

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

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

FOR QUARTER ENDED MARCH 31, 2015

COMMISSION FILE NUMBER 0-12436

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

GEORGIA
(STATE OR OTHER JURISDICTION OF INCORPORATION OR
ORGANIZATION)

58-1492391
(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

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

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

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

YES ☐ NO ☐

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

YES ☐ NO ☐

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

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

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

YES ☐ NO ☐

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

CLASS
COMMON STOCK, \$1 PAR VALUE

OUTSTANDING AT MAY 4, 2015
8,439,258

TABLE OF CONTENTS

	<u>Page</u>
<u>PART I – Financial Information</u>	
Forward Looking Statement Disclosure	3
Item 1. Financial Statements	4
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	39
Item 3. Quantitative and Qualitative Disclosures About Market Risk	52
Item 4. Controls and Procedures	53
<u>PART II – Other Information</u>	
Item 1. Legal Proceedings	54
Item 1A. Risk Factors	54
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	54
Item 3. Defaults Upon Senior Securities	54
Item 4. (Removed and Reserved)	54
Item 5. Other Information	54
Item 6. Exhibits	55
Signatures	57

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; (ii) 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.

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

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

PART 1. FINANCIAL INFORMATION
ITEM 1

FINANCIAL STATEMENTS

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

- A. CONSOLIDATED BALANCE SHEETS – MARCH 31, 2015 (UNAUDITED) AND DECEMBER 31, 2014 (AUDITED).
- B. CONSOLIDATED STATEMENTS OF INCOME – FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014 (UNAUDITED).
- C. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME – FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014 (UNAUDITED).
- D. CONSOLIDATED STATEMENTS OF CASH FLOWS – FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014 (UNAUDITED).

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

THE RESULTS OF OPERATIONS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2015 ARE NOT NECESSARILY INDICATIVE OF THE RESULTS TO BE EXPECTED FOR THE FULL YEAR .

Part I (Continued)
Item 2 (Continued)

COLONY BANKCORP, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2015 AND DECEMBER 31, 2014
(DOLLARS IN THOUSANDS)

	March 31, 2015	December 31, 2014
	(Unaudited)	(Audited)
ASSETS		
Cash and Cash Equivalents		
Cash and Due from Banks	\$ 20,407	\$ 24,473
Federal Funds Sold	-	20,132
	<u>20,407</u>	<u>44,605</u>
Interest-Bearing Deposits	<u>42,312</u>	<u>21,206</u>
Investment Securities		
Available for Sale, at Fair Value	279,139	274,594
Held to Maturity, at Cost (Fair Value of \$31 and \$30, as of March 31, 2015 and December 31, 2014, Respectively)	<u>31</u>	<u>30</u>
	<u>279,170</u>	<u>274,624</u>
Federal Home Loan Bank Stock, at Cost	<u>2,731</u>	<u>2,831</u>
Loans	<u>753,634</u>	<u>746,094</u>
Allowance for Loan Losses	(8,377)	(8,802)
Unearned Interest and Fees	<u>(391)</u>	<u>(362)</u>
	<u>744,866</u>	<u>736,930</u>
Premises and Equipment	<u>24,745</u>	<u>24,960</u>
Other Real Estate (Net of Allowance of \$3,242 and \$3,320 as of March 31, 2015 and December 31, 2014, Respectively)	<u>11,979</u>	<u>10,402</u>
Other Intangible Assets	<u>143</u>	<u>152</u>
Other Assets	<u>30,358</u>	<u>31,188</u>
Total Assets	<u>\$ 1,156,711</u>	<u>\$ 1,146,898</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Noninterest-Bearing	\$ 128,584	\$ 128,340
Interest-Bearing	<u>857,272</u>	<u>850,963</u>
	<u>985,856</u>	<u>979,303</u>
Borrowed Money		
Subordinated Debentures	24,229	24,229
Other Borrowed Money	<u>40,000</u>	<u>40,000</u>
	<u>64,229</u>	<u>64,229</u>
Other Liabilities	<u>4,263</u>	<u>4,339</u>
Stockholders' Equity		
Preferred Stock, Stated Value \$1,000 a Share; Authorized 10,000,000 Shares, Issued 28,000 Shares	28,000	28,000
Common Stock, Par Value \$1 a Share; Authorized 20,000,000 Shares, Issued 8,439,258 Shares as of March 31, 2015 and December 31, 2014	8,439	8,439
Paid-In Capital	29,145	29,145
Retained Earnings	39,542	38,288
Accumulated Other Comprehensive (Loss), Net of Tax Benefits	<u>(2,763)</u>	<u>(4,845)</u>
	<u>102,363</u>	<u>99,027</u>
Total Liabilities and Stockholders' Equity	<u>\$ 1,156,711</u>	<u>\$ 1,146,898</u>

The accompanying notes are an integral part of these statements.

Part I (Continued)
Item 2 (Continued)

COLONY BANKCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(UNAUDITED)
(DOLLARS IN THOUSANDS)

	Three Months Ended	
	March 31, 2015	March 31, 2014
Interest Income		
Loans, Including Fees	\$ 9,709	\$ 9,689
Federal Funds Sold	15	9
Deposits with Other Banks	17	13
Investment Securities		
U.S. Government Agencies	1,070	1,184
State, County and Municipal	25	28
Dividends on Other Investments	30	30
	<u>10,866</u>	<u>10,953</u>
Interest Expense		
Deposits	1,219	1,321
Borrowed Money	445	438
	<u>1,664</u>	<u>1,759</u>
Net Interest Income	9,202	9,194
Provision for Loan Losses	362	327
Net Interest Income After Provision for Loan Losses	<u>8,840</u>	<u>8,867</u>
Noninterest Income		
Service Charges on Deposits	987	1,067
Other Service Charges, Commissions and Fees	662	581
Mortgage Fee Income	113	67
Securities Gains (Losses)	3	-
Other	447	347
	<u>2,212</u>	<u>2,062</u>
Noninterest Expenses		
Salaries and Employee Benefits	4,468	4,412
Occupancy and Equipment	993	1,020
Other	2,825	3,434
	<u>8,286</u>	<u>8,866</u>
Income Before Income Taxes	2,766	2,063
Income Taxes	883	606
Net Income	1,883	1,457
Preferred Stock Dividends	630	643
Net Income Available to Common Stockholders	<u>\$ 1,253</u>	<u>\$ 814</u>
Net Income Per Share of Common Stock		
Basic	\$ 0.15	\$ 0.10
Diluted	\$ 0.15	\$ 0.10
Cash Dividends Declared Per Share of Common Stock	\$ -	\$ -
Weighted Average Basic Shares Outstanding	8,439,258	8,439,258
Weighted Average Diluted Shares Outstanding	8,439,258	8,439,258

The accompanying notes are an integral part of these statements.

Part I (Continued)

Item 2 (Continued)

COLONY BANKCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(UNAUDITED)
(DOLLARS IN THOUSANDS)

	Three Months Ended	
	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Net Income	\$ 1,883	\$ 1,457
Other Comprehensive Income:		
Gains on Securities Arising During the Year	3,158	2,394
Tax Effect	(1,074)	(814)
Realized (Losses) on Sale of AFS Securities	(3)	-
Tax Effect	1	-
Change in Unrealized Gains on Securities Available for Sale, Net of Reclassification Adjustment and Tax Effects	<u>2,082</u>	<u>1,580</u>
Comprehensive Income	<u>\$ 3,965</u>	<u>\$ 3,037</u>

The accompanying notes are an integral part of these statements.

Part I (Continued)
Item 2 (Continued)

COLONY BANKCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(UNAUDITED)
(DOLLARS IN THOUSANDS)

	Three Months Ended	
	March 31, 2015	March 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 1,883	\$ 1,457
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	410	410
Provision for Loan Losses	362	327
Securities (Gains) Losses	(3)	-
Amortization and Accretion	390	306
Losses on Sale of Other Real Estate and Repossessions	10	24
Provision for Losses on Other Real Estate	-	642
Increase in Cash Surrender Value of Life Insurance	(117)	(157)
Other Prepaids, Deferrals and Accruals, Net	(220)	895
	<u>2,715</u>	<u>3,904</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investment Securities Available for Sale	(38,257)	(20,727)
Proceeds from Maturities, Calls, and Paydowns of Investment Securities:		
Available for Sale	11,326	7,136
Proceeds from Sale of Investment Securities Available for Sale	25,173	-
Interest-Bearing Deposits in Other Banks	(21,106)	(441)
Net Loans to Customers	(12,518)	11,465
Purchase of Premises and Equipment	(195)	(171)
Proceeds from Sale of Other Real Estate and Repossessions	2,641	1,765
Proceeds from Sale of Federal Home Loan Bank Stock	100	333
	<u>(32,836)</u>	<u>(640)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Noninterest-Bearing Customer Deposits	244	4,723
Interest-Bearing Customer Deposits	6,309	(15,399)
Dividends Paid for Preferred Stock	(630)	-
	<u>5,923</u>	<u>(10,676)</u>
Net Decrease in Cash and Cash Equivalents	(24,198)	(7,412)
Cash and Cash Equivalents at Beginning of Period	44,605	46,187
Cash and Cash Equivalents at End of Period	<u>\$ 20,407</u>	<u>\$ 38,775</u>

The accompanying notes are an integral part of these statements.

Part I (Continued)
Item 2 (Continued)

COLONY BANKCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

Presentation

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.

All dollars in notes to consolidated financial statements are rounded to the nearest thousand.

The consolidated financial statements in this report are unaudited, except for the December 31, 2014 consolidated balance sheet. All adjustments consisting of normal recurring accruals which are, in the opinion of management, necessary for fair presentation of the interim consolidated financial statements have been included and fairly and accurately present the financial position, results of operations and cash flows of the Company. The results of operations for the three months ended March 31, 2015, are not necessarily indicative of the results which may be expected for the entire year.

Nature of Operations

The Bank 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, Brixton, 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 have been reclassified to conform to statement presentations selected for 2015. Such reclassifications had no effect on previously reported stockholders' equity or net income.

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 March 31, 2015, 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. 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.

Part I (Continued)

Item 2 (Continued)

(1) Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk (Continued)

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 Colony 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 ratings are 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.

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.

Part I (Continued)**Item 2 (Continued)****(1) Summary of Significant Accounting Policies (Continued)****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 non-accrual loan that has been modified in a TDR remains on non-accrual status for a period of 6 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 non-accrual 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.

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 (i) changes in the composition of the loan portfolio, (ii) the extent of loan concentrations within the portfolio, (iii) the effectiveness of the Company's lending policies, procedures and internal controls, (iv) the experience, ability and effectiveness of the Company's lending management and staff, and (v) national and local economics and business conditions.

Loans identified as losses by management, internal loan review and/or regulatory agencies 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.

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 or not 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.

Part I (Continued)**Item 2 (Continued)****(1) Summary of Significant Accounting Policies (Continued)****Allowance for Loan Losses (Continued)**

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 are not 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 a 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.

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 and federal funds sold. Cash flows from demand deposits, interest-bearing checking accounts, savings accounts, loans and certificates of deposit are reported net.

Advertising Costs

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

Part I (Continued)

Item 2 (Continued)

(1) Summary of Significant Accounting Policies (Continued)

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.

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 statement of income.

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 other noninterest 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 \$14,648 and \$14,531 as of March 31, 2015 and December 31, 2014, 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 and are not reported in the consolidated statements of operations but as a separate component of the equity section of the consolidated balance sheets. 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 when they are funded.

Part I (Continued)
Item 2 (Continued)
(1) Summary of Significant Accounting Policies (Continued)
Changes in Accounting Principles and Effects of New Accounting Pronouncements
Adoption of New Accounting Standards

In May 2014, the FASB issued an update ASU No. 2014-09, *Revenue from Contracts with Customers creating FASB Topic 606, Revenue from Contracts with Customers*. The guidance in this update affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (for example, insurance contracts or lease contracts). The core principle of the guidance 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. The guidance provides steps to follow to achieve the core principle. An entity should disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Qualitative and quantitative information is required about contracts with customers, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The amendments in this update are effective for interim and annual reporting periods beginning after December 15, 2016. We are currently evaluating the impact of adopting the new guidance on the consolidated financial statements.

(2) Investment Securities

Investment securities as of March 31, 2015 and December 31, 2014 are summarized as follows:

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
March 31, 2015				
Securities Available for Sale:				
U.S. Government Agencies Mortgage-Backed	\$ 280,163	\$ 406	\$ (4,598)	\$ 275,971
State, County & Municipal	3,163	33	(28)	3,168
	<u>\$ 283,326</u>	<u>\$ 439</u>	<u>\$ (4,626)</u>	<u>\$ 279,139</u>
Securities Held to Maturity:				
State, County and Municipal	<u>\$ 31</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31</u>
December 31, 2014				
	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Securities Available for Sale:				
U.S. Government Agencies Mortgage-Backed	\$ 278,419	\$ 156	\$ (7,511)	\$ 271,064
State, County & Municipal	3,516	27	(13)	3,530
	<u>\$ 281,935</u>	<u>\$ 183</u>	<u>\$ (7,524)</u>	<u>\$ 274,594</u>
Securities Held to Maturity:				
State, County and Municipal	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30</u>

Part I (Continued)
Item 2 (Continued)
(2) Investment Securities (Continued)

The amortized cost and fair value of investment securities as of March 31, 2015, by contractual maturity, are shown hereafter. Expected maturities will differ from contractual maturities because issuers 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	\$ 215	\$ 215	\$ 31	\$ 31
Due After One Year Through Five Years	719	729	-	-
Due After Five Years Through Ten Years	1,050	1,038	-	-
Due After Ten Years	1,179	1,186	-	-
	<u>\$ 3,163</u>	<u>\$ 3,168</u>	<u>\$ 31</u>	<u>\$ 31</u>
Mortgage-Backed Securities	280,163	275,971	-	-
	<u>\$ 283,326</u>	<u>\$ 279,139</u>	<u>\$ 31</u>	<u>\$ 31</u>

Proceeds from the sale of investments available for sale during the first three months of 2015 totaled \$25,173 compared to \$0 for the first three months of 2014. The sale of investments available for sale during the first three months of 2015 resulted in gross realized gains of \$199 and losses of \$196.

Investment securities having a carry value approximating \$126,792 and \$135,532 as of March 31, 2015 and December 31, 2014, respectively, were pledged to secure public deposits and for other purposes.

Information pertaining to securities with gross unrealized losses at March 31, 2015 and December 31, 2014 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
March 31, 2015						
U.S. Government Agencies						
Mortgage-Backed	\$ 37,934	\$ (141)	\$ 159,595	\$ (4,457)	\$ 197,529	\$ (4,598)
State, County and Municipal	691	(7)	820	(21)	1,511	(28)
	<u>\$ 38,625</u>	<u>\$ (148)</u>	<u>\$ 160,415</u>	<u>\$ (4,478)</u>	<u>\$ 199,040</u>	<u>\$ (4,626)</u>
December 31, 2014						
U.S. Government Agencies						
Mortgage-Backed	\$ 66,609	\$ (397)	\$ 183,646	\$ (7,114)	\$ 250,255	\$ (7,511)
State, County and Municipal	-	-	1,379	(13)	1,379	(13)
	<u>\$ 66,609</u>	<u>\$ (397)</u>	<u>\$ 185,025</u>	<u>\$ (7,127)</u>	<u>\$ 251,634</u>	<u>\$ (7,524)</u>

Part I (Continued)

Item 2 (Continued)

(2) Investments (Continued)

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 March 31, 2015, the debt securities with unrealized losses have depreciated 2.27 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.

(3) Loans

The following table presents the composition of loans segregated by class of loans, as of March 31, 2015 and December 31, 2014.

	<u>March 31, 2015</u>	<u>December 31, 2014</u>
Commercial and Agricultural		
Commercial	\$ 51,774	\$ 50,960
Agricultural	19,188	16,689
Real Estate		
Commercial Constuction	48,611	51,259
Residential Construction	10,030	11,221
Commercial	341,845	332,231
Residential	202,878	203,753
Farmland	51,572	49,951
Consumer and Other		
Consumer	21,705	22,820
Other	6,031	7,210
Total Loans	<u>\$ 753,634</u>	<u>\$ 746,094</u>

Commercial and industrial 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 (i) the risk grade assigned to commercial and consumer loans, (ii) the level of classified commercial loans, (iii) net charge-offs, (iv) nonperforming loans, and (v) the general economic conditions in the Company's geographic markets.

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:

Part I (Continued)

Item 2 (Continued)

(3) Loans (Continued)

- 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.

The following table presents the loan portfolio by credit quality indicator (risk grade) as of March 31, 2015 and December 31, 2014. Those loans with a risk grade of 1, 2, 3 or 4 have been combined in the pass column for presentation purposes.

March 31, 2015

	<u>Pass</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Total Loans</u>
Commercial and Agricultural				
Commercial	\$ 47,730	\$ 2,329	\$ 1,715	\$ 51,774
Agricultural	19,005	27	156	19,188
Real Estate				
Commercial Construction	42,481	1,665	4,465	48,611
Residential Construction	10,030	-	-	10,030
Commercial	322,579	9,198	10,068	341,845
Residential	182,105	10,838	9,935	202,878
Farmland	49,247	767	1,558	51,572
Consumer and Other				
Consumer	21,049	203	453	21,705
Other	5,835	2	194	6,031
Total Loans	<u>\$ 700,061</u>	<u>\$ 25,029</u>	<u>\$ 28,544</u>	<u>\$ 753,634</u>

Part I (Continued)

Item 2 (Continued)

(3) Loans (Continued)
December 31, 2014

	<u>Pass</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Total Loans</u>
Commercial and Agricultural				
Commercial	\$ 46,230	\$ 2,905	\$ 1,825	\$ 50,960
Agricultural	16,504	27	158	16,689
Real Estate				
Commercial Construction	45,063	1,741	4,455	51,259
Residential Construction	11,221	-	-	11,221
Commercial	309,828	11,220	11,183	332,231
Residential	180,550	10,582	12,621	203,753
Farmland	47,548	415	1,988	49,951
Consumer and Other				
Consumer	22,115	249	456	22,820
Other	7,013	-	197	7,210
Total Loans	<u>\$ 686,072</u>	<u>\$ 27,139</u>	<u>\$ 32,883</u>	<u>\$ 746,094</u>

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.

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 or not such loans are considered past due.

Part I (Continued)

Item 2 (Continued)

(3) Loans (Continued)

The following table represents an age analysis of past due loans and nonaccrual loans, segregated by class of loans, as of March 31, 2015 and December 31, 2014:

March 31, 2015

March 31, 2018

	Accruing Loans					
	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	\$ 484	\$ -	\$ 484	\$ 558	\$ 50,732	\$ 51,774
Agricultural	77	-	77	156	18,955	19,188
Real Estate						
Commercial Construction	383	-	383	3,223	45,005	48,611
Residential Construction	105	-	105	-	9,925	10,030
Commercial	1,754	-	1,754	5,018	335,073	341,845
Residential	4,025	-	4,025	4,021	194,832	202,878
Farmland	446	-	446	1,417	49,709	51,572
Consumer and Other						
Consumer	343	8	351	192	21,162	21,705
Other	35	-	35	194	5,802	6,031
Total Loans	\$ 7,652	\$ 8	\$ 7,660	\$ 14,779	\$ 731,195	\$ 753,634

December 31, 2014

December 31, 2017

	Accruing Loans					
	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	\$ -	\$ 872	\$ 405	\$ 49,683	\$ 50,960
Agricultural	-	-	-	45	16,644	16,689
Real Estate						
Commercial Construction	142	-	142	3,251	47,866	51,259
Residential Construction	-	-	-	-	11,221	11,221
Commercial	2,309	-	2,309	5,325	324,597	332,231
Residential	5,783	-	5,783	7,462	190,508	203,753
Farmland	282	-	282	1,449	48,220	49,951
Consumer and Other						
Consumer	313	7	320	202	22,298	22,820
Other	-	-	-	195	7,015	7,210
Total Loans	\$ 9,701	\$ 7	\$ 9,708	\$ 18,334	\$ 718,052	\$ 746,094

Part I (Continued)

Item 2 (Continued)

(3) Loans (Continued)

The following table details impaired loan data as of March 31, 2015:

March 31, 2015

	Unpaid Contractual Principal Balance	Impaired Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized	Interest Income Collected
With No Related Allowance Recorded						
Commercial	\$ 492	\$ 464	\$ -	\$ 464	\$ (7)	\$ 5
Agricultural	174	156	-	156	(10)	10
Commercial Construction	9,537	3,428	-	3,428	6	7
Residential Construction	-	-	-	-	-	-
Commercial Real Estate	17,531	17,037	-	17,037	157	163
Residential Real Estate	6,141	5,195	-	5,195	42	47
Farmland	1,419	1,417	-	1,417	3	3
Consumer	200	192	-	192	1	4
Other	205	194	-	194	2	2
	<u>35,699</u>	<u>28,083</u>	<u>-</u>	<u>28,083</u>	<u>194</u>	<u>241</u>
With An Allowance Recorded						
Commercial	94	94	94	94	-	-
Agricultural	-	-	-	-	-	-
Commercial Construction	206	134	49	134	-	-
Residential Construction	-	-	-	-	-	-
Commercial Real Estate	5,463	5,463	209	5,463	45	45
Residential Real Estate	1,209	1,103	330	1,103	13	6
Farmland	394	394	53	394	5	5
Consumer	-	-	-	-	-	-
Other	-	-	-	-	-	-
	<u>7,366</u>	<u>7,188</u>	<u>735</u>	<u>7,188</u>	<u>63</u>	<u>56</u>
Total						
Commercial	586	558	94	558	(7)	5
Agricultural	174	156	-	156	(10)	10
Commercial Construction	9,743	3,562	49	3,562	6	7
Residential Construction	-	-	-	-	-	-
Commercial Real Estate	22,994	22,500	209	22,500	202	208
Residential Real Estate	7,350	6,298	330	6,298	55	53
Farmland	1,813	1,811	53	1,811	8	8
Consumer	200	192	-	192	1	4
Other	205	194	-	194	2	2
	<u>\$ 43,065</u>	<u>\$ 35,271</u>	<u>\$ 735</u>	<u>\$ 35,271</u>	<u>\$ 257</u>	<u>\$ 297</u>

Part I (Continued)

Item 2 (Continued)

(3) Loans (Continued)

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

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	\$ 308	\$ -	\$ 679	\$ 9	\$ 18
Agricultural	50	45	-	51	(6)	3
Commercial Construction	9,573	3,464	-	3,376	13	13
Commercial Real Estate	17,130	16,228	-	18,350	462	474
Residential Real Estate	9,137	7,600	-	5,691	312	306
Farmland	1,451	1,449	-	949	(8)	18
Consumer	202	202	-	212	14	16
Other	207	195	-	197	6	11
	<u>38,060</u>	<u>29,491</u>	<u>-</u>	<u>29,505</u>	<u>802</u>	<u>859</u>
With An Allowance Recorded						
Commercial	97	97	97	420	-	-
Agricultural	-	-	-	-	-	-
Commercial Construction	207	136	54	1,529	-	-
Commercial Real Estate	6,135	6,135	457	6,415	61	51
Residential Real Estate	2,073	2,065	414	1,829	84	87
Farmland	396	396	29	529	13	12
Consumer	-	-	-	-	-	-
Other	-	-	-	-	-	-
	<u>8,908</u>	<u>8,829</u>	<u>1,051</u>	<u>10,722</u>	<u>158</u>	<u>150</u>
Total						
Commercial	407	405	97	1,099	9	18
Agricultural	50	45	-	51	(6)	3
Commercial Construction	9,780	3,600	54	4,905	13	13
Commercial Real Estate	23,265	22,363	457	24,765	523	525
Residential Real Estate	11,210	9,665	414	7,520	396	393
Farmland	1,847	1,845	29	1,478	5	30
Consumer	202	202	-	212	14	16
Other	207	195	-	197	6	11
	<u>\$ 46,968</u>	<u>\$ 38,320</u>	<u>\$ 1,051</u>	<u>\$ 40,227</u>	<u>\$ 960</u>	<u>\$ 1,009</u>

Part I (Continued)

Item 2 (Continued)

(3) Loans (Continued)

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

March 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	\$ 599	\$ 599	\$ -	\$ 599	\$ 5	\$ 13
Agricultural	56	51	-	51	(9)	-
Commercial Construction	7,460	4,354	-	4,354	8	8
Residential Construction	-	-	-	-	-	-
Commercial Real Estate	21,196	20,686	-	20,686	130	132
Residential Real Estate	7,113	5,642	-	5,642	46	46
Farmland	349	348	-	348	(2)	1
Consumer	256	251	-	251	4	5
Other	203	203	-	203	2	2
	<u>37,232</u>	<u>32,134</u>	<u>-</u>	<u>32,134</u>	<u>184</u>	<u>207</u>
With An Allowance Recorded						
Commercial	1,380	1,380	423	1,380	-	-
Agricultural	-	-	-	-	-	-
Commercial Construction	5,922	3,470	1,548	3,470	-	-
Residential Construction	-	-	-	-	-	-
Commercial Real Estate	6,466	6,109	407	6,109	46	46
Residential Real Estate	962	954	289	954	11	15
Farmland	1,324	1,324	233	1,324	-	-
Consumer	-	-	-	-	-	-
Other	-	-	-	-	-	-
	<u>16,054</u>	<u>13,237</u>	<u>2,900</u>	<u>13,237</u>	<u>57</u>	<u>61</u>
Total						
Commercial	1,979	1,979	423	1,979	5	13
Agricultural	56	51	-	51	(9)	-
Commercial Construction	13,382	7,824	1,548	7,824	8	8
Residential Construction	-	-	-	-	-	-
Commercial Real Estate	27,662	26,795	407	26,795	176	178
Residential Real Estate	8,075	6,596	289	6,596	57	61
Farmland	1,673	1,672	233	1,672	(2)	1
Consumer	256	251	-	251	4	5
Other	203	203	-	203	2	2
	<u>\$ 53,286</u>	<u>\$ 45,371</u>	<u>\$ 2,900</u>	<u>\$ 45,371</u>	<u>\$ 241</u>	<u>\$ 268</u>

Part I (Continued)

Item 2 (Continued)

(3) 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.

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 March 31, 2015. The following tables present the number of loan contracts restructured during the three month period ended March 31, 2015 and 2014. It shows 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 twelve 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.

Three Months Ended March 31, 2015			
Troubled Debt Restructurings	<u># of Contracts</u>	<u>Pre-Modification</u>	<u>Post-Modification</u>
Residential Real Estate	<u>1</u>	<u>\$ 881</u>	<u>\$ 897</u>
Total Loans	<u>1</u>	<u>\$ 881</u>	<u>\$ 897</u>

Three Months Ended March 31, 2014			
Troubled Debt Restructurings	<u># of Contracts</u>	<u>Pre-Modification</u>	<u>Post-Modification</u>
Commercial Real Estate	<u>2</u>	<u>\$ 1,771</u>	<u>\$ 1,775</u>
Total Loans	<u>2</u>	<u>\$ 1,771</u>	<u>\$ 1,775</u>

Part I (Continued)

Item 2 (Continued)

(3) Loans (Continued)

The company did not have any TDRs that subsequently defaulted for the three months ended March 31, 2015.

(4) Allowance for Loan Losses

The following tables detail activity in the allowance for loan losses, segregated by class of loan, for the three month period ended March 31, 2015 and March 31, 2014. 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.

March 31, 2015

	<u>Beginning Balance</u>	<u>Charge-Offs</u>	<u>Recoveries</u>	<u>Provision</u>	<u>Ending Balance</u>
Commercial and Agricultural					
Commercial	\$ 497	\$ (184)	\$ 13	\$ 8	\$ 334
Agricultural	304	-	1	2	307
Real Estate					
Commercial Construction	1,223	(6)	14	138	1,369
Residential Construction	138	-	-	-	138
Commercial	3,665	(125)	88	144	3,772
Residential	2,425	(589)	22	42	1,900
Farmland	104	-	-	2	106
Consumer and Other					
Consumer	67	(36)	13	26	70
Other	<u>379</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>381</u>
	<u>\$ 8,802</u>	<u>\$ (940)</u>	<u>\$ 153</u>	<u>\$ 362</u>	<u>\$ 8,377</u>

Part I (Continued)

Item 2 (Continued)

(4) Allowance for Loan Losses (Continued)
March 31, 2014

	<u>Beginning Balance</u>	<u>Charge-Offs</u>	<u>Recoveries</u>	<u>Provision</u>	<u>Ending Balance</u>
Commercial and Agricultural					
Commercial	\$ 1,017	\$ (27)	\$ 14	\$ 7	\$ 1,011
Agricultural	294	-	1	2	297
Real Estate					
Commercial Construction	1,782	-	182	125	2,089
Residential Construction	138	-	-	-	138
Commercial	4,379	(236)	6	131	4,280
Residential	3,278	(293)	6	38	3,029
Farmland	312	-	-	1	313
Consumer and Other					
Consumer	243	(102)	25	23	189
Other	363	-	1	-	364
	<u>\$ 11,806</u>	<u>\$ (658)</u>	<u>\$ 235</u>	<u>\$ 327</u>	<u>\$ 11,710</u>

The loss history period used at March 31, 2015 was based on the loss rate from the eight quarters ended December 31, 2014.

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.

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 \$7.2 million and \$7.4 million as of March 31, 2015 and 2014, respectively. Specific allowance allocations were made for these loans totaling \$596 thousand and \$620 thousand as of March 31, 2015 and 2014, 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 March 31, 2015, there were impaired loans totaling \$4.4 million below the \$250,000 review threshold which 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 March 31, 2014, impaired loans totaling \$3.99 million were below the \$250,000 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.

Part I (Continued)
Item 2 (Continued)
(4) Allowance for Loan Losses (Continued)

The following tables present breakdowns of the allowance for loan losses, segregated by impairment methodology for March 31, 2015 and 2014:

March 31, 2015

	Ending Allowance Balance			Ending Loan Balance		
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
Commercial and Agricultural						
Commercial	\$ 94	\$ 240	\$ 334	\$ 94	\$ 51,680	\$ 51,774
Agricultural	-	307	307	8	19,180	19,188
Real Estate						
Commercial Construction	49	1,320	1,369	3,428	45,183	48,611
Residential Construction	-	138	138	-	10,030	10,030
Commercial	209	3,563	3,772	21,953	319,892	341,845
Residential	330	1,570	1,900	3,680	199,198	202,878
Farmland	53	53	106	1,699	49,873	51,572
Consumer and Other						
Consumer	-	70	70	-	21,705	21,705
Other	-	381	381	-	6,031	6,031
Total End of Period Balance	\$ 735	\$ 7,642	\$ 8,377	\$ 30,862	\$ 722,772	\$ 753,634

March 31, 2014

	Ending Allowance Balance			Ending Loan Balance		
	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
Commercial and Agricultural						
Commercial	\$ 423	\$ 588	\$ 1,011	\$ 1,469	\$ 42,510	\$ 43,979
Agricultural	-	297	297	-	12,654	12,654
Real Estate						
Commercial Construction	1,548	541	2,089	7,683	46,925	54,608
Residential Construction	-	138	138	-	9,779	9,779
Commercial	407	3,873	4,280	26,192	311,643	337,835
Residential	289	2,740	3,029	4,412	197,747	202,159
Farmland	233	80	313	1,614	46,272	47,886
Consumer and Other						
Consumer	-	189	189	-	23,693	23,693
Other	-	364	364	9	5,592	5,601
Total End of Period Balance	\$ 2,900	\$ 8,810	\$ 11,710	\$ 41,379	\$ 696,815	\$ 738,194

Part I (Continued)

Item 2 (Continued)

(5) Other Real Estate Owned

The aggregate carrying amount of Other Real Estate Owned (OREO) at March 31, 2015 and December 31, 2014 was \$11,979 and \$10,402, 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 for the three months ended March 31, 2015 and the year ended December 31, 2014.

	Three Months Ended March 31, 2015	Twelve Months Ended December 31, 2014
Balance, Beginning	\$ 10,402	\$ 15,502
Additions	4,219	3,853
Sales of OREO	(2,631)	(7,102)
Losses on Sale	(11)	(844)
Provision for Losses	-	(1,007)
Balance, Ending	\$ 11,979	\$ 10,402

At March 31, 2015, the Company held \$2.33 million of residential real estate property as foreclosed property. Also at March 31, 2015, \$447 thousand of consumer mortgage loans collateralized by residential real estate property were in the process of foreclosure according to local requirements of the applicable jurisdictions.

(6) Deposits

The aggregate amount of overdrawn deposit accounts reclassified as loan balances totaled \$366 and \$511 as of March 31, 2015 and December 31, 2014.

Components of interest-bearing deposits as of March 31, 2015 and December 31, 2014 are as follows:

	March 31, 2015	December 31, 2014
Interest-Bearing Demand	\$ 367,875	\$ 363,501
Savings	64,141	59,215
Time, \$100,000 and Over	213,946	210,503
Other Time	211,310	217,744
	\$ 857,272	\$ 850,963

At March 31, 2015 and December 31, 2014, the Company had brokered deposits of \$26,236 and \$26,298, respectively. All of these brokered deposits represent Certificate of Deposits 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 approximately \$143,218 and \$140,832 as of March 31, 2015 and December 31, 2014, respectively.

As of March 31, 2015 and December 31, 2014, the scheduled maturities of certificates of deposits are as follows:

<u>Maturity</u>	March 31, 2015	December 31, 2014
One Year and Under	\$ 301,221	\$ 302,585
One to Three Years	92,919	98,219
Three Years and Over	31,116	27,443
	\$ 425,256	\$ 428,247

Part I (Continued)

Item 2 (Continued)

(7) Other Borrowed Money

Other borrowed money at March 31, 2015 and December 31, 2014 is summarized as follows:

	March 31, 2015	December 31, 2014
Federal Home Loan Bank Advances	\$ 40,000	\$ 40,000

Advances from the Federal Home Loan Bank (FHLB) have maturities ranging from 2017 to 2020 and interest rates ranging from 1.47 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 March 31, 2015 the book value of those loans pledged was approximately \$103,108. At March 31, 2015 the Company had remaining credit availability from the FHLB of approximately \$131,740. The Company may be required to pledge additional qualifying collateral in order to utilize the full amount of the remaining credit line.

The aggregate stated maturities of other borrowed money at March 31, 2015 are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 9,000
2018	20,500
2019	8,000
2020	2,500
	\$ 40,000

The Company also has available federal funds lines of credit with various financial institutions totaling \$43,500, none of which were outstanding at March 31, 2015.

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 March 31, 2015, 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 March 31, 2015, the Company had an available repurchase agreement line of credit with a third party totaling \$50,000. 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.

(8) Preferred Stock and Warrants

At March 31, 2015, 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. On February 13, 2012, the Company announced the suspension of dividends on Preferred Stock. 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 November 17, 2014, the Company reinstated dividend payments on the Preferred Stock and paid the dividends in arrears to current status.

Part I (Continued)
Item 2 (Continued)
(9) Subordinated Debentures (Trust Preferred Securities)

Description	Date	Amount	3 Month Libor Rate	Added Points	Total Rate	Maturity	5 Year Call Option
Colony Bankcorp Statutory Trust III	6/17/2004	\$ 4,640	0.27065	2.68	2.95065	6/14/2034	6/17/2009
Colony Bankcorp Capital Trust I	4/13/2006	5,155	0.27540	1.50	1.77540	4/13/2036	4/13/2011
Colony Bankcorp Capital Trust II	3/12/2007	9,279	0.27305	1.65	1.92305	3/12/2037	3/12/2012
Colony Bankcorp Capital Trust III	9/14/2007	5,155	0.25460	1.40	1.65460	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 the offerings were used to fund certain acquisitions, pay off holding company debt and inject capital into the bank subsidiary.

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 the dividends in arrears to current status.

(10) 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 March 31, 2015 and December 31, 2014 the following financial instruments were outstanding whose contract amounts represent credit risk:

	Contract Amount	
	March 31, 2015	December 31, 2014
Loan Commitments	\$ 72,918	\$ 68,742
Letters of Credit	1,663	1,762

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.

Part I (Continued)

Item 2 (Continued)

(11) 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 as Level 1.

Investment Securities – Fair values for investment securities are based on quoted market prices where available and is 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 approximate 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. Subordinate Debentures are classified as Level 2.

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.

Part I (Continued)
Item 2 (Continued)
(11) Fair Value of Financial Instruments and Fair Value Measurements (Continued)

Disclosures of the fair value of financial assets and financial liabilities, including those financial assets and financial liabilities that are not measured and reported at fair value on a recurring basis or non-recurring basis, are required in the financial statements.

The carrying amount, estimated fair values, and placement in the fair value hierarchy of the Company's financial instruments as of March 31, 2015 and December 31, 2014 are as follows:

Fair Value Measurements at March 31, 2015					
	Carrying Value	Estimated Fair Value	Level 1	Level 2	Level 3
Assets					
Cash and Short-Term Investments	\$ 62,719	\$ 62,719	\$ 62,719	\$ -	\$ -
Investment Securities Available for Sale	279,139	279,139	-	278,192	947
Investment Securities Held to Maturity	31	31	-	31	-
Federal Home Loan Bank Stock	2,731	2,731	2,731	-	-
Loans, Net	744,866	746,714	-	740,261	6,453
Bank-Owned Life Insurance	14,648	14,648	14,648	-	-
Liabilities					
Deposits	985,856	987,595	560,599	426,996	-
Subordinated Debentures	24,229	24,229	-	24,229	-
Other Borrowed Money	40,000	42,395	-	42,395	-

Fair Value Measurements at December 31, 2014					
	Carrying Value	Estimated Fair Value	Level 1	Level 2	Level 3
Assets					
Cash and Short-Term Investments	\$ 65,811	\$ 65,811	\$ 65,811	\$ -	\$ -
Investment Securities Available for Sale	274,594	274,594	-	273,646	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	-

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.

Part I (Continued)**Item 2 (Continued)****(11) Fair Value of Financial Instruments and Fair Value Measurements (Continued)****Fair Value Measurements**

Generally accepted accounting principles related to *Fair Value Measurements*, defines fair value, establishes a framework for measuring fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurements and enhances 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, 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.

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.

Assets and Liabilities Measured at Fair Value on a Recurring 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 March 31, 2015 and December 31, 2014, 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 March 31 2015. Those impaired loans and other real estate properties are shown net of the related specific reserves and valuation allowances.

Part I (Continued)

Item 2 (Continued)

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

		Fair Value Measurements at Reporting Date Using			
		Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2015					
Recurring Securities Available for Sale					
U.S. Government Agencies					
Mortgage-Backed		\$ 275,971	\$ -	\$ 275,971	\$ -
State, County and Municipal		3,168	-	2,221	947
		<u>\$ 279,139</u>	<u>\$ -</u>	<u>\$ 278,192</u>	<u>\$ 947</u>
Nonrecurring					
Impaired Loans		<u>\$ 6,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,453</u>
Other Real Estate		<u>\$ 5,985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,985</u>
		Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2014					
Recurring Securities Available for Sale					
U.S. Government Agencies					
Mortgage-Backed		\$ 271,064	\$ -	\$ 271,064	\$ -
State, County and Municipal		3,530	-	2,582	948
		<u>\$ 274,594</u>	<u>\$ -</u>	<u>\$ 273,646</u>	<u>\$ 948</u>
Nonrecurring					
Impaired Loans		<u>\$ 7,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,778</u>
Other Real Estate		<u>\$ 6,128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,128</u>

Liabilities

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

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

The following table presents 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 March 31, 2015 and December 31, 2014. This table is comprised primarily of collateral dependent impaired loans and other real estate owned:

Part I (Continued)

Item 2 (Continued)

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

	<u>March 31, 2015</u>	<u>Valuation Techniques</u>	<u>Unobservable Inputs</u>	<u>Range Weighted Avg</u>
Impaired Loans				
Real Estate				
Commercial		Sales Comparison	Adjustment for Differences	
Construction	\$ 85		Between the Comparable Sales	(56.60%) - 20.10% (18.25%)
			Management Adjustments for Age of Appraisals and/or Current Market Conditions	0.00% - 10.00% 5.00%
Residential Real Estate	773	Sales Comparison	Adjustment for Differences Between the Comparable Sales	(15.00%) - 191.70% 88.35%
			Management Adjustments for Age of Appraisals and/or Current Market Conditions	10.00% - 25.00% 17.50%
		Income Approach	Capitalization Rate	12.50%
Commercial Real Estate	5,254	Sales Comparison	Management Adjustment for Age of Appraisals and/or Current Market Conditions	0.00% - 10.00% 5.00%
		Income Approach	Capitalization Rate	11.00%
Farmland	341	Sales Comparison	Adjustment for Differences Between the Comparable Sales	(8.30%) - 252.50% 122.10%
			Management Adjustment for Age of Appraisals and/or Current Market Conditions	10.00% - 75.00% 42.50%
Other Real Estate Owned	5,985	Sales Comparison	Adjustment for Differences Between the Comparable Sales	(55.00%) - 45.00% (5.00%)
			Management Adjustment for Age of Appraisals and/or Current Market Conditions	0.33% - 69.36% 29.58%
		Income Approach	Discount Rate	9.00%
			Capitalization Rate	10.00%

Part I (Continued)

Item 2 (Continued)

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

	December 31, 2014	Valuation Techniques	Unobservable Inputs	Range Weighted Avg
Real Estate				
Commercial Construction	\$ 82	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	1,651	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	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	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	Sales Comparison	Adjustment for Differences Between the Comparable Sales	(40.00%) - 45.00% 2.50%
			Management Adjustment 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%

Part I (Continued)

Item 2 (Continued)

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

The table below 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 three months ended March 31, 2015 and the twelve months ended December 31, 2014.

	Available for Sale Securities	
	March 31, 2015	December 31, 2014
Balance, Beginning	\$ 948	\$ 941
Transfers out of Level 3	-	-
Loss on OTTI Impairment Included in Noninterest Income	-	-
Unrealized Gains included in Other Comprehensive Income (Loss)	(1)	7
Balance, Ending	\$ 947	\$ 948

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. There were no transfers of securities between levels for the three months ended March 31, 2015 and the twelve months ended December 31, 2014.

The following table presents quantitative information about recurring level 3 fair value measurements as of March 31, 2015.

	Fair Value	Valuation Techniques	Unobservable Inputs	Range Weighted Avg
State, County and Municipal	\$ 947	Discounted Cash Flow	Discount Rate	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.

(12) 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 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 classifications 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 1 capital to risk-weighted assets, and of Tier 1 capital to average assets. As of March 31, 2015, the interim final Basel III rules (Basel III) require the Company to also maintain minimum amounts and ratios of common equity Tier 1 capital to risk-weighted assets. These amounts and ratios as defined in regulations are presented hereafter. Management believes, as of March 31, 2015, the Company meets all capital adequacy requirements to which it is subject under the regulatory framework for prompt corrective action. There is no threshold for well-capitalized status for bank holding companies. In the opinion of management, there have been no events or conditions occur since March 31, 2015, or since the most recent notification of capital adequacy from the regulators, which have changed the institution's category.

Part I (Continued)

Item 2 (Continued)

(12) Regulatory Capital Matters (Continued)

The Basel III rules also require the implementation of a new capital conservation buffer comprised of common equity Tier 1 capital. The capital conservation buffer will be phased in beginning January 1, 2016 at 0.625% of risk-weighted assets and increase each subsequent year by 0.625% until reaching its final level of 2.5% on January 1, 2019.

The following table summarizes regulatory capital information as of March 31, 2015 and December 31, 2014 on a consolidated basis and for the subsidiary, as defined. Regulatory capital ratios for March 31, 2015 were calculated in accordance with the Basel III rules, whereas the December 31, 2014 regulatory ratios were calculated in accordance with the Basel I rules.

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of March 31, 2015						
Total Capital to Risk-Weighted Assets						
Consolidated	\$ 136,946	17.34%	\$ 63,179	8.00%	N/A	N/A
Colony Bank	129,606	16.44	63,083	8.00	\$ 78,854	10.00%
Tier I Capital to Risk-Weighted Assets						
Consolidated	128,569	16.28	47,385	6.00	N/A	N/A
Colony Bank	121,229	15.37	47,312	6.00	63,083	8.00
Common Equity Tier I Capital to Risk-Weighted Assets						
Consolidated	77,069	9.76	35,538	4.50	N/A	N/A
Colony Bank	121,229	15.37	35,484	4.50	51,255	6.50
Tier I Capital to Average Assets						
Consolidated	128,569	11.14	46,180	4.00	N/A	N/A
Colony Bank	121,229	10.53	46,033	4.00	57,541	5.00

Part I (Continued)

Item 2 (Continued)

(12) Regulatory Capital Matters (Continued)

	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						
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 1 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 1 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

(13) Earnings Per Share

Basic earnings per share is computed by dividing net income 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 after preferred stock dividends. The following table presents earnings per share for the three month period ended March 31, 2015 and 2014:

	Three Months Ended March 31	
	2015	2014
Numerator		
Net Income Available to Common Stockholders	\$ <u>1,253</u>	\$ <u>814</u>
Denominator		
Weighted Average Number of Common Shares Outstanding for Basic Earnings Per Common Share	8,439	8,439
Dilutive Effect of Potential Common Stock		
Restricted Stock	-	-
Stock Warrants	-	-
Weighted-Average Number of Shares Outstanding for Diluted Earnings Per Common Share	<u>8,439</u>	<u>8,439</u>
Earnings Per Share - Basic	\$ <u>0.15</u>	\$ <u>0.10</u>
Earnings Per Share - Diluted	\$ <u>0.15</u>	\$ <u>0.10</u>

For the three months ended March 31, 2015 and 2014, respectively, the Company has excluded 500 shares of common stock equivalents because the strike price of the common stock equivalents would cause them to have an anti-dilutive effect.

Part I (Continued)

Item 2 (Continued)

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

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

- Local and regional economic conditions and the impact they may have on the Company and its customers and the Company's assessment of that impact.
- Changes in estimates of future reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements.
- The effects of and changes in trade, monetary and fiscal policies and laws, including interest rate policies of the Federal Reserve Board.
- Inflation, interest rate, market and monetary fluctuations.
- Political instability.
- Acts of war 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.

Part I (Continued)

Item 2 (Continued)

- 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 following discussion sets forth management's discussion and analysis of our consolidated financial condition as of March 31, 2015, and the consolidated results of operations for the three months ended March 31, 2015. This discussion should be read in conjunction with the Company's annual report on Form 10-K filed with the Securities and Exchange Commission on March 10, 2015. Readers should also carefully review all other disclosures we file from time to time with the SEC.

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 18 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.

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.

Overview

The following discussion and analysis presents the more significant factors affecting the Company's financial condition as of March 31, 2015 and 2014, and results of operations for each of the three months in the periods ended March 31, 2015 and 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.

Part I (Continued)
Item 2 (Continued)

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 available to shareholders totaled \$1.25 million, or \$0.15 diluted per common share, in three months ended March 31, 2015 compared to net income available to shareholders of \$814 thousand, or \$0.10 diluted per common share, in three months ended March 31, 2014.

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

	Three Months Ended March 31			
	2015	2014	\$ Variance	% Variance
Taxable-equivalent net interest income	\$ 9,228	\$ 9,224	\$ 4	0.04%
Taxable-equivalent adjustment	26	30	(4)	(13.33)
Net interest income	9,202	9,194	8	0.09
Provision for loan losses	362	327	35	10.70
Noninterest income	2,212	2,062	150	7.27
Noninterest expense	8,286	8,866	(580)	(6.54)
Income before income taxes	\$ 2,766	\$ 2,063	\$ 703	34.08
Income Taxes	883	606	277	45.71
Net income	\$ 1,883	\$ 1,457	\$ 426	29.24
Preferred stock dividends	630	643	(13)	(2.02)
Net income available to common shareholders	<u>\$ 1,253</u>	<u>\$ 814</u>	<u>\$ 439</u>	<u>53.93%</u>
Net income available to common shareholders:				
Basic	\$ 0.15	\$ 0.10	\$ 0.05	50.00%
Diluted	\$ 0.15	\$ 0.10	\$ 0.05	50.00%
Return on average assets	0.44%	0.29%	0.15%	51.72%
Return on average common equity	4.98%	3.55%	1.43%	40.28%

Net income from operations for three months ended March 31, 2015 increased \$426 thousand, or 29.24 percent, compared to the same period in 2014. The increase was primarily the result of an increase of \$8 thousand in net interest income, a decrease of \$580 thousand in noninterest expense and an increase of \$150 thousand in noninterest income. This was offset by an increase of \$277 thousand in income taxes and an increase of \$35 thousand in provision for loan losses.

Part I (Continued)

Item 2 (Continued)

Details of the changes in the various components of net income are further discussed below.

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 for three months ended March 31, 2015 and 81.68 percent for the same period a year ago.

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 three years. The federal funds rate moved similar to prime rate with interest rates currently at 0.25 percent and has been for the past three 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.

Part I (Continued)
Item 2 (Continued)
Rate/Volume Analysis

The rate/volume analysis presented hereafter illustrates the change from March 31, 2014 to March 31, 2015 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.

(\$ in thousands)	Changes from March 31, 2014 to March 31, 2015		
	Volume	Rate	Total
Interest Income			
Loans, Net-taxable	\$ 34	\$ (14)	\$ 20
Investment Securities			
Taxable	(32)	(77)	(109)
Tax-exempt	(14)	2	(12)
Total Investment Securities	(46)	(75)	(121)
Interest-Bearing Deposits in other Banks	6	(2)	4
Federal Funds Sold	6	-	6
Other Interest - Earning Assets	(3)	3	-
Total Interest Income	(3)	(88)	(91)
Interest Expense			
Interest-Bearing Demand and Savings Deposits	29	(17)	12
Time Deposits	(62)	(52)	(114)
Subordinated Debentures	-	(6)	(6)
Other Borrowed Money	-	13	13
Total Interest Expense	(33)	(62)	(95)
Net Interest Income	\$ 30	\$ (26)	\$ 4

(1) 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 interest rate or 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. This 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 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 earning 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 0.80 to 1.20.

Part I (Continued)**Item 2 (Continued)**

Our exposure to interest rate risk is reviewed on a quarterly basis 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. We are generally focusing our investment activities on securities with terms or average lives in the 2-5 year range.

The Company maintains about 16 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 certificate of deposits that mature within one year. The net interest margin decreased to 3.43 percent for three months ended March 31, 2015 compared to 3.47 percent for the same period a year ago. We anticipate the net interest margin remaining relatively flat for 2015.

Taxable-equivalent net interest income for three months ended March 31, 2015 increased \$4 thousand, or 0.04 percent compared to the same period a year ago. The average volume of earning assets during three months ended March 31, 2015 increased \$12.44 million compared to the same period a year ago while over the same period the net interest margin decreased by 4 basis points from 3.47 percent to 3.43 percent. Growth in average earning assets during 2015 was primarily in loans, interest bearing deposits and federal funds sold.

The average volume of loans increased \$2.61 million in three months ended March 31, 2015 compared to the same period a year ago. The average yield on loans decreased 1 basis point in three months ended March 31, 2015 compared to the same period a year ago. The average volume of investment securities decreased \$8.67 million in three months ended March 31, 2015 compared to the same year ago period, while the average yield on investment securities decreased 12 basis points for the same period comparison. The average volume of deposits increased \$9.71 million in three months ended March 31, 2015 compared to the same period a year ago, with interest-bearing deposits increasing \$2.92 million in three months ended March 31, 2015. Accordingly, the ratio of average interest-bearing deposits to total average deposits was 87.21 percent in three months ended March 31, 2015 compared to 87.78 percent in the same period a year ago. This deposit mix, combined with a general decrease in market rates, had the effect of (i) decreasing the average cost of total deposits by 5 basis points in three months ended March 31, 2015 compared to the same period a year ago and, (ii) mitigating a portion of the impact of decreasing yields on earning assets.

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 3.33 percent in three months ended March 31, 2015 compared to 3.36 percent in the same period a year ago. 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 Market Risk 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 \$362 thousand in the three months ended March 31, 2015 compared to \$327 thousand in the same period a year ago. See the section captioned "Allowance for Loan Losses" elsewhere in this discussion for further analysis of the provision for loan losses.

Part I (Continued)

Item 2 (Continued)

Noninterest Income

The components of noninterest income were as follows:

	Three Months Ended March 31		\$	%
	2015	2014	Variance	Variance
Service Charges on Deposit Accounts	\$ 987	\$ 1,067	\$ (80)	(7.50%)
Other Charges, Commissions and Fees	662	581	81	13.94
Mortgage Fee Income	113	67	46	68.66
Securities Gains (Losses)	3	-	3	-
Other	447	347	100	28.82
Total	\$ 2,212	\$ 2,062	\$ 150	7.27%

Changes in these items and the other components of noninterest income are discussed in more detail below.

Mortgage Fee Income . The volume of mortgage loans has shown a slight increase in 2015 compared to the same period in 2014 which contributed to a slight increase in mortgage fee income.

Other Charges, Commissions and Fees. Significant amounts impacting the comparable periods was primarily attributed to ATM and debit card interchange fees which increased \$85 thousand in 2015 compared to 2014.

Noninterest Expense

The components of noninterest expense were as follows:

	Three Months Ended March 31		\$	%
	2015	2014	Variance	Variance
Salaries and Employee Benefits	\$ 4,468	\$ 4,412	\$ 56	1.27%
Occupancy and Equipment	993	1,020	(27)	(2.65)
Other	2,825	3,434	(609)	(17.73)
Total	\$ 8,286	\$ 8,866	\$ (580)	(6.54)%

These items and the changes in the various components of noninterest expense are discussed in more detail below.

Salaries and Employee Benefits . The increase is primarily attributable to merit pay increases.

Other . Significant amounts impacting the comparable periods was primarily attributed to foreclosed property costs which decreased by \$750 thousand from \$955 thousand in 2014 compared to \$205 thousand in 2015. The decrease in foreclosed property expense is attributable to the decrease in the volume of OREO. The telephone expense also decreased \$69 thousand in 2015 compared to 2014.

Part I (Continued)
Item 2 (Continued)
Loans

The following table presents the composition of the Company's loan portfolio as of March 31, 2015 and December 31, 2014:

	<u>March 31, 2015</u>	<u>December 31, 2014</u>	<u>\$ Variance</u>	<u>% Variance</u>
Commercial and Agricultural				
Commercial	\$ 51,774	\$ 50,960	\$ 814	1.60%
Agricultural	19,188	16,689	2,499	14.97
Real Estate				
Commercial Construction	48,611	51,259	(2,648)	(5.17)
Residential Construction	10,030	11,221	(1,191)	(10.61)
Commercial	341,845	332,231	9,614	2.89
Residential	202,878	203,753	(875)	(0.43)
Farmland	51,572	49,951	1,621	3.25
Consumer and Other				
Consumer	21,705	22,820	(1,115)	(4.89)
Other	6,031	7,210	(1,179)	(16.35)
Gross Loans	753,634	746,094	7,540	1.01
Unearned Interest and Fees	(391)	(362)	(29)	(8.01)
Allowance for Loan Losses	(8,377)	(8,802)	425	4.83
Net Loans	\$ 744,866	\$ 736,930	\$ 7,936	1.08%

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 bank. 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 industrial 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 bank. 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 that helps minimize risk. Additionally, consumer trends and outlook reports are reviewed by management on a regular basis.

The Company utilizes an independent third party to perform loan reviews on an ongoing basis. The Loan Review Company reviews and validates the credit risk program on a periodic 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.

Part I (Continued)
Item 2 (Continued)

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.

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 March 31, 2015, 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.

Nonperforming Assets and Potential Problem Loans

Nonperforming assets and accruing past due loans as of March 31, 2015, December 31, 2014 and March 31, 2014 were as follows:

	<u>March 31, 2015</u>	<u>December 31, 2014</u>	<u>March 31, 2014</u>
Loans Accounted for on Nonaccrual	\$ 14,779	\$ 18,334	\$ 24,920
Loans Accruing Past Due 90 Days or More	8	7	15
Other Real Estate Foreclosed	11,979	10,402	14,227
Securities Accounted for on Nonaccrual	--	--	--
Total Nonperforming Assets	<u>\$ 26,766</u>	<u>\$ 28,743</u>	<u>\$ 39,162</u>
Nonperforming Assets by Segment			
Construction and Land Development	\$ 9,646	\$ 9,655	\$ 16,416
1-4 Family Residential	6,175	8,237	4,994
Multifamily Residential	173	173	200
Nonfarm Residential	8,247	8,375	13,383
Farmland	1,417	1,449	1,672
Commercial and Consumer	1,108	854	2,497
Total Nonperforming Assets	<u>\$ 26,766</u>	<u>\$ 28,743</u>	<u>\$ 39,162</u>
Nonperforming Assets as a Percentage of:			
Total Loans and Foreclosed Assets	3.50%	3.80%	5.21%
Total Assets	2.31%	2.51%	3.43%
Nonperforming Loans as a Percentage of:			
Total Loans	1.96%	2.46%	3.38%
Supplemental Data:			
Trouble Debt Restructured Loans			
In Compliance with Modified Terms	\$ 20,492	\$ 19,229	\$ 19,838
Trouble Debt Restructured Loans			
Past Due 30-89 Days	--	757	790
Accruing Past Due Loans:			
30-89 Days Past Due	\$ 7,652	\$ 9,701	\$ 10,779
90 or More Days Past Due	8	7	15
Total Accruing Past Due Loans	<u>\$ 7,660</u>	<u>\$ 9,708</u>	<u>\$ 10,794</u>
Allowance for Loan Losses	\$ 8,377	\$ 8,802	\$ 11,710
ALLL as a Percentage of:			
Total Loans	1.11%	1.18%	1.59%
Nonperforming Loans	56.65%	47.99%	46.96%

Part I (Continued)

Item 2 (Continued)

Nonperforming assets include nonaccrual loans, loans past due 90 days or more, foreclosed real estate and nonaccrual securities. Nonperforming assets at March 31, 2015 decreased 6.88 percent from December 31, 2014.

Generally, loans are placed on non-accrual status if principal or interest payments become 90 days past due and/or management deems the collectability 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 non-accrual status whether or not the loan is 90 days or more past due. For consumer loans, collectability 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 non-accrual 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 non-accrual 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. Write-downs occurring at foreclosure are charged against the allowance for possible 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 is a reserve established through a provision for loan losses charged to expense, which represents management's best estimate of probable losses that have been incurred within the existing portfolio of loans. The allowance, in the judgment of management, is necessary to reserve for estimated loan losses and risks inherent in the loan portfolio. 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. Portions of the allowance may be allocated for specific credits; however, the entire allowance is available for any credit that, in management's judgment, should be charged off. While management utilizes its best judgment and information available, the ultimate adequacy of the allowance is dependent upon a variety of factors beyond the Company's control, including the performance of the Company's loan portfolio, the economy, changes in interest rates and the view of the regulatory authorities toward loan classifications.

The Company's allowance for loan losses consists of specific valuation allowances established for probable losses on specific loans and historical valuation allowances 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.

Part I (Continued)**Item 2 (Continued)**

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, 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.

Deposits

The following table presents the average amount outstanding and the average rate paid on deposits by the Company for the three month periods ended March 31, 2015 and March 31, 2014.

(\$ in thousands)	March 31, 2015		March 31, 2014	
	Average Amount	Average Rate (1)	Average Amount	Average Rate (1)
Noninterest-Bearing Demand Deposits	\$ 125,255		\$ 118,477	
Interest-Bearing Demand and Savings Deposits	425,117	0.34%	392,855	0.36%
Time Deposits	428,769	0.80%	458,107	0.85%
Total Deposits	\$ 979,141	0.50%	\$ 969,439	0.55%

(1) Average rate is an annualized rate.

Average deposits increased \$9.70 million to \$979.14 million at March 31, 2015 from \$969.44 million at March 31, 2014. The change included a decrease of \$29.34 million, or 6.40 percent, related to time deposits. Accordingly the ratio of average noninterest-bearing deposits to total average deposits was 12.79 percent for three months ended March 31, 2015 compared to 12.22 percent for three months ended March 31, 2014. The general decrease in market rates, had the effect of (i) decreasing the average cost of total deposits by 5 basis points in three months ended March 31, 2015 compared to the same period a year ago; and (ii) mitigating a portion of the impact of decreasing yields on earning assets.

Off-Balance-Sheet Arrangements, Commitments, Guarantees

In the ordinary course of business, the Company enters 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 possible loan losses. Loan commitments outstanding at March 31, 2015 are included in the table in Footnote 10 of the Consolidated Financial Statements.

Part I (Continued)**Item 2 (Continued)****Capital and Liquidity**

At March 31, 2015, stockholders' equity totaled \$102.4 million compared to \$99.0 million at December 31, 2014. In addition to net income of \$1.88 million, other significant changes in stockholders' equity during three months ended March 31, 2015 included \$630 thousand of preferred stock dividends declared. The accumulated other comprehensive income (loss) component of stockholders' equity totaled \$(2.76) million at March 31, 2015 compared to \$(4.85) million at December 31, 2014. 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 and trust preferred securities less goodwill. 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 March 31, 2015 was 16.28 percent and total Tier 1 and 2 risk-based capital was 17.34 percent. Both of these measures compare favorably with the regulatory minimum to be adequately capitalized of 4 percent for Tier 1 and 8 percent for total risk-based capital. The Company's Tier 1 leverage ratio as of March 31, 2015 was 11.14 percent, which exceeds the required ratio standard of 4 percent.

The Company suspended cash dividends on its common stock beginning in the third quarter of 2009 and has not reinstated dividend payments. The Company paid dividends of \$630 thousand on preferred stock for the period ending March 31, 2015. The Company declared dividends of \$643 thousand on preferred stock for the period ending March 31, 2014. On November 17, 2014 the Company reinstated dividend payments on the Preferred Stock and paid the 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. 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. 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 March 31, 2015, the Company held \$279.1 million in bonds (excluding FHLB stock), at current market value in the available for sale portfolio. At December 31, 2014, the available for sale bond portfolio totaled \$274.6 million. Only marketable investment grade bonds are purchased. Although a good portion 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 a 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 76.4 percent as of March 31, 2015 and 76.2 percent at December 31, 2014. 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 March 31, 2015 and December 31, 2014 were 73.5 percent and 73.2 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 March 31, 2015 and December 31, 2014, Colony had \$213.9 million and \$210.5 million in certificates of deposit of \$100,000 or more. These larger deposits represented 21.7 percent and 21.5 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.

Part I (Continued)

Item 2 (Continued)

The Company supplemented deposit sources with brokered deposits. As of March 31, 2015, the Company had \$26.2 million, or 2.66 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. These deposits obtained from listing services are often referred to as wholesale or internet CDs. As of March 31, 2015, the Company had \$27.64 million, or 2.80 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.

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, maturities and cash flow from securities held to maturity, 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, three 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.

Return on Assets and Stockholders' Equity

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

	Three Months Ended	
	March 31	
	2015	2014
Return on Average Assets (1)	0.44%	0.29%
Return on Average Total Equity (1)	4.98%	3.55%
Average Total Equity to Average Assets	8.75%	8.09%

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

Part I (Continued)

Item 3

Item 3 - Quantitative and Qualitative Disclosures About Market Risk
AVERAGE BALANCE SHEETS

(\$ in thousands)	Three Months Ended March 31, 2015			Three Months Ended March 31, 2014		
	Average Balances	Income/ Expense	Yields/ Rates	Average Balances	Income/ Expense	Yields/ Rates
Assets						
Interest-Earning Assets						
Loans, Net of Unearned Interest and fees						
Taxable (1)	\$ 743,457	\$ 9,727	5.23%	\$ 740,843	\$ 9,707	5.24%
Investment Securities						
Taxable	272,031	1,080	1.59%	279,555	1,189	1.70%
Tax-Exempt (2)	1,793	23	5.13%	2,937	35	4.77%
Total Investment Securities	273,824	1,103	1.61%	282,492	1,224	1.73%
Interest-Bearing Deposits	30,579	17	0.22%	21,299	13	0.24%
Federal Funds Sold	24,558	15	0.24%	15,039	9	0.24%
Interest-Bearing Other Assets	2,825	30	4.25%	3,134	30	3.83%
Total Interest-Earning Assets	\$ 1,075,243	\$ 10,892	4.05%	\$ 1,062,807	\$ 10,983	4.13%
Non-interest-Earning Assets						
Cash and Cash Equivalents	20,256			20,160		
Allowance for Loan Losses	(8,822)			(12,203)		
Other Assets	63,985			62,765		
Total Noninterest-Earning Assets	75,419			70,722		
Total Assets	\$ 1,150,662			\$ 1,133,529		
Liabilities and Stockholders' Equity						
Interest-Bearing Liabilities						
Interest-Bearing Deposits						
Interest-Bearing Demand and Savings	\$ 425,117	\$ 365	0.34%	\$ 392,855	\$ 353	0.36%
Other Time	428,769	854	0.80%	458,107	968	0.85%
Total Interest-Bearing Deposits	853,886	1,219	0.57%	850,962	1,321	0.62%
Other Interest-Bearing Liabilities						
Other Borrowed Money	40,000	323	3.23%	40,000	310	3.10%
Subordinated Debentures	24,229	122	2.01%	24,229	128	2.11%
Total Other Interest-Bearing Liabilities	64,229	445	2.77%	64,229	438	2.73%
Total Interest-Bearing Liabilities	\$ 918,115	\$ 1,664	0.72%	\$ 915,191	\$ 1,759	0.77%
Noninterest-Bearing Liabilities and Stockholders' Equity						
Demand Deposits	125,255			118,477		
Other Liabilities	6,665			8,200		
Stockholders' Equity	100,627			91,661		
Total Noninterest-Bearing Liabilities and Stockholders' Equity	232,547			218,338		
Total Liabilities and Stockholders' Equity	\$ 1,150,662			\$ 1,133,529		
Interest Rate Spread						
			3.33%			3.36%
Net Interest Income						
	\$ 9,228			\$ 9,224		
Net Interest Margin						
			3.43%			3.47%

- (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 \$18 and \$18 for three month periods ended March 31, 2015 and 2014, respectively, are included in tax-exempt interest on loans.
- (2) Taxable-equivalent adjustments totaling \$8 and \$12 for three month periods ended March 31, 2015 and 2014, 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.



Part I (Continued)

Item 4

CONTROLS AND PROCEDURES

The Company’s Chief Executive Officer and Chief Financial Officer have evaluated the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), as of the end of the period covered by this report, as required by paragraph (b) of Rules 13a-15 or 15d-15 of the Exchange Act. Based on such evaluation, such officers have concluded that, as of the end of the period covered by this report, the Company’s disclosure controls and procedures are effective.

During the quarter ended September 30, 2014, there was not any change in the Company’s internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rules 13a-15 or 15d-15 of the Exchange Act that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1 – LEGAL PROCEEDINGS

None

ITEM 1A – RISK FACTORS

N/A

ITEM 2 – UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3 – DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4 – (REMOVED AND RESERVED)

None

ITEM 5 – OTHER INFORMATION

None

Part II (Continued)

Item 6

ITEM 6 – EXHIBITS

3.1 Articles of Incorporation, As Amended

-filed as Exhibit 99.1 to the Registrant's 10-Q for the period ended June 30, 2014 (File No. 0-12436), filed with the Commission on August 4, 2014 and incorporated herein by reference.

3.2 Bylaws, as Amended

-filed as Exhibit 3(b) to the Registrant's Registration Statement on Form 10 (File No. 0-18486), filed with the Commission on April 25, 1990 and incorporated herein by reference.

3.3 Article of Amendment to the Company's Articles of Incorporation Authorizing Additional Capital Stock in the Form of Ten Million Shares of Preferred Stock

-filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 000-12436) filed with the Commission on January 13, 2009 and incorporated herein by reference.

3.4 Articles of Amendment to the Company's Articles of Incorporation Establishing the Terms of the Series A Preferred Stock

-filed as Exhibit 3.2 to the Registrant's Current Report on Form 8-K (File No. 000-12436) filed with the Commission on January 13, 2009 and incorporated herein by reference.

4.1 Instruments Defining the Rights of Security Holders

-incorporated herein by reference to page 1 of the Company's Definitive Proxy Statement for Annual Meeting of Stockholders to be held on April 27, 2004, filed with the Securities and Exchange Commission on March 3, 2004 (File No. 000-12436).

4.2 Warrant to Purchase up to 500,000 shares of Common Stock

-filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 000-12436), filed with the Commission on January 13, 2009 and incorporated herein by reference.

4.3 Form of Series A Preferred Stock Certificate

-filed as Exhibit 4.2 to the Registrant's Current Report on Form 8-K (File No. 000-12436), filed with the Commission on January 13, 2009 and incorporated herein by reference.

10.1 Deferred Compensation Plan and Sample Director Agreement

-filed as Exhibit 10(a) to the Registrant's Registration Statement on Form 10 (File No. 0-18486), filed with the Commission on April 25, 1990 and incorporated herein by reference.

10.2 Profit-Sharing Plan Dated January 1, 1979

-filed as Exhibit 10(b) to the Registrant's Registration Statement on Form 10 (File No. 0-18486), filed with the Commission on April 25, 1990 and incorporated herein by reference.

10.3 1999 Restricted Stock Grant Plan and Restricted Stock Grant Agreement

-filed as Exhibit 10(c) the Registrant's Annual Report on Form 10-K (File No. 000-12436), filed with the Commission on March 30, 2001 and incorporated herein by reference.

10.4 2004 Restricted Stock Grant Plan and Restricted Stock Grant Agreement

- filed as Exhibit C to the Registrant’s Definitive Proxy Statement for Annual Meeting of Shareholders held on April 27, 2004, filed with the Securities and Exchange Commission on March 3, 2004 (File No. 000-12436) and incorporated herein by reference.

10.5 Lease Agreement – Mobile Home Tracts, LLC c/o Stafford Properties, Inc. and Colony Bank Worth

- filed as Exhibit 10.5 to the Registrant’s Quarterly Report on Form 10Q (File No. 000-12436), filed with Securities and Exchange Commission on November 5, 2004 and incorporated herein by reference.

10.6 Letter Agreement, Dated January 9, 2009, Including Securities Purchase Agreement – Standard Terms Incorporated by Reference Therein, Between the Company and the United States Department of the Treasury

- filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K (File No. 000-12436), filed with the Commission on January 13, 2009 and incorporated herein by reference.

10.7 Form of Waiver, Executed by Each of Messrs Al D. Ross, Terry L. Hester, Henry F. Brown, Jr., Walter P. Patten and Larry E. Stevenson

- filed as Exhibit 10.2 to the Registrant’s Current Report on Form 8-K (File No. 000-12436), filed with the Commission on January 13, 2009 and incorporated herein by reference.

10.8 Employment Agreement, Dated April 27, 2012 Between Edward P. Loomis, Jr. and Colony Bankcorp, Inc.

-filed as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K (File No. 000-12436), filed with the Commission on May 2, 2012 and incorporated herein by reference.

31.1 Certificate of Chief Executive Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

31.2 Certificate of Chief Financial Officer Pursuant to Section 302 of Sarbanes – Oxley Act of 2002

32.1 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

99.1 Retention Agreements for Corporate Officers

- Retention Agreement, dated March 27, 2015, for Edward P. Loomis, Jr.
- Retention Agreement, dated March 27, 2015, for Terry L. Hester
- Retention Agreement, dated March 27, 2015, for Henry F. Brown, Jr.
- Retention Agreement, dated March 27, 2015, for M. Eddie Hoyle, Jr.
- Retention Agreement, dated March 27, 2015, for Lee A. Northcutt

101.INS XBRL Instance Document

101.SCH XBRL Schema Document

101.CAL XBRL Calculation Linkbase Document

101.DEF XBRL Definition Linkbase Document

101.LAB XBRL Label Linkbase Document

101.PRE XBRL Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	Colony Bankcorp, Inc.
	<u>/s/ Edward P. Loomis, Jr.</u>
Date: May 4, 2015	Edward P. Loomis, Jr., President and Chief Executive Officer
	<u>/s/ Terry L. Hester</u>
Date: May 4, 2015	Terry L. Hester, Executive Vice President and Chief Financial Officer

CERTIFICATION

I, Edward P. Loomis, Jr. certify that:

1. I have reviewed this Form 10-Q of Colony Bankcorp, Inc:
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 4, 2015

/s/ Edward P. Loomis, Jr.

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

CERTIFICATION

I, Terry L. Hester certify that:

1. I have reviewed this Form 10-Q of Colony Bankcorp, Inc:
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 4, 2015

/s/ Terry L. Hester

Terry L. Hester, Executive Vice President and
Chief Financial Officer

**CERTIFICATION OF CEO AND CFO PURSUANT TO
18 U.S.C. § 1350
AS ADOPTED PURSUANT TO
§ 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Form 10-Q of Colony Bankcorp, Inc. (the Company) for the period ended March 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the Report), Edward P. Loomis, Jr., President and Chief Executive Officer of the Company, and Terry L. Hester, Executive Vice President and Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 4, 2015

/s/ Edward P. Loomis, Jr.

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

May 4, 2015

/s/ Terry L. Hester

Terry L. Hester, Executive Vice President and
Chief Financial Officer

This certification accompanies this Report pursuant to § 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.

RETENTION AGREEMENT

THIS RETENTION AGREEMENT (this “Agreement”) is made and entered into this 27th day of March, 2015 by and between Colony Bank, a Georgia bank (the “Bank”) and Edward P. Loomis, Jr. (“Employee”), to be effective as of March 27, 2015.

BACKGROUND

WHEREAS, the Bank presently employs Employee as its President and Chief Executive Officer;

WHEREAS, the Bank desires to promote the retention of Employee by offering protection in the event of a Change in Control (as defined herein); and

WHEREAS, in order to accomplish the foregoing objective, the Bank and Employee desire to enter into this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Retention Payment.

(a) Subject to the terms and conditions of this Agreement, in the event of a Change in Control (as defined in Section 3 hereof) prior to March 27, 2018, the Bank shall pay to Employee a cash bonus equal to two and one-half (2.5) times his then-current Base Salary (as defined in Section 3 hereof), less withholding for taxes and other similar items (the “Change in Control Bonus”) in a single lump sum within thirty (30) days following the Change in Control Effective Date (as defined in Section 3 hereof), provided that Employee is employed by the Bank on the Change in Control Effective Date. Notwithstanding the foregoing, if Employee incurs a Pre-Change in Control Qualifying Termination (as defined in Section 3 hereof), then Employee shall be entitled to receive, and the Bank shall pay to Employee, the Change in Control Bonus in a single lump sum within thirty (30) days following the Change in Control Effective Date. If Employee’s employment with the Bank is terminated for any reason other than by reason of a Pre-Change in Control Qualifying Termination prior to the Change in Control Effective Date, then Employee shall not be entitled to the Change in Control Bonus. For purposes of clarity, Employee shall have no right to the Change in Control Bonus unless and until a Change in Control occurs while this Agreement is in effect and, except in the case of a Pre-Change in Control Qualifying Termination, Employee is employed by the Bank on the Change in Control Effective Date.

(b) Notwithstanding anything in this Agreement to the contrary, the Bank shall be obligated to pay Employee the Change in Control Bonus only if (X) Employee shall have executed a separation agreement containing a full general release of claims and covenant not to sue in the form provided by the Bank (the “Release Agreement”) within the time period specified in the Release Agreement and such Release Agreement shall not have been revoked within any revocation period specified in the Release Agreement, and (Y) Employee fully complies with the obligations set forth in Section 6 hereof.

2. Health Coverage Benefit.

(a) If (X) Employee incurs a Pre-Change in Control Qualifying Termination or a Post Change in Control Qualifying Termination, and (Y) Employee elects to continue participation in any group medical, dental, vision and/or prescription drug plan benefits to which Employee and/or Employee’s eligible dependents would be entitled under Section 4980B of the Code (COBRA), then, for a period of twenty-four (24) months following the date of termination (the “Health Benefits Continuation Period”), the Bank shall pay the excess of (i) the COBRA cost of such coverage over (ii) the amount that Employee would have had to pay for such coverage if he had remained employed during the Health Benefits Continuation Period and paid the active employee rate for such coverage, provided, however, that (A) that if Employee becomes eligible to receive group health benefits under a program of a subsequent employer or otherwise (including coverage available to Employee’s spouse), the Bank’s obligation to pay any portion of the cost of health coverage as described herein shall cease, except as otherwise provided by law; (B) the Health Benefits Continuation Period shall run concurrently with any period for which Employee is eligible to elect health coverage under COBRA; (C) for all months after the initial 18 months of the Health Benefits Continuation Period, the Bank-paid portion of the monthly premium for such group health benefits, determined in accordance with Code Section 4980B and the regulations thereunder, shall be treated as taxable compensation by including such amount in Employee’s income in accordance with applicable rules and regulations; (D) during the Health Benefits Continuation Period, the benefits provided in any one calendar year shall not affect the amount of benefits provided in any other calendar year (other than the effect of any overall coverage benefits under the applicable plans); (E) the reimbursement of an eligible taxable expense shall be made as soon as practicable but not later than December 31 of the year following the year in which the expense was incurred; and (F) Employee’s rights pursuant to this Section 2(a) shall not be subject to liquidation or exchange for another benefit. If Employee would not be eligible for continued coverage under the Bank’s group medical, dental, vision and/or prescription drug plans beyond the applicable COBRA period, then during the nineteenth (19th) month after the date of termination, the Bank shall pay to Employee a lump sum cash payment equal to the applicable monthly premium under COBRA (less the 2% administrative fee and less the active-employee rate for such coverage), multiplied by the number of months remaining in the Health Benefits Continuation Period.

(b) Notwithstanding anything in this Agreement to the contrary, the Bank shall be obligated to provide Employee the health coverage benefit in Section 2(a) above only if (X) Employee shall have executed a Release Agreement within the time period specified in the Release Agreement and such Release Agreement shall not have been revoked within any revocation period specified in the Release Agreement, and (Y) Employee fully complies with the obligations set forth in Section 6 hereof.

3. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) “Base Salary” means the amount Employee is entitled to receive as wages or salary on an annualized basis, without reduction for any pre-tax contributions to benefit plans. Base Salary does not include bonuses, commissions, overtime pay or income from stock options, stock grants or other incentive compensation.

(b) “Cause” shall mean (i) any intentional misconduct by Employee in connection with the Bank’s business or relating to Employee’s duties, or any willful violation of any laws, rules or regulations applicable to banks or the banking industry generally (including but not limited to the regulations of the Board of Governors of the Federal Reserve, the Federal Deposit Insurance Corporation (the “FDIC”), the State of Georgia Department of Banking and Finance, or any other applicable regulatory authority); (ii) Employee’s material failure to comply with the Bank’s policies or guidelines of employment or corporate governance policies or guidelines, including, without limitation, any business code of ethics adopted by the Bank; (iii) any act of fraud, misappropriation or embezzlement by Employee, whether or not such act was committed in connection with the business of the Bank; (iv) a breach or threatened breach of this Agreement, including, without limitation, a breach of any of the obligations set forth in Section 6 hereof, that, if such breach is capable of being cured, is not cured by Employee within ten (10) days of written notice by the Bank of the breach; or (v) the commission by Employee of, or Employee’s pleading guilty or nolo contendere to, a felony or a crime involving moral turpitude (including pleading guilty or nolo contendere to a felony or lesser charge which results from plea bargaining), whether or not such felony, crime or lesser offense is connected with the business of the Bank.

(c) “Change in Control” means and includes the occurrence of any one of the following events but shall specifically exclude a public offering of any class or series of the Holding Company’s equity securities pursuant to a registration statement filed by the Holding Company under the Securities Act of 1933:

(i) during any consecutive 12-month period, individuals who, at the beginning of such period, constitute the Holding Company Board (the “Incumbent Directors”) cease for any reason to constitute at least a majority of such Board, provided that any person becoming a director after the beginning of such 12-month period and whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Holding Company Board shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Holding Company as a result of an actual or threatened election contest with respect to the election or removal of directors (“Election Contest”) or other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Holding Company Board (“Proxy Contest”), including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest, shall be deemed an Incumbent Director; or

(ii) any person becomes a Beneficial Owner (as defined in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934), directly or indirectly, of either (A) 50% or more of the then-outstanding shares of common stock of the Holding Company (“Holding Company Common Stock”) or (B) securities of the Holding Company representing 50% or more of the combined voting power of the Holding Company’s then outstanding securities eligible to vote for the election of directors (the “Holding Company Voting Securities”); provided, however, that for purposes of this subsection (ii), the following acquisitions of Holding Company Common Stock or Holding Company Voting Securities shall not constitute a Change in Control: (w) an acquisition directly from the Holding Company, (x) an acquisition by the Holding Company or a Subsidiary, (y) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Holding Company or any Subsidiary, or (z) an acquisition pursuant to a Non-Qualifying Transaction (as defined in subsection (iii) below); or

(iii) the consummation of a reorganization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Holding Company or a Subsidiary (a “Reorganization”), or the sale or other disposition of all or substantially all of the Holding Company’s assets (a “Sale”) or the acquisition of assets or stock of another corporation or other entity (an “Acquisition”), unless immediately following such Reorganization, Sale or Acquisition: (A) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the outstanding Holding Company Common Stock and outstanding Holding Company Voting Securities immediately prior to such Reorganization, Sale or Acquisition beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Reorganization, Sale or Acquisition (including, without limitation, an entity which as a result of such transaction owns the Holding Company or all or substantially all of the Holding Company’s assets or stock either directly or through one or more subsidiaries, the “Surviving Entity”) in substantially the same proportions as their ownership, immediately prior to such Reorganization, Sale or Acquisition, of the outstanding Holding Company Common Stock and the outstanding Holding Company Voting Securities, as the case may be, and (B) no person (other than (x) the Holding Company or any Subsidiary, (y) the Surviving Entity or its ultimate parent entity, or (z) any employee benefit plan (or related trust) sponsored or maintained by any of the foregoing) is the Beneficial Owner, directly or indirectly, of 50% or more of the total common stock or 50% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Surviving Entity, and (C) at least a majority of the members of the board of directors of the Surviving Entity were Incumbent Directors at the time of the Board’s approval of the execution of the initial agreement providing for such Reorganization, Sale or Acquisition (any Reorganization, Sale or Acquisition which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a “Non-Qualifying Transaction”).

(d) “Change in Control Effective Date” means the effective date of a Change in Control.

(e) “Code” means the Internal Revenue Code of 1986, as amended from time to time. For purposes of this Agreement, references to sections of the Code shall be deemed to include references to any applicable regulations thereunder and any successor or similar provision.

(f) “Competitive Services” means the community banking or commercial banking business, including, without limitation, originating, underwriting, closing and selling loans, receiving deposits and otherwise engaging in the business of banking, as well as the business of providing any other activities, products, or services of the type conducted, authorized, offered, or provided by CBS as of Employee’s Termination Date, or during the two (2) years immediately prior to Employee’s Termination Date.

(g) “Confidential Information” means any and all data and information relating to CBS, its activities, business, or clients that (i) is disclosed to Employee or of which Employee becomes aware as a consequence of his employment with the Bank; (ii) has value to CBS; and (iii) is not generally known outside of the Bank. “Confidential Information” shall include, but is not limited to the following types of information regarding, related to, or concerning CBS: trade secrets (as defined by O.C.G.A. § 10-1-761); financial plans and data; management planning information; business plans; operational methods; market studies; marketing plans or strategies; pricing information; product development techniques or plans; customer lists; customer files, data and financial information; details of customer contracts; current and anticipated customer requirements; identifying and other information pertaining to business referral sources; past, current and planned research and development; computer aided systems, software, strategies and programs; business acquisition plans; management organization and related information (including, without limitation, data and other information concerning the compensation and benefits paid to officers, directors, employees and management); personnel and compensation policies; new personnel acquisition plans; and other similar information. “Confidential Information” also includes combinations of information or materials which individually may be generally known outside of CBS, but for which the nature, method, or procedure for combining such information or materials is not generally known outside of CBS. In addition to data and information relating to CBS, “Confidential Information” also includes any and all data and information relating to or concerning a third party that otherwise meets the definition set forth above, that was provided or made available to CBS by such third party, and that CBS has a duty or obligation to keep confidential. This definition shall not limit any definition of “confidential information” or any equivalent term under state or federal law. “Confidential Information” shall not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right or privilege of CBS.

(h) “Disability” means the inability of Employee, as reasonably determined by the Bank, to perform the essential functions of his regular duties and responsibilities, with or without reasonable accommodation, due to a medically determinable physical or mental illness which has lasted (or can reasonably be expected to last) for a period of six (6) consecutive months. At the request of Employee or his personal representative, the Bank’s determination that the Disability of Employee has occurred shall be certified by a physician mutually agreed upon by Employee, or his personal representative, and the Bank.

(i) “CBS” means, collectively, the Holding Company and the Bank.

(j) “Good Reason” means any of the following, without Employee’s written consent: (i) a material diminution in Employee’s Base Salary; (ii) a material diminution in Employee’s authority, duties, or responsibilities; or (iii) a relocation of Employee’s place of employment to a location more than 50 miles from the location of such employment on the date of such attempted relocation; provided, however, that Good Reason shall not include (A) any relocation of Employee’s principal place of employment which is proposed or initiated by Employee; or (B) any relocation that results Employee’s principal place of employment being closer to Employee’s then-principal residence. Notwithstanding the foregoing, a termination by Employee shall not constitute termination for Good Reason unless Employee shall first have delivered to the Bank a notice of termination (in accordance with Section 11(d) hereof) setting forth with specificity the occurrence deemed to give rise to a right to terminate for Good Reason (which notice of termination must be given no later than sixty (60) days after the initial occurrence of such event). The Bank shall have an opportunity to cure the circumstances giving rise to Good Reason within thirty (30) days after receipt of such notice of termination. Good Reason shall not include Employee’s death or Disability. Employee’s employment must be terminated by Employee for Good Reason within ninety (90) days after the occurrence of an event of Good Reason.

(k) “Holding Company” means Colony Bankcorp, Inc.

(l) “Material Contact” means contact between Employee and a customer or potential customer of CBS (i) with whom or which Employee has or had dealings on behalf of CBS; (ii) whose dealings with CBS are or were coordinated or supervised by Employee; (iii) about whom Employee obtains Confidential Information in the ordinary course of business as a result of his employment with the Bank; or (iv) who receives products or services of CBS, the sale or provision of which results or resulted in compensation, commissions, or earnings for Employee within the two (2) years preceding the conduct in question (if the conduct occurs while Employee is still employed by the Bank) or the Termination Date (if the conduct occurs after Employee’s Termination), as applicable.

(m) “Person” means any individual or any corporation, partnership, joint venture, limited liability company, association or other entity or enterprise.

(n) “Pre-Change in Control Qualifying Termination” means Employee’s termination of employment with the Bank by the Bank without Cause within the ninety (90) day period immediately preceding the Change in Control Effective Date. For the avoidance of doubt, in no event shall Employee be deemed to have experienced a Pre-Change in Control Qualifying Termination as a result of (i) Employee’s termination of employment by the Bank without Cause other than during the ninety (90) day period immediately preceding the Change in Control Effective Date, (ii) Employee’s death or Disability, (iii) Employee’s resignation from employment with the Bank for any reason or no reason, or (iv) Employee’s termination of employment by the Bank for Cause.

(o) “Post Change in Control Qualifying Termination” means Employee’s termination of employment with the Bank by the Bank without Cause or by Employee for Good Reason within the twenty-four (24) month period immediately following the Change in Control Effective Date. For the avoidance of doubt, in no event shall Employee be deemed to have experienced a Post Change in Control Qualifying Termination as a result of (i) Employee’s termination of employment by the Bank without Cause other than during the twenty-four (24) month period immediately following the Change in Control Effective Date, (ii) Employee’s death or Disability, (iii) Employee’s resignation from employment with the Bank for any reason other than for Good Reason during the twenty-four (24) month period immediately following the Change in Control Effective Date, or (iv) Employee’s termination of employment by the Bank for Cause.

(p) “Principal or Representative” means a principal, owner, partner, shareholder, joint venturer, investor, member, trustee, director, officer, manager, employee, agent, representative or consultant.

(q) “Protected Customer” means any Person to whom CBS has sold its products or services or actively solicited to sell its products or services, and with whom Employee has had Material Contact on behalf of CBS during his employment with the Bank.

(r) “Protected Work” means any and all ideas, inventions, formulas, Confidential Information, source codes, object codes, techniques, processes, concepts, systems, programs, software, software integration techniques, hardware systems, schematics, flow charts, computer data bases, client lists, trademarks, service marks, brand names, trade names, compilations, documents, data, notes, designs, drawings, technical data and/or training materials, including improvements thereto or derivatives therefrom, whether or not patentable, and whether or not subject to copyright or trademark or trade secret protection, conceived, developed or produced by Employee, or by others working with Employee or under his direction, during the period of his employment, or conceived, produced or used or intended for use by or on behalf of CBS or its customers.

(s) “Restricted Period” means any time during Employee’s employment with the Bank as well as twenty-four (24) months following Employee’s Termination Date following a Change in Control; provided, however, that the post-termination Restricted Period shall be reduced by the number of full months that Employee provides services to the Bank following the Change in Control prior to the Termination Date. For example, if the Employee’s employment with the Bank terminates for any reason following his provision of six (6) months of services to the Bank following the Change in Control, then the post-termination Restricted Period shall be eighteen (18) months.

(t) “Restricted Territory” means the following counties in the state of Georgia: Ben Hill, Turner, Worth, Wilcox, Houston, Crisp, Upson, Dodge, Treutlen, Tift, Coffee, Chatham, Brooks, Loundes, Muscoge, Colquitt, Lee and Dougherty and any other county in which Employee is working on behalf of the Bank during the one (1) year preceding the conduct in question (if the conduct occurs while Employee is still employed by the Bank) or the Termination Date (if the conduct occurs after Employee’s Termination), as applicable.

(u) “Restrictive Covenants” means the restrictive covenants contained in Section 6(b), (c), (d), (e), (f) and (g) hereof.

(v) “Termination” means the termination of Employee’s employment with the Bank, for any reason, whether with or without cause, upon the initiative of either party.

(w) “Termination Date” means the date of Employee’s Termination.

(x) “Subsidiary” means any corporation, limited liability company, partnership or other entity of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Holding Company.

4. Employment At-Will. Employee shall continue to be employed at-will and for no definite term. This means that either party may terminate the employment relationship at any time for any or no reason.

5. Term of Agreement. This Agreement shall terminate on the earliest of (i) the date that the Bank fulfills its obligations set forth in Sections 1 and 2 hereof; (ii) the date of Employee's termination of employment with the Bank other than by reason of a Pre-Change in Control Qualifying Termination prior to the Change in Control Effective Date; or (iii) March 27, 2018. Notwithstanding the foregoing, the Restrictive Covenants contained in Section 6 hereof, as well as any other provisions of this Agreement necessary to interpret or enforce the Restrictive Covenants, shall survive the termination of this Agreement and continue to be in full force and effect in accordance with their terms.

6. Protective Covenants. Subject to the limitations of reasonableness imposed by law, Employee shall be subject to the restrictions set forth in this Section 6. Employee agrees that the restrictions in this Section 6 are reasonable and necessary and shall survive the termination of this Agreement.

(a) Acknowledgments.

(i) Condition of Employment and Other Consideration. Employee acknowledges and agrees that he has received good and valuable consideration for entering into this Agreement and further acknowledges that the Bank would not continue to employ him in the absence of his execution of and compliance with this Agreement.

(ii) Access to Confidential Information, Relationships, and Goodwill. Employee acknowledges and agrees that he is being provided and entrusted with Confidential Information (as that term is defined below), including highly confidential customer information that is subject to extensive measures to maintain its secrecy within CBS, is not known in the trade or disclosed to the public, and would materially harm CBS's legitimate business interests if it was disclosed or used in violation of this Agreement. Employee also acknowledges and agrees that he is being provided and entrusted with access to CBS's customer and employee relationships and goodwill. Employee further acknowledges and agrees that CBS would not provide access to the Confidential Information, customer and employee relationships, and goodwill in the absence of Employee's execution of and compliance with this Agreement. Employee further acknowledges and agrees that CBS's Confidential Information, customer and employee relationships, and goodwill are valuable assets of CBS and are legitimate business interests that are properly subject to protection through the covenants contained in this Agreement.

(iii) Potential Unfair Competition. Employee acknowledges and agrees that as a result of his employment with the Bank, his knowledge of and access to Confidential Information, and his relationships with CBS's customers and employees, Employee would have an unfair competitive advantage if Employee were to engage in activities in violation of this Agreement.

(b) Restriction on Disclosure and Use of Confidential Information. Employee agrees that Employee shall not, directly or indirectly, use any Confidential Information on Employee's own behalf or on behalf of any Person other than CBS, or reveal, divulge, or disclose any Confidential Information to any Person not expressly authorized by CBS to receive such Confidential Information. This obligation shall remain in effect for as long as the information or materials in question retain their status as Confidential Information. Employee further agrees that he shall fully cooperate with CBS in maintaining the Confidential Information to the extent permitted by law. The parties acknowledge and agree that this Agreement is not intended to, and does not, alter either CBS's rights or Employee's obligations under any state or federal statutory or common law regarding trade secrets and unfair trade practices. Anything herein to the contrary notwithstanding, Employee shall not be restricted from disclosing information that is required to be disclosed by law, court order or other valid and appropriate legal process; provided, however, that in the event such disclosure is required by law, Employee shall provide CBS with prompt notice of such requirement so that CBS may seek an appropriate protective order prior to any such required disclosure by Employee.

(c) Non-Competition. Employee agrees that, during the Restricted Period, he will not, without prior written consent of CBS, directly or indirectly (a) carry on or engage in Competitive Services within the Restricted Territory on his own or on behalf of any Person or any Principal or Representative of any Person, or (b) own, manage, operate, join, control or participate in the ownership, management, operation or control, of any business, whether in corporate, proprietorship or partnership form or otherwise where such business is engaged in the provision of Competitive Services within the Restricted Territory.

(d) Non-Solicitation of Protected Customers. Employee agrees that, during the Restricted Period, he shall not, without the prior written consent of CBS, directly or indirectly, on his own behalf or as a Principal or Representative of any Person, solicit, divert, take away, or attempt to solicit, divert, or take away a Protected Customer for the purpose of engaging in, providing, or selling Competitive Services.

(e) Non-Recruitment of Employees. Employee agrees that during the Restricted Period, he shall not, without the prior written consent of CBS, directly or indirectly, whether on his own behalf or as a Principal or Representative of any Person, solicit or induce or attempt to solicit or induce any employee of CBS to terminate his employment relationship with the Bank or to enter into employment with Employee or any other Person.

(f) Proprietary Rights.

(i) Ownership and Assignment of Protected Works. Employee agrees that any and all Confidential Information and Protected Works are the sole property of CBS, and that no compensation in addition to Employee's base salary is due to Employee for development or transfer of such Protected Works. Employee agrees that he shall promptly disclose in writing to CBS the existence of any Protected Works. Employee hereby assigns and agrees to assign all of his rights, title and interest in any and all Protected Works, including all patents or patent applications, and all copyrights therein, to CBS. Employee shall not be entitled to use Protected Works for his own benefit or the benefit of anyone except CBS without written permission from CBS and then only subject to the terms of such permission. Employee further agrees that he will communicate to CBS any facts known to him and testify in any legal proceedings, sign all lawful papers, make all rightful oaths, execute all divisionals, continuations, continuations-in-part, foreign counterparts, or reissue applications, all assignments, all registration applications, and all other instruments or papers to carry into full force and effect the assignment, transfer, and conveyance hereby made or to be made and generally do everything possible for title to the Protected Works and all patents or copyrights or trademarks or service marks therein to be clearly and exclusively held by CBS. Employee agrees that he will not oppose or object in any way to applications for registration of Protected Works by CBS or others designated by CBS. Employee agrees to exercise reasonable care to avoid making Protected Works available to any third party and shall be liable to CBS for all damages and expenses, including reasonable attorneys' fees, if Protected Works are made available to third parties by him without the express written consent of CBS.

Anything herein to the contrary notwithstanding, Employee will not be obligated to assign to CBS any Protected Work for which no equipment, supplies, facilities, or Confidential Information of CBS was used and which was developed entirely on Employee's own time, unless (a) the invention relates (1) directly to the business of CBS, or (2) to CBS's actual or demonstrably anticipated research or development; or (b) the invention results from any work performed by Employee for CBS. Employee likewise will not be obligated to assign to CBS any Protected Work that is conceived by Employee after Employee leaves the employ of the Bank, except that Employee is so obligated if the same relates to or is based on Confidential Information to which Employee had access by virtue of his employment with the Bank. Similarly, Employee will not be obligated to assign any Protected Work to CBS that was conceived and reduced to practice prior to his employment, regardless of whether such Protected Work relates to or would be useful in the business of CBS. Employee acknowledges and agrees that there are no Protected Works conceived and reduced to practice by him prior to his employment with the Bank.

(ii) No Other Duties. Employee acknowledges and agrees that there is no other contract or duty on his part now in existence to assign Protected Works to anyone other than CBS.

(iii) Works Made for Hire. The Bank and Employee acknowledge that in the course of his employment with the Bank, Employee may from time to time create for CBS copyrightable works. Such works may consist of manuals, pamphlets, instructional materials, computer programs, software, software integration techniques, software codes, and data, technical data, photographs, drawings, logos, designs, artwork or other copyrightable material, or portions thereof, and may be created within or without CBS's facilities and before, during or after normal business hours. All such works related to or useful in the business of CBS are specifically intended to be works made for hire by Employee, and Employee shall cooperate with CBS in the protection of CBS's copyrights in such works and, to the extent deemed desirable by CBS, the registration of such copyrights.

(g) Return of Materials. Employee agrees that he will not retain or destroy (except as set forth below), and will immediately return to CBS on or prior to the Termination Date, or at any other time CBS requests such return, any and all property of CBS that is in his possession or subject to his control, including, but not limited to, keys, credit and identification cards, personal items or equipment, customer files and information, papers, drawings, notes, manuals, specifications, designs, devices, code, email, documents, diskettes, CDs, tapes, keys, access cards, credit cards, identification cards, computers, mobile devices, other electronic media, all other files and documents relating to CBS and its business (regardless of form, but specifically including all electronic files and data of CBS), together with all Protected Works and Confidential Information belonging to CBS or that Employee received from or through his employment with the Bank. Employee will not make, distribute, or retain copies of any such information or property. To the extent that Employee has electronic files or information in his possession or control that belong to CBS, contain Confidential Information, or constitute Protected Works (specifically including but not limited to electronic files or information stored on personal computers, mobile devices, electronic media, or in cloud storage), on or prior to the Termination Date, or at any other time CBS requests, Employee shall (a) provide CBS with an electronic copy of all of such files or information (in an electronic format that readily accessible by CBS); (b) after doing so, delete all such files and information, including all copies and derivatives thereof, from all non-CBS-owned computers, mobile devices, electronic media, cloud storage, or other media, devices, or equipment, such that such files and information are permanently deleted and irretrievable; and (c) provide a written certification to CBS that the required deletions have been completed and specifying the files and information deleted and the media source from which they were deleted. Employee agrees that he will reimburse CBS for all of its costs, including reasonable attorneys' fees, of recovering the above materials and otherwise enforcing compliance with this provision if he does not return the materials to CBS or take the required steps with respect to electronic information or files on or prior to the Termination Date or at any other time the materials and/or electronic file actions are requested by CBS or if Employee otherwise fails to comply with this provision.

(h) Enforcement of Restrictive Covenants.

(i) Rights and Remedies Upon Breach. The parties specifically acknowledge and agree that the remedy at law for any breach of the Restrictive Covenants will be inadequate, and that in the event Employee breaches, or threatens to breach, any of the Restrictive Covenants, CBS shall have the right and remedy, without the necessity of proving actual damage or posting any bond, to enjoin, preliminarily and permanently, Employee from violating or threatening to violate the Restrictive Covenants and to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to CBS and that money damages would not provide an adequate remedy to CBS. Employee understands and agrees that if he violates any of the obligations set forth in the Restrictive Covenants, the period of restriction applicable to each obligation violated shall cease to run during the pendency of any litigation over such violation, provided that such litigation was initiated during the period of restriction. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to CBS at law or in equity. Employee understands and agrees that, if the parties become involved in legal action regarding the enforcement of the Restrictive Covenants and if CBS prevails in such legal action, CBS will be entitled, in addition to any other remedy, to recover from Employee its reasonable costs and attorneys' fees incurred in enforcing such covenants. CBS's ability to enforce its rights under the Restrictive Covenants or applicable law against Employee shall not be impaired in any way by the existence of a claim or cause of action on the part of Employee based on, or arising out of, this Agreement or any other event or transaction.

(ii) Severability and Modification of Restrictive Covenants. Employee acknowledges and agrees that each of the Restrictive Covenants is reasonable and valid in time and scope and in all other respects. The parties agree that it is their intention that the Restrictive Covenants be enforced in accordance with their terms to the maximum extent permitted by law. Each of the Restrictive Covenants shall be considered and construed as a separate and independent covenant. Should any part or provision of any of the Restrictive Covenants be held invalid, void, or unenforceable, such invalidity, voidness, or unenforceability shall not render invalid, void, or unenforceable any other part or provision of this Agreement or such Restrictive Covenant. If any of the provisions of the Restrictive Covenants should ever be held by a court of competent jurisdiction to exceed the scope permitted by the applicable law, such provision or provisions shall be automatically modified to such lesser scope as such court may deem just and proper for the reasonable protection of CBS's legitimate business interests and may be enforced by CBS to that extent in the manner described above and all other provisions of this Agreement shall be valid and enforceable.

(i) Disclosure of Agreement. Employee acknowledges and agrees that, during the Restricted Period, he will disclose the existence and terms of this Agreement to any prospective employer, business partner, investor or lender prior to entering into an employment, partnership or other business relationship with such prospective employer, business partner, investor or lender. Employee further agrees that CBS shall have the right to make any such prospective employer, business partner, investor or lender of Employee aware of the existence and terms of this Agreement.

7. Full Settlement; No Mitigation. The Bank's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Bank may have against Employee or others. In no event shall Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Employee under any of the provisions of this Agreement and such amounts shall not be reduced whether or not Employee obtains other employment.

8. Limitation of Benefits.

(a) Notwithstanding anything in this Agreement to the contrary, in the event it shall be determined that any benefit, payment or distribution by the Bank to or for the benefit of Employee (whether payable or distributable pursuant to the terms of this Agreement or otherwise) (such benefits, payments or distributions are hereinafter referred to as "Payments") would, if paid, be subject to the excise tax (the "Excise Tax") imposed by Section 4999 of the Code, then the aggregate present value of the Payments shall be reduced (but not below zero) to an amount expressed in present value that maximizes the aggregate present value of the Payments without causing the Payments or any part thereof to be subject to the Excise Tax and therefore nondeductible by the Bank because of Section 280G of the Code (the "Reduced Amount"). The reduction of the Payments due hereunder, if applicable, shall be made by first reducing cash Payments and then, to the extent necessary, reducing those Payments having the next highest ratio of Parachute Value to actual present value of such Payments as of the date of the change of control, as determined by the Determination Firm (as defined in Section 8(b) below). For purposes of this Section 8, present value shall be determined in accordance with Section 280G(d)(4) of the Code. For purposes of this Section 8, the "Parachute Value" of a Payment means the present value as of the date of the change of control of the portion of such Payment that constitutes a "parachute payment" under Section 280G (b)(2) of the Code, as determined by the Determination Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

(b) All determinations required to be made under this Section 8, including whether an Excise Tax would otherwise be imposed, whether the Payments shall be reduced, the amount of the Reduced Amount, and the assumptions to be utilized in arriving at such determinations, shall be made by an independent, nationally recognized accounting firm or compensation consulting firm mutually acceptable to the Bank and Employee (the "Determination Firm") which shall provide detailed supporting calculations both to the Bank and Employee within 15 business days of the receipt of notice from Employee that a Payment is due to be made, or such earlier time as is requested by the Bank. All fees and expenses of the Determination Firm shall be borne solely by the Bank. Any determination by the Determination Firm shall be binding upon the Bank and Employee. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Determination Firm hereunder, it is possible that Payments hereunder will have been unnecessarily limited by this Section 8 ("Underpayment"), consistent with the calculations required to be made hereunder. The Determination Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Bank to or for the benefit of Employee together with interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code, but no later than March 15 of the year after the year in which the Underpayment is determined to exist, which is when the legally binding right to such Underpayment arises.

(c) In the event that the provisions of Code Section 280G and 4999 or any successor provisions are repealed without succession, this Section 8 shall be of no further force or effect.

9. Successors.

(a) This Agreement is one for personal services and may not be assigned by Employee. This Agreement shall inure to the benefit of and be enforceable by Employee's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Bank and its successors and assigns.

(c) This Agreement shall bind any successor of or to the Bank, its assets or its businesses (whether direct or indirect, by purchase, merger, consolidation or otherwise), in the same manner and to the same extent that the Bank would be obligated under this Agreement if no succession had taken place. In the case of any transaction in which a successor would not by the foregoing provision or by operation of law be bound by this Agreement, the Bank shall require such successor expressly and unconditionally to assume and agree to perform the Bank's obligations under this Agreement, in the same manner and to the same extent that the Bank would be required to perform if no such succession had taken place. The term "Bank," as used in this Agreement, shall mean the Bank as hereinbefore defined and any successor or assignee to the business or assets which by reason hereof becomes bound by this Agreement.

10. Code Section 409A.

(a) This Agreement shall be interpreted and administered in a manner so that any amount or benefit payable hereunder shall be paid or provided in a manner that is either exempt from or compliant with the requirements of Section 409A of the Code and applicable Internal Revenue Service guidance and Treasury Regulations issued thereunder (and any applicable transition relief under Section 409A of the Code). Nevertheless, the tax treatment of the benefits provided under the Agreement is not warranted or guaranteed. Neither the Bank nor its directors, officers, employees or advisers shall be held liable for any taxes, interest, penalties or other monetary amounts owed by Employee as a result of the application of Section 409A of the Code.

(b) Notwithstanding anything in this Agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Code (" Non-Exempt Deferred Compensation ") would otherwise be payable or distributable hereunder, or a different form of payment of such Non-Exempt Deferred Compensation would be effected, by reason of a Change in Control or Employee's termination of employment, such Non-Exempt Deferred Compensation will not be payable or distributable to Employee by reason of such circumstance unless the circumstances giving rise to such Change in Control or termination of employment, as the case may be, meet any description or definition of "change in control event" or "separation from service", as the case may be, in Section 409A of the Code and applicable regulations (without giving effect to any elective provisions that may be available under such definition). This provision does not prohibit the *vesting* of any Non-Exempt Deferred Compensation upon a Change in Control or termination of employment, however defined. If this provision prevents the payment or distribution of any Non-Exempt Deferred Compensation, such payment or distribution shall be made on the date, if any, on which an event occurs that constitutes a Section 409A-compliant "change in control event" or "separation from service", as the case may be, or such later date as may be required by Section 10(c) hereof.

(c) Notwithstanding anything in this Agreement to the contrary, if any Non-Exempt Deferred Compensation would otherwise be payable or distributable under this Agreement by reason of Employee's separation from service during a period in which he is a Specified Employee (as defined below), then, subject to any permissible acceleration of payment by the Bank under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes): (i) if the payment or distribution is payable in a lump sum, Employee's right to receive payment or distribution of such non-exempt deferred compensation will be delayed until the earlier of Employee's death or the first day of the seventh month following Employee's separation from service; and (ii) if the payment or distribution is payable over time, the amount of such non-exempt deferred compensation that would otherwise be payable during the six-month period immediately following Employee's separation from service will be accumulated and Employee's right to receive payment or distribution of such accumulated amount will be delayed until the earlier of Employee's death or the first day of the seventh month following Employee's separation from service, whereupon the accumulated amount will be paid or distributed to Employee and the normal payment or distribution schedule for any remaining payments or distributions will resume. For purposes of this Agreement, the term " Specified Employee " has the meaning given such term in Code Section 409A.

(d) Whenever in this Agreement a payment or benefit is conditioned on Employee's execution of a release of claims, such release must be executed and all revocation periods shall have expired within 60 days after the date of termination; failing which such payment or benefit shall be forfeited. If such payment or benefit constitutes Non-Exempt Deferred Compensation, then such payment or benefit (including any installment payments) that would have otherwise been payable during such 60-day period shall be accumulated and paid on the 60th day after the date of termination provided such release shall have been executed and such revocation periods shall have expired. If such payment or benefit is exempt from Section 409A of the Code, the Bank may elect to make or commence payment at any time during such period.

(e) The Bank shall have the sole authority to make any accelerated distribution permissible under Treas. Reg. Section 1.409A-3(j)(4) to Employee of deferred amounts, provided that such distribution meets the requirements of Treas. Reg. Section 1.409A-3(j)(4).

(f) Each payment of termination benefits this Agreement, including, without limitation, each installment payment and each payment or reimbursement of premiums for continued medical, dental or life insurance coverage under Section 2(a), shall be considered a separate payment, as described in Treas. Reg. Section 1.409A-2(b)(2), for purposes of Section 409A of the Code.

11. Miscellaneous.

(a) The Bank and Employee agree that this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Georgia without giving effect to its conflicts of law principles. Employee agrees that the exclusive forum for any action to enforce this Agreement, as well as any action relating to or arising out of this Agreement, shall be Superior Court of Ben Hill County, Georgia or the U.S. District Court for the Middle District of Georgia, Albany Division. With respect to any such court action, Employee hereby (i) irrevocably submits to the personal jurisdiction of such courts; (ii) consents to service of process; (iii) consents to venue; and (iv) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction, service of process, or venue. The parties hereto further agree that such courts are convenient forums for any dispute that may arise herefrom and that neither party shall raise as a defense that such courts are not convenient forums.

(b) The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(c) This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(d) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Employee :
On file with the Bank

If to the Bank :
Colony Bank
115 South Grant Street
Fitzgerald, GA 31750
Attention : Terry L. Hester

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(e) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(f) The Bank may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(g) Failure of either party to insist, in one or more instances, on performance by the other in strict accordance with the terms and conditions of this Agreement shall not be deemed a waiver or relinquishment of any right granted in this Agreement or of the future performance of any such term or condition or of any other term or condition of this Agreement, unless such waiver is contained in a writing signed by the party making the waiver.

(h) This Agreement contains the entire agreement between the Bank and Employee with respect to the subject matter hereof and, from and after the date hereof, this Agreement shall supersede any other agreement, written or oral, between the parties relating to the subject matter of this Agreement.

(i) The parties understand and agree that because they both have been given the opportunity to have counsel review and revise this Agreement, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement. Instead, the language of all parts of this Agreement shall be construed as a whole, and according to its fair meaning, and not strictly for or against either of the parties.

(j) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

(k) The parties acknowledge and agree that the Holding Company is an intended third-party beneficiary of this Agreement and may enforce the Bank's rights hereunder.

11. Regulatory Action.

(a) If Employee is removed and/or permanently prohibited from participating in the conduct of the Bank's affairs by an order issued under Section 8(e)(4) or 8(g)(1) of the Federal Deposit Insurance Act (" FDIA ") (12 U.S.C. 1818(e)(4) and (g)(1)), all obligations of the Bank under this Agreement shall terminate, as of the effective date of such order.

(b) If Employee is suspended and/or temporarily prohibited from participating in the conduct of the Bank's affairs by a notice served under Section 8(e)(3) or 8(g)(1) of the FDIA (12 U.S.C. 1818(e)(3) and (g)(1)), all obligations of the Bank under this Agreement shall be suspended as of the date of service, unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Bank shall reinstate (in whole or in part) any of its obligations which were suspended.

(c) If the Bank is in default (as defined in Section 3(x)(1) of the FDIA), all obligations under this Agreement shall terminate as of the date of default.

(d) All obligations under this Agreement shall be terminated, except to the extent a determination is made that continuation of the Agreement is necessary for the continued operation of the Bank (1) by the director of the FDIC or his or her designee (the " Director "), at the time the FDIC enters into an agreement to provide assistance to or on behalf of the Bank under the authority contained in 13(c) of the FDIA; or (2) by the Director, at the time the Director approves a supervisory merger to resolve problems related to operation of the Bank when the Bank is determined by the Director to be in an unsafe and unsound condition.

(Signatures on following page)

IN WITNESS WHEREOF, Employee has hereunto set Employee’s hand and the Bank has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

/s/ EDWARD P. LOOMIS, JR.
EDWARD P. LOOMIS, JR.

COLONY BANK

By: /s/ B. Gene Waldron
Name: B. Gene Waldron
Title: Chairman of the Compensation Committee of the
Board of Directors

RETENTION AGREEMENT

THIS RETENTION AGREEMENT (this “ Agreement ”) is made and entered into this 27th day of March, 2015 by and between Colony Bank, a Georgia bank (the “ Bank ”) and Terry L. Hester (“ Employee ”), to be effective as of March 27, 2015.

BACKGROUND

WHEREAS, the Bank presently employs Employee as its Executive Vice President and Chief Financial Officer;

WHEREAS, the Bank desires to promote the retention of Employee by offering protection in the event of a Change in Control (as defined herein); and

WHEREAS, in order to accomplish the foregoing objective, the Bank and Employee desire to enter into this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Retention Payment.

(c) Subject to the terms and conditions of this Agreement, in the event of a Change in Control (as defined in Section 3 hereof) prior to March 27, 2018, the Bank shall pay to Employee a cash bonus equal to two and one-half (2.5) times his then-current Base Salary (as defined in Section 3 hereof), less withholding for taxes and other similar items (the “ Change in Control Bonus ”) in a single lump sum within thirty (30) days following the Change in Control Effective Date (as defined in Section 3 hereof), provided that Employee is employed by the Bank on the Change in Control Effective Date. Notwithstanding the foregoing, if Employee incurs a Pre-Change in Control Qualifying Termination (as defined in Section 3 hereof), then Employee shall be entitled to receive, and the Bank shall pay to Employee, the Change in Control Bonus in a single lump sum within thirty (30) days following the Change in Control Effective Date. If Employee’s employment with the Bank is terminated for any reason other than by reason of a Pre-Change in Control Qualifying Termination prior to the Change in Control Effective Date, then Employee shall not be entitled to the Change in Control Bonus. For purposes of clarity, Employee shall have no right to the Change in Control Bonus unless and until a Change in Control occurs while this Agreement is in effect and, except in the case of a Pre-Change in Control Qualifying Termination, Employee is employed by the Bank on the Change in Control Effective Date.

(d) Notwithstanding anything in this Agreement to the contrary, the Bank shall be obligated to pay Employee the Change in Control Bonus only if (X) Employee shall have executed a separation agreement containing a full general release of claims and covenant not to sue in the form provided by the Bank (the “ Release Agreement ”) within the time period specified in the Release Agreement and such Release Agreement shall not have been revoked within any revocation period specified in the Release Agreement, and (Y) Employee fully complies with the obligations set forth in Section 6 hereof.

2. Health Coverage Benefit.

(c) If (X) Employee incurs a Pre-Change in Control Qualifying Termination or a Post Change in Control Qualifying Termination, and (Y) Employee elects to continue participation in any group medical, dental, vision and/or prescription drug plan benefits to which Employee and/or Employee’s eligible dependents would be entitled under Section 4980B of the Code (COBRA), then, for a period of twenty-four (24) months following the date of termination (the “ Health Benefits Continuation Period ”), the Bank shall pay the excess of (i) the COBRA cost of such coverage over (ii) the amount that Employee would have had to pay for such coverage if he had remained employed during the Health Benefits Continuation Period and paid the active employee rate for such coverage, provided, however, that (A) that if Employee becomes eligible to receive group health benefits under a program of a subsequent employer or otherwise (including coverage available to Employee’s spouse), the Bank’s obligation to pay any portion of the cost of health coverage as described herein shall cease, except as otherwise provided by law ; (B) the Health Benefits Continuation Period shall run concurrently with any period for which Employee is eligible to elect health coverage under COBRA; (C) for all months after the initial 18 months of the Health Benefits Continuation Period, the Bank-paid portion of the monthly premium for such group health benefits, determined in accordance with Code Section 4980B and the regulations thereunder, shall be treated as taxable compensation by including such amount in Employee’s income in accordance with applicable rules and regulations; (D) during the Health Benefits Continuation Period, the benefits provided in any one calendar year shall not affect the amount of benefits provided in any other calendar year (other than the effect of any overall coverage benefits under the applicable plans) ; (E) the reimbursement of an eligible taxable expense shall be made as soon as practicable but not later than December 31 of the year following the year in which the expense was incurred; and (F) Employee’s rights pursuant to this Section 2(a) shall not be subject to liquidation or exchange for another benefit. If Employee would not be eligible for continued coverage under the Bank’s group medical, dental, vision and/or prescription drug plans beyond the applicable COBRA period, then during the nineteenth (19th) month after the date of termination, the Bank shall pay to Employee a lump sum cash payment equal to the applicable monthly premium under COBRA (less the 2% administrative fee and less the active-employee rate for such coverage), multiplied by the number of months remaining in the Health Benefits Continuation Period.

(d) Notwithstanding anything in this Agreement to the contrary, the Bank shall be obligated to provide Employee the health coverage benefit in Section 2(a) above only if (X) Employee shall have executed a Release Agreement within the time period specified in the Release Agreement and such Release Agreement shall not have been revoked within any revocation period specified in the Release Agreement, and (Y) Employee fully complies with the obligations set forth in Section 6 hereof.

3. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(y) “Base Salary” means the amount Employee is entitled to receive as wages or salary on an annualized basis, without reduction for any pre-tax contributions to benefit plans. Base Salary does not include bonuses, commissions, overtime pay or income from stock options, stock grants or other incentive compensation.

(z) “Cause” shall mean (i) any intentional misconduct by Employee in connection with the Bank’s business or relating to Employee’s duties, or any willful violation of any laws, rules or regulations applicable to banks or the banking industry generally (including but not limited to the regulations of the Board of Governors of the Federal Reserve, the Federal Deposit Insurance Corporation (the “FDIC”), the State of Georgia Department of Banking and Finance, or any other applicable regulatory authority); (ii) Employee’s material failure to comply with the Bank’s policies or guidelines of employment or corporate governance policies or guidelines, including, without limitation, any business code of ethics adopted by the Bank; (iii) any act of fraud, misappropriation or embezzlement by Employee, whether or not such act was committed in connection with the business of the Bank; (iv) a breach or threatened breach of this Agreement, including, without limitation, a breach of any of the obligations set forth in Section 6 hereof, that, if such breach is capable of being cured, is not cured by Employee within ten (10) days of written notice by the Bank of the breach; or (v) the commission by Employee of, or Employee’s pleading guilty or nolo contendere to, a felony or a crime involving moral turpitude (including pleading guilty or nolo contendere to a felony or lesser charge which results from plea bargaining), whether or not such felony, crime or lesser offense is connected with the business of the Bank.

(aa) “Change in Control” means and includes the occurrence of any one of the following events but shall specifically exclude a public offering of any class or series of the Holding Company’s equity securities pursuant to a registration statement filed by the Holding Company under the Securities Act of 1933:

(i) during any consecutive 12-month period, individuals who, at the beginning of such period, constitute the Holding Company Board (the “Incumbent Directors”) cease for any reason to constitute at least a majority of such Board, provided that any person becoming a director after the beginning of such 12-month period and whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Holding Company Board shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Holding Company as a result of an actual or threatened election contest with respect to the election or removal of directors (“Election Contest”) or other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Holding Company Board (“Proxy Contest”), including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest, shall be deemed an Incumbent Director; or

(ii) any person becomes a Beneficial Owner (as defined in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934), directly or indirectly, of either (A) 50% or more of the then-outstanding shares of common stock of the Holding Company (“Holding Company Common Stock”) or (B) securities of the Holding Company representing 50% or more of the combined voting power of the Holding Company’s then outstanding securities eligible to vote for the election of directors (the “Holding Company Voting Securities”); provided, however, that for purposes of this subsection (ii), the following acquisitions of Holding Company Common Stock or Holding Company Voting Securities shall not constitute a Change in Control: (w) an acquisition directly from the Holding Company, (x) an acquisition by the Holding Company or a Subsidiary, (y) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Holding Company or any Subsidiary, or (z) an acquisition pursuant to a Non-Qualifying Transaction (as defined in subsection (iii) below); or

(iii) the consummation of a reorganization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Holding Company or a Subsidiary (a “Reorganization”), or the sale or other disposition of all or substantially all of the Holding Company’s assets (a “Sale”) or the acquisition of assets or stock of another corporation or other entity (an “Acquisition”), unless immediately following such Reorganization, Sale or Acquisition: (A) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the outstanding Holding Company Common Stock and outstanding Holding Company Voting Securities immediately prior to such Reorganization, Sale or Acquisition beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Reorganization, Sale or Acquisition (including, without limitation, an entity which as a result of such transaction owns the Holding Company or all or substantially all of the Holding Company’s assets or stock either directly or through one or more subsidiaries, the “Surviving Entity”) in substantially the same proportions as their ownership, immediately prior to such Reorganization, Sale or Acquisition, of the outstanding Holding Company Common Stock and the outstanding Holding Company Voting Securities, as the case may be, and (B) no person (other than (x) the Holding Company or any Subsidiary, (y) the Surviving Entity or its ultimate parent entity, or (z) any employee benefit plan (or related trust) sponsored or maintained by any of the foregoing) is the Beneficial Owner, directly or indirectly, of 50% or more of the total common stock or 50% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Surviving Entity, and (C) at least a majority of the members of the board of directors of the Surviving Entity were Incumbent Directors at the time of the Board’s approval of the execution of the initial agreement providing for such Reorganization, Sale or Acquisition (any Reorganization, Sale or Acquisition which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a “Non-Qualifying Transaction”).

(bb) “Change in Control Effective Date” means the effective date of a Change in Control.

(cc) “Code” means the Internal Revenue Code of 1986, as amended from time to time. For purposes of this Agreement, references to sections of the Code shall be deemed to include references to any applicable regulations thereunder and any successor or similar provision.

(dd) “Competitive Services” means the community banking or commercial banking business, including, without limitation, originating, underwriting, closing and selling loans, receiving deposits and otherwise engaging in the business of banking, as well as the business of providing any other activities, products, or services of the type conducted, authorized, offered, or provided by CBS as of Employee’s Termination Date, or during the two (2) years immediately prior to Employee’s Termination Date.

(ee) “ Confidential Information ” means any and all data and information relating to CBS, its activities, business, or clients that (i) is disclosed to Employee or of which Employee becomes aware as a consequence of his employment with the Bank; (ii) has value to CBS; and (iii) is not generally known outside of the Bank. “Confidential Information” shall include, but is not limited to the following types of information regarding, related to, or concerning CBS: trade secrets (as defined by O.C.G.A. § 10-1-761); financial plans and data; management planning information; business plans; operational methods; market studies; marketing plans or strategies; pricing information; product development techniques or plans; customer lists; customer files, data and financial information; details of customer contracts; current and anticipated customer requirements; identifying and other information pertaining to business referral sources; past, current and planned research and development; computer aided systems, software, strategies and programs; business acquisition plans; management organization and related information (including, without limitation, data and other information concerning the compensation and benefits paid to officers, directors, employees and management); personnel and compensation policies; new personnel acquisition plans; and other similar information. “Confidential Information” also includes combinations of information or materials which individually may be generally known outside of CBS, but for which the nature, method, or procedure for combining such information or materials is not generally known outside of CBS. In addition to data and information relating to CBS, “Confidential Information” also includes any and all data and information relating to or concerning a third party that otherwise meets the definition set forth above, that was provided or made available to CBS by such third party, and that CBS has a duty or obligation to keep confidential. This definition shall not limit any definition of “confidential information” or any equivalent term under state or federal law. “Confidential Information” shall not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right or privilege of CBS.

(ff) “ Disability ” means the inability of Employee, as reasonably determined by the Bank, to perform the essential functions of his regular duties and responsibilities, with or without reasonable accommodation, due to a medically determinable physical or mental illness which has lasted (or can reasonably be expected to last) for a period of six (6) consecutive months. At the request of Employee or his personal representative, the Bank’s determination that the Disability of Employee has occurred shall be certified by a physician mutually agreed upon by Employee, or his personal representative, and the Bank.

(gg) “ CBS ” means, collectively, the Holding Company and the Bank.

(hh) “ Good Reason ” means any of the following, without Employee’s written consent: (i) a material diminution in Employee’s Base Salary; (ii) a material diminution in Employee’s authority, duties, or responsibilities; or (iii) a relocation of Employee’s place of employment to a location more than 50 miles from the location of such employment on the date of such attempted relocation; provided, however, that Good Reason shall not include (A) any relocation of Employee’s principal place of employment which is proposed or initiated by Employee; or (B) any relocation that results Employee’s principal place of employment being closer to Employee’s then-principal residence. Notwithstanding the foregoing, a termination by Employee shall not constitute termination for Good Reason unless Employee shall first have delivered to the Bank a notice of termination (in accordance with Section 11(d) hereof) setting forth with specificity the occurrence deemed to give rise to a right to terminate for Good Reason (which notice of termination must be given no later than sixty (60) days after the initial occurrence of such event). The Bank shall have an opportunity to cure the circumstances giving rise to Good Reason within thirty (30) days after receipt of such notice of termination. Good Reason shall not include Employee’s death or Disability. Employee’s employment must be terminated by Employee for Good Reason within ninety (90) days after the occurrence of an event of Good Reason.

(ii) “ Holding Company ” means Colony Bankcorp, Inc.

(jj) “ Material Contact ” means contact between Employee and a customer or potential customer of CBS (i) with whom or which Employee has or had dealings on behalf of CBS; (ii) whose dealings with CBS are or were coordinated or supervised by Employee; (iii) about whom Employee obtains Confidential Information in the ordinary course of business as a result of his employment with the Bank; or (iv) who receives products or services of CBS, the sale or provision of which results or resulted in compensation, commissions, or earnings for Employee within the two (2) years preceding the conduct in question (if the conduct occurs while Employee is still employed by the Bank) or the Termination Date (if the conduct occurs after Employee’s Termination), as applicable.

(kk) “ Person ” means any individual or any corporation, partnership, joint venture, limited liability company, association or other entity or enterprise.

(ll) “ Pre-Change in Control Qualifying Termination ” means Employee’s termination of employment with the Bank by the Bank without Cause within the ninety (90) day period immediately preceding the Change in Control Effective Date. For the avoidance of doubt, in no event shall Employee be deemed to have experienced a Pre-Change in Control Qualifying Termination as a result of (i) Employee’s termination of employment by the Bank without Cause other than during the ninety (90) day period immediately preceding the Change in Control Effective Date, (ii) Employee’s death or Disability, (iii) Employee’s resignation from employment with the Bank for any reason or no reason, or (iv) Employee’s termination of employment by the Bank for Cause.

(mm) “ Post Change in Control Qualifying Termination ” means Employee’s termination of employment with the Bank by the Bank without Cause or by Employee for Good Reason within the twenty-four (24) month period immediately following the Change in Control Effective Date. For the avoidance of doubt, in no event shall Employee be deemed to have experienced a Post Change in Control Qualifying Termination as a result of (i) Employee’s termination of employment by the Bank without Cause other than during the twenty-four (24) month period immediately following the Change in Control Effective Date, (ii) Employee’s death or Disability, (iii) Employee’s resignation from employment with the Bank for any reason other than for Good Reason during the twenty-four (24) month period immediately following the Change in Control Effective Date, or (iv) Employee’s termination of employment by the Bank for Cause.

(nn) “ Principal or Representative ” means a principal, owner, partner, shareholder, joint venturer, investor, member, trustee, director, officer, manager, employee, agent, representative or consultant.

(oo) “ Protected Customer ” means any Person to whom CBS has sold its products or services or actively solicited to sell its products or services, and with whom Employee has had Material Contact on behalf of CBS during his employment with the Bank.

(pp) “ Protected Work ” means any and all ideas, inventions, formulas, Confidential Information, source codes, object codes, techniques, processes, concepts, systems, programs, software, software integration techniques, hardware systems, schematics, flow charts, computer data bases, client lists, trademarks, service marks, brand names, trade names, compilations, documents, data, notes, designs, drawings, technical data and/or training materials, including improvements thereto or derivatives therefrom, whether or not patentable, and whether or not subject to copyright or trademark or trade secret protection, conceived, developed or produced by Employee, or by others working with Employee or under his direction, during the period of his employment, or conceived, produced or used or intended for use by or on behalf of CBS or its customers.

(qq) “ Restricted Period ” means any time during Employee’s employment with the Bank as well as twenty-four (24) months following Employee’s Termination Date following a Change in Control; provided, however, that the post-termination Restricted Period shall be reduced by the number of full months that Employee provides services to the Bank following the Change in Control prior to the Termination Date. For example, if the Employee’s employment with the Bank terminates for any reason following his provision of six (6) months of services to the Bank following the Change in Control, then the post-termination Restricted Period shall be eighteen (18) months.

(rr) “ Restricted Territory ” means the following counties in the state of Georgia: Ben Hill, Turner, Worth, Wilcox, Houston, Crisp, Upson, Dodge, Treutlen, Tift, Coffee, Chatham, Brooks, Loundes, Muscoge, Colquitt, Lee and Dougherty and any other county in which Employee is working on behalf of the Bank during the one (1) year preceding the conduct in question (if the conduct occurs while Employee is still employed by the Bank) or the Termination Date (if the conduct occurs after Employee’s Termination), as applicable.

(ss) “ Restrictive Covenants ” means the restrictive covenants contained in Section 6(b), (c), (d), (e), (f) and (g) hereof.

(tt) “ Termination ” means the termination of Employee’s employment with the Bank, for any reason, whether with or without cause, upon the initiative of either party.

(uu) “ Termination Date ” means the date of Employee’s Termination.

(vv) “ Subsidiary ” means any corporation, limited liability company, partnership or other entity of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Holding Company.

4. Employment At-Will . Employee shall continue to be employed at-will and for no definite term. This means that either party may terminate the employment relationship at any time for any or no reason.

5. Term of Agreement. This Agreement shall terminate on the earliest of (i) the date that the Bank fulfills its obligations set forth in Sections 1 and 2 hereof; (ii) the date of Employee's termination of employment with the Bank other than by reason of a Pre-Change in Control Qualifying Termination prior to the Change in Control Effective Date; or (iii) March 27, 2018. Notwithstanding the foregoing, the Restrictive Covenants contained in Section 6 hereof, as well as any other provisions of this Agreement necessary to interpret or enforce the Restrictive Covenants, shall survive the termination of this Agreement and continue to be in full force and effect in accordance with their terms.

6. Protective Covenants. Subject to the limitations of reasonableness imposed by law, Employee shall be subject to the restrictions set forth in this Section 6. Employee agrees that the restrictions in this Section 6 are reasonable and necessary and shall survive the termination of this Agreement.

(a) Acknowledgments.

(i) Condition of Employment and Other Consideration. Employee acknowledges and agrees that he has received good and valuable consideration for entering into this Agreement and further acknowledges that the Bank would not continue to employ him in the absence of his execution of and compliance with this Agreement.

(ii) Access to Confidential Information, Relationships, and Goodwill. Employee acknowledges and agrees that he is being provided and entrusted with Confidential Information (as that term is defined below), including highly confidential customer information that is subject to extensive measures to maintain its secrecy within CBS, is not known in the trade or disclosed to the public, and would materially harm CBS's legitimate business interests if it was disclosed or used in violation of this Agreement. Employee also acknowledges and agrees that he is being provided and entrusted with access to CBS's customer and employee relationships and goodwill. Employee further acknowledges and agrees that CBS would not provide access to the Confidential Information, customer and employee relationships, and goodwill in the absence of Employee's execution of and compliance with this Agreement. Employee further acknowledges and agrees that CBS's Confidential Information, customer and employee relationships, and goodwill are valuable assets of CBS and are legitimate business interests that are properly subject to protection through the covenants contained in this Agreement.

(iii) Potential Unfair Competition. Employee acknowledges and agrees that as a result of his employment with the Bank, his knowledge of and access to Confidential Information, and his relationships with CBS's customers and employees, Employee would have an unfair competitive advantage if Employee were to engage in activities in violation of this Agreement.

(b) Restriction on Disclosure and Use of Confidential Information. Employee agrees that Employee shall not, directly or indirectly, use any Confidential Information on Employee's own behalf or on behalf of any Person other than CBS, or reveal, divulge, or disclose any Confidential Information to any Person not expressly authorized by CBS to receive such Confidential Information. This obligation shall remain in effect for as long as the information or materials in question retain their status as Confidential Information. Employee further agrees that he shall fully cooperate with CBS in maintaining the Confidential Information to the extent permitted by law. The parties acknowledge and agree that this Agreement is not intended to, and does not, alter either CBS's rights or Employee's obligations under any state or federal statutory or common law regarding trade secrets and unfair trade practices. Anything herein to the contrary notwithstanding, Employee shall not be restricted from disclosing information that is required to be disclosed by law, court order or other valid and appropriate legal process; provided, however, that in the event such disclosure is required by law, Employee shall provide CBS with prompt notice of such requirement so that CBS may seek an appropriate protective order prior to any such required disclosure by Employee.

(c) Non-Competition. Employee agrees that, during the Restricted Period, he will not, without prior written consent of CBS, directly or indirectly (a) carry on or engage in Competitive Services within the Restricted Territory on his own or on behalf of any Person or any Principal or Representative of any Person, or (b) own, manage, operate, join, control or participate in the ownership, management, operation or control, of any business, whether in corporate, proprietorship or partnership form or otherwise where such business is engaged in the provision of Competitive Services within the Restricted Territory.

(d) Non-Solicitation of Protected Customers. Employee agrees that, during the Restricted Period, he shall not, without the prior written consent of CBS, directly or indirectly, on his own behalf or as a Principal or Representative of any Person, solicit, divert, take away, or attempt to solicit, divert, or take away a Protected Customer for the purpose of engaging in, providing, or selling Competitive Services.

(e) Non-Recruitment of Employees. Employee agrees that during the Restricted Period, he shall not, without the prior written consent of CBS, directly or indirectly, whether on his own behalf or as a Principal or Representative of any Person, solicit or induce or attempt to solicit or induce any employee of CBS to terminate his employment relationship with the Bank or to enter into employment with Employee or any other Person.

(f) Proprietary Rights.

(i) Ownership and Assignment of Protected Works. Employee agrees that any and all Confidential Information and Protected Works are the sole property of CBS, and that no compensation in addition to Employee's base salary is due to Employee for development or transfer of such Protected Works. Employee agrees that he shall promptly disclose in writing to CBS the existence of any Protected Works. Employee hereby assigns and agrees to assign all of his rights, title and interest in any and all Protected Works, including all patents or patent applications, and all copyrights therein, to CBS. Employee shall not be entitled to use Protected Works for his own benefit or the benefit of anyone except CBS without written permission from CBS and then only subject to the terms of such permission. Employee further agrees that he will communicate to CBS any facts known to him and testify in any legal proceedings, sign all lawful papers, make all rightful oaths, execute all divisionals, continuations, continuations-in-part, foreign counterparts, or reissue applications, all assignments, all registration applications, and all other instruments or papers to carry into full force and effect the assignment, transfer, and conveyance hereby made or to be made and generally do everything possible for title to the Protected Works and all patents or copyrights or trademarks or service marks therein to be clearly and exclusively held by CBS. Employee agrees that he will not oppose or object in any way to applications for registration of Protected Works by CBS or others designated by CBS. Employee agrees to exercise reasonable care to avoid making Protected Works available to any third party and shall be liable to CBS for all damages and expenses, including reasonable attorneys' fees, if Protected Works are made available to third parties by him without the express written consent of CBS.

Anything herein to the contrary notwithstanding, Employee will not be obligated to assign to CBS any Protected Work for which no equipment, supplies, facilities, or Confidential Information of CBS was used and which was developed entirely on Employee's own time, unless (a) the invention relates (1) directly to the business of CBS, or (2) to CBS's actual or demonstrably anticipated research or development; or (b) the invention results from any work performed by Employee for CBS. Employee likewise will not be obligated to assign to CBS any Protected Work that is conceived by Employee after Employee leaves the employ of the Bank, except that Employee is so obligated if the same relates to or is based on Confidential Information to which Employee had access by virtue of his employment with the Bank. Similarly, Employee will not be obligated to assign any Protected Work to CBS that was conceived and reduced to practice prior to his employment, regardless of whether such Protected Work relates to or would be useful in the business of CBS. Employee acknowledges and agrees that there are no Protected Works conceived and reduced to practice by him prior to his employment with the Bank.

(ii) No Other Duties. Employee acknowledges and agrees that there is no other contract or duty on his part now in existence to assign Protected Works to anyone other than CBS.

(iii) Works Made for Hire. The Bank and Employee acknowledge that in the course of his employment with the Bank, Employee may from time to time create for CBS copyrightable works. Such works may consist of manuals, pamphlets, instructional materials, computer programs, software, software integration techniques, software codes, and data, technical data, photographs, drawings, logos, designs, artwork or other copyrightable material, or portions thereof, and may be created within or without CBS's facilities and before, during or after normal business hours. All such works related to or useful in the business of CBS are specifically intended to be works made for hire by Employee, and Employee shall cooperate with CBS in the protection of CBS's copyrights in such works and, to the extent deemed desirable by CBS, the registration of such copyrights.

(g) Return of Materials. Employee agrees that he will not retain or destroy (except as set forth below), and will immediately return to CBS on or prior to the Termination Date, or at any other time CBS requests such return, any and all property of CBS that is in his possession or subject to his control, including, but not limited to, keys, credit and identification cards, personal items or equipment, customer files and information, papers, drawings, notes, manuals, specifications, designs, devices, code, email, documents, diskettes, CDs, tapes, keys, access cards, credit cards, identification cards, computers, mobile devices, other electronic media, all other files and documents relating to CBS and its business (regardless of form, but specifically including all electronic files and data of CBS), together with all Protected Works and Confidential Information belonging to CBS or that Employee received from or through his employment with the Bank. Employee will not make, distribute, or retain copies of any such information or property. To the extent that Employee has electronic files or information in his possession or control that belong to CBS, contain Confidential Information, or constitute Protected Works (specifically including but not limited to electronic files or information stored on personal computers, mobile devices, electronic media, or in cloud storage), on or prior to the Termination Date, or at any other time CBS requests, Employee shall (a) provide CBS with an electronic copy of all of such files or information (in an electronic format that readily accessible by CBS); (b) after doing so, delete all such files and information, including all copies and derivatives thereof, from all non-CBS-owned computers, mobile devices, electronic media, cloud storage, or other media, devices, or equipment, such that such files and information are permanently deleted and irretrievable; and (c) provide a written certification to CBS that the required deletions have been completed and specifying the files and information deleted and the media source from which they were deleted. Employee agrees that he will reimburse CBS for all of its costs, including reasonable attorneys' fees, of recovering the above materials and otherwise enforcing compliance with this provision if he does not return the materials to CBS or take the required steps with respect to electronic information or files on or prior to the Termination Date or at any other time the materials and/or electronic file actions are requested by CBS or if Employee otherwise fails to comply with this provision.

(h) Enforcement of Restrictive Covenants.

(i) Rights and Remedies Upon Breach. The parties specifically acknowledge and agree that the remedy at law for any breach of the Restrictive Covenants will be inadequate, and that in the event Employee breaches, or threatens to breach, any of the Restrictive Covenants, CBS shall have the right and remedy, without the necessity of proving actual damage or posting any bond, to enjoin, preliminarily and permanently, Employee from violating or threatening to violate the Restrictive Covenants and to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to CBS and that money damages would not provide an adequate remedy to CBS. Employee understands and agrees that if he violates any of the obligations set forth in the Restrictive Covenants, the period of restriction applicable to each obligation violated shall cease to run during the pendency of any litigation over such violation, provided that such litigation was initiated during the period of restriction. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to CBS at law or in equity. Employee understands and agrees that, if the parties become involved in legal action regarding the enforcement of the Restrictive Covenants and if CBS prevails in such legal action, CBS will be entitled, in addition to any other remedy, to recover from Employee its reasonable costs and attorneys' fees incurred in enforcing such covenants. CBS's ability to enforce its rights under the Restrictive Covenants or applicable law against Employee shall not be impaired in any way by the existence of a claim or cause of action on the part of Employee based on, or arising out of, this Agreement or any other event or transaction.

(ii) Severability and Modification of Restrictive Covenants. Employee acknowledges and agrees that each of the Restrictive Covenants is reasonable and valid in time and scope and in all other respects. The parties agree that it is their intention that the Restrictive Covenants be enforced in accordance with their terms to the maximum extent permitted by law. Each of the Restrictive Covenants shall be considered and construed as a separate and independent covenant. Should any part or provision of any of the Restrictive Covenants be held invalid, void, or unenforceable, such invalidity, voidness, or unenforceability shall not render invalid, void, or unenforceable any other part or provision of this Agreement or such Restrictive Covenant. If any of the provisions of the Restrictive Covenants should ever be held by a court of competent jurisdiction to exceed the scope permitted by the applicable law, such provision or provisions shall be automatically modified to such lesser scope as such court may deem just and proper for the reasonable protection of CBS's legitimate business interests and may be enforced by CBS to that extent in the manner described above and all other provisions of this Agreement shall be valid and enforceable.

(i) Disclosure of Agreement. Employee acknowledges and agrees that, during the Restricted Period, he will disclose the existence and terms of this Agreement to any prospective employer, business partner, investor or lender prior to entering into an employment, partnership or other business relationship with such prospective employer, business partner, investor or lender. Employee further agrees that CBS shall have the right to make any such prospective employer, business partner, investor or lender of Employee aware of the existence and terms of this Agreement.

7. Full Settlement; No Mitigation. The Bank's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Bank may have against Employee or others. In no event shall Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Employee under any of the provisions of this Agreement and such amounts shall not be reduced whether or not Employee obtains other employment.

8. Limitation of Benefits.

(a) Notwithstanding anything in this Agreement to the contrary, in the event it shall be determined that any benefit, payment or distribution by the Bank to or for the benefit of Employee (whether payable or distributable pursuant to the terms of this Agreement or otherwise) (such benefits, payments or distributions are hereinafter referred to as "Payments") would, if paid, be subject to the excise tax (the "Excise Tax") imposed by Section 4999 of the Code, then the aggregate present value of the Payments shall be reduced (but not below zero) to an amount expressed in present value that maximizes the aggregate present value of the Payments without causing the Payments or any part thereof to be subject to the Excise Tax and therefore nondeductible by the Bank because of Section 280G of the Code (the "Reduced Amount"). The reduction of the Payments due hereunder, if applicable, shall be made by first reducing cash Payments and then, to the extent necessary, reducing those Payments having the next highest ratio of Parachute Value to actual present value of such Payments as of the date of the change of control, as determined by the Determination Firm (as defined in Section 8(b) below). For purposes of this Section 8, present value shall be determined in accordance with Section 280G(d)(4) of the Code. For purposes of this Section 8, the "Parachute Value" of a Payment means the present value as of the date of the change of control of the portion of such Payment that constitutes a "parachute payment" under Section 280G (b)(2) of the Code, as determined by the Determination Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

(b) All determinations required to be made under this Section 8, including whether an Excise Tax would otherwise be imposed, whether the Payments shall be reduced, the amount of the Reduced Amount, and the assumptions to be utilized in arriving at such determinations, shall be made by an independent, nationally recognized accounting firm or compensation consulting firm mutually acceptable to the Bank and Employee (the "Determination Firm") which shall provide detailed supporting calculations both to the Bank and Employee within 15 business days of the receipt of notice from Employee that a Payment is due to be made, or such earlier time as is requested by the Bank. All fees and expenses of the Determination Firm shall be borne solely by the Bank. Any determination by the Determination Firm shall be binding upon the Bank and Employee. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Determination Firm hereunder, it is possible that Payments hereunder will have been unnecessarily limited by this Section 8 ("Underpayment"), consistent with the calculations required to be made hereunder. The Determination Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Bank to or for the benefit of Employee together with interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code, but no later than March 15 of the year after the year in which the Underpayment is determined to exist, which is when the legally binding right to such Underpayment arises.

(c) In the event that the provisions of Code Section 280G and 4999 or any successor provisions are repealed without succession, this Section 8 shall be of no further force or effect.

9. Successors.

(a) This Agreement is one for personal services and may not be assigned by Employee. This Agreement shall inure to the benefit of and be enforceable by Employee's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Bank and its successors and assigns.

(c) This Agreement shall bind any successor of or to the Bank, its assets or its businesses (whether direct or indirect, by purchase, merger, consolidation or otherwise), in the same manner and to the same extent that the Bank would be obligated under this Agreement if no succession had taken place. In the case of any transaction in which a successor would not by the foregoing provision or by operation of law be bound by this Agreement, the Bank shall require such successor expressly and unconditionally to assume and agree to perform the Bank's obligations under this Agreement, in the same manner and to the same extent that the Bank would be required to perform if no such succession had taken place. The term "Bank," as used in this Agreement, shall mean the Bank as hereinbefore defined and any successor or assignee to the business or assets which by reason hereof becomes bound by this Agreement.

10. Code Section 409A.

(a) This Agreement shall be interpreted and administered in a manner so that any amount or benefit payable hereunder shall be paid or provided in a manner that is either exempt from or compliant with the requirements of Section 409A of the Code and applicable Internal Revenue Service guidance and Treasury Regulations issued thereunder (and any applicable transition relief under Section 409A of the Code). Nevertheless, the tax treatment of the benefits provided under the Agreement is not warranted or guaranteed. Neither the Bank nor its directors, officers, employees or advisers shall be held liable for any taxes, interest, penalties or other monetary amounts owed by Employee as a result of the application of Section 409A of the Code.

(b) Notwithstanding anything in this Agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Code (" Non-Exempt Deferred Compensation ") would otherwise be payable or distributable hereunder, or a different form of payment of such Non-Exempt Deferred Compensation would be effected, by reason of a Change in Control or Employee's termination of employment, such Non-Exempt Deferred Compensation will not be payable or distributable to Employee by reason of such circumstance unless the circumstances giving rise to such Change in Control or termination of employment, as the case may be, meet any description or definition of "change in control event" or "separation from service", as the case may be, in Section 409A of the Code and applicable regulations (without giving effect to any elective provisions that may be available under such definition). This provision does not prohibit the *vesting* of any Non-Exempt Deferred Compensation upon a Change in Control or termination of employment, however defined. If this provision prevents the payment or distribution of any Non-Exempt Deferred Compensation, such payment or distribution shall be made on the date, if any, on which an event occurs that constitutes a Section 409A-compliant "change in control event" or "separation from service", as the case may be, or such later date as may be required by Section 10(c) hereof.

(c) Notwithstanding anything in this Agreement to the contrary, if any Non-Exempt Deferred Compensation would otherwise be payable or distributable under this Agreement by reason of Employee's separation from service during a period in which he is a Specified Employee (as defined below), then, subject to any permissible acceleration of payment by the Bank under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes): (i) if the payment or distribution is payable in a lump sum, Employee's right to receive payment or distribution of such non-exempt deferred compensation will be delayed until the earlier of Employee's death or the first day of the seventh month following Employee's separation from service; and (ii) if the payment or distribution is payable over time, the amount of such non-exempt deferred compensation that would otherwise be payable during the six-month period immediately following Employee's separation from service will be accumulated and Employee's right to receive payment or distribution of such accumulated amount will be delayed until the earlier of Employee's death or the first day of the seventh month following Employee's separation from service, whereupon the accumulated amount will be paid or distributed to Employee and the normal payment or distribution schedule for any remaining payments or distributions will resume. For purposes of this Agreement, the term " Specified Employee " has the meaning given such term in Code Section 409A.

(d) Whenever in this Agreement a payment or benefit is conditioned on Employee's execution of a release of claims, such release must be executed and all revocation periods shall have expired within 60 days after the date of termination; failing which such payment or benefit shall be forfeited. If such payment or benefit constitutes Non-Exempt Deferred Compensation, then such payment or benefit (including any installment payments) that would have otherwise been payable during such 60-day period shall be accumulated and paid on the 60th day after the date of termination provided such release shall have been executed and such revocation periods shall have expired. If such payment or benefit is exempt from Section 409A of the Code, the Bank may elect to make or commence payment at any time during such period.

(e) The Bank shall have the sole authority to make any accelerated distribution permissible under Treas. Reg. Section 1.409A-3(j)(4) to Employee of deferred amounts, provided that such distribution meets the requirements of Treas. Reg. Section 1.409A-3(j)(4).

(f) Each payment of termination benefits this Agreement, including, without limitation, each installment payment and each payment or reimbursement of premiums for continued medical, dental or life insurance coverage under Section 2(a), shall be considered a separate payment, as described in Treas. Reg. Section 1.409A-2(b)(2), for purposes of Section 409A of the Code.

11. Miscellaneous.

(a) The Bank and Employee agree that this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Georgia without giving effect to its conflicts of law principles. Employee agrees that the exclusive forum for any action to enforce this Agreement, as well as any action relating to or arising out of this Agreement, shall be Superior Court of Ben Hill County, Georgia or the U.S. District Court for the Middle District of Georgia, Albany Division. With respect to any such court action, Employee hereby (i) irrevocably submits to the personal jurisdiction of such courts; (ii) consents to service of process; (iii) consents to venue; and (iv) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction, service of process, or venue. The parties hereto further agree that such courts are convenient forums for any dispute that may arise herefrom and that neither party shall raise as a defense that such courts are not convenient forums.

(b) The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(c) This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(d) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Employee :
On file with the Bank

If to the Bank :
Colony Bank
115 South Grant Street
Fitzgerald, GA 31750
Attention : Edward P. Loomis, Jr.

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(e) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(f) The Bank may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(g) Failure of either party to insist, in one or more instances, on performance by the other in strict accordance with the terms and conditions of this Agreement shall not be deemed a waiver or relinquishment of any right granted in this Agreement or of the future performance of any such term or condition or of any other term or condition of this Agreement, unless such waiver is contained in a writing signed by the party making the waiver.

(h) This Agreement contains the entire agreement between the Bank and Employee with respect to the subject matter hereof and, from and after the date hereof, this Agreement shall supersede any other agreement, written or oral, between the parties relating to the subject matter of this Agreement.

(i) The parties understand and agree that because they both have been given the opportunity to have counsel review and revise this Agreement, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement. Instead, the language of all parts of this Agreement shall be construed as a whole, and according to its fair meaning, and not strictly for or against either of the parties.

(j) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

(k) The parties acknowledge and agree that the Holding Company is an intended third-party beneficiary of this Agreement and may enforce the Bank's rights hereunder.

11. Regulatory Action.

(a) If Employee is removed and/or permanently prohibited from participating in the conduct of the Bank's affairs by an order issued under Section 8(e)(4) or 8(g)(1) of the Federal Deposit Insurance Act (" FDIA ") (12 U.S.C. 1818(e)(4) and (g)(1)), all obligations of the Bank under this Agreement shall terminate, as of the effective date of such order.

(b) If Employee is suspended and/or temporarily prohibited from participating in the conduct of the Bank's affairs by a notice served under Section 8(e)(3) or 8(g)(1) of the FDIA (12 U.S.C. 1818(e)(3) and (g)(1)), all obligations of the Bank under this Agreement shall be suspended as of the date of service, unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Bank shall reinstate (in whole or in part) any of its obligations which were suspended.

(c) If the Bank is in default (as defined in Section 3(x)(1) of the FDIA), all obligations under this Agreement shall terminate as of the date of default.

(d) All obligations under this Agreement shall be terminated, except to the extent a determination is made that continuation of the Agreement is necessary for the continued operation of the Bank (1) by the director of the FDIC or his or her designee (the "Director"), at the time the FDIC enters into an agreement to provide assistance to or on behalf of the Bank under the authority contained in 13(c) of the FDIA; or (2) by the Director, at the time the Director approves a supervisory merger to resolve problems related to operation of the Bank when the Bank is determined by the Director to be in an unsafe and unsound condition.

(Signatures on following page)

IN WITNESS WHEREOF, Employee has hereunto set Employee’s hand and the Bank has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

/s/ TERRY L. HESTER
TERRY L. HESTER

COLONY BANK

By: /s/ Edward P. Loomis, Jr.
Name: Edward P. Loomis, Jr.
Title: President and Chief Executive Officer

RETENTION AGREEMENT

THIS RETENTION AGREEMENT (this “ Agreement ”) is made and entered into this 27th day of March, 2015 by and between Colony Bank, a Georgia bank (the “ Bank ”) and Henry F. Brown, Jr. (“ Employee ”), to be effective as of March 27, 2015.

BACKGROUND

WHEREAS, the Bank presently employs Employee as its Executive Vice President and Chief Credit Officer;

WHEREAS, the Bank desires to promote the retention of Employee by offering protection in the event of a Change in Control (as defined herein); and

WHEREAS, in order to accomplish the foregoing objective, the Bank and Employee desire to enter into this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Retention Payments.

(e) Subject to the terms and conditions of this Agreement, in the event of a Change in Control (as defined in Section 2 hereof) prior to March 27, 2018, the Bank shall pay to Employee a cash bonus equal to 0.75 times his then-current Base Salary (as defined in Section 2 hereof), less withholding for taxes and other similar items (the “ Change in Control Bonus ”), in a single lump sum within thirty (30) days following the Change in Control Effective Date (as defined in Section 2 hereof), provided that, except as otherwise provided in Section 1(c) hereof, Employee is employed by the Bank on the Change in Control Effective Date.

(f) Subject to the terms and conditions of this Agreement, the Bank shall pay to Employee a cash retention bonus equal to 0.75 times his then-current Base Salary, less withholding for taxes and other similar items (the “ Post-Closing Retention Bonus ”), in a single lump sum within thirty (30) days following the Post-Closing Retention Payment Date (as defined in Section 2 hereof), provided that, except as otherwise provided in Section 1(d) hereof, Employee is employed by the Bank on the Post-Closing Retention Payment Date.

(g) Notwithstanding anything in this Agreement to the contrary, if Employee incurs a Pre-Change in Control Qualifying Termination (as defined in Section 2 hereof), then Employee shall be entitled to receive, and the Bank shall pay to Employee, the Change in Control Bonus and the Post-Closing Retention Bonus in a single lump sum within thirty (30) days following the Change in Control Effective Date. If Employee’s employment with the Bank is terminated for any reason other than by reason of a Pre-Change in Control Qualifying Termination prior to the Change in Control Effective Date, then Employee shall not be entitled to the Change in Control Bonus or the Post-Closing Retention Bonus.

(h) Notwithstanding anything in this Agreement to the contrary, if Employee incurs a Post-Change in Control Qualifying Termination (as defined in Section 2 hereof), then the Bank shall pay to Employee an amount equal to the Post-Closing Retention Bonus in a single lump sum within thirty (30) days following Employee’s date of termination. If Employee’s employment with the Bank is terminated for any reason other than by reason of a Post-Change in Control Qualifying Termination following the Change in Control Effective Date, then Employee shall not be entitled to the Post-Closing Retention Bonus.

(i) For purposes of clarity, Employee shall not be eligible for the Change in Control Bonus or the Post-Closing Retention Bonus unless and until a Change in Control occurs while this Agreement is in effect.

(j) Notwithstanding anything in this Agreement to the contrary, the Bank shall be obligated to pay Employee the Change in Control Bonus and the Post-Closing Retention Bonus only if (X) Employee shall have executed a separation agreement containing a full general release of claims and covenant not to sue in the form provided by the Bank (the “ Release Agreement ”) within the time period specified in the Release Agreement and such Release Agreement shall not have been revoked within any revocation period specified in the Release Agreement, and (Y) Employee fully complies with the obligations set forth in Section 5 hereof.

2. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(a) “Base Salary” means the amount Employee is entitled to receive as wages or salary on an annualized basis, without reduction for any pre-tax contributions to benefit plans. Base Salary does not include bonuses, commissions, overtime pay or income from stock options, stock grants or other incentive compensation.

(b) “Cause” shall mean (i) any intentional misconduct by Employee in connection with the Bank’s business or relating to Employee’s duties, or any willful violation of any laws, rules or regulations applicable to banks or the banking industry generally (including but not limited to the regulations of the Board of Governors of the Federal Reserve, the Federal Deposit Insurance Corporation (the “FDIC”), the State of Georgia Department of Banking and Finance, or any other applicable regulatory authority); (ii) Employee’s material failure to comply with the Bank’s policies or guidelines of employment or corporate governance policies or guidelines, including, without limitation, any business code of ethics adopted by the Bank; (iii) any act of fraud, misappropriation or embezzlement by Employee, whether or not such act was committed in connection with the business of the Bank; (iv) a breach or threatened breach of this Agreement, including, without limitation, a breach of any of the obligations set forth in Section 5 hereof, that, if such breach is capable of being cured, is not cured by Employee within ten (10) days of written notice by the Bank of the breach; or (v) the commission by Employee of, or Employee’s pleading guilty or nolo contendere to, a felony or a crime involving moral turpitude (including pleading guilty or nolo contendere to a felony or lesser charge which results from plea bargaining), whether or not such felony, crime or lesser offense is connected with the business of the Bank.

(c) “Change in Control” means and includes the occurrence of any one of the following events but shall specifically exclude a public offering of any class or series of the Holding Company’s equity securities pursuant to a registration statement filed by the Holding Company under the Securities Act of 1933:

(i) during any consecutive 12-month period, individuals who, at the beginning of such period, constitute the Holding Company Board (the “Incumbent Directors”) cease for any reason to constitute at least a majority of such Board, provided that any person becoming a director after the beginning of such 12-month period and whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Holding Company Board shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Holding Company as a result of an actual or threatened election contest with respect to the election or removal of directors (“Election Contest”) or other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Holding Company Board (“Proxy Contest”), including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest, shall be deemed an Incumbent Director; or

(ii) any person becomes a Beneficial Owner (as defined in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934), directly or indirectly, of either (A) 50% or more of the then-outstanding shares of common stock of the Holding Company (“Holding Company Common Stock”) or (B) securities of the Holding Company representing 50% or more of the combined voting power of the Holding Company’s then outstanding securities eligible to vote for the election of directors (the “Holding Company Voting Securities”); provided, however, that for purposes of this subsection (ii), the following acquisitions of Holding Company Common Stock or Holding Company Voting Securities shall not constitute a Change in Control: (w) an acquisition directly from the Holding Company, (x) an acquisition by the Holding Company or a Subsidiary, (y) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Holding Company or any Subsidiary, or (z) an acquisition pursuant to a Non-Qualifying Transaction (as defined in subsection (iii) below); or

(iii) the consummation of a reorganization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Holding Company or a Subsidiary (a “Reorganization”), or the sale or other disposition of all or substantially all of the Holding Company’s assets (a “Sale”) or the acquisition of assets or stock of another corporation or other entity (an “Acquisition”), unless immediately following such Reorganization, Sale or Acquisition: (A) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the outstanding Holding Company Common Stock and outstanding Holding Company Voting Securities immediately prior to such Reorganization, Sale or Acquisition beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Reorganization, Sale or Acquisition (including, without limitation, an entity which as a result of such transaction owns the Holding Company or all or substantially all of the Holding Company’s assets or stock either directly or through one or more subsidiaries, the “Surviving Entity”) in substantially the same proportions as their ownership, immediately prior to such Reorganization, Sale or Acquisition, of the outstanding Holding Company Common Stock and the outstanding Holding Company Voting Securities, as the case may be, and (B) no person (other than (x) the Holding Company or any Subsidiary, (y) the Surviving Entity or its ultimate parent entity, or (z) any employee benefit plan (or related trust) sponsored or maintained by any of the foregoing) is the Beneficial Owner, directly or indirectly, of 50% or more of the total common stock or 50% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Surviving Entity, and (C) at least a majority of the members of the board of directors of the Surviving Entity were Incumbent Directors at the time of the Board’s approval of the execution of the initial agreement providing for such Reorganization, Sale or Acquisition (any Reorganization, Sale or Acquisition which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a “Non-Qualifying Transaction”).

(d) “Change in Control Effective Date” means the effective date of a Change in Control.

(e) “Code” means the Internal Revenue Code of 1986, as amended from time to time. For purposes of this Agreement, references to sections of the Code shall be deemed to include references to any applicable regulations thereunder and any successor or similar provision.

(f) “Competitive Services” means the community banking or commercial banking business, including, without limitation, originating, underwriting, closing and selling loans, receiving deposits and otherwise engaging in the business of banking, as well as the business of providing any other activities, products, or services of the type conducted, authorized, offered, or provided by CBS as of Employee’s Termination Date, or during the two (2) years immediately prior to Employee’s Termination Date.

(g) “Confidential Information” means any and all data and information relating to CBS, its activities, business, or clients that (i) is disclosed to Employee or of which Employee becomes aware as a consequence of his employment with the Bank; (ii) has value to CBS; and (iii) is not generally known outside of the Bank. “Confidential Information” shall include, but is not limited to the following types of information regarding, related to, or concerning CBS: trade secrets (as defined by O.C.G.A. § 10-1-761); financial plans and data; management planning information; business plans; operational methods; market studies; marketing plans or strategies; pricing information; product development techniques or plans; customer lists; customer files, data and financial information; details of customer contracts; current and anticipated customer requirements; identifying and other information pertaining to business referral sources; past, current and planned research and development; computer aided systems, software, strategies and programs; business acquisition plans; management organization and related information (including, without limitation, data and other information concerning the compensation and benefits paid to officers, directors, employees and management); personnel and compensation policies; new personnel acquisition plans; and other similar information. “Confidential Information” also includes combinations of information or materials which individually may be generally known outside of CBS, but for which the nature, method, or procedure for combining such information or materials is not generally known outside of CBS. In addition to data and information relating to CBS, “Confidential Information” also includes any and all data and information relating to or concerning a third party that otherwise meets the definition set forth above, that was provided or made available to CBS by such third party, and that CBS has a duty or obligation to keep confidential. This definition shall not limit any definition of “confidential information” or any equivalent term under state or federal law. “Confidential Information” shall not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right or privilege of CBS.

(h) “ Disability ” means the inability of Employee, as reasonably determined by the Bank, to perform the essential functions of his regular duties and responsibilities, with or without reasonable accommodation, due to a medically determinable physical or mental illness which has lasted (or can reasonably be expected to last) for a period of six (6) consecutive months. At the request of Employee or his personal representative, the Bank’s determination that the Disability of Employee has occurred shall be certified by a physician mutually agreed upon by Employee, or his personal representative, and the Bank.

(i) “ CBS ” means, collectively, the Holding Company and the Bank.

(j) “ Holding Company ” means Colony Bankcorp, Inc.

(k) “ Material Contact ” means contact between Employee and a customer or potential customer of CBS (i) with whom or which Employee has or had dealings on behalf of CBS; (ii) whose dealings with CBS are or were coordinated or supervised by Employee; (iii) about whom Employee obtains Confidential Information in the ordinary course of business as a result of his employment with the Bank; or (iv) who receives products or services of CBS, the sale or provision of which results or resulted in compensation, commissions, or earnings for Employee within the two (2) years preceding the conduct in question (if the conduct occurs while Employee is still employed by the Bank) or the Termination Date (if the conduct occurs after Employee’s Termination), as applicable.

(l) “ Person ” means any individual or any corporation, partnership, joint venture, limited liability company, association or other entity or enterprise.

(m) “ Post-Change in Control Qualifying Termination ” means Employee’s termination of employment with the Bank by the Bank without Cause on or following the Change in Control Effective Date and prior to the Post-Closing Retention Payment Date. For the avoidance of doubt, in no event shall Employee be deemed to have experienced a Post-Change in Control Qualifying Termination as a result of (i) Employee’s termination of employment by the Bank without Cause other than during the period between the Change in Control Effective Date and the Post-Closing Retention Payment Date, (ii) Employee’s death or Disability, (iii) Employee’s resignation from employment with the Bank for any reason or no reason, or (iv) Employee’s termination of employment by the Bank for Cause.

(n) “ Post-Closing Retention Payment Date ” means the date on which the Bank determines, in good faith, that it has successfully completed the conversion of its data, customers, accounts and transactions to the core processing system of any acquiring institution (whether such third party acquiring institution uses the same core processor as the Bank, or a core processor that is different from the Bank’s core process) pursuant to a Change in Control.

(o) “ Pre-Change in Control Qualifying Termination ” means Employee’s termination of employment with the Bank by the Bank without Cause within the ninety (90) day period immediately preceding the Change in Control Effective Date. For the avoidance of doubt, in no event shall Employee be deemed to have experienced a Pre-Change in Control Qualifying Termination as a result of (i) Employee’s termination of employment by the Bank without Cause other than during the ninety (90) day period immediately preceding the Change in Control Effective Date, (ii) Employee’s death or Disability, (iii) Employee’s resignation from employment with the Bank for any reason or no reason, or (iv) Employee’s termination of employment by the Bank for Cause.

(p) “ Principal or Representative ” means a principal, owner, partner, shareholder, joint venturer, investor, member, trustee, director, officer, manager, employee, agent, representative or consultant.

(q) “ Protected Customer ” means any Person to whom CBS has sold its products or services or actively solicited to sell its products or services, and with whom Employee has had Material Contact on behalf of CBS during his employment with the Bank.

(r) “ Protected Work ” means any and all ideas, inventions, formulas, Confidential Information, source codes, object codes, techniques, processes, concepts, systems, programs, software, software integration techniques, hardware systems, schematics, flow charts, computer data bases, client lists, trademarks, service marks, brand names, trade names, compilations, documents, data, notes, designs, drawings, technical data and/or training materials, including improvements thereto or derivatives therefrom, whether or not patentable, and whether or not subject to copyright or trademark or trade secret protection, conceived, developed or produced by Employee, or by others working with Employee or under his direction, during the period of his employment, or conceived, produced or used or intended for use by or on behalf of CBS or its customers.

(s) “Restricted Period” means any time during Employee’s employment with the Bank as well as twelve (12) months following Employee’s Termination Date following a Change in Control; provided, however, that the post-termination Restricted Period shall be reduced by the number of full months that Employee provides services to the Bank following the Change in Control prior to the Termination Date. For example, if the Employee’s employment with the Bank terminates for any reason following his provision of six (6) months of services to the Bank following the Change in Control, then the post-termination Restricted Period shall be six (6) months.

(t) “Restrictive Covenants” means the restrictive covenants contained in Section 5(b), (c), (d), (e) and (f) hereof.

(u) “Termination” means the termination of Employee’s employment with the Bank, for any reason, whether with or without cause, upon the initiative of either party.

(v) “Termination Date” means the date of Employee’s Termination.

(w) “Subsidiary” means any corporation, limited liability company, partnership or other entity of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Holding Company.

3. Employment At-Will. Employee shall continue to be employed at-will and for no definite term. This means that either party may terminate the employment relationship at any time for any or no reason.

4. Term of Agreement. This Agreement shall terminate on the earliest of (i) the date that the Bank fulfills its obligations set forth in Section 1 hereof; (ii) the date of Employee’s termination of employment with the Bank other than by reason of a Pre-Change in Control Qualifying Termination prior to the Change in Control Effective Date; or (iii) March 27, 2018. Notwithstanding the foregoing, the Restrictive Covenants contained in Section 5 hereof, as well as any other provisions of this Agreement necessary to interpret or enforce the Restrictive Covenants, shall survive the termination of this Agreement and continue to be in full force and effect in accordance with their terms.

5. Protective Covenants. Subject to the limitations of reasonableness imposed by law, Employee shall be subject to the restrictions set forth in this Section 5. Employee agrees that the restrictions in this Section 5 are reasonable and necessary and shall survive the termination of this Agreement.

(a) Acknowledgments.

(i) Condition of Employment and Other Consideration. Employee acknowledges and agrees that he has received good and valuable consideration for entering into this Agreement and further acknowledges that the Bank would not continue to employ him in the absence of his execution of and compliance with this Agreement.

(ii) Access to Confidential Information, Relationships, and Goodwill. Employee acknowledges and agrees that he is being provided and entrusted with Confidential Information (as that term is defined below), including highly confidential customer information that is subject to extensive measures to maintain its secrecy within CBS, is not known in the trade or disclosed to the public, and would materially harm CBS’s legitimate business interests if it was disclosed or used in violation of this Agreement. Employee also acknowledges and agrees that he is being provided and entrusted with access to CBS’s customer and employee relationships and goodwill. Employee further acknowledges and agrees that CBS would not provide access to the Confidential Information, customer and employee relationships, and goodwill in the absence of Employee’s execution of and compliance with this Agreement. Employee further acknowledges and agrees that CBS’s Confidential Information, customer and employee relationships, and goodwill are valuable assets of CBS and are legitimate business interests that are properly subject to protection through the covenants contained in this Agreement.

(iii) Potential Unfair Competition. Employee acknowledges and agrees that as a result of his employment with the Bank, his knowledge of and access to Confidential Information, and his relationships with CBS’s customers and employees, Employee would have an unfair competitive advantage if Employee were to engage in activities in violation of this Agreement.

(b) Restriction on Disclosure and Use of Confidential Information. Employee agrees that Employee shall not, directly or indirectly, use any Confidential Information on Employee's own behalf or on behalf of any Person other than CBS, or reveal, divulge, or disclose any Confidential Information to any Person not expressly authorized by CBS to receive such Confidential Information. This obligation shall remain in effect for as long as the information or materials in question retain their status as Confidential Information. Employee further agrees that he shall fully cooperate with CBS in maintaining the Confidential Information to the extent permitted by law. The parties acknowledge and agree that this Agreement is not intended to, and does not, alter either CBS's rights or Employee's obligations under any state or federal statutory or common law regarding trade secrets and unfair trade practices. Anything herein to the contrary notwithstanding, Employee shall not be restricted from disclosing information that is required to be disclosed by law, court order or other valid and appropriate legal process; provided, however, that in the event such disclosure is required by law, Employee shall provide CBS with prompt notice of such requirement so that CBS may seek an appropriate protective order prior to any such required disclosure by Employee.

(c) Non-Solicitation of Protected Customers. Employee agrees that, during the Restricted Period, he shall not, without the prior written consent of CBS, directly or indirectly, on his own behalf or as a Principal or Representative of any Person, solicit, divert, take away, or attempt to solicit, divert, or take away a Protected Customer for the purpose of engaging in, providing, or selling Competitive Services.

(d) Non-Recruitment of Employees. Employee agrees that during the Restricted Period, he shall not, without the prior written consent of CBS, directly or indirectly, whether on his own behalf or as a Principal or Representative of any Person, solicit or induce or attempt to solicit or induce any employee of CBS to terminate his employment relationship with the Bank or to enter into employment with Employee or any other Person.

(e) Proprietary Rights.

(i) Ownership and Assignment of Protected Works. Employee agrees that any and all Confidential Information and Protected Works are the sole property of CBS, and that no compensation in addition to Employee's base salary is due to Employee for development or transfer of such Protected Works. Employee agrees that he shall promptly disclose in writing to CBS the existence of any Protected Works. Employee hereby assigns and agrees to assign all of his rights, title and interest in any and all Protected Works, including all patents or patent applications, and all copyrights therein, to CBS. Employee shall not be entitled to use Protected Works for his own benefit or the benefit of anyone except CBS without written permission from CBS and then only subject to the terms of such permission. Employee further agrees that he will communicate to CBS any facts known to him and testify in any legal proceedings, sign all lawful papers, make all rightful oaths, execute all divisionals, continuations, continuations-in-part, foreign counterparts, or reissue applications, all assignments, all registration applications, and all other instruments or papers to carry into full force and effect the assignment, transfer, and conveyance hereby made or to be made and generally do everything possible for title to the Protected Works and all patents or copyrights or trademarks or service marks therein to be clearly and exclusively held by CBS. Employee agrees that he will not oppose or object in any way to applications for registration of Protected Works by CBS or others designated by CBS. Employee agrees to exercise reasonable care to avoid making Protected Works available to any third party and shall be liable to CBS for all damages and expenses, including reasonable attorneys' fees, if Protected Works are made available to third parties by him without the express written consent of CBS.

Anything herein to the contrary notwithstanding, Employee will not be obligated to assign to CBS any Protected Work for which no equipment, supplies, facilities, or Confidential Information of CBS was used and which was developed entirely on Employee's own time, unless (a) the invention relates (1) directly to the business of CBS, or (2) to CBS's actual or demonstrably anticipated research or development; or (b) the invention results from any work performed by Employee for CBS. Employee likewise will not be obligated to assign to CBS any Protected Work that is conceived by Employee after Employee leaves the employ of the Bank, except that Employee is so obligated if the same relates to or is based on Confidential Information to which Employee had access by virtue of his employment with the Bank. Similarly, Employee will not be obligated to assign any Protected Work to CBS that was conceived and reduced to practice prior to his employment, regardless of whether such Protected Work relates to or would be useful in the business of CBS. Employee acknowledges and agrees that there are no Protected Works conceived and reduced to practice by him prior to his employment with the Bank.

(ii) No Other Duties. Employee acknowledges and agrees that there is no other contract or duty on his part now in existence to assign Protected Works to anyone other than CBS.

(iii) Works Made for Hire. The Bank and Employee acknowledge that in the course of his employment with the Bank, Employee may from time to time create for CBS copyrightable works. Such works may consist of manuals, pamphlets, instructional materials, computer programs, software, software integration techniques, software codes, and data, technical data, photographs, drawings, logos, designs, artwork or other copyrightable material, or portions thereof, and may be created within or without CBS's facilities and before, during or after normal business hours. All such works related to or useful in the business of CBS are specifically intended to be works made for hire by Employee, and Employee shall cooperate with CBS in the protection of CBS's copyrights in such works and, to the extent deemed desirable by CBS, the registration of such copyrights.

(f) Return of Materials. Employee agrees that he will not retain or destroy (except as set forth below), and will immediately return to CBS on or prior to the Termination Date, or at any other time CBS requests such return, any and all property of CBS that is in his possession or subject to his control, including, but not limited to, keys, credit and identification cards, personal items or equipment, customer files and information, papers, drawings, notes, manuals, specifications, designs, devices, code, email, documents, diskettes, CDs, tapes, keys, access cards, credit cards, identification cards, computers, mobile devices, other electronic media, all other files and documents relating to CBS and its business (regardless of form, but specifically including all electronic files and data of CBS), together with all Protected Works and Confidential Information belonging to CBS or that Employee received from or through his employment with the Bank. Employee will not make, distribute, or retain copies of any such information or property. To the extent that Employee has electronic files or information in his possession or control that belong to CBS, contain Confidential Information, or constitute Protected Works (specifically including but not limited to electronic files or information stored on personal computers, mobile devices, electronic media, or in cloud storage), on or prior to the Termination Date, or at any other time CBS requests, Employee shall (a) provide CBS with an electronic copy of all of such files or information (in an electronic format that readily accessible by CBS); (b) after doing so, delete all such files and information, including all copies and derivatives thereof, from all non-CBS-owned computers, mobile devices, electronic media, cloud storage, or other media, devices, or equipment, such that such files and information are permanently deleted and irretrievable; and (c) provide a written certification to CBS that the required deletions have been completed and specifying the files and information deleted and the media source from which they were deleted. Employee agrees that he will reimburse CBS for all of its costs, including reasonable attorneys' fees, of recovering the above materials and otherwise enforcing compliance with this provision if he does not return the materials to CBS or take the required steps with respect to electronic information or files on or prior to the Termination Date or at any other time the materials and/or electronic file actions are requested by CBS or if Employee otherwise fails to comply with this provision.

(g) Enforcement of Restrictive Covenants.

(i) Rights and Remedies Upon Breach. The parties specifically acknowledge and agree that the remedy at law for any breach of the Restrictive Covenants will be inadequate, and that in the event Employee breaches, or threatens to breach, any of the Restrictive Covenants, CBS shall have the right and remedy, without the necessity of proving actual damage or posting any bond, to enjoin, preliminarily and permanently, Employee from violating or threatening to violate the Restrictive Covenants and to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to CBS and that money damages would not provide an adequate remedy to CBS. Employee understands and agrees that if he violates any of the obligations set forth in the Restrictive Covenants, the period of restriction applicable to each obligation violated shall cease to run during the pendency of any litigation over such violation, provided that such litigation was initiated during the period of restriction. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to CBS at law or in equity. Employee understands and agrees that, if the parties become involved in legal action regarding the enforcement of the Restrictive Covenants and if CBS prevails in such legal action, CBS will be entitled, in addition to any other remedy, to recover from Employee its reasonable costs and attorneys' fees incurred in enforcing such covenants. CBS's ability to enforce its rights under the Restrictive Covenants or applicable law against Employee shall not be impaired in any way by the existence of a claim or cause of action on the part of Employee based on, or arising out of, this Agreement or any other event or transaction.

(ii) Severability and Modification of Restrictive Covenants. Employee acknowledges and agrees that each of the Restrictive Covenants is reasonable and valid in time and scope and in all other respects. The parties agree that it is their intention that the Restrictive Covenants be enforced in accordance with their terms to the maximum extent permitted by law. Each of the Restrictive Covenants shall be considered and construed as a separate and independent covenant. Should any part or provision of any of the Restrictive Covenants be held invalid, void, or unenforceable, such invalidity, voidness, or unenforceability shall not render invalid, void, or unenforceable any other part or provision of this Agreement or such Restrictive Covenant. If any of the provisions of the Restrictive Covenants should ever be held by a court of competent jurisdiction to exceed the scope permitted by the applicable law, such provision or provisions shall be automatically modified to such lesser scope as such court may deem just and proper for the reasonable protection of CBS's legitimate business interests and may be enforced by CBS to that extent in the manner described above and all other provisions of this Agreement shall be valid and enforceable.

(h) Disclosure of Agreement. Employee acknowledges and agrees that, during the Restricted Period, he will disclose the existence and terms of this Agreement to any prospective employer, business partner, investor or lender prior to entering into an employment, partnership or other business relationship with such prospective employer, business partner, investor or lender. Employee further agrees that CBS shall have the right to make any such prospective employer, business partner, investor or lender of Employee aware of the existence and terms of this Agreement.

6. Full Settlement; No Mitigation. The Bank's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Bank may have against Employee or others. In no event shall Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Employee under any of the provisions of this Agreement and such amounts shall not be reduced whether or not Employee obtains other employment.

7. Limitation of Benefits.

(a) Notwithstanding anything in this Agreement to the contrary, in the event it shall be determined that any benefit, payment or distribution by the Bank to or for the benefit of Employee (whether payable or distributable pursuant to the terms of this Agreement or otherwise) (such benefits, payments or distributions are hereinafter referred to as "Payments") would, if paid, be subject to the excise tax (the "Excise Tax") imposed by Section 4999 of the Code, then the aggregate present value of the Payments shall be reduced (but not below zero) to an amount expressed in present value that maximizes the aggregate present value of the Payments without causing the Payments or any part thereof to be subject to the Excise Tax and therefore nondeductible by the Bank because of Section 280G of the Code (the "Reduced Amount"). The reduction of the Payments due hereunder, if applicable, shall be made by first reducing cash Payments and then, to the extent necessary, reducing those Payments having the next highest ratio of Parachute Value to actual present value of such Payments as of the date of the change of control, as determined by the Determination Firm (as defined in Section 7(b) below). For purposes of this Section 7, present value shall be determined in accordance with Section 280G(d)(4) of the Code. For purposes of this Section 7, the "Parachute Value" of a Payment means the present value as of the date of the change of control of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2) of the Code, as determined by the Determination Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

(b) All determinations required to be made under this Section 7, including whether an Excise Tax would otherwise be imposed, whether the Payments shall be reduced, the amount of the Reduced Amount, and the assumptions to be utilized in arriving at such determinations, shall be made by an independent, nationally recognized accounting firm or compensation consulting firm mutually acceptable to the Bank and Employee (the "Determination Firm") which shall provide detailed supporting calculations both to the Bank and Employee within 15 business days of the receipt of notice from Employee that a Payment is due to be made, or such earlier time as is requested by the Bank. All fees and expenses of the Determination Firm shall be borne solely by the Bank. Any determination by the Determination Firm shall be binding upon the Bank and Employee. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Determination Firm hereunder, it is possible that Payments hereunder will have been unnecessarily limited by this Section 7 ("Underpayment"), consistent with the calculations required to be made hereunder. The Determination Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Bank to or for the benefit of Employee together with interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code, but no later than March 15 of the year after the year in which the Underpayment is determined to exist, which is when the legally binding right to such Underpayment arises.

(c) In the event that the provisions of Code Section 280G and 4999 or any successor provisions are repealed without succession, this Section 7 shall be of no further force or effect.

8. Successors.

(a) This Agreement is one for personal services and may not be assigned by Employee. This Agreement shall inure to the benefit of and be enforceable by Employee's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Bank and its successors and assigns.

(c) This Agreement shall bind any successor of or to the Bank, its assets or its businesses (whether direct or indirect, by purchase, merger, consolidation or otherwise), in the same manner and to the same extent that the Bank would be obligated under this Agreement if no succession had taken place. In the case of any transaction in which a successor would not by the foregoing provision or by operation of law be bound by this Agreement, the Bank shall require such successor expressly and unconditionally to assume and agree to perform the Bank's obligations under this Agreement, in the same manner and to the same extent that the Bank would be required to perform if no such succession had taken place. The term "Bank," as used in this Agreement, shall mean the Bank as hereinbefore defined and any successor or assignee to the business or assets which by reason hereof becomes bound by this Agreement.

9. Code Section 409A.

(a) This Agreement shall be interpreted and administered in a manner so that any amount or benefit payable hereunder shall be paid or provided in a manner that is either exempt from or compliant with the requirements of Section 409A of the Code and applicable Internal Revenue Service guidance and Treasury Regulations issued thereunder (and any applicable transition relief under Section 409A of the Code). Nevertheless, the tax treatment of the benefits provided under the Agreement is not warranted or guaranteed. Neither the Bank nor its directors, officers, employees or advisers shall be held liable for any taxes, interest, penalties or other monetary amounts owed by Employee as a result of the application of Section 409A of the Code.

(b) Notwithstanding anything in this Agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Code (" Non-Exempt Deferred Compensation ") would otherwise be payable or distributable hereunder, or a different form of payment of such Non-Exempt Deferred Compensation would be effected, by reason of a Change in Control or Employee's termination of employment, such Non-Exempt Deferred Compensation will not be payable or distributable to Employee by reason of such circumstance unless the circumstances giving rise to such Change in Control or termination of employment, as the case may be, meet any description or definition of "change in control event" or "separation from service", as the case may be, in Section 409A of the Code and applicable regulations (without giving effect to any elective provisions that may be available under such definition). This provision does not prohibit the *vesting* of any Non-Exempt Deferred Compensation upon a Change in Control or termination of employment, however defined. If this provision prevents the payment or distribution of any Non-Exempt Deferred Compensation, such payment or distribution shall be made on the date, if any, on which an event occurs that constitutes a Section 409A-compliant "change in control event" or "separation from service", as the case may be, or such later date as may be required by Section 9(c) hereof.

(c) Notwithstanding anything in this Agreement to the contrary, if any Non-Exempt Deferred Compensation would otherwise be payable or distributable under this Agreement by reason of Employee's separation from service during a period in which he is a Specified Employee (as defined below), then, subject to any permissible acceleration of payment by the Bank under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes): (i) if the payment or distribution is payable in a lump sum, Employee's right to receive payment or distribution of such non-exempt deferred compensation will be delayed until the earlier of Employee's death or the first day of the seventh month following Employee's separation from service; and (ii) if the payment or distribution is payable over time, the amount of such non-exempt deferred compensation that would otherwise be payable during the six-month period immediately following Employee's separation from service will be accumulated and Employee's right to receive payment or distribution of such accumulated amount will be delayed until the earlier of Employee's death or the first day of the seventh month following Employee's separation from service, whereupon the accumulated amount will be paid or distributed to Employee and the normal payment or distribution schedule for any remaining payments or distributions will resume. For purposes of this Agreement, the term "Specified Employee" has the meaning given such term in Code Section 409A.

(d) Whenever in this Agreement a payment or benefit is conditioned on Employee's execution of a release of claims, such release must be executed and all revocation periods shall have expired within 60 days after the date of termination; failing which such payment or benefit shall be forfeited. If such payment or benefit constitutes Non-Exempt Deferred Compensation, then such payment or benefit (including any installment payments) that would have otherwise been payable during such 60-day period shall be accumulated and paid on the 60th day after the date of termination provided such release shall have been executed and such revocation periods shall have expired. If such payment or benefit is exempt from Section 409A of the Code, the Bank may elect to make or commence payment at any time during such period.

(e) The Bank shall have the sole authority to make any accelerated distribution permissible under Treas. Reg. Section 1.409A-3(j)(4) to Employee of deferred amounts, provided that such distribution meets the requirements of Treas. Reg. Section 1.409A-3(j)(4).

(f) Each payment under this Agreement shall be considered a separate payment, as described in Treas. Reg. Section 1.409A-2(b)(2), for purposes of Section 409A of the Code.

10. Miscellaneous.

(a) The Bank and Employee agree that this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Georgia without giving effect to its conflicts of law principles. Employee agrees that the exclusive forum for any action to enforce this Agreement, as well as any action relating to or arising out of this Agreement, shall be Superior Court of Ben Hill County, Georgia or the U.S. District Court for the Middle District of Georgia, Albany Division. With respect to any such court action, Employee hereby (i) irrevocably submits to the personal jurisdiction of such courts; (ii) consents to service of process; (iii) consents to venue; and (iv) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction, service of process, or venue. The parties hereto further agree that such courts are convenient forums for any dispute that may arise herefrom and that neither party shall raise as a defense that such courts are not convenient forums.

(b) The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(c) This Agreement may not be amended or modified otherwise than-by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(d) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Employee:
On file with the Bank

If to the Bank:
Colony Bank
115 South Grant Street
Fitzgerald, GA 31750
Attention: Edward P. Loomis

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(e) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(f) The Bank may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(g) Failure of either party to insist, in one or more instances, on performance by the other in strict accordance with the terms and conditions of this Agreement shall not be deemed a waiver or relinquishment of any right granted in this Agreement or of the future performance of any such term or condition or of any other term or condition of this Agreement, unless such waiver is contained in a writing signed by the party making the waiver.

(h) This Agreement contains the entire agreement between the Bank and Employee with respect to the subject matter hereof and, from and after the date hereof, this Agreement shall supersede any other agreement, written or oral, between the parties relating to the subject matter of this Agreement.

(i) The parties understand and agree that because they both have been given the opportunity to have counsel review and revise this Agreement, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement. Instead, the language of all parts of this Agreement shall be construed as a whole, and according to its fair meaning, and not strictly for or against either of the parties.

(j) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

(k) The parties acknowledge and agree that the Holding Company is an intended third-party beneficiary of this Agreement and may enforce the Bank's rights hereunder.

11. Regulatory Action.

(a) If Employee is removed and/or permanently prohibited from participating in the conduct of the Bank's affairs by an order issued under Section 8(e)(4) or 8(g)(1) of the Federal Deposit Insurance Act ("FDIA") (12 U.S.C. 1818(e)(4) and (g)(1)), all obligations of the Bank under this Agreement shall terminate, as of the effective date of such order.

(b) If Employee is suspended and/or temporarily prohibited from participating in the conduct of the Bank's affairs by a notice served under Section 8(e)(3) or 8(g)(1) of the FDIA (12 U.S.C. 1818(e)(3) and (g)(1)), all obligations of the Bank under this Agreement shall be suspended as of the date of service, unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Bank shall reinstate (in whole or in part) any of its obligations which were suspended.

(c) If the Bank is in default (as defined in Section 3(x)(1) of the FDIA), all obligations under this Agreement shall terminate as of the date of default.

(d) All obligations under this Agreement shall be terminated, except to the extent a determination is made that continuation of the Agreement is necessary for the continued operation of the Bank (1) by the director of the FDIC or his or her designee (the "Director"), at the time the FDIC enters into an agreement to provide assistance to or on behalf of the Bank under the authority contained in 13(c) of the FDIA; or (2) by the Director, at the time the Director approves a supervisory merger to resolve problems related to operation of the Bank when the Bank is determined by the Director to be in an unsafe and unsound condition.

(Signatures on following page)

IN WITNESS WHEREOF, Employee has hereunto set Employee’s hand and the Bank has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

/s/ HENRY F. BROWN, JR.
HENRY F. BROWN, JR.

COLONY BANK

By: /s/ Edward P. Loomis
Name: Edward P. Loomis
Title: President and Chief Executive Officer

RETENTION AGREEMENT

THIS RETENTION AGREEMENT (this “ Agreement ”) is made and entered into this 27th day of March, 2015 by and between Colony Bank, a Georgia bank (the “ Bank ”) and M. Eddie Hoyle, Jr. (“ Employee ”), to be effective as of March 27, 2015.

BACKGROUND

WHEREAS, the Bank presently employs Employee as its Executive Vice President and West Regional Executive Banking Officer;

WHEREAS, the Bank desires to promote the retention of Employee by offering protection in the event of a Change in Control (as defined herein); and

WHEREAS, in order to accomplish the foregoing objective, the Bank and Employee desire to enter into this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Retention Payments.

(k) Subject to the terms and conditions of this Agreement, in the event of a Change in Control (as defined in Section 2 hereof) prior to March 27, 2018, the Bank shall pay to Employee a cash bonus equal to 0.75 times his then-current Base Salary (as defined in Section 2 hereof), less withholding for taxes and other similar items (the “ Change in Control Bonus ”), in a single lump sum within thirty (30) days following the Change in Control Effective Date (as defined in Section 2 hereof), provided that, except as otherwise provided in Section 1(c) hereof, Employee is employed by the Bank on the Change in Control Effective Date.

(l) Subject to the terms and conditions of this Agreement, the Bank shall pay to Employee a cash retention bonus equal to 0.75 times his then-current Base Salary, less withholding for taxes and other similar items (the “ Post-Closing Retention Bonus ”), in a single lump sum within thirty (30) days following the Post-Closing Retention Payment Date (as defined in Section 2 hereof), provided that, except as otherwise provided in Section 1(d) hereof, Employee is employed by the Bank on the Post-Closing Retention Payment Date.

(m) Notwithstanding anything in this Agreement to the contrary, if Employee incurs a Pre-Change in Control Qualifying Termination (as defined in Section 2 hereof), then Employee shall be entitled to receive, and the Bank shall pay to Employee, the Change in Control Bonus and the Post-Closing Retention Bonus in a single lump sum within thirty (30) days following the Change in Control Effective Date. If Employee’s employment with the Bank is terminated for any reason other than by reason of a Pre-Change in Control Qualifying Termination prior to the Change in Control Effective Date, then Employee shall not be entitled to the Change in Control Bonus or the Post-Closing Retention Bonus.

(n) Notwithstanding anything in this Agreement to the contrary, if Employee incurs a Post-Change in Control Qualifying Termination (as defined in Section 2 hereof), then the Bank shall pay to Employee an amount equal to the Post-Closing Retention Bonus in a single lump sum within thirty (30) days following Employee’s date of termination. If Employee’s employment with the Bank is terminated for any reason other than by reason of a Post-Change in Control Qualifying Termination following the Change in Control Effective Date, then Employee shall not be entitled to the Post-Closing Retention Bonus.

(o) For purposes of clarity, Employee shall not be eligible for the Change in Control Bonus or the Post-Closing Retention Bonus unless and until a Change in Control occurs while this Agreement is in effect.

(p) Notwithstanding anything in this Agreement to the contrary, the Bank shall be obligated to pay Employee the Change in Control Bonus and the Post-Closing Retention Bonus only if (X) Employee shall have executed a separation agreement containing a full general release of claims and covenant not to sue in the form provided by the Bank (the “ Release Agreement ”) within the time period specified in the Release Agreement and such Release Agreement shall not have been revoked within any revocation period specified in the Release Agreement, and (Y) Employee fully complies with the obligations set forth in Section 5 hereof.

2. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(x) “Base Salary” means the amount Employee is entitled to receive as wages or salary on an annualized basis, without reduction for any pre-tax contributions to benefit plans. Base Salary does not include bonuses, commissions, overtime pay or income from stock options, stock grants or other incentive compensation.

(y) “Cause” shall mean (i) any intentional misconduct by Employee in connection with the Bank’s business or relating to Employee’s duties, or any willful violation of any laws, rules or regulations applicable to banks or the banking industry generally (including but not limited to the regulations of the Board of Governors of the Federal Reserve, the Federal Deposit Insurance Corporation (the “FDIC”), the State of Georgia Department of Banking and Finance, or any other applicable regulatory authority); (ii) Employee’s material failure to comply with the Bank’s policies or guidelines of employment or corporate governance policies or guidelines, including, without limitation, any business code of ethics adopted by the Bank; (iii) any act of fraud, misappropriation or embezzlement by Employee, whether or not such act was committed in connection with the business of the Bank; (iv) a breach or threatened breach of this Agreement, including, without limitation, a breach of any of the obligations set forth in Section 5 hereof, that, if such breach is capable of being cured, is not cured by Employee within ten (10) days of written notice by the Bank of the breach; or (v) the commission by Employee of, or Employee’s pleading guilty or nolo contendere to, a felony or a crime involving moral turpitude (including pleading guilty or nolo contendere to a felony or lesser charge which results from plea bargaining), whether or not such felony, crime or lesser offense is connected with the business of the Bank.

(z) “Change in Control” means and includes the occurrence of any one of the following events but shall specifically exclude a public offering of any class or series of the Holding Company’s equity securities pursuant to a registration statement filed by the Holding Company under the Securities Act of 1933:

(i) during any consecutive 12-month period, individuals who, at the beginning of such period, constitute the Holding Company Board (the “Incumbent Directors”) cease for any reason to constitute at least a majority of such Board, provided that any person becoming a director after the beginning of such 12-month period and whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Holding Company Board shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Holding Company as a result of an actual or threatened election contest with respect to the election or removal of directors (“Election Contest”) or other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Holding Company Board (“Proxy Contest”), including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest, shall be deemed an Incumbent Director; or

(ii) any person becomes a Beneficial Owner (as defined in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934), directly or indirectly, of either (A) 50% or more of the then-outstanding shares of common stock of the Holding Company (“Holding Company Common Stock”) or (B) securities of the Holding Company representing 50% or more of the combined voting power of the Holding Company’s then outstanding securities eligible to vote for the election of directors (the “Holding Company Voting Securities”); provided, however, that for purposes of this subsection (ii), the following acquisitions of Holding Company Common Stock or Holding Company Voting Securities shall not constitute a Change in Control: (w) an acquisition directly from the Holding Company, (x) an acquisition by the Holding Company or a Subsidiary, (y) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Holding Company or any Subsidiary, or (z) an acquisition pursuant to a Non-Qualifying Transaction (as defined in subsection (iii) below); or

(iii) the consummation of a reorganization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Holding Company or a Subsidiary (a “Reorganization”), or the sale or other disposition of all or substantially all of the Holding Company’s assets (a “Sale”) or the acquisition of assets or stock of another corporation or other entity (an “Acquisition”), unless immediately following such Reorganization, Sale or Acquisition: (A) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the outstanding Holding Company Common Stock and outstanding Holding Company Voting Securities immediately prior to such Reorganization, Sale or Acquisition beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Reorganization, Sale or Acquisition (including, without limitation, an entity which as a result of such transaction owns the Holding Company or all or substantially all of the Holding Company’s assets or stock either directly or through one or more subsidiaries, the “Surviving Entity”) in substantially the same proportions as their ownership, immediately prior to such Reorganization, Sale or Acquisition, of the outstanding Holding Company Common Stock and the outstanding Holding Company Voting Securities, as the case may be, and (B) no person (other than (x) the Holding Company or any Subsidiary, (y) the Surviving Entity or its ultimate parent entity, or (z) any employee benefit plan (or related trust) sponsored or maintained by any of the foregoing) is the Beneficial Owner, directly or indirectly, of 50% or more of the total common stock or 50% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Surviving Entity, and (C) at least a majority of the members of the board of directors of the Surviving Entity were Incumbent Directors at the time of the Board’s approval of the execution of the initial agreement providing for such Reorganization, Sale or Acquisition (any Reorganization, Sale or Acquisition which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a “Non-Qualifying Transaction”).

(aa) “Change in Control Effective Date” means the effective date of a Change in Control.

(bb) “Code” means the Internal Revenue Code of 1986, as amended from time to time. For purposes of this Agreement, references to sections of the Code shall be deemed to include references to any applicable regulations thereunder and any successor or similar provision.

(cc) “Competitive Services” means the community banking or commercial banking business, including, without limitation, originating, underwriting, closing and selling loans, receiving deposits and otherwise engaging in the business of banking, as well as the business of providing any other activities, products, or services of the type conducted, authorized, offered, or provided by CBS as of Employee’s Termination Date, or during the two (2) years immediately prior to Employee’s Termination Date.

(dd) “Confidential Information” means any and all data and information relating to CBS, its activities, business, or clients that (i) is disclosed to Employee or of which Employee becomes aware as a consequence of his employment with the Bank; (ii) has value to CBS; and (iii) is not generally known outside of the Bank. “Confidential Information” shall include, but is not limited to the following types of information regarding, related to, or concerning CBS: trade secrets (as defined by O.C.G.A. § 10-1-761); financial plans and data; management planning information; business plans; operational methods; market studies; marketing plans or strategies; pricing information; product development techniques or plans; customer lists; customer files, data and financial information; details of customer contracts; current and anticipated customer requirements; identifying and other information pertaining to business referral sources; past, current and planned research and development; computer aided systems, software, strategies and programs; business acquisition plans; management organization and related information (including, without limitation, data and other information concerning the compensation and benefits paid to officers, directors, employees and management); personnel and compensation policies; new personnel acquisition plans; and other similar information. “Confidential Information” also includes combinations of information or materials which individually may be generally known outside of CBS, but for which the nature, method, or procedure for combining such information or materials is not generally known outside of CBS. In addition to data and information relating to CBS, “Confidential Information” also includes any and all data and information relating to or concerning a third party that otherwise meets the definition set forth above, that was provided or made available to CBS by such third party, and that CBS has a duty or obligation to keep confidential. This definition shall not limit any definition of “confidential information” or any equivalent term under state or federal law. “Confidential Information” shall not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right or privilege of CBS.

(ee) “Disability” means the inability of Employee, as reasonably determined by the Bank, to perform the essential functions of his regular duties and responsibilities, with or without reasonable accommodation, due to a medically determinable physical or mental illness which has lasted (or can reasonably be expected to last) for a period of six (6) consecutive months. At the request of Employee or his personal representative, the Bank’s determination that the Disability of Employee has occurred shall be certified by a physician mutually agreed upon by Employee, or his personal representative, and the Bank.

(ff) “CBS” means, collectively, the Holding Company and the Bank.

(gg) “Holding Company” means Colony Bankcorp, Inc.

(hh) “Material Contact” means contact between Employee and a customer or potential customer of CBS (i) with whom or which Employee has or had dealings on behalf of CBS; (ii) whose dealings with CBS are or were coordinated or supervised by Employee; (iii) about whom Employee obtains Confidential Information in the ordinary course of business as a result of his employment with the Bank; or (iv) who receives products or services of CBS, the sale or provision of which results or resulted in compensation, commissions, or earnings for Employee within the two (2) years preceding the conduct in question (if the conduct occurs while Employee is still employed by the Bank) or the Termination Date (if the conduct occurs after Employee’s Termination), as applicable.

(ii) “Person” means any individual or any corporation, partnership, joint venture, limited liability company, association or other entity or enterprise.

(jj) “Post-Change in Control Qualifying Termination” means Employee’s termination of employment with the Bank by the Bank without Cause on or following the Change in Control Effective Date and prior to the Post-Closing Retention Payment Date. For the avoidance of doubt, in no event shall Employee be deemed to have experienced a Post-Change in Control Qualifying Termination as a result of (i) Employee’s termination of employment by the Bank without Cause other than during the period between the Change in Control Effective Date and the Post-Closing Retention Payment Date, (ii) Employee’s death or Disability, (iii) Employee’s resignation from employment with the Bank for any reason or no reason, or (iv) Employee’s termination of employment by the Bank for Cause.

(kk) “Post-Closing Retention Payment Date” means the date on which the Bank determines, in good faith, that it has successfully completed the conversion of its data, customers, accounts and transactions to the core processing system of any acquiring institution (whether such third party acquiring institution uses the same core processor as the Bank, or a core processor that is different from the Bank’s core process) pursuant to a Change in Control.

(ll) “Pre-Change in Control Qualifying Termination” means Employee’s termination of employment with the Bank by the Bank without Cause within the ninety (90) day period immediately preceding the Change in Control Effective Date. For the avoidance of doubt, in no event shall Employee be deemed to have experienced a Pre-Change in Control Qualifying Termination as a result of (i) Employee’s termination of employment by the Bank without Cause other than during the ninety (90) day period immediately preceding the Change in Control Effective Date, (ii) Employee’s death or Disability, (iii) Employee’s resignation from employment with the Bank for any reason or no reason, or (iv) Employee’s termination of employment by the Bank for Cause.

(mm) “Principal or Representative” means a principal, owner, partner, shareholder, joint venturer, investor, member, trustee, director, officer, manager, employee, agent, representative or consultant.

(nn) “Protected Customer” means any Person to whom CBS has sold its products or services or actively solicited to sell its products or services, and with whom Employee has had Material Contact on behalf of CBS during his employment with the Bank.

(oo) “Protected Work” means any and all ideas, inventions, formulas, Confidential Information, source codes, object codes, techniques, processes, concepts, systems, programs, software, software integration techniques, hardware systems, schematics, flow charts, computer data bases, client lists, trademarks, service marks, brand names, trade names, compilations, documents, data, notes, designs, drawings, technical data and/or training materials, including improvements thereto or derivatives therefrom, whether or not patentable, and whether or not subject to copyright or trademark or trade secret protection, conceived, developed or produced by Employee, or by others working with Employee or under his direction, during the period of his employment, or conceived, produced or used or intended for use by or on behalf of CBS or its customers.

(pp) “ Restricted Period ” means any time during Employee’s employment with the Bank as well as twelve (12) months following Employee’s Termination Date following a Change in Control; provided, however, that the post-termination Restricted Period shall be reduced by the number of full months that Employee provides services to the Bank following the Change in Control prior to the Termination Date. For example, if the Employee’s employment with the Bank terminates for any reason following his provision of six (6) months of services to the Bank following the Change in Control, then the post-termination Restricted Period shall be six (6) months.

(qq) “ Restrictive Covenants ” means the restrictive covenants contained in Section 5(b), (c), (d), (e) and (f) hereof.

(rr) “ Termination ” means the termination of Employee’s employment with the Bank, for any reason, whether with or without cause, upon the initiative of either party.

(ss) “ Termination Date ” means the date of Employee’s Termination.

(tt) “ Subsidiary ” means any corporation, limited liability company, partnership or other entity of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Holding Company.

3. Employment At-Will. Employee shall continue to be employed at-will and for no definite term. This means that either party may terminate the employment relationship at any time for any or no reason.

4. Term of Agreement. This Agreement shall terminate on the earliest of (i) the date that the Bank fulfills its obligations set forth in Section 1 hereof; (ii) the date of Employee’s termination of employment with the Bank other than by reason of a Pre-Change in Control Qualifying Termination prior to the Change in Control Effective Date; or (iii) March 27, 2018. Notwithstanding the foregoing, the Restrictive Covenants contained in Section 5 hereof, as well as any other provisions of this Agreement necessary to interpret or enforce the Restrictive Covenants, shall survive the termination of this Agreement and continue to be in full force and effect in accordance with their terms.

5. Protective Covenants. Subject to the limitations of reasonableness imposed by law, Employee shall be subject to the restrictions set forth in this Section 5. Employee agrees that the restrictions in this Section 5 are reasonable and necessary and shall survive the termination of this Agreement.

(a) Acknowledgments.

(i) Condition of Employment and Other Consideration. Employee acknowledges and agrees that he has received good and valuable consideration for entering into this Agreement and further acknowledges that the Bank would not continue to employ him in the absence of his execution of and compliance with this Agreement.

(ii) Access to Confidential Information, Relationships, and Goodwill. Employee acknowledges and agrees that he is being provided and entrusted with Confidential Information (as that term is defined below), including highly confidential customer information that is subject to extensive measures to maintain its secrecy within CBS, is not known in the trade or disclosed to the public, and would materially harm CBS’s legitimate business interests if it was disclosed or used in violation of this Agreement. Employee also acknowledges and agrees that he is being provided and entrusted with access to CBS’s customer and employee relationships and goodwill. Employee further acknowledges and agrees that CBS would not provide access to the Confidential Information, customer and employee relationships, and goodwill in the absence of Employee’s execution of and compliance with this Agreement. Employee further acknowledges and agrees that CBS’s Confidential Information, customer and employee relationships, and goodwill are valuable assets of CBS and are legitimate business interests that are properly subject to protection through the covenants contained in this Agreement.

(iii) Potential Unfair Competition. Employee acknowledges and agrees that as a result of his employment with the Bank, his knowledge of and access to Confidential Information, and his relationships with CBS's customers and employees, Employee would have an unfair competitive advantage if Employee were to engage in activities in violation of this Agreement.

(b) Restriction on Disclosure and Use of Confidential Information. Employee agrees that Employee shall not, directly or indirectly, use any Confidential Information on Employee's own behalf or on behalf of any Person other than CBS, or reveal, divulge, or disclose any Confidential Information to any Person not expressly authorized by CBS to receive such Confidential Information. This obligation shall remain in effect for as long as the information or materials in question retain their status as Confidential Information. Employee further agrees that he shall fully cooperate with CBS in maintaining the Confidential Information to the extent permitted by law. The parties acknowledge and agree that this Agreement is not intended to, and does not, alter either CBS's rights or Employee's obligations under any state or federal statutory or common law regarding trade secrets and unfair trade practices. Anything herein to the contrary notwithstanding, Employee shall not be restricted from disclosing information that is required to be disclosed by law, court order or other valid and appropriate legal process; provided, however, that in the event such disclosure is required by law, Employee shall provide CBS with prompt notice of such requirement so that CBS may seek an appropriate protective order prior to any such required disclosure by Employee.

(c) Non-Solicitation of Protected Customers. Employee agrees that, during the Restricted Period, he shall not, without the prior written consent of CBS, directly or indirectly, on his own behalf or as a Principal or Representative of any Person, solicit, divert, take away, or attempt to solicit, divert, or take away a Protected Customer for the purpose of engaging in, providing, or selling Competitive Services.

(d) Non-Recruitment of Employees. Employee agrees that during the Restricted Period, he shall not, without the prior written consent of CBS, directly or indirectly, whether on his own behalf or as a Principal or Representative of any Person, solicit or induce or attempt to solicit or induce any employee of CBS to terminate his employment relationship with the Bank or to enter into employment with Employee or any other Person.

(e) Proprietary Rights.

(i) Ownership and Assignment of Protected Works. Employee agrees that any and all Confidential Information and Protected Works are the sole property of CBS, and that no compensation in addition to Employee's base salary is due to Employee for development or transfer of such Protected Works. Employee agrees that he shall promptly disclose in writing to CBS the existence of any Protected Works. Employee hereby assigns and agrees to assign all of his rights, title and interest in any and all Protected Works, including all patents or patent applications, and all copyrights therein, to CBS. Employee shall not be entitled to use Protected Works for his own benefit or the benefit of anyone except CBS without written permission from CBS and then only subject to the terms of such permission. Employee further agrees that he will communicate to CBS any facts known to him and testify in any legal proceedings, sign all lawful papers, make all rightful oaths, execute all divisionals, continuations, continuations-in-part, foreign counterparts, or reissue applications, all assignments, all registration applications, and all other instruments or papers to carry into full force and effect the assignment, transfer, and conveyance hereby made or to be made and generally do everything possible for title to the Protected Works and all patents or copyrights or trademarks or service marks therein to be clearly and exclusively held by CBS. Employee agrees that he will not oppose or object in any way to applications for registration of Protected Works by CBS or others designated by CBS. Employee agrees to exercise reasonable care to avoid making Protected Works available to any third party and shall be liable to CBS for all damages and expenses, including reasonable attorneys' fees, if Protected Works are made available to third parties by him without the express written consent of CBS.

Anything herein to the contrary notwithstanding, Employee will not be obligated to assign to CBS any Protected Work for which no equipment, supplies, facilities, or Confidential Information of CBS was used and which was developed entirely on Employee's own time, unless (a) the invention relates (1) directly to the business of CBS, or (2) to CBS's actual or demonstrably anticipated research or development; or (b) the invention results from any work performed by Employee for CBS. Employee likewise will not be obligated to assign to CBS any Protected Work that is conceived by Employee after Employee leaves the employ of the Bank, except that Employee is so obligated if the same relates to or is based on Confidential Information to which Employee had access by virtue of his employment with the Bank. Similarly, Employee will not be obligated to assign any Protected Work to CBS that was conceived and reduced to practice prior to his employment, regardless of whether such Protected Work relates to or would be useful in the business of CBS. Employee acknowledges and agrees that there are no Protected Works conceived and reduced to practice by him prior to his employment with the Bank.

(ii) No Other Duties. Employee acknowledges and agrees that there is no other contract or duty on his part now in existence to assign Protected Works to anyone other than CBS.

(iii) Works Made for Hire. The Bank and Employee acknowledge that in the course of his employment with the Bank, Employee may from time to time create for CBS copyrightable works. Such works may consist of manuals, pamphlets, instructional materials, computer programs, software, software integration techniques, software codes, and data, technical data, photographs, drawings, logos, designs, artwork or other copyrightable material, or portions thereof, and may be created within or without CBS's facilities and before, during or after normal business hours. All such works related to or useful in the business of CBS are specifically intended to be works made for hire by Employee, and Employee shall cooperate with CBS in the protection of CBS's copyrights in such works and, to the extent deemed desirable by CBS, the registration of such copyrights.

(f) Return of Materials. Employee agrees that he will not retain or destroy (except as set forth below), and will immediately return to CBS on or prior to the Termination Date, or at any other time CBS requests such return, any and all property of CBS that is in his possession or subject to his control, including, but not limited to, keys, credit and identification cards, personal items or equipment, customer files and information, papers, drawings, notes, manuals, specifications, designs, devices, code, email, documents, diskettes, CDs, tapes, keys, access cards, credit cards, identification cards, computers, mobile devices, other electronic media, all other files and documents relating to CBS and its business (regardless of form, but specifically including all electronic files and data of CBS), together with all Protected Works and Confidential Information belonging to CBS or that Employee received from or through his employment with the Bank. Employee will not make, distribute, or retain copies of any such information or property. To the extent that Employee has electronic files or information in his possession or control that belong to CBS, contain Confidential Information, or constitute Protected Works (specifically including but not limited to electronic files or information stored on personal computers, mobile devices, electronic media, or in cloud storage), on or prior to the Termination Date, or at any other time CBS requests, Employee shall (a) provide CBS with an electronic copy of all of such files or information (in an electronic format that readily accessible by CBS); (b) after doing so, delete all such files and information, including all copies and derivatives thereof, from all non-CBS-owned computers, mobile devices, electronic media, cloud storage, or other media, devices, or equipment, such that such files and information are permanently deleted and irretrievable; and (c) provide a written certification to CBS that the required deletions have been completed and specifying the files and information deleted and the media source from which they were deleted. Employee agrees that he will reimburse CBS for all of its costs, including reasonable attorneys' fees, of recovering the above materials and otherwise enforcing compliance with this provision if he does not return the materials to CBS or take the required steps with respect to electronic information or files on or prior to the Termination Date or at any other time the materials and/or electronic file actions are requested by CBS or if Employee otherwise fails to comply with this provision.

(g) Enforcement of Restrictive Covenants.

(i) Rights and Remedies Upon Breach. The parties specifically acknowledge and agree that the remedy at law for any breach of the Restrictive Covenants will be inadequate, and that in the event Employee breaches, or threatens to breach, any of the Restrictive Covenants, CBS shall have the right and remedy, without the necessity of proving actual damage or posting any bond, to enjoin, preliminarily and permanently, Employee from violating or threatening to violate the Restrictive Covenants and to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to CBS and that money damages would not provide an adequate remedy to CBS. Employee understands and agrees that if he violates any of the obligations set forth in the Restrictive Covenants, the period of restriction applicable to each obligation violated shall cease to run during the pendency of any litigation over such violation, provided that such litigation was initiated during the period of restriction. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to CBS at law or in equity. Employee understands and agrees that, if the parties become involved in legal action regarding the enforcement of the Restrictive Covenants and if CBS prevails in such legal action, CBS will be entitled, in addition to any other remedy, to recover from Employee its reasonable costs and attorneys' fees incurred in enforcing such covenants. CBS's ability to enforce its rights under the Restrictive Covenants or applicable law against Employee shall not be impaired in any way by the existence of a claim or cause of action on the part of Employee based on, or arising out of, this Agreement or any other event or transaction.

(ii) Severability and Modification of Restrictive Covenants. Employee acknowledges and agrees that each of the Restrictive Covenants is reasonable and valid in time and scope and in all other respects. The parties agree that it is their intention that the Restrictive Covenants be enforced in accordance with their terms to the maximum extent permitted by law. Each of the Restrictive Covenants shall be considered and construed as a separate and independent covenant. Should any part or provision of any of the Restrictive Covenants be held invalid, void, or unenforceable, such invalidity, voidness, or unenforceability shall not render invalid, void, or unenforceable any other part or provision of this Agreement or such Restrictive Covenant. If any of the provisions of the Restrictive Covenants should ever be held by a court of competent jurisdiction to exceed the scope permitted by the applicable law, such provision or provisions shall be automatically modified to such lesser scope as such court may deem just and proper for the reasonable protection of CBS's legitimate business interests and may be enforced by CBS to that extent in the manner described above and all other provisions of this Agreement shall be valid and enforceable.

(h) Disclosure of Agreement. Employee acknowledges and agrees that, during the Restricted Period, he will disclose the existence and terms of this Agreement to any prospective employer, business partner, investor or lender prior to entering into an employment, partnership or other business relationship with such prospective employer, business partner, investor or lender. Employee further agrees that CBS shall have the right to make any such prospective employer, business partner, investor or lender of Employee aware of the existence and terms of this Agreement.

6. Full Settlement; No Mitigation. The Bank's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Bank may have against Employee or others. In no event shall Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Employee under any of the provisions of this Agreement and such amounts shall not be reduced whether or not Employee obtains other employment.

7. Limitation of Benefits.

(a) Notwithstanding anything in this Agreement to the contrary, in the event it shall be determined that any benefit, payment or distribution by the Bank to or for the benefit of Employee (whether payable or distributable pursuant to the terms of this Agreement or otherwise) (such benefits, payments or distributions are hereinafter referred to as "Payments") would, if paid, be subject to the excise tax (the "Excise Tax") imposed by Section 4999 of the Code, then the aggregate present value of the Payments shall be reduced (but not below zero) to an amount expressed in present value that maximizes the aggregate present value of the Payments without causing the Payments or any part thereof to be subject to the Excise Tax and therefore nondeductible by the Bank because of Section 280G of the Code (the "Reduced Amount"). The reduction of the Payments due hereunder, if applicable, shall be made by first reducing cash Payments and then, to the extent necessary, reducing those Payments having the next highest ratio of Parachute Value to actual present value of such Payments as of the date of the change of control, as determined by the Determination Firm (as defined in Section 7(b) below). For purposes of this Section 7, present value shall be determined in accordance with Section 280G(d)(4) of the Code. For purposes of this Section 7, the "Parachute Value" of a Payment means the present value as of the date of the change of control of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2) of the Code, as determined by the Determination Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

(b) All determinations required to be made under this Section 7, including whether an Excise Tax would otherwise be imposed, whether the Payments shall be reduced, the amount of the Reduced Amount, and the assumptions to be utilized in arriving at such determinations, shall be made by an independent, nationally recognized accounting firm or compensation consulting firm mutually acceptable to the Bank and Employee (the "Determination Firm") which shall provide detailed supporting calculations both to the Bank and Employee within 15 business days of the receipt of notice from Employee that a Payment is due to be made, or such earlier time as is requested by the Bank. All fees and expenses of the Determination Firm shall be borne solely by the Bank. Any determination by the Determination Firm shall be binding upon the Bank and Employee. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Determination Firm hereunder, it is possible that Payments hereunder will have been unnecessarily limited by this Section 7 ("Underpayment"), consistent with the calculations required to be made hereunder. The Determination Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Bank to or for the benefit of Employee together with interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code, but no later than March 15 of the year after the year in which the Underpayment is determined to exist, which is when the legally binding right to such Underpayment arises.

(c) In the event that the provisions of Code Section 280G and 4999 or any successor provisions are repealed without succession, this Section 7 shall be of no further force or effect.

8. Successors.

(a) This Agreement is one for personal services and may not be assigned by Employee. This Agreement shall inure to the benefit of and be enforceable by Employee's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Bank and its successors and assigns.

(c) This Agreement shall bind any successor of or to the Bank, its assets or its businesses (whether direct or indirect, by purchase, merger, consolidation or otherwise), in the same manner and to the same extent that the Bank would be obligated under this Agreement if no succession had taken place. In the case of any transaction in which a successor would not by the foregoing provision or by operation of law be bound by this Agreement, the Bank shall require such successor expressly and unconditionally to assume and agree to perform the Bank's obligations under this Agreement, in the same manner and to the same extent that the Bank would be required to perform if no such succession had taken place. The term "Bank," as used in this Agreement, shall mean the Bank as hereinbefore defined and any successor or assignee to the business or assets which by reason hereof becomes bound by this Agreement.

9. Code Section 409A.

(a) This Agreement shall be interpreted and administered in a manner so that any amount or benefit payable hereunder shall be paid or provided in a manner that is either exempt from or compliant with the requirements of Section 409A of the Code and applicable Internal Revenue Service guidance and Treasury Regulations issued thereunder (and any applicable transition relief under Section 409A of the Code). Nevertheless, the tax treatment of the benefits provided under the Agreement is not warranted or guaranteed. Neither the Bank nor its directors, officers, employees or advisers shall be held liable for any taxes, interest, penalties or other monetary amounts owed by Employee as a result of the application of Section 409A of the Code.

(b) Notwithstanding anything in this Agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Code (" Non-Exempt Deferred Compensation ") would otherwise be payable or distributable hereunder, or a different form of payment of such Non-Exempt Deferred Compensation would be effected, by reason of a Change in Control or Employee's termination of employment, such Non-Exempt Deferred Compensation will not be payable or distributable to Employee by reason of such circumstance unless the circumstances giving rise to such Change in Control or termination of employment, as the case may be, meet any description or definition of "change in control event" or "separation from service", as the case may be, in Section 409A of the Code and applicable regulations (without giving effect to any elective provisions that may be available under such definition). This provision does not prohibit the *vesting* of any Non-Exempt Deferred Compensation upon a Change in Control or termination of employment, however defined. If this provision prevents the payment or distribution of any Non-Exempt Deferred Compensation, such payment or distribution shall be made on the date, if any, on which an event occurs that constitutes a Section 409A-compliant "change in control event" or "separation from service", as the case may be, or such later date as may be required by Section 9(c) hereof.

(c) Notwithstanding anything in this Agreement to the contrary, if any Non-Exempt Deferred Compensation would otherwise be payable or distributable under this Agreement by reason of Employee's separation from service during a period in which he is a Specified Employee (as defined below), then, subject to any permissible acceleration of payment by the Bank under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes): (i) if the payment or distribution is payable in a lump sum, Employee's right to receive payment or distribution of such non-exempt deferred compensation will be delayed until the earlier of Employee's death or the first day of the seventh month following Employee's separation from service; and (ii) if the payment or distribution is payable over time, the amount of such non-exempt deferred compensation that would otherwise be payable during the six-month period immediately following Employee's separation from service will be accumulated and Employee's right to receive payment or distribution of such accumulated amount will be delayed until the earlier of Employee's death or the first day of the seventh month following Employee's separation from service, whereupon the accumulated amount will be paid or distributed to Employee and the normal payment or distribution schedule for any remaining payments or distributions will resume. For purposes of this Agreement, the term "Specified Employee" has the meaning given such term in Code Section 409A.

(d) Whenever in this Agreement a payment or benefit is conditioned on Employee's execution of a release of claims, such release must be executed and all revocation periods shall have expired within 60 days after the date of termination; failing which such payment or benefit shall be forfeited. If such payment or benefit constitutes Non-Exempt Deferred Compensation, then such payment or benefit (including any installment payments) that would have otherwise been payable during such 60-day period shall be accumulated and paid on the 60th day after the date of termination provided such release shall have been executed and such revocation periods shall have expired. If such payment or benefit is exempt from Section 409A of the Code, the Bank may elect to make or commence payment at any time during such period.

(e) The Bank shall have the sole authority to make any accelerated distribution permissible under Treas. Reg. Section 1.409A-3(j)(4) to Employee of deferred amounts, provided that such distribution meets the requirements of Treas. Reg. Section 1.409A-3(j)(4).

(f) Each payment under this Agreement shall be considered a separate payment, as described in Treas. Reg. Section 1.409A-2(b)(2), for purposes of Section 409A of the Code.

10. Miscellaneous.

(a) The Bank and Employee agree that this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Georgia without giving effect to its conflicts of law principles. Employee agrees that the exclusive forum for any action to enforce this Agreement, as well as any action relating to or arising out of this Agreement, shall be Superior Court of Ben Hill County, Georgia or the U.S. District Court for the Middle District of Georgia, Albany Division. With respect to any such court action, Employee hereby (i) irrevocably submits to the personal jurisdiction of such courts; (ii) consents to service of process; (iii) consents to venue; and (iv) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction, service of process, or venue. The parties hereto further agree that such courts are convenient forums for any dispute that may arise herefrom and that neither party shall raise as a defense that such courts are not convenient forums.

(b) The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(c) This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(d) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Employee:
On file with the Bank

If to the Bank:
Colony Bank
115 South Grant Street
Fitzgerald, GA 31750
Attention: Edward P. Loomis

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(e) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(f) The Bank may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(g) Failure of either party to insist, in one or more instances, on performance by the other in strict accordance with the terms and conditions of this Agreement shall not be deemed a waiver or relinquishment of any right granted in this Agreement or of the future performance of any such term or condition or of any other term or condition of this Agreement, unless such waiver is contained in a writing signed by the party making the waiver.

(h) This Agreement contains the entire agreement between the Bank and Employee with respect to the subject matter hereof and, from and after the date hereof, this Agreement shall supersede any other agreement, written or oral, between the parties relating to the subject matter of this Agreement.

(i) The parties understand and agree that because they both have been given the opportunity to have counsel review and revise this Agreement, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement. Instead, the language of all parts of this Agreement shall be construed as a whole, and according to its fair meaning, and not strictly for or against either of the parties.

(j) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

(k) The parties acknowledge and agree that the Holding Company is an intended third-party beneficiary of this Agreement and may enforce the Bank's rights hereunder.

11. Regulatory Action.

(a) If Employee is removed and/or permanently prohibited from participating in the conduct of the Bank's affairs by an order issued under Section 8(e)(4) or 8(g)(1) of the Federal Deposit Insurance Act ("FDIA") (12 U.S.C. 1818(e)(4) and (g)(1)), all obligations of the Bank under this Agreement shall terminate, as of the effective date of such order.

(b) If Employee is suspended and/or temporarily prohibited from participating in the conduct of the Bank's affairs by a notice served under Section 8(e)(3) or 8(g)(1) of the FDIA (12 U.S.C. 1818(e)(3) and (g)(1)), all obligations of the Bank under this Agreement shall be suspended as of the date of service, unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Bank shall reinstate (in whole or in part) any of its obligations which were suspended.

(c) If the Bank is in default (as defined in Section 3(x)(1) of the FDIA), all obligations under this Agreement shall terminate as of the date of default.

(d) All obligations under this Agreement shall be terminated, except to the extent a determination is made that continuation of the Agreement is necessary for the continued operation of the Bank (1) by the director of the FDIC or his or her designee (the "Director"), at the time the FDIC enters into an agreement to provide assistance to or on behalf of the Bank under the authority contained in 13(c) of the FDIA; or (2) by the Director, at the time the Director approves a supervisory merger to resolve problems related to operation of the Bank when the Bank is determined by the Director to be in an unsafe and unsound condition.

(Signatures on following page)

IN WITNESS WHEREOF, Employee has hereunto set Employee’s hand and the Bank has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

/s/ M. EDDIE HOYLE, JR.
M. EDDIE HOYLE, JR.

COLONY BANK

By: /s/ Edward P. Loomis
Name: Edward P. Loomis
Title: President and Chief Executive Officer

RETENTION AGREEMENT

THIS RETENTION AGREEMENT (this “ Agreement ”) is made and entered into this 27th day of March, 2015 by and between Colony Bank, a Georgia bank (the “ Bank ”) and Lee A. Northcutt (“ Employee ”), to be effective as of March 27, 2015.

BACKGROUND

WHEREAS, the Bank presently employs Employee as its Executive Vice President and East Regional Executive Banking Officer;

WHEREAS, the Bank desires to promote the retention of Employee by offering protection in the event of a Change in Control (as defined herein); and

WHEREAS, in order to accomplish the foregoing objective, the Bank and Employee desire to enter into this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Retention Payments.

(q) Subject to the terms and conditions of this Agreement, in the event of a Change in Control (as defined in Section 2 hereof) prior to March 27, 2018, the Bank shall pay to Employee a cash bonus equal to 0.75 times his then-current Base Salary (as defined in Section 2 hereof), less withholding for taxes and other similar items (the “ Change in Control Bonus ”), in a single lump sum within thirty (30) days following the Change in Control Effective Date (as defined in Section 2 hereof), provided that, except as otherwise provided in Section 1(c) hereof, Employee is employed by the Bank on the Change in Control Effective Date.

(r) Subject to the terms and conditions of this Agreement, the Bank shall pay to Employee a cash retention bonus equal to 0.75 times his then-current Base Salary, less withholding for taxes and other similar items (the “ Post-Closing Retention Bonus ”), in a single lump sum within thirty (30) days following the Post-Closing Retention Payment Date (as defined in Section 2 hereof), provided that, except as otherwise provided in Section 1(d) hereof, Employee is employed by the Bank on the Post-Closing Retention Payment Date.

(s) Notwithstanding anything in this Agreement to the contrary, if Employee incurs a Pre-Change in Control Qualifying Termination (as defined in Section 2 hereof), then Employee shall be entitled to receive, and the Bank shall pay to Employee, the Change in Control Bonus and the Post-Closing Retention Bonus in a single lump sum within thirty (30) days following the Change in Control Effective Date. If Employee’s employment with the Bank is terminated for any reason other than by reason of a Pre-Change in Control Qualifying Termination prior to the Change in Control Effective Date, then Employee shall not be entitled to the Change in Control Bonus or the Post-Closing Retention Bonus.

(t) Notwithstanding anything in this Agreement to the contrary, if Employee incurs a Post-Change in Control Qualifying Termination (as defined in Section 2 hereof), then the Bank shall pay to Employee an amount equal to the Post-Closing Retention Bonus in a single lump sum within thirty (30) days following Employee’s date of termination. If Employee’s employment with the Bank is terminated for any reason other than by reason of a Post-Change in Control Qualifying Termination following the Change in Control Effective Date, then Employee shall not be entitled to the Post-Closing Retention Bonus.

(u) For purposes of clarity, Employee shall not be eligible for the Change in Control Bonus or the Post-Closing Retention Bonus unless and until a Change in Control occurs while this Agreement is in effect.

(v) Notwithstanding anything in this Agreement to the contrary, the Bank shall be obligated to pay Employee the Change in Control Bonus and the Post-Closing Retention Bonus only if (X) Employee shall have executed a separation agreement containing a full general release of claims and covenant not to sue in the form provided by the Bank (the “ Release Agreement ”) within the time period specified in the Release Agreement and such Release Agreement shall not have been revoked within any revocation period specified in the Release Agreement, and (Y) Employee fully complies with the obligations set forth in Section 5 hereof.

2. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(uu) “Base Salary” means the amount Employee is entitled to receive as wages or salary on an annualized basis, without reduction for any pre-tax contributions to benefit plans. Base Salary does not include bonuses, commissions, overtime pay or income from stock options, stock grants or other incentive compensation.

(vv) “Cause” shall mean (i) any intentional misconduct by Employee in connection with the Bank’s business or relating to Employee’s duties, or any willful violation of any laws, rules or regulations applicable to banks or the banking industry generally (including but not limited to the regulations of the Board of Governors of the Federal Reserve, the Federal Deposit Insurance Corporation (the “FDIC”), the State of Georgia Department of Banking and Finance, or any other applicable regulatory authority); (ii) Employee’s material failure to comply with the Bank’s policies or guidelines of employment or corporate governance policies or guidelines, including, without limitation, any business code of ethics adopted by the Bank; (iii) any act of fraud, misappropriation or embezzlement by Employee, whether or not such act was committed in connection with the business of the Bank; (iv) a breach or threatened breach of this Agreement, including, without limitation, a breach of any of the obligations set forth in Section 5 hereof, that, if such breach is capable of being cured, is not cured by Employee within ten (10) days of written notice by the Bank of the breach; or (v) the commission by Employee of, or Employee’s pleading guilty or nolo contendere to, a felony or a crime involving moral turpitude (including pleading guilty or nolo contendere to a felony or lesser charge which results from plea bargaining), whether or not such felony, crime or lesser offense is connected with the business of the Bank.

(ww) “Change in Control” means and includes the occurrence of any one of the following events but shall specifically exclude a public offering of any class or series of the Holding Company’s equity securities pursuant to a registration statement filed by the Holding Company under the Securities Act of 1933:

(i) during any consecutive 12-month period, individuals who, at the beginning of such period, constitute the Holding Company Board (the “Incumbent Directors”) cease for any reason to constitute at least a majority of such Board, provided that any person becoming a director after the beginning of such 12-month period and whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Holding Company Board shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Holding Company as a result of an actual or threatened election contest with respect to the election or removal of directors (“Election Contest”) or other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Holding Company Board (“Proxy Contest”), including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest, shall be deemed an Incumbent Director; or

(ii) any person becomes a Beneficial Owner (as defined in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934), directly or indirectly, of either (A) 50% or more of the then-outstanding shares of common stock of the Holding Company (“Holding Company Common Stock”) or (B) securities of the Holding Company representing 50% or more of the combined voting power of the Holding Company’s then outstanding securities eligible to vote for the election of directors (the “Holding Company Voting Securities”); provided, however, that for purposes of this subsection (ii), the following acquisitions of Holding Company Common Stock or Holding Company Voting Securities shall not constitute a Change in Control: (w) an acquisition directly from the Holding Company, (x) an acquisition by the Holding Company or a Subsidiary, (y) an acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Holding Company or any Subsidiary, or (z) an acquisition pursuant to a Non-Qualifying Transaction (as defined in subsection (iii) below); or

(iii) the consummation of a reorganization, merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Holding Company or a Subsidiary (a “Reorganization”), or the sale or other disposition of all or substantially all of the Holding Company’s assets (a “Sale”) or the acquisition of assets or stock of another corporation or other entity (an “Acquisition”), unless immediately following such Reorganization, Sale or Acquisition: (A) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the outstanding Holding Company Common Stock and outstanding Holding Company Voting Securities immediately prior to such Reorganization, Sale or Acquisition beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Reorganization, Sale or Acquisition (including, without limitation, an entity which as a result of such transaction owns the Holding Company or all or substantially all of the Holding Company’s assets or stock either directly or through one or more subsidiaries, the “Surviving Entity”) in substantially the same proportions as their ownership, immediately prior to such Reorganization, Sale or Acquisition, of the outstanding Holding Company Common Stock and the outstanding Holding Company Voting Securities, as the case may be, and (B) no person (other than (x) the Holding Company or any Subsidiary, (y) the Surviving Entity or its ultimate parent entity, or (z) any employee benefit plan (or related trust) sponsored or maintained by any of the foregoing) is the Beneficial Owner, directly or indirectly, of 50% or more of the total common stock or 50% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Surviving Entity, and (C) at least a majority of the members of the board of directors of the Surviving Entity were Incumbent Directors at the time of the Board’s approval of the execution of the initial agreement providing for such Reorganization, Sale or Acquisition (any Reorganization, Sale or Acquisition which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a “Non-Qualifying Transaction”).

(xx) “Change in Control Effective Date” means the effective date of a Change in Control.

(yy) “Code” means the Internal Revenue Code of 1986, as amended from time to time. For purposes of this Agreement, references to sections of the Code shall be deemed to include references to any applicable regulations thereunder and any successor or similar provision.

(zz) “Competitive Services” means the community banking or commercial banking business, including, without limitation, originating, underwriting, closing and selling loans, receiving deposits and otherwise engaging in the business of banking, as well as the business of providing any other activities, products, or services of the type conducted, authorized, offered, or provided by CBS as of Employee’s Termination Date, or during the two (2) years immediately prior to Employee’s Termination Date.

(aaa) “Confidential Information” means any and all data and information relating to CBS, its activities, business, or clients that (i) is disclosed to Employee or of which Employee becomes aware as a consequence of his employment with the Bank; (ii) has value to CBS; and (iii) is not generally known outside of the Bank. “Confidential Information” shall include, but is not limited to the following types of information regarding, related to, or concerning CBS: trade secrets (as defined by O.C.G.A. § 10-1-761); financial plans and data; management planning information; business plans; operational methods; market studies; marketing plans or strategies; pricing information; product development techniques or plans; customer lists; customer files, data and financial information; details of customer contracts; current and anticipated customer requirements; identifying and other information pertaining to business referral sources; past, current and planned research and development; computer aided systems, software, strategies and programs; business acquisition plans; management organization and related information (including, without limitation, data and other information concerning the compensation and benefits paid to officers, directors, employees and management); personnel and compensation policies; new personnel acquisition plans; and other similar information. “Confidential Information” also includes combinations of information or materials which individually may be generally known outside of CBS, but for which the nature, method, or procedure for combining such information or materials is not generally known outside of CBS. In addition to data and information relating to CBS, “Confidential Information” also includes any and all data and information relating to or concerning a third party that otherwise meets the definition set forth above, that was provided or made available to CBS by such third party, and that CBS has a duty or obligation to keep confidential. This definition shall not limit any definition of “confidential information” or any equivalent term under state or federal law. “Confidential Information” shall not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right or privilege of CBS.

(bbb) “ Disability ” means the inability of Employee, as reasonably determined by the Bank, to perform the essential functions of his regular duties and responsibilities, with or without reasonable accommodation, due to a medically determinable physical or mental illness which has lasted (or can reasonably be expected to last) for a period of six (6) consecutive months. At the request of Employee or his personal representative, the Bank’s determination that the Disability of Employee has occurred shall be certified by a physician mutually agreed upon by Employee, or his personal representative, and the Bank.

(ccc) “ CBS ” means, collectively, the Holding Company and the Bank.

(ddd) “ Holding Company ” means Colony Bankcorp, Inc.

(eee) “ Material Contact ” means contact between Employee and a customer or potential customer of CBS (i) with whom or which Employee has or had dealings on behalf of CBS; (ii) whose dealings with CBS are or were coordinated or supervised by Employee; (iii) about whom Employee obtains Confidential Information in the ordinary course of business as a result of his employment with the Bank; or (iv) who receives products or services of CBS, the sale or provision of which results or resulted in compensation, commissions, or earnings for Employee within the two (2) years preceding the conduct in question (if the conduct occurs while Employee is still employed by the Bank) or the Termination Date (if the conduct occurs after Employee’s Termination), as applicable.

(fff) “ Person ” means any individual or any corporation, partnership, joint venture, limited liability company, association or other entity or enterprise.

(ggg) “ Post-Change in Control Qualifying Termination ” means Employee’s termination of employment with the Bank by the Bank without Cause on or following the Change in Control Effective Date and prior to the Post-Closing Retention Payment Date. For the avoidance of doubt, in no event shall Employee be deemed to have experienced a Post-Change in Control Qualifying Termination as a result of (i) Employee’s termination of employment by the Bank without Cause other than during the period between the Change in Control Effective Date and the Post-Closing Retention Payment Date, (ii) Employee’s death or Disability, (iii) Employee’s resignation from employment with the Bank for any reason or no reason, or (iv) Employee’s termination of employment by the Bank for Cause.

(hhh) “ Post-Closing Retention Payment Date ” means the date on which the Bank determines, in good faith, that it has successfully completed the conversion of its data, customers, accounts and transactions to the core processing system of any acquiring institution (whether such third party acquiring institution uses the same core processor as the Bank, or a core processor that is different from the Bank’s core process) pursuant to a Change in Control.

(iii) “ Pre-Change in Control Qualifying Termination ” means Employee’s termination of employment with the Bank by the Bank without Cause within the ninety (90) day period immediately preceding the Change in Control Effective Date. For the avoidance of doubt, in no event shall Employee be deemed to have experienced a Pre-Change in Control Qualifying Termination as a result of (i) Employee’s termination of employment by the Bank without Cause other than during the ninety (90) day period immediately preceding the Change in Control Effective Date, (ii) Employee’s death or Disability, (iii) Employee’s resignation from employment with the Bank for any reason or no reason, or (iv) Employee’s termination of employment by the Bank for Cause.

(jjj) “ Principal or Representative ” means a principal, owner, partner, shareholder, joint venturer, investor, member, trustee, director, officer, manager, employee, agent, representative or consultant.

(kkk) “ Protected Customer ” means any Person to whom CBS has sold its products or services or actively solicited to sell its products or services, and with whom Employee has had Material Contact on behalf of CBS during his employment with the Bank.

(lll) “ Protected Work ” means any and all ideas, inventions, formulas, Confidential Information, source codes, object codes, techniques, processes, concepts, systems, programs, software, software integration techniques, hardware systems, schematics, flow charts, computer data bases, client lists, trademarks, service marks, brand names, trade names, compilations, documents, data, notes, designs, drawings, technical data and/or training materials, including improvements thereto or derivatives therefrom, whether or not patentable, and whether or not subject to copyright or trademark or trade secret protection, conceived, developed or produced by Employee, or by others working with Employee or under his direction, during the period of his employment, or conceived, produced or used or intended for use by or on behalf of CBS or its customers.

(mmm) “ Restricted Period ” means any time during Employee’s employment with the Bank as well as twelve (12) months following Employee’s Termination Date following a Change in Control; provided, however, that the post-termination Restricted Period shall be reduced by the number of full months that Employee provides services to the Bank following the Change in Control prior to the Termination Date. For example, if the Employee’s employment with the Bank terminates for any reason following his provision of six (6) months of services to the Bank following the Change in Control, then the post-termination Restricted Period shall be six (6) months.

(nnn) “ Restrictive Covenants ” means the restrictive covenants contained in Section 5(b), (c), (d), (e) and (f) hereof.

(ooo) “ Termination ” means the termination of Employee’s employment with the Bank, for any reason, whether with or without cause, upon the initiative of either party.

(ppp) “ Termination Date ” means the date of Employee’s Termination.

(qqq) “ Subsidiary ” means any corporation, limited liability company, partnership or other entity of which a majority of the outstanding voting stock or voting power is beneficially owned directly or indirectly by the Holding Company.

3. Employment At-Will. Employee shall continue to be employed at-will and for no definite term. This means that either party may terminate the employment relationship at any time for any or no reason.

4. Term of Agreement. This Agreement shall terminate on the earliest of (i) the date that the Bank fulfills its obligations set forth in Section 1 hereof; (ii) the date of Employee’s termination of employment with the Bank other than by reason of a Pre-Change in Control Qualifying Termination prior to the Change in Control Effective Date; or (iii) March 27, 2018. Notwithstanding the foregoing, the Restrictive Covenants contained in Section 5 hereof, as well as any other provisions of this Agreement necessary to interpret or enforce the Restrictive Covenants, shall survive the termination of this Agreement and continue to be in full force and effect in accordance with their terms.

5. Protective Covenants. Subject to the limitations of reasonableness imposed by law, Employee shall be subject to the restrictions set forth in this Section 5. Employee agrees that the restrictions in this Section 5 are reasonable and necessary and shall survive the termination of this Agreement.

(a) Acknowledgments.

(i) Condition of Employment and Other Consideration. Employee acknowledges and agrees that he has received good and valuable consideration for entering into this Agreement and further acknowledges that the Bank would not continue to employ him in the absence of his execution of and compliance with this Agreement.

(ii) Access to Confidential Information, Relationships, and Goodwill. Employee acknowledges and agrees that he is being provided and entrusted with Confidential Information (as that term is defined below), including highly confidential customer information that is subject to extensive measures to maintain its secrecy within CBS, is not known in the trade or disclosed to the public, and would materially harm CBS’s legitimate business interests if it was disclosed or used in violation of this Agreement. Employee also acknowledges and agrees that he is being provided and entrusted with access to CBS’s customer and employee relationships and goodwill. Employee further acknowledges and agrees that CBS would not provide access to the Confidential Information, customer and employee relationships, and goodwill in the absence of Employee’s execution of and compliance with this Agreement. Employee further acknowledges and agrees that CBS’s Confidential Information, customer and employee relationships, and goodwill are valuable assets of CBS and are legitimate business interests that are properly subject to protection through the covenants contained in this Agreement.

(iii) Potential Unfair Competition. Employee acknowledges and agrees that as a result of his employment with the Bank, his knowledge of and access to Confidential Information, and his relationships with CBS's customers and employees, Employee would have an unfair competitive advantage if Employee were to engage in activities in violation of this Agreement.

(b) Restriction on Disclosure and Use of Confidential Information. Employee agrees that Employee shall not, directly or indirectly, use any Confidential Information on Employee's own behalf or on behalf of any Person other than CBS, or reveal, divulge, or disclose any Confidential Information to any Person not expressly authorized by CBS to receive such Confidential Information. This obligation shall remain in effect for as long as the information or materials in question retain their status as Confidential Information. Employee further agrees that he shall fully cooperate with CBS in maintaining the Confidential Information to the extent permitted by law. The parties acknowledge and agree that this Agreement is not intended to, and does not, alter either CBS's rights or Employee's obligations under any state or federal statutory or common law regarding trade secrets and unfair trade practices. Anything herein to the contrary notwithstanding, Employee shall not be restricted from disclosing information that is required to be disclosed by law, court order or other valid and appropriate legal process; provided, however, that in the event such disclosure is required by law, Employee shall provide CBS with prompt notice of such requirement so that CBS may seek an appropriate protective order prior to any such required disclosure by Employee.

(c) Non-Solicitation of Protected Customers. Employee agrees that, during the Restricted Period, he shall not, without the prior written consent of CBS, directly or indirectly, on his own behalf or as a Principal or Representative of any Person, solicit, divert, take away, or attempt to solicit, divert, or take away a Protected Customer for the purpose of engaging in, providing, or selling Competitive Services.

(d) Non-Recruitment of Employees. Employee agrees that during the Restricted Period, he shall not, without the prior written consent of CBS, directly or indirectly, whether on his own behalf or as a Principal or Representative of any Person, solicit or induce or attempt to solicit or induce any employee of CBS to terminate his employment relationship with the Bank or to enter into employment with Employee or any other Person.

(e) Proprietary Rights.

(i) Ownership and Assignment of Protected Works. Employee agrees that any and all Confidential Information and Protected Works are the sole property of CBS, and that no compensation in addition to Employee's base salary is due to Employee for development or transfer of such Protected Works. Employee agrees that he shall promptly disclose in writing to CBS the existence of any Protected Works. Employee hereby assigns and agrees to assign all of his rights, title and interest in any and all Protected Works, including all patents or patent applications, and all copyrights therein, to CBS. Employee shall not be entitled to use Protected Works for his own benefit or the benefit of anyone except CBS without written permission from CBS and then only subject to the terms of such permission. Employee further agrees that he will communicate to CBS any facts known to him and testify in any legal proceedings, sign all lawful papers, make all rightful oaths, execute all divisionals, continuations, continuations-in-part, foreign counterparts, or reissue applications, all assignments, all registration applications, and all other instruments or papers to carry into full force and effect the assignment, transfer, and conveyance hereby made or to be made and generally do everything possible for title to the Protected Works and all patents or copyrights or trademarks or service marks therein to be clearly and exclusively held by CBS. Employee agrees that he will not oppose or object in any way to applications for registration of Protected Works by CBS or others designated by CBS. Employee agrees to exercise reasonable care to avoid making Protected Works available to any third party and shall be liable to CBS for all damages and expenses, including reasonable attorneys' fees, if Protected Works are made available to third parties by him without the express written consent of CBS.

Anything herein to the contrary notwithstanding, Employee will not be obligated to assign to CBS any Protected Work for which no equipment, supplies, facilities, or Confidential Information of CBS was used and which was developed entirely on Employee's own time, unless (a) the invention relates (1) directly to the business of CBS, or (2) to CBS's actual or demonstrably anticipated research or development; or (b) the invention results from any work performed by Employee for CBS. Employee likewise will not be obligated to assign to CBS any Protected Work that is conceived by Employee after Employee leaves the employ of the Bank, except that Employee is so obligated if the same relates to or is based on Confidential Information to which Employee had access by virtue of his employment with the Bank. Similarly, Employee will not be obligated to assign any Protected Work to CBS that was conceived and reduced to practice prior to his employment, regardless of whether such Protected Work relates to or would be useful in the business of CBS. Employee acknowledges and agrees that there are no Protected Works conceived and reduced to practice by him prior to his employment with the Bank.

(ii) No Other Duties. Employee acknowledges and agrees that there is no other contract or duty on his part now in existence to assign Protected Works to anyone other than CBS.

(iii) Works Made for Hire. The Bank and Employee acknowledge that in the course of his employment with the Bank, Employee may from time to time create for CBS copyrightable works. Such works may consist of manuals, pamphlets, instructional materials, computer programs, software, software integration techniques, software codes, and data, technical data, photographs, drawings, logos, designs, artwork or other copyrightable material, or portions thereof, and may be created within or without CBS's facilities and before, during or after normal business hours. All such works related to or useful in the business of CBS are specifically intended to be works made for hire by Employee, and Employee shall cooperate with CBS in the protection of CBS's copyrights in such works and, to the extent deemed desirable by CBS, the registration of such copyrights.

(f) Return of Materials. Employee agrees that he will not retain or destroy (except as set forth below), and will immediately return to CBS on or prior to the Termination Date, or at any other time CBS requests such return, any and all property of CBS that is in his possession or subject to his control, including, but not limited to, keys, credit and identification cards, personal items or equipment, customer files and information, papers, drawings, notes, manuals, specifications, designs, devices, code, email, documents, diskettes, CDs, tapes, keys, access cards, credit cards, identification cards, computers, mobile devices, other electronic media, all other files and documents relating to CBS and its business (regardless of form, but specifically including all electronic files and data of CBS), together with all Protected Works and Confidential Information belonging to CBS or that Employee received from or through his employment with the Bank. Employee will not make, distribute, or retain copies of any such information or property. To the extent that Employee has electronic files or information in his possession or control that belong to CBS, contain Confidential Information, or constitute Protected Works (specifically including but not limited to electronic files or information stored on personal computers, mobile devices, electronic media, or in cloud storage), on or prior to the Termination Date, or at any other time CBS requests, Employee shall (a) provide CBS with an electronic copy of all of such files or information (in an electronic format that readily accessible by CBS); (b) after doing so, delete all such files and information, including all copies and derivatives thereof, from all non-CBS-owned computers, mobile devices, electronic media, cloud storage, or other media, devices, or equipment, such that such files and information are permanently deleted and irretrievable; and (c) provide a written certification to CBS that the required deletions have been completed and specifying the files and information deleted and the media source from which they were deleted. Employee agrees that he will reimburse CBS for all of its costs, including reasonable attorneys' fees, of recovering the above materials and otherwise enforcing compliance with this provision if he does not return the materials to CBS or take the required steps with respect to electronic information or files on or prior to the Termination Date or at any other time the materials and/or electronic file actions are requested by CBS or if Employee otherwise fails to comply with this provision.

(g) Enforcement of Restrictive Covenants.

(i) Rights and Remedies Upon Breach. The parties specifically acknowledge and agree that the remedy at law for any breach of the Restrictive Covenants will be inadequate, and that in the event Employee breaches, or threatens to breach, any of the Restrictive Covenants, CBS shall have the right and remedy, without the necessity of proving actual damage or posting any bond, to enjoin, preliminarily and permanently, Employee from violating or threatening to violate the Restrictive Covenants and to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to CBS and that money damages would not provide an adequate remedy to CBS. Employee understands and agrees that if he violates any of the obligations set forth in the Restrictive Covenants, the period of restriction applicable to each obligation violated shall cease to run during the pendency of any litigation over such violation, provided that such litigation was initiated during the period of restriction. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to CBS at law or in equity. Employee understands and agrees that, if the parties become involved in legal action regarding the enforcement of the Restrictive Covenants and if CBS prevails in such legal action, CBS will be entitled, in addition to any other remedy, to recover from Employee its reasonable costs and attorneys' fees incurred in enforcing such covenants. CBS's ability to enforce its rights under the Restrictive Covenants or applicable law against Employee shall not be impaired in any way by the existence of a claim or cause of action on the part of Employee based on, or arising out of, this Agreement or any other event or transaction.

(ii) Severability and Modification of Restrictive Covenants. Employee acknowledges and agrees that each of the Restrictive Covenants is reasonable and valid in time and scope and in all other respects. The parties agree that it is their intention that the Restrictive Covenants be enforced in accordance with their terms to the maximum extent permitted by law. Each of the Restrictive Covenants shall be considered and construed as a separate and independent covenant. Should any part or provision of any of the Restrictive Covenants be held invalid, void, or unenforceable, such invalidity, voidness, or unenforceability shall not render invalid, void, or unenforceable any other part or provision of this Agreement or such Restrictive Covenant. If any of the provisions of the Restrictive Covenants should ever be held by a court of competent jurisdiction to exceed the scope permitted by the applicable law, such provision or provisions shall be automatically modified to such lesser scope as such court may deem just and proper for the reasonable protection of CBS's legitimate business interests and may be enforced by CBS to that extent in the manner described above and all other provisions of this Agreement shall be valid and enforceable.

(h) Disclosure of Agreement. Employee acknowledges and agrees that, during the Restricted Period, he will disclose the existence and terms of this Agreement to any prospective employer, business partner, investor or lender prior to entering into an employment, partnership or other business relationship with such prospective employer, business partner, investor or lender. Employee further agrees that CBS shall have the right to make any such prospective employer, business partner, investor or lender of Employee aware of the existence and terms of this Agreement.

6. Full Settlement; No Mitigation. The Bank's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Bank may have against Employee or others. In no event shall Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Employee under any of the provisions of this Agreement and such amounts shall not be reduced whether or not Employee obtains other employment.

7. Limitation of Benefits.

(a) Notwithstanding anything in this Agreement to the contrary, in the event it shall be determined that any benefit, payment or distribution by the Bank to or for the benefit of Employee (whether payable or distributable pursuant to the terms of this Agreement or otherwise) (such benefits, payments or distributions are hereinafter referred to as "Payments") would, if paid, be subject to the excise tax (the "Excise Tax") imposed by Section 4999 of the Code, then the aggregate present value of the Payments shall be reduced (but not below zero) to an amount expressed in present value that maximizes the aggregate present value of the Payments without causing the Payments or any part thereof to be subject to the Excise Tax and therefore nondeductible by the Bank because of Section 280G of the Code (the "Reduced Amount"). The reduction of the Payments due hereunder, if applicable, shall be made by first reducing cash Payments and then, to the extent necessary, reducing those Payments having the next highest ratio of Parachute Value to actual present value of such Payments as of the date of the change of control, as determined by the Determination Firm (as defined in Section 7(b) below). For purposes of this Section 7, present value shall be determined in accordance with Section 280G(d)(4) of the Code. For purposes of this Section 7, the "Parachute Value" of a Payment means the present value as of the date of the change of control of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2) of the Code, as determined by the Determination Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

(b) All determinations required to be made under this Section 7, including whether an Excise Tax would otherwise be imposed, whether the Payments shall be reduced, the amount of the Reduced Amount, and the assumptions to be utilized in arriving at such determinations, shall be made by an independent, nationally recognized accounting firm or compensation consulting firm mutually acceptable to the Bank and Employee (the "Determination Firm") which shall provide detailed supporting calculations both to the Bank and Employee within 15 business days of the receipt of notice from Employee that a Payment is due to be made, or such earlier time as is requested by the Bank. All fees and expenses of the Determination Firm shall be borne solely by the Bank. Any determination by the Determination Firm shall be binding upon the Bank and Employee. As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Determination Firm hereunder, it is possible that Payments hereunder will have been unnecessarily limited by this Section 7 ("Underpayment"), consistent with the calculations required to be made hereunder. The Determination Firm shall determine the amount of the Underpayment that has occurred and any such Underpayment shall be promptly paid by the Bank to or for the benefit of Employee together with interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code, but no later than March 15 of the year after the year in which the Underpayment is determined to exist, which is when the legally binding right to such Underpayment arises.

(c) In the event that the provisions of Code Section 280G and 4999 or any successor provisions are repealed without succession, this Section 7 shall be of no further force or effect.

8. Successors.

(a) This Agreement is one for personal services and may not be assigned by Employee. This Agreement shall inure to the benefit of and be enforceable by Employee's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Bank and its successors and assigns.

(c) This Agreement shall bind any successor of or to the Bank, its assets or its businesses (whether direct or indirect, by purchase, merger, consolidation or otherwise), in the same manner and to the same extent that the Bank would be obligated under this Agreement if no succession had taken place. In the case of any transaction in which a successor would not by the foregoing provision or by operation of law be bound by this Agreement, the Bank shall require such successor expressly and unconditionally to assume and agree to perform the Bank's obligations under this Agreement, in the same manner and to the same extent that the Bank would be required to perform if no such succession had taken place. The term "Bank," as used in this Agreement, shall mean the Bank as hereinbefore defined and any successor or assignee to the business or assets which by reason hereof becomes bound by this Agreement.

9. Code Section 409A.

(a) This Agreement shall be interpreted and administered in a manner so that any amount or benefit payable hereunder shall be paid or provided in a manner that is either exempt from or compliant with the requirements of Section 409A of the Code and applicable Internal Revenue Service guidance and Treasury Regulations issued thereunder (and any applicable transition relief under Section 409A of the Code). Nevertheless, the tax treatment of the benefits provided under the Agreement is not warranted or guaranteed. Neither the Bank nor its directors, officers, employees or advisers shall be held liable for any taxes, interest, penalties or other monetary amounts owed by Employee as a result of the application of Section 409A of the Code.

(b) Notwithstanding anything in this Agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Code (" Non-Exempt Deferred Compensation ") would otherwise be payable or distributable hereunder, or a different form of payment of such Non-Exempt Deferred Compensation would be effected, by reason of a Change in Control or Employee's termination of employment, such Non-Exempt Deferred Compensation will not be payable or distributable to Employee by reason of such circumstance unless the circumstances giving rise to such Change in Control or termination of employment, as the case may be, meet any description or definition of "change in control event" or "separation from service", as the case may be, in Section 409A of the Code and applicable regulations (without giving effect to any elective provisions that may be available under such definition). This provision does not prohibit the *vesting* of any Non-Exempt Deferred Compensation upon a Change in Control or termination of employment, however defined. If this provision prevents the payment or distribution of any Non-Exempt Deferred Compensation, such payment or distribution shall be made on the date, if any, on which an event occurs that constitutes a Section 409A-compliant "change in control event" or "separation from service", as the case may be, or such later date as may be required by Section 9(c) hereof.

(c) Notwithstanding anything in this Agreement to the contrary, if any Non-Exempt Deferred Compensation would otherwise be payable or distributable under this Agreement by reason of Employee's separation from service during a period in which he is a Specified Employee (as defined below), then, subject to any permissible acceleration of payment by the Bank under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes): (i) if the payment or distribution is payable in a lump sum, Employee's right to receive payment or distribution of such non-exempt deferred compensation will be delayed until the earlier of Employee's death or the first day of the seventh month following Employee's separation from service; and (ii) if the payment or distribution is payable over time, the amount of such non-exempt deferred compensation that would otherwise be payable during the six-month period immediately following Employee's separation from service will be accumulated and Employee's right to receive payment or distribution of such accumulated amount will be delayed until the earlier of Employee's death or the first day of the seventh month following Employee's separation from service, whereupon the accumulated amount will be paid or distributed to Employee and the normal payment or distribution schedule for any remaining payments or distributions will resume. For purposes of this Agreement, the term "Specified Employee" has the meaning given such term in Code Section 409A.

(d) Whenever in this Agreement a payment or benefit is conditioned on Employee's execution of a release of claims, such release must be executed and all revocation periods shall have expired within 60 days after the date of termination; failing which such payment or benefit shall be forfeited. If such payment or benefit constitutes Non-Exempt Deferred Compensation, then such payment or benefit (including any installment payments) that would have otherwise been payable during such 60-day period shall be accumulated and paid on the 60th day after the date of termination provided such release shall have been executed and such revocation periods shall have expired. If such payment or benefit is exempt from Section 409A of the Code, the Bank may elect to make or commence payment at any time during such period.

(e) The Bank shall have the sole authority to make any accelerated distribution permissible under Treas. Reg. Section 1.409A-3(j)(4) to Employee of deferred amounts, provided that such distribution meets the requirements of Treas. Reg. Section 1.409A-3(j)(4).

(f) Each payment under this Agreement shall be considered a separate payment, as described in Treas. Reg. Section 1.409A-2(b)(2), for purposes of Section 409A of the Code.

10. Miscellaneous.

(a) The Bank and Employee agree that this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Georgia without giving effect to its conflicts of law principles. Employee agrees that the exclusive forum for any action to enforce this Agreement, as well as any action relating to or arising out of this Agreement, shall be Superior Court of Ben Hill County, Georgia or the U.S. District Court for the Middle District of Georgia, Albany Division. With respect to any such court action, Employee hereby (i) irrevocably submits to the personal jurisdiction of such courts; (ii) consents to service of process; (iii) consents to venue; and (iv) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction, service of process, or venue. The parties hereto further agree that such courts are convenient forums for any dispute that may arise herefrom and that neither party shall raise as a defense that such courts are not convenient forums.

(b) The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(c) This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(d) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Employee:
On file with the Bank

If to the Bank:
Colony Bank
115 South Grant Street
Fitzgerald, GA 31750
Attention: Edward P. Loomis

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(e) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(f) The Bank may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(g) Failure of either party to insist, in one or more instances, on performance by the other in strict accordance with the terms and conditions of this Agreement shall not be deemed a waiver or relinquishment of any right granted in this Agreement or of the future performance of any such term or condition or of any other term or condition of this Agreement, unless such waiver is contained in a writing signed by the party making the waiver.

(h) This Agreement contains the entire agreement between the Bank and Employee with respect to the subject matter hereof and, from and after the date hereof, this Agreement shall supersede any other agreement, written or oral, between the parties relating to the subject matter of this Agreement.

(i) The parties understand and agree that because they both have been given the opportunity to have counsel review and revise this Agreement, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement. Instead, the language of all parts of this Agreement shall be construed as a whole, and according to its fair meaning, and not strictly for or against either of the parties.

(j) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

(k) The parties acknowledge and agree that the Holding Company is an intended third-party beneficiary of this Agreement and may enforce the Bank's rights hereunder.

11. Regulatory Action.

(a) If Employee is removed and/or permanently prohibited from participating in the conduct of the Bank's affairs by an order issued under Section 8(e)(4) or 8(g)(1) of the Federal Deposit Insurance Act ("FDIA") (12 U.S.C. 1818(e)(4) and (g)(1)), all obligations of the Bank under this Agreement shall terminate, as of the effective date of such order.

(b) If Employee is suspended and/or temporarily prohibited from participating in the conduct of the Bank's affairs by a notice served under Section 8(e)(3) or 8(g)(1) of the FDIA (12 U.S.C. 1818(e)(3) and (g)(1)), all obligations of the Bank under this Agreement shall be suspended as of the date of service, unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Bank shall reinstate (in whole or in part) any of its obligations which were suspended.

(c) If the Bank is in default (as defined in Section 3(x)(1) of the FDIA), all obligations under this Agreement shall terminate as of the date of default.

(d) All obligations under this Agreement shall be terminated, except to the extent a determination is made that continuation of the Agreement is necessary for the continued operation of the Bank (1) by the director of the FDIC or his or her designee (the "Director"), at the time the FDIC enters into an agreement to provide assistance to or on behalf of the Bank under the authority contained in 13(c) of the FDIA; or (2) by the Director, at the time the Director approves a supervisory merger to resolve problems related to operation of the Bank when the Bank is determined by the Director to be in an unsafe and unsound condition.

(Signatures on following page)

IN WITNESS WHEREOF, Employee has hereunto set Employee’s hand and the Bank has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

/s/ LEE A. NORTHCUTT

LEE A. NORTHCUTT

COLONY BANK

By: /s/ Edward P. Loomis

Name: Edward P. Loomis
Title: President and Chief Executive Officer
