



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Hamilton State Bancshares, Inc

Person to be contacted regarding this report:	Michael Ricketson	RSSD: (For Bank Holding Companies)	3392331
UST Sequence Number:	817	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Received:	7,000,000	FDIC Certificate Number: (For Depository Institutions)	57810
CPP Funds Repaid to Date:	0	City:	Hoschton
Date Funded (first funding):	Feb 20, 2009	State:	Georgia
Date Repaid ¹ :	N/A		

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.	Although the Company increased lending in a couple of categories, we would not have been able to accomplish any increase in loans without the additional capital obtained through our CPP funds. Increased problem loans associated with real estate were eminent for year 2009.
<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 Company was able to increase lending in the 1-4 family residential and commercial and industrial areas. We plan to further increase our lending in 1-4 family residential as well as commercial to the extent possible given the current economic environment. We hope for a better 2010 in this business.
<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	Our CPP funds allowed the Company to recognize problem loans and deal with them as necessary without the anxiety of capital ratios falling to a point that could lead to adverse regulatory action.
<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	With the additional capital provided by CPP funds, the Company was able to charge down problem loans quicker than might have been done without the CPP funds.
<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?

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

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

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