



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

GATEWAY BANCSHARES, INC.

Person to be contacted regarding this report:	Felicia F. Barbee
UST Sequence Number:	1203
CPP Funds Received:	6,000,000
CPP Funds Repaid to Date:	0
Date Funded (first funding):	May 8, 2009
Date Repaid ¹ :	N/A

RSSD: (For Bank Holding Companies)	2388775
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	34239
City:	Ringgold
State:	Georgia

¹If 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).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	Total new gross loans increased from April 2009 to December 2009 by \$2,159,000. However, net loan charge offs were \$1,600,000 during the same time period.
<input checked="" type="checkbox"/>	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 net increase in lending was related primarily to residential mortgage loans or investment properties along with multifamily properties.
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	Loan Loss reserves for non-performing loans were increased in 2009 in the amount of \$4.7 million versus \$2.9 million for 2008. This represents an increase of \$1.8 million.
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	Net Charge offs were still elevated above the normal level in 2009 at \$2.0 million.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

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

The CPP funds helped the Bank to remain "well-capitalized" by regulatory standards in a time when net charge offs and non-performing loans are elevated. Several things can be imposed upon a bank when they are not considered "well-capitalized" including regulatory orders, deposit rate caps, and the inability to invest in broker deposits to help the funding side of the Bank. The CPP funds has helped the Bank to avoid these scenarios as of the end of 2009.

In addition, the Bank currently reports its capital status to its customers on a quarterly basis. By being well-capitalized, the public and customers have sustained confidence in their local community Bank.

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

The Bank was still able to increase gross lending to \$2.9 million as described above as well as fund the reserve with \$4.7 million during 2009. These decisions may not have been possible if the Bank did not have the appropriate capital.

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

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.