TNB
Thomasville
National Bank

KEEPING THE PROMISE

CELEBRATING OUR 20TH YEAR

2015 ANNUAL REPORT

OUR MISSION

The mission of Thomasville Bancshares, Inc., is to operate a sound and profitable company while serving the banking needs of the Thomasville/Thomas County community. We will strive to protect our customers' deposits, meet their credit needs, and promote economic development throughout the community, while consistently generating strong returns on our shareholders' investment. We will employ the best people and provide an environment that encourages them to be decision makers and problem solvers. We intend to make Thomasville and Thomas County a better place to live and do business because Thomasville Bancshares, Inc., is part of the community.



KEEPING THE PROMISE

TABLE OF CONTENTS

LETTER TO SHAREHOLDERS	2
FINANCIAL HIGHLIGHTS	8
CONSOLIDATED STATEMENTS	
BALANCE SHEETS	12
STATEMENTS OF INCOME	13
COMPREHENSIVE INCOME	14
STATEMENTS OF STOCKHOLDERS' EQUITY	15
STATEMENTS OF CASH FLOW	16
BOARD OF DIRECTORS AND OFFICERS	17



left:
STEPHEN H. CHENEY
CEO

right:
CHARLES H. HODGES III
TNB / PRESIDENT

TO OUR SHAREHOLDERS

Twenty years ago Thomasville National Bank opened its doors. It was with much excitement and anticipation that we proudly brought “Community Banking” back to Thomasville. When we were forming the bank we had many conversations with potential shareholders and customers. Naturally, they had a lot of questions. While we could not guarantee them that the bank would be successful, we did make some promises that we vowed to keep.

These promises have become our guiding principles.

- We promised to keep “common sense” in, and bureaucracy out of, our business.

- We promised to hire the best bankers and empower them to be decision makers and problem solvers at every level.

- We promised that we would be creative and make loans to individuals and businesses in our community, often when our competitors wouldn’t, and that we would stick by our customers when times got tough.

- We promised that we would not make our customers choose between great personal service or the latest technology. We would offer both, always!

- We promised to build a bank that would last, rather than build it up and “sell out”, which was so often the case with new banks.

- Finally, we promised to work as hard as we could every day to make TNB the best bank in Georgia.

NOW, TWENTY YEARS LATER WE ARE PROUD TO SAY "PROMISES KEPT".

We do have a "common sense" driven bank, which is extremely rare in banking these days. Our team of over 80 bankers is talented and motivated, and all are decision makers. We love for our customers to come into the bank so we can assist them face to face, but our technology also enables them to conduct all of their banking business without ever stepping foot in the bank if they so choose.

Over the past twenty years we have loaned over $2 billion dollars to families and businesses in our community. In the past five years we have averaged over $168 million in new loans annually. Our customers learned first-hand that we would stick by them in tough times during the economic downturn and subsequent banking crisis.

We are very proud that TNB has been named Georgia's top performing bank five times in the Georgia Bank Performance Report and that American Banker Magazine recently named TNB one of the Top Ten Community Banks in America.

2015 FINANCIAL PERFORMANCE

We are pleased to report that 2015 was our best year ever with record growth in Loans, Deposits, and Earnings. Below is a recap of our year:

EARNINGS

Net income for the year was $9,683,513 compared to $8,416,136 in 2014, an increase of 15%. Return on average assets was 1.42% and return on equity was 16.5%. Key factors leading to this solid earnings performance were an improved net interest margin, excellent loan growth, minimal loan losses, continued efficiency and a strong contribution from our investment division, TNB Financial.

GROWTH

The bank continues to experience excellent growth. Total assets at year-end were $753,544,155, an increase of $103,346,906 or 15.9% for the year.
We continue to attract quality borrowers, which resulted in $60.1 million in net loan growth for the year, bringing total loans outstanding to $611,249,177. Our ability to quickly respond to our customers' loan requests with a common sense approach clearly sets us apart from our competitors. This has enabled us to achieve significant growth while maintaining our high credit standards. We also had a record year in new account openings. During 2015 we opened 1,896 new deposit accounts, further evidence that our customers want a sound bank with exceptional personal service and the latest banking technology.

CREDIT QUALITY

Credit quality continues to be one of our bank's greatest strengths. It has certainly been tested in recent years. However, past due loans, non-performing loans, and charge-offs all continue to have positive trends and compare favorably with our peers. In addition, we continue to build our loan loss reserve for potential future loan losses. At year end our reserve for loan loss was $12,777,630 or 2.10% of outstanding loans. During 2015, we expensed $1,800,000 to the reserve even though net charge offs were only $22,706.

CAPITAL

The bank remains well-capitalized with total capital of $57,819,868 at year end. Our leverage ratio (Tier 1 Capital to average assets) was 7.68%, well above the minimum regulatory guidelines of 5% for well-capitalized banks. Total capital to risk-weighted assets at year-end was 11.84%, again above the ratio of 10% for well-capitalized banks. While the bank has grown rapidly, retained earnings have been sufficient to keep the bank well-capitalized without diluting existing shareholders.

TNB FINANCIAL

We are extremely pleased with the continued contribution of our trust and investment division, TNB Financial Services. During 2015, a combination of strong investment performance and geographical expansion enabled us to grow to handle over $1.7 billion in trust, investment management, custodial and brokerage assets. We believe TNB Financial, and its successful integration with the bank, is our "secret weapon" that allowed us to generate over $7 million in additional annual revenue and significantly improve the profitability of the bank.

RETURN TO SHAREHOLDERS

While we are very proud of our financial performance, none of this is meaningful if you as a shareholder are not rewarded. We are pleased to report that the Company's stock price increased 145% over the past three years. Our dividend was increased for the fifteenth consecutive year in 2015 to $.75 per share, which represented a dividend yield of 2.61%.

INVESTING IN THE FUTURE

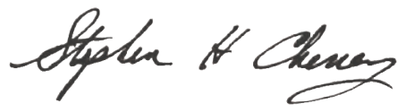
While we certainly understand the importance of generating strong current earnings, we know we must also make appropriate investments for the future. In recent years we have added talented young bankers to our team and made sure they have the best training possible. We also continue to invest heavily in technology to make sure the products and services we offer our customers are second to none. Finally, we also continue to invest in enhanced security tools to ensure the privacy and safety of our customers' financial information.

CONTINUING THE PROMISE

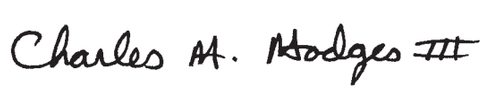
A lot has changed since TNB opened its doors twenty years ago. We experienced one of the worst economic downturns in our nation's history, which caused major consolidation in our industry. In fact, the number of banks has decreased by almost 50%. As a result, the regulatory burden has increased significantly. Banking technology has also changed rapidly. Our customers now have access to banking technology that we could never have dreamed of even five years ago. These dynamics have made some so-called experts conclude that banks like TNB are a thing of the past. We strongly disagree!

We believe that customers have a thirst for common sense, transparent banking where they are able to talk directly with the decision makers, and they are treated as a person not a number. Unfortunately, this type of service has become very rare, not only in banking but in most aspects of their lives. Quite frankly, we like being different. We believe the things that differentiate TNB from our competitors are greater today than they were in 1995 or at any time over the past twenty years. We made some promises twenty years ago and are making those same promises today. They are our guiding principles and will enable us to continue providing outstanding results for our customers, shareholders and our community.

In closing, we thank you for supporting the Company both as shareholders and customers. As always, we remind you that the best way to enhance your investment is to do business with Thomasville National Bank and TNB Financial, while encouraging others to do so as well.



STEPHEN H. CHENEY
CEO



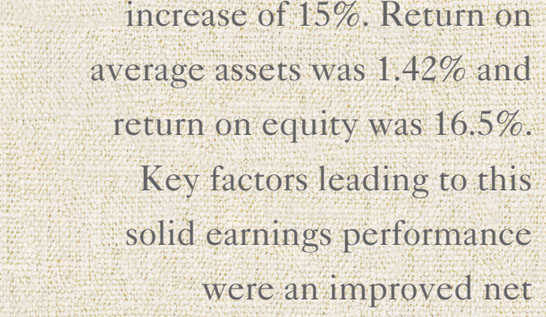
CHARLES H. HODGES III
TNB/PRESIDENT

2015 | FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

Net income for the year was $9,683,513 compared to $8,416,136 in 2014, an increase of 15%. Return on average assets was 1.42% and return on equity was 16.5%. Key factors leading to this solid earnings performance were an improved net interest margin, excellent loan growth, minimal loan losses, continued efficiency and a strong contribution from our investment division, TNB Financial.

NET INCOME



TOTAL ASSETS	**15**	**$**	**753,544,155**
	14	$	650,197,249
	13	$	592,774,555
	12	$	519,190,887
	11	$	460,875,365
	10	$	434,148,817
	09	$	384,225,509
TOTAL DEPOSITS	**15**	**$**	**672,194,648**
	14	$	558,898,259
	13	$	530,282,119
	12	$	457,761,801
	11	$	404,710,308
	10	$	382,862,379
	09	$	330,348,137
TOTAL LOANS	**15**	**$**	**611,249,177**
	14	$	551,143,531
	13	$	485,164,214
	12	$	451,101,595
	11	$	400,812,772
	10	$	357,268,957
	09	$	323,349,184
NET INCOME	**15**	**$**	**9,683,513**
	14	$	8,416,136
	13	$	7,220,115
	12	$	5,711,119
	11	$	5,000,312
	10	$	4,155,509
	09	$	3,598,053
EARNINGS PER SHARE*	**15**	**$**	**1.60**
	14	$	1.42
	13	$	1.24
	12	$	.98
	11	$	.87
	10	$	.72
	09	$	.63

* Adjusted for Stock Split

FOR THE YEARS ENDED DECEMBER 31,	**2015**	**2014**	**2013**
FOR THE YEAR			
Total Revenue	**$ 35,498,752**	$ 31,494,178	$ 28,190,711
Net Income	**$ 9,683,513**	$ 8,416,136	$ 7,220,115
Common Dividend Paid	**$ 4,416,058**	$ 3,774,543	$ 3,403,170
Preferred Dividend Paid	**$ 283,737**	$ 249,863	$ 233,585
Book Value Per Share**	**$ 9.36**	$ 8.57	$ 7.82
PER COMMON SHARE*			
Net Income-Basic	**$ 1.60**	$ 1.42	$ 1.24
Net Income-Diluted	**$ 1.48**	$ 1.30	$ 1.14
Common Stock Closing Price	**$ 28.75**	$ 29.50	$ 14.13
FINANCIAL RATIOS (TNB)			
Return on Average Assets	**1.42%**	1.42%	1.36%
Return on Average Equity	**16.49%**	16.75%	16.00%
Net Interest Margin	**3.72%**	3.64%	3.81%
Efficiency Ratio	**47.55%**	39.02%	39.25%
AT DECEMBER 31			
Total Assets	**$ 753,544,155**	$ 650,197,249	$ 592,774,555
Loans	**$ 611,249,177**	$ 551,143,531	$ 485,164,214
Allowance for Loan Loss	**$ 12,777,630**	$ 11,000,337	$ 9,217,585
Deposits	**$ 672,194,648**	$ 558,898,259	$ 530,282,119
Total Shareholders Equity	**$ 58,733,661**	$ 53,077,148	$ 47,393,567
Weighted Average Common Shares Outstanding	**5,862,591**	5,763,434	2,833,069
Preferred Shares Outstanding	**375,914**	382,514	193,842

* Adjusted for Stock Split
** Includes all outstanding Common and Preferred Shares

CONSOLIDATED BALANCE SHEETS

FOR THE YEARS ENDED DECEMBER 31,	2015	2014
ASSETS		
Cash and due from banks	$ 8,134,533	$ 3,279,082
Interest-bearing deposits in other banks	82,486,065	21,712,958
Federal funds sold	–	520,005
Securities available for sale, at fair value	35,213,446	57,224,970
Trading assets, at fair value	6,679,837	6,435,682
Restricted equity securities, at cost	1,751,350	2,430,050
Other equity securities, at cost	290,000	290,000
Loans	611,249,177	551,143,531
Less allowance for loan losses	12,777,630	11,000,337
Loans, net	598,471,547	540,143,194
Premises and equipment, net	7,536,907	6,747,977
Goodwill	3,372,259	3,372,259
Accrued interest receivable	2,404,108	2,082,545
Foreclosed assets	1,266,789	906,343
Other assets	5,937,314	5,052,184
	$ 753,544,155	$ 650,197,249
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Noninterest-bearing	$ 105,425,939	$ 76,745,193
Interest-bearing	566,768,709	482,153,066
Total deposits	672,194,648	558,898,259
Securities sold under agreements to repurchase	–	54,811
Federal Home Loan Bank borrowings	17,143,309	32,898,997
Junior subordinated debentures	4,124,000	4,124,000
Accrued interest payable	176,881	167,585
Other liabilities	1,171,648	976,449
Total liabilities	694,810,486	597,120,101
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock, par value $1.00; 2,000,000 shares authorized; 375,914 and 382,514 issued and outstanding	375,914	382,514
Common stock, par value $1.00; 10,000,000 shares authorized; 5,895,885 and 5,807,650 issued and outstanding	5,895,885	5,807,650
Paid-in capital	9,722,685	9,111,043
Retained earnings	42,807,503	37,823,785
Accumulated other comprehensive income (loss)	(68,318)	(47,844)
Total stockholders' equity	58,733,669	53,077,148
	$ 753,544,155	$ 650,197,249

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31,	2015	2014
INTEREST INCOME		
Interest and fees on loans	$ 26,038,456	$ 22,630,132
Interest on taxable securities	110,205	164,169
Interest on federal funds sold	–	59
Interest on deposits in other banks	86,117	57,962
	26,234,778	22,852,322
INTEREST EXPENSE		
Interest on deposits	2,531,921	2,359,502
Interest on other borrowings	490,951	318,790
	3,022,872	2,678,292
Net interest income	23,211,906	20,174,030
PROVISION FOR LOAN LOSSES	1,800,000	1,530,000
Net interest income after provision for loan losses	21,411,906	18,644,030
NONINTEREST INCOME		
Trust and investment services	7,137,247	6,417,058
Service charges on deposit accounts	566,526	619,154
Other service charges, commissions and fees	482,048	414,958
Data processing fees	320,803	304,069
Mortgage origination fees	107,763	79,857
Net gain on trading activities	244,154	465,445
Other income	405,433	341,315
	9,263,974	8,641,856
NONINTEREST EXPENSE		
Salaries and employee benefits	9,109,469	8,168,199
Equipment	846,157	780,230
Occupancy	555,045	510,362
Regulatory assessments	424,902	454,265
Data processing	798,653	827,253
Advertising and marketing	598,488	483,677
Legal and accounting	260,286	249,461
Loss on sales of securities available for sale	14,391	-
Other operating expense	2,881,770	2,784,325
	15,489,161	14,257,772
Income before income taxes	15,186,719	13,028,114
APPLICABLE INCOME TAXES	5,503,206	4,611,978
Net income	$ 9,683,513	$ 8,416,136
BASIC EARNINGS PER SHARE	$ 1.60	$ 1.42
DILUTED EARNINGS PER SHARE	$ 1.48	$ 1.30

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31,	2015	2014
NET INCOME	$ 9,683,513	$ 8,416,136
OTHER COMPREHENSIVE LOSS:		
Net unrealized holding losses on securities available for sale arising during period, net of tax benefit of $16,061 and $43,372	(29,828)	(80,548)
Reclassification adjustment for losses on sales of securities available for sale realized in net income, net of tax benefit of $5,037 and $ -	99,354	–
TOTAL OTHER COMPREHENSIVE LOSS	(20,474)	(80,548)
COMPREHENSIVE INCOME	$ 9,663,039	$ 8,335,588

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Preferred Stock		Common Stock		Paid-in	Retained	Accumulated Other Comprehensive	
	Shares	Par Value	Shares	Par Value	Capital	Earnings	Income (Loss)	Total
BALANCE, DECEMBER 31, 2013	193,842	$ 193,842	2,838,164	$ 2,838,164	$ 10,896,802	$ 33,432,055	$ 32,704	$ 47,393,567
Net income	-	-	-	-	-	8,416,136	-	8,416,136
Common stock cash dividend declared, $0.65 per share	-	-	-	-	-	(3,774,543)	-	(3,774,543)
Preferred stock cash dividend declared, $0.65 per share	-	-	-	-	-	(249,863)	-	(249,863)
Other comprehensive loss	-	-	-	-	-	-	(80,548)	(80,548)
Sale of common stock	-	-	7,899	7,899	226,520	-	-	234,419
Two for one common and preferred stock split	193,107	193,107	2,902,476	2,902,476	(3,095,583)	-	-	-
Exercise of stock options	-	-	49,650	49,650	1,019,738	-	-	1,069,388
Stock-based compensation	-	-	-	-	25,065	-	-	25,065
Repurchase and retirement of preferred stock	(4,435)	(4,435)	-	-	(116,738)	-	-	(121,173)
Issuance of restricted stock	-	-	9,461	9,461	155,239	-	-	164,700
BALANCE, DECEMBER 31, 2014	382,514	382,514	5,807,650	5,807,650	9,111,043	37,823,785	(47,844)	53,077,148
Net income	-	-	-	-	-	9,683,513	-	9,683,513
Common stock cash dividend declared, $0.75 per share	-	-	-	-	-	(4,416,058)	-	(4,416,058)
Preferred stock cash dividend declared, $ 0.75 per share	-	-	-	-	-	(283,737)	-	(283,737)
Other comprehensive loss	-	-	-	-	-	-	(20,474)	(20,474)
Sale of common stock	-	-	15,501	15,501	410,748	-	-	426,249
Exercise of stock options, net	-	-	72,734	72,734	177,689	-	-	250,423
Stock-based compensation	-	-	-	-	38,900	-	-	38,900
Repurchase and retirement of preferred stock	(6,600)	(6,600)	-	-	(177,995)	-	-	(184,595)
Issuance of restricted stock	-	-	-	-	162,300	-	-	162,300
BALANCE, DECEMBER 31, 2015	375,914	$ 375,914	5,895,885	$ 5,895,885	$ 9,722,685	$ 42,807,503	$(68,318)	$ 58,733,669

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,	2015	2014
OPERATING ACTIVITIES		
Net income	**$ 9,683,513**	$ 8,416,136
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan loss	**1,800,000**	1,530,000
Provision for deferred taxes	**(552,644)**	(582,168)
Depreciation and amortization	**641,861**	644,524
Stock-based compensation	**38,900**	25,065
Increase in interest receivable	**(321,563)**	(216,405)
Increase in interest payable	**9,296**	6,480
Increase in taxes payable	**125,507**	280,287
Gain on sales of foreclosed assets	**(25,554)**	(48,884)
Write-downs on foreclosed assets	**39,554**	4,000
Loss on sales of securities available for sale	**14,391**	-
Loss on sales of premises and equipment	**1,713**	-
Net gains on trading activities	**(244,154)**	(465,445)
Net other operating activities	**(252,249)**	(194,613)
Total adjustments	**1,275,058**	982,841
Net cash provided by operating activities	**10,958,571**	9,398,977
INVESTING ACTIVITIES		
(Increase) decrease in interest-bearing deposits in banks	**(60,773,107)**	15,855,714
Purchases of securities available for sale	**(22,154,070)**	(48,727,179)
Proceeds from sales of securities available for sale	**7,520,876**	-
Proceeds from maturities of securities available for sale	**36,500,000**	40,000,000
Decrease in federal funds sold	**520,005**	17,904
Increase in loans, net	**(60,603,353)**	(65,714,488)
Net change in restricted equity securities	**678,700**	(925,700)
Proceeds from sales of foreclosed assets	**100,554**	320,599
Proceeds from sales of premises and equipment	**625**	-
Purchase of premises and equipment	**(1,333,822)**	(688,222)
Net cash used in investing activities	**(99,543,592)**	(59,861,372)
FINANCING ACTIVITIES		
Increase in deposits	**113,296,389**	28,616,140
Repayment of Federal Home Loan Bank borrowings	**(129,757,105)**	(1,295,340)
Proceeds from Federal Home Loan Bank borrowings	**114,001,417**	24,416,667
Decrease in securities sold under agreements to repurchase	**(54,811)**	(231,619)
Sale of common stock, net	**426,249**	234,419
Issuance of restricted stock	**162,300**	164,700
Repurchase and retirement of preferred stock	**(184,595)**	(121,173)
Proceeds from exercise of stock options, net	**250,423**	1,069,388
Dividends paid	**(4,699,795)**	(4,024,406)
Net cash provided by financing activities	**93,440,472**	48,828,776
Net increase (decrease) in cash and due from banks	**4,855,451**	(1,633,619)
Cash and due from banks at beginning of year	**3,279,082**	4,912,701
Cash and due from banks at end of year	**$ 8,134,533**	$ 3,279,082
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	**$ 3,013,576**	$ 2,671,812
Income taxes	**$ 5,930,343**	$ 4,913,859
NONCASH TRANSACTIONS		
Net change in unrealized losses on securities available for sale	**$ (31,021)**	$ (122,042)
Transfer from loans to foreclosed assets	**$ 475,000**	$ 178,398
Internally financed sales of foreclosed assets	**$ -**	$ 190,475

See Notes to Consolidated Financial Statements.

BOARD OF DIRECTORS & OFFICERS

THOMASVILLE NATIONAL BANK BOARD OF DIRECTORS

Richard L. Singletary, Jr., Chairman
Charles A. Balfour, Vice Chairman, Secretary
John L. Bannister
Joel W. Barrett
Stephen H. Cheney
David A. Cone
Charles Hancock
Mills Herndon
Charles H. Hodges, III
Harold L. Jackson
Zeke Johnson
Haile Parker McCollum
Randall L. Moore
Dale R. Powell, Jr.

TNB FINANCIAL SERVICES BOARD OF DIRECTORS

Joel W. Barrett, President
Stephen H. Cheney
Phillip H. Davis, Jr.
Charles H. Hodges, III
Steve Hufstetler, Chairman
Bryan Knox
Tim Sanders
Richard L. Singletary, Jr.

EMERITUS DIRECTORS

Karen Leabo
David O. Lewis
Charles W. McKinnon, Jr., Chairman (Retired)
Diane W. Parker, Vice Chairman (Retired)
Cochran A. Scott, Jr.
Warren Bicknell, III

THOMASVILLE NATIONAL BANK OFFICERS

Stephen H. Cheney, CEO
Charles H. Hodges, III, President
Hollie W. Lloyd, Senior Vice President/CFO
Hank A. Stone, Senior Vice President
Tilden W. Culbreth, Group Vice President
Frank G. Mitchell, Group Vice President
Ivan E. Crocker, Vice President
Keith Crusan, Vice President
Ashley J. Hornbuckle, Vice President
Karen D. Alston, Assistant Vice President
Stephen H. Cheney, Jr., Assistant Vice President
Vickie M. Lutes, Assistant Vice President
Scott J. Milberg, Assistant Vice President
Wylie M. Watt, Jr., Assistant Vice President
Pam D. Brown, Banking Officer
Gena Brogren, Banking Officer
Stuart Buckley, Banking Officer
Linda M. Chastain, Banking Officer
Josh Cone, Banking Officer
Elizabeth J. Davis, Banking Officer
Beverly Y. Hawkins, Banking Officer
Charlotte M. Hodges, Banking Officer
Connie P. McElreath, Banking Officer
Carla S. Milam, Banking Officer

TNB FINANCIAL SERVICES OFFICERS

Joel W. Barrett, Division President
Phillip H. Davis, Jr., Senior Vice President
Phil H. Davis, Sr., Senior Vice President
Franklin B. Beverly, Vice President
Charity N. Knifer, Vice President



Thomasville Bancshares, Inc. | Post Office Box 1999 | Thomasville, Georgia 31799

tnbank.com