Ameris Bancorp
Form 10-Q
August 09, 2006

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

(Mark One)

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

For the quarterly period ended **June 30, 2006**

OR

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

Commission File Number: **001-13901**

AMERIS BANCORP
(Exact name of registrant as specified in its charter)

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

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

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

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

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

Large accelerated filer o   Accelerated filer x   Non-accelerated filer o

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

There were 13,025,350 shares of Common Stock outstanding as of August 07, 2006.

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

	(Unaudited) June 30 2006	(Audited) December 31 2005	(Unaudited) June 30 2005
Assets			
Cash and due from banks	**$ 63,894**	$ 74,420	$ 40,070
Federal funds sold & interest bearing deposits	**26,642**	99,781	17,948
Securities available for sale, at fair value	**257,283**	235,145	218,371
Loans	**1,330,713**	1,186,601	962,412
Less: allowance for loan losses	**23,366**	22,294	16,557
Loans, net	**1,307,347**	1,164,307	945,855
Premises and equipment, net	**40,625**	39,606	28,218
Intangible assets, net	**5,971**	6,412	3,296
Goodwill	**42,933**	43,304	25,054
Other assets	**38,649**	34,234	26,344
	$ 1,783,344	$ 1,697,209	$ 1,305,156
Liabilities and Stockholders' Equity			
Deposits:			
Noninterest-bearing demand	**$ 201,489**	$ 200,840	$ 150,930
Interest-bearing demand	**418,310**	420,248	311,220
Savings	**71,873**	73,268	72,700
Time deposits	**754,456**	680,876	501,013
Total deposits	**1,446,128**	1,375,232	1,035,863
Federal funds purchased & securities sold under agreements to repurchase	**3,769**	10,307	6,387
Other borrowings	**124,094**	106,022	95,237
Other liabilities	**15,629**	16,223	7,018
Subordinated deferrable interest debentures	**40,722**	40,722	35,567
Total liabilities	**1,630,342**	1,548,506	1,180,072
Stockholders' equity			
Common stock, par value $1; 30,000,000 shares authorized;14,339,975, 14,270,783 and 13,180,725 shares issued at June 30, 2006, December 31, 2005 and June 30, 2005 respectively	**14,340**	14,271	13,181
Capital surplus	**68,459**	67,381	46,173
Retained earnings	**87,466**	80,683	77,549
Accumulated other comprehensive (loss)	**(5,675)**	(2,625)	(736)
Unearned compensation	**(1,107)**	(526)	(681)
	163,483	159,184	135,486
	(10,481)	(10,481)	(10,402)

Treasury stock, at cost, 1,318,465, 1,318,465 and 1,314,430 shares at June 30, 2006, December 31, 2005 and June 30, 2005, respectively			
Total stockholders' equity	**153,002**	148,703	125,084
	$ 1,783,344	$ 1,697,209	$ 1,305,156

See notes to unaudited consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	**2005**	**2006**	**2005**
Interest income				
Interest and fees on loans	**$ 26,355**	$ 16,209	**$ 49,831**	$ 31,262
Interest on taxable securities	**2,950**	2,149	**5,692**	4,223
Interest on nontaxable securities	**127**	37	**225**	80
Interest on deposits in other banks	**390**	45	**1,057**	552
Interest on federal funds sold	**-**	155	**158**	36
	29,822	18,595	**56,963**	36,153
Interest expense				
Interest on deposits	**9,979**	4,020	**18,607**	7,530
Interest on federal funds purchased and securities sold under agreements to repurchase	**48**	20	**81**	41
Interest on other borrowings	**2,122**	1,986	**4,210**	3,890
	12,149	6,026	**22,898**	11,461
Net interest income	**17,673**	12,569	**34,065**	24,692
Provision for loan losses	**901**	753	**1,411**	905
Net interest income after provision for loan losses	**16,772**	11,816	**32,654**	23,787
Other income				
Service charges on deposit accounts	**2,926**	2,625	**5,557**	5,043
Other service charges, commissions and fees	**803**	881	**1,522**	1,741
Other	**121**	46	**656**	311
Gain on sale of securities	**(314)**	-	**(305)**	61
	3,536	3,552	**7,430**	7,156
Other expense				
Salaries and employee benefits	**6,042**	5,665	**12,666**	11,603
Equipment and occupancy expense	**1,544**	1,273	**2,897**	2,475
Amortization of intangible assets	**232**	198	**441**	409
Other operating expenses	**4,476**	2,995	**8,375**	5,803
	12,294	10,131	**24,379**	20,290

Income before income taxes		**8,014**		5,237		**15,705**		10,653
Applicable income taxes		**2,699**		1,737		**5,290**		3,553
Net income	**$**	**5,315**	$	3,500	**$**	**10,415**	$	7,100
Other comprehensive income, net of tax:								
Unrealized holding losses arising during period, net of tax	**$**	**(2,440)**	$	1,413	**$**	**(3,251)**	$	(466)
Reclassification adjustment for (gains) included in net income, net of tax		**207**		-		**201**		(40)
Comprehensive income	**$**	**3,082**	$	4,913	**$**	**7,365**	$	6,594
Income per common share-Basic	**$**	**0.41**	$	0.30	**$**	**0.80**	$	0.60
Income per common share-Diluted	**$**	**0.40**	$	0.29	**$**	**0.79**	$	0.60
Dividends declared per share	**$**	**0.14**	$	0.14	**$**	**0.28**	$	0.28
Average shares outstanding		**12,985,424**		11,849,739		**12,968,687**		11,816,619

See notes to unaudited consolidated financial statements.

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AMERIS BANCORP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2006 AND 2005
(Dollars in Thousands)
(Unaudited)

		2006		2005
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net Income	$	**10,415**	$	7,100
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation		**1,341**		974
Provision for loan losses		**1,411**		905
Amortization of intangible assets		**441**		409
Other prepaids, deferrals and accruals, net		**(2,792)**		(574)
Net cash provided by operating activities		**10,816**		8,814
CASH FLOWS FROM INVESTING ACTIVITIES:				
Net decrease in federal funds sold & interest bearing deposits		**2,285**		12,285
Proceeds from maturities of securities available for sale		**19,703**		22,755
Purchase of securities available for sale		**(61,665)**		(34,097)
Proceeds from sales of securities available for sale		**15,212**		6,152
Net increase in loans		**(144,451)**		(85,179)
Purchases of premises and equipment		**(2,360)**		(1,420)
Net cash used in investing activities		**(171,276)**		(79,504)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net increase in deposits		**70,896**		49,639
Net decrease in federal funds purchased and securities sold under agreements to repurchase		**(6,538)**		(1,143)
Increase (decrease) in other borrowings		**18,072**		(15,129)
Dividends declared		**(3,633)**		(3,033)
Purchase of treasury shares		**-**		(182)
Proceeds from exercise of stock options		**283**		886
Net cash provided by financing activities		**79,080**		31,038
Net decrease in cash and due from banks	$	**(81,380)**	$	(39,652)
Cash and due from banks at beginning of period		**145,274**		97,670
Cash and due from banks at end of period	$	**63,894**	$	58,018

See notes to unaudited consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2006
(Unaudited)

Note 1 - Basis of Presentation & Accounting Policies
Ameris Bancorp, (together with its subsidiaries, the "Company" or "Ameris") is a financial holding company headquartered in Moultrie, Georgia. Ameris owns and operates five subsidiary Banks (the "Banks"), having a total of forty-two branches in Georgia, Florida and Alabama. Our business model capitalizes on the efficiencies of a billion dollar financial services company while still providing the community with the personalized banking service expected by our customers. We manage our Banks through a balance of decentralized management responsibilities and efficient centralized operating systems, products and loan underwriting standards. Ameris's board of directors and senior managers establish corporate policy, strategy and administrative policies. Within Ameris's established guidelines and policies, each subsidiary Bank's board and senior managers make lending and community-specific decisions. This approach allows the banker closest to the customer to respond to the differing needs and demands of their unique market.

The accompanying unaudited consolidated financial statements for Ameris have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and Regulation S-X. Accordingly, the financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statement presentation. The interim consolidated financial statements included herein are unaudited, but reflect all adjustments which, in the opinion of management, are necessary for a fair presentation of the consolidated financial position and results of operations for the interim periods presented. All significant intercompany accounts and transactions have been eliminated in consolidation. The results of operations for the six months ended June 30, 2006 are not necessarily indicative of the results to be expected for the full year. These financial statements should be read in conjunction with the financial statements and notes thereto and the report of our registered independent public accounting firm included in the Company's Annual Report on Form 10-K for the year ended December 31, 2005.

Note 2 - Corporate Restructuring and Acquisitions
In 2005, Ameris Bancorp announced its intentions to begin consolidating its subsidiary bank charters across Georgia, Alabama and northern Florida into a single state-chartered banking subsidiary, American Banking Company. In addition to the charter consolidation effort, Ameris announced intentions to re-brand the Company and its surviving bank subsidiary with a single identity. As of June 30, 2006, the Company has successfully consolidated $1.47 billion of its assets under the charter of American Banking Company. The Company expects to complete the consolidation effort by the end of 2006.

On December 16, 2005, Ameris acquired First National Banc, Inc., a two bank holding company with assets of approximately $270.6 million. The two banking subsidiaries of First National Banc, Inc. included the market leader in St. Marys, Georgia, and the largest community bank in Orange Park, Florida.

Note 3 - Stock Split
On February 17, 2005, Ameris announced that its Board of Directors approved a six-for-five stock split on outstanding shares of common stock of Ameris at the Board's February meeting. The additional shares were payable March 31, 2005 to shareholders of record at the close of business on March 15, 2005.

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All information concerning earnings per share, dividends per share and number of shares outstanding has been adjusted to give effect to this split.

Note 4 - Investment Securities

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

The amortized cost and estimated fair value of investment securities available for sale at June 30, 2006, December 31, 2005 and June 30, 2005 are presented below:

	June 30, 2006			
(dollars in thousands)	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Estimated Fair Value**
U. S. Government and federal agencies	**$ 101,168**	**$ 0**	**$ 3,031**	**$ 98,137**
State and municipal securities	**16,439**	**9**	**668**	**15,780**
Corporate debt securities	**5,284**	**13**	**119**	**5,178**
Mortgage backed securities	**142,423**	**9**	**4,748**	**137,684**
Marketable equity securities	**567**	**0**	**64**	**504**
	$ 265,808	**$ 32**	**$ 8,630**	**$ 257,283**

	December 31, 2005			
(dollars in thousands)	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Estimated Fair Value**
U. S. Government and federal agencies	$ 94,110	$ 0	$ 1,649	$ 92,461
State and municipal securities	7,952	29	13	7,968
Corporate debt securities	7,122	59	68	7,113
Mortgage-backed securities	129,149	58	2,337	126,870
Marketable equity securities	788	0	55	733
	$ 239,121	$ 146	$ 4,122	$ 235,145

	June 30, 2005			
(dollars in thousands)	**Amortized Cost**	**Unrealized Gains**	**Unrealized Losses**	**Estimated Fair Value**
U. S. Government and federal agencies	$ 99,551	$ 246	$ 416	$ 99,381
State and municipal securities	3,853	68	8	3,913
Corporate debt securities	11,954	116	32	12,038
Mortgage-backed securities	103,562	63	1,103	102,522
Marketable equity securities	567	0	50	517
	$ 219,487	$ 493	$ 1,609	$ 218,371

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Note 5 - Loans

The Company engages in a full complement of lending activities, including real estate-related loans, agriculture-related loans, commercial and financial loans and consumer installment loans. As of June 30, 2006, Ameris's loan portfolio consisted of 74.0% real estate-related loans, 9.4% agriculture-related, 11.7% commercial and financial loans, and 4.5% consumer installment loans. Ameris concentrates the majority of its lending activities on real estate loans where the historical loss percentages have been low. While risk of loss in the Company's portfolio is primarily tied to the credit quality of the various borrowers, risk of loss may increase due to factors beyond Ameris's control, such as local, regional and/or national economic downturns. General conditions in the real estate market may also impact the relative risk in the real estate portfolio. Of the target areas of lending activities, commercial and financial loans are generally considered to have a greater risk of loss than real estate loans or consumer installment loans.

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

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

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

(dollars in thousands)	June 30, 2006	December 31, 2005	June 30, 2005
Commercial and financial	**$ 155,485**	$ 152,715	$ 117,230
Agricultural	**40,731**	30,437	38,541
Real estate-construction	**300,534**	224,230	133,014
Real estate-mortgage, farmland	**84,282**	74,023	71,826
Real estate-mortgage, commercial	**363,402**	321,443	269,158
Real estate-mortgage, residential	**320,822**	317,593	261,799
Consumer installment loans	**60,467**	62,508	55,966
Other	**4,990**	3,652	14,878
	$ 1,330,713	$ 1,186,601	$ 962,412

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Note 6 - Allowance for Loan Losses

Activity in the allowance for loan losses for the six months ended June 30, 2006, for the year ended December 31, 2005 and for the six months ended June 30, 2005 is as follows:

(dollars in thousands)	June 30, 2006	December 31, 2005	June 30, 2005
Balance, January 1	**$ 22,294**	$ 15,493	$ 15,493
Provision for loan losses charged to expense	**1,411**	1,651	905
Loans charged off	**(1,758)**	(2,155)	(971)
Recoveries of loans previously charged off	**1,419**	1,777	1,130
Allowance for loan losses of acquired subsidiary	**-**	5,528	-
Ending balance	**$ 23,366**	$ 22,294	$ 16,557

Note 7 - Earnings per Share and Common Stock

Earnings per share have been computed based on the following weighted average number of common shares outstanding for the three months and six months ended June 30:

	For the Three Months Ended June 30,		For The Six Months Ended June 30,	
	2006	2005	2006	2005
	(share data in thousands)			
Basic	**12,985**	11,850	**12,969**	11,817
Dilutive effect of stock options outstanding	**154**	108	**150**	105
Diluted	**13,139**	11,958	**13,119**	11,922

Note 8 - Stock-Based Compensation

At June 30, 2006, the Company had stock-based compensation plans, which are more fully described in Note 14 of the Company's Annual Report on Form 10-K for the year ended December 31, 2005. On January 1, 2006, Ameris adopted the fair value recognition provisions of FASB Statement No. 123(R), Share-Based Payment (SFAS 123(R)), using the modified prospective-transition method. Under that transition method, compensation cost recognized beginning in 2006 includes: (a) the compensation cost for all share-based payments granted prior to, but not yet vested as of January 1, 2006, based on the grant date fair value estimated in accordance with the original provisions of FASB Statement Note 123, and (b) the compensation cost for all share-based payments granted subsequent to January 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of SFAS 123(R). Results for prior periods have not been restated.

As a result of adopting Statement 123(R) on January 1, 2006, the Company’s income before income taxes and net income for the three months ended is $118,000, lower than if it had continued to account for share-based compensation under Opinion 25. Basic and diluted earnings per share for the three months ended June 30, 2006 would have been $.42 and $.41, respectively, if the Company had not adopted Statement 123(R), compared to reported basic and diluted earnings per share of $.41 and $.40, respectively, for the same time period in 2006. The Company’s income before income taxes and net income for the three months ended is $83,000, lower than if it had continued to account for share-based compensation under Opinion 25. Basic and diluted earnings per share for the six months ended June 30, 2006 would have been $.80 if the Company had not adopted Statement 123(R), compared to reported basic and diluted earnings per share of $.81 and $.80, respectively, for the same time period in 2006.

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Prior to the adoption of Statement 123(R), the Company presented all tax benefits of deductions resulting from the exercise of stock options as operating cash flows in the Statement of Cash Flows. Statement 123(R) requires the cash flows resulting from the tax benefits resulting from tax deductions in excess of the compensation cost recognized for those options (excess tax benefits) to be classified as financing cash flows.

The following table illustrates the effect on net income and earnings per share as if the Company had applied the fair value recognition provisions of FASB Statement No. 123, to stock-based employee compensation:

	For The Three Months Ended June 30, 2006 ($000)	For The Three Months Ended June 30, 2005 ($000)	For The Six Months Ended June 30, 2006 ($000)	For The Six Months Ended June 30, 2005 ($000)
Net income, as reported	$ 5,315	$ 3,500	$ 10,415	$ 7,100
Add:				
Stock-based employee compensation included in reported net income, net of related tax effects	83	-	118	-
Deduct:				
Total stock-based employee compensation expense determined under fair value method, net of related tax effects	(83)	(15)	(118)	(30)
Pro forma net earnings	$ 5,315	$ 3,485	$ 10,415	$ 7,070
Earnings per share:				
Basic - as reported	$ 0.41	$ 0.30	$ 0.80	$ 0.60
Basic - pro forma	$ 0.41	$ 0.30	$ 0.80	$ 0.60
Diluted - as reported	$ 0.40	$ 0.29	$ 0.79	$ 0.60
Diluted - pro forma	$ 0.40	$ 0.29	$ 0.79	$ 0.59

A summary of the status of the employee stock option plans as of June 30, 2006 and December 31, 2005 and activity during the periods is as follows:

	Period Ended June 30, 2006				Year Ended December 31, 2005			
	Number	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value ($000)	Number	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value ($000)
Under option, beginning of the	459,235	13.89	7.02	$ 2,735	390,042	10.87		

period								
Granted	91,000				177,000	17.98		
Exercised	(28,442)				(100,129)	9.43		
Forfeited	(7,170)				(7,678)	13.53		
Under option, end of the period	514,623	15.32	6.60	4,044	459,235	13.89	7.02	$ 2,735
Vested at the end of the period	298,444	17.95	8.82	1,550	220,884	14.09	8.08	$ 697
Exercisable at the end of the period	216,179	11.60	5.04	2,494	238,351	11.46	5.40	$ 1,997
Weighted-average fair value per option of options granted during the year				$ 5.00				$ 4.90

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The fair value of the options granted was based upon the discounted value of future cash flows of the options using the Black-Scholes option-pricing model and the following assumptions. There were no options granted during the quarter ended March 31, 2006.

	Period Ended June 30, 2006	**Year Ended December 31, 2005**
Risk-free interest rate	5.00%	3.94%
Expected life of the options	10 years	8 years
Expected dividend yield	2.10%	3.11%
Expected volatility	11.45%	30.05%

A summary of the status of Ameris' nonvested shares as of December 31, 2005 and changes during the period ended June 30, 2006, is presented below:

	Shares (000's)	**Weighted-Average Grant-Date Fair Value**
Nonvested at January 1, 2006	220,884	$ 4.17
Granted	91,000	5.00
Vested	(88,535)	4.18
Forfeited	(7,170)	4.16
Nonvested at June 30, 2006	216,179	$ 4.48

At June 30, 2006, there was $969,000 of unrecognized compensation cost related to stock-based awards which is expected to be recognized over a weighted-average period of 8.82 years.

Note 9 - Commitments and Contingencies

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated balance sheets.

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

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

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

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

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

(dollars in thousands)	June 30, 2006	June 30, 2005
Commitments to extend credit	**$ 198,384**	$ 132,142
Standby letters of credit	**7,178**	4,864

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

Certain of the statements made in this report are "forward-looking statements" within the meaning of, and subject to the protections of, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions and future performance and involve known and unknown risks, uncertainties and other factors, many of which may be beyond our control and which may cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements.

All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as "may," "will," "anticipate," "assume," "shoul "indicate," "would," "believe," "contemplate," "expect," "estimate," "continue," "plan," "point to," "project," "predict," "cou "potential" and other similar words and expressions of the future. These forward-looking statements may not be realized due to a variety of factors, including, without limitation, legislative and regulatory initiatives; additional competition in Ameris's markets; potential business strategies, including acquisitions or dispositions of assets or internal restructuring, that may be pursued by Ameris; state and federal banking regulations; changes in or application of environmental and other laws and regulations to which Ameris is subject; political, legal and economic conditions and developments; financial market conditions and the results of financing efforts; changes in commodity prices and interest rates; weather, natural disasters and other catastrophic events; and other factors discussed in Ameris's filings

with the Securities and Exchange Commission under the Exchange Act.

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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.

Overview

The following is management’s discussion and analysis of certain significant factors which have affected the financial condition and results of operations of the Company as reflected in the unaudited consolidated statement of condition as of June 30, 2006 as compared to December 31, 2005 and operating results for the six-month period ended June 30, 2006 as compared to the six-month period ended June 30, 2005. These comments should be read in conjunction with the Company’s unaudited consolidated financial statements and accompanying notes appearing elsewhere herein.

The Company’s total assets increased $86.1 million, or 5.08%, since December 2005. Federal funds sold decreased $73.1 million due to an increase in loan demand and some additional purchases in securities. Loans increased 12.14%, or $144.1 million, since December 2005, while the investment portfolio increased $22.1 million or 9.41%. Total deposits increased by 5.16%, or $70.9 million, due primarily to an ongoing deposit campaign.

The growth in the balance sheet and earning assets contributed to solid growth in net interest income. Net interest income for the six months ended June 30, 2006 increased 38.06% to $34.1 million from $24.7 million for the six months ended June 30, 2005. Total interest income for the six-month period ended June 30, 2006 increased 57.56% to $57.0 million when compared to the six month period ended June 30, 2005. This increase in interest income is the result of several factors, the most significant of which are the internal growth in earning assets, the increase in interest rates, and the Company’s acquisition of First National Banc, Inc.

Return on average equity for the six months ended June 30, 2006 and 2005 was 13.78% and 11.55%, respectively, on average equity of $ 151.2 million and $ 123.0 million, respectively. Return on average assets for the six months ended June 30, 2006 and 2005 was 1.21% and 1.12%, respectively.

The following table sets forth unaudited selected financial data for the previous five quarters and for the six month periods ending June 30, 2006 and 2005. This data should be read in conjunction with the consolidated financial statements and the notes thereto and the information contained in this Item 2.

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(in thousands, except per *share data, taxable equivalent)*	2006		2005			For the Six Months Ended	
	Second Quarter	**First Quarter**	**Fourth Quarter**	**Third Quarter**	**Second Quarter**	**2006**	**2005**
Results of Operations:							
Net interest income	$ **17,673**	$ 16,392	$ 14,601	$ 13,312	$ 12,569	$ **34,065**	$ 24,692
Net interest income (tax equivalent)	**17,716**	16,495	14,678	13,390	12,639	**34,211**	24,835
Provision for loan losses	**901**	510	28	718	753	**1,411**	905
Non-interest income	**3,536**	3,894	2,720	3,654	3,552	**7,430**	7,156
Non-interest expense	**12,294**	12,085	12,940	10,377	10,131	**24,379**	20,290
Net income	**5,315**	5,100	2,723	3,905	3,500	**10,415**	7,100
Selected Average Balances:							
Loans, net of unearned income	$ **1,289,354**	$ 1,213,916	$ 1,028,705	$ 981,895	$ 925,652	$ **1,251,841**	$ 900,229
Investment securities	**270,842**	265,680	215,867	220,283	226,724	**264,550**	222,194
Earning assets	**1,585,473**	1,549,125	1,306,652	1,222,554	1,178,067	**1,556,836**	1,142,757
Deposits	**1,418,742**	1,380,247	1,133,085	1,049,869	1,005,868	**1,399,601**	997,776
Shareholders' equity	**152,329**	150,087	131,197	126,004	123,983	**151,175**	122,957
Period-End Balances:							
Loans, net of unearned income	$ **1,330,713**	$ 1,240,436	$ 1,186,601	$ 1,004,614	$ 962,412	$ **1,330,713**	$ 962,412
Earning assets	**1,614,638**	1,570,465	1,521,527	1,254,467	1,198,731	**1,614,638**	1,198,731
Total assets	**1,783,344**	1,738,891	1,697,209	1,370,439	1,305,156	**1,783,344**	1,305,156
Deposits	**1,446,128**	1,421,106	1,375,232	1,073,177	1,035,863	**1,446,128**	1,035,863
Long-term obligations	**124,094**	100,095	106,022	121,130	95,237	**124,094**	95,237
Shareholders' equity	**153,002**	151,430	148,703	126,610	125,084	**153,002**	125,084
Per Common Share Data:							

Earnings per share-Basic	$ **0.41**	$ 0.39	$ 0.22	$ 0.33	$ 0.30	$ **0.80**	$ 0.60
Earnings per share - Diluted	**0.40**	0.39	0.22	0.33	0.29	**0.79**	0.60
Book value per share	**11.75**	11.68	11.48	10.67	10.54	**11.75**	10.54
End of period shares outstanding	**13,021,510**	12,967,576	12,952,318	11,865,991	11,866,295	**13,021,510**	11,866,295
Weighted average shares outstanding							
Basic	**12,985,424**	12,951,765	12,232,165	11,865,107	11,849,739	**12,968,687**	11,816,619
Diluted	**13,139,130**	13,102,633	12,365,296	11,990,917	11,958,176	**13,118,881**	11,921,183
Market Price:							
Closing	**23.14**	23.26	19.84	19.19	18.08	**23.14**	17.59
High	**23.24**	23.29	20.99	20.32	19.20	**23.24**	18.35
Low	**20.23**	19.71	17.57	17.60	16.42	**19.45**	14.78
Trading volume (avg. daily)	**21,949**	15,952	13,687	14,611	16,777	**19,127**	17,877
Cash dividends per share	**0.14**	0.14	0.14	0.14	0.14	**0.28**	0.28
Price to earnings	**14.11**	14.91	22.55	14.54	15.07	**14.46**	14.66
Price to book value	**1.97**	1.99	1.73	1.80	1.72	**1.97**	1.67
Performance Ratios:							
Return on average assets	**1.23%**	1.20%	0.77%	1.18%	1.10%	**1.21%**	1.12%
Return on average equity	**14.00%**	13.60%	8.51%	12.40%	11.29%	**13.78%**	11.55%
Avg. loans as % of avg. deposits	**90.88%**	87.95%	90.79%	93.53%	92.03%	**89.44%**	90.22%
Net interest margin (tax equivalent)	**4.48%**	4.32%	4.46%	4.35%	4.30%	**4.43%**	4.38%
Average equity to average assets	**8.74%**	8.81%	9.82%	9.52%	9.70%	**8.77%**	9.68%
Efficiency ratio	**57.97%**	59.57%	74.71%	61.16%	62.84%	**58.75%**	63.71%

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Results of Operations for the Three Months Ended June 30, 2006 and 2005

Interest Income

Interest income for the three months ended June 30, 2006 was $29.8 million, an increase of $11.2 million, or 60.22%, compared to $18.6 million for the same period in 2005. Average earning assets for the three month period increased $407.4 million, or 34.58%, to $1.59 billion as of June 30, 2006, compared to $1.18 billion as of June 30, 2005. Yield on average earning assets increased 121 basis points to 7.56% from 6.35% for the quarters ended June 30, 2006 and 2005, respectively. The Company's increase in interest income is primarily attributable to the rising interest rate environment of the last year and a half and the purchase of First National Banc, Inc.

Interest Expense

Interest expense on deposits and other borrowings for the three months ended June 30, 2006 was $12.1 million, a $6.1 million, or 101.67%, increase from June 30, 2005. While average interest bearing liabilities increased $386.6 million, or 38.73%, to $1.38 billion for the three months ended June 30, 2006, compared to $948.1 million for the three months ended June 30, 2005, the yield on average interest bearing liabilities increased 99 basis points to 3.10% from 2.11% as of June 30, 2006 and 2005, respectively. During 2005 and 2006, Ameris adopted a more aggressive position on deposit acquisition, through the offering of new deposit products and higher than normal rates in certain of our markets. This more aggressive position is precipitated mainly by the expectation for continued growth in earning assets and has resulted in increased sales of deposits as well as higher incremental costs.

Net Interest Income

Net interest income for the three months ended June 30, 2006 increased $5.1 million, or 40.48%, to $17.7 million compared to $12.6 million for the same period ending June 30, 2005. The increase was attributable to internal growth in earning assets and the Company's acquisition of First National Banc, Inc. The Company's net interest margin increased to 4.48% for the three months ended June 30, 2006, compared to 4.30% as of June 30, 2005.

Provision for Loan Losses

The provision for loan losses was $901,000 for the three months ended June 30, 2006, compared to $753,000 for the same period ending June 30, 2005. The increase in the provision is due to the increase in the size of the loan portfolio. Management believes that the present allowance for loan losses is adequate at June 30, 2006.

Non-interest Income

Non-interest income was $3.5 million for the three months ended June 30, 2006 a decrease of $16,000, or .45%, from non-interest income of $3.6 million for the three months ended June 30, 2005. There was an increase in service charges on deposits of $301,000 which was offset by a loss on the sale of securities of $314,000. The loss on the sale of the securities was done to restructure a portion of the investment portfolio for yield and interest rate risk purposes.

Non-interest Expense

Non-interest expenses for the three months ended June 30, 2006 were $12.3 million, or 21.35%, higher compared to the same period a year ago. The increase in non-interest expense is attributable to salaries and employee benefits increasing $377,000, net occupancy and equipment increasing $271,000 and other expenses increasing $1,481,000. The increase in salaries and employee benefits is related to normal increases in salaries and employee benefits during the course of business and additional employees added due to the Company's acquisition of First National Banc, Inc. which was completed in the fourth quarter of 2005. The acquisition of First National Banc, Inc. accounted for approximately $1.3 million of the increase in non-interest expenses which are expenses that are attributable to normal banking operations and conversion costs related to this transaction.

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Income Taxes

The amount of income tax expense is influenced by the amount of taxable income and the amount of tax-exempt income. For the three months ended June 30, 2006 and 2005, the provision for taxes was $2.7 million and $1.7 million, respectively. The effective tax rate for the three months ended June 30, 2006 was 33.68% compared to 33.17% for the same period in 2005.

Results of Operations for the Six Months Ended June 30, 2006 and 2005

Interest Income

Interest income for the six months ended June 30, 2006 was $57.0 million, an increase of $20.8 million, or 57.46%, compared to $36.2 million for the same period in 2005. Average earnings assets for the six month period increased $414.1 million, or 36.24%, to $1.56 billion as of June 30, 2006 compared to $1.14 billion as of June 30, 2005. Yield on average earning assets increased 99 basis points to 7.40% from 6.41% for the six months ended June 30, 2006 and 2005, respectively.

Interest Expense

Interest expense on deposits and other borrowings for the six months ended June 30, 2006 was $22.9 million, an $11.4 million, or 99.13%, increase from June 30, 2005. While average interest bearing liabilities increased $373.3 million, or 37.66% to $1.36 billion for the six months ended June 30, 2006 compared to $991.4 million for the six months ended June 30, 2005, the yield on average interest bearing liabilities increased 94 basis points to 2.97% from 2.03% as of June 30, 2006 and 2005, respectively. The increases in interest expense are driven mostly from a higher interest rate environment and a more aggressive stance on deposit sales.

Net Interest Income

Net interest income for the six months ended June 30, 2006 increased $9.4 million, or 38.06%, to $34.1 million compared to $24.7 million for the same period ending June 30, 2005. The increase was mainly attributable to growth. The Company's net interest margin increased to 4.43% for the six months ended June 30, 2006 compared to 4.38% as of June 30, 2005.

Provision for Loan Losses

The provision for loan losses was $1.4 million for the six months ended June 30, 2006 as compared to $.91 million for the same period ending June 30, 2005. The increase was due to the loan growth experienced in 2006. Total non-performing assets increased to $9.3 million at June 30, 2006 from $5.1 million at June 30, 2005. For the six month period ending June 30, 2006, Ameris had net charge-offs of $339,000 compared to net recoveries of $159,000 for the same period in 2005. Improvements in credit quality are discussed further in the "Loans and Allowance for Loan Losses" Section.

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Non-interest Income
Non-interest income for the first six months of 2006 was up $274,000, or 3.83%, compared to the same time period a year ago. Service charges on deposit accounts increased 10.19% or $514,000 due to higher number of deposit accounts. Other service charges, commissions and fees decreased $219,000 compared to the same time period a year ago. The decrease is due to mortgage fee income decreasing from 2005 to 2006 due to fewer customers refinancing their homes during that time. During the second quarter of 2006, the Company recognized a $315,000 loss on the sale of securities to restructure a portion of the investment portfolio.

Non-interest Expense
Non-interest expense for the first six months of 2006 was $24.4 million. This represents a $4.1 million increase over the prior year period which totaled $20.3 million. The increase in non-interest expense is attributable to salaries and employee benefits increasing $1.1 million, net occupancy and equipment increasing $422,000, and other expense increasing $2.6 million.

At June 30, 2006, Ameris had 585 full-time equivalent employees compared to 533 full-time equivalent employees at June 30, 2005. Ameris has added production positions in many of our markets during 2005 and 2006 while reducing the number of back office and non-customer contact roles. The First National Banc, Inc. acquisition added 65 full-time equivalent employees during the fourth quarter of 2005.

Salaries and employee benefits for the six months ended June 30, 2006 were $1.1 million higher than during the same period in 2005. The majority of this increase is attributable to the acquisition of First National Banc, Inc.

Occupancy and equipment expense increased $422,000 to $2.9 million for the six months ended June 30, 2006 as compared to the same period of 2005. The majority of this increase related to the acquisition of First National Banc, Inc.

Other expenses for the six months ended June 30, 2006 increased $2.6 million when compared to the same time period for 2005. Approximately $960,000 is attributable to the acquisition of First National Banc, Inc. The remainder of this increase is mostly attributable to increases in public relations and marketing expense as well as professional fees.

The Company's efficiency ratio (operating expenses as a percent of total revenue) decreased to 58.75% for the six months ended June 30, 2006 from 63.71% for the six months ended June 30, 2005.

Income Taxes
The amount of income tax expense is influenced by the amount of taxable income and the amount of tax-exempt income. For the six months ended June 30, 2006 and 2005, the provision for taxes was $5.3 million and $3.6 million, respectively. The effective tax rate for the six months ended June 30, 2006 was 33.68% compared to 33.35% for the same period in 2005.

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

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

The minimum requirements established by the regulators are set forth in the table below, along with the actual ratios at June 30, 2006 and 2005.

	Well Capitalized Requirement	Adequately Capitalized Requirement	June 30, 2006 Actual	June 30, 2005 Actual
Tier 1 Capital (to Average Assets)	≥5%	≥4%	**8.63%**	10.40%
Tier 1 Capital (to Risk Weighted Assets)	≥6%	≥4%	**10.75%**	13.56%
Total Capital (to Risk Weighted Assets)	≥10%	≥8%	**12.01%**	15.14%

Management believes, as of June 30, 2006, that the Company and the Banks met all capital requirements to which they are subject. The Company has included the subordinated debentures that were issued by the Company in November 2001 and the acquired First National Banc Statutory Trust in Tier 1 Capital.

Loans and Allowance for Loan Losses

At June 30, 2006, loans, net of unearned income, were $1.331 billion, an increase of $368.6 million, or 38.27%, over net loans at June 30, 2005 of $962.4 million. The growth in the loan portfolio was attributable to a consistent focus on quality loan production. Real estate loans increased $333.2 million, or 45.29%, from June 30, 2005. The Company continues to monitor the composition of the loan portfolio to evaluate the adequacy of the allowance for loan losses in light of the impact that changes in the economic environment may have on the loan portfolio.

The Company primarily focuses on the following loan categories: (1) commercial and financial, (2) real estate construction, (3) residential mortgage, (4) commercial real estate, (5) agricultural, and (6) consumer loans. The Company's management has strategically located its branches in South and Southeast Georgia, North Florida and Southeast Alabama and has taken advantage of the growth in these areas.

The allowance for loan losses is a reserve established through charges to earnings in the form of a provision for loan losses. The provision for loan losses is based on management's evaluation of the size and composition of the loan portfolio, the level of non-performing and past due loans, historical trends of charged-off loans and recoveries, prevailing economic conditions and other factors management deems appropriate. The Company's management has established an allowance for loan losses which it believes is adequate for the risk of loss inherent in the loan portfolio. Based on a credit evaluation of the loan portfolio, management presents a monthly review of the allowance for loan losses to the Company's Board of Directors. The review that management has developed primarily focuses on risk by evaluating the level of loans in certain risk categories. These categories have also been established by management and take the form of loan grades. These loan grades include the following classifications: (10) prime credit, (20) satisfactory credit, (25) minimum acceptable credit, (30) other assets especially mentioned, (40) substandard, (45) troubled debt restructuring, (50) doubtful, and (60) loss. By grading the loan portfolio in this manner the Company's management is able to effectively evaluate the portfolio by risk, which management believes is the most effective way to analyze the loan portfolio and thus analyze the adequacy of the allowance for loan losses. Management also reviews charge-offs and recoveries on a monthly basis to identify trends.

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

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

For the six month period ending June 30, 2006, the Company recorded net charge-offs totaling $339,000 or 0.05%, annualized of average loans outstanding for the period compared to net recoveries of $159,000 for the same period in 2005. The provision for loan losses for the six months ended June 30, 2006 was $1,411,000, compared to $905,000 for the same period in 2005. The allowance for loan losses totaled $23.4 million, or 1.76% of total loans, at June 30, 2006, compared to $16.6 million, or 1.72% of total loans, at June 30, 2005.

The following table presents an analysis of the allowance for loan losses for the six month periods ended June 30, 2006 and 2005:

(dollars in thousands)	**June 30, 2006**	**June 30, 2005**
Balance of allowance for loan losses at beginning of period	**$ 22,294**	$ 15,493
Provision charged to operating expense	**1,411**	905
Charge-offs:		
Commercial	**334**	194
Installment	**330**	347
Real estate	**1,019**	375
Agriculture	**3**	44
Other	**72**	11
Total charge-offs	**1,758**	971
Recoveries:		
Commercial	**691**	172
Installment	**309**	158
Real estate	**362**	758
Agriculture	**32**	35

Other		**25**		7
Total recoveries		**1,419**		1130
Net charge-offs (recoveries)		**339**		(159)
Balance of allowance for loan losses at end of period	**$**	**23,366**	$	16,557
Net annualized (charge-offs) recoveries as a percentage of average loans		**0.05%**		(.07%)
Reserve for loan losses as a percentage of loans at end of period		**1.76%**		1.72%

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Non-Performing Assets

Non-performing assets include nonaccrual loans, accruing loans contractually past due 90 days or more, repossessed personal property, and other real estate. Loans are placed on nonaccrual status when management has concerns relating to the ability to collect the principal and interest and generally when such loans are 90 days or more past due. A loan is considered impaired when it is probable that not all principal and interest amounts will be collected according to the loan contract. When a loan is placed on nonaccrual status, any interest previously accrued but not collected is reversed against current income.

Non-performing assets were as follows:

(dollars in thousands)	June 30, 2006	December 31, 2005
Total nonaccrual loans	$ 7,377	$ 9,586
Accruing loans delinquent 90 days or more	-	-
Other real estate owned and repossessed collateral	1,934	1,149
Total non-performing assets	$ 9,311	$ 10,735

Interest Rate Sensitivity and Liquidity

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

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

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

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

Liquidity management involves the matching of the cash flow requirements of customers, who may be either depositors desiring to withdraw funds or borrowers needing assurance that sufficient funds will be available to meet their credit needs, and the ability of Ameris to manage those requirements. The Company strives to maintain an adequate liquidity position by managing the balances and maturities of interest-earning assets and interest-bearing liabilities so that the balance it has in short-term investments at any given time will adequately cover any reasonably anticipated immediate need for funds. Additionally, the Banks maintain relationships with correspondent banks, which could provide funds to them on short notice, if needed. The Company has invested in Federal Home Loan Bank stock for the purpose of establishing credit lines with the Federal Home Loan Bank. The credit availability to the Banks is equal to 20% of the Banks' total assets as reported on the most recent quarterly financial information submitted to the regulators subject to the pledging of sufficient collateral. At June 30, 2006, there were $119.0 million in advances outstanding with the Federal Home Loan Bank.

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

	June 30, 2006	**March 31, 2006**	**December 31, 2005**	**September, 2005**	**June 30, 2005**
Total securities to total deposits	**17.79%**	19.21%	17.10%	19.37%	21.08%
Total loans (net of unearned income) to total deposits	**92.02%**	87.29%	86.28%	93.61%	92.91%
Interest-earning assets to total assets	**90.54%**	90.31%	89.65%	91.54%	91.85%
Interest-bearing deposits to total deposits	**86.07%**	86.36%	85.40%	85.66%	85.43%

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The liquidity resources of the Company are monitored continuously by the ALCO Committee and on a periodic basis by state and federal regulatory authorities. As determined under guidelines established by these regulatory authorities, the Company's and the Banks' liquidity ratios at June 30, 2006 were considered satisfactory. The Company is aware of no events or trends likely to result in a material change in liquidity.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed only to U. S. dollar interest rate changes, and, accordingly, the Company manages exposure by considering the possible changes in the net interest margin. The Company does not have any trading instruments nor does it classify any portion of the investment portfolio as held for trading. The Company does 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, the Company has no exposure to foreign currency exchange rate risk, commodity price risk and other market risks.

Interest rates play a major part in the net interest income of a financial institution. The sensitivity to rate changes is known as "interest rate risk". The repricing of interest-earning assets and interest-bearing liabilities can influence the changes in net interest income. As part of the Company's asset/liability management program, the timing of repriced assets and liabilities is referred to as Gap management. It is the policy of the Company to maintain a Gap ratio in the one-year time horizon of .80 to 1.20.

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

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

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Item 4. Controls and Procedures

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

During the quarter ended June 30, 2006, there was not any change in the Company's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rules 13a-15 or 15d-15 of the Exchange Act that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II - OTHER INFORMATION

Item 1. **Legal Proceedings**

From time to time, we are a party to litigation arising in the normal course of our business operations. In the opinion of management and counsel, it is not anticipated that the settlement or resolution of any such matters will have a material adverse impact on our financial position, liquidity or results of operations.

As previously reported by the Company in its Form 10-Q for the quarterly period ended March 31, 2006, the Company was involved in two companion cases in the United States District Court for the Southern District of Iowa and the United States District Court for the Northern District of Georgia, both of which were concerned with securing our right to use our recently adopted "Ameris" trademark. On March 17, 2006, AmerUs Group Co. and ACM Properties, Inc. filed suit against us in the Southern District of Iowa (Civ. Action No. 4:06-cv-00110), alleging that our Ameris trademark infringed upon the plaintiffs' various AmerUs marks (the "Iowa Action"). The Iowa Action has since been dismissed for lack of personal jurisdiction. In connection with defending the Iowa Action, we filed our own declaratory judgment action in the Northern District of Georgia, Civil Action No. 1:06-cv-0797 (the "Georgia Action"). The Georgia Action was filed on April 5, 2006 and seeks a declaration that our use of the Ameris mark is lawful and does not infringe on the plaintiffs' marks. The plaintiffs have filed various counterclaims in the Georgia Action similar to the claims made by them in the Iowa Action, and we have answered and denied all liability. The Georgia Action is currently pending before the court.

On June 15, 2006, a Houston County, Alabama jury entered a verdict in a civil action against Southland Bank, a former subsidiary of the Company that earlier in the year was merged with and into the Company's subsidiary, American Banking Company, and one of Southland Bank's employees in the amount of approximately $7.1 million. The plaintiffs in this action had unsuccessfully applied to Southland Bank for a business loan. The plaintiffs sued Southland Bank and the employee for actual and punitive damages alleging a number of purported causes of action, including breach of contract, negligent failure to provide a loan and fraud, among other things, based on the bank's denial of the loan application. The verdict assesses compensatory damages in the amount of $2.1 million and punitive damages against Southland Bank in the amount of $5 million. The defendants have filed post-trial motions for judgment in their favor as a matter of law, as well as motions for a new trial and to alter or vacate the verdict and judgment. Those motions are pending. It is anticipated that any potential financial obligation that we or our subsidiaries might have to the plaintiffs in this action will be covered by existing insurance.

Item 1A. **Risk Factors**

There have been no material changes to the risk factors disclosed in Item 1A. of Part 1 in our Form 10-K for the year ended December 31, 2005.

Item 2. **Unregistered Sales of Equity Securities and Use of Proceeds**

None.

Item 3. **Defaults upon Senior Securities**

None.

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

No matter was submitted to a vote of our security holders by solicitation of proxies or otherwise during the second quarter of 2006.

Item 5. Other Information

None.

Item 6. Exhibits

The following are filed with or incorporated by reference into this report.

31.1	Rule 13a-14(a)/15d-14(a) Certification by the Company's Chief Executive Officer
31.2	Rule 13a-14(a)/15d-14(a) Certification by the Company's Chief Financial Officer
32.1	Section 1350 Certification by the Company's Chief Executive Officer
32.2	Section 1350 Certification by the Company's Chief Financial Officer

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SIGNATURE

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

AMERIS BANCORP

Date: August 9, 2006

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

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EXHIBIT INDEX

Exhibit No.	Description
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