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	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.

(in thousands, except share data, taxable equivalent)	2008 Third Quarter	2008 Second Quarter	2008 First Quarter	2007 Fourth Quarter	2007 Third Quarter	For Nine Months Ende 2008	For Nine Months Ende 2007
Results of Operations:							
Net interest income	$ 19,177	$ 19,056	$ 18,460	$ 19,248	$ 19,081	$ 56,693	$ 55,8
Net interest income (tax equivalent)	19,691	19,514	18,814	19,009	19,257	58,019	56,5
Provision for loan losses	8,220	3,720	3,200	6,914	2,964	15,140	4,4
Non-interest income	4,639	5,313	4,842	3,833	4,591	14,794	13,7
Non-interest expense	14,761	15,962	15,640	15,502	15,169	46,363	43,3
Net income	366	3,149	2,966	1,186	3,570	6,480	13,9
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	$ 1,513,3
Investment securities	299,564	307,304	291,708	297,380	299,925	299,525	298,2
Earning assets	2,018,807	1,976,321	1,933,179	1,924,212	1,896,044	1,976,102	1,865,1
Assets	2,192,501	2,141,940	2,115,561	2,102,579	2,069,715	2,150,001	2,039,6
Deposits	1,792,821	1,764,067	1,748,961	1,725,383	1,695,239	1,768,616	1,693,5
Shareholders’ equity	186,541	192,605	193,971	191,124	187,290	191,039	184,8
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	$ 1,593,0
Earning assets	2,083,193	2,019,525	1,931,411	1,924,799	1,926,630	2,083,193	1,926,6
Total assets	2,257,643	2,193,021	2,118,243	2,112,063	2,103,139	2,257,643	2,103,1
Total deposits	1,806,339	1,770,861	1,784,291	1,757,265	1,707,855	1,806,339	1,707,8
Shareholders’ equity	193,344	192,555	196,308	191,249	188,596	193,344	188,5
Per Common Share Data:							
Basic earnings per share	$ 0.03	$ 0.23	$ 0.22	$ 0.09	$ 0.26	$ 0.48	$ 1
Diluted earnings per share	0.03	0.23	0.22	0.09	0.26	0.48	1
Book value per share	14.25	14.20	14.48	14.12	13.93	14.25	13

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,
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,
Diluted	13,543,612	13,563,032	13,559,761	13,573,626	13,620,069	13,555,469	13,650,
Market Price:							
High Closing Price	15.02	16.26	16.41	18.67	23.05	16.20	27
Low Closing Price	7.79	8.70	12.49	13.73	17.72	7.79	17
Closing Price for Quarter	14.85	8.70	16.06	16.85	18.08	14.85	18
Trading volume (avg daily)	43,464	62,739	61,780	51,604	50,547	55,903	43,
Cash dividends per share	0.05	0.14	0.14	0.14	0.14	0.33	0
Price to earnings	*N/M	9.45	18.25	15.18	12.38	*N/M	12
Price to book value	1.04	0.61	1.11	1.19	1.30	1.04	1
Performance Ratios:							
Return on average assets	0.07%	0.59%	0.56%	0.23%	0.68%	0.40%	0
Return on average equity	0.78%	6.58%	6.15%	2.48%	7.56%	4.53%	10
Loans/Deposits (average)	94.71%	93.58%	92.51%	93.02%	92.61%	93.61%	89
Net interest margin (tax equivalent)	3.87%	3.96%	3.91%	3.92%	4.03%	3.92%	4
Equity/Assets (average)	8.51%	8.99%	9.17%	9.09%	9.05%	8.88%	9
Efficiency ratio	61.98%	65.50%	67.12%	67.21%	64.08%	64.86%	62

* N/M = Not Meaningful

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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 statement of condition as of September 30, 2008 as compared to December 31, 2007 and operating results for the three-month and nine-month periods ended September 30, 2007. These comments should be read in conjunction with the Company's unaudited consolidated financial statements and accompanying notes appearing elsewhere herein.

Results of Operations for the Three Months Ended September 30, 2008 and 2007

Consolidated Earnings and Profitability

Ameris reported net income of $366,000, or $0.03 per share, for the quarter ended September 30, 2008, compared to net income for the same quarter in 2007 of $3.6 million, or $0.26 per share. The Company's return on average assets and average shareholders' equity declined in the third quarter of 2008 to 0.07% and 0.78%, respectively, compared to 0.68% and 7.56% in the third quarter of 2007. Decreasing credit quality and lower net interest margins are the primary reasons for the declines in earnings and profitability levels.

Net Interest Income and Margins

On a tax equivalent basis, net interest income for the third quarter of 2008 was $19.7 million, an increase of less than one percent compared to the same quarter in 2007. While the Company's net interest income increased slightly, the net interest margin declined reflecting the recent declines in short-term rates. The Company's net interest margin declined to 3.87% at the end of the third quarter compared to 4.03% in the same period of 2007.

Total interest income during the third quarter of 2008 was $32.1 million compared to $37.5 million in the same quarter of 2007. Yields on earning assets also fell, declining from 7.87% in the third quarter of 2007 to 6.38% in the third quarter of 2008. Yields on loans led overall yields lower, declining to 6.67% in the third quarter compared to 8.48% in the same period in 2007. Declines in loan yields were the result of decreases in the prime rate beginning in November 2007. At the end of the third quarter, yields on the Company's variable loan portfolio had decreased to 6.00%, compared to 8.40% for the same quarter of 2007. When compared to the third quarter of 2007, yields on fixed rate loans in the third quarter of 2008 declined to 7.54% from 8.16%. Fixed rate loans account for approximately 43.74% of the total portfolio.

Interest expense declined significantly, offsetting declines in interest income. Total interest expense in the third quarter of 2008 amounted to $12.9 million, reflecting a decline of 29.59% from the same quarter in 2007. The Company's cost of funding declined to 2.54% in the current quarter from 3.90% reported during the third quarter of 2007. Yields on the Company's CD portfolio declined to 3.79% in the third quarter of 2008 compared to 5.08% in the same quarter of 2007. Costs of non-deposit funding declined significantly in the third quarter of 2008 to 2.09% compared to 5.78% in the third quarter of 2007. Declines in the costs of non-deposit borrowings relate mostly to favorable structures in the Company's borrowings from the FHLB.

Provision for Loan Losses and Credit Quality

The Company's provision for loan losses during the third quarter of 2008 amounted to $8.2 million compared to $3.0 million for the same quarter of 2007. The increase in the provision was related to continued credit quality declines in several of the Bank's markets. Non-performing assets as a percentage of loans and OREO increased to 2.52% at September 30, 2008 compared to 1.38% at September 30, 2007. A severe slowdown in real estate activity (sales and valuations) centered primarily in our north Florida markets has exposed weaker borrowers and stressed the financial condition of stronger borrowers. Strengthening the underlying controls and risk management systems around credit quality has been a priority for the past several quarters and continues today. These efforts compound the efforts

already underway to remove weaker borrowers from the balance sheet and to aggressively work non-performing assets. The Company believes that these efforts will ultimately result in an improving trend in credit quality but understands that a stronger real estate market is required.

Net charge-offs in the third quarter of 2008 amounted to $6.7 million, or annualized 1.58% of total loans, compared to $1.5 million, or 0.39%, in the third quarter of 2007. Net charge-offs in the third quarter of 2008 were more geographically widespread than in previous quarters, but were still centered in our north Florida markets.

Noninterest Income

Noninterest income in the third quarter of 2008 increased slightly to $4.64 million from $4.59 million in the same quarter of 2007. Service charges on deposit accounts increased approximately $460,000 to $3.7 million in the current quarter. These increases were primarily the result of higher fee and service charge structures implemented during the fourth quarter of 2007. During the quarter, income from mortgage banking activities decreased 4.9% or $38,000 to end the third quarter at $745,000. The decrease in mortgage income was related to market turmoil which some of the Bank's markets continue to experience.

Noninterest Expense

Noninterest expenses in the third quarter of 2008 decreased to $14.8 million compared to $15.2 million in the same quarter of 2007. Salaries and benefits decreased 4.37% or $7.1 million during the third quarter when compared to the same period a year ago. This change was due mostly to lower levels of incentive accrual. During the third quarter of 2008 the Company did not accrue an expense for incentive pay compared to an incentive accrual expense of approximately $277,000 in the third quarter of 2007. The Company's continued expansion in South Carolina and Jacksonville, Florida contributed to a larger than normal 7.7% increase in premises and equipment expense to end the quarter at $1.9 million. Other operating expenses decreased approximately $327,000 to $4.2 million in the third quarter of 2008 when compared to the third quarter of 2007. The majority of the decrease was a result of a decrease in legal expenses.

Income taxes

Income taxes in the third quarter amounted to $469,000, an effective rate of 56.2%, compared to $1.9 million and 35.5%, respectively, in the same quarter of 2007. During the third quarter, the company settled certain issues with the Internal Revenue Service resulting in approximately $261,000 in additional tax and an abnormally high effective rate.

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Results of Operations for the Nine Months Ended September 30, 2008 and 2007

Interest Income
Interest income for the nine months ended September 30, 2008 was $98.5 million, a decline of 10.4%, compared to $108.7 million for the same period in 2007. Average earning assets for the nine month period increased 5.9%, to $1.97 billion as of September 30, 2008 compared to $1.86 billion as of September 30, 2007. Yield on average earning assets declined to 6.73% from 7.84% for the nine months ended September 30, 2008 and 2007, respectively.

Interest Expense
Total interest expense for the nine months ended September 30, 2008 amounted to $41.8 million, reflecting a decline of 21.0% from the same period of 2007. During the nine month period ended September 30, 2008, the Company's cost of funding declined to 2.86% from 3.85% reported in the previous year. In the same period, yields on the Company's CD portfolio fell to 4.27% compared to 5.06% for the nine months period ended September 30, 2008. The Company's non-deposit funding declined significantly to 2.86% from 3.85% in the first nine months of 2007.

Decreases in both interest income and interest expense result from a lower rate environment in the current period than was experienced during the same period in 2007.

Net Interest Income
On a tax equivalent basis, net interest income for the nine months ended September 30, 2008 increased 2.65% to $58.0 million compared to $56.5 million for the same period ending September 30, 2007. The majority of the increase is the result of an increase in earning assets. Earning assets increased $156.3 million or 8.15% during the nine month period, which helped offset the impact of a decreasing net interest margin. The Company's net interest margin decreased to 3.92% for the nine months ended September 30, 2008 compared to 4.05% as of September 30, 2007.

Provision for Loan Losses
The provision for loan losses increased notably to $15.1 million for the nine months ended September 30, 2007 compared to $4.4 million in the same period in 2007. Total non-performing assets increased to $43.1 million at September 30, 2008 from $21.9 million at September 30, 2007. For the nine month period ending September 30, 2008, Ameris had net charge-offs of $12.6 million compared to $2.8 million for the same period in 2007. As a percent of loans, annualized net charge offs were 0.99% and 0.24% for the nine months ending September 30, 2008 and 2007, respectively.

Noninterest Income
Noninterest income for the first nine months of 2008 grew $1.0 million, or 7.52%, to $14.8 million, compared to the prior year period. Service charges on deposit accounts increased 16.48%, or $1.5 million, to end the nine month period at $10.6 million. Mortgage banking activities include origination fees, service release premiums and gain on the sales of mortgage loans held-for-sale. Mortgage banking activities for the nine months ended September 30, 2008 totaled $2.5 million, an increase of $200,000, or 8.70%, compared to mortgage banking activities of $2.3 million in the nine months ended September 30, 2007.

Noninterest Expense
Non-interest expense for the first nine months of 2008 was $46.4 million. This represents a $3.0 million increase over the prior year period which totaled $43.4 million. Salaries and employee benefits of $24.4 million for the nine months ended September 30, 2008 were $1.8 million higher than the $22.6 million reported for the same period in 2007. The majority of the increase is attributable to new hires across the Company's newer markets. Occupancy and equipment expense increased approximately $800,000 to $6.0 million for the nine months ended September 30, 2008 compared to the same period of 2007 as a result of new branch offices, primarily in South Carolina and Jacksonville,

Florida. Marketing and advertising expense increased during the first nine months of 2008 to $2.0 million, an increase of approximately $707,000 when compared to the same period in 2007. This increase relates to aggressive marketing campaigns in new and existing markets and is partially the cause of increases in mortgage and service charge revenues. At the end of the first nine months of 2008, collection expense related to problem loans increased approximately 18.32% to $840,983 from $710,726 for the same period ended September 30, 2007.

Income Taxes

For the nine months ended September 30, 2008 and 2007, the provision for taxes was $3.5 million and $7.8 million, respectively. The effective tax rate for the nine months ended September 30, 2008 was 35.1% compared to 35.9% for the same period in 2007. The amount of income tax expense is influenced by the amount of taxable income and the amount of tax-exempt income. Decreases in the tax expense directly correspond to the decrease in taxable income reported at the end of the first nine months of 2008 compared to the first nine months of 2007.

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Short-Term Investments

The Company's short-term investments are comprised of federal funds sold and interest bearing balances. At September 30, 2008, the Company's short-term investments were $75.4 million, compared to $12.0 million and $22.9 million at December 31, 2007 and September 30, 2007, respectively. These balances have historically been distributed between deposits held by the Federal Home Loan Bank, and federal funds sold.

Capital

Capital management consists of providing equity to support both current and anticipated future operations. The Company is subject to capital adequacy requirements imposed by the Federal Reserve Board (the "FRB") and the Georgia Department of Banking and Finance (the "GDBF"), and the Bank is subject to capital adequacy requirements imposed by the Federal Deposit Insurance Corporation (the "FDIC") and the GDBF.

The FRB, the FDIC and the GDBF have adopted risk-based capital requirements for assessing bank holding company and bank capital adequacy. These standards define and establish minimum capital requirements in relation to assets and off-balance sheet exposure, adjusted for credit risk. The risk-based capital standards currently in effect are designed to make regulatory capital requirements more sensitive to differences in risk profiles among bank holding companies and banks and to account for off-balance sheet exposure.

The minimum requirements established by the regulators for the Bank are set forth in the table below along with the actual ratios at September 30, 2008 and 2007.

	Well Capitalized Requirement	Adequately Capitalized Requirement	September 30, 2008 Actual	September 30, 2007 Actual
Tier 1 Capital (to Average Assets)	≥5%	≥4%	8.30%	8.53%
Tier 1 Capital (to Risk Weighted Assets)	≥6%	≥4%	10.08%	10.80%
Total Capital (to Risk Weighted Assets)	≥10%	≥8%	11.33%	12.05%

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Loans and Allowance for Loan Losses

At September 30, 2008, gross loans outstanding were $1.71 billion, an increase of $117.1 million, or 7.4%, over balances at September 30, 2007. The growth in the loan portfolio was attributable to a consistent focus on quality loan production and expansion into faster growing markets over the past few years. The Company regularly monitors the composition of the loan portfolio to evaluate the adequacy of the allowance for loan losses in light of the impact that changes in the economic environment may have on the loan portfolio.

The Company focuses on the following loan categories: (1) commercial, financial & agricultural, (2) residential real estate, (3) commercial and farmland real estate, (4) construction and development related real estate, and (5) consumer. The Company's management has strategically located its branches in south and southeast Georgia, north Florida, southeast Alabama and the state of South Carolina and has taken advantage of the growth in these areas.

The allowance for loan losses is a reserve established through charges to earnings in the form of a provision for loan losses. The provision for loan losses is based on management's evaluation of the size and composition of the loan portfolio, the level of non-performing and past due loans, historical trends of charged-off loans and recoveries, prevailing economic conditions and other factors management deems appropriate. The Company's management has established an allowance for loan losses which it believes is adequate for the risk of loss inherent in the loan portfolio. Based on a credit evaluation of the loan portfolio, management presents a monthly review of the allowance for loan losses to the Company's Board of Directors. The review that management has developed primarily focuses on risk by evaluating individual loans in certain risk categories. These categories have also been established by management and take the form of loan grades. By grading the loan portfolio in this manner the Company's management is able to effectively evaluate the portfolio by risk, which management believes is the most effective way to analyze the loan portfolio and thus analyze the adequacy of the allowance for loan losses. The Company's reserve for loan losses is completely allocated to individual loans through this grading system.

The Company's risk management processes include a loan review program designed to evaluate the credit risk in the loan portfolio and insure credit grade accuracy. Through the loan review process, the Company maintains a loan portfolio summary analysis, charge-off and recoveries analysis, trends in accruing problem loan analysis, and problem and past due loan analysis which serve as tools to assist management in assessing the overall quality of the loan portfolio and the adequacy of the allowance for loan losses. Loans classified as "substandard" are loans which are inadequately protected by the current sound worth and paying capacity of the borrower or of the collateral pledged. These assets exhibit a well-defined weakness or are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected. These weaknesses may be characterized by past due performance, operating losses and/or questionable collateral values. Loans classified as "doubtful" are those loans that have characteristics similar to substandard loans but have an increased risk of loss. Loans classified as "loss" are those loans which are considered uncollectible and are in the process of being charged-off.

The allowance for loan losses is established by examining (1) the large classified loans, nonaccrual loans and loans considered impaired and evaluating them individually to determine the specific reserve allocation, and (2) the remainder of the loan portfolio to allocate a portion of the allowance based on past loss experience and the economic conditions for the particular loan category. The Company will also consider other factors such as changes in lending policies and procedures; changes in national, regional, and/or local economic and business conditions; changes in the nature and volume of the loan portfolio; changes in the experience, ability and depth of either the bank president or lending staff; changes in the volume and severity of past due and classified loans; changes in the quality of the Company's corporate loan review system; and other factors management deems appropriate. Historically, we believe our estimates of the level of allowance for loan losses required have been appropriate and our expectation is that the primary factors considered in the provision calculation will continue to be consistent with prior trends.

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For the nine month period ending September 30, 2008, the Company recorded net charge-offs totaling $12.6 million compared to $2.8 million for the same period in 2007. The provision for loan losses for the nine months ended September 30, 2008 and 2007 was $15.1 million and $4.4 million, respectively. The allowance for loan losses totaled $30.1 million, or 1.76% of total loans at September 30, 2008, compared to $26.4 million, or 1.66% of total loans at September 30, 2007.

The following table presents an analysis of the allowance for loan losses for the nine month periods ended September 30, 2008 and 2007:

(dollars in thousands)	September 30, 2008	September 30, 2007
Balance of allowance for loan losses at beginning of period	$ 27,640	$ 24,863
Provision charged to operating expense	15,140	4,407
Charge-offs:		
Commercial, financial & agricultural	1,635	757
Real estate – residential	2,563	1,008
Real estate – commercial & farmland	976	622
Real estate – construction & development	7,789	1,114
Consumer installment	728	421
Other	-	-
Total charge-offs	13,691	3,922
Recoveries:		
Commercial, financial & agricultural	203	494
Real estate – residential	169	116
Real estate – commercial & farmland	96	181
Real estate – construction & development	382	14
Consumer installment	204	281
Other	1	-
Total recoveries	1,055	1,086
Net charge-offs	12,636	2,836
Balance of allowance for loan losses at end of period	$ 30,144	$ 26,434
Net annualized charge-offs as a percentage of average loans	0.99%	0.24%
Reserve for loan losses as a percentage of loans at end of period	1.76%	1.66%

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Non-Performing Assets

Non-performing assets include nonaccrual loans, accruing loans contractually past due 90 days or more, repossessed personal property, and other real estate. Loans are placed on nonaccrual status when management has concerns relating to the ability to collect the principal and interest and generally when such loans are 90 days or more past due. A loan is considered impaired when it is probable that not all principal and interest amounts will be collected according to the loan contract. When a loan is placed on nonaccrual status, any interest previously accrued but not collected is reversed against current income. Non-performing assets increased $17.7 million during the quarter ending September 30, 2008 when compared to the quarter ending December 31, 2007, to end at $43.1 million. Non-performing assets as a percentage of loans and repossessed collateral were 2.52% and 1.57% at September 30, 2008 and December 31, 2007, respectively.

Slowing real estate activity in some of the Company's markets has altered the Company's risk profile. These markets are centered primarily in northern Florida and include Jacksonville, Gainesville and Crawfordville, Florida. Deteriorating credit quality has been the result of development or construction loans in areas where there was significant speculation on real estate. As the speculation diminished and secondary market liquidity became more scarce, many of the planned projects were slower to develop or sell. Certain borrowers did not have the liquidity necessary to withstand a severe downturn in the market place but do have sufficient equity in the project that ultimately limits the Company's potential loss. The Company anticipates continued stress on its borrowers in these markets until real estate activity increases.

Non-performing assets were as follows:

(dollars in thousands)	September 30, 2008	December 31, 2007
Total nonaccrual loans	$ 39,427	$ 18,468
Accruing loans delinquent 90 days or more	-	-
Other real estate owned and repossessed collateral	3,734	6,991
Total non-performing assets	$ 43,161	$ 25,459

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Commercial Lending Practices

On December 12, 2006, the Federal Bank Regulatory Agencies released guidance on Concentration in Commercial Real Estate Lending. This guidance defines CRE loans as loans secured by raw land, land development and construction (including 1-4 family residential construction), multi-family property, and non-farm nonresidential property where the primary or a significant source of repayment is derived from rental income associated with the property, excluding owner occupied properties (loans for which 50% or more of the source of repayment is derived from the ongoing operations and activities conducted by the party, or affiliate of the party, who owns the property) or the proceeds of the sale, refinancing, or permanent financing of the property. Loans for owner occupied CRE are generally excluded from the CRE guidance.

The CRE guidance is applicable when either:

(a) Total loans for construction, land development, and other land, net of owner occupied loans, represent 100% or more of a bank's total risk-based capital; or
(b) Total loans secured by multifamily and nonfarm nonresidential properties and loans for construction, land development, and other land, net of owner occupied loans, represent 300% or more of a bank's total risk-based capital.

Banks that are subject to the CRE guidance's criteria will need to implement enhanced strategic planning, CRE underwriting policies, risk management and internal controls, portfolio stress testing, risk exposure limits, and other policies, including management compensation and incentives, to address the CRE risks. Higher allowances for loan losses and capital levels may also be appropriate.

As of September 30, 2008, the Company exhibited a concentration in commercial real estate (CRE) loans. The primary risks of CRE lending are:

(a) Within CRE loans, construction and development loans are somewhat dependent upon continued strength in demand for residential real estate, which is reliant on favorable real estate mortgage rates and changing population demographics;
(b) On average, CRE loan sizes are generally larger than non-CRE loan types; and
(c) Certain construction and development loans may be less predictable and more difficult to evaluate and monitor.

The following table outlines CRE loan categories and CRE loans as a percentage of total loans as of September 30, 2008 and December 31, 2007.

(dollars in thousands)	September 30, 2008		December 31, 2007	
	Balance	% of Total Loans	Balance	% of Total Loans
Construction & development loans	$ 360,160	21%	$ 383,317	24%
Multi-family loans	33,881	2%	33,606	2%
Nonfarm non-residential loans	546,791	32%	495,672	31%
Total CRE Loans	$ 940,832	55%	$ 912,595	57%
All other loan types	769,277	45%	701,453	43%
Total Loans	$ 1,710,109	100%	$ 1,614,048	100%

The following table outlines the percent of total CRE loans, net owner occupied loans to total risk-based capital, and the Company's internal concentration limits as of September 30, 2008 and December 31, 2007.

	Internal Limit	September 30, 2008 Actual	December 31, 2007 Actual
Construction & development	200%	182%	191%
Construction & development, multi-family and non-farm non-residential	400%	358%	382%

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Other Real Estate Owned

For the three months ended September 30, 2008, the Company sold 11 foreclosed assets with an aggregate estimated value of $804,014. Approximately 58% of the foreclosed assets sold were higher risk construction and development properties. During the same period, the Company foreclosed on 14 properties with an aggregate estimated value of $2.2 million. Less than one percent of the newly foreclosed assets were construction and development properties.

The following is a summary of other real estate activity for the nine month period ending September 30, 2008:

(dollars in thousands)

Balance as of December 31, 2007	$ 6,991
Write-down	(2,016)
Gain on sale of foreclosed assets	41
Sale of 36 construction & development properties	(4,847)
Sale of 22 residential properties	(6,009)
Sale of 1 farmland property	(12)
Sale of 7 non-farm non-residential property	(396)
Foreclosure on 25 construction & development properties	5,870
Foreclosure on 2 farmland property	525
Foreclosure on 16 residential properties	1,851
Foreclosure on 15 non-farm non-residential property	1,736
Balance as of September 30, 2008	$ 3,734

The following is an inventory of other real estate as of September 30, 2008:

(dollars in thousands)

	Number	Carrying Amount
Construction & Development	12	$ 1,468
Farmland	1	500
1-4 Residential	6	754
Non-Farm Non-Residential	7	1,012
Total Other Real Estate Owned	26	$ 3,734

Recent Developments

The Emergency Economic Stabilization Act of 2008 was enacted in October 2008 in response to the current financial crisis. Two key components of this act are the Troubled Assets Relief Program ("TARP") and the Capital Purchase Program ("CPP"). The TARP allows financial institutions to sell troubled assets to the U.S. Treasury. The Company will not participate in the TARP. The CPP allows qualifying financial institutions to issue senior preferred shares to the Treasury. The senior preferred shares will qualify as Tier 1 capital and will pay a cumulative dividend rate of 5 percent per annum for the first five years and will reset to a rate of 9 percent per annum after year five. The senior preferred shares will be non-voting, other than class voting rights on matters that could adversely affect the shares. The senior preferred shares will be callable at par after three years. Prior to the end of three years, the senior preferred shares may be redeemed with the proceeds from a qualifying equity offering of any Tier 1 perpetual

preferred or common stock. Treasury may also transfer the senior preferred shares to a third party at any time. In conjunction with the purchase of senior preferred shares, Treasury will receive warrants to purchase common stock with an aggregate market price equal to 15 percent of the senior preferred investment. The exercise price on the warrants will be the market price of the participating institution's common stock at the time of issuance, calculated on a 20-trading day trailing average. Companies participating in the CPP must adopt the Treasury's standards for executive compensation and corporate governance. The Company is currently evaluating its participation in the CPP.

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Interest Rate Sensitivity and Liquidity

The Company’s primary market risk exposures are credit, interest rate risk, and to a lesser degree, liquidity risk. The Bank operates under an Asset Liability Management Policy approved by the Company’s Board of Directors and the Asset and Liability Committee (the “ALCO Committee”). The policy outlines limits on interest rate risk in terms of changes in net interest income and changes in the net market values of assets and liabilities over certain changes in interest rate environments. These measurements are made through a simulation model which projects the impact of changes in interest rates on the Bank’s assets and liabilities. The policy also outlines responsibility for monitoring interest rate risk, and the process for the approval, implementation and monitoring of interest rate risk strategies to achieve the Bank’s interest rate risk objectives.

The ALCO Committee is comprised of senior officers of Ameris and two outside members of the Company’s Board of Directors. The ALCO Committee makes all strategic decisions with respect to the sources and uses of funds that may affect net interest income, including net interest spread and net interest margin. The objective of the ALCO Committee is to identify the interest rate, liquidity and market value risks of the Company’s balance sheet and use reasonable methods approved by the Company’s board and executive management to minimize those identified risks.

The normal course of business activity exposes the Company to interest rate risk. Interest rate risk is managed within an overall asset and liability framework for the Company. The principal objectives of asset and liability management are to predict the sensitivity of net interest spreads to potential changes in interest rates, control risk and enhance profitability. Funding positions are kept within predetermined limits designed to properly manage risk and liquidity. The Company employs sensitivity analysis in the form of a net interest income simulation to help characterize the market risk arising from changes in interest rates. In addition, fluctuations in interest rates usually result in changes in the fair market value of the Company’s financial instruments, cash flows and net interest income. The Company’s interest rate risk position is managed by the ALCO Committee.

The Company uses a simulation modeling process to measure interest rate risk and evaluate potential strategies. Interest rate scenario models are prepared using software created and licensed from an outside vendor. The Company’s simulation includes all financial assets and liabilities. Simulation results quantify interest rate risk under various interest rate scenarios. Management then develops and implements appropriate strategies. ALCO has determined that an acceptable level of interest rate risk would be for net interest income to decrease no more than 5.00% given a change in selected interest rates of 200 basis points over any 24 month period.

Liquidity management involves the matching of the cash flow requirements of customers, who may be either depositors desiring to withdraw funds or borrowers needing assurance that sufficient funds will be available to meet their credit needs, and the ability of Ameris to manage those requirements. The Company strives to maintain an adequate liquidity position by managing the balances and maturities of interest-earning assets and interest-bearing liabilities so that the balance it has in short-term investments at any given time will adequately cover any reasonably anticipated immediate funding needs. Additionally, the Bank maintains relationships with correspondent banks, which could provide funds on short notice, if needed. The Company has invested in Federal Home Loan Bank stock for the purpose of establishing credit lines with the Federal Home Loan Bank. The credit availability to the Bank is equal to 20% of the Bank's total assets as reported on the most recent quarterly financial information submitted to the regulators subject to the pledging of sufficient collateral. At September 30, 2008, there were $133.6 million in advances outstanding with the Federal Home Loan Bank and there were $5 million in advances outstanding on the Company’s line of credit held with a corresponding bank.

The following liquidity ratios compare certain assets and liabilities to total deposits or total assets:

	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007
Total securities to total deposits	15.93%	16.58%	16.68%	16.57%	17.68%
Total loans (net of unearned income) to total deposits	94.67%	94.76%	90.93%	91.85%	93.26%
Interest-earning assets to total assets	92.27%	92.09%	91.18%	91.13%	91.61%
Interest-bearing deposits to total deposits	88.98%	88.65%	88.81%	88.77%	89.12%

The liquidity resources of the Company are monitored continuously by the ALCO Committee and on a periodic basis by state and federal regulatory authorities. As determined under guidelines established by these regulatory authorities, the Company's and the Bank's liquidity ratios at September 30, 2008 were considered satisfactory. The Company is aware of no events or trends likely to result in a material change in liquidity.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed only to U. S. dollar interest rate changes, and, accordingly, the Company manages exposure by considering the possible changes in the net interest margin. The Company does not have any trading instruments nor does it classify any portion of the investment portfolio as held for trading. The Company's hedging activities are limited to cash flow hedges and are part of the Company's program to manage interest rate sensitivity. At September 30, 2008, the Company had two effective interest rate floors with notional amounts totaling $70 million. These floors are hedging specific cash flows associated with certain variable rate loans and have strike rates of 7.00%. Maturities range from September 2009 to September 2011. Finally, the Company has no exposure to foreign currency exchange rate risk, commodity price risk and other market risks.

Interest rates play a major part in the net interest income of a financial institution. The sensitivity to rate changes is known as "interest rate risk". The repricing of interest-earning assets and interest-bearing liabilities can influence the changes in net interest income. As part of the Company's asset/liability management program, the timing of repriced assets and liabilities is referred to as "Gap management".

The Company uses simulation analysis to monitor changes in net interest income due to changes in market interest rates. The simulation of rising, declining and flat interest rate scenarios allows management to monitor and adjust interest rate sensitivity to minimize the impact of market interest rate swings. The analysis of the impact on net interest income over a twelve-month period is subjected to a gradual 200 basis point increase or decrease in market rates on net interest income and is monitored on a quarterly basis.

Additional information required by Item 305 of Regulation S-K is set forth under Part I, Item 2 of this report.

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Item 4. Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered by this report, as required by paragraph (b) of Rules 13a-15 or 15d-15 of the Exchange Act. Based on such evaluation, such officers have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures are effective.

During the quarter ended September 30, 2008, there was not any change in the Company's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rules 13a-15 or 15d-15 of the Exchange Act that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings
Nothing to report with respect to the period covered by this Report.

Item 1A. Risk Factors
There have been no material changes to the risk factors disclosed in Item 1A. of Part 1 in our Annual Report on Form 10-K for the year ended December 31, 2007.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds
None.

Item 3. Defaults upon Senior Securities
None.

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Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None.

Item 6. Exhibits

The exhibits required to be furnished with this report are listed on the exhibit index attached hereto.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERIS BANCORP

Date: November 10, 2008

/s/Dennis J. Zember, Jr.
Dennis J. Zember, Jr.,
Executive Vice President and Chief Financial Officer
(duly authorized signatory and principal financial officer)

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EXHIBIT INDEX

Exhibit No.	Description
3.1	Articles of Incorporation of Ameris Bancorp, as amended (incorporated by reference to Exhibit 2.1 to Ameris Bancorp's Regulation A Offering Statement on Form 1-A filed August 14, 1987).
3.2	Amendment to Amended Articles of Incorporation (incorporated by reference to Exhibit 3.1.1 to Ameris Bancorp's Form 10-K filed March 28, 1996).
3.3	Amendment to Amended Articles of Incorporation (incorporated by reference to Exhibit 4.3 to Ameris Bancorp's Registration Statement on Form S-4 filed with the Commission on July 17, 1996).
3.4	Articles of Amendment to the Articles of Incorporation (incorporated by reference to Exhibit 3.5 to Ameris Bancorp's Annual Report on Form 10-K filed with the Commission on March 25, 1998).
3.5	Articles of Amendment to the Articles of Incorporation (incorporated by reference to Exhibit 3.7 to Ameris Bancorp's Annual Report on Form 10-K filed with the Commission on March 26, 1999).
3.6	Articles of Amendment to the Articles of Incorporation (incorporated by reference to Exhibit 3.9 to Ameris Bancorp's Annual Report on Form 10-K filed with the Commission on March 31, 2003).
3.7	Articles of Amendment to the Articles of Incorporation (incorporated by reference to Exhibit 3.1 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on December 1, 2005).
3.8	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to Ameris Bancorp's Current Report on Form 8-K filed with the Commission on March 14, 2005).
31.1	Rule 13a-14(a)/15d-14(a) Certification by the Company's Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification by the Company's Chief Financial Officer
32.1	Section 1350 Certification by the Company's Chief Executive Officer
32.2	Section 1350 Certification by the Company's Chief Financial Officer

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