

COLONY BANKCORP INC
Form PRE 14A
April 11, 2017
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Colony Bankcorp, Inc.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

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- 1) Amount Previously Paid:
 - 2) Form, Schedule or Registration No.:
 - 3) Filing Party:
 - 4) Date Filed:
-

April 21, 2017

Dear Shareholder:

You are invited to attend our Annual Meeting of Shareholders to be held on May 23, 2017 in Fitzgerald, Georgia at the time and place shown in the attached notice. As we do at the meeting every year, in addition to considering the matters described in the proxy statement, we will review our 2016 business results and other matters of interest to our shareholders.

We hope that you will attend the meeting in person, but even if you plan to attend, we encourage you to please vote your shares ahead of time by using the enclosed proxy card. This will ensure that your Colony Bankcorp, Inc. stock will be represented at the meeting. If you attend the meeting and prefer to vote in person, you may do so. The attached proxy statement explains more about proxy voting. Please read it carefully.

We look forward to your participation in the annual meeting process.

Sincerely,

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

COLONY BANKCORP, INC.

Post Office Box 989

115 South Grant Street

Fitzgerald, Georgia 31750

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

May 23, 2017

To the shareholders of Colony Bankcorp, Inc.:

Notice is hereby given that the annual meeting of shareholders (the "annual meeting") of Colony Bankcorp, Inc. (the "Company") will be held at Colony Bankcorp, Inc. Corporate Offices at 115 South Grant Street, Fitzgerald, Georgia on Tuesday, May 23, 2017 at 2:00 p.m., local time, for the following purposes:

1. To elect 6 directors for a term of one (1) year;
2. To solicit an advisory (non-binding) vote approving the Company's executive compensation;
3. To ratify the appointment of the Company's independent registered public accounting firm;
4. To transact any other business that may properly come before the annual meeting or any other adjournment or postponement thereof

The close of business on March 31, 2017 has been fixed as the record date for the determination of shareholders entitled to notice of, and to vote at, the annual meeting or any adjournment or postponement thereof. Only shareholders of record at the close of business on the record date are entitled to notice of, and to vote at, the annual meeting.

Shareholders may receive more than one proxy because of shares registered in different names or addresses. Each such proxy should be marked, dated, signed and returned. Please check to be certain of the manner in which your shares are registered - whether individually, as joint tenants, or in a representative capacity - and sign the related proxy accordingly.

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A complete list of shareholders entitled to vote at the annual meeting will be available for examination by any shareholder, for any purpose germane to the annual meeting, during normal business hours, for a period of at least 10 days prior to the annual meeting at the Company's corporate offices located at the address set forth above.

You are cordially invited to attend the annual meeting. Whether or not you plan to attend, please mark, date and sign the enclosed proxy and mail it promptly in the enclosed postage-paid envelope. You may revoke your proxy at any time prior to its exercise by written notice to the Company prior to the meeting or by attending the meeting personally and voting. Returning your proxy does not deprive you of your right to attend the annual meeting and vote your shares in person.

More detailed information regarding the matters to be acted upon at the special meeting is contained in the proxy statement accompanying this notice.

By Order of the Board of Directors

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

Fitzgerald, Georgia

April 21, 2017

COLONY BANKCORP, INC.

Post Office Box 989

115 South Grant Street

Fitzgerald, Georgia 31750

PROXY STATEMENT

FOR

ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD

May 23, 2017

This proxy statement is furnished to the shareholders of Colony Bankcorp, Inc. in connection with the solicitation of proxies by its Board of Directors to be voted at the 2017 Annual Meeting of Shareholders and at any adjournments thereof (the "Annual Meeting"). The Annual Meeting will be held on Tuesday, May 23, 2017, at Colony Bankcorp, Inc. Corporate Offices at 115 South Grant Street, Fitzgerald, Georgia, at 2:00 p.m. local time.

The approximate date on which this proxy statement and the accompanying proxy card are first being sent or given to shareholders is April 21, 2017.

As used in this proxy statement, the terms "Colony Bankcorp," "Company," "Colony," "we," "our" and "us" all refer to Colony Bankcorp, Inc. and its subsidiary.

Notice Regarding The Internet Availability Of Proxy Materials

We have posted materials related to the 2017 Annual Meeting on the Internet. The following materials are available on the Internet at <http://materials.proxyvote.com/19623P>:

This proxy statement for the 2017 annual meeting, Colony's 2016 annual report to shareholders, and Colony's annual report on Form 10-K for the year ended December 31, 2016, and filed with the Securities and Exchange Commission.

VOTING

General

The securities which can be voted at the Annual Meeting consist of Colony Bankcorp's \$1.00 par value common stock ("Colony Bankcorp stock"), with each share entitling its owner to one vote on each matter submitted to the shareholders. The record date for determining the holders of Colony Bankcorp stock who are entitled to notice of and to vote at the Annual Meeting is March 31, 2017. On the record date, 8,439,258 shares of Colony Bankcorp stock were outstanding and eligible to be voted.

Quorum and Vote Required

The presence, in person or by proxy, of a majority of the outstanding shares of Colony Bankcorp stock is necessary to constitute a quorum at the Annual Meeting. In determining whether a quorum exists at the Annual Meeting for purposes of all matters to be voted on, all votes “for” or “against” as well as all abstentions (including votes to withhold authority to vote) will be counted.

In voting for the proposal to elect six directors (Proposal No. 1), you may vote in favor of all nominees or withhold your votes as to all or as to specific nominees. The vote required to approve Proposal No. 1 is governed by Georgia law and is a plurality of the votes cast by the holders of shares entitled to vote, provided a quorum is present. Elections determined using a plurality vote will result in the election of those individuals who receive the most votes, regardless of whether any such individual obtains a majority of votes cast. Any other matter which may be submitted to shareholders at the Annual Meeting will be determined by a majority of the votes cast at the Annual Meeting, excluding abstentions, votes withheld, and broker non-votes, which will not be counted and will have no effect.

In voting on the proposal to approve the advisory (non-binding) vote on executive compensation (Proposal No. 2), you may vote for or against the proposal or abstain. The proposal will be deemed approved if a majority of the votes cast at the Annual Meeting are voted for Proposal No. 2, excluding abstentions, votes withheld, and broker non-votes, which will not be counted and will have no effect. The vote is advisory, and will not be binding upon the directors.

In voting on the proposal to approve the ratification of the Company’s independent registered public accounting firm (Proposal No. 3), you may vote for or against the proposal or abstain. The proposal will be deemed approved if a majority of the votes cast at the Annual Meeting are voted for Proposal No. 3, excluding abstentions, votes withheld, and broker non-votes, which will not be counted and will have no effect.

As of March 31, 2017 our directors and executive officers held 1,102,971 shares of Colony Bankcorp stock, or approximately 13.07% of all outstanding stock, and we believe that all of those shares will be voted in favor of all proposals.

Proxies

All properly executed proxy cards delivered pursuant to this solicitation and not revoked will be voted at the Annual Meeting in accordance with the directions given. In voting by proxy with regard to the election of directors, you may vote in favor of all nominees, withhold your votes as to all nominees or withhold your votes as to specific nominees.

You should specify your choices on the proxy card. **If no specific instructions are given with regard to the matters to be voted upon, the shares represented by a signed proxy card will be voted “for” the proposals listed on the proxy card.** If any other matters properly come before the Annual Meeting, the persons named as proxies will vote upon such matters according to their judgment.

All proxy cards delivered pursuant to this solicitation are revocable at any time before they are voted by giving written notice to our Secretary, Terry L. Hester, at 115 South Grant Street, Fitzgerald, Georgia 31750, by delivering a later dated proxy card, or by voting in person at the Annual Meeting.

All expenses incurred in connection with the solicitation of proxies will be paid by us. Solicitation may take place by mail, telephone, telegram, or personal contact by our directors, officers, and regular employees of the Company without additional compensation. The Annual Report of the Company for the year 2016, which includes the Audited Consolidated Financial Statements and accompanying Notes and Managements' Discussion and Analysis of Financial Condition and Results of Operations, accompanies this proxy statement.

BUSINESS OF THE COMPANY

Colony Bankcorp, Inc. (the "Company") is a Georgia business corporation which was incorporated on November 8, 1982. The Company was organized for the purpose of operating as a bank-holding company under the Federal Bank Holding Company Act of 1956, as amended, and the bank holding company laws of Georgia. From 1984 through 2008, the Company engaged in a series of mergers and acquisitions that resulted in the Company's ownership of seven banking subsidiaries and one non-bank subsidiary. In 2008, the Company effected a merger (the "Merger") of its subsidiary banks [and non-bank subsidiary] into one surviving bank, Colony Bank of Fitzgerald, which it renamed Colony Bank (the "Bank").

The Company conducts a general full service commercial, consumer and mortgage borrowing business through twenty-eight offices located in the central, south and coastal Georgia cities of Albany, Ashburn, Broxton, Centerville, Columbus, Cordele, Douglas, Eastman, Fitzgerald, Leesburg, Moultrie, Quitman, Rochelle, Savannah, Soperton, Statesboro, Sylvester, Thomaston, Tifton, Valdosta and Warner Robins.

Because the Company is a bank-holding company, its principal operations are conducted through its subsidiary bank. It has 100% ownership of its subsidiary and maintains systems of financial, operational and administrative controls that permit centralized evaluation of the operations of the subsidiary bank in selected functional areas including operations, accounting, marketing, investment management, purchasing, human resources, computer services, auditing, compliance and credit review.

Responsibility for management of the Bank remains with the Bank's Board of Directors and officers. Services rendered by the Company are intended to assist bank management and to expand the scope of available banking services.

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

Employees

As of December 31, 2016, the Company and its subsidiaries employed 333 employees, 318 of which were full-time employees.

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PROPOSAL NO. 1

ELECTION OF DIRECTORS

Our Board of Directors consists of seven members, five of whom are non-employee directors. The Company's bylaws provide that the Board of Directors shall consist of not less than three nor more than twenty-five persons, with the exact number to be fixed and determined from time to time by resolution of the Board of Directors, or by resolution of the shareholders at any annual or special meeting of shareholders.

The Board of Directors has voted that the Board consist of six members for the Company's 2017 fiscal year.

B. Gene Waldron announced his retirement from the board effective May 23, 2017 and as such will not be included as a nominee this year. The Company is appreciative of the years he served and his contribution as a director.

The Nomination Committee, consisting of independent directors B. Gene Waldron, Jonathan W.R. Ross and Mark Massee, recommended to the full Board a slate of directors for consideration in the shareholders proxy for the Annual Meeting. The Board of Directors, based on the Nomination Committee recommendations, has nominated the following persons for submission to the shareholders for election for a one-year term expiring at the 2018 annual meeting:

Scott L. Downing	Edward P. Loomis, Jr.
M. Frederick Dwozan, Jr.	Mark H. Massee
Terry L. Hester	Jonathan W. R. Ross

Each of the nominees is currently a director.

The Board of Directors recommends that you vote "FOR" the proposal to elect the six nominees names above.

Each of the nominees has consented to serve if elected. If any nominee should be unavailable to serve for any reason, the Board may designate a substitute nominee (in which event the persons named as proxies will vote the shares represented by all valid proxy cards for the election of such substitute nominee), allow the vacancy to remain open until a suitable candidate is located, or reduce the number of directors.

Information as of December 31, 2016 about each of the nominees is set forth below. Their ownership of Colony Bankcorp stock is set forth in the table on page twelve.

Directors and Nominees

Scott L. Downing. Mr. Downing, age 45, is the President of SDI Investments. He is very active in community affairs and currently serves on the Ben Hill County Hospital Foundations Board. Mr. Downing has served as Ben Hill County Commissioner and Chairman of ACCG for Economic Development. He previously served as a Director of the Colony Bank Fitzgerald charter until the merger in 2008 and has served as an advisory board member of Colony Bank Fitzgerald office since 2008. Mr. Downing has been a Director of The Company since January 2012.

The Board of Directors believes that Mr. Downing's broad business background dealing with regulatory issues and bank board experience will provide invaluable expertise in oversight and setting policy for the Company and makes him an excellent candidate for Director of the Company.

M. Frederick Dwozan, Jr. Mr. Dwozan, age 67, is the President/CEO/Owner of Hospice Care Options, I.V. Care Options, D&B Homecare, and Prescription Shop. These entities employ over 125 employees and provide care to critically ill patients with home IV therapy, nutritional support, pain and disease management, hospice care, and medical equipment in 93 Georgia counties. He previously served as a Director of Colony Bank Dodge until the merger in 2008 and has served as an advisory board member of Colony Bank Dodge office since 2008. Mr. Dwozan has been a Director of the Company since January 2012.

The Board of Directors believes that Mr. Dwozan's broad business and bank board experience will provide invaluable expertise in oversight and setting policy for the company and makes him an excellent candidate for Director of the Company.

Terry L. Hester. Mr. Hester, age 62, has been Executive Vice President and Chief Financial Officer of the Company since June 1994 and Secretary of the Company since May 2003. He also served as Acting President and Chief Executive Officer from June 1993 to June 1994 and has served as Treasurer since 1982. Mr. Hester has served as a Director of Colony Bank since the Merger. He previously served as a Director of Colony Bank Wilcox and Quitman charters until the Merger and has served as an advisory board member of Colony Bank Wilcox and Quitman offices since 2008. Mr. Hester has been a Director of the Company since March 1990.

The Board of Directors believes that Mr. Hester's experience as an accountant and his experience in the banking industry makes him an excellent candidate for Director of the Company.

Edward P. Loomis, Jr. Mr. Loomis, age 63, has served as Director, President and Chief Executive Officer of the Company since May 2012. Mr. Loomis is an experienced executive officer and has over thirty years of experience in the banking industry. From 2005 to 2006, Mr. Loomis served as the Interim President and Chief Executive Officer of Rivoli Bank & Trust located in Macon, Georgia. He served from 2008 to 2009 as the Chief Operating Officer of Atlantic Southern Bank located in Macon, Georgia. From 2009 to 2011, Mr. Loomis served as Atlantic Southern Bank's President and Chief Executive Officer. Mr. Loomis has also served as a Director of Colony Bank since May 2012.

The Board of Directors believes that Mr. Loomis' background in executive leadership roles and his experience in the banking industry makes him an excellent candidate for Director of the Company.

Mark H. Masee. Mr. Masee, age 63, is President of Masee Builders, Inc. Mr. Masee has been affiliated with this commercial building construction firm since its organization in 1978. Mr. Masee presently serves as Mayor of the City of Fitzgerald. He has served as Director of Colony Bank since 1996. Mr. Masee has been a Director of the Company since February 2007 and served as Vice Chairman of the Board from June 2013 until June 2016. Mr. Masee has served as Chairman of the Board since June 2016.

The Board of Directors believes that Mr. Masee's experience in commercial real estate and management makes him an excellent candidate for Director of the Company.

Jonathan W.R. Ross. Mr. Ross, age 53, is President of Ross Construction Company, a heavy highway commercial construction company that Mr. Ross has operated for the past fourteen years. Mr. Ross has served as a Director of the Company since the Merger. He previously served as a Director of the Colony Bank Worth charter until the merger in 2008 and has served as an advisory board member of Colony Bank Sylvester office since 2008. Mr. Ross has been a Director of the Company since May 2007.

The Board of Directors believes that Mr. Ross' business and management experience makes him an excellent candidate for Director of the Company.

No director named herein has a family relationship with any of the other directors or executive officers. Each director serves until the Annual Meeting following his election or until such later time as his successor is elected and qualifies or there is a decrease in the number of directors.

Executive Officers

Edward P. Loomis, Jr., Terry L. Hester, Edward Lee Bagwell, III, J. Stan Cook M. Eddie Hoyle, Jr. and Lee A. Northcutt are executive officers of the Company. Messrs. Loomis and Hester were previously reported on as nominees for election as directors.

Mr. Bagwell, age 49, has served as Senior Vice President and Chief Credit Officer since October 18, 2016. Mr. Bagwell joined the Company on June 30, 2003 as a commercial lender and in-house legal counsel with Colony Bank Southeast. Beginning in 2008 he served as the Company's in-house legal counsel and was in charge of the Bank's special assets. Prior to that time, Mr. Bagwell was in the private practice of law in Douglas, Georgia.

Mr. Cook, age 55, has served as Executive Vice President and Chief Operating Officer since May 24, 2016. Prior to his promotion, Mr. Cook served as the Company's Director of Operations. Mr. Cook joined the Company on July 23, 2012 as a member of the Company's senior management team. Prior to that time, Mr. Cook served as the Chief Regional Executive of Atlantic Southern Bank, which he joined in 2006.

Mr. Hoyle, age 59, has had primary responsibility for overseeing Colony Bank's west region since joining Colony Bank in February 2011. In this role, he has served as Executive Vice President and West Regional Banking Executive Officer since June 2011. Prior to joining the Company, Mr. Hoyle was employed by Habersham Bank for approximately ten years and most recently served as Senior Vice President/Commercial Lending. He has been in the banking industry since March 1979.

Mr. Northcutt, age 58, has served as Executive Vice President and East Regional Banking Officer since December 2009. He previously served as an executive officer with Farmers and Merchants Bank, Lakeland, Georgia from 2003 to December 2009 and as City President of Main Street Bank, Covington, Georgia from 2000 to 2003. He has approximately thirty-eight years banking background.

Executive officers do not hold office for a fixed term but may be removed by the Board of Directors with or without cause. No executive officer named herein has a family relationship with any of the other directors or executive officers. As of December 31, 2016, the Company did not have any employment or change-in-control agreements with any of the named executive officers. On March 27, 2015, the Company entered into retention agreements with each of the named executive officers except Bagwell, the material terms of which are described in the Company's Current Report on Form 8-K filed with the SEC on March 27, 2015. Mr. Bagwell entered into a retention agreement on October 18, 2016, the material terms of which are described in the Company's current report on form 8-K filed with the SEC on October 18, 2016.

Governance of the Company

Our Board of Directors believes that the purpose of corporate governance is to ensure that shareholder value is maximized in a manner consistent with legal requirements and the highest standards of integrity. The Company, through its Board of Directors and management, has long sought to meet the highest standards of corporate governance. The Board has adopted and adheres to corporate governance guidelines which the Board and senior management believe promotes this purpose, are sound and represent best practices. We continually review these governance practices, Georgia law (the law of the state in which we are incorporated), the rules and listing standards of the NASDAQ Stock Market, and the Securities and Exchange Commission (“SEC”) regulations, as well as best practices suggested by recognized governance authorities.

Currently, our Board of Directors has seven members, all of whom meet the NASDAQ standard for independence with the exception of Messrs. Hester and Loomis. Following the Annual Meeting, the Board of Directors will consist of six members, of which four members will meet the NASDAQ standard for independence. Only independent directors serve on our Audit Committee, Governance Committee, Compensation Committee and Nomination Committee.

In June 2016 the Board of Directors appointed Mark H. Masee as Chairman. Mr. Masee previously served as Vice Chairman. In this capacity Mr. Masee has frequent contact with Mr. Loomis and other members of management on a broad range of matters and has additional corporate governance responsibilities for the Board. The Board of Directors has determined that Mr. Masee meets the rules of NASDAQ standard for independence. Prior to Mr. Masee’s appointment, Mr. B. Gene Waldron served as Chairman from January 2012 until June 2016.

In assessing potential directors for our Board, we look for candidates who possess a wide range of experience, skills, areas of expertise, knowledge and business judgment. A director candidate should also have demonstrated superior performance or accomplishments in his or her professional undertakings.

Our Board of Directors conducts regular meetings, generally on a monthly basis, and also conducts some of its business through the six committees described below. It met twelve times during 2016. The Company does not have a formal policy regarding director attendance at the Company’s Annual Meeting. However, directors are encouraged to attend, and each director attended at least 75% of the meetings of the full Board and of the committee or committees on which he serves. In addition, all directors were in attendance at the 2016 Annual Meeting.

Leadership Structure of the Board

In accordance with the Company's Bylaws, the Board of Directors elects our Chief Executive Officer and our Chairman, and each of these positions may be held by the same person or may be held by two persons. Currently, Mark H. Massee serves as both Chairman of the Company and the Bank and Edward P. Loomis, Jr. serves as both President and Chief Executive Officer of the Company and the Bank. The Board of Directors believes that separating the Chairman and Chief Executive Officer roles fosters clear accountability, effective decision-making, and alignment on corporate strategy and provides an effective leadership model for the Company. In light of the active involvement by all independent directors, the Board of Directors has not specified a lead independent director at this time. The Board of Directors believes that the current structure of the Board of Directors is appropriate to effectively manage the affairs of the Company and the best interests of the Company's stockholders.

Board's Role in Risk Oversight

The Board of Directors is actively involved in oversight of risks that could affect the Company and the Bank. This oversight is conducted primarily through committees of the Board, as disclosed in the descriptions of each of the committees below, but the full Board has retained responsibility through full reports by each committee chair regarding the committee's considerations and actions, as well as through regular reports directly from officers responsible for oversight of particular risks within the Company and the Bank.

Committees of the Board of Directors

The Executive Committee is appointed by the Chairman of the Board of Directors of the Company, subject to election by the full Board. The purpose of the Executive Committee is to conduct necessary business and make decisions on behalf of the full Board between regular Board meetings. Mr. Loomis, Mr. Waldron, Mr. Downing, Mr. Ross, and Mr. Masee were members of this committee during the year. The committee met twice in 2016.

The Compensation Committee is appointed by the Chairman of the Board of Directors of the Company, subject to approval by the full Board. The purpose of the Compensation Committee is to ensure that the Chief Executive Officer, other executive officers and key management of the Company are compensated effectively in a manner consistent with the compensation strategy of the Company, internal equity considerations, competitive practice, and any requirements of appropriate regulatory bodies; to establish guidelines and oversee the administration of executive compensation plans and arrangements as well as certain employee benefit plans, and to recommend any changes to the Director's compensation package. The Compensation Committee does not use the services of a compensation consultant. The Chief Executive Officer makes recommendations to the Compensation Committee on executive compensation except for his own compensation. The Compensation Committee does not delegate its authority to other persons or groups. Mr. Downing, Mr. Masee, Mr. Waldron and Mr. Ross were members of this committee during the year. As of December 31, 2016, the members of the Compensation Committee met the independence requirements of the Company's Corporate Governance Guidelines and the rules of NASDAQ. The committee met three times during the year. The Compensation Committee operates under the Governance, Compensation, and Nomination Committees Charter which is attached as Exhibit A. The Charter was not amended in 2016. The Charter is not available on the Company's website. For more information regarding the Compensation Committee's processes and procedures for the consideration and determination of executive compensation, see the "Compensation Discussion and Analysis" below.

The Governance Committee is appointed by the Chairman of the Board of Directors of the Company, subject to election by the full Board. The purpose of the Governance Committee is to take a leadership role in shaping the corporate governance of the Company, to develop and recommend to the Board a set of corporate governance guidelines and to address committee structure and operations. Mr. Dwozan, Mr. Ross, Mr. Waldron and Mr. Masee were members of this committee during the year. As of December 31, 2016 the members of the Governance Committee met the independence requirements of the Company's Corporate Governance Guidelines and the rules of

NASDAQ. The committee met one time during the year. The Governance Committee operates under the Governance, Compensation, and Nomination Committees Charter, which is attached as Exhibit A. The Charter was not amended in 2016.

The Asset-Liability Management Committee is appointed by the Chairman of the Board of Directors of the Company, subject to election by the full Board. The purpose of the Asset-Liability Management Committee is to monitor all aspects of the Company's Asset/Liability Management functions as set forth in the Company Asset/Liability Management Policy. Mr. Hester, Mr. Dwozan, Mr. Waldron and Mr. Masee were members of this committee during the year. The committee met four times during the year.

The Nomination Committee is appointed by the Chairman of the Board of Directors of the Company, subject to election by the full Board. The purpose of the Nomination Committee is to make recommendations to the Board on qualifications and selection criteria for Board members and review the qualifications of potential candidates for the Board and to make recommendations to the Board on nominees to be elected at the Annual Meeting of Stockholders. Mr. Ross, Mr. Waldron and Mr. Masee were members of this committee during the year. Each of the members of the Committee was deemed independent as defined in the listing standards of NASDAQ. The Committee does not currently have a policy or process for identifying and evaluating nominees. However, in addition to meeting the qualification requirements set forth by the Georgia Department of Banking & Finance, a possible director-candidate must also meet the following criteria to be considered by the Nominating Committee: independence; highest personal and professional ethics and integrity; willing to devote sufficient time to fulfilling duties as a Director; impact on the diversity of the Board's overall experience in business, government, education, technology and other areas relevant to the Company's business; impact on the diversity of the Board's composition in terms of age, skills, ethnicity and other factors relevant to the Company's business; and number of other public company boards on which the candidate may serve (generally, should not be more than three public company boards in addition to the Company). The Nomination Committee operates under the Governance, Compensation, and Nomination Committees Charter, which is attached as Exhibit A. The Charter is not available on the Company's website. The Charter was not amended in 2016. The Committee does not currently have a policy with regard to the consideration of any director candidates recommended by shareholders. The Board of Directors has determined such a policy has been unnecessary in the past and will charge the Nomination Committee to evaluate the appropriateness of developing such a policy in the coming year. The committee met one time during 2016.

The Audit Committee is appointed by the Chairman of the Board of Directors of the Company, subject to election by the full Board. The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities for the Company's accounting and financial reporting processes and audits of the financial statements of the Company by monitoring the integrity of the Company's financial statements, the independence and qualifications of its external auditor, the Company's system of internal controls, the performance of the Company's internal audit process and external auditor and the Company's compliance with laws, regulations and the Directors and Senior Financial Officers Code of Ethical Conduct and the Code of Conduct. Mr. Waldron, Mr. Masee, Mr. Downing, Mr. Dwozan and Mr. Ross were members of this committee during the year. None of these members have participated in the preparation of the financial statements of the Company. As of December 31, 2016, the members of the Audit Committee met the independence requirements of the Company's Corporate Governance Guidelines and the Rules of NASDAQ. The committee met eleven times during the year.

Audit Committee Charter

The Board of Directors has adopted a written charter for the Audit Committee, a copy of which is provided as Exhibit B. The Charter is not available on the Company's website. The Board of Directors reviews and approves changes to the Audit Committee charter annually. The Charter was not amended in 2016.

Independence of Audit Committee Members

The Company's Audit Committee is comprised of Mark H. Masee, Freddie Dwozan, Jr., Jonathan W.R. Ross and Scott L. Downing. Each of these members meets the requirements for independence as defined by the applicable listing standards of NASDAQ and SEC regulations applicable to listed companies. In addition, the Board of Directors has determined that Mr. Masee meets the NASDAQ and SEC "audit committee financial expert" standards and thus elected him to serve as the Audit Committee's "audit committee financial expert." In addition the Board of Directors has determined the financial acumen of each member of the Audit Committee to be very strong and capable of satisfactorily discharging their duties and responsibilities to the Board of Directors and the shareholders.

Audit Committee Report

The Audit Committee reports as follows with respect to the audit of the Company's 2016 audited consolidated financial statements.

The Committee has reviewed and discussed the Company's 2016 audited consolidated financial statements with the Company's management;

The Committee has discussed with the independent auditors, McNair, McLemore, Middlebrooks, & Co., LLC, the matters required to be discussed by Auditing Standard 16, *Communications with Audit Committees*, which include, among other items, matters related to the conduct of the audit of the Company's consolidated financial statements;

The Committee has received written disclosures and the letter from the independent auditors required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the Committee concerning independence and discussed with the auditors the auditors' independence from the Company and its management; and

Based on review and discussions of the Company's 2016 audited consolidated financial statements with management and discussions with the independent auditors, the Audit Committee recommended to the Board of Directors that the Company's 2016 audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for filing with the Securities and Exchange Commission.

March 10, 2017

AUDIT COMMITTEE:

Scott L. Downing
 Mark H. Massee
 Jonathan W.R. Ross
 Freddie Dwozan, Jr.

STOCK OWNERSHIP

Security Ownership of Certain Beneficial Owners

As of March 31, 2017, the Company's records and other information from outside sources indicated the following were beneficial owners of more than five percent of the outstanding shares of the Company's common stock:

<u>Name and Address</u>	Shares Beneficially Owned	Percent of Class
Robert Sidney Ross (1) P.O. Box 644 Ocilla, Georgia 31774	1,165,839	13.81 %
B. Gene Waldron P.O. Box 1265 Douglas, Georgia 31534	633,884	7.51 %
Tontine Asset Management, LLC 1 Sound Shore Drive, Suite 304 Greenwich, Connecticut 06830-7251	474,185	5.62 %

(1) Includes 1,026,029 shares held by Robert Sidney Ross; 139,302 shares held by family trusts; and 508 shares held by spouse. Mr. Ross disclaims beneficial ownership of those shares held by family trusts and held by spouse.

Directors and Executive Officers

The following table sets forth information as of March 31, 2017 regarding the ownership of The Company stock by each The Company director (including nominees for director) and by the named executive officers of The Company and its subsidiaries, and by all directors and executive officers as a group.

<u>Name</u>	Shares Beneficially Owned (1)	Percent of Class	
Scott L. Downing Director	9,308	0.11	%
M. Frederick Dwozan, Jr Director	27,904	0.33	%
Terry L. Hester Director; Executive Officer	122,179	1.45	%
Edward P. Loomis, Jr Director; Executive Officer	40,000	0.47	%
Mark H. Masee Director	60,464	0.72	%
Jonathan W.R. Ross Director	186,648	2.21	%
B. Gene Waldron Director	633,884	7.51	%
Edward Lee Bagwell, III Executive Officer	4,807	0.06	%
J. Stan Cook Executive Officer	3,443	0.04	%
M. Eddie Hoyle, Jr Executive Officer	4,334	0.05	%
Lee A. Northcutt Executive Officer	10,000	0.12	%
All directors and executive officers as a group (11 persons)	1,102,971	13.07	%

(1) Includes shares owned by spouses and minor children of officers and directors, as well as shares owned by trusts or businesses in which officers and directors have a significant interest. The information contained herein shall not be construed as an admission that any such person is, for purposes of Section 13(d) or Section 13(g) of the Securities Exchange Act of 1934, the beneficial owner of any securities not held of record by that person or entity.

EXECUTIVE COMPENSATION**2016 SUMMARY COMPENSATION TABLE**

The table below summarizes the total compensation paid or earned by cash of the named executive officers for the fiscal years ended December 31, 2016, 2015 and 2014.

Name and Principal Position	Year	Salary (\$)	All Other Compensation (\$)(1)	Total (\$)
Edward P. Loomis, Jr.	2016	\$265,170	\$ 21,364	\$286,534
President and Chief Executive Officer of the Company	2015	259,577	20,508	280,085
	2014	263,942	20,376	284,318
Terry L. Hester	2016	\$203,670	\$ 20,111	\$223,781
Executive Vice President and Chief Financial Officer of the Company	2015	198,437	19,451	217,888
	2014	201,340	19,310	220,650
M. Eddie Hoyle, Jr.	2016	\$163,889	\$ 9,825	\$173,724
Executive Vice President and West Regional Executive Banking Officer	2015	159,985	9,644	169,629
	2014	161,826	8,661	170,487
Lee A. Northcutt	2016	\$162,156	\$ 9,231	\$171,387
Executive Vice President and East Regional Executive	2015	157,885	9,758	167,643
	2014	159,802		