

**CPP ANNUAL USE OF CAPITAL SURVEY - 2011**



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Colony Bankcorp, Inc.

Point of Contact:	Terry L. Hester	RSSD: (For Bank Holding Companies)	1085170
UST Sequence Number:	259	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	28,000,000	FDIC Certificate Number: (For Depository Institutions)	22257
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	January 09, 2009	City:	Fitzgerald
Date Repaid <sup>1</sup> :	N/A	State:	Georgia

<sup>1</sup>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) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI 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/CDCI investment was deployed or how many CPP/CDCI 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/CDCI 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/CDCI funds were outstanding).**

- Increase lending or reduce lending less than otherwise would have occurred.**  
 CPP funds increased our capital position to allow for lending opportunities to credit worthy borrowers in 2011. Though gross outstanding loans decreased during 2011, CPP funds allowed a strong capital base to continue seeking new loan opportunities, particularly owner-occupied RE.

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**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 a focus on owner-occupied real estate loans. Other loans include commercial loans, residential 1-4 residential and consumer loans. SBA loans generated during 2011 totaled approx. \$11 million during 2011.

**Increase securities purchased (ABS, MBS, etc.).**

Mortgage-backed securities balances remained relatively flat during 2011, but restructuring the portfolio for interest rate risk management, we did purchase approximately \$370 million MBSs during 2011.

**Make other investments.**

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**X Increase reserves for non-performing assets.**

The company with its strong capital position provided \$8.25 million to the loan loss reserve during 2011, primarily to account for non-performing loan impairment. CPP funds allowed the Company to remain well-capitalized during 2011 and to aggressively address problem assets.

**X Reduce borrowings.**

The Company reduced repo borrowings \$20 million during 2011.

**X Increase charge-offs.**

Gross charge-offs during 2011 totaled \$22.8 million during 2011. CPP funds allowed the Company to continue to be proactive during 2011 in addressing problem assets.

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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 2011

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

CPP funds allowed the Company to maintain a well-capitalized position during 2011 so that we could continue seeking new loan opportunities and also be proactive in addressing problem assets. Without CPP funds, there would have been a strain on our capital position that potentially would have put the Company in a capital preservation mode and minimize the opportunity to seek new loans. We have remained in a well-capitalized regulatory capital position with all of the regulatory benchmarks and without the infusion could have slipped into an adequately capitalized position rather than well-capitalized. By maintaining a well-capitalized status, this avoided any constraints regarding liquidity and funding that could have occurred with capital positions being less than well-capitalized. Likewise, we avoided having to tap the capital markets for additional capital during 2011 which remained basically unavailable to small-cap companies during 2011.

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

CPP funds allowed the Company to be proactive in addressing problem loan assets and to continue seeking new loan opportunities. We would have been unable to continue seeking new loan opportunities had our capital levels not remained well-capitalized during this challenging environment. Though we were unable to generate new loan activity to the degree of reflecting an increase in our loans outstanding, we were able to continue purchasing mortgage-backed securities that provided a boost to the overall housing industry. The intent of the CPP program was to stimulate the economy and we could not have been as active in purchasing mortgage-backed securities without the CPP funds.

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

The Company was able to reduce its dependence on wholesale funding that included brokered and internet funding.