NEWS RELEASE

# Colony Bankcorp, Inc. Announces Fourth Quarter Results

2014-01-24

FITZGERALD, Ga., Jan. 24, 2014 (GLOBE NEWSWIRE) -- Colony Bankcorp, Inc. (Nasdaq:CBAN), today reported net income available to shareholders of $1,241,000, or $0.15 per diluted share for the fourth quarter of 2013 compared to $203,000, or $0.02 per diluted share for the comparable 2012 period, while net income available to shareholders for twelve months ended December 31, 2013 was $3,120,000, or $0.37 per diluted share compared to $1,206,000, or $0.14 per share for the comparable 2012 period. This increase of 158.71 percent in net income for the comparable twelve month period was primarily driven by an increase in net interest income and noninterest income (excluding securities gains) – along with a reduction in provision for loan losses. "In addition to significant core earnings improvement, Colony again had marked improvement in asset quality. Substandard assets to tier one capital plus loan loss allowance ratio improved to 39.22 percent at December 31, 2013 from 40.94 percent at September 30, 2013 and 55.60 percent at December 31, 2012. Though we were successful in having regulatory agencies lift the memorandum of understanding during 2013 and realized significant improvement in earnings and asset quality, we still are committed to reducing our problem assets to an acceptable level and returning to acceptable earnings," said Ed Loomis, President and Chief Executive Officer. "Momentum carrying over from 2013 initiatives has Colony positioned for a successful and productive year in 2014."

Capital

Colony continues to maintain a solid capital position to be categorized as "well-capitalized" by regulatory benchmarks. At December 31, 2013, the Company's tier one leverage ratio, tier one and total risk-based capital ratios were 10.29 percent, 15.36 percent and 16.61 percent, respectively, compared to the previous quarter end of 10.40 percent, 15.40 percent and 16.66 percent, respectively, at September 30, 2013 and to 10.22 percent, 15.22 percent and 16.47 percent, respectively, at December 31 2012. Regulatory benchmarks to be categorized as "well-capitalized" for tier one leverage ratio, tier one and total risk-based capital ratios are 5.00 percent, 6.00 percent and

10.00 percent, respectively.

Net Interest Margin

During the fourth quarter of 2013, the Company reported net interest income of $9.69 million and a net interest margin of 3.68 percent, compared to $9.08 million and 3.49 percent, respectively, for fourth quarter 2012, while net interest income for the twelve months ended December 31, 2013 was $37.69 million and a net interest margin of 3.61 percent compared to $36.27 million and 3.41 percent, respectively, for the twelve months ended December 31 2012. The improvement is indicative of the Company's focus on balance sheet restructuring and maximizing its net interest margin through deposit and loan pricing guidance.

Asset Quality

The Company continues to closely monitor our substandard and non-performing assets and focus on problem asset resolution. Substandard assets that include non-performing assets totaled $53.45 million at December 31, 2013 compared to $55.39 million and $74.57 million, respectively, at September 30, 2013 and December 31, 2012. Substandard assets adjusted for SBA guarantees to tier one capital plus loan loss reserve ratio was 39.22%, 40.94% and 55.60%, respectively, at December 31, 2013, September 30, 2013 and December 31, 2012. Non-performing assets decreased slightly from the previous quarter end to $39.61 million or 5.17 percent of total loans and other real estate owned as of December 31, 2013. This compares to $40.64 million or 5.32 percent and $46.16 million or 6.05 percent, respectively, as of September 30, 2013 and December 31, 2012. Loan loss reserve methodology resulted in twelve months ended December 31, 2013 provision for loan losses of $4.49 million compared to $6.79 million for the comparable 2012 period. With continued stabilization in the economy and the housing and real estate market, we expect continued improvement in our substandard assets.

Other real estate ("OREO") totaled $15.50 million at December 31, 2013 compared to $16.11 million and $15.94 million, respectively, at September 30, 2013 and December 31, 2012. During twelve months ended December 31, 2013, $11.19 million has been added to OREO, thus a reduction from sales and/or write-downs of $11.63 million. Colony has established a target of twelve months to liquidate improved properties due to the high carrying cost of taxes, insurance, maintenance and repairs associated with holding these properties on our books.

In the fourth quarter of 2013 net charge-offs were $1.43 million, or 0.19 percent of average loans as compared to net charge-offs of $2.81 million, or 0.38 percent of average loans in fourth quarter 2012, while for the twelve months ended December 31, 2013 net charge-offs were $5.42 million, or 0.73 percent of average loans as compared to net charge-offs of $9.70 million, or 1.34 percent of average loans for the comparable 2012 period. The loan loss reserve was $11.81 million on December 31, 2013, or 1.57 percent of total loans compared to $12.95 million, or 1.73 percent on September 30, 2013 and to $12.74 million, or 1.70 percent on December 31, 2012.

Management believes that the 2013 contributions to Allowance for Loan Losses address the level of non-performing assets and the related level of substandard assets to be adequately reserved at December 31, 2013.

Noninterest Income

Total noninterest income decreased in the comparable periods as noninterest income for twelve months ended December 31, 2013 was $8.38 million compared to $9.73 million in the comparable 2012 period, or a decrease of 13.93 percent. Service charge fee income on deposit accounts increased $1.12 million, or 31.29 percent. Mortgage fee income increased $84 thousand, or 21.00 percent and gains on the sale of SBA/USDA loans increased $329 thousand, or 107.52 percent. Offsetting these increases was security gains and losses in which losses were $364 thousand for twelve months ended December 31, 2013 compared to gains of $2.84 million for the comparable 2012 period. The company continues to explore revenue enhancement products and services to improve fee income.

Noninterest Expense

Total noninterest expense decreased slightly to $34.62 million in twelve months ended December 31, 2013 compared to $35.38 million in the comparable 2012 period, or a decrease of 2.15%. Credit-related expenses continue to be a strain on earnings as write down and losses on OREO property and repossessed assets along with repossession and foreclosure expenses totaled $3.92 million in twelve months ended December 31, 2013 compared to $5.61 million in the comparable 2012 period. Salaries and employee benefit expenses increased to $16.69 million in twelve months ended December 31, 2013 compared to $15.57 million in the comparable 2012 period, or an increase of 7.24 percent. This increase is primarily attributable to an increase in headcount related to additional "back-office" regulatory compliance demands along with merit pay increases. Occupancy expenses remained flat in the comparable periods. Other noninterest expense decreased to $14.13 million compared to $15.93 million, or a decrease of 11.29 percent – primarily due to the decrease in credit-related expenses noted above.

Colony Bankcorp, Inc. is a bank holding company headquartered in Fitzgerald, Georgia that consists of one operating subsidiary, Colony Bank. The Company conducts a general full service commercial, consumer and mortgage banking business through thirty offices located in the central, southern and coastal Georgia cities of Albany, Ashburn, Broxton, Centerville, Chester, Columbus, Cordele, Douglas, Eastman, Fitzgerald, Leesburg, Moultrie, Pitts, Quitman, Rochelle, Savannah, Soperton, Sylvester, Thomaston, Tifton, Valdosta and Warner Robins, Georgia.

Colony Bankcorp, Inc. Common Stock is quoted on the Nasdaq Global Market under the symbol "CBAN."

Certain statements contained in the preceding release 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) statement 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. 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 are cautioned not to place undue reliance on these forward-looking statements.

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COLONY BANKCORP, INC.
FINANCIAL HIGHLIGHTS (UNAUDITED)
DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA

| | QUARTER ENDED | | YEAR-TO-DATE | |
|---|---|---|---|---|
| EARNINGS SUMMARY | 12/31/13 | 12/31/12 | 12/31/13 | 12/31/12 |
| Net Interest Income | $9,694 | $9,076 | $37,689 | $36,273 |
| Provision for Loan Losses | 285 | 1,158 | 4,485 | 6,785 |
| Non-interest Income | 2,018 | 2,642 | 8,377 | 9,733 |
| Non-interest Expense | 8,998 | 9,744 | 34,617 | 35,379 |
| Income Taxes | 803 | 248 | 2,235 | 1,201 |
| Net Income | 1,626 | 568 | 4,629 | 2,641 |
| Preferred Stock Dividend | 385 | 365 | 1,509 | 1,435 |
| Net Income Available to Common Shareholders | 1,241 | 203 | 3,120 | 1,206 |

| | QUARTER ENDED | | YEAR-TO-DATE | |
|---|---|---|---|---|
| PER COMMON SHARE SUMMARY | 12/31/13 | 12/31/12 | 12/31/13 | 12/31/12 |

| | | | | |
|---|---|---|---|---|
| Common Shares Outstanding | 8,439,258 | 8,439,258 | 8,439,258 | 8,439,258 |
| Weighted Average Basic Shares | 8,439,258 | 8,439,258 | 8,439,258 | 8,439,258 |
| Weighted Average Diluted Shares | 8,439,258 | 8,439,258 | 8,439,258 | 8,439,258 |
| Earnings Per Basic Share (b) | $0.15 | $0.02 | $0.37 | $0.14 |
| Earnings Per Diluted Share (b) | $0.15 | $0.02 | $0.37 | $0.14 |
| Common Book Value Per Share | $7.34 | $8.05 | $7.34 | $8.05 |
| Tangible Common Book Value Per Share | $7.32 | $8.02 | $7.32 | $8.02 |

| | QUARTER ENDED | | YEAR-TO-DATE | |
|---|---|---|---|---|
| OPERATING RATIOS (1) | 12/31/13 | 12/31/12 | 12/31/13 | 12/31/12 |
| Net Interest Margin (a) | 3.68% | 3.49% | 3.61% | 3.41% |
| Return on Average Assets (b) | 0.44% | 0.07% | 0.28% | 0.11% |
| Return on Average Total Equity (b) | 5.43% | 0.85% | 3.34% | 1.25% |
| Efficiency (c) | 74.24% | 88.67% | 74.29% | 81.68% |

(1) Annualized

(a) Computed using fully taxable-equivalent net income

(b) Computed using net income available to shareholders

(c ) Computed by dividing non-interest expense by the sum of fully taxable- equivalent net interest income and non-interest income and excluding security gains/losses.

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| | QUARTER ENDED | |
|---|---|---|
| ENDING BALANCES | 12/31/13 | 12/31/12 |
| Total Assets | $1,151,085 | $1,139,397 |
| Loans, Net of Reserves | 739,052 | 734,079 |
| Allowance for Loan Losses | 11,806 | 12,737 |
| Intangible Assets | 188 | 224 |
| Deposits | 987,530 | 979,685 |
| Common Shareholders' Equity | 61,954 | 67,932 |
| Common Equity to Total Assets | 5.38% | 5.96% |
| Total Equity | 89,954 | 95,759 |
| Total Equity to Total Assets | 7.81% | 8.40% |

| | QUARTER ENDED | | YEAR-TO-DATE | |
|---|---|---|---|---|
| AVERAGE BALANCES | 12/31/13 | 12/31/12 | 12/31/13 | 12/31/12 |
| Total Assets | $1,131,317 | $1,114,766 | $1,118,071 | $1,139,814 |
| Loans, Net of Reserves | 740,538 | 725,672 | 731,280 | 706,091 |
| Deposits | 966,458 | 956,438 | 953,312 | 969,690 |

| | | | | |
|---|---|---|---|---|
| Common Shareholders' Equity | 63,526 | 67,783 | 65,446 | 68,798 |
| Total Equity | 91,501 | 95,587 | 93,358 | 96,541 |

| | QUARTER ENDED | | YEAR-TO-DATE | |
|---|---|---|---|---|
| ASSET QUALITY | 12/31/13 | 12/31/12 | 12/31/13 | 12/31/12 |
| Nonperforming Loans | $24,111 | $29,855 | $24,111 | $29,855 |
| Nonperforming Assets | 39,613 | 46,163 | 39,613 | 46,163 |
| Substandard Assets | 53,449 | 74,574 | 53,449 | 74,574 |
| Net Loan Chg-offs (Recoveries) | 1,430 | 2,810 | 5,416 | 9,698 |
| Reserve for Loan Loss to Total Loans | 1.57% | 1.70% | 1.57% | 1.70% |
| Reserve for Loan Loss to Non- performing Loans | 48.97% | 42.66% | 48.97% | 42.66% |
| Reserve for Loan Loss to Non-performing Assets | 29.80% | 27.59% | 29.80% | 27.59% |
| Net Loan Chg-offs (Recoveries) to Avg. Total Loans | 0.19% | 0.38% | 0.73% | 1.34% |
| Nonperforming Loans to Total Loans | 3.21% | 4.00% | 3.21% | 4.00% |
| Nonperforming Assets to Total Assets | 3.44% | 4.05% | 3.44% | 4.05% |
| Nonperforming Assets to Total Loans And Other Real Estate | 5.17% | 6.05% | 5.17% | 6.05% |
| Substandard Assets to Tier One Capital and Allowance for Loan Losses | 39.22% | 55.60% | 39.22% | 55.60% |

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Quarterly Comparative Data (in thousands, except per share data)

| | 4Q2013 | 3Q2013 | 2Q2013 | 1Q2013 | 4Q2012 |
|---|---|---|---|---|---|
| Assets | $1,151,085 | $1,113,141 | 1,106,454 | $1,118,865 | $1,139,397 |
| Loans | 739,052 | 734,792 | 730,920 | 723,651 | 734,079 |
| Deposits | 987,530 | 949,463 | 943,337 | 953,575 | 979,685 |
| Common Shareholders' Equity | 61,954 | 62,859 | 63,828 | 67,567 | 67,932 |
| Total Equity | 89,954 | 90,815 | 91,740 | 95,437 | 95,759 |
| Net Income | 1,626 | 1,080 | 986 | 937 | 568 |
| Net Income Available to | | | | | |
| Common Shareholders | 1,241 | 701 | 611 | 567 | 203 |
| Net Income Per Share | 0.15 | 0.08 | 0.07 | 0.07 | 0.02 |

| Key Performance Ratios | 4Q2013 | 3Q2013 | 2Q2013 | 1Q2013 | 4Q2012 |
|---|---|---|---|---|---|
| Return on Average Assets (1) | 0.44% | 0.25% | 0.22% | 0.20% | 0.07% |
| Return on Average Total Equity (1) | 5.43% | 3.09% | 2.56% | 2.37% | 0.85% |
| Common Equity to Total Assets | 5.38% | 5.65% | 5.77% | 6.04% | 5.96% |
| Total Equity to Total Assets | 7.81% | 8.16% | 8.29% | 8.53% | 8.40% |

| | | | | | |
|---|---|---|---|---|---|
| Net Interest Margin | 3.68% | 3.67% | 3.64% | 3.45% | 3.49% |

(1) Computed using net income available to shareholders

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Consolidated Balance Sheets Colony Bankcorp, Inc.
(in thousands)

| | Dec. 31, 2013 (unaudited) | Dec. 31, 2012 (audited) |
|---|---|---|
| ASSETS | | |
| Cash and Cash Equivalents | | |
| Cash and Due from Banks | $25,692 | $29,244 |
| Federal Funds Sold | 20,495 | 20,002 |
| | 46,187 | 49,246 |
| Interest-Bearing Deposits | 21,960 | 21,795 |
| Investment Securities | | |
| Available for Sale, at Fair Value | 263,258 | 268,301 |
| Held for Maturity, at Cost (Fair Value of $37 and $42 as of Dec. 31, 2013 and Dec. 31, 2012 , Respectively) | 37 | 41 |
| | 263,295 | 268,342 |
| Federal Home Loan Bank Stock, at Cost | 3,164 | 3,364 |
| Loans | 751,218 | 747,050 |
| Allowance for Loan Losses | (11,806) | (12,737) |
| Unearned Interest and Fees | (360) | (234) |
| | 739,052 | 734,079 |
| Premises and Equipment | 24,876 | 24,916 |
| Other Real Estate | 15,502 | 15,941 |
| Other Intangible Assets | 188 | 224 |
| Other Assets | 36,861 | 21,490 |
| Total Assets | $1,151,085 | $1,139,397 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Deposits | | |
| Noninterest-Bearing | $115,261 | $123,967 |
| Interest-Bearing | 872,269 | 855,718 |

| | | |
|---|---|---|
| | 987,530 | 979,685 |
| Borrowed Money | | |
| Subordinated Debentures | 24,229 | 24,229 |
| Other Borrowed Money | 40,000 | 35,000 |
| | 64,229 | 59,229 |
| Other Liabilities | 9,372 | 4,724 |
| Stockholders' Equity | | |
| Preferred Stock, Stated Value $1,000 a Share; | | |
| Authorized 10,000,000 Shares, Issued 28,000 Shares | 28,000 | 27,827 |
| Common Stock, Par Value $1 a share; Authorized 20,000,000 Shares, Issued 8,439,258 Shares as of Dec. 31, 2013 and Dec. 31, 2012, Respectively | 8,439 | 8,439 |
| Paid in Capital | 29,145 | 29,145 |
| Retained Earnings | 33,445 | 30,498 |
| Accumulated Other Comprehensive Loss, Net of Tax | (9,075) | (150) |
| | 89,954 | 95,759 |
| Total Liabilities and Stockholders' Equity | $1,151,085 | $1,139,397 |

Consolidated Statements of Income Colony Bankcorp, Inc.
(in thousands except per share data)

| | Quarter | | Year-to-Date | |
|---|---|---|---|---|
| | Three Months Ended | | Twelve Months Ended | |
| | 12/31/13 (unaudited) | 12/31/12 (audited) | 12/31/13 (unaudited) | 12/31/2012 (audited) |
| Interest Income | | | | |
| Loans, Including Fees | $10,327 | $10,572 | $41,350 | $41,963 |
| Federal Funds Sold | 12 | 27 | 39 | 99 |
| Deposits with Other Banks | 6 | 9 | 27 | 43 |
| Investment Securities | | | | |
| U. S. Government Agencies | 1,063 | 699 | 3,517 | 4,824 |
| State, County and Municipal | 30 | 34 | 124 | 207 |
| Corporate Obligations/Asset-Backed Sec. | 5 | 14 | 47 | 76 |
| Dividends on Other Investments | 23 | 22 | 82 | 77 |
| | 11,466 | 11,377 | 45,186 | 47.289 |
| Interest Expense | | | | |
| Deposits | 1,369 | 1,904 | 5,821 | 8,737 |

| | | | | |
|---|---|---|---|---|
| Borrowed Money | 403 | 397 | 1,676 | 2,279 |
| | 1,772 | 2,301 | 7,497 | 11,016 |
| Net Interest Income | 9,694 | 9,076 | 37,689 | 36,273 |
| Provision for Loan Losses | 285 | 1,158 | 4,485 | 6,785 |
| Net Interest Income After Provision for Loan Losses | 9,409 | 7,918 | 33,204 | 29,488 |
| | | | | |
| Noninterest Income | | | | |
| Service Charges on Deposits | 1,207 | 1,046 | 4,691 | 3,573 |
| Other Service Charges, Commissions and Fees | 436 | 396 | 1,725 | 1,515 |
| Mortgage Fee Income | 107 | 104 | 484 | 400 |
| Securities Gains(Losses) | (362) | 770 | (364) | 2,837 |
| Other | 630 | 326 | 1,841 | 1,408 |
| | 2,018 | 2,642 | 8,377 | 9,733 |
| Noninterest Expense | | | | |
| Salaries and Employee Benefits | 4,196 | 4,079 | 16,692 | 15,565 |
| Occupancy and Equipment | 952 | 983 | 3,794 | 3,884 |
| Other | 3,850 | 4,682 | 14,131 | 15,930 |
| | 8,998 | 9,744 | 34,617 | 35,379 |
| | | | | |
| Income Before Income Taxes | 2,429 | 816 | 6,964 | 3,842 |
| Income Taxes | 803 | 248 | 2,335 | 1,201 |
| Net Income | 1,626 | 568 | 4,629 | 2,641 |
| | | | | |
| Preferred Stock Dividends | 385 | 365 | 1,509 | 1,435 |
| | | | | |
| Net Income Available to Common Shareholders | $1,241 | $203 | $3,120 | $1,206 |
| Net Income Per Share of Common Stock | | | | |
| Basic | $0.15 | $0.02 | $0.37 | $0.14 |
| Diluted | $0.15 | $0.02 | $0.37 | $0.14 |
| Weighted Average Basic Shares Outstanding | 8,439,258 | 8,439,258 | 8,439,258 | 8,439,258 |
| Weighted Average Diluted Shares Outstanding | 8,439,258 | 8,439,258 | 8,439,258 | 8,439,258 |

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Source: Colony Bankcorp, Inc.