Ameris Bancorp
Form 10-K
March 16, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

¨ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2008

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________ to__________.

Commission File Number

001-13901

AMERIS BANCORP

(Exact name of registrant as specified in its charter)

GEORGIA	**58-1456434**
(State of incorporation)	(IRS Employer ID No.)

310 FIRST ST., SE MOULTRIE, GA 31768

(Address of principal executive offices)

(229) 890-1111

(Registrant s telephone number)

Securities registered pursuant to Section 12(b) of the Act: Common Stock, Par Value $1 Per Share

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act. Yes ¨ No x

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 ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

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 Exchange Act.

Large accelerated filer ¨ Accelerated filer x Non-accelerated filer ¨ 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 ¨ No x

As of the last business day of the registrant s most recently completed second fiscal quarter, the aggregate market value of the voting and non-voting common equity held by nonaffiliates of the registrant was approximately $160.4 million.

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As of February 10, 2008, the registrant had outstanding 13,573,440 shares of common stock, $1.00 par value per share.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III of this Annual Report is incorporated by reference from the Registrant s definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Annual Report.

AMERIS BANCORP

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CAUTIONARY NOTICE

REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Report on Form 10-K (this Annual Report) under the caption Management s Discussion and Analysis of Financial Condition and Results of Operations, and elsewhere, including information incorporated herein by reference to other documents, are forward-looking statements within the meaning of, and subject to the protections of, Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act).

Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions and future performance and involve known and unknown risks, uncertainties and other factors, many of which may be beyond our control and which may cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements.

All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as may, will, anticipate, assume, should, indicate, would, believe, expect, estimate, continue, plan, point to, project, predict, could, intend, target, potential and other similar words a future. These forward-looking statements may not be realized due to a variety of factors, including, without limitation, those described in Part I, Item 1A. Risk Factors, and elsewhere in this report and those described from time to time in our future reports filed with the Securities and Exchange Commission (the 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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PART I

As used in this Annual Report, the terms we, us, our, Ameris and the Company mean Ameris Bancorp and its subsidiaries (unless the co indicates another meaning).

ITEM 1. BUSINESS

GENERAL OVERVIEW

We are a financial holding company whose business is conducted primarily through our wholly-owned banking subsidiary, which provides a full range of banking services to its retail and commercial customers located primarily in Georgia, Alabama, northern Florida and South Carolina. Ameris was incorporated on December 18, 1980 as a Georgia corporation. The Company s executive office is located at 310 First St., S.E., Moultrie, Georgia 31768, its telephone number is (229) 890-1111 and its internet address is http://www.amerisbank.com. We operate 50 domestic banking offices with no foreign activities. At December 31, 2008, we had approximately $2.41 billion in total assets, $1.70 billion in total loans, $2.01 billion in total deposits and stockholders equity of $239.4 million. Ameris deposits are insured, up to applicable limits, by the Federal Deposit Insurance Corporation.

THE PARENT COMPANY

Our primary business as a bank holding company is to manage the business and affairs of our banking subsidiary, Ameris Bank (the Bank). As a bank holding company, we perform certain shareholder and investor relations functions and seek to provide financial support, if necessary, to our subsidiary.

AMERIS BANK

Our principal subsidiary is the Bank. The Bank, headquartered in Moultrie, Georgia, operates branches in Georgia, Alabama, northern Florida and South Carolina. These branches serve distinct communities in our business areas with autonomy but do so as one bank, leveraging our favorable geographic footprint in an effort to acquire more customers.

CAPITAL TRUST SECURITIES

On September 20, 2006, the Company completed a private placement of an aggregate of $36 million of trust preferred securities. The placement occurred through a newly formed Delaware statutory trust subsidiary of Ameris, Ameris Statutory Trust I (the Trust). The trust preferred securities carry a quarterly adjustable interest rate of 1.63% over three-month LIBOR. The trust preferred securities mature on December 15, 2036 and are redeemable at the Company s option beginning September 15, 2011. The terms of the trust preferred securities are set forth in that certain Amended and Restated Declaration of Trust dated as of September 20, 2006 among Ameris, Wilmington Trust Company, as institutional trustee and Delaware trustee, and the administrators named therein. The payments of distributions on and redemption or liquidation of the trust preferred securities issued by the Trust are guaranteed by Ameris pursuant to a Guarantee Agreement dated as of September 20, 2006 between Ameris and Wilmington Trust Company, as trustee.

The net proceeds to Ameris from the placement of the trust preferred securities by the Trust were primarily used to redeem outstanding trust preferred securities issued by Ameris on November 8, 2001. These trust preferred securities were redeemed on September 30, 2006 for $35.6 million.

On December 16, 2005, Ameris purchased First National Banc, Inc. which had formed during 2004 First National Banc Statutory Trust I, a subsidiary whose sole purpose was to issue $5,000,000 principal amount of trust preferred securities at a rate per annum equal to the 3-Month LIBOR plus 2.80% through a pool sponsored by a national brokerage firm. These trust preferred securities have a maturity of 30 years and are redeemable at the Company s option on any quarterly interest payment date after five years, beginning in April, 2009. There are certain circumstances (as described in the trust documents) under which the securities may be redeemed within the first five years at the Company s option. See Notes to Ameris Consolidated Financial Statements included in this Annual Report for a further discussion regarding the issuance of these trust preferred securities.

BUSINESS STRATEGY

Our business strategy is to establish Ameris as a major financial institution in Georgia, Alabama, northern Florida and South Carolina. Management has pursued this objective through an acquisition-oriented growth strategy and a prudent operating strategy. Our operating model allows the Company to put substantial resources in front of customers when possible with efforts to minimize the expense of our operations. We are continuously evaluating our structure to maximize opportunities to perfect the balance between efficiency and customer service. Our markets are managed by senior level, experienced decision makers in a decentralized structure that differentiates us from our larger competitors. Management believes that this structure, along with involvement in and knowledge of our local markets, will continue to provide growth and assist in managing risk throughout our Company.

We have maintained our focus on a long-term focus on a strategy of expanding and diversifying our franchise in terms of revenues, profitability and asset size. Our growth over the past several years has been enhanced significantly by bank acquisitions. We expect to continue to take advantage of the consolidation in the financial services industry and enhance our franchise through future acquisitions. We intend to grow within our existing markets, to branch into or acquire financial institutions in existing markets and to branch into or acquire financial institutions in other markets consistent with our capital availability and management abilities.

BANKING SERVICES

Lending Activities

General. The Company maintains a diversified loan portfolio by providing a broad range of commercial and retail lending services to business entities and individuals. We provide agricultural loans, commercial business loans, commercial and residential real estate construction and mortgage loans, consumer loans, revolving lines of credit and letters of credit. The Company also originates first mortgage residential mortgage loans and generally enters into a commitment to sell these loans in the secondary market. We make no foreign or energy-related loans.

At December 31, 2008, Ameris loan portfolio totaled $1.70 billion, representing approximately 70.5% of our total assets of $2.41 billion. For additional discussion of our loan portfolio, see Management s Discussion of Financial Condition and Results of Operations Loan Portfolio.

Commercial Real Estate Loans. This portion of our loan portfolio has grown significantly over the past few years and represents the largest segment of our loan portfolio. These loans are generally extended for acquisition, development or construction of commercial properties. The loans are underwritten with an emphasis on the viability of the project, the borrower s ability to meet certain minimum debt service requirements and an analysis and review of the collateral and guarantors.

Residential Real Estate Mortgage Loans. Ameris originates adjustable and fixed-rate residential mortgage loans. These mortgage loans are generally originated under terms and conditions consistent with secondary market guidelines. Some of these loans will be placed in the Company s loan portfolio; however, a majority are sold to the secondary mortgage market. The residential real estate mortgage loans that are included in the Company s loan portfolio are usually owner-occupied and generally amortized over a 10 to 20 year period with three to five year maturity or repricing.

Agricultural Loans. Our agricultural loans are extended to finance crop production, the purchase of farm-related equipment or farmland and the operations of dairies and poultry producers. Agricultural loans typically involve seasonal balance fluctuations. Although we typically look to an agricultural borrower s cash flow as the principal source of repayment, agricultural loans are also generally secured by a security interest in the crops or the farm-related equipment and, in some cases, an assignment of crop insurance and mortgage on real estate. The lending officer visits the borrower regularly during the growing season and re-evaluates the loan in light of the borrower s updated cash flow projections. A portion of our agricultural loans are guaranteed by the FSA Guaranteed Loan Program.

Commercial and Industrial Loans. General commercial and industrial loans consist of loans made primarily to manufacturers, wholesalers and retailers of goods, service companies and other industries. These loans are made for acquisition, expansion and working capital purposes and may be secured by real estate, accounts receivable, inventory, equipment, personal guarantees or other assets. The Company monitors these loans by requesting submission of corporate and personal financial statements and income tax returns. The Company has also generated loans which are guaranteed by the U.S. Small Business Administration (the SBA). SBA loans are generally underwritten in the same manner as conventional loans generated for the Bank s portfolio. Periodically, a portion of the loans that are secured by the guaranty of the SBA will be sold in the secondary market. Management believes that making such loans helps the local community and also provides Ameris with a source of income and solid future lending relationships as such businesses grow and prosper. The primary repayment risk for commercial loans is the failure of the business due to economic or financial factors.

Consumer Loans. Our consumer loans include motor vehicle, home improvement, home equity, student and signature loans and small personal credit lines. The terms of these loans typically range from 12 to 60 months and vary based upon the nature of collateral and size of the loan. These loans are generally secured by various assets owned by the consumer.

Credit Administration

We have sought to maintain a comprehensive lending policy that meets the credit needs of each of the communities served by the Bank, including low and moderate-income customers, and to employ lending procedures and policies consistent with this approach. All loans are subject to our corporate loan policy, which is reviewed annually and updated as needed. The loan policy provides that lending officers have sole authority to approve loans of various amounts commensurate with their seniority and experience. Our local market Presidents have discretion to approve loans in varying principal amounts up to established limits. Our regional credit officers review and approve loans that exceed each President s lending authority.

Individual lending authorities are assigned by the Company s Senior Credit Officer, as is the maximum limit of new extensions of credit that may be approved in each market. These approval limits are reviewed annually by the Company and adjusted as needed. All extensions of credit in excess of a market s approval limit are reviewed by one of two regional credit officers. When the request for approval exceeds the authority level of the regional credit officer, the approval of the Company s Director of Credit Administration and/or the Company s loan committee are required. All new loans or modifications to existing loans in excess of $250,000 are reviewed quarterly by the Company s credit administration department with the lender responsible for the credit. In addition, our ongoing loan review program subjects the portfolio to sampling and objective review by an assigned loan reviewer who is independent of the originating loan officer.

Each lending officer has authority to make loans only in the market area in which his or her Bank office is located and its contiguous counties. Occasionally, Ameris Loan Committee will approve a loan for purposes outside of the market areas of the Bank, provided the Bank has a previously established relationship with the borrower. Our lending policy requires analysis of the borrower s projected cash flow and ability to service the debt.

We actively market our services to qualified lending customers in both the commercial and consumer sectors. Our commercial lending officers actively solicit the business of new companies entering the market as well as longstanding members of that market s business community. Through personalized professional service and competitive pricing, we have been successful in attracting new commercial lending customers. At the same time, we actively advertise our consumer loan products and continually seek to make our lending officers more accessible.

The Bank continually monitors its loan portfolio to identify areas of concern and to enable management to take corrective action when necessary. Local market Presidents, lending officers and local boards meet periodically to review all past due loans, the status of large loans and certain other credit or economic related matters. Individual lending officers are responsible for collection of past due amounts and monitoring any changes in the financial status of the borrowers.

Investment Activities

Our investment policy is designed to maximize income from funds not needed to meet loan demand in a manner consistent with appropriate liquidity and risk management objectives. Under this policy, our Company may invest in federal, state and municipal obligations, corporate obligations, public housing authority bonds, industrial development revenue bonds, Government Sponsored Entities (GSEs) securities and satisfactorily rated trust preferred obligations. Investments in our portfolio must satisfy certain quality criteria. Our Company s investments must be investment-grade as determined by either Moody s or Standard and Poor s. Investment securities where the Company has determined a certain level of credit risk are periodically reviewed to determine the financial condition of the issuer and to support the Company s decision to continue holding the security. Our Company may purchase non-rated municipal bonds only if the issuer of such bonds is located in the Company s general market area and such bonds are determined by the Company to have a credit risk no greater than the minimum ratings referred to above. Industrial development authority bonds, which normally are not rated, are purchased only if the issuer is located in the Company s market area and if the bonds are considered to possess a high degree of credit soundness. Traditionally, the Company has purchased and held investment securities with very high levels of credit quality, favoring investments backed by direct or indirect guarantees of the U.S. Government.

While our investment policy permits our Company to trade securities to improve the quality of yields or marketability or to realign the composition of the portfolio, the Bank historically has not done so to any significant extent. During the fourth quarter of 2008, management realigned a small portion of the portfolio into securities with more favorable terms which were the result of market conditions.

Our investment committee implements the investment policy and portfolio strategies and monitors the portfolio. Reports on all purchases, sales, net profits or losses and market appreciation or depreciation of the bond portfolio are reviewed by our Board of Directors each month. Once a year, the written investment policy is reviewed by the Company s Board of Directors and updated as needed.

The Company s securities are held in safekeeping accounts at approved correspondent banks.

Deposits

The Company provides a full range of deposit accounts and services to both retail and commercial customers. These deposit accounts have a variety of interest rates and terms and consist of interest-bearing and noninterest-bearing accounts, including commercial and retail checking accounts, regular interest-bearing savings accounts, money market accounts, individual retirement accounts and certificates of deposit. Our Bank obtains most of its deposits from individuals and businesses in its market areas.

Generally, our Bank has not needed to offer rates significantly higher than our competition to attract new deposits or to retain existing business. During 2008, interest costs on deposits did not fall commensurately with the indices that they normally track as liquidity issues have affected banks of all sizes. In the future as liquidity concerns ease, increasing competition among banks in our market areas may keep these costs higher than levels historically experienced.

Brokered time deposits are deposits obtained by utilizing an outside broker that is paid a fee. The Bank utilizes the brokered deposits to accomplish several purposes, such as (1) acquiring a certain maturity and dollar amount without repricing the Bank s current customers which could increase or decrease the overall cost of deposits, and (2) acquiring certain maturities and dollar amounts to help manage interest rate risk.

Other Funding Sources

The Federal Home Loan Bank (FHLB) allows the Company to obtain advances through its credit program. These advances are secured by securities owned by the Company and held in safekeeping by the FHLB, FHLB stock owned by the Company and certain qualifying residential mortgages.

The Company also enters into repurchase agreements. These repurchase agreements are treated as short term borrowings and are reflected on the balance sheet as such.

Use of Derivatives

The Company seeks to provide a stable net interest income despite changes in interest rates. In its review of interest rate risk, the Company regularly considers the use of derivatives to protect interest income on loans or to create a structure in institutional borrowings that limits the Company s cost. At December 31, 2008, the Company had two interest rate swaps with notional amounts totaling $70 million. These interest rate floors are classified as cash flow hedges against certain variable rate loans on the Company s balance sheet. The hedges are indexed to prime rate as are the variable rate loans and have a strike rate of 7.00%. During 2008, the Company received approximately $1.3 million of interest payments which have been classified as interest income on loans.

CORPORATE RESTRUCTURING AND BUSINESS COMBINATIONS

On November 21, 2008, the Company, pursuant to the Capital Purchase Plan (the CPP) established under the Economic Stabilization Act of 2008 (EESA), issued and sold to the U.S. Department of the Treasury (the Treasury), for an aggregate cash purchase price of $52 million, (i) 52,000 shares (the Preferred Shares) of the Company s Fixed Rate Cumulative Perpetual Preferred Stock, Series A, having a liquidation preference of $1,000 per share, and (ii) a ten-year warrant (the Warrant) to purchase up to 679,443 shares of Common Stock, at an exercise price of $11.48 per share. Proceeds from the issuance of the Preferred Shares and the Warrant have been allocated based on the relative market values of each. As a result of the Company s participation in the CPP, the Company is subject to the rules and regulations promulgated under the EESA. These rules and regulations include certain limitations on compensation for senior executives, dividend payments and payments to senior executives upon termination of employment, as well as certain obligations of the Company to increase its efforts to reduce the number of foreclosures of primary residences.

The Company considered several factors when deciding whether to participate in the CPP. Although the Company s common equity and earnings stream was deemed sufficient to withstand certain severe recessionary trends, management was unsure how deep the economic downturn would be or how severe its impact would be on the Company. Also, certain strategies concerning growth and continued customer acquisition efforts might have been reduced had opportunities for additional capital strength, such as the opportunity presented by the CPP, not materialized. The limitations on executive compensation imposed by the EESA are substantially those that management had accepted as practical prior to the Company s participation in the CPP. These limitations include the reduction of cash incentives, limitations on excessive severance payments and the implementation of a system allowing for the claw back of bonuses received while relying on financial performance later determined to be erroneous.

On December 29, 2006, Ameris acquired by merger Islands Bancorp and its banking subsidiary, Islands Community Bank, N.A. (collectively, Islands). Islands was headquartered in Beaufort, South Carolina where it operated a single branch with satellite loan production offices in Bluffton, South Carolina and Charleston, South Carolina. The acquisition of Islands was significant to the Company, as Ameris had recruited senior level talent that would be instrumental in executing a growth strategy designed to build a meaningful franchise in South Carolina s top markets. The consideration for the acquisition was a combination of cash and Ameris common stock with an aggregate purchase price of approximately $19.0 million. The total consideration consisted of $5.1 million in cash and approximately 494,000 shares of Ameris common stock with a value of approximately $13.9 million. Islands results of operations for 2006 are not included in Ameris consolidated financial results because the acquisition s effective time was after the close of business on the last day of the fiscal year.

On December 16, 2005, Ameris acquired all the issued and outstanding common shares of First National Banc, Inc., the parent company of First National Bank, in St. Mary s, Georgia and First National Bank, in Orange Park, Florida (collectively FNB). The acquisition was accounted for using the purchase method of accounting, and, accordingly, the results from FNB s operations have been included in the consolidated financial statements beginning December 17, 2005. The aggregate purchase price for FNB was $35.3 million, including cash of $13.1 million and the common stock valued at $22.2 million.

On November 30, 2004, Ameris acquired Citizens Bancshares, Inc., a $54.3 million holding company headquartered in Crawfordville, Florida (Citizens). Citizens banking offices in Crawfordville, Panacea and Sopchoppy gave the Bank a presence in the panhandle of Florida. Cash exchanged in this transaction for 100% of the stock of Citizens was $11.5 million.

On August 31, 2005, Ameris announced its intentions to begin consolidating its subsidiary bank charters across Georgia, Alabama and northern Florida into a single charter. In addition to the charter consolidation effort, the Company announced its intentions to re-brand the Company and its surviving bank subsidiary with a single identity - Ameris Bank. The re-branding process was completed during 2006. During 2007, the Company consolidated its loan processing and maintenance functions as well as all deposit operations into service centers close to our corporate headquarters. This effort centralized mostly non-customer contact rolls and allows our banks to focus almost entirely on sales, customer service and acquisition of new customers.

MARKET AREAS AND COMPETITION

The banking industry in general and in the southeastern United States specifically, is highly competitive and dramatic changes continue to occur throughout the industry. Our market areas of Georgia, Alabama, northern Florida and South Carolina have experienced strong economic and population growth over the past twenty to thirty years. In recent years however, intense market demands, economic pressures, fluctuating interest rates and increased customer awareness of product and service differences among financial institutions have forced banks to diversify their services and become more cost effective. Over the past few years, our Bank has faced strong competition in attracting deposits at profitable levels. In addition, intense demand for loans has not only impacted the interest rates and fees normally earned, but has also impacted underwriting criteria thought to be safe from historical standards such as debt to income and loan to value. Competition for deposits comes from other commercial banks, thrift institutions, mortgage bankers, finance companies, credit unions and issuers of securities such as brokerage firms.

Interest rates, convenience of office locations and marketing are all significant factors in our Bank s competition for deposits.

Competition for loans comes from other commercial banks, thrift institutions, savings banks, insurance companies, consumer finance companies, credit unions and other institutional lenders. In order to remain competitive, our Bank has varied interest rates and loan fees to some degree as well as increased the number and complexity of services provided. We have not varied or altered our underwriting standards in response to competitor willingness to do so and in some markets have not been able to experience the growth in loans that we would have preferred. Competition is affected by the general availability of lendable funds, general and local economic conditions, current interest rate levels and other factors that are not readily predictable.

Competition among providers of financial products and services continues to increase with consumers having the opportunity to select from a growing variety of traditional and nontraditional alternatives. The industry continues to rapidly consolidate, which affects competition by eliminating some regional and local institutions, while strengthening the franchise of acquirers. Management expects that competition will become more intense in the future due to changes in state and federal laws and regulations and the entry of additional bank and nonbank competitors. See Supervision and Regulation.

EMPLOYEES

At December 31, 2008, the Company employed approximately 595 full time equivalent employees. We consider our relationship with our employees to be satisfactory.

We have adopted one retirement plan for our employees, the Ameris Bancorp 401(k) Profit Sharing Plan. This plan provides deferral of compensation by our employees and contributions by Ameris. Ameris and our Bank made contributions for all eligible employees in 2008. We also maintain a comprehensive employee benefits program providing, among other benefits, hospitalization and major medical insurance and life insurance. Management considers these benefits to be competitive with those offered by other financial institutions in our market areas. Our employees are not represented by any collective bargaining group.

RELATED PARTY TRANSACTIONS

The Company makes loans to our directors and their affiliates and to banking officers. These loans are made on substantially the same terms as those prevailing at the time for comparable transactions and do not involve more than normal credit risk. At December 31, 2008, we had $1.7 billion in total loans outstanding of which $8.3 million were outstanding to certain directors and their affiliates. Company policy provides for no loans to executive officers.

SUPERVISION AND REGULATION

General

We are extensively regulated under federal and state law. Generally, these laws and regulations are intended to protect depositors and not shareholders. The following is a summary description of certain provisions of certain laws that affect the regulation of bank holding companies and banks. The discussion is qualified in its entirety by reference to applicable laws and regulations. Changes in such laws and regulations may have a material effect on our business and prospects.

Federal Bank Holding Company Regulation and Structure

As a bank holding company, we are subject to regulation under the Bank Holding Company Act and to the supervision, examination and reporting requirements of the Federal Reserve Board of Governors. Our Bank has a Georgia state charter and is subject to regulation, supervision and examination by the Federal Deposit Insurance Corporation (the FDIC) and the Georgia Department of Banking and Finance (the GDBF).

The Bank Holding Company Act requires every bank holding company to obtain the prior approval of the Federal Reserve before:

it may acquire direct or indirect ownership or control of any voting shares of any bank if, after the acquisition, the bank holding company will directly or indirectly own or control more than 5% of the voting shares of the bank;

it or any of its subsidiaries, other than a bank, may acquire all or substantially all of the assets of any bank; or

it may merge or consolidate with any other bank holding company.

The Bank Holding Company Act further provides that the Federal Reserve may not approve any transaction that would result in a monopoly or that would substantially lessen competition in the banking business, unless the public interest in meeting the needs of the communities to be served outweighs the anti-competitive effects. The Federal Reserve is also required to consider the financial and managerial resources and future prospects of the bank holding companies and banks involved and the convenience and needs of the communities to be served. Consideration of financial resources generally focuses on capital adequacy, and consideration of convenience and needs issues focuses, in part, on the performance under the Community Reinvestment Act of 1977, both of which are discussed elsewhere in more detail.

The Bank Holding Company Act generally prohibits a bank holding company from engaging in activities other than banking; managing or controlling banks or other permissible subsidiaries and acquiring or retaining direct or indirect control of any company engaged in any activities other than activities closely related to banking or managing or controlling banks.

The activities in which holding companies and their affiliates are permitted to engage were substantially expanded by the Gramm-Leach-Bliley Act, which was signed on November 12, 1999. The Gramm-Leach-Bliley Act repeals the anti-affiliation provisions of the Glass-Steagall Act to permit the common ownership of commercial banks, investment banks and insurance companies. The Gramm-Leach-Bliley Act also amends the Bank Holding Company Act to permit a financial holding company to, among other things, engage in any activity that the Federal Reserve determines to be (i) financial in nature or incidental to such financial activity or (ii) complementary to a financial activity and not a substantial risk to the safety and soundness of depository institutions or the financial system generally. The Federal Reserve must consult with the Secretary of the Treasury in determining whether an activity is financial in nature or incidental to a financial activity. Holding companies may continue to own companies conducting activities which had been approved by federal order or regulation on the day before the Gramm-Leach-Bliley Act was enacted. Effective August 24, 2000, pursuant to a previously-filed election with the Federal Reserve, Ameris became a financial holding company.

In determining whether a particular activity is permissible, the Federal Reserve considers whether performing the activity can be expected to produce benefits to the public that outweigh possible adverse effects, such as undue concentration of resources, decreased or unfair competition, conflicts of interest or unsound banking practices. The Federal Reserve has the power to order a bank holding company or its subsidiaries to terminate any activity or control of any subsidiary when the continuation of the activity or control constitutes a serious risk to the financial safety, soundness or stability of any bank subsidiary of that bank holding company.

Our Bank is also subject to numerous state and federal statutes and regulations that affect its business, activities and operations and is supervised and examined by state and federal bank regulatory agencies. The FDIC and the GDBF regularly examine the operations of our Bank and are given the authority to approve or disapprove mergers, consolidations, the establishment of branches and similar corporate actions. These agencies also have the power to prevent the continuance or development of unsafe or unsound banking practices or other violations of law.

Payment of Dividends and Other Restrictions

Ameris is a legal entity separate and distinct from its subsidiaries. While there are various legal and regulatory limitations under federal and state law on the extent to which our Bank can pay dividends or otherwise supply funds to Ameris, the principal source of Ameris cash revenues is dividends from our Bank. The prior approval of applicable regulatory authorities is required if the total dividends declared by the Bank in any calendar year exceeds 50% of the Bank s net profits for the previous year. The relevant federal and state regulatory agencies also have authority to prohibit a state member bank or bank holding company, which would include Ameris and the Bank, from engaging in what, in the opinion of such regulatory body, constitutes an unsafe or unsound practice in conducting its business. The payment of dividends could, depending upon the financial condition of the subsidiary, be deemed to constitute an unsafe or unsound practice in conducting its business.

Under Georgia law, the prior approval of the GDBF is required before any cash dividends may be paid by a state bank if: (i) total classified assets at the most recent examination of such bank exceed 80% of the equity capital (as defined, which includes the reserve for loan losses) of such bank; (ii) the aggregate amount of dividends declared or anticipated to be declared in the calendar year exceeds 50% of the net profits (as defined) for the previous calendar year; or (iii) the ratio of equity capital to adjusted total assets is less than 6%. There were no amounts of retained earnings of our Bank available for payment of cash dividends under applicable regulations without obtaining governmental approval as of December 31, 2008.

In addition, our Bank is subject to limitations under Section 23A of the Federal Reserve Act with respect to extensions of credit to, investments in and certain other transactions with Ameris. Furthermore, loans and extensions of credit are also subject to various collateral requirements.

The Federal Reserve has issued a policy statement on the payment of cash dividends by bank holding companies, which expresses the Federal Reserve s view that a bank holding company should pay cash dividends only to the extent that the holding company s net income for the past year is sufficient to cover both the cash dividends and a rate of earning retention that is consistent with the holding company s capital needs, asset quality and overall financial condition. The Federal Reserve also indicated that it would be inappropriate for a holding company experiencing serious financial problems to borrow funds to pay dividends. Furthermore, under the prompt corrective action regulations adopted by the Federal Reserve, the Federal Reserve may prohibit a bank holding company from paying any dividends if one or more of the holding company s bank subsidiaries are classified as undercapitalized.

Bank holding companies are required to give the Federal Reserve prior written notice of any purchase or redemption of its outstanding equity securities if the gross consideration for the purchase or redemption, when combined with the net consideration paid for all such purchases or redemptions during the preceding 12 months, is equal to 10% or more of their consolidated net worth. The Federal Reserve may disapprove such a purchase or redemption if it determines that the proposal would constitute an unsafe or unsound practice or would violate any law, regulation, Federal Reserve order or any condition imposed by, or written agreement with, the Federal Reserve.

Furthermore, under rules and regulations of the EESA to which the Company is subject, no dividends may be declared or paid on the Common Stock unless the dividends due with respect to Preferred Shares have been paid in full. Moreover, the consent of the Treasury will be required for any increase in the per share dividends on the Common Stock beyond the per share dividend declared prior to October 14, 2008 ($0.05 per share per quarter) until the third anniversary of the date of the Treasury s investment in the Preferred Shares, unless prior to the third anniversary, the Preferred Shares are redeemed or the Treasury has transferred all of its Preferred Shares to third parties.

Capital Adequacy

We must comply with the Federal Reserve s established capital adequacy standards, and our Bank is required to comply with the capital adequacy standards established by the FDIC. The Federal Reserve has promulgated two basic measures of capital adequacy for bank holding companies: a risk-based measure and a leverage measure. A bank holding company must satisfy all applicable capital standards to be considered in compliance.

The risk-based capital standards are designed to make regulatory capital requirements more sensitive to differences in risk profile among banks and bank holding companies, account for off-balance-sheet exposure and minimize disincentives for holding liquid assets.

Assets and off-balance-sheet items are assigned to broad risk categories, each with appropriate weights. The resulting capital ratios represent capital as a percentage of total risk-weighted assets and off-balance-sheet items.

The minimum guideline for the ratio of total capital to risk-weighted assets is 8%. At least half of total capital must be comprised of Tier 1 Capital, which is common stock, undivided profits, minority interests in the equity accounts of consolidated subsidiaries and noncumulative perpetual preferred stock, less goodwill and certain other intangible assets. The remainder may consist of Tier 2 Capital, which is subordinated debt, other preferred stock and a limited amount of loan loss reserves. Since 2001, our consolidated capital ratios have been increased due to the issuance of trust preferred securities. At December 31, 2008, all of our trust preferred securities were included in Tier 1 Capital. At December 31, 2008, Ameris total risk-based capital ratio and its Tier 1 risk-based capital ratio were 13.25% and 11.99%, respectively.

In addition, the Federal Reserve has established minimum leverage ratio guidelines for bank holding companies. These guidelines provide for a minimum ratio of Tier 1 Capital to average assets, less goodwill and certain other intangible assets, of 3% for bank holding companies that meet specified criteria. All other bank holding companies generally are required to maintain a minimum leverage ratio of 4%. Ameris ratio at December 31, 2008 was 9.42% and at December 31, 2007 was 8.39%. The guidelines also provide that bank holding companies experiencing internal growth or making acquisitions will be expected to maintain strong capital positions substantially above the minimum supervisory levels without significant reliance on intangible assets. Furthermore, the Federal Reserve has indicated that it will consider a tangible Tier 1 Capital leverage ratio and other indicia of capital strength in evaluating proposals for expansion or new activities. The Federal Reserve has not advised Ameris of any specific minimum leverage ratio or tangible Tier 1 Capital leverage ratio applicable to it.

Our Bank is subject to risk-based and leverage capital requirements adopted by the FDIC that are substantially similar to those adopted by the Federal Reserve for bank holding companies. Our Bank was in compliance with applicable minimum capital requirements as of December 31, 2008.

Neither Ameris nor its Bank has been advised by any federal banking agency of any specific minimum capital ratio requirement applicable to it.

Failure to meet capital guidelines could subject a bank to a variety of enforcement remedies, including issuance of a capital directive, the termination of deposit insurance by the FDIC, a prohibition on taking brokered deposits and certain other restrictions on its business. As described below, the FDIC can impose substantial additional restrictions upon FDIC-insured depository institutions that fail to meet applicable capital requirements.

Acquisitions

As an active acquirer, we must comply with numerous laws related to our acquisition activity. Under the Bank Holding Company Act, a bank holding company may not directly or indirectly acquire ownership or control of more than 5% of the voting shares or substantially all of the assets of any bank or merge or consolidate with another bank holding company without the prior approval of the Federal Reserve. Current federal law authorizes interstate acquisitions of banks and bank holding companies without geographic limitation. Furthermore, a bank headquartered in one state is authorized to merge with a bank headquartered in another state, as long as neither of the states has opted out of such interstate merger authority prior to such date, and subject to any state requirement that the target bank shall have been in existence and operating for a minimum period of time, not to exceed five years, and to certain deposit market-share limitations. After a bank has established branches in a state through an interstate merger transaction, the bank may establish and acquire additional branches at any location in the state where a bank headquartered in that state could have established or acquired branches under applicable federal or state law.

FDIC Insurance Assessments

The FDIC insures the deposits of the Bank up to prescribed limits for each depositor. The amount of FDIC assessments paid by each Bank Insurance Fund (BIF) member institution is based on its relative risks of default as measured by regulatory capital ratios and other factors. Specifically, the assessment rate is based on the institution s capitalization risk category and supervisory subgroup category. The Company s insurance assessment during 2008, 2007 and 2006 was $932,000, $201,000 and $239,000. The Company is reasonably sure that 2009 s assessment will represent a significant increase over the assessment in 2008 due to the increasing level of bank failures and the resulting claims on the BIF. An institution s capitalization risk category is based on the FDIC s determination of whether the institution is well capitalized, adequately capitalized or less than adequately capitalized. An institution s supervisory subgroup category is based on the FDIC s assessment of the financial condition of the institution and the probability that FDIC intervention or other corrective action will be required. The FDIC may terminate insurance of deposits upon a finding that a institution has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC.

The Federal Deposit Insurance Act (or FDI Act) requires the federal regulatory agencies to take prompt corrective action if a depository institution does not meet minimum capital requirements. The FDI Act establishes five capital tiers: well capitalized , adequately capitalized , undercapitalized , significantly undercapitalized and critically undercapitalized . A depository institution s capital tier will depend upon how its capital levels compare to various relevant capital measures and certain other factors, as established by regulation.

The federal bank regulatory agencies have adopted regulations establishing relevant capital measurers and relevant capital levels applicable to FDIC-insured banks. The relevant capital measures are the Total Capital ratio, Tier 1 Capital ratio and the leverage ratio. Under the regulations, a FDIC-insured bank will be:

well capitalized if it has a Total Capital ratio of 10% or greater, a Tier 1 Capital ratio of 6% or greater and a leverage ratio of 5% or greater and is not subject to any order or written directive by the appropriate regulatory authority to meet and maintain a specific capital level for any capital measure;

adequately capitalized if it has a Total Capital ratio of 8% or greater, a Tier 1 Capital ratio of 4% or greater and a leverage ratio of 4% or greater (3% in certain circumstances) and is not well capitalized ;

undercapitalized if it has a Total Capital ratio of less than 8%, a Tier 1 Capital ratio of less than 4% or a leverage ratio of less than 4% (3% in certain circumstances);

significantly undercapitalized if it has a Total Capital ratio of less than 6%, a Tier 1 Capital ratio of less than 3% or a leverage ratio of less than 3%; and

critically undercapitalized if its tangible equity is equal to or less than 2% of average quarterly tangible assets.

An institution may be downgraded to, or deemed to be in, a capital category that is lower than is indicated by its capital ratios if it is determined to be in an unsafe or unsound condition or if it receives an unsatisfactory examination rating with respect to certain matters. As of December 31, 2008, our Bank had capital levels that qualify as well capitalized under such regulations.

The Gramm-Leach-Bliley Act allows bank holding companies that are well managed and well capitalized and whose depositor subsidiaries have satisfactory or better Community Reinvestment Act ratings to become financial holding companies that may engage in a substantially broader range of non-banking activities than is otherwise permissible, including insurance underwriting and securities activities. As previously stated, Ameris became a financial holding company effective August 24, 2000.

The FDIC Act generally prohibits an FDIC-insured bank from making a capital distribution (including payment of a dividend) or paying any management fee to its holding company if the bank would thereafter be undercapitalized. Undercapitalized banks are subject to growth limitations and are required to submit a capital restoration plan. The federal regulators may not accept a capital plan without determining, among other things, that the plan is based on realistic assumptions and is likely to succeed in restoring the bank s capital. In addition, for a capital restoration plan to be acceptable, the bank s parent holding company must guarantee that the institution will comply with such capital restoration plan. The aggregate liability of the parent holding company is limited to the lesser of: (i) an amount equal to 5% of the bank s total assets at the time it became undercapitalized ; and (ii) the amount which is necessary (or would have been necessary) to bring the institution into compliance with all capital standards applicable with respect to such institution as of the time it fails to comply with the plan. If a bank fails to submit an acceptable plan, it is treated as if it is significantly undercapitalized.

Significantly undercapitalized insured banks may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become adequately capitalized , requirements to reduce total assets and the cessation of receipt of deposits from correspondent banks. Critically undercapitalized institutions are subject to the appointment of a receiver or conservator. A bank that is not well capitalized is also subject to certain limitations relating to so-called brokered deposits.

Community Reinvestment Act

The Community Reinvestment Act requires federal bank regulatory agencies to encourage financial institutions to meet the credit needs of low and moderate-income borrowers in their local communities. An institution s size and business strategy determines the type of examination that it will receive. Large, retail-oriented institutions are examined using a performance-based lending, investment and service test. Small institutions are examined using a streamlined approach. All institutions may opt to be evaluated under a strategic plan formulated with community input and pre-approved by the bank regulatory agency.

The Community Reinvestment Act regulations provide for certain disclosure obligations. Each institution must post a notice advising the public of its right to comment to the institution and its regulator on the institution s Community Reinvestment Act performance and to review the institution s Community Reinvestment Act public file. Each lending institution must maintain for public inspection a file that includes a listing of branch locations and services, a summary of lending activity, a map of its communities and any written comments from the public on its performance in meeting community credit needs. The Community Reinvestment Act requires public disclosure of a financial institution s written Community Reinvestment Act evaluations. This promotes enforcement of Community Reinvestment Act requirements by providing the public with the status of a particular institution s community reinvestment record.

The Gramm-Leach-Bliley Act made various changes to the Community Reinvestment Act. Among other changes, Community Reinvestment Act agreements with private parties must be disclosed and annual Community Reinvestment Act reports must be made available to a bank s primary federal regulator. A bank holding company will not be permitted to become a financial holding company and no new activities authorized under the Gramm-Leach-Bliley Act may be commenced by a holding company or by a bank financial subsidiary if any of its bank subsidiaries received less than a satisfactory Community Reinvestment Act rating in its latest Community Reinvestment Act examination.

Consumer Protection Laws

The Bank is subject to a number of federal and state laws designed to protect borrowers and promote lending to various sectors of the economy and population. These laws include the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Home Mortgage Disclosure Act, the Real Estate Settlement Procedures Act and state law counterparts.

Federal law currently contains extensive customer privacy protection provisions. Under these provisions, a financial institution must provide to its customers, at the inception of the customer relationship and annually thereafter, the institution s policies and procedures regarding the handling of customers nonpublic personal financial information. These provisions also provide that, except for certain limited exceptions, an institution may not provide such personal information to unaffiliated third parties unless the institution discloses to the customer that such information may be so provided and the customer is given the opportunity to opt out of such disclosure. Federal law makes it a criminal offense, except in limited circumstances, to obtain or attempt to obtain customer information of a financial nature by fraudulent or deceptive means.

Additional Legislative and Regulatory Matters

On October 26, 2001, President Bush signed into law the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the USA PATRIOT Act). Among its other provisions, the USA PATRIOT Act requires each financial institution: (i) to establish an anti-money laundering program; (ii) to establish due diligence policies, procedures and controls with respect to its private banking accounts involving foreign individuals and certain foreign banks; and (iii) to avoid establishing, maintaining, administering or managing correspondent accounts in the United States for, or on behalf of, foreign banks that do not have a physical presence in any country. The USA PATRIOT Act also requires the Secretary of the Treasury to prescribe by regulation minimum standards that financial institutions must follow to verify the identity of customers, both foreign and domestic, when a customer opens an account. In addition, the USA PATRIOT Act contains a provision encouraging cooperation among financial institutions, regulatory authorities and law enforcement authorities with respect to individuals, entities and organizations engaged in, or reasonably suspected of engaging in, terrorist acts or money laundering activities.

On July 30, 2002, the President signed into law the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley), which mandated a variety of reforms intended to address corporate and accounting fraud. Sarbanes-Oxley also provided for the establishment of the Public Company Accounting Oversight Board (PCAOB), which enforces auditing, quality control and independence standards for firms that audit Securities and Exchange Commission (SEC) reporting companies. Sarbanes-Oxley imposes higher standards for auditor independence and restricts provision of consulting services by auditing firms to companies they audit and in addition, certain audit partners must be rotated periodically. Sarbanes-Oxley requires chief executive officers and chief financial officers, or their equivalents, to certify to the accuracy of periodic reports filed with the SEC, subject to civil and criminal penalties if they knowingly or willfully violate this certification requirement. In addition, under Sarbanes-Oxley, counsel is required to report specific violations. Directors and executive officers must report most changes in their ownership of a company s securities and executives have restrictions on trading and loans. Sarbanes-Oxley also increases the oversight and authority of audit committees of publicly traded companies. Although Ameris has incurred and will continue to incur additional expense in complying with the provisions of Sarbanes-Oxley and the related rules, management does not expect that such compliance will have a material impact on Ameris financial condition or results of operation.

Fiscal and Monetary Policy

Banking is a business which depends on interest rate differentials for success. In general, the difference between the interest paid by a bank on its deposits and its other borrowings, and the interest received by a bank on its loans and securities holdings, constitutes the major portion of a bank s earnings. Thus, our earnings and growth will be subject to the influence of economic conditions generally, both domestic and foreign, and also to the monetary and fiscal policies of the United States and its agencies, particularly the Federal Reserve. The Federal Reserve regulates the supply of money through various means, including open market dealings in United States government securities, the discount rate at which banks may borrow from the Federal Reserve and the reserve requirements on deposits. The nature and timing of any changes in such policies and their effect on Ameris cannot be predicted.

Current and future legislation and the policies established by federal and state regulatory authorities will affect our future operations. Banking legislation and regulations may limit our growth and the return to our investors by restricting certain of our activities.

In addition, capital requirements could be changed and have the effect of restricting our activities or requiring additional capital to be maintained. We cannot predict what changes, if any, will be made to existing federal and state legislation and regulations or the effect that such changes may have on our business.

Federal Home Loan Bank System

Our Company has a correspondent relationship with the Federal Home Loan Bank of Atlanta (FHLB), which is one of 12 regional Federal Home Loan Banks (or FHLBs) that administer the home financing credit function of savings companies. Each FHLB serves as a reserve or central bank for its members within its assigned region. FHLBs are funded primarily from proceeds derived from the sale of consolidated obligations of the FHLB system and make loans to members (i.e., advances) in accordance with policies and procedures, established by the Board of Directors of the FHLB which are subject to the oversight of the Federal Housing Finance Board. All advances from the FHLB are required to be fully secured by sufficient collateral as determined by the FHLB. In addition, all long-term advances are required to provide funds for residential home financing.

FHLB provides certain services to our Company such as processing checks and other items, buying and selling federal funds, handling money transfers and exchanges, shipping coin and currency, providing security and safekeeping of funds or other valuable items and furnishing limited management information and advice. As compensation for these services, our Company maintains certain balances with FHLB in interest-bearing accounts.

Under federal law, the FHLBs are required to provide funds for the resolution of troubled savings companies and to contribute to low and moderately-priced housing programs through direct loans or interest subsidies on advances targeted for community investment and low and moderate-income housing projects.

Title 6 of the Gramm-Leach-Bliley Act, entitled the Federal Home Loan Bank System Modernization Act of 1999 (called the FHLB Modernization Act), amended the Federal Home Loan Bank Act to allow voluntary membership and modernized the capital structure and governance of the FHLBs. The capital structure established under the FHLB Modernization Act sets forth leverage and risk-based capital requirements based on permanence of capital. It also requires some minimum investment in the stock of the FHLBs of all member entities. Capital includes retained earnings and two forms of stock: Class A stock redeemable within six months upon written notice and Class B stock redeemable within five years upon written notice. The FHLB Modernization Act also reduced the period of time in which a member exiting the FHLB system must stay out of the system.

Real Estate Lending Evaluations

The federal regulators have adopted uniform standards for evaluations of loans secured by real estate or made to finance improvements to real estate. Banks are required to establish and maintain written internal real estate lending policies consistent with safe and sound banking practices and appropriate to the size of the institution and the nature and scope of its operations. The regulations establish loan to value ratio limitations on real estate loans. Our Company s loan policies establish limits on loan to value ratios that are equal to or less than those established in such regulations.

Changing Regulatory Structure

The laws and regulations affecting banks and bank holding companies are in a state of change. The rules and the regulatory agencies in this area have changed significantly over recent years, and there is reason to expect that similar changes will continue in the future. It is not possible to predict the outcome of these changes.

One of the major additional burdens imposed on the banking industry is the increased authority of federal agencies to regulate the activities of federal and state banks and their holding companies. The Federal Reserve and the FDIC have extensive authority to police unsafe or unsound practices and violations of applicable laws and regulations by depository institutions and their holding companies. These agencies can assess civil money penalties. Other laws such as Sarbanes-Oxley have expanded the agencies authority in recent years, and the agencies have not yet fully tested the limits of their powers. In addition, the GDBF possesses broad enforcement powers to address violations of Georgia s banking laws by banks chartered in Georgia.

Economic Environment

The policies of regulatory authorities, including the monetary policy of the Federal Reserve, have a significant effect on the operating results of bank holding companies and their subsidiaries. Among the means available to the Federal Reserve to affect the money supply are open market operations in U.S. government securities, changes in the discount rate on member bank borrowings and changes in reserve requirements against member bank deposits. These means are used in varying combinations to influence overall growth and distribution of bank loans, investments and deposits, and their use may affect interest rates charged on loans or paid on deposits.

The Federal Reserve s monetary policies have materially affected the operating results of commercial banks in the past and are expected to continue to do so in the future. The nature of future monetary policies and the effect of these policies on the business and earnings of our Company cannot be predicted.

ITEM 1A. RISK FACTORS

An investment in the Common Stock of Ameris is subject to risks inherent in the Company s business. The material risks and uncertainties that management believes affect Ameris are described below. Before making an investment decision, you should carefully consider the risks and uncertainties described below, together with all of the other information included or incorporated by reference in this Annual Report. The risks and uncertainties described below are not the only ones facing the Company. Additional risks and uncertainties that management is not aware of or focused on or that management currently deems immaterial may also impair the Company s business operations. This Annual Report is qualified in its entirety by these risk factors.

If any of the following risks actually occurs, the Company s financial condition and results of operations could be materially and adversely affected. If this were to happen, the value of the Common Stock could decline significantly, and you could lose all or part of your investment.

Recent negative developments in the financial services industry and U.S. and global credit markets may adversely impact the Company s operations and results.

Negative developments in the capital markets since the latter half of 2007 and the expectation of the general economic downturn continuing through 2009 have resulted in uncertainty in the financial markets in general. Loan portfolio performances have deteriorated at many institutions resulting from, among other factors, a weak economy and a decline in the value of the collateral supporting their loans. The competition for the Company s deposits has increased significantly due to liquidity concerns at many of these same institutions. Stock prices of bank holding companies, like Ameris, have been negatively affected by the current condition of the financial markets, as has the Company s ability, if needed, to raise capital or borrow in the debt markets. As a result, there is a potential for new federal or state laws and regulations regarding lending and funding practices and liquidity standards, and financial institution regulatory agencies are expected to be very aggressive in responding to concerns and trends identified in examinations. Negative developments in the financial services industry and the impact of new legislation in response to those developments could adversely impact the Company s operations, including the Company s ability to originate or sell loans, and adversely impact the Company s financial performance.

The soundness of other financial institutions could adversely affect Ameris.

The Company s ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. The Company has exposure to many different industries and counterparties, and it routinely executes transactions with counterparties in the financial industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. As a result, defaults by, or even rumors or questions about, one or more financial services institutions, or the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by the Company or by other institutions. Many of these transactions expose the Company to credit risk in the event of default of a counterparty or client. In addition, the Company s credit risk may be exacerbated when the collateral held by the Company cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the financial instrument exposure due to the Company. There is no assurance that any such losses would not materially and adversely affect the Company s results of operations.

There can be no assurance that enacted legislation or any proposed federal programs will stabilize the U.S. financial system and such legislation and programs may adversely affect Ameris.

On October 3, 2008, President George W. Bush signed into law the EESA. The legislation was the result of a proposal by Treasury Secretary Henry Paulson to the U.S. Congress in response to the financial crises affecting the banking system and financial markets and threats to investment banks and other financial institutions. In addition, on October 14, 2008, the Treasury established the CPP, pursuant to which the Treasury would make senior preferred stock investments in participating financial institutions.

The Company has elected to participate in the CPP. There can be no assurance, however, as to the actual impact that the EESA and its implementing regulations or any other governmental program will have on the financial markets or the Company s participation in the CPP. The failure of the EESA or the U.S. government to stabilize the financial markets and a continuation or worsening of current financial market conditions could materially and adversely affect the Company s business, financial condition, results of operations and access to credit or the trading price of the Common Stock.

Contemplated and proposed legislation, state and federal programs, and increased government control or influence may adversely affect the Company by increasing the uncertainty in the Company s lending operations and expose the Company to increased losses, including legislation that would allow bankruptcy courts to permit modifications to mortgage loans on a debtor s primary residence, moratoriums on a mortgagor s right to foreclose on property, and requirements that fees be paid to register other real estate owned property. Statutes and regulations may be altered that may potentially increase the Company s costs to service and underwrite mortgage loans. Additionally, federal intervention and operation of formerly private institutions may adversely affect the Company s rights under contracts with such institutions and the way in which the Company conducts business in certain markets.

The impact on the Company of recently enacted legislation, in particular the EESA and its implementing regulations, cannot be predicted at this time.

The programs established or to be established under the EESA and the Troubled Asset Relief Program may have adverse effects upon the Company. Because the Company participates in the CPP, the Company is subject to increased regulation, and the Company may face additional regulations or changes to regulations to which the Company is subject as a result of its participation. Compliance with such regulation may increase the Company s costs and limit the Company s ability to pursue business opportunities. For example, participation in the CPP limits (without the consent of the Treasury) the Company s ability to increase its dividend or to repurchase the Common Stock for so long as any securities issued under the CPP remain outstanding. Also, the cumulative dividend payable under the Preferred Shares that the Company issued to the Treasury pursuant to the CPP increases from 5% to 9% after five (5) years. Additionally, the Company may not deduct interest paid on the Preferred Shares for income tax purposes. Participating in the CPP also subjects the Company to additional executive compensation restrictions. These restrictions are discussed in greater detail in the Company s definitive Proxy Statement for the Annual Meeting of Shareholders to be held in 2009 (the Proxy Statement), portions of which are incorporated by reference into Part III, Item 11 Executive Compensation of this Annual Report.

Treasury stress tests and other actions may adversely affect bank operations and the value of the Common Stock.

On February 10, 2009, the Secretary of the Treasury outlined a plan to restore stability to the financial system. This announcement included reference to a plan by the Treasury to conduct stress tests of banks which received funds under the CPP and similar Treasury programs. The methods and procedures to be used by the Treasury in conducting its stress tests, how these methods and procedures will be applied, and the significance or consequence of such tests presently are not known. Any of these or their consequences could adversely affect the Company, its bank operations and the value of the Common Stock, among other things.

Changes in interest rates could adversely impact the Company s financial condition and results of operations.

The Company s earnings and cash flows are largely dependent upon its net interest income. Net interest income is the difference between interest income earned on interest-earning assets, such as loans and securities, and interest expense paid on interest-bearing liabilities, such as deposits and borrowed funds. Interest rates are highly sensitive to many factors that are beyond the control of Ameris, including general economic conditions and policies of various governmental and regulatory agencies and, in particular, the Federal Reserve Board of Governors. Changes in monetary policy, including changes in interest rates, could influence not only the interest the Company receives on loans and securities and the amount of interest it pays on deposits and borrowings, but such changes could also affect the Company s ability to originate loans and obtain deposits, the fair value of the Company s financial assets and liabilities and the average duration of the Company s mortgage-backed securities portfolio. If the interest rates paid on deposits and other borrowings increase at a faster rate than the interest rates received on loans and other investments, the Company s net interest income and, therefore, its earnings, could be adversely affected. Earnings could also be adversely affected if the interest rates received on loans and other investments fall more quickly than the interest rates paid on deposits and other borrowings. Although management believes it has implemented effective asset and liability management strategies to reduce the potential effects of changes in interest rates on the Company s results of operations, any substantial, unexpected, prolonged change in market interest rates could have a material adverse effect on the Company s financial condition and results of operations.

If the Company has higher loan losses than it has allowed for, its earnings could materially decrease.

The Company s loan customers may not repay loans according to their terms, and the collateral securing the payment of loans may be insufficient to assure repayment. Ameris may therefore experience significant credit losses which could have a material adverse effect on its operating results. Ameris makes various assumptions and judgments about the collectability of its loan portfolio, including the creditworthiness of borrowers and the value of the real estate and other assets serving as collateral for the repayment of loans. In determining the size of the allowance for loan losses, the Company relies on many factors including its previous experience and its evaluation of economic conditions. If assumptions prove to be incorrect, the current allowance for loan losses may not be sufficient to cover losses inherent in the loan portfolio and adjustment may be necessary to allow for different economic conditions or adverse developments in the loan portfolio. Consequently, a problem with one or more loans could require the Company to significantly increase the level of its provision for loan losses. In addition, federal and state regulators periodically review the Company s allowance for loan losses and may require it to increase its provision for loan losses or recognize further loan charge-offs. Material additions to the allowance would materially decrease the Company s net income.

Ameris has a high concentration of loans secured by real estate and a downturn in the real estate market, for any reason, could result in losses and materially and adversely affect business, financial condition, results of operations and future prospects.

A significant portion of the Company s loan portfolio is dependent on real estate. In addition to the financial strength and cash flow characteristics of the borrower in each case, often loans are secured with real estate collateral. At December 31, 2008, approximately 83.9% of loans have commercial or residential real estate as a component of collateral. The real estate in each case provides an alternate source of repayment in the event of default by the borrower and may deteriorate in value during the time the credit is extended. Further adverse changes in the economy affecting values of real estate generally or in Ameris primary markets specifically could significantly impair the value of collateral and ability to sell the collateral upon foreclosure. Furthermore, it is likely that, in a decreasing real estate market, Ameris would be required to increase its allowance for loan losses as occurred in 2008, causing material strain on recurring levels of net income. If the Company is required to liquidate the collateral securing a loan to satisfy the debt during a period of reduced real estate values or to increase its allowance for loan losses, its profitability and financial condition could be adversely impacted.

Ameris operates in a highly regulated environment and may be adversely impacted by changes in law and regulations.

Ameris, primarily through its Bank, is subject to extensive federal and state regulation and supervision. Banking regulations are primarily intended to protect depositors funds, federal deposit insurance funds and the banking system as a whole, not shareholders. These regulations affect the Company s lending practices, capital structure, investment practices, dividend policy and growth, among other things. Congress and federal regulatory agencies continually review banking laws, regulations and policies for possible changes. Changes to statutes, regulations or regulatory policies, including changes in interpretation or implementation of statutes, regulations or policies, could affect the Company in substantial, unpredictable and adverse ways. Such changes could subject the Company to additional costs, limit the types of financial services and products the Company may offer and/or increase the ability of non-banks to offer competing financial services and products, among other things. Failure to comply with laws, regulations or policies could result in sanctions by regulatory agencies, civil money penalties and/or reputation damage, which could have a material adverse effect on the Company s business, financial condition and results of operations. While the Company has policies and procedures designed to prevent any such violations, there can be no assurance that such violations will not occur.

Ameris relies on dividends from its banking subsidiary for most of its revenue.

Ameris is a separate and distinct legal entity from its subsidiaries. It receives substantially all of its revenue from dividends from the Bank. These dividends are the principal source of funds to pay dividends on the Common Stock and interest and principal on the Company s debt. Various federal and/or state laws and regulations limit the amount of dividends that the Bank may pay to the Company. Also, the Company s right to participate in a distribution of assets upon a subsidiary s liquidation or reorganization is subject to the prior claims of the subsidiary s creditors. In the event the Bank is unable to pay dividends to the Company, the Company may not be able to service debt, pay obligations or pay dividends on the Common Stock and its business, financial condition and results of operations may be adversely affected.

Ameris Articles of Incorporation and Bylaws may prevent or delay a takeover by another company.

Ameris Articles of Incorporation permit Ameris Board of Directors to issue preferred stock without shareowner action. The ability to issue preferred stock could discourage a company from attempting to obtain control of Ameris by means of a tender offer, merger, proxy contest or otherwise. Additionally, Ameris Articles of Incorporation and Bylaws divide Ameris Board of Directors into three classes, as nearly equal in size as possible, with staggered three-year terms. One class is elected each year. The classification of Ameris Board of Directors could make it more difficult for a company to acquire control of Ameris. Ameris is also subject to certain provisions of the Georgia Business Corporation Code and Ameris Articles of Incorporation which relate to business combinations with interested shareholders.

Ameris operates in a highly competitive industry and market areas.

Ameris faces substantial competition in all areas of its operations from a variety of different competitors, many of whom are larger and may have more financial resources. Such competitors primarily include national, regional and community banks within the various markets in which the Bank operates. Ameris also faces competition from many other types of financial institutions, including, without limitation, savings and loan institutions, credit unions, finance companies, brokerage firms, insurance companies, factoring companies and other financial intermediaries. The financial services industry could become even more competitive as a result of legislative, regulatory and technological changes and continued consolidation. Banks, securities firms and insurance companies can merge under the umbrella of a financial holding company, which can offer virtually any type of financial service, including banking, securities underwriting, insurance (both agency and underwriting) and merchant banking. Also, technology has lowered barriers to entry and made it possible for non-banks to offer products and services traditionally provided by banks, such as automatic transfer and automatic payment systems. Many of the Company s competitors have fewer regulatory constraints and may have lower cost structures. Additionally, due to their size, many competitors may be able to achieve economies of scale and, as a result, may offer a broader range of products and services as well as better pricing for those products and services than the Company can.

The Company s ability to compete successfully depends on a number of factors, including, among other things:

- the ability to develop, maintain and build upon long-term customer relationships based on quality service, high ethical standards and safe, sound assets;
- the ability to expand the Company s market position;
- the scope, relevance and pricing of products and services offered to meet customer needs and demands;
- the rate at which the Company introduces new products and services relative to its competitors;
- customer satisfaction with the Company s level of service; and
- industry and general economic trends.

Failure to perform in any of these areas could significantly weaken the Company s competitive position, which could adversely affect the Company s growth and profitability, which, in turn, could have a material adverse effect on the Company s financial condition and results of operations.

Potential acquisitions may disrupt the Company s business and dilute shareholder value.

Acquiring other banks, businesses or branches involves various risks commonly associated with acquisitions, including, among other things:

- potential exposure to unknown or contingent liabilities of the target company;
- exposure to potential asset quality issues of the target company;
- difficulty and expense of integrating the operations and personnel of the target company;
- potential disruption to the Company s business;
- potential diversion of the Company s management s time and attention;
- the possible loss of key employees and customers of the target company;
- difficulty in estimating the value of the target company; and

- potential changes in banking or tax laws or regulations that may affect the target company.

Ameris has recently acquired other financial institutions and often evaluates additional merger and acquisition opportunities related to possible transactions with other financial institutions and financial services companies. As a result, merger or acquisition discussions and, in some cases, negotiations may take place and future mergers or acquisitions involving cash, debt or equity securities of the Company may occur at any time. Acquisitions typically involve the payment of a premium over book and market values, and, therefore, some dilution of the Company s tangible book value and net income per common share may occur in connection with any future transaction. Furthermore, failure to realize the expected revenue increases, cost savings, increases in geographic or product presence and/or other projected benefits and synergies from an acquisition could have a material adverse effect on the Company s financial condition and results of operations.

Ameris continually encounters technological change.

The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology-driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve customers and to reduce costs. The Company s future success depends, in part, upon its ability to address the needs of its customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in the Company s operations. Many of the Company s competitors have substantially greater resources to invest in technological improvements. The Company may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to its customers. Failure to successfully keep pace with technological change affecting the financial services industry could have a material adverse impact on the Company s business and, in turn, the Company s financial condition and results of operations.

Ameris may not be able to attract and retain skilled people.

The Company s success depends, in large part, on its ability to attract and retain key people. Competition for the best people in most activities engaged in by the Company can be intense and the Company may not be able to hire people or to retain them. The unexpected loss of services of one or more of the Company s key personnel could have a material adverse impact on the Company s business because of their skills, knowledge of the Company s market, years of industry experience and the difficulty of promptly finding qualified replacement personnel.

Financial services companies depend on the accuracy and completeness of information about customers and counterparties.

In deciding whether to extend credit or enter into other transactions, the Company may rely on information furnished by or on behalf of customers and counterparties, including financial statements, credit reports and other financial information. The Company may also rely on representations of those customers, counterparties or other third parties, such as independent auditors, as to the accuracy and completeness of that information. Reliance on inaccurate or misleading financial statements, credit reports or other financial information could have a material adverse impact on the Company s business and, in turn, the Company s financial condition and results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Ameris corporate headquarters is located at 310 First St. SE, Moultrie, Georgia 31768. The Company occupies approximately 6,300 square feet at this location plus an additional 37,248 square feet used for support services for banking operations including credit, sales and operational support, as well as audit and loan review services. In addition to its corporate headquarters, Ameris operates 50 office or branch locations, of which 37 are owned and 13 are subject to either building or ground leases. At December 31, 2008, there were no significant encumbrances on the offices, equipment or other operational facilities owned by Ameris and the Bank.

ITEM 3. LEGAL PROCEEDINGS

From time to time, the Company and the Bank are parties to legal proceedings arising in the ordinary course of our business operations, including the case described below. Management, after consultation with legal counsel, does not anticipate that current litigation will have a material adverse effect on the Company s financial position or results of operations or cash flows.

On December 12, 2008, the Supreme Court of Alabama reversed and dismissed a judgment against Ameris Bank (f/k/a Southland Bank) entered previously on June 15, 2006 in the amount of $7.1 million. It was the Supreme Court s conclusion that Ameris Bank and other defendants in the case were entitled to a judgment as a matter of law and as such, the case should not have been submitted to the jury. It is the opinion of management and our legal counsel that the matter is closed.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SHAREHOLDERS

No matters were submitted to a vote of our shareholders during the fourth quarter of 2008.

PART II

ITEM 5. MARKET FOR THE REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Price of Common Stock

The Common Stock is listed on the NASDAQ Global Select Market (NASDAQ) under the symbol ABCB . The following table sets forth: (i) the high and low sales prices for the Common Stock as quoted on NASDAQ during 2008 and 2007; and (ii) the amount of quarterly dividends declared on the Common Stock during the periods indicated. The high and low sales prices reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not necessarily represent actual transactions.

Quarter Ended 2008	**High**	**Low**	**Close**	**Dividend**
March 31	**$ 16.55**	**$ 12.60**	**$ 16.06**	**$ .14**
June 30	**16.48**	**8.70**	**8.70**	**.14**
September 30	**15.07**	**7.82**	**14.85**	**.05**
December 31	**14.21**	**7.19**	**11.85**	**.05**

Quarter Ended 2007	**High**	**Low**	**Close**	**Dividend**
March 31	**$ 28.48**	**$ 23.38**	**$ 24.48**	**$ .14**
June 30	**25.74**	**21.89**	**22.47**	**.14**
September 30	**23.22**	**17.85**	**18.08**	**.14**
December 31	**18.81**	**13.83**	**16.85**	**.14**

Dividends

Restrictions on the Company s payment of dividends in respect of the Common Stock are discussed in Part 1, Item 1 Business of this Annual Report.

Holders of Common Stock

As of February 11, 2009, there were approximately 2,380 holders of record of the Common Stock. The Company believes that a portion of Common Stock outstanding is held either in nominee name or street name brokerage accounts; therefore, the Company is unable to determine the number of beneficial owners of the Common Stock.

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Performance Graph

Set forth below is a line graph comparing the change in the cumulative total shareholder return on the Common Stock against the cumulative return of the NASDAQ Stock Market (U.S. Companies) Index and the index of NASDAQ Bank Stocks for the five-year period commencing December 31, 2003, and ending December 31, 2008. This line graph assumes an investment of $100 on December 31, 2003 and reinvestment of dividends and other distributions to shareholders.

Pursuant to the regulations of the Commission, this performance graph is not soliciting material, is not deemed filed with the Commission and is not to be incorporated by reference in any filing of the Company under the Securities Act or the Exchange Act

ITEM 6. SELECTED FINANCIAL DATA

The following table presents selected consolidated financial information for Ameris. The data set forth below is derived from the audited consolidated financial statements of Ameris. The acquisitions of Citizens on November 30, 2004, FNB on December 15, 2005 and Islands on December 31, 2006 have significantly affected the comparability of selected financial data. Specifically, since these acquisitions were accounted for using the purchase method, the assets of the acquired institutions were recorded at their fair values, the excess purchase price over the net fair value of the assets was recorded as goodwill and the results of operations for these businesses have been included in the Company s results since the date these acquisitions were completed. Accordingly, the level of our assets and liabilities and our results of operations for these acquisitions have significantly affected the Company s financial position and results of operations. Discussion of these acquisitions can be found in the Corporate Restructuring and Business Combinations section of Part 1, Item 1. of this Annual Report and in Note 3 Business Combinations in the Notes to Consolidated Financial Statements. The selected financial data should be read in conjunction with, and is qualified in its entirety by, the Consolidated Financial Statements and the Notes thereto and Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere herein.

	Year Ended December 31,				
	2008	**2007**	**2006**	**2005**	**2004**
	(Dollars in Thousands, Except Per Share Data)				
Selected Balance Sheet Data:					
Total assets	**$ 2,407,090**	$ 2,112,063	$ 2,047,542	$ 1,697,209	$ 1,267,993
Total loans, gross	**1,695,777**	1,614,048	1,442,951	1,186,601	877,074
Total deposits	**2,013,525**	1,757,265	1,710,163	1,375,232	986,224
Investment Securities Available for Sale	**367,894**	289,382	283,192	235,145	213,948
Stockholders equity	**239,359**	191,249	178,732	148,703	120,939
Selected Income Statement Data:					
Interest income	**$ 129,008**	$ 146,077	$ 124,111	$ 79,539	$ 64,365
Interest expense	**56,343**	70,999	54,150	26,934	19,375
Net interest income	**72,665**	75,078	69,961	52,605	44,990
Provision for loan losses	**35,030**	11,321	2,837	1,651	1,786
Other income	**19,149**	17,592	19,262	13,530	13,023
Other expenses	**62,753**	58,896	53,129	43,607	36,505
Income/(loss) before income taxes	**(5,969)**	22,453	33,257	20,877	19,722
Income tax expense/(benefit)	**(2,053)**	7,300	11,129	7,149	6,621
Net income/(loss)	**$ (3,916)**	$ 15,153	$ 22,128	$ 13,728	$ 13,101
Preferred stock dividends	**328**	-	-	-	-
Net income/(loss) available to common shareholders	**$ (4,244)**	$ 15,153	$ 22,128	$ 13,728	$ 13,101
Per Share Data:					

Net income - basic	**$ (0.31)**	$ 1.12	$ 1.71	$ 1.15	$ 1.12
Net income - diluted	**(0.31)**	1.11	1.68	1.14	1.11
Common Book value	**14.06**	14.06	13.19	11.48	10.28
Tangible common book value	**9.74**	9.67	8.73	7.64	7.90
Common Dividends	**0.38**	0.56	0.56	0.56	0.47

	Year Ended December 31,				
	2008	**2007**	**2006**	**2005**	**2004**
	(Dollars in Thousands, Except Per Share Data)				
Profitability Ratios:					
Net income to average total assets	**(0.19)%**	0.74%	1.22%	1.04%	1.12%
Net income to average common stockholders equity	**(2.22)**	8.13	13.9	10.87	11.19
Net interest margin	**3.65**	4.02	4.25	4.31	4.15
Efficiency ratio	**68.35**	63.55	59.55	65.94	62.93
Loan Quality Ratios:					
Net charge-offs to total loans	**1.36%**	0.53%	0.09%	0.03%	0.22%
Reserve for loan losses to total loans and OREO	**2.33**	1.71	1.72	1.88	1.77
Nonperforming assets to total loans and OREO	**4.13**	1.60	0.61	0.90	0.70
Reserve for loan losses to nonperforming loans	**60.62**	145.72	361.54	232.57	274.7
Reserve for loan losses to total nonperforming assets	**56.52**	106.47	281.93	207.68	253.32
Liquidity Ratios:					
Loans to total deposits	**84.22%**	91.85%	84.38%	86.28%	88.93%
Average loans (TE) to average earnings assets (TE)	**82.32**	81.72	79.39	77.32	80.91
Noninterest-bearing deposits to total deposits	**10.36**	9.36	12.96	14.6	15.22
Capital Adequacy Ratios:					
Common stockholders equity to total assets	**7.91%**	9.06%	8.73%	8.76%	9.54%
Common stock dividend payout ratio	**NM**	50.00	32.94	48.7	41.96

ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The Company s Ameris Bancorp s performance in 2008 was impacted by a number of significant items. Credit costs (net charge-offs and provisions for loan losses) were at record high levels for the Bank in 2008 as residential real estate values continued to fall. Our Florida markets were especially vulnerable to declining values and activity and accounted for more than 50% of 2008 s provision for loan losses.

In addition to a general slow-down in real estate activity, our industry dealt with tighter liquidity than had been seen in prior years. The lower levels of available liquidity in the marketplace led to unusually high borrowing costs that kept interest expense at elevated levels through most of 2008.

Balance sheet growth was limited in 2008 compared to recent years. The combination of fewer loan opportunities and the Company s efforts to reduce its exposure in certain loan concentrations caused the growth in loans to be held to approximately 5%. The majority of the Company s deposit growth was limited to time deposits although some markets enjoyed success selling a high yield checking account. The Company has focused a significant amount of resources towards improving its deposit mix and funding a significant majority of its future growth with low-cost or transaction based deposit accounts.

The importance of strong capital and liquidity was highlighted in the last half of the year as a growing number of larger regional banks and investment banks suffered and were in some cases, merged with other institutions. Ameris had managed strong liquidity and capital levels proactively for several years before the crisis began. In the fourth quarter of 2008, the Company took steps to further bolster its capital and liquidity positions. On the capital front, the Company elected to participate in the CPP and issued $52 million of preferred shares to the Treasury. This transaction with the Treasury is discussed in detail elsewhere in this Annual Report. For liquidity, the Company adopted an aggressive stance on local deposits and had several fourth quarter campaigns that raised approximately $200 million in incremental, local market deposits.

For the year ended December 31, 2008, Ameris reported a net loss available to common stockholders of $4.2 million or $0.31 per diluted share, compared to net income of $15.2 million, or $1.11 per diluted share in 2007.

Net interest income decreased during the year ended December 31, 2008 by 3.2% to $72.7 million compared to $75.1 million for year ended December 31, 2007. The Company s net interest margin decreased from 4.02% in 2007 to 3.65% in 2008. The decline was primarily related to borrowing costs that remained somewhat elevated as asset yields fell commensurately with national indices that reached historic lows.

Non-interest income grew during the year 8.5% to $19.1 million from $17.6 million during 2007. The majority of this increase related to increases in service charges on deposit accounts which increased to $13.9 million in 2008 compared to $12.5 million in 2007. This increase in service charges related to increases in the number of account holders subject to charges as well as minor increases in various fee schedules.

Total operating expenses grew 6.6% in 2008 to $62.8 million, compared to $58.9 million in 2007. Salaries and benefits during 2008 were $31.7 million, an increase of 6.2% as compared to $29.8 million in 2007. These increases are mostly the result of expansion efforts in larger markets where the Company opened nine offices during 2008. Occupancy and equipment expense increased during 2008 to $8.1 million, an increase of 7.0% as compared to 2007. This increase also relates to expansion efforts in larger markets, the costs of which were offset to some degree by savings from branch closings during 2008.

Provisions for loan losses in 2008 were significantly higher than levels incurred in 2007 as the economic conditions of our local economies were affected by slowing real estate activity and lower real estate values. For the year ended December 31, 2008, the Company recorded $35.0 million in provision for loan losses compared to $11.3 million in 2007, an increase of $23.7 million. Net charge-offs were also higher in 2008 at $23.0 million or 1.36% of average loans, compared to $8.5 million or 0.53% of average loans in 2007.

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CRITICAL ACCOUNTING POLICIES

Ameris has established certain accounting and financial reporting policies to govern the application of accounting principles generally accepted in the United States of America in the preparation of our financial statements. Our significant accounting policies are described in the Notes to the Consolidated Financial Statements. Certain accounting policies involve significant judgments and assumptions by management which have a material impact on the carrying value of certain assets and liabilities; management considers these accounting policies to be critical accounting policies. The judgments and assumptions used by management are based on historical experience and other factors which are believed to be reasonable under the circumstances. Because of the nature of the judgments and assumptions made by management, actual results could differ from the judgments and estimates adopted by management which could have a material impact on the carrying values of assets and liabilities and the results of Ameris operations. We believe the following accounting policies applied by Ameris represent critical accounting policies.

Allowance for Loan Losses

We believe the allowance for loan losses is a critical accounting policy that requires the most significant judgments and estimates used in the preparation of our consolidated financial statements. The allowance for loan losses represents management s estimate of probable loan losses inherent in the Company s loan portfolio. Calculation of the allowance for loan losses represents a critical accounting estimate due to the significant judgment, assumptions and estimates related to the amount and timing of estimated losses, consideration of subjective environmental factors and the amount and timing of cash flows related to impaired loans.

Management believes that the allowance for loan losses is adequate. While management uses available information to recognize losses on loans, future additions to the allowance for loan losses may be necessary based on changes in economic conditions. In addition, various regulatory agencies, as an integral part of their examination processes, periodically review the Company s allowance for loan losses. Such agencies may require the Company to recognize additions to the allowance for loan losses based on their judgments about information available to them at the time of their examination.

Considering current information and events regarding a borrower s ability to repay its obligations, management considers a loan to be impaired when the ultimate collectability of all amounts due, according to the contractual terms of the loan agreement, is in doubt. When a loan is considered to be impaired, the amount of impairment is measured based on the present value of expected future cash flows discounted at the loan s effective interest rate or if the loan is collateral-dependent, the fair value of the collateral is used to determine the amount of impairment. Impairment losses are included in the allowance for loan losses through a charge to the provision for losses on loans.

Subsequent recoveries are credited to the allowance for loan losses. Cash receipts for accruing loans are applied to principal and interest under the contractual terms of the loan agreement. Cash receipts on impaired loans for which the accrual of interest has been discontinued are applied first to principal and then to interest income.

Certain economic and interest rate factors could have a material impact on the determination of the allowance for loan losses. An increase in interest rates by the Federal Reserve would favorably impact our net interest margin. An improving economy could result in the expansion of businesses and creation of jobs which would positively affect Ameris loan growth and improve our gross revenue stream. Conversely, certain factors could result from an expanding economy which could increase our credit costs and adversely impact our net earnings. A significant rapid rise in interest rates could create higher borrowing costs and shrinking corporate profits which could have a material impact on a borrower s ability to pay. We will continue to concentrate on maintaining a high quality loan portfolio through strict administration of our loan policy.

Another factor that we have considered in the determination of the allowance for loan losses is loan concentrations to individual borrowers or industries. We had two credit relationships that exceed our in-house credit limit of $5.0 million. Total exposure to these two credits is $14.8 million.

A substantial portion of our loan portfolio is in the commercial real estate and residential real estate sectors. Those loans are secured by real estate in Ameris primary market areas. A substantial portion of other real estate owned is located in those same markets. Therefore, the ultimate collectability of a substantial portion of our loan portfolio and the recovery of a substantial portion of the carrying amount of other real estate owned are susceptible to changes to market conditions in Ameris primary market area.

Income Taxes

SFAS No. 109, Accounting for Income Taxes, requires the asset and liability approach for financial accounting and reporting for deferred income taxes. We use the asset and liability method of accounting for deferred income taxes and provide deferred income taxes for all significant income tax temporary differences. See Note 12 to the Notes to Consolidated Financial Statements for additional details.

As part of the process of preparing our consolidated financial statements we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating our actual current tax exposure together with assessing temporary differences resulting from differing treatment of items, such as depreciation and the provision for loan losses, for tax and financial reporting purposes. These differences result in deferred tax assets and liabilities that are included in our consolidated balance sheet.

We must also assess the likelihood that our deferred tax assets will be recovered from future taxable income, and to the extent we believe that recovery is not likely, we must establish a valuation allowance. Significant management judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. To the extent we establish a valuation allowance or adjust this allowance in a period, we must include an expense within the tax provisions in the statement of income.

We have recorded on our consolidated balance sheet net deferred tax assets of $10.9 million, which includes amounts relating to loss carryforwards. We believe there will be sufficient taxable income in the future to allow us to utilize these loss carryforwards in the tax jurisdictions where they exist.

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Long-Lived Assets, Including Intangibles

In our financial statements, we have recorded $58.4 million of goodwill and other intangible assets, which represents the amount by which the price we paid for acquired businesses exceeds the fair value of tangible assets acquired plus the liabilities assumed. We evaluate long-lived assets, such as property and equipment, specifically identifiable intangibles and goodwill, when events or changes in circumstances indicate that the carrying value of such assets might not be recoverable. Factors that could trigger impairment include significant underperformance relative to historical or projected future operating results, significant changes in the manner of our use of the acquired assets and significant negative industry or economic trends.

The determination of whether impairment has occurred is based on an estimate of undiscounted cash flows attributable to the assets as compared to the carrying value of the assets. If impairment has occurred, the amount of the impairment loss recognized would be determined by estimating the fair value of the assets and recording a loss if the fair value was less than the book value. During 2008, the Company determined there was the potential for impairment due to significant declines in the Company s market value. As a result, the Company engaged an independent party who reviewed business strategies as well as current and forecasted levels of earnings and capital. The study indicated that the Company s goodwill was not impaired and as a result, no adjustments were made to the carrying value of goodwill.

In determining the existence of impairment factors, our assessment is based on market conditions, operational performance and legal factors of our Company. Our review of factors present and the resulting appropriate carrying value of our goodwill, intangibles and other long-lived assets are subject to judgments and estimates that management is required to make. Future events could cause us to conclude that impairment indicators exist and that our goodwill, intangibles and other long-lived assets might be impaired. In accordance with accounting rules promulgated by the Financial Accounting Standards Board (FASB), no goodwill was expensed in 2008, 2007 or 2006.

NET INCOME/(LOSS) AND EARNINGS PER SHARE

In 2008, we reported a net loss available to common stockholders of $4.2 million, or $0.31 per diluted share, compared to net income of $15.2 million, or $1.11 per diluted share in 2007 and $22.1 million, or $1.68 per diluted share, in 2006. Our return on average assets was (0.19%), 0.74% and 1.22% in 2008, 2007 and 2006, respectively. Our return on average stockholders equity was (2.22%), 8.14% and 13.90% in 2008, 2007 and 2006, respectively.

EARNING ASSETS AND LIABILITIES

Average earning assets in 2008 increased 7.8% to $2.03 billion as compared to 2007. The earning asset and interest-bearing liability mix is constantly monitored to maximize the net interest margin and therefore increase return on assets and shareholders equity.

The following statistical information should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operation and the financial statements and related notes included elsewhere in this Annual Report and in the documents incorporated herein by reference.

The following tables set forth the amount of our interest income or interest expense for each category of interest-earning assets and interest-bearing liabilities and the average interest rate for total interest-earning assets and total interest-bearing liabilities, net interest spread and net yield on average interest-earning assets. Federally tax-exempt income is presented on a taxable-equivalent basis assuming a 35% federal tax rate.

	Year Ended December 31,								
	2008			2007			2006		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate Paid	Average Balance	Interest Income/ Expense	Average Yield/ Rate Paid	Average Balance	Interest Income/ Expense	Average Yield/ Rate Paid
	(Dollars in Thousands)								
ASSETS									
Interest-earning assets:									
Loans	**$ 1,667,483**	**$ 114,186**	**6.85%**	$ 1,536,243	$ 129,376	8.42%	$ 1,308,405	$ 107,809	8.24%
Investment securities	**309,109**	**15,517**	**5.02**	298,036	14,785	4.96	267,343	12,550	4.69
Short-term assets	**49,082**	**507**	**1.03**	45,634	2,349	5.15	72,183	3,843	5.32
Total earning assets	**2,025,674**	**130,210**	**6.43**	1,879,913	146,510	7.79	1,647,931	124,202	7.54
Non-earning assets	**175,362**			175,015			165,839		
Total assets	**$ 2,201,036**			$ 2,054,928			$ 1,813,770		
LIABILITIES AND STOCKHOLDERS EQUITY									
Interest-bearing liabilities:									
Savings and interest-bearing demand deposits	**$ 656,876**	**$ 11,611**	**1.77%**	$ 634,287	$ 18,014	2.84%	$ 521,783	$ 11,397	2.18%
Time deposits	**968,124**	**40,331**	**4.17**	874,609	44,367	5.07	773,089	34,202	4.42
Other borrowings	**22,294**	**497**	**2.22**	16,425	722	4.40	11,910	514	4.32
FHLB advances	**102,641**	**1,500**	**1.46**	92,570	4,732	5.11	91,119	4,246	4.66
Trust preferred securities	**42,269**	**2,404**	**5.69**	42,269	3,164	7.49	41,841	3,791	8.20
Total interest-bearing liabilities	**1,792,204**	**56,343**	**3.14**	1,660,160	70,999	4.28	1,439,742	54,150	3.76
Demand deposits	**198,422**			192,575			194,150		
Other liabilities	**13,566**			15,880			20,684		
Stockholders equity	**196,844**			186,313			159,194		
Total liabilities and stockholders equity	**$ 2,201,036**			$ 2,054,928			$ 1,813,770		
Interest rate spread			**3.29%**			3.52%			3.78%
Net interest income		**$ 73,867**			$ 75,511			$ 70,052	

Net interest margin	**3.65%**	4.02%	4.25%

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RESULTS OF OPERATIONS

Net Interest Income

Net interest income represents the amount by which interest income on interest-bearing assets exceeds interest expense incurred on interest-bearing liabilities. Net interest income is the largest component of our income and is affected by the interest rate environment and the volume and composition of interest-earning assets and interest-bearing liabilities. Our interest-earning assets include loans, investment securities, interest-bearing deposits in banks and federal funds sold. Our interest-bearing liabilities include deposits, other short-term borrowings, FHLB advances and subordinated debentures.

2008 compared with 2007:

For the year ended December 31, 2008, interest income was $129.0 million, a decrease of $17.1 million, or 11.7%, compared to the same period in 2007. Average earning assets increased $145.8 million, or 7.8%, to $2.03 billion for the year ended December 31, 2008 compared to $1.88 billion as of December 31, 2007. Yield on average earning assets on a taxable equivalent basis for 2007 decreased to 6.43% compared to 7.79% for the year ended December 31, 2007. The change in yields on earning assets during 2008 resulted from a lower interest rate environment in 2008 than in 2007 with benchmark interest rates falling to historic lows as well as increased levels of non-accrual loans where foregone interest income was approximately $4.6 million.

Interest expense on deposits and other borrowings for the year ended December 31, 2008 was $56.3 million, compared to $71.0 million for the year ended December 31, 2007. During 2008, average funding increased $137.9 million or 7.4%. The majority of this growth in average total funding was in time deposits which increased 10.7%. Average non-deposit borrowings increased 10.5% during 2008 as the Company used these lines more aggressively to counter the higher costs of deposits.

During 2008, yields on average deposit borrowings fell to 2.85% from 3.67% in 2007. Although the fall in deposit yields was significant, its level relative to falling interest income was not sufficient to preserve normal levels of net interest margin. As the year came to a close, yields on deposit borrowings began to react positively to government intervention aimed at increasing liquidity levels. Non-deposit borrowings decreased substantially from 5.70% in 2007 to 2.63% in 2008 as the majority of these deposits are tied to national rate indices that fell during 2008 to historically low levels.

On a taxable-equivalent basis, net interest income for 2008 was $74.0 million compared to $75.5 million in 2007, a decrease of 2.0%. The Company s net interest margin, on a tax equivalent basis, decreased to 3.65% for the year ended December 31, 2008 compared to 4.02% in the prior year.

2007 compared with 2006:

Interest income for the year ended December 31, 2007 was $146.1 million, an increase of $22.0 million, or 17.7%, compared to the same period in 2006. Average earning assets increased $232.0 million, or 14.1%, to $1.88 billion for the year ended December 31, 2007 compared to $1.65 billion as of December 31, 2006. The yield on average earning assets on a taxable equivalent basis for 2007 increased to 7.79% compared to 7.54% and 6.53% for the years ended December 31, 2006 and 2005, respectively. The increase in yields on earning assets during 2007 is primarily attributed to better pricing opportunities on fixed rate loans with steady levels of benchmark interest rates for variable rate loans.

Interest expense on deposits and other borrowings for the year ended December 31, 2007 was $71.0, a $16.9 million increase from the year ended December 31, 2006. Average interest-bearing liabilities increased by $217.9 million, or 13.3% to end the year at $1.85 billion. Rates on average interest-bearing liabilities rose to 3.83% from 3.29% and 2.60% as of December 31, 2006 and 2005, respectively. Our Company aggressively manages our cost of funds to achieve a balance between high levels of profitability and acceptable levels of growth.

On a taxable-equivalent basis, net interest income for 2007 was $75.5 million compared to $70.1 million in 2006, an increase of 7.7%. The Company s net interest margin, on a tax equivalent basis, decreased to 4.02% for the year ended December 31, 2007 compared to 4.25% as of December 31, 2006. Opportunities to improve the net interest margin proved limited during the year due to an interest rate environment dominated by an inverted yield curve, that gave way to falling short term rates late in 2007.

	Year Ended December 31,					
	2008 vs. 2007			2007 vs. 2006		
	Increase	Changes Due To		Increase	Changes Due To	
	(Decrease)	Rate	Volume	(Decrease)	Rate	Volume
	(Dollars in Thousands)					
Increase (decrease) in:						
Income from earning assets:						
Interest and fees on loans	**$ (15,190)**	**$ (26,284)**	**$ 11,094**	$ 21,567	$ 18,798	$ 2,769
Interest on securities:	**732**	**185**	**547**	2,235	1,434	801
Short-term assets	**(1,842)**	**(2,019)**	**177**	(1,494)	(1,416)	(78)
Total interest income	**(16,300)**	**(28,118)**	**11,818**	22,308	18,816	3,492
Expense from interest-bearing liabilities:						
Interest on savings and interest-bearing demand deposits	**(6,403)**	**(7,045)**	**642**	6,617	2,444	4,173
Interest on time deposits	**(4,035)**	**(8,776)**	**4,741**	10,164	4,484	5,680
Interest on other borrowings	**(225)**	**(483)**	**258**	208	195	13
Interest on FHLB advances	**(3,232)**	**(3,747)**	**515**	486	68	418
Interest on trust preferred securities	**(760)**	**(760)**	**-**	(627)	35	(662)
Total interest expense	**(14,656)**	**(20,811)**	**6,156**	16,848	7,226	9,622
Net interest income	**$ (1,644)**	**$ (7,307)**	**$ 5,662**	$ 5,460	$ 11,590	$ (6,130)

Provision for Loan Losses

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. As these factors change, the level of loan loss provision may change.

Decreases in credit quality during 2008 resulted in a provision for loan losses of $35.0 million, compared to $11.3 million for 2007 and $2.8 million in 2006. Net charge-offs in 2008 were also elevated from historical levels at 1.36% of average loans compared to 0.53% in 2007 and 0.10% in 2006.

At December 31, 2008, non-performing assets amounted to $70.2 million or 4.13% of total loans and OREO compared to 1.58% at December 31, 2007. Other real estate was approximately $4.7 million as of December 31, 2008, reflecting a 32.2% decline from the year ago period. The Company s reserve for loan losses at December 31, 2008 was $39.7 million or 2.34% of total loans, compared to $27.6 million and 1.71% and 1.72% at December 31, 2007 and 2006, respectively

Non-interest income

Following is a comparison of non-interest income for 2008, 2007 and 2006.

	Years Ended December 31,		
	2008	2007	2006
	(Dollars in Thousands)		
Service charges on deposit accounts	**$ 13,916**	$ 12,455	$ 11,538
Mortgage banking activities	**3,180**	3,093	2,208
Gain (loss) on sale of securities	**316**	(297)	(308)
Other income	**1,737**	2,341	5,824

	$ 19,149	$ 17,592	$ 19,262

2008 compared with 2007:

Total non-interest income in 2008 was $19.1 million compared to $17.6 million in 2007, an increase of 8.9%. The majority of the increase in non-interest income related to growth in service charges on deposit accounts. For the year ended December 31, 2008, service charges increased to $13.9 million, an increase of 11.7% as compared to 2007. During 2008, the Company significantly increased the numbers of deposit accounts subject to service charges and made minor changes to certain fees schedules. Mortgage income increased only slightly to $3.2 million in 2008 as compared to $3.1 million in 2007. Mortgage activity in 2008 was impacted measurably by the declining economic conditions that impacted residential real estate.

2007 compared with 2006:

The non-interest income component of total revenue grew 8.4% to $17.9 million in 2007 (excluding gains on sales of charters in 2006 and losses on investment sales in both years). Service charges and fees on deposit accounts grew 7.9% to $12.5 million as the Company increased certain fees and charges. In addition to increasing fees, the Company significantly increased the number of low-cost deposit accounts in virtually every market. Mortgage origination and related fees increased substantially during 2007 as the Company more than doubled its sales force, mostly in the last half of 2007. While total revenue from mortgage related activities increased 40.1% to $3.1 million during 2007, contribution to net earnings was limited due to various start-up costs.

Non-interest expense

Following is a comparison of non-interest expense for 2008, 2007 and 2006.

	Years Ended December 31,		
	2008	**2007**	**2006**
	(Dollars in Thousands)		
Salaries and employee benefits	**$ 31,700**	$ 29,844	$ 27,043
Equipment and occupancy	**8,069**	7,540	6,836
Amortization of intangible assets	**1,170**	1,297	1,107
Data processing and communication costs	**6,457**	6,496	7,273
Business restructuring	**-**	-	1,452
Advertising and public relations	**3,091**	2,536	2,040
Postage & Delivery	**1,420**	1,336	1,240
Printing & Supplies	**1,270**	1,060	895
Legal Fees	**537**	527	376
Other Professional Fees	**1,306**	1,307	1,541
Directors fees	**743**	787	793
Other expense	**6,990**	6,166	2,533
	$ 62,753	$ 58,896	$ 53,129

2008 compared with 2007:

For the year ended December 31, 2008, total operating expenses were $62.8 million compared to $59.0 million in 2007, an increase of 6.4%. Salaries and benefits increased 6.2% in 2008 to $31.7 million compared to $29.8 million in 2007. Continued expansion in certain metro markets during 2008 led to additional staff and personnel costs. Offsetting some of this expense was the Company s previous announcements to close four branches in smaller markets. Equipment and occupancy expenses increased to $8.1 million in 2008 as a result of the expansion efforts. This level of equipment and occupancy expenses was 8.0% higher than the $7.5 million recorded during 2007. Data processing and communications costs remained unchanged at $6.5 million during 2008 and 2007. Advertising and marketing expenses increased substantially as the Company worked to significantly increase deposit levels. During 2008, total advertising and marketing costs were $3.1 million, compared to $2.5 million in 2007. The Company s advertising efforts were successful in significantly increasing deposit levels and liquidity ratios during 2008.

2007 compared with 2006:

Total operating expenses grew 10.9% in 2007 to $58.9 million compared to $53.1 million in 2006. Several factors impacted operating expenses in 2007, the largest factor being the Company s South Carolina initiative, which accounted for approximately $4.5 million in incremental costs during 2007. Equipment and occupancy expenses increased approximately 10.3% to $7.5 million as additional offices in South Carolina and Florida were opened in 2007. Advertising-related expenses in 2007 increased approximately $500,000 to $2.5 million as the Company expanded its marketing efforts in existing markets and promoted its products in new and existing markets. Marketing costs are not expected to moderate or fall in 2008 as the Company has planned events surrounding openings in several new markets across its footprint and increased marketing around mortgage and treasury services.

Expenses associated with data processing and communications costs decreased 10.7% during 2007. In 2007, the Company re-negotiated certain portions of its communications contracts with its provider that allowed for improved network capacity at more attractive levels.

Income Taxes:

Federal income tax expense is influenced by the amount of taxable income, the amount of tax-exempt income and the amount of non-deductible expenses. For the year ended December 31, 2008, the Company reported an income tax benefit of $2.05 million. This compares to income tax expenses of $7.30 million and $11.13 million for the years ended 2007 and 2006, respectively. The Company s effective tax rate was 34%, 33% and 33% for the years ended December 31, 2008, 2007 and 2006.

LOANS

Management believes that our loan portfolio is adequately diversified. The loan portfolio contains no foreign or energy-related loans or significant concentrations in any one industry. As of December 31, 2008, approximately 83.9% of our loan portfolio was secured by real estate. The amount of loans outstanding at the indicated dates is shown in the following table according to type of loans.

			December 31,		
	2008	**2007**	**2006**	**2005**	**2004**
			(Dollars in Thousands)		
Commercial, financial & agricultural	**$ 200,421**	$ 205,141	$ 171,904	$ 161,050	$ 128,303
Real estate construction & development	**162,887**	174,576	157,260	73,639	39,516
Real estate commercial & farmland	**1,070,483**	996,517	883,583	719,367	504,335
Real estate residential	**189,203**	157,334	147,789	142,609	126,985
Consumer installment loans	**64,707**	69,099	73,218	79,239	66,779
Other	**8,076**	11,381	9,197	10,697	11,156
	1,695,777	1,614,048	1,442,951	1,186,601	877,074
Less reserve for possible loan losses	**39,652**	27,640	24,863	22,294	15,493
Loans, net	**$ 1,656,125**	$ 1,586,408	$ 1,418,088	$ 1,164,307	$ 861,581

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Total loans as of December 31, 2008 are shown in the following table according to their contractual maturity.

	Contractual Maturity in:			
	One Year or Less	Over One Year through Five Years	Over Five Years	Total
	(Dollars in Thousands)			
Commercial, financial & agricultural	**$ 100,032**	$ 74,463	$ 25,926	$ 200,421
Real estate construction & development	**114,059**	26,014	22,814	162,887
Real estate commercial & farmland	**426,049**	515,295	129,139	1,070,483
Real estate residential	**39,277**	80,491	69,435	189,203
Consumer installment loans	**15,999**	43,103	5,605	64,707
Other	**3,328**	3,538	1,210	8,076
	698,744	742,904	254,129	1,695,777

The following table summarizes loans at December 31, 2008 with maturity dates after one year which (1) have predetermined interest rates and (2) have floating or adjustable interest rates.

	(Dollars in Thousands)
Predetermined interest rates	$ 561,990
Floating or adjustable interest rates	435,043
	$ 997,033

ALLOWANCE AND PROVISION FOR LOAN LOSSES

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

We have developed a methodology for determining the adequacy of the loan loss reserve which is monitored by the Company s Senior Credit Officer. Procedures provide for the assignment of a risk rating for every loan included in our total loan portfolio, with the exception of credit card receivables and overdraft protection loans which are treated as pools for risk rating purposes. The risk rating schedule provides eight ratings of which four ratings are classified as pass ratings and four ratings are classified as criticized ratings. Each risk rating is assigned a percent factor to be applied to the loan balance to determine the adequate amount of reserve. Many of the larger loans require an annual review by an independent loan officer and are often reviewed by independent third parties. As a result of these loan reviews, certain loans may be assigned specific reserve allocations. Other loans that surface as problem loans may also be assigned specific reserves. Past due loans are assigned risk ratings based on the number of days past due. The calculation of the allowance for loan losses, including underlying data and assumptions, is reviewed regularly by the Company s Chief Financial Officer as well as the Director of Internal Audit.

During periodic reviews of the Company s methodology, the Company determined that additional reserves were potentially necessary to compensate for an increasingly negative economic outlook that prompted a few loan relationships to move to non-performing status very quickly. The Company established an unallocated, economic related reserve in the amount of $5 million that represents only that portion of the allowance for loan losses not allocated to specific loans. While the Company is confident in the reserve methodology and its application relative to loan grades assigned to individual credits, management believed it was appropriate and prudent to establish the unallocated, economic oriented reserve component through a charge to the provision for loan losses.

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The following table sets forth the breakdown of the allowance for loan losses by loan category for the periods indicated. Management believes the allowance can be allocated only on an approximate basis. The allocation of the allowance to each category is not necessarily indicative of future losses and does not restrict the use of the allowance to absorb losses in any other category.

	At December 31,									
	2008		2007		2006		2005		2004	
	(Dollars in Thousands)									
	Amount	% of Total Loans	Amount	% of Total Loans	Amount	% of Total Loans	Amount	% of Total Loans	Amount	% of Total Loans
Commercial, financial, and agricultural	**$ 4,675**	**11%**	$ 3,830	13%	$ 3,792	12%	$ 4,215	14%	$ 3,030	15%
R/E Commercial & Farmland	**20,770**	**63**	17,199	62	14,307	61	12,713	61	8,314	58
R/E Construction & Development	**4,907**	**10**	3,487	11	3,293	11	1,270	6	553	5
Total Commercial	**30,352**	**84**	24,516	86	21,392	84	18,198	81	11,897	78
R/E Residential	**3,285**	**11**	2,078	10	2,325	10	2,585	12	1,986	14
Consumer Installment	**1,015**	**5**	1,046	4	1,146	6	1,511	7	1,610	8
Unallocated	**5,000**	**-**	-	-	-	-	-	-	-	-
	$ 39,652	**100%**	$ 27,640	100%	$ 24,863	100%	$ 22,294	100%	$ 15,493	100%

The following table presents an analysis of our loan loss experience for the periods indicated:

	December 31,				
	2008	2007	2006	2005	2004
	(Dollars in Thousands)				
Average amount of loans outstanding	**$ 1,667,483**	$ 1,536,243	$ 1,308,174	$ 952,647	$ 855,205
Balance of reserve for possible loan losses at beginning of period	**$ 27,640**	$ 24,863	$ 22,294	$ 15,493	$ 14,963
Charge-offs:					
Commercial real estate, financial and agricultural	**(18,711)**	(8,735)	(1,726)	(649)	(1,639)
Residential real estate	**(4,514)**	(623)	(1,444)	(543)	(382)
Consumer Installment	**(1,115)**	(1,057)	(967)	(963)	(1,555)
Recoveries:					
Commercial real estate, financial and agricultural	**733**	1,339	1,595	601	464
Residential real estate	**199**	120	745	644	483
Consumer Installment	**390**	412	505	532	718
Net charge-offs	**(23,018)**	(8,544)	(1,292)	(378)	(1,911)
Additions to reserve charged to operating expenses	**35,030**	11,321	2,837	1,651	1,786
Allowance for loan losses of acquired subsidiary	**-**	-	1,024	5,528	655

Balance of reserve for possible loan losses at end of period	**$ 39,652**	$ 27,640	$ 24,863	$ 22,294	$ 15,493
Ratio of net loan charge-offs to average loans	**1.36%**	0.53%	0.10%	0.04%	0.22%

NONPERFORMING LOANS

A loan is placed on non-accrual status when, in management s judgment, the collection of the interest income appears doubtful. Interest receivable that has been accrued in prior years and is subsequently determined to have doubtful collectability is charged to the allowance for possible loan losses. Interest on loans that are classified as non-accrual is recognized when received. Past due loans are loans whose principal or interest is past due 90 days or more. In some cases, where borrowers are experiencing financial difficulties, loans may be restructured to provide terms significantly different from the original contractual terms.

	December 31,				
	2008	**2007**	**2006**	**2005**	**2004**
		(Dollars in Thousands)			
Loans accounted for on a non-accrual basis	**$ 65,414**	$ 18,468	$ 6,877	$ 9,586	$ 5,640
Installment loans and term loans contractually past due ninety days or more as to interest or principal payments and still accruing	**2**	4	-	-	44

During 2008, loans tied to the housing industry, (Acquisition, Development and Construction loans) came under severe strain as housing prices fell sharply and sales activity slowed. Certain markets, where housing prices had risen sharply in recent years, suffered greater corrections than others. The Company s exposure to certain housing related loans primarily in northern Florida resulted in deteriorating credit quality and caused most of the increase in non-accrual loans seen above.

LIQUIDITY AND RATE SENSITIVITY

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 our Company to meet those needs. We seek to meet liquidity requirements primarily through management of short-term investments (principally interest-bearing deposits in banks) and monthly amortizing loans. Another source of liquidity is the repayment of maturing single payment loans. In addition, our Company maintains relationships with correspondent banks including the FHLB and FRB, which could provide funds on short notice, if needed.

A principal objective of our asset/liability management strategy is to minimize its exposure to changes in interest rates by matching the maturity and repricing horizons of interest-earning assets and interest-bearing liabilities. This strategy is overseen in part through the direction of our Asset and Liability Committee (the ALCO Committee) which establishes policies and monitors results to control interest rate sensitivity.

As part of our interest rate risk management policy, the ALCO Committee examines the extent to which its assets and liabilities are interest rate sensitive and monitors its interest rate-sensitivity gap . An asset or liability is considered to be interest rate sensitive if it will reprice or mature within the time period analyzed, usually one year or less. The interest rate-sensitivity gap is the difference between the interest-earning assets and interest-bearing liabilities scheduled to mature or reprice within such time period. A gap is considered positive when the amount of interest rate-sensitive assets exceeds the amount of interest rate-sensitive liabilities. A gap is considered negative when the amount of interest rate-sensitive liabilities exceeds the interest rate-sensitive assets. During a period of rising interest rates, a negative gap would tend to adversely affect net interest income, while a positive gap would tend to result in an increase in net interest income. During a period of falling interest rates, a negative gap would tend to result in an increase in net interest income, while a positive gap would tend to adversely affect net interest income. If our assets and liabilities were equally flexible and moved concurrently, the impact of any increase or decrease in interest rates on net interest income would be minimal.

A simple interest rate gap analysis by itself may not be an accurate indicator of how net interest income will be affected by changes in interest rates. Accordingly, the ALCO Committee also evaluates how the repayment of particular assets and liabilities is impacted by changes in interest rates. Income associated with interest-earning assets and costs associated with interest-bearing liabilities may not be affected uniformly by changes in interest rates. In addition, the magnitude and duration of changes in interest rates may have a significant impact on net interest income. For example, although certain assets and liabilities may have similar maturities or periods of repricing, they may not react identically to changes in market interest rates. Interest rates on certain types of assets and liabilities fluctuate in advance of changes in general market interest rates, while interest rates on other types may lag behind changes in general market rates. In addition, certain assets, such as adjustable rate mortgage loans, have features (generally referred to as interest rate caps) which limit changes in interest rates on a short-term basis and over the life of the asset. In the event of a change in interest rates, prepayment and early withdrawal levels also could deviate significantly from those assumed in calculating the interest rate gap. The ability of many borrowers to service their debts also may decrease in the event of an interest rate increase.

We manage the mix of asset and liability maturities in an effort to control the effects of changes in the general level of interest rates on net interest income. Except for its effect on the general level of interest rates, inflation does not have a material impact on the portfolio due to the rate variability and short-term maturities of its earning assets. In particular, approximately 66.5% of the loan portfolio is comprised of loans which mature or reprice within one year or less. Mortgage loans, primarily with five to fifteen year maturities, are also made on a variable rate basis with rates being adjusted every one to five years. Additionally, 15.5% of the investment portfolio has a contractual maturity within one year or less although a higher percentage has the possibility of a call.

The following table sets forth the distribution of the repricing of our earning assets and interest-bearing liabilities as of December 31, 2008, the interest rate sensitivity gap (i.e., interest rate sensitive assets divided by interest rate sensitivity liabilities), the cumulative interest rate sensitivity gap ratio (i.e., interest rate sensitive assets divided by interest rate sensitive liabilities) and the cumulative sensitivity gap ratio. The table also sets forth the time periods in which earning assets and liabilities will mature or may reprice in accordance with their contractual terms. However, the table does not necessarily indicate the impact of general interest rate movements on the net interest margin since the repricing of various categories of assets and liabilities is subject to competitive pressures and the needs of our customers. In addition, various assets and liabilities indicated as repricing within the same period may in fact reprice at different times within such period and at different rates.

	At December 31, 2008				
	Maturing or Repricing Within				
	Zero to Three Months	Three Months to One Year	One to Five Years	Over Five Years	Total
	(Dollars in Thousands)				
Earning assets:					
Short-term assets	$ 144,383	$ -	$ -	$ -	$ 144,383
Investment securities	411	57,116	63,105	249,050	369,682
Loans	965,319	160,390	499,843	70,225	1,695,777
	1,110,113	217,506	562,948	319,275	2,209,842
Interest-bearing liabilities:					
Interest-bearing demand deposits	616,724	-	-	-	616,724
Savings	52,991	-	-	-	52,991
Time deposits	304,597	725,816	104,859	6	1,135,278
Other borrowings	32,416	-	-	-	32,416
FHLB advances	65,000	2,000	-	-	67,000
Trust preferred securities	42,269	-	-	-	42,269
	1,113,997	727,816	104,859	6	1,946,678
Interest rate sensitivity gap	$ (3,884)	$ (510,310)	$ 458,089	$ 319,269	$ 263,164
Cumulative interest rate sensitivity gap	$ (3,884)	$ (514,194)	$ (56,105)	$ 263,164	
Interest rate sensitivity gap ratio	0.99	0.30	5.37	NM	
Cumulative interest rate sensitivity gap ratio	0.99	0.72	1.02	1.13	

INVESTMENT PORTFOLIO

Following is a summary of the carrying value of investment securities available for sale as of the end of each reported period:

	December 31,		
	2008	2007	2006
	(Dollars in Thousands)		
U. S. Government sponsored agencies	**$ 132,646**	$ 69,923	$ 101,863
State and municipal securities	**18,302**	18,320	18,934
Corporate debt securities	**11,618**	9,498	9,829
Mortgage-backed securities	**205,328**	191,641	151,818
	$ 367,894	$ 289,382	$ 282,444

The amounts of securities available for sale in each category as of December 31, 2008 are shown in the following table according to contractual maturity classifications: (1) one year or less, (2) after one year through five years, (3) after five years through ten years and (4) after ten years.

	U. S. Treasury and Other U. S. Government Agencies and Corporations		State and Political Subdivisions	
	Amount	Yield (1)	Amount	Yield (1)(2)
	(Dollars in Thousands)			
Maturity:				
One year or less	$ 56,037	1.42%	$ 1,268	3.75%
After one year through five years	46,673	3.61	9,701	3.70
After five years through ten years	29,936	4.85	4,217	3.83
After ten years	-	-	3,116	3.96
	$ 132,646	2.94%	$ 18,302	3.78%

(1) Yields were computed using coupon interest, adding discount accretion or subtracting premium amortization, as appropriate, on a ratable basis over the life of each security. The weighted average yield for each maturity range was computed using the acquisition price of each security in that range.

(2) Yields on securities of state and political subdivisions are stated on a taxable-equivalent basis, using a tax rate of 35%.

The investment portfolio consists of securities, including equity securities with readily determinable fair values, which are classified as available for sale and recorded at fair value with unrealized gains and losses excluded from earnings and reported in accumulated other comprehensive income, net of the related deferred tax effect.

The amortization of premiums and accretion of discounts are recognized in interest income using methods approximating the interest method over the life of the securities. Realized gains and losses, determined on the basis of the cost of specific securities sold, are included in earnings on the settlement date. Declines in the fair value of securities below their cost that are deemed to be other-than-temporary are reflected in earnings as realized losses.

The Company s methodology for determining whether other-than-temporary impairment losses exist include management considering (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Substantially all of the unrealized losses on debt securities are related to changes in interest rates and do not affect the expected cash flows of the issuer or underlying collateral. All unrealized losses are considered temporary because each security carries an acceptable investment grade and the Company has the intent and ability to hold to maturity.

DEPOSITS

Average amount of various deposit classes and the average rates paid thereon are presented below:

	Year Ended December 31,			
	2008		**2007**	
	Amount	**Rate**	**Amount**	**Rate**
	(Dollars in Thousands)			
Noninterest-bearing demand	**$ 198,422**	**0.00%**	$ 192,575	0.00%
NOW	**278,217**	**1.05**	250,364	1.33
Money Market	**324,311**	**2.48**	324,236	4.35
Savings	**54,348**	**0.90**	59,687	1.04
Time	**968,124**	**4.16**	874,610	5.07
Total deposits	**$ 1,823,422**	**2.84%**	$ 1,701,472	3.67%

We have a large, stable base of time deposits with little or no dependence on what we consider volatile deposits of $100,000 or more. These time deposits are principally certificates of deposit and individual retirement accounts obtained for individual customers.

The amounts of time certificates of deposit issued in amounts of $100,000 or more as of December 31, 2008, are shown below by category, which is based on time remaining until maturity of (1) three months or less, (2) over three through twelve months and (3) greater than one year.

	(Dollars in Thousands)
Three months or less	$ 207,046
Three months to one year	394,173
One year or greater	76,536
Total	$ 677,755

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OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

In the ordinary course of business, our Bank has granted commitments to extend credit to approved customers. Generally, these commitments to extend credit have been granted on a temporary basis for seasonal or inventory requirements and have been approved by the Bank s local boards. Our Bank has also granted commitments to approved customers for financial standby letters of credit. These commitments are recorded in the financial statements when funds are disbursed or the financial instruments become payable. The Bank uses the same credit policies for these off-balance sheet commitments as it does for financial instruments that are recorded in the consolidated financial statements. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitment amounts expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Following is a summary of the commitments outstanding at December 31, 2008 and 2007.

	December 31,	
	2008	**2007**
	(Dollars in Thousands)	
Commitments to extend credit	**$ 159,114**	$ 177,410
Financial standby letters of credit	**6,358**	7,426
	$ 165,472	$ 184,836

The following table summarizes short-term borrowings for the periods indicated:

			Years Ended December 31,			
	2008		**2007**		**2006**	
			(Dollars in Thousands)			
	Average Balance	**Average Rate**	**Average Balance**	**Average Rate**	**Average Balance**	**Average Rate**
Federal funds purchased and securities sold under agreement to repurchase	**$ 17,294**	**2.05%**	$ 16,411	2.15%	$ 6,910	2.68%
	Total Balance		**Total Balance**		**Total Balance**	
Total maximum short-term borrowings outstanding at any month-end during the year	**$ 63,973**		$ 32,359		$ 16,024	

The following table sets forth certain information about contractual cash obligations as of December 31, 2008.

		Payments Due After December 31, 2008			
		1 Year	1-3	4-5	5
	Total	Or Less	Years	Years	Years
		(Dollars in Thousands)			
Time certificates of deposit	$ 1,135,278	$ 1,030,413	$ 97,571	$ 7,294	$ -
Borrowings under revolving credit agreement	5,000	5,000	-	-	-
Federal Home Loan Bank advances	67,000	67,000	-	-	-
Subordinated debentures	42,269	-	-	-	42,269
Total contractual cash obligations	$ 1,249,547	$ 1,102,413	$ 97,571	$ 7,294	$ 42,269

Our operating leases represent short-term obligations, normally with maturities of one year or less. Many of the operating leases have thirty-day cancellation provisions. The total contractual obligations for operating leases do not require a material amount of our cash funds.

At December 31, 2008 we had immaterial amounts of binding commitments for capital expenditures.

CAPITAL ADEQUACY

Capital Purchase Plan

On November 21, 2008, the Company, elected to participate in the CPP established by the EESA. Accordingly, on such date, the Company issued and sold to the Treasury, for an aggregate cash purchase price of $52 million, (i) 52,000 Preferred Shares having a liquidation preference of $1,000 per share, and (ii) a ten-year Warrant to purchase up to 679,443 shares of Common Stock, at an exercise price of $11.48 per share. The issuance and sale of these securities was a private placement exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended.

Cumulative dividends on the Preferred Shares will accrue on the liquidation preference at a rate of 5% per annum for the first five years and at a rate of 9% per annum thereafter, but such dividends will be paid only if, as and when declared by the Company s Board of Directors. The Preferred Shares have no maturity date and rank senior to the Common Stock (and pari passu with the Company s other authorized preferred stock, of which no shares are currently designated or outstanding) with respect to the payment of dividends and distributions and amounts payable upon liquidation, dissolution and winding up of the Company. Subject to the approval of the Board of Governors of the Federal Reserve System, the Preferred Shares are redeemable at the option of the Company at 100% of their liquidation preference, provided that the Preferred Shares may be redeemed prior to the first dividend payment date falling after the third anniversary of the Closing Date (February 15, 2012) only if (i) the Company has raised aggregate gross proceeds in one or more Qualified Equity Offerings (as defined in the Letter Agreement dated November 21, 2008 between the Company and the Treasury, including the Securities Purchase Agreement Standard Terms incorporated by reference therein (collectively, the Purchase Agreement)) in excess of $13 million and (ii) the aggregate redemption price does not exceed the aggregate net proceeds from such Qualified Equity Offerings.

The Treasury may not transfer a portion or portions of the Warrant with respect to, and/or exercise the Warrant for more than one-half of, the 679,443 shares of Common Stock issuable upon exercise of the Warrant, in the aggregate, until the earlier of (i) the date on which the Company has received aggregate gross proceeds of not less than $52 million from one or more Qualified Equity Offerings and (ii) December 31, 2009. If the Company completes one or more Qualified Equity Offerings on or prior to December 31, 2009 that result in the Company receiving aggregate gross proceeds of not less than $52 million, then the number of the shares of Common Stock underlying the portion of the Warrant then held by the Treasury will be reduced by one-half of the number of shares of Common Stock originally covered by the Warrant. For purposes of the foregoing, as provided in the Purchase Agreement, Qualified Equity Offering is defined as the sale and issuance for cash by the Company to persons other than the Company or any Company subsidiary after the Closing Date of shares of perpetual Preferred Stock, Common Stock or any combination of such stock, that, in each case, qualify as and may be included in Tier I capital of the Company at the time of issuance under the applicable risk-based capital guidelines of the Company s federal banking agency (other than any such sales and issuances made pursuant to agreements or arrangements entered into, or pursuant to financing plans which were publicly announced, on or prior to October 13, 2008).

The Purchase Agreement pursuant to which the Preferred Shares and the Warrant were sold contains limitations on the payment of dividends on the Common Stock (including with respect to the payment of cash dividends in excess of $0.05 per share, which was the amount of the last regular dividend declared by the Company prior to October 14, 2008) and on the Company s ability to repurchase its Common Stock, and subjects the Company to certain of the executive compensation limitations included in the EESA.

Capital Regulations

The capital resources of our Company are monitored on a periodic basis by state and federal regulatory authorities. During 2008, we increased our capital by $48.1 million or 25.2%. The increase is attributed to the issuance of the Preferred Shares under the CPP. Other capital related transactions, such as Common Stock issuances through the exercise of stock options and restricted stock, changes in unrealized losses on investment securities and repurchase of treasury shares combined to account for only a small change in the capital of the Company.

In accordance with risk capital guidelines issued by the Federal Reserve, we are required to maintain a minimum standard of total capital to risk-weighted assets of 8%. Additionally, all member banks must maintain core or Tier 1 capital of at least 4% of total assets (leverage ratio). Member banks operating at or near the 4% capital level are expected to have well-diversified risks, including no undue interest rate risk exposure, excellent control systems, good earnings, high asset quality and well managed on- and off-balance sheet activities, and, in general, be considered strong banking organizations with a composite 1 rating under the CAMEL rating system of banks. For all but the most highly rated banks meeting the above conditions, the minimum leverage ratio is to be 4% plus an additional 1% to 2%.

The following table summarizes the regulatory capital levels of Ameris at December 31, 2008.

	Actual		Required		Excess	
	Amount	Percent	Amount	Percent	Amount	Percent
			(Dollars in Thousands)			
Leverage capital	$ 215,400	9.42%	$ 91,465	4.00%	$ 123,935	5.42%
Risk-based capital:						
Core capital	215,400	11.99	71,860	4.00	143,540	7.99
Total capital	238,069	13.25	143,740	8.00	94,329	5.25

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INFLATION

The consolidated financial statements and related consolidated financial data presented herein have been prepared in accordance with generally accepted accounting principles and practices within the banking industry which require the measurement of financial position and operating results in terms of historical dollars without considering the changes in the relative purchasing power of money over time due to inflation. Unlike most industrial companies, virtually all the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates have a more significant impact on a financial institution s performance than the effects of general levels of inflation.

QUARTERLY FINANCIAL INFORMATION (Unaudited)

The following table sets forth certain consolidated quarterly financial information of the Company. This information is derived from unaudited consolidated financial statements, which include, in the opinion of management, all normal recurring adjustments which management considers necessary for a fair presentation of the results for such periods.

	Quarters Ended December 31, 2008			
	4	**3**	**2**	**1**
	(Dollars in Thousands, Except Per Share Data)			
Selected Income Statement Data:				
Interest income	**$ 30,558**	**$ 32,112**	**$ 32,249**	**$ 34,089**
Net interest income	**15,972**	**19,177**	**19,056**	**18,460**
Net income (loss) available to common stockholders	**(10,724)**	**366**	**3,149**	**2,966**
Per Share Data:				
Net income basic	**(0.79)**	**0.03**	**0.23**	**0.22**
Net income diluted	**(0.79)**	**0.03**	**0.23**	**0.22**
Common Dividends	**0.05**	**0.05**	**0.14**	**0.14**

	Quarters Ended December 31, 2007			
	4	**3**	**2**	**1**
	(Dollars in Thousands, Except Per Share Data)			
Selected Income Statement Data:				
Interest income	$ 36,930	$ 37,451	$ 35,843	$ 35,410
Net interest income	19,248	19,081	18,330	18,419
Net income available to common stockholders	1,186	3,570	5,373	5,024
Per Share Data:				
Net income basic	0.09	0.26	0.40	0.37
Net income diluted	0.09	0.26	0.39	0.37
Common Dividends	0.14	0.14	0.14	0.14

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed only to U. S. Dollar interest rate changes and, accordingly, we manage exposure by considering the possible changes in the net interest margin. We do not have any trading instruments nor do we classify any portion of the investment portfolio as held for trading. We do not engage in any hedging activities or enter into any derivative instruments with a higher degree of risk than mortgage-backed securities, which are commonly, pass-through securities. Finally, we have 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 our asset/liability management program, the timing of repriced assets and liabilities is referred to as gap management. Our policy is to maintain a gap ratio in the one-year time horizon of .80 to 1.20. As indicated by the gap analysis included in this Annual Report, we are somewhat asset sensitive in relation to changes in market interest rates. Being asset sensitive would result in net interest income increasing in a rising rate environment and decreasing in a declining rate environment.

We use 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 allow 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 points increase or 200 basis points decrease in market rates on net interest income and is monitored on a quarterly basis. Our most recent simulation model projects net interest income would increase 0.49% if rates rise 200 basis points gradually over the next year. A down 200 basis points scenario is irrelevant at this time due to current market rates being at or near zero since the last FOMC reduction of the Fed target rate on December 16, 2008.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets - December 31, 2008 and 2007

Consolidated Statements of Operations - Years ended December 31, 2008, 2007 and 2006

Consolidated Statements of Comprehensive Income - Years ended December 31, 2008, 2007 and 2006

Consolidated Statements of Stockholders Equity - Years ended December 31, 2008, 2007 and 2006

Consolidated Statements of Cash Flows - Years ended December 31, 2008, 2007 and 2006

Notes to Consolidated Financial Statements.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Previous Independent Accountants

Mauldin & Jenkins, Certified Public Accountants, LLC (Mauldin & Jenkins) was previously the principal accountants for the Company. On August 28, 2008, the Company dismissed Mauldin & Jenkins as its principal accountants. The Company s Audit Committee and Board of Directors participated in and approved the decision to change independent accountants. Mauldin & Jenkins audit reports on the consolidated financial statements of the Company and its subsidiaries as of and for the fiscal years ended December 31, 2007 and 2006 did not contain any adverse opinion or disclaimer of opinion nor were they qualified or modified as to uncertainty, audit scope or accounting principles.

In connection with Mauldin & Jenkins audits for the two fiscal years ended December 31, 2007 and 2006 and the subsequent interim period through August 28, 2008, there have been no disagreements with Mauldin & Jenkins on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of Mauldin & Jenkins, would have caused it to make reference to the subject matter of the disagreements in connection with its audit reports on the Financial Statements. Additionally, during the two most recent fiscal years and through August 28, 2008, there have been no reportable events, as such term is defined in Item 304(a)(1)(v) of Registration S-K.

New Independent Accountants

On August 28, 2008, the Company engaged Porter Keadle Moore, LLP (PKM) as the Company s new independent accountants to audit the Company s consolidated financial statements for the fiscal year ending December 31, 2008. The Audit Committee of the Company s Board of Directors approved the Company s engagement of PKM.

During the two most recent fiscal years and through August 28, 2008, the Company has not consulted with PKM regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company s financial statements, and neither a written report nor oral advice was provided to the Company that PKM concluded was an important factor considered by the Company in reaching a decision as to the accounting, auditing or financial reporting issue; or (ii) any matter that was the subject of either a disagreement (as defined in Item 304 (a)(1)(iv) of Regulation S-K or the related instructions thereto) or a reportable event (as defined in Item 304 (a)(1)(v) of Regulation S-K).

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ITEM 9A. CONTROLS AND PROCEDURES

Disclosure 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 Exchange Act as of the end of the period covered by this Annual 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 Annual Report, the Company s disclosure controls and procedures are effective.

Management s Annual Report on Internal Control Over Financial Reporting

The management of Ameris is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company s internal control over financial reporting as of December 31, 2008. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control-Integrated Framework*. Based on this assessment and those criteria, management believes that the company maintained effective internal control over financial reporting as of December 31, 2007.

PKM, the Company s independent auditors, has issued an attestation report on the Company s internal control over financial reporting. That report is included in this Item under the heading Report of Independent Registered Public Accounting Firm.

Changes in Internal Control Over Financial Reporting

During the quarter ended December 31, 2008 there was no 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.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors

Ameris Bancorp

Moultrie, Georgia

We have audited Ameris Bancorp and subsidiaries (the Company) internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management s Report on Internal Controls over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Ameris Bancorp and subsidiaries maintained effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control-Integrated Framework* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Ameris Bancorp and subsidiaries as of December 31, 2008, and the related statements of operations, comprehensive income, stockholders equity and cash flows for the year then ended, and our report dated March 6, 2009, expressed an unqualified opinion on those consolidated financial statements.

Atlanta, Georgia

March 6, 2009

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ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Nominees for Director

Information with respect to the Company s directors and nominees for director is set forth in the Proxy Statement under the caption Proposal I: Election of Directors and is incorporated herein by reference.

Executive Officers

The following table sets forth certain information with respect to the executive officers of Ameris as of March 12, 2009.

Name, Age and		**Principal Occupation for the Last Five Years**
Term as Officer	**Position with Ameris**	**and Other Directorships**
Edwin W. Hortman, Jr.; 55 Officer since 2002	President and Chief Executive Officer	President and Chief Executive Officer since January 1, 2005. Director since November 2003. President and Chief Operating Officer from November 2003 through December 2004. Executive Vice President and Regional Bank Executive for Northern Division from August 2002 through November 2003. President, Chief Executive Officer and Director of Citizens Security Bank from April 1998 to November 2003. Director of each subsidiary bank in the Northern Division from September 2002 through March 2004.
Dennis J. Zember, Jr.; 39 Officer since 2005	Executive Vice President and Chief Financial Officer	Executive Vice President and Chief Financial Officer since February 14, 2005. Senior Vice President and Treasurer of Flag Financial Corporation and Senior Vice President and Chief Financial Officer of Flag Bank from January 2002 to February 2005. Vice President and Treasurer of Century South Banks, Inc. from August 1997 to May 2001.
Jon S. Edwards; 47 Officer since 1999	Executive Vice President and Director of Credit Administration	Executive Vice President and Director of Credit Administration since May 2005. Executive Vice President and Regional Bank Executive for Southern Division from August 2002 through April 2005. Director of Credit Administration from March 1999 to July 2003. Senior Vice President from March 1999 to August 2002. Director of each subsidiary bank in the Southern Division from September 2002 through April 2005.
C. Johnson Hipp, III; 57 Officer since 2006	Banking Group President	Officer since June 2006. Chief Executive Officer of South Carolina Bank and Trust from 1994 to 2004.
Cindi H. Lewis; 55 Officer since 1987	Executive Vice President, Chief Administrative Officer and Corporate Secretary	Chief Administrative Officer since May 2006, Executive Vice President since May 2002 and Corporate Secretary since May 2000. Director of

		Human Resources from May 2000 to May 2006 and Senior Vice President from May 2000 to May 2002.
Marc J. Bogan; 42 Officer since 2006	Executive Vice President and Chief Operating Officer	Executive Vice President and Chief Operating Officer since June 2008. Coastal Region Executive from September 2006 to June 2008. Sales Executive with South Carolina Bank and Trust from April 2004 to September 2006. Regional President for South Carolina Bank and Trust from June 2001 to April 2004.

Officers serve at the discretion of the Company s board of directors.

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The information set forth in the Proxy Statement under the caption Section 16(a) Beneficial Ownership Reporting Compliance is incorporated herein by reference.

Code of Ethics

Ameris has adopted a code of ethics that is applicable to all employees, including its Chief Executive Officer and all senior financial officers, including its Chief Financial Officer and principal accounting officer. Ameris shall provide to any person without charge, upon request, a copy of its code of ethics. Such requests should be directed to the Corporate Secretary of Ameris Bancorp at 310 First St., SE, Moultrie, Georgia 31768.

ITEM 11. EXECUTIVE COMPENSATION

The information set forth under the caption Executive Compensation in the Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information set forth under the captions Security Ownership of Certain Beneficial Owners and Management and Equity Compensation Plans in the Proxy Statement is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information set forth under the captions Certain Relationships and Related Transactions and Proposal I: Election of Directors in the Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information set forth under the caption Proposal 2: Ratification of Independent Auditors in the Proxy Statement is incorporated herein by reference in response to this Item.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

1. Financial statements:

   (a) Ameris Bancorp and Subsidiaries:

      (i) Consolidated Balance Sheets - December 31, 2008 and 2007;

      (ii) Consolidated Statements of Operations - Years ended December 31, 2008, 2007 and 2006

      (iii) Consolidated Statements of Comprehensive Income - Years ended December 31, 2008, 2007 and 2006;

      (iv) Consolidated Statements of Stockholders Equity - Years ended December 31, 2008, 2007 and 2006;

      (v) Statements of Cash Flows - Years ended December 31, 2008, 2007 and 2006; and

      (vi) Notes to Consolidated Financial Statements

   (b) Ameris Bancorp (parent company only):

Parent company only financial information has been included in Note 21 of Notes to Consolidated Financial Statements.

2. Financial statement schedules:

All schedules are omitted as the required information is inapplicable or the information is presented in the financial statements or related notes.

3. A list of the Exhibits required by Item 601 of Regulation S-K to be filed as a part of this report is shown on the Exhibit Index filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: March 12, 2009

By: /s/ Edwin W. Hortman, Jr.
Edwin W. Hortman, Jr.,
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Edwin W. Hortman, Jr. as his attorney-in-fact, acting with full power of substitution for him in his name, place and stead, in any and all capacities, to sign any amendments to this Form 10-K and to file the same, with exhibits thereto, and any other documents in connection therewith, with the Securities and Exchange Commission and hereby ratifies and confirms all that said attorney-in-fact, or his substitute or substitutes, may do or cause to be done by virtue thereof.

Pursuant to the requirements of the Exchange Act, this Form 10-K has been signed by the following persons in the capacities and on the dates indicated.

Date:	March 12, 2009	/s/ Edwin W. Hortman, Jr. Edwin W. Hortman, Jr., President, Chief Executive Officer and Director
Date:	March 12, 2009	/s/ Dennis J. Zember, Jr. Dennis J. Zember, Jr., Executive Vice President and Chief Financial Officer (Principal Accounting Officer)
Date:	March 12, 2009	/s/ Johnny W. Floyd Johnny W. Floyd, Director
Date:	March 12, 2009	/s/ J. Raymond Fulp J. Raymond Fulp, Director
Date:	March 12, 2009	/s/ Daniel B. Jeter Daniel B. Jeter, Director and Chairman of the Board
Date:	March 12, 2009	/s/ Glenn A. Kirbo Glenn A. Kirbo, Director
Date:	March 12, 2009	/s/ Robert P. Lynch Robert P. Lynch, Director
Date:	March 12, 2009	/s/ Brooks Sheldon Brooks Sheldon, Director
Date:	March 12, 2009	/s/ Jimmy D. Veal Jimmy D. Veal, Director

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).
3.9	Articles of Amendment to the Articles of Incorporation (incorporated by reference to Exhibit 3.1 to Ameris Bancorp s Form 8-K filed with the Commission on November 21, 2008.
4.1	Placement Agreement between Ameris Bancorp, Ameris Statutory Trust I, FTN Financial Capital Markets and Keefe, Bruyette & Woods, Inc. dated September 13, 2006 (incorporated by reference to Exhibit 4.1 to Ameris Bancorp s Registration Statement on Form S-4 (Registration No. 333-138252) filed with the Commission on October 27, 2006).
4.2	Subscription Agreement between Ameris Bancorp, Ameris Statutory Trust I and First Tennessee Bank National Association dated September 20, 2006 (incorporated by reference to Exhibit 4.2 to Ameris Bancorp s Registration Statement on Form S-4 (Registration No. 333-138252) filed with the Commission on October 27, 2006).
4.3	Subscription Agreement between Ameris Bancorp, Ameris Statutory Trust I and TWE, Ltd. dated September 20, 2006 (incorporated by reference to Exhibit 4.3 to the Ameris Bancorp s Registration Statement on Form S-4 (Registration No. 333-138252) filed with the Commission on October 27, 2006).

EXHIBIT INDEX

Exhibit No.	Description
4.4	Indenture between Ameris Bancorp and Wilmington Trust Company dated September 20, 2006 (incorporated by reference to Exhibit 4.4 to Ameris Bancorp s Registration Statement on Form S-4 (Registration No. 333-138252) filed with the Commission on October 27, 2006).
4.5	Amended and Restated Declaration of Trust between Ameris Bancorp, the Administrators of Ameris Statutory Trust I signatory thereto and Wilmington Trust Company dated September 20, 2006 (incorporated by reference to Exhibit 4.5 to Ameris Bancorp s Registration Statement on Form S-4 (Registration No. 333-138252) filed with the Commission on October 27, 2006).
4.6	Guarantee Agreement between Ameris Bancorp and Wilmington Trust Company dated September 20, 2006 (incorporated by reference to Exhibit 4.6 to Ameris Bancorp s Registration Statement on Form S-4 (Registration No. 333-138252) filed with the Commission on October 27, 2006).
4.7	Floating Rate Junior Subordinated Deferrable Interest Debenture dated September 20, 2006 issued to Ameris Statutory Trust I (incorporated by reference to Exhibit 4.7 to Ameris Bancorp s Registration Statement on Form S-4 (Registration No. 333-138252) filed with the Commission on October 27, 2006).
4.8	Warrant to Purchase 679,443 shares of Common Stock of Ameris Bancorp, issued to the U.S. Department of Treasury November 21, 2008 (incorporated by reference to Exhibit 3.2 to Ameris Bancorp s Form 8-K filed with the Commission on November 21, 2008).
10.1	Deferred Compensation Agreement for Kenneth J. Hunnicutt dated December 16, 1986 (incorporated by reference to Exhibit 5.3 to Ameris Bancorp s Regulation A Offering Statement on Form 1-A filed with the Commission on August 14, 1987).
10.2	Executive Salary Continuation Agreement dated February 14, 1984 (incorporated by reference to Exhibit 10.6 to Ameris Bancorp s Annual Report on Form 10-KSB filed with the Commission on March 27, 1989).
10.3	Form of Omnibus Stock Ownership and Long-Term Incentive Plan (incorporated by reference to Exhibit 10.17 to Ameris Bancorp s Annual Report on Form 10-K filed with the Commission on March 25, 1998).
10.4	Form of Rights Agreement between Ameris Bancorp and SunTrust Bank dated as of February 17, 1998 (incorporated by reference to Exhibit 10.18 to Ameris Bancorp s Annual Report on Form 10-K filed with the Commission on March 25, 1998).
10.5	ABC Bancorp 2000 Officer/Director Stock Bonus Plan (incorporated by reference to Exhibit 10.19 to Ameris Bancorp s Annual Report on Form 10-K filed with the Commission on Mach 29, 2000).
10.6	Joint Marketing Agreement by and between Ameris Bancorp and MBNA America Bank, N.A. dated as of December 19, 2002 (incorporated by reference to Exhibit 10.18 to Ameris Bancorp s Annual Report on Form 10-K filed with the Commission on March 31, 2003).
10.7	Executive Employment Agreement with Jon S. Edwards dated as of July 1, 2003 (incorporated by reference to Exhibit 10.1 to Ameris Bancorp s Quarterly Report on Form 10-Q filed with the Commission on November 12, 2003).
10.8	Executive Employment Agreement with Edwin W. Hortman, Jr. dated as of December 31, 2003 (incorporated by reference to Exhibit 10.19 to Ameris Bancorp s Annual Report on Form 10-K filed with the Commission on March 15, 2004).

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Exhibit No.	Description
10.9	Executive Employment Agreement with Cindi H. Lewis dated as of December 31, 2003 (incorporated by reference to Exhibit 10.20 to Ameris Bancorp s Annual Report on Form 10-K filed with the Commission on March 15, 2004).
10.10	Amendment No. 1 to Executive Employment Agreement with Edwin W. Hortman, Jr. dated as of March 10, 2005 (incorporated by reference to Exhibit 10.1 to Ameris Bancorp s Current Report on Form 8-K filed with the Commission on March 14, 2005).
10.11	Form of 2005 Omnibus Stock Ownership and Long-Term Incentive Plan (incorporated by reference to Appendix A to Ameris Bancorp s Definitive Proxy Statement filed with the Commission on April 18, 2005).
10.12	Executive Employment Agreement with Dennis J. Zember, Jr. dated as of May 5, 2005 (incorporated by reference to Exhibit 10.1 to Ameris Bancorp s Current Report on Form 8-K/A filed with the Commission on May 11, 2005).
10.13	Executive Employment Agreement with Johnny R. Myers dated as of May 11, 2005 (incorporated by reference to Exhibit 10.1 to Ameris Bancorp s Current Report on Form 8-K filed with the Commission on May 16, 2005).
10.14	Revolving Credit Agreement with SunTrust Bank dated as of December 14, 2005 (incorporated by reference to Exhibit 10.1 to Ameris Bancorp s Current Report on Form 8-K filed with the Commission on December 20, 2005).
10.15	Security Agreement with SunTrust Bank dated as of December 14, 2005 (incorporated by reference to Exhibit 10.2 to Ameris Bancorp s Current Report on Form 8-K filed with the Commission on December 20, 2005).
10.16	Form of Incentive Stock Option Agreement (incorporated by reference to Exhibit 4.2 to Ameris Bancorp s Registration Statement on Form S-8 filed with the Commission on January 24, 2006).
10.17	Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 4.3 to Ameris Bancorp s Registration Statement on Form S-8 filed with the Commission on January 24, 2006).
10.18	Form of Restricted Stock Agreement (incorporated by reference to Exhibit 4.4 to Ameris Bancorp s Registration Statement on Form S-8 filed with the Commission on January 24, 2006).
10.19	Executive Employment Agreement with C. Johnson Hipp, III dated as of September 5, 2006 (incorporated by reference to Exhibit 10.1 to Ameris Bancorp s Current Report on Form 8-K filed with the Commission on September 8, 2006).
10.20	Executive Employment Agreement with C. Marc J. Bogan dated as of May 31, 2007 (incorporated by reference to Exhibit 10.1 to Ameris Bancorp s Current Report on Form 8-K filed with the Commission on June 6, 2007).
10.21	Executive Employment Agreement with C. Richard Strum dated as of May 31, 2007 (incorporated by reference to Exhibit 10.1 to Ameris Bancorp s Current Report on Form 8-K filed with the Commission on June 6, 2007).

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Exhibit No.	Description
21.1	Schedule of subsidiaries of Ameris Bancorp.
23.1	Consent of Porter Keadle Moore, LLP
23.2	Consent of Mauldin & Jenkins, LLC.
24.1	Power of Attorney relating to this Form 10-K is set forth on the signature pages of this Form 10-K.
31.1	Rule 13a-14(a)/15d-14(a) Certification by Ameris Bancorp s Chief Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification by Ameris Bancorp s Chief Financial Officer.
32.1	Section 1350 Certification by Ameris Bancorp s Chief Executive Officer.
32.2	Section 1350 Certification by Ameris Bancorp s Chief Financial Officer.

AMERIS BANCORP

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Consolidated Balance Sheets - December 31, 2008 and 2007
Consolidated Statements of Operations - Years ended December 31, 2008, 2007 and 2006
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors

Ameris Bancorp

Moultrie, Georgia

We have audited the accompanying consolidated balance sheet of Ameris Bancorp and subsidiaries (the Company) as of December 31, 2008, and the related consolidated statements of operations, comprehensive income, stockholders equity and cash flows for the year then ended. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of Ameris Bancorp and subsidiaries as of December 31, 2007 and 2006 were audited by other auditors whose report dated March 5, 2008, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2008 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ameris Bancorp and subsidiaries as of December 31, 2008, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Ameris Bancorp and subsidiaries internal control over financial reporting as of December 31, 2008, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 6, 2009, expressed an unqualified opinion on the effectiveness of Ameris Bancorp internal control over financial reporting.

Atlanta, Georgia

March 6, 2009

AMERIS BANCORP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2008 AND 2007

(Dollars in Thousands)

Assets	**2008**	**2007**
Cash and due from banks	**$ 66,787**	$ 59,804
Interest-bearing deposits in banks	**99,383**	12,022
Federal funds sold	**45,000**	-
Securities available for sale, at fair value	**367,894**	289,382
Other investments	**8,627**	9,347
Loans, net of unearned income	**1,695,777**	1,614,048
Less allowance for loan losses	**39,652**	27,640
Loans, net	**1,656,125**	1,586,408
Premises and equipment, net	**66,107**	59,132
Intangible assets	**3,631**	4,802
Goodwill	**54,813**	54,813
Other assets	**38,723**	36,353
	$ 2,407,090	$ 2,112,063
Liabilities and Stockholders Equity		
Deposits		
Noninterest-bearing	**$ 208,532**	$ 197,345
Interest-bearing	**1,804,993**	1,559,920
Total deposits	**2,013,525**	1,757,265
Securities sold under agreements to repurchase	**27,416**	14,705
Other borrowings	**72,000**	90,500
Subordinated deferrable interest debentures	**42,269**	42,269
Other liabilities	**12,521**	16,075
Total liabilities	**2,167,731**	1,920,814
Stockholders equity		
Preferred stock, par value $1,000; 5,000,000 shares authorized; 52,000 shares issued	**49,028**	-
Common stock, par value $1; 30,000,000 shares authorized; 14,865,703 and 14,869,924 shares issued	**14,866**	14,870
Capital surplus	**86,038**	82,750
Retained earnings	**93,696**	103,095
Accumulated other comprehensive income, net of tax	**6,518**	1,303

	250,146	202,018
Less cost of 1,331,102 and 1,329,939 treasury shares acquired	**(10,787)**	(10,769)
Total stockholders equity	**239,359**	191,249
	$ 2,407,090	$ 2,112,063

See Notes to Consolidated Financial Statements.

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AMERIS BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(Dollars in Thousands)

	2008	2007	2006
Interest income			
Interest and fees on loans	**$ 113,335**	$ 128,869	$ 107,559
Interest on taxable securities	**14,469**	14,171	12,147
Interest on nontaxable securities	**685**	688	555
Interest on deposits in other banks	**514**	2,306	3,589
Interest on federal funds sold	**5**	43	261
	129,008	146,077	124,111
Interest expense			
Interest on deposits	**51,942**	62,380	45,599
Interest on other borrowings	**4,401**	8,619	8,551
	56,343	70,999	54,150
Net interest income	**72,665**	75,078	69,961
Provision for loan losses	**35,030**	11,321	2,837
Net interest income after provision for loan losses	**37,635**	63,757	67,124
Other income			
Service charges on deposit accounts	**13,916**	12,455	11,538
Mortgage origination fees	**3,180**	3,093	2,208
Other service charges, commissions and fees	**708**	1,268	997
Gain/(loss) on sales of securities	**316**	(297)	(308)
Other	**1,029**	1,073	4,827
	19,149	17,592	19,262
Other expenses			
Salaries and employee benefits	**31,700**	29,844	27,043
Occupancy and equipment expense	**8,069**	7,540	6,836
Advertising and marketing expense	**3,083**	2,546	2,029
Amortization of intangible assets	**1,170**	1,297	1,107
Data processing and communications costs	**6,457**	6,496	7,273
Business restructuring costs	**-**	-	1,452
Other operating expenses	**12,274**	11,173	7,402
	62,753	58,896	53,129

(Loss)/income before income taxes	**(5,969)**	22,453	33,257
Applicable income tax (benefit)/expense	**(2,053)**	7,300	11,129
Net (loss)/income	**$ (3,916)**	$ 15,153	$ 22,128
Preferred stock dividends	**328**	-	-
Net (loss)/income available to common stockholders	**$ (4,244)**	$ 15,153	$ 22,128
Basic (loss)/earnings per share	**$ (0.31)**	$ 1.12	$ 1.71
Diluted (loss)/earnings per share	**$ (0.31)**	$ 1.11	$ 1.68

See Notes to Consolidated Financial Statements.

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AMERIS BANCORP AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006

(Dollars in Thousands)

	2008	2007	2006
Net (loss)/income	**$ (3,916)**	$ 15,153	$ 22,128
Other comprehensive income/(loss):			
Net unrealized holding gains/(losses) arising during period on investment securities available for sale, net of tax	**3,915**	2,907	(67)
Net unrealized gains/(losses) on cash flow hedge during the period, net of tax	**1,509**	729	(40)
Reclassification adjustment for losses/(gains) included in net income, net of tax of $107, $101 and $105	**(209)**	196	203
Total other comprehensive income	**5,215**	3,832	96
Comprehensive income	**$ 1,299**	$ 18,985	$ 22,224

See Notes to Consolidated Financial Statements.

AMERIS BANCORP

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

(Dollars in thousands, except share data)

	Year Ended December 31,					
	2008		2007		2006	
	Shares	Amount	Shares	Amount	Shares	Amount
PREFERRED STOCK						
Issued during period	52,000	$ 48,975		$		$
Accretion of fair value of warrant		53				
Issued at end of period	**52,000**	**$ 49,028**		$		$
COMMON STOCK						
Issued at beginning of period	14,869,924	$ 14,870	14,850,237	$ 14,850	14,270,783	$ 14,271
Issuance of restricted shares			4,200	4	44,150	44
Cancellation of restricted shares	(33,164)	(33)				
Proceeds from exercise of stock options	28,943	29	15,487	16	40,977	41
Adjustment to record acquisition					494,327	494
Issued at end of period	**14,865,703**	**$ 14,866**	**14,869,924**	**$ 14,870**	**14,850,237**	**$ 14,850**
CAPITAL SURPLUS						
Balance at beginning of period		$ 82,750		$ 81,481		$ 67,381
Stock-based compensation		(97)		1,095		823
Warrants issued		3,025				
Proceeds from exercise of stock options		305		160		367
Issuance of restricted shares				(4)		(44)
Cancellation of restricted shares		33				
Tax adjustment due to vesting of restricted shares		22		18		40
Adjustment for adoption of SFAS 123(R)						(526)
Adjustment to record acquisition						13,440
Balance at end of period		**$ 86,038**		**$ 82,750**		**$ 81,481**
RETAINED EARNINGS						
Balance at beginning of period		$ 103,095		$ 95,523		$ 80,683
Net (loss)/income available to common shareholders		(3,916)		15,153		22,128
Dividends on preferred shares*		(328)				
Dividends on common shares**		(5,155)		(7,581)		(7,288)
Balance at end of period		**$ 93,696**		**$ 103,095**		**$ 95,523**
UNEARNED COMPENSATION						
Balance at beginning of period		$		$		$ (526)
Adjustment for adoption of SFAS 123(R)						526
Balance at end of period		**$**		**$**		**$**

OTHER COMPREHENSIVE INCOME/(LOSS)						
Unrealized gains (losses) on securities:						
Balance at beginning of period		$ 1,303		$ (2,529)		$ (2,625)
Accumulated other comprehensive income		5,215		3,832		96
Balance at end of period		**$ 6,518**		**$ 1,303**		**$ (2,529)**
TREASURY STOCK						
Issued at beginning of period	1,329,939	$ (10,769)	1,322,717	$ (10,593)	1,318,465	$ (10,481)
Purchase of treasury shares	1,163	(18)	7,222			