Ameris Bancorp
Form 10-Q
November 09, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2015

OR

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

Commission File Number: 001-13901

AMERIS BANCORP

(Exact name of registrant as specified in its charter)

GEORGIA	**58-1456434**
(State of incorporation)	**(IRS Employer ID No.)**

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

(Address of principal executive offices)

(229) 890-1111

(Registrant's telephone number)

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

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

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

Large accelerated filer ¨	Accelerated filer x
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

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

There were 32,196,117 shares of Common Stock outstanding as of October 30, 2015.

AMERIS BANCORP

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Item 1. Financial Statements.

AMERIS BANCORP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(dollars in thousands, except per share data)

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)	September 30, 2014 (Unaudited)
Assets			
Cash and due from banks	$ 114,396	$ 78,036	$ 69,421
Federal funds sold and interest-bearing accounts	120,925	92,323	40,165
Investment securities available for sale, at fair value	811,385	541,805	529,509
Other investments	9,322	10,275	12,687
Mortgage loans held for sale, at fair value	111,807	94,759	110,059
Loans, net of unearned income	2,290,649	1,889,881	1,848,759
Purchased loans not covered by FDIC loss share agreements (“purchased non-covered loans”)	767,494	674,239	673,724
Purchased loan pools not covered by FDIC loss share agreements (“purchased loan pools”)	410,072	-	-
Purchased loans covered by FDIC loss share agreements (“covered loans”)	191,021	271,279	313,589
Less: allowance for loan losses	(22,471)	(21,157)	(22,212)
Loans, net	3,636,765	2,814,242	2,813,860
Other real estate owned, net	20,730	33,160	35,320
Purchased, non-covered other real estate owned, net	11,538	15,585	13,660
Covered other real estate owned, net	12,203	19,907	28,883
Total other real estate owned, net	44,471	68,652	77,863
Premises and equipment, net	124,756	97,251	98,752
FDIC loss-share receivable, net	4,506	31,351	38,233
Other intangible assets, net	18,218	8,221	9,114
Goodwill	87,701	63,547	58,879
Cash value of bank owned life insurance	59,894	58,867	58,217
Other assets	72,154	77,748	82,649
Total assets	$ 5,216,300	$ 4,037,077	$ 3,999,408
Liabilities and Stockholders’ Equity			
Liabilities			
Deposits:			

Noninterest-bearing	$ 1,275,800	$ 839,377	$ 816,517
Interest-bearing	3,254,723	2,591,772	2,556,602
Total deposits	4,530,523	3,431,149	3,373,119
Securities sold under agreements to repurchase	51,506	73,310	32,351
Other borrowings	39,000	78,881	147,409
Other liabilities	23,371	22,384	27,615
Subordinated deferrable interest debentures	69,600	65,325	65,084
Total liabilities	4,714,000	3,671,049	3,645,578
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; 33,609,894; 28,159,027 and 28,157,898 issued	33,610	28,159	28,158
Capital surplus	336,599	225,015	224,142
Retained earnings	140,282	118,412	109,170
Accumulated other comprehensive income	4,197	6,098	3,974
Treasury stock, at cost, 1,413,777; 1,385,164 and 1,383,496 shares	(12,388)	(11,656)	(11,614)
Total stockholders' equity	502,300	366,028	353,830
Total liabilities and stockholders' equity	$ 5,216,300	$ 4,037,077	$ 3,999,408

See notes to unaudited consolidated financial statements.

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AMERIS BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME/(LOSS)

(dollars in thousands, except per share data)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	**2014**	**2015**	**2014**
Interest income				
Interest and fees on loans	$ 45,775	$ 39,610	$ 124,231	$ 109,376
Interest on taxable securities	4,694	3,034	11,594	8,972
Interest on nontaxable securities	480	496	1,411	1,143
Interest on deposits in other banks and federal funds sold	246	46	556	175
Total interest income	51,195	43,186	137,792	119,666
Interest expense				
Interest on deposits	2,521	2,540	7,065	6,928
Interest on other borrowings	1,275	1,514	3,808	3,858
Total interest expense	3,796	4,054	10,873	10,786
Net interest income	47,399	39,132	126,919	108,880
Provision for loan losses	986	1,669	4,711	4,760
Net interest income after provision for loan losses	46,413	37,463	122,208	104,120
Noninterest income				
Service charges on deposit accounts	10,766	6,659	24,346	18,092
Mortgage banking activity	10,404	7,498	28,214	19,510
Other service charges, commissions and fees	1,145	690	2,642	2,004
Gain on sale of securities	115	132	137	138
Other noninterest income	2,548	2,922	7,840	6,730
Total noninterest income	24,978	17,901	63,179	46,474
Noninterest expense				
Salaries and employee benefits	24,934	20,226	68,031	54,562
Occupancy and equipment	5,915	4,669	15,278	12,804
Advertising and marketing expenses	667	594	2,141	2,022
Amortization of intangible assets	1,321	698	2,581	1,668
Data processing and communications costs	5,329	3,928	13,803	11,322
Credit resolution-related expenses	1,083	3,186	15,484	8,216
Merger and conversion charges	446	551	6,173	3,873
Other noninterest expenses	8,701	4,727	22,596	14,669
Total noninterest expense	48,396	38,579	146,087	109,136
Income before income tax expense	22,995	16,785	39,300	41,458
Income tax expense	7,368	5,122	12,601	13,315
Net income	15,627	11,663	26,699	28,143
Less preferred stock dividends and discount accretion	-	-	-	286

Net income available to common shareholders	$ 15,627	$ 11,663	$ 26,699	$ 27,857
Other comprehensive income (loss)				
Unrealized holding gains (losses) arising during period on investment securities available for sale, net of tax of ($936), $114, $615 and ($2,610)	1,739	(211)	(1,143)	4,847
Reclassification adjustment for gains included in earnings, net of tax of $40, $46, $48 and $48	(75)	(86)	(89)	(90)
Unrealized gains (losses) on cash flow hedges arising during period, net of tax of $290, ($80), $360 and $264	(539)	149	(669)	(489)
Other comprehensive income (loss)	1,125	(148)	(1,901)	4,268
Total comprehensive income (loss)	$ 16,752	$ 11,515	$ 24,798	$ 32,411
Basic earnings per common share	$ 0.49	$ 0.44	$ 0.84	$ 1.08
Diluted earnings per common share	$ 0.48	$ 0.43	$ 0.84	$ 1.07
Dividends declared per common share	$ 0.05	$ 0.05	$ 0.15	$ 0.10
Weighted average common shares outstanding				
Basic	32,195	26,773	31,614	25,705
Diluted	32,553	27,161	31,962	26,099

See notes to unaudited consolidated financial statements.

AMERIS BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(dollars in thousands, except per share data)

(Unaudited)

	Nine Months Ended September 30, 2015		**Nine Months Ended September 30, 2014**	
	Shares	**Amount**	**Shares**	**Amount**
PREFERRED STOCK				
Balance at beginning of period	-	$-	28,000	$28,000
Repurchase of preferred stock	-	-	(28,000)	(28,000)
Issued at end of period	-	$-	-	$-
COMMON STOCK				
Balance at beginning of period	28,159,027	$28,159	26,461,769	$26,462
Issuance of common stock	5,320,000	5,320	1,598,998	1,599
Proceeds from exercise of stock options	59,867	60	29,084	29
Issuance of restricted shares	71,000	71	68,047	68
Issued at end of period	33,609,894	$33,610	28,157,898	$28,158
CAPITAL SURPLUS				
Balance at beginning of period		$225,015		$189,722
Stock-based compensation		1,140		1,230
Issuance of common shares, net of issuance costs of $4,811 and $0		109,569		32,875
Proceeds from exercise of stock options		946		383
Issuance of restricted shares		(71)		(68)
Balance at end of period		$336,599		$224,142
RETAINED EARNINGS				
Balance at beginning of period		$118,412		$83,991
Net income		26,699		28,143
Dividends on preferred shares		-		(286)
Dividends on common shares		(4,829)		(2,678)
Balance at end of period		$140,282		$109,170
ACCUMULATED OTHER COMPREHENSIVE INCOME, NET OF TAX				
Unrealized gains on securities and derivatives:				
Balance at beginning of period		$6,098		$(294)

Other comprehensive income (loss) during the period		(1,901)		4,268
Balance at end of period		$4,197		$3,974
TREASURY STOCK				
Balance at beginning of period	(1,385,164)	$(11,656)	(1,363,342)	$(11,182)
Purchase of treasury shares	(28,613)	(732)	(20,154)	(432)
Balance at end of period	(1,413,777)	$(12,388)	(1,383,496)	$(11,614)
TOTAL STOCKHOLDERS' EQUITY		$502,300		$353,830

See notes to unaudited consolidated financial statements.

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AMERIS BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands)

(Unaudited)

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Cash flows from operating activities:		
Net income	$26,699	$28,143
Adjustments reconciling net income to net cash used in operating activities:		
Depreciation	6,504	5,850
Amortization of intangible assets	2,581	1,668
Net amortization of investment securities available for sale	4,397	2,609
Net gains on securities available for sale	(137)	(138)
Stock based compensation expense	1,140	1,230
Net (gains) losses on sale or disposal of premises and equipment	83	(615)
Net write-downs and losses on sale of other real estate owned	12,193	2,344
Provision for loan losses	4,711	4,760
Accretion of discount on covered loans	(8,105)	(20,822)
Accretion of discount on purchased non-covered loans	(8,055)	(5,840)
Changes in FDIC loss-share receivable, net of cash payments received	7,756	8,699
Increase in cash surrender value of BOLI	(1,027)	(973)
Originations of mortgage loans held for sale	(784,548)	(504,164)
Proceeds from sales of mortgage loans held for sale	748,509	468,671
Net gains on sale of mortgage loans held for sale	(30,427)	(19,501)
Originations of SBA loans	(41,116)	(43,771)
Proceeds from sales of SBA loans	29,381	23,366
Net gains on sale of SBA loans	(3,158)	(2,351)
Change attributable to other operating activities	14,630	3,685
Net cash used in operating activities	(17,989)	(47,150)
Cash flows from investing activities, net of effect of business combinations:		
Net decrease in federal funds sold and interest-bearing deposits	77,586	180,742
Purchase of securities available for sale	(246,090)	(102,340)
Proceeds from maturities of securities available for sale	64,390	37,706
Proceeds from sales of securities available for sale	69,208	92,975
Decrease in restricted equity securities, net	1,825	5,116
Net increase in loans, excluding purchased non-covered and covered loans	(349,541)	(201,552)
Purchases of loan pools	(422,956)	-
Payments received on purchased non-covered loans	123,311	58,350
Payments received on purchased loan pools	12,884	-

Payments received on covered loans	60,930	85,946
Purchases of premises and equipment	(11,057)	(3,779)
Proceeds from sales of premises and equipment	282	1,213
Proceeds from sales of other real estate owned	33,460	31,913
Payments received from FDIC under loss-share agreements	19,089	18,509
Net cash proceeds received from acquisitions	567,652	1,099
Net cash provided by investing activities	973	205,898
Cash flows from financing activities, net of effect of business combinations:		
Net increase in deposits	46,315	4,864
Net decrease in securities sold under agreements to repurchase	(63,392)	(56,593)
Proceeds from other borrowings	-	117,463
Repayment of other borrowings	(39,881)	(187,032)
Redemption of preferred stock	-	(28,000)
Dividends paid - preferred stock	-	(286)
Dividends paid - common stock	(4,829)	(2,678)
Purchase of treasury shares	(732)	(432)
Issuance of common stock	114,889	-
Proceeds from exercise of stock options	1,006	412
Net cash provided by (used in) financing activities	53,376	(152,282)
Net increase in cash and due from banks	36,360	6,466
Cash and due from banks at beginning of period	78,036	62,955
Cash and due from banks at end of period	$114,396	$69,421
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid/(received) during the period for:		
Interest	$11,106	$10,773
Income taxes	$2,739	$15,008
Loans (excluding purchased non-covered and covered loans) transferred to other real estate owned	$9,838	$9,268
Purchased non-covered loans transferred to other real estate owned	$2,565	$1,955
Covered loans transferred to other real estate owned	$6,909	$10,840
Loans provided for the sales of other real estate owned	$4,996	$987
Change in unrealized gain on securities available for sale, net of tax	$(1,143)	$4,847
Change in unrealized loss on cash flow hedge (interest rate swap), net of tax	$(669)	$(489)
Issuance of common stock in acquisitions	$-	$34,474

See notes to unaudited consolidated financial statements.

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AMERIS BANCORP AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

(Unaudited)

NOTE 1 – BASIS OF PRESENTATION AND ACCOUNTING POLICIES

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

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

Newly Issued Accounting Pronouncements

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

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

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

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

ASU 2014-11 – *Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures* ("ASU 2014-11"). ASU 2014-11 impacted FASB ASC 860 *Transfers and Servicing* by changing the accounting for repurchase-to-maturity transactions and linked repurchase financings to secured borrowing accounting, which is consistent with the accounting for other repurchase agreements. The amendments also require new disclosures. An entity is required to disclose information on transfers accounted for as sales in transactions that are economically similar to repurchase agreements. An entity must also provide additional information about the types of collateral pledged in repurchase agreements and similar transactions accounted for as secured borrowings. An entity is required to present changes in accounting for transactions outstanding on the effective date as a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. The amendments in this update became effective for interim and annual periods beginning after December 15, 2014 and did not have a material impact on the consolidated financial statements although the required disclosures have been included in Note 8.

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

NOTE 2 – PENDING MERGER

On September 30, 2015, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with Jacksonville Bancorp, Inc., a Florida corporation ("Jacksonville Bancorp"). The Jacksonville Bank is a wholly owned banking subsidiary of Jacksonville Bancorp that has eight full-service branches located in Jacksonville and Jacksonville Beach, Duval County, Florida, as well as one virtual branch. Under the terms of the Merger Agreement, Jacksonville Bancorp shareholders will receive either 0.5861 shares of Ameris common stock or $16.50 in cash for each share of Jacksonville Bancorp common stock or nonvoting common stock they hold, subject to the total consideration being allocated 75% stock and 25% cash. As of June 30, 2015, Jacksonville Bancorp reported assets of $501.9 million, gross loans of $385.7 million and deposits of $426.2 million. The purchase price will be allocated among the net assets of Jacksonville Bancorp acquired as appropriate, with the remaining balance being reported as goodwill. The Merger Agreement has been unanimously approved by the board of directors of each company. The transaction is expected to close in the first quarter of 2016 and is subject to customary closing conditions, regulatory approvals and the approval of Jacksonville Bancorp's shareholders.

NOTE 3– BUSINESS COMBINATIONS

Branch Acquisition

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

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

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

(Dollars in Thousands)	**As Recorded by Bank of America**	**Initial Fair Value Adjustments**		Subsequent Fair Value Adjustments		**As Recorded by Ameris**
Assets						
Cash and cash equivalents	$ 630,220	$ -		$ -		$ 630,220
Loans	4,363	-		-		4,363
Premises and equipment	10,348	1,060	(a)	(755	)(d)	10,917
Intangible assets	-	7,651	(b)	985	(e)	8,636
Other assets	126			264	(f)	126
Total assets	$ 645,057	$ 8,711		$ 494		$ 654,262
Liabilities						
Deposits:						
Noninterest-bearing	$ 149,854	$ -		$ -		$ 149,854
Interest-bearing	495,110	(215	)(c)	-		494,895
Total deposits	644,964	(215	)	-		644,749
Other liabilities	93	-		-		93
Total liabilities	645,057	(215	)	-		644,842
Net identifiable assets acquired over (under) liabilities assumed	-	8,926		494		9,420
Goodwill	-	11,076		(494	)	10,582
Net assets acquired over (under) liabilities assumed	$ -	$ 20,002		$ -		$ 20,002
Consideration:						
Cash paid as deposit premium	$ 20,002					
Fair value of total consideration transferred	$ 20,002					

Explanation of fair value adjustments

(a) Adjustment reflects the fair value adjustments of the premise and equipment as of the acquisition date.

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

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

(d) Adjustment reflects additional recording of fair value adjustment of the premise and equipment.

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

(f) Adjustment reflects recording of deferred tax asset.

Goodwill of $10.6 million, which is the excess of the merger consideration over the fair value of net assets acquired, was recorded in the branch acquisition and is the result of expected operational synergies and other factors.

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

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Merchants & Southern Banks of Florida, Incorporated

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

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

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

(Dollars in Thousands)	**As Recorded by Merchants**	**Initial Fair Value Adjustments**		**Subsequent Fair Value Adjustments**		**As Recorded by Ameris**
Assets						
Cash and cash equivalents	$ 7,527	$ -		$ -		$ 7,527
Federal funds sold and interest-bearing balances	106,188	-		-		106,188
Investment securities	164,421	(553	)(a)	(639	)(j)	163,229
Other investments	872	-		-		872
Loans	199,955	(8,500	)(b)	-		191,455
Less allowance for loan losses	(3,354)	3,354	(c)	-		-
Loans, net	196,601	(5,146	)	-		191,455
Other real estate owned	4,082	(1,115	)(d)	-		2,967
Premises and equipment	14,614	(3,680	)(e)	-		10,934
Intangible assets	-	4,577	(f)	(634	)(k)	3,943
Other assets	2,333	2,335	(g)	446	(l)	5,114
Total assets	$ 496,638	$ (3,582	)	$ (827	)	$ 492,229

Liabilities							
Deposits:							
Noninterest-bearing	$ 121,708	$ -		$ -		$ 121,708
Interest-bearing	286,112	-		-		286,112
Total deposits	407,820	-		-		407,820
Federal funds purchased and securities sold under agreements to repurchase	41,588	-		-	(m)	41,588
Other liabilities	2,151	81	(h)	-		2,232
Subordinated deferrable interest debentures	6,186	(2,680	)(i)	-		3,506
Total liabilities	457,745	(2,599	)	-		455,146
Net identifiable assets acquired over (under) liabilities assumed	38,893	(983	)	(827	)	37,083
Goodwill	-	12,090		827		12,917
Net assets acquired over (under) liabilities assumed	$ 38,893	$ 11,107		$ -		$ 50,000
Consideration:						
Cash exchanged for shares	$ 50,000					
Fair value of total consideration transferred	$ 50,000					

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Explanation of fair value adjustments

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

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

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

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

(e) Adjustment reflects the fair value adjustment based on the Company's evaluation of the acquired premises.

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

(g) Adjustment reflects the deferred taxes on the difference in the carrying values of acquired assets and assumed liabilities for financial reporting purposes and their basis for federal income tax purposes.

(h) Adjustment reflects the fair value adjustments based on the Company's evaluation of interest rate swap liabilities.

(i) Adjustment reflects the fair value adjustment to the subordinated deferrable interest debentures at the acquisition date.

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

(k) Adjustment reflects adjustment to the core deposit intangible on the acquired core deposit accounts.

(l) Adjustment reflects the additional deferred taxes on the difference in the carrying values of acquired assets and assumed liabilities for financial reporting purposes and their basis for federal income tax purposes.

(m)

Subsequent to acquisition, the acquired securities sold under agreements to repurchase were converted to deposit accounts and are no longer reported as securities sold under agreements to repurchase on the Consolidated Balance Sheet as of September 30, 2015.

Goodwill of $12.9 million, which is the excess of the merger consideration over the fair value of net assets acquired, was recorded in the Merchants acquisition and is the result of expected operational synergies and other factors. This goodwill is not expected to be deductible for tax purposes.

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

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

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

	Fair Value of Acquired Loans at Acquisition Date	**Gross Contractual Amounts Receivable at Acquisition Date**	**Best Estimate at Acquisition Date of Contractual Cash Flows Not Expected to be Collected**
	(Dollars in Thousands)		
Acquired receivables subject to ASC 310-30	$17,378	$ 24,446	$ 3,814
Acquired receivables not subject to ASC 310-30	$174,077	$ 178,763	$ -

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Coastal Bankshares, Inc.

On June 30, 2014, the Company completed its acquisition of The Coastal Bankshares, Inc. (“Coastal”), a bank holding company headquartered in Savannah, Georgia. Upon consummation of the acquisition, Coastal was merged with and into the Company, with Ameris as the surviving entity in the merger. At that time, Coastal’s wholly owned banking subsidiary, The Coastal Bank (“Coastal Bank”), was also merged with and into the Bank. The acquisition grew the Company’s existing market presence, as Coastal Bank had a total of six banking locations in Chatham, Liberty and Effingham Counties, Georgia. Coastal’s common shareholders received 0.4671 of a share of the Company's common stock in exchange for each share of Coastal’s common stock. As a result, the Company issued 1,598,998 common shares at a fair value of $34.5 million and paid $2.8 million cash in exchange for outstanding warrants.

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

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

(Dollars in Thousands)	**As Recorded by Coastal**		**Fair Value Adjustments**		**As Recorded by Ameris**
Assets					
Cash and cash equivalents	$ 3,895		$ -		$ 3,895
Federal funds sold and interest-bearing balances	15,923		-		15,923
Investment securities	67,266		(500	)(a)	66,766
Other investments	975		-		975
Mortgage loans held for sale	7,288		-		7,288
Loans	296,141		(16,700	)(b)	279,441
Less allowance for loan losses	(3,218	)	3,218	(c)	-
Loans, net	292,923		(13,482	)	279,441
Other real estate owned	14,992		(6,935	)(d)	8,057
Premises and equipment	11,882		-		11,882
Intangible assets	507		4,035	(e)	4,542
Cash value of bank owned life insurance	7,812		-		7,812
Other assets	14,898		(601	)(f)	14,297
Total assets	$ 438,361		$ (17,483	)	$ 420,878
Liabilities					
Deposits:					
Noninterest-bearing	$ 80,012		$ -		$ 80,012
Interest-bearing	289,012		-		289,012
Total deposits	369,024		-		369,024
Federal funds purchased and securities sold under agreements to repurchase	5,428		-		5,428
Other borrowings	22,005		-		22,005
Other liabilities	6,192		-		6,192
Subordinated deferrable interest debentures	15,465		(6,413	)(g)	9,052
Total liabilities	418,114		(6,413	)	411,701
Net identifiable assets acquired over (under) liabilities assumed	20,247		(11,070	)	9,177
Goodwill	-		28,093		28,093
Net assets acquired over (under) liabilities assumed	$ 20,247		$ 17,023		$ 37,270
Consideration:					
Ameris Bancorp common shares issued	1,598,998				
Purchase price per share of the Company's common stock	$ 21.56				
Company common stock issued	34,474				
Cash exchanged for shares	2,796				
Fair value of total consideration transferred	$ 37,270				

Explanation of fair value adjustments

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

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

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

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

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

(f) Adjustment reflects the deferred taxes on the difference in the carrying values of acquired assets and assumed liabilities for financial reporting purposes and their basis for federal income tax purposes.

(g) Adjustment reflects the fair value adjustment to the subordinated deferrable interest debentures at the acquisition date.

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

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

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net interest income and noninterest income	$ 72,377	$ 60,613	$195,685	$177,067
Net income (loss)	$ 15,627	$ 12,798	$26,366	$29,961
Net income (loss) available to common stockholders	$ 15,627	$ 12,798	$26,366	$29,675
Income (loss) per common share available to common stockholders – basic	$ 0.49	$ 0.48	$0.83	$1.09
	$ 0.48	$ 0.47	$0.82	$1.07

Income (loss) per common share available to common stockholders – diluted				
Average number of shares outstanding, basic	32,195	26,773	31,614	27,304
Average number of shares outstanding, diluted	32,553	27,161	31,962	27,698

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

(Dollars in Thousands)	**September 30, 2015**	**December 31, 2014**	**September 30, 2014**
Balance, January 1	$ 674,239	$ 448,753	$ 448,753
Charge-offs, net of recoveries	(814)	(84)	-
Additions due to acquisitions	195,818	279,441	279,441
Accretion	8,055	9,745	6,171
Transfers to purchased non-covered other real estate owned	(2,565)	(4,160)	(1,425)
Transfer from covered loans due to loss-share expiration	15,462	15,475	-
Payments received	(123,311)	(74,931)	(59,216)
Other	610	-	-
Ending balance	$ 767,494	$ 674,239	$ 673,724

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

(Dollars in Thousands)	September 30, 2015	December 31, 2014	September 30, 2014
Balance, January 1	$ 25,716	$ 26,189	$ 26,189
Additions due to acquisitions	4,686	7,799	7,799
Accretion	(8,055)	(9,745)	(5,840)
Accretable discounts removed due to charge-offs	(1,686)	-	-
Transfers between non-accretable and accretable discounts, net	(106)	1,473	916
Ending balance	$ 20,555	$ 25,716	$ 29,064

NOTE 4 – INVESTMENT SECURITIES

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

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

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in Thousands)			
September 30, 2015:				
U. S. government agencies	$ 14,957	$ 26	$ (15)	$ 14,968
State, county and municipal securities	161,509	3,875	(519)	164,865
Corporate debt securities	5,901	150	(19)	6,032
Mortgage-backed securities	622,313	5,208	(2,001)	625,520
Total securities	$ 804,680	$ 9,259	$ (2,554)	$ 811,385
December 31, 2014:				

U. S. government agencies	$14,953	$ -	$ (275)	$14,678
State, county and municipal securities	137,873	3,935	(433)	141,375
Corporate debt securities	10,812	228	-	11,040
Mortgage-backed securities	369,581	6,534	(1,403)	374,712
Total securities	$533,219	$ 10,697	$ (2,111)	$541,805
September 30, 2014:				
U. S. government agencies	$14,951	$ -	$ (491)	$14,460
State, county and municipal securities	134,641	3,708	(714)	137,635
Corporate debt securities	10,801	237	(73)	10,965
Mortgage-backed securities	364,399	4,493	(2,443)	366,449
Total securities	$524,792	$ 8,438	$ (3,721)	$529,509

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

	Amortized Cost	Fair Value
	(Dollars in Thousands)	
Due in one year or less	$4,574	$4,604
Due from one year to five years	48,907	50,206
Due from five to ten years	63,934	65,751
Due after ten years	64,952	65,304
Mortgage-backed securities	622,313	625,520
	$804,680	$811,385

Securities with a carrying value of approximately $381.9 million serve as collateral to secure public deposits and for other purposes required or permitted by law at September 30, 2015, compared with $286.6 million and $265.9 million at December 31, 2014 and September 30, 2014, respectively.

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

Description of Securities	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(Dollars in Thousands)					
September 30, 2015:						
U. S. government agencies	$-	$ -	$4,985	$ (15)	$4,985	$ (15)
State, county and municipal securities	28,339	(297)	10,451	(222)	38,790	(519)
Corporate debt securities	894	(19)	-	-	894	(19)
Mortgage-backed securities	213,439	(1,184)	30,708	(817)	244,147	(2,001)
Total temporarily impaired securities	$242,672	$ (1,500)	$46,144	$ (1,054)	$288,816	$ (2,554)
December 31, 2014:						
U. S. government agencies	$-	$ -	$14,678	$ (275)	$14,678	$ (275)
State, county and municipal securities	15,038	(70)	19,665	(363)	34,703	(433)
Corporate debt securities	-	-	-	-	-	-
Mortgage-backed securities	36,760	(221)	46,812	(1,182)	83,572	(1,403)

Total temporarily impaired securities	$51,798	$ (291)	$81,155	$ (1,820)	$132,953	$ (2,111)
September 30, 2014:						
U. S. government agencies	$-	$ -	$14,460	$ (491)	$14,460	$ (491)
State, county and municipal securities	10,296	(98)	22,696	(616)	32,992	(714)
Corporate debt securities	-	-	4,997	(73)	4,997	(73)
Mortgage-backed securities	71,050	(416)	51,314	(2,027)	122,364	(2,443)
Total temporarily impaired securities	$81,346	$ (514)	$93,467	$ (3,207)	$174,813	$ (3,721)

As of September 30, 2015, the Company's security portfolio consisted of 369 securities, 111 of which were in an unrealized loss position. The majority of unrealized losses are related to the Company's mortgage-backed and state, county and municipal securities, as discussed below.

At September 30, 2015, the Company held 84 mortgage-backed securities that were in an unrealized loss position, all of which were issued by U.S. government-sponsored entities and agencies. Because the decline in fair value is attributable to changes in interest rates and illiquidity, and not credit quality, and because the Company does not have the intent to sell these mortgage-backed securities and it is likely that it will not be required to sell the securities before their anticipated recovery, the Company does not consider these securities to be other-than-temporarily impaired at September 30, 2015.

At September 30, 2015, the Company held 24 state, county and municipal securities, one U.S. government-sponsored agency security, and two corporate securities that were in an unrealized loss position. Because the decline in fair value is attributable to changes in interest rates, and not credit quality, and because the Company does not have the intent to sell these securities and it is likely that it will not be required to sell the securities before their anticipated recovery, the Company does not consider these securities to be other-than-temporarily impaired at September 30, 2015.

During the first nine months of 2015 and 2014, the Company received timely and current interest and principal payments on all of the securities classified as corporate debt securities. During the third quarter of 2015, the Company received all interest payments due on a security that had previously deferred interest since the fourth quarter of 2010. The Company's investments in subordinated debt include investments in regional and super-regional banks on which the Company prepares regular analysis through review of financial information and credit ratings. Investments in preferred securities are also concentrated in the preferred obligations of regional and super-regional banks through non-pooled investment structures. The Company did not have investments in "pooled" trust preferred securities at September 30, 2015, December 31, 2014 or September 30, 2014.

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

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

	September 30, 2015	December 31, 2014	September 30, 2014
	(Dollars in Thousands)		
Gross gains on sales of securities	$396	$ 141	$ 141
Gross losses on sales of securities	(259)	(3)	(3)
Net realized gains on sales of securities available for sale	$137	$ 138	$ 138
Sales proceeds	$69,208	$ 94,051	$ 92,975

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NOTE 5 – LOANS

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

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

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

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

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

(Dollars in Thousands)	September 30, 2015	December 31, 2014	September 30, 2014
Commercial, financial and agricultural	$ 427,747	$ 319,654	$ 334,783
Real estate – construction and development	220,798	161,507	154,315
Real estate – commercial and farmland	1,067,828	907,524	882,160
Real estate – residential	532,285	456,106	436,515
Consumer installment	31,299	30,782	31,403
Other	10,692	14,308	9,583
	$ 2,290,649	$ 1,889,881	$ 1,848,759

Purchased non-covered loans are defined as loans that were acquired in bank acquisitions that are not covered by a loss-sharing agreement with the FDIC, including purchased loans where the loss-sharing agreement with the FDIC has expired. Purchased non-covered loans totaling $767.5 million, $674.2 million and $673.7 million at September 30, 2015, December 31, 2014 and September 30, 2014, respectively, are not included in the above schedule.

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

(Dollars in Thousands)	September 30, 2015	December 31, 2014	September 30, 2014
Commercial, financial and agricultural	$ 42,350	$ 38,041	$ 38,077
Real estate – construction and development	71,109	58,362	60,262
Real estate – commercial and farmland	385,032	306,706	296,790
Real estate – residential	263,312	266,342	273,347
Consumer installment	5,691	4,788	5,248
	$ 767,494	$ 674,239	$ 673,724

Purchased loan pools are defined as groups of loans that were not acquired in bank acquisitions or FDIC-assisted transactions. As of September 30, 2015, purchased loan pools totaled $410.1 million and consisted of whole-loan, adjustable rate residential mortgages on properties outside the Company's markets, with principal balances totaling $402.1 million and $8.0 million of purchase premium paid at acquisition. At September 30, 2015, all loans included in the purchased loan pools were performing current loans, all risk-rated grade 20. The Company did not have any purchased loan pools at December 31, 2014 or September 30, 2014.

Covered loans are defined as loans that were acquired in FDIC-assisted transactions that are covered by a loss-sharing agreement with the FDIC. Covered loans totaling $191.0 million, $271.3 million and $313.6 million at September 30, 2015, December 31, 2014 and September 30, 2014, respectively, are not included in the above schedules.

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

(Dollars in Thousands)	September 30, 2015	December 31, 2014	September 30, 2014
Commercial, financial and agricultural	$ 13,349	$ 21,467	$ 22,545
Real estate – construction and development	14,266	23,447	27,756
Real estate – commercial and farmland	103,399	147,627	180,566
Real estate – residential	59,835	78,520	82,445
Consumer installment	172	218	277
	$ 191,021	$ 271,279	$ 313,589

Nonaccrual and Past Due Loans

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

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

(Dollars in Thousands)	September 30, 2015	December 31, 2014	September 30, 2014
Commercial, financial and agricultural	$ 1,995	$ 1,672	$ 2,695
Real estate – construction and development	1,753	3,774	3,037
Real estate – commercial and farmland	11,645	8,141	8,983
Real estate – residential	4,810	7,663	7,608
Consumer installment	355	478	487

	$ 20,558	$ 21,728	$ 22,810

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

(Dollars in Thousands)	September 30, 2015	December 31, 2014	September 30, 2014
Commercial, financial and agricultural	$ 214	$ 175	$ 54
Real estate – construction and development	916	1,119	1,969
Real estate – commercial and farmland	4,728	10,242	8,776
Real estate – residential	5,464	6,644	6,132
Consumer installment	52	69	76
	$ 11,374	$ 18,249	$ 17,007

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

(Dollars in Thousands)	September 30, 2015	December 31, 2014	September 30, 2014
Commercial, financial and agricultural	$ 7,916	$ 8,541	$ 8,441
Real estate – construction and development	2,934	7,601	8,896
Real estate – commercial and farmland	18,164	12,584	14,617
Real estate – residential	3,979	6,595	7,227
Consumer installment	91	91	102
	$ 33,084	$ 35,412	$ 39,283

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

	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 or More Days Past Due	Total Loans Past Due	Current Loans	Total Loans	Loans 90 Days or More Past Due and Still Accruing
	(Dollars in Thousands)						
As of September 30, 2015:							
Commercial, financial & agricultural	$781	$ 714	$ 1,799	$ 3,294	$ 424,453	$ 427,747	$ -
Real estate – construction & development	1,184	417	1,753	3,354	217,444	220,798	-
Real estate – commercial & farmland	4,275	399	8,082	12,756	1,055,072	1,067,828	-
Real estate – residential	6,424	1,558	4,247	12,229	520,056	532,285	-
Consumer installment loans	326	82	227	635	30,664	31,299	-
Other	-	-	-	-	10,692	10,692	-
Total	$12,990	$ 3,170	$ 16,108	$ 32,268	$ 2,258,381	$ 2,290,649	$ -

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

	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 or More Days Past Due	Total Loans Past Due	Current Loans	Total Loans	Loans 90 Days or More Past Due and Still Accruing
	(Dollars in Thousands)						
As of September 30, 2014:							
Commercial, financial & agricultural	$271	$400	$2,483	$3,154	$ 331,629	$ 334,783	$ -
Real estate – construction & development	1,232	285	2,899	4,416	149,899	154,315	-
Real estate – commercial & farmland	3,025	484	8,918	12,427	869,733	882,160	-
Real estate – residential	4,416	2,085	7,303	13,804	422,711	436,515	-
Consumer installment loans	333	113	396	842	30,561	31,403	-
Other	-	-	-	-	9,583	9,583	-
Total	$9,277	$3,367	$21,999	$34,643	$ 1,814,116	$ 1,848,759	$ -

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

	Loans 30-59 Days Past Due	**Loans 60-89 Days Past Due**	**Loans 90 or More Days Past Due**	**Total Loans Past Due**	**Current Loans**	**Total Loans**	**Loans 90 Days or More Past Due and Still Accruing**
	(Dollars in Thousands)						
As of September 30, 2015:							
Commercial, financial & agricultural	$140	$ 11	$ 112	$ 263	$42,087	$42,350	$ -
Real estate – construction & development	322	-	459	781	70,328	71,109	-
Real estate – commercial & farmland	2,681	613	3,391	6,685	378,347	385,032	-
Real estate – residential	3,822	1,672	4,901	10,395	252,917	263,312	-
Consumer installment loans	5	-	49	54	5,637	5,691	-
Total	$6,970	$ 2,296	$ 8,912	$ 18,178	$749,316	$767,494	$ -

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

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

	(Dollars in Thousands)						Still Accruing
As of September 30, 2014:							
Commercial, financial & agricultural	$33	$ 46	$ 55	$ 134	$37,943	$38,077	$ -
Real estate – construction & development	520	135	3,069	3,724	56,538	60,262	1,100
Real estate – commercial & farmland	3,497	1,227	8,266	12,990	283,800	296,790	258
Real estate – residential	3,915	1,440	5,929	11,284	262,063	273,347	-
Consumer installment loans	36	5	76	117	5,131	5,248	-
Total	$8,001	$ 2,853	$ 17,395	$ 28,249	$645,475	$673,724	$ 1,358

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

	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 or More Days Past Due	Total Loans Past Due	Current Loans	Total Loans	Loans 90 Days or More Past Due and Still Accruing
	(Dollars in Thousands)						
As of September 30, 2015:							
Commercial, financial & agricultural	$40	$48	$ 7,886	$ 7,974	$5,375	$13,349	$ -
Real estate – construction & development	1,548	68	2,408	4,024	10,242	14,266	-
Real estate – commercial & farmland	1,003	550	6,573	8,126	95,273	103,399	-
Real estate – residential	2,612	783	2,140	5,535	54,300	59,835	-
Consumer installment loans	-	-	49	49	123	172	-
Total	$5,203	$1,449	$ 19,056	$ 25,708	$165,313	$191,021	$ -

	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 or More Days Past Due	Total Loans Past Due	Current Loans	Total Loans	Loans 90 Days or More Past Due and Still Accruing
	(Dollars in Thousands)						
As of December 31, 2014:							
Commercial, financial & agricultural	$451	$ 136	$ 1,878	$ 2,465	$19,002	$21,467	$ -
Real estate – construction & development	238	226	6,703	7,167	16,280	23,447	-
Real estate – commercial & farmland	4,371	1,486	7,711	13,568	134,059	147,627	714
Real estate – residential	3,464	962	5,656	10,082	68,438	78,520	-
Consumer installment loans	10	-	91	101	117	218	-
Total	$8,534	$ 2,810	$ 22,039	$ 33,383	$237,896	$271,279	$ 714

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

							Accruing
	(Dollars in Thousands)						
As of September 30, 2014:							
Commercial, financial & agricultural	$ 568	$ 188	$ 1,978	$ 2,734	$ 19,811	$ 22,545	$ -
Real estate – construction & development	632	72	8,659	9,363	18,393	27,756	-
Real estate – commercial & farmland	7,100	322	8,930	16,352	164,214	180,566	305
Real estate – residential	2,694	1,473	5,563	9,730	72,715	82,445	65
Consumer installment loans	2	7	101	110	167	277	-
Total	$ 10,996	$ 2,062	$ 25,231	$ 38,289	$ 275,300	$ 313,589	$ 370

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Impaired Loans

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

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

	As of and For the Period Ended		
	September 30, 2015	December 31, 2014	September 30, 2014
	(Dollars in Thousands)		
Nonaccrual loans	$ 20,558	$ 21,728	$ 22,810
Troubled debt restructurings not included above	12,075	12,759	17,261
Total impaired loans	$ 32,633	$ 34,487	$ 40,071
Quarter-to-date interest income recognized on impaired loans	$ 241	$ 237	$ 332
Year-to-date interest income recognized on impaired loans	$ 635	$ 1,991	$ 1,754
Quarter-to-date foregone interest income on impaired loans	$ 309	$ 323	$ 353
Year-to-date foregone interest income on impaired loans	$ 939	$ 1,491	$ 1,168

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

	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Three Month Average Recorded Investment	Nine Month Average Recorded Investment
	(Dollars in Thousands)						
As of September 30, 2015:							
Commercial, financial & agricultural	$3,761	$ 471	$ 1,762	$ 2,233	$ 528	$ 3,289	$ 2,458
Real estate – construction & development	3,757	230	2,361	2,591	731	2,503	3,384
Real estate – commercial & farmland	18,652	5,870	11,494	17,364	1,635	16,459	15,684
Real estate – residential	11,549	1,752	8,266	10,018	1,872	10,185	11,509
Consumer installment loans	524	-	426	426	7	483	487
Total	$38,243	$ 8,323	$ 24,309	$ 32,632	$ 4,773	$ 32,919	$ 33,522

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

	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Three Month Average Recorded Investment	Nine Month Average Recorded Investment
	(Dollars in Thousands)						
As of September 30, 2014:							
Commercial, financial & agricultural	$4,445	$ 8	$ 2,943	$ 2,951	$ 631	$ 2,402	$ 3,285
Real estate – construction & development	8,824	211	4,743	4,954	612	5,243	5,596
Real estate – commercial & farmland	18,955	7,311	8,753	16,064	1,698	16,242	16,312
Real estate – residential	18,251	5,635	9,946	15,581	1,286	15,356	17,169
Consumer installment loans	606	-	521	521	10	517	516
Total	$51,081	$ 13,165	$ 26,906	$ 40,071	$ 4,237	$ 39,760	$ 42,878

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

	As of and For the Period Ended		
	September 30, 2015	December 31, 2014	September 30, 2014
	(Dollars in Thousands)		
Nonaccrual loans	$ 11,374	$ 18,249	$ 17,007
Troubled debt restructurings not included above	7,188	1,212	583
Total impaired loans	$ 18,562	$ 19,461	$ 17,590
Quarter-to-date interest income recognized on impaired loans	$ 158	$ 64	$ 27
Year-to-date interest income recognized on impaired loans	$ 342	$ 132	$ 68
Quarter-to-date foregone interest income on impaired loans	$ 198	$ 521	$ 587
Year-to-date foregone interest income on impaired loans	$ 1,121	$ 1,759	$ 1,239

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

	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Three Month Average Recorded Investment	Nine Month Average Recorded Investment
	(Dollars in Thousands)						
As of September 30, 2015:							
Commercial, financial & agricultural	$ 1,137	$ 214	$ -	$ 214	$ -	$ 262	$ 224
Real estate – construction & development	9,211	1,268	-	1,268	-	1,563	1,419
Real estate – commercial & farmland	13,399	8,799	-	8,799	-	11,245	10,724
Real estate – residential	12,443	8,224	-	8,224	-	8,255	7,845
Consumer installment loans	74	57	-	57	-	76	63
Total	$ 36,264	$ 18,562	$ -	$ 18,562	$ -	$ 21,402	$ 20,275

Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Three Month Average Recorded Investment	Twelve Month Average Recorded Investment
(Dollars in Thousands)						

As of December 31, 2014:							
Commercial, financial & agricultural	$1,366	$ 175	$ -	$ 175	$ -	$ 277	$ 165
Real estate – construction & development	5,161	1,436	-	1,436	-	2,242	1,643
Real estate – commercial & farmland	15,007	10,588	-				