Ameris Bancorp
Form 10-Q
May 12, 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 March 31, 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, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Securities Exchange Act.

(Check one):

Large accelerated filer o	Accelerated filer x	Non-accelerated filer o
Non-accelerated filer o (Do not check if smaller reporting company)		Smaller Reporting Company o

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 13,564,937 shares of Common Stock outstanding as of May 8, 2008.

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

	March 31, 2008 (Unaudited)	December 31, 2007 (Audited)	March 31, 2007 (Unaudited)
Assets			
Cash and due from banks	$ 63,401	$ 59,804	$ 49,640
Federal funds sold & interest bearing balances	4,389	12,022	94,496
Securities available for sale, at fair value	297,589	291,170	300,322
Restricted equity securities, at cost	6,996	7,559	6,884
Loans	1,622,437	1,614,048	1,475,869
Less: allowance for loan losses	28,094	27,640	25,113
Loans, net	1,594,343	1,586,408	1,450,756
Premises and equipment, net	60,053	59,132	47,251
Intangible assets, net	4,509	4,802	5,775
Goodwill	54,675	54,813	54,419
Other assets	32,288	36,353	26,870
Total assets	$ 2,118,243	$ 2,112,063	$ 2,036,413
Liabilities and Stockholders' Equity			
Deposits:			
Noninterest-bearing	$ 199,692	$ 197,345	$ 197,845
Interest-bearing	1,584,599	1,559,920	1,514,662
Total deposits	1,784,291	1,757,265	1,712,507
Federal funds purchased & securities sold under agreements to repurchase	4,987	14,705	5,370
Other borrowings	74,500	90,500	75,500
Other liabilities	15,888	16,075	18,003
Subordinated deferrable interest debentures	42,269	42,269	42,269
Total liabilities	1,921,935	1,920,814	1,853,649
Stockholders' Equity			
Common stock, par value $1; 30,000,000 shares authorized;14,886,967, 14,869,924 and 14,850,237 issued	14,887	14,870	14,850
Capital surplus	82,920	82,750	81,620
Retained earnings	104,182	103,095	98,631
Accumulated other comprehensive income(loss)	5,093	1,303	(1,744)
	207,082	202,018	193,357
	(10,774)	(10,769)	(10,593)

Treasury stock, at cost, 1,330,197, 1,329,939 and 1,322,717 shares			
Total stockholders' equity	196,308	191,249	182,764
Total liabilities and stockholders' equity	$ 2,118,243	$ 2,112,063	$ 2,036,413

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 March 31, 2008	2007
Interest Income		
Interest and fees on loans	$ 30,134	$ 30,760
Interest on taxable securities	3,583	3,337
Interest on nontaxable securities	172	179
Interest on deposits in other banks	200	1,042
Interest on federal funds sold	-	94
Total Interest Income	34,089	35,412
Interest Expense		
Interest on deposits	14,142	15,205
Interest on other borrowings	1,487	1,786
Total Interest Expense	15,629	16,991
Net Interest Income	18,460	18,419
Provision for Loan Losses	3,200	507
Net Interest Income After Provision for Loan Losses	15,260	17,911
Noninterest Income		
Service charges on deposit accounts	3,316	2,870
Mortgage banking activity	869	683
Other service charges, commissions and fees	278	345
Other noninterest income	379	627
Total Noninterest Income	4,842	4,525
Noninterest Expense		
Salaries and employee benefits	8,618	7,732
Equipment and occupancy expense	1,992	1,676
Amortization of intangible assets	293	324
Data processing fees	604	793
Other operating expenses	4,133	3,919
Total Noninterest Expense	15,640	14,444
Net Income Before Taxes	4,462	7,992
Provision for Income Taxes	1,496	2,968
Net Income	$ 2,966	$ 5,024
	871	785

Unrealized holding losses arising during period, net of tax				
Unrealized gain on cashflow hedge arising during period, net of tax		1,593		-
Comprehensive Income	$	5,430	$	5,809
Income per common share-Basic	$	0.22	$	0.37
Income per common share-Diluted	$	0.22	$	0.37
Dividends declared per share	$	0.14	$	0.14

See notes to unaudited consolidated financial statements.

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

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Cash Flows From Operating Activities:		
Net Income	$ 2,966	$ 5,024
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	741	769
Provision for loan losses	3,200	507
Amortization of intangible assets	293	324
Other prepaids, deferrals and accruals, net	(5,048)	(3,592)
Net cash provided by operating activities	2,152	3,032
Cash Flows From Investing Activities:		
Net decrease in federal funds sold & interest bearing deposits	7,633	40,736
Proceeds from maturities of securities available for sale	36,915	8,818
Purchase of securities available for sale	(39,132)	(24,736)
Net increase in loans	(8,388)	(34,003)
Proceeds from sales of other real estate owned	6,457	488
Purchases of premises and equipment	(1,636)	(1,416)
Net cash provided by/(used in) investing activities	1,849	(10,113)
Cash Flows From Financing Activities:		
Net increase in deposits	27,026	2,344
Net decrease/(increase) in federal funds purchased & securities sold under agreements to repurchase	(9,718)	10,563
Decrease in other borrowings	(16,000)	-
Dividends paid	(1,898)	(1,916)
Purchase of treasury shares	(4)	-
Proceeds from exercise of stock options	190	-
Net cash used in financing activities	(404)	(10,135)
Net increase/(decrease) in cash and due from banks	$ 3,597	$ (17,216)
Cash and due from banks at beginning of period	59,804	66,856

Cash and due from banks at end of period	$	63,401	$	49,640

See notes to unaudited consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 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 46 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 three months and quarter ended March 31, 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 March 31, 2007 and December 31, 2007 have been reclassified to conform with the presentation as of March 31, 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 floors. The fair value of derivatives is recognized as assets or liabilities in the financial statements. The accounting for the changes in the fair value of a derivative depends on the intended use of the derivative instrument at inception. As of March 31, 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.

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 on 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.

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 March 31, 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	$ 297,589	$ 11,060	$ 283,463	$ 3,066
Derivative financial instruments	3,185		3,185	
Impaired loans carried at fair value	6,683			6,683
Other real estate owned	5,727			5,727
Total assets at fair value	$ 313,184	$ 11,060	$ 286,648	$ 15,476

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 March 31, 2008.

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Note 3 - 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 a 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 March 31, 2008, December 31, 2007 and March 31, 2007 are presented below:

	March 31, 2008			
(dollars in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U. S. Government sponsored agencies	$ 46,665	$ 1,169	$ -	$ 47,834
State and municipal securities	18,967	406	(47)	19,326
Corporate debt securities	11,733	134	(177)	11,691
Mortgage backed securities	213,438	3,604	(91)	216,950
Marketable equity securities	1,788	-	-	1,788
	$ 292,591	$ 5,313	$ (315)	$ 297,589

	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
Marketable equity securities	1,788	-	-	1,788
	$ 290.290	$ 1,865	$ (985)	$ 291,170

	March 31, 2007			
(dollars in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
U. S. Government sponsored agencies	$ 112,248	$ 73	$ (987)	$ 111,334
State and municipal securities	19,178	34	(481)	18,731
Corporate debt securities	9,829	62	(49)	9,842
Mortgage-backed securities	160,853	412	(1,599)	159,666
Marketable equity securities	788	-	(39)	528
	$ 302,896	$ 581	$ (3,155)	$ 300,322

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Note 4 - 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. Of the target areas of lending activities, commercial and financial loans are generally considered to have a greater risk of loss than real estate loans or consumer installment loans.

The Company evaluates loans for impairment when a loan is risk rated as substandard or doubtful. 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 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)	March 31, 2008	December 31, 2007	March 31, 2007
Commercial, mortgage, financial & agricultural	$ 1,190,354	$ 1,172,198	$ 1,078,088
Residential mortgage	377,878	386,736	340,920
Consumer	54,205	55,114	56,861
	$ 1,622,,437	$ 1,614,048	$ 1,475,869

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Note 5 - Allowance for Loan Losses

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

(dollars in thousands)	March 31, 2008	December 31, 2007	March 31, 2007
Balance, January 1	$ 27,640	$ 24,863	$ 24,863
Provision for loan losses charged to expense	3,200	11,321	507
Loans charged off	(2,945)	(10,418)	(787)
Recoveries of loans previously charged off	199	1,874	530
Ending balance	$ 28,094	$ 27,640	$ 25,113

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 March 31,	
	2008	2007
	(share data in thousands)	
Basic shares outstanding	13,497	13,444
Plus: Dilutive effect of ISOs		