NEWS RELEASE

Colony Bankcorp, Inc. Announces Fourth Quarter Results

2009-01-23

FITZGERALD, Ga., Jan. 23, 2009 (GLOBE NEWSWIRE) -- Colony Bankcorp, Inc. (Nasdaq:CBAN), today reported a quarterly net loss of $(670,000) for the fourth quarter of 2008, down 189.10 percent from fourth quarter 2007 net income of $752,000, while net income for twelve months ended December 31, 2008 was $2,029,000, down 76.26 percent from twelve months ended December 31, 2007 of $8,547,000. 2008 has proven to be very challenging for Colony and the entire banking industry, though much progress has been made by Colony in addressing problem credits. The continued downturn of the housing and real estate market that began in 2007 and the economy in general has contributed to financial results well below our historic standards. Real estate loans originally extended for land development, construction, and resale required additional loan loss provisions during fourth quarter 2008. "We are disappointed with the fourth quarter loss, however we strongly believe that the company's ability to manage through this difficult economic cycle and to support our long-term success, have been strengthened by the actions taken during the quarter. This past year will likely be regarded as one of the most challenging periods in the history of the banking industry. Credit quality issues and a slowing economy have created an unprecedented operating environment for financial companies. Our solid core earnings have provided strong support for loss provisions needed to cover our problem loan losses and we remain committed to aggressively taking action in addressing problem assets as we work through this economic cycle," said Al D. Ross, President and Chief Executive Officer.

The Company continues to closely monitor our real estate dependent loans and focus on asset quality. Non-performing assets increased to $48.2 million, or 4.95 percent of total loans and other real estate owned as of December 31, 2008. This compares to $34.4 million, or 3.53 percent as of September 30, 2008 and $16.3 million, or 1.73 percent as of December 31, 2007. The increase in non-performing assets ties directly to the elevated risk in our residential and land development loan portfolio and has resulted in increased loan loss provisions in 2008

compared to 2007; thus a significant negative impact on our 2008 net income. The fourth quarter 2008 provision for loan losses were $4,426,000 compared to $3,253,000 for the same period in 2007, while year to date 2008 provision for loan losses were $12,938,000 compared to $5,931,000 for the same year ago period. Unusually high levels of loan loss provision have been required as company management addresses asset quality deterioration associated with the continued economic downturn.

In the fourth quarter of 2008 net charge-offs were $5,362,000, or 0.55 percent of average loans compared to net charge-offs of $1,561,000, or 0.16 percent of average loans in fourth quarter 2007, while net charge-offs for twelve months ended December 31, 2008 were $11,435,000, or 1.19 percent of average loans compared to $2,407,000, or 0.25 percent of average loans for the same year ago period. The loan loss reserve of $17.02 million on December 31, 2008 was 1.77 percent of total loans compared to $15.51 million or 1.64 percent on December 31, 2007. Management believes that recent contributions to Allowance for Loan Losses adequately address the increase in non-performing assets and the related increase in classified assets. "Our charge-offs are primarily the result of declining collateral real estate values that secure land development, construction, and speculative real estate loans in our larger MSA markets," said Ross. "With the higher level of non-performing loans foreclosure activity will increase as we move non-performing loans through the collection process. The increase in charge-offs during the quarter resulted primarily from the write-down of non-performing credits to current appraised values."

Another significant factor negatively impacting earnings has been the reduction of net interest income. Net interest income decreased to $9,242,000 in fourth quarter 2008 compared to $10,390,000 in fourth quarter 2007, while net interest income decreased to $37,375,000 in twelve months ended December 31, 2008 compared to $42,459,000 in the same year ago period. This reduction ties directly to the aggressive posture taken by Federal Reserve to combat the downturn in the real estate market and recessionary fears as they lowered interest rates 225 basis points in January 2008 - April 2008 and another 175 basis points in October - December 2008. The significant rate reduction along with the impact of loans being placed on non-accrual status in which interest receivable is reversed and interest accrual discontinued resulted in Colony's net interest margin declining to 3.18 percent in fourth quarter 2008 compared to 3.64 percent in fourth quarter 2007 and net interest margin declining to 3.30 percent in twelve months ended December 31, 2008 compared to 3.75 percent in the same year ago period. With the latest Federal Reserve action taken in late 2008 to basically move the Federal funds rate to zero percent, we expect to see margin improvement in 2009 as we reprice our liabilities in response to the current interest rate environment.

The Company merged all of its operations into one sole operating subsidiary, Colony Bank, effective August 1, 2008. This consolidation effort, which began in 2006, will enable the company to align products, pricing, and marketing efforts while re-allocating resources to support management's future growth strategies. Future earnings should benefit positively beginning in 2009 as we implement operation enhancements - both in revenue enhancements and cost reduction efforts.

The Company had total assets of $1,252,782,000, gross loans of $961,036,000, total deposits of $1,006,992,000 and total equity of $83,215,000 at December 31, 2008. Shareholder equity to total assets was 6.64 percent at December 31, 2008 compared to 6.93 percent at December 31, 2007.

During the quarter the board of directors declared a quarterly cash dividend of $0.0975 per share compared to $0.0975 declared in third quarter 2008 and to $0.095 per share in fourth quarter 2007. Though earnings declined significantly in 2008 due to aggressively addressing problem loans during this economic downturn, the capital position of Colony allowed the board to remain comfortable holding the dividend payout at its current level. To be categorized as "well-capitalized" by regulatory requirements, a company must maintain a 10 percent total capital to risk-based assets ratio. At December 31, 2008, Colony remained in excess of the regulatory requirement as its total capital to risk-based assets ratio was 12.06 percent.

Also during the quarter Colony announced preliminary approval for participation in the U. S. Treasury Capital Purchase Program ("CPP"). On January 9, 2009 Colony consummated the sale of $28 million in preferred stock and related warrants to the U. S. Treasury. The Company elected to participate to take advantage of the likely one-time opportunity to receive a very low-cost source of capital. The Company's participation in the CPP strengthens its current well-capitalized position and increases liquidity. Colony's board and management believe maintenance of capital at elevated levels during the current challenging economic environment is desirable. However, the Company does anticipate using some of the capital to expand its business through careful lending, enhanced customer service and pursuing potential growth opportunities to increase shareholder value.

Colony Bankcorp, Inc. is a bank holding company headquartered in Fitzgerald, Georgia that consists of one operating subsidiary, Colony Bank. The Company conducts a general full service commercial, consumer and mortgage banking business through thirty offices located in the middle and south Georgia cities of Fitzgerald, Warner Robins, Centerville, Ashburn, Leesburg, Cordele, Albany, Thomaston, Columbus, Sylvester, Tifton, Moultrie, Douglas, Broxton, Savannah, Eastman, Chester, Soperton, Rochelle, Pitts, Quitman and Valdosta, Georgia.

Colony Bankcorp, Inc. Common Stock is quoted on the Nasdaq National Market under the symbol "CBAN".

Certain statements contained in the preceding release that are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Act"), notwithstanding that such statements are not specifically identified. In addition, certain statements may be contained in the Company's future filings with the SEC, in press releases, and in oral and written statements made by or with the approval of the Company that are not statements of historical fact and constitute forward-looking statements within the meaning of the Act. Examples of forward-looking statements include, but are not limited to: (i) projections of revenues, income or loss, earnings or loss per share, the payment or nonpayment of dividends,

capital structure and other financial items; (ii) statement of plans and objectives of Colony Bankcorp, Inc. or its management or Board of Directors, including those relating to products or services; (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements. Words such as "believes," "anticipates," "expects," "intends," "targeted" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those in such statements. Forward-looking statements speak only as of the date on which such statements are made. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events. Readers are cautioned not to place undue reliance on these forward-looking statements.

COLONY BANKCORP, INC.
FINANCIAL HIGHLIGHTS (UNAUDITED)
DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA

	QUARTER ENDED		YEAR-TO-DATE	
EARNINGS SUMMARY	12/31/08	12/31/07	12/31/08	12/31/07
Net Interest Income	$9,242	$10,390	$37,375	$42,459
Provision for Loan Losses	4,426	3,253	12,938	5,931
Non-interest Income	1,820	1,805	9,005	7,817
Non-interest Expense	7,572	7,950	30,856	31,580
Income Taxes	(266)	240	557	4,218
Net Income	(670)	752	2,029	8,547
Operating Income	(670)	752	1,240	8,426

	QUARTER ENDED		YEAR-TO-DATE	
PER SHARE SUMMARY	12/31/08	12/31/07	12/31/08	12/31/07
Common Shares Outstanding	7,212,313	7,200,913	7,212,313	7,200,913
Weighted Average Diluted Shares	7,205,436	7,194,514	7,199,121	7,197,331

Net Income Per Weighted Average Diluted Shares	$(0.09)	$0.10	$0.28	$1.19
Operating Income Per Weighted Average Diluted Shares	$(0.09)	$0.10	$0.17	$1.17
Dividends Declared Per Share	$0.0975	$0.095	$0.39	$0.365

	QUARTER ENDED		YEAR-TO-DATE	
OPERATING RATIOS (1)	12/31/08	12/31/07	12/31/08	12/31/07
Net Interest Margin (a)	3.18%	3.64%	3.30%	3.75%
Return on Average Assets Based on Net Income	(0.22%)	0.25%	0.17%	0.71%
Return on Average Assets Based on Operating Income	(0.22%)	0.25%	0.10%	0.69%
Return on Average Equity Based on Net Income	(3.25%)	3.58%	2.40%	10.60%
Return on Average Equity Based on Operating Income	(3.25%)	3.58%	1.47%	10.45%
Efficiency (b)	67.82%	64.68%	67.74%	62.59%

	QUARTER ENDED	
ENDING BALANCES	12/31/08	12/31/07
Total Assets	$1,252,782	$1,208,776
Loans, Net of Reserves	943,841	929,465
Allowance for Loan Losses	17,016	15,513
Goodwill	2,412	2,412
Intangible Assets	367	402
Deposits	1,006,992	1,018,602
Stockholders' Equity	83,215	83,743

Book Value Per Share	$11.54	$11.63
Tangible Book Value Per Share	$11.15	$11.24
Shareholders' Equity to Total Assets	6.64%	6.93%

	QUARTER ENDED		YEAR-TO-DATE	
AVERAGE BALANCES	12/31/08	12/31/07	12/31/08	12/31/07
Total Assets	$1,237,287	$1,214,481	$1,204,846	$1,204,165
Loans, Net of Reserves	953,628	945,891	941,575	934,083
Deposits	992,646	1,018,526	986,501	1,021,537
Stockholders' Equity	82,586	83,999	84,372	80,638

	QUARTER ENDED		YEAR-TO-DATE	
ASSET QUALITY	12/31/08	12/31/07	12/31/08	12/31/07
Nonperforming Loans	$35,374	$15,016	$35,374	$15,016
Nonperforming Assets	48,186	16,348	48,186	16,348
Net Loan Chg-offs (Recoveries)	5,362	1,561	11,435	2,407
Reserve for Loan Loss to Gross Loans	1.77%	1.64%	1.77%	1.64%
Reserve for Loan Loss to Non-performing Loans	48.10%	103.31%	48.10%	103.31%
Reserve for Loan Loss to Non-performing Assets	35.31%	94.89%	35.31%	94.89%
Net Loan Chg-offs (Recoveries) to Avg. Gross Loans	0.55%	0.16%	1.19%	0.25%
Nonperforming Loans to Gross Loans	3.68%	1.59%	3.68%	1.59%
Nonperforming				

Assets to Total Assets	3.85%	1.35%	3.85%	1.35%
Nonperforming Assets to Gross Loans And Other Real Estate	4.95%	1.73%	4.95%	1.73%

(1) Annualized.

(a) Computed using fully taxable-equivalent net income.

(b) Computed by dividing non-interest expense by the sum of fully taxable- equivalent net interest income and non-interest income and excluding any security gains/losses.

Quarterly Comparative Data (in thousands, except per share data)

	4Q2008	3Q2008	2Q2008	1Q2008	4Q2007
Assets	$1,252,782	$1,215,330	$1,211,212	$1,185,226	$1,208,776
Loans	943,841	952,504	936,608	927,958	929,465
Deposits	1,006,992	977,752	976,322	993,556	1,018,602
Equity	83,215	82,806	83,823	86,014	83,743
Net Income	(670)	194	292	2,213	752
Net Income Per Share	(0.09)	0.03	0.04	0.31	0.10
Dividends Declared Per Share	0.0975	0.0975	0.0975	0.0975	0.095

Key Performance Ratios	4Q2008	3Q2008	2Q2008	1Q2008	4Q2007
Return on Assets	(0.22%)	0.06%	0.10%	0.74%	0.25%
Return on Equity	(3.25%)	0.93%	1.36%	10.38%	3.58%
Equity/ Assets	6.64%	6.81%	6.92%	7.26%	6.93%
Net Interest Margin	3.18%	3.34%	3.24%	3.44%	3.64%

Consolidated Balance Sheets Colony Bankcorp, Inc.
(in thousands)

	Dec. 31, 2008	Dec. 31, 2007
	(unaudited)	(audited)
ASSETS		
Cash and Cash Equivalents		
Cash and Due from Banks	$29,427	$28,369
Federal Funds Sold	31	21,737
	29,458	50,106
Interest-Bearing Deposits	147	1,467
Investment Securities		
Available for Sale, at Fair Value	207,645	167,123
Held for Maturity, at Cost (Fair Value of $63 and $69 as of Dec. 31, 2008 and Dec. 31, 2007, Respectively)	60	68
	207,705	167,191
Federal Home Loan Bank Stock, at Cost	6,272	5,533
Loans	961,036	945,279
Allowance for Loan Losses	(17,016)	(15,513)
Unearned Interest and Fees	(179)	(301)
	943,841	929,465
Premises and Equipment	29,672	27,809
Other Real Estate	12,812	1,332
Goodwill	2,412	2,412
Other Intangible Assets	367	402
Other Assets	20,096	23,059
Total Assets	$1,252,782	$1,208,776

LIABILITIES AND STOCKHOLDERS' EQUITY

Deposits		
Noninterest-Bearing	$77,497	$86,112
Interest-Bearing	929,495	932,490
	1,006,992	1,018,602
Borrowed Money		
Federal Funds Purchased	2,274	1,346
Securities Sold Under Agreements to Repurchase	40,000	--
Subordinated Debentures	24,229	24,229
Other Borrowed Money	91,000	73,600
	157,503	99,175
Other Liabilities	5,072	7,256
Stockholders' Equity		
Common Stock, Par Value $1, Authorized 20,000,000 Shares, Issued 7,212,313 and 7,200,913 Shares as of Dec. 31, 2008 and Dec. 31, 2007, Respectively	7,212	7,201
Paid in Capital	24,536	24,420
Retained Earnings	51,302	52,087
Restricted Stock- Unearned Compensation	(211)	(237)
Accumulated Other Comprehensive Loss, Net of Tax	376	272
	83,215	83,743
Total Liabilities and Stockholders' Equity	$1,252,782	$1,208,776

Consolidated Statements of Income Colony Bankcorp, Inc.
(in thousands except per share data)

	Quarter		Year-to-Date	
	Three Months Ended		Twelve Months Ended	
	12/31/08	12/31/07	12/31/08	12/31/07

	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest Income				
Loans, Including Fees	$15,347	$20,051	$66,733	$80,974
Federal Funds Sold	10	274	274	1,478
Deposits with Other Banks	--	32	27	143
Investment Securities				
U.S. Government Agencies	2,065	1,689	7,141	6,438
State, County and Municipal	88	142	410	549
Corporate Obligations/ Asset-Backed Sec.	122	64	414	269
Dividends on Other Investments	45	84	298	309
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	17,677	22,336	75,297	90,160
Interest Expense				
Deposits	7,055	10,598	32,801	42,731
Federal Funds Purchased and Repurchase Agreements	221	9	514	59
Borrowed Money	1,159	1,339	4,607	4,911
	8,435	11,946	37,922	47,701
Net Interest Income	9,242	10,390	37,375	42,459
Provision for Loan Losses	4,426	3,253	12,938	5,931
Net Interest Income After Provision for Loan Losses	4,816	7,137	24,437	36,528
Noninterest Income				
Service Charges on Deposits	1,129	1,215	4,700	4,771
Other Service Charges, Commissions and Fees	246	218	981	921
Mortgage Fee Income	98	204	609	967
Securities Gains	--	--	1,195	184
Other	347	168	1,520	974
	1,820	1,805	9,005	7,817
Noninterest Expense				
Salaries and Employee Benefits	3,755	4,173	16,238	17,866

Occupancy and Equipment	1,025	1,004	4,191	4,040
Other	2,792	2,773	10,427	9,674
	7,572	7,950	30,856	31,580
Income Before Income Taxes	(936)	992	2,586	12,765
Income Taxes	(266)	240	557	4,218
Net Income	$(670)	$752	$2,029	$8,547
Net Income Per Share of Common Stock				
Basic	$(0.09)	$0.10	$0.28	$1.19
Diluted	$(0.09)	$0.10	$0.28	$1.19
Weighted Average Basic Shares Outstanding	7,205,436	7,192,026	7,199,121	7,188,696
Weighted Average Diluted Shares Outstanding	7,205,436	7,194,514	7,199,121	7,197,331

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