

FEDERAL RESERVE SYSTEM

Ameris Bancorp
Moultrie, Georgia

Order Approving the Acquisition of a Bank Holding Company

Ameris Bancorp (“Ameris”), Moultrie, Georgia, a bank holding company within the meaning of the Bank Holding Company Act of 1956 (“BHC Act”),¹ has requested the Board’s approval under section 3 of the BHC Act² to merge with Atlantic Coast Financial Corporation (“Atlantic”), and thereby indirectly acquire Atlantic Coast Bank, both of Jacksonville, Florida. Atlantic Coast Bank would be merged into Ameris’s subsidiary bank, Ameris Bank, Moultrie, Georgia.³

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published (83 Federal Register 813 (January 8, 2017)).⁴ The time for submitting comments has expired, and the Board has considered the proposal and all comments received in light of the factors set forth in section 3 of the BHC Act.

Ameris, with consolidated assets of approximately \$7.6 billion, is the 159th largest insured depository organization in the United States. Ameris controls approximately \$5.9 billion in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States.⁵

¹ 12 U.S.C. § 1841 et seq.

² 12 U.S.C. § 1842.

³ The merger of Atlantic Coast Bank into Ameris Bank is subject to approval by the Federal Deposit Insurance Corporation (“FDIC”), pursuant to section 18(c) of the Federal Deposit Insurance Act. 12 U.S.C. § 1828(c). The FDIC approved the bank merger on April 24, 2018.

⁴ 12 CFR 262.3(b).

⁵ National asset and deposit data are as of September 30, 2017, unless otherwise noted.

Ameris controls Ameris Bank, which operates in Georgia, Florida, Alabama, and South Carolina. Ameris is the 14th largest insured depository organization in Georgia, controlling deposits of approximately \$2.8 billion, which represent 1.2 percent of the total deposits of insured depository institutions in that state.⁶ Ameris is the 32nd largest insured depository organization in Florida, controlling deposits of approximately \$2.3 billion, which represent 0.4 percent of the total deposits of insured depository institutions in that state.

Atlantic, with consolidated assets of approximately \$913.9 million, is the 800th largest insured depository organization in the United States. Atlantic controls approximately \$678.9 million in consolidated deposits, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. Atlantic controls Atlantic Coast Bank, which operates in Florida and Georgia. Atlantic is the 77th largest insured depository organization in Florida, controlling deposits of approximately \$453.6 million, which represent 0.1 percent of the total deposits of insured depository institutions in that state. Atlantic is the 72nd largest insured depository organization in Georgia, controlling deposits of approximately \$236.6 million, which represent 0.1 percent of the total deposits of insured depository institutions in that state.

On consummation of the proposal, Ameris would become the 152nd largest insured depository organization in the United States, with consolidated assets of approximately \$8.6 billion, which represent less than 1 percent of the total assets of insured depository organizations in the United States. Ameris would control total deposits of approximately \$6.6 billion, which represent less than 1 percent of the total amount of deposits of insured depository institutions in the United States. In Georgia, Ameris would become the 13th largest insured depository organization, controlling

⁶ State deposit data are as of June 30, 2017, unless otherwise noted. In this context, insured depository institutions include commercial banks, savings associations, and savings banks.

deposits of approximately \$3.1 billion, which represent 1.3 percent of the total deposits of insured depository institutions in the state. In Florida, Ameris would become the 29th largest insured depository organization, controlling deposits of approximately \$2.7 billion, which represent 0.5 percent of the total deposits of insured depository institutions in the state.

Interstate and Deposit Cap Analysis

Section 3(d) of the BHC Act generally provides that, if certain conditions are met, the Board may approve an application by a bank holding company to acquire control of a bank located in a state other than the home state of the bank holding company, without regard to whether the transaction is prohibited under state law.⁷ The Board may not approve an application that would permit an out-of-state bank holding company or bank to acquire a bank in a host state if the bank has not been in existence for the lesser of the state statutory minimum period of time or five years.⁸ In addition, under section 3(d) of the BHC Act, the Board may not approve an interstate application if the bank holding company controls or, upon consummation of the proposed transaction, would control more than 10 percent of the total deposits of insured depository institutions in the United States or, in certain circumstances, if the bank holding company, upon consummation, would control 30 percent or more of the total deposits of insured depository institutions in any state in which the acquirer and target have overlapping banking operations.⁹

⁷ 12 U.S.C. § 1842(d)(1)(A).

⁸ 12 U.S.C. § 1842(d)(1)(B).

⁹ 12 U.S.C. § 1842(d)(2)(A) and (B). For purposes of section 3(d) of the BHC Act, the acquiring and target institutions have overlapping banking operations in any state in which any bank to be acquired is located and the acquiring bank holding company controls any insured depository institution or a branch. The Board considers a bank to be located in the states in which the bank is chartered or headquartered or operates a branch. See 12 U.S.C. § 1841(o)(4)-(7).

For purposes of the BHC Act, the home state of Ameris is Georgia, and Atlantic Coast Bank is located in Florida and Georgia.¹⁰ Ameris and Ameris Bank are well capitalized and well managed under applicable law, and Ameris Bank has a “Satisfactory” rating under the Community Reinvestment Act of 1977 (“CRA”).¹¹ There are no minimum age requirements under the laws of Florida that would apply to Ameris’s acquisition of Atlantic, and Atlantic Coast Bank has been in existence for more than five years.¹²

On consummation of the proposed transaction, Ameris would control less than 1 percent of the total amount of consolidated deposits in insured depository institutions in the United States. Neither Florida nor Georgia imposes a limit on the total amount of in-state deposits that a single banking organization may control. These are the only states in which Ameris and Atlantic have overlapping operations. The Board has considered all other requirements of section 3(d) of the BHC Act, including Ameris Bank’s record of meeting the convenience and needs of the communities it serves. Accordingly, in light of all the facts of record, the Board may approve the proposal under section 3(d) of the BHC Act.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize

¹⁰ See 12 U.S.C. § 1841(o)(4). A bank holding company’s home state is the state in which the total deposits of all banking subsidiaries of such company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later.

¹¹ 12 U.S.C. § 2901 et seq.

¹² See Fla. Stat. § 658.2953.

the business of banking in any relevant market.¹³ The BHC Act also prohibits the Board from approving a proposal that would substantially lessen competition or tend to create a monopoly in any banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.¹⁴

Ameris Bank and Atlantic Coast Bank compete directly in the Jacksonville Area, Florida, banking market (“Jacksonville market”); the Douglas Area, Georgia, banking market (“Douglas market”); and the Waycross Area, Georgia, banking market (“Waycross market”).¹⁵ The Board has considered the competitive effects of the proposal in these banking markets. In particular, the Board has considered the number of competitors that would remain in each market; the relative share of total deposits in insured depository institutions in each market (“market deposits”) that Ameris would control;¹⁶ the concentration levels of market deposits and the increase in these levels, as measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice

¹³ 12 U.S.C. § 1842(c)(1).

¹⁴ 12 U.S.C. § 1842(c)(1)(B).

¹⁵ The Jacksonville market is defined as Baker, Clay, Duval, and Nassau Counties, Florida; the towns of Fruit Cove, Ponte Vedra, Ponte Vedra Beach, Jacksonville, St. Johns, and Switzerland in St. Johns County, Florida; and the city of Folkston in Charlton County, Georgia. The Douglas market is defined as Atkinson and Coffee Counties, Georgia. The Waycross market is defined as Pierce and Ware Counties, Georgia.

¹⁶ Local deposit and market share data are as of June 30, 2017, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors to commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386 (1989); National City Corporation, 70 Federal Reserve Bulletin 743 (1984). Thus, the Board regularly has included thrift deposits in the market share calculation on a 50 percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 52 (1991).

Bank Merger Competitive Review guidelines (“DOJ Bank Merger Guidelines”);¹⁷ and other characteristics of the market.

Consummation of the proposal would be consistent with Board precedent and within the thresholds in the DOJ Bank Merger Guidelines in the Jacksonville, Douglas, and Waycross markets. On consummation of the proposal, the Jacksonville market would remain highly concentrated as measured by the HHI, according to the DOJ Bank Merger Guidelines; however, the change in HHI would be small and numerous competitors would remain in the market.¹⁸ The Douglas and Waycross markets would remain moderately concentrated as measured by the HHI, according to the DOJ Bank Merger Guidelines. The change in the HHI in the Douglas market would be small, and

¹⁷ Under the DOJ Bank Merger Guidelines, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. The Department of Justice (“DOJ”) has informed the Board that a bank merger or acquisition generally would not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more than 200 points. Although the DOJ and the Federal Trade Commission issued revised Horizontal Merger Guidelines in 2010, the DOJ has confirmed that its Bank Merger Guidelines, which were issued in 1995, were not modified. See Press Release, Department of Justice (August 19, 2010), available at www.justice.gov/opa/pr/2010/August/10-at-938.html.

¹⁸ Ameris operates the 7th largest depository institution in the Jacksonville market, controlling approximately \$741.5 million in deposits, which represent 1.5 percent of market deposits. Atlantic operates the 11th largest depository institution in the same market, controlling deposits of approximately \$453.6 million, which represent approximately 0.9 percent of market deposits. On consummation of the proposed transaction, Ameris would become the 6th largest depository organization in the market, controlling deposits of approximately \$1.2 billion, which represent approximately 2.5 percent of market deposits. The HHI for the Jacksonville market would increase by 3 points to 2840, and 32 other banking organizations would remain in the market.

nine competitors would remain in the market.¹⁹ Seven competitors would remain in the Waycross market.²⁰

The DOJ also has conducted a review of the potential competitive effects of the proposal and has advised the Board that consummation of the proposal would not likely have a significantly adverse effect on competition in any relevant banking market. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on all of the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in the Jacksonville, Douglas, or Waycross markets, or in any other relevant banking market. Accordingly, the Board determines that competitive considerations are consistent with approval.

¹⁹ Ameris operates the 4th largest depository institution in the Douglas market, controlling approximately \$92.5 million in deposits, which represent 11.6 percent of market deposits. Atlantic operates the 9th largest depository institution in the same market, controlling deposits of approximately \$37.9 million, which represent approximately 4.8 percent of market deposits. On consummation of the proposed transaction, Ameris would become the 2nd largest depository organization in the market, controlling deposits of approximately \$130.4 million, which represent approximately 16.4 percent of market deposits. The HHI for the Douglas market would increase by 110 points to 1295.

²⁰ Ameris operates the 8th largest depository institution in the Waycross market, controlling approximately \$42.0 million in deposits, which represent 4.7 percent of market deposits. Atlantic operates the 2nd largest depository institution in the same market, controlling deposits of approximately \$198.7 million, which represent approximately 22.2 percent of market deposits. On consummation of the proposed transaction, Ameris would become the largest depository organization in the market, controlling deposits of approximately \$240.7 million, which represent approximately 26.8 percent of market deposits. The HHI for the Waycross market would increase by 208 points to 1777.

Financial, Managerial, and Other Supervisory Considerations

In reviewing a proposal under section 3 of the BHC Act, the Board considers the financial and managerial resources and the future prospects of the institutions involved.²¹ In its evaluation of financial factors, the Board reviews information regarding the financial condition of the organizations involved on both parent-only and consolidated bases, as well as information regarding the financial condition of the subsidiary depository institutions and the organizations' significant nonbanking operations. In this evaluation, the Board considers a variety of information regarding capital adequacy, asset quality, liquidity, and earnings performance, as well as public comments on the proposal. The Board evaluates the financial condition of the combined organization, including its capital position, asset quality, liquidity, earnings prospects, and the impact of the proposed funding of the transaction. The Board also considers the ability of the organization to absorb the costs of the proposal and to complete effectively the proposed integration of the operations of the institutions. In assessing financial factors, the Board considers capital adequacy to be especially important. The Board considers the future prospects of the organizations involved in the proposal in light of their financial and managerial resources and the proposed business plan.

Ameris and Ameris Bank are well capitalized, and the combined organization would remain so on consummation of the proposal. The proposed transaction is a bank holding company merger that is structured as a cash-share exchange, with a subsequent merger of the subsidiary depository institutions.²² The asset quality, earnings, and liquidity of both Ameris Bank and Atlantic Coast Bank are consistent with approval, and Ameris appears to have adequate resources to absorb the related costs of

²¹ 12 U.S.C. § 1842(c)(2), (5), and (6).

²² As part of the proposed transaction, each share of Atlantic common stock would be converted into the right to receive (i) 0.17 shares of Ameris common stock together with cash in lieu of any fractional shares and (ii) \$1.39 in cash. Ameris has the financial resources to effect the proposed transaction.

the proposal and to complete the integration of the institutions' operations. In addition, the future prospects of the institutions under the proposal are considered consistent with approval.

The Board also has considered the managerial resources of the organizations involved and of the proposed combined organization. The Board has reviewed the examination records of Ameris, Atlantic, and their subsidiary depository institutions, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered information provided by Ameris; the Board's supervisory experiences and those of other relevant bank supervisory agencies with the organizations; the organizations' records of compliance with applicable banking, consumer protection, anti-money-laundering laws; and information provided by the commenter.

Ameris, Atlantic, and their subsidiary depository institutions are each considered to be well managed. Ameris has a record of successfully integrating organizations into its operations and risk-management systems after acquisitions. Ameris's directors and senior executive officers have knowledge of and experience in the banking and financial services sectors, and Ameris's risk-management program appears consistent with approval of this expansionary proposal.

The Board also has considered Ameris's plans for implementing the proposal. Ameris has conducted comprehensive due diligence and is devoting significant financial and other resources to address all aspects of the post-acquisition integration process for this proposal. Ameris would implement its risk-management policies, procedures, and controls at the combined organization, and these are considered acceptable from a supervisory perspective. In addition, Ameris's management has the experience and resources to operate the combined organization in a safe and sound manner, and Ameris represents that there are no anticipated changes with respect to the executive officers and directors of Ameris or Ameris Bank as a result of the proposal.

Based on all of the facts of record, including Ameris's supervisory record, managerial and operational resources, and plans for operating the combined institution

after consummation, the Board concludes that considerations relating to the financial and managerial resources and the future prospects of the organizations involved in the proposal, as well as the records of effectiveness of Ameris and Atlantic in combatting money-laundering activities, are consistent with approval.

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board considers the effects of the proposal on the convenience and needs of the communities to be served.²³ In its evaluation of the effects of the proposal on the convenience and needs of the communities to be served, the Board considers whether the relevant institutions are helping to meet the credit needs of the communities they serve, as well as other potential effects of the proposal on the convenience and needs of the communities to be served. In this evaluation, the Board places particular emphasis on the records of the relevant depository institutions under the CRA.²⁴ The CRA requires the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with the institutions' safe and sound operation,²⁵ and requires the appropriate federal financial supervisory agency to assess a depository institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansionary proposals.²⁶

In addition, the Board considers the banks' overall compliance records and recent fair lending examinations. Fair lending laws require all lending institutions to provide applicants with equal access to credit, regardless of their race, ethnicity, or certain other characteristics. The Board also considers assessments of other relevant supervisors, the supervisory views of examiners, other supervisory information,

²³ 12 U.S.C. § 1842(c)(2).

²⁴ 12 U.S.C. § 2901 et seq.

²⁵ 12 U.S.C. § 2901(b).

²⁶ 12 U.S.C. § 2903.

information provided by the applicant, and comments received on the proposal. The Board also may consider the institution's business model, its marketing and outreach plans, the organization's plans after consummation, and any other information the Board deems relevant.

In assessing the convenience and needs factor in this case, the Board has considered all the facts of record, including reports of examination of the CRA performance of Ameris Bank and Atlantic Coast Bank, the fair lending and compliance records of both banks, the supervisory views of the FDIC, confidential supervisory information, information provided by Ameris, and the public comment received on the proposal.

Public Comment on the Proposal

In this case, a commenter objected to the proposal on the basis of alleged disparities in the number of home mortgage loans to and/or in the rate of denials for home mortgage applications from African Americans and/or Hispanics, as compared to whites, in Atlanta, Georgia; Jacksonville, Florida; and Tallahassee, Florida, based on data reported under the Home Mortgage Disclosure Act of 1975 ("HMDA").²⁷ The commenter also alleged that Ameris Bank engaged in predatory collection of overdraft fees and expressed concern over Ameris's recent record of mergers and acquisitions and planned branch closures.

Businesses of the Involved Institutions and Response to the Public Comment

Through its network of branches in Georgia, Florida, Alabama, and South Carolina, Ameris Bank offers a variety of products and services, including real estate loans, auto-secured and recreational-vehicle-secured loans, and home equity lines of credit. Ameris Bank also offers various deposit products for both businesses and consumers.

Atlantic Coast Bank offers a variety of loan and deposit products, with a focus on residential real estate loans and commercial real estate loans and, to a lesser

²⁷ 12 U.S.C. § 2801 et seq.

extent, commercial business loans and consumer loans through its branches in Florida and Georgia. Atlantic Coast Bank's products and services also include checking and savings accounts and an alternative to payday lending.

In response to the commenter's allegations, Ameris asserts that approval of the proposed transaction is warranted based on Ameris Bank's CRA performance evaluation and Ameris Bank's involvement in other programs tailored to assist LMI individuals and first-time homebuyers in pursuing or maintaining home ownership. Ameris notes that HMDA data do not take into consideration other critical inputs, such as borrower creditworthiness, collateral value, credit scores, and other factors relevant to credit decisions. Ameris also asserts that HMDA data do not reflect the range of Ameris Bank's lending activities and efforts within the communities it serves. Ameris argues that the commenter's allegation of predatory overdraft fees is based on an isolated call report error for which a correction was filed by Ameris Bank after receiving clarification from the FDIC. Ameris also asserts that Ameris Bank's proposed branch closures are limited to those markets in which Ameris Bank and Atlantic Coast Bank overlap and that Ameris Bank is committed to providing reasonable access to its delivery systems throughout its assessment areas.

Records of Performance under the CRA

In evaluating the convenience and needs factor and CRA performance, the Board considers substantial information in addition to information provided by public commenters and the response to comments by the applicant. In particular, the Board considers examinations by the appropriate federal supervisors of the CRA performance records of the relevant institutions, as well as information and views provided by those supervisors.²⁸ In this case, the Board considered the supervisory views of the FDIC with respect to both institutions.

²⁸ See Interagency Questions and Answers Regarding Community Reinvestment, 81 Federal Register 48506, 48548 (July 25, 2016).

The CRA requires that the appropriate federal financial supervisor for a depository institution prepare a written evaluation of the institution's record of helping to meet the credit needs of its entire community, including LMI neighborhoods.²⁹ An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a detailed, on-site evaluation by the institution's primary federal supervisor of the institution's overall record of lending in its communities.

In general, federal financial supervisors apply a lending test to evaluate the performance of a large insured depository institution, such as Ameris Bank, in helping to meet the credit needs of the communities it serves. The lending test specifically evaluates the institution's lending to determine whether the institution is helping to meet the credit needs of individuals and geographies of all income levels. As part of the lending test, examiners review and analyze an institution's data reported under HMDA, in addition to small business, small farm, and community development loan data collected and reported under the CRA regulations, to assess an institution's lending activities with respect to borrowers and geographies of different income levels. The institution's lending performance is based on a variety of factors, including (1) the number and amounts of home mortgage, small business, small farm, and consumer loans (as applicable) in the institution's CRA assessment areas ("AAs"); (2) the geographic distribution of the institution's lending, including the proportion and dispersion of the institution's lending in its AAs and the number and amounts of loans in low-, moderate-, middle-, and upper-income geographies; (3) the distribution of loans based on borrower characteristics, including, for home mortgage loans, the number and amounts of loans to low-, moderate-, middle-, and upper-income individuals;³⁰ (4) the institution's

²⁹ 12 U.S.C. § 2906.

³⁰ Examiners also consider the number and amounts of small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less, small business and small farm loans by loan amount at origination, and consumer loans, if

community development lending, including the number and amounts of community development loans and their complexity and innovativeness; and (5) the institution's use of innovative or flexible lending practices to address the credit needs of LMI individuals and geographies.³¹ Large institutions also are subject to an investment test, which evaluates the number and amounts of qualified investments that benefit their AAs, and a service test, which evaluates the availability and effectiveness of their systems for delivering retail banking services and the extent and innovativeness of their community development services.³² Intermediate small banks, such as Atlantic Coast Bank, are subject to the lending test, as well as a community development test that evaluates the number and amounts of their community development loans and qualified investments, the extent to which they provide community development services, and their responsiveness to community development lending, investment, and service needs.³³

The Board is concerned when HMDA data reflect disparities in the rates of loan applications, originations, and denials among members of different racial or ethnic groups in local areas. These types of disparities may indicate weaknesses in the adequacy of policies and programs at an institution for meeting its obligations to extend credit fairly. However, other information critical to an institution's credit decisions is not available from HMDA data.³⁴ Consequently, HMDA data disparities must be evaluated in the context of other information regarding the lending record of an institution.

applicable, to low-, moderate-, middle-, and upper-income individuals. See, e.g., 12 CFR 228.22(b)(3).

³¹ See 12 CFR 228.22(b).

³² See 12 CFR 228.21 et seq.

³³ See 12 CFR 228.26(c).

³⁴ Other information relevant to credit decisions could include credit history, debt-to-income ratios, and loan-to-value ratios. Accordingly, when conducting fair lending examinations, examiners analyze such additional information before reaching a determination regarding an institution's compliance with fair lending laws.

CRA Performance of Ameris Bank

Ameris Bank was assigned an overall rating of “Satisfactory” at its most recent CRA performance evaluation by the FDIC, as of October 3, 2016 (“Ameris Bank Evaluation”).³⁵ The bank received “High Satisfactory” ratings for the Lending Test and the Service Test and a “Low Satisfactory” rating for the Investment Test.³⁶

Examiners found that the bank’s lending levels reflected good responsiveness to the bank’s AA needs and that the bank made a majority of its loans within its AAs. Examiners determined that the bank’s borrower profile revealed good penetration among retail customers of different income levels and businesses of different sizes. Examiners further found that the geographic distribution of the bank’s loans reflected good penetration throughout the bank’s AAs. Examiners noted that the bank exhibited a good record of serving the credit needs of the most economically disadvantaged areas of its AAs, LMI individuals, and very small businesses, consistent with safe and sound banking practices. Examiners found that Ameris Bank made a high level of community development loans and that it used flexible lending practices in order to serve its AAs. With respect to the Atlanta market, examiners found that lending levels reflected good responsiveness to credit needs and that HMDA data reflected excellent penetration throughout the AA. With respect to the Tallahassee market, examiners found that lending levels reflected good responsiveness to credit needs and that HMDA data reflected good penetration throughout the AA. With respect to the Jacksonville market,

³⁵ The Ameris Bank Evaluation was conducted using Large Bank CRA Examination Procedures. Examiners reviewed residential mortgage, small business, and small farm loans from January 1, 2014, through June 30, 2016. In addition, examiners considered the community development loans originated by Ameris Bank between January 21, 2014, and October 3, 2016, as well as all qualified investments either purchased prior to but still outstanding as of the evaluation date or purchased during the evaluation period and all community development services performed during the evaluation period.

³⁶ The Ameris Bank Evaluation reviewed the bank’s activities in each of its 22 AAs throughout Georgia, Florida, Alabama, and South Carolina.

examiners found that lending levels reflected adequate responsiveness to credit needs and that HMDA data reflected good penetration throughout the AA.

Examiners found that Ameris Bank had an adequate level of qualified community development investments and donations and that the bank exhibited adequate responsiveness to credit and community economic development needs. Examiners noted that the bank occasionally used innovative or complex investments to support its community development initiatives.

Examiners found that Ameris Bank's delivery systems were reasonably accessible to essentially all portions of its AAs and that, to the extent changes have been made, the bank's opening and closing of branches throughout its AAs have not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. Examiners further found that services and business hours do not vary in a way that inconveniences certain portions of its AAs, particularly LMI geographies and individuals, and that the bank provides a relatively high level of community development services within its AAs.

Ameris Bank's Efforts since the Ameris Bank Evaluation

Ameris represents that, since the Ameris Bank Evaluation, Ameris Bank has continued to meet the credit needs of its communities. Specifically, Ameris represents that Ameris Bank reported a significant volume of loans to first-time homebuyers in 2017. Ameris also represents that Ameris Bank participates in federal loan programs tailored to assist LMI individuals and first-time homebuyers.

CRA Performance of Atlantic Coast Bank

Atlantic Coast Bank received an overall rating of "Satisfactory" at its most recent CRA performance evaluation by the Office of the Comptroller of the Currency

(“OCC”), as of March 31, 2014 (“Atlantic Coast Bank Evaluation”).³⁷ The bank received a “Satisfactory” rating for the Lending Test and the Community Development Test.³⁸

Examiners concluded that Atlantic Coast Bank’s loan-to-deposit ratio was more than reasonable and that the bank’s lending to borrowers of different incomes demonstrated a reasonable distribution. Examiners further found that a majority of the bank’s loan originations and purchases was within the bank’s AAs and that the bank had a reasonable geographic distribution of loans to LMI census tracts. Examiners also found that the bank’s overall level and responsiveness of community development lending, investments, and services met the standards of satisfactory performance.

Views of the FDIC

In its review of the proposal, the Board consulted with the FDIC regarding Ameris Bank’s CRA, consumer compliance, and fair lending records. The FDIC reviewed the bank merger underlying this proposal and, in so doing, considered the comment received by the Board. The Board has considered the results of the FDIC’s most recent consumer compliance examination of Ameris Bank, which included an evaluation of the bank’s compliance management system, with an emphasis on areas exhibiting the potential risk of consumer harm. As a part of the examination, the fair lending review included an analysis of the bank’s residential lending.

The Board also has considered the results of the FDIC’s visitation of Atlantic Coast Bank in connection with the bank’s conversion from a federal savings bank to a Florida non-member commercial bank.³⁹ The FDIC’s visitation included an

³⁷ The Atlantic Coast Bank Evaluation was conducted using Intermediate Small Bank CRA Examination Procedures. Examiners reviewed home mortgage and small business loans from January 1, 2009, through December 31, 2013, and community development activities from February 23, 2009, to March 31, 2014.

³⁸ The Atlantic Coast Bank Evaluation included full-scope evaluations of the Jacksonville MSA AA and the Georgia Non-MSA AA and a limited-scope review of the Savannah MSA AA.

³⁹ Atlantic Coast Bank converted from a federal savings bank to a Florida non-member commercial bank on December 27, 2016.

assessment of Atlantic Coast Bank's compliance management system, which included areas exhibiting potential consumer risk, and a limited review of the bank's CRA performance factors.

The Board has taken the consultations with the FDIC and the information discussed above into account in evaluating the proposal, including in considering whether Ameris has the experience and resources to ensure that Ameris Bank helps to meet the credit needs of the communities within its AAs.

Additional Convenience and Needs Considerations

The Board also considers other potential effects of the proposal on the convenience and needs of the communities to be served. Ameris represents that, following consummation of the proposal, existing customers of Atlantic Coast Bank would benefit from the technical expertise and resources that Ameris Bank has developed. Ameris further represents that Ameris Bank would provide a comparable suite of mortgage and consumer loan products to those provided by Atlantic Coast Bank prior to the merger. Ameris asserts that Ameris Bank would maintain Atlantic Coast Bank's involvement in community activities through memberships in community service, educational, and civic organizations and that Ameris Bank would use all available media, including community publications, to market its credit services to the entire community. Ameris represents that Ameris Bank's board of directors would continue to review and approve all CRA programs and that local officers would routinely analyze demographic data and loan activity to ensure that lending services are accessible to all areas of the community, including LMI neighborhoods.

Conclusion on Convenience and Needs Considerations

The Board has considered all the facts of record, including the records of the relevant depository institutions under the CRA, the institutions' records of compliance with consumer protection laws, supervisory views of the FDIC, confidential supervisory information, information provided by Ameris, the public comment on the proposal, and other potential effects of the proposal on the convenience and needs of the

communities to be served. Based on that review, the Board concludes that the convenience and needs factor is consistent with approval.

Financial Stability

The Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) amended section 3 of the BHC Act to require the Board to consider “the extent to which a proposed acquisition, merger, or consolidation would result in greater or more concentrated risks to the stability of the United States banking or financial system.”⁴⁰

To assess the likely effect of a proposed transaction on the stability of the United States banking or financial system, the Board considers a variety of metrics that capture the systemic “footprint” of the resulting firm and the incremental effect of the transaction on the systemic footprint of the acquiring firm. These metrics include measures of the size of the resulting firm, the availability of substitute providers for any critical products and services offered by the resulting firm, the interconnectedness of the resulting firm with the banking or financial system, the extent to which the resulting firm contributes to the complexity of the financial system, and the extent of the cross-border activities of the resulting firm.⁴¹ These categories are not exhaustive, and additional categories could inform the Board’s decision. In addition to these quantitative measures, the Board considers qualitative factors, such as the opaqueness and complexity of an institution’s internal organization, that are indicative of the relative degree of difficulty of resolving the resulting firm. A financial institution that can be resolved in an orderly manner is less likely to inflict material damage on the broader economy.⁴²

⁴⁰ Dodd-Frank Act § 604(d), Pub. L. No. 111-203, 124 Stat. 1376, 1601 (2010), codified at 12 U.S.C. § 1842(c)(7).

⁴¹ Many of the metrics considered by the Board measure an institution’s activities relative to the United States financial system.

⁴² For further discussion of the financial stability standard, see Capital One Financial Corporation, FRB Order 2012-2 (February 14, 2012).

The Board's experience has shown that proposals involving an acquisition of less than \$10 billion in assets, or that result in a firm with less than \$100 billion in total assets, are generally not likely to pose systemic risks. Accordingly, the Board presumes that a proposal does not raise material financial stability concerns if the assets involved fall below either of these size thresholds, absent evidence that the transaction would result in a significant increase in interconnectedness, complexity, cross-border activities, or other risk factors.⁴³

In this case, the Board has considered information relevant to risks to the stability of the United States banking or financial system. The proposal involves a target that has less than \$10 billion in assets and a pro forma organization of less than \$100 billion in assets. Both the acquirer and the target are predominantly engaged in a variety of consumer and commercial banking activities.⁴⁴ The pro forma organization would have minimal cross-border activities and would not exhibit an organizational structure, complex interrelationships, or unique characteristics that would complicate resolution of the firm in the event of financial distress. In addition, the organization would not be a critical services provider or so interconnected with other firms or the markets that it would pose a significant risk to the financial system in the event of financial distress.

In light of all the facts and circumstances, this transaction would not appear to result in meaningfully greater or more concentrated risks to the stability of the United States banking or financial system. Based on these and all other facts of record, the

⁴³ See People's United Financial, Inc., FRB Order No. 2017-08 at 25-26 (March 16, 2017). Notwithstanding this presumption, the Board has the authority to review the financial stability implications of any proposal. For example, an acquisition involving a global systemically important bank could warrant a financial stability review by the Board, regardless of the size of the acquisition.

⁴⁴ Ameris and Atlantic offer a range of retail and commercial banking products and services. Ameris has and, as a result of the proposal would continue to have, a small market share in these products and services on a nationwide basis.

Board determines that considerations relating to financial stability are consistent with approval.

Conclusion

Based on the foregoing and all the facts of record, the Board determines that the application should be, and hereby is, approved. In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act and other applicable statutes. The Board's approval is specifically conditioned on compliance by Ameris with all the conditions imposed in this order, including receipt of all required regulatory approvals, and on the commitments made to the Board in connection with the proposal. For purposes of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

The proposal may not be consummated before the fifteenth calendar day after the effective date of this order or later than three months thereafter, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Atlanta, acting under delegated authority.

By order of the Board of Governors,⁴⁵ effective May 9, 2018.

Margaret McCloskey Shanks (signed)

Margaret McCloskey Shanks
Deputy Secretary of the Board

⁴⁵ Voting for this action: Chairman Powell, Vice Chairman for Supervision Quarles, and Governor Brainard.