Ameris Bancorp
Form 10-K/A
November 21, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 1 on

FORM 10-K/A

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2006

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 (A GEORGIA CORPORATION)

I.R.S. EMPLOYER IDENTIFICATION NUMBER 58-1456434

24 2nd AVENUE, S.E., MOULTRIE, GEORGIA 31768

TELEPHONE NUMBER: (229) 890-1111

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

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

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. x

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.

Large accelerated filer ¨ Accelerated filer x Non-accelerated filer ¨

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 $301.3 million. As of March 1, 2007, the registrant had outstanding 13,527,449 shares of common stock, $1.00 par value per share.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (this Amendment) amends the Annual Report on Form 10-K for the year ended December 31, 2006 of Ameris Bancorp (the Company) filed with the Securities and Exchange Commission (the SEC) on March 13, 2007 (the Original Report). This Amendment amends and restates Part II, Items 7 and 9A of the Original Report. This Amendment revises Item 7 with respect to the Company s disclosure regarding the determination of the allowance and provision for loan losses and Item 9A to reflect certain related changes in the Company s internal procedures. Except for the foregoing revisions, this Amendment does not modify or update any disclosures presented in the Original Report. Accordingly, this Amendment does not reflect events occurring after the filing of the Original Report or modify or update those disclosures contained in the Original Report which may have been affected by subsequent events. Information not affected by this Amendment is unchanged and reflects the disclosures made at the time the Original Report was filed. The Original Report, as amended by this Amendment, is referenced to herein as the Annual Report.

PART II

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

The year ended December 31, 2006 results reflect a successful execution of our goals and objectives that were set during 2005. Continued growth of our franchise in our existing markets was complimented by the expansion into other growth markets both by acquisition and de novo branching. Recruiting efforts that began in 2005 continued during the year and paid dividends as the Company was able to bolster production and sales staffs considerably across our footprint.

The Company completed two very important initiatives that were critical to our long-term success. Our efforts to collapse our charters into a single bank charter and adopt a uniform brand across our geographic footprint were completed successfully in December 2006. This effort required enormous amounts of planning, and our Company s employees handled the responsibility of maintaining excellent customer relationships through the changes in an extraordinarily professional manner.

The Company reported net income of $22.1 million, or $1.68 per diluted share, for the year ended December 31, 2006 compared to $13.7 million, or $1.14 per diluted share, in 2005. Our earnings during 2006 reflect non-recurring income of $1.9 million after tax related to the sale of three bank charters to unrelated parties as well as $900,000 of non-recurring expenses associated with the corporate restructuring announced during 2005 and completed in December 2006. During the fourth quarter of 2005, the Company incurred approximately $1.85 million in non-recurring expenses associated with the first stages of the corporate restructuring.

Total assets at December 31, 2006 were approximately $2.05 billion, an increase of $350.3 million, or 20.6%, from total assets of $1.7 billion at December 31, 2005. This level includes approximately $92 million of total assets related to the purchase of Islands on December 31, 2006. During 2006, the pace of growth in loans and deposits from existing markets continued at a double digit pace as momentum from the corporate restructuring and a re-invigorated sales culture began to take hold. Internal growth in loans for 2006, excluding the acquisition of Islands, was $193.0 million, or 16.3%, while internal growth of deposits was $271.6 million, an increase of 19.8%.

Net interest income for the year grew solidly as the Company benefited from a favorable interest rate environment as well as double digit growth in earning assets. For the year ended December 31, 2006, net interest income was $69.9 million compared to $52.6 million for 2005, an increase of 32.9%. The Company s net interest margin tightened slightly during the year to 4.25% from 4.31% in 2005.

Operating expenses grew during 2006 to $53.1 million from $43.6 million in 2005. This growth in operating expenses during 2006 relates primarily to the acquisition of FNB in December 2005 and to continued efforts to expand sales and production staff in most of our markets. Despite the growth in operating expenses, the efficiency ratio improved during the year to 59.55% from 65.94% in 2005.

Ameris s credit quality improved substantially in 2006 due primarily to a reduction in problem loans acquired through mergers. Non-performing assets as a percentage of total loans at the end of 2006 were 0.61%, a decrease from the 0.90% reported at the end of 2005. For the year ended December 31, 2006, Ameris had net charge-offs of 0.10% compared to 0.03% in 2005. The Company s loan loss reserve as a percentage of loans fell to 1.72% at December 31, 2006 from 1.88% at December 31, 2005.

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 s 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 current and historical trends 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. 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.

The accounting for impaired loans described above applies to all loans, except for large pools of smaller-balance, homogeneous loans that are collectively evaluated for impairment, loans that are measured at fair value or at the lower of cost or fair value and debt securities. The allowance for loan losses for large pools of smaller-balance, homogeneous loans is established through consideration of such factors as changes in the nature and volume of the portfolio, overall portfolio quality, adequacy of the underlying collateral, loan concentrations, historical charge-off trends and economic conditions that may affect the borrowers ability to pay.

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 s 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. At December 31, 2006, we had 26 credit relationships that exceeded $5 million with the largest credit relationship being approximately $12.5 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 s primary market area. 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 s 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 $6.0 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.

Long-Lived Assets, Including Intangibles

In our financial statements, we have recorded $60.5 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.

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 amount of goodwill was expensed in 2006, 2005 or 2004.

NET INCOME AND EARNINGS PER SHARE

In 2006, we reported net income of $22.1 million, or $1.68 per diluted share, compared to $13.7 million, or $1.14 per diluted share in 2005 and $13.1 million, or $1.11 per diluted share, in 2004. Our return on average assets was 1.22%, 1.04% and 1.12% in 2006, 2005 and 2004, respectively. Our return on average stockholders equity was 13.90%, 10.87% and 11.19% in 2006, 2005 and 2004, respectively.

EARNING ASSETS AND LIABILITIES

Average earning assets in 2006 increased 35.2% over 2005 levels principally due to the acquisition of FNB in December 2005. Additional growth from the Company s existing markets also continued at double digit levels for the second consecutive year. The earning asset and interest-bearing liability mix is consistently monitored to increase net interest margin and therefore increase profitability.

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 the 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, (Dollars in Thousands)								
	2006			2005			2004		
	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**
ASSETS									
Interest-earning assets:									
Loans	**$ 1,308,405**	**$ 107,809**	**8.24%**	$ 952,647	$ 69,238	7.27%	$ 855,205	$ 56,433	6.60%
Investment securities	**267,343**	**12,550**	**4.69**	223,633	8,794	3.93	190,643	7,472	3.92
Short-term assets	**72,183**	**3,843**	**5.32**	42,884	1,591	3.71	31,782	547	1.72
Total earning assets	**1,647,931**	**124,202**	**7.54**	1,219,164	79,623	6.53	1,077,630	64,452	5.98
Non-earning assets	**165,839**			103,431			95,582		
Total assets	**$ 1,813,770**			$ 1,322,595			$ 1,173,212		

LIABILITIES AND STOCKHOLDERS EQUITY									
Interest-bearing liabilities:									
Savings and interest-bearing demand deposits	**$ 521,783**	**$ 11,397**	**2.18%**	$ 393,592	$ 4,013	1.02%	$ 357,893	$ 2,604	0.73%
Time deposits	**773,089**	**34,202**	**4.42**	498,036	15,016	3.02	406,467	8,702	2.14
Other borrowings	**11,910**	**514**	**4.32**	6,521	103	1.58	5,235	67	1.28
FHLB advances	**91,119**	**4,246**	**4.66**	100,456	4,296	4.28	110,977	4,496	4.05
Trust preferred securities	**41,841**	**3,791**	**8.20**	35,779	3,506	9.80	35,567	3,506	9.86
Total interest-bearing liabilities	**1,439,742**	**54,150**	**3.74**	1,034,084	26,934	2.60	916,139	19,375	2.11
Demand deposits	**194,150**			154,326			133,546		
Other liabilities	**20,684**			7,895			6,463		
Stockholders equity	**159,194**			126,290			117,064		
Total liabilities and stockholders equity	**$ 1,813,770**			$ 1,322,595			$ 1,173,212		
Interest rate spread			**3.80%**			3.93%			3.87%
Net interest income		**$ 70,052**			$ 52,689			$ 45,077	
Net interest margin			**4.25%**			4.32%			4.18%

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.

2006 compared with 2005:

Interest income for the year ended December 31, 2006 was $124.2 million, an increase of $44.6 million, or 56.0%, compared to the same period in 2005. Average earning assets increased $428.8 million, or 35.2%, to $1.64 billion for the year ended December 31, 2006 compared to $1.22 billion as of December 31, 2005. Yield on average earning assets on a taxable equivalent basis for 2006 increased to 7.54% from 6.53% and 5.98% for the years ended December 31, 2005 and 2004, respectively. The Company s increase in interest income is equally attributable to both an increase in average earning assets and a higher rate environment for most of 2006 than what was seen in previous years.

Interest expense on deposits and other borrowings for the year ended December 31, 2006 was $54.2 million, a $27.2 million increase from the year ended December 31, 2005. While average interest-bearing liabilities increased substantially, by $405.7 million, the higher rate environment and, consequently, higher rates on those liabilities contributed to the higher level of interest expense. Rates on average interest-bearing liabilities increased to 3.74% from 2.60% and 2.11% as of December 31, 2005 and 2004, respectively. Our Company aggressively manages our cost of funds to achieve a balance between high levels of profitability and acceptable levels of growth.

Net interest income for 2006, on a taxable-equivalent basis, was $70.1 million compared to $52.7 million in 2005, an increase of 33.0%. The Company s net interest margin, on a tax equivalent basis, decreased slightly to 4.25% for the year ended December 31, 2006 compared to 4.32% as of December 31, 2005.

2005 compared with 2004:

Interest income for the year ended December 31, 2005 was $79.6 million, an increase of $15.1 million, or 23.6%, compared to $64.3 million for the same period in 2004. Average earning assets increased $141.2 million, or 13.13%, to $1.22 billion for the year ended December 31, 2005 compared to $1.08 billion as of December 31, 2004. Yield on average earning assets on a taxable equivalent basis increased 55 basis points to 6.53% from 5.98% for the years ended December 31, 2005 and 2004, respectively. The Company s increase in interest income is equally attributable to both an increase in average earning assets and the 200 basis point increase in the prime rate from December 2004 to December 2005.

Interest expense on deposits and other borrowings for the year ended December 31, 2005 was $26.9 million, a $7.6 million, or 39.0% increase from the year ended December 31, 2004. While average interest-bearing liabilities increased $117.9 million, or 12.87%, to $1.03 billion as of December 31, 2005 compared to $916.1 million for the year ended December 31, 2004, the yield on average interest-bearing liabilities increased 49 basis points to 2.60% from 2.11% as of December 31, 2005 and 2004, respectively.

Net interest income for 2005, on a taxable-equivalent basis, was $52.7 million compared to $45.1 million in 2004, an increase of $7.6 million or 16.89%. The increase was mainly attributable to the growth in the balance sheet. The Company s net interest margin, on a tax equivalent basis, increased to 4.32% for the year ended December 31, 2005 compared to 4.18% as of December 31, 2004.

	Year Ended December 31,					
	2006 vs. 2005			2005 vs. 2004		
	Increase (Decrease)	**Changes Due To Rate**	**Volume**	**Increase (Decrease)**	**Changes Due To Rate**	**Volume**
	(Dollars in Thousands)					
Increase (decrease) in:						
Income from earning assets:						
Interest and fees on loans	**$ 38,321**	**$ 12,275**	**$ 26,046**	$ 12,805	$ 6,375	$ 6,430
Interest on securities:	**3,992**	**2,038**	**1,954**	1,322	38	1,284
Short-term assets	**2,259**	**1,165**	**1,094**	1,044	855	189
Total interest income	**44,572**	**15,478**	**29,094**	15,171	7,268	7,903
Expense from interest-bearing liabilities:						
Interest on savings and interest- bearing demand deposits	**7,384**	**6,077**	**1,307**	1,409	1,149	260
Interest on time deposits	**19,186**	**10,879**	**8,307**	6,314	4,354	1,960
Interest on other borrowings	**411**	**335**	**76**	36	20	16
Interest on FHLB advances	**(50)**	**323**	**(373)**	(200)	226	(426)
Interest on trust preferred securities	**285**	**(667)**	**952**			
Total interest expense	**27,216**	**16,947**	**10,269**	7,559	5,749	1,810
Net interest income	**$ 17,356**	**$ (1,469)**	**$ 18,825**	$ 7,612	$ 1,519	$ 6,093

Provision for Loan Losses

The allowance for loan losses is a reserve established through ch