One Bank, United.

Ameris Bancorp

2005 ANNUAL REPORT

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2005 Financial Highlights

(Dollars in thousands except per share data)

	2005	2004	2003
Assets	$1,697,209	$1,267,993	$1,169,111
Loans	1,186,601	877,074	840,539
Deposits	1,375,232	986,224	906,524
Shareholders' Equity	148,703	120,939	113,613
Net Income	13,728	13,101	12,010
Per-share Data:*			
Earnings per share-basic	$1.15	$1.12	$1.03
Earnings per share-diluted	$1.14	$1.11	$1.02

**Restated for a six-for-five stock split effective 3.15.05.*

$1,697,209,000

2005 Total Assets

Kenneth J. Hunnicutt
Chairman of the Board

Edwin W. Hortman, Jr.
President &
Chief Executive Officer

A Strong Legacy. A Bright Vision.

Dear Fellow Shareholders:

We are pleased to share our results for 2005. It was a transitional year as we took on new roles and closed an extraordinary chapter in our Company's history. Now, as One Bank, United, we'd like to communicate how Ameris, building on a strong legacy, will continue last year's progress for 2006 and beyond.

A Bright Vision.

Ameris ended the year focused on becoming one company, with opportunities as one team with one brand. The increased investment in key areas – our new and unified brand, charter consolidation, technology enhancements in major systems, including teller processing and banker workstations, and people – has strengthened our team and will position Ameris as one of the region's most forward-thinking banks.

As always, our success depends upon our ability to develop great business strategies, provide competitive financial products, improve core processes and excel at delivering outstanding customer service. We must execute well and pay attention to every customer, every bank market, every employee, and every detail. A strategy that builds over time – taking into account our short-term goals as well as the long-term health of Ameris – has been charted and will continue to guide our efforts.

United in Growth.

We must organically grow our current foundation, which will allow us to capitalize on merger opportunities such as St. Marys and Orange Park. Expansion is a priority for new and existing markets – Gainesville, Tallahassee, Jacksonville, Tifton and Valdosta. Profitable and quality sustained growth will result from calculated decisions, managing risk and an unrelenting focus on expenses.

It is just as important as remaining well capitalized and well reserved while delivering good returns.

United in Community.

Our progress depends on ***community*** bankers who have a desire to be the best in class and who have a passion for winning; winning with the desire to improve service, by setting high expectations and standards of excellence. We understand the dynamics of banking, knowing that at times, our local decision makers must look at business with brutal honesty, not afraid to make changes when they are the right initiatives for our Company's long-term success.

It is vital for our team to have the right employees in the right positions. Our employees value quality customer service and believe in the value of our communities. They give their time, talents and monies to many worthy causes, such as the recent support of hurricane victims and many other hometown endeavors.

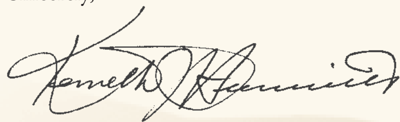
Our Company culture fosters a spirit of stock ownership, including guidelines for Directors and the Leadership Team. Involvement by our local Boards of Directors provides strength in leadership, enhances business development opportunities and guides our direction.

United in Heritage.

Ameris is committed to community banking: a timeless style of banking – one that is founded on relationships. We eagerly face challenges and recognize the importance of reaching forthright decisions, while we work together as one team with one agenda. We know our purpose – steadfast community banking. It is the strategy we intend to uphold year in and year out.

As always, we remain appreciative of our valued shareholders, customers and employees.

Sincerely,



Kenneth J. Hunnicutt
Chairman of the Board

Respectfully,

Edwin W. Hortman, Jr.
President and Chief Executive Officer

$148,703,000

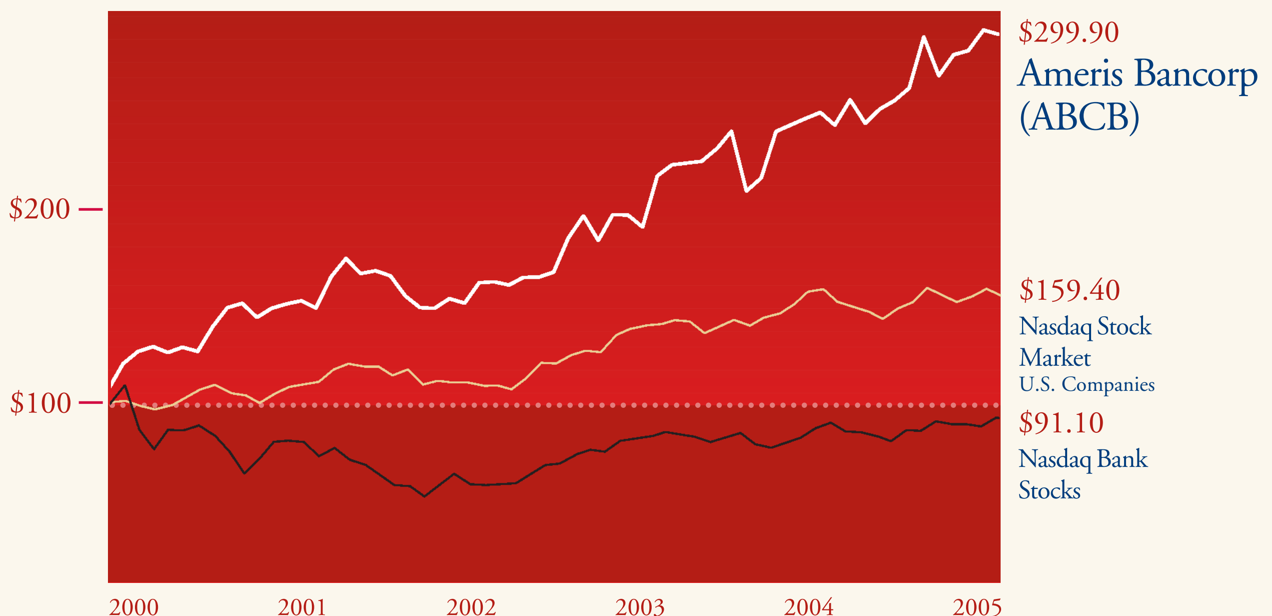
2005 Shareholders' Equity

United In Growth.

As a bank that's built on the cooperation and support of the communities we serve, Ameris's plans for future expansion are found in areas that are growing.

There's more to growth than building more banks in existing markets, and there's more to growth than charts and numbers. As planned, our growth will have a lasting and positive impact on our shareholders, customers and employees. Through our steadfast commitment to service, we'll contribute to the overall growth of each new market we enter. By supporting small businesses, individuals and families with local decision-making, we gain a deeper understanding of each community's needs.

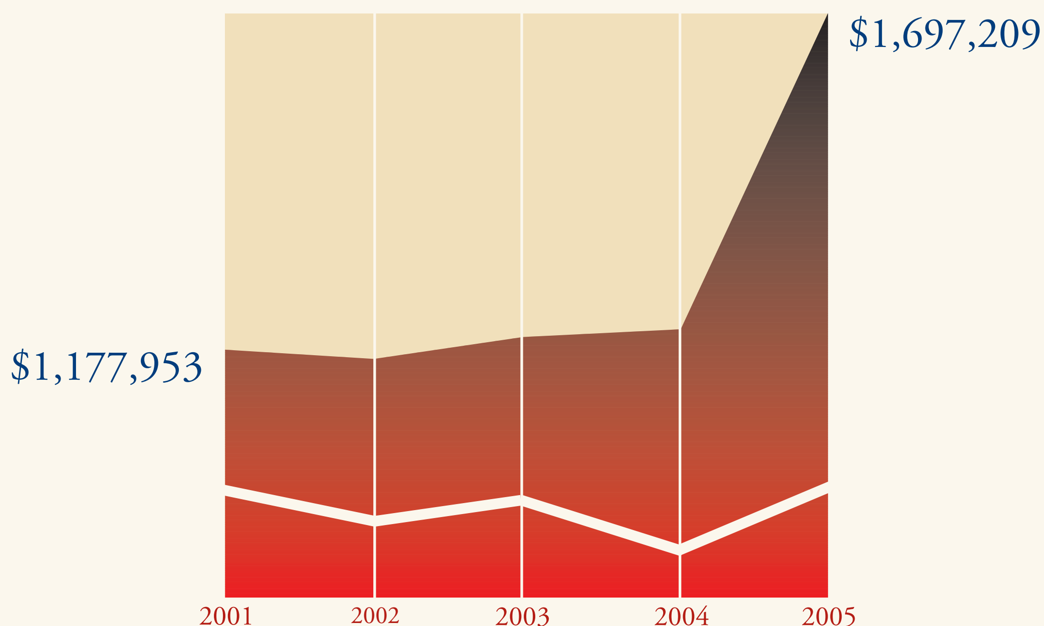
5-Year Total Return



United In Community.

If there's one thing Ameris carries into each new market we enter, it's an allegiance to community banking.

Through local decision-making, one-to-one service, and a genuine interest in the financial well-being of the towns and cities we serve, we've grown into a bank known for its unique approach to banking. Every customer and every business owner is one of our neighbors. And we treat them as such – by taking the time to consider every factor that only a neighbor can genuinely understand. It is what has set us apart for many decades, and it continues to make Ameris a real community bank.



$429,216,000

2005 Asset Growth

Mary Downing (standing in red) with our bank in Headland, Alabama, with four generations of the Rushing Family.

United In Heritage.

With a history born over a century ago, Ameris's employees have had the honor of serving multiple generations.

As families' financial needs change, we're able to meet each new challenge because we understand and value the history of our customers and our communities. Just as we've helped thousands of existing customers plan for day-to-day expenses, big purchases, and retirement, everyday we are helping their children, grandchildren – even great-grandchildren – handle the challenges and victories of a well-managed financial life.

Pictured from left to right:

Brooks Sheldon
Occupation:
Retired Banker

Glenn A. Kirbo
Occupation: Attorney
Kirbo & Kirbo, P.C.

Eugene M. Vereen, Jr.
Chairman Emeritus
Occupation: Investments
M.I.A., Co.

Robert P. Lynch
Occupation: Auto Dealer
Motor Finance Co.

Kenneth J. Hunnicutt
Chairman
Occupation: Executive Consultant

BOARD OF DIRECTORS

Edwin W. Hortman, Jr.
President & Chief Executive Officer
Ameris Bancorp

Daniel B. Jeter
Vice Chairman
Occupation: Consumer Finance
Standard Discount

J. Raymond Fulp
Occupation: Pharmacist
CVS Pharmacy

Johnny W. Floyd
Occupation: Timber and Realty
Floyd Timber Company
& Cordele Realty, Inc.

Henry C. Wortman
Occupation: Dairyman
Jackson & Wortman

Through every new change and at every bank location,
Ameris remains committed to a consistent community banking style.
It shows in our structure – with resources accessible at every office
to respond quickly to our customers' needs. We're dedicated to
keeping our key decision-makers close to the customer.
Ameris is all about the careful balance between big-bank services
and community-bank sensibilities.

$13,728,000

2005 Net Income

Edwin W. Hortman, Jr.
President & Chief Executive Officer

Dennis J. Zember, Jr.
Executive Vice President & Chief Financial Officer

Jon S. Edwards
Executive Vice President & Senior Credit Officer

Thomas T. Dampier
Executive Vice President & North Regional Executive

Johnny R. Myers
Executive Vice President & South Regional Executive

Cindi H. Lewis
Executive Vice President, Director of Human Resources & Corporate Secretary

Marc E. DeMott
Senior Vice President & Director of Automation and Operations

Michael F. McDonald
Senior Vice President & Director of Retail Banking

Charles A. Robinson
Senior Vice President & Director of Internal Audit

BANCORP LEADERSHIP TEAM

Ameris Bank Leadership

President
Don Monk

Directors
Glenn A. Kirbo, Chairman
Willie Adams, Jr., MD
Robert V. Barkley, Sr.
Thomas T. Dampier
Waddell M. Hagins, Jr.
Russell E. Martin
Reid E. Mills
W. Thomas Mitcham, MD
Don Monk
R. Douglas Oliver
W. Paul Wallace, Jr.

Albany, Georgia
2627 Dawson Road 229.888.5600
Leesburg - 229.434.4550

President
Michael D. Hodges

Directors
Jimmy D. Veal, Chairman
C. Ray Acosta
Mark D. Hall
Michael D. Hodges
C. Vance Leavy
Johnny R. Myers

Director Emeritus
J. Thomas Whelchel

Brunswick, Georgia
3440 Cypress Mill Road 912.267.9500
North Glynn - 912.264.9699 St. Simons Island - 912.634.1270 Jekyll Island - 912.635.9014

President
Edgar B. Smith, III

Directors
Jeffrey (Jet) F. Cox, Chairman
Kevin S. Cauley
Nancy C. Clark
Cuy Harrell, III
Johnny R. Myers
G. Ashley Register, MD
Edgar B. Smith, III

Cairo, Georgia
201 South Broad Street 229.377.1110
Meigs - 229.683.3411

Ameris Bank Leadership

City President
Teresa D. Youmans

Directors
Lewis M. Carter, Jr., Chairman
Thomas T. Dampier
Joseph S. Hall
Walter Hays
David Glenn Heard
Newton E. King, Jr.
C. Willard Mims
Dan E. Ponder, Jr.

Directors Emeritus
Charles R. Burke, Sr.
H. Wayne Carr
John B. Clarke, Sr.
N. E. King, Sr.
Jerry G. Mitchell

Colquitt, Georgia 162 E. Crawford St. 229.758.3461

President
Robert L. Evans

Directors
Johnny W. Floyd, Chairman
Robert E. Barr, MD
Charles W. Clark
Thomas T. Dampier
Robert L. Evans
William H. Griffin, III
David N. Rainwater

Director Emeritus:
Henry M. Turton, Jr.

Cordele, Georgia 502 South 2nd Street 229.273.7700

City President
Nancy S. Jernigan

Directors
Lewis M. Carter, Jr., Chairman
Thomas T. Dampier
Joseph S. Hall
Walter Hays
David Glenn Heard
Newton E. King, Jr.
C. Willard Mims
Dan E. Ponder, Jr.

Directors Emeritus
Charles R. Burke, Sr.
H. Wayne Carr
John B. Clarke, Sr.
N. E. King, Sr.
Jerry G. Mitchell

Donalsonville, Georgia 109 West Third Street 229.524.2112
Lake Seminole - 229.861.2213

Ameris Bank Leadership

City President
David B. Batchelor

Directors

Donnie H. Smith, Chairman
Lawton E. Bassett, III
David B. Batchelor
Thomas T. Dampier
J. Anthony Deal
William (Bill) H. Elliott
Faye Hennesy
Alfred Lott, Jr.
Ronnie Spivey
Oscar Street

Douglas, Georgia
100 South Pearl Ave. 912.384.2701

City President
Ronnie L. Middlebrooks

Directors

Glenn A. Kirbo, Chairman
Willie Adams, Jr., MD
Robert V. Barkley, Sr.
Thomas T. Dampier
Waddell M. Hagins, Jr.
Russell E. Martin
Reid E. Mills
W. Thomas Mitcham, MD
Don Monk
R. Douglas Oliver
W. Paul Wallace, Jr.

Leesburg, Georgia
U.S. Highway 19 S. 229.434.4550

President
Ronnie F. Marchant

Directors

Brooks Sheldon, Chairman
Robert M. Brown, MD
C. Wayne Cooper
Thomas T. Dampier
Thomas L. Estes, MD
Robert A. Faircloth
Plenn Hunnicutt
Daniel B. Jeter
Lynn Jones, Jr.
Ronnie F. Marchant
J. Mark Mobley, Jr.
Thomas W. Rowell

President Emeritus

Eugene M. Vereen, Jr.

Moultrie, Georgia
225 South Main Street 229.985.2222

Doerun - 229.782.5358 Quitman Hwy. - 229.985.1111 Sunset - 229.873.4444 Ag. Center - 229.985.2222

Ameris Bank Leadership

City President
C. Larry Young

Directors
Loran (Sonny) A. Pate, Chairman
Lawton E. Bassett, III
Thomas T. Dampier
Howard C. McMahon, MD
Daniel (Danny) M. Paulk
Gary H. Paulk
C. Larry Young

Directors Emeritus
Wycliffe Griffin
W.C. Sams, M.D.

Ocilla, Georgia
300 South Irwin Ave. 229.468.9411

President
R. Edwin Haworth

Directors
Roscoe H. Mullis, Chairman
Michael A. Akel
Michael L. Davis
William H. Gross
Kenneth L. Harrison
R. Edwin Haworth
Joseph P. Helow
J. Grover Henderson
Johnny R. Myers
Thomas I. Stafford, Jr.

St. Marys, Georgia
2509 Osborne Road 912.882.3400
Kingsland East - 912.729.8878 Kingsland West - 912.729.5611

President
Ronald K. Bell, Sr.

Directors
L. Maurice Chastain, Chairman
Dale E. Aldridge
S. Mark Brewer, MD
Gene Hickey
Zeke Johnson
Johnny R. Myers
Dr. Terrel M. Solana
F. Keith Wortman

Thomasville, Georgia
2484 East Pinetree Blvd. 229.226.5755
Coolidge - 229.346.3555

Ameris Bank Leadership

President
Lawton E. Bassett, III

Directors
J. Raymond Fulp, Chairman
Lawton E. Bassett, III
John R. Brownlee
Austin L. Coarsey
Thomas T. Dampier
Stewart D. Gilbert, MD
John Alan Lindsey
Loran (Sonny) A. Pate
Donnie H. Smith
Clifford A. Walker, Sr., DMD

Tifton, Georgia
735 West Second Street 229.382.7311
Douglas - 912.384.2701 Ocilla - 229.468.9411

President
Tim S. Jones

Directors
Henry C. Wortman, Chairman
John A. Baker
William P. Cooper, Jr.
Thomas T. Dampier
Tim S. Jones
Sue D. Mink
Charles E. Smith
Thomas Eddie York

Director Emeritus
Doyle Weltzbarker

Valdosta, Georgia
3140 Inner Perimeter Rd. 229.241.2851
Troupeville - 229.247.5376 Quitman - 229.263.7525

President
David D. Buckridge

Directors
L.F. Young, Jr., Chairman
Wade G. Brown
David D. Buckridge
William E. Mills
Johnny R. Myers
W. Mark Payne
Jo Anne Strickland

Crawfordville, Florida
2628 Crawfordville Highway 850.926.5211
Panacea - 850.984.5050 Sopchoppy - 850.962.4050

Ameris Bank Leadership

President
Timothy M. O'Keefe

Directors
V. Wayne Williford, Chairman
Vasant P. Bhide
Benny L. Cleghorn
Phillip H. Cury
Michael L. Davis
Roscoe H. Mullis
Johnny R. Myers
Timothy M. O'Keefe
Kenneth W. Suggs

Orange Park, Florida
1775 Eagle Harbor Parkway 904.264.8840
Blanding Blvd - 904.213.0883

President
R. Edwin Haworth

Directors
John H. Ferguson, Chairman
Michael Hayes
Michael E. McElroy
Johnny R. Myers
Samuel Sanders
Norman Scoggins

Trenton, Florida
530 East Wade Street 352.463.7171
Newberry - 352.472.2162

President
Harris O. Pittman, III

Directors
R. Dale Ezzell, Chairman
Robert Crowder
Gerald B. Crowley
Thomas T. Dampier
Ronald E. Dean
John D. DeLoach
Harris O. Pittman, III

Dothan, Alabama
3299 Ross Clark Circle NW 334.671.4000
Dothan-Southside - 334.677.3063 Headland - 334.693.5411 Abbeville - 334.585.2265 Clayton - 334.775.3211 Eufaula - 334.687.3260

Ameris Bank Leadership

City President

Jerry L. Gulledge

Directors

R. Dale Ezzell, Chairman
Robert Crowder
Gerald B. Crowley
Thomas T. Dampier
Ronald E. Dean
John D. DeLoach
Harris O. Pittman, III

Eufaula, Alabama

1140 South Eufaula Ave. 334.687.3260
Clayton - 334.775.3211

President

R. Edwin Haworth

Directors

George L. Hannaford, Chairman
Michael L. Davis
R. Edwin Haworth
James R. McCollum
John W. McDill
Roscoe H. Mullis
Johnny R. Myers
Daniel W. Simpson
Mary O. Smith
Debbie L. Waldrep

Kingsland, Georgia

1603 Highway 40 East 912.729.8878

President

Timothy M. O'Keefe

Directors

John A. Adams
Barbara M. Coleman
R. Scott Drawdy
Barry J. Fuller
Gregory A. Moorehead
Johnny R. Myers
Timothy M. O'Keefe

Blanding - Orange Park, Florida

485 Blanding Boulevard 904.213.0883

AMERIS BANCORP 2005 FINANCIALS

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SELECTED FINANCIAL DATA

The following table presents selected consolidated financial information for Ameris. The data set forth below is derived from the audited consolidated financial statements of the Company. The acquisitions of Citizens Bank-Wakulla on November 30, 2004 and First National Banc, Inc. on December 16, 2005 have significantly affected the comparability of our selected financial data. Specifically, since these acquisitions were accounted for using the purchase method of accounting, the assets of the acquired institutions were recorded at their fair values, the excess purchase price over the net fair value of the assets was recorded as goodwill and the results of operations of these businesses have been included in the Company's results since the effective dates of the acquisitions. Discussion of these acquisitions can be found in Note 3 – "Business Combinations" in the Notes to Consolidated Financial Statements.

	Year Ended December 31,				
	2005	**2004**	**2003**	**2002**	**2001**
	(Dollars in Thousands, Except Per Share Data)				
Selected Balance Sheet Data:					
Total assets	**$ 1,697,209**	$ 1,267,993	$ 1,169,111	$ 1,193,406	$ 1,177,953
Total loans	**1,186,601**	877,074	840,539	833,447	805,076
Total deposits	**1,375,232**	986,224	906,524	916,047	931,156
Investment securities	**243,742**	221,741	196,289	184,081	156,835
Shareholders' equity	**148,703**	120,939	113,613	107,484	104,148
Selected Income Statement Data:					
Interest income	$ **79,539**	$ 64,365	$ 64,479	$ 71,347	$ 72,913
Interest expense	**26,934**	19,375	22,141	28,240	34,928
Net interest income	**52,605**	44,990	42,338	43,107	37,985
Provision for loan losses	**1,651**	1,786	3,945	5,574	4,566
Other income	**13,530**	13,023	14,718	15,706	11,749
Other expenses	**43,607**	36,505	35,147	37,807	30,843
Income before tax	**20,877**	19,722	17,964	15,432	14,325
Income tax expense	**7,149**	6,621	5,954	5,077	4,692
Net income	$ **13,728**	$ 13,101	$ 12,010	$ 10,355	$ 9,633
Per Share Data:					
Net income - basic	$ **1.15**	$ 1.12	$ 1.03	$ 0.87	$ 0.87
Net income - diluted	**1.14**	1.11	1.02	0.87	0.87
Book value	**11.48**	10.28	9.68	9.17	8.68
Tangible book value	**7.64**	7.90	7.76	7.16	6.57
Dividends	**0.56**	0.47	0.43	0.40	0.40

	Year Ended December 31,				
	2005	**2004**	**2003**	**2002**	**2001**
	(Dollars in Thousands, Except Per Share Data)				
Profitability Ratios:					
Net income to average total assets	**1.04 %**	1.12 %	1.04 %	0.90 %	1.00 %
Net income to average stockholders' equity	**10.87**	11.19	10.85	9.81	10.30
Net interest margin	**4.31**	4.15	3.96	4.07	4.27
Efficiency ratio	**65.94**	62.93	61.60	64.28	62.02
Loan Quality Ratios:					
Net charge-offs to total loans	**.03 %**	0.22 %	0.46 %	0.68 %	0.54 %
Reserve for loan losses to total loans and OREO	**1.88**	1.77	1.78	1.78	1.85
Nonperforming assets to total loans and OREO	**0.90**	0.70	0.95	1.11	1.67
Reserve for loan losses to nonperforming loans	**232.57**	274.70	231.20	196.64	124.97
Reserve for loan losses to total nonperforming assets	**207.68**	253.32	187.58	160.74	111.00
Liquidity Ratios:					
Loans to total deposits	**86.28 %**	88.93 %	92.72 %	90.98 %	86.46 %
Loans to average earnings assets	**97.33**	80.91	78.63	78.76	90.56
Non-interest-bearing deposits to total deposits	**14.60**	15.22	15.63	14.38	13.48
Capital Adequacy Ratios:					
Common stockholders' equity to total assets	**8.76 %**	9.54 %	9.72 %	9.01 %	8.84 %
Average total stockholders' equity to average total assets	**9.55**	9.98	9.56	9.17	9.74
Dividend payout ratio	**48.70**	41.96	41.75	45.98	45.98

QUARTERLY FINANCIAL INFORMATION (Unaudited)

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

	Quarters Ended December 31, 2005			
	4	3	2	1
	(Dollars in Thousands, Except Per Share Data)			
Selected Income Statement Data:				
Interest income	$ 22,892	$ 20,494	$ 18,595	$ 17,558
Net interest income	14,601	13,312	12,569	12,123
Net income	2,723	3,905	3,500	3,600
Per Share Data:				
Net income – basic	0.22	0.33	0.29	0.31
Net income – diluted	0.22	0.33	0.29	0.30
Dividends	0.14	0.14	0.14	0.14

	Quarters Ended December 31, 2005			
	4	3	2	1
	(Dollars in Thousands, Except Per Share Data)			
Selected Income Statement Data:				
Interest income	$ 17,060	$ 16,196	15,446	$ 15,663
Net interest income	11,945	11,296	10,788	10,961
Net income	3,788	3,085	3,042	3,186
Per Share Data:				
Net income – basic	0.32	0.27	0.26	0.27
Net income – diluted	0.32	0.26	0.26	0.27
Dividends	0.12	0.12	0.12	0.12

MARKET FOR OUR COMMON STOCK

Ameris's common stock, $1.00 par value per share (the "Common Stock"), is listed on the Nasdaq National Market System (or "Nasdaq-NMS") under the symbol "ABCB". The following table sets forth: (i) the high and low bid prices for the Common Stock as quoted on Nasdaq-NMS during 2005 and 2004; and (ii) the amount of quarterly dividends declared on the Common Stock during the periods indicated. The high and low bid prices reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not necessarily represent actual transactions.

Quarter Ended	High	Low	Close	Dividend
2005				
March 31	$20.00	$15.22	$16.89	$.14
June 30	19.20	16.42	18.08	.14
September 30	20.32	17.60	19.19	.14
December 31	20.99	17.57	19.84	.14
Quarter Ended				
2004				
March 31	$16.50	$13.22	$15.81	$.12
June 30	17.30	14.05	16.95	.12
September 30	16.88	14.67	16.81	.12
December 31	18.61	15.89	17.43	.12

As of March 1, 2006, there were approximately 2,104 holders of record of the Common Stock. The Company believes that a large portion of the outstanding shares of Common Stock are held either in nominee name or street name brokerage accounts. As a result, the Company is unable to determine the number of beneficial owners of the Common Stock.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Certain of the statements made herein under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere, including information incorporated herein by reference to other documents, are "forward-looking statements" within the meaning of, and subject to the protections of, Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions and future performance and involve known and unknown risks, uncertainties and other factors, many of which may be beyond our control and which may cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements.

All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as "may," "will," "anticipate," "assume," "should," "indicate," "would," "believe," "contemplate," "expect," "estimate," "continue," "plan," "point to," "project," "predict," "could," "intend," "target," "potential" and other similar words and expressions of the future. These forward-looking statements may not be realized due to a variety of factors. These factors include legislative and regulatory initiatives regarding deregulation and restructuring of the banking industry; the extent and timing of the entry of 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, including its Annual Report on Form 10-K.

Additional information with respect to factors that may cause results to differ materially from those contemplated by such forward-looking statements is included in Ameris's current and subsequent filings with the Securities and Exchange Commission.

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.

FINANCIAL OVERVIEW

The Company's results for the year ended December 31, 2005 reflect a successful execution of our goals and objectives that were set during 2004. The year was both exciting and quite challenging. The Company continued its growth strategy by acquiring First National Banc, Inc. during the year. This acquisition of First National Banc, Inc. will enable the Company to increase its revenue and market share on the coasts of Georgia and Florida during the foreseeable future.

In addition to this acquisition, the Company also announced in the third quarter of 2005 its intention to consolidate its charters and to adopt a single brand for the Company and its bank subsidiaries. The branding initiative was substantially completed as of December 31, 2005. The charter consolidation initiative will be completed over 2006, with the majority of the consolidation effort completed by the end of the first quarter of 2006.

The 2005 results reflect (1) double digit growth on the balance sheet, (2) growth in net interest income, (3) improvement in net interest margin, (4) continued improvement in efficiency, and (5) continued positive trends.

The Company reported net income of $13.7 million, or $1.14 per diluted share, for the year ended December 31, 2005, compared to net income in 2004 of $13.1 million, or $1.11 per diluted share. During the fourth quarter of 2005, the Company recorded nonrecurring expenses of $1.87 million (net of tax) for the Company's re-branding effort. Excluding this nonrecurring charge, the Company's return on average assets was 1.25% and the return on equity was 13.12% for the year ended December 31, 2005 compared to the Company's return on average assets of 1.12% and the return on averge equity of 11.19% for the year ended December 31, 2004.

Total assets at December 31, 2005 were approximately $1.7 billion, an increase of $429 million, or 33.9%, from the same period in 2004. This level includes approximately $271 million of total assets related to the purchase of First National Banc, Inc. on December 16, 2005. During 2005, the pace of growth in loans and deposits from existing markets continued to accelerate as new producers and a re-invigorated sales culture began to take hold. Internal growth in loans for 2005, excluding the acquisition of First National Banc, Inc., was $116.2 million, or 13.2%, while internal growth of deposits was $147.5 million, an increase of 15.0%.

Net interest income for the year grew solidly as the Company benefited from growth in earning assets and a significant amount of lower cost core deposits. For the year ended December 31, 2005, net interest income was $52.6 million compared to $45.0 million for 2004, an increase of 16.92%. The Company's net interest margin expanded during the year. For the year ended December 31, 2005, the Company's net interest margin improved to 4.31% from 4.15% in 2004. Ameris attributes much of the expansion in net interest margin to the consistent balance sheet growth experienced during 2005 and the lower cost core deposit base managed in many of our markets.

Operating expenses grew during 2005 to $40.8 million (excluding the restructuring charges taken in the fourth quarter) from $36.5 million in 2004. The majority of this growth in operating expenses related to the addition of Citizens Bank-Wakulla in November 2004 and the expansion of loan and deposit production personnel in several Banks during 2005. The Company's efficiency ratio improved during the year as the Company focused its efforts on improving operational processes and productivity levels of customer contact employees. Ameris's efficiency ratio (excluding non-recurring amounts discussed earlier) was 61.2% and 62.9%, respectively, for the years ended December 31, 2005 and 2004.

Ameris's credit quality declined slightly, reflecting the purchase of First National Banc, Inc. Non-performing assets as a percentage of total loans at the end of 2005 were 0.90%, an increase from 0.70% a year ago. The Company has concentrated significant resources towards improving credit quality and has seen the pace of improvement accelerate. For the year ended December 31, 2005, Ameris had charge-offs of 0.03% compared to 0.22% in 2004.

The Company's loan loss reserve as a percentage of loans grew to 1.88% at December 31, 2005 from 1.77% at December 31, 2004; however, this increase in the reserve levels is mainly attributable to the acquired loan loss reserves in the First National Banc, Inc. transaction.

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 has 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 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 process, periodically review the Company's allowances 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 collectibility 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. The national economy has rebounded during 2005. If the economy's momentum continues, certain factors could evolve which would continue to positively impact our net interest margin. 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 borrowers' 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, 2005, we had 14 credit relationships that exceeded $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 of portion of other real estate owned is located in those same markets. Therefore, the ultimate collectibility 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 13 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 $4.8 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 $49.7 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 2005, 2004, or 2003, except for the impairment charge of $9,000 in 2003.

RESULTS OF OPERATIONS

Net Income and Earnings Per Share

We reported net income of $13.7 million, or $1.14 per diluted common share, in 2005, compared to net income of $13.1 million, or $1.11 per diluted common share, in 2004 and net income of $12.0 million, or $1.02 per diluted common share, in 2003. The return on average assets was 1.04% in 2005 compared to 1.12% in 2004, 1.04% in 2003 and .90% in 2002. The return on average common stockholders' equity was 10.87% in 2005 compared to 11.19% in 2004, 10.85% in 2003.

Earning Assets and Liabilities

Average earning assets in 2005 increased 13.13% over 2004 principally due to an 11.39% increase in total loans and a 16.03% increase in securities. Average interest-bearing liabilities increased $118.7 million, or 12.97%, to $1.0 billion as of December 31, 2005. The earning asset and interest-bearing liability mix is consistently monitored to increase net interest margin and therefore increase profitability.

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.

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. Our Company has successfully managed our cost of deposits during the rapid increase in interest rates over the recent 18 month period. The Company's core deposits are increasingly targeted by competition in all of our markets. The Company's sales strategies and customer retention plans have been very successful in protecting our base of deposits at very attractive pricing levels.

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 primarily 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.

2004 Compared With 2003

Net interest income, on a taxable-equivalent basis, increased 6.37% in 2004 to $45.1 million from $42.4 million in 2003. Net interest income in 2004 reflected a decrease in the average yield on earning assets of 7 basis points, while the average cost of interest-bearing liabilities decreased 31 basis points. The significant increase in net interest income in 2004 is attributable to lower cost of funds. Cost of funds decreased 12.22% to $19.4 million in 2004 from $22.1 million in 2003. The net interest margin increased 21 basis points to 4.18% in 2004 from

3.97% in 2003. Increases in funding costs relate mostly to a trend toward higher rates that began during 2004. 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 34% federal tax rate.

	Year Ended December 31,								
	2005			2004			2003		
	Average Balance	Interest Income/ Expense	Average Yield Rate	Average Balance	Interest Income/ Expense	Average Yield Rate	Average Balance	Interest Income/ Expense	Average Yield Rate
	(Dollars in Thousands, Except Per Share Data)								
ASSETS									
Interest-earning assets:									
Loans, net of unearned interest	**$ 952,647**	**$ 69,238**	**7.27%**	$ 855,205	$ 56,433	6.60%	$ 841,857	$ 57,707	6.85%
Investment securities:									
Taxable	**219,640**	**8,547**	**3.89**	186,989	7,216	3.86	179,925	6,079	3.38
Nontaxable	**3,993**	**247**	**6.19**	3,654	256	7.01	3,133	236	7.53
Interest-bearing deposits in banks	**40,173**	**1,502**	**3.74**	31,471	542	1.72	42,482	537	1.26
Federal funds sold	**2,711**	**89**	**3.28**	311	5	1.61	-	-	-
Total interest-earning assets	**1,219,164**	**79,623**	**6.53**	1,077,630	64,452	5.98	1,067,397	64,559	6.05
Non-interest-earning assets:									
Cash	**44,506**			37,303			37,387		
Allowance for loan losses	**(16,862)**			(15,394)			(15,867)		
Unrealized gain on available for sale Securities	**(2,139)**			257			1,524		
Other assets	**77,926**			73,416			67,261		
Total non-interest-earning other assets	**103,431**			95,582			90,305		
Total assets	**$1,322,595**			$1,173,212			$1,157,702		

	2005 Average Balance	2005 Interest Income/ Expense	2005 Average Yield Rate	2004 Average Balance	2004 Interest Income/ Expense	2004 Average Yield Rate	2003 Average Balance	2003 Interest Income/ Expense	2003 Average Yield Rate
	(Dollars in Thousands, Except Per Share Data)								
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest-bearing liabilities:									
Savings and interest-bearing demand deposits	**$ 393,592**	**$ 4,013**	**1.02%**	$ 357,893	$ 2,604	0.73%	$ 324,819	$ 2,691	0.83%
Time deposits	**498,036**	**15,016**	**3.02**	406,467	8,702	2.14	439,873	11,492	2.61
Other short-term borrowings	**6,521**	**103**	**1.58**	5,235	67	1.28	6,547	68	1.04
Other borrowings	**100,456**	**4,296**	**.28**	110,977	4,496	4.05	106,809	4,392	4.11
Trust preferred securities	**35,779**	**3,506**	**9.80**	35,567	3,506	9.86	35,567	3,498	9.83
Total interest-bearing liabilities	**1,034,084**	**26,934**	**2.60**	916,139	19,375	2.11	913,615	22,141	2.42
Non-interest-bearing liabilities and stockholders' equity:									
Demand deposits	**154,326**			133,546			124,972		
Other liabilities	**7,895**			6,463			8,421		
Stockholders' equity	**126,290**			117,064			110,694		
Total non-interest-bearing liabilities and stockholders' equity	**288,511**			257,073			244,087		
Total liabilities and stockholders' equity	**$1,322,595**			$1,173,212			$1,157,702		
Interest rate spread			**3.93%**			3.87%			3.63%
Net interest income		**$ 52,689**		$ 45,077			$ 42,418		
Net interest margin			**4.32%**			4.18%			3.97%

The following table reflects the changes in net interest income resulting from changes in interest rates and from asset and liability volume. Federally tax-exempt interest is presented on a taxable-equivalent basis assuming a 34% federal tax rate. The change in interest attributable to rate has been determined by applying the change in rate between years to average balances outstanding in the later year. The change in interest due to volume has been determined by applying the rate from the earlier year to the change in average balances outstanding between years. Thus, changes that are not solely due to volume have been consistently attributed to rate.

	Year Ended December 31,					
	2005 vs. 2004			2004 vs. 2003		
	Increase	Changes Due To		Increase	Changes Due To	
	(Decrease)	Rate	Volume	(Decrease)	Rate	Volume
	(Dollars in Thousands, Except Per Share Data)					
Increase (decrease) in:						
Income from earning assets:						
Interest and fees on loans	**$ 12,805**	**$ 6,375**	**$ 6,430**	$ (1,274)	$ (2,189)	$ 915
Interest on securities:						
Taxable	**1,331**	**71**	**1,260**	1,137	898	239
Tax exempt	**(9)**	**(33)**	**24**	20	(19)	39
Interest-bearing deposits in banks	**960**	**810**	**150**	5	144	(139)
Interest on federal funds	**84**	**45**	**39**	5	-	5
Total interest income	**15,171**	**7,268**	**7,903**	(107)	(1,166)	1,059
Expense from interest-bearing liabilities:						
Interest on savings and interest-bearing demand deposits	**1,409**	**1,149**	**260**	(87)	(361)	274
Interest on time deposits	**6,314**	**4,354**	**1,960**	(2,790)	(1,917)	(873)
Interest on short-term borrowings	**36**	**20**	**16**	(1)	13	(14)
Interest on other borrowings	**(200)**	**226**	**(426)**	104	(67)	171
Interest on trust preferred securities	**-**	**-**	**-**	8	8	-
Total interest expense	**7,559**	**5,749**	**1,810**	(2,766)	(2,324)	(442)
Net interest income	**$ 7,612**	**$ 1,519**	**$ 6,093**	$ 2,659	$ 1,158	$ 1,501

Provision for Loan Losses

The allowance for loan losses is a charge 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 nonperforming and past due loans, historical trends of charged-off loans and recoveries, prevailing economic conditions and other factors management deems appropriate. As these factors change, the level of loan loss provision changes. Our provision for loan losses totaled $1.7 million in 2005, $1.8 million in 2004 and $3.9 million in 2003. The allowance for loan losses represented 1.88% and 1.77% of total loans outstanding at December 31, 2005 and 2004, respectively, and 1.78% of total loans outstanding at December 31, 2003. The decrease in the provision expense is the result of a concentrated effort at improving the Company's credit quality. The increase in the allowance for loan losses to total loans outstanding at December 31, 2005 from December 31, 2004 of 11 basis points is solely attributable to the acquired reserves of First National Banc, Inc. 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.

Noninterest Income

Following is a comparison of noninterest income for 2005, 2004 and 2003.

	Years Ended December 31,		
	2005	2004	2003
	(Dollars in Thousands)		
Service charges on deposit accounts	**$ 10,428**	$ 10,210	$ 10,638
Mortgage origination fees	**1,614**	1,427	1,637
Other service charges, commissions and fees	**926**	737	917
Gain (loss) on sale of securities	**(391)**	-	(5)
Other income	**953**	649	1,531
	$ 13,530	$ 13,023	$ 14,718

2005 Compared With 2004

For 2005, noninterest income totaled $13.5 million, an increase of $.51 million over noninterest income of $13.0 million in 2004, which represented a 3.89% increase. The growth in fee income of $407,000 from 2004 to 2005 was primarily attributable to the growth in demand deposit accounts. During 2005, the Company sold securities at a loss of $391,000 as part of an ongoing strategic long-term plan of restructuring the investment portfolio to help minimize the potential reduction in earnings or capital caused by changes in interest rates. The increase in noninterest income without the nonrecurring securities loss was $898,000 from 2004 to 2005, which represents a 6.90% increase. Other income increased $304,000 from 2004 to 2005. The Company recorded approximately $127,000 in OREO losses in 2004.

2004 Compared With 2003

Noninterest income decreased 11.56% to $13.0 million in 2004 compared to $14.7 million in 2003. The decrease of $1.7 million in 2004 resulted from a decrease of $.7 million in service charges and other fees and commissions, a decrease of $.2 million in mortgage origination fees and a decrease in credit card income. The Company sold its credit card portfolio in 2002 and final income of approximately $.6 million was recorded in 2003, representing gains on the sale of bank property and the reversal of contingent liabilities recorded in 2002 in connection with the sale of the credit card portfolio.

Noninterest Expense

Following is a comparison of noninterest expense for 2005, 2004 and 2003.

	Years Ended December 31,		
	2005	2004	2003
	(Dollars in Thousands)		
Salaries and employee benefits	**$ 22,483**	$ 20,893	$ 19,599
Equipment and occupancy	**4,931**	4,770	4,725
Amortization of intangible assets	**819**	789	1,032
Data processing fees	**1,899**	1,680	1,587
Business restructuring	**2,838**	-	-
Other expense	**10,637**	8,373	8,204

$	**43,607**	$	36,505	$	35,147

2005 Compared With 2004

Noninterest expense for 2005 was $7.1 million, or 19.45%, higher compared to 2004. In 2005 we recorded a business restructuring charge of $2.8 million related to the Company's corporate restructuring plan and re-branding efforts to consolidate and streamline the Company's operations.

Excluding the above nonrecurring expense, noninterest expense increased $4.3 million or 11.68% over 2004. The majority of the increase in 2005 was related to salaries and employee benefits. In compliance with the requirements of FASB Statement No. 91, "Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases", we allocated $3.5 million of salaries to loan costs in 2005. After adjusting salaries and benefits for amounts allocated to loan costs, total salaries and benefits increased $2.1 million or 8.82% to $25.9 million in 2005 compared with $23.8 million in 2004. These increases are due to the acquisition of Citizens Bank-Wakulla in November 2004 as well as general staffing increases concurrent with the expansion of business in some of our markets. At December 31, 2005, total full-time equivalent employees were approximately 585.

2004 Compared With 2003

Noninterest expense increased $1.4 million to $36.5 million in 2004 from $35.1 million in 2003. Salaries and employee benefits increased $1.3 million and all other expenses increased a net of $.1 million.

In compliance with FASB 91, as described above, we allocated $2.9 million of salaries to loan costs in 2004 and $3.4 million in 2003. After adjusting salaries and benefits for amounts allocated to loan costs, total salaries and benefits increased $.8 million, or 3.48%, to $23.8 million in 2004 compared to $23.0 million in 2003. This increase was due to normal salary and benefits increases for the year. Total full-time equivalent employees were approximately 530 for 2004 and approximately 500 for 2003.

Equipment and occupancy expense remained stable at $4.8 million in 2004 compared to $4.7 million in 2003.

As required by FASB, we discontinued the amortization of goodwill in 2002. We periodically test goodwill to determine whether the carrying value of our goodwill is impaired. We continue to amortize core deposit premiums and other identifiable intangibles as a non-cash charge that increases our operating expenses. Intangible asset amortization included as an operating expense amounted to $.8 million and $1.0 million in 2004 and 2003, respectively. The decrease of $.2 million in amortization of intangible assets in 2004 resulted from a reduction in amortization of core deposit premiums paid on prior acquisitions.

Data processing fees increased $.1 million in 2004 and were attributable to increased volume of transactions processed.

All other noninterest expense increased $.2 million to $8.4 million in 2004 compared to $8.2 million in 2003. The increase in other noninterest expense is attributable primarily to increases in legal, accounting and consulting fees resulting from new rules and regulations established by regulatory authorities, executive search fees and merger and acquisition expenses.

Income Taxes

Federal income tax expense is influenced by the amount of taxable income, the amount of tax-exempt income and the amount of non-deductible expenses. Income taxes totaled $7.1 million in 2005, $6.6 million in 2004 and $6.0 million in 2003. The effective tax rate was 34% for the years ended December 31, 2005 and 2004 and 33% for the year ended December 31, 2003.

LOANS

Management believes that our loan portfolio is adequately diversified. The loan portfolio contains no foreign or energy-related loans or significant concentrations in any one industry, with the exception of residential and commercial real estate mortgages, which constituted approximately 53.85% of our loan portfolio as of December 31, 2005. The amount of loans outstanding at the indicated dates is shown in the following table according to type of loans.

	December 31,				
	2005	**2004**	**2003**	**2002**	**2001**
	(Dollars in Thousands)				
Commercial and financial	**$ 152,715**	$ 136,229	$ 157,594	$ 172,429	$ 152,097
Agricultural	**30,437**	28,198	22,051	34,007	39,878
Real estate - construction	**224,230**	94,043	60,978	23,020	24,650
Real estate - mortgage, farmland	**74,023**	64,245	65,433	63,093	63,533
Real estate - mortgage, commercial	**321,443**	253,001	250,247	243,037	225,470
Real estate - mortgage, residential	**317,593**	235,431	209,172	209,485	202,447
Consumer installment loans	**62,508**	60,884	68,230	78,535	91,557
Other	**3,652**	5,043	6,834	9,841	5,444
	1,186,601	877,074	840,539	833,447	805,076
Less reserve for possible loan losses	**22,294**	15,493	14,963	14,868	14,944
Loans, net	**$1,164,307**	$ 861,581	$ 825,576	$ 818,579	$ 790,132

Total loans as of December 31, 2005 are shown in the following table according to maturity or repricing opportunities (1) one year or less, (2) after one year through five years, and (3) after five years.

	(Dollars in Thousands)
Maturity or Repricing Within:	
One year or less	$ 745,840
After one year through five years	393,955
After five years	46,806
	$ 1,186,601

The following table summarizes loans at December 31, 2005 with the due dates after one year which (1) have predetermined interest rates and (2) have floating or adjustable interest rates.

	(Dollars in Thousands)
Predetermined interest rates	$ 427,972
Floating or adjustable interest rates	12,789
	$ 440,761

Records were not available to present the above information in each category listed in the first paragraph above

and could not be reconstructed without undue burden.

ALLOWANCE AND PROVISION FOR LOAN LOSSES

The allowance for loan losses represents a reserve for potential losses in the loan portfolio. The adequacy of the allowance for loan losses is evaluated periodically based on a review of all significant loans, with a particular emphasis on nonaccruing, past due and other loans that management believes require attention. We segregate our loan portfolio by type of loan and utilize this segregation in evaluating exposure to risks within the portfolio. In addition, based on internal reviews and external reviews performed by independent auditors and regulatory authorities, we further segregate our loan portfolio by loan classifications within each type of loan based on an assessment of risk for a particular loan or group of loans. Certain reviewed loans require specific allowances. Allowances are provided for other types and classifications of loans based on anticipated loss rates. Allowances are also provided for loans that are reviewed by management and considered creditworthy and loans for which management determines no review is required. In establishing allowances, management considers historical loan loss experience with an emphasis on current loan quality trends, current economic conditions and other factors in the markets where the subsidiary banks operate. Factors considered include, among others, unemployment rates, effect of weather on agriculture and significant local economic events, such as major plant closings.

We have developed a methodology for determining the adequacy of the loan loss reserve, which is monitored by the Company's senior credit officer and internal audit staff. Procedures provide for the assignment of a risk rating for every loan included in our total loan portfolio, with the exception of credit card receivables and overdraft protection loans which are treated as pools for risk rating purposes. The risk rating schedule provides seven ratings of which three ratings are classified as pass ratings and four ratings are classified as criticized ratings. Each risk rating is assigned a percent factor to be applied to the loan balance to determine the adequate amount of reserve. Many of the larger loans require an annual review by an independent loan officer. As a result of loan review, certain loans may be assigned specific reserve allocations. Other loans that surface as problem loans may also be assigned specific reserves. Past due loans are assigned risk ratings based on the number of days past due.

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

	At December 31,									
	2005		2004		2003		2002		2001	
	Amount	% of Total Loans	Amount	% of Total Loans	Amount	% of Total Loans	Amount	% of Total Loans	Amount	% of Total Loans
	(Dollars in Thousands)									
Commercial, financial, industrial and agricultural	**$ 9,926**	**15%**	$ 6,876	19%	$ 6,289	21%	$ 5,892	25%	$ 6,009	24%
Real estate	**2,953**	**79**	2,036	74	2,431	70	2,651	65	2,825	64
Consumer	**5,402**	**6**	3,792	7	3,550	9	3,649	10	3,420	12
Unallocated	**4,013**	**-**	2,789	-	2,693	-	2,676	-	2,690	-

$ 22,294	**100%**	$ 15,493	100%	$ 14,963	100%	$ 14,868	100%	$ 14,944	100%

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

	December 31,				
	2005	**2004**	**2003**	**2002**	**2001**
	(Dollars in Thousands)				
Average amount of loans outstanding	**$ 952,647**	$ 855,205	$ 841,857	$ 827,939	$ 698,292
Balance of reserve for possible loan losses at beginning of period	**$ 15,493**	$ 14,963	$ 14,868	$ 14,944	$ 9,832
Charge-offs:					
Commercial, financial and agricultural	**(649)**	(1,639)	(3,114)	(2,576)	(3,534)
Real estate	**(543)**	(382)	(781)	(2,491)	(626)
Consumer	**(963)**	(1,555)	(1,443)	(2,092)	(1,328)
Recoveries:					
Commercial, financial and agricultural	**601**	464	963	502	203
Real estate	**644**	483	46	492	546
Consumer	**532**	718	479	515	361
Net charge-offs	**(378)**	(1,911)	(3,850)	(5,650)	(4,378)
Additions to reserve charged to operating expenses	**1,651**	1,786	3,945	5,574	4,566
Allowance for loan losses of acquired subsidiary	**5,528**	655	-	-	4,924
Balance of reserve for possible loan losses at end of period	**$ 22,294**	$ 15,493	$ 14,963	$ 14,868	$ 14,944
Ratio of net loan charge-offs to average loans	**0.04%**	0.22%	0.46%	0.68%	0.63%

NONPERFORMING LOANS

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

	December 31,				
	2005	**2004**	**2003**	**2002**	**2001**
	(Dollars in Thousands)				
Loans accounted for on a nonaccrual basis	**$ 9,586**	$ 5,640	$ 6,472	$ 7,561	$ 11,958
Installment loans and term loans contractually past due ninety days or more as to interest or principal payments and still accruing	**-**	44	25	171	691
Loans, the terms of which have been renegotiated to provide a reduction or deferral of interest or principal because of deterioration in the financial position of the borrower	**-**	-	-	-	-
Loans now current about which there are serious doubts as to the ability of the borrower to comply with present loan repayment terms	**-**	-	-	-	-

In the opinion of management, any loans classified by regulatory authorities as doubtful, substandard or special mention that have not been disclosed above do not (i) represent or result from trends or uncertainties which management reasonably expects will materially impact future operating results, liquidity or capital resources, or (ii) represent material credits about which management is aware of any information which causes management to have serious doubts as to the ability of such borrowers to comply with the loan repayment terms. Any loans classified by regulatory authorities as loss have been charged off.

LIQUIDITY AND RATE SENSITIVITY

Liquidity management involves the matching of the cash flow requirements of customers, who may be either depositors desiring to withdraw funds or borrowers needing assurance that sufficient funds will be available to meet their credit needs, and the ability of our Company to meet those needs. We seek to meet liquidity requirements primarily through management of short-term investments (principally interest-bearing deposits in banks) and monthly amortizing loans. Another source of liquidity is the repayment of maturing single payment loans. In addition, our Company maintains relationships with correspondent banks which could provide funds to them on short notice, if needed.

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

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

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

The following table sets forth the distribution of the repricing of our earning assets and interest-bearing liabilities as of December 31, 2005, the interest rate sensitivity gap (i.e., interest rate sensitive assets divided by interest rate sensitivity liabilities), the cumulative interest rate sensitivity gap ratio (i.e., interest rate sensitive assets divided by interest rate sensitive liabilities) and the cumulative sensitivity gap ratio. The table also sets forth the time periods in which earning assets and liabilities will mature or may reprice in accordance with their contractual terms. However, the table does not necessarily indicate the impact of general interest rate movements on the net interest margin since the repricing of various categories of assets and liabilities is subject to competitive pressures and the needs of our customers. In addition, various assets and liabilities indicated as repricing within the same period may in fact reprice at different times within such period and at different rates.

	At December 31, 2005				
	Zero to Three Months	Three Months to One Year	One to Five Years	Over Five Years	Total
	(Dollars in Thousands)				
Earning assets:					
Interest-bearing deposits in banks	$ 70,854	$ -	$ -	$ -	$ 70,854
Federal funds sold	28,927	-	-	-	28,927
Restricted stock	8,597	-	-	-	8,597
Investment securities	3,343	10,429	180,539	40,834	235,145
Loans	607,575	138,265	393,955	46,806	1,186,601
	719,296	148,694	574,494	87,640	1,530,124
Interest-bearing liabilities:					
Interest-bearing deposits (1)	493,516	-	-	-	493,516
Certificates of deposit	144,751	393,106	142,667	352	680,876
Other short-term borrowings	10,307	-	-	-	10,307
Other borrowings	5,000	3,522	7,500	90,000	106,022
Trust preferred securities	5,155	35,567	-	-	40,722
	658,729	432,195	150,167	90,352	1,331,443
Interest rate sensitivity gap	$ 60,567	$ (283,501)	$ 424,327	$ (2,712)	$ 198,681
Cumulative interest rate sensitivity gap	$ 60,567	$ (222,934)	$ 201,393	$ 198,681	
Interest rate sensitivity gap ratio	1.09	0.34	3.83	0.97	
Cumulative interest rate sensitivity gap ratio	1.09	0.80	1.16	1.15	

(1) While interest-bearing deposits (including NOW accounts, MMDA and savings accounts) have the ability to reprice immediately, it is our experience that these reprice with much less intensity than the indexes to which they follow. Although we show the entire balance of these accounts in the zero- to three-month period, we believe that these will reprice over a period longer than the contractual period.

INVESTMENT PORTFOLIO

We manage the mix of asset and liability maturities in an effort to control the effects of changes in the general level of interest rates on net interest income. Except for its effect on the general level of interest rates, inflation does not have a material impact on the portfolio due to the rate variability and short-term maturities of its earning assets. In particular, approximately 63% of the loan portfolio is comprised of loans which mature or reprice within one year or less. Mortgage loans, primarily with five to fifteen year maturities, are also made on a variable rate basis with rates being adjusted every one to five years. Additionally, 6% of the investment portfolio matures or reprices within one year or less.
Following is a summary of the carrying value of investments, including restricted equity securities, as of the end of each reported period:

	December 31,		
	2005	2004	2003
	(Dollars in Thousands)		
U. S. Government and agency securities	**$ 92,461**	$ 78,227	$ 79,545
State and municipal securities	**7,968**	4,212	3,733
Corporate debt securities	**7,113**	18,131	23,468
Mortgage-backed securities	**126,870**	112,640	83,108
Marketable equity securities	**733**	738	741
Restricted equity securities	**8,597**	7,793	5,694
	$ 243,742	$ 221,741	$ 196,289

The amounts of securities available for sale in each category as of December 31, 2005 are shown in the following table below according to the following contractual maturity classifications: (1) one year or less, (2) after one year through five years, (3) after five years through ten years, and (4) after ten years.

	U.S. Treasury And Other U.S. Government Agencies and Corporations		State and Political Subdivisions	
	Amount	Yield (1)	Amount	Yield (1) (2)
	(Dollars in Thousands)			
Maturity:				
One year or less	$ 13,185	4.09 %	$ 587	8.94 %
After one year through five years	177,493	4.06	3,046	4.82
After five years through ten years	10,966	4.92	4,130	5.46
After ten years	25,533	5.52	205	5.52
	$ 227,177	4.23 %	$ 7,968	5.47 %

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

(2) Yields on securities of state and political subdivisions are stated on a taxable-equivalent basis, using a tax rate of 34%.

DEPOSITS

The average amount of deposits and average rate paid thereon, classified as non-interest-bearing demand deposits, interest-bearing demand and savings deposits and time deposits, for the periods indicated are presented below.

	Year Ended December 31,			
	2005		2004	
	Amount	Rate	Amount	Rate
	(Dollars in Thousands)			
Non-interest-bearing demand deposits	**$ 154,326**	**- %**	$ 133,546	- %
Interest-bearing demand and savings deposits	**393,594**	**1.02**	357,893	0.73
Time deposits	**498,036**	**3.02**	406,467	2.14
Total deposits	**$1,045,956**		$ 897,906	

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

The amounts of time certificates of deposit issued in amounts of $100,000 or more as of December 31, 2005, are shown below by category, which is based on time remaining until maturity of (1) three months or less, (2) over three through twelve months and (3) over twelve months.

	(Dollars in Thousands)
Three months or less	$ 74,828
Over three through twelve months	202,827
Over twelve months	78,345
Total	$ 356,000

OFF-BALANCE-SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

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

Following is a summary of the commitments outstanding at December 31, 2005 and 2004.

	December 31,	
	2005	2004
	(Dollars in Thousands)	
Commitments to extend credit	**$ 184,265**	$ 114,942
Financial standby letters of credit	**5,741**	3,172

	$ 190,006	$ 118,114

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

	Years Ended December 31,					
	2005		**2004**		**2003**	
	Average Balance	**Average Rate**	**Average Balance**	**Average Rate**	**Average Balance**	**Average Rate**
	(Dollars in Thousands)					
Federal funds purchased and securities sold under agreement to repurchase	**$ 6,521**	**1.58 %**	$ 5,235	1.28 %	$ 6,547	1.04 %
	Total Balance		**Total Balance**		**Total Balance**	
Total maximum short-term borrowings outstanding at any month-end during the year	$ 15,545		$ 14,205		$ 13,978	

The following table sets forth certain information about contractual cash obligations as of December 31, 2005.

	Payments Due After December 31, 2005				
	Total	**1 Year or Less**	**1 - 3 Years**	**4 - 5 Years**	**After 5 Years**
	(Dollars in Thousands)				
Short-term borrowings	$ 10,307	$ 10,307	$ -	$ -	$ -
Time certificates of deposit	680,876	537,857	124,369	18,298	352
Long-term debt	5,000	-	5,000	-	-
Federal Home Loan Bank advances	101,022	3,522	5,500	2,000	90,000
Subordinated deferrable interest debentures	40,722	35,567	-	-	5,155
Total contractual cash obligations	$ 837,927	$ 587,253	$ 134,869	$ 20,298	$ 95,507

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

At December 31, 2005, we had no material amounts in binding commitments for capital expenditures.

CAPITAL ADEQUACY

The capital resources of our Company are monitored on a periodic basis by state and federal regulatory authorities. During 2005, we increased our capital by retaining net earnings of $6.9 million after payment of dividends. In addition to earnings for 2005, the Company issued approximately 1,084,000 shares to effect the purchase of First National Banc, Inc. during the fourth quarter of 2005, resulting in approximately $22.2 million in new capital. We are aware of no events or trends likely to result in a material change in our liquidity.

In accordance with risk capital guidelines issued by the Federal Reserve, we are required to maintain a minimum standard of total capital to risk-weighted assets of 8%. Additionally, all member banks must maintain "core" or "Tier 1" capital of at least 4% of total assets ("leverage ratio"). Member banks operating at or near the 4% capital level are expected to have well-diversified risks, including no undue interest rate risk exposure, excellent control systems, good earnings, high asset quality and well managed on- and off-balance-sheet activities, and, in general, be considered strong banking organizations with a composite 1 rating under the CAMEL rating system of banks. For all but the most highly rated banks meeting the above conditions, the minimum leverage ratio is to be 4% plus an additional 100 to 200 basis points.
The following table summarizes the regulatory capital levels of Ameris at December 31, 2005.

	Actual		Required		Excess	
	Amount	Percent	Amount	Percent	Amount	Percent
	(Dollars in Thousands)					
Leverage capital	$ 132,899	9.71 %	$ 54,757	4.00 %	$ 78,142	5.71 %
Risk-based capital:						
Core capital	132,899	10.89	48,808	4.00	84,091	6.89
Total capital	154,513	12.66	97,616	8.00	56,897	4.66

INFLATION

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed only to U. S. Dollar interest rate changes and, accordingly, we manage exposure by considering the possible changes in the net interest margin. We do not have any trading instruments nor do we classify any portion of the investment portfolio as held for trading. We do not engage in any hedging activities or enter into any derivative instruments with a higher degree of risk than mortgage-backed securities, which are commonly, pass-through securities. Finally, we have no exposure to foreign currency exchange rate risk, commodity price risk and other market risks.

Interest rates play a major part in the net interest income of a financial institution. The sensitivity to rate changes is known as "interest rate risk." The repricing of interest-earning assets and interest-bearing liabilities can influence the changes in net interest income. As part of our asset/liability management program, the timing of repriced assets and liabilities is referred to as gap management. Our policy is to maintain a gap ratio in the one-year time horizon of .80 to 1.20. As indicated by the gap analysis included in this Annual Report, we are somewhat asset sensitive in relation to changes in market interest rates. Being asset sensitive would result in net interest income increasing in a rising rate environment and decreasing in a declining rate environment.

We use simulation analysis to monitor changes in net interest income due to changes in market interest rates. The simulation of rising, declining and flat interest rate scenarios allow management to monitor and adjust interest rate sensitivity to minimize the impact of market interest rate swings. The analysis of the impact on net interest income over a twelve-month period is subjected to a gradual 200 basis points increase or 200 basis points decrease in market rates on net interest income and is monitored on a quarterly basis. Our most recent simulation model projects net interest income would increase 9.84% if rates rise 200 basis points gradually over the next year. On the other hand, the model projects net interest income to decrease 8.62% if rates decline 200 basis points over the next year.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Ameris is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

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

Management assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2005. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on this assessment and those criteria, management believes that the company maintained effective internal control over financial reporting as of December 31, 2005.

Mauldin & Jenkins, Certified Public Accountants, LLC ("Mauldin & Jenkins"), Ameris's independent auditors, has issued an attestation report on management's assessment of Ameris's internal control over financial reporting. That report is included in this Item under the heading "Report of Independent Registered Public Accounting Firm."

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Ameris Bancorp
Moultrie, Georgia

We have audited management's assessment, included in the accompanying "Management's Annual Report on Internal Control over Financial Reporting", that Ameris and Subsidiaries maintained effective internal control over financial reporting as of December 31, 2005, based on criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Ameris's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, management's assessment that Ameris and Subsidiaries maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on criteria established in Internal Control-Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, Ameris and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control-Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the financial position of Ameris and Subsidiaries as of December 31, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005, and our report dated February 17, 2006 expressed an unqualified opinion.

Mauldin & Jenkins, LLC

Albany, Georgia

February 17, 2006

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Ameris Bancorp
Moultrie, Georgia

We have audited the accompanying consolidated balance sheets of Ameris Bancorp and Subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ameris Bancorp and Subsidiaries as of December 31, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Ameris Bancorp and Subsidiaries' internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated February 17, 2006, expressed an unqualified opinion on management's assessment of the effectiveness of Ameris Bancorp's internal control over financial reporting.

Mauldin & Jenkins, LLC

Albany, Georgia

February 17, 2006

CONSOLIDATED BALANCE SHEETS
December 31, 2005 and 2004
(Dollars in Thousands)

Assets	**2005**	**2004**
Cash and due from banks	**$ 74,420**	$ 40,339
Interest-bearing deposits in banks	**70,854**	57,331
Federal funds sold	**28,927**	12,285
Securities available for sale, at fair value	**235,145**	213,948
Restricted equity securities, at cost	**8,597**	7,793
Loans, net of unearned income	**1,186,601**	877,074
Less allowance for loan losses	**22,294**	15,493
Loans, net	**1,164,307**	861,581
Premises and equipment, net	**39,606**	27,772
Intangible assets	**6,412**	3,706
Goodwill	**43,304**	24,325
Other assets	**25,637**	18,913
	$ 1,697,209	$ 1,267,993
Liabilities and Stockholders' Equity		
Deposits		
Noninterest-bearing	**$ 200,840**	$ 150,090
Interest-bearing	**1,174,392**	836,134
Total deposits	**1,375,232**	986,224
Federal funds purchased and securities sold under agreements to repurchase	**10,307**	7,530
Other borrowings	**106,022**	110,366
Other liabilities	**16,223**	7,367
Subordinated deferrable interest debentures	**40,722**	35,567
Total liabilities	**1,548,506**	1,147,054
Commitments and contingencies		
Stockholders' equity		
Common stock, par value $1; 30,000,000 shares authorized; 14,270,783 and 13,070,578 shares issued	**14,271**	13,071
Capital surplus	**67,381**	45,073
Retained earnings	**80,683**	73,768
Accumulated other comprehensive loss	**(2,625)**	(230)
Unearned compensation	**(526)**	(523)
	159,184	131,159
Less cost of 1,318,465 and 1,304,430 shares acquired for the treasury	**(10,481)**	(10,220)
Total stockholders' equity	**148,703**	120,939
	$ 1,697,209	$ 1,267,993

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME
Years Ended December 31, 2005, 2004 and 2003
(Dollars in Thousands)

	2005	2004	2003
Interest income			
Interest and fees on loans	**$ 69,238**	$ 56,433	$ 57,707
Interest on taxable securities	**8,547**	7,216	6,079
Interest on nontaxable securities	**163**	169	156
Interest on deposits in other banks	**1,502**	542	537
Interest on federal funds sold	**89**	5	-
	79,539	64,365	64,479
Interest expense			
Interest on deposits	**19,029**	11,306	14,183
Interest on other borrowings	**7,905**	8,069	7,958
	26,934	19,375	22,141
Net interest income	**52,605**	44,990	42,338
Provision for loan losses	**1,651**	1,786	3,945
Net interest income after provision for loan losses	**50,954**	43,204	38,393
Other income			
Service charges on deposit accounts	**10,428**	10,210	10,638
Other service charges, commissions and fees	**926**	737	917
Mortgage origination fees	**1,614**	1,427	1,637
Loss on sale of securities	**(391)**	-	(5)
Other	**953**	649	1,531
	13,530	13,023	14,718
Other expenses			
Salaries and employee benefits	**22,483**	20,893	19,599
Equipment expense	**2,331**	2,144	2,112
Occupancy expense	**2,600**	2,626	2,613
Amortization of intangible assets	**819**	789	1,023
Data processing fees	**1,899**	1,680	1,587
Provision for restructuring of operations	**2,838**	-	-
Other operating expenses	**10,637**	8,373	8,213
	43,607	36,505	35,147
Income before income taxes	**20,877**	19,722	17,964
Applicable income taxes	**7,149**	6,621	5,954
Net income	**$ 13,728**	$ 13,101	$ 12,010
Basic earnings per share	**$ 1.15**	$ 1.12	$ 1.03
Diluted earnings per share	**$ 1.14**	$ 1.11	$ 1.02

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years Ended December 31, 2005, 2004 and 2003
(Dollars in Thousands)

	2005	2004	2003
Net income	**$ 13,728**	$ 13,101	$ 12,010
Other comprehensive income (loss):			
Net unrealized holding losses arising during period, net of tax benefits of $1,366, $387 and $575	**(2,653)**	(752)	(1,117)
Reclassification adjustment for losses included in net income, net of tax benefits of $133 and $2	**258**	-	3
Total other comprehensive loss	**(2,395)**	(752)	(1,114)
Comprehensive income	**$ 11,333**	$ 12,349	$ 10,896

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended December 31, 2005, 2004 and 2003
(Dollars in Thousands)

	Common Stock		Capital
	Shares	Par Value	Surplus
Balance, December 31, 2002	10,824,257	$ 10,824	$ 45,946
Net income	-	-	-
Cash dividends declared, $.43 per share	-	-	-
Issuance of restricted shares of common stock under employee incentive plan	24,800	25	386
Amortization of unearned compensation, net of forfeitures	-	-	-
Proceeds from exercise of stock options	865	1	8
Reduction in income taxes payable resulting from vesting of restricted shares	-	-	106
Repurchase of shares for treasury	-	-	-
Other comprehensive loss	-	-	-
Balance, December 31, 2003	10,849,922	10,850	46,446
Net income	-	-	-
Cash dividends declared, $.47 per share	-	-	-
Issuance of restricted shares of common stock under employee incentive plan	14,900	15	279
Amortization of unearned compensation, net of forfeitures	-	-	-
Proceeds from exercise of stock options	27,326	27	293
Reduction in income taxes payable resulting from vesting of restricted shares	-	-	234
Repurchase of shares for treasury	-	-	-
Six-for-five common stock split	2,178,430	2,179	(2,179)
Other comprehensive loss	-	-	-
Balance, December 31, 2004	13,070,578	13,071	45,073
Net income	-	-	-
Cash dividends declared, $.56 per share	-	-	-
Adjustments to record acquisition of purchased subsidiaries, net of direct costs	1,083,718	1,084	21,103
Issuance of restricted shares of common stock under employee incentive plan	17,300	17	307
Amortization of unearned compensation, net of forfeitures	-	-	-
Proceeds from exercise of stock options	100,129	100	845
Payment for fractional shares	(942)	(1)	-
Reduction in income taxes payable resulting from vesting of restricted shares	-	-	53
Repurchase of shares for treasury	-	-	-
Other comprehensive loss	-	-	-
Balance, December 31, 2005	14,270,783	$ 14,271	$ 67,381

See Notes to Consolidated Financial Statements.

Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Unearned Compensation	Treasury Stock Shares	Treasury Stock Cost	Total
$ 59,210	$ 1,636	$ (443)	1,053,321	$ (9,689)	$ 107,484
12,010	-	-	-	-	12,010
(5,075)	-	-	-	-	(5,075)
-	-	(411)	-	-	-
-	-	363	-	-	363
-	-	-	-	-	9
-	-	-	-	-	106
-	-	-	12,747	(170)	(170)
-	(1,114)	-	-	-	(1,114)
66,145	522	(491)	1,066,068	(9,859)	113,613
13,101	-	-	-	-	13,101
(5,478)	-	-	-	-	(5,478)
-	-	(294)	-	-	-
-	-	262	-	-	262
-	-	-	-	-	320
-	-	-	-	-	234
-	-	-	20,957	(361)	(361)
-	-	-	217,405	-	-
-	(752)	-	-	-	(752)
73,768	(230)	(523)	1,304,430	(10,220)	120,939
13,728	-	-	-	-	13,728
(6,795)	-	-	-	-	(6,795)
-	-	-	-	-	22,187
-	-	(324)	-	-	-
-	-	321	-	-	321
-	-	-	-	-	945
(18)	-	-	-	-	(19)
-	-	-	-	-	53
-	-	-	14,035	(261)	(261)
-	(2,395)	-	-	-	(2,395)

$ 80,683 $ (2,625) $ (526) 1,318,465 $ (10,481) $ 148,703

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2005, 2004 and 2003
(Dollars in Thousands)

	2005	2004	2003
OPERATING ACTIVITIES			
Net income	**$ 13,728**	$ 13,101	$ 12,010
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**2,153**	1,880	1,858
Amortization of intangible assets	**819**	789	1,023
Amortization of unearned compensation	**321**	262	363
Net losses on sale of securities available for sale	**391**	-	5
Net (gains) losses on sale or disposal of premises and equipment	**36**	(50)	3
Provision for loan losses	**1,651**	1,786	3,945
Provision for deferred taxes	**(35)**	243	(157)
(Increase) decrease in interest receivable	**(2,290)**	438	944
Increase (decrease) in interest payable	**911**	81	(667)
Decrease in taxes payable	**(400)**	(284)	(284)
Reduction in income taxes payable resulting from vesting of restricted shares	**53**	234	106
Net other operating activities	**4,361**	2,419	(524)
Total adjustments	**7,971**	7,798	6,615
Net cash provided by operating activities	**21,699**	20,899	18,625
INVESTING ACTIVITIES			
(Increase) decrease in interest-bearing deposits in banks	**(10,888)**	(21,705)	42,353
Purchases of securities available for sale	**(80,495)**	(67,681)	(129,998)
Proceeds from maturities of securities available for sale	**49,066**	68,130	89,533
Proceeds from sale of securities available for sale	**20,451**	-	26,479
(Increase) decrease in restricted equity securities, net	**647**	(1,957)	84
(Increase) decrease in federal funds sold	**13,413**	(10,430)	-
Increase in loans, net	**(116,295)**	(17,302)	(10,942)
Purchase of premises and equipment	**(2,954)**	(2,816)	(2,071)
Proceeds from sale of premises and equipment	**-**	583	-
Net cash received (paid) for acquisitions	**5,125**	(9,416)	-
Net cash provided by (used in) investing activities	**(121,930)**	(62,594)	15,438
FINANCING ACTIVITIES			
Increase (decrease) in deposits	**147,569**	31,056	(9,523)
Increase (decrease) in federal funds purchased and securities sold under agreements to repurchase	**2,777**	(681)	7
Proceeds from other borrowings	**5,000**	32,000	15,000
Repayment of other borrowings	**(15,344)**	(19,679)	(34,745)
Dividends paid	**(6,355)**	(5,475)	(4,885)
Proceeds from exercise of stock options	**945**	320	9
Payment for fractional shares	**(19)**	-	-
Purchase of treasury shares	**(261)**	(361)	(170)
Net cash provided by (used in) financing activities	**134,312**	37,180	(34,307)
Net increase (decrease) in cash and due from banks	**34,081**	(4,515)	(244)
Cash and due from banks at beginning of year	**40,339**	44,854	45,098

	2005	2004	2003
Cash and due from banks at end of year	**$ 74,420**	$ 40,339	$ 44,854

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2005, 2004 and 2003
(Dollars in Thousands)

	2005	2004	2003
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid during the year for:			
Interest	$ 25,821	$ 19,184	$ 22,706
Income taxes	$ 7,584	$ 6,662	$ 6,395
NONCASH TRANSACTION			
Principal balances of loans transferred to other real estate owned	$ 1,153	$ 2,239	$ 2,096

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Ameris Bancorp (the "Company") is a multi-bank holding company whose business is presently conducted by its subsidiary banks (the "Banks"). Through the Banks, the Company operates a full service banking business and offers a broad range of retail and commercial banking services to its customers located in a market area which includes South and Southeast Georgia, North Florida and Southeast Alabama. The Company and the Banks are subject to the regulations of certain federal and state agencies and are periodically examined by those regulatory agencies.

In 2005, the Company changed its corporate name from ABC Bancorp to Ameris Bancorp.

Basis of Presentation and Accounting Estimates

The consolidated financial statements include the accounts of the Company and its subsidiaries. Significant intercompany transactions and balances have been eliminated in consolidation.

In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for loan losses, the valuation of foreclosed assets, contingent assets and liabilities, intangible assets, goodwill, deferred compensation and deferred tax assets. The determination of the adequacy of the allowance for loan losses is based on estimates that are susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated losses on loans and the valuation of foreclosed assets, management obtains independent appraisals for significant collateral. Management also tests intangible assets and goodwill for impairment on an annual basis.

Cash, Due from Banks and Cash Flows

For purposes of reporting cash flows, cash and due from banks includes cash on hand, cash items in process of collection and amounts due from banks. Cash flows from loans, federal funds sold, deposits, interest-bearing deposits in banks, federal funds purchased, restricted equity securities and securities sold under agreements to repurchase are reported net.

The Banks are required to maintain reserve balances in cash or on deposit with the Federal Reserve Bank. The total of those reserve balances was approximately $8,115,000 and $9,602,000 at December 31, 2005 and 2004, respectively.

Securities

Debt securities that management has the positive intent and ability to hold to maturity are classified as held to maturity and recorded at amortized cost. Management has not classified any of its debt securities as held to maturity. Securities, including equity securities with readily determinable fair values, are classified as available for sale and recorded at fair value with unrealized gains and losses excluded from earnings and reported in accumulated other comprehensive income, net of the related deferred tax effect. Equity securities, including restricted equity securities, without a readily determinable fair value are classified as available for sale and recorded at cost.

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

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

Loans

Loans are reported at their outstanding principal balances less unearned income, net deferred fees and costs on originated loans and the allowance for loan losses. Interest income is accrued on the outstanding principal balance.

The accrual of interest on loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due, unless the loan is well-secured. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful. All interest accrued, but not collected for loans that are placed on nonaccrual or charged off, is reversed against interest income, unless management believes that the accrued interest is recoverable through the liquidation of collateral. Interest income on nonaccrual loans is subsequently recognized only to the extent cash payments are received until the loans are returned to accrual status. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

A loan is considered impaired when it is probable, based on current information and events, the Company will be unable to collect all principal and interest payments due in accordance with the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Impaired loans are measured by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price or the fair value of the collateral if the loan is collateral dependent. The amount of impairment, if any, and any subsequent changes are included in the allowance for loan losses. Interest on accruing impaired loans is recognized as long as such loans do not meet the criteria for nonaccrual status.

Allowance for Loan Losses

The allowance for loan losses is established through a provision for loan losses charged to expense. Loan losses are charged against the allowance when management believes the collectibility of the principal is unlikely. Subsequent recoveries are credited to the allowance.

The allowance is an amount that management believes will be adequate to absorb estimated losses relating to specifically identified loans, as well as probable credit losses inherent in the balance of the loan portfolio. The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of loans in light of historical experience, the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, current economic conditions that may affect the borrower's ability to pay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

This evaluation does not include the effects of expected losses on specific loans or groups of loans that are related to future events or expected changes in economic conditions. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in

economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Banks' allowance for loan losses and may require the Banks to make additions to the allowance based on their judgment about information available to them at the time of their examinations.

The allowance consists of specific, general and unallocated components. The specific component relates to loans that are classified as either doubtful, substandard or special mention. For such loans that are also classified as impaired, an allowance is established when the discounted cash flows, collateral value or observable market price of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience adjusted for qualitative factors. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

Premises and Equipment

Land is carried at cost. Premises and equipment are carried at cost, less accumulated depreciation computed on the straight-line method over the estimated useful lives:

	Years
Buildings	39
Furniture and equipment	3-7

Goodwill and Intangible Assets

Goodwill represents the excess of cost over the fair value of the net assets purchased in business combinations. Goodwill is required to be tested annually for impairment or whenever events occur that may indicate that the recoverability of the carrying amount is not probable. In the event of an impairment, the amount by which the carrying amount exceeds the fair value is charged to earnings. The Company performed its annual test of impairment in the fourth quarter and determined that there was no impairment in the carrying value of goodwill assigned to any of its subsidiary banks as of October 1, 2005.

Intangible assets consist of core deposit premiums acquired in connection with the business combinations. The core deposit premium is initially recognized based on a valuation performed as of the consummation date. The core deposit premium is amortized over the average remaining life of the acquired customer deposits, or five to eight years. Amortization periods are reviewed annually in connection with the annual impairment testing of goodwill.

Foreclosed Assets

Foreclosed assets acquired through or in lieu of loan foreclosure are held for sale and are initially recorded at fair value. Any write-down to fair value at the time of transfer to foreclosed assets is charged to the allowance for loan losses. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell. Costs of improvements are capitalized, whereas costs relating to holding foreclosed assets and subsequent adjustments to the value are expensed. The carrying amount of foreclosed assets at December 31, 2005 and 2004 was $1,148,968 and $476,140, respectively.

Income Taxes

Deferred income tax assets and liabilities are determined using the balance sheet method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates

and laws.

Stock-Based Compensation

Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock-Based Compensation, encourages all entities to adopt a fair value based method of accounting for employee stock compensation plans whereby compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period, which is usually the vesting period. However, it also allows an entity to continue to measure compensation cost for those plans using the intrinsic value based method of accounting prescribed by Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, whereby compensation cost is the excess, if any, of the quoted market price of the stock at the grant date over the amount an employee must pay to acquire the stock. The Company has elected to continue with the accounting methodology of Opinion No. 25. No stock-based employee compensation cost is reflected in net income, as all options granted under the plans had an exercise price equal to the market value of the underlying stock on the date of grant.

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

	Years Ended December 31,		
	2005	**2004**	**2003**
	(Dollars in Thousands)		
Net income, as reported	**$ 13,728**	$ 13,101	$ 12,010
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	**(268)**	(59)	(70)
Pro forma net income	**$ 13,460**	$ 13,042	$ 11,940
Earnings per share:			
Basic - as reported	**$ 1.15**	$ 1.12	$ 1.03
Basic - pro forma	**$ 1.13**	$ 1.11	$ 1.02
Diluted - as reported	**$ 1.14**	$ 1.11	$ 1.02
Diluted – pro forma	**$ 1.12**	$ 1.10	$ 1.01

In December 2005, the Company decided to accelerate the vesting of 7,332 options to purchase its common stock to avoid the income statement impact of adopting FASB Statement 123R in future years.

Treasury Stock

The Company's repurchases of shares of its common stock are recorded at cost as treasury stock and result in a reduction of stockholders' equity. When treasury shares are reissued, the Company uses a first-in, first-out method and any difference in repurchase cost and reissuance price is recorded as an increase or reduction in capital surplus.

Earnings Per Share

Basic earnings per common share are computed by dividing net income by the weighted-average number of shares of common stock outstanding during the year. Diluted earnings per common share are computed by dividing net income, by the effect of the issuance of potential common shares that are dilutive, by the sum of the weighted-average number of shares of common stock outstanding and dilutive potential common shares. Potential common shares consist of only stock options for the years ended December 31, 2005, 2004 and 2003, and are determined using the treasury stock method.

Presented below is a summary of the components used to calculate basic and diluted earnings per share:

	Years Ended December 31,		
	2005	2004	2003
	(Dollars in Thousands)		
Net income	**$ 13,728**	$ 13,101	$ 12,010
Weighted average number of common shares outstanding	**11,933**	11,736	11,727
Effect of dilutive options	**113**	125	80
Weighted average number of common shares outstanding used to calculate dilutive earnings per share	**12,047**	11,861	11,807

At December 31, 2005 and 2003, potential common shares of 5,500 and 75,092, respectively, were not included in the calculation of diluted earnings per share because the exercise of such shares would be anti-dilutive. There were no anti-dilutive potential common shares at December 31, 2004.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on securities available for sale, are reported as a separate component of the equity section of the balance sheet, such items, along with net income, are components of comprehensive income.

Recent Accounting Standards

In December 2004, the Financial Accounting Standards Board (FASB) issued Statement No. 123R, Share-Based Payment, a revision of FASB Statement No. 123, Accounting for Stock-Based Compensation. This Statement supersedes APB Opinion No. 25, Accounting for Stock Issued to Employees, and its related implementation guidance. This Statement establishes standards for accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. This Statement focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions such as the issuance of stock options in exchange for employee services. This Statement requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). That cost will be recognized over the period during which an employee is required to provide service in exchange for the award—the requisite service period (usually the vesting period). The grant-date fair value of employee share options and similar instruments will be estimated using option-pricing models adjusted for the unique characteristics of those instruments (unless observable market prices for the same or similar instruments are available). This Statement is effective for public entities as of the beginning of the first interim or annual reporting period that begins after December 15, 2005. This Statement applies to all awards granted or vesting after the required effective date and to awards modified, repurchased, or cancelled after that date. The Company has elected to continue with the accounting methodology of Opinion 25 until adoption of this standard is required. The adoption is expected to increase expense approximately $250,000 for the year ended December 31, 2006.

Reclassification of Certain Items

Certain items in the consolidated statements of income as of and for the years ended December 31, 2004 and 2003 have been reclassified, with no effect on net income, to be consistent with the classifications adopted for the year ended December 31, 2005.

NOTE 2. CORPORATE RESTRUCTURE

During 2005, the Company initiated a corporate restructuring plan to create a single brand name for the Company and each of its thirteen bank subsidiaries. In addition to the single brand name, the Company announced its intentions to consolidate its bank subsidiaries into a single bank subsidiary. Management believes that the new structure will afford the Company expanded opportunities for improved efficiency that otherwise would not be available and will enhance the Company's opportunities for growth.

To effect this corporate restructuring, management identified several costs that would be incurred. These restructuring costs include $838,000 for the branding initiative and $2,000,000 to standardize and streamline the data processing functions of each subsidiary. These activities were substantially completed prior to year end with the costs included in operating expenses. As the Company completes standardizing and streamlining operational and managerial functions during 2006 and 2007, costs may be incurred for severance benefits for a small portion of the Company's personnel. Management has not estimated the costs that may be incurred related to these severance benefits.

Although the Company had substantially completed work on the strategic initiatives, invoices for only $488,000 had been received and paid as of December 31, 2005. The Company anticipates receiving invoices for the expensed, but unpaid portion of these costs totaling $2,350,000 during the first quarter of 2006.

NOTE 3. BUSINESS COMBINATION

On December 16, 2005, Ameris acquired all the issued and outstanding common shares of First National Banc, Inc., the parent company of First National Bank, in St. Mary's, Georgia and First National Bank, in Orange Park, Florida. The acquisition was accounted for using the purchase method of accounting and accordingly, the results from First National Banc, Inc.'s operations have been included in the consolidated financial statements beginning December 17, 2005.

The aggregate purchase price was $35,333,000, including cash of $13,085,000 and the Company's common stock valued at $22,248,000. The value of the 1,083,718 common shares was determined based on the closing price of the Company's common stock on December 14, 2005, the first date on which the number of shares became fixed.

Ameris has not completed the purchase price allocation relating to the acquisition. The preliminary purchase price allocation has been determined as shown in the table below.

First National Banc, Inc. (In Thousands)	As of December 16, 2005
Cash and due from banks	$ 18,210
Interest-bearing deposits in banks	2,635
Investments	15,688
Federal funds sold	30,055
Loans, net	189,235
Premises and equipment	11,069
Intangible asset	3,525
Goodwill	18,251
Other assets	3,456
Total assets acquired	292,124
Deposits	241,439
Other borrowings	6,000
Subordinated deferrable interest debentures	5,155
Other liabilities	4,197
Total liabilities assumed	256,791
Net assets acquired	$ 35,333

Of the $21,776 thousand of acquired intangible assets, $18,251 thousand has been temporarily allocated to goodwill. The goodwill will not be deductible for tax purposes. The remaining $3,525 has been allocated to core deposit premiums which will be amortized over a period of 10 years. Amortization of the core deposit premiums will not be deductible for tax purposes. Ameris is in the process of obtaining third-party valuations of the core deposit intangibles; thus, the allocation of the purchase price is subject to refinement.

Unaudited proforma consolidated results of operations for the years ended December 31, 2005 and 2004 as though First National Banc, Inc. had been acquired as of January 1, 2004 follows:

	2005	2004
Net interest income	**$ 62,254**	$ 55,125
Net income	**9,267**	10,600
Basic earnings per share	**0.71**	0.83
Diluted earnings per share	**0.71**	0.82

NOTE 4. SECURITIES

The amortized cost and fair value of securities available for sale with gross unrealized gains and losses are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in Thousands)			
December 31, 2005:				
U. S. Government and federal agencies	**$ 94,110**	**$ -**	**$ (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**
Total debt securities	**238,333**	**146**	**(4,067)**	**234,412**
Equity securities	**788**	**-**	**(55)**	**733**
Total securities	**$ 239,121**	**$ 146**	**(4,122)**	**$ 235,145**
December 31, 2004:				
U. S. Government and federal agencies	$ 78,143	$ 235	$ (151)	$ 78,227
State and municipal securities	4,113	99	-	4,212
Corporate debt securities	18,032	112	13)	18,131
Mortgage-backed securities	113,221	173	(754)	112,640
Total debt securities	213,509	619	(918)	213,210
Equity securities	788	-	(50)	738
Total securities	$ 214,297	$ 619	$ (968)	$ 213,948

The amortized cost and fair value of debt securities available for sale as of December 31, 2005 by contractual maturity are shown below. Maturities may differ from contractual maturities in mortgage-backed securities because the mortgages underlying the securities may be called or repaid without penalty. Therefore, these securities are not included in the maturity categories in the following maturity summary.

	Amortized Cost	Fair Value
	(Dollars in Thousands)	
Due in one year or less	$ 19,650	$ 19,571
Due from one year to five years	75,956	74,454
Due from five to ten years	12,612	12,528
Due after ten years	966	989
Mortgage-backed securities	129,149	126,870
	$ 238,333	$ 234,412

Securities with a carrying value of approximately $176,128,000 and $144,574,000 at December 31, 2005 and 2004, respectively, were pledged to secure public deposits and for other purposes required or permitted by law.

Gains and losses on sales of securities available for sale consist of the following:

	December 31,		
	2005	2004	2003
	(Dollars in Thousands)		
Gross gains on sales of securities	$ 61	$ -	$ 87
Gross losses on sales of securities	(452)	-	(92)
Net realized gains (losses) on sales of securities available for sale	$ (391)	$ -	$ (5)

The following table shows the gross unrealized losses and fair value of securities aggregated by category and length of time that securities have been in a continuous unrealized loss position at December 31, 2005 and 2004.

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Description of Securities	(Dollars in Thousands)					
December 31, 2005:						
U. S. Government and federal agencies	**$ 41,332**	**$ (446)**	**$ 55,094**	**$ (1,203)**	**$ 96,426**	**$ (1,649)**
State and municipal securities	**-**	**-**	**808**	**(13)**	**808**	**(13)**
Corporate debt securities	**971**	**(20)**	**3,543**	**(48)**	**4,514**	**(68)**
Mortgage-backed securities	**40,688**	**(100)**	**79,105**	**(2,237)**	**119,793**	**(2,337)**
Subtotal, debt securities	**82,991**	**(566)**	**138,549**	**(3,501)**	**221,540**	**(4,067)**
Equity securities	**-**	**-**	**213**	**(55)**	**213**	**(55)**
Total temporarily impaired securities	**$ 82,991**	**$ (566)**	**$ 138,762**	**$ (3,556)**	**$ 221,753**	**$ (4,122)**
December 31, 2004:						
U. S. Government and federal agencies	$ 33,929	$ (118)	$ 6,178	$ (33)	$ 40,107	$ (151)
Corporate debt securities	-	-	1,001	(13)	1,001	(13)
Mortgage-backed securities	44,349	(386)	39,427	(368)	83,776	(754)
Subtotal, debt securities	78,278	(504)	46,606	(414)	124,884	(918)
Equity securities	-	-	216	(50)	216	(50)
Total temporarily impaired securities	$ 78,278	$ (504)	$ 46,822	$ (464)	$ 125,100	$ (968)

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. The majority of debt securities containing unrealized losses at December 31, 2005 represent mortgage-backed securities. Eighteen (18) debt securities contained unrealized losses greater than four percent (4%) of their costs. None of the debt securities contained an unrealized loss greater than 5.0% of its cost. The unrealized losses on debt securities are related to changes in interest rates and do not affect the expected cash flows of the issuer or underlying collateral. One equity security representing an investment in a mutual fund reflected an unrealized loss of 20% of its cost. The unrealized loss in this security represented 1.3% of the total unrealized losses in the Company's investment portfolio. The unrealized losses are considered temporary because each security carries an acceptable investment grade and the Company has the intent and ability to hold to maturity.

NOTE 5. LOANS AND ALLOWANCE FOR LOAN LOSSES

The composition of loans is summarized as follows:

	December 31,	
	2005	**2004**
	(Dollars in Thousands)	
Commercial and financial	**$ 152,715**	$ 136,229
Agricultural	**30,437**	28,198
Real estate - construction	**224,230**	94,043
Real estate - mortgage, farmland	**74,023**	64,245
Real estate - mortgage, commercial	**321,443**	253,001
Real estate - mortgage, residential	**317,593**	235,431
Consumer installment loans	**62,508**	60,884
Other	**3,652**	5,043
	1,186,601	877,074
Allowance for loan losses	**22,294**	15,493
	$1,164,307	$ 861,581

The following is a summary of information pertaining to impaired loans:

	As of and For the Years Ended December 31,		
	2005	**2004**	**2003**
	(Dollars in Thousands)		
Impaired loans without a valuation allowance	**$ -**	$ -	$ -
Impaired loans with a valuation allowance	**9,586**	5,640	6,472
Total impaired loans	**$ 9,586**	$ 5,640	$ 6,472
Valuation allowance related to impaired loans	**$ 1,749**	$ 1,001	$ 1,105
Average investment in impaired loans	**$ 5,236**	$ 6,229	$ 8,619
Interest income recognized on impaired loans	**$ 26**	$ 2	$ 27
Forgone interest income on impaired loans	**$ 527**	$ 557	$ 842

Loans on nonaccrual status amounted to approximately $9,586,000, $5,640,000 and $6,472,000 at December 31, 2005, 2004 and 2003, respectively. There were no loans past due ninety days or more and still accruing interest at December 31, 2005. There were $44,000 and $25,000 of loans past due ninety days or more and still accruing interest at December 31, 2004 and 2003, respectively.

Changes in the allowance for loan losses for the years ended December 31, 2005, 2004 and 2003 are as follows:

	December 31,		
	2005	**2004**	**2003**
	(Dollars in Thousands)		
Balance, beginning of year	**$ 15,493**	$ 14,963	$ 14,868
Provision for loan losses	**1,651**	1,786	3,945
Loans charged off	**(2,155)**	(3,576)	(5,226)
Recoveries of loans previously charged off	**1,777**	1,665	1,376

Acquired loan loss reserve	**5,528**	655	-
Balance, end of year	**$ 22,294**	$ 15,493	$ 14,963

In the ordinary course of business, the Company has granted loans to certain directors, executive officers and their affiliates. The interest rates on these loans were substantially the same as rates prevailing at the time of the transaction and repayment terms are customary for the type of loan. Changes in related party loans are summarized as follows:

	December 31,	
	2005	**2004**
	(Dollars in Thousands)	
Balance, beginning of year	**$ 38,313**	$ 35,242
Advances	**62,392**	63,109
Repayments	**(66,254)**	(60,297)
Transactions due to changes in related parties	**5,898**	259
Balance, end of year	**$ 40,349**	$ 38,313

NOTE 6. PREMISES AND EQUIPMENT

Premises and equipment are summarized as follows:

	December 31,	
	2005	**2004**
	(Dollars in Thousands)	
Land	**$ 13,070**	$ 7,168
Buildings	**31,088**	24,898
Furniture and equipment	**19,991**	19,193
Construction in progress; estimated cost to complete, $2,273,000	**1,225**	1,004
	65,374	52,263
Accumulated depreciation	**(25,768)**	(24,491)
	$ 39,606	$ 27,772

Leases

The Company has a noncancelable operating lease on its operations center with its Chairman of the Board and a subsidiary Bank Director. The lease has an initial term of five years with one five year renewal option.

The Company also has four other operating leases on branch locations with outside parties. The Jekyll Island branch has a two year noncancelable lease term. The southside branch in Dothan, Alabama has a three year noncancelable lease term with two five year renewal options. The St. Mary's branch has a three year noncancelable lease term with one five year renewal option and the Kings Bay Village branch has a one year noncancelable lease term.

Rental expense amounted to approximately $140,000, $145,000 and $136,000 for the years ended December 31, 2005, 2004 and 2003.

Future minimum lease commitments under these operating leases, excluding any renewal options, are summarized as follows:

2006	$ 175,000
2007	130,000
2008	70,000
2009	16,000

Thereafter	-
	$ 391,000

NOTE 7. INTANGIBLE ASSETS

Following is a summary of information related to acquired intangible assets:

	As of December 31, 2005		As of December 31, 2004	
	Gross Amount	Accumulated Amortization	Gross Amount	Accumulated Amortization
	(Dollars in Thousands)			
Amortized intangible assets				
Core deposit premiums	**$ 13,630**	**$ 7,218**	$ 10,105	$ 6,399

The aggregate amortization expense for intangible assets was $819,000, $789,000 and $1,023,000 for the years ended December 31, 2005, 2004 and 2003, respectively.

The estimated amortization expense for each of the next five years is as follows:

2006	$ 1,038,000
2007	944,000
2008	755,000
2009	675,000
2010	653,000

Changes in the carrying amount of goodwill are as follows:

	For the Years Ended December 31,	
	2005	2004
	(Dollars in Thousands)	
Beginning balance	**$ 24,325**	$ 19,231
Adjustment of previously acquired goodwill based on final allocations	**728**	-
Goodwill acquired through business combinations	**18,251**	5,094
Ending balance	**$ 43,304**	$ 24,325

NOTE 8. DEPOSITS

The aggregate amount of time deposits in denominations of $100,000 or more at December 31, 2005 and 2004 was $356,000,000 and $180,787,000, respectively. The scheduled maturities of time deposits at December 31, 2005 are as follows:

	Dollars in Thousands
2006	$ 537,857
2007	106,166
2008	18,203
2009	8,627
2010	9,671

Later years	352
	$ 680,876

At December 31, 2005 and 2004, overdraft demand deposits reclassified to loans totaled $860,000 and $972,000, respectively.

The Company had brokered deposits of $78,087,000 at December 31, 2005. The Company had no brokered deposits at December 31, 2004.

NOTE 9. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold under repurchase agreements, which are secured borrowings, generally mature within one to four days from the transaction date. Securities sold under repurchase agreements are reflected at the amount of cash received in connection with the transactions. The Company may be required to provide additional collateral based on the fair value of the underlying securities. The Company monitors the fair value of the underlying securities on a daily basis. Securities sold under repurchase agreements at December 31, 2005 and 2004 were $10,307,000 and $7,530,000, respectively.

NOTE 10. EMPLOYEE BENEFIT PLANS

The Company has established a retirement plan for eligible employees. The Ameris Bancorp 401(k) Profit Sharing Plan allows a participant to defer a portion of his compensation and provides that the Company will match a portion of the deferred compensation. The plan also provides for nonelective and discretionary contributions. All full-time and part-time employees are eligible to participate in the 401(k) Profit Sharing Plan provided they have met the eligibility requirements. Generally, a participant must have completed twelve months of employment with a minimum of 1,000 hours and have attained an age of 21.

Aggregate expense under the plan charged to operations during 2005, 2004 and 2003 amounted to $1,190,000, $1,099,000 and $1,149,000, respectively.

NOTE 11. DEFERRED COMPENSATION PLANS

The Company and three subsidiary banks have entered into separate deferred compensation arrangements with certain executive officers and directors. The plans call for certain amounts payable at retirement, death or disability. The estimated present value of the deferred compensation is being accrued over the expected service period. The Company and Banks have purchased life insurance policies which they intend to use to finance this liability. Cash surrender value of life insurance of $2,094,000 and $2,119,000 at December 31, 2005 and 2004, respectively, is included in other assets. Accrued deferred compensation of $1,285,000 and $1,349,000 at December 31, 2005 and 2004, respectively, is included in other liabilities. Aggregate compensation expense under the plans were

$60,000, $92,000 and $94,000 for 2005, 2004 and 2003, respectively, and is included in other operating expenses.

NOTE 12. OTHER BORROWINGS

Other borrowings consist of the following:

	December 31, 2005	December 31, 2004
	(Dollars in Thousands)	
Advances under revolving credit agreement with SunTrust Bank with interest at LIBOR plus 1.15% (3.32% at December 31, 2004) due on June 30, 2005, secured by subsidiary bank stock.	**$ -**	$ 100
Advances from SunTrust Bank with 5 quarterly principal payments at sixty-day LIBOR rate plus .9% (3.57% at December 31, 2004), maturing March 31, 2005.	**-**	119
Advances under revolving credit agreement with SunTrust Bank with interest at thirty day LIBOR plus .95% (5.34% at December 31, 2005), maturing December 14, 2007, secured by subsidiary bank stock.	**5,000**	-
Advances from Federal Home Loan Bank with interest at adjustable rate (3.28% at December 31, 2004), due February 10, 2005.	**-**	15,000
Advances from Federal Home Loan Bank with interest at a fixed rate of 6.72%, due in annual installments due November 1, 2006.	**22**	44
Advances from Federal Home Loan Bank with interest at fixed rates (ranging from 2.96% to 6.12%) convertible to a variable rate at option of Federal Home Loan Bank, due at various dates from November 16, 2006 through June 18, 2014.	**101,000**	95,103
	$ 106,022	$ 110,366

The advances from Federal Home Loan Bank are collateralized by the pledging of a blanket lien on all first mortgage loans and other specific loans, as well as FLHB stock.

Other borrowings at December 31, 2005 have maturities in future years as follows:

	Dollars in Thousands
2006	$ 3,522
2007	5,000
2008	5,500
2009	-
2010	2,000
Later years	90,000
	$ 106,022

The Company and subsidiaries have available unused lines of credit with various financial institutions totaling approximately $175,508,000 at December 31, 2005.

NOTE 13. INCOME TAXES

The income tax expense in the consolidated statements of income consists of the following:

	Years Ended December 31,		
	2005	**2004**	**2003**
	(Dollars in Thousands)		
Current	**$ 7,184**	$ 6,378	$ 6,111
Deferred	**(35)**	243	(157)
	$ 7,149	$ 6,621	$ 5,954

The Company's income tax expense differs from the amounts computed by applying the federal income tax statutory rates to income before income taxes. A reconciliation of the differences is as follows:

	Years Ended December 31,		
	2005	**2004**	**2003**
	(Dollars in Thousands)		
Tax at federal income tax rate	**$ 7,098**	$ 6,705	$ 6,108
Increase (decrease) resulting from:			
Tax-exempt interest	**(182)**	(209)	(201)
Amortization of intangible assets	**2**	79	13
Other	**231**	46	34
Provision for income taxes	**$ 7,149**	$ 6,621	$ 5,954

Net deferred income tax assets of $4,816,000 and $4,657,000 at December 31, 2005 and 2004, respectively, are included in other assets. The components of deferred income taxes are as follows:

	December 31,	
	2005	**2004**
	(Dollars in Thousands)	
Deferred tax assets:		
Loan loss reserves	**$ 6,492**	$ 5,217
Deferred compensation	**417**	459
Debt issue costs	**331**	246
Unearned compensation related to restricted stock	**187**	147
Nonaccrual interest	**118**	131
Net operating loss tax carryforward	**43**	67
Unrealized loss on securities available for sale	**1,352**	119
Other	**260**	56
	9,200	6,442
Deferred tax liabilities:		
Depreciation and amortization	**994**	860
Intangible assets	**3,390**	925
	4,384	1,785
Net deferred tax assets	**$ 4,816**	$ 4,657

Net deferred tax assets at December 31, 2005 and 2004 includes net deferred tax assets (liabilities) of $(1,109,000) and $150,000, respectively, acquired in connection with business combinations.

NOTE 14. SUBORDINATED DEFERRABLE INTEREST DEBENTURES

In 2001, the Company formed a wholly-owned grantor trust to issue cumulative trust preferred securities to the public. The grantor trust invested the proceeds of the trust preferred securities in junior subordinated debentures of the Company. The trust preferred securities can be redeemed prior to maturity at the option of the Company on or after September 30, 2006. The sole assets of the guarantor trust are the Junior Subordinated Deferrable Interest Debentures of the Company (the Debentures) held by the grantor trust. The Debentures have the same interest rate (9%) as the trust preferred securities. The Company has the right to defer interest payments on the Debentures at any time or from time to time for a period not exceeding 20 consecutive quarters provided that no extension period may extend beyond the stated maturity of the related Debentures. During any such extension period, distributions on the trust preferred certificates would also be deferred.

The trust preferred securities are subject to mandatory redemption upon repayment of the related Debentures at their stated maturity date or their earlier redemption at a redemption price equal to their stated maturity date or their earlier redemption at a redemption price equal to their liquidation amount plus accrued distributions to the date fixed for the redemption upon concurrent repayment of the related Debentures. The trust preferred securities may be redeemed in whole or part at any time on or after September 30, 2006.

Payment of periodic cash distributions and payment upon liquidation or redemption with respect to the trust preferred securities are guaranteed by the Company to the extent of funds held by the grantor trust (the Preferred Securities Guarantee). The Preferred Securities Guarantee, when taken together with the Company's other obligations under the Debentures, constitute a full and unconditional guarantee, on a subordinated basis, by the Company of payments due on the trust preferred securities.

The Company is required by the Federal Reserve Board to maintain certain levels of capital for bank regulatory purposes. The Federal Reserve Board has determined that certain cumulative preferred securities having the characteristics of trust preferred securities qualify as minority interest, which is included in Tier 1 capital for bank and financial holding companies. In calculating the amount of Tier l qualifying capital, the trust preferred securities can only be included up to the amount constituting 25% of total Tier 1 capital elements (including trust preferred securities). Such Tier 1 capital treatment provides the Company with a more cost-effective means of obtaining capital for bank regulatory purposes than if the Company were to issue preferred stock.

The trust preferred securities and the related Debentures were issued on November 8, 2001. Both financial instruments bear an identical annual rate of interest of 9%. Distributions on the trust preferred securities are paid quarterly on March 31, June 30, September 30 and December 31 of each year. Interest on the Debentures is paid on the corresponding dates. The aggregate principal amount of trust preferred certificates outstanding at December 31, 2005 was $34,500,000. The aggregate principal amount of Debentures outstanding was $35,567,000.

During 2005, the Company acquired First National Banc Statutory Trust I (the "Trust"), a subsidiary of First National Banc, Inc., whose sole purpose was to issue $5,000,000 principal amount of Trust Preferred Securities at a rate per annum equal to the 3-Month LIBOR plus 2.80% through a pool sponsored by a national brokerage firm. The Trust Preferred Securities have a maturity of 30 years and are redeemable at the Company's option on any quarterly interest payment date after five years. There are certain circumstances (as described in the Trust agreement) in which the securities may be redeemed within the first five years at the Company's option. The aggregate principal amount of trust preferred certificates outstanding at December 31, 2005 was $5,000,000. The aggregate principal amount of Debentures outstanding was $5,155,000.

The total aggregate principal amount of trust preferred certificates outstanding at December 31, 2005 was $39,500,000. The total aggregate principal amount of Debentures outstanding at those dates was $40,722,000.

NOTE 15. STOCK OPTION PLANS

The Company had a fixed stock option plan under which it had granted options to its former Chief Executive Officer to purchase common stock at the fair market price on the date of grant. All of the options are intended to be incentive stock options qualifying under Section 422 of the Internal Revenue Code for favorable tax treatment. Under the 1997 Plan, options to purchase 81,000 shares were granted. Options under the 1997 Plan are fully vested and are exercisable over a period of ten years subject to certain limitations as to aggregate fair market value (determined as of the date of the grant) of all options exercisable for the first time by the optionee during any calendar year (the "$100,000 Per-Year Limitation"). Under the 1997 Plan, options to purchase 81,000 shares were all exercised during 2005.

At the annual meeting on April 15, 1997, the shareholders approved the 1997 Ameris Bancorp Omnibus Stock Ownership and Long-Term Incentive Plan (the "1997 Omnibus Plan"). At the annual meeting on May 18, 2005, the shareholders approved the 2005 Ameris Bancorp Omnibus Stock Ownership and Long-Term Incentive Plan (the "2005 Omnibus Plan"). Awards granted under the Omnibus Plans may be in the form of Qualified or Nonqualified Stock Options, Restricted Stock, Stock Appreciation Rights ("SARS"), Long-Term Incentive Compensation Units consisting of a combination of cash and Common Stock, or any combination thereof within the limitations set forth in the Omnibus Plans. The Omnibus Plans provide that the aggregate number of shares of the Company's Common Stock which may be subject to award may not exceed 1,785,000 subject to adjustment in certain circumstances to prevent dilution. As of December 31, 2005, the Company has issued a total of 289,095 restricted shares under the Omnibus Plans as compensation for certain employees. These shares carry dividend and voting rights. Sale of these shares is restricted prior to the date of vesting, which is three to five years from the date of the grant. Shares issued under this plan were recorded at their fair market value on the date of their grant with a corresponding charge to equity. The unearned portion is being amortized as compensation expense on a straight-line basis over the related vesting period. Compensation expense related to these grants was $321,000, $262,000 and $363,000 for 2005, 2004 and 2003, respectively. In addition to the granting of restricted shares, options to purchase 459,235 shares of the Company's common stock have been granted under the Omnibus Plans as of December 31, 2005.

Other pertinent information related to the options is as follows:

	December 31,					
	2005		2004		2003	
	Number	Weighted-Average Exercise Price	Number	Weighted-Average Exercise Losses	Number	Weighted-Average Exercise Losses
	(Dollars in Thousands)					
Under option, beginning of the year	**390,042**	**$ 10.87**	412,247	$ 10.38	376,786	$ 9.96
Granted	**177,000**	**17.98**	36,000	15.67	48,300	13.75
Exercised	**(100,129)**	**9.43**	(32,791)	9.75	(1,038)	8.25
Forfeited	**(7,678)**	**13.53**	(25,414)	11.02	(11,801)	10.97
Under option, end of year	**459,235**	**13.89**	390,042	10.87	412,247	10.38
Exercisable at end of year	**238,351**	**$ 11.46**	252,366	$ 9.92	219,308	$ 9.79
Weighted-average fair value per option of options granted during year		**$ 4.90**		$ 3.28		$ 2.61

Information pertaining to options outstanding at December 31, 2005 is as follows:

Range of Exercise Prices	Options Outstanding Number Outstanding	Options Outstanding Weighted-Average Contractual Life In Years	Weighted-Average Exercise Price	Options Exercisable Number Outstanding	Options Exercisable Weighted-Average Exercise Price
$ 13.28	22,222	2.0	$ 13.28	22,222	$ 13.28
11.81	7,200	2.3	11.81	7,200	11.81
8.25	19,293	3.1	8.25	19,293	8.25
8.43	7,200	3.3	8.43	7,200	8.43
8.65	42,600	4.1	8.65	42,600	8.65
8.28	3,600	4.5	8.28	3,600	8.28
8.75	36,660	5.1	8.75	36,660	8.75
9.33	12,000	5.5	9.33	9,600	9.33
11.04	9,600	6.2	11.04	5,760	11.04
12.13	49,860	6.7	12.13	29,916	12.13
13.75	39,000	7.3	13.75	15,600	13.75
15.16	3,000	8.3	15.16	600	15.16
15.73	30,000	8.4	15.73	6,000	15.73
16.71	12,000	9.2	16.71	-	-
18.16	2,000	9.4	18.16	-	-
18.00	134,000	9.5	18.00	26,800	18.00
18.00	18,500	9.5	18.00	3,700	18.00
19.43	3,000	9.6	19.43	600	19.43
18.24	5,000	9.8	18.24	1,000	18.24
20.12	2,500	9.9	20.12	-	-
	459,235	7.02	13.89	238,351	11.46

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Years Ended December 31, 2005	2004	2003
	(Dollars in Thousands)		
Dividend yield	**3.11%**	3.40%	3.60%
Expected life	**8 years**	7 years	7 years

Expected volatility	**30.05%**	22.57%	22.30%
Risk-free interest rate	**3.94%**	4.52%	4.03%

NOTE 16. COMMITMENTS AND CONTINGENT LIABILITIES

Loan Commitments

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. They involve, to varying degrees, elements of credit risk and interest rate risk in excess of the amount recognized in the balance sheets.

The Company's exposure to credit loss is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. A summary of the Company's commitments is as follows:

	December 31,	
	2005	2004
	(Dollars in Thousands)	
Commitments to extend credit	$ 184,265	$ 114,942
Financial standby letters of credit	5,741	3,172
	$ 190,006	$ 118,114

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 amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the customer.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. Collateral is required in instances which the Company deems necessary.

At December 31, 2005 and 2004, the carrying amount of liabilities related to the Company's obligation to perform under financial standby letters of credit was insignificant. The Company has not been required to perform on any financial standby letters of credit and the Company has not incurred any losses on financial standby letters of credit for the years ended December 31, 2005 and 2004.

At December 31, 2005, the Company had guaranteed the debt of certain officers' liabilities at another financial institution totaling $3,550,000. These guarantees represent the available credit line of those certain officers for the purchase of Company stock. Any stock purchased under this program will be assigned to the Company and held in safekeeping. The Company has not been required to perform on any of these guarantees for the year ended December 31, 2005. There were no guarantees outstanding at December 31, 2004.

Contingencies

In the normal course of business, the Company is involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material effect on the Company's financial statements.

NOTE 17. CONCENTRATIONS OF CREDIT

The Banks make commercial, residential, construction, agricultural, agribusiness and consumer loans to customers primarily in counties in South and Southeast Georgia, North Florida and Southeast Alabama. A substantial portion of the Company's customers' abilities to honor their contracts is dependent on the business economy in the geographical area served by the Banks.

A substantial portion of the Company's loans are secured by real estate in the Company's primary market area. In addition, a substantial portion of the other real estate owned is located in those same markets. Accordingly, the ultimate collectibility of a substantial portion of the Company's loan portfolio and the recovery of a substantial portion of the carrying amount of other real estate owned are susceptible to changes in real estate conditions in the Company's primary market area.

Although the Company's loan portfolio is diversified, there is a relationship in this region between the agricultural economy and the economic performance of loans made to nonagricultural customers. The Company's lending policies for agricultural and nonagricultural customers require loans to be well-collateralized and supported by cash flows. Collateral for agricultural loans include equipment, crops, livestock and land. Credit losses from loans related to the agricultural economy is taken into consideration by management in determining the allowance for loan losses.

The Company has a concentration of funds on deposit at its three primary correspondent banks at December 31, 2005 as follows:

Noninterest-bearing accounts	$ 87,713,000
Interest-bearing accounts	$ 64,337,000

NOTE 18. REGULATORY MATTERS

The Banks are subject to certain restrictions on the amount of dividends that may be declared without prior regulatory approval. At December 31, 2005, approximately $10,525,000 of retained earnings were available for dividend declaration without regulatory approval.

The Company and the Banks are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Company's and Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company and the Banks must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. Capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company and the Banks to maintain minimum amounts and ratios of total and Tier I capital, as defined by the regulations, to risk-weighted assets, as defined, and of Tier I capital to average assets, as defined. Management believes, as of December 31, 2005 and 2004, the Company and the Banks met all capital adequacy requirements to which they are subject.

As of December 31, 2005, the most recent notification from the regulatory authorities categorized the Banks as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Banks must maintain minimum total risk-based, Tier I risk-based and Tier I leverage ratios as set forth in the following table. There are no conditions or events since that notification that management believes have changed the

Banks' category. Prompt corrective action provisions are not applicable to bank holding companies.

The Company and Banks' actual capital amounts and ratios are presented in the following table.

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2005			(Dollars in Thousands)			
Total Capital to Risk Weighted Assets						
Consolidated	$ 154,513	12.66%	$ 97,616	8.00%	N/A	N/A
American Banking Company	$ 17,082	12.26%	$ 11,149	8.00%	$ 13,936	10.00%
Heritage Community Bank	$ 9,571	11.35%	$ 6,744	8.00%	$ 8,430	10.00%
Bank of Thomas County	$ 5,471	16.24%	$ 2,695	8.00%	$ 3,369	10.00%
Citizens Security Bank	$ 16,508	11.93%	$ 11,069	8.00%	$ 13,836	10.00%
Cairo Banking Company	$ 8,174	16.35%	$ 3,999	8.00%	$ 4,999	10.00%
Southland Bank	$ 21,215	12.07%	$ 14,065	8.00%	$ 17,581	10.00%
Central Bank and Trust	$ 6,720	5.93%	$ 3,374	.00%	$ 4,218	10.00%
First National Bank of South Georgia	$ 8,845	10.88%	$ 6,506	8.00%	$ 8,132	10.00%
Merchants and Farmers Bank	$ 8,816	15.36%	$ 4,590	.00%	$ 5,738	10.00%
Tri-County Bank	$ 7,576	15.23%	$ 3,978	8.00%	$ 4,973	10.00%
First Bank of Brunswick	$ 26,922	10.35%	$ 20,803	8.00%	$ 26,004	10.00%
Citizens Bank of Wakulla	$ 5,669	11.80%	$ 3,843	8.00%	$ 4,804	10.00%
First National Bank	$ 9,571	10.28%	$ 7,446	8.00%	$ 9,308	10.00%
Tier I Capital to Risk Weighted Assets:						
Consolidated	$ 132,899	10.89%	$ 48,808	4.00%	N/A	N/A
American Banking Company	$ 15,332	11.00%	$ 5,574	4.00%	$ 8,362	6.00%
Heritage Community Bank	$ 8,517	10.10%	$ 3,372	4.00%	$ 5,058	6.00%
Bank of Thomas County	$ 5,046	14.98%	$ 1,347	4.00%	$ 2,021	6.00%
Citizens Security Bank	$ 14,774	10.68%	$ 5,534	4.00%	$ 8,301	6.00%
Cairo Banking Company	$ 7,545	5.09%	$ 2,000	4.00%	$ 3,000	6.00%
Southland Bank	$ 19,006	10.81%	$ 7,032	4.00%	$ 10,549	6.00%
Central Bank and Trust	$ 6,189	14.67%	$ 1,687	4.00%	$ 2,531	6.00%
First National Bank of South Georgia	$ 7,825	9.62%	$ 3,253	4.00%	$ 4,879	6.00%
Merchants and Farmers Bank	$ 8,096	14.11%	$ 2,295	4.00%	$ 3,443	6.00%
Tri-County Bank	$ 6,954	13.98%	$ 1,989	4.00%	$ 2,984	6.00%
First Bank of Brunswick	$ 23,634	9.09%	$ 10,402	4.00%	$ 15,603	6.00%
Citizens Bank of Wakulla	$ 5,066	10.54%	$ 1,922	4.00%	$ 2,883	6.00%
First National Bank	$ 8,404	9.03%	$ 3,723	4.00%	$ 5,585	6.00%
Tier I Capital to Average Assets:						
Consolidated	$ 132,899	9.71%	$ 54,757	4.00%	N/A	N/A
American Banking Company	$ 15,332	8.21%	$ 7,471	4.00%	$ 9,339	5.00%
Heritage Community Bank	$ 8,517	7.75%	$ 4,399	4.00%	$ 5,498	5.00%
Bank of Thomas County	$ 5,046	11.02%	$ 1,831	4.00%	$ 2,289	5.00%
Citizens Security Bank	$ 14,774	8.21%	$ 7,202	4.00%	$ 9,002	5.00%
Cairo Banking Company	$ 7,545	8.34%	$ 3,618	4.00%	$ 4,523	5.00%
Southland Bank	$ 19,006	7.31%	$ 10,406	4.00%	$ 13,007	5.00%
Central Bank and Trust	$ 6,189	10.71%	$ 2,311	4.00%	$ 2,889	5.00%
First National Bank of South Georgia	$ 7,825	7.49%	$ 4,180	4.00%	$ 5,225	5.00%
Merchants and Farmers Bank	$ 8,096	9.14%	$ 3,543	4.00%	$ 4,429	5.00%
Tri-County Bank	$ 6,954	9.90%	$ 2,808	4.00%	$ 3,511	5.00%
First Bank of Brunswick	$ 23,634	16.80%	$ 5,628	4.00%	$ 7,035	5.00%

Citizens Bank of Wakulla	**$**	**5,066**	**7.76%**	**$**	**2,611**	**4.00%**	**$**	**3,264**	**5.00%**
First National Bank	**$**	**8,404**	**8.38%**	**$**	**4,010**	**4.00%**	**$**	**5,012**	**5.00%**

				For Capital Adequacy Purposes			**To Be Well Capitalized Under Prompt Corrective Action Provisions**		
	Actual								
		Amount	**Ratio**		**Amount**	**Ratio**		**Amount**	**Ratio**
As of December 31, 2004				**(Dollars in Thousands)**					
Total Capital to Risk Weighted Assets									
Consolidated	$	138,603	14.95%	$	74,148	8.00%		N/A	N/A
American Banking Company	$	16,709	12.11%	$	11,041	8.00%	$	13,802	10.00%
Heritage Community Bank	$	8,801	11.99%	$	5,871	8.00%	$	7,339	10.00%
Bank of Thomas County	$	4,779	15.44%	$	2,476	8.00%	$	3,095	10.00%
Citizens Security Bank	$	15,930	12.27%	$	10,386	8.00%	$	12,983	10.00%
Cairo Banking Company	$	7,255	14.21%	$	4,084	8.00%	$	5,105	10.00%
Southland Bank	$	19,598	12.83%	$	12,218	8.00%	$	15,273	10.00%
Central Bank and Trust	$	5,657	14.45%	$	3,132	8.00%	$	3,915	10.00%
First National Bank of South Georgia	$	7,271	10.55%	$	5,511	8.00%	$	6,889	10.00%
Merchants and Farmers Bank	$	8,573	14.98%	$	4,579	8.00%	$	5,724	10.00%
Tri-County Bank	$	7,426	17.92%	$	3,314	8.00%	$	4,143	10.00%
First Bank of Brunswick	$	16,589	14.13%	$	9,392	8.00%	$	11,740	10.00%
Citizens Bank of Wakulla	$	4,483	13.92%	$	2,577	8.00%	$	3,221	10.00%
Tier I Capital to Risk Weighted Assets:									
Consolidated	$	123,293	13.30%	$	37,074	4.00%		N/A	N/A
American Banking Company	$	14,979	10.85%	$	5,521	4.00%	$	8,281	6.00%
Heritage Community Bank	$	7,883	10.74%	$	2,935	4.00%	$	4,403	6.00%
Bank of Thomas County	$	4,386	14.17%	$	1,238	4.00%	$	1,857	6.00%
Citizens Security Bank	$	14,301	11.02%	$	5,193	4.00%	$	7,790	6.00%
Cairo Banking Company	$	6,613	12.95%	$	2,042	4.00%	$	3,063	6.00%
Southland Bank	$	17,677	11.57%	$	6,109	4.00%	$	9,164	6.00%
Central Bank and Trust	$	5,163	13.19%	$	1,566	4.00%	$	2,349	6.00%
First National Bank of South Georgia	$	6,407	9.30%	$	2,756	4.00%	$	4,134	6.00%
Merchants and Farmers Bank	$	7,857	13.73%	$	2,289	4.00%	$	3,434	6.00%
Tri-County Bank	$	6,907	16.67%	$	1,657	4.00%	$	2,486	6.00%
First Bank of Brunswick	$	15,120	12.88%	$	4,696	4.00%	$	7,044	6.00%
Citizens Bank of Wakulla	$	4,076	12.66%		1,288	4.00%	$	1,933	6.00%
Tier I Capital to Average Assets:									
Consolidated	$	123,293	10.43%	$	47,284	4.00%		N/A	N/A
American Banking Company	$	14,979	8.46%	$	7,082	4.00%	$	8,853	5.00%
Heritage Community Bank	$	7,883	8.25%	$	3,822	4.00%	$	4,778	5.00%
Bank of Thomas County	$	4,386	10.88%	$	1,613	4.00%	$	2,016	5.00%
Citizens Security Bank	$	14,301	8.61%	$	6,644	4.00%	$	8,305	5.00%
Cairo Banking Company	$	6,613	7.86%	$	3,365	4.00%	$	4,207	5.00%
Southland Bank	$	17,677	.42%	$	9,529	4.00%	$	11,912	5.00%
Central Bank and Trust	$	5,163	9.07%	$	2,277	4.00%	$	2,846	5.00%
First National Bank of South Georgia	$	6,407	7.69%	$	3,333	4.00%	$	4,166	5.00%
Merchants and Farmers Bank	$	7,857	8.76%	$	3,588	4.00%	$	4,485	5.00%
Tri-County Bank	$	6,907	10.43%	$	2,649	4.00%	$	3,311	5.00%
First Bank of Brunswick	$	15,120	11.37%	$	5,319	4.00%	$	6,649	5.00%
Citizens Bank of Wakulla	$	4,076	8.18%	$	1,993	4.00%	$	2,491	5.00%

Each banking subsidiary listed above conducts business under the trade name "Ameris".

NOTE 19. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair value is based on discounted cash flows or other valuation techniques. These techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. SFAS 107, Disclosures about Fair Value of Financial Instruments, excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

The following methods and assumptions were used by the Company in estimating the fair value of its financial instruments.

Cash, Due From Banks, Interest-Bearing Deposits in Banks and Federal Funds Sold: The carrying amount of cash, due from banks and interest-bearing deposits in banks and federal funds sold approximates fair value.

Securities: Fair value of securities is based on available quoted market prices. The carrying amount of equity securities with no readily determinable fair value approximates fair value.

Loans: The carrying amount of variable-rate loans that reprice frequently and have no significant change in credit risk approximates fair value. The fair value of fixed-rate loans is estimated based on discounted contractual cash flows, using interest rates currently being offered for loans with similar terms to borrowers with similar credit quality. The fair value of impaired loans is estimated based on discounted contractual cash flows or underlying collateral values, where applicable.

Deposits: The carrying amount of demand deposits, savings deposits and variable-rate certificates of deposit approximates fair value. The fair value of fixed-rate certificates of deposit is estimated based on discounted contractual cash flows using interest rates currently being offered for certificates of similar maturities.

Federal Funds Purchased, Repurchase Agreements and Other Borrowings: The carrying amount of variable rate borrowings, federal funds purchased and securities sold under repurchase agreements approximate fair value. The fair value of fixed rate other borrowings are estimated based on discounted contractual cash flows using the current incremental borrowing rates for similar type borrowing arrangements.

Subordinated Deferrable Interest Debentures: The carrying amount of the Company's variable rate trust preferred securities approximate fair value. The fair value of the Company's fixed rate trust preferred securities are based on available quoted market prices.

Accrued Interest: The carrying amount of accrued interest approximates their fair value.

Off-Balance-Sheet Instruments: The carrying amount of commitments to extend credit and standby letters of credit approximates fair value. The carrying amount of the off-balance-sheet financial instruments is based on fees charged

to enter into such agreements.

The carrying amount and estimated fair value of the Company's financial instruments were as follows:

	December 31, 2005		December 31, 2004	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(Dollars in Thousands)			
Financial assets:				
Cash, due from banks and interest-bearing deposits in banks	$ 145,274	$ 145,274	$ 97,670	$ 97,670
Federal funds sold	28,927	28,927	12,285	12,285
Securities available for sale	235,145	235,145	213,948	213,948
Restricted equity securities	8,597	8,597	7,793	7,793
Loans, net	1,164,307	1,162,124	861,581	859,652
Accrued interest receivable	11,926	11,926	8,590	8,590
Financial liabilities:				
Deposits	1,375,232	1,374,613	986,224	985,717
Federal funds purchased and securities sold under agreements to repurchase	10,307	10,307	7,530	7,530
Other borrowings	106,022	106,043	110,366	111,818

Accrued interest payable	3,989	3,989	1,863	1,863
Subordinated deferrable interest debentures	40,722	43,745	35,567	37,701

NOTE 20. CONDENSED FINANCIAL INFORMATION OF AMERIS BANCORP (PARENT COMPANY ONLY)

CONDENSED BALANCE SHEETS
December 31, 2005 and 2004
(Dollars in Thousands)

	2005	2004
Assets		
Cash and due from banks	**$ 4,865**	$ 6,203
Interest-bearing deposits in banks	**-**	4,546
Investment in subsidiaries	**185,545**	139,838
Other assets	**11,310**	9,070
Total assets	**$ 201,720**	$ 159,657
Liabilities		
Other borrowings	**$ 5,000**	$ 219
Other liabilities	**7,295**	2,932
Subordinated deferrable interest debentures	**40,722**	35,567
Total liabilities	**53,017**	38,718
Stockholders' equity	**148,703**	120,939

Total liabilities and stockholders' equity	**$ 201,720**	$ 159,657

CONDENSED STATEMENTS OF INCOME
Years Ended December 31, 2005, 2004 and 2003
(Dollars in Thousands)

	2005	2004	2003
Income			
Dividends from subsidiaries	**$ 11,952**	$ 12,100	$ 17,464
Interest on deposits in other banks	**254**	204	165
Fee income from subsidiaries	**11,244**	10,599	10,440
Other income	**1,936**	1,707	2,145
Total income	**25,386**	24,610	30,214
Expense			
Interest	**3,530**	3,547	3,632
Amortization and depreciation	**736**	876	839
Business restructuring expense	**2,838**	-	-
Other expense	**15,362**	12,819	12,221
Total expense	**22,466**	17,242	16,692
Income before income tax benefits and equity in undistributed earnings of subsidiaries (distributions in excess of earnings)	**2,920**	7,368	13,522
Income tax benefits	**3,258**	1,647	1,232
Income before equity in undistributed earnings of subsidiaries (distributions in excess of earnings)	**6,178**	9,015	14,754
Equity in undistributed earnings of subsidiaries (distributions in excess of earnings)	**7,550**	4,086	(2,744)

Net income	$ 13,728	$ 13,101	$ 12,010

CONDENSED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2005, 2004 and 2003
(Dollars in Thousands)

	2005	2004	2003
OPERATING ACTIVITIES			
Net income	**$ 13,728**	$ 13,101	$ 12,010
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**736**	614	476
Amortization of unearned compensation	**321**	262	363
(Undistributed earnings of subsidiaries) distributions in excess of earnings	**(7,550)**	(4,086)	2,744
Decrease in interest receivable	**3**	4	5
Increase in interest payable	**10**	-	-
Decrease in taxes payable	**(1,190)**	(370)	(564)
Provision for deferred taxes	**(180)**	318	80
(Increase) decrease in due from subsidiaries	**(90)**	234	(178)
Other operating activities	**3,169**	113	(709)
Total adjustments	**(4,771)**	(2,911)	2,217
Net cash provided by operating activities	**8,957**	10,190	14,227
INVESTING ACTIVITIES			
(Increase) decrease in interest-bearing deposits in banks	**4,546**	13,029	(2,642)
Purchases of premises and equipment	**(587)**	(725)	(1,121)
Contribution of capital to subsidiary bank	**(325)**	-	(1,050)
Net cash paid for acquisitions	**(13,073)**	(11,094)	-
Net cash provided by (used in) investing activities	**(9,439)**	1,210	(4,813)
FINANCING ACTIVITIES			
Repayment of other borrowings	**(219)**	(1,462)	(6,462)
Proceeds from other borrowings	**5,000**	-	-
Purchase of treasury shares	**(261)**	(361)	(170)
Dividends paid	**(6,355)**	(5,475)	(4,885)
Reduction in income taxes payable resulting from vesting of restricted shares	**53**	234	106
Payment for fractional shares	**(19)**	-	-
Proceeds from exercise of stock options	**945**	320	9
Net cash used in financing activities	**(856)**	(6,744)	(11,402)
Net increase (decrease) in cash and due from banks	**(1,338)**	4,656	(1,988)
Cash at beginning of year	**6,203**	1,547	3,535
Cash at end of year	**$ 4,865**	$ 6,203	$ 1,547
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid during the year for interest	**$ 3,215**	$ 3,242	$ 3,335

AMERIS BANCORP

MARKET FOR THE COMPANY'S COMMON STOCK AND DIVIDEND INFORMATION

Ameris Bancorp Common Stock is quoted through the National Market System of the National Association of Securities Dealers (NASDAQ) under the symbol "ABCB."

The following table sets forth the low and high sales prices for the common stock as quoted on the NASDAQ during 2005.

CALENDAR PERIOD	SALES PRICE	
2005	Low	High
First Quarter	$15.22	$20.00
Second Quarter	$16.42	$19.20
Third Quarter	$17.60	$20.32
Fourth Quarter	$17.57	$20.99

Quarterly dividends of $0.14 per share were declared for first, second, third and fourth quarters of 2005.

AVAILABILITY OF INFORMATION

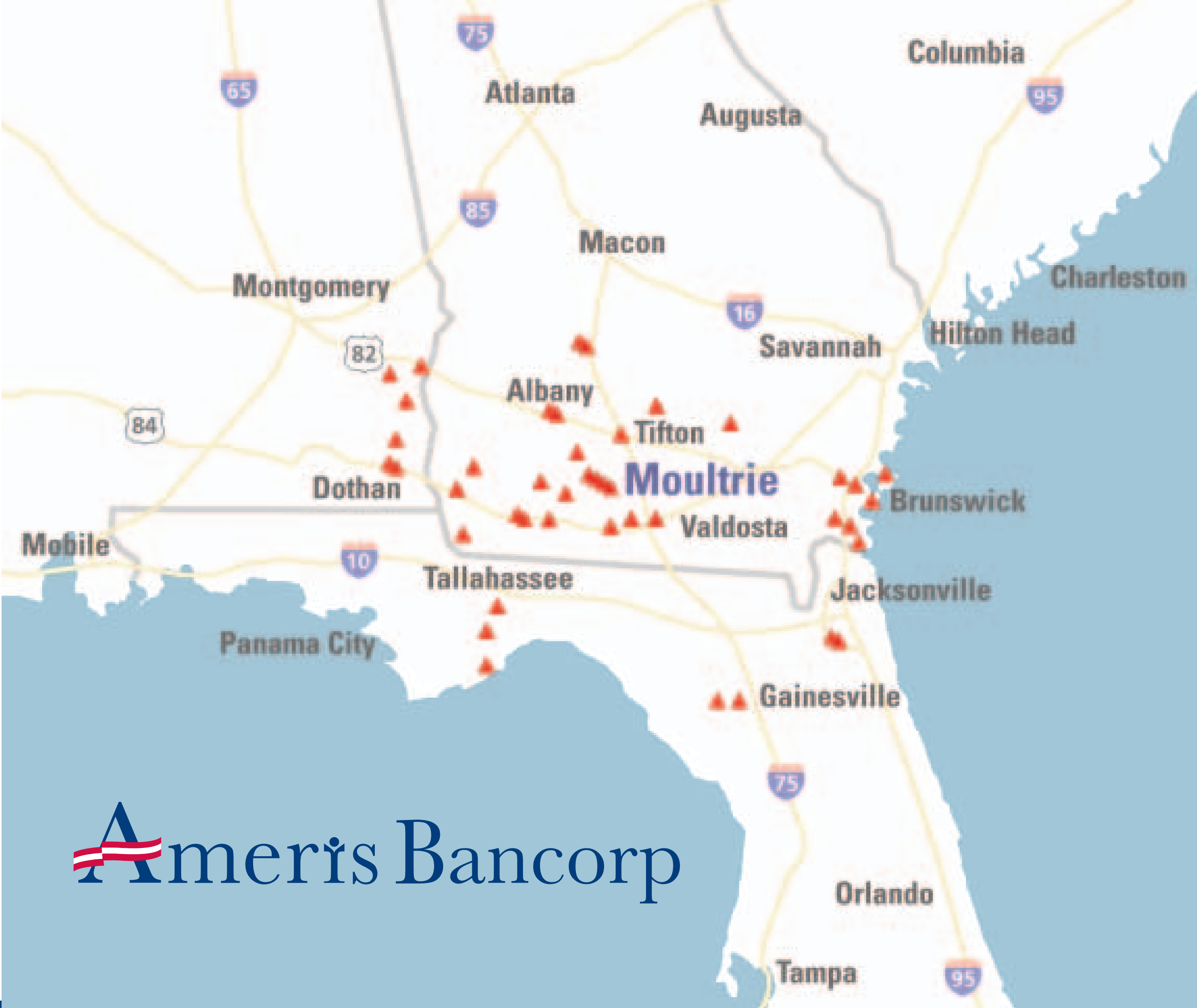
Upon written request, Ameris Bancorp will provide, without charge, a copy of the Annual Report on Form 10-K, including the financial statements and the financial statement schedules, required to be filed with the Securities and Exchange Commission for the fiscal year 2005.

Please direct requests to:

Ameris Bancorp, Attention: Dennis J. Zember, Jr., CPA, P.O. Box 3668, Moultrie, GA 31776-3668.

ANNUAL MEETING OF SHAREHOLDERS

The 2006 Annual Meeting of Shareholders of Ameris Bancorp will be held at 4:15 p.m. E.S.T., Tuesday, May 16, 2006, at the Ameris Bancorp Corporate Office located at 24 Second Avenue, S.E., Moultrie, Georgia.



AMERIS BANK LOCATIONS

ALABAMA

Abbeville
204 Kirkland Street - 334.585.2265

Clayton
33 Eufaula Ave - 334.775.3211

Dothan
3299 Ross Clark Circle NW - 334.671.4000
1817 South Oates Street - 334.677.3063

Eufaula
1140 South Eufaula Ave - 334.687.3260

Headland
208 Main Street - 334.693.5411

GEORGIA

Albany
2627 Dawson Road - 229.888.5600

Brunswick
3440 Cypress Mill Road - 912.267.9500
5340 New Jesup Hwy - 912.264.9699

Cairo
201 South Broad Street - 229.377.1110
40 Hwy 84 East - 229.377.1110

Colquitt
162 East Crawford Street - 229.758.3461

Coolidge
1011 South Pine Street - 229.346.3555

Cordele
502 South 2nd Street - 229.273.7700
1302 13th Ave East - 229.273.7700

Doerun
137 West Broad Ave - 229.782.5358

Donalsonville
109 West Third Street - 229.524.2112

Douglas
100 South Pearl Ave. - 912.384.2701

Jekyll Island
18-B Beachview Drive - 912.635.9014

Kingsland
1603 Hwy 40 East - 912.729.8878
120 South Lee Street - 912.729.5611

Lake Seminole
Hwy 253 & 374 - 229.861.2213

Leesburg
1607 US Hwy 19 S. - 229.434.4550

Meigs
2023 East Depot Street - 229.683.3411

Moultrie
305 South Main Street - 229.985.2222
225 South Main Street - 229.985.2222
2513 South Main Street - 229.873.4444
1707 First Avenue SE - 229.985.1111

Ocilla
300 South Irwin Ave. - 229.468.9411

Quitman
1000 West Screven Street - 229.263.7525

St. Marys
2509 Osborne Road - 912.882.3400

St Simons Island
3811 Frederica Road - 912.634.1270

Thomasville
2484 East Pinetree Blvd. - 229.226.5755

Tifton
735 West Second Street - 229.382.7311

Troupeville
19540 Valdosta Hwy - 229.247.5376

Valdosta
3140 Inner Perimeter Road - 229.241.2851

FLORIDA

Crawfordville
2628 Crawfordville Hwy - 850.926.5211

Newberry
25365 West Newberry Road - 352.472.2162

Orange Park
1775 Eagle Harbor Parkway - 904.264.8840
485 Blanding Blvd - 904.213.0883

Panacea
1445 Coastal Hwy - 850.984.5050

Sopchoppy
2117 Sopchoppy Hwy - 850.962.4050

Trenton
530 East Wade Street - 352.463.7171

Ameris Bancorp Corporate Headquarters

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