

Ameris Bancorp  
Form 10-Q  
November 09, 2018

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2018

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

Commission File Number: 001-13901

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

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

310 FIRST STREET, S.E., MOULTRIE, GA 31768  
(Address of principal executive offices)

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

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

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

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

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Large accelerated filer  Accelerated filer

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

Emerging growth company

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

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

There were 47,500,913 shares of Common Stock outstanding as of November 1, 2018.

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AMERIS BANCORP  
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## Item 1. Financial Statements.

## AMERIS BANCORP AND SUBSIDIARIES

## Consolidated Balance Sheets (unaudited)

(dollars in thousands, except per share data)

	September 30, 2018	December 31, 2017
Assets		
Cash and due from banks	\$ 158,453	\$ 139,313
Federal funds sold and interest-bearing deposits in banks	470,804	191,345
Cash and cash equivalents	629,257	330,658
Time deposits in other banks	11,558	—
Investment securities available for sale, at fair value	1,162,570	810,873
Other investments	35,929	42,270
Loans held for sale, at fair value	130,179	197,442
Loans	5,543,306	4,856,514
Purchased loans	2,711,460	861,595
Purchased loan pools	274,752	328,246
Loans, net of unearned income	8,529,518	6,046,355
Allowance for loan losses	(28,116)	(25,791)
Loans, net	8,501,402	6,020,564
Other real estate owned, net	9,375	8,464
Purchased other real estate owned, net	7,692	9,011
Total other real estate owned, net	17,067	17,475
Premises and equipment, net	145,885	117,738
Goodwill	505,604	125,532
Other intangible assets, net	54,729	13,496
Cash value of bank owned life insurance	103,588	79,641
Deferred income taxes, net	38,217	28,320
Other assets	93,009	72,194
Total assets	\$ 11,428,994	\$ 7,856,203
Liabilities		
Deposits:		
Noninterest-bearing	\$ 2,333,992	\$ 1,777,141
Interest-bearing	6,847,371	4,848,704
Total deposits	9,181,363	6,625,845
Securities sold under agreements to repurchase	14,071	30,638
Other borrowings	656,831	250,554
Subordinated deferrable interest debentures	88,986	85,550
FDIC loss-share payable, net	18,740	8,803
Other liabilities	64,026	50,334
Total liabilities	10,024,017	7,051,724

Commitments and Contingencies (Note 8)

Shareholders' Equity

Preferred stock, stated value \$1,000 (5,000,000 shares authorized; 0 shares issued and outstanding at September 30, 2018 and December 31, 2017)	—	—
Common stock, par value \$1 (100,000,000 shares authorized; 49,011,950 and 38,734,873 shares issued at September 30, 2018 and December 31, 2017, respectively)	49,012	38,735
Capital surplus	1,050,752	508,404
Retained earnings	338,350	273,119
Accumulated other comprehensive income (loss), net of tax	(16,576	) (1,280 )
Treasury stock, at cost (1,514,984 shares and 1,474,861 shares at September 30, 2018 and December 31, 2017, respectively)	(16,561	) (14,499 )
Total shareholders' equity	1,404,977	804,479
Total liabilities and shareholders' equity	\$ 11,428,994	\$ 7,856,203

See notes to unaudited consolidated financial statements.

## AMERIS BANCORP AND SUBSIDIARIES

## Consolidated Statements of Income and Comprehensive Income (unaudited)

(dollars in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Interest income				
Interest and fees on loans	\$ 110,470	\$ 70,462	\$ 266,460	\$ 197,447
Interest on taxable securities	8,792	5,062	20,320	15,057
Interest on nontaxable securities	204	392	705	1,209
Interest on deposits in other banks and federal funds sold	1,653	406	3,092	1,070
Total interest income	121,119	76,322	290,577	214,783
Interest expense				
Interest on deposits	15,630	5,136	30,196	13,479
Interest on other borrowings	6,451	4,331	16,543	10,702
Total interest expense	22,081	9,467	46,739	24,181
Net interest income	99,038	66,855	243,838	190,602
Provision for loan losses	2,095	1,787	13,006	5,828
Net interest income after provision for loan losses	96,943	65,068	230,832	184,774
Noninterest income				
Service charges on deposit accounts	12,690	10,535	33,531	31,714
Mortgage banking activity	13,413	13,340	40,203	38,498
Other service charges, commissions and fees	777	699	2,193	2,137
Gain (loss) on securities	48	—	(38	) 37
Other noninterest income	3,243	2,425	12,053	8,508
Total noninterest income	30,171	26,999	87,942	80,894
Noninterest expense				
Salaries and employee benefits	38,446	32,583	110,311	89,509
Occupancy and equipment expense	8,598	6,036	21,186	18,059
Data processing and communications costs	8,518	7,050	22,092	20,650
Credit resolution-related expenses	1,248	1,347	2,842	2,879
Advertising and marketing expense	1,453	1,247	3,938	3,612
Amortization of intangible assets	2,676	941	5,862	2,990
Merger and conversion charges	276	92	19,502	494
Other noninterest expenses	11,138	14,471	32,104	34,406
Total noninterest expense	72,353	63,767	217,837	172,599
Income before income tax expense	54,761	28,300	100,937	93,069
Income tax expense	13,317	8,142	23,446	28,671
Net income	41,444	20,158	77,491	64,398
Other comprehensive income				
Net unrealized holding gains (losses) arising during period on investment securities available for sale, net of tax expense (benefit) of (\$1,053), \$966,	(3,964	) 1,795	(15,181	) 4,361

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(\$4,035) and \$2,348

Reclassification adjustment for gains on investment securities included in earnings, net of tax of \$11, \$0, \$19 and \$13	(41	) —	(70	) (24	)
Unrealized gains (losses) on cash flow hedges arising during period, net of tax expense (benefit) of \$0, \$14, \$92 and (\$21)	—	25	347	(38	)
Other comprehensive income (loss)	(4,005	) 1,820	(14,904	) 4,299	
Total comprehensive income	\$37,439	\$21,978	\$62,587	\$68,697	
Basic earnings per common share	\$0.87	\$0.54	\$1.86	\$1.76	
Diluted earnings per common share	\$0.87	\$0.54	\$1.85	\$1.74	
Dividends declared per common share	\$0.10	\$0.10	\$0.30	\$0.30	
Weighted average common shares outstanding (in thousands)					
Basic	47,515	37,225	41,673	36,690	
Diluted	47,685	37,553	41,845	37,017	

See notes to unaudited consolidated financial statements.

## AMERIS BANCORP AND SUBSIDIARIES

## Consolidated Statements of Shareholders' Equity (unaudited)

(dollars in thousands)

	Nine Months Ended September 30, 2018		Nine Months Ended September 30, 2017	
	Shares	Amount	Shares	Amount
<b>Common Stock</b>				
Balance at beginning of period	38,734,873	\$38,735	36,377,807	\$36,378
Issuance of common stock	10,124,491	10,124	2,141,072	2,141
Issuance of restricted shares	85,855	86	84,147	84
Cancellation of restricted shares	(472)	—	(472)	—
Proceeds from exercise of stock options	67,203	67	103,356	103
Issued at end of period	49,011,950	\$49,012	38,705,910	\$38,706
<b>Capital Surplus</b>				
Balance at beginning of period		\$508,404		\$410,276
Share-based compensation		4,652		2,419
Issuance of common shares, net of issuance costs of \$0 and \$4,925		537,003		92,359
Issuance of restricted shares		(86)		(84)
Proceeds from exercise of stock options		779		1,809
Balance at end of period		\$1,050,752		\$506,779
<b>Retained Earnings</b>				
Balance at beginning of period		\$273,119		\$214,454
Cumulative effect of change in accounting for derivatives		28		—
Reclassification of stranded income tax effects from accumulated other comprehensive income		392		—
Adjusted balance at beginning of period		273,539		214,454
Net income		77,491		64,398
Dividends on common shares		(12,680)		(11,158)
Balance at end of period		\$338,350		\$267,694
<b>Accumulated Other Comprehensive Income (Loss), Net of Tax</b>				
<b>Unrealized gains (losses) on securities and derivatives:</b>				
Balance at beginning of period		\$(1,280)		\$(1,058)
Reclassification of stranded income tax effects to retained earnings		(392)		—
Adjusted balance at beginning of period		(1,672)		(1,058)
Other comprehensive income (loss) during the period		(14,904)		4,299
Balance at end of period		\$(16,576)		\$3,241
<b>Treasury Stock</b>				
Balance at beginning of period	1,474,861	\$(14,499)	1,456,333	\$(13,613)
Purchase of treasury shares	40,123	(2,062)	18,528	(886)
Balance at end of period	1,514,984	\$(16,561)	1,474,861	\$(14,499)
<b>Total Shareholders' Equity</b>		<b>\$1,404,977</b>		<b>\$801,921</b>



See notes to unaudited consolidated financial statements.

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AMERIS BANCORP AND SUBSIDIARIES  
Consolidated Statements of Cash Flows (unaudited)  
(dollars in thousands)

	Nine Months Ended September 30,	
	2018	2017
Operating Activities		
Net income	\$ 77,491	