CBL & ASSOCIATES PROPERTIES INC
Form SC 13G/A
February 12, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No. 5)*

CBL & ASSOC PROPERTIES

(Name of Issuer)

COMMON STOCK

(Title of Class of Securities)

124830100

(CUSIP Number)

December 31, 2013

(Date of Event which Requires Filing of Statement)

Check the appropriate box to designate the Rule pursuant to which this Schedule is filed:

[x] Rule 13d - 1(b)

Rule 13d - 1(c)

Rule 13d - 1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes.)

(Continued on following page(s)

CUSIP NO.I24830100 I3G Page 2 of 5 Pages

1 Name of Reporting Person

S.S. or I.R.S. Identification No. of Above Person

T. ROWE PRICE ASSOCIATES, INC.

52-0556948

2 Check the Appropriate Box if a Member of a Group*

(a) ____

NOT APPLICABLE (b) ____

3 SEC Use Only

____

4 Citizenship or Place of Organization

MARYLAND

Number ofM Sole Voting Power

**

Shares 1,586,911

BeneficiallyN Shared Voting Power

**

Owned By Each -0-

ReportingO Sole Dispositive Power

**

Person 8,373,519

With 8 Shared Dispositive Power

-0-

9 Aggregate Amount Beneficially Owned by Each Reporting Person

8,373,519

10 Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares*

NOT APPLICABLE

11 Percent of Class Represented by Amount in Row 9

4.9%

12 Type of Reporting Person*

IA

*SEE INSTRUCTION BEFORE FILLING OUT!

**Any shares reported in Items 5 and 6 are also

reported in Item 7.

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Item 1(a) Name of Issuer:

Reference is made to page 1 of this Schedule 13G

Item 1(b) Address of Issuer's Principal Executive Offices:

2030 HAMILTON PLACE BVLD, STE 500 CBL CTR, CHATTANOOGA, TN 37421

Item 2(a) Name of Person(s) Filing:

(1) T. Rowe Price Associates, Inc. ("Price Associates")

(2) ____

_____ Attached as Exhibit A is a copy of an agreement between the Persons Filing (as specified hereinabove) that this Schedule 13G is being filed on behalf of each of them.

Item 2(b) Address of Principal Business Office:

100 E. Pratt Street, Baltimore, Maryland 21202

Item 2(c) Citizenship or Place of Organization:

(1) Maryland

(2) ________

Item 2(d) Title of Class of Securities:

Reference is made to page 1 of this Schedule 13G

Item 2(e) CUSIP Number: 124830100

Item 3 The person filing this Schedule 13G is an:

X Investment Adviser registered under Section 203 of the Investment Advisers Act of 1940

_____ Investment Company registered under Section 8 of the Investment Company Act of 1940

Item 4 Reference is made to Items 5-11 on page 2 of this Schedule 13G.

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Item 5 Ownership of Five Percent or Less of a Class.

Not Applicable.

X This statement is being filed to report the fact that, as of the date of this report, the reporting person(s) has (have) ceased to be the beneficial owner of more than five percent of the class of securities.

Item 6 Ownership of More than Five Percent on Behalf of Another Person

(1) Price Associates does not serve as custodian of the assets of any of its clients; accordingly, in each instance only the client or the client's custodian or trustee bank has the right to receive dividends paid with respect to, and proceeds from the sale of, such securities.

The ultimate power to direct the receipt of dividends paid with respect to, and the proceeds from the sale of, such securities, is vested in the individual and institutional clients which Price Associates serves as investment adviser. Any and all discretionary authority which has been delegated to Price Associates may be revoked in whole or in part at any time.

Except as may be indicated if this is a joint filing with one of the registered investment companies sponsored by Price Associates which it also serves as investment adviser ("T. Rowe Price Funds"), not more than 5% of the class of such securities is owned by any one client subject to the investment advice of Price Associates.

(2) With respect to securities owned by any one of the T. Rowe Price Funds, only State Street Bank and Trust Company, as custodian for each of such Funds, has the right to receive dividends paid with respect to, and proceeds from the sale of, such securities. No other person is known to have such right, except that the shareholders of each such Fund participate proportionately in any dividends and distributions so paid.

Item 7 Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company.

Not Applicable.

Item 8 Identification and Classification of Members of the Group.

Not Applicable.

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Item 9 Notice of Dissolution of Group.

Not Applicable.

Item 10 Certification.

By signing below I (we) certify that, to the best of my (our) knowledge and belief, the securities referred to above were acquired in the ordinary course of business and were not acquired for the purpose of and do not have the effect of changing or influencing the control of the issuer of such securities and were not acquired in connection with or as a participant in any transaction having such purpose or effect. T. Rowe Price Associates, Inc. hereby declares and affirms that the filing of Schedule 13G shall not be construed as an admission that Price Associates is the beneficial owner of the securities referred to, which beneficial ownership is expressly denied.

Signature.

After reasonable inquiry and to the best of my (our) knowledge and belief, I (we) certify that the information set forth in this statement is true, complete and correct.

Dated: February 14, 2014

T. ROWE PRICE ASSOCIATES, INC.

By: /s/ David Oestreicher

David Oestreicher, Vice President

Note: This Schedule 13G, including all exhibits, must be filed with the Securities and Exchange Commission, and a copy hereof must be sent to the issuer by registered or certified mail not later than February 14th following the calendar year covered by the statement or within the time specified in Rule 13d-1(b)(2), if applicable.

12/31/2013

Net income	**0.90%**	0.90%	**0.86%**	0.87%
Return on average equity:				
Net income	**13.58%**	14.80%	**13.17%**	14.10%

Income from operations for three months ended June 30, 2007 increased $0.092 million, or 3.52 percent, compared to the same period in 2006. The increase was primarily the result of a $0.145 million increase in net interest income, an increase of $0.038 million in noninterest income, a decrease of $0.133 million in provision for possible loan losses and a decrease of $0.142 million in income taxes. This was offset by an increase of $0.366 million in noninterest expense.

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Income from operations for six months ended June 30, 2007 increased $0.257 million, or 5.22 percent, compared to the same period in 2006. The increase was primarily the result of an increase of $0.663 million in net interest income, an increase of $0.540 in noninterest income, a decrease of $0.141 million in provision for possible loan losses and a decrease of $0.101 million in income taxes. This was offset by an increase of $1.188 million in noninterest expense.

Details of the changes in the various components of net income are further discussed below.

Net Interest Income

Net interest income is the difference between interest income on earning assets, such as loans and securities, and interest expense on liabilities, such as deposits and borrowings, which are used to fund those assets. Net interest income is the Company's largest source of revenue, representing 43.37 percent of total revenue for six months ended June 30, 2007 and 48.15 percent for the same period a year ago.

Net interest margin is the taxable-equivalent net interest income as a percentage of average earning assets for the period. The level of interest rates and the volume and mix of earning assets and interest-bearing liabilities impact net interest income and net interest margin.

The Federal Reserve Board influences the general market rates of interest, including the deposit and loan rates offered by many financial institutions. The Company's loan portfolio is significantly affected by changes in the prime interest rate. The prime interest rate, which is the rate offered on loans to borrowers with strong credit, began 2001 at 9.50 percent and decreased 475 basis points during 2001 to end the year at 4.75 percent. During 2002, the prime rate decreased 50 basis points to end the year at 4.25 percent. During 2003, the prime rate decreased 25 basis points to end the year at 4.00 percent. During 2004, the prime rate increased 125 basis points to end the year at 5.25 percent and during 2005, the prime rate increased 200 basis points to end the year at 7.25 percent. During 2006, the prime rate increased 100 basis points to end the year at 8.25 percent. The federal funds rate moved similar to prime rate with interest rates of 1.75 percent, 1.25 percent , 1.00 percent, 2.25 percent and 4.25 percent, respectively, as of year-end 2001, 2002, 2003, 2004 and 2005. During 2006, the federal funds rate increased 100 basis points to end the year at 5.25 percent. It is anticipated that the Federal Reserve will move toward a neutral to interest rate easing stance during the balance of 2007. No rate changes have occurred since June 2006.

The following table presents the changes in taxable-equivalent net interest income and identifies the changes due to differences in the average volume of earning assets and interest-bearing liabilities and the changes due to changes in the average interest rate on those assets and liabilities. The changes in net interest income due to changes in both average volume and average interest rate have been allocated to the average volume change or the average interest rate change in proportion to the absolute amounts of the change in each. The Company's consolidated average balance sheets along with an analysis of taxable-equivalent net interest earnings are presented in the Quantitative and Qualitative Disclosures About Market Risk included elsewhere in this report.

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Rate/Volume Analysis

The rate/volume analysis presented hereafter illustrates the change from June 30, 2006 to June 30, 2007 for each component of the taxable equivalent net interest income separated into the amount generated through volume changes and the amount generated by changes in the yields/rates.

($ in thousands)	Changes from June 30, 2006 to June 30, 2007 (1)		
	Volume	Rate	Total
Interest Income			
Loans, Net-taxable	$ 1,765	$ 3,027	$ 4,792
Investment Securities			
Taxable	449	373	822
Tax-exempt	141	1	142
Total Investment Securities	590	374	964
Interest-Bearing Deposits in other Banks	9	12	21
Federal Funds Sold	(134)	105	(29)
Other Interest - Earning Assets	(5)	26	21
Total Interest Income	2,225	3,544	5,769
Interest Expense			
Interest-Bearing Demand and Savings Deposits	(13)	300	287
Time Deposits	1,301	3,516	4,817
Federal Funds Purchased	17	4	21
Subordinated Debentures	151	(16)	135
Other Borrowed Money	(238)	27	(211)
Total Interest Expense	1,218	3,831	5,049
Net Interest Income	$ 1,007	$ (287)	$ 720

(1) Changes in net interest income for the periods, based on either changes in average balances or changes in average rates for interest-earning assets and interest-bearing liabilities, are shown on this table. During each year, there are numerous and simultaneous balance and rate changes; therefore, it is not possible to precisely allocate the changes between balances and rates. For the purpose of this table, changes that are not exclusively due to balance changes or rate changes have been attributed to rates.

Our financial performance is impacted by, among other factors, interest rate risk and credit risk. We do not utilize derivatives to mitigate our interest rate or credit risk, relying instead on an extensive loan review process and our allowance for loan losses.

Interest rate risk is the change in value due to changes in interest rates. The Company is exposed only to U.S. dollar interest rate changes and accordingly, the Company manages exposure by considering the possible changes in the net interest margin. The Company does not have any trading instruments nor does it classify any portion of its investment portfolio as held for trading. The Company does not engage in any hedging activity or utilize any derivatives. The Company has no exposure to foreign currency exchange rate risk, commodity price risk and other market risks. This risk is addressed by our Asset & Liability Management Committee ("ALCO") which includes senior management representatives. The ALCO monitors interest rate risk by analyzing the potential impact of alternative strategies or changes in balance sheet structure.

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Interest rates play a major part in the net interest income of financial institutions. The repricing of interest earning assets and interest-bearing liabilities can influence the changes in net interest income. The timing of repriced assets and liabilities is Gap management and our Company has established its policy to maintain a Gap ratio in the one-year time horizon of 0.80 to 1.20.

Our exposure to interest rate risk is reviewed on at least a semiannual basis by our Board of Directors and the ALCO. Interest rate risk exposure is measured using interest rate sensitivity analysis to determine our change in net portfolio value in the event of assumed changes in interest rates, in order to reduce the exposure to interest rate fluctuations, we have implemented strategies to more closely match our balance sheet composition. We are generally focusing our investment activities on securities with terms or average lives in the 2-7 year range.

The Company maintains about 39.7 percent of its loan portfolio in adjustable rate loans that reprice with prime rate changes, while the bulk of its other loans mature within 3 years. The liabilities to fund assets are primarily in short term certificate of deposits that mature within one year. This balance sheet composition has allowed the Company to be relatively constant with its net interest margin the past several years, though the unprecedented 475 basis point decrease by U.S. Federal Reserve in 2001, 50 basis point decrease in 2002 and 25 basis point decrease in 2003 resulted in significant net interest margin pressure. During 2004 and 2005, interest rates increased 125 basis points and 200 basis points respectively, while another 100 basis point increase occurred during 2006. These increases have resulted in stable net interest margins. Net interest margin decreased to 3.78 percent for six months ended June 30, 2007 compared to 3.87 percent for the same period a year ago. We anticipate margin compression for 2007 given the Federal Reserve's present interest rate forecast of neutral to easing for the balance of 2007.

Taxable-equivalent net interest income for six months ended June 30, 2007 increased $0.72 million, or 3.47 percent compared to the same period a year ago. The fluctuation between the comparable periods resulted from the positive impact of growth in the average volume of earning assets that was partially offset by the negative impact of increasing average interest rates. The average volume of earning assets during six months ended June 30, 2007 increased almost $65.9 million compared to the same period a year ago while over the same period the net interest margin decreased by 9 basis points from 3.87 percent to 3.78 percent. Growth in average earning assets during 2007 and 2006 was primarily in loans. The decrease in the net interest margin in 2007 was primarily the result of the general increase in market interest rates and the inverted yield curve.

The average volume of loans increased $44.4 million in six months ended June 30, 2007 compared to the same period a year ago. The average yield on loans increased 65 basis points in six months ended June 30, 2007 compared to the same period a year ago. Funding for this growth was primarily provided by deposit growth. The average volume of deposits increased $62.9 million in six months ended June 30, 2007 compared to the same period a year ago. Interest-bearing deposits made up 96.1 percent of the growth in average deposits in six months ended June 30, 2007. Accordingly, the ratio of average interest-bearing deposits to total average deposits was 92.6 percent in six months ended June 30, 2007 compared to 92.4 percent in the same period a year ago. This deposit mix, combined with a general increase in market rates, had the effect of (i) increasing the average cost of total deposits by 79 basis points in six months ended June 30, 2007 compared to the same period a year ago and, (ii) mitigating a portion of the impact of increasing yields on earning assets.

The Company's net interest spread, which represents the difference between the average rate earned on earning assets and the average rate paid on interest-bearing liabilities, was 3.38 percent in six months ended June 30, 2007 compared to 3.57 percent in the same period a year ago. The net interest spread, as well as the net interest margin, will be impacted by future changes in short-term and long-term interest rate levels, as well as the impact from the competitive

environment. A discussion of the effects of changing interest rates on net interest income is set forth in Quantitative and Qualitative Disclosures About Market Risk included elsewhere in this report.

Provision for Loan Losses

The provision for loan losses is determined by management as the amount to be added to the allowance for loan losses after net charge-offs have been deducted to bring the allowance to a level which, in management's best estimate, is necessary to absorb probable losses within the existing loan portfolio. The provision for loan losses totaled $1.83 million in six months ended June 30, 2007 compared to $1.97 million in the same period a year ago. See the section captioned "Allowance for Loan Losses" elsewhere in this discussion for further analysis of the provision for loan losses.

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NonInterest Income

The components of noninterest income were as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	**2007**	2006
Service Charges on Deposit Accounts	**$ 1,214**	$ 1,155	**$ 2,332**	$ 2,187
Other Charges, Commissions and Fees	**239**	203	**485**	418
Other	**315**	447	**625**	685
Mortgage Fee Income	**286**	213	**538**	336
Securities Gains	**2**	--	**186**	--
Total	**$ 2,056**	$ 2,018	**$ 4,166**	$ 3,626

Total noninterest income for three months ended June 30, 2007 increased $38 thousand, or 1.88 percent compared to the same period a year ago. Total noninterest income for six months ended June 30, 2007 increased $540 thousand, or 14.89 percent, compared to the same year ago period. Growth in both periods was primarily in service charges on deposit accounts, mortgage fee income and securities gains. Changes in these items and the other components of noninterest income are discussed in more detail below.

Service Charges on Deposit Accounts. Service charges on deposit accounts for three months ended June 30, 2007 increased $59 thousand, or 5.11 percent, compared to the same period a year ago. Service charges on deposit accounts for the six months ended June 30, 2007 increased $145 thousand, or 6.63 percent, compared to the same year ago period. The increase was primarily due to an increase in overdraft fees, which was mostly related to consumer and commercial checking accounts.

Mortgage Fee Income. Mortgage fee income for three months ended June 30, 2007 increased $73 thousand, or 34.27 percent, compared to the same period year ago. Mortgage fee income for six months ended June 30, 2007 increased $202 thousand, or 60.12 percent, compared to the same year ago period. The company anticipates fee income to continue to show an increase over the previous year due to the Company's focus on generating mortgage fee income.

All Other Noninterest Income. Other charges, commissions and fees and other income for three months ended June 30, 2007 decreased $96 thousand, or 14.77 percent, compared to the same period a year ago. The significant decrease was premiums on the sale of SBA loans which decreased to $55 thousand for three months ended June 30, 2007 from $185 thousand for the same year ago period. Other charges, commissions and fees and other income for six months ended June 30, 2007 increased $7 thousand, or 0.63 percent, compared to the same year ago period. Significant changes included a decrease in premiums on the sale of SBA loans which decreased to $122 thousand from $260 thousand in six months ended June 30, 2006, an increase in the gain realized from unwinding FHLB advances of $59 thousand from no gain in six months ended June 30, 2006 and proceeds realized from life insurance death benefit claim of $82 thousand compared to no benefit in six months ended June 30, 2006.

Securities Gains. The Company realized gains from the sale of securities of $2 thousand in second quarter 2007 and $184 thousand in first quarter 2007. The Company was able to reposition it's balance sheet to realize higher yields on the investment securities that were sold.

Noninterest Expense

The components of noninterest expense were as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	**2007**	2006
Salaries and Employee Benefits	**$ 4,687**	$ 4,247	**$ 9,229**	$ 8,326
Occupancy and Equipment	**1,010**	1,003	**2,011**	1,988
Other	**2,268**	2,349	**4,634**	4,372
Total	**$ 7,965**	$ 7,599	**$ 15,874**	$ 14,686

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Total noninterest expense for three months ended June 30, 2007 increased $366 thousand, or 4.82 percent, compared to the same period a year ago. Total noninterest expense for six months ended June 30, 2007 increased $1.19 million, or 8.09 percent, compared to the same period a year ago. These items and the changes in the various components of noninterest expense are discussed in more detail below.

Salaries and Employee Benefits. Salaries and employee benefits expense for three months ended June 30, 2007 increased $440 thousand, or 10.36 percent, compared to the same period a year ago. Salaries and employee benefits expense for the six months ended June 30, 2007 increased $903 thousand, or 10.85 percent, compared to the same year ago period. The increase is primarily related to increases in headcount as a result of new offices with the Company's denovo branch expansions. Merit increases, increased insurance premiums and additional staffing for back office support also added to the increased personnel expense.

Occupancy and Equipment. Occupancy and equipment expense has remained relatively flat in both periods with an increase of $7 thousand for three months ended June 30, 2007 compared to the same year ago period and an increase of $23 thousand for six months ended June 30, 2007 compared to the same year ago period.

All Other Non-Interest Expense. All other noninterest expense for three months ended June 30, 2007 decreased $81 thousand, or 3.45 percent compared to the same year ago period. One significant item during the quarter was reversal of $50 thousand for a reserve set up in 2006 for other losses involving a counterfeit check. The Company's legal counsel, upon research, has taken the position that the counterfeit check was not returned in a timely manner by the sending bank and thus no exposure to the Company. All other noninterest expense for six months ended June 30, 2007 increased $262 thousand, or 5.99 percent compared to the same year ago period. This increase is primarily attributable to amortization of trust preferred securities placement fees increasing to $191 thousand for six months ended June 30, 2007 compared to $16 thousand in the same year ago period and one-time reserve of $100 thousand for deferred compensation benefits due beneficiaries upon the death of an emeritus director. Unamortized loan placement fees on $9 million trust preferred securities refinanced accounted for the increased amortization expense while the reserve established reflects the net present value of funds due beneficiaries with the deferred compensation plan at one of the subsidiaries.

Sources and Uses of Funds

The following table illustrates, during the years presented, the mix of the Company's funding sources and the assets in which those funds are invested as a percentage of the Company's average total assets for the period indicated. Average assets totaled $1.199 billion in six months ended June 30, 2007 compared to $1.133 billion in six months ended June 30, 2006.

	Six Months Ended June 30,			
Source of Funds:	**2007**		2006	
Deposits:				
Noninterest–Bearing	**$ 76,053**	**6.35%**	$ 73,622	6.50%
Interest-Bearing	**950,182**	**79.26**	889,683	78.52
Federal Funds Purchased	**1,413**	**0.12**	685	0.06
Long-term Debt and Other Borrowings	**84,030**	**7.01**	91,183	8.05
Other Noninterest-Bearing Liabilities	**8,534**	**0.71**	8,126	0.72

Equity Capital	**78,580**	**6.55**	69,751	6.15
Total	**$ 1,198,792**	**100.00%**	$ 1,133,050	100.00%
Uses of Funds:				
Loans	**$ 923,301**	**77.02%**	$ 880,056	77.67%
Securities	**154,674**	**12.90**	127,618	11.26
Federal Funds Sold	**37,266**	**3.11**	43,052	3.80
Interest-Bearing Deposits in Other Banks	**2,867**	**0.24**	2,448	0.22
Other Interest-Earning Assets	**5,068**	**0.42**	5,262	0.46
Other Noninterest-Earning Assets	**75,616**	**6.31**	74,614	6.59
Total	**$ 1,198,792**	**100.00%**	$ 1,133,050	100.00%

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Deposits continue to be the Company's primary source of funding. Over the comparable periods, the relative mix of deposits continues to be high in interest-bearing deposits. Interest-bearing deposits totaled 92.59 percent of total average deposits in six months ended June 30, 2007 compared to 92.36 percent in the same period a year ago.

The Company primarily invests funds in loans and securities. Loans continue to be the largest component of the Company's mix of invested assets. Total loans were $953 million at June 30, 2007, up 1.17 percent, compared to loans of $942 million at December 31, 2006. See additional discussion regarding the Company's loan portfolio in the section captioned "Loans" included elsewhere in this discussion. The majority of funds provided by deposit growth have been invested in loans.

Loans

The following table presents the composition of the Company's loan portfolio as of June 30, 2007 and December 31, 2006:

	June 30, 2007	December 31, 2006
Commercial, Financial and Agricultural	**$ 61,612**	$ 61,887
Real Estate		
Construction	**215,698**	193,952
Mortgage, Farmland	**44,167**	40,936
Mortgage, Other	**535,938**	549,601
Consumer	**76,143**	76,930
Other	**19,936**	18,967
	953,494	942,273
Unearned Interest and Fees	**(441)**	(501)
Allowance for Loan Losses	**(12,647)**	(11,989)
Loans	**$ 940,406**	$ 929,783

The following table presents total loans as of June 30, 2007 according to maturity distribution and/or repricing opportunity on adjustable rate loans:

Maturity and Repricing Opportunity	($ in Thousands)
One Year or Less	$ 628,036
After One Year through Three Years	263,924
After Three Years through Five Years	49,514
Over Five Years	12,020
	$ 953,494

Overview. Loans totaled $953 million at June 30, 2007, up 1.17 percent from December 31, 2006 loans of $942 million. The majority of the Company's loan portfolio is comprised of the real estate loans-other, real estate construction and installment loans to individuals. Real estate-other, which is primarily 1-4 family residential properties and nonfarm nonresidential properties, made up 56.21 percent and 58.33 percent of total loans, real estate construction made up 22.62 percent and 20.58 percent, while installment loans to individuals made up 7.99 percent and 8.16 percent of total loans at June 30, 2007 and December 31, 2006, respectively. Real estate loans-other include both commercial and consumer balances.

Loan Origination/Risk Management. In accordance with the Company's decentralized banking model, loan decisions are made at the local bank level. The Company utilizes a Central Credit Committee to assist lenders with the decision making and underwriting process of larger loan requests. Due to the diverse economic markets served by the Company, evaluation and underwriting criterion may vary slightly by bank. Overall, loans are extended after a review of the borrower's repayment ability, collateral adequacy, and overall credit worthiness.

Commercial purpose, commercial real estate, and industrial loans are underwritten similar to other loans throughout the company. The properties securing the Company's commercial real estate portfolio are diverse in terms of type and geographic location. This diversity helps reduce the Company's exposure to adverse economic events that affect any single market or industry. Management monitors and evaluates commercial real estate loans based on collateral, geography, and risk grade criteria. The Company also utilizes information provided by third-party agencies to provide additional insight and guidance about economic conditions and trends affecting the markets it serves.

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The Company extends loans to builders and developers that are secured by non-owner occupied properties. In such cases, the Company reviews the overall economic conditions and trends for each market to determine the desirability of loans to be extended for residential construction and development. Sources of repayment for these types of loans may be pre-committed permanent loans from approved long-term lenders, sales of developed property or an interim mini-perm loan commitment from the Company until permanent financing is obtained. In some cases, loans are extended for residential loan construction for speculative purposes and are based on the perceived present and future demand for housing in a particular market served by the Company. These loans are monitored by on-site inspections and are considered to have higher risks than other real estate loans due to their ultimate repayment being sensitive to interest rate changes, general economic conditions and trends, the demand for the properties, and the availability of long-term financing.

The Company originates consumer loans at the bank level. Due to the diverse economic markets served by the Company, underwriting criterion may vary slightly by bank. The Company is committed to serving the borrowing needs of all markets served and, in some cases, adjusts certain evaluation methods to meet the overall credit demographics of each market. Consumer loans represent relatively small loan amounts that are spread across many individual borrower's that helps minimize risk. Additionally, consumer trends and outlook reports are reviewed by management on a regular basis.

The Company maintains an independent loan review department that reviews and validates the credit risk program on a periodic basis. Results of these reviews are presented to management. The loan review process complements and reinforces the risk identification and assessment decisions made by lenders and credit personnel, as well as the Company's policies and procedures.

Commercial, Financial and Agricultural. Commercial, financial and agricultural loans at June 30, 2007 decreased 0.44 percent from December 31, 2006 to $62 million. The Company's commercial and industrial loans are a diverse group of loans to small, medium and large businesses. The purpose of these loans varies from supporting seasonal working capital needs to term financing of equipment. While some short-term loans may be made on an unsecured basis, most are secured by the assets being financed with collateral margins that are consistent with the Company's loan policy guidelines.

Collateral Concentrations. Lending is concentrated in commercial and real estate loans primarily to local borrowers. The Company has a high concentration of real estate loans; however, these loans are well collateralized and, in management's opinion, do not pose an adverse credit risk. In addition, the balance of the loan portfolio is sufficiently diversified to avoid significant concentration of credit risk. Although the Company has a diversified loan portfolio, a substantial portion of borrower's ability to honor their contracts is dependent upon the viability of the real estate economic sector.

Large Credit Relationships. Colony is currently in eighteen counties in middle and south Georgia and include metropolitan markets in Doughtery, Lowndes, Houston, Chatham and Muscogee counties. As a result, the Company originates and maintains large credit relationships with several commercial customers in the ordinary course of business. The Company considers large credit relationships to be those with commitments equal to or in excess of $5.0 million prior to any portion being sold. Large relationships also include loan participations purchased if the credit relationship with the agent is equal to or in excess of $5.0 million. In addition to the Company's normal policies and procedures related to the origination of large credits, the Company's Central Credit Committee must approve all new and renewed credit facilities which are part of large credit relationships. The following table provides additional information on the Company's large credit relationships outstanding at period end.

	June 30, 2007			December 31, 2006		
		Period End Balances			Period End Balances	
	Number of Relationships	**Committed**	**Outstanding**	Number of Relationships	Committed	Outstanding
Large Credit Relationships:						
$10 million and greater	**$ 2**	**$ 25,798**	**$ 19,287**	$ 2	$ 25,692	$ 18,365
$5 million to $9.9 million	**$ 16**	**$ 106,332**	**$ 92,983**	$ 12	$ 69,485	$ 62,914

Maturities and Sensitivities of Loans to Changes in Interest Rates. The following table presents the maturity distribution of the Company's loans at June 30, 2007. The table also presents the portion of loans that have fixed interest rates or variable interest rates that fluctuate over the life of the loans in accordance with changes in an interest rate index such as the prime rate.

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	Due in One Year or Less	After One, but Within Three Years	After Three, but Within Five Years	After Five Years	Total
Loans with fixed interest rates	$ 255,673	$ 257,837	$ 49,514	$ 12,020	$ 575,044
Loans with floating interest rates	372,363	6,087	0	0	378,450
Total	$ 628,036	$ 263,924	$ 49,514	$ 12,020	$ 953,494

The Company may renew loans at maturity when requested by a customer whose financial strength appears to support such renewal or when such renewal appears to be in the Company's best interest. In such instances, the Company generally requires payment of accrued interest and may adjust the rate of interest, require a principal reduction or modify other terms of the loan at the time of renewal.

Non-Performing Assets and Potential Problem Loans

Non-performing assets and accruing past due loans as of June 30, 2007 and December 31, 2006 were as follows:

	June 30, 2007	December 31, 2006
Loans accounted for on nonaccrual	**$ 5,120**	$ 8,069
Loans past due 90 days or more	**311**	9
Other real estate foreclosed	**1,434**	970
Total non-performing assets	**$ 6,865**	$ 9,048
Non-performing assets as a percentage of:		
Total loans and foreclosed assets	**0.72%**	0.96%
Total assets	**0.57%**	0.75%
Accruing past due loans:		
30-89 days past due	**$ 6,449**	$ 10,593
90 or more days past due	**311**	9
Total accruing past due loans	**$ 6,760**	$ 10,602

Non-performing assets include non-accrual loans, loans past due 90 days or more, restructured loans and foreclosed real estate. Non-performing assets at June 30, 2007 decreased 24.13 percent from December 31, 2006. Subsequent to June 30, 2007 the Company placed a $5.7 million commercial real estate loan relationship on non-accrual status. Though this will significantly increase our non-performing assets compared to quarter-end June 30, 2007, the Company's current assessment of the loan relationship lead us to believe that minimal loss exposure exists in the loan. Based on the current appraisal, the loan has a 65 percent loan to value ratio and strong guarantors. Interest on the loan has been paid through June 30, 2007; thus, no reversal of prior period interest will occur.

Generally, loans are placed on non-accrual status if principal or interest payments become 90 days past due and/or management deems the collectibility of the principal and/or interest to be in question, as well as when required by regulatory requirements. Loans to a customer whose financial condition has deteriorated are considered for

non-accrual status whether or not the loan is 90 days or more past due. For consumer loans, collectibility and loss are generally determined before the loan reaches 90 days past due. Accordingly, losses on consumer loans are recorded at the time they are determined. Consumer loans that are 90 days or more past due are generally either in liquidation/payment status or bankruptcy awaiting confirmation of a plan. Once interest accruals are discontinued, accrued but uncollected interest is charged to current year operations. Subsequent receipts on non-accrual loans are recorded as a reduction of principal, and interest income is recorded only after principal recovery is reasonably assured. Classification of a loan as non-accrual does not preclude the ultimate collection of loan principal or interest.

Restructured loans are loans on which, due to deterioration in the borrower’s financial condition, the original terms have been modified in favor of the borrower or either principal or interest has been forgiven.

Foreclosed assets represent property acquired as the result of borrower defaults on loans. Foreclosed assets are recorded at the lower of cost or estimated fair value, less estimated selling costs, at the time of foreclosure. Write-downs occurring at foreclosure are charged against the allowance for possible loan losses. On an ongoing basis, properties are appraised as required by market indications and applicable regulations. Write-downs are provided for subsequent declines in value and are included in other non-interest expense along with other expenses related to maintaining the properties.

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Allowance for Loan Losses

The allowance for loan losses is a reserve established through a provision for loan losses charged to expense, which represents management's best estimate of probable losses that have been incurred within the existing portfolio of loans. The allowance, in the judgment of management, is necessary to reserve for estimated loan losses and risks inherent in the loan portfolio.

The allowance for loan losses includes allowance allocations calculated in accordance with SFAS No. 114, *Accounting by Creditors for Impairment of a Loan*, as amended by SFAS 118, and allowance allocations determined in accordance with SFAS No. 5, *Accounting for Contingencies*. The level of the allowance reflects management's continuing evaluation of industry concentrations, specific credit risks, loan loss experience, current loan portfolio quality, present economic, political and regulatory conditions and unidentified losses inherent in the current loan portfolio. Portions of the allowance may be allocated for specific credits; however, the entire allowance is available for any credit that, in management's judgment, should be charged off. While management utilizes its best judgment and information available, the ultimate adequacy of the allowance is dependent upon a variety of factors beyond the Company's control, including the performance of the Company's loan portfolio, the economy, changes in interest rates and the view of the regulatory authorities toward loan classifications. The company's allowance for loan losses consists of specific valuation allowances established for probable losses on specific loans and historical valuation allowances for other loans with similar risk characteristics.

The allowances established for probable losses on specific loans are based on a regular analysis and evaluation of classified loans. Loans are classified based on an internal credit risk grading process that evaluates, among other things: (i) the obligor's ability to repay; (ii) the underlying collateral, if any; and (iii) the economic environment and industry in which the borrower operates. This analysis is performed at the subsidiary bank level and is reviewed at the parent company level. Once a loan is classified, it is reviewed to determine whether the loan is impaired and, if impaired, a portion of the allowance for possible loan losses is specifically allocated to the loan. Specific valuation allowances are determined after considering the borrower's financial condition, collateral deficiencies, and economic conditions affecting the borrower's industry, among other things.

Historical valuation allowances are calculated from loss factors applied to loans with similar risk characteristics. The loss factors are based on loss ratios for groups of loans with similar risk characteristics. The loss ratios are derived from the proportional relationship between actual loan losses and the total population of loans in the risk category. The historical loss ratios are periodically updated based on actual charge-off experience. The Company's groups of similar loans include similarly risk-graded groups of loans not reviewed for individual impairment.

Management evaluates the adequacy of the allowance for each of these components on a quarterly basis. Peer comparisons, industry comparisons, and regulatory guidelines are also used in the determination of the general valuation allowance.

Loans identified as losses by management, internal loan review, and/or bank examiners are charged-off.

An allocation for loan losses has been made according to the respective amounts deemed necessary to provide for the possibility of incurred losses within the various loan categories. The allocation is based primarily on previous charge-off experience adjusted for changes in experience among each category. Additional amounts are allocated by evaluating the loss potential of individual loans that management has considered impaired. The reserve for loan loss allocation is subjective since it is based on judgment and estimates, and therefore is not necessarily indicative of the

specific amounts or loan categories in which the charge-offs may ultimately occur. The following table shows a comparison of the allocation of the reserve for loan losses for the periods indicated.

	June 30, 2007		December 31, 2006	
	Reserve	**%***	Reserve	%*
Commercial, Financial and Agricultural	**$ 3,795**	**6%**	$ 3,597	7%
Real Estate – Construction	**759**	**23%**	719	21%
Real Estate – Farmland	**632**	**5%**	599	4%
Real Estate – Other	**4,110**	**56%**	3,896	58%
Loans to Individuals	**2,529**	**8%**	2,398	8%
All other Loans	**822**	**2%**	780	2%
Total	**$ 12,647**	**100%**	$ 11,989	100%

* Loan balance in each category expressed as a percentage of total end of period loans.

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Activity in the allowance for loan losses is presented in the following table. There were no charge-offs or recoveries related to foreign loans during any of the periods presented.

The following table presents an analysis of the Company's loan loss experience for the periods indicated.

($ in thousands)	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006
Allowance for Loan Losses at Beginning of Quarter	$ 12,170	$ 10,760
Charge-Off		
Commercial, Financial and Agricultural	81	282
Real Estate	208	0
Consumer	155	173
All Other	59	24
	503	479
Recoveries		
Commercial, Financial and Agricultural	3	281
Real Estate	4	4
Consumer	49	46
All Other	10	(2)
	66	330
Net Charge-Offs	437	149
Provision for Loan Losses	914	1,047
Allowance for Loan Losses at End of Quarter	$ 12,647	$ 11,658
Ratio of Net Charge-Offs to Average Loans	0.05%	0.02%

The allowance for loan losses is maintained at a level considered appropriate by management, based on estimated probable losses within the existing loan portfolio. The allowance, in the judgment of management, is necessary to reserve for estimated loan losses and risks inherent in the loan portfolio. The provision for loan losses reflects loan quality trends, including the level of net charge-offs or recoveries, among other factors. The provision for loan losses decreased $133 thousand from $1,047 thousand in three months ended June 30, 2006 to $914 thousand in three months ended June 30, 2007.

Net charge-offs in three months ended June 30, 2007 increased $288 thousand compared to the same period a year ago. Net charge- offs of 0.05 percent for second quarter 2007 that annualizes to 0.20 percent is slightly below our net charge-off ratio for the past several years. We anticipate annual net charge-offs to be in the 0.25 to 0.30 percent range for 2007.

Management believes the level of the allowance for loan losses was adequate as of June 30, 2007. Should any of the factors considered by management in evaluating the adequacy of the allowance for loan losses change, the Company's estimate of probable loan losses could also change, which could affect the level of future provisions for loan losses.

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The following table presents an analysis of the Company's loan loss experience for the periods indicated.

($ in thousands)	**Six Months Ended June 30, 2007**	Six Months Ended June 30, 2006
Allowance for Loan Losses at Beginning of Quarter	**$ 11,989**	$ 10,762
Charge-Off		
Commercial, Financial and Agricultural	**525**	832
Real Estate	**658**	321
Consumer	**196**	227
All Other	**106**	163
	1,485	1,543
Recoveries		
Commercial, Financial and Agricultural	**22**	380
Real Estate	**205**	16
Consumer	**71**	68
All Other	**17**	6
	315	470
Net Charge-Offs	**1,170**	1,073
Provision for Loan Losses	**1,828**	1,969
Allowance for Loan Losses at End of Quarter	**$ 12,647**	$ 11,658
Ratio of Net Charge-Offs to Average Loans	**0.13%**	0.12%

The allowance for loan losses is maintained at a level considered appropriate by management, based on estimated probable losses within the existing loan portfolio. The allowance, in the judgment of management, is necessary to reserve for estimated loan losses and risks inherent in the loan portfolio. The provision for loan losses reflects loan quality trends, including the level of net charge-offs or recoveries, among other factors. The provision for loan losses decreased $141 thousand from $1,969 thousand in six months ended June 30, 2006 to $1,828 thousand in six months ended June 30, 2007. Provisions decreased during first half of 2007 primarily due to our flat loan volume.

Net charge-offs in six months ended June 30, 2007 increased $97 thousand compared to the same period a year ago. Net charge-offs of 0.13 percent for first half of 2007 that annualizes to 0.26 percent is slightly below our net charge-off ratio for the past several years. We anticipate annual net charge-offs to be in the 0.25 to 0.30 percent range for 2007.

Management believes the level of the allowance for loan losses was adequate as of June 30, 2007. Should any of the factors considered by management in evaluating the adequacy of the allowance for loan losses change, the Company's estimate of probable loan losses could also change, which could affect the level of future provisions for loan losses.

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Investment Portfolio

The following table presents carrying values of investment securities held by the Company as of June 30, 2007 and December 31, 2006.

($ in thousands)	**June 30, 2007**	December 31, 2006
U.S. Government Agencies	**$ 52,983**	$ 54,366
State, County and Municipal	**13,520**	11,811
Corporate Obligations	**3,718**	3,745
Marketable Equity Securities	**2**	349
Asset-Backed Securities	**1,000**	---
Investment Securities	**71,223**	70,271
Mortgage Backed Securities	**84,149**	79,036
Total Investment Securities and Mortgage Backed Securities	**$ 155,372**	$ 149,307

The following table represents maturities and weighted-average yields of investment securities held by the Company as of June 30, 2007. (Mortgage backed securities are based on the average life at the projected speed, while Agencies and State and Political subdivisions reflect anticipated calls being exercised.)

	Within 1 Year		**After 1 Year But Within 5 Years**		**After 5 Years But Within 10 Years**		**After 10 Years**	
	Amount	**Yield**	**Amount**	**Yield**	**Amount**	**Yield**	**Amount**	**Yield**
U. S. Government Agencies	$ 10,159	3.78%	$ 40,877	4.72%	$ 1,947	5.77%	$ --	--%
Mortgage Backed Securities	10,476	4.07	54,848	4.67	18,825	5.48	--	--
State, County and Municipal	4,289	4.43	6,715	4.84	2,516	6.13	--	--
Corporate Obligations	1,556	6.96	439	3.99	952	5.67%	771	9.07%
Marketable Securities	--	--	--	--	--	--	2	--
Asset-Backed Securities	--	--	1,000	6.32	--	--	--	--
Total Investment Portfolio	$ 26,480	4.19%	$ 103,879	4.71%	$ 24,240	5.58%	$ 773	9.07%

Securities are classified as held to maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Securities are classified as available for sale when they might be sold before maturity. Securities available for sale are carried at fair value, with unrealized holding gains and losses reported in other comprehensive income. The Company has 99.9 percent of its portfolio classified as available for sale.

At June 30, 2007, there were no holdings of any one issuer, other than the U.S. government and its agencies, in an amount greater than 10 percent of the Company's shareholders' equity.

The average yield of the securities portfolio was 4.69 percent in six months ended June 30, 2007 compared to 4.17 percent in the same period a year ago. The increase in the average yield over the comparable periods primarily resulted from the higher interest rate environment.

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Deposits

The following table presents the average amount outstanding and the average rate paid on deposits by the Company for the three month periods ended June 30, 2007 and June 30, 2006.

	June 30, 2007		June 30, 2006	
($ in thousands)	**Average Amount**	**Average Rate**	Average Amount	Average Rate
Noninterest-Bearing Demand Deposits	**$ 76,053**		$ 73,622	
Interest-Bearing Demand and Savings Deposits	**213,112**	**2.13%**	214,560	1.85%
Time Deposits	**737,070**	**5.16%**	675,123	4.20%
Total Deposits	**$ 1,026,235**	**4.15%**	$ 963,305	3.36%

The following table presents the maturities of the Company's time deposits as of June 30, 2007.

($ in thousands)	**Time Deposits $100,000 or Greater**	**Time Deposits Less Than $100,000**	**Total**
Months to Maturity			
3 or Less	$ 111,042	$ 92,674	$ 203,716
Over 3 through 12 Months	205,327	243,708	449,035
Over 12 Months through 36 Months	18,885	27,739	46,624
Over 36 Months	14,104	12,038	26,142
	$ 349,358	$ 376,159	$ 725,517

Average deposits increased $63 million to $1,026 million at June 30, 2007 from $963 million at June 30, 2006. The increase included $2.4 million, or 3.81 percent, related to noninterest-bearing deposits. Accordingly the ratio of average noninterest-bearing deposits to total average deposits was 7.41 percent for six months ended June 30, 2007 compared to 7.64 percent for six months ended June 30, 2006. The general increase in market rates, had the effect of (i) increasing the average cost of total deposits by 79 basis points in six months ended June 30, 2007 compared to the same period a year ago; and (ii) mitigating a portion of the impact of increasing yields on earning assets.

Total average interest-bearing deposits increased $60.5 million, or 6.80 percent in six months ended June 30, 2007 compared to the same period a year ago. The growth in average deposits at June 30, 2007 compared to June 30, 2006 was primarily in money market deposit accounts and savings and interest-on-checking accounts and other time accounts. With the current interest rate environment, it appears that many customers are more inclined to invest their funds for extended periods and are choosing to maintain such funds in time accounts.

Off-Balance-Sheet Arrangements, Commitments, Guarantees, and Contractual Obligations

The following table summarizes the Company's contractual obligations and other commitments to make future payments as of
June 30, 2007. Payments for borrowings do not include interest. Payments related to leases are based on actual payments specified in the underlying contracts. Loan commitments and standby letters of credit are presented at contractual amounts; however, since many of these commitments are expected to expire unused or only partially used, the total amounts of these commitments do not necessarily reflect future cash requirements.

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	Payments Due by Period				
	1 Year or Less	More than 1 Year but Less Than 3 Years	3 Years or More but Less Than 5 Years	5 Years or More	Total
Contractual obligations:					
Subordinated debentures	$ ----	$ ----	$ ----	$ 24,229	$ 24,229
Federal Home Loan Bank advances	7,500	4,000	36,000	22,000	69,500
Operating leases	138	207	190	102	637
Deposits with stated maturity dates	652,751	46,624	26,129	13	725,517
	660,389	50,831	62,319	46,344	819,883
Other commitments:					
Loan commitments	111,273	----	----	----	111,273
Standby letters of credit	4,212	----	----	----	4,212
Construction contracts	1,967	----	----	----	1,967
	117,452	----	----	----	117,452
Total contractual obligations and Other commitments	$ 777,841	$ 50,831	$ 62,319	$ 46,344	$ 937,335

In the ordinary course of business, the Company enters into off-balance sheet financial instruments which are not reflected in the consolidated financial statements. These instruments include commitments to extend credit, standby letters of credit, performance letters of credit, guarantees and liability for assets held in trust. Such financial instruments are recorded in the financial statements when funds are disbursed or the instruments become payable. The Company uses the same credit policies for these off-balance sheet financial instruments as they do for instruments that are recorded in the consolidated financial statements.

Loan Commitments. The Company enters into contractual commitments to extend credit, normally with fixed expiration dates or termination clauses, at specified rates and for specific purposes. Substantially all of the Company's commitments to extend credit are contingent upon customers maintaining specific credit standards at the time of loan funding. The Company minimizes its exposure to loss under these commitments by subjecting them to credit approval and monitoring procedures. Management assesses the credit risk associated with certain commitments to extend credit in determining the level of the allowance for possible loan losses. Loan commitments outstanding at June 30, 2007 are included in the table above.

Standby Letters of Credit. Letters of credit are written conditional commitments issued by the Company to guarantee the performance of a customer to a third party. In the event the customer does not perform in accordance with the terms of the agreement with the third party, the Company would be required to fund the commitment. The maximum potential amount of future payments the Company could be required to make is represented by the contractual amount of the commitment. If the commitment is funded, the Company would be entitled to seek recovery from the customer.

The Company's policies generally require that standby letters of credit arrangements contain security and debt covenants similar to those contained in loan agreements. Standby letters of credit outstanding at June 30, 2007 are included in the table above.

Capital and Liquidity

At June 30, 2007, stockholders' equity totaled $79.86 million compared to $76.61 million at December 31, 2006. In addition to net income of $5.18 million, other significant changes in stockholders' equity during six months ended June 30, 2007 included $1.28 million of dividends paid, reduction of retained earnings of $0.25 million for change in accounting principle – Fin 48 and an increase of $0.122 million resulting from the amortization of the stock grant plan. The accumulated other comprehensive income (loss) component of stockholders' equity totaled $(1,505) thousand at June 30, 2007 compared to $(975) thousand at December 31, 2006. This fluctuation was mostly related to the after-tax effect of changes in the fair value of securities available for sale. Under regulatory requirements, the unrealized gain or loss on securities available for sale does not increase or reduce regulatory capital and is not included in the calculation of risk-based capital and leverage ratios. Regulatory agencies for banks and bank holding companies utilize capital guidelines designed to measure Tier 1 and total capital and take into consideration the risk inherent in both on-balance sheet and off-balance sheet items. Tier 1 capital consists of common stock and qualifying preferred stockholders' equity less goodwill. Tier 2 capital consists of certain convertible, subordinated and other qualifying debt and the allowance for loan losses up to 1.25 percent of risk-weighted assets. The Company has no Tier 2 capital other than the allowance for loan losses and gain on marketable equity securities.

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Using the capital requirements presently in effect, the Tier 1 ratio as of June 30, 2007 was 10.51 percent and total Tier 1 and 2 risk-based capital was 11.76 percent. Both of these measures compare favorably with the regulatory minimum of 4 percent for Tier 1 and 8 percent for total risk-based capital. The Company's Tier 1 leverage ratio as of June 30, 2007 was 8.57 percent, which exceeds the required ratio standard of 4 percent.

For six months ended June 30, 2007, average capital was $78.6 million, representing 6.55 percent of average assets for the year. This compares to 6.16 percent for six months ended June 30, 2006 and 6.20 percent for calendar year 2006.

The Company paid cash dividends of $0.1775 per common share during the first half of 2007, and a cash dividend of $0.1575 per common share during the first half of 2006, respectively. This equates to a dividend payout ratio of 24.65 percent for first half 2007 compared to 22.83 percent for the same period a year ago.

The Company, primarily through the actions of its subsidiary banks, engages in liquidity management to ensure adequate cash flow for deposit withdrawals, credit commitments and repayments of borrowed funds. Needs are met through loan repayments, net interest and fee income and the sale or maturity of existing assets. In addition, liquidity is continuously provided through the acquisition of new deposits, the renewal of maturing deposits and external borrowings.

Management monitors deposit flow and evaluates alternate pricing structures to retain and grow deposits. To the extent needed to fund loan demand, traditional local deposit funding sources are supplemented by the use of FHLB borrowings, brokered deposits and other wholesale deposit sources outside the immediate market area. Internal policies have been updated to monitor the use of various core and non-core funding sources, and to balance ready access with risk and cost. Through various asset/liability management strategies, a balance is maintained among goals of liquidity, safety and earnings potential. Internal policies that are consistent with regulatory liquidity guidelines are monitored and enforced by the banks.

The investment portfolio provides a ready means to raise cash if liquidity needs arise. As of June 30 2007, the Company held $155 million in bonds (excluding FHLB stock), at current market value in the available for sale portfolio. At December 31, 2006, the available for sale bond portfolio totaled $149 million. Only marketable investment grade bonds are purchased. Although most of the banks' bond portfolios are encumbered as pledges to secure various public funds deposits, repurchase agreements, and for other purposes, management can restructure and free up investment securities for a sale if required to meet liquidity needs.

Management continually monitors the relationship of loans to deposits as it primarily determines the Company's liquidity posture. Colony had ratios of loans to deposits of 93.3 percent as of June 30, 2007 and 90.3 percent at December 31, 2006. Management employs alternative funding sources when deposit balances will not meet loan demands. The ratios of loans to all funding sources (excluding Subordinated Debentures) at June 30, 2007 and December 31, 2006 were 87.3 percent and 85.2 percent, respectively. Management continues to emphasize programs to generate local core deposits as our Company's primary funding sources. The stability of the banks' core deposit base is an important factor in Colony's liquidity position. A heavy percentage of the deposit base is comprised of accounts of individuals and small business with comprehensive banking relationships and limited volatility. At June 30, 2007 and December 31, 2006, the banks had $349.4 million and $366 million in certificates of deposit of $100,000 or more. These larger deposits represented 34.19 percent and 35.11 percent of respective total deposits. Management seeks to monitor and control the use of these larger certificates, which tend to be more volatile in nature, to ensure an adequate supply of funds as needed. Relative interest costs to attract local core relationships are compared to market rates of interest on various external deposit sources to help minimize the Company's overall cost of funds.

Local market deposit sources proved insufficient to fund the strong loan growth trends at Colony over the past several years. The Company supplemented deposit sources with brokered deposits. As of June 30, 2007, the Company had $61.1 million, or 5.98 percent of total deposits, in brokered certificates of deposit attracted by external third parties. Additionally, the banks use external wholesale or Internet services to obtain out-of-market certificates of deposit at competitive interest rates when funding is needed.

To plan for contingent sources of funding not satisfied by both local and out-of-market deposit balances, Colony and its subsidiaries have established multiple borrowing sources to augment their funds management. The Company has borrowing capacity through membership of the Federal Home Loan Bank program. The banks have also established overnight borrowing for Federal Funds Purchased through various correspondent banks. Management believes the various funding sources discussed above are adequate to meet the Company's liquidity needs in the future without any material adverse impact on operating results.

Liquidity measures the ability to meet current and future cash flow needs as they become due. The liquidity of a financial institution reflects its ability to meet loan requests, to accommodate possible outflows in deposits and to take advantage of interest rate market opportunities. The ability of a financial institution to meet its current financial obligations is a function of balance sheet structure, the ability to liquidate assets, and the availability of alternative sources of funds. The Company seeks to ensure its funding needs are met by maintaining a level of liquid funds through asset/liability management.

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Asset liquidity is provided by liquid assets which are readily marketable or pledgeable or which will mature in the near future. Liquid assets include cash, interest-bearing deposits in banks, securities available for sale, maturities and cash flow from securities held to maturity, and federal funds sold and securities purchased under resale agreements.

Liability liquidity is provided by access to funding sources which include core deposits. Should the need arise; the Company also maintains relationships with the Federal Home Loan Bank and several correspondent banks that can provide funds on short notice. Since Colony is a holding company and does not conduct operations, its primary sources of liquidity are dividends up streamed from subsidiary banks and borrowings from outside sources.

The liquidity position of the Company is continuously monitored and adjustments are made to the balance between sources and uses of funds as deemed appropriate. Management is not aware of any events that are reasonably likely to have a material adverse effect on the Company's liquidity, capital resources or operations. In addition, management is not aware of any regulatory recommendations regarding liquidity, which if implemented, would have a material adverse effect on the Company.

Impact of Inflation and Changing Prices

The Company's financial statements included herein have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). GAAP presently requires the Company to measure financial position and operating results primarily in terms of historic dollars. Changes in the relative value of money due to inflation or recession are generally not considered. The primary effect of inflation on the operations of the Company is reflected in increased operating costs. In management's opinion, changes in interest rates affect the financial condition of a financial institution to a far greater degree than changes in the inflation rate. While interest rates are greatly influenced by changes in the inflation rate, they do not necessarily change at the same rate or in the same magnitude as the inflation rate. Interest rates are highly sensitive to many factors that are beyond the control of the Company, including changes in the expected rate of inflation, the influence of general and local economic conditions and the monetary and fiscal policies of the United States government, its agencies and various other governmental regulatory authorities, among other things, as further discussed in the next section.

Regulatory and Economic Policies

The Company's business and earnings are affected by general and local economic conditions and by the monetary and fiscal policies of the United States government, its agencies and various other governmental regulatory authorities, among other things. The Federal Reserve Board regulates the supply of money in order to influence general economic conditions. Among the instruments of monetary policy available to the Federal Reserve Board are (i) conducting open market operations in United States government obligations, (ii) changing the discount rate on financial institution borrowings, (iii) imposing or changing reserve requirements against financial institution deposits, and (iv) restricting certain borrowings and imposing or changing reserve requirements against certain borrowing by financial institutions and their affiliates. These methods are used in varying degrees and combinations to affect directly the availability of bank loans and deposits, as well as the interest rates charged on loans and paid on deposits. For that reason alone, the policies of the Federal Reserve Board have a material effect on the earnings of the Company.

Governmental policies have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future; however, the Company cannot accurately predict the nature, timing or extent of any effect such policies may have on its future business and earnings.

Recently Issued Accounting Pronouncements

See Note 1 – Summary of Significant Accounting Policies, under the section headed Changes in Accounting Principles and Effects of New Accounting Pronouncements included in the Notes to Consolidated Financial Statements.

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Return on Assets and Stockholders' Equity

The following table presents selected financial ratios for each of the periods indicated.

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	**2007**	2006
Return on Assets	**0.91%**	0.90%	**0.86%**	0.87%
Return on Equity	**13.58%**	14.80%	**13.17%**	14.10%
Dividend Payout	**23.68%**	22.22%	**24.65%**	22.83%
Avg. Equity to Avg. Assets	**6.67%**	6.24%	**6.55%**	6.16%
Dividends Declared	**$ 0.09**	$ 0.08	**$ 0.18**	$ 0.16

Future Outlook

Colony is an emerging company in an industry filled with nonregulated competitors and a rapid pace of consolidation. The year brings with it new opportunities for growth in our existing markets, as well as opportunities to expand into new markets through acquisitions and denovo branching. Entry into the MSA markets – Savannah, Albany, Columbus, Warner Robins, and Valdosta – will require multi-branch offices and the Company is presently looking for available real estate to purchase in those markets. Presently Colony has secured real estate in the Savannah market and will likely begin construction of its second Savannah office in third quarter 2007. Likewise, Colony has secured real estate in the Albany market for another office though no established date for construction has been set.

BUSINESS
General

The Company was organized in 1983 as a bank holding company through the merger of Colony Bank of Fitzgerald with a subsidiary of the Company. Since that time, Colony Bank of Fitzgerald, which was formed by principals of Colony Bankcorp, Inc. in 1976, has operated as a wholly-owned subsidiary of the Company. In April 1984, Colony Bankcorp, Inc. acquired Colony Bank Wilcox, and in November 1984, Colony Bank Ashburn became a wholly-owned subsidiary of Colony Bankcorp, Inc. Colony Bankcorp, Inc. continued its growth with the acquisition of Colony Bank of Dodge County in September 1985. In August 1991, Colony Bankcorp, Inc. acquired Colony Bank Worth. In November 1996, Colony Bankcorp, Inc. acquired Colony Bank Southeast and in November 1996 formed a non-bank subsidiary Colony Management Services, Inc. In March 2002, Colony Bankcorp, Inc. acquired Colony Bank Quitman, FSB and also formed Colony Bankcorp Statutory Trust I. In December 2002, Colony formed its second trust, Colony Bankcorp Statutory Trust II. In September 2004, Colony formed its third Trust, Colony Bankcorp Statutory Trust III. In April 2006, Colony formed its fourth Trust, Colony Bankcorp Capital Trust I. In March 2007, Colony formed its fifth Trust, Colony Bankcorp Capital Trust II, while it liquidated its first Trust, Colony Bankcorp Statutory Trust I by exercising its call option.

Through its seven subsidiary banks, Colony Bankcorp, Inc. operates a full-service banking business and offers a broad range of retail and commercial banking services including checking, savings, NOW accounts, money market and time deposits of various types; loans for business, agriculture, real estate, personal uses, home improvement and automobiles; credit card; letters of credit; investment and discount brokerage services; IRA's; safe deposit box rentals, bank money orders; electronic funds transfer services, including wire transfers and automated teller machines and internet accounts. Each of the Banks is a member of Federal Deposit Insurance Corporation whose customer deposits are insured up to applicable limits by the Federal Deposit Insurance Corporation.

On April 2, 1998, the Company was listed on Nasdaq National Market. The Company's common stock trades on the Nasdaq Stock Market under the symbol "CBAN". The Company presently has approximately 2,143 shareholders as of June 30, 2007 "The Nasdaq Stock Market" or "Nasdaq" is a highly-regulated electronic securities market comprised of competing Market Makers whose trading is supported by a communications network linking them to quotation dissemination, trade reporting and order execution systems. This market also provides specialized automation services for screen-based negotiations of transactions, on-line comparison of transactions, and a range of informational services tailored to the needs of the securities industry, investors and issuers. The Nasdaq Stock Market is operated by The Nasdaq Stock Market, Inc., a wholly-owned subsidiary of the National Association of Securities Dealers, Inc.

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Part I (Continued)
Item 3

Item 3 - Quantitative and Qualitative Disclosures About Market Risk

AVERAGE BALANCE SHEETS	**Six Months Ended June 30, 2007**			Six Months Ended June 30, 2006		
($ in thousands)	**Average Balances**	**Income/ Expense**	**Yields/ Rates**	Average Balances	Income/ Expense	Yields/ Rates
Assets						
Interest-Earning Assets						
Loans, Net of Unearned Interest and fees						
Taxable (1)	**$ 935,774**	**$ 40,246**	**8.60%**	$ 891,376	$ 35,454	7.95%
Investment Securities						
Taxable	**142,650**	**3,296**	**4.62%**	120,757	2,474	4.10%
Tax-Exempt (2)	**12,024**	**330**	**5.49%**	6,861	188	5.48%
Total Investment Securities	**154,674**	**3,626**	**4.69%**	127,618	2,662	4.17%
Interest-Bearing Deposits	**2,867**	**75**	**5.23%**	2,448	54	4.41%
Federal Funds Sold	**37,266**	**967**	**5.19%**	43,052	996	4.63%
Interest-Bearing Other Assets	**5,068**	**149**	**5.88%**	5,262	128	4.87%
Total Interest-Earning Assets	**$ 1,135,649**	**$ 45,063**	**7.94%**	1,069,756	$ 39,294	7.35%
Non-interest-Earning Assets						
Cash and Cash Equivalents	**21,594**			22,720		
Allowance for Loan Losses	**(12,473)**			(11,320)		
Other Assets	**54,022**			51,894		
Total Noninterest-Earning Assets	**63,143**			63,294		
Total Assets	**$ 1,198,792**			$ 1,133,050		
Liabilities and Stockholders' Equity						
Interest-Bearing Liabilities						
Interest-Bearing Deposits						
Interest-Bearing Demand and Savings	**$ 213,112**	**$ 2,269**	**2.13%**	$ 214,560	$ 1,982	1.85%
Other Time	**737,070**	**19,011**	**5.16%**	675,123	14,194	4.20%
Total Interest-Bearing Deposits	**950,182**	**21,280**	**4.48%**	889,683	16,176	3.64%
Other Interest-Bearing Liabilities						
Other Borrowed Money	**59,083**	**1,315**	**4.45%**	70,001	1,526	4.36%
Subordinated Debentures	**24,947**	**985**	**7.90%**	21,182	850	8.03%
Federal Funds Purchased	**1,413**	**37**	**5.24%**	685	16	4.67%
Total Other Interest-Bearing Liabilities	**85,443**	**2,337**	**5.47%**	91,868	2,392	5.21%
Total Interest-Bearing Liabilities	**1,035,625**	**$ 23,617**	**4.56%**	981,551	$ 18,568	3.78%
Noninterest-Bearing Liabilities and						

Stockholders' Equity						
Demand Deposits	**76,053**			73,622		
Other Liabilities	**8,534**			8,126		
Stockholders' Equity	**78,580**			69,751		
Total Noninterest-Bearing Liabilities and Stockholders' Equity	**163,167**			151,499		
Total Liabilities and Stockholders' Equity	**$ 1,198,792**			$ 1,133,050		
Interest Rate Spread			**3.38%**			3.57%
Net Interest Income		**$ 21,446**			$ 20,726	
Net Interest Margin			**3.78%**			3.87%

(1) The average balance of loans includes the average balance of nonaccrual loans. Income on such loans is recognized and recorded on the cash basis. Taxable equivalent adjustments totaling $58 and $49 for six month periods ended June 30, 2007 and 2006, respectively, are included in tax-exempt interest on loans.

(2) Taxable-equivalent adjustments totaling $112 and $64 for six month periods ended June 30, 2007 and 2006, respectively, are included in tax-exempt interest on investment securities. The adjustments are based on a federal tax rate of 34 percent with appropriate reductions for the effect of disallowed interest expense incurred in carrying tax-exempt obligations.

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Item 3 (Continued)

Colony Bankcorp, Inc. and Subsidiary
Interest Rate Sensitivity

The following table is an analysis of the Company's interest rate-sensitivity position at June 30, 2007. The interest-bearing rate-sensitivity gap, which is the difference between interest-earning assets and interest-bearing liabilities by repricing period, is based upon maturity or first repricing opportunity, along with a cumulative interest rate-sensitivity gap. It is important to note that the table indicates a position at a specific point in time and may not be reflective of positions at other times during the year or in subsequent periods. Major changes in the gap position can be, and are, made promptly as market outlooks change.

	Assets and Liabilities Repricing Within					
($ in Thousands)	**3 Months or Less**	**4 to 12 Months**	**1 Year**	**1 to 5 Years**	**Over 5 Years**	**Total**
EARNING ASSETS:						
Interest-Bearing Deposits	$ 2,199	$ ---	$ 2,199	$ ---	$ ---	$ 2,199
Federal Funds Sold	16,705	---	16,705	---	---	16,705
Investment Securities	14,397	14,163	28,560	107,694	19,118	155,372
Loans Held for Sale	380	---	380	---	---	380
Loans, Net of Unearned Income	428,014	199,801	627,815	313,218	12,020	953,053
Other Interest-Bearing Assets	5,465	---	5,465	---	---	5,465
Total Interest-Earning Assets	467,160	213,964	681,124	420,912	31,138	1,133,174
INTEREST-BEARING LIABILITIES:						
Interest-Bearing Demand Deposits (1)	186,148	---	186,148	---	---	186,148
Savings (1)	35,009	---	35,009	---	---	35,009
Time Deposits	203,716	449,035	652,751	72,753	13	725,517
Other Borrowings (2)	4,000	6,500	10,500	40,000	19,000	69,500
Subordinated Debentures	24,229	---	24,229	---	---	24,229
Federal Funds Purchased	900	---	900	---	---	900
Total Interest-Bearing Liabilities	454,002	455,535	909,537	112,753	19,013	1,041,303
Interest Rate-Sensitivity Gap	13,158	(241,571)	(228,413)	308,159	12,125	91,871
Cumulative Interest-Sensitivity Gap	13,158	(228,413)	(228,413)	79,746	91,871	

Interest Rate-Sensitivity Gap as a Percentage of Interest-Earning Assets	1.16%	(21.32%)	(20.16%)	27.19%	1.07%
Cumulative Interest Rate-Sensitivity as a Percentage of Interest-Earning Assets	1.16%	(20.16%)	(20.16%)	7.04%	8.11%

(1) Interest-bearing Demand and Savings Accounts for repricing purposes are considered to reprice within 3 months or less.

(2) Short-term borrowings for repricing purposes are considered to reprice within 3 months or less.

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Part I (Continued)
Item 3 (Continued)

The foregoing table indicates that we had a one year negative gap of ($228) million, or (20.16) percent of total assets at June 30, 2007. In theory, this would indicate that at June 30, 2007, $228 million more in liabilities than assets would reprice if there were a change in interest rates over the next 365 days. Thus, if interest rates were to increase, the gap would indicate a resulting decrease in net interest margin. However, changes in the mix of earning assets or supporting liabilities can either increase or decrease the net interest margin without affecting interest rate sensitivity. In addition, the interest rate spread between an asset and our supporting liability can vary significantly while the timing of repricing of both the assets and our supporting liability can remain the same, thus impacting net interest income. This characteristic is referred to as a basis risk and, generally, relates to the repricing characteristics of short-term funding sources such as certificates of deposits.

Gap analysis has certain limitations. Measuring the volume of repricing or maturing assets and liabilities does not always measure the full impact on the portfolio value of equity or net interest income. Gap analysis does not account for rate caps on products; dynamic changes such as increasing prepay speeds as interest rates decrease, basis risk, or the benefit of non-rate funding sources. The majority of our loan portfolio reprices quickly and completely following changes in market rates, while non-term deposit rates in general move slowly and usually incorporate only a fraction of the change in rates. Products categorized as non-rate sensitive, such as our noninterest-bearing demand deposits, in the gap analysis behave like long term fixed rate funding sources. Both of these factors tend to make our actual behavior more asset sensitive than is indicated in the gap analysis. In fact, we experience higher net interest income when rates rise, opposite what is indicated by the gap analysis. In fact, during the recent period of declines in interest rates, our net interest margin has declined. Therefore, management uses gap analysis, net interest margin analysis and market value of portfolio equity as our primary interest rate risk management tools.

The Company is now utilizing SunTrust Asset/Liability Management Analysis for a more dynamic analysis of balance sheet structure. The Company has established earnings at risk for net-interest income in a +/- 200 basis point rate shock to be no more than a fifteen percent decline. The most recent analysis as of March 31, 2007 indicates that net interest income would deteriorate 5.24 percent with a 200 basis point decrease and would improve 3.02 percent with a 200 basis point increase. The Company has established equity at risk in a +/- 200 basis points rate shock to be no more than a twenty percent decline. The most recent analysis as of March 31, 2007 indicates that net economic value of equity percentage change would decrease 0.60 percent with a 200 basis point increase and would decrease 4.04 percent with a 200 basis point decrease. The Company has established its one year gap to be 0.80 percent to 1.20 percent. The most recent analysis as of March 31, 2007 indicates a one year gap of 0.89 percent. The analysis suggests net interest margin compression in a declining interest rate environment. Given that interest rates are at or near its peak, the Company is focusing on areas to minimize margin compression in the future. These include locking in more loans at a fixed rate versus a variable rate, minimizing dollars in Federal funds, extending out on the yield curve with investments, securing brokered certificates of deposit for terms less than one year and focusing on reduction of nonperforming assets.

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Part I (Continued)
Item 4 (Continued)

CONTROLS AND PROCEDURES

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and the Principal Financial and Accounting Officer of the design and operation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Principal Financial and Accounting Officer concluded that the disclosure controls and procedures are effective.

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PART II – OTHER INFORMATION

ITEM 1 – LEGAL PROCEEDINGS

None

ITEM 1A – RISK FACTORS

During the period covered by this report, there have been no material changes from risk factors as previously disclosed in the registrant's Form 10-K filed on March 15, 2007 in response to Item 1A to Part I of Form 10-K.

ITEM 2 – UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3 – DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4 – SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS (ANNUAL MEETING)

The annual meeting of the shareholders of the Company was held on April 24, 2007. At the Annual Meeting of the Shareholders, proxies were solicited under Regulation 14 of the Securites and Exchange Act of 1934. Total shares eligible to vote amounted to 7,204,925. A total of 5,437,155.68 shares (75.46%) were represented by shareholders in attendance or by proxy. The following directors were elected to serve one year until the next annual meeting:

	For	Against	Abstained
Morris Downing	5,335,330.47	101,825.21	---
Dan Minix	5,415,208.68	21,947.00	---
Sidney Ross	5,415,208.68	21,947.00	---
Jerry Harrell	5,388,652.68	48,503.00	---
Terry Hester	5,415,145.68	22,010.00	---
Terry Coleman	5,408,477.40	28,678.28	---
Gene Waldron	5,415,208.68	21,947.00	---
Bill Roberts	5,415,001.51	22,154.17	---
Al Ross	5,415,208.68	21,947.00	---
Charles Myler	5,415,001.51	22,154.17	---
Mark Massee	5,415,208.68	21,947.00	---

The Company also presented a second proposal to approve an amendment to the bylaws of the Company in order to be eligible for a Direct Registration Program for its common stock. The amendment was approved by shareholder vote as follows:

For	Against	Abstained
5,331,941.07	40,647.00	64,567.60

ITEM 5 – OTHER INFORMATION

None

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Part II (Continued)
Item 6

ITEM 6 – EXHIBITS

3.1 Articles of Incorporation

-filed as Exhibit 3(a) to the Registrant's Registration Statement on Form 10 (File No. 0-18486), filed with the Commission on April 25, 1990 and incorporated herein by reference

3.2 Bylaws, as Amended

-filed as Exhibit 3(b) to the Registrant's Registration Statement on Form 10 (File No. 0-18486), filed with the Commission on April 25, 1990 and incorporated herein by reference

4.1 Instruments Defining the Rights of Security Holders

-incorporated herein by reference to page 1 of the Company's Definitive Proxy Statement for Annual Meeting of Stockholders to be held on April 27, 2004, filed with the Securities and Exchange Commission on March 3, 2004 (File No. 000-12436)

10.1 Deferred Compensation Plan and Sample Director Agreement

-filed as Exhibit 10(a) to the Registrant's Registration Statement on Form 10 (File No. 0-18486), filed with the Commission on April 25, 1990 and incorporated herein by reference

10.2 Profit-Sharing Plan Dated January 1, 1979

-filed as Exhibit 10(b) to the Registrant's Registration Statement on Form 10 (File No. 0-18486), filed with the Commission on April 25, 1990 and incorporated herein by reference

10.3 1999 Restricted Stock Grant Plan and Restricted Stock Grant Agreement

-filed as Exhibit 10(c) the Registrant's Annual Report on Form 10-K (File No. 000-12436), filed with the Commission on March 30, 2001 and incorporated herein by reference

10.4 2004 Restricted Stock Grant Plan and Restricted Stock Grant Agreement

- filed as Exhibit C to the Registrant's Definitive Proxy Statement for Annual Meeting of Shareholders held on April 27, 2004, filed with the Securities and Exchange Commission on March 3, 2004 (File No. 000-12436) and incorporated herein by reference

10.5 Lease Agreement – Mobile Home Tracts, LLC c/o Stafford Properties, Inc. and Colony Bank Worth

- filed as Exhibit 10.5 to the Registrant's Quarterly Report on Form 10Q (File No. 000-12436), filed with Securities and Exchange Commission on November 5, 2004 and incorporated herein by reference

11.1 Statement of Computation of Earnings Per Share

31.1 Certificate of Chief Executive Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

31.2 Certificate of Chief Financial Officer Pursuant to Section 302 of Sarbanes – Oxley Act of 2002

32.1 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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SIGNATURES

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

Date:	August 6, 2007	/s/ Al D. Ross Al D. Ross, President and Chief Executive Officer
Date:	August 6, 2007	/s/ Terry L. Hester Terry L. Hester, Executive Vice President and Chief Financial Officer