OMB Control Number 1505-0222

ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Colony Bankcorp, Inc. / Colony Bank

Person to be contacted regarding this report:	Terry L. Hester	RSSD: (For Bank Holding Companies)	1085170
UST Sequence Number:	259	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Received:	28,000,000	FDIC Certificate Number: (For Depository Institutions)	22257
CPP Funds Repaid to Date:	0	City:	Fitzgerald
Date Funded (first funding):	Jan 9, 2009	State:	Georgia
Date Repaid[1]:	N/A		

[1] If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

☒	Increase lending or reduce lending less than otherwise would have occurred.	CPP funds increased our capital position to stabilize lending during 2009. Though outstanding loans at 12/31/09 decreased approximately $30 million from 12/31/08, our 2009 cash flow indicates an increase in net loans to customers of approximately $19 million for 2009.
☒	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	The principal lending continues to be loans collateralized by real estate with the principal types of loans being commercial real estate, commercial operating loans and consumer loans. In addition we did increase SBA lending activity in 2009.
☒	Increase securities purchased (ABS, MBS, etc.).	Mortgage-backed securities balances increased approximately $67 million during 2009. As loan demand slowed during 2009, investments in mortgage-backed securities were the most used vehicle to employ CPP funds.

☐	Make other investments	
☒	Increase reserves for non-performing assets	We provided $43 million to the loan loss reserve during 2009. CPP funds allowed the company to maintain a well-capitalized capital position while absorbing this large loan loss provision.
☐	Reduce borrowings	
☒	Increase charge-offs	We charged off approximately $29 million in 2009 and CPP funds allowed the company to maintain a well-capitalized position to absorb the large level of charge-offs.
☐	Purchase another financial institution or purchase assets from another financial institution	
☒	Held as non-leveraged increase to total capital	CPP funds allowed the company to maintain a well-capitalized position during 2009.

What actions were you able to avoid because of the capital infusion of CPP funds?

CPP funds allowed us to maintain a well-capitalized position so that we could continue seeking loan opportunities. A strain on capital could have put the company in a mode to preserve capital and minimize new loan opportunities. We were well-capitalized with all regulatory benchmarks and without the infusion could have slipped to be categorized as adequately capitalized. By maintaining a well-capitalized status, this avoided any restraints regarding liquidity and funding that could occur with a capital position that is less than well-capitalized. Likewise we avoided having to tap the capital markets for additional capital which during 2008 & 2009 was quite volatile and mostly unavailable to companies our size.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Without CPP infusion and the aggressive posture taken by our company in dealing with problem assets, we were able to maintain a well-capitalized position so that we were able to seek new loan opportunities. The CPP funds allowed the company to be proactive in purchasing mortgage-backed securities which benefited the housing industry. The intent of the CPP program was to stimulate the economy and we could not have been as aggressive in purchasing mortgage-backed securities without the CPP funds.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

Though we did not acquire another financial institution during 2009, CPP funds allowed the company to consider an acquisition.