

COLONY BANKCORP INC
Form 10-Q
May 05, 2016
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

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

FOR QUARTER ENDED MARCH 31, 2016 COMMISSION FILE NUMBER 0-12436

COLONY BANKCORP, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

<u>GEORGIA</u>	<u>58-1492391</u>
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

115 SOUTH GRANT STREET, FITZGERALD, GEORGIA 31750

ADDRESS OF PRINCIPAL EXECUTIVE OFFICES

229/426-6000

REGISTRANT'S TELEPHONE NUMBER INCLUDING AREA CODE

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED REPORTS REQUIRED TO BE FILED BY SECTIONS 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS.

YES NO

INDICATE BY CHECK MARK WHETHER THE REGISTRANT HAS SUBMITTED ELECTRONICALLY AND POSTED ON ITS CORPORATE WEB SITE, IF ANY, EVERY INTERACTIVE DATA FILE REQUIRED TO BE SUBMITTED AND POSTED PURSUANT TO RULE 405 OF REGULATION S-T (§232.405 OF THIS CHAPTER) DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO SUBMIT AND POST SUCH FILES).

YES NO

INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS A LARGE ACCELERATED FILER, AN ACCELERATED FILER, A NON-ACCELERATED FILER OR A SMALLER REPORTING COMPANY. SEE DEFINITIONS OF "ACCELERATED FILER", "LARGE ACCELERATED FILER" AND "SMALLER REPORTING COMPANY" IN RULE 12b-2 OF THE EXCHANGE ACT.

LARGE ACCELERATED FILER

ACCELERATED FILER

NON-ACCELERATED FILER

SMALLER REPORTING COMPANY

(DO NOT CHECK IF A SMALLER REPORTING COMPANY)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS A SHELL COMPANY (AS DEFINED IN RULE 12B-2 OF THE EXCHANGE ACT).

YES NO

INDICATE THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE ISSUER'S CLASSES OF COMMON STOCK, AS OF THE LATEST PRACTICABLE DATE.

<u>CLASS</u>	<u>OUTSTANDING AT MAY 5, 2016</u>
COMMON STOCK, \$1 PAR VALUE	8,439,258

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Forward Looking Statement Disclosure

Certain statements contained in this Quarterly Report that are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the Act), notwithstanding that such statements are not specifically identified. In addition, certain statements may be contained in the Company's future filings with the SEC, in press releases, and in oral and written statements made by or with the approval of the Company that are not statements of historical fact and constitute forward-looking statements within the meaning of the Act. Examples of forward-looking statements include, but are not limited to: (i) projections of revenues, income or loss, earnings or loss per share, the payment or nonpayment of dividends, capital structure and other financial items; (ii) statements of plans and objectives of Colony Bankcorp, Inc. or its management or Board of Directors, including those relating to products or services; (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements. Words such as "believes," "anticipates," "expects," "intends," "targeted" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those in such statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

Local and regional economic conditions and the impact they may have on the Company and its customers and the Company's assessment of that impact.

Changes in estimates of future reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements.

The effects of and changes in trade, monetary and fiscal policies and laws, including interest rate policies of the Federal Reserve Board.

Inflation, interest rate, market and monetary fluctuations.

Political instability.

Acts of war, terrorism or cyberterrorism.

The timely development and acceptance of new products and services and perceived overall value of these products and services by users.

Changes in consumer spending, borrowings and savings habits.

Technological changes.

Acquisitions and integration of acquired businesses.

The ability to increase market share and control expenses.

The effect of changes in laws and regulations (including laws and regulations concerning taxes, banking, securities and insurance) with which the Company and its subsidiary must comply.

The effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Financial Accounting Standards Board and other accounting standard setters.

Changes in the Company's organization, compensation and benefit plans.

The costs and effects of litigation and of unexpected or adverse outcomes in such litigation.

Greater than expected costs or difficulties related to the integration of new lines of business.

The Company's success at managing the risks involved in the foregoing items.

Forward-looking statements speak only as of the date on which such statements are made. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events.

Readers should carefully review all disclosures we file from time to time with the Securities and Exchange Commission (SEC).

PART 1. FINANCIAL INFORMATION

ITEM 1

FINANCIAL STATEMENTS

THE FOLLOWING FINANCIAL STATEMENTS ARE PROVIDED FOR COLONY BANKCORP, INC. AND ITS WHOLLY-OWNED SUBSIDIARY BANK, COLONY BANK

- A. CONSOLIDATED BALANCE SHEETS – MARCH 31, 2016 (UNAUDITED) AND DECEMBER 31, 2015 (AUDITED).

- B. CONSOLIDATED STATEMENTS OF INCOME – FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015 (UNAUDITED).

- C. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME – FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015 (UNAUDITED).

- D. CONSOLIDATED STATEMENTS OF CASH FLOWS – FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015 (UNAUDITED).

THE CONSOLIDATED FINANCIAL STATEMENTS FURNISHED HAVE NOT BEEN AUDITED BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS, BUT REFLECT, IN THE OPINION OF MANAGEMENT, ALL ADJUSTMENTS (CONSISTING SOLELY OF NORMAL RECURRING ADJUSTMENTS) NECESSARY FOR A FAIR PRESENTATION OF THE RESULTS OF OPERATIONS FOR THE PERIODS PRESENTED.

THE RESULTS OF OPERATIONS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2016 ARE NOT NECESSARILY INDICATIVE OF THE RESULTS TO BE EXPECTED FOR THE FULL YEAR.

Part I (Continued)

Item 2 (Continued)

**COLONY BANKCORP, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2016 AND DECEMBER 31, 2015
(DOLLARS IN THOUSANDS)**

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
ASSETS		
Cash and Cash Equivalents		
Cash and Due from Banks	\$ 16,070	\$22,257
Interest-Bearing Deposits		
	32,842	38,615
Investment Securities		
Available for Sale, at Fair Value	308,840	296,149
Federal Home Loan Bank Stock, at Cost		
	2,755	2,731
Loans		
	754,261	758,636
Allowance for Loan Losses	(9,549)	(8,604)
Unearned Interest and Fees	(356)	(357)
	744,356	749,675
Premises and Equipment		
	27,019	26,454
Other Real Estate (Net of Allowance of \$1,462 and \$1,582 as of March 31, 2016 and December 31, 2015, Respectively)		
	9,618	8,839
Other Intangible Assets		
	107	116
Other Assets		
	26,782	29,313
Total Assets	\$ 1,168,389	\$1,174,149
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Noninterest-Bearing	\$ 135,351	\$133,886
Interest-Bearing	864,692	877,668
	1,000,043	1,011,554
Borrowed Money		
Subordinated Debentures	24,229	24,229
Other Borrowed Money	40,000	40,000
	64,229	64,229
Other Liabilities		
	3,574	2,909

Stockholders' Equity

Preferred Stock, Stated Value \$1,000 a Share; Authorized 10,000,000 Shares, Issued 18,021 Shares and 18,021 as of March 31, 2016 and December 31, 2015, Respectively	18,021	18,021
Common Stock, Par Value \$1 a Share; Authorized 20,000,000 Shares, Issued 8,439,258 Shares as of March 31, 2016 and December 31, 2015	8,439	8,439
Paid-In Capital	29,145	29,145
Retained Earnings	45,941	44,286
Accumulated Other Comprehensive (Loss), Net of Tax Benefits	(1,003)	(4,434)
	100,543	95,457
Total Liabilities and Stockholders' Equity	\$ 1,168,389	\$1,174,149

The accompanying notes are an integral part of these statements.

Part I (Continued)

Item 2 (Continued)

**COLONY BANKCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(UNAUDITED)
(DOLLARS IN THOUSANDS)**

	Three Months Ended	
	March 31, 2016	March 31, 2015
Interest Income		
Loans, Including Fees	\$9,632	\$9,709
Federal Funds Sold	-	15
Deposits with Other Banks	38	17
Investment Securities		
U.S. Government Agencies	1,353	1,070
State, County and Municipal	34	25
Dividends on Other Investments	32	30
	11,089	10,866
Interest Expense		
Deposits	1,204	1,219
Borrowed Money	429	445
	1,633	1,664
Net Interest Income		
	9,456	9,202
Provision for Loan Losses	354	362
Net Interest Income After Provision for Loan Losses	9,102	8,840
Noninterest Income		
Service Charges on Deposits	1,002	987
Other Service Charges, Commissions and Fees	704	662
Mortgage Fee Income	100	113
Securities Gains (Losses)	2	3
Other	364	447
	2,172	2,212
Noninterest Expenses		
Salaries and Employee Benefits	4,474	4,468
Occupancy and Equipment	964	993
Other	2,797	2,825
	8,235	8,286

Income Before Income Taxes	3,039	2,766
Income Taxes	978	883
Net Income	2,061	1,883
Preferred Stock Dividends	405	630
Net Income Available to Common Stockholders	\$1,656	\$1,253
Net Income Per Share of Common Stock		
Basic	\$0.20	\$0.15
Diluted	\$0.20	\$0.15
Cash Dividends Declared Per Share of Common Stock	\$-	\$-
Weighted Average Basic Shares Outstanding	8,439,258	8,439,258
Weighted Average Diluted Shares Outstanding	8,483,727	8,439,258

The accompanying notes are an integral part of these statements.

Part I (Continued)

Item 2 (Continued)

COLONY BANKCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(UNAUDITED)
(DOLLARS IN THOUSANDS)

	Three Months Ended	
	March 31, 2016	March 31, 2015
Net Income	\$2,061	\$1,883
Other Comprehensive Income:		
Gains (Losses) on Securities Arising During the Year	5,197	3,154
Tax Effect	(1,767)	(1,074)
Realized Gains (Losses) on Sale of AFS Securities	2	3
Tax Effect	(1)	(1)
Change in Unrealized Gains (Losses) on Securities Available for Sale, Net of Reclassification Adjustment and Tax Effects	3,431	2,082
Comprehensive Income	\$5,492	\$3,965

The accompanying notes are an integral part of these statements.

Part I (Continued)

Item 2 (Continued)

**COLONY BANKCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(UNAUDITED)
(DOLLARS IN THOUSANDS)**

	Three Months Ended	
	March 31, 2016	March 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$2,061	\$1,883
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	379	