold under agreements to repurchase	(75)	(52)	(23)	9	(4)	13
Interest on trust preferred securities	986	310	676	409	12	397
Total interest expense	4,839	1,387	3,452	176	(1,522)	1,698
Net interest income	$45,510	$(10,006)	$55,516	$26,573	$(8,741)	$35,314

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 2016 amounted to $4.1 million, compared with $5.3 million for 2015 and $5.6 million in 2014. Net charge-offs in 2016 were 0.03% of average loans compared with 0.16% in 2015 and 0.26% in 2014. Net charge-offs in 2016 were 0.11% of average loans, excluding purchased loans and the loans covered by the FDIC-loss-sharing agreements, compared with 0.22% in 2015 and 0.34% in 2014.

At December 31, 2016, non-performing assets, excluding assets covered by the FDIC-loss-sharing agreements, amounted to $58.7 million, or 0.85% of total assets, compared with $60.7 million, or 1.09% of total assets, at December 31, 2015. Legacy non-performing assets totaled $29.0 million and acquired, non-covered non-performing assets totaled $29.7 million at December 31, 2016. Legacy other real estate was approximately $10.9 million as of December 31, 2016, reflecting a 32.7% decrease from the $16.1 million reported at December 31, 2015. Purchased non-covered other real estate was $11.3 million at December 31, 2016, compared with $14.3 million at December 31, 2015.

The Company’s allowance for loan losses at December 31, 2016 was $23.9 million, or 0.45% of loans compared with $21.1 million, or 0.54%, and $21.2 million, or 0.75%, at December 31, 2015 and 2014, respectively. Excluding purchased non-covered and covered loans, the Company’s allowance for loan losses at December 31, 2016 was $20.5 million, or 0.56% of loans excluding purchased non-covered and covered loans compared with $20.4 million, or 0.85%, and $21.2 million, or 1.12%, at December 31, 2015 and 2014, respectively. A significant portion of the Company’s loan growth during 2016 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 2016, 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, decreased during the year.

Noninterest Income

Following is a comparison of noninterest income for 2016, 2015 and 2014.

	Years Ended December 31,		
	2016	2015	2014
	(dollars in thousands)		
Service charges on deposit accounts	$42,745	$34,465	$24,614
Mortgage banking activities	48,298	36,800	25,986
Other service charges, commissions and fees	3,575	3,754	2,647
Net gains on sales of securities	94	137	138
Gain on sale of SBA loans	3,974	4,522	3,896
Other noninterest income	7,115	5,908	5,555
	$105,801	$85,586	$62,836

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 36.8% during 2016, from $43.3 million for 2015 to $59.3 million for 2016. Net income for the Company’s retail mortgage division grew 42.3% during 2016 to $13.2 million. Revenues from the Company’s warehouse lending division increased 54.1% during the year, from $5.5 million for 2015 to $8.5 million for 2016, and net income for the division increased 48.3%, from $3.1 million for 2015 to $4.6 million for 2016.

2015 compared with 2014. Total noninterest income in 2015 was $85.6 million, compared with $62.8 million in 2014, an increase of $22.8 million. This increase is due to a $10.8 million increase in mortgage banking activity, a $9.9 million increase in service charges on deposit accounts, a $1.1 million increase in other service charges, a $626,000 increase in gain on the sale of SBA loans and a $353,000 increase in other income.

Income from mortgage banking activities continued to increase during 2015, from $26.0 million in 2014 to $36.8 million in 2015, as the Company's mortgage division reached a mature stage with a team of long-tenured mortgage bankers producing strong results.

Service charges on deposit accounts increased $9.9 million, or 40.0%, in 2015 as a result of acquisition activity and successful efforts on commercial deposit accounts. Other service charges increased $1.1 million, or 41.8%, in 2015 due to acquisitions and increased sales efforts. Since 2011, the Company has devoted significant resources to both treasury deposit products and treasury sales professionals, which contributed significantly to the Company's growth in non-interest bearing deposits.

Gains on sales of SBA loans increased $626,000 to $4.5 million during 2015, as the Company continued its efforts to build an SBA division.

Noninterest Expense

Following is a comparison of noninterest expense for 2016, 2015 and 2014.

	Years Ended December 31,		
	2016	2015	2014
	(dollars in thousands)		
Salaries and employee benefits	$106,837	$94,003	$73,878
Occupancy and equipment	24,397	21,195	17,521
Amortization of intangible assets	4,376	3,741	2,330
Data processing and communications expenses	24,591	19,849	15,551
Advertising and public relations	4,181	3,312	2,869
Postage & delivery	1,906	1,810	1,392
Printing & supplies	2,158	2,554	1,331
Legal fees	1,374	942	743
Other professional fees	8,511	2,506	2,349
Directors fees	1,060	1,203	810
FDIC insurance	3,712	3,475	2,972
Merger and conversion charges	6,376	7,980	3,940
Credit resolution-related expenses	6,172	17,707	13,506
Other noninterest expenses	20,184	18,838	11,677
	$215,835	$199,115	$150,869

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 $5.75 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.

2015 compared with 2014. Operating expenses increased from $150.9 million in 2014 to $199.1 million in 2015. The primary drivers of the increase in operating expenses are the increased number of branch locations and continued growth and expansion in the Company's mortgage and SBA divisions. Salaries and employee benefits increased 27.2% from $73.9 million in 2014 to $94.0 million in 2015. Occupancy and equipment expense increased 21.0% from $17.5 million in 2014 to $21.2 million in 2015. Data processing and communications expense increased during 2015 to $19.8 million, an increase of 27.6% compared with the $15.6 million reported for 2014. These expense increases are principally attributable to the additional branches acquired during 2014 and 2015. Postage and delivery, printing and supplies, legal fees and other professional fees all increased during 2015 to support the larger operations of the Company.

Merger and conversion charges of $8.0 million in 2015 relate to the Merchants and branch acquisitions, compared with the $3.9 million recorded in 2014 related to the Coastal acquisition. Credit resolution-related expenses increased $4.2 million in 2015. 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. Excluding merger and conversion charges and credit resolution-related expenses, total operating expenses were $173.4 million for the year ended December 31, 2015, compared with $133.4 million for 2014. Expressed as a percentage of average assets, total operating expense net of merger and conversion charges and credit resolution-related expenses was 3.61% in 2015, a slight increase from 3.58% reported for 2014.

Income Taxes

Federal 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, 2016, the Company recorded income tax expense of approximately $33.1 million, compared with $15.9 million recorded in 2015 and $17.5 million recorded in 2014. The Company's effective tax rate was 31%, 28% and 31% for the years ended December 31, 2016, 2015 and 2014, respectively.

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, 2016, approximately 70.3% of our legacy loan portfolio was secured by real estate, reflecting a reduction from 79.8% at December 31, 2015 as the Company continues to diversify its legacy loan portfolio. The amount of loans outstanding, excluding purchased non-covered and covered loans, at the indicated dates is shown in the following table according to type of loans.

	December 31,				
	2016	2015	2014	2013	2012
	(dollars in thousands)				
Commercial, financial and agricultural	$967,138	$449,623	$319,654	$244,373	$174,217
Real estate – construction and development	363,045	244,693	161,507	146,371	114,199
Real estate – commercial and farmland	1,406,219	1,104,991	907,524	808,323	732,322
Real estate – residential	781,018	570,430	456,106	351,886	346,480
Consumer installment	96,915	31,125	30,782	34,249	40,178
Other	12,486	6,015	14,308	33,252	43,239
Loans, net of unearned income	$3,626,821	$2,406,877	$1,889,881	$1,618,454	$1,450,635

The following table provides additional disclosure on the various loan types comprising the subgroup "Real estate – commercial & farmland" at December 31, 2016 (in thousands):

		Average Rate	% Nonaccrual

	Outstanding Balance	Average Maturity (Months)		
Owner-occupied	$ 429,731	51	5.00 %	0.85 %
Farmland	155,069	32	5.16 %	2.08 %
Apartments	104,363	52	4.61 %	1.44 %
Hotels and motels	92,655	94	4.86 %	-
Auto dealers	141	20	5.00 %	-
Offices and office buildings	197,092	57	4.73 %	0.02 %
Strip centers (anchored & non-anchored)	134,684	53	4.50 %	-
Convenience stores	13,408	39	5.00 %	0.62 %
Retail properties	149,553	53	4.79 %	0.02 %
Warehouse properties	86,801	54	4.95 %	0.14 %
All other	42,722	30	5.63 %	0.25 %
	$ 1,406,219	47	4.99 %	0.62 %

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 $25.0 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, 2016 based on committed amount are summarized below by type (in thousands):

	Committed Amount	Average Rate	Average Maturity (months)	% Unsecured	% in Nonaccrual Status
Commercial, financial and agricultural	$ 177,290	2.58 %	172	0.04 %	-
Real estate – construction and development	151,602	3.41 %	41	-	-
Real estate – commercial and farmland	121,925	3.84 %	57	-	-
Real estate – residential	24,845	3.65 %	40	-	-
Mortgage warehouse lines	215,000	4.06 %	1	-	-
Total	$ 690,662	3.48 %	65	0.01 %	-

Total legacy loans, excluding purchased non-covered and covered loans, as of December 31, 2016, are shown in the following table according to their contractual maturity:

	Contractual Maturity in:			
	One Year or Less	**Over One Year through Five Years**	**Over Five Years**	**Total**
	(dollars in thousands)			
Commercial, financial and agricultural	$438,756	$ 140,582	$387,800	$967,138
Real estate – construction and development	113,275	171,982	77,788	363,045
Real estate – commercial and farmland	181,126	676,588	548,505	1,406,219
Real estate – residential	252,054	176,765	352,199	781,018
Consumer installment	14,286	47,173	35,456	96,915
Other	12,486	-	-	12,486
	$1,011,983	$ 1,213,090	$1,401,748	$3,626,821

Purchased Non-Covered Assets

Loans that were acquired in transactions and are not covered by the loss-sharing agreements with the FDIC (“purchased non-covered loans”) totaled $1.01 billion and $771.6 million at December 31, 2016 and 2015, respectively. OREO that was acquired in transactions and is not covered by the loss-sharing agreements with the FDIC totaled $11.3 million and $14.3 million at December 31, 2016 and 2015, respectively. Purchased non-covered assets include assets that were acquired in FDIC-assisted transactions but that are no longer covered by the loss-sharing agreements due to the expiration of the loss sharing portion of such agreements.

The Bank initially recorded the loans at their fair values, taking into consideration certain credit quality 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, the identified loss will be charged off and provision expense is recorded for that difference. During the years ended December 31, 2016 and 2015, the Company recorded a net recovery of $657,000 and $237,000, respectively, to account for loans where there was an increase in cash flows from the initial estimates on purchased non-covered loans. During the year ended December 31, 2014, the Company recorded provision for loan loss expense of $84,000 to account for losses where there was a decrease in cash flows from the initial estimates on purchased non-covered loans. If the Company determines that a loan or group of loans has improved from its initial assessment of fair value, then the increase in cash flows over those expected at the acquisition date is recognized as interest income prospectively.

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

	December 31, 2016	**2015**	**2014**	**2013**	2012
	(dollars in thousands)				
Commercial, financial and agricultural	$95,743	$45,462	$38,041	$32,141	$ -
Real estate – construction and development	78,376	72,080	58,362	31,176	-
Real estate – commercial and farmland	563,438	390,755	306,706	179,898	-
Real estate – residential	268,888	258,153	266,342	200,851	-
Consumer installment	4,586	5,104	4,788	4,687	-
Other	-	-	-	-	-
Total purchased non-covered loans	$1,011,031	$771,554	$674,239	$448,753	$ -

Purchased loans as of December 31, 2016, are shown below according to their contractual maturity:

	Contractual Maturity in: One Year or Less	Over One Year through Five Years	Over Five Years	Total
	(dollars in thousands)			
Purchased non-covered loans	$179,262	$ 302,495	$529,274	$1,011,031
Purchased non-covered loan pools	14,525	231,265	322,524	568,314
Covered loans	15,693	32,932	9,535	58,160
Total purchased loans	$209,480	$ 566,692	$861,333	$1,637,505

Total loans (legacy loans, purchased non-covered loans, purchased non-covered loan pools, and covered loans) 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)
Predetermined interest rates	$2,437,349
Floating or adjustable interest rates	1,605,514
	$4,042,863

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, 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, 2016 and 2015 the Company has allocated approximately $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

Loans that were acquired in FDIC-assisted transactions that are covered by the loss-sharing agreements with the FDIC ("covered loans") totaling $58.2 million and $137.5 million at December 31, 2016 and 2015, respectively, are not included in the preceding tables. OREO that is covered by the loss-sharing agreements with the FDIC totaled $1.2 million and $5.0 million at December 31, 2016 and 2015, respectively. The loss-sharing agreements are subject to the servicing procedures as specified in the agreements with the FDIC. The expected reimbursements under the loss-sharing agreements were recorded as an indemnification asset at their estimated fair value at the respective acquisition dates. The net FDIC loss-share payable reported at December 31, 2016 was $6.3 million which includes the clawback liability the Bank expects to pay to the FDIC. The net FDIC loss-share receivable reported at December 31, 2015 was $6.3 million which is net of the clawback liability the Bank expects to pay to the FDIC.

The Company recorded the loans at their fair values, taking into consideration certain credit quality and interest rate risk. If the Company determines that a loan or group of loans has deteriorated from its initial assessment of fair value, the identified loss is charged off and a provision for loan loss is recorded. During 2016, the Company recorded a credit to provision for loan loss expense of $957,000 to account for loans where there was an increase in cash flows from the initial estimates on loans acquired in FDIC-assisted transactions. For the years ended December 31, 2015 and 2014, the Company recorded approximately $751,000 and $843,000, respectively, of provision for loan losses to account for decreases in estimated cash flows on loans acquired in FDIC-assisted transactions. If the Company determines that a loan or group of loans has improved from its initial assessment of fair value, the increase in cash flows over those expected at the acquisition date are recognized as interest income prospectively.

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

	December 31,				
	2016	**2015**	2014	2013	2012
	(dollars in thousands)				
Commercial, financial and agricultural	$794	$5,546	$21,467	$26,550	$32,606
Real estate – construction and development	2,992	7,612	23,447	43,179	70,184
Real estate – commercial and farmland	12,917	71,226	147,627	224,451	278,506
Real estate – residential	41,389	53,038	78,520	95,173	125,056
Consumer installment	68	107	218	884	1,360
Other	-	-	-	-	-
Total covered loans	$58,160	$137,529	$271,279	$390,237	$507,712

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. Warehouse lines of credit, overdraft protection loans and certain consumer and mortgage 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.

The primary contributor to the allowance for loan losses is historical losses by loan type. The Company’s look-back period for historical losses is 16 quarters. Current period losses are substantially 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, 2016, as compared to prior periods. The Company’s trends for most of the qualitative factors currently utilized in the allowance for loan losses are positive compared to prior periods, which also contributes to a lower current need in the allowance for loan losses. Additionally, a significant portion of the Company’s loan growth during 2016 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 2016, 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, 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.

	At December 31,									
	2016		2015		2014		2013		2012	
	(dollars in thousands)									
	Amount	**% of Loans to Total Loans**	Amount	% of Loans to Total Loans	**Amount**	% of Loans to Total Loans	Amount	% of Loans to Total Loans	Amount	% of Loans to Total Loans
Commercial, financial, and agricultural	$2,192	27 %	$1,144	19 %	$2,004	17 %	$1,823	15 %	$2,439	12 %
Real estate – commercial and farmland	7,662	39	7,994	46	8,823	48	8,393	50	9,157	50
Real estate construction & development	2,990	10	5,009	10	5,030	9	5,538	9	5,343	8
Total Commercial	12,844	76	14,147	75	15,857	74	15,754	74	16,939	70
Real estate - residential	6,786	21	4,760	24	4,129	24	6,034	22	5,898	24
Consumer installment and Other	827	3	1,574	1	1,171	2	589	4	756	6
Total excluding purchased non-covered loans and covered loans	$20,457	100 %	$20,481	100%	$21,157	100%	$22,377	100%	$23,593	100%
Purchased non-covered loans, including pools	3,219		581		-		-		-	
Covered loans	244		-		-		-		-	
	$23,920		$21,062		$21,157		$22,377		$23,593	

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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, 2016, 2015, 2014, 2013 and 2012.

	December 31,				
	2016	2015	2014	2013	2012
	(dollars in thousands)				
Balance of allowance for loan losses at beginning of period	$21,062	$21,157	$22,377	$23,593	$35,156
Provision charged to operating expense	4,091	5,264	5,648	11,486	31,089
Charge-offs:					
Commercial, financial and agricultural	1,999	1,438	1,567	1,759	1,451
Real estate - residential	1,122	1,587	1,707	5,215	8,722
Real estate – commercial and farmland	708	2,367	3,288	3,571	20,551
Real estate – construction and development	588	622	592	2,020	9,380
Consumer installment and Other	351	410	471	719	1,059
Purchased non-covered loans, including pools	1,066	950	84	-	-
Covered loans	493	1,759	1,851	1,539	2,638
Total charge-offs	6,327	9,133	9,560	14,823	43,801
Recoveries:					
Commercial, financial and agricultural	400	651	321	432	157
Real estate - residential	391	151	254	888	225
Real estate – commercial and farmland	269	317	274	30	482
Real estate – construction and development	490	323	349	473	40
Consumer installment and Other	127	137	486	298	245
Purchased non-covered loans, including pools	1,723	1,187	-	-	-
Covered loans	1,694	1,008	1,008	-	-
Total recoveries	5,094	3,774	2,692	2,121	1,149
Net charge-offs	1,233	5,359	6,868	12,702	42,652
Balance of allowance for loan losses at end of period	$23,920	$21,062	$21,157	$22,377	$23,593

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

	Legacy loans	Purchased non-covered loans, including pools	Covered loans	Total
	(dollars in thousands)			
December 31, 2016				
Allowance for loan losses at end of period	$20,457	$3,219	$244	$23,920
Net charge-offs (recoveries) for the period	3,091	(657)	(1,201)	1,233
Loan balances:				
End of period	3,626,821	1,579,345	58,160	5,264,326
Average for the period	2,777,505	1,638,533	108,672	4,524,710
Net charge-offs as a percentage of average loans	0.11%	(0.04)%	(1.11)%	0.03%
Allowance for loan losses as a percentage of end of period loans	0.56%	0.20%	0.42%	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	(237)	751	5,359
Loan balances:				
End of period	2,406,877	1,364,517	137,529	3,908,923
Average for the period	2,161,726	913,711	206,774	3,282,211
Net charge-offs as a percentage of average loans	0.22%	(0.03)%	0.36%	0.16%
Allowance for loan losses as a percentage of end of period loans	0.85%	0.04%	0.00%	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	84	843	6,868
Loan balances:				
End of period	1,889,881	674,239	271,279	2,835,399
Average for the period	1,753,013	557,708	339,417	2,650,138
Net charge-offs as a percentage of average loans	0.34%	0.02%	0.25%	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	448,753	390,237	2,457,444
Average for the period	1,478,816	11,065	440,923	1,930,804

Net charge-offs as a percentage of average loans	0.75 %	0.00 %	0.35 %	0.66 %
Allowance for loan losses as a percentage of end of period loans	1.38 %	0.00 %	0.00 %	0.91 %
December 31, 2012				
Allowance for loan losses at end of period	$23,593	$-	$-	$23,593
Net charge-offs (recoveries) for the period	40,014	-	2,638	42,652
Loan balances:				
End of period	1,450,635	-	507,712	1,958,347
Average for the period	1,393,012	-	553,657	1,946,669
Net charge-offs as a percentage of average loans	2.87 %	0.00 %	0.48 %	2.19 %
Allowance for loan losses as a percentage of end of period loans	1.63 %	0.00 %	0.00 %	1.20 %

At December 31, 2016, the allowance for loan losses allocated to legacy loans totaled $20.5 million, or 0.56% of legacy loans, compared with $20.5 million, or 0.85% of legacy loans, at December 31, 2015. 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 increased from $16.9 million at December 31, 2015 to $18.1 million at December 31, 2016; however, legacy nonaccrual loans as a percentage of legacy loans decreased from 0.70% to 0.50%. For the year ended December 31, 2016, our legacy net charge off ratio as a percentage of average legacy loans decreased to 0.11%, compared with 0.22% for the year ended December 31, 2015. For the year ended December 31, 2016, the Company recorded legacy net charge-offs totaling $3.1 million, compared with $4.8 million for the year ended December 31, 2015.

The provision for loan losses for the year ended December 31, 2016 decreased to $4.1 million, compared with $5.3 million for the year ended December 31, 2015. Our ratio of nonperforming assets to total assets decreased from 1.41% at December 31, 2015 to 0.94% at December 31, 2016.

The balance of the allowance for loan losses allocated to loans collectively evaluated for impairment increased 3.4%, or $582,000, during the year ended December 31, 2016, while the balance of loans collectively evaluated for impairment increased 36.7%, or $1.4 billion during the same period. A significant portion of the loan growth was concentrated in lower risk categories such as municipal lending 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 and development loans. Purchased non-covered loans, including purchased loan pools, accounted for 12% of the increase in loans and these loans generally require an initial allowance for loan loss that is less than the allowance required on legacy loans due to seasoning and loan to value characteristics of the portfolio. 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 11 basis points, from 0.46% at December 31, 2015 to 0.35% at December 31, 2016. The allowance allocated to real estate construction and development loans evaluated collectively for impairment decreased from 1.75% at December 31, 2015 to 0.75% at December 31, 2016. The reason for this decline is the positive trend in net losses within this loan category.

The balance of the allowance for loan losses allocated to loans individually evaluated for impairment increased 55.1%, or $2.3 million, during the year ended December 31, 2016, while the balance of loans individually evaluated for impairment decreased 12.1%, or $8.3 million during the same period. The majority of this increase in the allowance for loan losses allocated to loans individually evaluated for impairment is attributable to purchased non-covered loans and covered loans. At December 31, 2016, we had $1.4 million allocated to purchased non-covered loans, including loan pools and $244,000 allocated to covered loans. We did not have any allowance allocated to purchased non-covered loans, including loan pools, and covered loans at December 31, 2015.

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. 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 non-covered and covered loans.

	December 31,				
	2016	**2015**	2014	2013	2012
	(dollars in thousands)				
Commercial, financial and agricultural	$1,814	$1,302	$1,672	$4,103	$4,138

Real estate – construction and development	547	1,812	3,774	3,971	9,281
Real estate – commercial and farmland	8,757	7,019	8,141	8,566	11,962
Real estate – residential	6,401	6,278	7,663	12,152	12,595
Consumer installment	595	449	478	411	909
Total	$18,114	$16,860	$21,728	$29,203	$38,885
Loans contractually past due ninety days or more as to interest or principal payments and still accruing	$-	$-	$1	$-	$-

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

	December 31,				
	2016	2015	2014	2013	2012
	(dollars in thousands)				
Commercial, financial & agricultural	$564	$1,064	$175	$11	$ -
Real estate – construction and development	2,536	1,106	1,119	325	-
Real estate – commercial and farmland	8,698	4,920	10,242	1,653	-
Real estate – residential	6,609	6,168	6,644	4,658	-
Consumer installment	13	72	69	12	-
Total	$18,420	$13,330	$18,249	$6,659	$ -
Loans contractually past due ninety days or more as to interest or principal payments and still accruing	$-	$-	$-	$-	$ -

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

	December 31, 2016	2015	2014	2013	2012
	(dollars in thousands)				
Commercial, financial and agricultural	$128	$2,803	$8,541	$7,257	$10,765
Real estate – construction and development	75	1,701	7,601	14,781	20,027
Real estate – commercial and farmland	1,476	5,034	12,584	33,495	55,946
Real estate – residential	2,867	3,663	6,595	13,278	28,672
Consumer installment	-	37	91	341	302
Total	$4,546	$13,238	$35,412	$69,152	$115,712
Loans contractually past due ninety days or more as to interest or principal payments and still accruing	$-	$-	$714	$346	$3,301

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, 2016 and 2015, the Company had a balance of $18.2 million and $16.4 million, respectively, in troubled debt restructurings, excluding purchased non-covered and covered loans. The following table presents the amount of troubled debt restructurings by loan class, excluding purchased non-covered and covered loans, classified separately as accrual and non-accrual at December 31, 2016 and 2015.

As of December 31, 2016	Accruing Loans		Non-Accruing Loans	
		Balance		**Balance**
Loan class	#		#	
		(in thousands)		***(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, 2015	Accruing Loans	Non-Accruing Loans

Loan class	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial and agricultural	4	$ 240	10	$ 110
Real estate – construction and development	11	792	3	63
Real estate – commercial and farmland	16	5,766	3	596
Real estate – residential	51	7,574	20	1,123
Consumer installment	12	46	23	94
Total	94	$ 14,418	59	$ 1,986

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The following table presents the amount of troubled debt restructurings by loan class, excluding purchased non-covered and covered loans, classified separately as those currently paying under restructured terms and those that have defaulted (defined as 30 days past due) under restructured terms at December 31, 2016 and 2015.

As of December 31, 2016	Loans Currently Paying Under Restructured Terms		Loans that have Defaulted Under Restructured Terms	
Loan class	#	**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

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

The following table presents the amount of troubled debt restructurings, excluding purchased non-covered and covered loans, by types of concessions made, classified separately as accrual and non-accrual at December 31, 2016 and 2015.

As of December 31, 2016	Accruing Loans		Non-Accruing Loans	
Type of Concession	#	**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

As of December 31, 2015	Accruing Loans		Non-Accruing Loans	
Type of Concession	#	**Balance** ***(in thousands)***	#	**Balance** ***(in thousands)***
Forbearance of interest	10	$ 1,891	8	$ 247
Forgiveness of principal	2	1,241	1	357
Forbearance of principal	6	2,798	8	158
Rate reduction only	15	1,869	2	226
Rate reduction, forbearance of interest	39	2,504	23	383
Rate reduction, forbearance of principal	12	3,316	15	256
Rate reduction, forgiveness of interest	9	795	2	359
Rate reduction, forgiveness of principal	1	4	-	-
Total	94	$ 14,418	59	$ 1,986

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

As of December 31, 2016	Accruing Loans		Non-Accruing Loans	
Collateral Type	#	**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, 2015	Accruing Loans		Non-Accruing Loans	
Collateral Type	#	**Balance** ***(in thousands)***	#	**Balance** ***(in thousands)***
Warehouse	4	$ 608	1	$ 198
Raw land	6	165	3	62
Apartment	1	1,314	-	-
Hotel and motel	3	1,882	-	-
Office	3	499	-	-
Retail, including strip centers	3	1,335	1	42
1-4 family residential	58	8,329	22	1,139
Church	-	-	1	357
Automobile/equipment/CD	15	61	30	184
Unsecured	1	225	1	4
Total	94	$ 14,418	59	$ 1,986

As of December 31, 2016 and 2015, the Company had a balance of $13.6 million and $10.0 million, respectively, in troubled debt restructurings included in purchased non-covered loans. The following table presents the amount of troubled debt restructurings by loan class of purchased non-covered loans, classified separately as accrual and non-accrual at December 31, 2016 and 2015.

As of December 31, 2016	Accruing Loans		Non-Accruing Loans	
Loan Class	#	**Balance** *(in thousands)*	#	**Balance** *(in thousands)*
Commercial, financial and agricultural	1	$ 1	1	$ 15
Real estate – construction and development	2	540	3	30
Real estate – commercial and farmland	15	6,551	4	1,844
Real estate – residential	25	3,906	6	662
Consumer installment	2	6	1	-
Total	45	$ 11,004	15	$ 2,551

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

The following table presents the amount of troubled debt restructurings by loan class of purchased non-covered loans, classified separately as those currently paying under restructured terms and those that have defaulted (defined as 30 days past due) under restructured terms at December 31, 2016 and 2015.

As of December 31, 2016	Loans Currently Paying Under Restructured Terms		Loans that have Defaulted Under Restructured Terms	
Loan Class	#	**Balance** ***(in thousands)***	#	**Balance** ***(in thousands)***
Commercial, financial and agricultural	2	$ 16	-	$ -
Real estate – construction and development	4	561	1	9
Real estate – commercial and farmland	19	8,395	-	-
Real estate – residential	25	3,708	6	860
Consumer installment	3	6	-	-
Total	53	$ 12,686	7	$ 869

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

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

As of December 31, 2016	Accruing Loans		Non-Accruing Loans	
Type of Concession	#	**Balance** ***(in thousands)***	#	**Balance** ***(in thousands)***
Forbearance of interest	5	$ 1,735	1	$ 64
Forbearance of principal	7	2,003	2	1,495
Forbearance of principal, extended amortization	1	78	1	323
Rate reduction only	9	4,295	2	73
Rate reduction, forbearance of interest	8	649	6	365
Rate reduction, forbearance of principal	3	929	3	231
Rate reduction, forgiveness of interest	12	1,315	-	-

Total	45	$ 11,004	15	$ 2,551

As of December 31, 2015	Accruing Loans		Non-Accruing Loans	
Type of Concession	#	**Balance** *(in thousands)*	#	**Balance** *(in thousands)*
Forbearance of interest	4	$ 1,465	2	$ 87
Forbearance of principal	2	574	-	-
Payment modification only	2	892	-	-
Forbearance of principal, extended amortization	1	86	1	355
Rate reduction only	8	4,054	2	77
Rate reduction, forbearance of interest	8	1,011	8	118
Rate reduction, forbearance of principal	4	1,139	1	21
Rate reduction, forgiveness of interest	2	152	-	-
Total	31	$ 9,373	14	$ 658

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

As of December 31, 2016	Accruing Loans		Non-Accruing Loans	
		Balance		**Balance**
Collateral Type	#		#	
		(in thousands)		***(in thousands)***
Warehouse	4	$ 1,532	-	$ -
Raw land	2	562	4	86
Hotel and motel	1	154	-	-
Retail, including strip centers	5	3,964	1	197
Office	2	499	-	-
1-4 family residential	28	4,287	7	955
Church	-	-	1	1,298
Automobile/equipment/CD	3	6	2	15
Total	45	$ 11,004	15	$ 2,551

As of December 31, 2015	Accruing Loans		Non-Accruing Loans	
		Balance		**Balance**
Collateral Type	#		#	
		(in thousands)		***(in thousands)***
Warehouse	3	$ 1,722	-	$ -
Raw land	-	-	4	63
Hotel and motel	1	158	-	-
Retail, including strip centers	5	3,421	-	-
Office	2	530	-	-
1-4 family residential	17	3,535	6	571
Automobile/equipment/inventory	3	7	4	24
Total	31	$ 9,373	14	$ 658

As of December 31, 2016 and 2015, the Company had a balance of $14.6 million and $15.5 million, respectively, in troubled debt restructurings included in covered loans. The following table presents the amount of troubled debt restructurings by loan class of covered loans, classified separately as accrual and non-accrual at December 31, 2016 and 2015.

As of December 31, 2016	Accruing Loans		Non-Accruing Loans	
		Balance		**Balance**
Loan Class	#		#	
		(in thousands)		***(in thousands)***
Commercial, financial and agricultural	-	$ -	3	$ 76
Real estate – construction and development	4	818	-	-

Real estate – commercial and farmland	5	1,909	1	558
Real estate – residential	98	9,807	27	1,415
Consumer installment	1	5	-	-
Total	108	$ 12,539	31	$ 2,049

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

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The following table presents the amount of troubled debt restructurings by loan class of covered loans, classified separately as those currently paying under restructured terms and those that have defaulted (defined as 30 days past due) under restructured terms at December 31, 2016 and 2015.

As of December 31, 2016	Loans Currently Paying Under Restructured Terms		Loans that have Defaulted Under Restructured Terms	
Loan Class	#	**Balance** *(in thousands)*	#	**Balance** *(in thousands)*
Commercial, financial and agricultural	1	$ 0	2	$ 76
Real estate – construction and development	4	817	-	-
Real estate – commercial and farmland	6	2,467	-	-
Real estate – residential	101	9,776	24	1,446
Consumer installment	1	5	-	-
Total	113	$ 13,065	26	$ 1,522

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

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

As of December 31, 2016	Accruing Loans		Non-Accruing Loans	
Type of Concession	#	**Balance** *(in thousands)*	#	**Balance** *(in thousands)*
Forbearance of interest	7	$ 1,818	3	$ 143
Forbearance of principal	-	-	3	33
Rate reduction only	69	8,415	11	1,312
Rate reduction, forbearance of interest	12	738	13	267
Rate reduction, forbearance of principal	8	688	-	-
Rate reduction, forgiveness of interest	12	880	1	294

Total	108	$ 12,539	31	$ 2,049

As of December 31, 2015	Accruing Loans		Non-Accruing Loans	
Type of Concession	#	**Balance**	#	**Balance**
		(in thousands)		***(in thousands)***
Forbearance of interest	5	$ 1,347	4	$ 88
Forbearance of principal	-	-	2	4
Rate reduction only	84	10,270	7	744
Rate reduction, forbearance of interest	8	564	16	422
Rate reduction, forbearance of principal	7	708	2	926
Rate reduction, forgiveness of interest	3	394	-	-
Total	107	$ 13,283	31	$ 2,184

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

As of December 31, 2016	Accruing Loans		Non-Accruing Loans	
Collateral Type	#	**Balance** *(in thousands)*	#	**Balance** *(in thousands)*
Raw land	5	$ 1,357	-	$ -
Hotel and motel	-	-	1	558
Retail, including strip centers	2	525	-	-
Office	1	468	-	-
1-4 family residential	99	10,183	26	1,363
Automobile/equipment/CD	1	6	4	128
Total	108	$ 12,539	31	$ 2,049

As of December 31, 2015	Accruing Loans		Non-Accruing Loans	
Collateral Type	#	**Balance** *(in thousands)*	#	**Balance** *(in thousands)*
Raw land	5	$ 1,321	-	$ -
Hotel and motel	1	620	1	923
Retail, including strip centers	2	537	1	6
1-4 family residential	97	10,742	27	1,255
Automobile/equipment/inventory	2	63	2	-
Total	107	$ 13,283	31	$ 2,184

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 33.9% of earning assets mature or reprice within one year or less. Mortgage loans, generally our loan 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, 2016, 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.

	At December 31, 2016				
	Maturing or Repricing Within				
	Zero to Three Months	Three Months to One Year	One to Five Years	Over Five Years	Total
	(dollars in thousands)				
Interest-earning assets:					
Short-term assets	$71,221	$-	$-	$-	$71,221
Investment securities	28,824	5,975	73,202	744,198	852,199
Mortgage loans held for sale	105,924	-	-	-	105,924
Loans	1,291,552	198,560	1,187,378	949,331	3,626,821
Purchased non-covered loans	249,810	133,470	382,491	245,260	1,011,031
Purchased non-covered loan pools	11,958	13,599	228,216	314,541	568,314
Covered loans	10,929	11,644	32,040	3,547	58,160
	1,770,218	363,248	1,903,327	2,256,877	6,293,670
Interest-bearing liabilities:					
Interest-bearing demand deposits	1,339,742	-	-	-	1,339,742
Money market deposit accounts	1,442,862	-	-	-	1,442,862
Savings	261,605	-	-	-	261,605
Time deposits	201,531	506,407	245,861	3,766	957,565
Federal funds purchased and securities sold under agreements to repurchase	53,505	-	-	-	53,505
FHLB advances	446,502	5,006	-	-	451,508

Other borrowings	40,813	-	-	-	40,813
Trust preferred securities	47,114	-	-	37,114	84,228
	3,833,674	511,413	245,861	40,880	4,631,828
Interest rate sensitivity gap	$(2,063,456)	$(148,165)	$1,657,466	$2,215,997	$1,661,842
Cumulative interest rate sensitivity gap	$(2,063,456)	$(2,211,621)	$(554,155)	$1,661,842	
Interest rate sensitivity gap ratio	0.46	0.71	7.74	55.21	
Cumulative interest rate sensitivity gap ratio	0.46	0.49	0.88	1.36	

INVESTMENT PORTFOLIO

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

	December 31,		
	2016	2015	2014
	(dollars in thousands)		
U.S. government sponsored agencies	$1,020	$14,890	$14,678
State, county and municipal securities	152,035	161,316	141,375
Corporate debt securities	32,172	6,017	11,040
Mortgage-backed securities	637,508	600,962	374,712
	$822,735	$783,185	$541,805

The amounts of securities available for sale in each category as of December 31, 2016 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.

	U.S. Government Sponsored Agencies		State, County and Municipal		Corporate Debt		Mortgage-backed	
	Amount	Yield(1)	Amount	Yield(1)(2)	Amount	Yield(1)	Amount	Yield (1)
	(dollars in thousands)							
One year or less	$1,020	3.20 %	$4,295	2.41 %	$1,523	4.75 %	$-	- %
After one year through five years	-	-	44,185	3.05	20,931	2.37	6,583	2.35
After five years through ten years	-	-	54,340	2.83	6,817	4.73	111,493	2.16
After ten years	-	-	49,215	2.69	2,901	4.40	519,432	2.13
	$1,020	3.20 %	$152,035	2.84 %	$32,172	3.17 %	$637,508	2.14 %

(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, 2016.

DEPOSITS

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

	Year Ended December 31,			
	2016		2015	
	Amount	Rate	Amount	Rate
	(dollars in thousands)			
Noninterest-bearing demand	$1,515,771	0.00%	$1,227,682	0.00%
NOW	1,141,206	0.17	877,949	0.17
Money market	1,390,948	0.35	1,074,349	0.30
Savings	261,559	0.07	209,206	0.08
Time	890,757	0.61	810,344	0.61
Total deposits	$5,200,241	0.24%	$4,199,530	0.23%

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, 2016, 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)
Three months or less	$ 97,308
Three months to one year	267,082
One year or greater	146,515
Total	$ 510,905

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 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 is a summary of the commitments outstanding at December 31, 2016 and 2015:

	December 31,	
	2016	2015
	(dollars in thousands)	
Commitments to extend credit	$1,101,257	$548,898
Unused lines of credit	62,586	52,798
Financial standby letters of credit	14,257	14,712
Mortgage interest rate lock commitments	91,426	77,710
Mortgage forward contracts with positive fair value	150,000	-
	$1,419,526	$694,118

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

	Years Ended December 31,					
	2016		2015		2014	
	(dollars in thousands)					
	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate
Federal funds purchased and securities sold under agreement to repurchase	$44,324	0.22 %	$50,988	0.34 %	$47,136	0.35 %

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	Years Ended December 31,					
	2016		2015		2014	
			(dollars in thousands)			
	Average Balance	Average Rate	Average Balance	Average Rate	Average Balance	Average Rate
	Total Balance		Total Balance		Total Balance	
Total maximum short-term borrowings outstanding at any month-end during the year	$56,203		$ 68,300		$73,310	

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, 2016 and 2015, 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 LIBOR.

The following table sets forth certain information about contractual cash obligations as of December 31, 2016.

	Payments Due After December 31, 2016				
	Total	1 Year Or Less	1-3 Years	4-5 Years	>5 Years
	(dollars in thousands)				
Time certificates of deposit	$957,565	$707,938	$217,203	$28,657	$3,767
Deposits without a stated maturity	4,617,598	4,617,598	-	-	-
Repurchase agreements with customers	53,505	53,505	-	-	-
Operating lease obligations	22,124	4,638	7,412	4,839	5,235
Other borrowings	492,321	490,358	77	-	1,886
Subordinated deferrable interest debentures	110,059	-	-	-	110,059
Total contractual cash obligations	$6,253,172	$5,874,037	$224,692	$33,496	$120,947

At December 31, 2016, estimated costs to complete construction projects in progress and other binding commitments for capital expenditures were not a material amount.

CAPITAL ADEQUACY

Capital Purchase Program

On November 21, 2008, the Company elected to participate in the CPP established by the EESA. Accordingly, on such date, the Company issued and sold to the Treasury, for an aggregate cash purchase price of $52 million, (i) 52,000 Preferred Shares having a liquidation preference of $1,000 per share, and (ii) a ten-year Warrant to purchase up to 679,443 shares of Common Stock, at an exercise price of $11.48 per share. The issuance and sale of these securities was a private placement exempt from registration pursuant to Section 4(2) of the Securities Act. On June 14, 2012, the Preferred Shares were sold by the Treasury through a registered public offering. On August 22, 2012, the Company repurchased the Warrant from the Treasury for $2.67 million, and in December 2012, the Company repurchased 24,000 of the outstanding Preferred Shares. In March 2014, the Company redeemed the remaining 28,000 outstanding Preferred Shares.

Capital Regulations

The capital resources of the Company are monitored on a periodic basis by state and federal regulatory authorities. During 2016, the Company’s capital increased $131.7 million, primarily due to the issuance of Common Stock of $72.5 million, net income available to common shareholders of $72.1 million, partially offset by the cash dividends paid on common shares of $10.5 million. Other capital related transactions, such as stock-based compensation, Common Stock issuances through the exercise of stock options and issuances of shares of restricted stock, account for only a small change in the capital of the Company. During 2015, the Company’s capital increased $148.7 million, primarily due to the issuance of Common Stock of $114.9 million and net income available to common shareholders of $40.8 million, partially offset by the cash dividends paid on common shares of $6.4 million. For both 2016 and 2015, other capital related transactions, such as other comprehensive income, stock-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 for 2016 is 0.625%.

The following table summarizes the regulatory capital levels of Ameris at December 31, 2016:

	Actual Amount	Percent	Required Amount	Percent	Excess Amount	Percent
	(dollars in thousands)					
Tier 1 Leverage Ratio (tier 1 capital to average assets)						
Consolidated	$555,447	8.675 %	$256,106	4.000%	$299,341	4.675%
Ameris Bank	592,641	9.266	255,828	4.000	336,813	5.266
CET1 Ratio (common equity tier 1 capital to risk weighted assets)						
Consolidated	476,806	8.317	293,811	5.125	182,995	3.192
Ameris Bank	592,641	10.351	293,422	5.125	299,219	5.226
Tier 1 Capital Ratio (tier 1 capital to risk weighted assets)						
Consolidated	555,447	9.689	379,804	6.625	175,643	3.064
Ameris Bank	592,641	10.351	379,301	6.625	213,340	3.726
Total Capital Ratio (total capital to risk weighted assets)						
Consolidated	579,367	10.106	494,462	8.625	84,905	1.481
Ameris Bank	616,561	10.769	493,807	8.625	122,754	2.144

The required CET1 Ratio, Tier 1 Capital Ratio, and the Total Capital Ratio reflected in the table above include a capital conservation buffer of 0.625%.

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.

	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	$ 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

	Quarters Ended December 31, 2015			
	4	3	2	1
	(dollars in thousands, except per share data)			
Selected Income Statement Data:				
Interest income	$ 52,601	$ 51,195	$ 44,229	$ 42,368
Interest expense	3,983	3,796	3,541	3,536
Net interest income	48,618	47,399	40,688	38,832
Provision for loan losses	553	986	2,656	1,069
Net interest income after provision for loan losses	48,065	46,413	38,032	37,763
Noninterest income	22,407	24,978	20,626	17,575
Noninterest expense	51,221	47,950	51,152	40,812
Merger and conversion charges	1,807	446	5,712	15

Income before income taxes	17,444	22,995	1,794	14,511
Income tax	3,296	7,368	486	4,747
Net income	$ 14,148	$ 15,627	$ 1,308	$ 9,764
Per Share Data:				
Net income – basic	$ 0.44	$ 0.49	$ 0.04	$ 0.32
Net income – diluted	0.43	0.48	0.04	0.32
Common dividends - cash	0.05	0.05	0.05	0.05

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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 .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 a gradual 200 basis points increase or 200 basis points 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 200 basis points gradually over the next year. A scenario involving a 200 basis points decrease is irrelevant at this time with current market rates being at or near zero since the last reduction of the federal funds target rate by the Federal Reserve on December 16, 2008.

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, 2017. 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	-2.9%	3.6%
+300	-1.8%	3.6%

+200	-1.0%	3.0%
+100	-0.5%	1.7%
-100	Neutral	Neutral
-200	Not meaningful	Not meaningful
-300	Not meaningful	Not meaningful
-400	Not meaningful	Not meaningful

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

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, 2016, there was no change in the Company's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rules 13a-15 or 15d-15 of the Exchange Act that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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 2017 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 2017 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 2017 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, 2016.

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)	201,513	$ 14.97	968,749

(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 2017 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 2017 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, 2016 and 2015;

(ii) Consolidated Statements of Income – Years ended December 31, 2016, 2015 and 2014;

(iii) Consolidated Statements of Comprehensive Income – Years ended December 31, 2016, 2015 and 2014;

(iv) Consolidated Statements of Changes in Stockholders' Equity – Years ended December 31, 2016, 2015 and 2014;

(v) Consolidated Statements of Cash Flows – Years ended December 31, 2016, 2015 and 2014; 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.

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: February 27, 2017 By: /s/ Edwin W. Hortman, Jr.
Edwin W. Hortman, Jr.,
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 February 27, 2017.

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

/s/ Dennis J. Zember Jr.
Dennis J. Zember Jr., Executive Vice President, Chief Financial Officer and Chief Operating 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 and Chairman of the Board

/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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EXHIBIT INDEX

Exhibit No.	Description
3.1	Articles of Incorporation of Ameris Bancorp, as amended (incorporated by reference to Exhibit 2.1 to Ameris Bancorp's Regulation A Offering Statement on Form 1-A filed with the 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	Amended and Restated Bylaws of Ameris Bancorp (incorporated by reference to Exhibit 3.1 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on March 14, 2005).
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 (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 Bank (as successor to Prosperity Bank) and Wilmington Trust Company dated as of May 11, 2006 (incorporated by reference to Exhibit 4.12 to Ameris Bancorp’s Annual Report on Form 10-K filed with the SEC on March 14, 2014).

Exhibit No.	Description
4.13	First Supplemental Indenture dated as of December 23, 2013 by and among Ameris Bank, Prosperity Bank and Wilmington Trust Company (pertaining to Indenture dated as of May 11, 2006) (incorporated by reference to Exhibit 4.13 to Ameris Bancorp's Annual Report on Form 10-K filed with the SEC on March 14, 2014).
4.14	Form of Floating Rate Junior Subordinated Debenture Due 2016 (included as Exhibit A to the Indenture filed as Exhibit 4.12 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 The Prosperity Banking Company) and Wilmington Trust Company dated as of June 30, 2006 (incorporated by reference to Exhibit 4.15 to Ameris Bancorp's Annual Report on Form 10-K filed with the SEC on March 14, 2014).

4.16	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 June 30, 2006) (incorporated by reference to Exhibit 4.16 to Ameris Bancorp's Annual Report on Form 10-K filed with the SEC on March 14, 2014).
4.17	Form of Floating Rate Junior Subordinated Debenture Due 2016 (included as Exhibit A to the Indenture filed as Exhibit 4.15 to Ameris Bancorp's Annual Report on Form 10-K filed with the SEC on March 14, 2014).
4.18	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).
4.19	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).
4.20	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).
4.21	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).
4.22	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).
4.23	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).

4.24	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).
4.25	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).
4.26	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).
4.27	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).
4.28	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).
4.29	Form of Floating Rate Junior Subordinated Deferrable Interest Debenture Due 2035 (incorporated by reference to Exhibit 4.3 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on May 27, 2015).
4.30	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).
4.31	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).

Exhibit No.	Description
4.32	Form of Floating Rate Junior Subordinated Deferrable Interest Debenture Due 2036 (incorporated by reference to Exhibit 4.6 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on May 27, 2015).
4.33	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).
4.34	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 4.2 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 2034 (incorporated by reference to Exhibit 4.3 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 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).
4.37	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).
4.38	Form of Fixed/Floating Rate Junior Subordinated Deferrable Interest Debenture Due (incorporated by reference to Exhibit 4.6 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on March 14, 2016).
4.39	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).
4.40	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).
4.41	Form of Floating Rate Junior Subordinated Deferrable Interest Debenture Due 2036 (incorporated by reference to Exhibit 4.9 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on March 14, 2016).
4.42	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).
4.43	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).
4.44	Form of Junior Subordinated Debt Security Due 2038 (incorporated by reference to Exhibit 4.12 to Ameris Bancorp's Current Report on Form 8-K filed with the SEC on March 14, 2016).
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 10.1 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).

Exhibit No.	Description
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	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).
10.14	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).
10.15*	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).
10.16	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).
10.17*	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).
10.18*	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).
10.19*	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).
10.20*	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).
10.21*	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).
10.22*	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).
10.23*	Executive Employment Agreement by and among Ameris Bancorp, Ameris Bank and Andrew B. Cheney dated as of December 15, 2014 (incorporated by reference to Exhibit 99.3 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).

Exhibit No.	Description
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	Management and License Agreement dated as of December 15, 2016 by and among Ameris Bank, William J. Villari and US Premium Finance Holding Company (incorporated by reference to Exhibit 10.1 to Ameris Bancorp’s Current Report on Form 8-K filed with the SEC on December 19, 2016).
10.32	Stock Purchase Agreement dated as of December 15, 2016 by and between Ameris Bancorp and William J. Villari (incorporated by reference to Exhibit 10.2 to Ameris Bancorp’s Current Report on Form 8-K filed with the SEC on December 19, 2016).
10.33	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).
10.34	Second Amended and Restated Revolving Promissory Note dated as of December 28, 2016 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 December 29, 2016).
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.
101	The following financial statements from Ameris Bancorp’s Form 10-K for the year ended December 31, 2016, 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 Changes in Stockholders’ Equity; (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements.

* Management contract or a compensatory plan or arrangement.

INDEX TO FINANCIAL STATEMENTS AND SCHEDULES

Crowe Horwath LLP
Independent Member Crowe Horwath International

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders

Ameris Bancorp

Moultrie, GA

We have audited the accompanying consolidated balance sheets of Ameris Bancorp and subsidiaries (the “Company”) as of December 31, 2016 and 2015, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2016. We also have audited the Company’s internal control over financial reporting as of December 31, 2016, based on criteria established in the 2013 Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). 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 these financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. 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.

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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ameris Bancorp and subsidiaries as of December 31, 2016 and 2015, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2016 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, 2016, based on criteria established in the 2013 Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

/s/ Crowe Horwath LLP

Atlanta, Georgia

February 27, 2017

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, 2016. 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, 2016.

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.	/s/ Dennis J. Zember Jr.
Edwin W. Hortman, Jr.,	Dennis J. Zember Jr.,
President and Chief Executive Officer	Executive Vice President, Chief Financial Officer
(principal executive officer)	and Chief Operating Officer
	(principal accounting and financial officer)

AMERIS BANCORP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2016 AND 2015

(dollars in thousands, except share data)

	2016	2015
Assets		
Cash and due from banks	$127,164	$118,518
Interest-bearing deposits in banks	71,221	266,545
Federal funds sold	-	5,500
Investment securities available for sale, at fair value	822,735	783,185
Other investments	29,464	9,323
Mortgage loans held for sale, at fair value	105,924	111,182
Loans, net of unearned income	3,626,821	2,406,877
Purchased loans not covered by FDIC loss-sharing agreements (“purchased non-covered loans”)	1,011,031	771,554
Purchased loan pools not covered by FDIC loss-sharing agreements (“purchased loan pools”)	568,314	592,963
Purchased loans covered by FDIC loss-sharing agreements (“covered loans”)	58,160	137,529
Less: allowance for loan losses	(23,920)	(21,062)
Loans, net	5,240,406	3,887,861
Other real estate owned, net	10,874	16,147
Purchased non-covered other real estate owned, net	11,332	14,333
Covered other real estate owned, net	1,208	5,011
Total other real estate owned, net	23,414	35,491
Premises and equipment, net	121,217	121,639
FDIC loss-share receivable, net	-	6,301
Other intangible assets, net	17,428	17,058
Goodwill	125,532	90,082
Cash value of bank owned life insurance	78,053	64,251
Deferred income taxes, net	40,776	19,459
Other assets	88,697	52,545
Total assets	$6,892,031	$5,588,940
Liabilities		
Deposits		
Noninterest-bearing	$1,573,389	$1,329,857
Interest-bearing	4,001,774	3,549,433
Total deposits	5,575,163	4,879,290
Securities sold under agreements to repurchase	53,505	63,585

FDIC loss-share payable, net	6,313	-
Other borrowings	492,321	39,000
Subordinated deferrable interest debentures, net	84,228	69,874
Other liabilities	34,064	22,432
Total liabilities	6,245,594	5,074,181
Commitments and Contingencies (Note 19)		
Stockholders' Equity		
Preferred stock, stated value $1,000; 5,000,000 shares authorized; 0 shares issued and outstanding	-	-
Common stock, par value $1; 100,000,000 shares authorized; 36,377,807 and 33,625,162 shares issued	36,378	33,625
Capital surplus	410,276	337,349
Retained earnings	214,454	152,820
Accumulated other comprehensive income (loss), net of tax	(1,058)	3,353
Treasury stock, at cost, 1,456,333 and 1,413,777 shares	(13,613)	(12,388)
Total stockholders' equity	646,437	514,759
Total liabilities and stockholders' equity	$6,892,031	$5,588,940

See notes to consolidated financial statements.

AMERIS BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

(dollars in thousands, except share data)

	2016	2015	2014
Interest income			
Interest and fees on loans	$218,659	$171,567	$150,611
Interest on taxable securities	17,824	16,134	12,086
Interest on nontaxable securities	1,722	1,869	1,626
Interest on deposits in other banks	827	790	236
Interest on federal funds sold	33	33	7
Total interest income	239,065	190,393	164,566
Interest expense			
Interest on deposits	12,410	9,752	9,488
Interest on other borrowings	7,284	5,104	5,192
Total interest expense	19,694	14,856	14,680
Net interest income	219,371	175,537	149,886
Provision for loan losses	4,091	5,264	5,648
Net interest income after provision for loan losses	215,280	170,273	144,238
Noninterest income			
Service charges on deposit accounts	42,745	34,465	24,614
Mortgage banking activity	48,298	36,800	25,986
Other service charges, commissions and fees	3,575	3,754	2,647
Net gains on sales of securities	94	137	138
Gain on sale of SBA loans	3,974	4,522	3,896
Other noninterest income	7,115	5,908	5,555
Total noninterest income	105,801	85,586	62,836
Noninterest expense			
Salaries and employee benefits	106,837	94,003	73,878
Occupancy and equipment	24,397	21,195	17,521
Advertising and marketing	4,181	3,312	2,869
Amortization of intangible assets	4,376	3,741	2,330
Data processing and communications expenses	24,591	19,849	15,551
Legal and other professional fees	9,885	3,448	3,092
Credit resolution-related expenses	6,172	17,707	13,506
Merger and conversion charges	6,376	7,980	3,940
FDIC insurance	3,712	3,475	2,972

Other noninterest expenses	25,308	24,405	15,210
Total noninterest expense	215,835	199,115	150,869
Income before income tax expense	105,246	56,744	56,205
Income tax expense	(33,146)	(15,897)	(17,482)
Net income	72,100	40,847	38,723
Preferred stock dividends	-	-	286
Net income available to common stockholders	$72,100	$40,847	$38,437
Basic earnings per common share	$2.10	$1.29	$1.48
Diluted earnings per common share	$2.08	$1.27	$1.46
Dividends declared per common share	$0.30	$0.20	$0.15
Weighted average common shares outstanding			
Basic	34,347	31,762	25,974
Diluted	34,702	32,127	26,259

See notes to consolidated financial statements.

AMERIS BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

(dollars in thousands)

	2016	2015	2014
Net income	$72,100	$40,847	$38,723
Other comprehensive income (loss):			
Net unrealized holding gains (losses) arising during period on investment securities available for sale, net of tax expense (benefit) of ($2,355), ($1,239) and $3,969	(4,374)	(2,300)	7,371
Reclassification adjustment for gains on investment securities included in operations, net of tax of $33, $48 and $48	(61)	(89)	(90)
Net unrealized gains (losses) on cash flow hedge during the period, net of tax (benefit) of $13, ($192) and ($479)	24	(356)	(889)
Total other comprehensive income (loss)	(4,411)	(2,745)	6,392
Comprehensive income	$67,689	$38,102	$45,115

See notes to consolidated financial statements.

AMERIS BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

(dollars in thousands, except share data)

	2016		**2015**		2014	
	Shares	Amount	Shares	Amount	Shares	Amount
PREFERRED STOCK						
Balance at beginning of period	-	$-	-	$-	28,000	$28,000
Repurchase of preferred stock	-	-	-	-	(28,000)	(28,000)
Balance at end of period	-	$-	-	$-	-	$-
COMMON STOCK						
Balance at beginning of period	33,625,162	$33,625	28,159,027	$28,159	26,461,769	$26,462
Issuance of common stock	2,549,469	2,549	5,320,000	5,320	1,598,998	1,599
Issuance of restricted shares	155,751	156	71,000	71	77,047	77
Forfeitures of restricted shares	(7.085)	(7)	-	-	(10,571)	(11)
Exercise of stock options	54,510	55	75,135	75	31,784	32
Balance at end of period	36,377,807	$36,378	33,625,162	$33,625	28,159,027	$28,159
CAPITAL SURPLUS						
Balance at beginning of period		$337,349		$225,015		$189,722
Issuance of common stock, net of issuance cost of $0, $4,811 and $0		69,906		109,569		32,875
Stock-based compensation		2,261		1,485		2,057
Stock-based compensation net tax benefit		-		235		-
Exercise of stock options		909		1,116		427
Issuance of restricted shares		(156)		(71)		(77)
Forfeitures of restricted shares		7		-		11
Balance at end of period		$410,276		$337,349		$225,015
RETAINED EARNINGS						
Balance at beginning of period		$152,820		$118,412		$83,991
Net income		72,100		40,847		38,723
Dividends on preferred shares		-		-		(286)
Dividends on common shares		(10,466)		(6,439)		(4,016)
Balance at end of period		$214,454		$152,820		$118,412
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX						

Unrealized gains (losses) on securities:						
Balance at beginning of period		$3,201		$5,590		$(1,691)
Change during period		(4,435)		(2,389)		7,281
Balance at end of period		$(1,234)		$3,201		$5,590
Unrealized gain (loss) on interest rate swap:						
Balance at beginning of period		$152		$508		$1,397
Change during period		24		(356)		(889)
Balance at end of period		$176		$152		$508
Balance at end of period		$(1,058)		$3,353		$6,098
TREASURY STOCK						
Balance at beginning of period	1,413,777	$(12,388)	1,385,164	$(11,656)	1,363,342	$(11,182)
Purchase of treasury shares	42,556	(1,225)	28,613	(732)	21,822	(474)
Balance at end of period	1,456,333	$(13,613)	1,413,777	$(12,388)	1,385,164	$(11,656)
TOTAL STOCKHOLDERS' EQUITY		$646,437		$514,759		$366,028

See notes to consolidated financial statements.

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AMERIS BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

(dollars in thousands)

	2016	2015	2014
OPERATING ACTIVITIES			
Net income	$72,100	$40,847	$38,723
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	9,519	8,058	6,642
Net (gains) losses on sale or disposal of premises and equipment	992	184	(516)
Provision for loan losses	4,091	5,264	5,648
Net write-downs and losses on sale of other real estate owned	1,953	15,696	4,950
Stock based compensation expense	2,261	1,485	2,057
Amortization of intangible assets	4,376	3,741	2,330
Provision for deferred taxes	847	(344)	6,516
Net amortization of investment securities available for sale	7,057	5,881	3,666
Net gains on securities available for sale	(94)	(137)	(138)
Accretion of discount on purchased non-covered loans	(13,284)	(10,590)	(9,745)
Amortization of premium on non-covered loan pools	5,653	1,165	-
Accretion of discount on covered loans	(3,353)	(9,658)	(22,188)
Net accretion of other borrowings	(76)	-	401
Amortization of subordinated deferrable interest debentures	1,453	1,043	807
Originations of mortgage loans held for sale	(1,403,954)	(1,038,691)	(687,090)
Payments received on mortgage loans held for sale	1,390	1,331	1,299
Proceeds from sales of mortgage loans held for sale	1,340,668	989,979	694,130
Net gains on mortgage loans held for sale	(52,198)	(40,389)	(28,532)
Originations of SBA loans	(69,512)	(54,594)	(58,089)
Proceeds from sales of SBA loans	28,268	39,484	32,782
Net gains on sales of SBA loans	(3,974)	(4,522)	(3,896)
Increase in cash surrender value of BOLI	(1,734)	(1,384)	(1,623)
Changes in FDIC loss-share receivable/payable, net of cash payments received	11,798	5,777	11,596
Decrease (increase) decrease in interest receivable	(1,004)	(4,251)	(1,952)
Increase (decrease) in interest payable	446	(327)	(49)
Increase (decrease) in taxes payable	(8,328)	9,033	(7,221)
Change attributable to other operating activities	(5,128)	10,696	3,896
Net cash provided by (used in) operating activities	(69,767)	(25,223)	(5,596)
INVESTING ACTIVITIES, net of effects of business combinations			
Purchases of securities available for sale	(200,823)	(249,115)	(126,909)

Proceeds from maturities of securities available for sale	131,390	89,030	51,215
Proceeds from sale of securities available for sale	75,990	72,528	94,051
Net decrease (increase) in other investments	(17,936)	1,824	8,028
Net increase in loans, excluding purchased non-covered and covered loans	(1,063,345)	(442,180)	(251,955)
Payments received on purchased non-covered loans	215,958	154,666	74,931
Purchases of non-covered loan pools	(152,091)	(622,533)	-
Payments received on non-covered loan pools	171,087	28,405	-
Payments received on covered loans	31,494	79,372	102,996
Purchases of premises and equipment	(10,977)	(12,576)	(5,709)
Proceeds from sale of premises and equipment	295	244	1,213
Proceeds from sales of other real estate owned	22,483	43,269	43,793
Purchase of bank owned life insurance	-	(4,000)	-
Payments received from FDIC under loss-sharing agreements	816	19,273	22,494
Net cash proceeds received (paid) from acquisitions	(7,206)	673,933	17,022
Net cash provided by (used in) investing activities	(802,865)	(167,860)	31,170

(Continued)

AMERIS BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

(dollars in thousands)

	2016	2015	2014
FINANCING ACTIVITIES, net of effects of business combinations			
Net increase (decrease) in deposits	294,513	353,984	62,894
Net increase (decrease) in securities sold under agreements to repurchase	(10,080)	(9,725)	(15,634)
Proceeds from other borrowings	635,886	-	118,963
Repayment of other borrowings	(231,020)	(39,881)	(257,060)
Dividends paid - preferred stock	-	-	(286)
Redemption of preferred stock	-	-	(28,000)
Issuance of common stock	-	114,889	-
Proceeds from exercise of stock options	964	1,191	459
Dividends paid - common stock	(8,584)	(6,439)	(4,016)
Purchase of treasury shares	(1,225)	(732)	(474)
Net cash provided by (used in) financing activities	680,454	413,287	(123,154)
Net increase (decrease) in cash and due from banks	(192,178)	220,204	(97,580)
Cash and cash equivalents at beginning of period	390,563	170,359	267,939
Cash and cash equivalents at end of period	$198,385	$390,563	$170,359
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid during the year for:			
Interest	$19,248	$15,183	$14,667
Income taxes	$40,575	$5,828	$19,281
Loans (excluding purchased non-covered and covered loans) transferred to other real estate owned	$3,203	$11,261	$11,972
Purchased non-covered loans transferred to other real estate owned	$4,419	$4,473	$4,160
Covered loans transferred to other real estate owned	$2,810	$7,910	$13,650
Loans transferred from mortgage loans available for sale to loans	$119,352	$71,347	$-
Loans provided for the sales of other real estate owned	$1,942	$4,826	$1,109
Assets acquired in business combinations	$561,440	$1,169,990	$448,971
Liabilities assumed in business combinations	$465,048	$1,099,988	$411,701
Issuance of common stock in acquisitions	$72,455	$-	$34,474
Change in unrealized gain (loss) on securities available for sale, net	$(4,435)	$(2,389)	$7,281
Change in unrealized gain (loss) on cash flow hedge (interest rate swap), net	$24	$(356)	$(889)

(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 Company 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 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. 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 $37.8 million and $27.8 million for the years ended December 31, 2016 and 2015, 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, 2016 and 2015, 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”) and Federal Reserve Bank stock. 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. Both cash and stock dividends are reported as income.

Mortgage Loans Held for Sale

Mortgage 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.

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 $1,708,000 and $1,268,000, and $1,011,000 for the years ended December 31, 2016, 2015 and 2014, 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 loans covered by FDIC loss-sharing agreements ("covered loans"), purchased loans not covered by FDIC loss-sharing agreements ("purchased non-covered loans") and purchased loan pools not covered by FDIC loss-sharing agreements ("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 any previously recorded ALLL and (ii) an adjustment of the recorded investment to reflect an appropriate market rate of interest, given the 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”). 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. Warehouse lines of credit, overdraft protection loans and certain consumer and mortgage 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 test of impairment 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.

Stock-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 $2.3 million, $1.5 million, and $2.1 million of stock-based compensation cost in 2016, 2015 and 2014, 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 stockholders' equity.

Earnings Per Share

Basic earnings per share are computed by dividing net income allocated to common stockholders 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, 2016, 2015 and 2014, 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:

	Years Ended December 31,		
	2016	2015	2014
	(dollars in thousands, shares in thousands)		
Net income available to common shareholders	$ 72,100	$ 40,847	$ 38,437
Weighted average number of common shares outstanding	34,347	31,762	25,974
Effect of dilutive stock options	108	121	270
Effect of dilutive restricted stock awards	247	244	15
Weighted average number of common shares outstanding used to calculate diluted earnings per share	34,702	32,127	26,259

For the years ended December 31, 2016 and 2015, the Company has not excluded any potential common shares with strike prices that would cause them to be anti-dilutive. For the year ended December 31, 2014, the Company has excluded 6,000 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, 2016, 2015 and 2014 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 $978,000 and $1,439,000 as of December 31, 2016 and 2015, 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.

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. The fair value of these instruments amounted to an asset of approximately $4,314,000 and $2,687,000 at December 31, 2016 and 2015, respectively, and a derivative liability of approximately $0 and $137,000 at December 31, 2016 and 2015, 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 four reportable segments, the Banking Division, the Retail Mortgage Division, the Warehouse Lending Division and the SBA 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. The SBA Division derives its revenues from the origination, sales and servicing of SBA loans. The Banking, Retail Mortgage, Warehouse Lending and SBA 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.

New Accounting Standards

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.

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. ASU 2016-09 became effective on January 1, 2017 and did not have a material impact on the consolidated financial statements.

ASU 2016-02 – *Leases (Topic 842)* (“ASU 2016-02”). ASU 2016-02 amends the existing standards for lease accounting effectively requiring most leases be carried on the balance sheets of the related lessees by requiring them to recognize a right-of-use asset and a corresponding lease liability. ASU 2016-02 includes qualitative and quantitative disclosure requirements intended to provide greater insight into the nature of an entity’s leasing activities. The standard must be adopted using a modified retrospective transition with a cumulative-effect adjustment to equity as of the beginning of the period in which it is adopted. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within those annual periods with early adoption permitted. The Company is currently evaluating the impact this standard will have on the Company’s results of operations, financial position and disclosures, but it is not expected to have a material impact.

ASU 2015-03 – *Interest – Imputation of Interest* (“ASU 2015-03”). ASU 2015-03 simplifies presentation of debt issuance costs by requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability, consistent with debt discounts. ASU 2015-03 is effective for annual periods and interim periods within those annual periods beginning after December 15, 2015, and early adoption is permitted. It should be applied on a retrospective basis. The adoption of this standard did not have a material effect on the Company’s results of operations, financial position or disclosures.

ASU 2015-02 “*Consolidation (Topic 810) - Amendments to the Consolidation Analysis*” (“ASU 2015-02”). ASU 2015-02 includes amendments that are intended to improve targeted areas of consolidation for legal entities including reducing the number of consolidation models from four to two and simplifying the FASB Accounting Standards Codification. ASU 2015-02 is effective for annual and interim periods within those annual periods, beginning after December 15, 2015. The amendments may be applied retrospectively in previously issued financial statements for one or more years with a cumulative effect adjustment to retained earnings as of the beginning of the first year restated. The adoption of this standard did not have a material effect on the Company’s results of operations, financial position or disclosures.

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

ASU 2014-09 – *Revenue from Contracts with Customers* (“ASU 2014-09”). ASU 2014-09 provides guidance that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective prospectively, for annual and interim periods, beginning after December 15, 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.

Reclassifications

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

NOTE 2. BUSINESS COMBINATIONS

Jacksonville Bancorp, Inc.

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

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

The following table presents the assets acquired and liabilities of JAXB assumed as of March 11, 2016 and their fair value estimates. The fair value adjustments shown in the following table continue to be evaluated by management and may be subject to further adjustment:

(dollars in thousands)	As Recorded by 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	404,218	(3,133)	553	401,638
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		