Ameris Bancorp
Form 10-Q
August 09, 2018

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

FORM 10-Q

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

For the quarterly period ended June 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 ý 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 ý 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.

Large accelerated filer ý	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 ý

There were 47,518,662 shares of Common Stock outstanding as of August 3, 2018.

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)

	June 30, 2018	December 31, 2017
Assets		
Cash and due from banks	$151,539	$139,313
Federal funds sold and interest-bearing deposits in banks	273,170	191,345
Cash and cash equivalents	424,709	330,658
Time deposits in other banks	11,558	—
Investment securities available for sale, at fair value	1,153,703	810,873
Other investments	44,769	42,270
Loans held for sale, at fair value	137,249	197,442
Loans	5,380,515	4,856,514
Purchased loans	2,812,510	861,595
Purchased loan pools	297,509	328,246
Loans, net of unearned income	8,490,534	6,046,355
Allowance for loan losses	(31,532)	(25,791)
Loans, net	8,459,002	6,020,564
Other real estate owned, net	8,003	8,464
Purchased other real estate owned, net	7,272	9,011
Total other real estate owned, net	15,275	17,475
Premises and equipment, net	144,484	117,738
Goodwill	504,764	125,532
Other intangible assets, net	53,561	13,496
Cash value of bank owned life insurance	103,059	79,641
Deferred income taxes, net	40,240	28,320
Other assets	98,324	72,194
Total assets	$11,190,697	$7,856,203
Liabilities		
Deposits:		
Noninterest-bearing	$2,356,420	$1,777,141
Interest-bearing	6,405,173	4,848,704
Total deposits	8,761,593	6,625,845
Securities sold under agreements to repurchase	11,002	30,638
Other borrowings	862,136	250,554
Subordinated deferrable interest debentures	88,646	85,550
FDIC loss-share payable, net	18,716	8,803
Other liabilities	76,708	50,334
Total liabilities	9,818,801	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 June 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 June 30, 2018 and December 31, 2017, respectively)	49,012	38,735
Capital surplus	1,049,283	508,404
Retained earnings	301,656	273,119
Accumulated other comprehensive income (loss), net of tax	(12,571)	(1,280)
Treasury stock, at cost (1,493,288 shares and 1,474,861 shares at June 30, 2018 and December 31, 2017, respectively)	(15,484)	(14,499)
Total shareholders’ equity	1,371,896	804,479
Total liabilities and shareholders’ equity	$11,190,697	$7,856,203

See notes to unaudited consolidated financial statements.

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AMERIS BANCORP AND SUBSIDIARIES
Consolidated Statements of Income and Comprehensive Income (unaudited)
(dollars in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Interest income				
Interest and fees on loans	$82,723	$65,464	$155,990	$126,985
Interest on taxable securities	6,321	5,195	11,528	9,995
Interest on nontaxable securities	179	401	501	817
Interest on deposits in other banks and federal funds sold	723	351	1,439	664
Total interest income	89,946	71,411	169,458	138,461
Interest expense				
Interest on deposits	7,794	4,580	14,566	8,343
Interest on other borrowings	6,153	3,674	10,092	6,371
Total interest expense	13,947	8,254	24,658	14,714
Net interest income	75,999	63,157	144,800	123,747
Provision for loan losses	9,110	2,205	10,911	4,041
Net interest income after provision for loan losses	66,889	60,952	133,889	119,706
Noninterest income				
Service charges on deposit accounts	10,613	10,616	20,841	21,179
Mortgage banking activity	14,890	13,943	26,790	25,158
Other service charges, commissions and fees	697	729	1,416	1,438
Gain (loss) on securities	(123)	37	(86)	37
Other noninterest income	5,230	2,864	8,810	6,083
Total noninterest income	31,307	28,189	57,771	53,895
Noninterest expense				
Salaries and employee benefits	39,776	29,132	71,865	56,926
Occupancy and equipment expense	6,390	6,146	12,588	12,023
Data processing and communications costs	6,439	7,028	13,574	13,600
Credit resolution-related expenses	1,045	599	1,594	1,532
Advertising and marketing expense	1,256	1,259	2,485	2,365
Amortization of intangible assets	2,252	1,013	3,186	2,049
Merger and conversion charges	18,391	—	19,226	402
Other noninterest expenses	10,837	10,562	20,966	19,935
Total noninterest expense	86,386	55,739	145,484	108,832
Income before income tax expense	11,810	33,402	46,176	64,769
Income tax expense	2,423	10,315	10,129	20,529
Net income	9,387	23,087	36,047	44,240
Other comprehensive income				
Net unrealized holding gains (losses) arising during period on investment securities available for sale, net of tax expense (benefit) of ($482), $1,487,	(1,814)	2,760	(11,217)	2,566

($2,982) and $1,382				
Reclassification adjustment for gains on investment securities included in earnings, net of tax of $0, $13, $8 and $13	—	(24)	(29)	(24)
Unrealized gains (losses) on cash flow hedges arising during period, net of tax expense (benefit) of $17, ($58), $92 and ($35)	66	(106)	347	(63)
Other comprehensive income (loss)	(1,748)	2,630	(10,899)	2,479
Total comprehensive income	$7,639	$25,717	$25,148	$46,719
Basic earnings per common share	$0.24	$0.62	$0.93	$1.21
Diluted earnings per common share	$0.24	$0.62	$0.92	$1.20
Dividends declared per common share	$0.10	$0.10	$0.20	$0.20
Weighted average common shares outstanding (in thousands)				
Basic	39,432	37,163	38,703	36,418
Diluted	39,710	37,489	38,981	36,744

See notes to unaudited consolidated financial statements.

AMERIS BANCORP AND SUBSIDIARIES
Consolidated Statements of Shareholders’ Equity (unaudited)
(dollars in thousands)

	Six Months Ended June 30, 2018		Six Months Ended June 30, 2017	
	Shares	Amount	Shares	Amount
Common Stock				
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	80,169	80
Cancellation of restricted shares	(472)	—	(472)	—
Proceeds from exercise of stock options	67,203	67	99,189	99
Issued at end of period	49,011,950	$49,012	38,697,765	$38,698
Capital Surplus				
Balance at beginning of period		$508,404		$410,276
Share-based compensation		3,183		1,497
Issuance of common shares, net of issuance costs of $0 and $4,925		537,003		92,359
Issuance of restricted shares		(86)		(80)
Proceeds from exercise of stock options		779		1,751
Balance at end of period		$1,049,283		$505,803
Retained Earnings				
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		36,047		44,240
Dividends on common shares		(7,930)		(7,435)
Balance at end of period		$301,656		$251,259
Accumulated Other Comprehensive Income (Loss), Net of Tax				
Unrealized gains (losses) on securities and derivatives:				
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 during the period		(10,899)		2,479
Balance at end of period		$(12,571)		$1,421
Treasury Stock				
Balance at beginning of period	1,474,861	$(14,499)	1,456,333	$(13,613)
Purchase of treasury shares	18,427	(985)	18,528	(886)
Balance at end of period	1,493,288	$(15,484)	1,474,861	$(14,499)
Total Shareholders’ Equity		$1,371,896		$782,682

See notes to unaudited consolidated financial statements.

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

	Six Months Ended June 30,	
	2018	2017
Operating Activities		
Net income	$36,047	$ 44,240
Adjustments reconciling net income to net cash provided by (used in) operating activities:		
Depreciation	4,546	4,649
Net losses on sale or disposal of premises and equipment including write-downs	91	865
Provision for loan losses	10,911	4,041
Net losses (gains) on sale of other real estate owned including write-downs	385	(266)
Share-based compensation expense	4,151	1,497
Amortization of intangible assets	3,186	2,049
Provision for deferred taxes	(1,448)	(1,781)
Net amortization of investment securities available for sale	2,896	3,201
Net loss (gain) on securities	86	(37)
Accretion of discount on purchased loans	(4,340)	(6,165)
Amortization of premium on purchased loan pools	1,016	2,109
Accretion on other borrowings	65	30
Accretion on subordinated deferrable interest debentures	661	661
Originations of mortgage loans held for sale	(882,484)	(711,398)
Payments received on mortgage loans held for sale	773	546
Proceeds from sales of mortgage loans held for sale	778,216	614,255
Net gains on sale of mortgage loans held for sale	(16,860)	(23,019)
Originations of SBA loans	(16,246)	(41,332)
Proceeds from sales of SBA loans	21,038	20,409
Net gains on sale of SBA loans	(1,840)	(2,724)
Increase in cash surrender value of bank owned life insurance	(782)	(781)
Changes in FDIC loss-share payable, net of cash payments received	1,611	1,449
Change attributable to other operating activities	2,856	19,174
Net cash used in operating activities	(55,465)	(68,328)
Investing Activities, net of effects of business combinations		
Purchases of securities available for sale	(155,476)	(53,268)
Proceeds from prepayments and maturities of securities available for sale	69,948	54,969
Proceeds from sales of securities available for sale	46,437	3,090
Net decrease (increase) in other investments	9,171	(7,187)
Net increase in loans, excluding purchased loans	(361,575)	(499,713)
Payments received on purchased loans	108,727	119,716
Payments received on purchased loan pools	37,742	71,471
Purchases of premises and equipment	(3,066)	(2,373)
Proceeds from sales of premises and equipment	507	—
Proceeds from sales of other real estate owned	5,875	7,535
Payments paid to FDIC under loss-share agreements	(1,017)	230
Net cash proceeds paid in acquisitions	52,016	—
Net cash used in investing activities	(190,711)	(305,530)

(Continued)

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

	Six Months Ended June 30, 2018	2017
Financing Activities, net of effects of business combinations		
Net increase (decrease) in deposits	$(28,861)	$218,234
Net decrease in securities sold under agreements to repurchase	(19,636)	(35,105)
Proceeds from other borrowings	1,150,000	1,122,692
Repayment of other borrowings	(753,579)	(935,452)
Issuance of common stock	—	88,656
Proceeds from exercise of stock options	846	1,850
Dividends paid - common stock	(7,558)	(7,205)
Purchase of treasury shares	(985)	(886)
Net cash provided by financing activities	340,227	452,784
Net increase in cash and cash equivalents	94,051	78,926
Cash and cash equivalents at beginning of period	330,658	198,385
Cash and cash equivalents at end of period	$424,709	$277,311
Supplemental Disclosures of Cash Flow Information		
Cash paid during the period for:		
Interest	$23,213	$13,048
Income taxes	4,018	16,030
Loans (excluding purchased loans) transferred to other real estate owned	1,691	3,347
Purchased loans transferred to other real estate owned	536	3,281
Loans transferred from loans held for sale to loans held for investment	180,750	102,421
Loans transferred from loans held for investment to loans held for sale	2,796	—
Loans provided for the sales of other real estate owned	53	949
Assets acquired in business acquisitions	3,058,197	—
Liabilities assumed in business acquisitions	2,408,837	—
Issuance of common stock in acquisitions	547,127	—
Issuance of common stock in exchange for equity investment in US Premium Finance Holding Company	—	5,844
Change in unrealized gain (loss) on securities available for sale, net of tax	(11,585)	2,542
Change in unrealized gain (loss) on cash flow hedge, net of tax	294	(63)

(Concluded)

See notes to unaudited consolidated financial statements.

AMERIS BANCORP AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements
June 30, 2018

NOTE 1 – BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Nature of Business

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 June 30, 2018, the Bank operated 126 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.

Basis of Presentation

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 June 30, 2018 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, 2017.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, cash items in process of collection, amounts due from banks, interest-bearing deposits in banks and federal funds sold. The Bank is required to maintain reserve balances in cash or on deposit with the Federal Reserve Bank of Atlanta. The reserve requirement as of June 30, 2018 and December 31, 2017 was $54.7 million and $44.1 million, respectively, and was met by cash on hand which is reported on the Company's consolidated balance sheets in cash and due from banks.

Reclassifications

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

Accounting Standards Adopted in 2018

ASU 2018-02 - Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income ("ASU 2018-02"). Issued in February 2018, ASU 2018-02 seeks to help entities reclassify certain stranded income tax effects in accumulated other comprehensive income resulting from the Tax Cuts and Jobs Act of 2017 (the "Tax Reform Act"), enacted on December 22, 2017. ASU 2018-02 was issued in response to concerns regarding current accounting guidance that requires deferred tax assets and deferred tax liabilities to be adjusted for the effect of a change in tax laws or rates with the effect included in income from continuing operations in the reporting period that includes the enactment date, even in situations in which the related income tax effects of items in accumulated other comprehensive income were originally recognized in other comprehensive income, rather than net income, and as a result the stranded tax effects would not reflect the appropriate tax rate. The amendments of ASU 2018-02 allow an entity to make a reclassification from accumulated other comprehensive income to retained earnings for the stranded tax effects, which is the difference between the historical corporate income tax rate of 35.0% and the newly enacted corporate income tax rate of 21.0%. ASU 2018-02 is effective for fiscal years, and interim periods within those years, beginning after December 31, 2018; however, public business entities are allowed to early adopt the amendments of ASU 2018-02 in any interim period for which the financial statements have not yet been issued. The amendments of ASU 2018-02 may be applied either at the beginning of the period (annual or interim) of adoption or retrospectively to each of the period(s) in which the effect of the change in the U.S. federal corporate tax rate in the Tax Reform Act is recognized. As a result of the remeasurement of the Company's deferred tax assets and deferred tax liabilities following the enactment of the Tax Reform Act, accumulated other comprehensive loss included $392,000 of stranded tax effects at December 31, 2017. The Company early adopted ASU 2018-02 during the first quarter of 2018 and made an election to reclassify the stranded tax effects from accumulated other comprehensive loss to retained earnings at the beginning of the period of adoption. The reclassification of the stranded tax effects resulted in an increase of $392,000 in accumulated other comprehensive loss and a corresponding increase of $392,000 in retained earnings.

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

ASU 2017-09 – Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting ("ASU 2017-09"). ASU 2017-09 clarifies when changes to the terms of a share-based award must be accounted for as a modification. Companies must apply the modification accounting guidance if any of the following change: the share-based award's fair value, vesting provisions or classification as an equity instrument or a liability instrument. The new guidance should reduce diversity in practice and result in fewer changes to the terms of share-based awards being accounted for as modifications, as the guidance will allow companies to make certain non-substantive changes to share-based awards without accounting for them as modifications. ASU 2017-09 is effective for interim and annual reporting periods beginning after December 15, 2017 with early adoption permitted. During the first quarter of 2018, the Company adopted the provisions of ASU 2017-09, and the adoption did not have a material impact on the Company's consolidated financial statements.

ASU 2017-01 – Business Combinations (Topic 805): Clarifying the Definition of a Business ("ASU 2017-01"). ASU 2017-01 provides a framework to use in determining when a set of assets and activities is a business. The standard provides more consistency in applying the business combination guidance, reduces the costs of application, and makes the definition of a business more operable. ASU 2017-01 is effective for interim and annual periods within those annual periods beginning after December 15, 2017. During the first quarter of 2018, the Company adopted the provisions of ASU 2017-01, and the adoption did not have a material impact on the Company's consolidated financial statements.

ASU 2016-01 – Financial Instruments - Recognition and Measurement of Financial Assets and Financial Liabilities ("ASU 2016-01"). ASU 2016-01 (1) requires equity investments that do not result in consolidation and are not accounted for under the equity method to be measured at fair value with changes recognized through net income; (2) simplifies the impairment assessment of equity investments without readily determinable fair values by allowing a qualitative assessment similar to those performed on long-lived assets, goodwill or intangibles to be utilized at each reporting period; (3) eliminates the use of the entry price method requiring all preparers to utilize the exit price notion consistent with Topic 820, Fair Value Measurement in disclosing the fair value of financial instruments measured at amortized cost; (4) requires separate disclosure within other comprehensive income of changes in the fair value of liabilities due to instrument-specific credit risk when the fair value option has been elected; and (5) requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or in the accompanying notes to the financial statements. ASU 2016-01 is effective for annual reporting periods beginning after December 15, 2017, and interim periods. During the first quarter of 2018, the Company adopted ASU 2016-01. Other than changing from the entry price method to an exit price notion in disclosing fair value of financial instruments at amortized cost, the adoption did not have a material impact on the Company's consolidated financial statements.

ASU 2014-09 – Revenue from Contracts with Customers (“ASU 2014-09”). On January 1, 2018, the Company adopted ASU 2014-09 and all subsequent amendments to the ASU (collectively "ASC 606") which (1) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (2) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets, such as other real estate owned ("OREO"). The majority of the Company's revenues come from interest income and other sources, including loans, leases, investment securities and derivative financial instruments, that are outside the scope of ASC 606. With the exception of gains/losses on the sale of OREO, the Company's services that fall within the scope of ASC 606 are presented within noninterest income and are recognized as revenue as the Company satisfies its obligations to the customer. Services within the scope of ASC 606 reported in noninterest income include service charges on deposit accounts, debit card interchange fees, and ATM fees. The net of gains and losses on the sale of OREO are recorded in credit resolution related expenses in the Company's consolidated statement of income and comprehensive income. The adoption of ASC 606 did not change the timing or amount of revenue recognized for in-scope revenue streams. Accordingly, no cumulative effect adjustment was recorded under the modified retrospective transition method. See Note 14 for further discussion on the Company's accounting policies for revenue sources within the scope of ASC 606.

Accounting Standards Pending Adoption

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

ASU 2016-13 – Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ASU 2016-13”). ASU 2016-13 significantly changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The standard will replace the current incurred loss approach with an expected loss model, referred to as the current expected credit loss (“CECL”) model. The new standard will apply to financial assets subject to credit losses and measured at amortized cost and certain off-balance-sheet credit exposures, which include, but are not limited to, loans, leases, held-to-maturity securities, loan commitments and financial guarantees. ASU 2016-13 simplifies the accounting for purchased credit-impaired debt securities and loans and expands the disclosure requirements regarding an entity’s assumptions, models and methods for estimating the allowance for loan and lease losses. In addition, entities will need to disclose the amortized cost balance for each class of financial asset by credit quality indicator, disaggregated by the year of origination. ASU 2016-13 is effective for interim and annual reporting periods beginning after December 15, 2019. Early adoption is permitted for interim and annual reporting periods beginning after December 15, 2018. Upon adoption, ASU 2016-13 provides for a modified retrospective transition by means of a cumulative effect adjustment to equity as of the beginning of the period in which the guidance is effective. While the Company is currently evaluating the impact this standard will have on the results of operations, financial position and disclosures, the Company expects to recognize a one-time cumulative effect adjustment to equity and the allowance for loan losses as of the beginning of the first reporting period in which the new standard is effective. The Company has established a steering committee which includes the appropriate members of management to evaluate the impact this ASU will have on Company’s financial position, results of operations and financial statement disclosures and determine the most appropriate method of implementing the amendments in this ASU as well as any resources needed to implement the amendments. This committee has identified the software vendor of choice for implementation, established an implementation timeline and continues to stay current on implementation issues and concerns.

ASU 2016-02 – Leases (Topic 842) (“ASU 2016-02”). ASU 2016-02 amends the existing standards for lease accounting effectively requiring most leases be carried on the balance sheets of the related lessees by requiring them to recognize a right-of-use asset and a corresponding lease liability. ASU 2016-02 includes qualitative and quantitative disclosure requirements intended to provide greater insight into the nature of an entity’s leasing activities. The standard must be adopted using a modified retrospective transition with a cumulative effect adjustment to equity as of the beginning of the period in which it is adopted. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within those annual periods with early adoption permitted. The Company has several leased facilities, which are currently treated as operating leases, and are not currently shown on the Company’s consolidated balance sheet. After ASU 2016-02 is implemented, the Company expects to begin reporting these lease agreements on the balance sheet as a right-of-use asset and a corresponding liability. The Company is currently evaluating the impact this standard will have on the Company’s consolidated statement of income and comprehensive income, consolidated statement of stockholders’ equity and consolidated statement of cash flows, but it is not expected to have a material impact. A software vendor has been selected by the Company for assistance in the Company's implementation of ASU 2016-02.

NOTE 2 – BUSINESS COMBINATIONS

In accounting for business combinations, the Company uses the acquisition method of accounting in accordance with ASC 805, Business Combinations. Under the acquisition method of accounting, assets acquired, liabilities assumed and consideration exchanged are recorded at their respective acquisition date fair values. Any identifiable intangible assets that are acquired in a business combination are recognized at fair value on the acquisition date. Identifiable intangible assets are recognized separately if they arise from contractual or other legal rights or if they are separable (i.e., capable of being sold, transferred, licensed, rented or exchanged separately from the entity). If the consideration given exceeds the fair value of the net assets received, goodwill is recognized. 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 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. In addition, management will assess and record the deferred tax assets and deferred tax liabilities resulting from differences in the carrying value of acquired assets and assumed liabilities for financial reporting purposes and their basis for income tax purposes, including acquired net operating loss carryforwards and other acquired assets with built-in losses that are expected to be settled or otherwise recovered in future periods where the realization of such benefits would be subject to applicable limitations under Section 382 of the Internal Revenue Code of 1986, as amended.

Hamilton State Bancshares, Inc.

On June 29, 2018, the Company completed its acquisition of Hamilton State Bancshares, Inc. ("Hamilton"), a bank holding company headquartered in Hoschton, Georgia. Upon consummation of the acquisition, Hamilton was merged with and into the Company, with Ameris as the surviving entity in the merger. At that time, Hamilton's wholly owned banking subsidiary, Hamilton State Bank, was also merged with and into the Bank. The acquisition expanded the Company's existing market presence, as Hamilton State Bank had a total of 28 full-service branches located in Atlanta, Georgia and the surrounding area, as well as in Gainesville, Georgia. Under the terms of the merger agreement, Hamilton's shareholders received 0.16 shares of Ameris common stock and $0.93 in cash for each share of Hamilton voting common stock or nonvoting common stock they previously held. As a result, the Company issued 6,548,385 common shares at a fair value of $349.4 million and paid $47.7 million in cash to the former shareholders of Hamilton as merger consideration.

As of June 30, 2018, the Company recorded a preliminary allocation of the purchase price to Hamilton's tangible and identifiable intangible assets acquired and liabilities assumed based on estimated fair values as of June 29, 2018. The following table presents the assets acquired and liabilities assumed of Hamilton as of June 29, 2018, and their fair value estimates. The Company continues its evaluation of the facts and circumstances available as of June 29, 2018, to assign fair values to assets acquired and liabilities assumed which could result in further adjustments to the fair values presented below. Because final external valuations were not complete as of June 30, 2018, management continues to evaluate fair value adjustments related to loans, premises, intangibles, interest-bearing deposits, subordinated deferrable interest debentures and deferred tax assets.

(dollars in thousands)	As Recorded by Hamilton	Initial Fair Value Adjustments		As Recorded by Ameris
Assets				
Cash and due from banks	$14,405	$—		$14,405
Federal funds sold and interest-bearing deposits in banks	102,156	—		102,156
Time deposits in other banks	11,558	—		11,558
Investment securities	288,206	(2,376)	(a)	285,830
Other investments	2,094	—		2,094
Loans	1,314,264	(15,528)	(b)	1,298,736
Less allowance for loan losses	(11,183)	11,183	(c)	—
Loans, net	1,303,081	(4,345)		1,298,736
Other real estate owned	847	—		847
Premises and equipment	27,483	—		27,483
Other intangible assets, net	18,755	(2,755)	(d)	16,000
Cash value of bank owned life insurance	4,454	—		4,454
Deferred income taxes, net	12,445	(6,308)	(e)	6,137
Other assets	13,053	—		13,053
Total assets	$1,798,537	$(15,784)		$1,782,753
Liabilities				
Deposits:				
Noninterest-bearing	$381,039	$—		$381,039
Interest-bearing	1,201,324	(1,896)	(f)	1,199,428
Total deposits	1,582,363	(1,896)		1,580,467
Other borrowings	10,687	(66)	(g)	10,621
Subordinated deferrable interest debentures	3,093	(658)	(h)	2,435
Other liabilities	10,460	2,391	(i)	12,851
Total liabilities	1,606,603	(229)		1,606,374
Net identifiable assets acquired over (under) liabilities assumed	191,934	(15,555)		176,379
Goodwill	—	220,713		220,713
Net assets acquired over liabilities assumed	$191,934	$205,158		$397,092
Consideration:				
Ameris Bancorp common shares issued	6,548,385			
Price per share of the Company's common stock	$53.35			
Company common stock issued	$349,356			
Cash exchanged for shares	$47,736			
Fair value of total consideration transferred	$397,092			

Explanation of fair value adjustments

(a) Adjustment reflects the fair value adjustments of the portfolio of investment securities as of the acquisition date.

(b) Adjustment reflects the fair value adjustments based on the Company's evaluation of the acquired loan portfolio, net of the reversal of Hamilton's unamortized accounting adjustments from their prior acquisitions, loan premiums, loan discounts, deferred loan origination costs and deferred loan origination fees.

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

(d) Adjustment reflects the recording of core deposit intangible on the acquired core deposit accounts, net of reversal of Hamilton's remaining intangible assets from its past acquisitions.
(e) Adjustment reflects the deferred taxes on the differences in the carrying values of acquired assets and assumed liabilities for financial reporting purposes and their basis for federal income tax purposes.
(f) Adjustment reflects the fair value adjustments based on the Company's evaluation of the acquired deposits.
(g) Adjustment reflects the reversal of Hamilton's unamortized accounting adjustments for other borrowings from its past acquisitions.
(h) Adjustment reflects the fair value adjustment to the subordinated deferrable interest debenture at the acquisition date.
(i) Adjustment reflects the fair value adjustment to the FDIC loss-share clawback liability included in other liabilities.

Goodwill of $220.7 million, which is the excess of the purchase price over the fair value of net assets acquired, was recorded in the Hamilton 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 $1.30 billion of loans at fair value, net of $15.5 million, or 1.18%, estimated discount to the outstanding principal balance. Of the total loans acquired, management identified $18.8 million that were considered to be credit impaired and are accounted for under ASC Topic 310-30. The table below summarizes the total contractually required principal and interest cash payments, management’s estimate of expected total cash payments and fair value of the loans as of the acquisition date for purchased credit impaired loans. Contractually required principal and interest payments have been adjusted for estimated prepayments.

(dollars in thousands)	
Contractually required principal and interest	$21,223
Non-accretable difference	(1,614)
Cash flows expected to be collected	19,609
Accretable yield	(794)
Total purchased credit-impaired loans acquired	$18,815

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

(dollars in thousands)	Fair Value of Acquired Loans at Acquisition Date	Gross Contractual Amounts Receivable at Acquisition Date	Estimate at Acquisition Date of Contractual Cash Flows Not Expected to be Collected
Acquired receivables subject to ASC 310-30	$18,815	$21,223	$ 1,614
Acquired receivables not subject to ASC 310-30	$1,279,921	$1,441,534	$ —

Atlantic Coast Financial Corporation

On May 25, 2018, the Company completed its acquisition of Atlantic Coast Financial Corporation ("Atlantic"), a bank holding company headquartered in Jacksonville, Florida. Upon consummation of the acquisition, Atlantic was merged with and into the Company, with Ameris as the surviving entity in the merger. At that time, Atlantic's wholly owned banking subsidiary, Atlantic Coast Bank, was also merged with and into the Bank. The acquisition expanded the Company's existing market presence, as Atlantic Coast Bank had a total of 12 full-service branches located in

Jacksonville and Jacksonville Beach, Duval County, Florida, Waycross, Georgia and Douglas, Georgia. Under the terms of the merger agreement, Atlantic's shareholders received 0.17 shares of Ameris common stock and $1.39 in cash for each share of Atlantic common stock they previously held. As a result, the Company issued 2,631,520 common shares at a fair value of $147.8 million and paid $21.5 million in cash to the former shareholders of Atlantic as merger consideration.

As of June 30, 2018, the Company recorded a preliminary allocation of the purchase price to Atlantic's tangible and identifiable intangible assets acquired and liabilities assumed based on estimated fair values as of May 25, 2018. The following table presents the assets acquired and liabilities assumed of Atlantic as of May 25, 2018, and their fair value estimates. The Company continues its evaluation of the facts and circumstances available as of May 25, 2018, to assign fair values to assets acquired and liabilities assumed which could result in further adjustments to the fair values presented below. Because final external valuations were not complete as of June 30, 2018, management continues to evaluate fair value adjustments related to loans, intangibles, interest-bearing deposits and deferred tax assets.

(dollars in thousands)	As Recorded by Atlantic	Initial Fair Value Adjustments		As Recorded by Ameris
Assets				
Cash and due from banks	$3,990	$ —		$3,990
Federal funds sold and interest-bearing deposits in banks	22,149	—		22,149
Investment securities	35,186	(60	) (a)	35,126
Other investments	9,576	—		9,576
Loans held for sale	358	—		358
Loans	777,605	(19,423	) (b)	758,182
Less allowance for loan losses	(8,573)	8,573	(c)	—
Loans, net	769,032	(10,850	)	758,182
Other real estate owned	1,837	(796	) (d)	1,041
Premises and equipment	12,591	(1,695	) (e)	10,896
Other intangible assets, net	—	5,937	(f)	5,937
Cash value of bank owned life insurance	18,182	—		18,182
Deferred income taxes, net	5,782	709	(g)	6,491
Other assets	3,604	(634	) (h)	2,970
Total assets	$882,287	$ (7,389	)	$874,898
Liabilities				
Deposits:				
Noninterest-bearing	$69,761	$ —		$69,761
Interest-bearing	514,935	(554	) (i)	514,381
Total deposits	584,696	(554	)	584,142
Other borrowings	204,475	—		204,475
Other liabilities	8,367	(13	) (j)	8,354
Total liabilities	797,538	(567	)	796,971
Net identifiable assets acquired over (under) liabilities assumed	84,749	(6,822	)	77,927
Goodwill	—	91,360		91,360
Net assets acquired over liabilities assumed	$84,749	$ 84,538		$169,287
Consideration:				
Ameris Bancorp common shares issued	2,631,520			
Price per share of the Company's common stock	$56.15			
Company common stock issued	$147,760			
Cash exchanged for shares	$21,527			
Fair value of total consideration transferred	$169,287			

Explanation of fair value adjustments

(a) Adjustment reflects the fair value adjustments of the portfolio of investment securities as of the acquisition date.

(b)

Adjustment reflects the fair value adjustments based on the Company's evaluation of the acquired loan portfolio, net of the reversal of Atlantic's unamortized accounting adjustments from loan premiums, loan discounts, deferred loan origination costs and deferred loan origination fees.

(c) Adjustment reflects the elimination of Atlantic'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 adjustments based on the Company's evaluation of the acquired premises and equipment.

(f) Adjustment reflects the recording of core deposit intangible on the acquired core deposit accounts.
(g) Adjustment reflects the deferred taxes on the differences 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 the acquired other assets.
(i) Adjustment reflects the fair value adjustments based on the Company's evaluation of the acquired deposits.
(j) Adjustment reflects the fair value adjustments based on the Company's evaluation of the acquired other liabilities.

Goodwill of $91.4 million, which is the excess of the purchase price over the fair value of net assets acquired, was recorded in the Atlantic 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 $758.2 million of loans at fair value, net of $19.4 million, or 2.50%, estimated discount to the outstanding principal balance. Of the total loans acquired, management identified $12.1 million that were considered to be credit impaired and are accounted for under ASC Topic 310-30. The table below summarizes the total contractually required principal and interest cash payments, management's estimate of expected total cash payments and fair value of the loans as of the acquisition date for purchased credit impaired loans. Contractually required principal and interest payments have been adjusted for estimated prepayments.

(dollars in thousands)	
Contractually required principal and interest	$16,077
Non-accretable difference	(2,795)
Cash flows expected to be collected	13,282
Accretable yield	(1,199)
Total purchased credit-impaired loans acquired	$12,083

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

(dollars in thousands)	Fair Value of Acquired Loans at Acquisition Date	Gross Contractual Amounts Receivable at Acquisition Date	Estimate at Acquisition Date of Contractual Cash Flows Not Expected to be Collected
Acquired receivables subject to ASC 310-30	$ 12,083	$ 16,077	$ 2,795
Acquired receivables not subject to ASC 310-30	$ 746,099	$ 1,041,768	$ —

US Premium Finance Holding Company

On January 31, 2018, the Company closed on the purchase of the final 70% of the outstanding shares of common stock of US Premium Finance Holding Company, a Florida corporation ("USPF"), completing its acquisition of USPF and making USPF a wholly owned subsidiary of the Company. Through a series of three acquisition transactions that closed on January 18, 2017, January 3, 2018 and January 31, 2018, the Company issued a total of 1,073,158 shares of its common stock at a fair value of $55.9 million and paid $21.4 million in cash to the former shareholders of USPF. Pursuant to the terms of the Stock Purchase Agreement dated January 25, 2018 under which Company purchased the final 70% of the outstanding shares of common stock of USPF, the selling shareholders of USPF may receive additional cash payments aggregating up to $5.8 million based on the achievement by the Company's premium finance division of certain income targets, between January 1, 2018 and June 30, 2019. As of the January 31, 2018 acquisition date, the present value of the contingent earn-out consideration expected to be paid was $5.7 million. Including the fair value of the Company's common stock issued, cash paid and the present value of the contingent earn-out consideration expected to be paid, the aggregate purchase price of USPF amounted to $83.0 million.

Prior to the January 31, 2018 completion of the acquisition, the Company's 30% investment in USPF was carried at its $23.9 million original cost basis. Once the acquisition was completed, the $83.0 million aggregate purchase price equaled the fair value of USPF which was determined utilizing the incremental projected earnings. Accordingly, no gain or loss was recorded by the Company in the consolidated statement of income and comprehensive income as a result of remeasuring to fair value the prior minority equity investment in USPF held by the Company immediately before the business combination was completed.

As of June 30, 2018, the Company recorded a preliminary allocation of the purchase price to USPF's assets acquired and liabilities assumed based on estimated fair values as of January 31, 2018. The assets acquired include only identifiable intangible assets related to insurance agent relationships that lead to referral of insurance premium finance loans to USPF, the US Premium Finance trade name and a non-compete agreement with a former USPF shareholder. The following table presents the assets acquired and liabilities assumed of USPF as of January 31, 2018, and their fair value estimates. The Company continues its evaluations of the facts and circumstances available as of January 31, 2018, to assign fair values to assets acquired and liabilities assumed which could result in further adjustments to the fair values presented below. Because the final external valuation was not complete as of June 30, 2018, management continues to evaluate fair value adjustments related to the insurance agent relationships intangible and the deferred tax liability.

(dollars in thousands)	As Recorded by USPF	Initial Fair Value Adjustments		As Recorded by Ameris
Assets				
Intangible asset - insurance agent relationships	$ —	$ 20,000	(a)	$ 20,000
Intangible asset - US Premium Finance trade name	—	1,136	(b)	1,136
Intangible asset - non-compete agreement	—	178	(c)	178
Total assets	$ —	$ 21,314		$ 21,314
Liabilities				
Deferred tax liability	$ —	$ 5,492	(d)	$ 5,492
Total liabilities	—	5,492		5,492
Net identifiable assets acquired over liabilities assumed	—	15,822		15,822
Goodwill	—	67,159		67,159
Net assets acquired over liabilities assumed	$ —	$ 82,981		$ 82,981
Consideration:				
Ameris Bancorp common shares issued	1,073,158			
Price per share of the Company's common stock (weighted average)	$ 52.047			
Company common stock issued	$ 55,855			
Cash exchanged for shares	$ 21,421			
Present value of contingent earn-out consideration expected to be paid	$ 5,705			
Fair value of total consideration transferred	$ 82,981			

Explanation of fair value adjustments

(a) Adjustment reflects the recording of the fair value of the insurance agent relationships intangible.

(b) Adjustment reflect the recording of the fair value of the trade name intangible.

(c) Adjustment reflects the recording of the fair value of the non-compete agreement intangible.

(d) Adjustment reflects the deferred taxes on the differences in the carrying values of acquired intangible assets for financial reporting purposes and their basis for federal income tax purposes.

The preliminary allocation of the purchase price to identifiable intangible assets resulted in $1.3 million of amortization expense in the second quarter of 2018. If this allocation had been applied as of the acquisition date, $504,000 of this amount would have been recorded in the first quarter of 2018.

Goodwill of $67.2 million, which is the excess of the purchase price over the fair value of net assets acquired, was recorded in the USPF acquisition and is the result of expected operational synergies and other factors. This goodwill is not expected to be deductible for tax purposes.

During the second quarter of 2018, the Company recorded $2.0 million in other noninterest income in the consolidated statements of income and comprehensive income to reflect a decrease in the estimated contingent consideration liability. This decrease in the estimated contingent consideration liability was based on the results of the Premium Finance Division for the three months ended June 30, 2018.

Pro Forma Financial Information

The results of operations of Hamilton, Atlantic and USPF subsequent to their respective acquisition dates are included in the Company's consolidated statements of income and comprehensive income. The following unaudited pro forma information reflects the Company's estimated consolidated results of operations as if the acquisitions had occurred on January 1, 2017, unadjusted for potential cost savings.

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollars in thousands, except per share data; shares in thousands)	2018	2017	2018	2017
Net interest income and noninterest income	$132,540	$119,137	$255,652	$233,949
Net income	$14,603	$30,913	$49,506	$59,643
Net income available to common shareholders	$14,603	$30,913	$49,506	$59,643
Income per common share available to common shareholders – basic	$0.31	$0.65	$1.04	$1.28
Income per common share available to common shareholders – diluted	$0.31	$0.65	$1.04	$1.27
Average number of shares outstanding, basic	47,398	47,287	47,412	46,554
Average number of shares outstanding, diluted	47,676	47,614	47,689	46,881

NOTE 3 – 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 state, county and municipal 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, along with unrealized gains and losses, are summarized as follows:

(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
June 30, 2018				
State, county and municipal securities	$158,836	$ 803	$(559)	$159,080
Corporate debt securities	66,935	843	(631)	67,147
Mortgage-backed securities	944,710	422	(17,656)	927,476
Total debt securities	$1,170,481	$ 2,068	$(18,846)	$1,153,703
December 31, 2017				
State, county and municipal securities	$135,968	$ 1,989	$(163)	$137,794
Corporate debt securities	46,659	721	(237)	47,143
Mortgage-backed securities	630,666	1,762	(6,492)	625,936
Total debt securities	$813,293	$ 4,472	$(6,892)	$810,873

The amortized cost and estimated fair value of available for sale securities at June 30, 2018 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.

(dollars in thousands)	Amortized	Estimated

	Cost	Fair Value
Due in one year or less	$12,384	$12,407
Due from one year to five years	85,744	85,238
Due from five to ten years	95,997	96,826
Due after ten years	31,646	31,756
Mortgage-backed securities	944,710	927,476
	$1,170,481	$1,153,703

Securities with a carrying value of approximately $475.0 million serve as collateral to secure public deposits, securities sold under agreements to repurchase and for other purposes required or permitted by law at June 30, 2018, compared with $403.3 million at December 31, 2017.

The following table details the gross unrealized losses and estimated fair value of securities aggregated by category and duration of continuous unrealized loss position at June 30, 2018 and December 31, 2017.

	Less Than 12 Months		12 Months or More		Total	
(dollars in thousands)	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
June 30, 2018						
State, county and municipal securities	$82,129	$(463)	$4,627	$(96)	$86,756	$(559)
Corporate debt securities	2,475	(148)	17,979	(483)	20,454	(631)
Mortgage-backed securities	633,023	(8,939)	200,041	(8,717)	833,064	(17,656)
Total debt securities	$717,627	$(9,550)	$222,647	$(9,296)	$940,274	$(18,846)
December 31, 2017						
State, county and municipal securities	$33,976	$(115)	$4,725	$(48)	$38,701	$(163)
Corporate debt securities	3,465	(35)	18,853	(202)	22,318	(237)
Mortgage-backed securities	262,353	(2,401)	190,368	(4,091)	452,721	(6,492)
Total debt securities	$299,794	$(2,551)	$213,946	$(4,341)	$513,740	$(6,892)

As of June 30, 2018, the Company’s securities portfolio consisted of 586 securities, 388 of which were in an unrealized loss position. The majority of unrealized losses are related to the Company’s mortgage-backed securities, as discussed below.

At June 30, 2018, the Company held 316 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 June 30, 2018.

At June 30, 2018, the Company held 61 state, county and municipal securities and 11 corporate debt securities that were in an unrealized loss position. 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 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 June 30, 2018.

The Company’s investments in corporate 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 June 30, 2018 or December 31, 2017.

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 June 30, 2018, 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 June 30, 2018, these investments are not considered impaired on an other-than-temporary basis.

At June 30, 2018 and December 31, 2017, all of the Company's mortgage-backed securities were obligations of government-sponsored agencies.

The following table is a summary of sales activities in the Company's investment securities available for sale for the six months ended June 30, 2018 and 2017:

(dollars in thousands)	June 30, 2018	June 30, 2017
Gross gains on sales of securities	$332	$38
Gross losses on sales of securities	(295)	(1)
Net realized gains on sales of securities available for sale	$37	$37
Sales proceeds	$46,437	$3,090

Total gain (loss) on securities reported on the consolidated statements of income and comprehensive income is comprised of the following for the six months ended June 30, 2018 and 2017:

(dollars in thousands)	June 30, 2018	June 30, 2017
Net realized gains on sales of securities available for sale	$ 37	$ 37
Unrealized holding losses on equity securities	(123)	—
Total gain (loss) on securities	$ (86)	$ 37

NOTE 4 – LOANS

The Bank engages in a full complement of lending activities, including real estate-related loans, agriculture-related loans, commercial and financial loans and consumer installment loans within select markets in Georgia, Alabama, Florida and South Carolina. The Bank purchased residential mortgage loan pools during 2015 and 2016 collateralized by properties located outside our Southeast markets, specifically in California, Washington and Illinois. During the third quarter of 2016, the Bank began purchasing from unrelated third parties consumer installment home improvement loans made to borrowers throughout the United States. As of June 30, 2018 and December 31, 2017, the net carrying value of these consumer installment home improvement loans was approximately $339.2 million and $273.7 million, respectively, and such loans are reported in the consumer installment loan category. During the fourth quarter of 2016, the Bank purchased a pool of commercial insurance premium finance loans made to borrowers throughout the United States and began to originate, administer and service these types of loans. As of June 30, 2018 and December 31, 2017, the net carrying value of commercial insurance premium loans was approximately $524.3 million and $482.5 million, respectively, and such loans are reported in the commercial, financial and agricultural loan category.

The Bank concentrates the majority of its lending activities in real estate loans. While risk of loss in the Company's portfolio is primarily tied to the credit quality of the various borrowers, risk of loss may increase due to factors beyond the Company's control, such as local, regional and/or national economic downturns. General conditions in the real estate market may also impact the relative risk in the real estate portfolio. A substantial portion of the Bank's loans are secured by real estate in the Bank's primary market area. In addition, a substantial portion of the OREO is located in those same markets. Accordingly, the ultimate collectability of a substantial portion of the Bank's loan portfolio and the recovery of a substantial portion of the carrying amount of OREO are susceptible to changes in real estate conditions in the Bank's primary market area.

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

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

Consumer installment loans include home improvement loans, 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 loans:

(dollars in thousands)	June 30, 2018	December 31, 2017
Commercial, financial and agricultural	$1,446,857	$ 1,362,508
Real estate – construction and development	672,155	624,595
Real estate – commercial and farmland	1,640,411	1,535,439
Real estate – residential	1,245,370	1,009,461
Consumer installment	375,722	324,511
	$5,380,515	$ 4,856,514

Purchased loans are defined as loans that were acquired in bank acquisitions including those that are covered by a loss-sharing agreement with the Federal Deposit Insurance Corporation (the "FDIC"). Purchased loans totaling $2.81 billion and $861.6 million at June 30, 2018 and December 31, 2017, respectively, are not included in the above schedule.

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

(dollars in thousands)	June 30, 2018	December 31, 2017
Commercial, financial and agricultural	$397,517	$ 74,378
Real estate – construction and development	268,443	65,513
Real estate – commercial and farmland	1,428,490	468,246
Real estate – residential	679,205	250,539
Consumer installment	38,855	2,919
	$2,812,510	$ 861,595

A rollforward of purchased loans for the six months ended June 30, 2018 and 2017 is shown below:

(dollars in thousands)	June 30, 2018	June 30, 2017
Balance, January 1	$861,595	$1,069,191
Charge-offs, net of recoveries	(1,060)	(1,860)
Additions due to acquisitions	2,056,918	—
Accretion	4,340	6,165
Transfers to purchased other real estate owned	(556)	(3,281)
Payments received	(108,727)	(119,716)
Ending balance	$2,812,510	$950,499

The following is a summary of changes in the accretable discounts of purchased loans during the six months ended June 30, 2018 and 2017:

(dollars in thousands)	June 30, 2018	June 30, 2017
Balance, January 1	$20,192	$30,624
Additions due to acquisitions	29,318	—

Accretion	(4,340)	(6,165)
Accretable discounts removed due to charge-offs	(4)	(13)
Transfers between non-accretable and accretable discounts, net	1,332	807
Ending balance	$46,498	$25,253

Purchased loan pools are defined as groups of residential mortgage loans that were not acquired in bank acquisitions or FDIC-assisted transactions. As of June 30, 2018, purchased loan pools totaled $297.5 million and consisted of whole-loan residential mortgages on properties outside the Company's markets, with principal balances totaling $294.6 million and $2.9 million of remaining purchase premium paid at acquisition. As of December 31, 2017, purchased loan pools totaled $328.2 million with principal balances totaling $324.4 million and $3.8 million of remaining purchase premium paid at acquisition.

At June 30, 2018, purchased loan pools included principal balances of $2.2 million risk-rated grade 7 (Substandard), while all other loans included in the purchased loan pools were performing current loans risk-rated grade 3 (Good Credit). At June 30, 2018, purchased loan pools included principal balances of $2.2 million on nonaccrual status and had no loans accounted for as troubled debt restructurings.

At December 31, 2017, purchased loan pools included principal balances of $904,000 risk-rated grade 7 (Substandard), while all other loans included in purchased loan pools were performing current risk-rated grade 3 (Good Credit). At December 31, 2017, purchased loan pools had no loans on nonaccrual status and had one loan accounted for as an accruing troubled debt restructuring with a principal balance of $904,000.

At June 30, 2018 and December 31, 2017, the Company had allocated $0.8 million and $1.1 million, respectively, of allowance for loan losses for the purchased loan pools.

As part of the due diligence process prior to purchasing an individual mortgage pool, a complete re-underwrite of the individual loan files was conducted. The underwriting process included a review of all income, asset, credit and property related documentation that was used to originate the loan. Underwriters utilized the originating lender's program guidelines, as well as general prudent mortgage lending standards, to assess each individual loan file. Additional research was conducted to assess the real estate market conditions and market expectations in the geographic areas where a collateral concentration existed. As part of this review, an automated valuation model was employed to provide current collateral valuations and to support individual loan-to-value ratios. Additionally, a sample of site inspections was completed to provide further assurance. The results of the due diligence review were evaluated by officers of the Company in order to determine overall conformance to the Bank's credit and lending policies.

Nonaccrual and Past-Due Loans

A loan is placed on nonaccrual status when, in management's judgment, the collection of the interest income appears doubtful. Interest receivable that has been accrued and is subsequently determined to have doubtful collectability is charged against interest income. Interest on loans that are classified as nonaccrual is subsequently applied to principal until the loans are returned to accrual status. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. Past-due loans are loans whose principal or interest is past due 30 days or more. In some cases, where borrowers are experiencing financial difficulties, loans may be restructured to provide terms significantly different from the original contractual terms.

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

(dollars in thousands)	June 30, 2018	December 31, 2017
Commercial, financial and agricultural	$1,741	$ 1,306
Real estate – construction and development	648	554
Real estate – commercial and farmland	4,282	2,665
Real estate – residential	9,629	9,194
Consumer installment	513	483
	$16,813	$ 14,202

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

(dollars in thousands)	June 30, 2018	December 31, 2017
Commercial, financial and agricultural	$1,602	$ 813

Real estate – construction and development	9,541	3,139
Real estate – commercial and farmland	8,324	5,685
Real estate – residential	13,906	5,743
Consumer installment	184	48
	$33,557	$ 15,428

The following table presents an analysis of past-due loans, excluding purchased past-due loans as of June 30, 2018 and December 31, 2017:

(dollars in thousands)	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 or More Days Past Due	Total Loans Past Due	Current Loans	Total Loans	Loans 90 Days or More Past Due and Still Accruing
June 30, 2018							
Commercial, financial and agricultural	$ 4,981	$ 6,251	$ 8,500	$ 19,732	$ 1,427,125	$ 1,446,857	$ 7,279
Real estate – construction and development	757	434	359	1,550	670,605	672,155	—
Real estate – commercial and farmland	1,914	596	3,662	6,172	1,634,239	1,640,411	—
Real estate – residential	4,669	4,457	7,909	17,035	1,228,335	1,245,370	—
Consumer installment	1,436	662	482	2,580	373,142	375,722	142
Total	$ 13,757	$ 12,400	$ 20,912	$ 47,069	$ 5,333,446	$ 5,380,515	$ 7,421
December 31, 2017							
Commercial, financial and agricultural	$ 8,124	$ 3,285	$ 6,978	$ 18,387	$ 1,344,121	$ 1,362,508	$ 5,991
Real estate – construction and development	810	23	288	1,121	623,474	624,595	—
Real estate – commercial and farmland	869	787	1,940	3,596	1,531,843	1,535,439	—
Real estate – residential	8,772	2,941	7,041	18,754	990,707	1,009,461	—
Consumer installment	1,556	472	329	2,357	322,154	324,511	—
Total	$ 20,131	$ 7,508	$ 16,576	$ 44,215	$ 4,812,299	$ 4,856,514	$ 5,991

The following table presents an analysis of purchased past-due loans as of June 30, 2018 and December 31, 2017:

(dollars in thousands)	Loans 30-59 Days Past Due	Loans 60-89 Days Past Due	Loans 90 or More Days Past Due	Total Loans Past Due	Current Loans	Total Loans	Loans 90 Days or More Past Due and Still Accruing
June 30, 2018							
Commercial, financial and agricultural	$ 371	$ 65	$ 1,157	$ 1,593	$ 395,924	$ 397,517	$ —
Real estate – construction and development	1,155	469	7,512	9,136	259,307	268,443	—
Real estate – commercial and farmland	2,736	88	2,014	4,838	1,423,652	1,428,490	—
Real estate – residential	9,609	2,640	8,682	20,931	658,274	679,205	—
Consumer installment	1,091	26	127	1,244	37,611	38,855	—
Total	$ 14,962	$ 3,288	$ 19,492	$ 37,742	$ 2,774,768	$ 2,812,510	$ —
December 31, 2017							
Commercial, financial and agricultural	$ —	$ 33	$ 760	$ 793	$ 73,585	$ 74,378	$ —
Real estate – construction and development	87	31	2,517	2,635	62,878	65,513	—
Real estate – commercial and farmland	1,190	701	2,724	4,615	463,631	468,246	—
Real estate – residential	2,722	1,585	2,320	6,627	243,912	250,539	—
Consumer installment	57	4	43	104	2,815	2,919	—
Total	$ 4,056	$ 2,354	$ 8,364	$ 14,774	$ 846,821	$ 861,595	$ —

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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. Impaired loans include loans on nonaccrual status and accruing troubled debt restructurings. When determining if the Company will be unable to collect all principal and interest payments due in accordance with the contractual terms of the loan agreement, the Company considers the borrower's capacity to pay, which includes such factors as the borrower's current financial statements, an analysis of global cash flow sufficient to pay all debt obligations and an evaluation of secondary sources of repayment, such as guarantor support and collateral value. The Company individually assesses for impairment all nonaccrual loans greater than $100,000 and all troubled debt restructurings greater than $100,000 (including all troubled debt restructurings, whether or not currently classified as such). The tables below include all loans deemed impaired, whether or not individually assessed for impairment. If a loan is deemed impaired, a specific valuation allowance is allocated, if necessary, so that the loan is reported net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. Interest payments on impaired loans are typically applied to principal unless collectability of the principal amount is reasonably assured, in which case interest is recognized on a cash basis.

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

(dollars in thousands)	As of and for the Period Ended June 30, 2018	December 31, 2017	June 30, 2017
Nonaccrual loans	$16,813	$ 14,202	$17,083
Troubled debt restructurings not included above	11,023	13,599	12,169
Total impaired loans	$27,836	$ 27,801	$29,252
Quarter-to-date interest income recognized on impaired loans	$185	$ 1,010	$320
Year-to-date interest income recognized on impaired loans	$424	$ 1,867	$560
Quarter-to-date foregone interest income on impaired loans	$221	$ 197	$247
Year-to-date foregone interest income on impaired loans	$411	$ 950	$521

The following table presents an analysis of information pertaining to impaired loans, excluding purchased loans as of June 30, 2018, December 31, 2017 and June 30, 2017:

(dollars in thousands)	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Three Month Average Recorded Investment	Six Month Average Recorded Investment
June 30, 2018							
Commercial, financial and agricultural	$ 2,297	$ 1,210	$ 568	$ 1,778	$ 87	$ 1,683	$ 1,571
Real estate – construction and development	850	679	119	798	1	746	821
Real estate – commercial and farmland	10,168	665	8,149	8,814	1,526	8,488	8,107
Real estate – residential	16,340	5,088	10,840	15,928	1,056	15,158	15,236
Consumer installment	548	518	—	518	—	507	500
Total	$ 30,203	$ 8,160	$ 19,676	$ 27,836	$ 2,670	$ 26,582	$ 26,235

(dollars in thousands)	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
December 31, 2017							
Commercial, financial and agricultural	$ 1,453	$ 734	$ 613	$ 1,347	$ 145	$ 1,900	$ 2,173
Real estate – construction and development	1,467	471	500	971	48	1,065	1,122
Real estate – commercial and farmland	10,646	729	8,873	9,602	1,047	8,910	11,053
Real estate – residential	17,416	4,828	10,565	15,393	1,005	14,294	14,930
Consumer installment	523	488	—	488	—	493	541
Total	$ 31,505	$ 7,250	$ 20,551	$ 27,801	$ 2,245	$ 26,662	$ 29,819

(dollars in thousands)	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Three Month Average Recorded Investment	Six Month Average Recorded Investment
June 30, 2017							

Commercial, financial and agricultural	$ 4,166	$ 596	$ 1,907	$ 2,503	$ 704	$ 3,113	$ 2,695
Real estate – construction and development	1,733	119	1,080	1,199	179	1,123	1,160
Real estate – commercial and farmland	11,885	5,940	4,923	10,863	1,436	11,156	11,730
Real estate – residential	13,569	2,154	12,017	14,171	1,994	15,946	16,186
Consumer installment	583	—	516	516	5	553	572
Total	$ 31,936	$ 8,809	$ 20,443	$ 29,252	$ 4,318	$ 31,891	$ 32,343

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

(dollars in thousands)	As of and for the Period Ended June 30, 2018	December 31, 2017	June 30, 2017
Nonaccrual loans	$33,557	$ 15,428	$17,357
Troubled debt restructurings not included above	20,607	20,472	21,020
Total impaired loans	$54,164	$ 35,900	$38,377
Quarter-to-date interest income recognized on impaired loans	$280	$ 379	$374
Year-to-date interest income recognized on impaired loans	$976	$ 1,625	$753
Quarter-to-date foregone interest income on impaired loans	$280	$ 281	$265
Year-to-date foregone interest income on impaired loans	$525	$ 1,239	$601

The following table presents an analysis of information pertaining to purchased impaired loans as of June 30, 2018, December 31, 2017 and June 30, 2017:

(dollars in thousands)	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Three Month Average Recorded Investment	Six Month Average Recorded Investment
June 30, 2018							
Commercial, financial and agricultural	$ 5,945	$ 1,522	$ 80	$ 1,602	$ 1	$ 582	$ 659
Real estate – construction and development	16,715	7,210	3,359	10,569	521	4,962	4,693
Real estate – commercial and farmland	17,039	4,298	10,705	15,003	1,088	11,161	11,573
Real estate – residential	29,145	12,017	14,789	26,806	728	21,196	20,292
Consumer installment	232	184	—	184	—	62	57
Total	$ 69,076	$ 25,231	$ 28,933	$ 54,164	$ 2,338	$ 37,963	$ 37,274

(dollars in thousands)	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
December 31, 2017							
Commercial, financial and agricultural	$ 4,170	$ 70	$ 744	$ 814	$ 400	$ 1,450	$ 827
Real estate – construction and development	9,060	282	3,875	4,157	1,114	4,218	3,877
Real estate – commercial and farmland	14,596	1,224	11,173	12,397	906	12,840	15,329
Real estate – residential	20,867	6,574	11,910	18,484	821	19,002	20,743
Consumer installment	57	48	—	48	—	68	41
Total	$ 48,750	$ 8,198	$ 27,702	$ 35,900	$ 3,241	$ 37,578	$ 40,817

(dollars in thousands)	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance	Three Month Average Recorded Investment	Six Month Average Recorded Investment
June 30, 2017							
	$ 1,679	$ 163	$ 6	$ 169	$ —	$ 273	$ 412

Commercial, financial and agricultural							
Real estate – construction and development	8,296	524	2,967	3,491	257	3,491	3,650
Real estate – commercial and farmland	16,987	2,418	11,616	14,034	771	16,167	16,989
Real estate – residential	24,219	7,647	13,009	20,656	763	21,262	21,904
Consumer installment	36	27	—	27	—	24	24
Total	$ 51,217	$ 10,779	$ 27,598	$ 38,377	$ 1,791	$ 41,217	$ 42,979

Credit Quality Indicators

The Company uses a nine category risk grading system to assign a risk grade to each loan in the portfolio. The following is a description of the general characteristics of the grades:

Grade 1 – Prime Credit – This grade represents loans to the Company's most creditworthy borrowers or loans that are secured by cash or cash equivalents.

Grade 2 – Strong Credit – This grade includes loans that exhibit one or more characteristics better than that of a Good Credit. Generally, the debt service coverage and borrower's liquidity is materially better than required by the Company's loan policy.

Grade 3 – Good Credit – This grade is assigned to loans to borrowers who exhibit satisfactory credit histories, contain acceptable loan structures and demonstrate ability to repay.

Grade 4 – Satisfactory Credit – This grade includes loans which exhibit all the characteristics of a Good Credit, but warrant more than normal level of banker supervision due to (i) circumstances which elevate the risks of performance (such as start-up operations, untested management, heavy leverage and interim losses); (ii) adverse, extraordinary events that have affected, or could affect, the borrower's cash flow, financial condition, ability to continue operating profitability or refinancing (such as death of principal, fire and divorce); (iii) loans that require more than the normal servicing requirements (such as any type of construction financing, acquisition and development loans, accounts receivable or inventory loans and floor plan loans); (iv) existing technical exceptions which raise some doubts about the Bank's perfection in its collateral position or the continued financial capacity of the borrower; or (v) improvements in formerly criticized borrowers, which may warrant banker supervision.

Grade 5 – Fair Credit – This grade is assigned to loans that are currently performing and supported by adequate financial information that reflects repayment capacity but exhibits a loan-to-value ratio greater than 110%, based on a documented collateral valuation.

Grade 6 – Other Assets Especially Mentioned – This grade includes loans that exhibit potential weaknesses that deserve management's close attention. If left uncorrected, these weaknesses may result in deterioration of the repayment prospects for the asset or in the Company's credit position at some future date.

Grade 7 – Substandard – This grade represents loans which are inadequately protected by the current credit worthiness and paying capacity of the borrower or of the collateral pledged, if any. These assets exhibit a well-defined weakness or are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. These weaknesses may be characterized by past due performance, operating losses or questionable collateral values.

Grade 8 – Doubtful – This grade includes loans which exhibit all of the characteristics of a substandard loan with the added provision that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable or improbable.

Grade 9 – Loss – This grade is assigned to loans which are considered uncollectible and of such little value that their continuance as active assets of the Bank is not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing it off.

The following table presents the loan portfolio, excluding purchased loans, by risk grade as of June 30, 2018 and December 31, 2017 (in thousands):

Risk Grade	Commercial, Financial and Agricultural	Real Estate - Construction and Development	Real Estate - Commercial and Farmland	Real Estate - Residential	Consumer Installment	Total
June 30, 2018						
1	$ 530,629	$ —	$ 5,231	$ 17	$ 10,025	$ 545,902
2	562,728	931	51,713	45,015	108	660,495
3	168,418	57,107	885,659	1,076,090	24,429	2,211,703
4	141,404	601,601	642,917	94,518	340,444	1,820,884
5	22,144	5,265	16,819	7,840	1	52,069
6	6,189	4,381	22,530	4,936	114	38,150
7	15,338	2,870	15,542	16,954	601	51,305
8	7	—	—	—	—	7
9	—	—	—	—	—	—
Total	$ 1,446,857	$ 672,155	$ 1,640,411	$ 1,245,370	$ 375,722	$ 5,380,515
December 31, 2017						
1	$ 539,899	$ —	$ 5,790	$ 47	$ 9,243	$ 554,979
2	568,557	1,005	68,507	49,742	670	688,481
3	125,740	59,318	966,391	843,178	39,352	2,033,979
4	117,358	552,918	454,506	88,537	274,462	1,487,781
5	330	4,474	6,408	5,781	3	16,996
6	5,236	4,207	15,108	5,339	185	30,075
7	5,381	2,673	18,729	16,837	596	44,216
8	7	—	—	—	—	7
9	—	—	—	—	—	—
Total	$ 1,362,508	$ 624,595	$ 1,535,439	$ 1,009,461	$ 324,511	$ 4,856,514

The following table presents the purchased loan portfolio by risk grade as of June 30, 2018 and December 31, 2017 (in thousands):

Risk Grade	Commercial, Financial and Agricultural	Real Estate - Construction and Development	Real Estate - Commercial and Farmland	Real Estate - Residential	Consumer Installment	Total
June 30, 2018						
1	$ 54,608	$ —	$ —	$ —	$ 575	$ 55,183
2	36,766	—	7,494	95,222	201	139,683
3	54,774	21,334	302,001	69,889	1,319	449,317
4	193,836	224,596	993,807	459,944	35,960	1,908,143
5	39,040	5,990	69,624	20,627	—	135,281
6	14,246	5,261	18,401	7,132	55	45,095
7	4,247	11,262	37,163	26,391	745	79,808
8	—	—	—	—	—	—
9	—	—	—	—	—	—
Total	$ 397,517	$ 268,443	$ 1,428,490	$ 679,205	$ 38,855	$ 2,812,510
December 31, 2017						

1	$ 3,358	$ —	$ —	$ —	$ 606	$3,964
2	4,541	—	5,047	91,270	240	101,098
3	8,517	13,014	186,187	50,988	1,166	259,872
4	43,085	39,877	230,570	70,837	711	385,080
5	—	2,306	6,081	11,349	—	19,736
6	13,718	4,076	13,637	5,637	53	37,121
7	1,159	6,240	26,724	20,458	143	54,724
8	—	—	—	—	—	—
9	—	—	—	—	—	—
Total	$ 74,378	$ 65,513	$ 468,246	$ 250,539	$ 2,919	$861,595

Troubled Debt Restructurings

The restructuring of a loan is considered a “troubled debt restructuring” if both (i) the borrower is experiencing financial difficulties and (ii) the Company has granted a concession. Concessions may include interest rate reductions to below market interest rates, principal forgiveness, restructuring amortization schedules and other actions intended to minimize potential losses. The Company has exhibited the greatest success for rehabilitation of the loan by a reduction in the rate alone (maintaining the amortization of the debt) or a combination of a rate reduction and the forbearance of previously past due interest or principal. This has most typically been evidenced in certain commercial real estate loans whereby a disruption in the borrower’s cash flow resulted in an extended past due status, of which the borrower was unable to catch up completely as the cash flow of the property ultimately stabilized at a level lower than its original level. A reduction in rate, coupled with a forbearance of unpaid principal and/or interest, allowed the net cash flows to service the debt under the modified terms.

The Company’s policy requires a restructure request to be supported by a current, well-documented credit evaluation of the borrower’s financial condition and a collateral evaluation that is no older than six months from the date of the restructure. Key factors of that evaluation include the documentation of current, recurring cash flows, support provided by the guarantor(s) and the current valuation of the collateral. If the appraisal in the file is older than six months, an evaluation must be made as to the continued reasonableness of the valuation. For certain income-producing properties, current rent rolls and/or other income information can be utilized to support the appraisal valuation, when coupled with documented cap rates within our markets and a physical inspection of the collateral to validate the current condition.

The Company’s policy states that in the event a loan has been identified as a troubled debt restructuring, it should be assigned a grade of substandard and placed on nonaccrual status until such time the borrower has demonstrated the ability to service the loan payments based on the restructured terms – generally defined as six months of satisfactory payment history. Missed payments under the original loan terms are not considered under the new structure; however, subsequent missed payments are considered non-performance and are not considered toward the six month required term of satisfactory payment history. The Company’s loan policy states that a nonaccrual loan may be returned to accrual status when (i) none of its principal and interest is due and unpaid, and the Company expects repayment of the remaining contractual principal and interest or (ii) it otherwise becomes well secured and in the process of collection. Restoration to accrual status on any given loan must be supported by a well-documented credit evaluation of the borrower’s financial condition and the prospects for full repayment and approved by the Company’s Chief Credit Officer.

In the normal course of business, the Company renews loans with a modification of the interest rate or terms that are not deemed as troubled debt restructurings because the borrower is not experiencing financial difficulty. The Company modified loans in the first six months of 2018 and 2017 totaling $50.0 million and $16.2 million, respectively, under such parameters.

As of June 30, 2018 and December 31, 2017, the Company had a balance of $12.4 million and $15.6 million, respectively, in troubled debt restructurings, excluding purchased loans. The Company has recorded $0.8 million and $2.8 million in previous charge-offs on such loans at June 30, 2018 and December 31, 2017, respectively. The Company’s balance in the allowance for loan losses allocated to such troubled debt restructurings was $0.8 million and $1.4 million at June 30, 2018 and December 31, 2017, respectively. At June 30, 2018, the Company did not have any commitments to lend additional funds to debtors whose terms have been modified in troubled restructurings.

During the six months ended June 30, 2018 and 2017, the Company modified loans as troubled debt restructurings, excluding purchased loans, with principal balances of $1.8 million and $1.2 million, respectively, and these modifications did not have a material impact on the Company’s allowance for loan loss. The following table presents the loans by class modified as troubled debt restructurings, excluding purchased loans, which occurred during the six months ended June 30, 2018 and 2017:

Loan Class	June 30, 2018 #	June 30, 2018 Balance (in thousands)	June 30, 2017 #	June 30, 2017 Balance (in thousands)
Commercial, financial and agricultural	6	$ 238	—	$ —
Real estate – construction and development	1	3	—	—
Real estate – commercial and farmland	1	302	4	1,062
Real estate – residential	8	1,189	1	77
Consumer installment	6	38	6	31
Total	22	$ 1,770	11	$ 1,170

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Troubled debt restructurings, excluding purchased loans, with an outstanding balance of $1.1 million and $1.0 million defaulted during the six months ended June 30, 2018 and 2017, respectively, and these defaults did not have a material impact on the Company's allowance for loan loss. The following table presents for loans, excluding purchased loans, the troubled debt restructurings by class that defaulted (defined as 30 days past due) during the six months ended June 30, 2018 and 2017:

	June 30, 2018		June 30, 2017	
Loan Class	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial and agricultural	—	$ —	2	$ 49
Real estate – construction and development	—	—	—	—
Real estate – commercial and farmland	4	11	4	362
Real estate – residential	18	1,081	9	554
Consumer installment	—	—	7	27
Total	22	$ 1,092	22	$ 992

The following table presents the amount of troubled debt restructurings by loan class, excluding purchased loans, classified separately as accrual and nonaccrual at June 30, 2018 and December 31, 2017:

June 30, 2018	Accruing Loans		Non-Accruing Loans	
Loan Class	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial and agricultural	4	$ 38	14	$ 330
Real estate – construction and development	4	150	3	30
Real estate – commercial and farmland	16	4,531	5	196
Real estate – residential	77	6,299	16	709
Consumer installment	3	5	31	102
Total	104	$ 11,023	69	$ 1,367

December 31, 2017	Accruing Loans		Non-Accruing Loans	
Loan Class	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial and agricultural	4	$ 41	12	$ 120
Real estate – construction and development	6	417	2	34
Real estate – commercial and farmland	17	6,937	5	204
Real estate – residential	74	6,199	18	1,508
Consumer installment	4	5	33	98
Total	105	$ 13,599	70	$ 1,964

As of June 30, 2018 and December 31, 2017, the Company had a balance of $24.3 million and $24.9 million, respectively, in troubled debt restructurings included in purchased loans. The Company has recorded $1.7 million and $1.2 million in previous charge-offs on such loans at June 30, 2018 and December 31, 2017, respectively. At June 30, 2018, the Company did not have any commitments to lend additional funds to debtors whose terms have been modified in troubled restructurings.

During the six months ended June 30, 2018 and 2017, the Company modified purchased loans as troubled debt restructurings, with principal balances of $991,000 and $1.9 million, respectively, and these modifications did not have a material impact on the Company’s allowance for loan loss. The following table presents the purchased loans by class modified as troubled debt restructurings, which occurred during the six months ended June 30, 2018 and 2017:

	June 30, 2018		June 30, 2017	
Loan Class	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial and agricultural	1	$ 6	1	$ 6
Real estate – construction and development	—	—	—	—
Real estate – commercial and farmland	—	—	4	1,323
Real estate – residential	11	985	4	578
Consumer installment	—	—	—	—
Total	12	$ 991	9	$ 1,907

Troubled debt restructurings included in purchased loans with an outstanding balance of $1.6 million and $0.4 million defaulted during the six months ended June 30, 2018 and 2017, respectively, and these defaults did not have a material impact on the Company’s allowance for loan loss.

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The following table presents purchased loan troubled debt restructurings by class that defaulted (defined as 30 days past due) during the six months ended June 30, 2018 and 2017:

	June 30, 2018		June 30, 2017	
Loan Class	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial and agricultural	—	$ —	1	$ 6
Real estate – construction and development	—	—	—	—
Real estate – commercial and farmland	—	—	1	226
Real estate – residential	21	1,580	4	138
Consumer installment	—	—	1	3
Total	21	$ 1,580	7	$ 373

The following table presents the amount of troubled debt restructurings by loan class of purchased loans, classified separately as accrual and nonaccrual at June 30, 2018 and December 31, 2017.

June 30, 2018	Accruing Loans		Non-Accruing Loans	
Loan Class	#	Balance (in thousands)	#	Balance (in thousands)
Commercial, financial and agricultural	—	$ —	4	$ 21
Real estate – construction and development	4	1,028	6	308
Real estate – commercial and farmland	14	6,679	8	2,161
Real estate – residential	122	12,900	20	1,241
Consumer installment	—	—	2	3
Total	140	$ 20,607	40	$ 3,734

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

Allowance for Loan Losses

The allowance for loan losses represents an allowance for probable incurred losses in the loan portfolio. The adequacy of the allowance for loan losses is evaluated periodically based on a review of all significant loans, with a particular emphasis on non-accruing, past-due and other loans that management believes might be potentially impaired or warrant additional attention. The Company segregates the loan portfolio by type of loan and utilizes this segregation in evaluating exposure to risks within the portfolio. In addition, based on internal reviews and external reviews performed by regulatory authorities, the Company further segregates the loan portfolio by loan grades based on an assessment of risk for a particular loan or group of loans. Certain reviewed loans are assigned specific allowances when a review of relevant data determines that a general allocation is not sufficient or when the review affords management the opportunity to adjust the amount of exposure in a given credit. In establishing allowances, management considers historical loan loss experience but adjusts this data with a significant emphasis on current loan quality trends, current economic conditions and other factors in the markets where the Company operates. Factors considered include, among others, current valuations of real estate in the Company's markets, unemployment rates, the effect of weather conditions on agricultural related entities and other significant local economic events, such as major plant closings.

The Company has developed a methodology for determining the adequacy of the allowance for loan losses which is monitored by the Company's Chief Credit Officer. Procedures provide for the assignment of a risk rating for every loan included in the total loan portfolio. Commercial insurance premium finance loans, overdraft protection loans, and certain residential mortgage loans and consumer loans serviced by outside processors are treated as pools for risk rating purposes. The risk rating schedule provides nine ratings of which five ratings are classified as pass ratings and four ratings are classified as criticized ratings. Each risk rating is assigned a percentage factor to be applied to the loan balance to determine the adequate amount of reserve. The Bank's independent internal loan review department reviews on an annual basis a sample of relationships in excess of $1,000,000, as well as selective sampling of loans below this threshold. Sampling is based on a number of factors unique to the Bank's portfolio risks, including, but not limited to, lending divisions, industry, risk grades, and new originations. As a result of these loan reviews, certain loans may be identified as having deteriorating credit quality. Other loans that surface as problem loans may also be assigned specific reserves. Past-due loans are assigned risk ratings based on the number of days past due. The calculation of the allowance for loan losses, including underlying data and assumptions, is reviewed regularly by the Company's Chief Financial Officer and the independent internal loan review department.

Loan losses are charged against the allowance when management believes the collection of a loan's principal is unlikely. Subsequent recoveries are credited to the allowance. Consumer loans are charged-off in accordance with the Federal Financial Institutions Examination Council's ("FFIEC") Uniform Retail Credit Classification and Account Management Policy. Commercial loans are charged-off when they are deemed uncollectible, which usually involves a triggering event within the collection effort. If the loan is collateral dependent, the loss is more easily identified and is charged-off when it is identified, usually based upon receipt of an appraisal. However, when a loan has guarantor support, the Company may carry the estimated loss as a reserve against the loan while collection efforts with the guarantor are pursued. If, after collection efforts with the guarantor are complete, the deficiency is still considered uncollectible, the loss is charged-off and any further collections are treated as recoveries. In all situations, when a loan is downgraded to an Asset Quality Rating of 9 (Loss per the regulatory guidance), the uncollectible portion is charged-off.

The following tables detail activity in the allowance for loan losses by portfolio segment for the three and six-month period ended June 30, 2018, the year ended December 31, 2017 and the three and six-month period ended June 30, 2017. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

(dollars in thousands)	Commercial, Financial and Agricultural	Real Estate – Construction and Development	Real Estate – Commercial and Farmland	Real Estate – Residential	Consumer Installment	Purchased Loans	Purchased Loan Pools	Total
Three Months Ended June 30, 2018								
Balance, March 31, 2018	$3,621	$3,572	$8,072	$4,947	$2,172	$2,822	$994	$26,200
Provision for loan losses	7,276	235	132	364	1,427	(106)	(218)	9,110
Loans charged off	(3,744)	(20)	—	(204)	(839)	(910)	—	(5,717)
Recoveries of loans previously charged off	1,247	2	11	29	117	533	—	1,939
Balance, June 30, 2018	$8,400	$3,789	$8,215	$5,136	$2,877	$2,339	$776	$31,532
Six Months Ended June 30, 2018								
Balance, December 31, 2017	$3,631	$3,629	$7,501	$4,786	$1,916	$3,253	$1,075	$25,791
Provision for loan losses	8,059	64	821	541	2,578	(853)	(299)	10,911
Loans charged off	(5,193)	(20)	(142)	(402)	(1,801)	(1,031)	—	(8,589)
Recoveries of loans previously charged off	1,903	116	35	211	184	970	—	3,419
Balance, June 30, 2018	$8,400	$3,789	$8,215	$5,136	$2,877	$2,339	$776	$31,532

Period-end allocation:								
Loans individually evaluated for impairment (1)	$5,003	$1	$1,526	$1,056	$—	$2,339	$1	$9,926
Loans collectively evaluated for impairment	3,397	3,788	6,689	4,080	2,877	—	775	21,606
Ending balance	$8,400	$3,789	$8,215	$5,136	$2,877	$2,339	$776	$31,532
Loans:								
Individually evaluated for impairment (1)	$10,881	$119	$8,149	$10,840	$—	$29,041	$2,196	$61,226
Collectively evaluated for impairment	1,435,976	672,036	1,632,262	1,234,530	375,722	2,656,722	295,313	8,302,561
Acquired with deteriorated credit quality	—	—	—	—	—	126,747	—	126,747
Ending balance	$1,446,857	$672,155	$1,640,411	$1,245,370	$375,722	$2,812,510	$297,509	$8,490,534

(1) At June 30, 2018, loans individually evaluated for impairment includes all nonaccrual loans greater than $100,000 and all troubled debt restructurings greater than $100,000, including all troubled debt restructurings and not only those currently classified as troubled debt restructurings.

(dollars in thousands)	Commercial, Financial and Agricultural	Real Estate – Construction and Development	Real Estate – Commercial and Farmland	Real Estate – Residential	Consumer Installment	Purchased Loans	Purchased Loan Pools	Total
Twelve Months Ended December 31, 2017								
Balance, December 31, 2016	$2,192	$2,990	$7,662	$6,786	$827	$1,626	$1,837	$23,920
Provision for loan losses	3,019	488	508	(86)	2,591	2,606	(762)	8,364
Loans charged off	(2,850)	(95)	(853)	(2,151)	(1,618)	(2,900)	—	(10,467)
Recoveries of loans previously charged off	1,270	246	184	237	116	1,921	—	3,974
Balance, December 31, 2017	$3,631	$3,629	$7,501	$4,786	$1,916	$3,253	$1,075	$25,791
Period-end allocation:								
Loans individually evaluated for impairment (1)	$465	$48	$1,047	$1,028	$—	$3,253	$177	$6,018
Loans collectively evaluated for impairment	3,166	3,581	6,454	3,758	1,916	—	898	19,773
Ending balance	$3,631	$3,629	$7,501	$4,786	$1,916	$3,253	$1,075	$25,791
Loans:								
Individually evaluated for impairment (1)	$2,971	$500	$8,873	$10,818	$—	$28,165	$904	$52,231
Collectively evaluated for impairment	1,359,537	624,095	1,526,566	998,643	324,511	718,447	327,342	5,879,141
Acquired with deteriorated credit quality	—	—	—	—	—	114,983	—	114,983
Ending balance	$1,362,508	$624,595	$1,535,439	$1,009,461	$324,511	$861,595	$328,246	$6,046,355

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

(dollars in thousands)	Commercial, Financial and Agricultural	Real Estate – Construction and Development	Real Estate – Commercial and Farmland	Real Estate – Residential	Consumer Installment	Purchased Loans	Purchased Loan Pools	Total
Three Months Ended June 30, 2017								
Balance, March 31, 2017	$2,798	$3,597	$7,879	$5,840	$854	$2,196	$2,086	$25,250
Provision for loan losses	984	102	255	655	695	(23)	(463)	2,205
Loans charged off	(701)	(41)	(386)	(963)	(438)	(755)	—	(3,284)
Recoveries of loans previously charged off	221	98	121	73	44	373	—	930
Balance, June 30, 2017	$3,302	$3,756	$7,869	$5,605	$1,155	$1,791	$1,623	$25,101
Six Months Ended June 30, 2017								
Balance, December 31, 2016	$2,192	$2,990	$7,662	$6,786	$827	$1,626	$1,837	$23,920
Provision for loan losses	1,625	742	472	(136)	869	683	(214)	4,041
Loans charged off	(805)	(94)	(395)	(1,179)	(602)	(1,311)	—	(4,386)
Recoveries of loans previously charged off	290	118	130	134	61	793	—	1,526
Balance, June 30, 2017	$3,302	$3,756	$7,869	$5,605	$1,155	$1,791	$1,623	$25,101
Period-end allocation:								
Loans individually evaluated for impairment [1]	$691	$174	$1,437	$1,748	$—	$1,791	$180	$6,021
Loans collectively evaluated for impairment	2,611	3,582	6,432	3,857	1,155	—	1,443	19,080
Ending balance	$3,302	$3,756	$7,869	$5,605	$1,155	$1,791	$1,623	$25,101
Loans:								
Individually evaluated for	$2,418	$636	$10,814	$8,282	$—	$27,598	$918	$50,666

impairment [1]								
Collectively evaluated for impairment	1,216,215	486,222	1,508,188	848,787	148,666	794,706	489,196	5,491,980
Acquired with deteriorated credit quality	—	—	—	—	—	128,195	—	128,195
Ending balance	$1,218,633	$486,858	$1,519,002	$857,069	$148,666	$950,499	$490,114	$5,670,841

(1) At June 30, 2017, loans individually evaluated for impairment includes all nonaccrual loans greater than $100,000 and all troubled debt restructurings greater than $100,000, including all troubled debt restructurings and not only those currently classified as troubled debt restructurings.

NOTE 5 – OTHER REAL ESTATE OWNED

The following is a summary of the activity in OREO during the six months ended June 30, 2018 and 2017:

(dollars in thousands)	June 30, 2018	June 30, 2017
Beginning balance, January 1	$8,464	$10,874
Loans transferred to other real estate owned	1,691	3,347
Net gains (losses) on sale and write-downs recorded in statement of income	(154)	(553)
Sales proceeds	(1,923)	(2,185)
Other	(75)	—
Ending balance	$8,003	$11,483

The following is a summary of the activity in purchased OREO during the six months ended June 30, 2018 and 2017:

(dollars in thousands)	June 30, 2018	June 30, 2017
Beginning balance, January 1	$9,011	$12,540
Loans transferred to other real estate owned	556	3,281
Acquired in acquisitions	1,888	—
Portion of gains (losses) on sale and write-downs payable to (receivable from) the FDIC under loss-sharing agreements	—	40
Net gains (losses) on sale and write-downs recorded in statement of income	(231)	819
Sales proceeds	(3,952)	(5,350)
Ending balance	$7,272	$11,330

NOTE 6 – SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

The Company classifies the sales of securities under agreements to repurchase as short-term borrowings. The amounts received under these agreements are reflected as a liability in the Company's consolidated balance sheets and the securities underlying these agreements are included in investment securities in the Company's consolidated balance sheets. At June 30, 2018 and December 31, 2017, all securities sold under agreements to repurchase mature on a daily basis. The market value of the securities fluctuate on a daily basis due to market conditions. The Company monitors the market value of the securities underlying these agreements on a daily basis and is required to transfer additional securities if the market value of the securities fall below the repurchase agreement price. The Company maintains an unpledged securities portfolio that it believes is sufficient to protect against a decline in the market value of the securities sold under agreements to repurchase.

The following is a summary of the Company's securities sold under agreements to repurchase at June 30, 2018 and December 31, 2017.

(dollars in thousands)	June 30, 2018	December 31, 2017
Securities sold under agreements to repurchase	$11,002	$ 30,638

At June 30, 2018 and December 31, 2017, the investment securities underlying these agreements were comprised of state, county and municipal securities and mortgage-backed securities.

NOTE 7 – OTHER BORROWINGS

The Company has, from time to time, utilized certain borrowing arrangements to fund growth in earning assets or provide additional liquidity when appropriate spreads can be realized. At June 30, 2018 and December 31, 2017, there were $862.1 million and $250.6 million, respectively, in outstanding other borrowings.

Other borrowings consist of the following:

(dollars in thousands)	June 30, 2018	December 31, 2017
FHLB borrowings:		
Daily Rate Credit with a variable interest rate (2.16% at June 30, 2018 and 1.59% at December 31, 2017)	$145,000	$ 25,000
Fixed Rate Advance due July 11, 2018; fixed interest rate of 1.98%	425,000	—
Fixed Rate Advance due July 19, 2018; fixed interest rate of 2.01%	135,000	—
Fixed Rate Hybrid Advance due November 6, 2018; fixed interest rate of 2.727%	5,000	—
Convertible Flipper Advance due May 22, 2019; current interest rate of 4.68%	1,500	—
Principal Reducing Advance due June 20, 2019; fixed interest rate of 1.274%	1,000	—
Fixed Rate Advance due December 9, 2030; fixed interest rate of 4.55%	1,300	—
Fixed Rate Advance due December 9, 2030; fixed interest rate of 4.55%	900	—
Principal Reducing Advance due September 29, 2031; fixed interest rate of 3.095%	1,921	—
Fixed Rate Advance due January 8, 2018; fixed interest rate of 1.39%	—	150,000
Subordinated notes payable:		
Subordinated notes payable due March 15, 2027 net of unamortized debt issuance cost of $1,140 and $1,205, respectively; fixed interest rate of 5.75% through March 14, 2022; variable interest rate thereafter at three-month LIBOR plus 3.616%	73,860	73,795
Other debt:		
Advance from correspondent bank due October 5, 2019; secured by a loan receivable; fixed interest rate of 4.25%	35	49
Advance from correspondent bank due September 5, 2026; secured by a loan receivable; fixed interest rate of 2.09%	1,620	1,710
Advances under revolving credit agreement with a regional bank due September 26, 2020; secured by subsidiary bank stock; variable interest rate at 90-day LIBOR plus 3.50% (5.80% at June 30, 2018)	70,000	—
Total	$862,136	$ 250,554

The advances from the FHLB are collateralized by a blanket lien on all first mortgage loans and other specific loans in addition to FHLB stock. At June 30, 2018, $990.6 million was available for borrowing on lines with the FHLB.

At June 30, 2018, the Company had a revolving credit arrangement with a regional bank with a maximum line amount of $100.0 million. This line of credit is secured by subsidiary bank stock, expires on September 26, 2020, and bears a variable interest rate of 90-day LIBOR plus 3.50%. At June 30, 2018, there was $30.0 million available for borrowing under the revolving credit arrangement.

As of June 30, 2018, the Bank maintained credit arrangements with various financial institutions to purchase federal funds up to $82.0 million.

The Bank also participates in the Federal Reserve discount window borrowings program. At June 30, 2018, the Company had $1.16 billion of loans pledged at the Federal Reserve discount window and had $755.2 million available for borrowing.

Subordinated Notes Payable

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

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

The subordinated notes are unsecured and rank equally with all other unsecured subordinated indebtedness of the Company, including any subordinated indebtedness issued in the future under the indenture governing the subordinated notes. The subordinated notes are subordinated in right of payment to all senior indebtedness of the Company. The subordinated notes are obligations of the Company only and are not guaranteed by any subsidiaries, including the Bank. Additionally, the subordinated notes are structurally subordinated to all existing and future indebtedness and other liabilities of the Company's subsidiaries, meaning that creditors of the Company's subsidiaries (including, in the case of the Bank, its depositors) generally will be paid from those subsidiaries' assets before holders of the subordinated notes have any claim to those assets.

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

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Loan Commitments

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. They involve, to varying degrees, elements of credit risk and interest rate risk in excess of the amount recognized in the Company's balance sheets.

The Company's exposure to credit loss is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

A summary of the Company's commitments is as follows:

(dollars in thousands)	June 30, 2018	December 31, 2017
Commitments to extend credit	$1,527,944	$ 1,109,806
Unused home equity lines of credit	109,417	69,788
Financial standby letters of credit	16,397	11,389
Mortgage interest rate lock commitments	153,544	86,149
Mortgage forward contracts with positive fair value	—	31,500

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. These commitments, predominantly at variable interest rates, generally have fixed expiration dates of one year or less or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the customer.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. Collateral is required in instances which the Company deems necessary.

Other Commitments

As of June 30, 2018, a $75.0 million letter of credit issued by the FHLB was used to guarantee the Bank's performance related to public fund deposit balances.

Contingencies

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company's management and its legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

NOTE 9 – SHAREHOLDERS' EQUITY

Hamilton Acquisition

On June 29, 2018, the Company issued 6,548,385 shares of its common stock to the shareholders of Hamilton. Such shares had a value of $53.35 per share at the time of issuance, resulting in an increase in shareholders' equity of $349.4 million.

For additional information regarding the Hamilton acquisition, see Note 2.

Atlantic Acquisition

On May 25, 2018, the Company issued 2,631,520 shares of its common stock to the shareholders of Atlantic. Such shares had a value of $56.15 per share at the time of issuance, resulting in an increase in shareholders' equity of $147.8 million.

For additional information regarding the Atlantic acquisition, see Note 2.

USPF Acquisition

On January 18, 2017, in exchange for 4.99% of the outstanding shares of common stock of USPF, the Company issued 128,572 unregistered shares of its common stock to a selling shareholder of USPF. A registration statement was filed with the Securities and Exchange Commission on February 13, 2017 to register the resale or other disposition of these shares. The issuance of the 128,572 common shares, valued at $45.45 per share at the time of issuance, resulted in an increase in shareholders' equity of $5.8 million.

On January 3, 2018, in exchange for 25.01% of the outstanding shares of common stock of USPF, the Company issued 114,285 unregistered shares of its common stock and paid $12.5 million in cash to a selling shareholder of USPF. The issuance of the 114,285 common shares, valued at $48.55 per share at the time of issuance, resulted in an increase in shareholders’ equity of $5.5 million.

On January 31, 2018, in exchange for the final 70% of the outstanding shares of common stock of USPF, the Company issued 830,301 unregistered shares of its common stock and paid $8.9 million in cash to the selling shareholders of USPF. The issuance of the 830,301 common shares,valued at $53.55 per share at the time of issuance, resulted in an increase in shareholders’ equity of $44.5 million. The selling shareholders of USPF may receive additional cash payments aggregating up to $5.8 million based on the achievement by the Company's premium finance division of certain income targets, between January 1, 2018 and June 30, 2019.

On February 16, 2018, a registration statement was filed with the Securities and Exchange Commission to register the resale or other disposition of the combined 944,586 shares issued on January 3, 2018 and January 31, 2018.

For additional information regarding the USPF acquisition, see Note 2.

2017 Public Offering

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

In March 2017, the Company made a capital contribution to the Bank in the amount of $110.0 million, using the net proceeds of the March 6, 2017 issuance of common stock as well as a portion of the net proceeds of the March 13, 2017 issuance of the Company's 5.75% Fixed-To-Floating Rate Subordinated Notes due 2027 discussed in Note 7.

NOTE 10 – ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive income (loss) for the Company consists of changes in net unrealized gains and losses on investment securities available for sale and an interest rate swap derivative designated as a cash flow hedge. The following tables present a summary of the accumulated other comprehensive income (loss) balances, net of tax, as of June 30, 2018 and 2017:

(dollars in thousands)	Unrealized Gain (Loss) on Derivatives	Unrealized Gain (Loss) on Securities	Accumulated Other Comprehensive Income (Loss)
Balance, December 31, 2017	$ 292	$ (1,572)	$ (1,280)
Reclassification to retained earnings due to change in federal corporate tax rate	(53)	(339)	(392)
Adjusted balance, January 1, 2018	239	(1,911)	(1,672)
Reclassification for gains included in net income, net of tax	—	(29)	(29)
Current year changes, net of tax	347	(11,217)	(10,870)
Balance, June 30, 2018	$ 586	$ (13,157)	$ (12,571)

(dollars in thousands)	Unrealized Gain (Loss) on Derivatives	Unrealized Gain (Loss) on Securities	Accumulated Other Comprehensive Income (Loss)
Balance, December 31, 2016	$ 176	$ (1,234)	$ (1,058)
Reclassification for gains included in net income, net of tax	—	(24)	(24)
Current year changes, net of tax	(63)	2,566	2,503
Balance, June 30, 2017	$ 113	$ 1,308	$ 1,421

NOTE 11 – WEIGHTED AVERAGE SHARES OUTSTANDING

Earnings per share have been computed based on the following weighted average number of common shares outstanding:

	Three Months Ended June 30,		Six Months Ended June 30,	
(share data in thousands)	2018	2017	2018	2017
Average common shares outstanding	39,432	37,163	38,703	36,418
Common share equivalents:				

Stock options	15	73	15	73
Nonvested restricted share grants	263	253	263	253
Average common shares outstanding, assuming dilution	39,710	37,489	38,981	36,744

For the three and six-month periods ended June 30, 2018 and 2017, there were no potential common shares with strike prices that would cause them to be anti-dilutive.

NOTE 12 – FAIR VALUE MEASURES

The fair value of an asset or liability is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various assets and liabilities. In cases where quoted market prices are not available, fair value is based on discounted cash flows or other valuation techniques. These techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the asset or liability. The accounting standard for disclosures about the fair value measures excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

The Company's loans held for sale are carried at fair value and are comprised of the following:

(dollars in thousands)	June 30, 2018	December 31, 2017
Mortgage loans held for sale	$133,204	$ 190,445
SBA loans held for sale	4,045	6,997
Total loans held for sale	$137,249	$ 197,442

The Company has elected to record mortgage loans held for sale at fair value in order to eliminate the complexities and inherent difficulties of achieving hedge accounting and to better align reported results with the underlying economic changes in value of the loans and related hedge instruments. This election impacts the timing and recognition of origination fees and costs, as well as servicing value, which are now recognized in earnings at the time of origination. Interest income on mortgage loans held for sale is recorded on an accrual basis in the consolidated statements of income and comprehensive income under the heading interest income – interest and fees on loans. The servicing value is included in the fair value of the interest rate lock commitments ("IRLCs") with borrowers. The mark to market adjustments related to mortgage loans held for sale and the associated economic hedges are captured in mortgage banking activities. Net gains of $4.4 million and $4.2 million resulting from fair value changes of these mortgage loans were recorded in income during the six months ended June 30, 2018 and 2017, respectively. A net gain of $2.1 million and a net loss of $2.1 million resulting from changes in the fair value of the related derivative financial instruments used to hedge exposure to the market-related risks associated with these mortgage loans were recorded in income during the six months ended June 30, 2018 and 2017, respectively. The change in fair value of both mortgage loans held for sale and the related derivative financial instruments are recorded in mortgage banking activity in the consolidated statements of income and comprehensive income. The Company's valuation of mortgage loans held for sale incorporates an assumption for credit risk; however, given the short-term period that the Company holds these loans, valuation adjustments attributable to instrument-specific credit risk is nominal.

The following table summarizes the difference between the fair value and the principal balance for mortgage loans held for sale carried at fair value as of June 30, 2018 and December 31, 2017:

(dollars in thousands)	June 30, 2018	December 31, 2017
Aggregate fair value of mortgage loans held for sale	$133,204	$ 190,445
Aggregate unpaid principal balance	128,773	185,814
Past-due loans of 90 days or more	—	—
Nonaccrual loans	—	—

The Company utilizes fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Securities available for sale, mortgage loans held for sale and derivatives are recorded at fair value on a recurring basis. From time to time, the Company may be required to record at fair value other assets on a nonrecurring basis, such as impaired loans and OREO. Additionally, the Company is required to disclose, but not record, the fair value of other financial instruments.

Fair Value Hierarchy

The Company groups assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following methods and assumptions were used by the Company in estimating the fair value of its assets and liabilities recorded at fair value and for estimating the fair value of its financial instruments:

Cash and Due From Banks, Federal Funds Sold and Interest-Bearing Deposits in Banks, and Time Deposits in Other Banks: The carrying amount of cash and due from banks, federal funds sold and interest-bearing deposits in banks, and time deposits in other banks approximates fair value.

Investment Securities Available for Sale: The fair value of securities available for sale is determined by various valuation methodologies. Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Level 2 securities include certain U.S. agency bonds, mortgage-backed securities, collateralized mortgage and debt obligations, and municipal securities. The Level 2 fair value pricing is provided by an independent third party and is based upon similar securities in an active market. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy and include certain residual municipal securities and other less liquid securities.

Other Investments: FHLB stock and Federal Reserve Bank stock are included in other investment securities. Prior to the Company's completion of its acquisition of USPF on January 31, 2018, the minority equity investment in USPF was also included in other investments. These investments do not have readily determinable fair values and are carried at original cost basis. It is not practical to determine the fair value of these investments due to restrictions placed on transferability. These investments are periodically evaluated for impairment based on ultimate recovery of par value or cost basis. Cost basis approximates fair value for these investments.

Loans Held for Sale: The Company records loans held for sale at fair value. The fair value of loans held for sale is determined on outstanding commitments from third party investors in the secondary markets and is classified within Level 2 of the valuation hierarchy.

Loans: The fair value for loans held for investment is estimated using an exit price methodology. An exit price methodology considers expected cash flows that take into account contractual loan terms, as applicable, prepayment expectations, probability of default, loss severity in the event of default, recovery lag and, in the case of variable rate loans, expectations for future interest rate movements. These cash flows are present valued at a risk adjusted discount rate, which considers the cost of funding, liquidity, servicing costs, and other factors. Because observable quoted prices seldom exist for identical or similar assets carried in loans held for investment, Level 3 inputs are primarily used to determine fair value exit pricing. The fair value of impaired loans is estimated based on discounted contractual cash flows or underlying collateral values, where applicable. A loan is determined to be impaired if the Company believes it is probable that all principal and interest amounts due according to the terms of the note will not be collected as scheduled. The fair value of impaired loans is determined in accordance with ASC 310-10, Accounting by Creditors for Impairment of a Loan, and generally results in a specific reserve established through a charge to the provision for loan losses. Losses on impaired loans are charged to the allowance when management believes the uncollectability of a loan is confirmed. Management has determined that the majority of impaired loans are Level 3 assets due to the extensive use of market appraisals.

Other Real Estate Owned: The fair value of OREO is determined using certified appraisals and internal evaluations that value the property at its highest and best uses by applying traditional valuation methods common to the industry. The Company does not hold any OREO for profit purposes and all other real estate is actively marketed for sale. In most cases, management has determined that additional write-downs are required beyond what is calculable from the appraisal to carry the property at levels that would attract buyers. Because this additional write-down is not based on observable inputs, management has determined that OREO should be classified as Level 3.

Intangible Assets: Intangible assets include core deposit premiums acquired in connection with business combinations and are based on the established value of acquired customer deposits. The core deposit premium is initially recognized based on a valuation performed as of the consummation date and is amortized over an estimated useful life of seven to ten years. Intangible assets also include insurance agent relationships, trade name and non-compete agreement intangible assets acquired in the USPF acquisition.

These USPF intangible assets were initially recognized based on a valuation performed as of the consummation date and are amortized over estimated useful lives ranging from three to 15 years.

Accrued Interest Receivable/Payable: The carrying amount of accrued interest receivable and accrued interest payable approximates fair value.

Cash Value of Bank Owned Life Insurance: The carrying value of cash value of bank owned life insurance approximates fair value.

Deposits: The carrying amount of demand deposits, savings deposits and variable-rate certificates of deposit approximates fair value. The fair value of fixed-rate certificates of deposit is estimated based on discounted contractual cash flows using interest rates currently being offered for certificates of similar maturities.

Securities Sold under Agreements to Repurchase and Other Borrowings: The carrying amount of securities sold under agreements to repurchase approximates fair value and is classified as Level 1. The carrying amount of variable rate other borrowings approximates fair value and is classified as Level 1. The fair value of fixed rate other borrowings is estimated based on discounted contractual cash flows using the current incremental borrowing rates for similar borrowing arrangements and is classified as Level 2.

Subordinated Deferrable Interest Debentures: The fair value of the Company’s trust preferred securities is based on discounted cash flows using rates for securities with similar terms and remaining maturities and are classified as Level 2.

FDIC Loss-Share Payable: Because the FDIC will reimburse the Company for certain acquired loans should the Company experience a loss, an indemnification asset is recorded at fair value at the acquisition date. The indemnification asset is recognized at the same time as the indemnified loans, and measured on the same basis, subject to collectability or contractual limitations. The shared loss agreements on the acquisition date reflect the reimbursements expected to be received from the FDIC, using an appropriate discount rate, which reflects counterparty credit risk and other uncertainties. The shared loss agreements continue to be measured on the same basis as the related indemnified loans, and the loss-share receivable is impacted by changes in estimated cash flows associated with these loans.

Pursuant to the clawback provisions of the loss-sharing agreements for the Company’s FDIC-assisted acquisitions, the Company may be required to reimburse the FDIC should actual losses be less than certain thresholds established in each loss-sharing agreement. The amount of the clawback provision for each acquisition is measured and recorded at fair value. The clawback amount, which is payable to the FDIC upon termination of the applicable loss-sharing agreement, is discounted using an appropriate discount rate.

Liability for USPF Acquisition Contingent Consideration: As discussed in Note 2, the selling shareholders of USPF may receive additional future cash payments based on the achievement by the Company's premium finance division of certain income targets between January 1, 2018 and June 30, 2019. The carrying value is used as the Level 3 fair value estimate for this liability.

Off-Balance-Sheet Instruments: Because commitments to extend credit and standby letters of credit are typically made using variable rates and have short maturities, the carrying value and fair value are immaterial for disclosure.

Derivatives: The Company has entered into derivative financial instruments to manage interest rate risk. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of the derivatives. This analysis reflects the contractual terms of the derivative, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair value of the derivatives is determined using the market standard methodology of netting the discounted future fixed cash receipts and the discounted expected variable cash payments. The variable cash payments are based on an expectation of future interest rates (forward curves derived from observable market interest rate curves).

The Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty’s nonperformance risk in the fair value measurements. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting any applicable credit enhancements such as collateral postings, thresholds, mutual puts and guarantees.

Although the Company has determined that the majority of the inputs used to value its derivative fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by itself or the counterparty. However, as of June 30, 2018 and December 31, 2017, the Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustment is not significant to the overall valuation of its derivatives. As a result, the Company has determined that its derivative valuation in its entirety is classified in Level 2 of the fair value hierarchy.

The following table presents the fair value measurements of assets and liabilities measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall as of June 30, 2018 and December 31, 2017:

	Recurring Basis Fair Value Measurements June 30, 2018			
(dollars in thousands)	Fair Value	Level 1	Level 2	Level 3
Financial assets:				
State, county and municipal securities	$159,080	$ —	$159,080	$—
Corporate debt securities	67,147	—	65,647	1,500
Mortgage-backed securities	927,476	—	927,476	—
Loans held for sale	137,249	—	137,249	—
Derivative financial instruments	229	—	229	—
Mortgage banking derivative instruments	4,707	—	4,707	—
Total recurring assets at fair value	$1,295,888	$ —	$1,294,388	$1,500
Financial liabilities:				
Mortgage banking derivative instruments	$887	$ —	$887	$—
Total recurring liabilities at fair value	$887	$ —	$887	$—

	Recurring Basis Fair Value Measurements December 31, 2017			
(dollars in thousands)	Fair Value	Level 1	Level 2	Level 3
Financial assets:				
State, county and municipal securities	$137,794	$ —	$137,794	$—
Corporate debt securities	47,143	—	45,643	1,500
Mortgage-backed securities	625,936	—	625,936	—
Loans held for sale	197,442	—	197,442	—
Mortgage banking derivative instruments	2,888	—	2,888	—
Total recurring assets at fair value	$1,011,203	$ —	$1,009,703	$1,500
Financial liabilities:				
Derivative financial instruments	$381	$ —	$381	$—
Mortgage banking derivative instruments	67	—	67	—
Total recurring liabilities at fair value	$448	$ —	$448	$—

The following table presents the fair value measurements of assets measured at fair value on a non-recurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy as of June 30, 2018 and December 31, 2017:

	Nonrecurring Basis Fair Value Measurements			
(dollars in thousands)	Fair Value	Level 1	Level 2	Level 3
June 30, 2018				

Impaired loans carried at fair value	$34,846	$ —	$ —	$34,846
Other real estate owned	1,985	—	—	1,985
Purchased other real estate owned	7,272	—	—	7,272
Total nonrecurring assets at fair value	$44,103	$ —	$ —	$44,103
December 31, 2017				
Impaired loans carried at fair value	$27,684	$ —	$ —	$27,684
Other real estate owned	323	—	—	323
Purchased other real estate owned	9,011	—	—	9,011
Total nonrecurring assets at fair value	$37,018	$ —	$ —	$37,018

The inputs used to determine estimated fair value of impaired loans include market conditions, loan terms, underlying collateral characteristics and discount rates. The inputs used to determine fair value of OREO include market conditions, estimated marketing period or holding period, underlying collateral characteristics and discount rates.

For the six months ended June 30, 2018 and the year ended December 31, 2017, there was not a change in the methods and significant assumptions used to estimate fair value for assets and liabilities carried at fair value.

The following table shows significant unobservable inputs used in the fair value measurement of Level 3 assets and liabilities:

(dollars in thousands)	Fair Value	Valuation Technique	Unobservable Inputs	Range of Discounts	Weighted Average Discount
June 30, 2018					
Recurring:					
Investment securities available for sale	$1,500	Discounted par values	Credit quality of underlying issuer	0%	0%
Nonrecurring:					
Impaired loans	$34,846	Third-party appraisals and discounted cash flows	Collateral discounts and discount rates	0% - 90%	20%
Other real estate owned	$1,985	Third-party appraisals and sales contracts	Collateral discounts and estimated costs to sell	15% - 48%	23%
Purchased other real estate owned	$7,272	Third-party appraisals	Collateral discounts and estimated costs to sell	10% - 74%	18%
December 31, 2017					
Recurring:					
Investment securities available for sale	$1,500	Discounted par values	Credit quality of underlying issuer	0%	0%
Nonrecurring:					
Impaired loans	$27,684	Third-party appraisals and discounted cash flows	Collateral discounts and discount rates	20% - 90%	24%
Other real estate owned	$323	Third-party appraisals and sales contracts	Collateral discounts and estimated costs to sell	15% - 15%	15%
Purchased other real estate owned	$9,011	Third-party appraisals	Collateral discounts and estimated costs to sell	10% - 74%	26%

The carrying amount and estimated fair value of the Company's financial instruments, not shown elsewhere in these financial statements, were as follows. The methods used to estimate the fair value of financial instruments at December 31, 2017 approximated an entry price. In accordance with the adoption of ASU 2016-01, the methods utilized to estimate the fair value of financial instruments at June 30, 2018 represent an approximation of exit price; however, an actual price derived in an active market may differ.

		Fair Value Measurements June 30, 2018			
(dollars in thousands)	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and due from banks	$151,539	$151,539	$—	$ —	$151,539
Federal funds sold and interest-bearing deposits in banks	273,170	273,170	—	—	273,170
Time deposits in other banks	11,558	—	11,558	—	11,558
Loans, net	8,424,156	—	—	8,415,555	8,415,555
Accrued interest receivable	33,423	33,423	—	—	33,423
Financial liabilities:					
Deposits	$8,761,593	$—	$8,766,345	$ —	$8,766,345
Securities sold under agreements to repurchase	11,002	11,002	—	—	11,002
Other borrowings	862,136	—	863,276	—	863,276
Subordinated deferrable interest debentures	88,646	—	85,249	—	85,249
FDIC loss-share payable	18,716	—	—	18,997	18,997
Liability for USPF acquisition contingent consideration	3,699	—	—	3,699	3,699
Accrued interest payable	4,703	4,703	—	—	4,703

		Fair Value Measurements December 31, 2017			
(dollars in thousands)	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets:					
Cash and due from banks	$139,313	$139,313	$—	$ —	$139,313
Federal funds sold and interest-bearing deposits in banks	191,345	191,345	—	—	191,345
Loans, net	5,992,880	—	—	5,960,963	5,960,963
Accrued interest receivable	26,005	26,005	—	—	26,005
Financial liabilities:					
Deposits	$6,625,845	$—	$6,627,773	$ —	$6,627,773
Securities sold under agreements to repurchase	30,638	30,638	—	—	30,638
Other borrowings	250,554	—	251,759	—	251,759
Subordinated deferrable interest debentures	85,550	—	74,243	—	74,243
FDIC loss-share payable	8,803	—	—	9,548	9,548
Accrued interest payable	3,258	3,258	—	—	3,258

NOTE 13 – SEGMENT REPORTING

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

The SBA Division derives its revenues from the origination, sales and servicing of SBA loans. The Premium Finance Division derives its revenues from the origination and servicing of commercial insurance premium finance loans.

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

The following tables present selected financial information with respect to the Company's reportable business segments for the three months ended June 30, 2018 and 2017:

(dollars in thousands)	Three Months Ended June 30, 2018					
	Banking Division	Retail Mortgage Division	Warehouse Lending Division	SBA Division	Premium Finance Division	Total
Interest income	$68,398	$7,973	$3,641	$1,907	$8,027	$89,946
Interest expense	6,639	2,927	1,315	587	2,479	13,947
Net interest income	61,759	5,046	2,326	1,320	5,548	75,999
Provision for loan losses	766	246	—	447	7,651	9,110
Noninterest income	13,287	13,889	735	1,349	2,047	31,307
Noninterest expense						
Salaries and employee benefits	26,646	10,864	128	736	1,402	39,776
Equipment and occupancy expenses	5,684	545	—	55	106	6,390
Data processing and telecommunications expenses	5,611	383	30	9	406	6,439
Other expenses	29,937	1,778	55	290	1,721	33,781
Total noninterest expense	67,878	13,570	213	1,090	3,635	86,386
Income before income tax expense	6,402	5,119	2,848	1,132	(3,691)	11,810
Income tax expense	1,716	1,075	598	238	(1,204)	2,423
Net income	$4,686	$4,044	$2,250	$894	$(2,487)	$9,387
Total assets	$9,380,969	$727,639	$324,706	$142,116	$615,267	$11,190,697
Goodwill	437,605	—	—	—	67,159	504,764
Other intangible assets, net	33,507	—	—	—	20,054	53,561

(dollars in thousands)	Three Months Ended June 30, 2017					
	Banking Division	Retail Mortgage Division	Warehouse Lending Division	SBA Division	Premium Finance Division	Total
Interest income	$56,694	$4,974	$1,613	$1,258	$6,872	$71,411
Interest expense	4,894	1,504	359	373	1,124	8,254
Net interest income	51,800	3,470	1,254	885	5,748	63,157
Provision for loan losses	1,491	347	176	51	140	2,205
Noninterest income	12,954	13,053	438	1,718	26	28,189
Noninterest expense						
Salaries and employee benefits	19,359	7,763	127	890	993	29,132
Equipment and occupancy expenses	5,427	610	1	54	54	6,146
Data processing and telecommunications expenses	6,378	440	25	2	183	7,028
Other expenses	10,209	888	54	259	2,023	13,433
Total noninterest expense	41,373	9,701	207	1,205	3,253	55,739
Income before income tax expense	21,890	6,475	1,309	1,347	2,381	33,402
Income tax expense	6,095	2,361	472	472	915	10,315
Net income	$15,795	$4,114	$837	$875	$1,466	$23,087

Total assets	$6,186,980	$475,599	$174,149	$80,909	$480,221	$7,397,858
Goodwill	125,532	—	—	—	—	125,532
Other intangible assets, net	15,378	—	—	—	—	15,378

The following tables present selected financial information with respect to the Company's reportable business segments for the six months ended June 30, 2018 and 2017:

Six Months Ended June 30, 2018 (dollars in thousands)	Banking Division	Retail Mortgage Division	Warehouse Lending Division	SBA Division	Premium Finance Division	Total
Interest income	$129,294	$14,795	$6,393	$3,338	$15,638	$169,458
Interest expense	12,176	4,752	2,212	1,094	4,424	24,658
Net interest income	117,118	10,043	4,181	2,244	11,214	144,800
Provision for loan losses	1,654	463	—	984	7,810	10,911
Noninterest income	26,386	25,474	1,132	2,719	2,060	57,771
Noninterest expense						
Salaries and employee benefits	48,714	18,606	266	1,476	2,803	71,865
Equipment and occupancy expenses	11,161	1,138	—	113	176	12,588
Data processing and telecommunications expenses	11,915	772	63	18	806	13,574
Other expenses	41,017	3,509	107	526	2,298	47,457
Total noninterest expense	112,807	24,025	436	2,133	6,083	145,484
Income before income tax expense	29,043	11,029	4,877	1,846	(619)	46,176
Income tax expense	6,958	2,319	1,024	388	(560)	10,129
Net income	$22,085	$8,710	$3,853	$1,458	$(59)	$36,047

Six Months Ended June 30, 2017 (dollars in thousands)	Banking Division	Retail Mortgage Division	Warehouse Lending Division	SBA Division	Premium Finance Division	Total
Interest income	$110,906	$9,028	$2,946	$2,471	$13,110	$138,461
Interest expense	8,980	2,582	587	679	1,886	14,714
Net interest income	101,926	6,446	2,359	1,792	11,224	123,747
Provision for loan losses	3,473	355	(56)	99	170	4,041
Noninterest income	25,967	23,566	757	3,533	72	53,895
Noninterest expense						
Salaries and employee benefits	38,203	14,979	274	1,481	1,989	56,926
Equipment and occupancy expenses	10,684	1,129	2	105	103	12,023
Data processing and telecommunications expenses	12,421	757	52	3	367	13,600
Other expenses	19,450	2,029	86	470	4,248	26,283
Total noninterest expense	80,758	18,894	414	2,059	6,707	108,832
Income before income tax expense	43,662	10,763	2,758	3,167	4,419	64,769
Income tax expense	12,951	3,862	979	1,109	1,628	20,529
Net income	$30,711	$6,901	$1,779	$2,058	$2,791	$44,240

NOTE 14 – REVENUE FROM CONTRACTS WITH CUSTOMERS

With the exception of gains/losses on the sale of OREO discussed below, revenue from contracts with customers ("ASC 606 Revenue") is recorded in the service charges on deposit accounts category and the other service charges, commissions and fees category in the Company's consolidated statement of income and comprehensive income as part of noninterest income. Substantially all ASC 606 Revenue is recorded in the Banking Division. The following provides information on these noninterest income categories that contain ASC 606 Revenue for the periods indicated.

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollars in thousands)	2018	2017	2018	2017
Service charges on deposit accounts				
ASC 606 revenue items				
Debit card interchange fees	$4,580	$4,143	$8,789	$8,189
Overdraft fees	4,087	4,408	8,195	8,852
Other service charges on deposit accounts	1,946	2,065	3,857	4,138
Total ASC 606 revenue included in service charges on deposits accounts	10,613	10,616	20,841	21,179
Total service charges on deposit accounts	$10,613	$10,616	$20,841	$21,179
Other service charges, commissions and fees				
ASC 606 revenue items				
ATM fees	$632	$656	$1,294	$1,329
Total ASC 606 revenue included in other service charges, commission and fees	632	656	1,294	1,329
Other	65	73	122	109
Total other service charges, commission and fees	$697	$729	$1,416	$1,438

Debit Card Interchange Fees - The Company earns debit card interchange fees from debit cardholder transactions conducted through various payment networks. Interchange fees from debit cardholders transactions represent a percentage of the underlying transaction amount and are recognized daily, concurrently with the transaction processing services provided to the debit cardholder.

Overdraft Fees - Overdraft fees are recognized at the point in time that the overdraft occurs.

Other Service Charges on Deposit Accounts - Other service charges on deposit accounts include both transaction-based fees and account maintenance fees. Transaction based fees, which include wire transfer fees, stop payment charges, statement rendering, and automated clearing house ("ACH") fees, are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation.

ATM Fees - Transaction-based ATM usage fees are recognized at the time the transaction is executed as that is the point at which the Company satisfies the performance obligation.

Gains/Losses on the Sale of OREO - The net gains and losses on sales of OREO are recorded in credit resolution related expenses in the Company's consolidated statement of income and comprehensive income. The Company records a gain or loss from the sale of OREO when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When the Company finances the sale of OREO to the buyer, the Company assesses whether the buyer is committed to perform their obligations under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the OREO asset is derecognized and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer. The Company does not provide financing for the sale of OREO unless these criteria are met and the OREO can be derecognized. The following provides information on net gains (losses) recognized on the sale of OREO for the periods indicated.

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollars in thousands)	2018	2017	2018	2017
Net gains (losses) recognized on sale of OREO	$(220)	$256	$(229)	$680

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Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Cautionary Note Regarding Forward-Looking Statements

Certain of the statements made in this report are “forward-looking statements” within the meaning of, and subject to the protections of, Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions and future performance and involve known and unknown risks, uncertainties and other factors, many of which may be beyond our control and which may cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements.

All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as “may,” “will,” “anticipate,” “assume,” “should “indicate,” “would,” “believe,” “contemplate,” “expect,” “estimate,” “continue,” “plan,” “point to,” “project,” “predict,” “coul “potential” and other similar words and expressions of the future. These forward-looking statements may not be realized due to a variety of factors, including, without limitation, the following: general competitive, economic, political and market conditions and fluctuations, including movements in interest rates; competitive pressures on product pricing and services; legislative and regulatory initiatives; additional competition in our markets; changes in state and federal banking laws and regulations to which we are subject; financial market conditions and the results of financing efforts; changes in commodity prices and interest rates; potential business strategies, including acquisitions or dispositions of assets or internal restructuring, that may be pursued by us; the successful integration of acquired businesses on a timely basis; the timely realization of expected cost savings and any revenue synergies from acquisition transactions; weather, natural disasters and other catastrophic events; and other factors discussed in our filings with the Securities and Exchange Commission under the Exchange Act.

All written or oral forward-looking statements that are made by or are attributable to us are expressly qualified in their entirety by this cautionary notice. Our forward-looking statements apply only as of the date of this report or the respective date of the document from which they are incorporated herein by reference. We have no obligation and do not undertake to update, revise or correct any of the forward-looking statements after the date of this report, or after the respective dates on which such statements otherwise are made, whether as a result of new information, future events or otherwise.

Overview

The following is management’s discussion and analysis of certain significant factors which have affected the financial condition and results of operations of the Company as reflected in the unaudited consolidated balance sheet as of June 30, 2018, as compared with December 31, 2017, and operating results for the three- and six-month periods ended June 30, 2018 and 2017. These comments should be read in conjunction with the Company’s unaudited consolidated financial statements and accompanying notes appearing elsewhere herein.

This discussion contains certain performance measures determined by methods other than in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Management of the Company uses these non-GAAP measures in its analysis of the Company’s performance. These measures are useful when evaluating the underlying performance and efficiency of the Company’s operations and balance sheet. The Company’s management believes that these non-GAAP measures provide a greater understanding of ongoing operations, enhance comparability of results with prior periods and demonstrate the effects of significant gains and charges in the current period. The Company’s management believes that investors may use these non-GAAP financial measures to evaluate the Company's financial performance without the impact of unusual items that may obscure trends in the Company's underlying performance. These disclosures should not be viewed as a substitute for financial measures determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. Non-GAAP measures include tangible common equity, tangible book value per common share, adjusted net income, and adjusted net income per diluted share. The Company calculates the regulatory capital ratios using current regulatory report instructions. The Company's management uses these measures to assess the quality of capital and believes that investors may find them useful in their evaluation of the Company. These capital measures may or may not be necessarily comparable to similar capital measures that may be presented by other companies.

The following table sets forth unaudited selected financial data for the previous five quarters. This data should be read in conjunction with the unaudited consolidated financial statements and the notes thereto and the information contained in this Item 2.

(in thousands, except share and per share data)	Second Quarter 2018	First Quarter 2018	Fourth Quarter 2017	Third Quarter 2017	Second Quarter 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Results of Operations:							
Net interest income	$75,999	$ 68,801	$ 69,523	$ 66,855	$ 63,157	$144,800	$ 123,747
Net interest income (tax equivalent)	76,943	69,787	71,537	68,668	64,773	146,730	126,881
Provision for loan losses	9,110	1,801	2,536	1,787	2,205	10,911	4,041
Non-interest income	31,307	26,464	23,563	26,999	28,189	57,771	53,895
Non-interest expense	86,386	59,098	59,337	63,767	55,739	145,484	108,832
Income tax expense	2,423	7,706	22,063	8,142	10,315	10,129	20,529
Net income available to common shareholders	9,387	26,660	9,150	20,158	23,087	36,047	44,240
Selected Average Balances:							
Investment securities	$908,782	$ 860,419	$ 850,817	$ 864,456	$ 866,960	$884,856	$ 864,799
Loans held for sale	141,875	138,129	138,468	126,798	110,933	140,012	94,368
Loans	5,198,301	4,902,082	4,692,997	4,379,082	3,994,213	5,051,742	3,838,324
Purchased loans	1,107,184	842,509	888,854	937,595	973,521	974,846	1,004,252
Purchased loan pools	310,594	325,113	446,677	475,742	516,949	317,813	530,480
Earning assets	7,818,525	7,215,742	7,202,103	6,892,939	6,584,386	7,521,195	6,466,750
Assets	8,529,035	7,823,451	7,777,996	7,461,367	7,152,024	8,207,704	7,037,482
Deposits	6,607,518	6,383,513	6,372,259	5,837,154	5,671,394	6,496,134	5,581,857
Shareholders' equity	974,494	849,346	812,264	796,856	774,664	941,778	735,465
Period-End Balances:							
Investment securities	$1,198,472	$ 880,812	$ 853,143	$ 867,570	$ 861,188	$1,198,472	$ 861,188
Loans held for sale	137,249	111,135	197,442	137,392	146,766	137,249	146,766
Loans	5,380,515	5,051,986	4,856,514	4,574,678	4,230,228	5,380,515	4,230,228
Purchased loans	2,812,510	818,587	861,595	917,126	950,499	2,812,510	950,499
Purchased loan pools	297,509	319,598	328,246	465,218	490,114	297,509	490,114
Earning assets	10,110,983	7,393,048	7,288,285	7,074,828	6,816,606	10,110,983	6,816,606
Total assets	11,190,697	8,022,828	7,856,203	7,649,820	7,397,858	11,190,697	7,397,858
Deposits	8,761,593	6,446,165	6,625,845	5,895,504	5,793,397	8,761,593	5,793,397
Shareholders' equity	1,371,896	868,944	804,479	801,921	782,682	1,371,896	782,682
Per Common Share Data:							
Earnings per share - basic	$0.24	0.70	0.25	0.54	0.62	0.93	1.21
Earnings per share - diluted	$0.24	0.70	0.24	0.54	0.62	0.92	1.20
Book value per common share	$28.87	$ 22.67	$ 21.59	$ 21.54	$ 21.03	$28.87	$ 21.03
Tangible book value per common share	$17.12	$ 16.90	$ 17.86	$ 17.78	$ 17.24	$17.12	$ 17.24
End of period shares outstanding	47,518,662	38,327,081	37,260,012	37,231,049	37,222,904	47,518,662	37,222,904

(in thousands, except share and per share data)	Second Quarter 2018	First Quarter 2018	Fourth Quarter 2017	Third Quarter 2017	Second Quarter 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Weighted Average Shares Outstanding:							
Basic	39,432,021	37,966,781	37,238,564	37,225,418	37,162,810	38,703,449	36,417,754
Diluted	39,709,503	38,250,122	37,556,335	37,552,667	37,489,348	38,980,754	36,744,190
Market Price:							
High intraday price	$58.10	$59.05	$51.30	$51.28	$49.80	$59.05	$49.80
Low intraday price	$50.20	$47.90	$44.75	$41.05	$42.60	$47.90	$41.60
Closing price for quarter	$53.35	$52.90	$48.20	$48.00	$48.20	$53.35	$48.20
Average daily trading volume	253,413	235,964	206,178	168,911	169,617	244,914	205,998
Cash dividends declared per share	$0.10	$0.10	$0.10	$0.10	$0.10	$0.20	$0.20
Closing price to book value	1.85	2.33	2.23	2.23	2.29	1.85	2.29
Performance Ratios:							
Return on average assets	0.44 %	1.38 %	0.47 %	1.07 %	1.29 %	0.89 %	1.27 %
Return on average common equity	3.86 %	12.73 %	4.47 %	10.04 %	11.95 %	7.72 %	12.13 %
Average loans to average deposits	102.28 %	97.25 %	96.78 %	101.41 %	98.66 %	99.82 %	97.95 %
Average equity to average assets	11.43 %	10.86 %	10.44 %	10.68 %	10.83 %	11.47 %	10.45 %
Net interest margin (tax equivalent)	3.95 %	3.92 %	3.94 %	3.95 %	3.95 %	3.93 %	3.96 %
Efficiency ratio	80.50 %	62.04 %	63.74 %	67.94 %	61.02 %	71.82 %	61.26 %
Non-GAAP Measures Reconciliation - Tangible book value per common share:							
Total shareholders' equity	$1,371,896	$868,944	$804,479	$801,921	$782,682	$1,371,896	$782,682
Less:							
Goodwill	504,764	208,513	125,532	125,532	125,532	504,764	125,532
Other intangi							