100882

MOVING FORWARD, *Together.*

COLONY BANK
2014 ANNUAL REPORT

Vision | Colony Bank strives to be a high performance community bank, providing shareholders with a fair return on their investment while improving the quality of life in the communities we serve.

Mission | Our mission can best be accomplished by applying sound banking principles in corporate decision-making and by providing our customers a degree of highly personalized, professional service that is unmatched in the market.

Service | Stability | Success

MOVING FORWARD, *Together.*

As the economy continues to strengthen, and both businesses and consumers become more optimistic, Colony Bank is focused on improving the way we serve our customers. We built the foundation by significantly improving earnings and asset quality throughout 2014; and with that accomplished, our focus can now turn forward with enhanced customer focus.

We understand that consumers and companies have redefined the concept of convenience, and we are on the forefront of delivering to that new vision. Our customers can now send and receive payments electronically via a person-to-person payments service called Popmoney®. This service provides a secure channel to transfer funds between individuals without sharing personal financial information. We also introduced Linklive, a customer chat service for our online banking users, to provide real-time assistance and help ensure an efficient online customer experience.

Managing risk to protect our customers, shareholders and employees continues to be a key requirement for Colony Bank. The onset of digital financial channels, threats from cyber criminals and increased regulatory requirements have led to a higher and broader level of attention to enterprise risk management. We have improved our debit card fraud monitoring capability, implemented new technology to protect online banking channels and enhanced our technology security infrastructure to combat cyber-attacks. We have also increased our document imaging efforts to protect our critical documents and to improve efficiency through workflows and the elimination of paper.

Helping our customers flourish also means having banking products that are relevant to their needs and that are easy to use. To that end we have added an adjustable rate financing option for our business customers who want longer financing options with payment flexibility potential. We have also successfully launched pre-paid debit cards for customers who do not have checking accounts or for those who prefer to have the security of managing their spending limits. As we continue our mission of financial and service excellence, we deeply understand that it is not just moving forward that propels us; it is moving forward with the individuals, families, farmers and businesses who have honored us with their patronage that makes the journey worthwhile.

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Dear Shareholders

2014 was another year of marked success for Colony Bankcorp, Inc., and the company's financial condition has improved substantially during the year. The economy of South and Central Georgia was once again stable to gradually improving. The interest rate environment remained locked in a historic low range although most economists projected rates would begin to rise in 2014. The projection for rising rates is now late 2015 although increases are projected to be modest. Economic and interest rate stability provide a good environment for banking so the board and management of Colony Bankcorp, Inc. enter 2015 with confidence that our financial progress will continue.

Accomplishments during 2014 exceed those of 2013 in three primary areas. First, net income available to Colony Bankcorp, Inc. shareholders improved again from $3,120,000 or $.37 per share in 2013 to $4,843,000 or $.57 per share in 2014, a 55.22% increase. This increase in profitability was achieved in spite of the cost of our $28,000,000 in TARP Preferred Stock increasing from 5.00% to 9.00% in January 2014. Second, the substandard assets to tier one capital plus loan loss allowance (criticized asset coverage) ratio of Colony Bank improved from 38.18% on December 31, 2013 to 32.39% on December 31, 2014. This improvement in our criticized asset coverage ratio was achieved even while a $12,000,000 transfer was made from the capital account of the bank to Colony Bankcorp, Inc. These funds were used to accomplish our third primary goal of 2014. From 2012 until November of 2014 Colony Bankcorp, Inc. had, in accordance with the terms of the related financial instruments, accrued, but not paid the cost of our Trust Preferred and TARP securities. By obtaining approval from the Georgia Department of Banking and Finance and the Federal Deposit Insurance Corporation to transfer $12,000,000 from Colony Bank to Colony Bankcorp, Inc., we were able to pay all accrued yet unpaid preferred securities expense and be positioned to continue payment going into 2015. These three achievements represent a milestone in the life of this company. We survived the great recession, we are operating at a healthy degree of profitability, our problem loans have been reduced to a manageable level, and we are current on all our debt instruments.

The capital markets have been relatively stable during 2014; however, at times, as with interest rates, the overall future direction was uncertain. Fortunately, with our improved profitability and reduction in criticized assets we have capital options available. The board and management continue to assess these options and the markets in developing the Company's strategic plan.

The regulatory environment in which banks exist continues to evolve. The Dodd Frank Act has been implemented for over a year now and remains an issue in the news to this day. Has the Act created the desired result or has it made credit less available to those consumers who need credit the most? The debate continues. Higher capital standards, interest rate risk, cyber security, margin compression, as well as credit quality are the hot topics of the day, and each has the keen focus of banking regulators. On a larger scale, the regulators continue to evaluate "too big to fail" systemic risk while also questioning if their volume of regulations has also created a "too small to survive" scenario. Hopefully, the regulatory authorities will achieve a balance where the risk of super-size can be contained while enabling the community banking system to not just survive, but thrive.

As always, the board of directors, officers and staff thank you for your continued support through the past year and going forward. As the theme of this year's annual report states "Moving Forward, Together" is our goal; and with your support, we fully expect to achieve that goal in 2015.

Edward P. Loomis, Jr.
President and
Chief Executive Officer

B. Gene Waldron
Chairman of the Board

2014 KEY PERFORMANCE INDICATORS
Years Ended December 31, 2014 and 2013

Dollar amounts in thousands except per share data	2014	2013	Percent Change
Total Assets	$1,146,898	$1,148,551	(0.14)%
Total Deposits	$979,303	$987,529	(0.83)%
Loans (Net of Unearned Income)	$745,733	$750,857	(0.68)%
Net Income	$4,843	$3,120	55.22%
Per Share Data:			
Basic Earnings	$0.57	$0.37	54.05%
Common Book Value/Share	$8.42	$7.34	14.71%

Edward P. Loomis, Jr.
President and Chief Executive Officer

KEY TRENDS
A Historical Comparative

Years Ending	2014	2013	2012	2011	2010
Net Income (in thousands)	$4,843	$3,120	$1,206	$1,133	$(926)
Return on Average Shareholders' Equity	5.11%	3.34%	1.25%	1.20%	(0.98)%
Diluted Earnings Per Share	$0.57	$0.37	$0.14	$0.13	$(0.11)

RETURN ON AVERAGE ASSETS	
2014	2013
0.43%	0.28%

NET INTEREST MARGIN	
2014	2013
3.60%	3.61%

B. Gene Waldron
Chairman of the Board

Financial Summary

Board of Directors

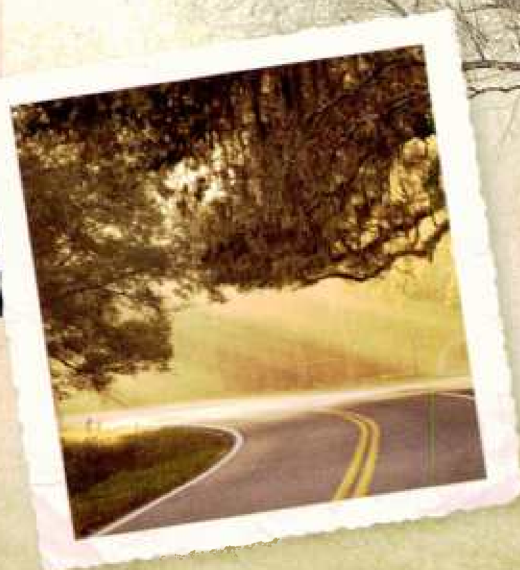
Edward P. Loomis, Jr.
President/CEO
Colony Bankcorp, Inc.
Fitzgerald, Georgia

B. Gene Waldron
Chairman
Colony Bankcorp, Inc.
President/CEO
Waldron Enterprises, Inc.
Douglas, Georgia

Mark H. Massee
Vice Chairman
Colony Bankcorp, Inc.
President
Massee Builders, Inc.
Mayor of City of Fitzgerald
Fitzgerald, Georgia

Davis W. King, Jr.
Chairman/President
King Enterprise &
Associates, Inc.
Albany, Georgia

Jonathan W. R. Ross
President
Ross Construction Co., Inc.
Tifton, Georgia



Portraits by Signature Photography. Brandon Musgrove.

Scott L. Downing
President
SDI Investments
Fitzgerald, Georgia

Michael Frederick (Freddie) Dwozan, Jr.
President/CEO/Owner
Medical Center Prescription Shop
Eastman, Georgia

Terry L. Hester
EVP/CFO
Colony Bankcorp, Inc.
Fitzgerald, Georgia

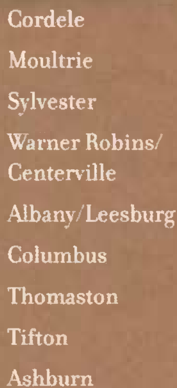
Directors Emeritus

Left to Right: Marion H. Massee, III, Harold Kimball, Ben B. Mills, and Joe K. Shiver
Not pictured: L. Morris Downing, Jr.

West Market

Eddie Hoyle,
EVP Regional Executive Officer

Left to Right: Phil Franklin, Kirk Scott, John Gandy, Bob Evans, Walter Patten, John Roberts, Jeffery Alton, Bill Marsh, Ricky Freeman, Eddie Hoyle, EVP Regional Executive Officer (Front)



"In the West Market our team is acutely aware of the role we play in serving as an economic engine for this region. Our goal is to stimulate and support fiscally sound growth, which leads to stronger companies, stronger communities, and financially secure families." EDDIE HOYLE

East Market

"In the East Market our team is constantly working to perfect the balance of delivering our services via leading-edge technology and providing real-time, face-to-face personal attention. We understand that to be relevant to the people we serve, we must be relentlessly innovative and service-oriented."

LEE A. NORTHCUTT

Douglas/Broxton

Eastman/Chester/Soperton

Valdosta

Quitman

Savannah

Rochelle/Pitts

Fitzgerald

Lee A. Northcutt,
EVP Regional Executive Officer

Left to Right: Mark Turner, Tommy Hester, Nic Worthy, Chip Carroll, Eddie Smith, Jon Butler, Scott Miller, Lee A. Northcutt, EVP Regional Executive Officer (Front)

Expressions
from the Colony Teams

"In a metro market such as Savannah which is served by 25 or so banks represented by over 100 branches, it is critical for a community bank such as ours to establish and maintain a distinctive identity which sets it apart from its competition. At Colony Savannah we're becoming increasingly known for our quality staff delivering outstanding service to Savannah's business community. It's not a complicated concept, but it's working."

TOMMY HESTER, COLONY BANK SAVANNAH

"We are working with our customers and community leaders to provide economic and educational opportunities that will provide jobs and grow the tax-base which will improve the quality of life for our local citizens."

BOB EVANS, COLONY BANK CORDELE

"I believe that good priorities are rooted in good leadership; therefore, I believe that a defining characteristic of leadership involves having a vision for making things better than they are, and a plan for transforming this vision into reality. Effective leaders place the needs of others above their own, demonstrate the highest level of integrity in all situations, and are truly passionate about the causes to which they have committed themselves. For the past 12 years, I have enjoyed the privilege of serving the citizens of Rochelle. I genuinely love this community and I am passionate about helping the good people of Rochelle to continue to find solutions to their banking and financial needs."

NIC WORTHY, ROCHELLE MARKET

"Our future will be determined by our willingness to go above and beyond for our customers. We strive to strengthen and build our customer relationships by providing the financial services they need, coupled with a deliberated personal approach to banking."

SCOTT MILLER,
DOUGLAS/BROXTON OFFICES

"We treat our customers like valued guests. They're the reason we come to work. Each day we strive to provide solutions, service and an experience they can't find anywhere else."

EDDIE SMITH, VALDOSTA OFFICE

McNair, McLemore, Middlebrooks & Co., LLC
CERTIFIED PUBLIC ACCOUNTANTS
389 Mulberry Street • Post Office Box One • Macon, GA 31202
Telephone (478) 746-6277 • Facsimile (478) 743-6858
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March 10, 2015

REPORT OF INDEPENDENT
REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Colony Bankcorp, Inc.

We have audited the accompanying consolidated balance sheets of **Colony Bankcorp, Inc. and Subsidiary** as of December 31, 2014 and 2013 and the related consolidated statements of operations, comprehensive income (loss), changes in stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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 Colony Bankcorp, Inc. and Subsidiary as of December 31, 2014 and 2013, and the results of its operations and cash flows for each of the years in the three-year period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America.

We were not engaged to examine management's assessment of the effectiveness of Colony Bankcorp, Inc.'s internal control over financial reporting as of December 31, 2014 included under Item 9A, *Controls and Procedures*, in Colony Bankcorp, Inc.'s Annual Report on Form 10-K and, accordingly, we do not express an opinion thereon.

McNair, McLemore, Middlebrooks & Co., LLC

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

COLONY BANKCORP, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31

ASSETS

	2014	2013
Cash and Cash Equivalents		
Cash and Due from Banks	**$ 24,472,870**	$ 25,691,605
Federal Funds Sold	**20,132,062**	20,495,060
	44,604,932	46,186,665
Interest-Bearing Deposits	**21,206,039**	21,960,291
Investment Securities		
Available for Sale, at Fair Value	**274,594,586**	263,257,890
Held to Maturity, at Cost (Fair Value of $29,923 and $37,309 as of December 31, 2014 and 2013, Respectively)	**29,796**	37,062
	274,624,382	263,294,952
Federal Home Loan Bank Stock, at Cost	**2,830,800**	3,163,900
Loans	**746,093,809**	751,218,462
Allowance for Loan Losses	**(8,802,316)**	(11,805,986)
Unearned Interest and Fees	**(361,374)**	(360,522)
	736,930,119	739,051,954
Premises and Equipment	**24,960,445**	24,876,469
Other Real Estate (Net of Allowance of $3,319,644 and $3,985,920 in 2014 and 2013, Respectively)	**10,401,832**	15,502,462
Other Intangible Assets	**152,012**	187,761
Other Assets	**31,187,420**	34,326,432
Total Assets	**$1,146,897,981**	$1,148,550,886

See accompanying notes which are an integral part of these financial statements.

COLONY BANKCORP, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31

LIABILITIES AND STOCKHOLDERS' EQUITY

	2014	2013
Deposits		
Noninterest-Bearing	**$ 128,339,763**	$ 115,260,701
Interest-Bearing	**850,963,711**	872,268,779
	979,303,474	987,529,480
Borrowed Money		
Subordinated Debentures	**24,229,000**	24,229,000
Other Borrowed Money	**40,000,000**	40,000,000
	64,229,000	64,229,000
Other Liabilities	**4,338,195**	6,838,167
Commitments and Contingencies		
Stockholders' Equity		
Preferred Stock, Stated Value $1,000; Authorized 10,000,000 Shares, Issued 28,000 Shares	**28,000,000**	28,000,000
Common Stock, Par Value $1; Authorized 20,000,000 Shares, Issued 8,439,258 Shares as of December 31, 2014 and 2013	**8,439,258**	8,439,258
Paid-In Capital	**29,145,094**	29,145,094
Retained Earnings	**38,287,934**	33,444,913
Accumulated Other Comprehensive Loss, Net of Tax	**(4,844,974)**	(9,075,026)
	99,027,312	89,954,239
Total Liabilities and Stockholders' Equity	**$1,146,897,981**	$1,148,550,886

See accompanying notes which are an integral part of these financial statements.

COLONY BANKCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31

	2014	2013	2012
Interest Income			
Loans, Including Fees	**$39,735,615**	$41,350,195	$41,963,113
Federal Funds Sold	**32,100**	39,199	99,273
Deposits with Other Banks	**41,639**	26,704	42,903
Investment Securities			
U.S. Government Agencies	**4,737,878**	3,516,978	4,824,423
State, County and Municipal	**99,736**	123,972	206,483
Corporate Obligations	**-**	47,275	76,029
Dividends on Other Investments	**115,134**	81,398	77,203
	44,762,102	45,185,721	47,289,427
Interest Expense			
Deposits	**5,113,024**	5,821,366	8,737,281
Federal Funds Purchased	**19**	116	-
Borrowed Money	**1,685,744**	1,675,164	2,279,469
	6,798,787	7,496,646	11,016,750
Net Interest Income	**37,963,315**	37,689,075	36,272,677
Provision for Loan Losses	**1,308,000**	4,485,000	6,784,767
Net Interest Income After Provision for Loan Losses	**36,655,315**	33,204,075	29,487,910
Noninterest Income			
Service Charges on Deposits	**4,567,716**	4,690,599	3,572,897
Other Service Charges, Commissions and Fees	**2,468,881**	1,725,271	1,514,898
Mortgage Fee Income	**419,963**	484,396	400,009
Securities Gains (Losses)	**23,735**	(363,804)	2,837,464
Gain on Sale of SBA Loans	**-**	635,190	305,924
Other	**1,644,294**	1,205,631	1,102,077
	9,124,589	8,377,283	9,733,269
Noninterest Expenses			
Salaries and Employee Benefits	**17,507,926**	16,691,972	15,564,893
Occupancy and Equipment	**4,062,844**	3,794,524	3,878,268
Directors' Fees	**392,132**	416,972	465,220
Legal and Professional Fees	**785,683**	721,322	1,085,881
Foreclosed Property	**2,701,436**	3,918,128	5,613,316
FDIC Assessment	**965,898**	1,321,981	1,497,974
Advertising	**652,374**	508,292	422,718
Software	**925,489**	852,475	789,226
Telephone	**735,735**	778,151	744,930
ATM/Card Processing	**865,519**	641,228	511,186
Other	**5,384,956**	4,972,404	4,805,418
	34,979,992	34,617,449	35,379,030
Income Before Income Taxes	**10,799,912**	6,963,909	3,842,149
Income Taxes	**3,268,287**	2,334,864	1,200,851
Net Income	**7,531,625**	4,629,045	2,641,298
Preferred Stock Dividends	**2,688,604**	1,508,761	1,435,385
Net Income Available to Common Stockholders	**$ 4,843,021**	$ 3,120,284	$ 1,205,913
Net Income Per Share of Common Stock, Basic and Diluted	**$ 0.57**	$ 0.37	$ 0.14
Cash Dividends Declared Per Share of Common Stock	**$ 0.00**	$ 0.00	$ 0.00
Weighted Average Shares Outstanding, Basic and Diluted	**8,439,258**	8,439,258	8,439,258

See accompanying notes which are an integral part of these financial statements.

COLONY BANKCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31

	2014	2013	2012
Net Income	**$ 7,531,625**	$ 4,629,045	$ 2,641,298
Other Comprehensive Income (Loss)			
Gains (Losses) on Securities Arising During the Year	**6,432,906**	(13,886,854)	(283,076)
Tax Effect	**(2,187,189)**	4,721,531	96,246
Realized Gains (Losses) on Sale of AFS Securities	**(23,735)**	(2,819)	(2,897,032)
Tax Effect	**8,070**	959	984,991
Impairment Loss on Securities	**-**	366,623	59,568
Tax Effect	**-**	(124,652)	(20,253)
Change in Unrealized Gains (Losses) on Securities Available for Sale, Net of Reclassification Adjustment and Tax Effects	**4,230,052**	(8,925,212)	(2,059,556)
Comprehensive Income (Loss)	**$11,761,677**	$(4,296,167)	$ 581,742

See accompanying notes which are an integral part of these financial statements.

COLONY BANKCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012

	Preferred Stock	Shares Issued	Common Stock	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2011	$27,662,476	8,439,258	$8,439,258	$29,145,094	$29,456,240	$ 1,909,742	$96,612,810
Change in Net Unrealized Gains (Losses) on Securities Available for Sale, Net of Reclassification Adjustment and Tax Effects						(2,059,556)	(2,059,556)
Accretion of Fair Value of Warrant	164,577				(164,577)		-
Dividends on Preferred Shares					(1,435,385)		(1,435,385)
Net Income					2,641,298		2,641,298
Balance, December 31, 2012	27,827,053	8,439,258	8,439,258	29,145,094	30,497,576	(149,814)	95,759,167
Change in Net Unrealized Gains (Losses) on Securities Available for Sale, Net of Reclassification Adjustment and Tax Effects						(8,925,212)	(8,925,212)
Accretion of Fair Value of Warrant	172,947				(172,947)		-
Dividends on Preferred Shares					(1,508,761)		(1,508,761)
Net Income					4,629,045		4,629,045
Balance, December 31, 2013	28,000,000	8,439,258	8,439,258	29,145,094	33,444,913	(9,075,026)	89,954,239
Change in Net Unrealized Gains (Losses) on Securities Available for Sale, Net of Reclassification Adjustment and Tax Effects						4,230,052	4,230,052
Dividends on Preferred Shares					(2,688,604)		(2,688,604)
Net Income					7,531,625		7,531,625
Balance, December 31, 2014	**$28,000,000**	**8,439,258**	**$8,439,258**	**$29,145,094**	**$38,287,934**	**$(4,844,974)**	**$99,027,312**

See accompanying notes which are an integral part of these financial statements.

COLONY BANKCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

	2014	2013	2012
Cash Flows from Operating Activities			
Net Income	**$ 7,531,625**	$ 4,629,045	$ 2,641,298
Adjustments to Reconcile Net Income to Net			
Cash Provided from Operating Activities			
Depreciation	**1,595,253**	1,527,392	1,676,820
Amortization and Accretion	**1,312,857**	2,667,404	4,180,158
Provision for Loan Losses	**1,308,000**	4,485,000	6,784,767
Deferred Income Taxes	**1,932,950**	2,178,222	1,204,439
Securities (Gains) Losses	**(23,735)**	363,804	(2,837,464)
(Gain) Loss on Sale of Premises and Equipment	**(12,489)**	(677)	1,148
Loss on Sale of Other Real Estate and Repossessions	**828,411**	1,565,091	1,839,196
Provision for Losses on Other Real Estate	**1,006,827**	1,321,418	2,702,709
Increase in Cash Surrender Value of Life Insurance	**(590,674)**	(338,712)	(185,341)
Change In			
Interest Receivable	**55,786**	285,033	250,755
Prepaid Expenses	**(64,633)**	(168,060)	1,741,834
Interest Payable	**(1,099,756)**	385,285	74,637
Accrued Expenses and Accounts Payable	**197,195**	213,753	(95,972)
Other	**788,958**	(243,543)	2,827,648
	14,766,575	18,870,455	22,806,632
Cash Flows from Investing Activities			
Interest-Bearing Deposits in Other Banks	**754,252**	(164,950)	7,161,969
Purchase of Investment Securities			
Available for Sale	**(56,201,891)**	(132,419,073)	(250,445,594)
Proceeds from Sale of Investment Securities			
Available for Sale	**13,620,956**	72,672,795	227,690,806
Proceeds from Maturities, Calls and Paydowns			
of Investment Securities			
Available for Sale	**36,440,646**	48,330,382	54,006,594
Held to Maturity	**12,968**	11,623	14,019
Proceeds from Sale of Premises and Equipment	**14,376**	2,500	1,500
Net Loans to Customers	**(3,156,342)**	(19,959,948)	(50,126,252)
Purchase of Premises and Equipment	**(1,681,115)**	(1,489,579)	(845,338)
Proceeds from Sale of Other Real Estate and Repossessions	**7,233,497**	8,041,638	9,876,136
Proceeds from Sale of Federal Home Loan Bank Stock	**333,100**	200,400	2,033,900
Purchase of Bank-Owned Life Insurance	**-**	(10,000,000)	-
	(2,629,553)	(34,774,212)	(632,260)
Cash Flows from Financing Activities			
Interest-Bearing Customer Deposits	**(21,305,068)**	16,550,430	(49,998,012)
Noninterest-Bearing Customer Deposits	**13,079,062**	(8,705,841)	29,697,631
Proceeds from Other Borrowed Money	**-**	21,500,000	5,000,000
Principal Payments on Other Borrowed Money	**-**	(16,500,000)	(41,000,000)
Dividends Paid on Preferred Stock	**(5,492,749)**	-	-
	(13,718,755)	12,844,589	(56,300,381)
Net Increase (Decrease) in Cash and Cash Equivalents	**(1,581,733)**	(3,059,168)	(34,126,009)
Cash and Cash Equivalents, Beginning	**46,186,665**	49,245,833	83,371,842
Cash and Cash Equivalents, Ending	**$ 44,604,932**	$ 46,186,665	$ 49,245,833

See accompanying notes which are an integral part of these financial statements.

(1) Summary of Significant Accounting Policies

Principles of Consolidation

Colony Bankcorp, Inc. (the Company) is a bank holding company located in Fitzgerald, Georgia. The consolidated financial statements include the accounts of Colony Bankcorp, Inc. and its wholly-owned subsidiary, Colony Bank, Fitzgerald, Georgia. All significant intercompany accounts have been eliminated in consolidation. The accounting and reporting policies of Colony Bankcorp, Inc. conform to generally accepted accounting principles and practices utilized in the commercial banking industry.

Nature of Operations

The Company provides a full range of retail and commercial banking services for consumers and small- to medium-size businesses located primarily in central, south and coastal Georgia. Colony Bank is headquartered in Fitzgerald, Georgia with banking offices in Albany, Ashburn, Broxton, Centerville, Chester, Columbus, Cordele, Douglas, Eastman, Fitzgerald, Leesburg, Moultrie, Pitts, Quitman, Rochelle, Savannah, Soperton, Sylvester, Thomaston, Tifton, Valdosta and Warner Robins. Lending and investing activities are funded primarily by deposits gathered through its retail banking office network.

Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the balance sheet date and revenues and expenses for the period. Actual results could differ significantly 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 and the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans.

Reclassifications

In certain instances, amounts reported in prior years’ consolidated financial statements and note disclosures have been reclassified to conform to statement presentations selected for 2014. Such reclassifications had no effect on previously reported stockholders’ equity or net income.

(1) Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk

Concentrations of credit risk can exist in relation to individual borrowers or groups of borrowers, certain types of collateral, certain types of industries or certain geographic regions. The Company has a concentration in real estate loans as well as a geographic concentration that could pose an adverse credit risk, particularly with the current economic downturn in the real estate market. At December 31, 2014, approximately 87 percent of the Company's loan portfolio was concentrated in loans secured by real estate. A substantial portion of borrowers' ability to honor their contractual obligations is dependent upon the viability of the real estate economic sector. The downturn of the housing and real estate market that began in 2007 resulted in an increase of problem loans secured by real estate, of which most are centered in the Company's larger MSA markets. Declining collateral real estate values that secure land development, construction and speculative real estate loans in the Company's larger MSA markets have resulted in high loan loss provisions in recent years. In addition, a large portion of the Company's foreclosed assets are also located in these same geographic markets, making the recovery of the carrying amount of foreclosed assets susceptible to changes in market conditions. Management continues to monitor these concentrations and has considered these concentrations in its allowance for loan loss analysis.

The success of the Company is dependent, to a certain extent, upon the economic conditions in the geographic markets it serves. Adverse changes in the economic conditions in these geographic markets would likely have a material adverse effect on the Company's results of operations and financial condition. The operating results of the Company depend primarily on its net interest income. Accordingly, operations are subject to risks and uncertainties surrounding the exposure to changes in the interest rate environment.

At times, the Company may have cash and cash equivalents at financial institutions in excess of federal deposit insurance limits. The Company places its cash and cash equivalents with high credit quality financial institutions whose credit rating is monitored by management to minimize credit risk.

Investment Securities

The Company classifies its investment securities as trading, available for sale or held to maturity. Securities that are held principally for resale in the near term are classified as trading. Trading securities are carried at fair value, with realized and unrealized gains and losses included in noninterest income. Currently, no securities are classified as trading. Securities acquired with both the intent and ability to be held to maturity are classified as held to maturity and reported at amortized cost. All securities not classified as trading or held to maturity are considered available for sale. Securities available for sale are reported at estimated fair value. Unrealized gains and losses on securities available for sale are excluded from earnings and are reported, net of deferred taxes, in accumulated other comprehensive income (loss), a component of stockholders' equity. Gains and losses from sales of securities available for sale are computed using the specific identification method. Securities available for sale includes securities, which may be sold to meet liquidity needs arising from unanticipated deposit and loan fluctuations, changes in regulatory capital requirements, or unforeseen changes in market conditions.

(1) Summary of Significant Accounting Policies (Continued)

Investment Securities (Continued)

The Company evaluates each held to maturity and available for sale security in a loss position for other-than-temporary impairment (OTTI). In estimating other-than-temporary impairment losses, management considers such factors as the length of time and the extent to which the market value has been below cost, the financial condition of the issuer and the Company's intent to sell and whether it is more likely than not that the Company will be required to sell the security before anticipated recovery of the amortized cost basis. If the Company intends to sell or if it is more likely than not that the Company will be required to sell the security before recovery, the OTTI write-down is recognized in earnings. If the Company does not intend to sell the security or it is not more likely than not that it will be required to sell the security before recovery, the OTTI write-down is separated into an amount representing credit loss, which is recognized in earnings, and an amount related to all other factors, which is recognized in other comprehensive income (loss).

Federal Home Loan Bank Stock

Investment in stock of a Federal Home Loan Bank (FHLB) is required for every federally insured institution that utilizes its services. FHLB stock is considered restricted, as defined in the accounting standards. The FHLB stock is reported in the consolidated financial statements at cost. Dividend income is recognized when earned.

Loans

Loans that the Company has the ability and intent to hold for the foreseeable future or until maturity are recorded at their principal amount outstanding, net of unearned interest and fees. Loan origination fees, net of certain direct origination costs, are deferred and amortized over the estimated terms of the loans using the straight-line method. Interest income on loans is recognized using the effective interest method.

A loan is considered to be delinquent when payments have not been made according to contractual terms, typically evidenced by nonpayment of a monthly installment by the due date.

When management believes there is sufficient doubt as to the collectibility of principal or interest on any loan or generally when loans are 90 days or more past due, the accrual of applicable interest is discontinued and the loan is designated as nonaccrual, unless the loan is well secured and in the process of collection. Interest payments received on nonaccrual loans are either applied against principal or reported as income, according to management's judgment as to the collectibility of principal. Loans are returned to an accrual status when factors indicating doubtful collectibility on a timely basis no longer exist.

Loans Modified in a Troubled Debt Restructuring (TDR)

Loans are considered to have been modified in a TDR when, due to a borrower's financial difficulty, the Company makes certain concessions to the borrower that it would not otherwise consider for new debt with similar risk characteristics. Modifications may include interest rate reductions, principal or interest forgiveness, forbearance, and other actions intended to minimize economic loss and to avoid foreclosure or repossession of the collateral. Generally, a nonaccrual loan that has been modified in a TDR remains on nonaccrual status for a period of six months to demonstrate that the borrower is able to meet the terms of the modified loan. However, performance prior to the modification, or significant events that coincide with the modification, are included in assessing whether the borrower can meet the new terms and may result in the loan being returned to accrual status at the time of loan modification or after a shorter performance period. If the borrower's ability to meet the revised payment schedule is uncertain, the loan remains on nonaccrual status. Once a loan is modified in a troubled debt restructuring, it is accounted for as an impaired loan, regardless of its accrual status, until the loan is paid in full, sold or charged off.

(1) Summary of Significant Accounting Policies (Continued)

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

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 the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revisions as more information becomes available.

The allowance consists of specific, historical and general 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 (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The historical component covers nonclassified loans and is based on historical loss experience adjusted for qualitative factors. A general component is maintained to cover uncertainties that could affect management's estimate of probable losses. The general component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and historical losses in the portfolio. General valuation allowances are based on internal and external qualitative risk factors such as (1) changes in the composition of the loan portfolio, (2) the extent of loan concentrations within the portfolio, (3) the effectiveness of the Company's lending policies, procedures and internal controls, (4) the experience, ability and effectiveness of the Company's lending management and staff, and (5) national and local economics and business conditions.

Loans identified as losses by management, internal loan review and/or Bank examiners are charged off.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to 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. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis 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.

(1) Summary of Significant Accounting Policies (Continued)

Allowance for Loan Losses (Continued)

A significant portion of the Company's impaired loans are deemed to be collateral dependent. Management therefore measures impairment on these loans based on the fair value of the collateral. Collateral values are determined based on appraisals performed by qualified licensed appraisers hired by the Company or by senior members of the Company's credit administration staff. The decision whether to obtain an external third-party appraisal usually depends on the type of property being evaluated. External appraisals are usually obtained on more complex, income producing properties such as hotels, shopping centers and businesses. Less complex properties such as residential lots, farm land and single family houses may be evaluated internally by senior credit administration staff. When the Company does obtain appraisals from external third-parties, the values utilized in the impairment calculation are "as is" or current market values. The appraisals, whether prepared internally or externally, may utilize a single valuation approach or a combination of approaches including the comparable sales, income and cost approach. Appraised amounts used in the impairment calculation are typically discounted 10 percent to account for selling and marketing costs, if the repayment of the loan is to come from the sale of the collateral. Although appraisals may not be obtained each year on all impaired loans, the collateral values used in the impairment calculations are evaluated quarterly by management. Based on management's knowledge of the collateral and the current real estate market conditions, appraised values may be further discounted to reflect facts and circumstances known to management since the initial appraisal was performed.

Adjustments are routinely made in the appraisal process by the appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are typically significant and result in a level 3 classification of the inputs for determining fair value. Because of the high degree of judgment required in estimating the fair value of collateral underlying impaired loans and because of the relationship between fair value and general economic conditions, we consider the fair value of impaired loans to be highly sensitive to changes in market conditions.

Premises and Equipment

Premises and equipment are recorded at acquisition cost net of accumulated depreciation.

Depreciation is charged to operations over the estimated useful lives of the assets. The estimated useful lives and methods of depreciation are as follows:

Description	Life in Years	Method
Banking Premises	15-40	Straight-Line and Accelerated
Furniture and Equipment	5-10	Straight-Line and Accelerated

Expenditures for major renewals and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. When property and equipment are retired or sold, the cost and accumulated depreciation are removed from the respective accounts and any gain or loss is reflected in other income or expense.

Intangible Assets

Intangible assets consist of core deposit intangibles acquired in connection with a business combination. The core deposit intangible is initially recognized based on an independent valuation performed as of the consummation date. The core deposit intangible is amortized by the straight-line method over the average remaining life of the acquired customer deposits.

(1) Summary of Significant Accounting Policies (Continued)

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Statement of Cash Flows

For reporting cash flows, cash and cash equivalents include cash on hand, noninterest-bearing amounts due from banks, federal funds sold and securities purchased under agreement to resell. Cash flows from demand deposits, interest-bearing checking accounts, savings accounts, loans and certificates of deposit are reported net.

Securities Purchased Under Agreement to Resell and Securities Sold Under Agreements to Repurchase

The Company purchases certain securities under agreements to resell. The amounts advanced under these agreements represent short-term loans and are reflected as assets in the consolidated balance sheets.

The Company sells securities under agreements to repurchase. These repurchase agreements are treated as borrowings. The obligations to repurchase securities sold are reflected as a liability and the securities underlying the agreements are reflected as assets in the consolidated balance sheets.

Advertising Costs

The Company expenses the cost of advertising in the periods in which those costs are incurred.

Income Taxes

The provision for income taxes is based upon income for financial statement purposes, adjusted for nontaxable income and nondeductible expenses. Deferred income taxes have been provided when different accounting methods have been used in determining income for income tax purposes and for financial reporting purposes.

Deferred tax assets and liabilities are recognized based on future tax consequences attributable to differences arising from the financial statement carrying values of assets and liabilities and their tax bases. The differences relate primarily to depreciable assets (use of different depreciation methods for financial statement and income tax purposes) and allowance for loan losses (use of the allowance method for financial statement purposes and the direct write-off method for tax purposes). In the event of changes in the tax laws, deferred tax assets and liabilities are adjusted in the period of the enactment of those changes, with effects included in the income tax provision. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company and its subsidiary file a consolidated federal income tax return. The subsidiary pays its proportional share of federal income taxes to the Company based on its taxable income.

The Company’s federal and state income tax returns for tax years 2014, 2013, 2012 and 2011 are subject to examination by the Internal Revenue Service (IRS) and the Georgia Department of Revenue, generally for three years after filing.

(1) Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

Positions taken in the Company's tax returns may be subject to challenge by the taxing authorities upon examination. Uncertain tax positions are initially recognized in the consolidated financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions are both initially and subsequently measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon settlement with the tax authority, assuming full knowledge of the position and all relevant facts. The Company provides for interest and, in some cases, penalties on tax positions that may be challenged by the taxing authorities. Interest expense is recognized beginning in the first period that such interest would begin accruing. Penalties are recognized in the period that the Company claims the position in the tax return. Interest and penalties on income tax uncertainties are classified within income tax expense in the consolidated statements of operations.

Other Real Estate

Other real estate generally represents real estate acquired through foreclosure and is initially recorded at estimated fair value at the date of acquisition less the cost of disposal. Losses from the acquisition of property in full or partial satisfaction of debt are recorded as loan losses. Properties are evaluated regularly to ensure the recorded amounts are supported by current fair values, and valuation allowances are recorded as necessary to reduce the carrying amount to fair value less estimated cost of disposal. Routine holding costs and gains or losses upon disposition are included in foreclosed property expense.

Bank-Owned Life Insurance

The Company has purchased life insurance on the lives of certain key members of management and directors. The life insurance policies are recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or amounts due that are probable at settlement, if applicable. Increases in the cash surrender value are recorded as other income in the consolidated statements of income. The cash surrender value of the insurance contracts is recorded in other assets on the consolidated balance sheets in the amount of $14,530,851 and $13,940,176 as of December 31, 2014 and 2013, respectively.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Certain changes in assets and liabilities, such as unrealized gains and losses on securities available for sale, represent equity changes from economic events of the period other than transactions with owners. Such items are considered components of other comprehensive income (loss). Accounting standards codification requires the presentation in the consolidated financial statements of net income and all items of other comprehensive income (loss) as total comprehensive income (loss).

Off-Balance Sheet Credit Related Financial Instruments

In the ordinary course of business, the Company has entered into commitments to extend credit, commercial letters of credit and standby letters of credit. Such financial instruments are recorded on the balance sheet when they are funded.

(1) Summary of Significant Accounting Policies (Continued)

Changes in Accounting Principles and Effects of New Accounting Pronouncements

ASU 2014-01, *Investments – Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Qualified Affordable Housing Projects.* ASU 2014-01 permits reporting entities to make an accounting policy election to account for their investments in qualified affordable housing projects using the proportional amortization method if certain conditions are met. Under the proportional amortization method, an entity amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognizes the net investment performance in the income statement as a component of income tax expense (benefit). For those investments in qualified affordable housing projects not accounted for using the proportional amortization method, the investment should be accounted for as an equity method investment or a cost method investment in accordance with ASC 970-323. ASU 2014-01 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2014, and will be applied retrospectively to all periods presented. The adoption of this guidance is not expected to have a material effect on the Company's consolidated financial statements.

ASU No. 2014-04, *Receivables – Troubled Debt Restructurings by Creditors (Subtopic 310-40): Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure.* The objective of this guidance is to clarify when an in-substance repossession or foreclosure occurs; that is, when a creditor should be considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan such that the loan receivable should be derecognized and the real estate property recognized. ASU No. 2014-04 states that an in-substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either (1) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure or (2) the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Additionally, ASU No. 2014-04 requires interim and annual disclosure of both (1) the amount of foreclosed residential real estate property held by the creditor and (2) the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure according to local requirements of the applicable jurisdiction. ASU No. 2014-04 is effective for interim and annual reporting periods beginning after December 15, 2014. The adoption of ASU No. 2014-04 is not expected to have a material impact on the Company's consolidated financial statements.

ASU 2014-09, *Revenue from Contracts with Customers (Topic 606).* ASU 2014-09 implements a common revenue standard that clarifies the principles for recognizing revenue. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation. ASU 2014-09 is effective for the Company on January 1, 2017. The Company is still evaluating the potential impact on the Company's consolidated financial statements.

ASU 2014-11, *Transfers and Servicing (Topic 860).* ASU 2014-11 requires that repurchase-to-maturity transactions be accounted for as secured borrowings consistent with the accounting for other repurchase agreements. In addition, ASU 2014-11 requires separate accounting for repurchase financings, which entails the transfer of a financial asset executed contemporaneously with a repurchase agreement with the same counterparty. ASU 2014-11 requires entities to disclose certain information about transfers accounted for as sales in transactions that are economically similar to repurchase agreements. In addition, ASU 2014-11

Changes in Accounting Principles and Effects of New Accounting Pronouncements (Continued)

requires disclosures related to collateral, remaining contractual tenor and of the potential risks associated with repurchase agreements, securities lending transactions and repurchase-to-maturity transactions. ASU 2014-11 is effective for the Company on January 1, 2015 and is not expected to have a significant impact on the Company's consolidated financial statements.

ASU 2014-14, *Receivables – Troubled Debt Restructurings by Creditors (Subtopic 310-40): Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure.* The amendments require a mortgage loan to be derecognized and a separate receivable to be recognized upon foreclosure if the loan has a government guarantee that is nonseparable from the loan before foreclosure, the creditor has the ability and intent to convey the real estate property to the guarantor, and any amount of the claim that is determined on the basis of the fair value of the real estate is fixed. Additionally, the separate other receivable should be measured based on the amount of the loan balance (principal and interest) expected to be recovered from the guarantor upon foreclosure. The amendments are effective for annual periods and interim periods within those annual periods beginning after December 15, 2014. Management does not believe the amendments will have a material impact to the Company's consolidated financial statements.

ASU 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern.* ASU 2014-15 explicitly requires management to evaluate, at each annual or interim reporting period, whether there are conditions or events that exist which raise substantial doubt about an entity's ability to continue as a going concern and to provide related disclosures. ASU 2014-15 is effective for annual periods ending after December 15, 2016, and annual and interim periods thereafter, with early adoption permitted. The adoption of ASU 2014-15 is not expected to have a material effect on the Company's consolidated financial statements or disclosures.

(2) Cash and Balances Due from Banks

Components of cash and balances due from banks are as follows as of December 31:

	2014	2013
Cash on Hand and Cash Items	**$ 9,974,663**	$10,531,340
Noninterest-Bearing Deposits with Other Banks	**14,498,207**	15,160,265
	$24,472,870	$25,691,605

The Company is required to maintain reserve balances in cash or on deposit with the Federal Reserve Bank based on a percentage of deposits. Reserve balances totaled approximately $1,278,000 and $1,252,000 at December 31, 2014 and 2013, respectively.

(3) Investment Securities

Investment securities as of December 31, 2014 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Available for Sale				
U.S. Government Agencies				
Mortgage-Backed	**$278,419,055**	**$155,902**	**$(7,511,288)**	**$271,063,669**
State, County and Municipal	**3,516,400**	**27,181**	**(12,664)**	**3,530,917**
	$281,935,455	**$183,083**	**$(7,523,952)**	**$274,594,586**
Securities Held to Maturity				
State, County and Municipal	**$ 29,796**	**$ 127**	**$ -**	**$ 29,923**

The amortized cost and fair value of investment securities as of December 31, 2014, by contractual maturity, are shown hereafter. Expected maturities may differ from contractual maturities for certain investments because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. This is often the case with mortgage-backed securities, which are disclosed separately in the table below.

	Securities			
	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in One Year or Less	$ 715,764	$ 717,138	$29,796	$29,923
Due After One Year Through Five Years	718,836	730,598	-	-
Due After Five Years Through Ten Years	1,158,938	1,157,251	-	-
Due After Ten Years	922,862	925,930	-	-
	3,516,400	3,530,917	29,796	29,923
Mortgage-Backed Securities	278,419,055	271,063,669	-	-
	$281,935,455	$274,594,586	$29,796	$29,923

Investment securities as of December 31, 2013 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Available for Sale				
U.S. Government Agencies				
Mortgage-Backed	$273,029,073	$ 118,843	$(13,799,858)	$259,348,058
State, County and Municipal	3,978,857	14,963	(83,988)	3,909,832
	$277,007,930	$ 133,806	$(13,883,846)	$263,257,890
Securities Held to Maturity				
State, County and Municipal	$ 37,062	$ 247	$ -	$ 37,309

(3) Investment Securities (Continued)

Proceeds from sales of investments available for sale were $13,620,956 in 2014, $72,672,795 in 2013 and $227,690,806 in 2012. Gross realized gains totaled $67,601 in 2014, $442,124 in 2013 and $3,084,666 in 2012. Gross realized gains of $1,800 in 2014 was due to a gain on a call for a held to maturity investment. Gross realized losses totaled $45,666 in 2014, $805,928 in 2013 and $247,202 in 2012.

Investment securities having a carrying value totaling $135,531,563 and $112,912,815 as of December 31, 2014 and 2013, respectively, were pledged to secure public deposits and for other purposes.

Information pertaining to securities with gross unrealized losses at December 31, 2014 and 2013 aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
December 31, 2014						
U.S. Government Agencies Mortgage-Backed	**$66,609,319**	**$ (396,896)**	**$183,645,552**	**$(7,114,392)**	**$250,254,871**	**$(7,511,288)**
State, County and Municipal	**-**	**-**	**1,379,547**	**(12,664)**	**1,379,547**	**(12,664)**
	$66,609,319	**$ (396,896)**	**$185,025,099**	**$(7,127,056)**	**$251,634,418**	**$(7,523,952)**
December 31, 2013						
U.S. Government Agencies Mortgage-Backed	$190,063,827	$(9,440,663)	$63,193,601	$(4,359,195)	$253,257,428	$(13,799,858)
State, County and Municipal	1,647,043	(83,988)	-	-	1,647,043	(83,988)
	$191,710,870	$(9,524,651)	$63,193,601	$(4,359,195)	$254,904,471	$(13,883,846)

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. Consideration is given to (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.

At December 31, 2014, the debt securities with unrealized losses have depreciated 2.90 percent from the Company's amortized cost basis. These securities are guaranteed by either the U.S. Government, other governments or U.S. corporations. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred and the results of reviews of the issuer's financial condition. The unrealized losses are largely due to increases in market interest rates over the yields available at the time the underlying securities were purchased. As management has the ability to hold debt securities until maturity, or for the foreseeable future if classified as available-for-sale, no declines are deemed to be other than temporary. However, the Company did own one asset-backed security at December 31, 2014 which was completely written off during prior years. This investment is comprised of one issuance of a trust preferred security and has a book value of $0. Management evaluates this investment on a quarterly basis utilizing a third-party valuation model. The results of this model revealed other-than-temporary impairment and as a result, $366,623 and $59,568 were written off during the years ended December 31, 2013 and 2012, respectively.

(4) Loans

The following table presents the composition of loans, segregated by class of loans, as of December 31:

	2014	2013
Commercial and Agricultural		
Commercial	**$ 50,960,265**	$ 48,107,448
Agricultural	**16,689,444**	10,665,938
Real Estate		
Commercial Construction	**51,258,970**	52,738,783
Residential Construction	**11,220,683**	6,549,260
Commercial	**332,230,847**	341,783,538
Residential	**203,752,620**	206,257,927
Farmland	**49,950,984**	47,034,426
Consumer and Other		
Consumer	**22,820,314**	25,675,560
Other	**7,209,682**	12,405,582
Total Loans	**$746,093,809**	$751,218,462

Commercial and agricultural loans are extended to a diverse group of businesses within the Company's market area. These loans are often underwritten based on the borrower's ability to service the debt from income from the business. Real estate construction loans often require loan funds to be advanced prior to completion of the project. Due to uncertainties inherent in estimating construction costs, changes in interest rates and other economic conditions, these loans often pose a higher risk than other types of loans. Consumer loans are originated at the bank level. These loans are generally smaller loan amounts spread across many individual borrowers to help minimize risk.

Credit Quality Indicators. As part of the ongoing monitoring of the credit quality of the loan portfolio, management tracks certain credit quality indicators including trends related to (1) the risk grade assigned to commercial and consumer loans, (2) the level of classified commercial loans, (3) net charge-offs, (4) nonperforming loans, and (5) the general economic conditions in the Company's geographic markets.

(4) Loans (Continued)

The Company uses a risk grading matrix to assign a risk grade to each of its loans. Loans are graded on a scale of 1 to 8. A description of the general characteristics of the grades is as follows:

- Grades 1 and 2 - Borrowers with these assigned grades range in risk from virtual absence of risk to minimal risk. Such loans may be secured by Company-issued and controlled certificates of deposit or properly margined equity securities or bonds. Other loans comprising these grades are made to companies that have been in existence for a long period of time with many years of consecutive profits and strong equity, good liquidity, excellent debt service ability and unblemished past performance, or to exceptionally strong individuals with collateral of unquestioned value that fully secures the loans. Loans in this category fall into the "pass" classification.

- Grades 3 and 4 - Loans assigned these "pass" risk grades are made to borrowers with acceptable credit quality and risk. The risk ranges from loans with no significant weaknesses in repayment capacity and collateral protection to acceptable loans with one or more risk factors considered to be more than average.

- Grade 5 - This grade includes "special mention" loans on management's watch list and is intended to be used on a temporary basis for pass grade loans where risk-modifying action is intended in the short-term.

- Grade 6 - This grade includes "substandard" loans in accordance with regulatory guidelines. This category includes borrowers with well-defined weaknesses that jeopardize the payment of the debt in accordance with the agreed terms. Loans considered to be impaired are assigned this grade, and these loans often have assigned loss allocations as part of the allowance for loan and lease losses. Generally, loans on which interest accrual has been stopped would be included in this grade.

- Grades 7 and 8 - These grades correspond to regulatory classification definitions of "doubtful" and "loss," respectively. In practice, any loan with these grades would be for a very short period of time, and generally the Company has no loans with these assigned grades. Management manages the Company's problem loans in such a way that uncollectible loans or uncollectible portions of loans are charged off immediately with any residual, collectible amounts assigned a risk grade of 6.

(4) Loans (Continued)

The following tables present the loan portfolio by credit quality indicator (risk grade) as of December 31. Those loans with a risk grade of 1, 2, 3 or 4 have been combined in the pass column for presentation purposes.

2014	Pass	Special Mention	Substandard	Total Loans
Commercial and Agricultural				
Commercial	**$ 46,230,110**	**$ 2,905,361**	**$ 1,824,794**	**$ 50,960,265**
Agricultural	**16,504,404**	**27,101**	**157,939**	**16,689,444**
Real Estate				
Commercial Construction	**45,063,306**	**1,740,488**	**4,455,176**	**51,258,970**
Residential Construction	**11,220,683**	**-**	**-**	**11,220,683**
Commercial	**309,828,039**	**11,220,166**	**11,182,642**	**332,230,847**
Residential	**180,549,640**	**10,582,704**	**12,620,276**	**203,752,620**
Farmland	**47,548,106**	**414,521**	**1,988,357**	**49,950,984**
Consumer and Other				
Consumer	**22,114,932**	**248,997**	**456,385**	**22,820,314**
Other	**7,012,405**	**-**	**197,277**	**7,209,682**
Total Loans	**$686,071,625**	**$27,139,338**	**$32,882,846**	**$746,093,809**

2013	Pass	Special Mention	Substandard	Total Loans
Commercial and Agricultural				
Commercial	$ 41,759,281	$ 2,770,284	$ 3,577,883	$48,107,448
Agricultural	10,637,705	16,830	11,403	10,665,938
Real Estate				
Commercial Construction	42,668,320	1,512,301	8,558,162	52,738,783
Residential Construction	6,341,530	207,730	-	6,549,260
Commercial	317,567,749	10,759,954	13,455,835	341,783,538
Residential	182,977,361	13,523,478	9,757,088	206,257,927
Farmland	44,776,355	507,122	1,750,949	47,034,426
Consumer and Other				
Consumer	24,608,175	320,473	746,912	25,675,560
Other	12,356,116	711	48,755	12,405,582
Total Loans	$683,692,592	$29,618,883	$37,906,987	$751,218,462

A loan's risk grade is assigned at the inception of the loan and is based on the financial strength of the borrower and the type of collateral. Loan risk grades are subject to reassessment at various times throughout the year as part of the Company's ongoing loan review process. Loans with an assigned risk grade of 6 or below and an outstanding balance of $250,000 or more are reassessed on a quarterly basis. During this reassessment process individual reserves may be identified and placed against certain loans which are not considered impaired.

In assessing the overall economic condition of the markets in which it operates, the Company monitors the unemployment rates for its major service areas. The unemployment rates are reviewed on a quarterly basis as part of the allowance for loan loss determination.

(4) Loans (Continued)

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Generally, loans are placed on nonaccrual status if principal or interest payments become 90 days past due or when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provision. Loans may be placed on nonaccrual status regardless of whether such loans are considered past due.

The following table represents an age analysis of past due loans and nonaccrual loans, segregated by class of loans, as of December 31:

	Accruing Loans					
2014	**30-89 Days Past Due**	**90 Days or More Past Due**	**Total Accruing Loans Past Due**	**Nonaccrual Loans**	**Current Loans**	**Total Loans**
Commercial and Agricultural						
Commercial	**$ 872,321**	**$ -**	**$ 872,321**	**$ 405,398**	**$ 49,682,546**	**$ 50,960,265**
Agricultural	**-**	**-**	**-**	**44,605**	**16,644,839**	**$ 16,689,444**
Real Estate						
Commercial Construction	**141,850**	**-**	**141,850**	**3,251,290**	**47,865,830**	**$ 51,258,970**
Residential Construction	**-**	**-**	**-**	**-**	**11,220,683**	**$ 11,220,683**
Commercial	**2,309,114**	**-**	**2,309,114**	**5,325,047**	**324,596,686**	**$332,230,847**
Residential	**5,782,701**	**-**	**5,782,701**	**7,461,507**	**190,508,412**	**$203,752,620**
Farmland	**281,967**	**-**	**281,967**	**1,449,226**	**48,219,791**	**$ 49,950,984**
Consumer and Other						
Consumer	**313,424**	**6,642**	**320,066**	**201,695**	**22,298,553**	**$ 22,820,314**
Other	**-**	**-**	**-**	**195,497**	**7,014,185**	**$ 7,209,682**
Total Loans	**$9,701,377**	**$6,642**	**$9,708,019**	**$18,334,265**	**$718,051,525**	**$746,093,809**
2013						
Commercial and Agricultural						
Commercial	$ 581,281	$ -	$ 581,281	$ 1,646,418	$ 45,879,749	$ 48,107,448
Agricultural	81,036	-	81,036	-	10,584,902	10,665,938
Real Estate						
Commercial Construction	139,826	-	139,826	8,221,745	44,377,212	52,738,783
Residential Construction	-	-	-	-	6,549,260	6,549,260
Commercial	2,287,341	-	2,287,341	7,366,703	332,129,494	341,783,538
Residential	5,273,586	-	5,273,586	4,933,420	196,050,921	206,257,927
Farmland	350,718	-	350,718	1,629,611	45,054,097	47,034,426
Consumer and Other						
Consumer	453,580	3,991	457,571	307,456	24,910,533	25,675,560
Other	198,451	-	198,451	9,146	12,197,985	12,405,582
Total Loans	$9,365,819	$ 3,991	$9,369,810	$24,114,499	$717,734,153	$751,218,462

(4) Loans (Continued)

During its review of impaired loans, the Company determined the majority of its exposures on these loans were known losses. As a result, the exposures were charged off, reducing the specific allowances on impaired loans. Had nonaccrual loans performed in accordance with their original contractual terms, the Company would have recognized additional interest income of approximately $591,900, $968,700 and $1,634,600 for the years ended December 31, 2014, 2013 and 2012, respectively.

The following table details impaired loan data as of December 31, 2014:

	Unpaid Contractual Principal Balance	Impaired Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized	Interest Income Collected
With No Related Allowance Recorded						
Commercial	$ 310,447	$ 308,817	$ -	$ 679,267	$ 9,248	$ 17,973
Agricultural	50,163	44,605	-	50,959	(6,029)	3,000
Commercial Construction	9,573,141	3,463,502	-	3,376,033	13,111	12,833
Commercial Real Estate	17,129,876	16,227,379	-	18,350,015	462,355	474,936
Residential Real Estate	9,136,987	7,600,073	-	5,690,573	312,024	306,859
Farmland	1,450,759	1,449,226	-	949,003	(8,518)	17,273
Consumer	201,695	201,695	-	211,775	14,455	15,495
Other	206,894	195,497	-	197,519	5,874	10,677
	38,059,962	29,490,794	-	29,505,144	802,520	859,046
With An Allowance Recorded						
Commercial	96,580	96,580	96,580	419,464	(299)	-
Agricultural	-	-	-	-	-	-
Commercial Construction	207,308	136,369	53,947	1,528,817	375	375
Commercial Real Estate	6,135,238	6,135,238	456,941	6,415,086	60,629	50,468
Residential Real Estate	2,072,919	2,065,158	414,684	1,829,102	84,177	86,472
Farmland	396,048	396,048	28,962	529,555	13,077	12,210
Consumer	-	-	-	-	-	-
Other	-	-	-	-	-	-
	8,908,093	8,829,393	1,051,114	10,722,024	157,959	149,525
Total						
Commercial	407,027	405,397	96,580	1,098,731	8,949	17,973
Agricultural	50,163	44,605	-	50,959	(6,029)	3,000
Commercial Construction	9,780,449	3,599,871	53,947	4,904,850	13,486	13,208
Commercial Real Estate	23,265,114	22,362,617	456,941	24,765,101	522,984	525,404
Residential Real Estate	11,209,906	9,665,231	414,684	7,519,675	396,201	393,331
Farmland	1,846,807	1,845,274	28,962	1,478,558	4,559	29,483
Consumer	201,695	201,695	-	211,775	14,455	15,495
Other	206,894	195,497	-	197,519	5,874	10,677
	$46,968,055	$38,320,187	$1,051,114	$40,227,168	$960,479	$1,008,571

(4) Loans (Continued)

The following table details impaired loan data as of December 31, 2013:

	Unpaid Contractual Principal Balance	Impaired Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized	Interest Income Collected
With No Related Allowance Recorded						
Commercial	$ 305,272	$ 305,272	$ -	$ 216,057	$ 24,494	$ 25,193
Agricultural	-	-	-	9,803	-	-
Commercial Construction	7,856,411	4,750,157	-	4,105,370	34,908	41,164
Commercial Real Estate	20,120,403	19,252,946	-	13,198,988	493,940	503,392
Residential Real Estate	7,836,718	6,361,592	-	4,564,666	224,439	209,330
Farmland	302,629	302,629	-	1,858,654	803	869
Consumer	313,194	307,456	-	252,944	18,469	21,109
Other	9,146	9,146	-	2,287	556	575
	36,743,773	31,289,198	-	24,208,769	797,609	801,632
With An Allowance Recorded						
Commercial	1,452,798	1,452,798	433,714	1,689,125	14,845	20,748
Agricultural	-	-	-	-	-	-
Commercial Construction	5,922,674	3,471,587	830,546	5,025,176	(159)	-
Commercial Real Estate	5,874,473	5,874,473	423,685	11,072,314	157,536	148,495
Residential Real Estate	1,949,301	1,849,301	526,005	3,661,706	25,739	24,414
Farmland	1,326,982	1,326,982	85,500	663,903	44,638	46,930
Consumer	-	-	-	-	-	-
Other	-	-	-	-	-	-
	16,526,228	13,975,141	2,299,450	22,112,224	242,599	240,587
Total						
Commercial	1,758,070	1,758,070	433,714	1,905,182	39,339	45,941
Agricultural	-	-	-	9,803	-	-
Commercial Construction	13,779,085	8,221,744	830,546	9,130,546	34,749	41,164
Commercial Real Estate	25,994,876	25,127,419	423,685	24,271,302	651,476	651,887
Residential Real Estate	9,786,019	8,210,893	526,005	8,226,372	250,178	233,744
Farmland	1,629,611	1,629,611	85,500	2,522,557	45,441	47,799
Consumer	313,194	307,456	-	252,944	18,469	21,109
Other	9,146	9,146	-	2,287	556	575
	$53,270,001	$45,264,339	$2,299,450	$46,320,993	$1,040,208	$1,042,219

(4) Loans (Continued)

Troubled Debt Restructurings (TDRs) are troubled loans on which the original terms of the loan have been modified in favor of the borrower due to deterioration in the borrower's financial condition. Each potential loan modification is reviewed individually and the terms of the loan are modified to meet the borrower's specific circumstances at a point in time. Not all loan modifications are TDRs. Loan modifications are reviewed and approved by the Company's senior lending staff, who then determine whether the loan meets the criteria for a TDR. Generally, the types of concessions granted to borrowers that are evaluated in determining whether a loan is classified as a TDR include:

- Interest rate reductions - Occur when the stated interest rate is reduced to a nonmarket rate or a rate the borrower would not be able to obtain elsewhere under similar circumstances.

- Amortization or maturity date changes - Result when the amortization period of the loan is extended beyond what is considered a normal amortization period for loans of similar type with similar collateral.

- Principal reductions - These are often the result of commercial real estate loan workouts where two new notes are created. The primary note is underwritten based upon our normal underwriting standards and is structured so that the projected cash flows are sufficient to repay the contractual principal and interest of the newly restructured note. The terms of the secondary note vary by situation and often involve that note being charged off, or the principal and interest payments being deferred until after the primary note has been repaid. In situations where a portion of the note is charged off during modification, there is often no specific reserve allocated to those loans. This is due to the fact that the amount of the charge-off usually represents the excess of the original loan balance over the collateral value and the Company has determined there is no additional exposure on those loans.

(4) Loans (Continued)

As discussed in Note 1, Summary of Significant Accounting Policies, once a loan is identified as a TDR, it is accounted for as an impaired loan. The Company had no unfunded commitments to lend to a customer that has a troubled debt restructured loan as of December 31, 2014. The following tables present the number of loan contracts restructured during the 12 months ended December 31, 2014 and the pre- and post-modification recorded investment as well as the number of contracts and the recorded investment for those TDRs modified during the previous 12 months which subsequently defaulted during the period. Loans modified in a troubled debt restructuring are considered to be in default once the loan becomes 90 days past due.

Troubled Debt Restructurings

2014	**# of Contracts**	**Pre-Modification**	**Post-Modification**
Farmland	**1**	**$ 400,778**	**$ 400,778**
Commercial Construction	**1**	**349,976**	**349,976**
Commercial Real Estate	**1**	**1,771,395**	**1,775,407**
Residential Real Estate	**1**	**49,194**	**49,194**
Total Loans	**4**	**$2,571,343**	**$2,575,355**
2013			
Commercial	1	$ 83,748	$ 81,277
Commercial Construction	2	228,633	225,959
Commercial Real Estate	1	225,852	225,852
Residential Real Estate	4	1,885,700	1,764,399
Total Loans	8	$2,423,933	$2,297,487
2012			
Commercial	1	$ 107,749	$ 107,749
Commercial Real Estate	1	56,835	56,835
Residential Real Estate	5	1,082,585	1,079,614
Total Loans	7	$ 1,247,169	$ 1,244,198

(4) Loans (Continued)

Troubled debt restructurings that subsequently defaulted as of December 31 are as follows:

	2014		2013		2012	
	# of Contracts	**Recorded Investment**	**# of Contracts**	**Recorded Investment**	**# of Contracts**	**Recorded Investment**
Commercial	-	$ -	1	$ 81,277	-	$ -
Commercial Real Estate	-	-	-	-	1	203,291
Residential Real Estate	-	-	-	-	1	10,000
Total Loans	-	$ -	1	$ 81,277	2	$ 213,291

At December 31, 2014, all restructured loans were performing as agreed. During 2013 and 2012, restructured loans totaling $81,277 and $10,000 failed to continue to perform as agreed and were charged off in August 2013 and January 2012, respectively.

(5) Allowance for Loan Losses

Changes in the allowance for loan losses for the years ended December 31 are as follows:

	2014	2013	2012
Balance, Beginning of Year	**$ 11,805,986**	$ 12,736,921	$ 15,649,594
Provision for Loan Losses	**1,308,000**	4,485,000	6,784,767
Loans Charged Off	**(5,104,491)**	(6,227,716)	(10,454,175)
Recoveries of Loans Previously Charged Off	**792,821**	811,781	756,735
Balance, End of Year	**$ 8,802,316**	$ 11,805,986	$ 12,736,921

(5) Allowance for Loan Losses (Continued)

The following tables detail activity in the allowance for loan losses, segregated by class of loan, for the years ended December 31. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other loan categories and periodically may result in reallocation within the provision categories.

2014	Beginning Balance	Charge-Offs	Recoveries	Provision	Ending Balance
Commercial and Agricultural					
Commercial	**$ 1,017,073**	**$ (624,944)**	**$ 76,002**	**$ 29,430**	**$ 497,561**
Agricultural	**293,886**	**-**	**2,700**	**7,586**	**304,172**
Real Estate					
Commercial Construction	**1,782,179**	**(1,543,099)**	**485,005**	**498,610**	**1,222,695**
Residential Construction	**138,092**	**-**	**-**	**-**	**138,092**
Commercial	**4,379,276**	**(1,326,825)**	**90,042**	**522,284**	**3,664,777**
Residential	**3,278,269**	**(1,033,966)**	**31,127**	**149,897**	**2,425,327**
Farmland	**311,494**	**(233,580)**	**20,000**	**5,886**	**103,800**
Consumer and Other					
Consumer	**243,253**	**(342,077)**	**72,477**	**93,261**	**66,914**
Other	**362,464**	**-**	**15,468**	**1,046**	**378,978**
	$11,805,986	**$(5,104,491)**	**$792,821**	**$1,308,000**	**$8,802,316**

2013	Beginning Balance	Charge-Offs	Recoveries	Provision	Ending Balance
Commercial and Agricultural					
Commercial	$ 981,021	$ (120,690)	$ 55,829	$ 100,913	$ 1,017,073
Agricultural	296,175	(34,502)	6,200	26,013	293,886
Real Estate					
Commercial Construction	1,890,200	(2,071,162)	253,459	1,709,682	1,782,179
Residential Construction	138,092	-	-	-	138,092
Commercial	5,162,839	(2,872,408)	297,984	1,790,861	4,379,276
Residential	3,405,947	(706,242)	64,583	513,981	3,278,269
Farmland	290,526	(20,977)	21,762	20,183	311,494
Consumer and Other					
Consumer	227,774	(397,822)	93,520	319,781	243,253
Other	344,347	(3,913)	18,444	3,586	362,464
	$12,736,921	$(6,227,716)	$811,781	$4,485,000	$11,805,986

(5) Allowance for Loan Losses (Continued)

2012	Beginning Balance	Charge-Offs	Recoveries	Provision	Ending Balance
Commercial and Agricultural					
Commercial	$ 1,070,560	$ (653,389)	$ 139,802	$ 424,048	$ 981,021
Agricultural	297,168	(3,028)	-	2,035	296,175
Real Estate					
Commercial Construction	3,122,594	(4,106,124)	209,352	2,664,378	1,890,200
Residential Construction	138,092	-	-	-	138,092
Commercial	6,448,064	(4,325,642)	232,880	2,807,537	5,162,839
Residential	3,695,357	(960,620)	47,690	623,520	3,405,947
Farmland	364,663	(224,725)	4,716	145,872	290,526
Consumer and Other					
Consumer	205,154	(169,249)	81,956	109,913	227,774
Other	307,942	(11,398)	40,339	7,464	344,347
	$15,649,594	$(10,454,175)	$ 756,735	$6,784,767	$12,736,921

The loss history period used at December 31, 2014 and 2013 was based on the loss rate from the eight quarters ended September 30, 2014 and 2013, respectively. During 2012, the Company changed its loss history period used in calculating the ALLL from a one-year average to a rolling eight-quarter average. At December 31, 2012 the loss history period used was based on the annual loss rate from calendar year 2011 and the first three quarters of 2012.

During 2014 management changed its methodology for calculating the allowance for loan losses to better reflect the estimated losses inherent in the portfolio. Specific changes included:

- Reducing the historical loss ratios by including loan loss recoveries in the calculation. Previously, management only included the loan charge-off amount and did not consider the effect of subsequent recoveries.

- Reducing the balance of those loans which are guaranteed by government agencies, such as SBA loans. Previously, the entire balance of such loans was considered in the calculation of the general reserves; however, beginning in 2014, only the non-guaranteed portion of these loans is subject to the loss calculation.

Management feels these changes better align the calculation of the allowance for loan losses with the direction of the loan portfolio. These changes did not result in a significant change to the recorded allowance for loan loss balance.

During the third quarter of 2013, management implemented a change to its methodology for calculating the allowance for loan losses. This change was intended to better reflect the current position of the loan portfolio. Prior to the third quarter, the allowance for loan loss calculation incorporated a qualitative factor related to improvements in credit administration. These improvements, which began in 2008, included organizational changes to credit administration, specifically related to managing past due loans, grading of loans, recognition of losses and underwriting of new loans. Primary among the organizational changes was the appointment of experienced lending officers to oversee the lending function, as well as the appointment

(5) Allowance for Loan Losses (Continued)

of a chief credit officer. Management feels these organizational changes are now fully implemented, as evidenced by a lower charge-off rate, and therefore, the qualitative factor is no longer relevant. The removal of this qualitative factor did not result in a significant adjustment to the recorded allowance for loan loss balance.

The Company determines its individual reserves during its quarterly review of substandard loans. This process involves reviewing all loans with a risk grade of 6 or greater and an outstanding balance of $250,000 or more, regardless of the loans impairment classification. Effective March 31, 2013, management increased the dollar threshold of this review process from $50,000 to $250,000. The threshold change resulted in loans totaling $4.1 million at December 31, 2013 being removed from the individual impairment review process and being placed in the collective review process.

Since not all loans in the substandard category are considered impaired, this quarterly review process may result in the identification of specific reserves on nonimpaired loans. Management considers those loans graded substandard, but not classified as impaired, to be higher risk loans and, therefore, makes specific allocations to the allowance for those loans if warranted. The total of such loans is $9,356,253 and $6,664,935 as of December 31, 2014 and 2013, respectively. Specific allowance allocations were made for these loans totaling $747,982 and $260,742 as of December 31, 2014 and 2013, respectively. Since these loans are not considered impaired, both the loan balance and related specific allocation are included in the "Collectively Evaluated for Impairment" column of the following tables.

At December 31, 2014, impaired loans totaling $3,885,411 were below the $250,000 review threshold and were not individually reviewed for impairment. Those loans were subject to the Bank's general loan loss reserve methodology and are included in the "Collectively Evaluated for Impairment" column of the following tables. Likewise, at December 31, 2013 and 2012, impaired loans totaling $2,821,199 and $1,026,624, respectively, were below the $250,000 and $50,000 review threshold and were subject to the bank's general loan loss reserve methodology and are included in the "Collectively Evaluated for Impairment" column of the following tables.

	Ending Allowance Balance			Ending Loan Balance		
2014	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
Commercial and Agricultural						
Commercial	**$ 96,580**	**$ 400,981**	**$ 497,561**	**$ 96,580**	**$ 50,863,685**	**$ 50,960,265**
Agricultural	**-**	**304,172**	**304,172**	**-**	**16,689,444**	**16,689,444**
Real Estate						
Commercial Construction	**53,947**	**1,168,748**	**1,222,695**	**3,384,377**	**47,874,593**	**51,258,970**
Residential Construction	**-**	**138,092**	**138,092**	**-**	**11,220,683**	**11,220,683**
Commercial	**456,941**	**3,207,836**	**3,664,777**	**21,693,061**	**310,537,786**	**332,230,847**
Residential	**414,684**	**2,010,643**	**2,425,327**	**7,559,965**	**196,192,655**	**203,752,620**
Farmland	**28,962**	**74,838**	**103,800**	**1,700,793**	**48,250,191**	**49,950,984**
Consumer and Other						
Consumer	**-**	**66,914**	**66,914**	**-**	**22,820,314**	**22,820,314**
Other	**-**	**378,978**	**378,978**	**-**	**7,209,682**	**7,209,682**
Total End of Year Balance	**$1,051,114**	**$7,751,202**	**$8,802,316**	**$34,434,776**	**$711,659,033**	**$746,093,809**

(5) Allowance for Loan Losses (Continued)

	Ending Allowance Balance			Ending Loan Balance		
2013	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
Commercial and Agricultural						
Commercial	$ 433,714	$ 583,359	$ 1,017,073	$ 1,542,058	$ 46,565,390	$ 48,107,448
Agricultural	-	293,886	293,886	-	10,665,938	10,665,938
Real Estate						
Commercial Construction	830,546	951,633	1,782,179	7,971,298	44,767,485	52,738,783
Residential Construction	-	138,092	138,092	-	6,549,260	6,549,260
Commercial	423,685	3,955,591	4,379,276	24,757,942	317,025,596	341,783,538
Residential	526,005	2,752,264	3,278,269	6,545,490	199,712,437	206,257,927
Farmland	85,500	225,994	311,494	1,617,206	45,417,220	47,034,426
Consumer and Other						
Consumer	-	243,253	243,253	-	25,675,560	25,675,560
Other	-	362,464	362,464	9,146	12,396,436	12,405,582
Total End of Year Balance	$2,299,450	$9,506,536	$11,805,986	$42,443,140	$708,775,322	$751,218,462
2012						
Commercial and Agricultural						
Commercial	$ 462,555	$ 518,466	$ 981,021	$ 2,512,133	$ 53,172,359	$ 55,684,492
Agricultural	-	296,175	296,175	-	6,210,953	6,210,953
Real Estate						
Commercial Construction	1,732,534	157,666	1,890,200	13,892,135	39,915,921	53,808,056
Residential Construction	-	138,092	138,092	-	5,852,238	5,852,238
Commercial	1,236,526	3,926,313	5,162,839	28,205,405	306,180,772	334,386,177
Residential	840,492	2,565,455	3,405,947	8,022,249	195,822,273	203,844,522
Farmland	-	290,526	290,526	2,393,775	46,663,086	49,056,861
Consumer and Other						
Consumer	-	227,774	227,774	28,007	29,749,769	29,777,776
Other	-	344,347	344,347	17,491	8,411,445	8,428,936
Total End of Year Balance	$4,272,107	$8,464,814	$12,736,921	$55,071,195	$691,978,816	$747,050,011

(6) Premises and Equipment

Premises and equipment are comprised of the following as of December 31:

	2014	2013
Land	**$ 8,270,678**	$ 7,790,167
Building	**23,894,943**	23,832,454
Furniture, Fixtures and Equipment	**12,243,988**	13,846,579
Leasehold Improvements	**990,626**	970,346
Construction in Progress	**14,090**	236,591
	45,414,325	46,676,137
Accumulated Depreciation	**(20,453,880)**	(21,799,668)
	$ 24,960,445	$ 24,876,469

Depreciation charged to operations totaled $1,595,253 in 2014, $1,527,392 in 2013 and $1,676,820 in 2012.

Certain Company facilities and equipment are leased under various operating leases. Rental expense approximated $613,000 for 2014, $490,000 for 2013 and $447,000 for 2012.

Future minimum rental payments as of December 31, 2014 are as follows:

Year Ending December 31	Amount
2015	$129,457
2016	73,883
2017	38,500
	$241,840

(7) Other Real Estate Owned

The aggregate carrying amount of Other Real Estate Owned (OREO) at December 31, 2014, 2013 and 2012 was $10,401,832, $15,502,462 and $15,940,693, respectively. All of the Company's other real estate owned represents properties acquired through foreclosure or deed in lieu of foreclosure. The following table details the change in OREO during 2014, 2013 and 2012 as of December 31:

	2014	2013	2012
Balance, Beginning of Year	**$15,502,462**	$15,940,693	$20,445,085
Additions	**3,852,848**	10,251,006	9,729,174
Sales of OREO	**(7,102,136)**	(7,804,080)	(9,711,890)
Loss on Sale	**(844,515)**	(1,563,739)	(1,818,967)
Provision for Losses	**(1,006,827)**	(1,321,418)	(2,702,709)
Balance, End of Year	**$10,401,832**	$15,502,462	$15,940,693

(8) Other Intangible Assets

The following is an analysis of the core deposit intangible activity for the years ended December 31:

	Core Deposit Intangible	Accumulated Amortization	Net Core Deposit Intangible
Core Deposit Intangible			
Balance, December 31, 2012	$1,056,693	$ (833,183)	$ 223,510
Amortization Expense	-	(35,749)	(35,749)
Balance, December 31, 2013	1,056,693	(868,932)	187,761
Amortization Expense	-	(35,749)	(35,749)
Balance, December 31, 2014	**$1,056,693**	**$ (904,681)**	**$ 152,012**

Amortization expense related to the core deposit intangible was $35,749, $35,749 and $35,748 for the years ended December 31, 2014, 2013 and 2012. Amortizations expense will continue at an annual rate of approximately $35,749 through the first quarter of 2019, at which point the core deposit will be fully amortized.

(9) Income Taxes

The components of income tax (benefit) expense for the years ended December 31 are as follows:

	2014	2013	2012
Current Federal (Benefit) Expense	**$1,335,337**	$ 156,642	$ (6,114)
Deferred Federal Expense	**1,932,950**	2,178,222	1,204,439
Federal Income Tax Expense	**3,268,287**	2,334,864	1,198,325
Current State Income Tax Expense	**-**	-	2,526
Federal and State Income Tax Expense	**$3,268,287**	$2,334,864	$1,200,851

The federal income tax (benefit) expense of $3,268,287 in 2014, $2,334,864 in 2013 and $1,198,325 in 2012 is different than the income taxes computed by applying the federal statutory rates to income before income taxes. The reasons for the differences are as follows:

	2014	2013	2012
Statutory Federal Income Taxes	**$3,671,971**	$2,367,729	$1,306,331
Tax-Exempt Interest	**(74,138)**	(104,307)	(89,983)
Premiums on Officers' Life Insurance	**(186,712)**	(111,749)	(59,603)
Meal and Entertainment Disallowance	**14,044**	15,319	14,574
Other	**(156,878)**	167,872	27,006
Actual Federal Income Taxes	**$3,268,287**	$2,334,864	$1,198,325

(9) Income Taxes (Continued)

Deferred taxes in the accompanying consolidated balance sheets as of December 31 include the following:

	2014	2013
Deferred Tax Assets		
Allowance for Loan Losses	**$2,992,787**	$ 4,014,035
Other Real Estate	**1,178,278**	1,404,812
Deferred Compensation	**287,365**	303,380
Investments	**340,000**	340,000
Goodwill	**256,714**	301,238
Net Operating Loss Carryforward	**-**	730,484
Other	**427,924**	343,919
	5,483,068	7,437,868
Deferred Tax Liabilities		
Premises and Equipment	**(1,299,216)**	(1,322,377)
Other	**(4,185)**	(2,874)
	(1,303,401)	(1,325,251)
Deferred Tax Assets (Liabilities) on Unrealized Securities Gains (Losses)	**2,495,896**	4,550,362
Net Deferred Tax Assets	**$6,675,563**	$10,662,979

The deferred tax assets are included in Other Assets in the consolidated balance sheets. As discussed in Note 1, certain positions taken in the Company's tax returns may be subject to challenge by the taxing authorities. An analysis of activity related to unrecognized taxes as of December 31 follows.

	2014	2013	2012
Balance, Beginning	**$ 42,327**	$ 38,676	$ 33,368
Positions Taken During the Current Year	**-**	7,247	11,794
Reductions Resulting from Lapse of Statutes of Limitation	**42,327**	(3,596)	(6,486)
Balance, Ending	**$ -**	$ 42,327	$ 38,676

The net decrease of $42,327 is included in income tax expense for the year ended December 31, 2014, while the net increase of $3,651 is included in income tax expense for the year ended December 31, 2013.

(10) Deposits

The aggregate amount of overdrawn deposit accounts reclassified as loan balances totaled $511,387 and $400,552 as of December 31, 2014 and 2013, respectively.

Components of interest-bearing deposits as of December 31 are as follows:

	2014	2013
Interest-Bearing Demand	**$363,501,727**	$357,290,975
Savings	**59,215,257**	54,094,617
Time, $100,000 and Over	**210,502,901**	220,672,794
Other Time	**217,743,826**	240,210,393
	$850,963,711	$872,268,779

At December 31, 2014 and December 31, 2013, the Company had brokered deposits of $26,298,267 and $26,579,934, respectively. All of these brokered deposits represent Certificate of Deposit Account Registry Service (CDARS) reciprocal deposits. The CDARS deposits are ones in which customers placed core deposits into the CDARS program for FDIC insurance coverage and the Company receives reciprocal brokered deposits in a like amount. The aggregate amount of short-term jumbo certificates of deposit, each with a minimum denomination of $100,000 was $140,832,026 and $148,388,694 as of December 31, 2014 and December 31, 2013, respectively.

As of December 31, 2014, the scheduled maturities of certificates of deposit are as follows:

Year	**Amount**
2015	$302,584,884
2016	72,869,687
2017	25,349,468
2018	19,773,611
2019 and Thereafter	7,669,077
	$428,246,727

(11) Other Borrowed Money

Other borrowed money at December 31 is summarized as follows:

	2014	2013
Federal Home Loan Bank Advances	**$ 40,000,000**	$ 40,000,000

Advances from the Federal Home Loan Bank (FHLB) have maturities ranging from 2017 to 2020 and interest rates ranging from 0.49 percent to 4.75 percent. As collateral on the outstanding FHLB advances, the Company has provided a blanket lien on its portfolio of qualifying residential first mortgage loans and commercial loans. At December 31, 2014, the book value of those loans pledged $101,128,937. At December 31, 2014, the Company had remaining credit availability from the FHLB of $126,620,000. The Company may be required to pledge additional qualifying collateral in order to utilize the full amount of the remaining credit line.

(11) Other Borrowed Money (Continued)

The aggregate stated maturities of other borrowed money at December 31, 2014 are as follows:

Year	Amount
2015	$ -
2016	-
2017	9,000,000
2018	20,500,000
2019 and Thereafter	10,500,000
	$40,000,000

At December 31, 2014, $35,000,000 of FHLB advances are subject to fixed rates of interest, while the remaining $5,000,000 are subject to floating interest rates which will convert to fixed rates of interests next year.

The Company also has available federal funds lines of credit with various financial institutions totaling $43,500,000, of which there were none outstanding at December 31, 2014.

The Company has the ability to borrow funds from the Federal Reserve Bank (FRB) of Atlanta utilizing the discount window. The discount window is an instrument of monetary policy that allows eligible institutions to borrow money from the FRB on a short-term basis to meet temporary liquidity shortages caused by internal or external disruptions. At December 31, 2014, the Company had borrowing capacity available under this arrangement, with no outstanding balances. The Company would be required to pledge certain available-for-sale investment securities as collateral under this agreement.

In addition, at December 31, 2014, the Company had an available repurchase agreement line of credit with a third party totaling $50,000,000. Use of this credit facility is subject to the underwriting and risk management policies of the third party in effect at the time of the request. Such policies may take into consideration current market conditions, the current financial condition of the Company and the ability of the Company to provide adequate securities as collateral for the transaction, among other factors.

(12) Subordinated Debentures (Trust Preferred Securities)

Description	Date	Amount	3-Month Libor Rate	Added Points	Total Interest Rate	Maturity	5-Year Call Option
		(In Thousands)					
Colony Bankcorp Statutory Trust III	6/17/2004	$4,640	0.24260	2.68	2.92260	6/14/2034	6/17/2009
Colony Bankcorp Capital Trust I	4/13/2006	5,155	0.25510	1.50	1.75510	4/13/2036	4/13/2011
Colony Bankcorp Capital Trust II	3/12/2007	9,279	0.25660	1.65	1.90660	3/12/2037	3/12/2012
Colony Bankcorp Capital Trust III	9/14/2007	5,155	0.23260	1.40	1.63260	9/14/2037	9/14/2012

The Trust Preferred Securities are recorded as subordinated debentures on the consolidated balance sheets, but subject to certain limitations, qualify as Tier 1 Capital for regulatory capital purposes. The proceeds from these offerings were used to fund certain acquisitions, pay off holding Company debt and inject capital into the bank subsidiary.

(12) Subordinated Debentures (Trust Preferred Securities) (Continued)

On February 13, 2012, the Company announced the suspension of the quarterly interest payments on the Trust Preferred Securities. Under the terms of the trust documents, the Company may defer payments of interest for up to 20 consecutive quarterly periods without default or penalty. On November 17, 2014, the Company reinstated interest payments on the Trust Preferred Securities and paid $1,069,695 to bring to current status.

(13) Preferred Stock

At December 31, 2014, the Company had 28,000 shares of Fixed Rate Cumulative Perpetual Preferred Stock, Series A (the Preferred Stock) issued and outstanding with private investors. The Company also had a warrant (the Warrant) to purchase up to 500,000 shares of the Company's common stock outstanding with private investors. Both the Preferred Stock and the Warrant originated in 2009 through transactions with the United States Department of the Treasury and were subsequently sold to the public through an auction process during 2013.

The Preferred Stock qualifies as Tier 1 capital and is nonvoting, other than class voting rights on certain matters that could adversely affect the Preferred Stock. The Preferred Stock may be redeemed by the Company at the liquidation preference of $1,000 per share, plus any accrued and unpaid dividends. The Warrant may be exercised on or before January 9, 2019 at an exercise price of $8.40 per share. No voting rights may be exercised with respect to the shares of the Warrant until the Warrant has been exercised.

The Preferred Stock requires a cumulative cash dividend be paid quarterly at a rate of 9 percent per annum. Prior to January 9, 2014 the annual dividend rate for the Preferred Stock was 5 percent. Unpaid dividends on the Preferred Stock must be declared and set aside for the benefit of the holders of the Preferred Stock before any dividend may be declared on common stock. On February 13, 2012, the Company announced the suspension of dividends on Preferred Stock. On November 17, 2014, the Company reinstated dividend payments on the Preferred Stock and paid $5,492,749 of accumulated dividends in arrears to the holders of the Preferred Stock.

(14) Restricted Stock - Unearned Compensation

In April 2004, the stockholders of Colony Bankcorp, Inc. adopted a restricted stock grant plan which awards certain executive officers common shares of the Company. The maximum number of shares which may be subject to restricted stock awards (split-adjusted) is 143,500. To date, 53,256 shares have been issued under this plan and 17,798 shares have been forfeited; thus, the remaining shares which may be issued are 108,042 at December 31, 2014. During 2014, there were no shares of restricted stock issued or forfeited. The shares are recorded at fair market value (on the date granted) as a separate component of stockholders' equity. The cost of the shares, when issued, is amortized against earnings using the straight-line method over the restriction period, typically three years.

(15) Employee Benefit Plan

The Company offers a defined contribution 401(k) Profit Sharing Plan (the Plan) which covers substantially all employees who meet certain age and service requirements. The Plan allows employees to make voluntary pre-tax salary deferrals to the Plan. The Company, at its discretion, may elect to make an annual contribution to the Plan equal to a percentage of each participating employee's salary. Such discretionary contributions must be approved by the Company's board of directors. Employees are fully vested in the

(15) Employee Benefit Plan (Continued)

Company contributions after six years of service. In 2014, the Company made a total contribution of $401,497 to the Plan. The Company made no discretionary contributions in 2013 or 2012.

(16) Commitments and Contingencies

Credit-Related Financial Instruments. The Company is a party to credit-related 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, standby letters of credit and commercial letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets.

The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance sheet instruments.

At December 31, 2014 and 2013, the following financial instruments were outstanding whose contract amounts represent credit risk:

	Contract Amount	
	2014	2013
Commitments to Extend Credit	**$68,742,000**	$65,688,000
Standby Letters of Credit	**1,762,000**	1,411,000

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. The commitments for equity lines of credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Company, is based on management's credit evaluation of the customer.

Unfunded commitments under commercial lines of credit, revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines of credit are uncollateralized and usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Company is committed.

Standby and performance letters of credit are conditional lending commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. Essentially all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

Legal Contingencies. In the ordinary course of business, there are various legal proceedings pending against Colony and its subsidiary. The aggregate liabilities, if any, arising from such proceedings would not, in the opinion of management, have a material adverse effect on Colony's consolidated financial position.

(17) Deferred Compensation Plan

Colony Bank, the wholly-owned subsidiary, has deferred compensation plans covering certain former directors and certain officers choosing to participate through individual deferred compensation contracts. In accordance with terms of the contracts, the Bank is committed to pay the participant's deferred compensation over a specified number of years, beginning at age 65. In the event of a participant's death before age 65, payments are made to the participant's named beneficiary over a specified number of years, beginning on the first day of the month following the death of the participant.

Liabilities accrued under the plans totaled $845,192 and $892,294 as of December 31, 2014 and 2013, respectively. Benefit payments under the contracts were $112,605 in 2014 and $188,240 in 2013. Provisions charged to operations totaled $69,653 in 2014, $75,777 in 2013 and $82,250 in 2012.

The Company has purchased life insurance policies on the plans' participants and uses the cash flow from these policies to partially fund the plan. Fee income recognized with these plans totaled $167,911 in 2014, $164,073 in 2013 and $175,302 in 2012.

(18) Supplemental Cash Flow Information

Cash payments for the following were made during the years ended December 31:

	2014	2013	2012
Interest Expense	**$7,898,543**	$ 7,111,361	$10,942,113
Income Taxes	**$ 113,000**	$ 173,883	$ -

Noncash financing and investing activities for the years ended December 31 are as follows:

	2014	2013	2012
Acquisitions of Real Estate Through Loan Foreclosures	**$3,852,848**	$ 10,251,006	$ 9,729,174
Change In Unrealized Gain (Loss) on AFS Investment Securities	**$6,409,171**	$(13,523,050)	$ (3,120,540)

(19) Related Party Transactions

The following table reflects the activity and aggregate balance of direct and indirect loans to directors, executive officers or principal holders of equity securities of the Company. All such loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and do not involve more than a normal risk of collectibility. A summary of activity of related party loans is shown below:

	2014	2013
Balance, Beginning	**$ 4,064,588**	$ 4,776,492
New Loans	**6,406,713**	7,610,259
Repayments	**(7,237,352)**	(8,322,163)
Balance, Ending	**$ 3,233,949**	$ 4,064,588

(20) Fair Value of Financial Instruments and Fair Value Measurements

Generally accepted accounting standards in the U.S. require disclosure of fair value information about financial instruments, whether or not recognized on the face of the balance sheet, for which it is practicable to estimate that value. The assumptions used in the estimation of the fair value of Colony Bankcorp, Inc. and Subsidiary's financial instruments are detailed hereafter. Where quoted prices are not available, fair values are based on estimates using discounted cash flows and other valuation techniques. The use of discounted cash flows can be significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. The following disclosures should not be considered a surrogate of the liquidation value of the Company, but rather a good-faith estimate of the increase or decrease in value of financial instruments held by the Company since purchase, origination or issuance.

Cash and Short-Term Investments - For cash, due from banks, bank-owned deposits and federal funds sold, the carrying amount is a reasonable estimate of fair value and is classified Level 1.

Investment Securities - Fair values for investment securities are based on quoted market prices where available and classified as Level 1. If quoted market prices are not available, estimated fair values are based on quoted market prices of comparable instruments and classified as Level 2. If a comparable is not available, the investment securities are classified as Level 3.

Federal Home Loan Bank Stock - The fair value of Federal Home Loan Bank stock approximates carrying value and is classified as Level 1.

Loans - The fair value of fixed rate loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings. For variable rate loans, the carrying amount is a reasonable estimate of fair value. Most loans are classified as Level 2, but impaired loans with a related allowance are classified as Level 3.

Bank-Owned Life Insurance - The carrying value of bank-owned life insurance policies approximates fair value and is classified as Level 1.

Deposit Liabilities - The fair value of demand deposits, savings accounts and certain money market deposits is the amount payable on demand at the reporting date and is classified as Level 1. The fair value of fixed maturity certificates of deposit is estimated by discounting the future cash flows using the rates currently offered for deposits of similar remaining maturities and is classified as Level 2.

Subordinated Debentures - Fair value approximates carrying value due to the variable interest rates of the subordinated debentures. Subordinated Debentures are classified as Level 1.

Other Borrowed Money - The fair value of other borrowed money is calculated by discounting contractual cash flows using an estimated interest rate based on current rates available to the Company for debt of similar remaining maturities and collateral terms. Other borrowed money is classified as Level 2 due to their expected maturities.

(20) Fair Value of Financial Instruments and Fair Value Measurements (Continued)

The carrying amount and estimated fair values of the Company's financial instruments as of December 31 are as follows:

2014	Carrying Amount	Estimated Fair Value	Level 1	Level 2	Level 3
		(in Thousands)			
Assets					
Cash and Short-Term Investments	**$ 65,811**	**$ 65,811**	**$ 65,811**	**$ -**	**$ -**
Investment Securities Available for Sale	**274,595**	**274,595**	**-**	**273,647**	**948**
Investment Securities Held to Maturity	**30**	**30**	**-**	**30**	**-**
Federal Home Loan Bank Stock	**2,831**	**2,831**	**2,831**	**-**	**-**
Loans, Net	**736,930**	**738,948**	**-**	**731,170**	**7,778**
Bank-Owned Life Insurance	**14,531**	**14,531**	**14,531**	**-**	**-**
Liabilities					
Deposits	**979,303**	**980,874**	**551,057**	**429,817**	**-**
Subordinated Debentures	**24,229**	**24,229**	**24,229**	**-**	**-**
Other Borrowed Money	**40,000**	**41,962**	**-**	**41,962**	**-**
2013					
Assets					
Cash and Short-Term Investments	$ 68,147	$ 68,147	$ 68,147	$ -	$ -
Investment Securities Available for Sale	263,258	263,258	-	262,317	941
Investment Securities Held to Maturity	37	37	-	37	-
Federal Home Loan Bank Stock	3,164	3,164	3,164	-	-
Loans, Net	739,052	741,112	-	729,436	11,676
Bank-Owned Life Insurance	10,165	10,165	10,165	-	-
Liabilities					
Deposits	987,529	989,101	526,646	462,455	-
Subordinated Debentures	24,229	24,229	24,229	-	-
Other Borrowed Money	40,000	42,074	-	42,074	-

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on many judgments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Fair value estimates are based on existing on- and off-balance sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Significant assets and liabilities that are not considered financial instruments include deferred income taxes and premises and equipment. In addition, the tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in the estimates.

(20) Fair Value of Financial Instruments and Fair Value Measurements (Continued)

Fair Value Measurements

Generally accepted accounting principles related to *Fair Value Measurements* define fair value, establish a framework for measuring fair value, establish a three-level valuation hierarchy for disclosure of fair value measurement and enhance disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

- Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

- Level 3 inputs to the valuation methodology are unobservable and represent the Company's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring and nonrecurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Assets

Securities - Where quoted prices are available in an active market, securities are classified within level 1 of the valuation hierarchy. Level 1 inputs include securities that have quoted prices in active markets for identical assets. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow. Examples of such instruments, which would generally be classified within level 2 of the valuation hierarchy, include certain collateralized mortgage and debt obligations and certain high-yield debt securities. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within level 3 of the valuation hierarchy. When measuring fair value, the valuation techniques available under the market approach, income approach and/or cost approach are used. The Company's evaluations are based on market data and the Company employs combinations of these approaches for its valuation methods depending on the asset class.

(20) Fair Value of Financial Instruments and Fair Value Measurements (Continued)

Fair Value Measurements (Continued)

Assets (Continued)

Impaired Loans - Impaired loans are those loans which the Company has measured impairment generally based on the fair value of the loan's collateral. Fair value is generally determined based upon independent third-party appraisals of the properties, or discounted cash flows based upon the expected proceeds. These assets are included as level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements.

Other Real Estate - Other real estate owned assets are adjusted to fair value less estimated selling costs upon transfer of the loans to other real estate owned. Typically, an external, third-party appraisal is performed on the collateral upon transfer into the other real estate owned account to determine the asset's fair value. Subsequent adjustments to the collateral's value may be based upon either updated third-party appraisals or management's knowledge of the collateral and the current real estate market conditions. Appraised amounts used in determining the asset's fair value, whether internally or externally prepared, are discounted 10 percent to account for selling and marketing costs. Adjustments are routinely made in the appraisal process by the appraisers to adjust for differences between the comparable sales and income data available. Such adjustments are typically significant and result in a level 3 classification of the inputs for determining fair value. Because of the high degree of judgment required in estimating the fair value of other real estate owned assets and because of the relationship between fair value and general economic conditions, we consider the fair value of other real estate owned assets to be highly sensitive to changes in market conditions.

(20) Fair Value of Financial Instruments and Fair Value Measurements (Continued)

Fair Value Measurements (Continued)

Assets (Continued)

Assets and Liabilities Measured at Fair Value on a Recurring and Nonrecurring Basis - The following table presents the recorded amount of the Company's assets measured at fair value on a recurring and nonrecurring basis as of December 31, 2014 and 2013, aggregated by the level in the fair value hierarchy within which those measurements fall. The table below includes only impaired loans with a specific reserve and only other real estate properties with a valuation allowance at December 31, 2013. Those impaired loans and other real estate properties are shown net of the related specific reserves and valuation allowances.

		Fair Value Measurements at Reporting Date Using		
2014	**Total Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Recurring				
Securities Available for Sale				
U.S. Government Agencies				
Mortgage-Backed	**$271,063,669**	**$ -**	**$271,063,669**	**$ -**
State, County and Municipal	**3,530,917**	**-**	**2,582,527**	**948,390**
	$274,594,586	**$ -**	**$273,646,196**	**$ 948,390**
Nonrecurring				
Impaired Loans	**$ 7,778,279**	**$ -**	**$ -**	**$ 7,778,279**
Other Real Estate	**$ 6,128,365**	**$ -**	**$ -**	**$ 6,128,365**
2013				
Recurring				
Securities Available for Sale				
U.S. Government Agencies				
Mortgage-Backed	$259,348,058	$ -	$259,348,058	$ -
State, County and Municipal	3,909,832	-	2,968,567	941,265
	$263,257,890	$ -	$262,316,625	941,265
Nonrecurring				
Impaired Loans	$ 11,675,691	$ -	$ -	$ 11,675,691
Other Real Estate	$ 7,019,799	$ -	$ -	$ 7,019,799

Liabilities

The Company did not identify any liabilities that are required to be presented at fair value.

(20) Fair Value of Financial Instruments and Fair Value Measurements (Continued)

Fair Value Measurements (Continued)

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

The following tables present quantitative information about the significant unobservable inputs used in the fair value measurements for assets in level 3 of the fair value hierarchy measured on a nonrecurring basis at December 31, 2014 and 2013. These tables are comprised primarily of collateral dependent impaired loans and other real estate owned:

	December 31, 2014	Valuation Techniques	Unobservable Inputs	Range (Weighted Avg)
Real Estate				
Commercial Construction	**$ 82,422**	Sales Comparison	Adjustment for Differences Between the Comparable Sales	(22.00)% - 38.10% (8.05%)
			Management Adjustments for Age of Appraisals and/or Current Market Conditions	0.00% - 10.00% (5.00%)
Residential Real Estate	**1,650,474**	Sales Comparison	Adjustment for Differences Between the Comparable Sales	(2.30)% - 191.70% (94.70%)
			Management Adjustments for Age of Appraisals and/or Current Market Conditions	0.00% - 10.00% (5.00%)
		Income Approach	Capitalization Rate	13.75%
Commercial Real Estate	**5,678,297**	Sales Comparison	Adjustment for Differences Between the Comparable Sales	0.00% - 0.00% (0.00%)
			Management Adjustments for Age of Appraisals and/or Current Market Conditions	0.00% - 90.00% (45.00%)
		Income Approach	Capitalization Rate	11.00%
Farmland	**367,086**	Sales Comparison	Adjustment for Differences Between the Comparable Sales	(8.30)% - 252.50% (122.10%)
			Management Adjustments for Age of Appraisals and/or Current Market Conditions	10.00% - 50.00% (30.00%)
Other Real Estate Owned	**6,128,365**	Sales Comparison	Adjustment for Differences Between the Comparable Sales	(40.00)% - 45.00% (2.50%)
			Management Adjustments for Age of Appraisals and/or Current Market Conditions	0.33% - 69.36% (31.88%)
		Income Approach	Discount Rate	9.00%
			Capitalization Rate	10.00%

(20) Fair Value of Financial Instruments and Fair Value Measurements (Continued)

Fair Value Measurements (Continued)

Fair Value Measurements Using Significant Unobservable Inputs (Level 3) (Continued)

	December 31, 2013	Valuation Techniques	Unobservable Inputs	Range (Weighted Avg)
Impaired Loans				
Commercial	$ 1,019,084	Sales Comparison	Adjustment for Differences Between the Comparable Sales	0.00%-15.00% (7.50%)
			Management Adjustments for Age of Appraisals and/or Current Market Conditions	10.00%-50.00% (30.00%)
Real Estate				
Commercial Construction	2,641,041	Sales Comparison	Adjustment for Differences Between the Comparable Sales	(16.00)%-28.00% (6.00%)
			Management Adjustments for Age of Appraisals and/or Current Market Conditions	0.00%-10.00% (5.00%)
		Income Approach	Capitalization Rate	8.50%
Residential Real Estate	1,323,296	Sales Comparison	Adjustment for Differences Between the Comparable Sales	0.00%-46.00% (23.00%)
			Management Adjustments for Age of Appraisals and/or Current Market Conditions	0.00%-25.00% (12.50%)
Commercial Real Estate	5,450,788	Sales Comparison	Adjustment for Differences Between the Comparable Sales	(27.20%)-216.80% (94.80%)
			Management Adjustments for Age of Appraisals and/or Current Market Conditions	25.00%-90.00% (57.50%)
		Income Approach	Capitalization Rate	11.00%
Farmland	1,241,482	Sales Comparison	Adjustment for Differences Between the Comparable Sales	(55.00%)-388.00% (166.50%)
			Management Adjustments for Age of Appraisals and/or Current Market Conditions	10.00%-35.00% (22.50%)
Other Real Estate Owned	7,019,799	Sales Comparison	Adjustment for Differences Between the Comparable Sales	(10.00%)-319.10% (154.55%)
			Management Adjustments for Age of Appraisals and/or Current Market Conditions	0.36%-87.81% (29.99%)
		Income Approach	Discount Rate	10.00%

(20) Fair Value of Financial Instruments and Fair Value Measurements (Continued)

Fair Value Measurements (Continued)

Fair Value Measurements Using Significant Unobservable Inputs (Level 3) (Continued)

The following table presents a reconciliation and statement of income classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the years ended December 31, 2014, 2013 and 2012:

	Available for Sale Securities		
	2014	2013	2012
Balance, Beginning	**$ 941,265**	$ 1,138,238	$ 1,122,427
Transfers into Level 3	**-**	-	788,933
Transfers out of Level 3	**-**	(41,908)	-
Securities Purchased During the Year	**-**	-	-
Securities Called During the Year	**-**	-	(1,000,000)
Loss on OTTI Impairment Included in Noninterest Income	**-**	(366,623)	(59,568)
Unrealized Gains Included in Other Comprehensive Income	**7,125**	211,558	78,201
Balance, Ending	**$ 948,390**	$ 941,265	$ 1,138,238

The Company's policy is to recognize transfers in and transfers out of levels 1, 2 and 3 as of the end of a reporting period. During the year ended December 31, 2013, the Company had transfers out of level 3 and into level 2. The transfers out of level 3 were the result of increased market activity for these types of securities, as well as more current credit ratings on these securities. During the year ended December 31, 2012, the Company transferred certain state, county and municipal securities out of level 2 and into level 3. The transfers into level 3 were the result of decreased market activity for these types of securities, as well as a lack of current credit ratings on these securities. There were no gains or losses recognized as a result of the transfers. There were no transfers of securities between level 1 and level 2 for the years ended December 31, 2014, 2013 or 2012.

The following table presents quantitative information about recurring level 3 fair value measurements as of December 31, 2014 and 2013:

December 31, 2014	**Fair Value**	**Valuation Techniques**	**Unobservable Inputs**	**Range (Weighted Avg)**
State, County and Municipal	**$ 948,390**	Discounted Cash Flow	Discount Rate or Yield	N/A*
December 31, 2013				
State, County and Municipal	$ 941,265	Discounted Cash Flow	Discount Rate or Yield	N/A*

* The Company relies on a third-party pricing service to value its municipal securities. The details of the unobservable inputs and other adjustments used by the third-party pricing service were not readily available to the Company.

(21) Regulatory Capital Matters

The amount of dividends payable to the parent company from the subsidiary bank is limited by various banking regulatory agencies. Upon approval by regulatory authorities, the Bank may pay cash dividends to the parent company in excess of regulatory limitations. Additionally, the Company suspended the payment of dividends to its stockholders in the third quarter of 2009.

The Company is 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 consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measures of the Company’s assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Company’s 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 to maintain minimum amounts and ratios of total and Tier I capital to risk-weighted assets, and of Tier I capital to average assets. The amounts and ratios as defined in regulations are presented hereafter. Management believes, as of December 31, 2014, the Company meets all capital adequacy requirements to which it is subject under the regulatory framework for prompt corrective action. In the opinion of management, there are no conditions or events since prior notification of capital adequacy from the regulators that have changed the institution’s category.

(21) Regulatory Capital Matters (Continued)

The following table summarizes regulatory capital information as of December 31, 2014 and 2013 on a consolidated basis and for its wholly-owned subsidiary, as defined:

	Actual		**For Capital Adequacy Purposes**		**To Be Well Capitalized Under Prompt Corrective Action Provisions**	
	Amount	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
As of December 31, 2014			(In Thousands)			
Total Capital to Risk-Weighted Assets						
Consolidated	**$136,022**	**17.95%**	**$ 60,639**	**8.00%**	**N/A**	**N/A**
Colony Bank	**127,833**	**16.89**	**60,542**	**8.00**	**$75,678**	**10.00%**
Tier I Capital to Risk-Weighted Assets						
Consolidated	**127,220**	**16.78**	**30,320**	**4.00**	**N/A**	**N/A**
Colony Bank	**119,031**	**15.73**	**30,271**	**4.00**	**45,407**	**6.00**
Tier I Capital to Average Assets						
Consolidated	**127,220**	**11.18**	**45,509**	**4.00**	**N/A**	**N/A**
Colony Bank	**119,031**	**10.50**	**45,364**	**4.00**	**56,705**	**5.00**
As of December 31, 2013						
Total Capital to Risk-Weighted Assets						
Consolidated	$129,569	17.06%	$60,791	8.00%	N/A	N/A
Colony Bank	131,024	17.29	60,638	8.00	$75,797	10.00%
Tier I Capital to Risk-Weighted Assets						
Consolidated	120,048	15.81	30,396	4.00	N/A	N/A
Colony Bank	121,521	16.03	30,319	4.00	45,478	6.00
Tier I Capital to Average Assets						
Consolidated	120,048	10.57	45,419	4.00	N/A	N/A
Colony Bank	121,521	10.72	45,333	4.00	56,666	5.00

Effective October 22, 2014, the Board Resolution (BR) the bank had been operating under was lifted. The BR required that, prior to declaring or paying any cash dividend to the Company, the Bank must obtain written consent of its regulators. In November 2014, the Bank paid a $12,000,000 dividend to the Company. This dividend was utilized to bring the interest payments of the Trust Preferred Securities and the dividend payments of the Preferred Stock to a current status and to fund holding company operations for the coming year.

(22) Financial Information of Colony Bankcorp, Inc. (Parent Only)

The parent company's balance sheets as of December 31, 2014 and 2013 and the related statements of operations and comprehensive income (loss) and cash flows for each of the years in the three-year period then ended are as follows:

COLONY BANKCORP, INC. (PARENT ONLY)
BALANCE SHEETS
DECEMBER 31

ASSETS

	2014	2013
Cash	**$ 5,750,652**	$ 1,422,289
Premises and Equipment, Net	**1,199,639**	1,272,965
Investment in Subsidiary, at Equity	**115,066,948**	114,559,866
Other	**1,708,380**	1,221,285
Total Assets	**$123,725,619**	$118,476,405

LIABILITIES AND STOCKHOLDERS' EQUITY

	2014	2013
Liabilities		
Dividends Payable	**$ 315,000**	$ 3,119,146
Other	**154,307**	1,174,020
	469,307	4,293,166
Subordinated Debt	**24,229,000**	24,229,000
Stockholders' Equity		
Preferred Stock, Stated Value $1,000; Authorized 10,000,000 Shares, Issued 28,000 Shares	**28,000,000**	28,000,000
Common Stock, Par Value $1; Authorized 20,000,000 Shares, Issued 8,439,258 Shares as of December 31, 2014 and 2013	**8,439,258**	8,439,258
Paid-In Capital	**29,145,094**	29,145,094
Retained Earnings	**38,287,934**	33,444,913
Accumulated Other Comprehensive Loss, Net of Tax	**(4,844,974)**	(9,075,026)
	99,027,312	89,954,239
Total Liabilities and Stockholders' Equity	**$123,725,619**	$118,476,405

(22) Financial Information of Colony Bankcorp, Inc. (Parent Only) (Continued)

COLONY BANKCORP, INC. (PARENT ONLY)
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31

	2014	2013	2012
Income			
Dividends from Subsidiary	**$12,015,572**	$ 1,515,549	$ 17,372
Management Fees	**581,334**	581,334	590,422
Other	**100,269**	96,953	101,397
	$12,697,175	2,193,836	709,191
Expenses			
Interest	**517,381**	516,641	554,004
Amortization	**938**	2,250	2,250
Salaries and Employee Benefits	**782,152**	748,149	735,919
Other	**538,847**	543,139	558,151
	1,839,318	1,810,179	1,850,324
Income (Loss) Before Taxes and Equity in Undistributed Earnings of Subsidiary	**10,857,857**	383,657	(1,141,133)
Income Tax Benefits	**396,738**	406,518	365,691
Income (Loss) Before Equity in Undistributed Earnings of Subsidiary	**11,254,595**	790,175	(775,442)
Equity in Undistributed Earnings of Subsidiary	**(3,722,970)**	3,838,870	3,416,740
Net Income	**7,531,625**	4,629,045	2,641,298
Preferred Stock Dividends	**2,688,604**	1,508,761	1,435,385
Net Income Available to Common Stockholders	**$4,843,021**	$ 3,120,284	$ 1,205,913

(22) Financial Information of Colony Bankcorp, Inc. (Parent Only) (Continued)

COLONY BANKCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31

	2014	2013	2012
Net Income	**$ 7,531,625**	$ 4,629,045	$ 2,641,298
Other Comprehensive Income (Loss)			
Gains (Losses) on Securities Arising During the Year	**6,432,906**	(13,886,854)	(283,076)
Tax Effect	**(2,187,189)**	4,721,531	96,246
Realized Gains (Losses) on Sale of AFS Securities	**(23,735)**	(2,819)	(2,897,032)
Tax Effect	**8,070**	959	984,991
Impairment Loss on Securities	**-**	366,623	59,568
Tax Effect	**-**	(124,652)	(20,253)
Change in Unrealized Gains (Losses) on Securities Available for Sale, Net of Reclassification Adjustment and Tax Effects	**4,230,052**	(8,925,212)	(2,059,556)
Comprehensive Income (Loss)	**$11,761,677**	$(4,296,167)	$ 581,742

(22) Financial Information of Colony Bankcorp, Inc. (Parent Only) (Continued)

COLONY BANKCORP, INC. (PARENT ONLY)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

	2014	2013	2012
Cash Flows from Operating Activities			
Net Income	**$ 7,531,625**	$ 4,629,045	$ 2,641,298
Adjustments to Reconcile Net Income to			
Net Cash Provided (Used) by Operating Activities			
Depreciation and Amortization	**75,347**	80,711	93,427
Equity in Undistributed			
Earnings of Subsidiary	**3,722,970**	(3,838,870)	(3,416,740)
Change in Interest Payable	**(1,069,695)**	516,641	529,922
Other	**(437,115)**	(390,962)	(405,379)
	9,823,132	996,565	(557,472)
Cash Flows from Investing Activities			
Purchases of Premises and Equipment	**(2,020)**	(68,708)	-
Cash Flows from Financing Activities			
Dividends Paid on Preferred Stock	**(5,492,749)**	-	-
Increase (Decrease) in Cash	**4,328,363**	927,857	(557,472)
Cash, Beginning	**1,422,289**	494,432	1,051,904
Cash, Ending	**$ 5,750,652**	$ 1,422,289	$ 494,432

(23) Earnings Per Share

Basic earnings per share is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during each period. Diluted earnings per share reflects the potential dilution of restricted stock and common stock warrants. Net income available to common stockholders represents net income (loss) after preferred stock dividends. The following table presents earnings per share for the years ended December 31, 2014, 2013 and 2012:

	2014	2013	2012
Numerator			
Net Income (Loss) Available to Common Stockholders	**$ 4,843,021**	$ 3,120,284	$ 1,205,913
Denominator			
Weighted Average Number of Common Shares Outstanding for Basic Earnings Per Common Share	**8,439,258**	8,439,258	8,439,258
Dilutive Effect of Potential Common Stock			
Restricted Stock	-	-	-
Stock Warrants	-	-	-
Weighted-Average Number of Shares Outstanding for Diluted Earnings Per Common Share	**8,439,258**	8,439,258	8,439,258
Earnings (Loss) Per Share - Basic	**$ 0.57**	$ 0.37	$ 0.14
Earnings (Loss) Per Share - Diluted	**$ 0.57**	$ 0.37	$ 0.14

For the years ended December 31, 2014, 2013 and 2012, respectively, the Company has excluded 500,000 shares of common stock equivalents because the strike price of the common stock equivalents would cause them to have an anti-dilutive effect.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements and Factors that Could Affect Future Results

Certain statements contained in this Annual 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 or terrorism.
- 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 subsidiaries 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.

The Company

Colony Bankcorp, Inc. (Colony) is a bank holding company headquartered in Fitzgerald, Georgia that provides, through its wholly-owned subsidiary (collectively referred to as the Company), a broad array of products and services throughout central, south and coastal Georgia markets. The Company offers commercial, consumer and mortgage banking services.

Application of Critical Accounting Policies and Accounting Estimates

The accounting and reporting policies of the Company are in accordance with accounting principles generally accepted in the United States of America and conform to general practices within the banking industry. The Company's financial position and results of operations are affected by management's application of accounting policies, including judgments made to arrive at the carrying value of assets and liabilities and amounts reported for revenues, expenses and related disclosures. Different assumptions in the application of these policies could result in material changes in the Company's financial position and/or results of operations. Critical accounting policies are those policies that management believes are the most important to the portrayal of the Company's financial condition and results of operations, and they require management to make estimates that are difficult and subjective or complete.

Allowance for Loan Losses - The allowance for loan losses provides coverage for probable losses inherent in the Company's loan portfolio. Management evaluates the adequacy of the allowance for loan losses quarterly based on changes, if any, in underwriting activities, the loan portfolio composition (including product mix and geographic, industry or customer-specific concentrations), trends in loan performance, regulatory guidance and economic factors. This evaluation is inherently subjective, as it requires the use of significant management estimates. Many factors can affect management's estimates of specific and expected losses, including volatility of default probabilities, collateral values, rating migrations, loss severity and economic and political conditions. The allowance is increased through provisions charged to operating earnings and reduced by net charge-offs.

The Company determines the amount of the allowance based on relative risk characteristics of the loan portfolio. The allowance recorded for loans is based on reviews of individual credit relationships and historical loss experience. The allowance for losses relating to impaired loans is based on the loan's observable market price, the discounted cash flows using the loan's effective interest rate, or the value of collateral for collateral dependent loans.

Regardless of the extent of the Company's analysis of customer performance, portfolio trends or risk management processes, certain inherent but undetected losses are probable within the loan portfolio. This is due to several factors, including inherent delays in obtaining information regarding a customer's financial

condition or changes in their unique business conditions, the judgmental nature of individual loan evaluations, collateral assessments and the interpretation of economic trends. Volatility of economic or customer-specific conditions affecting the identification and estimation of losses for larger nonhomogeneous credits and the sensitivity of assumptions utilized to establish allowances for homogeneous groups of loans are among other factors. The Company estimates a range of inherent losses related to the existence of these exposures. The estimates are based upon the Company's evaluation of risk associated with the commercial and consumer levels and the estimated impact of the current economic environment.

Other Real Estate Owned and Foreclosed Assets

Other real estate owned (OREO) or other foreclosed assets acquired through loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. The adjustment at the time of foreclosure is recorded through the allowance for loan losses. Due to the subjective nature of establishing the fair value when the asset is acquired, the actual fair value of the other real estate owned or foreclosed asset could differ from the original estimate. If it is determined that fair value declines subsequent to foreclosure, the valuation allowance is adjusted through a charge to noninterest expense. Operating costs associated with the assets after acquisition are also recorded as noninterest expense. Gains and losses on the disposition of other real estate owned and foreclosed assets are netted and recognized in noninterest expense. Management obtains appraisals performed by certified, third-parties within one year of placing a property into OREO. The fair value of the property is then evaluated by management annually going forward, or more often if necessary. Annual evaluations may be performed by certified third parties, or internally by management comparing recent sales of similar properties within the Company's OREO portfolio.

Overview

The following discussion and analysis presents the more significant factors affecting the Company's financial condition as of December 31, 2014 and 2013, and results of operations for each of the years in the three-year period ended December 31, 2014. This discussion and analysis should be read in conjunction with the Company's consolidated financial statements, notes thereto and other financial information appearing elsewhere in this report.

Taxable-equivalent adjustments are the result of increasing income from tax-free loans and investments by an amount equal to the taxes that would be paid if the income were fully taxable based on a 34 percent federal tax rate, thus making tax-exempt yields comparable to taxable asset yields.

Dollar amounts in tables are stated in thousands, except for per share amounts.

Results of Operations

The Company's results of operations are determined by its ability to effectively manage interest income and expense, to minimize loan and investment losses, to generate noninterest income and to control noninterest expense. Since market forces and economic conditions beyond the control of the Company determine interest rates, the ability to generate net interest income is dependent upon the Company's ability to obtain an adequate spread between the rate earned on earning assets and the rate paid on interest-bearing liabilities. Thus, the key performance for net interest income is the interest margin or net yield, which is taxable-equivalent net interest income divided by average earning assets. Net income (loss) available to common shareholders totaled $4.84 million, or $0.57 per diluted common share in 2014, compared to $3.12 million, or $0.37 per diluted common share in 2013, and to $1.21 million, or $0.14 per diluted common share in 2012.

Selected income statement data, returns on average assets and average equity and dividends per share for the comparable periods were as follows:

	2014	2013	$ Variance	% Variance	2013	2012	$ Variance	% Variance
Taxable-equivalent net interest income	**$ 38,080**	$ 37,859	**$ 221**	**0.58%**	$ 37,859	$ 36,417	$ 1,442	3.96%
Taxable-equivalent adjustment	**117**	170	**(53)**	**(31.18)**	170	144	26	18.06
Net interest income	**37,963**	37,689	**274**	**0.73**	37,689	36,273	1,416	3.90
Provision for loan losses	**1,308**	4,485	**(3,177)**	**(70.84)**	4,485	6,785	(2,300)	(33.90)
Noninterest income	**9,125**	8,377	**748**	**8.93**	8,377	9,733	(1,356)	(13.93)
Noninterest expense	**34,980**	34,617	**363**	**1.05**	34,617	35,379	(762)	(2.15)
Income before income taxes	**$ 10,800**	$ 6,964	**$ 3,836**	**55.08**	$ 6,964	$ 3,842	$ 3,122	81.26
Income Taxes	**3,268**	2,335	**933**	**39.96**	2,335	1,201	1,134	94.42
Net income	**$ 7,532**	$ 4,629	**$ 2,903**	**62.71%**	$ 4,629	$ 2,641	$ 1,988	75.27%
Preferred stock dividends	**$ 2,689**	$ 1,509	**$ 1,180**	**78.20%**	$ 1,509	$ 1,435	$ 74	5.16%
Net income available to common shareholders	**$ 4,843**	$ 3,120	**$ 1,723**	**55.22%**	$ 3,120	$ 1,206	$ 1,914	158.71%
Net income available to common shareholders:								
Basic	**$ 0.57**	$ 0.37	**$ 0.20**	**54.05%**	$ 0.37	$ 0.14	$ 0.23	164.29%
Diluted	**$ 0.57**	$ 0.37	**$ 0.20**	**54.05%**	$ 0.37	$ 0.14	$ 0.23	164.29%
Return on average assets (1)	**0.43%**	0.28%	**0.15%**	**53.57%**	0.28%	0.11%	0.17%	154.55%
Return on average common equity (1)	**5.11%**	3.34%	**1.77%**	**52.99%**	3.34%	1.25%	2.09%	167.20%

(1) Computed using net income available to common shareholders.

Net Interest Income

Net interest income is the difference between interest income on earning assets, such as loans and securities, and interest expense on liabilities, such as deposits and borrowings, which are used to fund those assets. Net interest income is the Company's largest source of revenue, representing 80.62 percent of total revenue during 2014 and 81.82 percent during 2013.

Net interest margin is the taxable-equivalent net interest income as a percentage of average earning assets for the period. The level of interest rates and the volume and mix of earning assets and interest-bearing liabilities impact net interest income and net interest margin.

The Federal Reserve Board influences the general market rates of interest, including the deposit and loan rates offered by many financial institutions. The Company's loan portfolio is significantly affected by changes in the prime interest rate. The prime interest rate, which is the rate offered on loans to borrowers with strong credit is currently 3.25 percent and has been for the past four years. The federal funds rate moves similar to prime rate with interest rates currently at 0.25 percent and has been for the past four years. We anticipate the Federal Reserves interest rate to remain flat the first part of 2015 with a potential increase the latter part of 2015.

The following table presents the changes in taxable-equivalent net interest income and identifies the changes due to differences in the average volume of earning assets and interest-bearing liabilities and the changes due to changes in the average interest rate on those assets and liabilities. The changes in net interest income due to changes in both average volume and average interest rate have been allocated to the average volume change or the average interest rate change in proportion to the absolute amounts of the change in each. The Company's consolidated average balance sheets along with an analysis of taxable-equivalent net interest earnings are presented in the Quantitative and Qualitative Disclosures About Market Risk included elsewhere in this report.

Rate/Volume Analysis

The rate/volume analysis presented hereafter illustrates the change from year to year for each component of the taxable equivalent net interest income separated into the amount generated through volume changes and the amount generated by changes in the yields/rates.

	Changes From 2013 to 2014 (a)			Changes From 2012 to 2013 (a)		
	Volume	**Rate**	**Total**	Volume	Rate	Total
Interest Income						
Loans, Net-Taxable	**$ (175)**	**$ (1,484)**	**$ (1,659)**	$ 1,327	$ (1,908)	$ (581)
Investment Securities						
Taxable	**122**	**1,044**	**1,166**	(145)	(1,263)	(1,408)
Tax-Exempt	**(22)**	**(4)**	**(26)**	(20)	4	(16)
Total Investment Securities	**100**	**1,040**	**1,140**	(165)	(1,259)	(1,424)
Interest-Bearing Deposits in Other Banks	**18**	**(3)**	**15**	(19)	3	(16)
Federal Funds Sold	**(6)**	**(1)**	**(7)**	(60)	-	(60)
Other Interest - Earning Assets	**(9)**	**43**	**34**	(18)	22	4
Total Interest Income	**(72)**	**(405)**	**(477)**	1,065	(3,142)	(2,077)
Interest Expense						
Interest-Bearing Demand and Savings Deposits	**100**	**(37)**	**63**	141	(64)	77
Time Deposits	**(263)**	**(508)**	**(771)**	(892)	(2,101)	(2,993)
Total Interest Expense On Deposits	**(163)**	**(545)**	**(708)**	(751)	(2,165)	(2,916)
Other Interest-Bearing Liabilities						
Federal Funds Purchased and Repurchase Agreements	**-**	**-**	**-**	(136)	(430)	(566)
Subordinated Debentures	**-**	**1**	**1**	-	(37)	(37)
Other Debt	**(9)**	**18**	**9**	-	-	-
Total Interest Expense	**(9)**	**19**	**10**	(887)	(2,632)	(3,519)
Net Interest Income (Loss)	**$ 100**	**$ 121**	**$ 221**	$ 1,952	$ (510)	$ 1,442

(a) Changes in net interest income for the periods, based on either changes in average balances or changes in average rates for interest-earning assets and interest-bearing liabilities, are shown on this table. During each year there are numerous and simultaneous balance and rate changes; therefore, it is not possible to precisely allocate the changes between balances and rates. For the purpose of this table, changes that are not exclusively due to balance changes or rate changes have been attributed to rates.

Our financial performance is impacted by, among other factors, interest rate risk and credit risk. We do not utilize derivatives to mitigate our credit risk, relying instead on an extensive loan review process and our allowance for loan losses.

Interest rate risk is the change in value due to changes in interest rates. The Company is exposed only to U.S. dollar interest rate changes and, accordingly, the Company manages exposure by considering the possible changes in the net interest margin. The Company does not have any trading instruments nor does it classify any portion of its investment portfolio as held for trading. The Company does not engage in any hedging activity or utilize any derivatives. The Company has no exposure to foreign currency exchange rate risk, commodity price risk and other market risks. Interest rate risk is addressed by our Asset & Liability Management Committee (ALCO) which includes senior management representatives. The ALCO monitors interest rate risk by analyzing the potential impact to the net portfolio of equity value and net interest income from potential changes to interest rates and considers the impact of alternative strategies or changes in balance sheet structure.

Interest rates play a major part in the net interest income of financial institutions. The repricing of interest earnings assets and interest-bearing liabilities can influence the changes in net interest income. The timing of repriced assets and liabilities is Gap management and our Company has established its policy to maintain a Gap ratio in the one-year time horizon of .80 to 1.20.

Our exposure to interest rate risk is reviewed at least quarterly by our Board of Directors and the ALCO. Interest rate risk exposure is measured using interest rate sensitivity analysis to determine our change in net portfolio value in the event of assumed changes in interest rates. In order to reduce the exposure to interest rate fluctuations, we have implemented strategies to more closely match our balance sheet composition. The Company has engaged FTN Financial to run a quarterly asset/liability model for interest rate risk analysis. We are generally focusing our investment activities on securities with terms or average lives in the 2-5 year range.

The Company maintains about 15.6 percent of its loan portfolio in adjustable rate loans that reprice with prime rate changes, while the bulk of its other loans mature within 3 years. The liabilities to fund assets are primarily in short term certificates of deposit that mature within one year. While the Federal Reserve rates have remained unchanged since 2008, we have seen the net interest margin change to 3.60 percent for 2014, compared to 3.61 percent for 2013 and to 3.41 percent for 2012. We have seen our net interest margin reach a low of 3.47 percent for first quarter 2014 to a high of 3.73 percent for third quarter 2014.

Taxable-equivalent net interest income for 2014 increased by $221 thousand, or 0.58 percent, compared to 2013 while taxable-equivalent net interest income for 2013 increased by $1.44 million, or 3.96 percent, compared to 2012. The average volume of earning assets during 2014 increased $9.42 million compared to 2013 while over the same period the net interest margin dropped to 3.60 percent from 3.61 percent. The average volume of earning assets during 2013 decreased $18.15 million compared to 2012 while over the same period the net interest margin increased to 3.61 percent from 3.41 percent. The change in the net interest margin in 2014 and 2013 was primarily driven by reduction in the cost of funds. The increase in average earning assets in 2014 was in securities and interest-bearing deposits. The decline in average earning assets in 2013 affected each category of assets except loans, while the significant decrease was primarily in average investment securities.

The average volume of loans decreased $3.14 million in 2014 compared to 2013, and increased $22.76 million in 2013 compared to 2012. The average yield on loans decreased 20 basis points in 2014 compared to 2013 and decreased 26 basis points in 2013 compared to 2012. The average volume of deposits increased $5.7 million while other borrowings decreased $331 thousand in 2014 compared to 2013. The average volume of deposits decreased $16.38 million while other borrowings decreased $3.41 million in 2013 compared to 2012. Demand deposits made up $5.8 million of the increase in average deposits in 2014 and interest-bearing deposits made up $27.1 million of the decrease in average deposits in 2013.

Accordingly, the ratio of average interest-bearing deposits to total average deposits was 87.6 in 2014, 88.2 percent in 2013 and 89.5 percent in 2012. This deposit mix, combined with a general decrease in interest rates, had the effect of (i) decreasing the average cost of total deposits by 8 basis points in 2014 compared to 2013 and decreasing the average cost of total deposits by 29 basis points in 2013 compared to 2012, and (ii) mitigating a portion of the impact of decreasing yields on earning assets on the Company's net interest income.

The Company's net interest spread, which represents the difference between the average rate earned on earning assets and the average rate paid on interest-bearing liabilities, was 3.49 percent in 2014 compared to 3.50 percent in 2013 and 3.27 percent in 2012. The net interest spread, as well as the net interest margin, will be impacted by future changes in short-term and long-term interest rate levels, as well as the impact from the competitive environment. A discussion of the effects of changing interest rates on net interest income is set forth in *Quantitative and Qualitative Disclosures About Interest Rate Sensitivity* included elsewhere in this report.

Provision for Loan Losses

The provision for loan losses is determined by management as the amount to be added to the allowance for loan losses after net charge-offs have been deducted to bring the allowance to a level which, in management's best estimate, is necessary to absorb probable losses within the existing loan portfolio. The provision for loan losses totaled $1.31 million in 2014 compared to $4.49 million in 2013 and $6.79 million in 2012. See the section captioned "Allowance for Loan Losses" elsewhere in this discussion for further analysis of the provision for loan losses.

Noninterest Income

The components of noninterest income were as follows:

	2014	2013	**$ Variance**	**% Variance**	2013	2012	**$ Variance**	**% Variance**
Service Charges on Deposit Accounts	**$ 4,568**	$4,691	$ (123)	(2.62)%	$4,691	$3,573	$ 1,118	31.29%
Other Charges, Commissions and Fees	**2,469**	1,725	744	43.13	1,725	1,515	210	13.86
Mortgage Fee Income	**420**	484	(64)	(13.22)	484	400	84	21.00
Securities Gains (Losses)	**24**	(364)	388	(106.59)	(364)	2,837	(3,201)	(112.83)
Gain on Sale of SBA Loans	**-**	635	(635)	(100.00)	635	306	329	107.52
Other	**1,644**	1,206	438	36.32	1,206	1,102	104	9.44
Total	**$ 9,125**	$8,377	$ 748	8.93%	$8,377	$9,733	$(1,356)	(13.93)%

Mortgage Fee Income. The volume of mortgage loans has been sluggish in 2014 compared to the same period in 2013 which contributed to a slight decrease in mortgage fee income. The increase in 2013 compared to 2012 was due to increased mortgage loan activity due to an initiative to increase mortgage lending opportunities given the low interest rate environment.

Other Charges, Commissions and Fees. Significant amounts impacting the comparable periods was primarily attributed to ATM and debit card interchange fees which increased $701 thousand in 2014 compared to 2013.

Other. Significant amounts impacting the comparable periods was primarily attributed to the income for bank owned life insurance which increased $217 thousand in 2014 compared to 2013.

Noninterest Expense

The components of noninterest expense were as follows:

	2014	2013	$ Variance	% Variance	2013	2012	$ Variance	% Variance
Salaries and Employee Benefits	**$ 17,508**	$16,692	$ 816	4.89%	$16,692	$15,565	$ 1,127	7.24%
Occupancy and Equipment	**4,063**	3,795	268	7.06	3,795	3,878	(83)	(2.14)
Directors' Fees	**392**	417	(25)	(6.00)	417	465	(48)	(10.32)
Legal and Professional Fees	**786**	721	65	9.02	721	1,086	(365)	(33.61)
Foreclosed Property	**2,701**	3,918	(1,217)	(31.06)	3,918	5,613	(1,695)	(30.20)
FDIC Assessment	**966**	1,322	(356)	(26.93)	1,322	1,498	(176)	(11.75)
Advertising	**652**	508	144	28.35	508	423	85	20.09
Software	**925**	853	72	8.44	853	789	64	8.11
Telephone	**736**	778	(42)	(5.40)	778	745	33	4.43
ATM/Card Processing	**866**	641	225	35.10	641	511	130	25.44
Other	**5,385**	4,972	413	8.31	4,972	4,806	166	3.45
Total	**$ 34,980**	$34,617	$ 363	4.05%	$34,617	$35,379	$ (762)	(2.15)%

Salaries and Employee Benefits. The increase in 2014 is primarily attributable to the Company reinstating their contribution to the profit sharing plan in the amount of $401,497 and the remainder of the increase is due to merit pay increases.

Foreclosed Property. The decrease in foreclosed property and repossession expense for 2014 is primarily attributable to the decrease in the volume of OREO.

Sources and Uses of Funds

The following table illustrates, during the years presented, the mix of the Company's funding sources and the assets in which those funds are invested as a percentage of the Company's average total assets for the period indicated. Average assets totaled $1.13 billion in 2014 compared to $1.12 billion in 2013 and $1.14 billion in 2012.

	2014		2013		2012	
Sources of Funds:						
Deposits:						
Noninterest-Bearing	**$ 118,452**	**10.5%**	$ 112,667	10.1%	$ 101,896	8.9%
Interest-Bearing	**840,608**	**74.5%**	840,646	75.2%	867,794	76.1%
Federal Funds Purchased and Repurchase Agreements	**2**	**- %**	34	- %	-	- %
Subordinated Debentures and Other Borrowed Money	**64,229**	**5.7%**	64,528	5.8%	67,974	6.0%
Other Noninterest-Bearing Liabilities	**10,010**	**0.9%**	6,838	0.6%	5,609	0.5%
Equity Capital	**94,751**	**8.4%**	93,358	8.3%	96,541	8.5%
Total	**$ 1,128,052**	**100.0%**	$ 1,118,071	100.0%	$ 1,139,814	100.0%
Uses of Funds:						
Loans (Net of Allowance)	**$ 730,643**	**64.8%**	$ 731,280	65.4%	$ 706,091	62.0%
Investment Securities	**284,474**	**25.2%**	275,689	24.7%	284,261	24.9%
Federal Funds Sold	**12,551**	**1.1%**	14,969	1.3%	38,877	3.4%
Interest-Bearing Deposits	**16,193**	**1.4%**	9,625	0.9%	17,046	1.5%
Other Interest-Earning Assets	**2,906**	**0.3%**	3,275	0.3%	4,277	0.4%
Other Noninterest-Earning Assets	**81,285**	**7.2%**	83,233	7.4%	89,262	7.8%
Total	**$ 1,128,052**	**100.0%**	$ 1,118,071	100.0%	$ 1,139,814	100.0%

Deposits continue to be the Company's primary source of funding. Over the comparable periods, the relative mix of deposits continues to be high in interest-bearing deposits. Interest-bearing deposits totaled 87.6 percent of total average deposits in 2014 compared to 88.2 percent 2013 and 89.5 percent in 2012.

The Company primarily invests funds in loans and securities. Loans continue to be the largest component of the Company's mix of invested assets. Loan demand decreased in 2014 as total loans were $746.1 million at December 31, 2014, down 0.68 percent, compared to loans of $751.2 million at December 31, 2013, while total loans at December 31, 2013, up 0.6 percent, compared to loans of $747.1 million at December 31, 2012. See additional discussion regarding the Company's loan portfolio in the section captioned "Loans" on the following page. The majority of funds provided by deposits have been invested in loans.

Loans

The following table presents the composition of the Company's loan portfolio as of December 31 for the past five years.

	2014	2013	2012	2011	2010
Commercial and Agricultural					
Commercial	**$ 50,960**	$ 48,107	$ 55,684	$ 48,986	$ 53,220
Agricultural	**16,689**	10,666	6,211	8,422	10,552
Real Estate					
Commercial Construction	**51,259**	52,739	53,808	58,546	72,309
Residential Construction	**11,221**	6,549	5,852	3,530	4,373
Commercial	**332,231**	341,783	334,386	315,281	362,878
Residential	**203,753**	206,258	203,845	193,638	207,472
Farmland	**49,951**	47,034	49,057	48,225	52,778
Consumer and Other					
Consumer	**22,820**	25,676	29,778	30,449	33,564
Other	**7,210**	12,406	8,429	9,244	16,104
	746,094	751,218	747,050	716,321	813,250
Unearned Interest and Fees	**(362)**	(360)	(234)	(57)	(61)
Allowances for Loan Losses	**(8,802)**	(11,806)	(12,737)	(15,650)	(28,280)
Loans	**$ 736,930**	$ 739,052	$ 734,079	$ 700,614	$ 784,909

The following table presents total loans as of December 31, 2014 according to maturity distribution and/or repricing opportunity on adjustable rate loans.

Maturity and Repricing Opportunity

One Year or Less	$ 338,824
After One Year through Three Years	225,710
After Three Years through Five Years	127,257
Over Five Years	54,303
	$ 746,094

Overview. Loans totaled $746.1 million at December 31, 2014, down 0.68 percent from December 31, 2013 loans of $751.2 million. The majority of the Company's loan portfolio is comprised of the real estate loans. Commercial and residential real estate which is primarily 1-4 family residential properties and nonfarm nonresidential properties, made up 71.84 percent and 72.95 percent of total loans, real estate construction loans made up 8.37 percent and 7.89 percent while commercial and agricultural loans made up 9.07 percent and 7.82 percent of total loans at December 31, 2014 and December 31, 2013, respectively.

Loan Origination/Risk Management. In accordance with the Company's decentralized banking model, loan decisions are made at the local bank level. The Company utilizes an Executive Loan Committee to assist lenders with the decision making and underwriting process of larger loan requests. Due to the diverse

economic markets served by the Company, evaluation and underwriting criterion may vary slightly by market. Overall, loans are extended after a review of the borrower's repayment ability, collateral adequacy, and overall credit worthiness.

Commercial purpose, commercial real estate, and agricultural loans are underwritten similar to other loans throughout the Company. The properties securing the Company's commercial real estate portfolio are diverse in terms of type and geographic location. This diversity helps reduce the company's exposure to adverse economic events that affect any single market or industry. Management monitors and evaluates commercial real estate loans based on collateral, geography, and risk grade criteria. The Company also utilizes information provided by third-party agencies to provide additional insight and guidance about economic conditions and trends affecting the markets it serves.

The Company extends loans to builders and developers that are secured by non-owner occupied properties. In such cases, the Company reviews the overall economic conditions and trends for each market to determine the desirability of loans to be extended for residential construction and development. Sources of repayment for these types of loans may be pre-committed permanent loans from approved long-term lenders, sales of developed property or an interim mini-perm loan commitment from the Company until permanent financing is obtained. In some cases, loans are extended for residential loan construction for speculative purposes and are based on the perceived present and future demand for housing in a particular market served by the Company. These loans are monitored by on-site inspections and are considered to have higher risks than other real estate loans due to their ultimate repayment being sensitive to interest rate changes, general economic conditions and trends, the demand for the properties, and the availability of long-term financing.

The Company originates consumer loans at the bank level. Due to the diverse economic markets served by the Company, underwriting criterion may vary slightly by market. The Company is committed to serving the borrowing needs of all markets served and, in some cases, adjusts certain evaluation methods to meet the overall credit demographics of each market. Consumer loans represent relatively small loan amounts that are spread across many individual borrowers to help minimize risk. Additionally, consumer trends and outlook reports are reviewed by management on a regular basis.

The Company utilizes an independent third party company for loan review and validation of the credit risk program on an ongoing quarterly basis. Results of these reviews are presented to management and the audit committee. The loan review process complements and reinforces the risk identification and assessment decisions made by lenders and credit personnel, as well as the Company's policies and procedures.

Commercial and Agricultural. Commercial and agricultural loans at December 31, 2014 increased 15.1 percent to $67.6 million from December 31, 2013 at $58.8 million. The Company's commercial and agricultural loans are a diverse group of loans to small, medium and large businesses. The purpose of these loans varies from supporting seasonal working capital needs to term financing of equipment. While some short-term loans may be made on an unsecured basis, most are secured by the assets being financed with collateral margins that are consistent with the Company's loan policy guidelines.

Industry Concentrations. As of December 31, 2014 and December 31, 2013, there were no concentrations of loans within any single industry in excess of 10 percent of total loans, as segregated by Standard Industrial Classification code ("SIC code"). The SIC code is a federally designed standard industrial numbering system used by the Company to categorize loans by the borrower's type of business.

Collateral Concentrations. Concentrations of credit risk can exist in relation to individual borrowers or groups of borrowers, certain types of collateral, certain types of industries, or certain geographic regions. The Company has a concentration in real estate loans as well as a geographic concentration that could pose an adverse credit risk, particularly with the current economic downturn in the real estate market. At December 31, 2014, approximately 87 percent of the Company's loan portfolio was concentrated in loans

secured by real estate. A substantial portion of borrowers' ability to honor their contractual obligations is dependent upon the viability of the real estate economic sector. In addition, a large portion of the Company's foreclosed assets are also located in these same geographic markets, making the recovery of the carrying amount of foreclosed assets susceptible to changes in market conditions. Management continues to monitor these concentrations and has considered these concentrations in its allowance for loan loss analysis.

Large Credit Relationships. The Company is currently in eighteen counties in central, south and coastal Georgia and includes metropolitan markets in Dougherty, Lowndes, Houston, Chatham and Muscogee counties. As a result, the Company originates and maintains large credit relationships with several commercial customers in the ordinary course of business. The Company considers large credit relationships to be those with commitments equal to or in excess of $5.0 million prior to any portion being sold. Large relationships also include loan participations purchased if the credit relationship with the agent is equal to or in excess of $5.0 million. In addition to the Company's normal policies and procedures related to the origination of large credits, the Company's Executive Loan Committee and Director Loan Committee must approve all new and renewed credit facilities which are part of large credit relationships. The following table provides additional information on the Company's large credit relationships outstanding at December 31, 2014 and December 31, 2013.

	December 31, 2014			December 31, 2013		
		Period End Balances			Period End Balances	
	Number of Relationships	**Committed**	**Outstanding**	Number of Relationships	Committed	Outstanding
Large Credit Relationships:						
$10 million and greater	**-**	**$ -**	**$ -**	1	$10,023	$10,023
$5 million to $9.9 million	**14**	**93,931**	**86,305**	11	76,306	69,672

Maturities and Sensitivities of Loans to Changes in Interest Rates. The following table presents the maturity distribution of the Company's loans at December 31, 2014. The table also presents the portion of loans that have fixed interest rates or variable interest rates that fluctuate over the life of the loans in accordance with changes in an interest rate index such as the prime rate.

	Due in One Year or Less	**After One, but Within Three Years**	**After Three, but Within Five Years**	**After Five Years**	**Total**
Loans with fixed interest rates	$ 257,277	$ 210,273	$ 110,129	$ 52,347	$ 630,026
Loans with floating interest rates	81,547	15,437	17,128	1,956	116,068
Total	$ 338,824	$ 225,710	$ 127,257	$ 54,303	$ 746,094

The Company may renew loans at maturity when requested by a customer whose financial strength appears to support such renewal or when such renewal appears to be in the Company's best interest. In such instances, the Company generally requires payment of accrued interest and may adjust the rate of interest, require a principal reduction or modify other terms of the loan at the time of renewal.

Nonperforming Assets and Potential Problem Loans

Year-end nonperforming assets and accruing past due loans were as follows:

	2014	2013	2012	2011	2010
Loans Accounted for on Nonaccrual	**$18,334**	$24,114	$29,851	$38,822	$28,902
Loans Accruing Past Due 90 Days or More	**7**	4	4	15	19
Other Real Estate Foreclosed	**10,402**	15,502	15,941	20,445	20,208
Securities Accounted for on Nonaccrual	**-**	-	366	426	132
Total Nonperforming Assets	**$28,743**	$39,620	$46,162	$59,708	$49,261
Nonperforming Assets by Segment					
Construction and Land Development	**9,655**	17,323	23,832	35,467	21,962
1-4 Family Residential	**8,237**	5,926	7,153	4,589	4,966
Multifamily Residential	**173**	335	627	744	325
Nonfarm Residential	**8,375**	12,441	10,421	15,353	18,884
Farmland	**1,449**	1,629	2,413	676	2,051
Commercial and Consumer	**854**	1,966	1,716	2,879	1,073
Total Nonperforming Assets	**$28,743**	$39,620	$46,162	$59,708	$49,261
Nonperforming Assets as a Percentage of:					
Total Loans and Foreclosed Assets	**3.80%**	5.17%	6.05%	8.10%	5.91%
Total Assets	**2.51%**	3.45%	4.05%	4.99%	3.86%
Nonperforming Loans as a Percentage of:					
Total Loans	**2.46%**	3.21%	4.00%	5.42%	3.56%
Supplemental Data:					
Trouble Debt Restructured Loans In Compliance with Modified Terms	**$19,229**	$20,715	$24,870	$29,839	$26,556
Trouble Debt Restructured Loans Past Due 30-89 Days	**757**	435	1,377	611	1,048
Accruing Past Due Loans:					
30-89 Days Past Due	**9,701**	9,366	14,911	7,161	19,740
90 or More Days Past Due	**7**	4	4	15	19
Total Accruing Past Due Loans	**$ 9,708**	$ 9,370	$14,915	$ 7,176	$19,759
Allowance for Loan Losses	**$ 8,802**	$11,806	$12,737	$15,650	$28,280
ALLL as a Percentage of:					
Total Loans	**1.18%**	1.57%	1.70%	2.18%	3.48%
Nonperforming Loans	**47.99%**	48.95%	42.66%	40.30%	97.78%

Nonperforming assets include nonaccrual loans, loans past due 90 days or more, foreclosed real estate and nonaccrual securities. Nonperforming assets at December 31, 2014 decreased 27.45 percent from December 31, 2013.

Generally, loans are placed on nonaccrual status if principal or interest payments become 90 days past due and/or management deems the collectibility of the principal and/or interest to be in question, as well as when required by regulatory requirements. Loans to a customer whose financial condition has deteriorated are considered for nonaccrual status whether or not the loan is 90 days or more past due. For consumer loans, collectibility and loss are generally determined before the loan reaches 90 days past due. Accordingly, losses on consumer loans are recorded at the time they are determined. Consumer loans that are 90 days or more past due are generally either in liquidation/payment status or bankruptcy awaiting confirmation of a plan. Once interest accruals are discontinued, accrued but uncollected interest is charged to current year

operations. Subsequent receipts on nonaccrual loans are recorded as a reduction of principal, and interest income is recorded only after principal recovery is reasonably assured. Classification of a loan as nonaccrual does not preclude the ultimate collection of loan principal or interest.

Troubled debt restructured loans are loans on which, due to deterioration in the borrower's financial condition, the original terms have been modified in favor of the borrower or either principal or interest has been forgiven.

Foreclosed assets represent property acquired as the result of borrower defaults on loans. Foreclosed assets are recorded at estimated fair value, less estimated selling costs, at the time of foreclosure. Write-downs occurring at foreclosure are charged against the allowance for loan losses. On an ongoing basis, properties are appraised as required by market indications and applicable regulations. Write-downs are provided for subsequent declines in value and are included in other non-interest expense along with other expenses related to maintaining the properties.

Allowance for Loan Losses

The allowance for loan losses represents management's best estimate of probable losses that have been incurred within the existing portfolio of loans. The allowance for loan losses includes allowance allocations calculated in accordance with current U.S. accounting standards. The level of the allowance reflects management's continuing evaluation of industry concentrations, specific credit risks, loan loss experience, current loan portfolio quality, present economic, political and regulatory conditions and unidentified losses inherent in the current loan portfolio. Management utilizes its best judgment and information available in determining the allowance for loan losses; however, the determination of this estimate is inherently judgmental. The ultimate adequacy of the allowance may be affected by a variety of factors beyond the Company's control, including the performance of the Company's loan portfolio, the economy, changes in interest rates, changes in collateral values and the view of the regulatory authorities toward loan classifications.

The Company's methodology for determining the allowance for loan losses consists of specific valuation allowances established for probable losses on specific loans and historical valuation allowances, adjusted for qualitative factors, for other loans with similar risk characteristics.

The allowances established for probable losses on specific loans are the result of management's quarterly review of substandard loans with an outstanding balance of $250,000 or more. This review process usually involves regional credit officers along with local lending officers reviewing the loan for impairment. Specific valuation allowances are determined after considering the borrower's financial condition, collateral deficiencies, and economic conditions affecting the borrower's industry, among other things. In the case of collateral dependent loans, collateral shortfall is most often based upon local market real estate value estimates. This review process is performed at the subsidiary bank level and is reviewed at the parent Company level.

Once the loan becomes impaired, it is removed from the pool of loans covered by the general reserve and reviewed individually for exposure as described above. In cases where the individual review reveals no exposure, no reserve is recorded for that loan, either through an individual reserve or through a general reserve. If, however, the individual review of the loan does indicate some exposure, management often charges off this exposure, rather than recording a specific reserve. In these instances, a loan which becomes nonperforming could actually reduce the allowance for loan losses. Those loans deemed uncollectible, are transferred to our problem loan department for workout, foreclosure and/or liquidation. The problem loan department obtains a current appraisal on the property in order to record the fair market value (less selling expenses) when the property is foreclosed on and moved into other real estate.

The allowances established for the remainder of the loan portfolio are based on historical loss factors, adjusted for certain qualitative factors, which are applied to groups of loans with similar risk characteristics. Real estate loans are segregated into thirteen separate groups with the remainder of loans grouped according to risk grade. Most of the Company's charge-offs during the past two years have been real estate dependent loans and we believe the segmentation of real estate loans into these thirteen groups provides more accuracy in determining the allowance for loan losses. The historical loss ratios applied to these groups of loans are updated quarterly based on actual charge-off experience. The historical loss ratios are further adjusted by qualitative factors including the following: changes in the risk ratings of the loan portfolio, level of net charge-offs of, past due loan ratios, the value of collateral, portfolio loan quality indicators; portfolio growth rates, level of commercial real estate loans, loan concentrations; portfolio policies and procedures, underwriting standards, effectiveness of our loss recognition processes, collection and recovery practices; local economic business conditions; and the experience, ability, and depth of lending management and staff.

Management evaluates the adequacy of the allowance for each of these components on a quarterly basis. Peer comparisons, industry comparisons, and regulatory guidelines are also used in the determination of the general valuation allowance. Loans identified as losses by management, internal loan review, and/or bank examiners are charged off. Additional information about the Company's allowance for loan losses is provided in the Notes to the Consolidated Financial Statements for Allowance for Loan Losses.

The following table sets forth the breakdown of the allowance for loan losses by loan category for the periods indicated. The allocation of the allowance to each category is subjective and is not necessarily indicative of future losses and does not restrict the use of the allowance to absorb losses in any other category.

	2014		2013		2012		2011		2010	
	Reserve	**%***	Reserve	%*	Reserve	%*	Reserve	%*	Reserve	%*
Commercial and Agricultural										
Commercial	**$ 497**	**7%**	1,017	6%	981	7%	1,071	7%	4,415	7%
Agricultural	**304**	**2%**	294	2%	296	1%	297	1%	698	1%
Real Estate										
Commercial Construction	**1,223**	**7%**	1,782	7%	1,890	7%	3,123	8%	4,126	8%
Residential Construction	**138**	**1%**	138	1%	138	1%	138	1%	520	1%
Commercial	**3,665**	**45%**	4,380	46%	5,163	45%	6,448	44%	8,030	45%
Residential	**2,425**	**27%**	3,278	27%	3,406	27%	3,695	27%	5,942	25%
Farmland	**104**	**7%**	312	6%	291	7%	365	7%	944	7%
Consumer and Other										
Consumer	**67**	**3%**	243	3%	228	4%	205	4%	3,074	4%
Other	**379**	**1%**	362	2%	344	1%	308	1%	531	2%
	$ 8,802	**100%**	$ 11,806	100%	$ 12,737	100%	$ 15,650	100%	$ 28,280	100%

* Percentage represents the loan balance in each category expressed as a percentage of total end of period loans.

The following table presents an analysis of the Company's loan loss experience for the periods indicated.

	2014	2013	2012	2011	2010
Allowance for Loan Losses at Beginning of Year	**$ 11,806**	$12,737	$15,650	$28,280	$31,401
Charge-Offs					
Commercial	**625**	121	653	842	469
Agricultural	**-**	34	3	455	256
Commercial Construction	**1,543**	2,071	4,106	6,957	4,648
Residential Construction	**-**	-	-	1	-
Commercial	**1,327**	2,873	4,326	12,492	7,459
Residential	**1,034**	706	961	1,705	2,930
Farmland	**233**	21	225	60	272
Consumer	**342**	398	169	223	549
Other	**-**	4	11	115	1,040
	5,104	6,228	10,454	22,850	17,623
Recoveries					
Commercial	**76**	56	140	128	80
Agricultural	**3**	6	-	454	2
Commercial Construction	**485**	253	209	557	185
Residential Construction	**-**	-	-	-	-
Commercial	**90**	298	233	528	142
Residential	**31**	65	47	149	440
Farmland	**20**	22	5	1	7
Consumer	**72**	94	82	145	246
Other	**15**	18	40	8	50
	792	812	756	1,970	1,152
Net Charge-Offs	**4,312**	5,416	9,698	20,880	16,471
Provision for Loans Losses	**1,308**	4,485	6,785	8,250	13,350
Allowance for Loan Losses at End of Year	**$ 8,802**	$11,806	$12,737	$15,650	$28,280
Ratio of Net Charge-Offs to Average Loans	**0.58%**	0.73%	1.34%	2.74%	1.90%

The allowance for loan losses decreased from $11.81 million, or 1.57 percent of total loans at December 31, 2013 to $8.80 million, or 1.18 percent of total loans at December 31, 2014. This decrease is consistent with the decrease in the Company's level of nonperforming loans from $24.11 million at December 31, 2013 to $18.34 million at December 31, 2014. The provision for loan losses reflects loan quality trends, including the level of net charge-offs or recoveries, among other factors. Significant changes in the allowance during 2014 was the reduction in the provision for loan losses in 2014 to $1.31 million from $4.49 million in 2013, or a reduction of $3.18 million. Significant changes in the allowance during 2013 was the reduction in the net charge-offs in 2013 to $5.42 million from $9.70 million in 2012. The Company believes that collection efforts have reduced impaired loans and the reduction in net charge-offs runs parallel with the improvement in the substandard assets. As we begin to see stabilization in the economy and the housing and real estate market, we expect continued improvement in our substandard assets, including net charge-offs. There were no charge-offs or recoveries related to foreign loans during any of the periods presented.

Investment Portfolio

The following table presents carrying values of investment securities held by the Company as of December 31, 2014, 2013 and 2012.

	2014	2013	2012
Obligations of States and Political Subdivisions	**$ 3,560**	$ 3,947	$ 4,046
Corporate Obligations	**-**	-	1,105
Asset-Backed Securities	**-**	-	132
Investment Securities	**3,560**	3,947	5,283
Mortgage-Backed Securities	**271,064**	259,348	263,059
Total Investment Securities and Mortgage-Backed Securities	**$274,624**	$263,295	$268,342

The following table represents expected maturities and weighted-average yields of investment securities held by the Company as of December 31, 2014. (Mortgage-backed securities are based on the average life at the projected speed, while State and Political Subdivisions reflect anticipated calls being exercised.)

	Within 1 Year		After 1 Year But Within 5 Years		After 5 Years But Within 10 Years		After 10 Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
Mortgage-Backed Securities	$ 1,957	0.28%	$ 180,678	1.65%	$ 83,916	1.75%	$ 4,513	2.71%
Obligations of State and Political Subdivisions	747	2.39%	1,388	3.42%	1,425	2.47%	-	- %
Total Investment Portfolio	$ 2,704	0.86%	$ 182,066	1.66%	$ 85,341	1.76%	$ 4,513	2.71%

Securities are classified as held to maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Securities are classified as available for sale when they might be sold before maturity. Securities available for sale are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income. The Company has 99.9 percent of its portfolio classified as available for sale.

At December 31, 2014, there were no holdings of any one issuer, other than the U.S. government and its agencies, in an amount greater than 10 percent of the Company's stockholders' equity.

The average yield of the securities portfolio was 1.71 percent in 2014 compared to 1.36 percent in 2013 and 1.82 percent in 2012. The increase in the average yield from 2013 to 2014 was primarily attributed to the adjustment in amortization resulting from the deceleration of prepayment speeds. The decrease in the average yield from 2012 to 2013 primarily resulted from the turnover of the securities portfolio resulting in the investment of new funds at lower rates.

Deposits

The following table presents the average amount outstanding and the average rate paid on deposits by the Company for the years 2014, 2013 and 2012.

	2014		2013		2012	
	Average Amount	**Average Rate**	Average Amount	Average Rate	Average Amount	Average Rate
Noninterest-Bearing Demand Deposits	**$ 118,452**		$ 112,667		$ 101,896	
Interest-Bearing Demand and Savings	**394,615**	**0.35%**	366,974	0.36%	329,984	0.38%
Time Deposits	**445,993**	**0.83%**	473,672	0.95%	537,810	1.39%
Total Deposits	**$ 959,060**	**0.53%**	$ 953,313	0.61%	$ 969,690	0.90%

The following table presents the maturities of the Company's time deposits as of December 31, 2014.

	Time Deposits $100,000 or Greater	**Time Deposits Less Than $100,000**	**Total**
Months to Maturity			
3 or Less	$ 39,442	$ 52,207	$ 91,649
Over 3 through 6	32,458	38,813	71,271
Over 6 through 12	68,932	70,733	139,665
Over 12 Months	69,671	55,991	125,662
	$ 210,503	$ 217,744	$428,247

Average deposits increased $5.75 million in 2014 compared to 2013 and decreased $16.38 million in 2013 compared to 2012. The increase in 2014 included $27.64 million, or 7.53 percent in interest-bearing demand and savings deposits while, at the same time, noninterest bearing deposits increased $5.79 million, or 5.13 percent and time deposits decreased $27.68 million, or 5.84 percent. The decrease in 2013 included $64.14 million, or 11.93 percent in time deposits while, at the same time, noninterest bearing deposits increased $10.77 million, or 10.57 percent and interest-bearing demand and savings deposits increased $36.99 million, or 11.21 percent. Accordingly, the ratio of average noninterest-bearing deposits to total average deposits was 12.35 in 2014, 11.82 percent in 2013 and 10.51 percent in 2012. The general decrease in market rates in 2014 had the effect of (i) decreasing the average cost of interest-bearing deposits by 8 basis points in 2014 compared to 2013 and (ii) mitigating a portion of the impact of decreasing yields on earning assets in the Company's net interest income in 2014. The general decrease in market rates in 2013 had the effect of (i) decreasing the average cost of interest-bearing deposits by 32 basis points in 2013 compared to 2012 and (ii) mitigating a portion of the impact of decreasing yields on earning assets in the Company's net interest income in 2013.

Total average interest-bearing deposits decreased $38 thousand, or 0.01 percent in 2014 compared to 2013 and decreased $27.1 million, or 3.1 percent in 2013 compared to 2012. This decrease was primarily attributed to the decrease in time deposit accounts.

The Company supplements deposit sources with brokered deposits. As of December 31, 2014, the Company had $26.3 million, or 2.69 percent of total deposits, in brokered certificates of deposit attracted by external third parties. Additional information is provided in the Notes to Consolidated Financial Statements for Deposits.

Off-Balance-Sheet Arrangements, Commitments, Guarantees, and Contractual Obligations

The following table summarizes the Company's contractual obligations and other commitments to make future payments as of December 31, 2014. Payments for borrowings do not include interest. Payments related to leases are based on actual payments specified in the underlying contracts. Loan commitments and standby letters of credit are presented at contractual amounts; however, since many of these commitments are expected to expire unused or only partially used, the total amounts of these commitments do not necessarily reflect future cash requirements.

	Payments Due by Period				
	1 Year or Less	More than 1 Year but Less Than 3 Years	3 Years or More but Less Than 5 Years	5 Years or More	Total
Contractual Obligations:					
Subordinated Debentures	$ -	$ -	$ -	$ 24,229	$ 24,229
Federal Home Loan Bank Advances	-	9,000	28,500	2,500	40,000
Operating Leases	129	113	-	-	242
Deposits with Stated Maturity Dates	302,585	98,219	27,317	126	428,247
	302,714	107,332	55,817	26,855	492,718
Other Commitments:					
Loan Commitments	68,742	-	-	-	68,742
Standby Letters of Credit	1,762	-	-	-	1,762
	70,504	-	-	-	70,504
Total Contractual Obligations and Other Commitments	$ 373,218	$ 107,332	$ 55,817	$ 26,855	$ 563,222

In the ordinary course of business, the Company has entered into off-balance sheet financial instruments which are not reflected in the consolidated financial statements. These instruments include commitments to extend credit, standby letters of credit, performance letters of credit, guarantees and liability for assets held in trust.

Such financial instruments are recorded in the financial statements when funds are disbursed or the instruments become payable. The Company uses the same credit policies for these off-balance sheet financial instruments as they do for instruments that are recorded in the consolidated financial statements.

Loan Commitments. The Company enters into contractual commitments to extend credit, normally with fixed expiration dates or termination clauses, at specified rates and for specific purposes. Substantially all of the Company's commitments to extend credit are contingent upon customers maintaining specific credit standards at the time of loan funding. The Company minimizes its exposure to loss under these commitments by subjecting them to credit approval and monitoring procedures. Management assesses the credit risk associated with certain commitments to extend credit in determining the level of the allowance for loan losses. Loan commitments outstanding at December 31, 2014 are included in the preceding table.

Standby Letters of Credit. Letters of credit are written conditional commitments issued by the Company to guarantee the performance of a customer to a third party. In the event the customer does not perform in accordance with the terms of the agreement with the third party, the Company would be required to fund the commitment. The maximum potential amount of future payments the Company could be required to make is represented by the contractual amount of the commitment. If the commitment is funded, the Company would be entitled to seek recovery from the customer. The Company's policies generally require that standby letters of credit arrangements contain security and debt covenants similar to those contained in loan agreements. Standby letters of credit outstanding at December 31, 2014 are included in the preceding table.

Capital and Liquidity

At December 31, 2014, shareholders' equity totaled $99.0 million compared to $90.0 million at December 31, 2013. In addition to net income of $7.5 million, other significant changes in shareholders' equity during 2014 included $2.69 million of dividends declared on preferred stock. The accumulated other comprehensive loss component of stockholders' equity totaled $(4.8) million at December 31, 2014 compared to $(9.1) million at December 31, 2013. This fluctuation was mostly related to the after-tax effect of changes in the fair value of securities available for sale. Under regulatory requirements, the unrealized gain or loss on securities available for sale does not increase or reduce regulatory capital and is not included in the calculation of risk-based capital and leverage ratios. Regulatory agencies for banks and bank holding companies utilize capital guidelines designed to measure Tier 1 and total capital and take into consideration the risk inherent in both on-balance sheet and off-balance sheet items. Tier 1 capital consists of common stock and qualifying preferred stockholders' equity less goodwill and disallowed deferred tax assets. Tier 2 capital consists of certain convertible, subordinated and other qualifying debt and the allowance for loan losses up to 1.25 percent of risk-weighted assets. The Company has no Tier 2 capital other than the allowance for loan losses.

Using the capital requirements presently in effect, the Tier 1 ratio as of December 31, 2014 was 16.78 percent and total Tier 1 and 2 risk-based capital was 17.95 percent. Both of these measures compare favorably with the regulatory minimum of 4 percent for Tier 1 and 8 percent for total risk-based capital. The Company's Tier 1 leverage ratio as of December 31, 2014 was 11.18 percent, which exceeds the required ratio standard of 4 percent.

For 2014, average capital was $94.8 million, representing 8.40 percent of average assets for the year. This compares to 8.35 percent for 2013.

The Company did not pay any common stock dividends in 2014 or 2013. The Company suspended dividend payments beginning in the third quarter of 2009.

The Company declared dividends of $2,689 and $1,509 on preferred stock during 2014 and 2013, respectively. On November 17, 2014 the Company reinstated dividend payments on the Preferred Stock and paid $5.5 million of accumulated dividends in arrears to the holders of the Preferred Stock. Additional information is provided in the Notes to the Consolidated Financial Statements for Preferred Stock.

The Company, primarily through the actions of its subsidiary bank, engages in liquidity management to ensure adequate cash flow for deposit withdrawals, credit commitments and repayments of borrowed funds. Needs are met through loan repayments, net interest and fee income and the sale or maturity of existing assets. In addition, liquidity is continuously provided through the acquisition of new deposits, the renewal of maturing deposits and external borrowings.

Management monitors deposit flow and evaluates alternate pricing structures to retain and grow deposits. To the extent needed to fund loan demand, traditional local deposit funding sources are supplemented by the use of FHLB borrowings, brokered deposits and other wholesale deposit sources outside the immediate

market area. Internal policies have been updated to monitor the use of various core and non-core funding sources, and to balance ready access with risk and cost. Through various asset/liability management strategies, a balance is maintained among goals of liquidity, safety and earnings potential. Internal policies that are consistent with regulatory liquidity guidelines are monitored and enforced by the Bank.

The investment portfolio provides a ready means to raise cash if liquidity needs arise. As of December 31, 2014, the available for sale bond portfolio totaled $274.6 million. At December 31, 2013, the available for sale bond portfolio totaled $263.3 million. Only marketable investment grade bonds are purchased. Although most of the Banks' bond portfolios are encumbered as pledges to secure various public funds deposits, repurchase agreements, and for other purposes, management can restructure and free up investment securities for sale if required to meet liquidity needs.

Management continually monitors the relationship of loans to deposits as it primarily determines the Company's liquidity posture. Colony had ratios of loans to deposits of 76.2 percent as of December 31, 2014 and 76.1 percent as of December 31, 2013. Management employs alternative funding sources when deposit balances will not meet loan demands. The ratios of loans to all funding sources (excluding Subordinated Debentures) at December 31, 2014 and December 31, 2013 were 73.2 percent and 73.1 percent, respectively. Management continues to emphasize programs to generate local core deposits as our Company's primary funding sources. The stability of the Banks' core deposit base is an important factor in Colony's liquidity position. A heavy percentage of the deposit base is comprised of accounts of individuals and small businesses with comprehensive banking relationships and limited volatility. At December 31, 2014 and December 31, 2013, the Bank had $211 million and $221 million, respectively, in certificates of deposit of $100,000 or more. These larger deposits represented 21.5 percent and 22.3 percent of respective total deposits. Management seeks to monitor and control the use of these larger certificates, which tend to be more volatile in nature, to ensure an adequate supply of funds as needed. Relative interest costs to attract local core relationships are compared to market rates of interest on various external deposit sources to help minimize the Company's overall cost of funds.

The Company supplemented deposit sources with brokered deposits. As of December 31, 2014, the Company had $26.3 million, or 2.69 percent of total deposits, in CDARS. Additional information is provided in the Notes to the Consolidated Financial Statements regarding these brokered deposits. Additionally, the Company uses external deposit listing services to obtain out-of-market certificates of deposit at competitive interest rates when funding is needed. The deposits obtained from listing services are often referred to as wholesale or Internet CDs. As of December 31, 2014, the Company had $21.4 million, or 2.2 percent of total deposits, in internet certificates of deposit obtained through deposit listing services.

To plan for contingent sources of funding not satisfied by both local and out-of-market deposit balances, Colony and its subsidiary have established multiple borrowing sources to augment their funds management. The Company has borrowing capacity through membership of the Federal Home Loan Bank program. The bank has also established overnight borrowing for Federal Funds Purchased through various correspondent banks. Management believes the various funding sources discussed above are adequate to meet the Company's liquidity needs in the future without any material adverse impact on operating results.

Liquidity measures the ability to meet current and future cash flow needs as they become due. The liquidity of a financial institution reflects its ability to meet loan requests, to accommodate possible outflows in deposits and to take advantage of interest rate market opportunities. The ability of a financial institution to meet its current financial obligations is a function of balance sheet structure, the ability to liquidate assets, and the availability of alternative sources of funds. The Company seeks to ensure its funding needs are met by maintaining a level of liquid funds through asset/liability management.

Asset liquidity is provided by liquid assets which are readily marketable or pledgeable or which will mature in the near future. Liquid assets include cash, interest-bearing deposits in banks, securities available for sale and federal funds sold and securities purchased under resale agreements.

Liability liquidity is provided by access to funding sources which include core deposits. Should the need arise, the Company also maintains relationships with the Federal Home Loan Bank, Federal Reserve Bank, two correspondent banks and repurchase agreement lines that can provide funds on short notice.

Since Colony is a bank holding Company and does not conduct operations, its primary sources of liquidity are dividends up streamed from the subsidiary bank and borrowings from outside sources.

The liquidity position of the Company is continuously monitored and adjustments are made to the balance between sources and uses of funds as deemed appropriate. Management is not aware of any events that are reasonably likely to have a material adverse effect on the Company's liquidity, capital resources or operations. In addition, management is not aware of any regulatory recommendations regarding liquidity, which if implemented, would have a material adverse effect on the Company.

Impact of Inflation and Changing Prices

The Company's financial statements included herein have been prepared in accordance with accounting principles generally accepted in the United States (GAAP). GAAP presently requires the Company to measure financial position and operating results primarily in terms of historic dollars. Changes in the relative value of money due to inflation or recession are generally not considered. The primary effect of inflation on the operations of the Company is reflected in increased operating costs. In management's opinion, changes in interest rates affect the financial condition of a financial institution to a far greater degree than changes in the inflation rate. While interest rates are greatly influenced by changes in the inflation rate, they do not necessarily change at the same rate or in the same magnitude as the inflation rate. Interest rates are highly sensitive to many factors that are beyond the control of the Company, including changes in the expected rate of inflation, the influence of general and local economic conditions and the monetary and fiscal policies of the United States government, its agencies and various other governmental regulatory authorities, among other things, as further discussed in the next section.

Regulatory and Economic Policies

The Company's business and earnings are affected by general and local economic conditions and by the monetary and fiscal policies of the United States government, its agencies and various other governmental regulatory authorities, among other things. The Federal Reserve Board regulates the supply of money in order to influence general economic conditions. Among the instruments of monetary policy available to the Federal Reserve Board are (i) conducting open market operations in United States government obligations, (ii) changing the discount rate on financial institution borrowings, (iii) imposing or changing reserve requirements against financial institution deposits, and (iv) restricting certain borrowings and imposing or changing reserve requirements against certain borrowings by financial institutions and their affiliates. These methods are used in varying degrees and combinations to affect directly the availability of bank loans and deposits, as well as the interest rates charged on loans and paid on deposits. For that reason alone, the policies of the Federal Reserve Board have a material effect on the earnings of the Company.

Governmental policies have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future; however, the Company cannot accurately predict the nature, timing or extent of any effect such policies may have on its future business and earnings.

Recently Issued Accounting Pronouncements

See Note 1 - Summary of Significant Accounting Policies under the section headed Changes in Accounting Principles and Effects of New Accounting Pronouncements included in the Notes to Consolidated Financial Statements.

Quantitative and Qualitative Disclosures About Market Risk
AVERAGE BALANCE SHEETS

	2014			2013			2012		
	Average Balances	**Income/ Expense**	**Yields/ Rates**	Average Balances	Income/ Expense	Yields/ Rates	Average Balances	Income/ Expense	Yields/ Rates
Assets									
Interest-Earning Assets									
Loans, Net of Unearned Income (1)	**$ 741,484**	**$ 39,814**	**5.37%**	$ 744,627	$ 41,473	5.57%	$ 721,872	$ 42,054	5.83%
Investment Securities									
Taxable	**282,056**	**4,763**	**1.69**	272,818	3,597	1.32	280,959	5,005	1.78
Tax-Exempt (2)	**2,418**	**113**	**4.67**	2,871	139	4.84	3,302	155	4.69
Total Investment Securities	**284,474**	**4,876**	**1.71**	275,689	3,736	1.36	284,261	5,160	1.82
Interest-Bearing Deposits	**16,193**	**42**	**0.26**	9,625	27	0.28	17,046	43	0.25
Federal Funds Sold	**12,551**	**32**	**0.25**	14,969	39	0.26	38,877	99	0.25
Other Interest-Earning Assets	**2,906**	**115**	**3.96**	3,275	81	2.47	4,277	77	1.80
Total Interest-Earning Assets	**1,057,608**	**44,879**	**4.24**	1,048,185	45,356	4.33	1,066,333	47,433	4.45
Noninterest-Earning Assets									
Cash	**9,698**			19,401			18,474		
Allowance for Loan Losses	**(10,841)**			(13,347)			(15,781)		
Other Assets	**71,587**			63,832			70,788		
Total Noninterest-Earning Assets	**70,444**			69,886			73,481		
Total Assets	**$ 1,128,052**			$ 1,118,071			$ 1,139,814		
Liabilities and Stockholders' Equity									
Interest-Bearing Liabilities									
Interest-Bearing Demand and Savings	**$ 394,615**	**$ 1,398**	**0.35%**	$ 366,974	$ 1,335	0.36%	$ 329,984	$ 1,258	0.38%
Other Time	**445,993**	**3,715**	**0.83**	473,672	4,486	0.95	537,810	7,479	1.39
Total Interest-Bearing Deposits	**840,608**	**5,113**	**0.61**	840,646	5,821	0.69	867,794	8,737	1.01
Other Interest-Bearing Liabilities									
Other Borrowed Money	**40,000**	**1,168**	**2.92**	40,299	1,159	2.88	43,745	1,725	3.94
Subordinated Debentures	**24,229**	**518**	**2.14**	24,229	517	2.13	24,229	554	2.29
Federal Funds Purchased and Repurchase Agreements	**2**	**-**	**-**	34	-	-	-	-	-
Total Other Interest-Bearing Liabilities	**64,231**	**1,686**	**2.62**	64,562	1,676	2.6	67,974	2,279	3.35
Total Interest-Bearing Liabilities	**904,839**	**6,799**	**0.75**	905,208	7,497	0.83	935,768	11,016	1.18
Noninterest-Bearing Liabilities and Stockholders' Equity									
Demand Deposits	**118,452**			112,667			101,896		
Other Liabilities	**10,010**			6,838			5,609		
Stockholders' Equity	**94,751**			93,358			96,541		
Total Noninterest-Bearing Liabilities and Stockholders' Equity	**223,213**			212,863			204,046		
Total Liabilities and Stockholders' Equity	**$ 1,128,052**			$ 1,118,071			$ 1,139,814		
Interest Rate Spread			**3.49%**			3.50%			3.27%
Net Interest Income		**$ 38,080**			$ 37,859			$ 36,417	
Net Interest Margin			**3.60%**			3.61%			3.41%

(1) The average balance of loans includes the average balance of nonaccrual loans. Income on such loans is recognized and recorded on the cash basis. Taxable equivalent adjustments totaling $79, $123 and $91 for 2014, 2013 and 2012, respectively, are included in interest on loans. The adjustments are based on a federal tax rate of 34 percent.

(2) Taxable-equivalent adjustments totaling $38, $47 and $53 for 2014, 2013 and 2012 respectively, are included in tax-exempt interest on investment securities. The adjustments are based on a federal tax rate of 34 percent with appropriate reductions for the effect of disallowed interest expense incurred in carrying tax-exempt obligations.

Colony Bankcorp, Inc. and Subsidiaries
Interest Rate Sensitivity

The following table is an analysis of the Company's interest rate-sensitivity position at December 31, 2014. The interest-bearing rate-sensitivity gap, which is the difference between interest-earning assets and interest-bearing liabilities by repricing period, is based upon maturity or first repricing opportunity, along with a cumulative interest rate-sensitivity gap. It is important to note that the table indicates a position at a specific point in time and may not be reflective of positions at other times during the year or in subsequent periods. Major changes in the gap position can be, and are, made promptly as market outlooks change.

	Assets and Liabilities Repricing Within					
	3 Months or Less	**4 to 12 Months**	**1 Year**	**1 to 5 Years**	**Over 5 Years**	**Total**
EARNING ASSETS:						
Interest-Bearing Deposits	$ 21,206	$ -	$ 21,206	$ -	$ -	$ 21,206
Federal Funds Sold	20,132	-	20,132	-	-	20,132
Investment Securities	501	2,203	2,704	176,052	95,868	274,624
Loans, Net of Unearned Income	172,464	166,179	338,643	352,787	54,303	745,733
Other Interest- Earning Assets	2,830	-	2,830	-	-	2,830
Total Interest-Earning Assets	217,133	168,382	385,515	528,839	150,171	1,064,525
INTEREST-BEARING LIABILITIES:						
Interest-Bearing Demand Deposits (1)	363,502	-	363,502	-	-	363,502
Savings (1)	59,215	-	59,215	-	-	59,215
Time Deposits	91,649	210,936	302,585	125,536	126	428,247
Other Borrowings (2)	5,000	-	5,000	35,000	-	40,000
Subordinated Debentures	24,229	-	24,229	-	-	24,229
Total Interest-Bearing Liabilities	543,595	210,936	754,531	160,536	126	915,193
Interest Rate-Sensitivity Gap	(326,462)	(42,554)	(369,016)	368,303	150,045	$ 149,332
Cumulative Interest-Sensitivity Gap	$(326,462)	$(369,016)	$(369,016)	$ (713)	$149,332	
Interest Rate-Sensitivity Gap as a Percentage of Interest-Earning Assets	(30.67)%	(3.99)%	(34.66)%	34.59%	14.10%	
Cumulative Interest Rate-Sensitivity as a Percentage of Interest-Earning Assets	(30.67)%	(34.66)%	(34.66)%	(0.07)%	14.03%	

(1) Interest-bearing Demand and Savings Accounts for repricing purposes are considered to reprice within 3 months or less.

(2) Other borrowings such as FHLB advances consider the conversion date for repricing purposes and are considered to reprice within 3 months or less.

The foregoing table indicates that we had a one year negative gap of $369 million, or 34.66 percent of total interest-earning assets at December 31, 2014. In theory, this would indicate that at December 31, 2014, $369 million more in liabilities than assets would reprice if there were a change in interest rates over the next 365 days. Thus, if interest rates were to decline, the gap would indicate a resulting increase in net interest margin. However, changes in the mix of earning assets or supporting liabilities can either increase or decrease the net interest margin without affecting interest rate sensitivity. In addition, the interest rate spread between an asset and our supporting liability can vary significantly while the timing of repricing of both the assets and our supporting liability can remain the same, thus impacting net interest income. This characteristic is referred to as a basis risk and, generally, relates to the repricing characteristics of short-term funding sources such as certificates of deposits.

Gap analysis has certain limitations. Measuring the volume of repricing or maturing assets and liabilities does not always measure the full impact on the portfolio value of equity or net interest income. Gap analysis does not account for rate caps on products; dynamic changes such as increasing prepay speeds as interest rates decrease, basis risk, or the benefit of non-rate funding sources. The majority of our loan portfolio reprices quickly and completely following changes in market rates, while non-term deposit rates in general move slowly and usually incorporate only a fraction of the change in rates. Products categorized as nonrate sensitive, such as our noninterest-bearing demand deposits, in the gap analysis behave like long term fixed rate funding sources. Both of these factors tend to make our actual behavior more asset sensitive than is indicated in the gap analysis. In fact, we experience higher net interest income when rates rise, opposite what is indicated by the gap analysis. Therefore, management uses gap analysis, net interest margin analysis and market value of portfolio equity as our primary interest rate risk management tools.

The Company utilizes FTN Financial Asset/Liability Management Analysis for a more dynamic analysis of balance sheet structure. The Company has established policies for rate shock per basis point (bp) for earnings at risk for net interest income and for equity at risk. The following table shows the policy limits with the rate shock for earnings at risk and equity at risk as of December 31, 2014.

	Rate Shock	Policy Limit	Immediate Shock (-) decrease bp	Immediate Shock (+) increase bp
Net Interest Income – Earnings at Risk	+/- 100 bp	+/- 10%	- 1.57%	-0.29%
	+/- 200 bp	+/- 15%	-7.20%	-0.98%
	+/- 300 bp	+/- 20%	-9.17%	-1.68%
	+/- 400 bp	+/- 25%	-9.74%	-2.46%
Equity at Risk	+/- 100 bp	+/- 10%	-5.96%	6.21%
	+/- 200 bp	+/- 20%	-21.60%	10.50%
	+/- 300 bp	+/- 30%	-30.68%	13.29%
	+/- 400 bp	+/- 40%	-30.90%	21.12%

The Company has established its one year gap to be 80 percent to 120 percent. The most recent analysis as of December 31, 2014 indicates a one year gap of 0.96 percent. The analysis reflects slight net interest margin compression in both a declining and increasing interest rate environment. Given that interest rates have basically “bottomed-out” with the recent Federal Reserve action, the Company is anticipating interest rates to increase in the future though we believe that interest rates will remain flat most of 2015. The Company is focusing on areas to minimize margin compression in the future by minimizing longer term fixed rate loans, shortening on the yield curve with investments, securing longer term FHLB advances, securing certificates of deposit for longer terms and focusing on reduction of nonperforming assets.

Return on Assets and Stockholder's Equity

The following table presents selected financial ratios for each of the periods indicated.

	Years Ended December 31		
	2014	2013	2012
Return on Average Assets(1)	**0.43%**	0.28%	0.11%
Return on Average Equity(1)	**5.11%**	3.34%	1.25%
Equity to Assets	**8.63%**	7.83%	8.40%
Common Stock Dividends Declared	**$0.00**	$0.00	$0.00

(1) Computed using net income available to common shareholders.

Future Outlook

During the past four years, the financial services industry experienced tremendous adversities as a result of the collapse of the real estate markets across the country. Colony, like most banking companies, has been affected by these economic challenges that started with a rapid stall of real estate sales and development throughout the country. Focus during 2015 will be directed toward addressing and bringing resolution to problem assets.

In response to the elevated risk of residential real estate and land development loans, management has extensively reviewed our loan portfolio with a particular emphasis on our residential and land development real estate exposure. Senior management with experience in problem loan workouts have been identified and assigned responsibility to oversee the workout and resolution of problem loans. The Company will continue to closely monitor our real estate dependent loans throughout the Company and focus on asset quality during this economic downturn.

Revenue enhancement initiatives to improve core non-interest income should be realized during 2015. These initiatives include new product lines and services.

Business

Regulatory Action

The Bank operated under a Memorandum of Understanding ("MOU") from November 23, 2010 until October 1, 2013 when the MOU was lifted by regulatory agencies and replaced with a Board Resolution (BR) to ensure that the Bank's overall condition remains satisfactory. The BR was lifted by regulatory agencies effective October 22, 2014 and there are currently no agreements in place with regulatory agencies.

Prior to October 22, 2014, the BR required the Bank to develop, implement, and maintain various processes to improve the Bank's risk management of its loan portfolio, reduce adversely classified assets in accordance with certain timeframes, limit the extension of additional credit to borrowers with adversely classified loans subject to certain exceptions, adopt a written plan to properly monitor and reduce the Bank's commercial real estate concentration, continue to maintain the Bank's loan loss provision and review its adequacy at least quarterly, and formulate and implement a written plan to improve and maintain earnings to be forwarded for review by the Georgia Department and FDIC. The Bank was also required to obtain approval before any cash dividends can be paid.

Market Makers For Colony Bankcorp, Inc.
Common Stock
Sterne, Agee & Leach, Inc.
Sam Haskell, Vice President
Birmingham, Alabama
866-378-3763

Fig-Partners, LLC
Eric Lawless, Vice President
Atlanta, Georgia
866-344-2657

Colony Bankcorp, Inc. common stock is quoted on the NASDAQ Global Market under the symbol "CBAN."

COLONY BANKCORP, INC.
SHAREHOLDER INFORMATION

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Fitzgerald, Georgia 31750
229-426-6000

ANNUAL MEETING
Tuesday, May 26, 2015 at 2:00 p.m.
Colony Bankcorp, Inc.
115 South Grant Street
Fitzgerald, Georgia 31750

INDEPENDENT AUDITORS:
McNair, McLemore, Middlebrooks & Co., LLC
P.O. Box One
Macon, Georgia 31202

SHAREHOLDER SERVICES:
Shareholders who want to change the name, address or ownership of stock; to report lost, stolen or destroyed certificates; or to consolidate accounts should contact:

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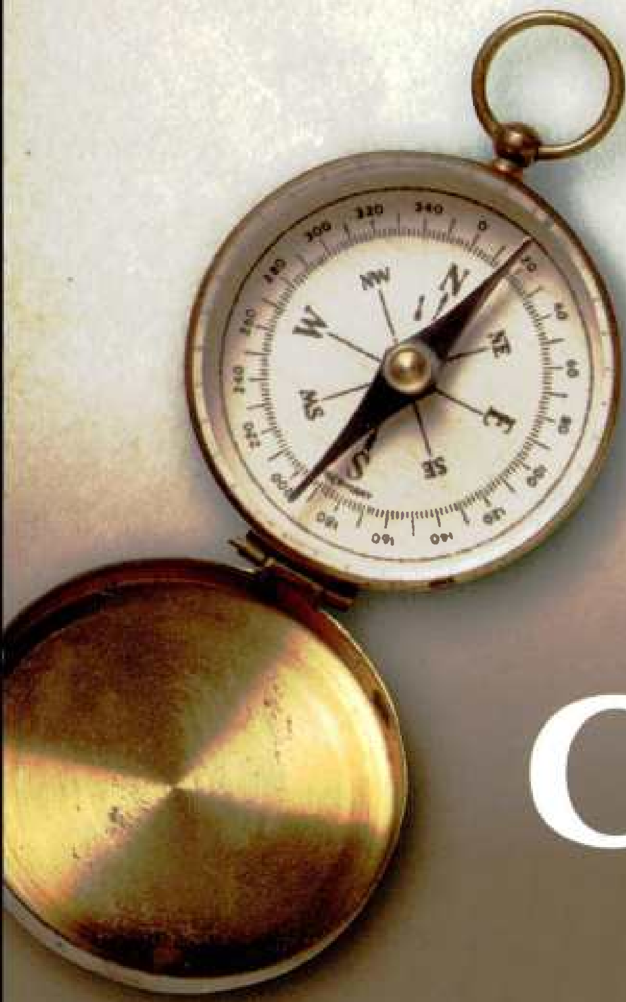

COLONY
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