

COLONY BANKCORP INC
Form 10-Q
November 03, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

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

FOR QUARTER ENDED SEPTEMBER 30, 2014 COMMISSION FILE NUMBER 0-12436

COLONY BANKCORP, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

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

115 SOUTH GRANT STREET, FITZGERALD, GEORGIA 31750
ADDRESS OF PRINCIPAL EXECUTIVE OFFICES

229/426-6000
REGISTRANT'S TELEPHONE NUMBER INCLUDING AREA CODE

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

YES ☒ NO ☐

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

YES ☒ NO ☐

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

LARGE ACCELERATED FILER ☐ ACCELERATED FILER ☐

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NON-ACCELERATED FILER ☐ SMALLER REPORTING COMPANY ☒
(DO NOT CHECK IF A SMALLER REPORTING COMPANY)

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

YES ☐ NO ☒

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

| <u>CLASS</u> | <u>OUTSTANDING AT NOVEMBER 3, 2014</u> |
|-----------------------------|--|
| COMMON STOCK, \$1 PAR VALUE | 8,439,258 |

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Forward Looking Statement Disclosure

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

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

Loss 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 subsidiary must comply.

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

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

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

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

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

Restrictions or conditions imposed by our regulators on our operations.

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

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

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PART 1. FINANCIAL INFORMATION

ITEM 1

FINANCIAL STATEMENTS

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

A. CONSOLIDATED BALANCE SHEETS – SEPTEMBER 30, 2014 (UNAUDITED) AND DECEMBER 31, 2013 (AUDITED).

B. CONSOLIDATED STATEMENTS OF INCOME – FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013 AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013 (UNAUDITED).

C. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME – FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013 AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013 (UNAUDITED).

D. CONSOLIDATED STATEMENTS OF CASH FLOWS – FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013 (UNAUDITED).

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

THE RESULTS OF OPERATIONS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014 ARE NOT NECESSARILY INDICATIVE OF THE RESULTS TO BE EXPECTED FOR THE FULL YEAR.

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Part I (Continued)

Item 1 (Continued)

COLONY BANKCORP, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2014 AND DECEMBER 31, 2013
(DOLLARS IN THOUSANDS)

| | September 30, 2014 (Unaudited) | December 31, 2013 (Audited) |
|--|--------------------------------------|-----------------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | | |
| Cash and Due from Banks | \$ 17,120 | \$25,692 |
| Federal Funds Sold | 6,712 | 20,495 |
| | 23,832 | 46,187 |
| Interest-Bearing Deposits | 10,682 | 21,960 |
| Investment Securities | | |
| Available for Sale, at Fair Value | 273,547 | 263,258 |
| Held to Maturity, at Cost (Fair Value of \$33 and \$37, as of September 30, 2014 and December 31, 2013, Respectively) | 33 | 37 |
| | 273,580 | 263,295 |
| Federal Home Loan Bank Stock, at Cost | 2,831 | 3,164 |
| Loans | 743,281 | 751,218 |
| Allowance for Loan Losses | (9,788) | (11,806) |
| Unearned Interest and Fees | (354) | (360) |
| | 733,139 | 739,052 |
| Premises and Equipment | 24,976 | 24,876 |
| Other Real Estate (Net of Allowance of \$3,026 and \$3,986 as of September 30, 2014 and December 31, 2013, Respectively) | 10,833 | 15,502 |
| Other Intangible Assets | 161 | 188 |
| Other Assets | 34,380 | 34,327 |
| Total Assets | \$ 1,114,414 | \$ 1,148,551 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Deposits | | |
| Noninterest-Bearing | \$ 116,131 | \$ 115,261 |
| Interest-Bearing | 825,069 | 872,269 |
| | 941,200 | 987,530 |
| Borrowed Money | | |
| Subordinated Debentures | 24,229 | 24,229 |
| Other Borrowed Money | 40,000 | 40,000 |
| | 64,229 | 64,229 |
| Other Liabilities | 12,713 | 6,838 |
| Stockholders' Equity | | |
| Preferred Stock, Stated Value \$1,000 a Share; Authorized 10,000,000 Shares, Issued 28,000 Shares | 28,000 | 28,000 |

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| | | |
|--|--------------|--------------|
| Common Stock, Par Value \$1 a Share; Authorized 20,000,000 Shares, Issued 8,439,258 Shares as of September 30, 2014 and December 31, 2013 | 8,439 | 8,439 |
| Paid-In Capital | 29,145 | 29,145 |
| Retained Earnings | 36,978 | 33,445 |
| Accumulated Other Comprehensive (Loss), Net of Tax Benefits | (6,290) | (9,075) |
| | 96,272 | 89,954 |
| Total Liabilities and Stockholders' Equity | \$ 1,114,414 | \$ 1,148,551 |

The accompanying notes are an integral part of these statements.

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Part I (Continued)

Item 1 (Continued)

CONSOLIDATED STATEMENTS OF INCOME

THREE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

AND NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

(UNAUDITED)

(DOLLARS IN THOUSANDS)

| | Three Months Ended September 30, 2014 | | September 30, 2013 | | Nine Months Ended September 30, 2014 | | September 30, 2013 | |
|---------------------------|---|--|-----------------------|--|---|--|-----------------------|--|
| Interest Income | | | | | | | | |
| Loans, Including Fees | \$10,170 | | \$ 10,303 | | \$29,815 | | \$ 31,023 | |
| Federal Funds Sold | 6 | | 7 | | 23 | | 27 | |
| Deposits with Other Banks | 9 | | | | | | | |