Ameris Bancorp
Form 10-Q
November 10, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2008

OR

o 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.)

24 SECOND AVE., SE MOULTRIE, GA 31768
(Address of principal executive offices)

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

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

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

Large accelerated filer o	Accelerated filer x	Smaller Reporting Company o

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

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

There were 13,565,766 shares of Common Stock outstanding as of November 5, 2008.

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AMERIS BANCORP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

	September 30, 2008 (Unaudited)	December 31, 2007 (Audited)	September 30, 2007 (Unaudited)
Assets			
Cash and due from banks	$ 43,549	$ 59,804	$ 58,281
Federal funds sold & interest bearing balances	75,458	12,022	22,910
Securities available for sale, at fair value	287,790	291,170	301,977
Restricted equity securities, at cost	9,836	7,559	8,729
Loans	1,710,109	1,614,048	1,593,014
Less: allowance for loan losses	30,144	27,640	26,434
Loans, net	1,679,965	1,586,408	1,566,580
Premises and equipment, net	65,868	59,132	54,639
Intangible assets, net	3,924	4,802	5,126
Goodwill	54,813	54,813	54,675
Other assets	36,440	36,353	30,222
Total assets	$ 2,257,643	$ 2,112,063	$ 2,103,139
Liabilities and Stockholders' Equity			
Deposits:			
Noninterest-bearing	$ 198,900	$ 197,345	$ 192,707
Interest-bearing	1,607,439	1,559,920	1,515,148
Total deposits	1,806,339	1,757,265	1,707,855
Federal funds purchased & securities sold under agreements to repurchase	63,973	14,705	32,359
Other borrowings	138,600	90,500	116,500
Other liabilities	13,118	16,075	15,560
Subordinated deferrable interest debentures	42,269	42,269	42,269
Total liabilities	2,064,299	1,920,814	1,914,543
Stockholders' Equity			
Preferred stock, par value$1; 5,000,000 shares authorized; zero shares issued or outstanding	0	0	0
Common stock, par value $1; 30,000,000 shares authorized; 14,895,134, 14,869,924 and 14,867,934 issued	14,895	14,870	14,869
Capital surplus	83,453	82,750	82,308
Retained earnings	105,117	103,095	103,805
Accumulated other comprehensive income(loss)	666	1,303	(1,617)
Treasury stock, at cost, 1,331,102, 1,329,939 and 1,326,458 shares	(10,787)	(10,769)	(10,769)
Total stockholders' equity	193,344	191,249	188,596
Total liabilities and stockholders' equity	$ 2,257,643	$ 2,112,063	$ 2,103,139

See notes to unaudited consolidated financial statements.

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AMERIS BANCORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(dollars in thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Interest Income				
Interest and fees on loans	$ 28,280	$ 33,479	$ 86,752	$ 95,811
Interest on taxable securities	3,563	3,480	10,793	10,252
Interest on nontaxable securities	169	175	514	530
Interest on deposits in other banks and federal funds sold	100	317	391	2,109
Total Interest Income	32,112	37,451	98,450	108,702
Interest Expense				
Interest on deposits	11,717	15,877	38,173	46,621
Interest on other borrowings	1,218	2,493	3,584	6,252
Total Interest Expense	12,935	18,370	41,757	52,873
Net Interest Income	19,177	19,081	56,693	55,829
Provision for Loan Losses	8,220	2,964	15,140	4,407
Net Interest Income After Provision for Loan Losses	10,957	16,117	41,553	51,422
Noninterest Income				
Service charges on deposit accounts	3,657	3,197	10,637	9,133
Mortgage banking activity	745	783	2,469	2,265
Other service charges, commissions and fees	120	203	618	1,008
Gain on sale of securities	-	(69)	-	(61)
Other noninterest income	117	477	1,070	1,414
Total Noninterest Income	4,639	4,591	14,794	13,759
Noninterest Expense				
Salaries and employee benefits	7,113	7,438	24,392	22,662
Equipment and occupancy expense	1,904	1,757	5,999	5,151
Amortization of intangible assets	293	324	878	973
Data processing fees	1,238	1,110	3,557	3,436
Other operating expenses	4,213	4,540	11,537	11,171
Total Noninterest Expense	14,761	15,169	46,363	43,393
Net Income Before Taxes	835	5,539	9,984	21,788
Provision for Income Taxes	469	1,969	3,504	7,821
Net Income	$ 366	$ 3,570	$ 6,480	$ 13,967

Other Comprehensive Income, Net of Tax								
Unrealized holding gain/(loss) arising during period, net of tax		856		(941)		571		(316)
Unrealized gain/(loss) on cashflow hedge arising during period, net of tax		100		306		300		98
Reclassification for losses included in net income, net of tax		-		-		41		203
Comprehensive Income	$	1,322	$	2,935	$	7,393	$	13,952
Basic earnings per share	$	0.03	$	0.26	$	0.48	$	1.04
Diluted earnings per share	$	0.03	$	0.26	$	0.48	$	1.02
Dividends declared per share	$	0.05	$	0.14	$	0.33	$	0.42

See notes to unaudited consolidated financial statements.

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AMERIS BANCORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)
(Unaudited)

	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Cash Flows From Operating Activities:		
Net Income	$ 6,480	$ 13,967
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,400	2,299
Net loss on sale or disposal of premises and equipment	(38)	-
Net gain/(loss) on sale of other real estate owned	(41)	(2,267)
Provision for loan losses	15,140	4,407
Amortization of intangible assets	878	973
Other prepaids, deferrals and accruals, net	(5,808)	(7,104)
Net cash provided by operating activities	19,011	12,275
Cash Flows From Investing Activities:		
Net decrease/(increase) in federal funds sold & interest bearing deposits	(63,437)	112,322
Proceeds from maturities of securities available for sale	59,800	24,379
Purchase of securities available for sale	(57,843)	(52,273)
Proceeds from sales of securities available for sale	-	10,153
Net increase in loans	(116,705)	(151,623)
Proceeds from sales of other real estate owned	11,266	2,267
Purchases of premises and equipment	(10,753)	(10,333)
Net cash used in investing activities	(177,672)	(65,108)
Cash Flows From Financing Activities:		
Net increase/(decrease) in deposits	49,075	(2,309)
Net increase in federal funds purchased & securities sold under agreements to repurchase	49,268	16,426
Net increase in other borrowings	48,100	41,000
Dividends paid	(4,476)	(5,685)
Purchase of treasury shares	(18)	(176)
Decrease in unfunded obligation on Islands acquisition	-	(5,120)
Proceeds from exercise of stock options	457	122
Net cash provided by financing activities	142,406	44,258
Net decrease in cash and due from banks	$ (16,255)	$ (8,575)
Cash and due from banks at beginning of period	59,804	66,856
Cash and due from banks at end of period	$ 43,549	$ 58,281

See notes to unaudited consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2008
(Unaudited)

Note 1 - Basis of Presentation & Accounting Policies

Ameris Bancorp (the “Company” or “Ameris”) is a financial holding company headquartered in Moultrie, Georgia. Ameris conducts the majority of its operations through its wholly owned banking subsidiary, Ameris Bank (the “Bank”). Ameris Bank currently operates 50 branches in Georgia, Alabama, Northern 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. Ameris’ board of directors and senior managers establish corporate policy, strategy and administrative policies. Within Ameris’ established guidelines and policies, each advisory board and senior managers make lending and community-specific decisions. This approach allows the banker closest to the customer to respond to the differing needs and demands of their unique market.

The accompanying unaudited consolidated financial statements for Ameris have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and Regulation S-X. Accordingly, the financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statement presentation. The interim consolidated financial statements included herein are unaudited, but reflect all adjustments 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 nine months and quarter ended September 30, 2008 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, 2007.

Certain amounts reported for the periods ended September 30, 2007 and December 31, 2007 have been reclassified to conform with the presentation as of September 30, 2008. These reclassifications had no effect on previously reported net income or stockholders' equity.

Newly Adopted Accounting Pronouncements

Effective January 1, 2008, the Company adopted Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. SFAS 157 has been applied prospectively as of the beginning of the period.

SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

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 active 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.

Following is a description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy.

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, collateralized mortgage and debt obligations, and certain municipal securities. 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.

Derivatives – The Company's current hedging strategies involve utilizing interest rate floors. The fair value of derivatives is recognized as assets or liabilities in the financial statements. The accounting for the change in the fair value of a derivative depends on the intended use of the derivative instrument at inception. As of September 30, 2008, the Company had cash flow hedges with a notional amount of $70 million for the purpose of converting floating rate assets to fixed rate.

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Impaired Loans – Impaired loans are carried at the present value of estimated future cash flows using the loan's existing rate, or the fair value of collateral if the loan is collateral dependent.   A portion of the allowance for loan losses is allocated to impaired loans if the value of such loans is deemed to be less than the unpaid balance. If these allocations cause the allowance for loan losses to increase, such increase is reported as a component of the provision for loan losses. Loan losses are charged against the allowance when management believes the uncollectability of a loan is confirmed. Throughout the quarter certain impaired loans were partially charged-off or re-evaluated for impairment resulting in a remaining balance for these loans.   The fair value of these impaired loans is considered Level 3, and was computed by analysis of appraisals of the underlying collateral and discounted cash flow analysis.

Other Real Estate Owned – The fair value of other real estate owned ("OREO") is determined using certified appraisals 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 February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB Statement No. 115. The standard provides companies with an option to report selected financial assets and liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected will be reported in earnings. The objective of SFAS No. 159 is to improve financial reporting by providing entities with the chance to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting standards. This standard is expected to expand the use of fair value measurement, which is consistent with the FASB’s long-term measurement objectives for accounting for financial instruments. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company has not elected the fair value option for any financial assets or liabilities as of September 30, 2008.

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 FAS 157 fair value hierarchy in which the fair value measurements fall as of September 30, 2008:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities available for sale	$ 287,790	$ 535	$ 283,187	$ 4,068
Derivative financial instruments	1,907		1,907	
Impaired loans carried at fair value	11,030			11,030
Other real estate owned	3,734			3,734
Total assets at fair value	$ 304,461	$ 535	$ 285,094	$ 18,832

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Note 2 - Investment Securities

Ameris' investment policy blends the needs of the Company's liquidity and interest rate risk with its desire to improve income and provide funds for expected growth in loans. Under this policy, the Company generally invests in obligations of the United States Treasury or other governmental or quasi-governmental agencies. Ameris' portfolio and investing philosophy concentrate activities in obligations where the credit risk is limited. For the small portion of Ameris' portfolio that has been found to present credit risk, the Company has reviewed the investments and financial performance of the obligors and believes the credit risk to be acceptable.

The amortized cost and estimated fair value of investment securities available for sale at September 30, 2008, December 31, 2007 and September 30, 2007 are presented below:

	September 30, 2008			
(dollars in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U. S. Government sponsored agencies	$ 58,875	$ 229	$ (736)	$ 58,368
State and municipal securities	18,502	244	(135)	18,611
Corporate debt securities	12,709	83	(1,022)	11,770
Mortgage backed securities	196,461	1,422	(630)	197,253
Equity securities	1,788	-	-	1,788
	$ 288,335	$ 1,978	$ (2,523)	$ 287,790

	December 31, 2007			
(dollars in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U. S. Government sponsored agencies	$ 69,562	$ 366	$ (5)	$ 69,923
State and municipal securities	18,232	181	(93)	18,320
Corporate debt securities	9,812	37	(351)	9,498
Mortgage-backed securities	190,896	1,281	(536)	191,641
Equity securities	1,788	-	-	1,788
	$ 290,290	$ 1,865	$ (985)	$ 291,170

	September 30, 2007			
(dollars in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U. S. Government sponsored agencies	$ 104,097	$ 88	$ (780)	$ 103,405
State and municipal securities	18,428	47	(139)	18,336
Corporate debt securities	9,784	34	(91)	9,727
Mortgage-backed securities	170,477	243	(2,010)	168,710
Equity securities	1,788	11	-	1,799
	$ 304,574	$ 423	$ (3,020)	$ 301,977

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Note 3 - Loans

The Company engages in a full complement of lending activities, including real estate-related loans, agriculture-related loans, commercial and financial loans and consumer installment loans. Ameris concentrates the majority of its lending activities on real estate loans where the historical loss percentages have been low. 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 Ameris' 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.

The Company evaluates loans for impairment when loans are risk rated as substandard or worse. The Company measures impairment based upon the present value of the loan's expected future cash flows discounted at the loan's effective interest rate, except where foreclosure or liquidation is probable or when the primary source of repayment is provided by real estate collateral. In these circumstances, impairment is measured based upon the estimated fair value of the collateral. In addition, in certain circumstances, impairment may be based on the loan's observable estimated fair value. Impairment with regard to substantially all of Ameris' impaired loans has been measured based on the estimated fair value of the underlying collateral. At the time the contractual principal payments on a loan are deemed to be uncollectible, Ameris' policy is to record a charge-off against the allowance for loan losses.

Nonperforming assets include loans classified as nonaccrual or renegotiated and foreclosed or repossessed assets. It is the general policy of the Company to stop accruing interest income and place the recognition of interest on a cash basis when any commercial, industrial or commercial real estate loan is 90 days or more past due as to principal or interest and/or the ultimate collection of either is in doubt, unless collection of both principal and interest is assured by way of collateralization, guarantees or other security. When a loan is placed on nonaccrual status, any interest previously accrued but not collected is reversed against current income unless the collateral for the loan is sufficient to cover the accrued interest or a guarantor assures payment of interest.

Loans are stated at unpaid balances, net of unearned income and deferred loan fees. Balances within the major loans receivable categories are represented in the following table:

(dollars in thousands)	September 30, 2008	December 31, 2007	September 30, 2007
Commercial, financial & agricultural	$ 205,565	$ 188,652	$ 206,584
Real estate – residential	419,697	386,736	356,156
Real estate – commercial & farmland	661,619	592,177	576,684
Real estate – construction & development	360,160	383,317	392,823
Consumer installment	52,769	55,114	55,796
Other	10,299	8,052	4,971
	$ 1,710,109	$ 1,614,048	$ 1,593,014

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Note 4 - Allowance for Loan Losses

Activity in the allowance for loan losses for the nine months ended September 30, 2008, for the year ended December 31, 2007 and for the nine months ended September 30, 2007 is as follows:

(dollars in thousands)	September 30, 2008	December 31, 2007	September 30, 2007
Balance, January 1	$ 27,640	$ 24,863	$ 24,863
Provision for loan losses charged to expense	15,140	11,321	4,407
Loans charged off	(13,691)	(10,418)	(3,922)
Recoveries of loans previously charged off	1,055	1,874	1,086
Ending balance	$ 30,144	$ 27,640	$ 26,434

Management performs a detailed review and valuation assessment of impaired loans on a quarterly basis and recognizes losses when permanent impairment is identified. For the quarter ended September 30, 2008, impaired loans totaled $24.2 million, compared to $18.5 million at December 31, 2007. The increase is driven by higher levels of non-accrual and past due loans and is reflective of declining real estate values in certain of the Company's operating markets, particularly values of single family residential building lots and raw land. For the periods ended September 30, 2008 and December 31 2007, the level of allowance for loan losses related to impaired loans were $4.0 million and $3.0 million, respecivley.

Note 5 – Goodwill and Intangible Assets

Goodwill represents the excess of cost over the fair value of the net assets purchased in business combinations. Goodwill is required to be tested annually for impairment or whenever events occur that may indicate that the recoverability of the carrying amount is not probable. In the event of an impairment, the amount by which the carrying amount exceeds the fair value is charged to earnings. The Company performed its annual test of impairment in the fourth quarter and determined that there was no impairment in the carrying value of goodwill assigned to its subsidiary Bank as of December 31, 2007.

Market conditions have deteriorated since the end of 2007 with real estate activity and resulting valuations becoming increasingly stressed and exposing areas of risk for which the Company has had reduced clarity. Management has evaluated the carrying value of its goodwill in light of these new market conditions and believes that there is no impairment in the goodwill assigned to its subsidiary Bank at September 30, 2008. Management's determination regarding potential impairment is based on estimates of the fair value of the subsidiary Bank, using valuation methods based largely on multiples of its earnings. While the subsidiary Bank's earnings have been impacted by market conditions and weaker than normal credit quality, the Bank's earnings and the corresponding multiples indicate that there is no impairment at the end of the third quarter of 2008. The Company has retained an outside consultant to assess goodwill and intangible assets. The Company anticipates receipt of the appraisal prior to year end.

Note 6 - Weighted Average Shares Outstanding

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2008	2007	2008	2007
	(share data in thousands)		(share data in thousands)	
Basic shares outstanding	13,516	13,502	13,508	13,477
Plus: Dilutive effect of ISOs	16	117	35	161
Plus: Dilutive effect of Restricted Grants	12	1	12	12
Diluted shares outstanding	13,544	13,620	13,555	13,650

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Note 7 – Other Borrowings

The Company has certain borrowing arrangements with various financial institutions that are used in the Company's operations primarily to fund growth in earning assets when appropriate spreads can be realized. At September 30, 2008, total other borrowings amounted to $138.6 million compared to $116.5 million at September 30, 2007. The majority of these balances are comprised in the Company's borrowing relationship with the FHLB of Atlanta. Total borrowings at the FHLB were $133.6 million and $111.5 million at September 30, 2008 and 2007, respectively. The $22.1 million increase in FHLB borrowings was a result of management's decision to off set changes in loans that occured during the quarter.

Note 8 – Commitments and Contingencies

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. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated balance sheets.

The contract amounts of these instruments reflect the extent of involvement the Company has in particular classes of financial instruments. The Company uses the same credit policies in making commitments and conditional obligations as are used for on-balance-sheet instruments.

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. Commitments generally have fixed expiration dates 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 Company issues standby letters of credit, which are conditional commitments issued to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements and expire in decreasing amounts with varying terms. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company holds various assets as collateral supporting those commitments for which collateral is deemed necessary.

The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the borrower. Collateral held may include accounts receivable, inventory, property, plant and equipment, residential real estate, and income-producing commercial properties on those commitments for which collateral is deemed necessary.

The following table represents the Company's commitments to extend credit and standby letters of credit:

(dollars in thousands)	September 30, 2008	September 30, 2007
Commitments to extend credit	$ 176,985	$ 211,111
Standby letters of credit	$ 8,281	$ 8,275

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

Certain 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, 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," "shoul "indicate," "would," "believe," "contemplate," "expect," "estimate," "continue," "plan," "point to," "project," "predict," "cou "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, legislative and regulatory initiatives; additional competition in Ameris' markets; potential business strategies, including acquisitions or dispositions of assets or internal restructuring, that may be pursued by Ameris; state and federal banking regulations; changes in or application of environmental and other laws and regulations to which Ameris is subject; political, legal and economic conditions and developments; financial market conditions and the results of financing efforts; changes in commodity prices and interest rates; weather, natural disasters and other catastrophic events; and other factors discussed in Ameris' 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.

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

	2008			2007		For Nine Months Ended	
(in thousands, except share data, taxable equivalent)	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	2008	2007
Results of Operations:							
Net interest income	$ 19,177	$ 19,056	$ 18,460	$ 19,248	$ 19,081	$ 56,693	$ 55,829
Net interest income (tax equivalent)	19,691	19,514	18,814	19,009	19,257	58,019	56,544
Provision for loan losses	8,220	3,720	3,200	6,914	2,964	15,140	4,407
Non-interest income	4,639	5,313	4,842	3,833	4,591	14,794	13,759
Non-interest expense	14,761	15,962	15,640	15,502	15,169	46,363	43,394
Net income	366	3,149	2,966	1,186	3,570	6,480	13,967
Selected Average Balances:							
Loans, net of unearned income	$ 1,698,024	$ 1,650,781	$ 1,617,991	$ 1,605,006	$ 1,569,906	$ 1,655,599	$ 1,513,321
Investment securities	299,564	307,304	291,708	297,380	299,925	299,525	298,251
Earning assets	2,018,807	1,976,321	1,933,179	1,924,212	1,896,044	1,976,102	1,865,142
Assets	2,192,501	2,141,940	2,115,561	2,102,579	2,069,715	2,150,001	2,039,664
Deposits	1,792,821	1,764,067	1,748,961	1,725,383	1,695,239	1,768,616	1,693,501
Shareholders' equity	186,541	192,605	193,971	191,124	187,290	191,039	184,829
Period-End Balances:							
Loans, net of unearned income	$ 1,710,109	$ 1,678,147	$ 1,622,437	$ 1,614,048	$ 1,593,014	$ 1,710,109	$ 1,593,014
Earning assets	2,083,193	2,019,525	1,931,411	1,924,799	1,926,630	2,083,193	1,926,630
Total assets	2,257,643	2,193,021	2,118,243	2,112,063	2,103,139	2,257,643	2,103,139
Total deposits	1,806,339	1,770,861	1,784,291	1,757,265	1,707,855	1,806,339	1,707,855
Shareholders' equity	193,344	192,555	196,308	191,249	188,596	193,344	188,596

Per Common Share Data:							
Basic earnings per share	$ 0.03	$ 0.23	$ 0.22	$ 0.09	$ 0.26	$ 0.48	$ 1.04
Diluted earnings per share	0.03	0.23	0.22	0.09	0.26	0.48	1.02
Book value per share	14.25	14.20	14.48	14.12	13.93	14.25	13.93
End of period shares outstanding	13,564,032	13,564,032	13,556,770	13,539,985	13,539,195	13,564,032	13,539,195
Weighted average shares outstanding							
Basic	13,515,767	13,510,907	13,497,344	13,485,765	13,501,663	13,508,006	13,477,065
Diluted	13,543,612	13,563,032	13,559,761	13,573,626	13,620,069	13,555,469	13,650,217
Market Price:							
High Closing Price	15.02	16.26	16.41	18.67	23.05	16.20	27.94
Low Closing Price	7.79	8.70	12.49	13.73	17.72	7.79	