THOMASVILLE BANCSHARES INC
Form 10QSB
August 15, 2005

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

X QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2005.

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________ to ____________

Commission File No. 0-25929

THOMASVILLE BANCSHARES, INC.
(Exact name of small business issuer as specified in its charter)

Georgia	58-2175800
(State of Incorporation)	(I.R.S. Employer Identification No.)

301 North Broad Street, Thomasville, Georgia 31792
(Address of Principal Executive Offices)

(229) 226-3300
(Issuer's Telephone Number, Including Area Code)

Not Applicable
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Check whether the issuer (1) filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date.

Common stock, $1.00 par value per share 2,939,983 shares issued and outstanding as of August 12, 2005.

Transitional small business disclosure format (check one):

Yes ________ No X ___________

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THOMASVILLE BANCSHARES, INC.
THOMASVILLE, GEORGIA
CONSOLIDATED BALANCE SHEETS

ASSETS	June 30, 2005 (Unaudited)	December 31, 2004 (Unaudited)
Cash and due from banks	$ 5,686,163	$ 5,963,843
Federal funds sold	20,593,328	662,263
Total cash and cash equivalents	$ 26,279,491	$ 6,626,106
Investment securities:		
Securities available-for-sale, at market value	$ 13,092,116	$ 18,421,154
Loans, net	207,890,678	204,328,320
Property & equipment, net	4,766,539	4,815,924
Goodwill	3,372,259	3,372,259
Other assets	3,988,492	2,320,074
Total Assets	$259,389,575	$239,883,837
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Deposits		
Non-interest bearing deposits	$ 26,660,749	$ 26,063,129
Interest bearing deposits	193,051,156	173,143,434
Total deposits	$219,711,905	$199,206,563
Subordinated debentures	4,000,000	- -
Federal funds purchased	- -	1,097,000
Borrowings	13,091,667	19,376,107
Other liabilities	2,044,178	682,627
Total Liabilities	$238,847,750	$220,362,297
Commitments and contingencies		
Shareholders' Equity:		
Common stock, $1.00 par value, 10 million shares authorized, 2,939,577 (2005) and 2,937,625 (2004) shares issued & outstanding	$ 2,939,577	$ 2,937,625
Paid-in-capital	7,972,414	7,872,245
Retained earnings	9,712,405	8,739,226
Accumulated other		

comprehensive (loss)	(82,571)	(27,556)
Total Shareholders' Equity	$ 20,541,825	$ 19,521,540
Total Liabilities and Shareholders' Equity	$259,389,575	$239,883,837

Refer to notes to the consolidated financial statements.

THOMASVILLE BANCSHARES, INC.
THOMASVILLE, GEORGIA
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	For the three months ended June 30,	
	2005	2004
Interest income	$3,707,613	$2,805,492
Interest expense	1,227,830	858,418
Net interest income	$2,479,783	$1,947,074
Provision for possible loan losses	105,000	105,000
Net interest income after provision for possible loan losses	$2,374,783	$1,842,074
Other income		
Service charge on deposit accounts	$ 167,283	$ 158,298
Fees, money management	255,000	258,000
Trust services	178,384	122,138
Other income and fees	101,725	96,749
Total other income	$ 702,392	$ 635,185
Salaries and benefits	$ 893,792	$ 824,589
Advertising and public relations	55,285	50,050
Depreciation	98,316	104,039
Regulatory fees and assessments	25,581	22,909
Other operating expenses	581,379	465,146
Total operating expenses	$1,654,353	$1,466,733
Net income before taxes	$1,422,822	$1,010,526
Income taxes	520,099	380,200
Net income	$ 902,723	$ 630,326
Basic income per share	$ .31	$ .21

Diluted income per share	$ .30	$ .21

Refer to notes to the consolidated financial statements.

THOMASVILLE BANCSHARES, INC.
THOMASVILLE, GEORGIA
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	For the six months ended June 30,	
	2005	2004
Interest income	$7,098,799	$5,536,239
Interest expense	2,321,816	1,694,504
Net interest income	$4,776,983	$3,841,735
Provision for possible loan losses	210,000	210,000
Net interest income after provision for possible loan losses	$4,566,983	$3,631,735
Other income		
Service charge on deposit accounts	$ 319,063	$ 313,043
Fees, money management	510,000	523,999
Trust services	344,006	228,060
Other income and fees	207,339	179,196
Total other income	$1,380,408	$1,244,298
Salaries and benefits	$1,758,194	$1,598,014
Advertising and public relations	143,867	114,675
Depreciation	196,163	209,624
Regulatory fees and assessments	52,391	47,458
Other operating expenses	1,121,403	897,521
Total operating expenses	$3,272,018	$2,867,292
Net income before taxes	$2,675,373	$2,008,741
Income taxes	967,349	731,566
Net income	$1,708,024	$1,277,175
Basic income per share	$ .58	$ .43
Diluted income per share	$ .56	$ .42

Refer to notes to the consolidated financial statements.

THOMASVILLE BANCSHARES, INC.
THOMASVILLE, GEORGIA
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the six-month period Ended June 30, 2005	2004
Cash flows provided by operating activities	$ 1,167,037	$ 1,264,955
Cash flows from investing activities:		
Purchase of fixed assets	$ (146,778)	$ (144,385)
Maturities, calls, paydowns, securities, AFS	5,249,561	1,300,000
Purchase of securities, AFS	- -	(4,714,441)
(Increase) in loans	(3,772,358)	(8,379,469)
Net cash used by investing activities	$ 1,330,425	$(11,938,295)
Cash flows from financing activities:		
Issuance of stock to 401(k)	$ 32,021	$ 25,497
Options, restricted stock	- -	65,991
Decrease in borrowings and Federal Funds purchased	(3,381,440)	2,482,853
Increase in deposits	20,505,342	8,729,247
Net cash provided from financing activities	$ 17,155,923	$ 11,303,588
Net increase in cash and cash equivalents	$ 19,653,385	$ 630,248
Cash and cash equivalents, beginning of period	6,626,106	6,531,779
Cash and cash equivalents, end of period	$ 26,279,491	$ 7,162,027

SCHEDULE OF NONCASH FINANCING ACTIVITIES

	For the six-month period Ended June 30, 2005	2004
Declaration of cash dividends to be paid	$ 734,845	$ 675,363
Issuance of restricted stock	70,100	65,991

Refer to notes to the consolidated financial statements.

THOMASVILLE BANCSHARES, INC.

THOMASVILLE, GEORGIA
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2004 AND 2005

	Common Stock Shares	Common Stock Par Value	Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2003	2,934,076	$ 2,934,076	$ 7,615,280	$6,759,183	$ (7,033)	$17,301,506
Comprehensive Income:						
Net income, six-month period ended June 30, 2004	- -	- -	- -	1,277,175	- -	1,277,175
Net unrealized (loss) on securities, six-month period ended June 30, 2004	- -	- -	- -	- -	(146,234)	(146,234)
Total comprehensive income	- -	- -	- -	1,277,175	(146,234)	1,130,941
Sale of 2,286 shares to employee 401(k) plan	2,286	2,286	23,211	- -	- -	25,497
Stock options, restricted stock (5,414 options)	- -	- -	65,991	- -	- -	65,991
Balance, June 30, 2004	2,936,362	$ 2,936,362	$ 7,704,482	$8,036,358	$(153,267)	$18,523,935

	Common Stock Shares	Common Stock Par Value	Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, Dec 31, 2004	2,937,625	$ 2,937,625	$ 7,872,245	$8,739,226	$ (27,556)	$19,521,540
Comprehensive Income:						
Net income, six-month						

period ended June 30, 2005	- -	- -	- -	1,708,024	- -	1,708,024
Net unrealized (loss) on securities, six-month period ended June 30, 2005	- -	- -	- -	- -	(55,015)	(55,015)
Total comprehensive income	- -	- -	- -	1,708,024	(55,015)	1,653,009
Declaration of dividends	- -	- -	- -	(734,845)	- -	(734,845)
Sale of 1,952 shares to employee 401K plan	1,952	1,952	30,069	- -	- -	32,021
Stock options, restricted stock 5,290 options	- -	- -	70,100	- -	- -	70,100
Balance, June 30, 2005	2,939,577	$ 2,939,577	$ 7,972,414	$9,712,405	$ (82,571)	$20,541,825

Refer to notes to the consolidated financial statements.

THOMASVILLE BANCSHARES, INC.
THOMASVILLE, GEORGIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 2005

NOTE 1 - BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three- and six-month periods ended June 30, 2005 are not necessarily indicative of the results that may be expected for the year ending December 31, 2005. These statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in Form 10-KSB for the year ended December 31, 2004.

NOTE 2 - SUMMARY OF ORGANIZATION

Thomasville Bancshares, Inc., Thomasville, Georgia (the "Company"), was organized in January 1995 for a then proposed de novo bank, Thomasville National Bank, Thomasville, Georgia (the "Bank"). The Bank commenced operations in October 1995. The Bank is primarily engaged in the business of obtaining deposits and providing commercial, consumer and real estate loans to the general public. The Bank also offers trust services. The Bank operates from two banking offices, both in Thomasville, Georgia. The Bank's depositors are each insured up to $100,000 by the Federal Deposit Insurance Corporation, subject to certain limitations imposed by the FDIC. In addition to the Bank, the Company has two other subsidiaries, TNB Financial Services, Inc. ("TNBFS"), through which the Company provides investment advisory services, and Thomasville Capital Trust I ("TCTI") which issued $4.0 million in trust preferred securities to unrelated investors.

NOTE 3 - INVESTMENT SECURITIES

Information pertaining to securities with gross unrealized losses at March 31, 2005, aggregated by investment category and further segregated by the length of time (less than or over twelve months) that the securities have been in a continuous loss position follows:

	Less than Twelve Months		Over Twelve Months		Total	
Description	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. Agency and Government Corporations	$3,035,769	$ (14,959)	$7,037,557	$(110,882)	$10,073,326	$(125,841)

At June 30, 2005, unrealized losses in the securities portfolio amounted to $(125,841), representing 0.96% of the total portfolio. All of the unrealized losses relate to U.S. Agency securities and securities of U.S. government corporations. These unrealized losses were caused by fluctuations in market interest rates, rather than concerns over the credit quality of the issuers. The Company believes that the U.S. Agencies and government corporations will continue to honor their interest payments on time as well as the full debt at maturity. Because the unrealized losses are due to fluctuations in the interest rate, and no credit-worthiness factors exist, the Company believes that the investments are not considered other-than-temporarily impaired.

NOTE 4 - RECENT ACCOUNTING PRONOUNCEMENTS

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment." SFAS No. 123R establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. Under SFAS No. 123R, the Company must measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost will be recognized over the period during which an employee is required to provide service in exchange for the award. SFAS No 123R applies to all awards granted after the required effective date and to awards modified, repurchased, or cancelled after that date. Compensation cost will be recognized on or after the required effective date for the portion of outstanding awards for which the requisite service has not yet been rendered, based on the grant-date fair value of those awards calculated under SFAS No.

123R for either recognition or pro forma disclosures.

On April 14, 2005, the Securities and Exchange Commission (SEC) amended Rule 4-01(a) of Regulation S-X that amended the compliance date for SFAS No. 123R. The SEC's new rule allows companies to implement SFAS No. 123R at the beginning of their next fiscal year, instead of the next reporting period that begins after June 15, 2005. The Company has determined that it will not adopt SFAS No. 123R until January 1, 2006.

On March 29, 2005, the SEC issued Staff Accounting Bulletin No. 107 (SAB 107), "Share-Based Payment." SAB 107 expresses the view of the SEC staff regarding the interaction between SFAS No. 123R and certain SEC rules and regulations, provides the staff's views regarding the valuation of share-based payments by public companies, and provides guidance regarding share-based payments with non-employees.

The Company has not determined the full impact of adoption of SFAS No. 123R.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Thomasville Bancshares, Inc., a Georgia corporation (the "Company"), was formed in March 1995 to organize and act as the holding company for Thomasville National Bank (the "Bank"), a national banking association. The Bank opened for business in October 1995, and presently operates two branches in Thomasville, Georgia. The Bank is a full service commercial bank, with trust powers, and offers a full range of interest-bearing and non-interest-bearing accounts, including commercial and retail checking accounts, money market accounts, individual retirement and Keogh accounts, regular interest-bearing statement savings accounts, certificates of deposit, commercial loans, real estate loans, home equity loans and consumer/installment loans. In addition, the Bank provides such consumer services as U.S. Savings Bonds, travelers checks, cashiers checks, safe deposit boxes, bank by mail services, internet banking, direct deposit and automatic teller services.

In September 2001, the Bank formed an operating subsidiary, TNB Financial Services, Inc., a Georgia corporation with trust powers. On March 31, 2004, TNB Financial Services was liquidated, with all of its operations being transferred to TNB Trust Services, a division of the Bank.

In July 2002, the Company acquired all of the issued and outstanding capital stock of Joseph Parker & Company, Inc. ("JPC"), a Georgia corporation and federally registered investment advisory firm located in Thomasville, Georgia. In July 2004, JPC's name was changed to TNB Financial Services, Inc. ("TNBFS").

The Company's results of operations are largely dependent on interest income, which is the difference between the interest earned on loans and securities and interest paid on deposits and borrowings. The results of operations are also affected by the level of income/fees from loans, deposits, borrowings, as well as operating expenses, the provision for loan losses, the impact of federal and state income taxes, and the relative levels of interest rates and economic activity.

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties, and could potentially result in materially different results under different assumptions and conditions. The Company believes that the most critical accounting policies upon which its financial condition depends, and which involve the most complex or subjective decisions or assessments are as follows:

Allowance for Loan Losses. Arriving at an appropriate level of allowance for loan losses involves a high degree of judgment. The Company's allowance for loan losses provides for probable losses based upon evaluations of known and inherent risks in the loan portfolio. Management uses historical information to assess the adequacy of the allowance for loan losses as well as the prevailing business environment. The allowance is increased by provisions for loan losses and by recoveries of loans previously charged-off and reduced by loans charged-off.

Income Taxes. The Company estimates income tax expense based on the amount it expects to owe various tax authorities. Taxes are discussed in more detail in Note 13 of the consolidated financial statements. Accrued taxes represent the net estimated amount due to or to be received from taxing authorities. In estimating accrued taxes, management assesses the relative merits and risks of the appropriate tax treatment of transactions taking into account statutory, judicial and regulatory guidance in the context of its tax position. Although the Company uses available information to record accrued income taxes, underlying estimates and assumptions can change over time as a result of unanticipated events or circumstances such as changes in tax laws influencing the Company's overall tax position.

Valuation of Goodwill/Intangible Assets and Analysis for Impairment. The Company utilized the purchase method to reflect its acquisition of JPC. Accordingly, the Company was required to record assets acquired and liabilities assumed at their fair value which is an estimate determined by the use of internal or other valuation techniques. These valuation estimates result in goodwill and other intangible assets. Goodwill is subject to ongoing periodic reviews and is evaluated using various fair value techniques including multiples of price/equity and price/earnings ratios.

Additional information regarding these critical accounting policies is set forth in the notes to the Company's financial statements included in the Company's Form 10-KSB for the year ended December 31, 2004.

FINANCIAL CONDITION

Total consolidated assets increased by $19.5 million, to $259.4 million, during the six-month period ended June 30, 2005. Cash and cash equivalents increased by $19.6 million, to $26.3 million; investment securities decreased by $5.3 million, to $13.1 million; loans increased by $3.6 million, to $207.9 million; and other assets increased by $1.6 million, to $12.1 million. To fund the growth in assets, deposits increased by $20.5 million, to $219.7 million; borrowings decreased by $3.4 million, to $17.1 million; other liabilities increased by $1.4 million, to $2.0 million; and the capital accounts increased by $1.0 million, to $20.5 million.

Liquidity and Capital Resources

Liquidity is the Company's ability to meet all deposit withdrawals immediately, while also providing for the credit needs of customers. The June 30, 2005 financial statements evidence a satisfactory liquidity position as total cash and cash equivalents amounted to $26.3 million, representing 10.1% of total assets. Investment securities, which amounted to $13.1 million, or 5.0% of total assets, provide a secondary source of liquidity because they can be converted into cash in a timely manner. The Company's management closely monitors and maintains appropriate levels of interest earning assets and interest bearing liabilities so that maturities of assets are such that adequate funds are provided to meet customer withdrawals and loan demand. The Company is not aware of any trends, demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way.

The Bank maintains an adequate level of capitalization as measured by the following capital ratios and the respective minimum capital requirements established by the Bank's primary regulator, the Office of the Comptroller of the Currency ("OCC").

	Bank's June 30, 2005	Minimum required by regulator
Leverage ratio	8.7%	4.0%
Risk weighted ratio	12.6%	8.0%

On March 30, 2005, the Company, through a newly formed Delaware statutory trust, completed the sale of $4.0 million of trust preferred securities (the "Trust Preferred Securities"). The Trust Preferred Securities have a maturity of 30 years and are redeemable beginning in June 2010 or upon the occurrence of certain other conditions. The Company used approximately $2.7 million of the proceeds from the sale of the Trust Preferred Securities to repay holding company indebtedness and the remaining approximately $1.3 million was contributed as capital to the Bank. The Trust Preferred Securities pay cumulative cash distributions accumulating from the date of issuance at an annual rate of LIBOR plus 1.90% of the liquidation amount of $1,000 per preferred security on March 31, June 30, September 30 and December 31 of each year. The Trust Preferred Securities are recorded as subordinated debt on the consolidated balance sheet, but, subject to certain limitations, will qualify as Tier 1 capital for regulatory capital purposes.

Off-Balance Sheet Arrangements

In the ordinary course of business, the Bank may enter into off-balance sheet financial instruments which are not reflected in the financial statements. These instruments include commitments to extend credit and standby letters of credit. Such financial instruments are recorded in the financial statements when funds are disbursed or the instruments become payable.

Following is an analysis of significant off-balance sheet financial instruments at June 30, 2005 and December 31, 2004.

	At June 30, 2005	At December 31, 2004
	(In thousands)	
Commitments to extend credit	$ 39,705	$ 25,115
Standby letters of credit	4,954	4,420
	$ 44,659	$ 29,535

RESULTS OF OPERATIONS

For the three-month periods ended June 30, 2005 and 2004, net income amounted to $902,723 and $630,326, respectively. On a per share basis, basic and diluted income for the three-month period ended June 30, 2005 was $0.31 and $0.30, respectively. For the three-month period ended June 30, 2004, basic and diluted income per share, were both $0.21. Management believes that the following facts are important to consider when comparing the results of the three-month period ended June 30, 2005 with the three-month period ended June 30, 2004:

a. Net interest income increased by approximately $533,000, or by 27.3%. This was accomplished over a time period when total assets have increased by only 18.9%.

b. The above increase combined with a $67,000 increase in non-interest income was more than sufficient to offset the $188,000 increase in operating expense.

Net income for the six-month period ended June 30, 2005 amounted to $1,708,024, or $0.58 and $0.56 per basic and diluted share. For the six-month period ended June 30, 2004, net income amounted to $1,277,175, or $0.43 and $0.42 per basic and diluted share. Management believes that the following facts are important to consider when comparing the results of operations for the six-month period ended June 30, 2005 with the six-month period ended June 30, 2004:

a. Average total earning assets increased from $198.7 million for the six months ended June 30, 2004 to $228.5 million for the six months ended June 30, 2005. The net increase of $29.8 million represents a 15.0% increase in average earning assets over a twelve-month period.

b. The yield on earning assets increased from 5.57% for the six-month period ended June 30, 2004 to 6.21% for the six-month period ended June 30, 2005. This increase is mainly due to economic policies undertaken by the Federal Reserve Board. Interest income increased from $5,536,239 for the six-month period ended June 30, 2004 to $7,098,799 for the six-month period ended June 30, 2005 because of the growth in average earning assets and the higher yields on all earning asset categories.

c. Net interest income represents the difference between interest received on interest earning assets and interest paid on interest bearing liabilities. The following table presents the main components of interest earning assets and interest bearing liabilities for the six-month period ended June 30, 2005.

(Dollars in 000's)

Interest Earning Assets/ Bearing Liabilities	Average Balance	Interest Income/ Cost	Yield/ Cost
Federal funds sold	$ 5,103	$ 72	2.82%
Securities	13,808	260	3.76%
Loans	209,600	6,767	6.46%
Total	$ 228,511	$ 7,099	6.21%
Deposits and borrowings	$ 197,190	$ 2,322	2.36%
Net interest income		$ 4,777	
Net yield on earning assets			4.18%

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Net interest income increased from $3,841,735 for the six-month period ended June 30, 2004 to $4,776,983 for the six-month period ended June 30, 2005, an increase of $935,248, or 24.3%. While the average cost of funds decreased by 38 basis points to 1.98% for the six months ended June 30, 2005 as compared to the six months ended June 30, 2004, the yield on earning assets increased by 64 basis points over the same period. As a result, the net yield on earning assets increased from 3.87% for the six-month period ended June 30, 2004 to 4.18% for the six-month period ended June 30, 2005.

d. Other income increased from $1,244,298 for the six-month period ended June 30, 2004 to $1,380,408 for the six-month period ended June 30, 2005. As a percent of average total assets, other income decreased from 1.19% for the six-month period ended June 30, 2004 to 1.10% for the six-month period ended June 30, 2005.

e. Total operating expenses increased from $2,867,292 for the six-month period ended June 30, 2004 to $3,272,018 for the six-month period ended June 30, 2005. As a percent of average total assets, total operating expenses declined from 2.74% for the six-month period ended June 30, 2004 to 2.62% for the six-month period ended June 30, 2005.

Allowance for Loan Losses

At December 31, 2004, the allowance for loan losses amounted to $2,224,845; at June 30, 2005, the allowance amounted to $2,438,240. The allowance for loan losses, as a percent of gross loans, increased from 1.08% to 1.15% during the six-month period ended June 30, 2005. Management considers the allowance for loan losses to be adequate and sufficient to absorb anticipated future losses; however, there can be no assurance that charge-offs in future periods will not exceed the allowance for loan losses or that additional provisions to the allowance will not be required.

The Company is not aware of any current recommendation by the regulatory authorities which, if implemented, would have a material effect on the Company's liquidity, capital resources, or results of operations.

ITEM 3. CONTROLS AND PROCEDURES

Management has developed and implemented a policy and procedures for reviewing disclosure controls and procedures and internal controls over financial reporting on a quarterly basis. Management, including the Chief Executive Officer (the Company's principal executive and financial officer), evaluated the effectiveness of the design and operation of disclosure controls and procedures as of June 30, 2005 and, based on their evaluation, the Company's Chief Executive Officer concluded that these controls and procedures are operating effectively. Disclosure controls and procedures are the Company's controls and other procedures that are designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files under the Securities Exchange Act is accumulated and communicated to management, including the principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in the Company's internal control over financial reporting during the Company's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The 2005 Annual Meeting of Shareholders of the Company was held on May 17, 2005. At the meeting, the following persons were elected as Class III directors to serve for a term of three years and until their successors are elected as qualified: Charles A. Balfour, David O. Lewis, Richard L. Singletary, Jr., and Stephen H. Cheney.

The number of votes cast for and withheld with respect to the election of each nominee for director was as follows:

	Votes For	Votes Withheld
Charles A. Balfour	1,906,991	7,990
David O. Lewis	1,906,991	7,990
Richard L. Singletary, Jr.	1,906,991	7,990
Stephen H. Cheney	1,906,991	7,990

In addition, the shareholders of the Company ratified the appointment of Francis and Company, CPAs as auditors for the Company and its subsidiaries for the year ending December 31, 2005. The number of votes for, against and withheld with respect to the ratification of Francis and Company, CPAs was as follows:

Votes For	Votes Withheld
1,911,781	3,200

No other matters were presented or voted on at the Annual Meeting.

The following persons did not stand for reelection at the 2004 Annual Meeting of Shareholders as their term of office continued after the Annual Meeting: Charles E. Hancock, Charles H. Hodges, III, Harold L. Jackson, Diane W. Parker, David A. Cone, Charles W. McKinnon, Jr., Randall L. Moore, Cochran A. Scott, Jr., and J. Mark Parker.

ITEM 6. EXHIBITS

The following exhibits are filed with this report.

Exhibit Number	Description
3.1	Articles of Incorporation of the Company (incorporated herein by referenced to the Company's Registration Statement on Form SB-2 under the Securities Act of 1933, Registration Number 33-91536)

3.2	Bylaws of the Company (incorporated herein by referenced to the Company's Registration Statement on Form SB-2 under the Securities Act of 1933, Registration Number 33-91536)
31.1	Certification Pursuant to Rule 13a-14(a), As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

THOMASVILLE BANCSHARES, INC.
(Registrant)

Date: August 12, 2005   By: /s/Stephen H. Cheney

Stephen H. Cheney
President and Chief Executive Officer
(Principal Executive, Financial and Accounting Officer)