

# Ameris Bancorp

## 1<sup>st</sup> Quarter 2016 Earnings Presentation

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# Corporate Profile

- Founded in Moultrie, Georgia in 1971
- Executive team headquartered in Jacksonville, Florida.
- Completed 17 acquisitions in the last decade, building a material presence in strong southeastern markets.
- Four state footprint with 103 offices
- \$6.1 billion in total assets managed by 1,318 employees
- Ticker Symbol – “ABCB” followed by 6 analysts



# Current Focus

## Improved and More Consistent Operating Performance

Almost singular focus of our team right now is *“to produce top quartile operating results, consistently.”*

- Maintain double digit revenue growth with 12%-15% growth in loans, funded almost entirely with low cost deposits augmented by highly profitable and growing lines of business (Mortgage, SBA and Treasury)
- Expense management aimed at producing low single digit growth rates in operating expenses. Continued corporate restructure, branch consolidations with better administrative efficiency until we achieve our efficiency ratio goals.

## Refine an Already Strong Balance Sheet

- Building significant diversification into our Balance sheet with focus on asset classes with lower long term loss rates.
- Insulate ourselves from rate movements and economic swings with highly stable, non-rate sensitive deposits.
- Grow capital levels and book value through higher than average ROAs and ROTCE.

## M&A Opportunities

Still looking at M&A opportunities but being highly selective discipline regarding our three criteria:

- Neutral (or almost neutral) to TBV
- Accretive to our franchise
- Meaningfully accretive to EPS (relative to size of acquisition)

Anticipate growing through \$10 billion hurdle with a combination of organic growth and M&A.

# Executive Summary – 1Q 2016

## Operating Ratios in the top Quartile

- Operating Return on Average Assets of 1.18%
- Operating Return on Tangible Capital of 15.42%.
- Net Interest Margin of 3.80% excluding accretion. Accretion income only 3.9% of total revenue.
- Making Headway on Operating Efficiency:
  - Net Overhead Ratio down to 1.78%, from 2.12% a year ago. Incremental net overhead over the last 12 months totaled only \$1.7 million despite 38% growth in average assets (or \$1.54 billion of growth).
  - Operating efficiency of 65.9% in the first quarter of 2016 compared to 72.4% in the first quarter of 2015.

## Momentum going into 2Q 2016

- Commercial loan pipelines at the highest levels. Pricing is consistent. Credit underwriting metrics unchanged.
- Retail Mortgage and Warehouse lending built strong trends during last month of 1Q.
- Treasury and Retail produced \$72.5 million of growth in NIB. Funded 63% of our all loan growth, including mortgage pools.

## M&A Opportunities

- M&A conversations are ongoing and we are confident that there will be opportunities in 2016.

# 1<sup>st</sup> Quarter Operating Results

## 1Q 2016 Highlights

Net Income, operating basis	1Q 2016 Highlights			Change versus:	
	1Q 16	4Q 15	1Q 15	Linked Q	1Q 15
Net Interest Income, before Accretion	47,494	45,706	35,735	3.9%	32.9%
Accretion Income	2,942	2,912	3,097	1.0%	-5.0%
Net Interest income	50,436	48,618	38,832	3.7%	29.9%
Provision for loan losses	681	553	1,069	23.1%	-36.3%
Non-interest Income	24,286	22,407	17,575	8.4%	38.2%
Non-interest expense, operating	49,241	51,221	40,812	-3.9%	20.7%
Pretax Income	24,800	19,251	14,526	28.8%	70.7%
Taxes	8,350	3,928	4,752	112.5%	75.7%
Net Income, operating basis	16,450	15,323	9,774	7.4%	68.3%
EPS	\$ 0.50	\$ 0.47	\$ 0.32		
ROA	1.18%	1.13%	0.96%		
ROTCE	15.42%	15.10%	10.26%		
Net Interest Margin	4.03%	3.98%	4.39%		
Net Interest Margin, ex accretion	3.80%	3.74%	4.05%		
Net Overhead Ratio	1.78%	2.12%	2.28%		
Efficiency ratio, operating	65.90%	72.12%	72.35%		
Effective Tax Rate	33.7%	20.4%	32.7%		
Average Diluted Shares	33,054	32,595	30,796		

**Note > Amounts above and all ratios are presented on an operating basis excluding charges shown below.**

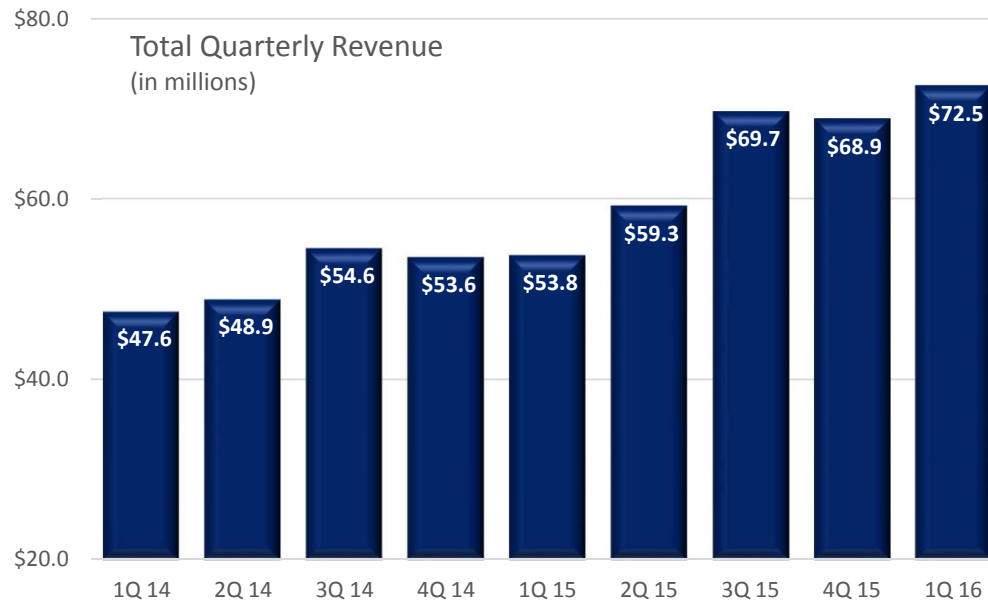
## Non-Operating Amounts

	1Q 16	4Q 15	1Q 15
Merger/Conversion Related Charges	6,359	1,807	15
Credit Related Charge	-	-	
Tax Effect	(2,226)	(632)	(5)
Total Non-Operating Impact on Earnings	4,133	1,175	10
EPS, Reported	\$ 0.37	\$ 0.43	\$ 0.32

## First Quarter 2016 Results

- 33% growth in spread income results from successful deployment of liquidity from 2015 M&A and organic growth.
- Steady levels of accretion income despite increasingly small percentage of revenue and EPS.
- Total credit costs inside our forecast for 3 consecutive quarters.
- Non-interest income stronger on mortgage and SBA revenues.
- OPEX down \$2.0 million versus linked quarter. Up 21% compared to 1Q15 compared to 32% growth in total revenue.
- Effective tax rate increased to 33.7% compared to 32.7% in the same quarter 2015.

# Revenues – 1Q16



## Strong Growth in Revenue

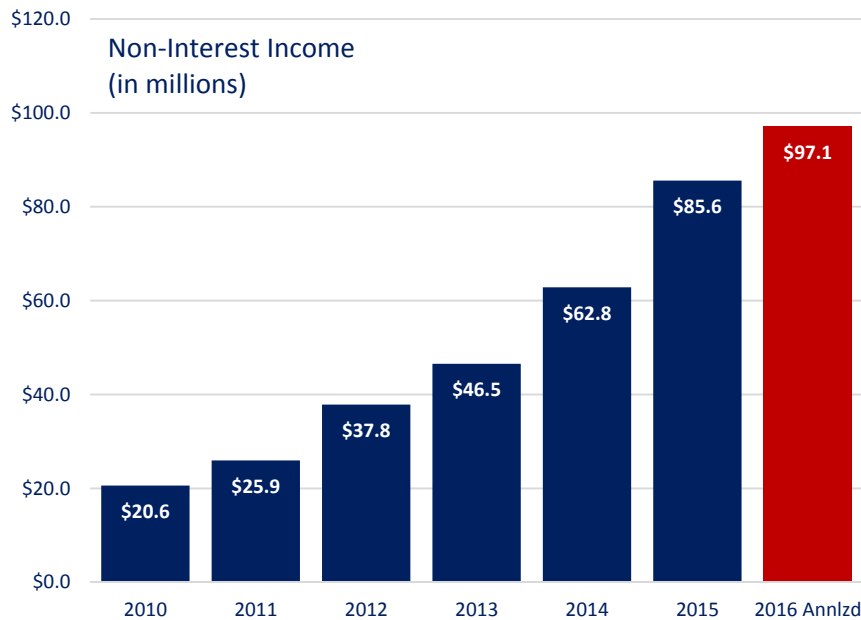
Spread revenue improved 30% over 1Q15.

- Spread income and Margin upside – 32% of earning assets yielding 3.00% or less compared to quarterly loan production levels of approximately 4.42%.
- 3.29% - Incremental margin (growth in spread compared to growth in earning assets) for last 12 months represents a concentration in mortgage pools as a short-term strategy. Very low incremental overhead associated with the earning asset growth over last 12 months.
- 1Q16 Accretion income of \$2.9 million vs. \$3.0 million in 1Q15 and \$2.9 million in 4Q15.

Non-Interest Income moved higher with Mortgage

- Mortgage Revenues up 19% over 4Q15 and up 26% over 1Q15. 1Q16 mortgage production totaled \$268 million compared to \$254 million in 4Q15 and \$188 million in 1Q15.
- Gain on sale margins improved to 410bps in 1Q16.
- Implementing new service charge routines that should impact deposit charges in 2H16.

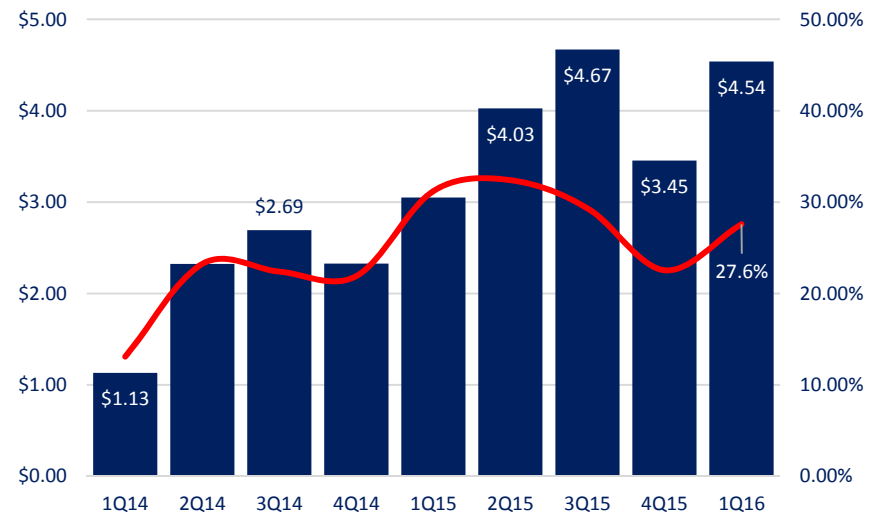
# Non-Interest Income – 1Q16



- Deposit charges up 54% in 1Q16 vs. 1Q15, resulting from BoA and M&S acquisitions.
- Mortgage revenue up 36.4%, mortgage net income up 47.2% over 1Q15. Additional mortgage bankers recruited in 4Q at expected production levels.
- Mortgage profitability margins much higher than industry average. Focused on relationships with builders, brokers and R/E agents.
- SBA revenues up 44% in 1Q16 compared to 1Q15. SBA net income contribution up 56% in 2015.

- Net income from non-interest income LOBs up 49% over the same quarter in 2015
- **BUT...contribution to total consolidated earnings down from 31.2% to 27.6% in the most recent quarter.**

## Mortgage/SBA Net Income (millions) and Percentage of Consolidated Net Income



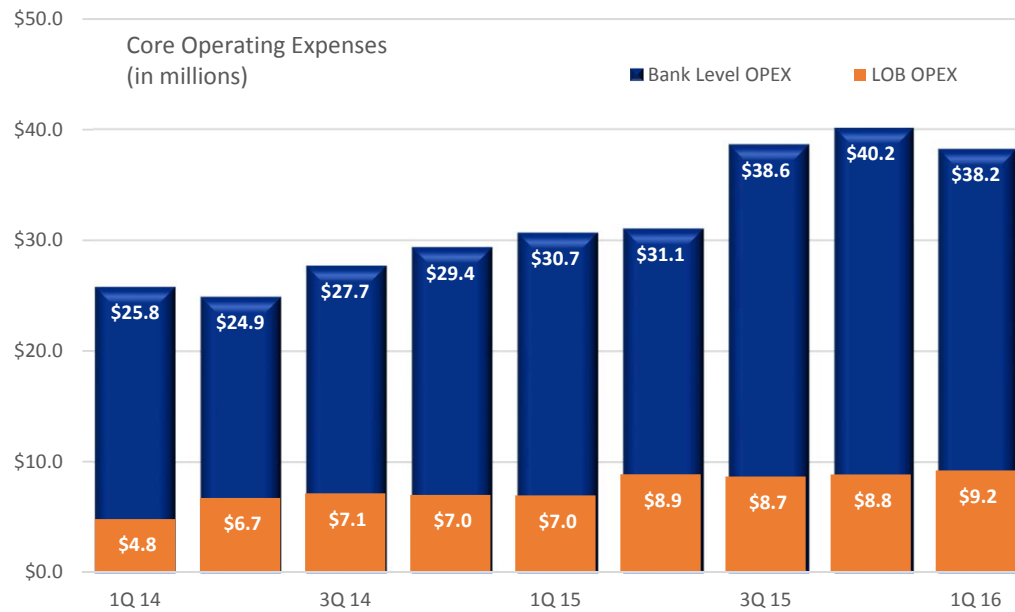


# Mortgage Results – 1Q16

	Mortgage Division Statistics (\$' in 000's)				
	1Q16	4Q15	3Q15	2Q15	1Q15
<b>Mortgage Origination</b>					
Production	\$268,639	\$254,237	\$311,007	\$285,626	\$188,297
Open Pipeline (locked loans)	\$135,600	\$94,478	\$105,290	\$115,888	\$110,856
Purchase %	83%	84%	86%	79%	75%
FHA/VA %	41%	41%	43%	43%	43%
Gain on Sale %	4.10%	3.55%	3.52%	3.76%	4.57%
Retail Mortgage Bankers	95	96	91	75	64
Avg Production / Banker	\$ 2,401	\$ 2,284	\$ 2,884	\$ 3,037	\$ 2,432
Net Income / Banker	\$ 31.34	\$ 20.75	\$ 34.15	\$ 29.96	\$ 30.08
<b>Warehouse Lending</b>					
Production	\$ 565,207	\$ 490,321	\$ 521,901	\$ 551,398	\$ 404,702
Units (# of loans)	2,579	2,350	2,481	2,507	1,868
Number of customers	84	72	76	76	74
Approved Lines of Credit	\$ 340,000	\$ 230,000	\$ 227,500	\$ 227,000	\$ 196,000
Average days to roll	12	15	13	14	13
<b>Portfolio Lending</b>					
Portfolio Size	\$ 133,754	\$ 108,233	\$ 87,331	\$ 68,154	\$ 54,929
Portfolio Yield	4.59%	4.62%	4.64%	4.59%	4.57%
Average loan size	\$ 247,692	\$ 240,517	\$ 236,029	\$ 231,030	\$ 230,793

- Origination volumes up 42% compared to same quarter in 2015.
- Open pipeline up 22% compared to same quarter in 2015.
- Growth in production and pipelines compared to same quarter in 2015 gives us confidence in mortgage's contribution to our 2016 earnings.
- Approved LOCs in Warehouse lending increased substantially in 1Q. Expect volume in 2q and 3q to benefit materially from additional customers.

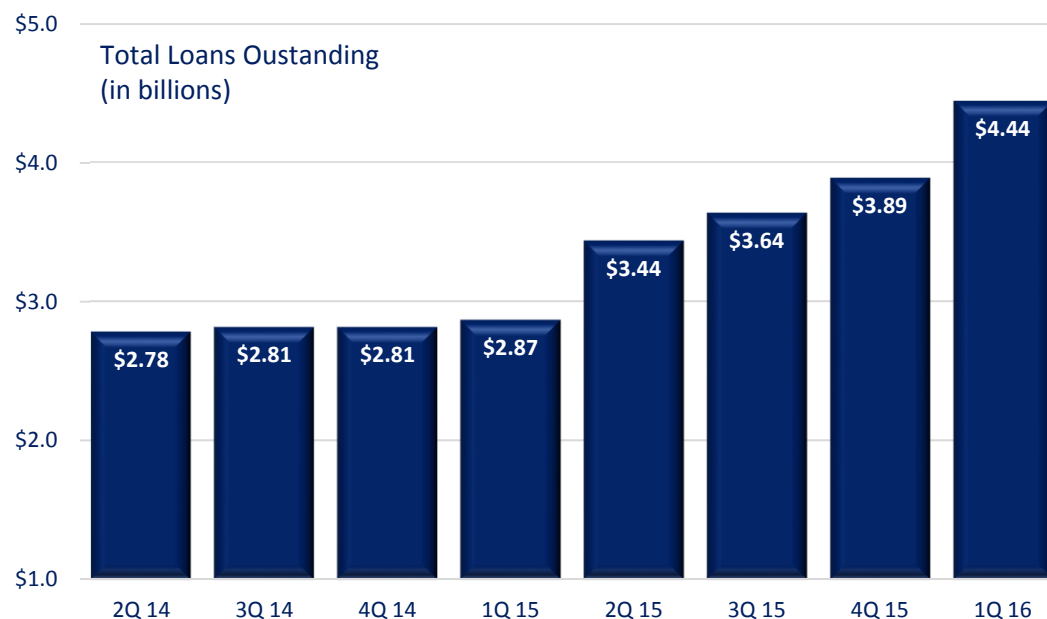
# Expenses – 1Q16



## Opex Trending Lower

- Expense leverage is our management team’s primary focus in 2016.
- Lower OPEX at Bank level result of branch closures, lower FDIC amortization, lower R&M, lower incentive compensation.
- Expect FICA expense to be \$700k lower in 2Q.
- FDIC indemnification expense of \$0.8 million in 1Q16 expected to drop to approx. \$0.2mm per quarter in 2H2016.
- Two additional branches expected to close in 2Q16.
- Additional branch consolidation being investigated as well as for 2H2016.

# Loans – 1Q16



**12.1%** - Growth rate in organic loans over the last four quarters.

**\$322 million** – amount of organic loan growth over last 12 months.

**\$7 million** – Quarterly decline in covered loans in 1Q16. Smallest decline in past 5 years, consistent with management forecasts.

Total Loan Growth of \$522.2 million against linked quarter from:

- Organic Growth during 1Q16 of \$59 million or 7.4% **annualized**
- Growth of \$63 million related to purchased whole loan mortgage pools. Pools currently paying on about a 3.1 yr. avg. life.
- Acquisition of JAXB with \$420 million of loans
- Payoffs of \$7 million

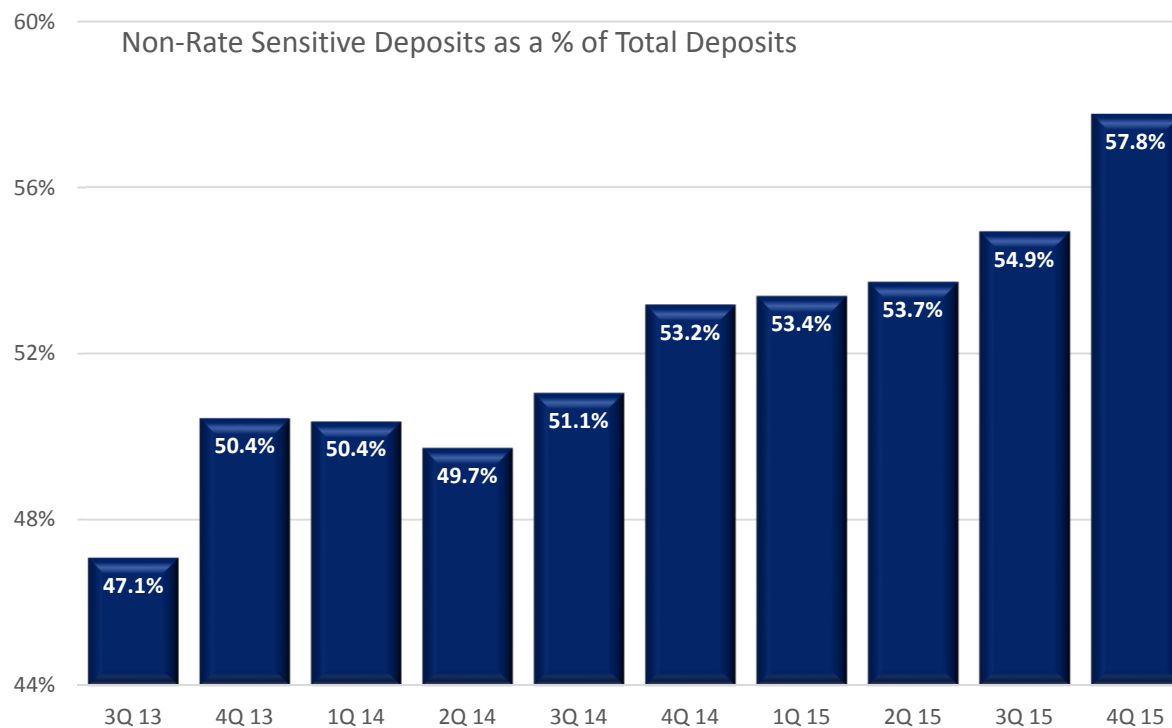
Period	Loan Production Details					
	Fixed Rate <sup>(2)</sup>		Variable Rate <sup>(2)</sup>		Total	
1Q16	255,944	4.44%	160,625	4.39%	416,569	4.42%
4Q15	225,349	4.59%	158,750	4.28%	384,099	4.46%
3Q15	232,901	4.65%	117,563	4.48%	350,464	4.59%
2Q15	256,734	4.51%	106,376	4.44%	363,110	4.49%
1Q15	210,514	4.65%	103,799	4.73%	314,312	4.68%

1 – PNC – purchased, non-covered loans.

2 – combined yield includes transaction fees and interest earned.

# Deposits – 1Q16

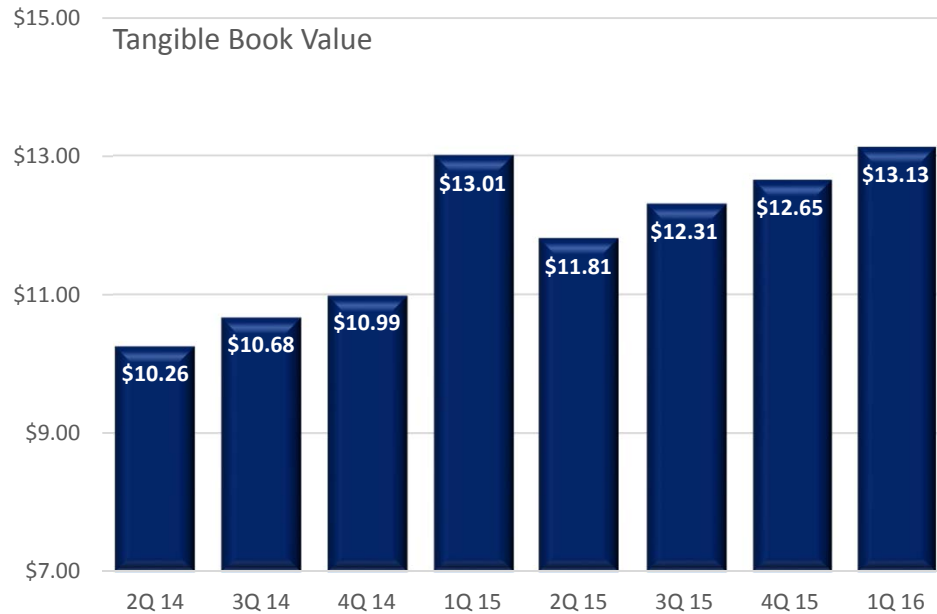
- **101%** - Percentage of all fixed rate loans (including short-duration mortgage arms) funded with non-rate sensitive deposits at 12/31/15 (up from 96.0% at EOY 2014).
- **\$1.01 Billion** – Growth in low cost, non-rate sensitive deposits in during 2015.
- **23.6%** – 5 Year Compounded Growth Rate in low cost, non-rate sensitive deposits.



- **0.075%** – weighted average cost of this group of low cost, non-rate sensitive deposits (down from 0.102% a year ago).

Non-Rate Sensitive Deposits include NIB, NOW and Savings Accounts.

# Tangible Book Value – 1Q16



## Consistent Growth in TBV

- Last 3 M&A deals have been neutral or accretive to TBV
- Earnings less quarterly dividend grows TBV approximately 3.5% - 4.0% per quarter.

# Investment Rationale

## Strong & Stable Balance Sheet

- Diversified loan portfolio. Approximately 42% in CRE and only 8% in Construction/A&D
- Asset sensitive – over 100% of fixed rate loans funded with non-rate sensitive deposits.
- Capital levels – capital levels are adequate and building, ensuring no need for additional outside capital.

## Operating Performance

- Top Quartile ROA – Top Quartile Growth Rate
- ROTCE greater than 15%.
- Diversified revenue sources (66% spread, 34% non-interest income).

## M&A Opportunities

- Disciplined Acquirer
- Announced/Executed low risk deals
- Enough conversations underway – can avoid auctions
- Strong Capital Ratios support additional M&A
- Regulatory reputation presents no hurdle