COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2013

MAULDIN
& JENKINS

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AND SUBSIDIARY

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MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Capital Bancshares, Inc.
Albany, Georgia

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **Community Capital Bancshares, Inc. and Subsidiary**, which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, other comprehensive income (loss), stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Capital Bancshares, Inc. and Subsidiary as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mauldin & Jenkins, LLC

Albany, Georgia
March 24, 2014

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COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2013 AND 2012

Assets	**2013**	2012
Cash and due from banks	**$ 649,159**	$ 910,439
Interest-bearing deposits in other banks	**12,760,945**	15,452,205
Cash and cash equivalents	**13,410,104**	16,362,644
Securities available for sale, at fair value	**14,796,002**	16,670,138
Restricted equity securities, at cost	**481,300**	546,300
Loans	**105,316,642**	94,001,259
Less allowance for loan losses	**1,803,587**	1,787,614
Loans, net	**103,513,055**	92,213,645
Premises and equipment held for sale	**-**	690,900
Premises and equipment	**2,779,611**	2,893,399
Other real estate owned	**316,444**	1,051,227
Accrued interest receivable	**399,712**	431,222
Other assets	**330,657**	1,012,368
	$ 136,026,885	$ 131,871,843
Liabilities and Stockholders' Equity		
Deposits		
Noninterest-bearing	**$ 33,439,557**	$ 24,828,194
Interest-bearing	**88,719,164**	81,699,777
Total deposits	**122,158,721**	106,527,971
Securities sold under agreements to repurchase	**-**	10,787,305
Other borrowings	**2,250,260**	3,211,861
Guaranteed preferred beneficial interests in junior subordinated debentures	**4,124,000**	4,124,000
Accrued interest payable	**304,918**	163,395
Other liabilities	**1,896,958**	1,356,746
Total liabilities	**130,734,857**	126,171,278
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Preferred stock, authorized 2,000,000 shares		
Series A, fixed rate cumulative convertible preferred, no par value, liquidation preference $3.29 per share; 393,631 shares outstanding	**1,295,046**	1,295,046
Series B, fixed rate cumulative convertible preferred, no par value, liquidation preference $6.58 per share; 563,062 shares outstanding	**3,704,948**	3,704,948
Common stock, par value $1; 10,000,000 shares authorized; 3,104,040 shares issued	**3,104,040**	3,104,040
Capital surplus	**23,138,570**	23,120,616
Retained deficit	**(25,821,126)**	(25,793,893)
Accumulated other comprehensive income (loss)	**(125,544)**	273,714
	5,295,934	5,704,471
Less cost of treasury stock, 2,985 and 2,885 shares, respectively	**3,906**	3,906
Total stockholders' equity	**5,292,028**	5,700,565
	$ 136,026,885	$ 131,871,843

See Notes to Consolidated Financial Statements.

COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Interest income		
Loans, including fees	$ 4,560,300	$ 4,918,291
Taxable securities	345,819	348,523
Nontaxable securities	30,852	30,851
Deposits in other banks	30,577	30,161
Federal funds sold	1,725	1,386
Total interest income	4,969,273	5,329,212
Interest expense		
Deposits	254,523	549,181
Other borrowed money	149,142	303,432
Total interest expense	403,665	852,613
Net interest income	4,565,608	4,476,599
Provision for loan losses	213,000	250,002
Net interest income after provision for loan losses	4,352,608	4,226,597
Other income		
Service charges on deposit accounts	465,647	513,169
Financial service fees	402,487	439,480
Mortgage origination fees	283,862	409,096
Gain on sales of securities available for sale	333,201	64,178
Gain on sale of branch	-	119,904
Other real estate owned rental income	71,254	-
Other operating income	67,077	71,450
Total other income	1,623,528	1,617,277
Other expenses		
Salaries and employee benefits	3,202,325	3,465,300
Equipment and occupancy expenses	491,942	691,397
Impairment loss on premises and equipment held for sale	-	86,156
Loss on sales and writedowns of other real estate owned	223,880	74,015
Marketing expenses	61,891	83,452
Data processing expenses	639,182	693,805
Administrative expenses	325,871	296,385
Legal and professional fees	256,018	326,077
FDIC insurance expense	108,656	124,274
Stationery and supply expenses	27,954	43,051
Other real estate owned expenses	36,762	97,647
Conversion expenses	10,607	136,435
Other operating expenses	218,150	276,246
Total other expenses	5,603,238	6,394,240
Income (loss) before income tax benefit	372,898	(550,366)
Income tax benefit	-	-
Net income (loss)	$ 372,898	$ (550,366)

See Notes to Consolidated Financial Statements.

COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME (LOSS)
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Net income (loss)	**$ 372,898**	$ (550,366)
Other comprehensive income (loss):		
Net unrealized holding gains (losses) arising during period	**(66,057)**	342,304
Reclassification adjustment for gains included in net income (loss)	**(333,201)**	(64,178)
Total other comprehensive income (loss)	**(399,258)**	278,126
Comprehensive loss	**$ (26,360)**	$ (272,240)

See Notes to Consolidated Financial Statements.

COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2013 AND 2012

	Preferred Stock											
	Series A		Series B		Common Stock		Capital	Retained	Accumulated Other Comprehensive	Treasury Stock		Total Stockholders'
	Shares	Par Value	Shares	Par Value	Shares	Par Value	Surplus	Deficit	Income (Loss)	Shares	Cost	Equity
Balance, December 31, 2011	393,631	$ 1,295,046	563,062	$ 3,704,948	3,104,040	$ 3,104,040	$ 23,135,255	$ (24,842,302)	$ (4,412)	32,630	$ (43,365)	$ 6,349,210
Net loss	-	-	-	-	-	-	-	(550,366)	-	-	-	(550,366)
Preferred dividends accumulated undeclared, 8% coupon	-	-	-	-	-	-	-	(401,225)	-	-	-	(401,225)
Stock-based compensation	-	-	-	-	-	-	13,151	-	-	-	-	13,151
Treasury stock transactions, net	-	-	-	-	-	-	(27,790)	-	-	(29,745)	39,459	11,669
Other comprehensive income	-	-	-	-	-	-	-	-	278,126	-	-	278,126
Balance, December 31, 2012	393,631	1,295,046	563,062	3,704,948	3,104,040	3,104,040	23,120,616	(25,793,893)	273,714	2,885	(3,906)	5,700,565
Net income	-	-	-	-	-	-	-	372,898	-	-	-	372,898
Preferred dividends accumulated undeclared, 8% coupon	-	-	-	-	-	-	-	(400,131)	-	-	-	(400,131)
Stock-based compensation	-	-	-	-	-	-	17,954	-	-	-	-	17,954
Treasury stock transactions, net	-	-	-	-	-	-	-	-	-	100	-	-
Other comprehensive loss	-	-	-	-	-	-	-	-	(399,258)	-	-	(399,258)
Balance, December 31, 2013	393,631	$ 1,295,046	563,062	$ 3,704,948	3,104,040	$ 3,104,040	$ 23,138,570	$ (25,821,126)	$ (125,544)	2,985	$ (3,906)	$ 5,292,028

See Notes to Consolidated Financial Statements.

COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
OPERATING ACTIVITIES		
Net income (loss)	$ **372,898**	$ (550,366)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	**164,124**	219,812
Provision for loan losses	**213,000**	250,002
Net loss on disposal of premises and equipment	**-**	81,042
Impairment loss on premises and equipment held for sale	**-**	86,156
Gain on sale of branch	**-**	(119,904)
Gains on sales of securities available for sale	**(333,201)**	(64,178)
Net loss on sales and writedowns of other real estate owned	**223,880**	74,015
(Increase) decrease in interest receivable	**31,510**	(57,317)
Increase in interest payable	**141,523**	94,016
Decrease in prepaid FDIC assessment	**659,971**	114,546
Stock-based compensation	**17,954**	13,151
Other operating activities	**126,821**	(33,596)
Net cash provided by operating activities	**1,618,480**	107,379
INVESTING ACTIVITIES		
Decrease in restricted equity securities	**65,000**	387,750
Net increase in loans	**(12,302,620)**	(783,462)
Purchases of securities available for sale	**(2,570,720)**	(5,507,653)
Proceeds from maturities, paydowns and calls of securities available for sale	**3,282,822**	3,414,458
Proceeds from sales of securities available for sale	**1,095,977**	4,942,280
Net cash paid for sale of branch	**-**	(5,834,534)
Purchases of premises and equipment	**(50,336)**	(122,800)
Proceeds from sale of premises and equipment	**-**	18,873
Proceeds from sale of premises and equipment held for sale	**690,900**	-
Proceeds from sales of other real estate owned	**1,336,113**	414,645
Net cash used in investing activities	**(8,452,864)**	(3,070,443)
FINANCING ACTIVITIES		
Net increase in deposits	**15,630,750**	1,814,813
Increase (decrease) in securities sold under agreements to repurchase	**(10,787,305)**	3,067,255
Proceeds from other borrowings	**-**	2,755,285
Repayment of other borrowings	**(961,601)**	(5,932,745)
Treasury stock transactions, net	**-**	11,669
Net cash provided by financing activities	**3,881,844**	1,716,277
Net decrease in cash and cash equivalents	**(2,952,540)**	(1,246,787)
Cash and cash equivalents at beginning of year	**16,362,644**	17,609,431
Cash and cash equivalents at end of year	$ **13,410,104**	$ 16,362,644
SUPPLEMENTAL DISCLOSURES		
Cash paid for:		
Interest	$ **262,142**	$ 783,679
Income taxes	$ **-**	$ -
NONCASH TRANSACTIONS		
Unrealized gains (losses) on securities available for sale	$ **(399,258)**	$ 278,126
Loans transferred to other real estate owned	$ **869,210**	$ -
Internally financed sales of other real estate	$ **79,000**	$ -

See Notes to Consolidated Financial Statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Community Capital Bancshares, Inc. (the "Company") is a bank holding company whose principal activity is the ownership and management of its wholly-owned bank subsidiary, AB&T National Bank ("the Bank"). AB&T National Bank's main office is located in Albany, Dougherty County, Georgia, with additional full service branches in Albany and Leesburg, Georgia. The Bank provides a full range of banking services to individual and corporate customers in their primary market areas of Dougherty and Lee County, Georgia.

The Company also owns Community Capital Statutory Trust I, a Delaware statutory business trust. This non-operating subsidiary was created in 2003 for the sole purpose of issuing trust preferred securities and investing the proceeds in subordinated debentures issued by the Company, all of which are described more fully in Note 10.

Basis of Presentation and Accounting Estimates

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. Significant intercompany transactions and balances have been eliminated in consolidation.

In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for loan losses, the valuation of other real estate owned, deferred tax assets, other-than-temporary impairments of securities, the fair value of financial instruments and contingent assets and liabilities. The determination of the adequacy of the allowance for loan losses is based on estimates that are susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated losses on loans and the valuation of foreclosed real estate, management obtains independent appraisals for significant collateral.

The Company's loans are generally secured by specific items of collateral including real property, consumer assets and business assets. Although the Company has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on local economic conditions in the real estate and agricultural industries.

While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the estimated losses on loans. Such agencies may require the Company to recognize additional losses based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the estimated losses on loans may change materially in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

The Company has evaluated all transactions, events and circumstances for consideration or disclosure through March 24, 2014, the date these consolidated financial statements were available to be issued, and has reflected or disclosed those items within the consolidated financial statements and related footnotes as deemed appropriate.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents and Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, cash items in process of collection, amounts due from banks and interest-bearing deposits in other banks. Cash flows from loans, restricted equity securities, deposits, securities sold under agreements to repurchase and treasury stock transactions are reported net.

The Bank is required to maintain reserve balances in cash or on deposit with the Federal Reserve Bank, based on a percentage of deposits. The total of those reserve balances was approximately $938,000 and $604,000 at December 31, 2013 and 2012, respectively.

Securities

All debt securities and equity securities with a readily determinable fair value are classified as available for sale and recorded at fair value with unrealized gains and losses excluded from earnings and reported in accumulated other comprehensive income (loss). The amortization of premiums and accretion of discounts are recognized in interest income using methods approximating the interest method over the life of the securities. Realized gains and losses, determined on the basis of the cost of specific securities sold, are included in earnings on the settlement date. Declines in the fair value of securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses.

The Company evaluates investment securities for other-than-temporary impairment using relevant accounting guidance specifying that (a) if the Company does not have the intent to sell a debt security prior to recovery and (b) it is more likely than not that it will not have to sell the debt security prior to recovery, the security would not be considered other-than-temporary impaired unless there is a credit loss that has occurred in the security. If management does not intend to sell the security and it is more likely than not that they will not have to sell the security before recovery of the cost basis, management will recognize the credit component of an other-than-temporary impairment of a debt security in earnings and the remaining portion in other comprehensive income (loss).

Restricted Equity Securities

The Company is required to maintain an investment in capital stock of various entities. Based on redemption provisions of these entities, the stock has no quoted market value and is carried at cost. At their discretion, these entities may declare dividends on the stock. Management reviews for impairment based on the ultimate recoverability of the cost basis in these stocks.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal balances less deferred fees and costs on originated loans and the allowance for loan losses. Interest income is accrued on the outstanding principal balance. Loan origination fees, net of certain direct origination costs of consumer and installment loans are recognized at the time the loan is placed on the books. Loan origination fees for all other loans are deferred and recognized as an adjustment of the yield over the life of the loan using the straight-line method without anticipating prepayments.

The accrual of interest on loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due, or at the time the loan is 90 days past due, unless the loan is well-secured and in the process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal and interest is considered doubtful. All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income or charged to the allowance, unless management believes that the accrual of interest is recoverable through the liquidation of collateral. Interest income on nonaccrual loans is recognized on the cash basis, until the loans are returned to accrual status. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current or when the loan establishes a favorable collateral margin and the borrower displays the willingness and capacity to repay debt.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans (Continued)

The allowance consists of specific, general and unallocated components. The specific component relates to loans that are classified as impaired. For impaired loans, an allowance is established when the discounted cash flows, collateral value, or observable market price of the impaired loan is lower than the carrying value of that loan. The general component covers non-impaired loans and is based on historical loss experience adjusted for other qualitative factors. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data. An unallocated component may be maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

A loan is considered impaired when it is probable, based on current information and events, the Company will be unable to collect all principal and interest payments due in accordance with the contractual terms of the loan agreement. Loans, for which the terms have been modified at the borrower's request, and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings and classified as impaired. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest when due. Loans that experience insignificant payment delays and payment shortfalls are not classified as impaired. Impaired loans are measured by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent. Interest on accruing impaired loans is recognized as long as such loans do not meet the criteria for nonaccrual status. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment.

The Company's homogeneous loan pools include commercial real estate loans, real estate construction and land development loans, residential real estate loans, owner occupied real estate loans, non-owner occupied real estate loans, commercial and consumer loans. The general allocations to these loan pools are based on the historical loss rates for specific loan types and the internal risk grade, if applicable, adjusted for both internal and external qualitative risk factors. The qualitative factors considered by management include, among other factors, (1) changes in local and national economic conditions; (2) changes in asset quality; (3) changes in loan portfolio volume; (4) the composition and concentrations of credit; (5) the impact of competition on loan structuring and pricing; (6) the impact of interest rate changes on portfolio risk and (7) effectiveness of the Company's loan policies, procedures and internal controls. The total allowance established for each homogeneous loan pool represents the product of the historical loss ratio and the total dollar amount of the loans in the pool.

Troubled Debt Restructurings

The Company designates loan modifications as troubled debt restructurings ("TDRs") when for economic and legal reasons related to the borrower's financial difficulties, it grants a concession to the borrower that it would not otherwise consider. TDRs can involve loans remaining on nonaccrual, moving to nonaccrual, or continuing on accrual status, depending on the individual facts and circumstances of the borrower. In circumstances where the TDR involves charging off a portion of the loan balance, the Company typically classifies these restructurings as nonaccrual.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Troubled Debt Restructurings (Continued)

In connection with restructurings, the decision to maintain a loan that has been restructured on accrual status is based on a current, well documented credit evaluation of the borrower's financial condition and prospects for repayment under the modified terms. This evaluation includes consideration of the borrower's current capacity to pay, which among other things may include a review of the borrower's current financial statements, an analysis of global cash flow sufficient to pay all debt obligations, a debt to income analysis, and an evaluation of secondary sources of payment from the borrower and any guarantors. This evaluation also includes an evaluation of the borrower's current willingness to pay, which may include a review of past payment history, an evaluation of the borrower's willingness to provide information on a timely basis, and consideration of offers from the borrower to provide additional collateral or guarantor support. The credit evaluation also reflects consideration of the borrower's future capacity and willingness to pay, which may include evaluation of cash flow projections, consideration of the adequacy of collateral to cover all principal and interest, and trends indicating improving profitability and collectability of receivables.

Restructured nonaccrual loans may be returned to accrual status based on a current, well-documented credit evaluation of the borrower's financial condition and prospects for repayment under the modified terms. This evaluation must include consideration of the borrower's sustained historical repayment for a reasonable period, generally a minimum of six months, prior to the date on which the loan is returned to accrual status.

Premises and Equipment Held for Sale

Premises and equipment held for sale is initially recorded at the lower of cost or fair value less estimated selling costs. Subsequent to transfer to premises and equipment held for sale, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less estimated costs to sell.

Premises and Equipment

Land is carried at cost. Premises and equipment are carried at cost less accumulated depreciation computed on the straight-line method over the estimated useful lives of the assets or the expected terms of the leases, if shorter. Expected terms include lease option periods to the extent that the exercise of such options is reasonably assured. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Gains and losses on dispositions are included in other expense.

	Years
Buildings	39
Furniture and equipment	3-7

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company - put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs

Advertising costs are expensed as incurred.

Other Real Estate Owned

Other real estate owned acquired through or in lieu of loan foreclosure are held for sale and initially recorded at fair value less estimated selling costs. Any write-down to fair value at the time of transfer to other real estate owned is charged to the allowance for loan losses. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less estimated costs to sell. Costs of improvements are capitalized, whereas costs relating to holding other real estate owned and subsequent adjustments to the value are expensed.

Income Taxes

The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are recognized if it is more-likely-than-not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more-likely-than-not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to management's judgment. Deferred tax assets may be reduced by deferred tax liabilities and a valuation allowance if, based on the weight of evidence available, it is more-likely-than-not that some portion or all of a deferred tax asset will not be realized. Based upon management's estimates of future earnings for 2014, it was determined that there would not be sufficient earnings to realize the tax benefits within the time span for regulatory capital purposes. Based upon this expectation, a valuation allowance of $7,565,733 was established to offset the net deferred tax assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stock Compensation Plans

Stock compensation accounting guidance requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the grant date fair value of the equity or liability instruments issued. The stock compensation accounting guidance covers a wide range of share-based compensation arrangements including stock options, restricted share plans, performance-based awards, share appreciation rights and employee share purchase plans.

The stock compensation accounting guidance requires that compensation cost for all stock awards be calculated and recognized over the employees' service period, generally defined as the vesting period. For awards with graded-vesting, compensation cost is recognized on a straight-line basis over the requisite service period for the entire award. A Black-Scholes model is used to estimate the fair value of stock options, while the market price of the Company's common stock at the date of grant is used for restricted stock awards and stock grants.

Comprehensive Income (Loss)

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income (loss). Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities, are reported as a separate component of the equity section of the consolidated balance sheet, such items, along with net income (loss), are components of comprehensive income (loss).

Trust Department

The Company's subsidiary, AB&T National Bank, as fiduciary or agent, provides trust services to their customers. Property, other than cash deposits held by AB&T National Bank in its fiduciary capacity, is not accounted for in the accompanying consolidated financial statements. Effective December 31, 2013, the Company elected to sell its trust services to a third party who will handle trust services for the Company's customers. The Company will continue to receive commissions on referrals it makes to the third party provider.

Reclassification

Certain amounts in the 2012 consolidated financial statements have been reclassified to conform to the 2013 presentation, with no effect on total assets or net loss.

Fair Value of Financial Instruments

Fair values of financial instruments are estimates using relevant market information and other assumptions, as more fully disclosed in Note 18. Fair value estimates involve uncertainties and matters of significant judgment. Changes in assumptions or in market conditions could significantly affect the estimates.

NOTE 2. SECURITIES

The amortized cost and fair value of securities available for sale with gross unrealized gains and losses are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2013:				
State and municipal securities	**$ 748,765**	**$ 7,126**	**$ (14,678)**	**$ 741,213**
Mortgage-backed securities -				
GSE residential	**14,172,781**	**175,944**	**(293,936)**	**14,054,789**
Total debt securities	**14,921,546**	**183,070**	**(308,614)**	**14,796,002**
Total securities	**$ 14,921,546**	**$ 183,070**	**$ (308,614)**	**$ 14,796,002**
December 31, 2012:				
State and municipal securities	$ 748,662	$ 26,026	$ -	$ 774,688
Mortgage-backed securities -				
GSE residential	14,824,094	403,876	(15,314)	15,212,656
Corporate securities	823,567	-	(140,873)	682,694
Total debt securities	16,396,323	429,902	(156,187)	16,670,038
Equity securities	100	-	-	100
Total securities	$ 16,396,423	$ 429,902	$ (156,187)	$ 16,670,138

The amortized cost and fair value of debt securities available for sale as of December 31, 2013 by contractual maturity are shown below. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
Due after ten years	$ 748,765	$ 741,213
Mortgage-backed securities - GSE residential	14,172,781	14,054,789
	$ 14,921,546	$ 14,796,002

Securities with a carrying value of approximately $2,519,695 and $2,345,016 at December 31, 2013 and 2012, respectively, were pledged to secure public deposits and for other purposes required or permitted by law. As of December 31, 2013 and 2012, investment securities with a carrying value of $9,396,313 and $11,790,682, respectively, were pledged to secure repurchase agreements.

The following table shows the gross unrealized losses and fair value of the entity's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at December 31, 2013 and 2012.

NOTE 2. SECURITIES (Continued)

Available for sale securities that have been in a continuous unrealized loss position are as follows:

	Less Than 12 Months		Over 12 Months		Total	
Description of Securities	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
December 31, 2013:						
State and municipal securities	**$ 235,323**	**$ (14,678)**	**$ -**	**$ -**	**$ 235,323**	**$ (14,678)**
Mortgage-backed securities -						
GSE residential	**3,581,619**	**(249,451)**	**1,300,618**	**(44,485)**	**4,882,237**	**(293,936)**
Total debt securities	**3,816,942**	**(264,129)**	**1,300,618**	**(44,485)**	**5,117,560**	**(308,614)**
Total securities	**$ 3,816,942**	**$ (264,129)**	**$ 1,300,618**	**$ (44,485)**	**$ 5,117,560**	**$ (308,614)**
December 31, 2012:						
State and municipal securities	$ -	$ -	$ -	$ -	$ -	$ -
Mortgage-backed securities -						
GSE residential	3,457,927	(15,314)	-	-	3,457,927	(15,314)
Corporate securities	-	-	682,694	(140,873)	682,694	(140,873)
Total debt securities	3,457,927	(15,314)	682,694	(140,873)	4,140,621	(156,187)
Equity securities	-	-	-	-	-	-
Total securities	$ 3,457,927	$ (15,314)	$ 682,694	$ (140,873)	$ 4,140,621	$ (156,187)

State and municipal obligations. The unrealized loss on one investment in a state and municipal security was caused by an interest rate increase. The contractual term of this investment does not permit the issuer to settle the security at a price less than the amortized cost basis of the investment. Because the Company does not intend to sell the investment and it is not more likely than not that the Company will be required to sell the investment before recovery of the amortized cost basis, which may be maturity, the Company does not consider this investment to be other-than-temporarily impaired at December 31, 2013.

Mortgage-backed securities – GSE residential. The unrealized losses on five investments in GSE mortgage-backed securities were caused by changes in interest rates. The contractual cash flows of those investments are guaranteed by an agency of the U.S. Government. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost bases of the Company's investments. Because the decline in market value is attributable to changes in interest rates and not credit quality, and because the Company does not intend to sell the investments and it is not more-likely-than-not that the Company will be required to sell the investments before recovery of their amortized cost bases, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2013.

NOTE 2. SECURITIES (Continued)

Other-Than-Temporary Impairment

Upon acquisition of a security, the Company decides whether it is within the scope of the accounting guidance for beneficial interests in securitized financial assets or will be evaluated for impairment under the accounting guidance for investments in debt and equity securities.

The accounting guidance for beneficial interests in securitized financial assets provides incremental impairment guidance for a subset of the debt securities within the scope of the guidance for investments in debt and equity securities. For securities where the security is a beneficial interest in securitized financial assets, the Company uses the beneficial interests in securitized financial asset impairment model. For securities where the security is not a beneficial interest in securitized financial assets, the Company uses debt and equity securities impairment model.

The Company routinely conducts periodic reviews to identify and evaluate each investment security to determine whether an other-than-temporary impairment has occurred. Economic models are used to determine whether an other-than-temporary impairment has occurred on these securities.

There were no other-than-temporarily impairment charges related to securities available for sale recorded in 2013 or 2012.

Gains and losses on sales of securities available for sale consist of the following:

	Years Ended December 31,	
	2013	2012
Gross gains	**$ 503,076**	$ 64,178
Gross losses	**(169,875)**	-
Net realized gains	**$ 333,201**	$ 64,178

Restricted Equity Securities

Restricted equity securities consist of the following:

	December 31,	
	2013	2012
Federal Reserve Bank stock	**$ 323,500**	$ 323,500
Federal Home Loan Bank stock	**157,800**	222,800
	$ 481,300	$ 546,300

The Company has investments in the common stock of the Federal Reserve Bank and Federal Home Loan Bank of Atlanta at December 31, 2013 and 2012. These investments are accounted for by the cost method, which represents par value, and is made for long-term business affiliation reasons. In addition, these investments are subject to restrictions relating to sale, transfer or other disposition. Dividends are recognized in income when declared.

NOTE 3. LOANS

Portfolio Segmentation

The composition of loans is summarized as follows:

	December 31,	
	2013	2012
Commercial real estate:		
Construction and land development	**$ 1,853,649**	$ 3,117,639
Owner occupied	**26,325,400**	25,831,866
Non-owner occupied	**18,428,223**	16,692,399
Residential real estate	**30,256,561**	31,267,228
Commercial	**23,301,659**	12,138,192
Consumer	**5,076,705**	4,856,685
	105,242,197	93,904,009
Deferred loan fees	**74,445**	97,250
Allowance for loan losses	**(1,803,587)**	(1,787,614)
Loans, net	**$ 103,513,055**	$ 92,213,645

The Company has pledged certain loans secured by 1-4 family and multifamily residential mortgages under a blanket collateral agreement to secure borrowings from the FHLB. The amount of such pledged loans totaled $10,011,909 and $7,717,376 at December 31, 2013 and 2012, respectively.

For purposes of the disclosures required pursuant to the adoption of ASC 310, the loan portfolio was disaggregated into portfolio segments and then further disaggregated into classes for certain disclosures. A portfolio segment is defined as the level at which an entity develops and documents a systematic method for determining its allowance for credit losses. There are four loan portfolio segments that include commercial real estate, residential real estate, commercial and consumer. A class is generally determined based on the initial measurement attribute, risk characteristic of the loan and an entity's method for monitoring and assessing credit risk. Classes within the commercial real estate portfolio segment include construction and land development, owner occupied and non-owner occupied. Residential real estate, commercial and consumer have not been disaggregated into additional classes.

The following describe risk characteristics relevant to each of the portfolio segments:

Commercial and residential real estate: As discussed below, the Company offers various types of real estate loan products. All loans within these two portfolio segments are particularly sensitive to the valuation of real estate:

- Loans for commercial real estate construction and land development are repaid through cash flow related to the operations, sale or refinance of the underlying property. This portfolio segment also includes extensions of credit to real estate developers or investors where repayment is dependent on the sale of the real estate or income generated from the real estate collateral.

- Commercial real estate mortgage loans include owner-occupied commercial real estate loans, owner-occupied construction loans for commercial businesses, and loans secured by income producing properties. Owner-occupied commercial real estate loans to operating businesses are long-term financing of land and buildings. These loans are repaid by cash flow generated from the business operation. Real estate loans for income-producing properties such as office and industrial buildings, and retail shopping centers are repaid from rent income derived from the properties.

NOTE 3. LOANS (Continued)

Portfolio Segmentation (Continued)

- Residential real estate mortgage loans include 1-4 family and multifamily residential mortgage loans. 1-4 family residential mortgage loans are repaid by various means such as a borrower's income, sale of the property, or rental income derived from the property. Multifamily residential real estate mortgage loans include real estate loans secured by apartment buildings and duplexes. These are repaid by various means such as rental income from the property, borrower's income or sale of the property.

Commercial: The commercial loan portfolio segment includes commercial, financial and agricultural loans. These loans include those loans to commercial customers for use in normal business operations to finance working capital needs, equipment purchases, or expansion projects. Loans are repaid by business cash flows. Collection risk in this portfolio is driven by the creditworthiness of the underlying borrower, particularly cash flows from the customers' business operations.

Consumer: The consumer loan portfolio segment includes direct consumer installment loans, overdrafts and other revolving credit loans and educational loans. Loans in this portfolio are sensitive to unemployment and other key consumer economic measures.

Credit Risk Management

The Company employs a credit risk management process with defined policies, accountability and routine reporting to manage credit risk in the loan portfolio segments. Credit risk management is guided by credit policies that provide for a consistent and prudent approach to underwriting and approvals of credits. Within the Credit Policy, procedures exist that elevate the approval requirements as credits become larger and more complex. All loans are individually underwritten, risk-rated, approved and monitored.

Responsibility and accountability for adherence to underwriting policies and accurate risk ratings lies in each portfolio segment. For the consumer portfolio segment, the risk management process focuses on managing customers who become delinquent in their payments. For the commercial and real estate portfolio segments, the risk management process focuses on underwriting new business and, on an ongoing basis, monitoring the credit of the portfolios, including a third party review of the largest credits on an annual basis or more frequently as needed. To insure problem credits are identified on a timely basis, specific portfolio reviews occur to assess the larger adversely rated credits for proper risk rating and accrual status.

Credit quality and trends in the loan portfolio segments are measured and monitored regularly. Detailed reports, by product, collateral, accrual status, etc., are reviewed by the Chief Credit Officer and the Directors Loan Committee.

The allowance for loan losses is a valuation reserve established through provisions for loan losses charged against income. The allowance for loan losses, which is evaluated quarterly, is maintained at a level that management deems sufficient to absorb probable losses inherent in the loan portfolio. Loans deemed to be uncollectible are charged against the allowance for loan losses, while recoveries of previously charged-off amounts are credited to the allowance for loan losses. The allowance for loan losses is comprised of specific valuation allowances for loans evaluated individually for impairment, general allocations for pools of homogeneous loans with similar risk characteristics and trends, and an unallocated component that reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

NOTE 3. LOANS (Continued)

Credit Risk Management (Continued)

The allowance for loan losses related to specific loans is based on management's estimate of potential losses on impaired loans as determined by (1) the present value of expected future cash flows; (2) the fair value of collateral if the loan is determined to be collateral dependent or (3) the loan's observable market price. The Company's homogeneous loan pools include commercial real estate loans, real estate construction and land development loans, residential real estate loans, real estate other loans, commercial/financial/agricultural, industrial loans and consumer loans. The general allocations to these loan pools are based on the historical loss rates for specific loan types and the internal risk grade, if applicable, adjusted for both internal and external qualitative risk factors. The qualitative factors considered by management include, among other factors, (1) changes in local and national economic conditions; (2) changes in asset quality; (3) changes in loan portfolio volume; (4) the composition and concentrations of credit; (5) the impact of competition on loan structuring and pricing; (6) the impact of interest rate changes on portfolio risk and (7) effectiveness of the Company's loan policies, procedures and internal controls. The total allowance established for each homogeneous loan pool represents the product of the historical loss ratio plus the internally determined qualitative factors and the total dollar amount of the loans in the pool.

The following tables detail activity in the allowance for loan losses by portfolio segment. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other categories.

	Commercial Real Estate	Residential Real Estate	Commercial	Consumer	Total
December 31, 2013:					
Allowance for loan losses:					
Beginning balance	$ 892,908	$ 460,166	$ 380,954	$ 53,586	$ 1,787,614
Charge-offs	(463,351)	(54,121)	-	(9,204)	(526,676)
Recoveries	295,593	19,672	9,629	4,755	329,649
Provision	247,905	36,557	(84,201)	12,739	213,000
Ending balance	$ 973,055	$ 462,274	$ 306,382	$ 61,876	$ 1,803,587
Ending balance - individually evaluated for impairment	$ 300,000	$ -	$ -	$ -	$ 300,000
Ending balance - collectively evaluated for impairment	$ 673,055	$ 462,274	$ 306,382	$ 61,876	$ 1,503,587
Loans:					
Ending balance	$ 46,607,272	$ 30,256,561	$ 23,301,659	$ 5,076,705	$ 105,242,197
Ending balance - individually evaluated for impairment	$ 2,045,339	$ 283,210	$ -	$ -	$ 2,328,549
Ending balance - collectively evaluated for impairment	$ 44,561,933	$ 29,973,351	$ 23,301,659	$ 5,076,705	$ 102,913,648

NOTE 3. LOANS (Continued)

Credit Risk Management (Continued)

	Commercial Real Estate	Residential Real Estate	Commercial	Consumer	Total
December 31, 2012:					
Allowance for loan losses:					
Beginning balance	$ 1,023,811	$ 771,363	$ 299,531	$ 47,084	$ 2,141,789
Charge-offs	(411,450)	(318,918)	(375)	(13,517)	(744,260)
Recoveries	65,986	27,588	35,117	11,392	140,083
Provision	214,561	(19,867)	46,681	8,627	250,002
Ending balance	$ 892,908	$ 460,166	$ 380,954	$ 53,586	$ 1,787,614
Ending balance - individually evaluated for impairment	$ 71,647	$ -	$ -	$ -	$ 71,647
Ending balance - collectively evaluated for impairment	$ 821,261	$ 460,166	$ 380,954	$ 53,586	$ 1,715,967
Loans:					
Ending balance	$ 45,641,904	$ 31,267,228	$ 12,138,192	$ 4,856,685	$ 93,904,009
Ending balance - individually evaluated for impairment	$ 6,317,678	$ 774,647	$ -	$ -	$ 7,092,325
Ending balance - collectively evaluated for impairment	$ 39,324,226	$ 30,492,581	$ 12,138,192	$ 4,856,685	$ 86,811,684

A description of the general characteristics of the risk grades used by the Company is as follows:

Pass: Loans in this risk category involve borrowers of acceptable-to-strong credit quality and risk who have the apparent ability to satisfy their loan obligations. Loan in this risk grade would possess sufficient mitigating factors, such as adequate collateral or strong guarantors possessing the capacity to repay the debt if required, for any weakness that may exist.

Special Mention: Loans in this category are currently bankable, but are potentially weak and deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution's credit position at some future date. The credit is not currently adequate and constitutes an unwarranted risk in light of the circumstances surrounding a specific asset.

Substandard: These are loans inadequately protected by the current sound worth and repayment capacity of the borrower or of the pledged collateral. Loans are normally classified as Substandard when they have unsatisfactory characteristics causing more than acceptable levels of risk. A Substandard loan normally has one or more well-defined weaknesses that could jeopardize the repayment of the loan. This risk rating may apply to non-accrual loans and other real estate owned. Weaknesses are well defined by management and there is a distinct possibility that the Company will sustain some loss if deficiencies are not corrected.

NOTE 3. LOANS (Continued)

Credit Risk Management (Continued)

Doubtful: Any loan classified doubtful has all the weaknesses inherent in a loan classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and value, highly questionable and improbable. Loans in this category must be placed in non-accrual and all payments applied to principal recapture. The weakness in credits under this classification is so severe that collection or liquidation in full, on the basis of currently existing facts, conditions and values, is highly questionable or improbable. The possibility of loss is extremely high, but because of certain important and reasonably specific pending factors cannot be determined at this time. The classification as an estimated loss is deferred until its more exact status may be determined. Pending factors include proposed merger, acquisition, or liquidation procedures, capital injection, perfecting liens on additional collateral and refinancing plans. All doubtful loans must be on non-accrual; however, all non-accrual loans are not necessarily rated doubtful. If a split classification exists, it is possible to reclassify a part of the loan as Loss and another part as Substandard.

Loss: Loans classified loss are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be affected in the future. The Company should not attempt long-term recoveries while the loans remain booked. Loans classified Loss should be written off in the period that they surface as uncollectible. Loans that qualify in this category are typically charged-off.

The following tables summarize the risk category of the Company's loan portfolio based upon on the most recent analysis performed:

	Pass	Special Mention	Substandard	Doubtful	Total
December 31, 2013:					
Commercial real estate:					
Construction and land development	**$ 1,487,974**	**$ -**	**$ 365,675**	**$ -**	**$ 1,853,649**
Owner occupied	**26,182,945**	**-**	**142,455**	**-**	**26,325,400**
Non-owner occupied	**17,560,410**	**-**	**867,813**	**-**	**18,428,223**
Residential real estate	**29,716,290**	**122,797**	**417,474**	**-**	**30,256,561**
Commercial	**23,276,327**	**25,332**	**-**	**-**	**23,301,659**
Consumer	**5,076,705**	**-**	**-**	**-**	**5,076,705**
Total	**$ 103,300,651**	**$ 148,129**	**$ 1,793,417**	**$ -**	**$ 105,242,197**
December 31, 2012:					
Commercial real estate:					
Construction and land development	$ 2,520,704	$ -	$ 596,935	$ -	$ 3,117,639
Owner occupied	21,996,207	695,067	3,140,592	-	25,831,866
Non-owner occupied	14,739,997	-	1,952,402	-	16,692,399
Residential real estate	30,046,414	669,600	551,214	-	31,267,228
Commercial	12,102,298	35,894	-	-	12,138,192
Consumer	4,856,685	-	-	-	4,856,685
Total	$ 86,262,305	$ 1,400,561	$ 6,241,143	$ -	$ 93,904,009

NOTE 3. LOANS (Continued)

Past Due Loans

A loan is considered past due if any required principal and interest payments have not been received as of the date such payments were required to be made under the terms of the loan agreement. Generally, management places loans on non-accrual when there is a clear indication that the borrower's cash flow may not be sufficient to meet payments as they become due, which is generally when a loan is 90 days past due. The following tables present the aging of the recorded investment in loans:

		Past Due Status (Accruing Loans)					
	Current	30-59 Days	60-89 Days	90+ Days	Total Past Due	Non-accrual	Total
December 31, 2013:							
Commercial real estate:							
Construction and land development	**$ 1,853,649**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,853,649**
Owner occupied	**26,195,400**	**-**	**-**	**-**	**-**	**130,000**	**26,325,400**
Non-owner occupied	**17,560,410**	**-**	**-**	**-**	**-**	**867,813**	**18,428,223**
Residential real estate	**29,634,505**	**471,906**	**-**	**-**	**471,906**	**150,150**	**30,256,561**
Commercial	**23,301,659**	**-**	**-**	**-**	**-**	**-**	**23,301,659**
Consumer	**5,076,705**	**-**	**-**	**-**	**-**	**-**	**5,076,705**
Total	**$ 103,622,328**	**$ 471,906**	**$ -**	**$ -**	**$ 471,906**	**$ 1,147,963**	**$ 105,242,197**
December 31, 2012:							
Commercial real estate:							
Construction and land development	$ 3,094,792	$ -	$ -	$ -	$ -	$ 22,847	$ 3,117,639
Owner occupied	22,705,168	-	-	-	-	3,126,698	25,831,866
Non-owner occupied	14,739,997	-	-	-	-	1,952,402	16,692,399
Residential real estate	31,132,244	-	-	-	-	134,984	31,267,228
Commercial	12,138,192	-	-	-	-	-	12,138,192
Consumer	4,850,738	5,947	-	-	5,947	-	4,856,685
Total	$ 88,661,131	$ 5,947	$ -	$ -	$ 5,947	$ 5,236,931	$ 93,904,009

NOTE 3. LOANS (Continued)

Impaired Loans

A loan held for investment is considered impaired when, based on current information and events; it is probable that the Company will be unable to collect all amounts due (both principal and interest) according to the terms of the loan agreement. The following tables detail impaired loans, by portfolio class:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
December 31, 2013:					
With no related allowance recorded:					
Commercial real estate:					
Construction and land development	$ 379,321	$ 401,862	$ -	$ 449,991	$ 28,177
Owner occupied	798,106	1,188,239	-	1,017,548	38,113
Non-owner occupied	-	-	-	-	-
Residential real estate	283,210	311,227	-	304,712	12,404
Commercial	-	-	-	-	-
Consumer	-	-	-	-	-
Total with no related allowance recorded	$ 1,460,637	$ 1,901,328	$ -	$ 1,772,251	$ 78,694
With an allowance recorded:					
Commercial real estate:					
Construction and land development	$ -	$ -	$ -	$ -	$ -
Owner occupied	-	-	-	-	-
Non-owner occupied	867,913	867,913	300,000	887,643	45,220
Residential real estate	-	-	-	-	-
Commercial	-	-	-	-	-
Consumer	-	-	-	-	-
Total with an allowance recorded	$ 867,913	$ 867,913	$ 300,000	$ 887,643	$ 45,220
Total impaired loans	$ 2,328,550	$ 2,769,241	$ 300,000	$ 2,659,894	$ 123,914

NOTE 3. LOANS (Continued)

Impaired Loans (Continued)

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
December 31, 2012:					
With no related allowance recorded:					
Commercial real estate:					
Construction and land development	$ 327,000	$ 327,000	$ -	$ 358,768	$ 16,514
Owner occupied	3,452,879	3,846,123	-	3,591,005	15,059
Non-owner occupied	1,952,402	2,363,852	-	2,188,624	56,222
Residential real estate	774,647	1,076,297	-	831,747	27,844
Commercial	-	-	-	-	-
Consumer	-	-	-	-	-
Total with no related allowance recorded	$ 6,506,928	$ 7,613,272	$ -	$ 6,970,144	$ 115,639
With an allowance recorded:					
Commercial real estate:					
Construction and land development	$ 295,945	$ 295,945	$ 3,491	$ 312,582	$ 10,586
Owner occupied	368,887	368,887	68,887	369,509	6,565
Non-owner occupied	-	-	-	-	-
Residential real estate	112,063	112,063	1,337	114,287	6,247
Commercial	-	-	-	-	-
Consumer	-	-	-	-	-
Total with an allowance recorded	$ 776,895	$ 776,895	$ 73,715	$ 796,378	$ 23,398
Total impaired loans	$ 7,283,823	$ 8,390,167	$ 73,715	$ 7,766,522	$ 139,037

Troubled Debt Restructurings

At December 31, 2013 and 2012, impaired loans included loans that were classified as Troubled Debt Restructurings “TDRs”. The restructuring of a loan is considered a TDR if both (i) the borrower is experiencing financial difficulties and (ii) the creditor has granted a concession.

In assessing whether or not a borrower is experiencing financial difficulties, the Company considers information currently available regarding the financial condition of the borrower. This information includes, but is not limited to, whether (i) the debtor is currently in payment default on any of its debt; (ii) a payment default is probable in the foreseeable future without the modification; (iii) the debtor has declared or is in the process of declaring bankruptcy and (iv) the debtor's projected cash flow is sufficient to satisfy contractual payments due under the original terms of the loan without a modification.

NOTE 3. LOANS (Continued)

Troubled Debt Restructurings (Continued)

The Company considers all aspects of the modification to loan terms to determine whether or not a concession has been granted to the borrower. Key factors considered by the Company include the debtor's ability to access funds at a market rate for debt with similar risk characteristics, the significance of the modification relative to unpaid principal balance or collateral value of the debt, and the significance of a delay in the timing of payments relative to the original contractual terms of the loan. The most common concessions granted by the Company generally include one or more modifications to the terms of the debt, such as (i) a reduction in the interest rate for the remaining life of the debt, (ii) an extension of the maturity date at an interest rate lower than the current market rate for new debt with similar risk, (iii) a temporary period of interest-only payments, and (iv) a reduction in the contractual payment amount for either a short period or remaining term of the loan. As of December 31, 2013 and 2012, management had $1,180,486 $2,046,949 in loans considered restructured that were not already on nonaccrual. Of the nonaccrual loans at December 31, 2013 and 2012, $130,000 and $3,923,387, respectively, met the criteria for restructured. A loan is placed back on accrual status when both principal and interest are current and it is probable that management will be able to collect all amounts due (both principal and interest) according to the terms of the loan agreement.

The following table summarizes the loans that were modified as a TDR during the year ended December 31, 2012:

	Troubled-Debt Restructurings		
	Number of Loans	Recorded Investment Prior to Modification	Recorded Investment After Modification
December 31, 2012:			
Commercial real estate:			
Construction and land development	5	$ 781,920	$ 781,920
Owner occupied	3	2,865,051	2,865,051
Non-owner occupied	1	1,026,810	1,026,810
Residential real estate	14	770,168	725,786
Commercial	-	-	-
Consumer	-	-	-
Total	23	$ 5,443,949	$ 5,399,567

There were no loans that were modified as a TDR during the year ended December 31, 2013.

NOTE 3. LOANS (Continued)

Troubled Debt Restructurings (Continued)

The $494,894 decrease in 2012 in the post-restructuring recorded investments compared to the pre-restructuring recorded investments is due to charge-offs as management has not forgiven any principal on the above loans.

The following table presents those loans modified in a TDR over the last twelve months that subsequently defaulted (i.e. 90 days or more past due following a modification) during the year ended December 31, 2012.

	Troubled-Debt Restructurings That Have Subsequently Defaulted: Number of Loans	Troubled-Debt Restructurings That Have Subsequently Defaulted: Recorded Investment	Impact on the Allowance for Loan Losses
December 31, 2012:			
Commercial real estate:			
Construction and land development	-	$ -	$ -
Owner occupied	2	541,923	-
Non-owner occupied	-	-	-
Residential real estate	-	-	-
Commercial	-	-	-
Consumer	-	-	-
Total	2	$ 541,923	$ -

There were no TDRs that defaulted within twelve months of the modification date in 2013. The Company has no additional commitments to lend additional funds to any of the related debtors whose terms have been modified in a TDR.

Related Party Loans

In the ordinary course of business, the Company has granted loans to certain related parties, including directors, executive officers and their affiliates. The interest rates on these loans were substantially the same as rates prevailing at the time of the transaction and repayment terms are customary for the type of loan. Changes in related party loans are as follows:

	December 31, 2013	December 31, 2012
Balance, beginning of year	**$ 2,634,104**	$ 3,698,121
Advances	**1,295,090**	2,491,730
Repayments	**(307,999)**	(3,555,747)
Balance, end of year	$ **3,621,195**	$ 2,634,104

NOTE 4. PREMISES AND EQUIPMENT HELD FOR SALE

Effective March 16, 2011, the Company closed its Dothan, Alabama branch and transferred these assets to premises and equipment held for sale. Management had updated valuations performed during 2012 and these assets were determined to be impaired by $86,156 and this amount was charged to expense during 2012. The Company had these assets under contract with a realtor and recorded at $690,900 at December 31, 2012. The property was sold in the first quarter of 2013 with no additional loss on sale.

NOTE 5. PREMISES AND EQUIPMENT

Premises and equipment are summarized as follows:

	December 31,	
	2013	2012
Land	**$ 830,718**	$ 830,718
Buildings	**2,481,865**	2,436,399
Furniture and equipment	**1,217,034**	1,212,169
	4,529,617	4,479,286
Accumulated depreciation	**(1,750,006)**	(1,585,887)
	$ 2,779,611	$ 2,893,399

During 2012, the Company sold its Auburn, Alabama branch and recorded a net gain on the sale of these assets and liabilities of $119,904. This gain was comprised of a core deposit premium of $184,428 on sale of deposits, a gain of $43,244 on sale of premises and equipment and a discount of $107,768 on sale of loans. All other assets and liabilities were sold at book value.

Leases

The Company is currently leasing a property for their Lee County Branch in Leesburg, Georgia with Hand Properties, LLC. The lease has an initial term of five years with two successive options to extend the terms of the lease for a period of five years each.

The Company leased the operations center under a noncancelable operating lease from Carter Commercial Properties, LLP. The lease had an initial lease term of five years with one five year renewal option. The lease was renewed in September 2007 for a period of five years and expired in 2012. The Company did not renew this lease agreement in 2012.

The Company leases three ATM machines under a noncancelable operating lease from Diebold, Incorporated. The leases had an initial term of five years and commenced in October of 2007. During 2012, the Company renewed these leases for an additional three years and will expire in May of 2015.

The Company leases multi-function printers under a noncancelable operating lease from RICOH Business Solutions. The lease has an initial term of five years and commenced February 2011. This lease was renewed in February 2011 for an additional five years.

Rental expense under all operating leases amounted to $113,895 and $107,522 for the years ended December 31, 2013 and 2012, respectively.

Future minimum lease commitments on noncancelable operating leases, excluding any renewal options, are summarized as follows:

2014	$ 91,139
2015	76,670
2016	5,283
2017	-
	$ 173,092

NOTE 6. OTHER REAL ESTATE OWNED

A summary of other real estate owned is presented as follows:

	Years Ended December 31,	
	2013	2012
Balance, beginning of year	**$ 1,051,227**	$ 1,539,887
Additions	**869,210**	-
Disposals, including internally financed sales	**(1,415,113)**	(414,645)
Deferred gain on sale of property	**35,000**	-
Loss on sales and writedowns on other real estate owned	**(223,880)**	(74,015)
Balance, end of year	**$ 316,444**	$ 1,051,227

Expenses applicable to other real estate owned include the following:

	December 31,	
	2013	2012
Loss on sales and writedowns of other real estate owned	**$ 223,880**	$ 74,015
Operating expenses	**36,762**	97,647
Rental income	**(71,254)**	-
	$ 189,388	$ 171,662

NOTE 7. DEPOSITS

The aggregate amount of time deposits in denominations of $100,000 or more at December 31, 2013 and 2012 was $12,511,325 and $13,975,278, respectively. The scheduled maturities of time deposits at December 31, 2013 are as follows:

2014	$ 18,563,092
2015	2,396,706
2016	256,898
2017	1,259,635
2018 and thereafter	1,131,707
	$ 23,608,038

At December 31, 2013 and 2012, overdraft demand deposits reclassified to loans totaled $13,460 and $22,551, respectively.

The Company had no brokered time deposits at December 31, 2013 or 2012.

NOTE 8. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

Securities sold under agreements to repurchase, which are secured borrowings, generally mature within one to four days from the transaction date. Securities sold under agreements to repurchase are reflected at the amount of cash received in connection with the transaction. The Company may be required to provide additional collateral based on the fair value of the underlying securities. The Company monitors the fair value of the underlying securities on a daily basis. Securities sold under agreements to repurchase at December 31, 2013 and 2012 were $- and $10,787,305, respectively.

NOTE 9. OTHER BORROWINGS

Other borrowings consist of the following:

	December 31, 2013	December 31, 2012
Secured borrowings with Thomasville National Bank, First Port City Bank, and Citizens Bank of Americus with principal and interest payments due at various maturity dates through March 18, 2016 with interest rates ranging from 3.250% to 5%.	**$ 2,250,260**	$ -
Secured borrowings with Thomasville National Bank, First Port City Bank and Citizens Bank with principal and interest payments due at various maturity dates through February 22, 2017 with interest rates ranging from 5% to 5.01%.	**-**	3,211,861
	$ 2,250,260	$ 3,211,861

Contractual maturities of other borrowings as of December 31, 2013 are as follows:

2014	$ 1,332,575
2015	120,350
2016	797,335
2017 and thereafter	-
	$ 2,250,260

The Company and subsidiary have available unused lines of credit with the Federal Home Loan Bank totaling approximately $10,011,909 at December 31, 2013. The unused lines are secured by certain qualifying loans and FHLB stock.

NOTE 10. GUARANTEED PREFERRED BENEFICIAL INTERESTS IN JUNIOR SUBORDINATED DEBENTURES

In March 2003, the Company formed a wholly-owned Connecticut statutory business trust, Community Capital Statutory Trust I ("Statutory Trust I") for the sole purpose of issuing trust preferred securities and investing the proceeds in floating rate junior subordinated deferrable interest debentures issued by the Company. These debentures qualify as Tier I capital under Federal Reserve Board guidelines. All of the common securities of Statutory Trust I are owned by the Company. The proceeds from the issuance of the common securities and the trust preferred securities were used by Statutory Trust I to purchase $4,124,000 of junior subordinated debentures of the Company, which carry a floating rate based on a three-month LIBOR plus 315 basis points. The debentures represent the sole asset of Statutory Trust I. The trust preferred securities accrue and pay distributions at a floating rate of three-month LIBOR plus 315 basis points per annum (3.40% at December 31, 2013) of the stated liquidation value of $1,000 per capital security. The Company has entered into contractual arrangements which, taken collectively, fully and unconditionally guarantee payment of: (i) accrued and unpaid distributions required to be paid on the trust preferred securities; (ii) the redemption price with respect to any trust preferred securities called for redemption by Statutory Trust I and (iii) payments due upon a voluntary or involuntary dissolution, winding up or liquidation of Statutory Trust I. The trust preferred securities are mandatorily redeemable upon maturity of the debentures in March 2033, or upon earlier redemption as provided in the indenture. The Company has the right to redeem the debentures purchased by Statutory Trust I in whole or in part, on or after March 26, 2008. As specified in the indenture, if the debentures are redeemed prior to maturity, the redemption price will be the principal amount, plus any unpaid accrued interest.

Management exercised its deferment rights on the payment of interest on the debentures effective first quarter of 2012 and has continued to defer interest payments throughout 2013. At December 31, 2013 and 2012, there was $297,502 and $154,154 of accrued interest payable related to these subordinated debentures included in accrued interest payable on the consolidated balance sheet.

NOTE 11. EMPLOYEE BENEFIT PLANS

Profit Sharing Plan

The Company has a 401(k) Employee Profit-Sharing Plan available to all eligible employees, subject to certain minimum age and service requirements. There were no contributions charged to expense during 2013 and 2012 as management elected to suspend employer contributions until the Company returns to profitability.

Employee Stock Purchase Plan

The Company's Employee Stock Purchase Plan enables eligible employees to purchase shares of the Company's common stock through payroll deductions. During 2005, the Company exhausted the shares reserved for issuance under this plan. As a result, the Employee Stock Purchase Plan was terminated effective September 30, 2005. Under the Employee Stock Purchase Plan, employee payroll deductions were combined with matching contributions made by the Company and used to purchase shares of the Company's common stock on behalf of the employee at the end of the quarter. The shares were purchased in the open market at prevailing prices at the time of the purchase or were purchased from the Company at fair market value. If an employee terminated employment with the Company or any affiliate or the employee no longer satisfied the eligibility requirements, the employee's payroll deductions made under the plan that had not been used to purchase shares of the Company's common stock were returned to that employee and any matching credits were forfeited. On May 15, 2006, the stockholders approved a new stock purchase plan authorizing the issuance of up to 50,000 shares under this plan. Participation in the new plan commenced in the second quarter of 2006. On February 27, 2009, the Board of Directors approved a second amendment to the stock purchase plan which authorized an additional 100,000 shares available for issuance under the plan, increasing the total available from 50,000 to 150,000. On March 23, 2011, the Board of Directors approved a third amendment to the stock purchase plan which authorized an additional 100,000 shares available for issuance under the plan, increasing the total available from 150,000 to 250,000. At December 31, 2013, 191,412 shares had been purchased and 58,588 shares remained available for purchase under this plan.

During the first quarter of 2012, the Company elected to freeze the plan for future contributions until further notice.

NOTE 12. STOCK OPTIONS AND WARRANTS

On September 24, 2009, the Company's shareholders approved the 2009 Long-Term Incentive Plan ("2009 Plan") under which options to purchase 400,000 shares of its common stock may be granted to directors, officers and employees. Both incentive stock options and nonqualified stock options, stock appreciation rights, restricted stock and other stock-based awards may be granted under the plan. The exercise price of an incentive stock option may not be less than the fair market value of the Company's common stock on the date of the grant nor less than 110% of the fair market value if the participant owns more than 10% of the outstanding common stock. Nonqualified stock options may be made exercisable at a price no less than the fair market value of the Company's common stock on the date that the option is granted. The term of any incentive stock option may not exceed ten years from the date of grant; however, any incentive stock option granted to a participant who owns more than 10% of the Company's common stock will not be exercisable after the expiration of five years from the date the option is granted. Subject to any further limitations in a stock option agreement, in the event of a participant's termination of employment, the term of an incentive stock option will expire, terminate and become unexercisable no later than three months after the date of the termination of employment; provided, however, that if termination of employment is due to death or disability, a one-year period shall be substituted for the three-month period. On December 31, 2013, there were 83,100 shares available for grant under the 2009 Plan.

NOTE 12. STOCK OPTIONS AND WARRANTS (Continued)

On March 11, 1999, the Company's shareholders approved the 1998 Stock Incentive Plan ("1998 Plan") under which options to purchase 303,574 shares of its common stock may be granted to directors, officers and employees. Both incentive stock options and nonqualified stock options may be granted under the plan. The exercise price of an incentive stock option may not be less than the fair market value of the Company's common stock on the date of the grant nor less than 110% of the fair market value if the participant owns more than 10% of the outstanding common stock. Nonqualified stock options may be made exercisable at a price no less than 85% of the fair market value of the Company's common stock on the date that the option is granted. Additionally, the exercise price of any option granted to an individual who is, on the last day of the taxable year, the chief executive officer of the Company or one of the four other highest compensated officers of the Company may not be less than the fair market value of the Company's common stock on the date of grant. The term of any incentive stock option may not exceed ten years from the date of grant; however, any incentive stock option granted to a participant who owns more than 10% of the Company's common stock will not be exercisable after the expiration of five years from the date the option is granted. Subject to any further limitations in a stock option agreement, in the event of a participant's termination of employment, the term of an incentive stock option will expire, terminate and become unexercisable no later than three months after the date of the termination of employment; provided, however, that if termination of employment is due to death or disability, a one-year period shall be substituted for the three-month period. On December 31, 2013, there were no shares available for grant under the 1998 Plan.

On April 24, 2000, the Board of Directors adopted the 2000 Outside Directors Stock Option Plan ("2000 Plan") under which nonqualified stock options to purchase up to 21,429 shares of the Company's common stock may be granted to directors who are not employees of the Company or any of its affiliates and to the Chairman of the Board of Directors, regardless of whether he is an employee of the Company. The plan provides for an annual grant of a nonqualified stock option to purchase 142 shares of the Company's common stock to each existing non-employee director and a nonqualified stock option to purchase 285 shares of the Company's common stock to the Chairman of the Board of Directors as of the date of each annual shareholders' meeting. Options granted pursuant to this plan are generally nontransferable except by will or the laws of descent and distribution unless otherwise permitted by the Board of Directors. These options are fully vested and exercisable immediately, subject to any restriction imposed by the primary federal regulator of the Company. The exercise price of these options must be equal to the fair market value of the common stock on the date the option is granted. The term of the options may not exceed ten years from the date of grant. If a participant ceases to be a director of the Company or any affiliate, the options expire, terminate and become unexercisable no later than 90 days after the date the participant ceases to provide services to the Company. On December 31, 2013, there were no shares available for grant under this Plan.

NOTE 12. STOCK OPTIONS AND WARRANTS (Continued)

A summary of the status of the employee stock option plans and activity during the periods is as follows:

	Year Ended December 31, 2013			Year Ended December 31, 2012		
	Number	**Weighted-Average Exercise Price**	**Aggregate Intrinsic Value**	Number	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Under option, beginning of the period	**327,249**	**$ 1.83**	**$ -**	273,244	$ 2.07	$ -
Granted	**30,000**	**0.58**	**-**	55,000	0.73	-
Exercised	**-**	**-**	**-**	-	-	-
Forfeited	**(21,847)**	**2.01**	**-**	(995)	8.15	-
Under option, end of the period	**335,402**	**$ 1.70**	**$ -**	327,249	$ 1.83	$ -
Unvested at the end of the period	**241,289**	**$ 1.15**	**$ -**	250,001	$ 1.20	$ -
Vested and exercisable at the end of the period	**94,113**	**$ 3.11**	**$ -**	77,248	$ 3.85	$ -
Weighted-average fair value per option of options granted during the year			**$ 0.36**			$ 0.57

Information pertaining to options outstanding at December 31, 2013 is as follows:

	Options Outstanding				Options Exercisable		
Range of Exercise Prices	**Number**	**Weighted Average Contractual Life in Years**	**Weighted-Average Exercise Price**	**Aggregate Intrinsic Value**	**Number**	**Weighted-Average Exercise Price**	**Aggregate Intrinsic Value**
Below to $ 1.3970	315,000	4.81	$ 1.16	-	73,711	$ 1.16	-
$ 1.3970 to $ 2.7940	1,137	5.73	1.75	-	1,137	1.75	-
$ 2.7940 to $ 4.1910	853	4.73	3.05	-	853	3.05	-
$ 9.779 to $11.176	16,706	1.92	10.87	-	16,706	10.87	-
$11.1760 to $12.0000	1,706	.82	11.95	-	1,706	11.95	-
Total	335,402	4.65	$ 1.70	-	94,113	$ 3.11	-

At December 31, 2013, there was approximately $185,305 of unrecognized compensation cost related to stock-based payments, which is expected to be recognized over a weighted-average period of 5.28 years.

NOTE 12. STOCK OPTIONS AND WARRANTS (Continued)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Years Ended December 31,	
	2013	2012
Dividend yield	**0%**	0%
Expected life	**5 years**	5 years
Expected volatility	**100.00%**	104.25%
Risk-free interest rate	**1.02%**	.69%

During 2013, the Company also had 1,900 restricted stock awards outstanding that were granted under the 2009 Long-Term Incentive Plan that vested during the second quarter of 2013. At December 31, 2013, there were no additional restricted stock awards outstanding.

NOTE 13. PREFERRED STOCK

The Company's Series A fixed rate cumulative convertible preferred remains outstanding at an annual rate of 8% per share per annum, payable semi-annually on June 30 and December 31 as and when declared by the Board of Directors. The Company's Series A preferred is senior to the Company's common stock. Accumulated undeclared dividends totaled $462,130 at December 31, 2013.

The Series A preferred is convertible at the election of the holder, or at the option of the Board of Directors in the event of a change in control into one share of common stock. On December 31, 2014, the shares will convert automatically into common stock at a ratio of one share of common for one share of preferred. Any unpaid dividends will be converted into common stock at that time.

The Company's Series B fixed rate cumulative convertible preferred remains outstanding at an annual rate of 8% per share per annum, payable semi-annually on June 30 and December 31 as and when declared by the Board of Directors. The Company's Series B preferred is junior to the Series A preferred but senior to the Company's common stock. Accumulated undeclared dividends totaled $1,139,779 at December 31, 2013.

The Series B preferred is convertible at the election of the holder, or at the option of the Board of Directors in the event of a change in control into four shares of common stock for each preferred share. On December 31, 2014, the shares will convert automatically into common stock at a ratio of four shares of common for one share of preferred. Any unpaid dividends will be converted to common stock at that time.

NOTE 14. INCOME TAXES

The components of income tax benefit are as follows:

	Years Ended December 31,	
	2013	2012
Current	**$ -**	$ -
Deferred	**125,265**	(189,854)
Change in valuation allowance for deferred taxes	**(125,265)**	189,854
	$ -	$ -

NOTE 14. INCOME TAXES (Continued)

The Company's income tax benefit differs from the amounts computed by applying the federal income tax statutory rates to income before income taxes. A reconciliation of the differences is as follows:

	Years Ended December 31,	
	2013	2012
Tax provision at statutory federal rate	**$ 126,785**	$ (187,124)
Tax-exempt income, net	**(10,384)**	(10,198)
Incentive stock option expense	**5,865**	4,179
Other	**2,999**	3,289
Change in valuation allowance for deferred taxes	**(125,265)**	189,854
Income tax expense (benefit)	**$ -**	$ -

The components of the net deferred tax asset included in other assets are as follows:

	Years Ended December 31,	
	2013	2012
Deferred tax assets:		
Securities impairments on available for sale securities	**$ -**	$ 679,966
Securities impairments on restricted equity securities	**270,987**	270,987
Non-qualified stock option expense	**39,448**	40,648
Writedowns of other real estate owned	**31,180**	826,726
Nonaccrual loan interest	**85,516**	192,417
Contribution carryforward	**19,471**	12,418
Net operating loss carryforward	**7,342,539**	5,974,088
Valuation allowance for deferred taxes	**(7,565,733)**	(7,690,998)
	223,408	306,252
Deferred tax liabilities:		
Loan loss reserves	**44,756**	117,176
Depreciation	**153,341**	156,010
Deferred loan costs, net	**25,311**	33,066
	223,408	306,252
Net deferred tax assets	**$ -**	$ -

At December 31, 2013, the Company has available federal and state net operating loss carryforwards of approximately $21,324,000 and $15,986,364, respectively. If unused, the carryforwards will expire beginning in 2027.

The federal income tax returns of the Company for 2012, 2011 and 2010 are subject to examination by the IRS, generally for three years after they were filed.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Loan Commitments

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Such commitments involve, to varying degrees, elements of credit risk and interest rate risk in excess of the amount recognized in the balance sheets.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments as it does for on-balance-sheet instruments. A summary of the Company's commitments is as follows:

	2013	2012
Commitments to extend credit	**$ 20,516,232**	$ 26,407,189
Standby letters of credit	**64,080**	30,000
	$ 20,580,312	$ 26,437,189

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management’s credit evaluation of the customer. Collateral held varies, but may include accounts receivable, crops, livestock, inventory, property and equipment, residential real estate and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. Collateral held varies as specified above and is required in instances which the Company deems necessary.

At December 31, 2013 and 2012, the carrying amount of liabilities related to the Company’s obligation to perform under standby letters of credit was insignificant. The Company has not been required to perform on any standby letters of credit, and the Company has not incurred any losses on standby letters of credit for the years ended December 31, 2013 and 2012.

Contingencies

In the normal course of business, the Company is involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material adverse effect on the Company's financial statements.

NOTE 16. CONCENTRATIONS OF CREDIT

Concentration by Geographic Location:

The Company originates primarily commercial, commercial real estate, residential real estate and consumer loans to customers in Dougherty and Lee County, Georgia and surrounding counties. The ability of the majority of the Company’s customers to honor their contractual obligations is dependent on the local and metropolitan economy of Albany, Georgia.

Seventy-three percent of the Company's loan portfolio is concentrated in loans secured by real estate. A substantial portion of these loans are secured by real estate located in the Company's primary market areas. In addition, a substantial portion of the other real estate owned is located in those same markets. Accordingly, the ultimate collectability of the Company's loan portfolio and recovery of the carrying amount of other real estate owned are susceptible to changes in market conditions in the Company's market areas. The other significant concentrations of credit by type of loan are set forth in Note 3.

The Company, as a matter of policy, does not generally extend credit to any single borrower or group of related borrowers in excess of 25% of the Bank’s adjusted capital, or approximately $3,219,000 as of December 31, 2013.

At various times throughout the year, the Company maintains cash balances with financial institutions. The Company monitors the adequacy of these financial institutions on a regular basis. At December 31, 2013, the Company had a concentration of funds on deposit at the Federal Reserve Bank totaling $12,284,268.

NOTE 17. REGULATORY MATTERS

The Bank is subject to certain restrictions on the amount of dividends that may be declared without prior regulatory approval. No dividends are currently available to be paid by the Bank without prior regulatory approval.

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank’s assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. Capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of total and Tier I capital to risk-weighted assets, as defined and of Tier I capital to average assets.

NOTE 17. REGULATORY MATTERS (Continued)

As of December 31, 2013, the most recent notification from the regulators categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier I risk-based and Tier I leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category. Prompt corrective action provisions are not applicable to bank holding companies.

The Banks' actual capital amounts and ratios are presented in the following table.

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in Thousands)					
December 31, 2013:						
Total Capital to Risk Weighted Assets:						
AB&T National Bank	**$ 12,290**	**12.70%**	**$ 7,742**	**8.00%**	**$ 9,677**	**10.00%**
Tier I Capital to Risk Weighted Assets:						
AB&T National Bank	**$ 11,073**	**11.44%**	**$ 3,871**	**4.00%**	**$ 5,806**	**6.00%**
Tier I Capital to Average Assets:						
AB&T National Bank	**$ 11,073**	**8.67%**	**$ 5,108**	**4.00%**	**$ 6,385**	**5.00%**
December 31, 2012:						
Total Capital to Risk Weighted Assets:						
AB&T National Bank	$ 11,695	12.46%	$ 7,540	8.00%	$ 9,425	10.00%
Tier I Capital to Risk Weighted Assets:						
AB&T National Bank	$ 10,509	11.20%	$ 3,770	4.00%	$ 5,655	6.00%
Tier I Capital to Average Assets:						
AB&T National Bank	$ 10,509	8.43%	$ 4,985	4.00%	$ 6,231	5.00%

NOTE 18. FAIR VALUE OF ASSETS AND LIABILITIES

Determination of Fair Value

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the *Fair Value Measurements and Disclosures*, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

Fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

Fair Value Hierarchy

In accordance with this guidance, the Company groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

NOTE 18. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Assets Measured at Fair Value on a Recurring Basis: Assets measured at fair value on a recurring basis are summarized below:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Carrying Value
December 31, 2013				
Securities available for sale	**$ -**	**$ 14,796,002**	**$ -**	**$ 14,796,002**
Total assets at fair value	**$ -**	**$ 14,796,002**	**$ -**	**$ 14,796,002**
December 31, 2012				
Securities available for sale	$ -	$ 16,670,138	$ -	$ 16,670,138
Total assets at fair value	$ -	$ 16,670,138	$ -	$ 16,670,138

Assets Measured at Fair Value on a Nonrecurring Basis: Under certain circumstances management makes adjustments to fair value for assets although they are not measured at fair value on an ongoing basis. The following table presents the financial instruments carried on the consolidated balance sheet by caption and by level in the fair value hierarchy for which a nonrecurring change in fair value has been recorded:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses)
December 31, 2013				
Impaired loans	**$**	**$**	**$ 645,825**	**$ (422,482)**
Other real estate owned			**275,680**	**(259,366)**
Total	**$**	**$**	**$ 921,505**	**$ (681,848)**
December 31, 2012				
Impaired loans	$ -	$ -	$ 1,324,864	$ (415,488)
Other real estate owned	-	-	30,937	(6,563)
Total	$ -	$ -	$ 1,355,801	$ (422,051)

In accordance with the provisions of the loan impairment guidance (FASB ASC 310-10-35), individual loans were written down to their fair value. Writedowns of impaired loans are estimated using the present value of expected cash flows or the appraised value of the underlying collateral discounted as necessary due to management's estimates of changes in economic conditions.

Foreclosed assets are adjusted to fair value upon transfer of the loans to foreclosed assets. Subsequently, foreclosed assets are carried at the lower of carrying value or fair value. Fair value is based upon independent market prices, appraised values of the collateral or management's estimation of the value of the collateral. When the fair value of the collateral is based on an observable market price or a current appraised value, the Company records the foreclosed assets as nonrecurring Level 2. When an appraised value is not available or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, the Company records the foreclosed asset as nonrecurring Level 3.

NOTE 18. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

The following methods and assumptions were used by the Company in estimating fair value disclosures for financial instruments:

Cash, Due From Banks, Interest-Bearing Deposits in Other Banks: The carrying amount of cash, due from banks, interest-bearing deposits in other banks approximates fair value.

Securities: Where quoted prices are available in an active market, management classifies the securities within level 1 of the valuation hierarchy. Securities are defined as both long and short positions. Level 1 securities include highly liquid government bonds and exchange-traded equities.

If quoted market prices are not available, management estimates fair values using pricing models and discounted cash flows that consider standard input factors such as observable market data, benchmark yields, interest rate volatilities, broker/dealer quotes and credit spreads. Examples of such instruments, which would generally be classified within level 2 of the valuation hierarchy, including GSE obligations, corporate bonds and other securities. Mortgage-backed securities are included in level 2 if observable inputs are available. In certain cases where there is limited activity or less transparency around inputs to the valuation, management classifies those securities in level 3.

Loans: The carrying amount of variable-rate loans that reprice frequently and have no significant change in credit risk approximates fair value. The fair value of fixed-rate loans is estimated based on discounted contractual cash flows, using interest rates currently being offered for loans with similar terms to borrowers with similar credit quality. The fair value of impaired loans is estimated based on discounted contractual cash flows or underlying collateral values, where applicable.

Deposits: The carrying amount of demand deposits, savings deposits and variable-rate certificates of deposit approximates fair value. The fair value of fixed-rate certificates of deposit is estimated based on discounted contractual cash flows using interest rates currently being offered for certificates of similar maturities.

Securities Sold Under Agreements to Repurchase, Other Borrowings and Subordinated Debentures: The carrying amount of securities sold under agreements to repurchase and variable rate advances approximates fair value. The fair value of fixed rate advances is estimated based on discounted contractual cash flows using the current incremental borrowing rates for similar type borrowing arrangements. The fair value of fixed-rate junior subordinated debentures is estimated based on discounted contractual cash flows using the current rates for similar type financial instruments. The carrying amount of variable-rate junior subordinated debentures approximates fair value.

Accrued Interest: The carrying amount of accrued interest approximates fair value.

Off-Balance-Sheet Instruments: The carrying amount of commitments to extend credit and standby letters of credit approximates fair value.

NOTE 18. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

The carrying amount and estimated fair value of the Company's financial instruments were as follows:

	December 31, 2013		December 31, 2012	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets:				
Cash, due from banks, interest-bearing deposits in other banks and federal funds sold	**$ 13,410,104**	**$ 13,410,104**	$ 16,362,644	$ 16,362,644
Securities	**15,277,302**	**15,277,302**	17,216,438	17,216,438
Loans	**103,513,055**	**104,510,845**	92,213,645	93,114,669
Accrued interest receivable	**399,712**	**399,712**	431,222	431,222
Financial liabilities:				
Deposits	**122,158,721**	**122,261,553**	106,527,971	106,634,331
Securities sold under agreements to repurchase	**-**	**-**	10,787,305	10,787,305
Other borrowings and subordinated debentures	**6,374,260**	**6,363,910**	7,335,861	7,359,065
Accrued interest payable	**304,918**	**304,918**	163,395	163,395

NOTE 19. PARENT COMPANY FINANCIAL INFORMATION

The following information presents the condensed balance sheets as of December 31, 2013 and 2012 and statements of operations and cash flows of Community Capital Bancshares, Inc. for the years ended December 31, 2013 and 2012.

CONDENSED BALANCE SHEETS

	2013	2012
Assets		
Cash	**$ 266,333**	$ 295,989
Investment in subsidiary	**10,947,459**	10,782,862
Other assets	**125,788**	125,787
Total assets	**$ 11,339,580**	$ 11,204,638
Liabilities		
Guaranteed preferred beneficial interests in junior subordinated debentures	**$ 4,124,000**	$ 4,124,000
Other liabilities	**1,923,552**	1,380,073
Total liabilities	**6,047,552**	5,504,073
Stockholders' equity	**5,292,028**	5,700,565
Total liabilities and stockholders' equity	**$ 11,339,580**	$ 11,204,638

NOTE 19. PARENT COMPANY FINANCIAL INFORMATION (Continued)

CONDENSED STATEMENTS OF OPERATIONS

	2013	2012
Expenses		
Interest expense	$ 143,347	$ 151,595
Other operating expenses	29,656	26,117
	173,003	177,712
Loss before income tax benefit and equity in undistributed income (loss) of subsidiary	(173,003)	(177,712)
Income tax benefit	-	-
Loss before equity in undistributed income (loss) of subsidiary	(173,003)	(177,712)
Equity in undistributed income (loss) of subsidiary	545,901	(372,654)
Net income (loss)	$ 372,898	$ (550,366)

CONDENSED STATEMENTS OF CASH FLOWS

	2013	2012
OPERATING ACTIVITIES		
Net income (loss)	$ 372,898	$ (550,366)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Stock-based compensation	17,954	13,151
Equity in undistributed (income) loss of subsidiary	(545,901)	372,654
Increase in interest payable	143,347	151,592
Other operating activities	(17,954)	(13,148)
Net cash used in operating activities	(29,656)	(26,117)
FINANCING ACTIVITIES		
Treasury stock transactions, net	-	11,669
Net cash provided by financing activities	-	11,669
Net decrease in cash	(29,656)	(14,448)
Cash at beginning of year	295,989	310,437
Cash at end of year	$ 266,333	$ 295,989