
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): October 22, 2008

THE COLONIAL BANCGROUP, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

1-13508
(Commission File Number)

63-0661573
(I.R.S. Employer Identification No.)

**100 Colonial Bank Blvd.
Montgomery, Alabama 36117**
(Address of principal executive offices)

(334) 676-5000
(Registrant's telephone number)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

Item 7.01 Regulation FD Disclosure.

Information regarding the registrant's earnings results for the quarter ended September 30, 2008 is furnished herein pursuant to Item 2.02 of this Current Report and as Regulation FD Disclosure and is attached hereto as Exhibit 99.1 and 99.2 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

The following exhibits are furnished as Regulation FD Disclosure to this Current Report on Form 8-K:

<u>Exhibit No.</u>	<u>Exhibit</u>
99.1	Press Release Announcing Third Quarter Earnings.
99.2	Presentation materials to be used in connection with Colonial BancGroup's conference call to be held on October 22, 2008.

This report includes “forward-looking statements” within the meaning of the federal securities laws. Words such as “believes,” “estimates,” “plans,” “expects,” “should,” “may,” “might,” “outlook,” “potential” and “anticipates,” the negative of these terms and similar expressions, as they relate to The Colonial BancGroup, Inc. (BancGroup) (including its subsidiaries or its management), are intended to identify forward-looking statements. The forward-looking statements in this report are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. In addition to factors mentioned elsewhere in this report or previously disclosed in BancGroup’s SEC reports (accessible on the SEC’s website at www.sec.gov or on BancGroup’s website at www.colonialbank.com), the following factors, among others, could cause actual results to differ materially from forward-looking statements, and future results could differ materially from historical performance. These factors are not exclusive:

- losses to our loan portfolio are greater than estimated or expected;*
- an inability to raise additional capital on terms and conditions that are satisfactory;*
- the impact of current economic conditions on our ability to borrow additional funds to meet our liquidity needs;*
- economic conditions affecting real estate values and transactions in BancGroup’s market and/or general economic conditions, either nationally or regionally, that are less favorable than expected;*
- changes in the interest rate environment which expand or reduce margins or adversely affect critical estimates as applied, projected returns on investments, and fair values of assets;*
- deposit attrition, customer loss, or revenue loss in the ordinary course of business;*
- increases in competitive pressure in the banking industry and from non-banks;*
- costs or difficulties related to the integration of the businesses of BancGroup and institutions it acquires are greater than expected;*
- the inability of BancGroup to realize elements of its strategic plans for 2008 and beyond;*
- natural disasters in BancGroup’s primary market areas result in prolonged business disruption or materially impair the value of collateral securing loans;*
- management’s assumptions and estimates underlying critical accounting policies prove to be inadequate or materially incorrect or are not borne out by subsequent events;*
- the impact of recent and future federal and state regulatory changes;*
- current and future litigation, regulatory investigations, proceedings or inquiries;*
- strategies to manage interest rate risk may yield results other than those anticipated;*
- changes which may occur in the regulatory environment;*
- a significant rate of inflation (deflation);*
- unanticipated litigation or claims;*
- acts of terrorism or war; and*
- changes in the securities markets.*

Many of these factors are beyond BancGroup’s control. The reader is cautioned not to place undue reliance on any forward looking statements made by or on behalf of BancGroup. Any such statement speaks only as of the date the statement was made or as of such date that may be referenced within the statement. BancGroup does not undertake any obligation to update or revise any forward-looking statements.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE COLONIAL BANCGROUP, INC

By /s/ SARAH H. MOORE
 Sarah H. Moore
 Senior Executive Vice President
 and Chief Financial Officer

Date: October 22, 2008



PRESS RELEASE

For more information contact:

October 22, 2008

Lisa Free
(334) 676-5105

COLONIAL BANCGROUP REPORTS THIRD QUARTER RESULTS

- Net loss of \$0.35 per share in the quarter
- Core franchise remains solidly profitable
 - Pre-tax, pre-provision core income of \$51 million
 - Net interest margin of 2.85% compared to 2.88% in the second quarter of 2008
- Deposit balances increased 3% annualized over 6/30/08 and 9% over 9/30/07
- Strong liquidity position: over \$5 billion of excess borrowing capacity
 - Increased cash and due from banks by \$877 million over 6/30/08
 - Low loan to deposit ratio of 82% at 9/30/08
 - No debt maturities for the rest of 2008 and only \$42 million in 2009
- Capital ratios remain significantly above regulatory “well capitalized” limits at 9/30/08: Tier 1 Risk Based Capital of 10.00%, Total Risk Based Capital of 14.17% and Tier 1 Leverage Ratio of 7.29%. Tangible capital ratio remains strong at 6.43%
- Strengthened loan loss reserve to 1.88% of net loans at 9/30/08 compared to 1.60% at 6/30/08
- Suspension of quarterly dividend

MONTGOMERY, Ala. - (NYSE: CNB) The Colonial BancGroup, Inc. today reported a net loss for the quarter ended September 30, 2008 of \$71 million, or \$0.35 per share. “Like other financial institutions, we continue to face an extremely challenging operating environment,” said Robert E. Lowder, Colonial’s Chairman, CEO and President. “However, we are confident in the ability of our institution to weather the financial headwinds. We have been aggressive throughout 2008 in identifying problem loans, taking losses where necessary and placing those loans on nonaccrual status. Our focus has been, and continues to be, a commitment to safety and soundness. It is important to remember that we have been able to increase our capital and loan loss reserve since the fourth quarter of 2007 while simultaneously taking significant loan charge-offs. We will continue to be proactive in reducing the size of our balance sheet, preserving operating earnings and raising capital when and if appropriate. Our core franchise remains profitable, and our pre-tax, pre-provision earnings for the quarter were \$51 million.”

Capital

Colonial exceeds the requirement for regulatory definition of a “well capitalized” bank as follows:

	Regulatory Well Capitalized Minimum	Colonial
Tier 1 Leverage ratio	5%	7.29%
Tier 1 Risk Based Capital ratio	6%	10.00%
Total Risk Based Capital ratio	10%	14.17%

“While these ratios reflect abundant capital, in the current financial markets it is prudent and necessary to further fortify our balance sheet so that we emerge from the current credit crisis a much stronger institution. To that end, we are actively examining opportunities to participate in the new programs offered by the Treasury, including the preferred stock initiative. To further preserve capital, Colonial is suspending its dividend, but is aware of the importance of resuming dividend payments as soon as market and capital conditions permit,” said Mr. Lowder. The suspension of the dividend will preserve approximately \$77 million per year in tangible common equity. “Our decision to suspend our dividend was a difficult one, especially given our retail shareholder base. However, our obligation to our shareholders also requires that we prudently conserve our capital given the challenges of the environment. In addition, through balance sheet management efforts, risk based assets were reduced by \$583 million during the quarter, which also strengthened our capital position,” said Mr. Lowder.

Liquidity

Colonial’s retail franchise of over 340 branch locations provides a stable funding base, as deposits fund 70% of total assets. Total deposits at September 30, 2008 grew 9% over the same period of 2007 and 3% annualized over June 30, 2008, resulting in a loan to deposit ratio

of 82%. Colonial is pleased that the FDIC has fully insured all noninterest bearing deposit accounts and has increased insurance coverage to \$250,000 on all other deposit accounts until December 31, 2009. This expanded coverage will insure 85% of the Company's September 30, 2008 total deposits. In addition to Colonial's strong retail franchise, the Company has over \$5 billion in unused wholesale funding available from a variety of sources and does not have any debt maturities in 2008 and only \$42 million in 2009.

Asset Quality

During the third quarter of 2008, Colonial intensified its aggressive loan workout efforts, resulting in an increase in charge-offs and nonperforming assets. Colonial charged-off \$121 million, or 3.17% of average loans, annualized, for the third quarter of 2008, compared to \$73 million, or 1.85% of average loans, annualized, for the second quarter of 2008. Colonial's provision for loan losses of \$159 million in the quarter was 131% of net charge-offs, increasing the allowance for loan losses to \$285 million, or 1.88% of net loans, at September 30, 2008 from 1.60% at June 30, 2008. The ratio of nonperforming assets to net loans, other real estate and repossessions at September 30, 2008 was 4.43%, compared to 2.62% at June 30, 2008. As with prior periods, Colonial's problem assets remain primarily isolated to the residential construction portfolio and concentrated in Florida markets. "Since the crisis began to develop, we have concentrated on identifying troubled assets (and those which are likely to become troubled) and bringing intense focus and efforts to their resolution. We are committed to this approach, and both our net charge-offs and provision reflect that commitment," said Mr. Lowder. "Colonial, in addition to assessing the Treasury's preferred stock initiative, is also assessing its asset purchase and guarantee provisions. There is presently not enough information available to determine whether these programs are of interest to the Company, but as the details are clarified, Colonial will take full advantage of these and other programs, if they are appropriate."

Net interest income

Net interest income declined by \$7.7 million from the second quarter of 2008, and the Company's net interest margin was relatively stable at 2.85% in the third quarter compared to 2.88% in the second quarter of 2008. The margin stability occurred despite the headwinds of the current banking environment: the increase in nonearning assets, migration to higher cost time deposits, and the increase in pricing of deposits created by the critical liquidity needs of several large banks in our markets.

Noninterest income

Core noninterest income for the third quarter of 2008 decreased 2% from the second quarter of 2008. Not surprisingly, most of the decrease was in wealth management services income, which decreased \$691,000 from the second quarter of 2008 as customers showed a preference for FDIC insured products. This decrease was offset somewhat by another good quarter in revenue from mortgage banking origination and sales, which increased \$142,000 in the third quarter of 2008 over the second quarter of 2008 as a result of higher sales of FHA and VA loans. Colonial increased its mortgage origination staffing in late 2007 to diversify its production to agency products which yield higher volumes and margins. During the third quarter of 2008, Colonial added similar teams of mortgage originators in the Tampa and San Antonio markets, and expects similar results from these new teams.

Colonial's valuable franchise

Colonial's strategy has been to locate in high growth markets that will be the first areas to benefit when the economy improves. "Colonial is making the most of a tough environment. We are reaching out to current and prospective customers to offer our products and services. We are recruiting bankers and adding experience to our team. When the economic situation improves, Colonial will be well positioned to take advantage with a valuable franchise in high growth markets that cannot be duplicated," concluded Mr. Lowder.

Colonial BancGroup operates 344 branches in Florida, Alabama, Georgia, Nevada and Texas with over \$26 billion in assets. The Company's common stock is traded on the New York Stock Exchange under the symbol CNB and is located online at www.colonialbank.com. In some newspapers, the stock is listed as ColBgp.

Colonial's management will host a conference call on October 22, 2008 at 5:00 PM/ET to discuss the results for the third quarter of 2008. Individuals are encouraged to listen to the live webcast of the presentation as well as view a slide presentation by visiting Colonial's website at www.colonialbank.com. The webcast will be hosted under "Events and Presentations" located under the "Investor Relations" section of the website. To participate in the Q&A session of the conference call, dial (888) 504-7961 or (719) 457-2681 Toll International, (Leader: Lisa Free). A replay of the conference call will be available beginning at 8:00 PM/ET on October 22, 2008 and ending at midnight on October 31, 2008 by dialing (888) 203-1112 (Domestic Toll-Free) or (719) 457-0820 (Toll International). The passcode for both numbers is 2934355.

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THE COLONIAL BANCGROUP, INC. AND SUBSIDIARIES
FINANCIAL HIGHLIGHTS (Unaudited)

Statement of Condition Summary (Dollars in millions)	Sept 30, 2008	June 30, 2008	Dec 31, 2007	% Change June '08 to Sept '08	% Change Dec '07 to Sept '08
Assets	\$26,263	\$26,031	\$25,976	1%	1%
Cash and due from banks	1,328	451	475	194%	180%
Loans, net of unearned income	15,168	15,469	15,923	-2%	-5%
Securities	3,826	3,454	3,683	11%	4%
Deposits	18,493	18,349	18,544	1%	0%
Shareholders' equity	2,389	2,422	2,274	-1%	5%

	Three Months Ended			Nine Months Ended		
	Sept 30, 2008	June 30, 2008	% Change June '08 to Sept '08	Sept 30, 2008	Sept 30, 2007	% Change Sept '07 to Sept '08
Key Ratios:						
Tier I capital ratio	10.00% *	10.12%	-1%	10.00% *	8.94%	12%
Total risk-based capital ratio	14.17% *	14.16%	0%	14.17% *	11.50%	23%
Tangible common equity ratio	5.27%	5.43%	-3%	5.27%	5.32%	-1%
Tangible capital ratio	6.43%	6.60%	-3%	6.43%	6.56%	-2%
Net interest margin	2.85%	2.88%	-1%	2.89%	3.59%	-19%
Loans to deposits ratio	82.02%	84.30%	-3%	82.02%	89.79%	-9%
Dividends paid per common share	\$ 0.095	\$ 0.095	0%	\$ 0.38	\$ 0.5625	-32%

Earnings Summary (In thousands, except per share amounts)	Three Months Ended			Nine Months Ended		
	Sept 30, 2008	June 30, 2008	% Change June '08 to Sept '08	Sept 30, 2008	Sept 30, 2007	% Change Sept '07 to Sept '08
Net Income:						
Net interest income	\$ 166,749	\$174,424	-4%	\$522,797	\$566,173	-8%
Provision for loan losses	159,399	79,000	102%	273,942	13,155	1982%
Core noninterest income (1)	51,697	52,698	-2%	156,067	152,117	3%
Securities and derivatives gains (losses), net	(6,057)	3,025	-300%	3,043	2,097	45%
Securities restructuring charges	—	—	0%	—	(36,006)	100%
Gain on sale of mortgage loans	—	—	0%	—	3,850	-100%
Gain on sale of merchant services	—	—	0%	—	4,900	-100%
Total noninterest income	45,640	55,723	-18%	159,110	126,958	25%
Core noninterest expense (1)	162,155	159,506	2%	479,471	401,325	19%
Severance expense	—	550	-100%	786	4,045	-81%
Merger related expenses	—	—	0%	—	2,298	-100%
Net losses related to the early extinguishment of debt	284	4,111	-93%	10,327	6,908	49%
Total noninterest expense	162,439	164,167	-1%	490,584	414,576	18%
Minority interest expense/REIT preferred dividends	5,336	5,336	0%	16,008	7,648	109%
Income (loss) before tax	(114,785)	(18,356)	525%	(98,627)	257,752	-138%
Income tax expense (benefit)	(43,575)	(9,400)	364%	(43,258)	85,799	-150%
Net Income (Loss)	\$ (71,210)	\$ (8,956)	695%	\$ (55,369)	\$171,953	-132%
Earnings (loss) per share - Diluted	\$ (0.35)	\$ (0.05)	600%	\$ (0.30)	\$ 1.11	-127%
Average diluted shares outstanding	200,757	188,730		182,216	154,310	

(1) Represents non-GAAP measures.

* Estimated

THE COLONIAL BANCGROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

Earnings Summary (Dollars in thousands)	3rd Qtr. 2008	2nd Qtr. 2008	1st Qtr. 2008	4th Qtr. 2007	3rd Qtr. 2007	Nine Months Ended	
						Sept 30, 2008	Sept 30, 2007
Net interest income	\$ 166,749	\$174,424	\$181,624	\$195,201	\$196,011	\$522,797	\$566,173
Provision for loan losses	159,399	79,000	35,543	93,295	4,800	273,942	13,155
Noninterest income:							
Service charges on deposit accounts	19,645	19,259	19,228	19,717	19,376	58,132	55,749
Electronic banking	5,149	5,275	5,004	4,843	4,923	15,428	13,972
Other retail banking fees	2,209	2,540	2,548	2,614	2,794	7,297	9,661
Retail banking fees	27,003	27,074	26,780	27,174	27,093	80,857	79,382
Mortgage banking origination and sales	8,095	7,953	6,760	4,840	3,236	22,808	10,083
Wealth management services	4,370	5,061	4,812	4,123	4,506	14,243	12,611
Mortgage warehouse fees	1,467	1,251	995	3,017	5,936	3,713	19,223
Bank-owned life insurance	4,720	5,169	5,120	5,203	5,070	15,009	15,027
Other income	6,042	6,190	7,205	12,959	7,117	19,437	15,791
Core noninterest income	51,697	52,698	51,672	57,316	52,958	156,067	152,117
Securities and derivatives gains (losses), net	(6,057)	3,025	6,075	1,950	—	3,043	2,097
Securities restructuring charges	—	—	—	—	—	—	(36,006)
Gain on sale of mortgage loans	—	—	—	—	—	—	3,850
Gain on sale of merchant services	—	—	—	—	—	—	4,900
Total noninterest income	45,640	55,723	57,747	59,266	52,958	159,110	126,958
Noninterest expense:							
Salaries and employee benefits	75,129	74,761	73,667	70,900	68,345	223,557	208,155
Occupancy expense of bank premises, net	24,177	24,064	23,055	21,848	19,634	71,296	56,861
Furniture and equipment expenses	15,215	15,134	14,703	13,564	13,226	45,052	39,698
Professional services	7,252	7,807	5,638	5,092	4,967	20,697	13,695
FDIC insurance and other regulatory fees	4,169	4,414	4,562	2,129	1,727	13,145	4,173
Amortization of intangible assets	4,154	4,142	4,163	3,606	3,500	12,459	9,752
Electronic banking and other retail banking expenses	3,479	4,136	4,157	4,175	5,766	11,772	15,485
Loan and other real estate related costs	4,550	4,486	2,649	1,376	1,170	11,685	2,407
Communications	2,799	2,863	2,819	2,531	2,677	8,481	8,568
Advertising	3,440	2,384	2,603	2,597	1,570	8,427	7,468
Postage and courier	2,373	2,270	2,622	2,736	2,589	7,265	7,920
Loss on equity investments	4,995	1,720	2,747	1,434	660	9,462	1,585
Travel	1,572	1,522	1,439	1,670	1,586	4,533	5,275
Other expenses	8,851	9,803	12,986	7,156	6,281	31,640	20,283
Core noninterest expense	162,155	159,506	157,810	140,814	133,698	479,471	401,325
Severance expense	—	550	236	2,571	500	786	4,045
Merger related expenses	—	—	—	1,717	753	—	2,298
Net losses related to the early extinguishment of debt	284	4,111	5,932	—	—	10,327	6,908
Total noninterest expense	162,439	164,167	163,978	145,102	134,951	490,584	414,576
Minority interest expense/REIT preferred dividends	5,336	5,336	5,336	5,336	5,336	16,008	7,648
Income (loss) before tax	(114,785)	(18,356)	34,514	10,734	103,882	(98,627)	257,752
Income tax expense (benefit)	(43,575)	(9,400)	9,717	1,762	34,527	(43,258)	85,799
Net Income (Loss)	\$ (71,210)	\$ (8,956)	\$ 24,797	\$ 8,972	\$ 69,355	\$ (55,369)	\$171,953
Earnings (loss) per share - Diluted	\$ (0.35)	\$ (0.05)	\$ 0.16	\$ 0.06	\$ 0.45	\$ (0.30)	\$ 1.11

THE COLONIAL BANCGROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CONDITION (Unaudited)

Statements of Condition (Dollars in thousands)	Sept 30, 2008	June 30, 2008	Mar 31, 2008	Dec 31, 2007	Sept 30, 2007
Assets:					
Cash and due from banks	\$ 1,328,493	\$ 451,281	\$ 400,880	\$ 474,948	\$ 403,302
Federal funds sold	7,096	8,891	9,821	71,167	9,908
Interest bearing deposits in banks	669	101,391	1,375	28,993	1,361
Securities purchased under agreements to resell	1,493,585	2,185,174	2,106,205	2,049,664	2,084,565
Total securities (AFS and HTM)	3,825,523	3,453,859	3,494,654	3,682,510	3,574,510
Loans held for sale	2,060,709	1,984,723	2,951,777	1,544,222	1,243,265
Loans, net of unearned income	15,168,356	15,468,832	16,094,478	15,923,178	15,206,452
Less: Allowance for loan losses	(285,000)	(247,009)	(240,795)	(238,845)	(172,678)
Net loans	14,883,356	15,221,823	15,853,683	15,684,333	15,033,774
Premises and equipment, net	507,167	498,941	509,164	500,558	466,933
Intangible assets, net	1,060,816	1,066,215	1,064,485	1,071,605	912,131
Bank-owned life insurance	490,585	485,840	480,722	475,593	472,324
Accrued interest and other assets	604,572	573,153	479,981	392,396	341,993
Total Assets	\$ 26,262,571	\$ 26,031,291	\$ 27,352,747	\$ 25,975,989	\$ 24,544,066
Liabilities and Shareholders' Equity:					
Noninterest bearing transaction accounts	\$ 2,843,971	\$ 2,912,071	\$ 3,050,729	\$ 2,988,457	\$ 3,445,459
Interest bearing transaction accounts	5,232,769	6,052,774	6,526,822	6,783,116	6,331,223
Total non-time deposits	8,076,740	8,964,845	9,577,551	9,771,573	9,776,682
Time deposits	8,707,034	8,038,923	7,828,384	7,317,108	6,834,610
Brokered time deposits	1,709,159	1,345,397	1,865,393	1,455,586	323,349
Total deposits	18,492,933	18,349,165	19,271,328	18,544,267	16,934,641
Repurchase agreements	458,658	525,724	540,589	568,721	571,331
Federal funds purchased	—	135,000	639,000	—	201,000
Other short-term borrowings	300,000	—	—	—	550,000
Long-term debt	4,038,675	4,037,741	4,169,939	4,023,836	3,604,927
Other liabilities	290,290	268,611	266,816	272,536	220,015
Total liabilities	23,580,556	23,316,241	24,887,672	23,409,360	22,081,914
Minority interest/REIT preferred securities	293,058	293,058	293,058	293,058	293,206
Total shareholders' equity	2,388,957	2,421,992	2,172,017	2,273,571	2,168,946
Total Liabilities and Shareholders' Equity	\$ 26,262,571	\$ 26,031,291	\$ 27,352,747	\$ 25,975,989	\$ 24,544,066
Common Shares Issued	212,317,639	211,829,234	168,063,887	167,407,169	163,172,315
Common Shares Outstanding	202,350,912	201,862,507	158,097,161	157,440,442	153,205,588
Book value per common share	\$ 11.81	\$ 12.00	\$ 13.74	\$ 14.44	\$ 14.16
Tangible book value per common share	\$ 6.56	\$ 6.72	\$ 7.01	\$ 7.63	\$ 8.20

adjustments		(2,125)			(2,101)			(1,945)		
Net interest income		<u>\$166,749</u>			<u>\$174,424</u>			<u>\$196,011</u>		
Total Average Deposits										
Total interest bearing deposits	\$15,577,433	\$117,401	3.00%	\$15,905,337	\$120,407	3.04%	\$13,732,885	\$142,217	4.11%	
Noninterest bearing demand deposits	<u>2,871,552</u>	<u>—</u>	<u>—</u>	<u>3,067,322</u>	<u>—</u>	<u>—</u>	<u>2,949,526</u>	<u>—</u>	<u>—</u>	
Total average deposits	<u>\$18,448,985</u>	<u>\$117,401</u>	2.53%	<u>\$18,972,659</u>	<u>\$120,407</u>	2.55%	<u>\$16,682,411</u>	<u>\$142,217</u>	3.38%	
Total average deposits, excluding brokered time	\$16,925,619	\$102,935	2.42%	\$17,398,566	\$103,305	2.39%	\$16,345,000	\$137,897	3.35%	

-
- (1) Interest earned and average rates on securities and loans exempt from income taxes are reflected on a fully tax equivalent basis using a federal income tax rate of 35%, net of nondeductible interest expense.
- (2) Unrealized gains (losses) on available for sale securities, the adjustments for mark to market valuations on hedged assets and liabilities and lower of cost or fair value adjustments have been classified in either nonearning assets or other liabilities.

THE COLONIAL BANCGROUP, INC. AND SUBSIDIARIES

Average Volume and Rates (unaudited) (Dollars in thousands)	Nine Months Ended September 30,					
	2008			2007		
	Average Volume	Interest	Rate	Average Volume	Interest	Rate
Assets:						
Loans, net of unearned income (1), (2)	\$15,671,050	\$ 724,860	6.18%	\$15,257,881	\$ 883,076	7.74%
Loans held for sale (2)	2,781,151	103,018	4.95%	1,603,221	83,733	6.98%
Securities (1), (2)	3,746,228	164,306	5.85%	2,982,418	124,387	5.56%
Securities purchased under agreements to resell	2,116,299	80,026	5.05%	1,280,597	66,073	6.90%
Federal funds sold	85,955	1,762	2.74%	75,259	2,956	5.25%
Other interest earning assets	13,419	109	1.09%	6,048	130	2.87%
Total interest earning assets	24,414,102	<u>\$1,074,081</u>	5.87%	21,205,424	<u>\$1,160,355</u>	7.31%
Nonearning assets (2)	2,498,064			2,138,957		
Total assets	<u>\$26,912,166</u>			<u>\$23,344,381</u>		
Liabilities and Shareholders' Equity:						
Interest bearing non-time deposits	\$ 6,142,254	\$ 76,888	1.67%	\$ 6,367,451	\$ 148,251	3.11%
Time deposits	8,018,344	247,827	4.13%	6,761,111	252,538	4.99%
Brokered time deposits	1,563,300	50,599	4.32%	355,974	13,581	5.10%
Total interest bearing deposits	15,723,898	375,314	3.19%	13,484,536	414,370	4.11%
Repurchase agreements	525,268	8,608	2.19%	611,590	19,708	4.31%
Federal funds purchased	515,905	11,615	3.01%	650,231	25,729	5.29%
Other short-term borrowings	144,744	3,201	2.95%	166,231	6,426	5.17%
Long-term debt (2)	4,067,025	146,159	4.80%	3,084,463	123,881	5.37%
Total interest bearing liabilities	20,976,840	<u>\$ 544,897</u>	3.47%	17,997,051	<u>\$ 590,114</u>	4.38%
Noninterest bearing demand deposits	3,001,553			2,889,110		
Other liabilities (2)	285,375			180,669		
Total liabilities	24,263,768			21,066,830		
Minority interest/REIT preferred securities	293,058			140,627		
Shareholders' equity	2,355,340			2,136,924		
Total liabilities and shareholders' equity	<u>\$26,912,166</u>			<u>\$23,344,381</u>		
Rate differential			2.40%			2.93%
Net yield on interest-earning assets on a tax equivalent basis		\$ 529,184	2.89%		\$ 570,241	3.59%
Taxable equivalent adjustments (1):						
Loans		(555)			(626)	
Securities		(5,832)			(3,442)	
Total taxable equivalent adjustments		<u>(6,387)</u>			<u>(4,068)</u>	
Net interest income		<u>\$ 522,797</u>			<u>\$ 566,173</u>	
Total Average Deposits						
Total interest bearing deposits	\$15,723,898	\$ 375,314	3.19%	\$13,484,536	\$ 414,370	4.11%
Noninterest bearing demand deposits	3,001,553	—	—	2,889,110	—	—
Total average deposits	<u>\$18,725,451</u>	<u>\$ 375,314</u>	2.68%	<u>\$16,373,646</u>	<u>\$ 414,370</u>	3.38%
Total average deposits, excluding brokered time	<u>\$17,162,151</u>	<u>\$ 324,715</u>	2.53%	<u>\$16,017,672</u>	<u>\$ 400,789</u>	3.35%

- (1) Interest earned and average rates on securities and loans exempt from income taxes are reflected on a fully tax equivalent basis using a federal income tax rate of 35%, net of nondeductible interest expense.
- (2) Unrealized gains (losses) on available for sale securities, the adjustments for mark to market valuations on hedged assets and liabilities and lower of cost or fair value adjustments have been classified in either nonearning assets or other liabilities.

THE COLONIAL BANCGROUP, INC. AND SUBSIDIARIES
SELECTED RATIOS AND ASSET QUALITY (unaudited)

<u>Selected Financial Ratios</u>	<u>3rd Qtr. 2008</u>	<u>2nd Qtr. 2008</u>	<u>1st Qtr. 2008</u>	<u>4th Qtr. 2007</u>	<u>3rd Qtr. 2007</u>
Capital Ratios:					
Tier I capital ratio	10.00%**	10.12%	8.05%	8.22%	8.94%
Total capital ratio	14.17%**	14.16%	12.00%	11.01%	11.50%
Leverage ratio	7.29%**	7.38%	6.10%	6.67%	7.34%
Tangible common equity ratio	5.27%	5.43%	4.21%	4.83%	5.32%
Tangible capital ratio	6.43%	6.60%	5.33%	6.00%	6.56%
Return on average assets*	-1.09%	-0.13%	0.36%	0.14%	1.15%
Return on average equity*	-11.93%	-1.49%	4.37%	1.58%	12.65%
Efficiency ratio(1)	73.52%	69.59%	67.02%	55.29%	53.29%
Noninterest income(1)/ avg assets*	0.79%	0.78%	0.75%	0.90%	0.88%
Noninterest expense(1)/ avg assets*	2.49%	2.36%	2.28%	2.22%	2.24%
Net interest margin	2.85%	2.88%	2.94%	3.43%	3.65%

(1) These ratios utilize core noninterest income and core noninterest expense which represent non-GAAP measures.

* Annualized

** Estimated

<u>Selected Credit Quality Ratios</u>	<u>Sept 30, 2008</u>	<u>June 30, 2008</u>	<u>Mar 31, 2008</u>	<u>Dec 31, 2007</u>	<u>Sept 30, 2007</u>
Period end:					
Allowance as a percent of net loans	1.88%	1.60%	1.50%	1.50%	1.14%
Total nonperforming assets as a percent of net loans, other real estate and repossessions	4.43%	2.62%	1.65%	0.86%	0.46%
Allowance as a percent of nonperforming assets	42%	60%	90%	174%	246%
Allowance as a percent of nonperforming loans	53%	84%	98%	196%	280%
Net charge-offs as a percent of average net loans:					
Quarter to date (annualized)	3.17%	1.85%	0.84%	0.88%	0.27%
Year to date (annualized)	1.94%	1.35%	0.84%	0.35%	0.18%

<u>Nonperforming Assets (Dollars in thousands)</u>	<u>Sept 30, 2008</u>	<u>June 30, 2008</u>	<u>Mar 31, 2008</u>	<u>Dec 31, 2007</u>	<u>Sept 30, 2007</u>
Nonaccrual loans	\$542,785	\$294,816	\$246,482	\$121,886	\$61,599
Other real estate owned and repossessions	134,951	113,604	19,831	15,760	8,554
Total nonperforming assets	<u>\$677,736</u>	<u>\$408,420</u>	<u>\$266,313</u>	<u>\$137,646</u>	<u>\$70,153</u>
Aggregate loans contractually past due 90 days for which interest is being accrued	\$ 42,454	\$ 31,337	\$ 70,638	\$ 23,837	\$20,617
Total charge-offs	\$122,687	\$ 74,101	\$ 35,090	\$ 34,818	\$13,744
Total recoveries	(1,279)	(1,315)	(1,497)	(923)	(3,348)
Net charge-offs:					
Quarter to date	\$121,408	\$ 72,786	\$ 33,593	\$ 33,895	\$10,396
Year to date	\$227,787	\$106,379	\$ 33,593	\$ 54,066	\$20,171

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3rd Quarter 2008 Overview



Forward Looking Statements



This presentation includes “forward-looking statements” within the meaning of the federal securities laws. Words such as “believes,” “estimates,” “plans,” “expects,” “should,” “may,” “might,” “outlook,” “potential” and “anticipates,” the negative of these terms and similar expressions, as they relate to The Colonial BancGroup, Inc. (BancGroup) (including its subsidiaries or its management), are intended to identify forward-looking statements. The forward-looking statements in this presentation are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. In addition to factors mentioned elsewhere in this presentation or previously disclosed in BancGroup’s SEC reports (accessible on the SEC’s website at www.sec.gov or on BancGroup’s website at www.colonialbank.com), the following factors, among others, could cause actual results to differ materially from forward-looking statements and future results could differ materially from historical performance. These factors are not exclusive:

- *losses to our loan portfolio are greater than estimated or expected;*
- *an inability to raise additional capital on terms and conditions that are satisfactory;*
- *the impact of current economic conditions on our ability to borrow additional funds to meet our liquidity needs;*
- *economic conditions affecting real estate values and transactions in BancGroup’s market and/or general economic conditions, either nationally or regionally, that are less favorable than expected;*
- *changes in the interest rate environment which expand or reduce margins or adversely affect critical estimates as applied, projected returns on investments, and fair values of assets;*
- *deposit attrition, customer loss, or revenue loss in the ordinary course of business;*
- *increases in competitive pressure in the banking industry and from non-banks;*
- *costs or difficulties related to the integration of the businesses of BancGroup and institutions it acquires are greater than expected;*
- *the inability of BancGroup to realize elements of its strategic plans for 2008 and beyond;*
- *natural disasters in BancGroup’s primary market areas which result in prolonged business disruption or materially impair the value of collateral securing loans;*
- *management’s assumptions and estimates underlying critical accounting policies prove to be inadequate or materially incorrect or are not borne out by subsequent events;*
- *the impact of recent and future federal and state regulatory changes;*
- *current or future litigation, regulatory investigations, proceedings or inquiries;*
- *strategies to manage interest rate risk may yield results other than those anticipated;*
- *changes which may occur in the regulatory environment;*
- *a significant rate of inflation (deflation);*
- *unanticipated litigation or claims;*
- *acts of terrorism or war; and*
- *changes in the securities markets.*

Many of these factors are beyond BancGroup’s control. The reader is cautioned not to place undue reliance on any forward looking statements made by or on behalf of BancGroup. Any such statement speaks only as of the date the statement was made or as of such date that may be referenced within the statement. BancGroup does not undertake any obligation to update or revise any forward-looking statements.

3rd Quarter 2008 Summary of Results



- **Strengthened loan loss reserve to 1.88% of net loans at 9/30/08 compared to 1.60% at 6/30/08**
- **Net loss of \$0.35 per share in the quarter**
- **Core franchise remains solidly profitable**
 - Pre-tax, pre-provision core income of \$51 million
 - Net interest margin of 2.85% compared to 2.88% in the second quarter of 2008
- **Deposit balances increased 3% annualized over 6/30/08 and 9% over 9/30/07**
- **Strong liquidity position: over \$5 billion of excess borrowing capacity**
- **Capital ratios remain significantly above regulatory “well capitalized” limits at 9/30/08*: Tier 1 Risk Based Capital of 10.00%, Total Risk Based Capital of 14.17% and Tier 1 Leverage Ratio of 7.29%. Tangible capital ratio remains strong at 6.43%**
- **Suspension of quarterly dividend**

*Estimated

➤ **Aggressive management of problem loans**

- Charged off \$121 million in the third quarter (net), 3.17% of average net loans (annualized)
- Nonperforming assets increased by \$269 million bringing nonperforming assets to 4.43% of loans, other real estate and repossessions

➤ **Provisions exceeded net charge-offs**

- Further strengthened reserve to 1.88% of net loans at 9/30/08 versus 1.60% at 6/30/08
- Excess capital plus LLR cushion equal 173% of NPAs at 9/30/08

➤ **Problem credits remain primarily in residential related construction sector of loan portfolio**

➤ **Highly qualified and experienced commercial workout group**

Loan Portfolio

At 9/30/08

(\$ in millions)



Business Line	Dollars Outstanding	% of Total Portfolio	Change Since 6/30/08	Past Dues* 9/30/08	NPAs	% of NPAs
Residential Construction	\$2,387.1	15.7%	(\$379.0)	3.72%	\$414.3	61.1%
Commercial Construction	2,624.9	17.3%	(150.5)	2.26%	151.1	22.3%
Seasoned Commercial Real Estate	4,944.3	32.6%	(30.4)	0.90%	58.6	8.6%
1-4 Family Permanent Real Estate	2,545.5	16.8%	(28.5)	2.95%	46.5	6.9%
Commercial & Industrial	1,000.0	6.6%	(60.6)	0.81%	6.0	0.9%
Mortgage Warehouse Lending	653.4	4.3%	73.1	0.00%	0.0	0.0%
Consumer & Other	470.4	3.1%	27.5	0.64%	1.2	0.2%
Nonaccrual Loans	542.8	3.6%	248.0			
Total	\$15,168.4	100.0%	(\$300.4)	1.84%	\$677.7	100.0%
ORE	\$134.9					
Total Loans Plus ORE	\$15,303.3					

*Past due and still accruing.

Residential Construction Portfolio Overview



- Scaled back lending / tightened underwriting standards in Florida beginning in May 2006 and ceased approvals altogether during 2Q 2007
- Average loan size \$556,000
- Weighted average LTV was 75.7%
- Identified and isolated problem credits
- Personal guarantees attached to approximately 95% of portfolio
- Texas comprises 20% of portfolio and continues to perform better than other markets
- \$560 million of the residential construction portfolio is unfunded (19% of total commitments)
- Only 12% of our residential construction and condo loans have interest reserves, and of those loans, 25% are located in Texas, which has seen limited credit deterioration
- Residential construction portfolio declined \$379 million in 3Q 2008 to \$2.4 billion

Residential Construction

(Excluding Nonaccruals)

By Location and Property Type at 9/30/08

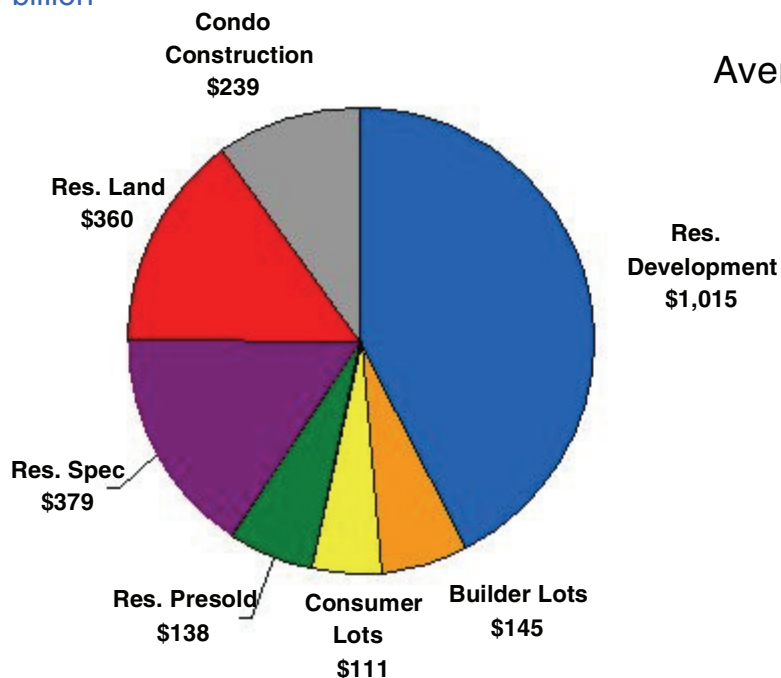
15.7% of total loan portfolio - \$2.387 billion

(\$ in millions)



Average Loan Size \$556,000

LTV 75.7%



	Total Outstanding	Res. Development	Builder Lots	Consumer Lots	Res. Presold	Res. Spec	Res. Land	Condo Construction
Florida	\$ 1,102	\$ 406	\$ 57	\$ 75	\$ 60	\$ 143	\$ 178	\$ 183
Texas	476	289	29	5	10	44	84	15
Georgia	329	168	19	1	18	82	20	21
Alabama	292	93	38	27	25	86	16	7
Nevada	145	49	1	2	23	20	50	-
Other	43	10	1	1	2	4	12	13
Total	\$ 2,387	\$ 1,015	\$ 145	\$ 111	\$ 138	\$ 379	\$ 360	\$ 239

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Commercial Construction

(Excluding Residential, Condominium Construction and Nonaccruals)

By Location and Property Type at 9/30/08

17.3% of total loan portfolio - \$2.625 billion

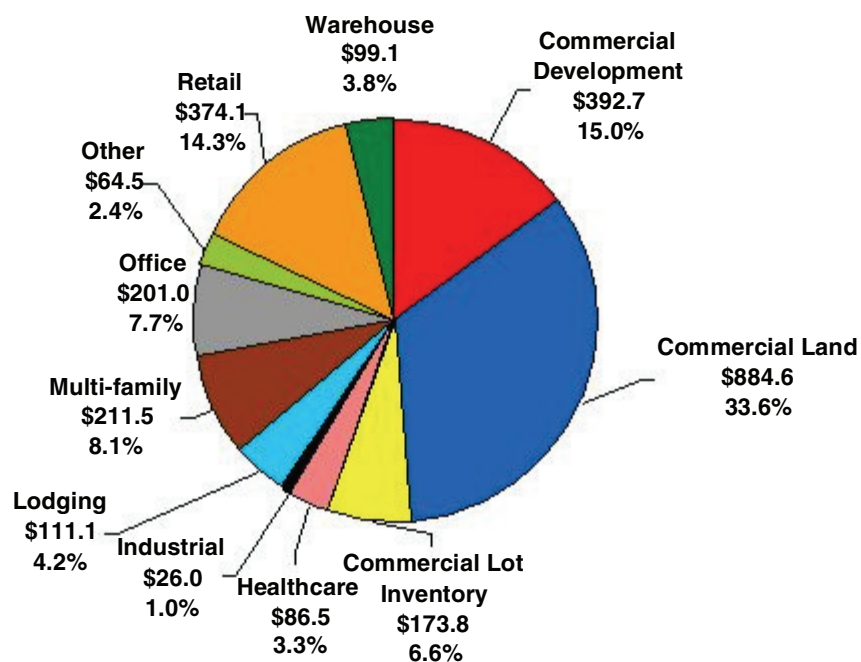
(\$ in millions)



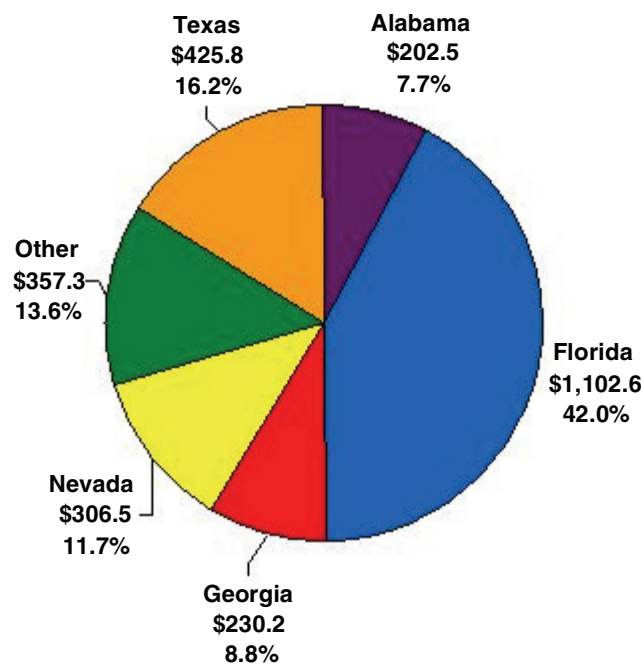
Average Loan Size \$2.1 million

LTV 66.8%

Property Type



Location



Seasoned Commercial Real Estate



(Excluding Nonaccruals)

By Location and Property Type at 9/30/08

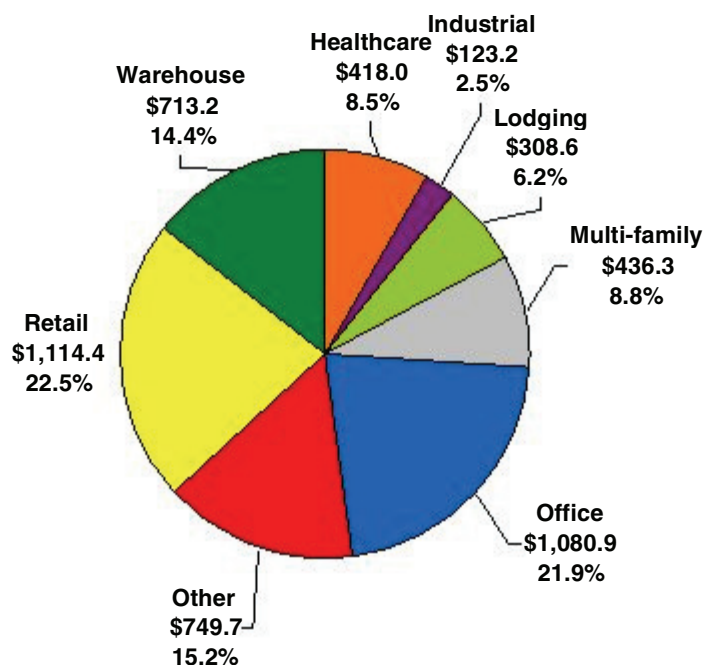
32.6% of total loan portfolio - \$4.944 billion

(\$ in millions)

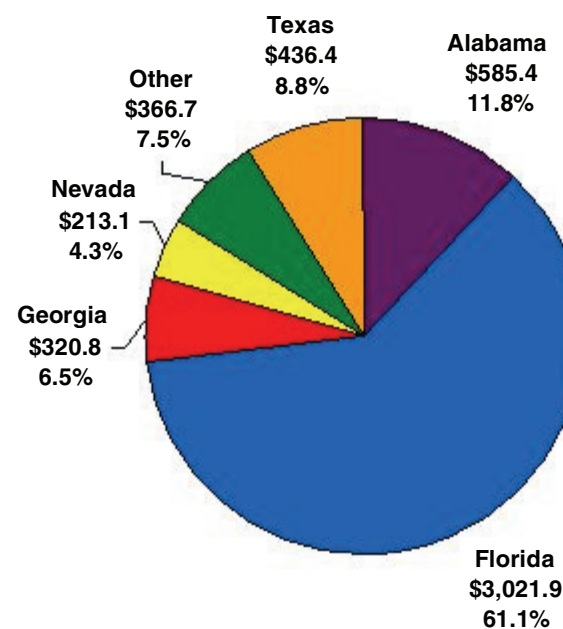
Average Loan Size \$735,000

LTV 64.4%

Property Type



Location



Excess Capital Position and Reserves

Provide Significant Loss Cushion

(\$ in millions)



	Actual* 9/30/08	Capital in Excess of Well Capitalized Minimums		Well Capitalized Ratios
		After tax	Pre tax	
Tier 1 Risk Based Capital	10.00%	\$738	\$1,135	6.00%
Total Risk Based Capital	14.17%	770	1,185	10.00%
Tier 1 Leverage	7.29%	579	891	5.00%
Tangible Common Equity Ratio	5.27%			N/A
Tangible Capital Ratio	6.43% ⁽¹⁾			N/A

Loan Categories	Balances	Loss Absorption %s
	9/30/08	(Excess Capital + Reserve)
NPAs	\$678	173%
NPAs + Still Accruing Past Due 90	\$720	163%
Residential Construction Loans	\$2,387	49%

*Estimated.

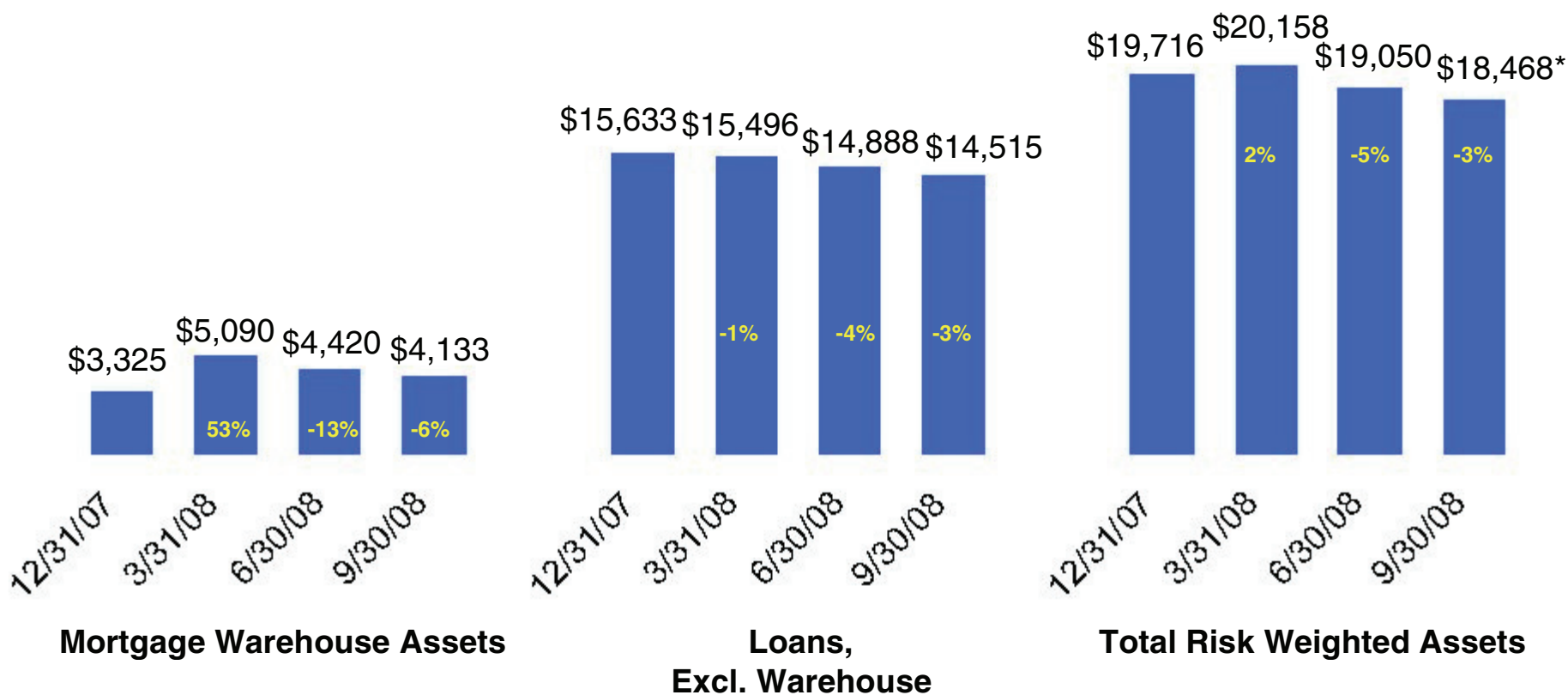
¹Includes REIT preferred stock.

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Active Balance Sheet Management

(\$ in millions)



*Estimated

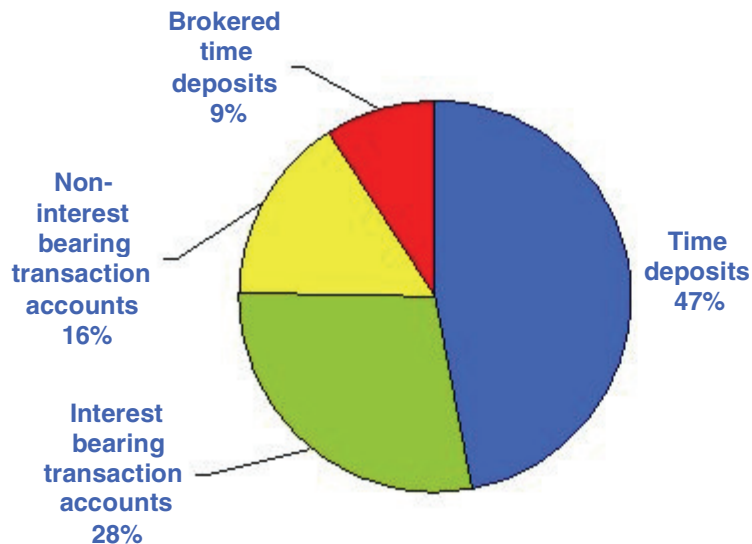
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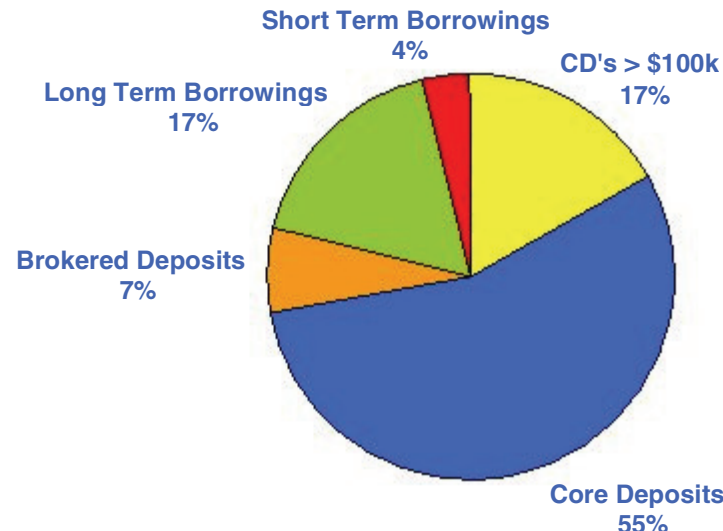
Deposit Composition / Liquidity



- **Retail franchise provides the most important source of funding**
 - Deposits comprise 78% of total funding and fund 70% of total assets
- **QTD Cost of Deposits: 2.53%**
- **Loan to Deposit Ratio of 82%**
- **No corporate debt maturities in 2008; only \$42 million in 2009**



**Total Deposits: \$18.5 billion
at 9/30/08**



**Total Funding Position: \$23.6 billion
at 9/30/08**

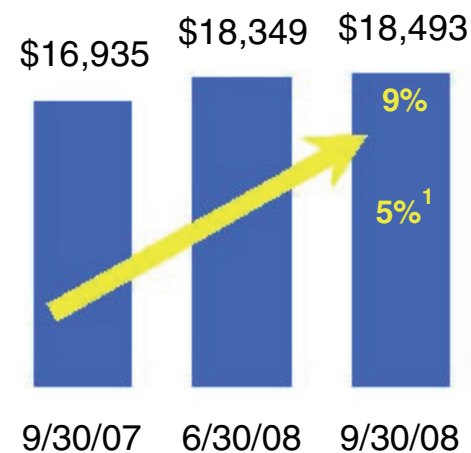
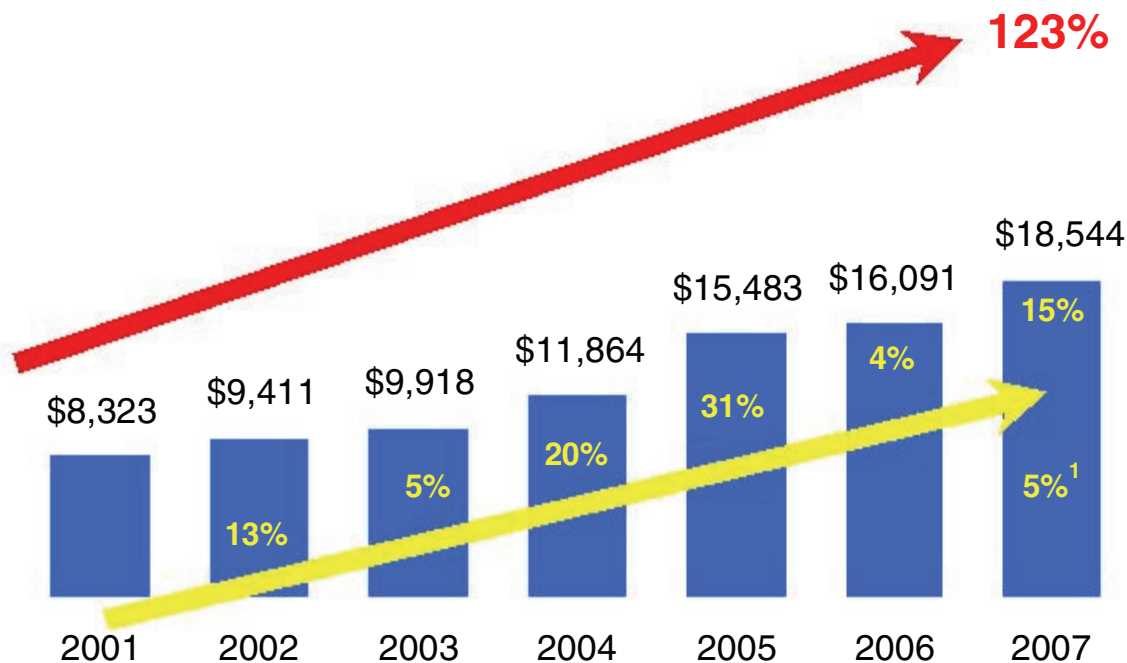
Period End Deposits

(\$ in millions)



5 Year CAGR = 15%

2002 - 2007



NOTE: Growth percent is 9/30/07 to 9/30/08

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¹Excluding acquisitions

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Net Interest Income and Margin

(\$ in millions)



	Tax Equivalent NII	NIM
2Q08	\$176.5	2.88%
Decrease in Earning Assets	(9.2)	-0.03%
Increase in MWL Pricing	4.3	0.07%
Impact of Increase in Nonperforming Assets	(2.4)	-0.04%
Decrease in Other Non Earning Assets	0.4	0.01%
Deposit Pricing	(1.2)	-0.02%
Swap Termination	(1.4)	-0.02%
Day Count	1.9	
3Q08	\$168.9	2.85%

Supplemental Information

Shareholders' Equity

(\$ in millions)



	3Q08	2Q08	1Q08	4Q07	3Q07
Beginning Shareholders' Equity	\$ 2,422.0	\$ 2,172.0	\$ 2,273.6	\$ 2,168.9	\$ 2,209.7
Net Income (Loss)	(71.2)	(9.0)	24.8	9.0	69.4
Dividends	(19.2)	(19.2)	(30.0)	(28.6)	(29.0)
Common Stock Offering and Issuances	1.4	335.6	2.4	103.0	2.3
Treasury Stock Purchases	-	-	-	-	(100.7)
Change in Unrealized Gain (Loss) on Securities	55.9	(59.0)	(99.6)	17.7	15.7
Other Changes	0.1	1.6	0.8	3.6	1.5
Ending Shareholders' Equity	\$ 2,389.0	\$ 2,422.0	\$ 2,172.0	\$ 2,273.6	\$ 2,168.9

Impact of Securities Fair Value Adjustment

(\$ in millions)



	3Q08	2Q08	1Q08	4Q07	3Q07
Securities Available for Sale					
Cost basis	\$ 3,783.2	\$ 3,702.4	\$ 3,665.9	\$ 3,687.1	\$ 3,607.1
Fair Value Adjustment	(163.7)	(249.7)	(172.4)	(5.8)	(33.9)
At Fair Value	<u>\$ 3,619.5</u>	<u>\$ 3,452.7</u>	<u>\$ 3,493.5</u>	<u>\$ 3,681.3</u>	<u>\$ 3,573.2</u>
Fair Value Adjustment Percentage	-4.3%	-6.7%	-4.7%	-0.2%	-0.9%
Change in Fair Value Adjustment	\$ 86.0	\$ (77.3)	\$ (166.6)	\$ 28.1	\$ 23.2
Impact of FV Adjustment on Shareholders' Equity					
At Period End	\$ (106.4)	\$ (162.3)	\$ (103.3)	\$ (3.7)	\$ (21.4)
Change During the Period	\$ 55.9	\$ (59.0)	\$ (99.6)	\$ 17.7	\$ 15.7

Selected Average Balances

(\$ in millions)



	3Q08	2Q08	3Q07	% Change	
				2Q08	3Q07
Earning Assets	\$ 23,607	\$ 24,576	\$ 21,584	-4%	9%
Loans, Net of Unearned Income	15,226	15,798	15,312	-4%	-1%
Loans Held for Sale	2,235	2,953	1,637	-24%	37%
Securities	3,896	3,663	3,088	6%	26%
Resell Agreements and Other Interest Earning Assets	2,250	2,162	1,547	4%	45%
Total Assets	26,080	27,016	23,873	-3%	9%
Total Deposits	18,449	18,973	16,682	-3%	11%
Noninterest Bearing Deposits	2,872	3,067	2,950	-6%	-3%
Interest Bearing Transaction Accounts	5,515	6,309	6,412	-13%	-14%
Time Deposits	10,062	9,597	7,320	5%	37%
Repurchase Agreements	510	522	562	-2%	-9%
S/T Borrowings and Fed Funds	132	476	655	-72%	-80%
L/T Debt	4,041	4,076	3,291	-1%	23%
Shareholders' Equity	2,374	2,411	2,176	-2%	9%

Noninterest Income

(\$ in millions)



	3Q08	2Q08	3Q07	% Change	
				2Q08	3Q07
Service Charges on Deposit Accounts	\$ 19.6	\$ 19.3	\$ 19.4	2%	1%
Electronic Banking	5.2	5.3	4.9	-2%	6%
Other Retail Banking Fees	2.2	2.5	2.8	-12%	-21%
Retail Banking Fees	27.0	27.1	27.1	0%	0%
Mortgage Banking Origination and Sales	8.1	8.0	3.2	1%	153%
Wealth Management Services	4.4	5.0	4.5	-12%	-2%
Mortgage Warehouse Fees	1.5	1.2	5.9	25%	-75%
Bank-Owned Life Insurance	4.7	5.2	5.1	-10%	-8%
Other Income	6.0	6.2	7.2	-3%	-17%
Core Noninterest Income	51.7	52.7	53.0	-2%	-2%
Securities and Derivatives Gains (Losses), Net	(6.1)	3.0	-	-300%	-100%
Total Noninterest Income	<u>\$ 45.6</u>	<u>\$ 55.7</u>	<u>\$ 53.0</u>	-18%	-14%
Annualized Noninterest Income to Average Assets ¹	0.79%	0.78%	0.88%		
Noninterest Income to Total Revenue ¹	23.7%	23.2%	21.3%		

¹Core noninterest income was used in the calculation

Noninterest Expense

(\$ in millions)



	3Q08	2Q08	3Q07	% Change	
				2Q08	3Q07
Salaries and Employee Benefits	\$ 75.1	\$ 74.8	\$ 68.3	-	10%
Occupancy Expense of Bank Premises, Net	24.2	24.1	19.6	-	23%
Furniture and Equipment Expenses	15.2	15.1	13.2	1%	15%
Professional Services	7.2	7.8	5.0	-8%	44%
FDIC Insurance and Other Regulatory Fees	4.2	4.4	1.7	-5%	147%
Amortization of Intangible Assets	4.2	4.1	3.5	2%	20%
Electronic Banking and Other Retail Banking Expenses	3.5	4.1	5.8	-15%	-40%
Loan and Other Real Estate Related Costs	4.5	4.5	1.2	-	275%
Communications	2.8	2.9	2.7	-3%	4%
Advertising	3.4	2.4	1.6	42%	113%
Postage and Courier	2.4	2.3	2.6	4%	-8%
Loss on Equity Investments	5.0	1.7	0.7	194%	614%
Travel	1.6	1.5	1.6	7%	0%
Other Expenses	8.8	9.8	6.2	-10%	42%
Core Noninterest Expense	162.1	159.5	133.7	2%	21%
Severance Expense	-	0.6	0.5	-100%	-100%
Merger Related Expenses	-	-	0.8	-	-100%
Net Losses Related to the Early Extinguishment of Debt	0.3	4.1	-	-93%	100%
Total Noninterest Expense	\$ 162.4	\$ 164.2	\$ 135.0	-1%	20%
Efficiency Ratio ¹	73.52%	69.59%	53.29%		
Annualized Noninterest Expense to Average Assets ¹	2.49%	2.36%	2.24%		

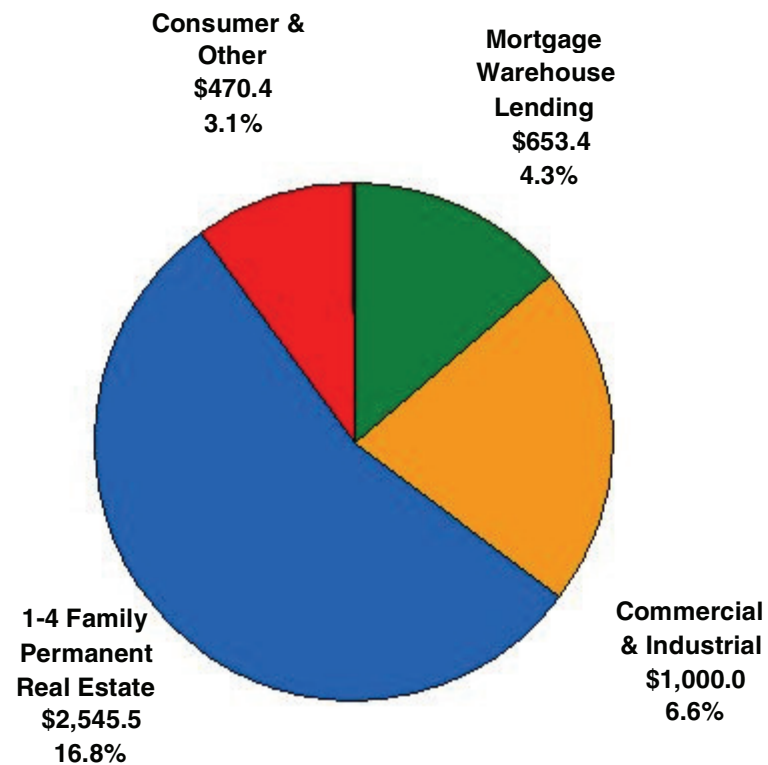
¹Core noninterest income and core noninterest expense are used in the calculation

Other Loan Types

(Excluding Nonaccruals)

At 9/30/08 – 30.8% of total portfolio - \$4.669 billion

(\$ in millions)



Weighted Average LTV

By Property Type – As of 9/30/08



<u>Property Type</u>	<u>Average Weighted LTV</u>
----------------------	---------------------------------

All Construction	71.1%
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All Residential Construction	75.7%
-------------------------------------	--------------

Builder Lots	78.7%
Condo Construction	67.3%
Consumer Lots	74.5%
Residential Development	73.3%
Residential Land	69.9%
Residential Spec and Presold	84.9%

All Commercial Construction	66.8%
------------------------------------	--------------

Commercial Development	62.4%
Commercial Land	57.8%
Commercial Lots	69.9%
Healthcare	64.2%
Industrial	80.9%
Lodging	71.5%
Multifamily	75.1%
Office	74.4%
Retail	74.5%
Warehouse	73.0%
Other	58.8%

<u>Property Type</u>	<u>Average Weighted LTV</u>
----------------------	---------------------------------

All Commercial Real Estate	64.4%
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Church or School	55.0%
Farm	61.0%
Healthcare	65.8%
Industrial	68.1%
Lodging	58.0%
Multifamily	70.0%
Office	66.4%
Retail	64.3%
Warehouse	65.2%
Other	61.1%

1-4 Family Permanent Real Estate	73.0%
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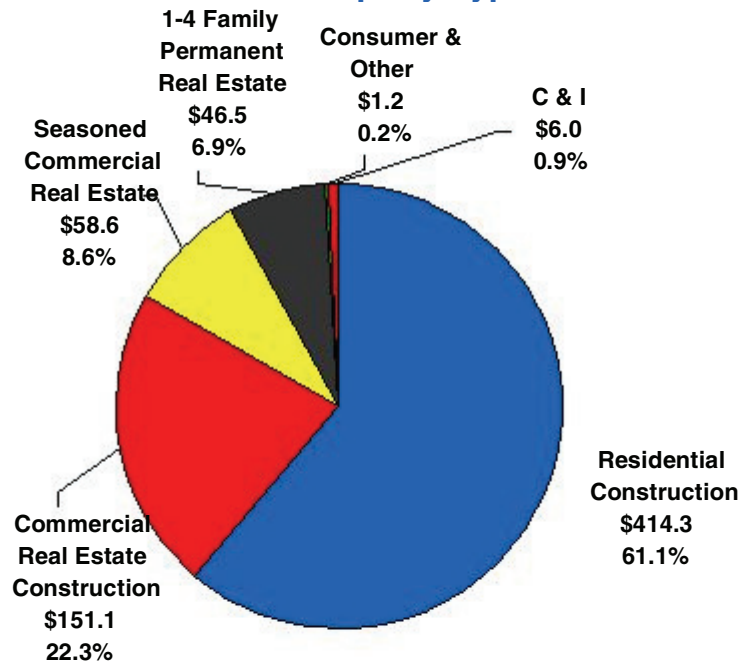
Nonperforming Assets by Property Type and Location



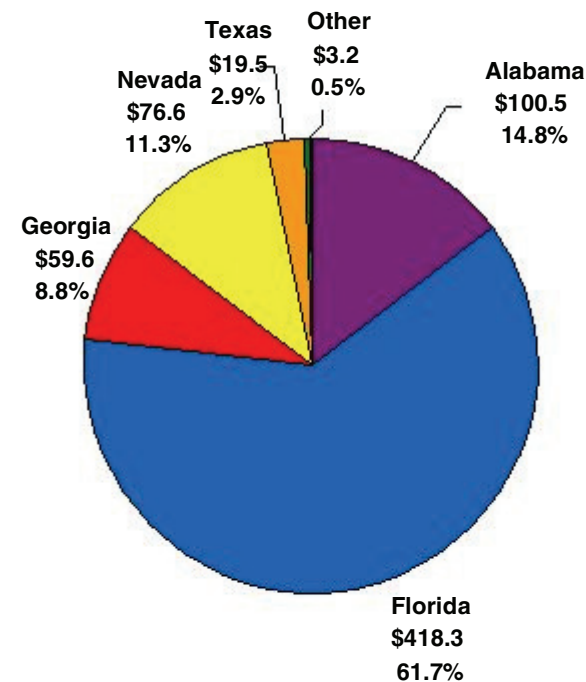
At 9/30/08 – Total \$677.7 million

(\$ in millions)

Property Type



Location



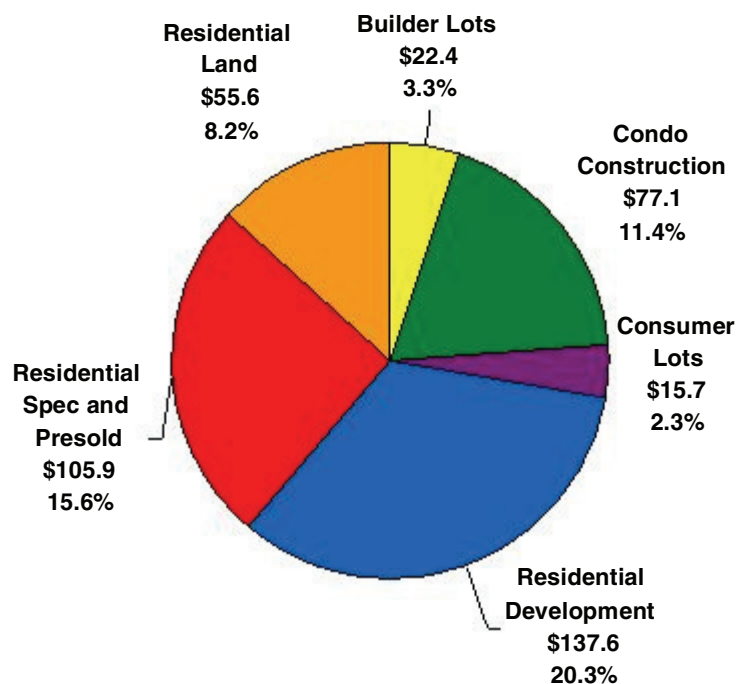
Residential Construction NPAs

At 9/30/08 – Total \$414.3 million (or 61.1% of total nonperforming assets)

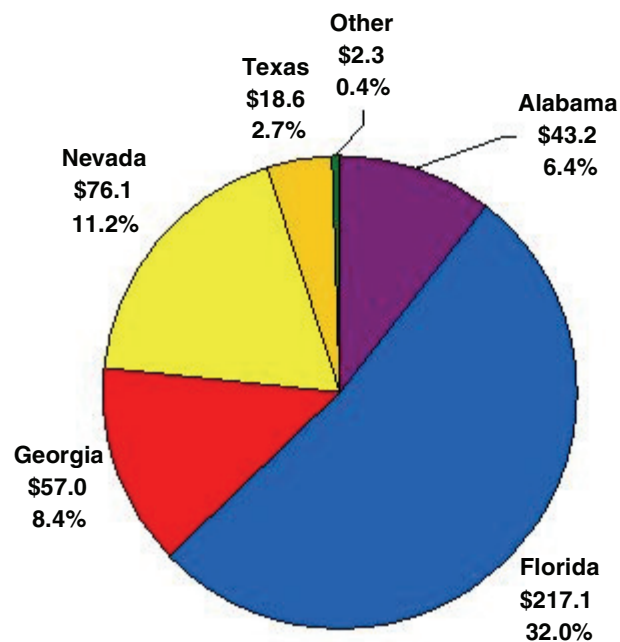
(\$ in millions)



Property Type



Location



(note: percentages in above charts represent proportion to total NPAs)

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NYSE

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Commercial Construction NPAs

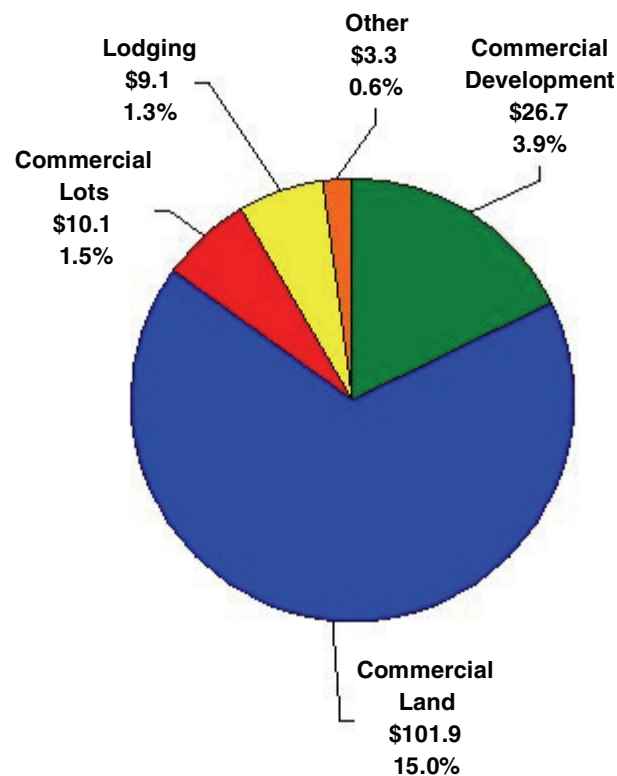


(Excluding Residential and Condominium Construction)

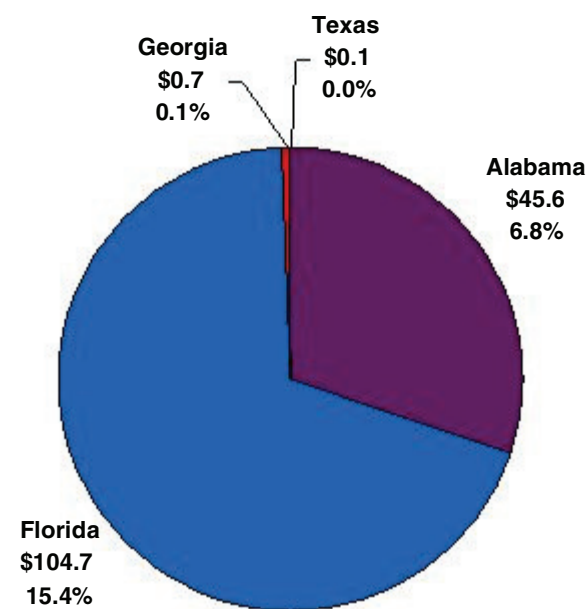
At 9/30/08 – Total \$151.1 million (or 22.3% of total nonperforming assets)

(\$ in millions)

Property Type



Location



(note: percentages in above charts represent proportion to total NPAs)

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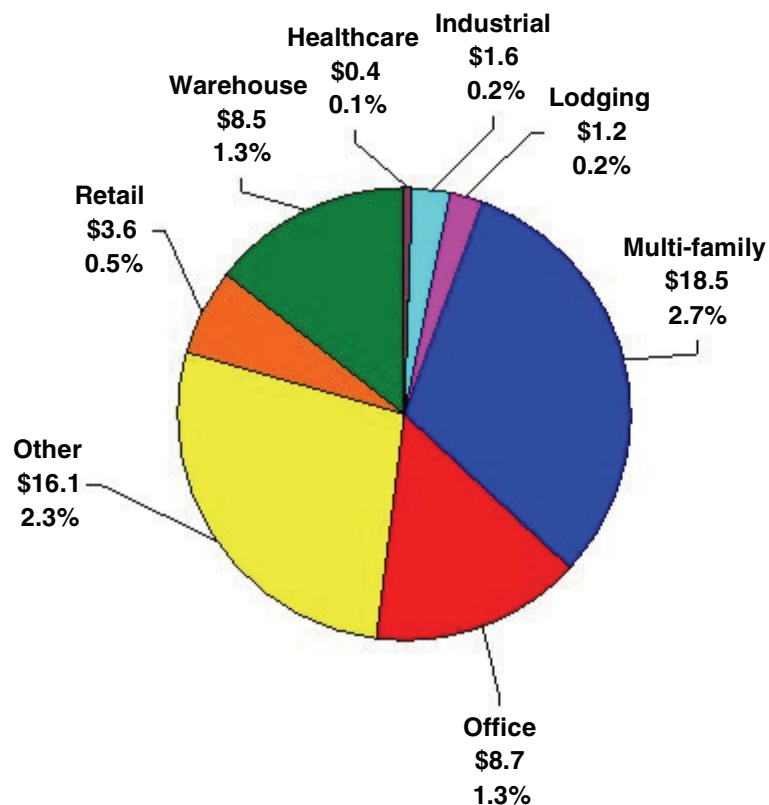
Seasoned Commercial Real Estate NPAs



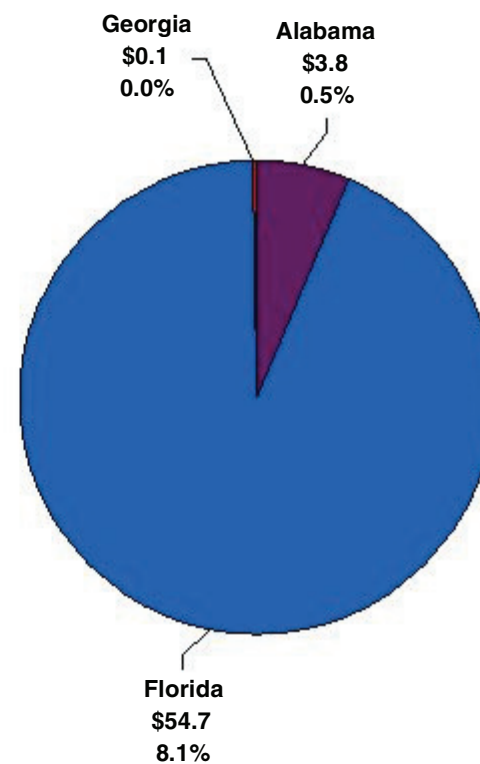
At 9/30/08 – Total \$58.6 million (or 8.6% of total nonperforming assets)

(\$ in millions)

Property Type



Location



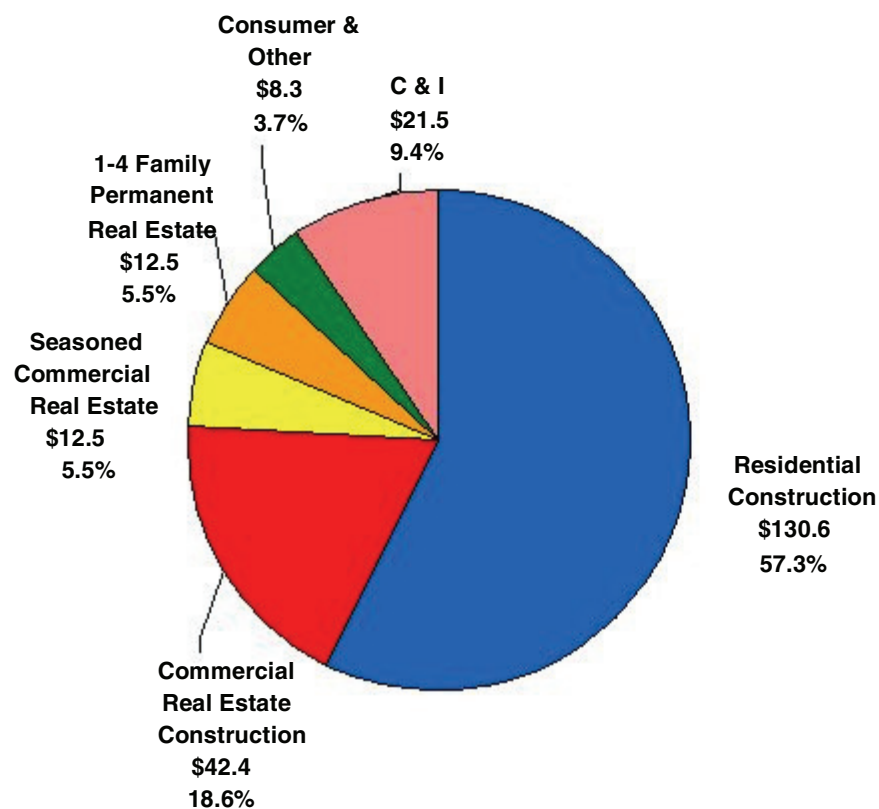
(note: percentages in above charts represent proportion to total NPAs)

Net Charge-Offs by Property Type and Location

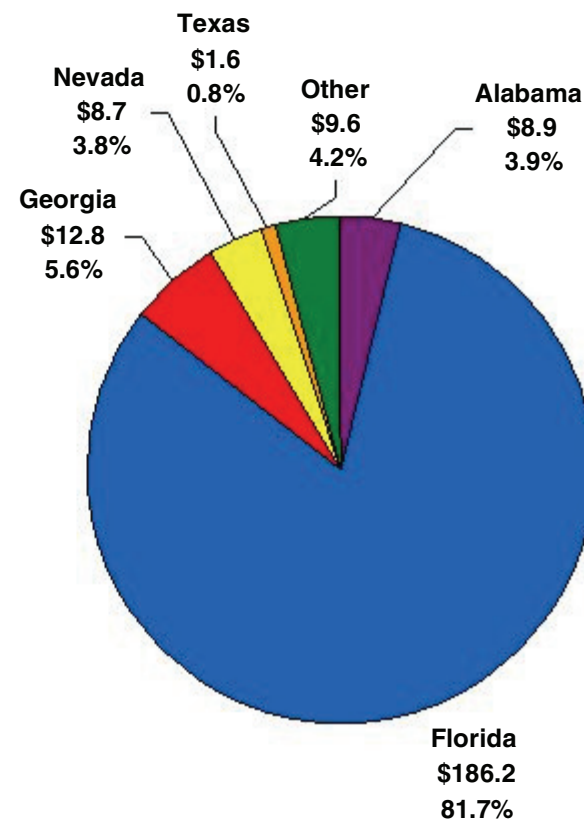


Nine Months Ended September 30, 2008 – Total \$227.8 million
(\$ in millions)

Property Type



Location



Residential Construction

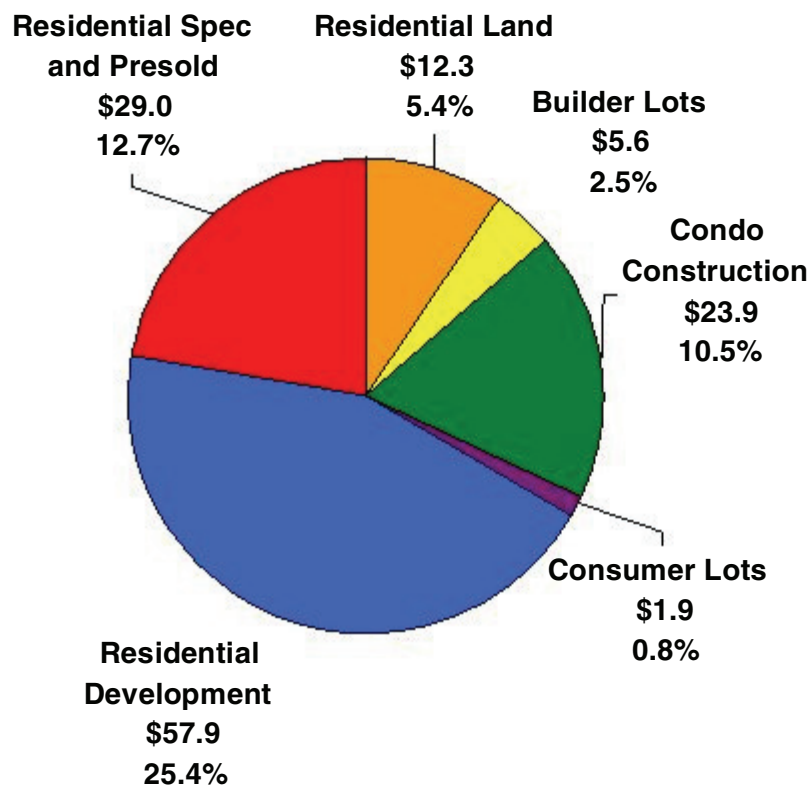


Net Charge-Offs (YTD)

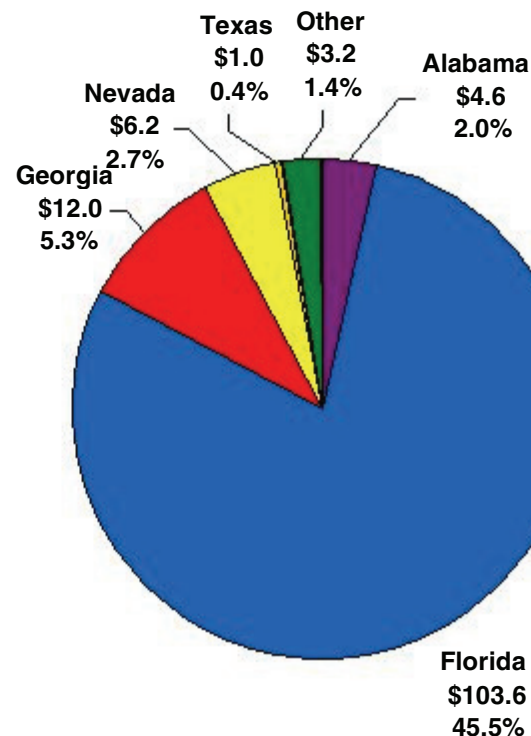
At 9/30/08 – Total \$130.6 million (or 57.3% of total net charge-offs)

(\$ in millions)

Property Type



Location



(note: percentages in above charts represent proportion to total net charge-offs)

Commercial Construction



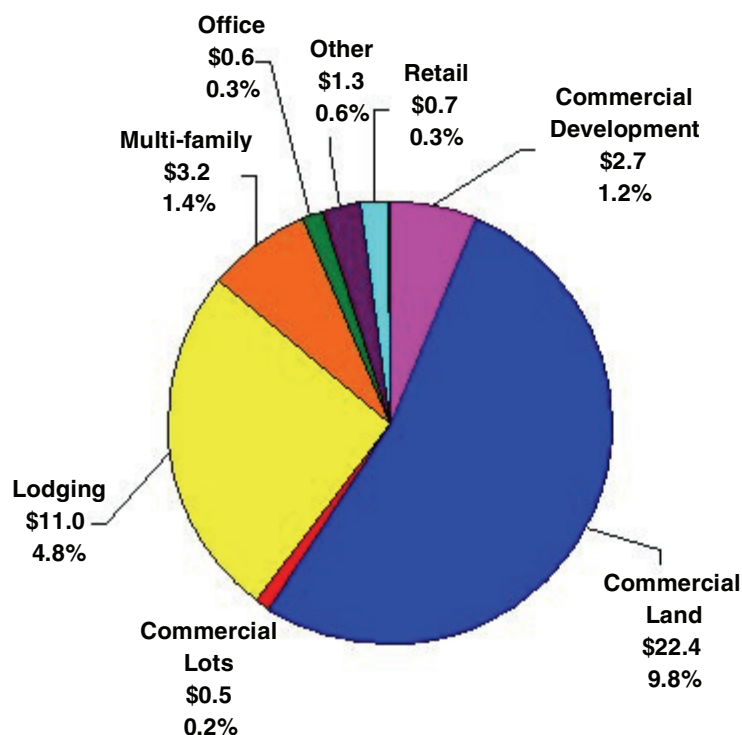
Net Charge-Offs (YTD)

(Excluding Residential and Condominium Construction)

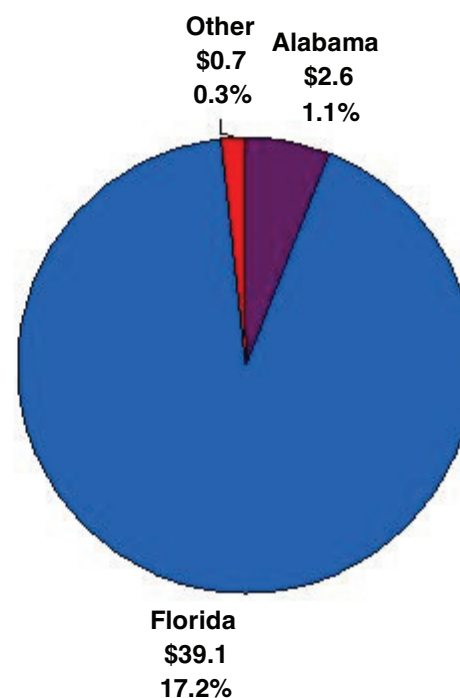
At 9/30/08– Total \$42.4 million (or 18.6% of total net charge-offs)

(\$ in millions)

Property Type



Location



(note: percentages in above charts represent proportion to total net charge-offs)

Seasoned Commercial Real Estate

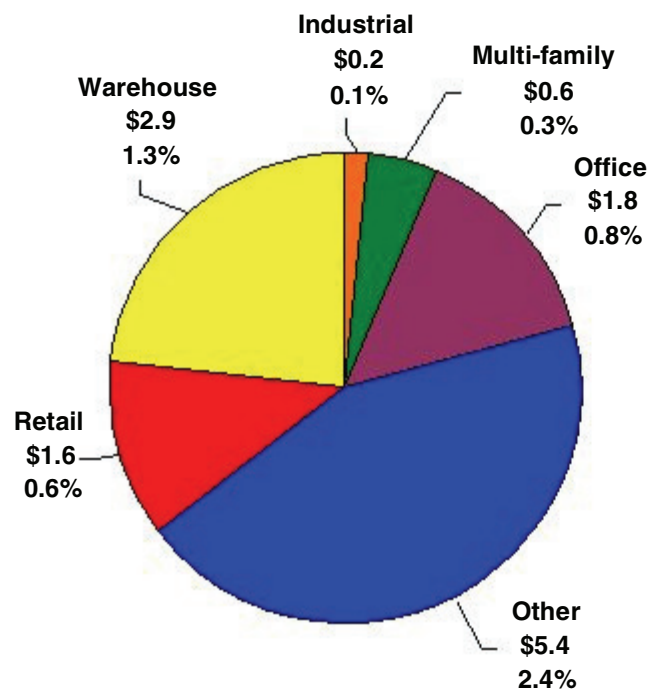


Net Charge-Offs (YTD)

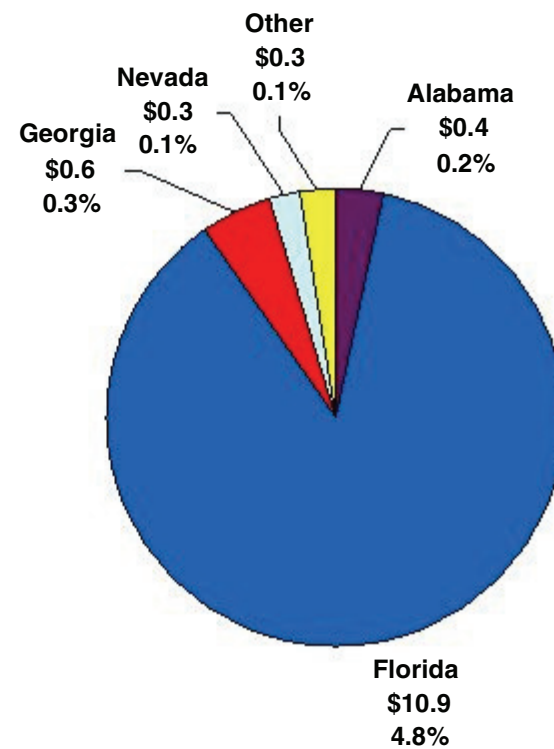
At 9/30/08– Total \$12.5 million (or 5.5% of total net charge-offs)

(\$ in millions)

Property Type



Location



(note: percentages in above charts represent proportion to total net charge-offs)

Diversified Seasoned Commercial Real Estate Portfolio



As of 9/30/08

(\$ in thousands)

Seasoned Commercial Real Estate Exposures by Geographic Location (Principal Balances and Amounts Available To Be Drawn)

Property Type	Total Exposure	Central FL	West Coast FL	South FL	Panhandle FL	Northern FL	Alabama	Georgia	Texas	Nevada	Other
Retail	\$1,148,881	\$150,932	\$285,802	\$276,354	\$42,736	\$7,861	\$104,766	\$58,233	\$89,153	\$46,165	\$86,879
Retail - other than gas stations	891,347	126,590	189,735	237,813	19,675	6,968	59,136	43,822	86,982	35,562	85,064
Gas Station/Convenience Store	257,534	24,342	96,067	38,541	23,061	893	45,630	14,411	2,171	10,603	1,815
Multi-family	451,903	42,345	159,250	99,386	8,174	10,238	58,367	11,123	45,898	12,338	4,784
Office	1,110,607	189,974	302,511	263,642	9,215	12,393	98,629	55,685	72,518	47,813	58,227
Office - non-medical	945,452	171,051	250,814	247,794	9,215	7,892	82,147	43,288	52,649	25,977	54,625
Office - Medical	165,155	18,923	51,697	15,848	0	4,501	16,482	12,397	19,869	21,836	3,602
Warehouse	738,149	139,037	168,050	184,788	3,121	111	71,571	45,748	31,956	73,398	20,369
Warehouse with Office	495,279	98,838	134,710	99,854	3,121	111	52,616	39,613	16,758	37,462	12,196
Warehouse	145,593	22,973	23,022	75,584	0	0	5,041	2,334	11,117	1,664	3,858
Mini-Warehouse	97,277	17,226	10,318	9,350	0	0	13,914	3,801	4,081	34,272	4,315
Healthcare - Living Facility	271,734	15,899	19,885	2,415	6,013	5,994	77,922	19,172	4,876	147	119,411
Skilled Nursing Facility	134,009	0	18,654	0	6,013	5,994	36,292	19,172	0	0	47,884
Assisted Living Facility	98,682	299	1,231	2,415	0	0	24,487	0	4,876	147	65,227
Congregate Care Facility	39,043	15,600	0	0	0	0	17,143	0	0	0	6,300
Healthcare	172,285	6,377	11,718	601	657	288	13,658	23,426	114,400	1,160	0
Lodging	314,062	57,167	74,890	56,549	0	0	36,014	27,885	8,880	12,564	40,113
Recreation	40,792	4,804	11,869	2,616	0	674	17,814	1,015	772	1,228	0
Industrial	137,288	22,646	27,958	11,351	0	0	18,494	6,688	17,909	10,985	21,257
Church or School	187,520	32,854	7,957	19,228	0	814	53,571	49,039	15,038	5,143	3,876
Farm	131,646	31,977	17,812	35,811	417	4,943	24,566	5,458	3,199	296	7,167
All Other Types	448,614	97,914	113,665	68,451	12,957	16,700	41,468	26,410	41,769	5,278	24,002
Nonaccrual	57,200	3,703	20,684	28,704	0	1,156	2,907	46	0	0	0
Total	\$5,210,681	\$795,629	\$1,222,051	\$1,049,896	\$83,290	\$61,172	\$619,747	\$329,928	\$446,368	\$216,515	\$386,085

Notes:

1) Includes outstanding exposures (balances plus commitments).



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Diversified CRE/Construction Loan Portfolio



As of 9/30/08

(\$ in thousands)

Construction and Commercial Real Estate Exposures by Geographic Location (Principal Balances and Amounts Available To Be Drawn)

Property Type	Total Exposure	Central FL	West Coast FL	South FL	Panhandle FL	Northern FL	Alabama	Georgia	Texas	Nevada	Other
Retail	\$1,694,400	\$199,237	\$301,273	\$316,650	\$44,032	\$7,861	\$182,376	\$99,425	\$229,517	\$102,230	\$211,799
Retail - other than gas stations	1,428,777	174,895	201,973	276,946	20,971	6,968	136,707	85,014	227,346	91,627	206,330
Gas Station/Convenience Store	265,623	24,342	99,300	39,704	23,061	893	45,669	14,411	2,171	10,603	5,469
Residential Development	1,222,960	245,810	132,369	32,626	53,579	27,123	115,168	193,153	358,418	50,849	13,865
Builder Lot Inventory	160,503	13,070	21,661	6,985	24,696	883	41,491	19,172	30,326	996	1,223
Consumer Lot Inventory	110,848	20,606	22,774	9,791	20,359	2,071	26,596	1,198	4,519	1,580	1,354
Commercial Development	497,729	108,543	67,696	62,198	7,762	2,020	7,902	1,592	61,094	148,555	30,367
Commercial Lot Inventory	178,338	9,772	30,513	27,321	5,748	148	4,999	52,175	21,032	780	25,850
Residential Homes (under construction)	766,297	117,914	105,270	70,349	17,400	5,050	130,784	149,739	67,604	89,705	12,482
Multi-family	776,059	42,345	186,031	104,343	8,174	10,237	88,987	64,895	173,899	28,238	68,910
Land Only	1,326,208	261,949	184,717	95,050	135,392	7,399	93,565	69,461	194,176	152,086	132,413
Commercial Land	941,891	175,762	148,163	69,026	90,398	6,775	74,426	49,408	105,901	101,068	120,964
Residential Land	384,317	86,187	36,554	26,024	44,994	624	19,139	20,053	88,275	51,018	11,449
Office	1,435,697	260,143	363,043	313,749	12,615	13,506	100,514	67,731	151,668	71,986	80,742
Office - non-medical	1,195,592	203,269	300,345	297,375	12,615	9,006	84,032	51,689	120,914	50,149	66,198
Office - Medical	240,105	56,874	62,698	16,374	0	4,500	16,482	16,042	30,754	21,837	14,544
Condominium Bldgs - Construction	302,273	122,891	79,807	26,761	4,987	797	7,186	29,021	16,321	82	14,420
Warehouse	887,314	154,498	191,161	223,648	3,121	111	83,504	54,721	32,321	104,850	39,379
Warehouse with Office	556,544	101,080	152,193	116,199	3,121	111	54,260	42,308	17,123	57,954	12,195
Warehouse	188,963	32,897	24,859	80,367	0	0	13,265	8,612	11,117	1,664	16,182
Mini-Warehouse	141,807	20,521	14,109	27,082	0	0	15,979	3,801	4,081	45,232	11,002
Healthcare - Living Facility	355,933	15,899	26,885	2,415	13,790	5,993	79,122	51,960	33,334	147	126,388
Skilled Nursing Facility	142,985	0	18,654	0	13,790	5,993	37,492	19,172	0	0	47,884
Assisted Living Facility	141,117	299	8,231	2,415	0	0	24,487	0	33,334	147	72,204
Congregate Care Facility	71,831	15,600	0	0	0	0	17,143	32,788	0	0	6,300
Healthcare	214,932	9,636	15,055	601	657	288	13,658	23,426	150,450	1,161	0
Lodging	600,923	122,344	74,890	70,949	0	700	48,389	131,548	66,679	12,564	72,860
Recreation	41,516	4,804	11,869	3,340	0	674	17,814	1,015	772	1,228	0
Industrial	180,609	22,694	36,382	11,351	0	0	19,085	6,688	48,936	10,985	24,488
Church or School	222,521	41,014	12,597	36,014	0	1,558	55,199	50,037	17,082	5,143	3,877
Farm	135,676	31,976	17,812	35,811	417	4,943	24,566	5,594	7,093	296	7,168
All Other Types	527,707	113,100	116,346	70,206	12,956	22,525	46,530	27,057	74,032	5,278	39,677
Nonaccrual	493,755	136,601	141,433	45,254	24,627	2,090	34,137	32,705	432	52,831	23,645
Total	\$12,132,198	\$2,054,846	\$2,139,584	\$1,565,412	\$390,312	\$115,977	\$1,221,572	\$1,132,313	\$1,739,705	\$841,570	\$930,907

Notes:

1) Includes outstanding exposures (balances plus commitments).



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