COMMUNITY CAPITAL Bancshares

April 2, 2015

Dear Shareholder:

Several years ago, the Board of Directors and Management of Community Capital Bancshares, Inc. established a new vision for AB&T; a vision that we believed would transform the Bank into the Gold Standard of community banking. We said that reaching the vision would be accomplished by having delighted customers, proud associates and pleased shareholders. Today, I am excited to report that we are closer to that vision than ever before and, yet, we are just getting started!

Community Capital Bancshares is a strategy-oriented company. We take a thoughtful, deliberate and collaborative approach to developing strategies that support our vision. We start with having good people – the right people – and we give them the tools and technology to build lasting relationships with our clients. We seek the best solutions that help our clients reach their goals and, in the process, establish relationships based on mutual trust and confidence. We offer our clients professional advice that's honest and straight-forward.

Since the adoption of the new vision, the Bank has seen remarkable improvement. Credit quality, the ultimate test of a bank's mettle, is the best it's been since the Bank was founded. Because of the much improved condition of the loan portfolio, it was not necessary to add to the allowance for loan losses in 2014. Compared to the industry, the Bank is among the leaders in its peer group.

Earnings, too, have enjoyed a trend of steady improvement. In 2014, our earnings before taxes were up almost 43% over the prior year to $532,492, our best year since 2006. The increase was driven by a more than 13% decline in operating expenses. The decline in operating expenses resulted from disciplined expense management and from savings realized from the sale of the Trust Division to Thomasville National Bank at the end of 2013. There were few expense line items that weren't improved in 2014 when compared to prior years.

In consultation with our auditors, we made the decision to eliminate the valuation allowance against deferred taxes and, as a result, showed an income tax benefit of $7,380,602. The income tax benefit is reflected in our earnings after taxes of $7,913,094.

During 2014, the balance sheet expanded by over 7%. The expansion was led by growth in loans of more than 6.5% and the elimination of the valuation allowance against deferred income taxes. Funding for the balance sheet changes came primarily from the maturities and pay downs of securities in the investment portfolio, short-term borrowings and operations.

On December 31st, consistent with the terms of the offering, we completed the mandatory conversion of the Series A and Series B preferred stock to common stock. At the time of conversion, our preferred shareholders were entitled to slightly more than $2 million in accrued, but unpaid dividends.

Prior to year-end (and with the permission of our primary regulator, the Office of the Comptroller of the Currency), we returned $1.4 million in Bank capital to the holding company. The return of capital enabled us

2815 Meredyth Drive
P.O. Drawer 71269
Albany, Georgia 31708-1269
229-446-BANK / 229-446-2265
Fax 229-446-7030

to pay 50% of the dividends on the preferred stock in cash. The remaining 50% was converted into additional common stock at conversion.

The conversion of the preferred stock to common stock resulted in our issuing 3,167,832 of new common shares bringing the total number of common shares outstanding at December 31, 2014 to 6,271,872. After the conversion, we reported tangible book value per common share of $2.24 on a fully-diluted basis. The return of capital also allowed us to pay interest that had been deferred since March 2012 on our trust preferred debt issued in 2003. We fully expect to maintain quarterly interest payments as called for in the trust preferred agreement.

Last year, I reported in my letter that the Bank continues to offer trust and investment services through an agreement with TNB Financial Services, a division of Thomasville National Bank. TNB maintains an office in the Bank and operates under the trade name, AB&T Trust and Investments. The results of this agreement with TNB have exceeded all our expectations and we continue to be very pleased with our developing relationship.

On March 3, 2015, the common stock of the Company began trading on the OTCQX exchange under the symbol "ALBY". The OTCQX exchange consists of more than 10,000 publicly traded domestic and global companies. Our presence on the exchange will give us greater visibility, will provide greater liquidity and will allow us to better communicate with the investing public. To access current publicly available information on our Company, log on to OTCQX.com and enter "ALBY."

As we reflect on 2014, we are pleased to say that it was the year when we put the past behind us and turned our attention to all the opportunities that this market presents. As we look forward, our plan is to grow. We will grow the Bank in a prudent and thoughtful way by building relationships that are enduring. We will provide the latest products and services that are appropriate for our clients. Finally, our clients will be able to access our Bank via leading edge technology that, in our opinion, will set us apart from our competitors.

We continue to believe that opportunities abound. Dougherty and Lee Counties represent a $1.7billion deposit market. There will be disruption in this market in 2015 as one competitor undergoes a merger with a larger out-of state bank and another completes the sale of its branches and exits the market. In an FDIC assisted transaction, the deposits and some assets of another competitor, were transferred to yet another out-of-state institution. We believe that this market disruption will carry over into 2016 and beyond.

In the meantime, we are and will continue to be fully engaged in the market offering the preferred alternative – that of a competent, professional, locally-managed bank that has a shared experience with our clients. Our livelihood, like the livelihoods of our clients and all the citizens of our community, depends upon the growth and vitality of our community. We are committed to being a leader in helping our clients shape their future and in shaping the future of our community. We invite you to join us in this endeavor. What an exciting time to be a part of this Bank and this community!

Thank you for allowing me the privilege of serving as president and chief executive officer of your Bank.

Sincerely,

James L. Flatt
President and Chief Executive Officer

COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2014

MAULDIN & JENKINS

COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL REPORT
DECEMBER 31, 2014

TABLE OF CONTENTS

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, 2014 and 2013, and the related consolidated statements of income, 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, 2014 and 2013, 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 23, 2015

2303 DAWSON ROAD . POST OFFICE BOX 71549 . ALBANY, GEORGIA 31708-1549 . 229-446-3600 . FAX 229-446-3664 . www.mjcpa.com
MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS . RSM INTERNATIONAL

COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013

Assets	2014	2013
Cash and due from banks	$ 840,495	$ 649,159
Interest-bearing deposits in other banks	10,012,072	12,760,945
Federal funds sold	5,240	-
Cash and cash equivalents	10,857,807	13,410,104
Securities available for sale, at fair value	12,496,496	14,796,002
Restricted equity securities, at cost	835,900	481,300
Loans	112,087,393	105,316,642
Less allowance for loan losses	1,764,309	1,803,587
Loans, net	110,323,084	103,513,055
Premises and equipment	2,694,127	2,779,611
Other real estate owned	478,150	316,444
Accrued interest receivable	418,656	399,712
Deferred tax assets, net	7,340,724	-
Other assets	418,305	330,657
	$ 145,863,249	$ 136,026,885
Liabilities and Stockholders' Equity		
Deposits		
Noninterest-bearing	$ 29,225,641	$ 33,439,557
Interest-bearing	84,103,040	88,719,164
Total deposits	113,328,681	122,158,721
Other borrowings	14,024,549	2,250,260
Guaranteed preferred beneficial interests in junior subordinated debentures	4,124,000	4,124,000
Accrued interest payable	9,484	304,918
Other liabilities	347,879	1,896,958
Total liabilities	131,834,593	130,734,857
Commitments and contingencies (Note 13)		
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; - and 393,631 shares outstanding, respectively	-	1,295,046
Series B, fixed rate cumulative convertible preferred, no par value, liquidation preference $6.58 per share; - and 563,062 shares outstanding, respectively	-	3,704,948
Common stock, par value $1; 10,000,000 shares authorized; 6,271,872 and 3,104,040 shares issued, respectively	6,271,872	3,104,040
Capital surplus	25,989,741	23,138,570
Retained deficit	(18,306,461)	(25,821,126)
Accumulated other comprehensive income (loss)	77,410	(125,544)
	14,032,562	5,295,934
Less cost of treasury stock, 2,985 shares	3,906	3,906
Total stockholders' equity	14,028,656	5,292,028
	$ 145,863,249	$ 136,026,885

See Notes to Consolidated Financial Statements.

MAULDIN & JENKINS

COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Interest income		
Loans, including fees	$ 4,591,391	$ 4,560,300
Taxable securities	316,973	345,819
Nontaxable securities	31,985	30,852
Deposits in other banks	12,173	30,577
Federal funds sold	1,240	1,725
Total interest income	4,953,762	4,969,273
Interest expense		
Deposits	222,591	254,523
Other borrowings	175,944	149,142
Total interest expense	398,535	403,665
Net interest income	4,555,227	4,565,608
Provision for loan losses	750	213,000
Net interest income after provision for loan losses	4,554,477	4,352,608
Other income		
Service charges on deposit accounts	473,623	465,647
Financial service fees	124,238	402,487
Mortgage origination fees	174,890	283,862
Gain on sales of securities available for sale	-	333,201
Other real estate rental income	9,275	71,254
Other operating income	69,009	67,077
Total other income	851,035	1,623,528
Other expenses		
Salaries and employee benefits	2,921,967	3,202,325
Equipment and occupancy expenses	451,774	491,942
Loss on sales and writedowns of other real estate owned	23,364	223,880
Marketing expenses	71,327	61,891
Data processing expenses	639,207	639,182
Administrative expenses	274,387	325,871
Legal and professional fees	157,030	256,018
FDIC insurance expense	89,001	108,656
Stationery and supply expenses	22,196	27,954
Other real estate expenses	18,957	36,762
Conversion expenses	-	10,607
Other operating expenses	203,810	218,150
Total other expenses	4,873,020	5,603,238
Income before income tax benefit	532,492	372,898
Income tax benefit	7,380,602	-
Net income	$ 7,913,094	$ 372,898

See Notes to Consolidated Financial Statements.

COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME (LOSS)
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Net income	**$ 7,913,094**	$ 372,898
Other comprehensive income (loss):		
Net unrealized holding gains (losses) arising during period net of taxes of $39,878 and $-, respectively	**202,954**	(66,057)
Reclassification adjustment for gains included in net income net of taxes of $- and $-, respectively	**-**	(333,201)
Total other comprehensive income (loss)	**202,954**	(399,258)
Comprehensive income (loss)	**$ 8,116,048**	$ (26,360)

See Notes to Consolidated Financial Statements.

COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2014 AND 2013

	Preferred Stock								Accumulated Other			Total
	Series A		Series B		Common Stock		Capital	Retained	Comprehensive	Treasury Stock		Stockholders'
	Shares	Par Value	Shares	Par Value	Shares	Par Value	Surplus	Deficit	Income (Loss)	Shares	Cost	Equity
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 income	-	-	-	-	-	-	-	-	(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
Net income	-	-	-	-	-	-	-	7,913,094	-	-	-	7,913,094
Preferred dividends accumulated undeclared, 8% coupon	-	-	-	-	-	-	-	(398,429)	-	-	-	(398,429)
Stock-based compensation	-	-	-	-	-	-	18,840	-	-	-	-	18,840
Conversion of preferred stock and accrued dividends into common stock	(393,631)	(1,295,046)	(563,062)	(3,704,948)	3,167,832	3,167,832	2,832,331	-	-	-	-	1,000,169
Other comprehensive income	-	-	-	-	-	-	-	-	202,954	-	-	202,954
Balance, December 31, 2014	-	$ -	-	$ -	6,271,872	$ 6,271,872	$ 25,989,741	$ (18,306,461)	$ 77,410	2,985	$ (3,906)	$ 14,028,656

See Notes to Consolidated Financial Statements.

COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
OPERATING ACTIVITIES		
Net income	**$ 7,913,094**	$ 372,898
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	**156,379**	164,124
Provision for loan losses	**750**	213,000
Provision for deferred taxes	**(7,380,602)**	-
Gains on sales of securities available for sale	**-**	(333,201)
Net loss on sales and writedowns of other real estate owned	**23,364**	223,880
(Increase) decrease in interest receivable	**(18,944)**	31,510
(Decrease) increase in interest payable	**(295,434)**	141,523
Decrease in prepaid FDIC assessment	**-**	659,971
Stock-based compensation	**18,840**	17,954
Other operating activities	**(31,818)**	126,821
Net cash provided by operating activities	**385,629**	1,618,480
INVESTING ACTIVITIES		
(Increase) decrease in restricted equity securities	**(354,600)**	65,000
Net increase in loans	**(7,320,525)**	(12,302,620)
Purchases of securities available for sale	**-**	(2,570,720)
Proceeds from maturities, paydowns and calls of securities available for sale	**2,542,339**	3,282,822
Proceeds from sales of securities available for sale	**-**	1,095,977
Purchases of premises and equipment	**(73,895)**	(50,336)
Proceeds from sale of premises and equipment held for sale	**-**	690,900
Proceeds from sales of other real estate owned	**324,676**	1,336,113
Net cash used in investing activities	**(4,882,005)**	(8,452,864)
FINANCING ACTIVITIES		
Net (decrease) increase in deposits	**(8,830,040)**	15,630,750
Decrease in securites sold under agreements to repurchase	**-**	(10,787,305)
Proceeds from other borrowings	**11,774,289**	-
Repayment of other borrowings	**-**	(961,601)
Preferred dividends paid	**(1,000,170)**	-
Net cash provided by financing activities	**1,944,079**	3,881,844
Net decrease in cash and cash equivalents	**(2,552,297)**	(2,952,540)
Cash and cash equivalents at beginning of year	**13,410,104**	16,362,644
Cash and cash equivalents at end of year	**$ 10,857,807**	$ 13,410,104
SUPPLEMENTAL DISCLOSURES		
Cash paid for:		
Interest	**$ 693,969**	$ 262,142
Income taxes	**$ -**	$ -
NONCASH TRANSACTIONS		
Unrealized gains (losses) on securities available for sale	**$ 242,833**	$ (399,258)
Loans transferred to other real estate owned	**$ 509,746**	$ 869,210
Internally financed sales of other real estate owned	**$ -**	$ 79,000
Preferred dividends converted into common stock	**$ 1,000,169**	$ -

See Notes to Consolidated Financial Statements.

COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY
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 8.

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 23, 2015, 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 $811,000 and $938,000 at December 31, 2014 and 2013, 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans (Continued)

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.

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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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 operating 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 2015 and beyond, it was determined that there was no longer any need for a valuation allowance against the Company's deferred tax assets. Based upon this expectation, the valuation allowance of $7,565,733 was reversed during 2014.

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.

Other Comprehensive Income (Loss)

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. 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, are components of other 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 2013 consolidated financial statements have been reclassified to conform to the 2014 presentation, with no effect on total assets or net income.

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 16. 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, 2014:				
State and municipal securities	**$ 750,000**	**$ 1,453**	**$ -**	**$ 751,453**
Mortgage-backed securities -				
GSE residential	**11,629,207**	**191,450**	**(75,614)**	**11,745,043**
Total available for sale securities	**$ 12,379,207**	**$ 192,903**	**$ (75,614)**	**$ 12,496,496**
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 available for sale securities	$ 14,921,546	$ 183,070	$ (308,614)	$ 14,796,002

The amortized cost and fair value of debt securities available for sale as of December 31, 2014 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	$ 750,000	$ 751,453
Mortgage-backed securities - GSE residential	11,629,207	11,745,043
	$ 12,379,207	$ 12,496,496

Securities with a carrying value of approximately $3,035,189 and $2,519,695 at December 31, 2014 and 2013, respectively, were pledged to secure public deposits and for other purposes required or permitted by law. As of December 31, 2014 and 2013, investment securities with a carrying value of $- and $9,396,313, respectively, were pledged to secure repurchase agreements. As of December 31, 2014 and 2013, investment securities with a carrying value of $5,011,555 and $-, respectively, were pledged to secure Federal Home Loan Bank advances.

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.

NOTE 2. SECURITIES (Continued)

Other-Than-Temporary Impairment (Continued)

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 2014 or 2013.

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

	Years Ended December 31, 2014	2013
Gross gains	**$ -**	$ 503,076
Gross losses	**-**	(169,875)
Net realized gains	**$ -**	$ 333,201

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, 2014 and 2013.

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

Description of Securities	Less Than 12 Months Fair Value	Less Than 12 Months Unrealized Losses	Over 12 Months Fair Value	Over 12 Months Unrealized Losses	Total Fair Value	Total Unrealized Losses
December 31, 2014:						
State and municipal securities	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Mortgage-backed securities - GSE residential	**-**	**-**	**3,789,423**	**(75,614)**	**3,789,423**	**(75,614)**
Total available for sale securities	**$ -**	**$ -**	**$ 3,789,423**	**$ (75,614)**	**$ 3,789,423**	**$ (75,614)**
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 available for sale securities	$ 3,816,942	$ (264,129)	$ 1,300,618	$ (44,485)	$ 5,117,560	$ (308,614)

NOTE 2. SECURITIES (Continued)

Mortgage-backed securities – GSE residential. The unrealized losses on four 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, 2014.

Restricted Equity Securities

Restricted equity securities consist of the following:

	December 31,	
	2014	2013
Federal Reserve Bank stock	**$ 353,500**	$ 323,500
Federal Home Loan Bank stock	**482,400**	157,800
	$ 835,900	$ 481,300

The Company has investments in the common stock of the Federal Reserve Bank and Federal Home Loan Bank of Atlanta ("FHLB") at December 31, 2014 and 2013. 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,	
	2014	2013
Commercial real estate:		
Construction and land development	**$ 1,441,246**	$ 1,853,649
Owner occupied	**25,423,676**	26,325,400
Non-owner occupied	**18,668,707**	18,428,223
Residential real estate	**31,537,608**	30,256,561
Commercial	**30,670,493**	23,301,659
Consumer	**4,277,409**	5,076,705
	112,019,139	105,242,197
Deferred loan fees	**68,254**	74,445
Allowance for loan losses	**(1,764,309)**	(1,803,587)
Loans, net	**$ 110,323,084**	$ 103,513,055

NOTE 3. LOANS (Continued)

Portfolio Segmentation (Continued)

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 $10,823,000 and $10,011,909 at December 31, 2014 and 2013, 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.
- 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.

NOTE 3. LOANS (Continued)

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.

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.

NOTE 3. LOANS (Continued)

Credit Risk Management (Continued)

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, 2014:					
Allowance for loan losses:					
Beginning balance	**$ 973,055**	**$ 462,274**	**$ 306,382**	**$ 61,876**	**$ 1,803,587**
Charge-offs	**(419,136)**	**(168,045)**	**-**	**(46,562)**	**(633,743)**
Recoveries	**357,420**	**162,222**	**71,034**	**3,039**	**593,715**
Provision	**(197,251)**	**67,779**	**85,568**	**44,654**	**750**
Ending balance	**$ 714,088**	**$ 524,230**	**$ 462,984**	**$ 63,007**	**$ 1,764,309**
Ending balance - individually evaluated for impairment	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Ending balance - collectively evaluated for impairment	**$ 714,088**	**$ 524,230**	**$ 462,984**	**$ 63,007**	**$ 1,764,309**
Loans:					
Ending balance	**$ 45,533,629**	**$ 31,537,608**	**$ 30,670,493**	**$ 4,277,409**	**$ 112,019,139**
Ending balance - individually evaluated for impairment	**$ 1,475,484**	**$ 335,062**	**$ -**	**$ -**	**$ 1,810,546**
Ending balance - collectively evaluated for impairment	**$ 44,058,145**	**$ 31,202,546**	**$ 30,670,493**	**$ 4,277,409**	**$ 110,208,593**
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)

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 Company'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.

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. There were no loans classified as a loss held at December 31, 2014 or 2013.

NOTE 3. LOANS (Continued)

Credit Risk Management (Continued)

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, 2014:					
Commercial real estate:					
Construction and land development	**$ 1,137,321**	**$ 24,000**	**$ 279,925**	**$ -**	**$ 1,441,246**
Owner occupied	**24,302,243**	**1,110,293**	**11,140**	**-**	**25,423,676**
Non-owner occupied	**17,352,911**	**1,315,796**	**-**	**-**	**18,668,707**
Residential real estate	**31,036,611**	**36,560**	**464,437**	**-**	**31,537,608**
Commercial	**30,571,494**	**98,999**	**-**	**-**	**30,670,493**
Consumer	**4,277,409**	**-**	**-**	**-**	**4,277,409**
Total	**$ 108,677,989**	**$ 2,585,648**	**$ 755,502**	**$ -**	**$ 112,019,139**
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

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, 2014:							
Commercial real estate:							
Construction and land development	**$ 1,420,246**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 21,000**	**$ 1,441,246**
Owner occupied	**25,423,676**	**-**	**-**	**-**	**-**	**-**	**25,423,676**
Non-owner occupied	**18,115,518**	**-**	**-**	**-**	**-**	**553,189**	**18,668,707**
Residential real estate	**31,329,765**	**-**	**-**	**-**	**-**	**207,843**	**31,537,608**
Commercial	**30,670,493**	**-**	**-**	**-**	**-**	**-**	**30,670,493**
Consumer	**4,276,608**	**801**	**-**	**-**	**801**	**-**	**4,277,409**
Total	**$ 111,236,306**	**$ 801**	**$ -**	**$ -**	**$ 801**	**$ 782,032**	**$ 112,019,139**
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

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, 2014:					
With no related allowance recorded:					
Commercial real estate:					
Construction and land development	$ 281,937	$ 314,843	$ -	$ 346,932	$ 19,786
Owner occupied	1,193,547	1,393,547	-	1,246,363	36,586
Non-owner occupied	-	-	-	-	-
Residential real estate	335,062	351,932	-	354,307	15,455
Commercial	-	-	-	-	-
Consumer	-	-	-	-	-
Total with no related allowance recorded	$ 1,810,546	$ 2,060,322	$ -	$ 1,947,602	$ 71,827
With an allowance recorded:					
Commercial real estate:					
Construction and land development	$ -	$ -	$ -	$ -	$ -
Owner occupied	-	-	-	-	-
Non-owner occupied	-	-	-	-	-
Residential real estate	-	-	-	-	-
Commercial	-	-	-	-	-
Consumer	-	-	-	-	-
Total with an allowance recorded	$ -	$ -	$ -	$ -	$ -
Total impaired loans	$ 1,810,546	$ 2,060,322	$ -	$ 1,947,602	$ 71,827

NOTE 3. LOANS (Continued)

Impaired Loans (Continued)

	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	$ 379,320	$ 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	$ 1,460,636	$ 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	$ 2,328,549	$ 2,769,241	$ 300,000	$ 2,659,894	$ 123,914

Troubled Debt Restructurings

At December 31, 2014 and 2013, 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, 2014 and 2013, management had $1,028,514 and $1,180,486, respectively, in loans considered restructured that were not already on nonaccrual. Of the nonaccrual loans at December 31, 2014 and 2013, $- and $130,000, 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, 2014:

	Troubled-Debt Restructurings		
	Number of Loans	Recorded Investment Prior to Modification	Recorded Investment After Modification
December 31, 2014:			
Commercial real estate:			
Construction and land development	-	$ -	$ -
Owner occupied	1	201,458	201,458
Non-owner occupied	-	-	-
Residential real estate	2	413,612	413,612
Commercial	-	-	-
Consumer	-	-	-
Total	3	$ 615,070	$ 615,070

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)

There were no charge-offs or paydowns on the above notes at the restructure date. Management has not forgiven any principal on the above loans.

The following table presents those loans modified as a TDR that subsequently defaulted (i.e. 90 days or more past due following a modification) within one year of restructure during the year ended December 31, 2014.

	Troubled-Debt Restructurings		
	That Have Subsequently Defaulted		Impact on the
	Number of Loans	Recorded Investment	Allowance for Loan Losses
December 31, 2014:			
Commercial real estate:			
Construction and land development	**-**	**$ -**	**$ -**
Owner occupied	**1**	**201,458**	**116,958**
Non-owner occupied	**-**	**-**	**-**
Residential real estate	**2**	**413,612**	**165,665**
Commercial	**-**	**-**	**-**
Consumer	**-**	**-**	**-**
Total	**3**	**$ 615,070**	**$ 282,623**

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,	
	2014	2013
Balance, beginning of year	**$ 3,621,195**	$ 2,634,104
Advances	**10,351,176**	1,295,090
Repayments	**(8,391,617)**	(307,999)
Changes in related parties	**(96,535)**	-
Balance, end of year	$ **5,484,219**	$ 3,621,195

NOTE 4. PREMISES AND EQUIPMENT

Premises and equipment are summarized as follows:

	December 31,	
	2014	2013
Land	**$ 830,718**	$ 830,718
Buildings	**2,481,865**	2,481,865
Furniture and equipment	**1,280,929**	1,217,034
	4,593,512	4,529,617
Accumulated depreciation	**(1,899,385)**	(1,750,006)
	$ 2,694,127	$ 2,779,611

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 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 $109,818 and $113,895 for the years ended December 31, 2014 and 2013, respectively.

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

2015	$ 76,670
2016	5,283
2017	-
2018	-
	$ 81,953

NOTE 5. OTHER REAL ESTATE OWNED

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

	Years Ended December 31,	
	2014	2013
Balance, beginning of year	**$ 316,444**	$ 1,051,227
Additions	**509,746**	869,210
Disposals, including internally financed sales	**(324,676)**	(1,415,113)
Deferred gain on sale of property	**-**	35,000
Loss on sales and writedowns on other real estate owned	**(23,364)**	(223,880)
Balance, end of year	**$ 478,150**	$ 316,444

Expenses applicable to other real estate owned include the following:

	December 31,	
	2014	2013
Loss on sales and writedowns of other real estate owned	**$ 23,364**	$ 223,880
Operating expenses	**18,957**	36,762
Rental income	**(9,275)**	(71,254)
	$ 33,046	$ 189,388

NOTE 6. DEPOSITS

The aggregate amount of time deposits in denominations of $100,000 or more at December 31, 2014 and 2013 was $9,969,720 and $12,511,325, respectively. Brokered deposits totaled approximately $30,000 and $- at December 31, 2014 and 2013, respectively. The scheduled maturities of time deposits at December 31, 2014 are as follows:

2015	$ 15,109,280
2016	1,529,068
2017	1,518,914
2018	1,222,589
2019 and thereafter	204,926
	$ 19,584,777

At December 31, 2014 and 2013, overdraft demand deposits reclassified to loans totaled $59,428 and $13,460, respectively.

NOTE 7. OTHER BORROWINGS

Other borrowings consist of the following:

	December 31, 2014	December 31, 2013
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
Fixed rate Federal Home Loan Bank advances with principal and interest payments due at various maturity dates through 2015 and interest rates ranging from 0.18% - 0.26%	**7,000,000**	-
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 October 27, 2024 with interest rates ranging from 3.25% to 5%.	**7,024,549**	-
	$ 14,024,549	$ 2,250,260

Contractual maturities of other borrowings as of December 31, 2014 are as follows:

2015	$ 9,603,032
2016	36,000
2017	663,822
2018	251,470
2019	-
Thereafter	3,470,225
	$ 14,024,549

The Company and subsidiary have available unused lines of credit with the Federal Home Loan Bank totaling approximately $2,196,000 at December 31, 2014. The unused lines are secured by certain qualifying loans, pledged securities, and FHLB Stock. The Company also has a $2,500,000 line of credit with Compass Bank that was fully available at December 31, 2014.

NOTE 8. 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, 2014) 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 had continued to defer interest payments through the third quarter of 2014. The Company resumed interest payments beginning the fourth quarter of 2014. All deferred interest payments on the debentures since 2012 were paid current. At December 31, 2014 and 2013, there was $2,340 and $297,502 of accrued interest payable related to these subordinated debentures included in accrued interest payable on the consolidated balance sheet.

NOTE 9. 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. In past years, employer contributions were suspended until the Company returned to profitability. Management elected to reinstate contributions to the Plan charged to expense for the year ended December 31, 2014 which amounted to $30,103. The Company had no contributions charged to expense for the year ended December 31, 2013.

NOTE 9. EMPLOYEE BENEFIT PLANS (Continued)

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, 2014, 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 10. 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, 2014, there were 48,100 shares available for grant under the 2009 Plan.

NOTE 10. 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, 2014, 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, 2014, there were no shares available for grant under this Plan.

NOTE 10. 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, 2014			Year Ended December 31, 2013		
	Number	**Weighted-Average Exercise Price**	**Aggregate Intrinsic Value**	Number	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Under option, beginning of the period	**335,402**	**$ 1.70**		327,249	$ 1.83	
Granted	**35,000**	**$ 0.61**		30,000	$ 0.58	
Exercised	**-**	**$ -**		-	$ -	
Forfeited	**(853)**	**$ 12.00**		(21,847)	$ 2.01	
Under option, end of the period	**369,549**	**$ 1.57**	**$ -**	335,402	$ 1.70	$ -
Unvested at the end of the period	**261,251**	**$ 1.12**	**$ -**	241,289	$ 1.15	$ -
Vested and exercisable at the end of the period	**108,298**	**$ 2.67**	**$ -**	94,113	$ 3.11	$ -
Weighted-average fair value per option of options granted during the year			**$ 0.36**			$ 0.36

Information pertaining to options outstanding at December 31, 2014 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	350,000	6.06	$ 1.10	-	88,749	$ 1.05	-
$ 1.3970 to $ 2.7940	1,137	4.73	1.75	-	1,137	1.75	-
$ 2.7940 to $ 4.1910	853	3.73	3.05	-	853	3.05	-
$ 9.779 to $11.176	16,706	0.92	10.87	-	16,706	10.87	-
$11.1760 to $12.0000	853	0.41	11.90	-	853	11.90	-
Total	369,549	5.80	$ 1.57	-	108,298	$ 2.67	-

At December 31, 2014, there was approximately $185,000 of unrecognized compensation cost related to stock-based payments, which is expected to be recognized over a weighted-average period of 4.27 years.

NOTE 10. 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,	
	2014	2013
Dividend yield	**0%**	0%
Expected life	**10 years**	5 years
Expected volatility	**50.00%**	100.00%
Risk-free interest rate	**1.00%**	1.02%

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, 2014, there were no additional restricted stock awards outstanding.

NOTE 11. PREFERRED STOCK

The Company's Series A fixed rate cumulative convertible preferred which carried 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 is no longer outstanding as of December 31, 2014. The Company's Series A preferred was senior to the Company's common stock.

The Series A preferred was 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 automatically converted into common stock at a ratio of one share of common for one share of preferred. All unpaid dividends were also converted into common stock at that time.

The Company converted its 393,631 shares of its Series A preferred into 393,631 shares of its common stock and paid approximately $282,900 of its Series A preferred accumulated but unpaid dividends in cash and the remaining accumulated but unpaid dividends were converted into 85,972 shares of its common stock. At December 31, 2014, there were no remaining shares of Series A preferred or any accumulated but unpaid dividends.

The Company's Series B fixed rate cumulative convertible preferred which carried 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 is no longer outstanding as of December 31, 2014. The Company's Series B preferred was junior to the Series A preferred but senior to the Company's common stock.

The Series B preferred was 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 automatically converted into common stock at a ratio of four shares of common for one share of preferred. All unpaid dividends were also converted to common stock at that time.

The Company converted its 563,062 shares of its Series B preferred into 2,252,248 shares of its common stock and paid approximately $717,300 of its Series B preferred accumulated but unpaid dividends in cash and the remaining accumulated but unpaid dividends were converted into 435,981 shares of its common stock. At December 31, 2014, there were no remaining shares of Series B preferred or any accumulated but unpaid dividends.

NOTE 12. INCOME TAXES

The components of income tax benefit are as follows:

	Years Ended December 31, 2014	2013
Current	**$ -**	$ -
Deferred	**185,131**	125,265
Change in valuation allowance for deferred taxes	**(7,565,733)**	(125,265)
	$ (7,380,602)	$ -

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, 2014	2013
Tax provision at statutory federal rate	**$ 181,047**	$ 126,785
Tax-exempt income, net	**(10,785)**	(10,384)
Incentive stock option expense	**6,406**	5,865
Other	**8,463**	2,999
Change in valuation allowance for deferred taxes	**(7,565,733)**	(125,265)
Income tax benefit	**$ (7,380,602)**	$ -

The components of the net deferred tax assets are as follows:

	Years Ended December 31, 2014	2013
Deferred tax assets:		
Securities impairment on restricted equity securities	**$ 269,734**	$ 270,987
Non-qualified stock option expense	**39,449**	39,448
Writedowns of other real estate owned	**62,229**	31,180
Nonaccrual loan interest	**48,935**	85,516
Contribution carryforward	**-**	19,471
Allowance for loan losses	**106,383**	-
Net operating loss carryforward	**7,002,575**	7,342,539
Valuation allowance for deferred taxes	**-**	(7,565,733)
	7,529,305	223,408
Deferred tax liabilities:		
Allowance for loan losses	**-**	44,756
Depreciation	**125,497**	153,341
Unrealized gains on securities available for sale	**39,878**	-
Deferred loan costs, net	**23,206**	25,311
	188,581	223,408
Net deferred tax assets	**$ 7,340,724**	$ -

NOTE 12. INCOME TAXES (Continued)

At December 31, 2014, the Company has available federal and state net operating loss carryforwards of approximately $20,596,000 and $15,228,000, respectively. If unused, the carryforwards will expire beginning in 2027.

The federal income tax returns of the Company for 2013, 2012 and 2011 are subject to examination by the IRS, generally for three years after they were filed.

NOTE 13. 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:

	2014	2013
Commitments to extend credit	**$ 28,037,321**	$ 20,516,232
Standby letters of credit	**69,080**	64,080
	$ 28,106,401	$ 20,580,312

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, 2014 and 2013, 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, 2014 and 2013.

NOTE 13. COMMITMENTS AND CONTINGENCIES (Continued)

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 14. 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.

Sixty-nine 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 $3,102,000 as of December 31, 2014.

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, 2014, the Company had no concentration of funds on deposit at any depository institution.

NOTE 15. 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, as defined.

NOTE 15. REGULATORY MATTERS (Continued)

During 2013, the Federal Reserve released final United States Basel III regulatory capital rules implementing the global regulatory capital reforms of Basel III and certain changes required by the Dodd-Frank Wall Street Reform and Consumer Protection Act. The FDIC and OCC also approved the final rule during 2013. The rule applies to all banking organizations that are currently subject to regulatory capital requirements, as well as certain savings and loan holding companies. The rule strengthens the definition of regulatory capital, increases risk-based capital requirements, and makes selected changes to the calculation of risk-weighted assets. The rule becomes effective January 1, 2015, for the Company and most banking organizations subject to a transition period for several aspects of the rule including the new minimum capital ratio requirements, the capital conservation buffer, and the regulatory capital adjustments and deductions.

Management believes, as of December 31, 2014 and 2013, that the Company and the Bank met all capital adequacy requirements to which they are subject.

As of December 31, 2014, 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, 2014:						
Total Capital to Risk Weighted Assets:						
AB&T National Bank	**$ 11,995**	**11.15%**	**$ 8,604**	**8.00%**	**$ 10,755**	**10.00%**
Tier I Capital to Risk Weighted Assets:						
AB&T National Bank	**$ 10,646**	**9.90%**	**$ 4,302**	**4.00%**	**$ 6,453**	**6.00%**
Tier I Capital to Average Assets:						
AB&T National Bank	**$ 10,646**	**8.55%**	**$ 4,978**	**4.00%**	**$ 6,222**	**5.00%**
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%

NOTE 16. 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 16. 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, 2014				
Securities available for sale	**$**	**$ 12,496,496**	**$ -**	**$ 12,496,496**
Total assets at fair value	**$**	**$ 12,496,496**	**$ -**	**$ 12,496,496**
December 31, 2013				
Securities available for sale	$ -	$ 14,796,002	$ -	$ 14,796,002
Total assets at fair value	$ -	$ 14,796,002	$ -	$ 14,796,002

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 Losses
December 31, 2014				
Impaired loans	**$ -**	**$ -**	**$ 641,899**	**$ (227,235)**
Other real estate owned	**-**	**-**	**120,274**	**(29,876)**
Total	**$ -**	**$ -**	**$ 762,173**	**$ (257,111)**
December 31, 2013				
Impaired loans	$ -	$ -	$ 645,825	$ (422,482)
Other real estate owned	-	-	275,680	(259,366)
Total	$ -	$ -	$ 921,505	$ (681,848)

Impaired Loans

Loans considered impaired under ASC 310-10-35, *Receivables*, are loans for which, based on current information and events, it is probable that the Company will be unable to collect all principal and interest payments due in accordance with the contractual terms of the loan agreement. Impaired loans can be measured based on the present value of expected payments using the loan's original effective rate as the discount rate, the loan's observable market price, or the fair value of the collateral less estimated selling costs if the loan is collateral dependent.

NOTE 16. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Impaired Loans (Continued)

The fair value of impaired loans were primarily measured based on the value of the collateral securing these loans. Impaired loans are classified within Level 3 of the fair value hierarchy. Collateral may be real estate and/or business assets including equipment, inventory, and/or accounts receivable. The Company determines the value of the collateral based on independent appraisals performed by qualified licensed appraisers. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Appraised values are discounted for estimated costs to sell and may be discounted further based on management's historical knowledge, changes in market conditions from the date of the most recent appraisal, and/or management's expertise and knowledge of the customer and the customer's business. Such discounts by management are subjective and are typically significant unobservable inputs for determining fair value. Impaired loans are reviewed and evaluated on at least a quarterly basis for additional impairment and adjusted accordingly, based on the same factors discussed above.

Other real estate owned

Other real estate owned, consisting of properties obtained through foreclosure or in satisfaction of loans, are initially recorded at the lower of the loan's carrying amount or the fair value less estimated costs to sell upon transfer of the loans to other real estate. Subsequently, other real estate is carried at the lower of carrying value or fair value less estimated costs to sell. Fair values are generally based on third party appraisals of the property and are classified within Level 3 of the fair value hierarchy. The appraisals are sometimes further discounted based on management's historical knowledge, and/or changes in market conditions from the date of the most recent appraisal, and/or management's expertise and knowledge of the customer and the customer's business. Such discounts are typically significant unobservable inputs for determining fair value. In cases where the carrying amount exceeds the fair value, less estimated costs to sell, a loss is recognized in noninterest expense.

Quantitative Disclosures for Level 3 Fair Value Measurements

For Level 3 assets measured at fair value on a non-recurring basis as of December 31, 2014 and 2013, the significant unobservable inputs used in the fair value measurements are presented below.

		Carrying Amount	Valuation Technique	Significant Unobservable Input
December 31, 2014				
Nonrecurring:				
Impaired loans	**$**	**641,899**	**Appraisal**	**Appraisal discounts (15-20%)**
Other real estate owned	**$**	**120,274**	**Appraisal**	**Appraisal discounts (5-10%)**
December 31, 2013:				
Nonrecurring:				
Impaired loans	$	645,825	Appraisal	Appraisal discounts (15-20%)
Other real estate owned	$	275,680	Appraisal	Appraisal discounts (5-10%)

NOTE 16. 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 16. 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, 2014		December 31, 2013	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets:				
Cash, due from banks, interest-bearing deposits in other banks and federal funds sold	**$ 10,857,807**	**$ 10,857,807**	$ 13,410,104	$ 13,410,104
Securities	**13,332,396**	**13,332,396**	15,277,302	15,277,302
Loans	**110,323,084**	**110,816,680**	103,513,055	104,510,845
Accrued interest receivable	**418,656**	**418,656**	399,712	399,712
Financial liabilities:				
Deposits	**113,328,681**	**113,567,698**	122,158,721	122,261,553
Other borrowings and subordinated debentures	**18,148,549**	**18,155,307**	6,374,260	6,363,910
Accrued interest payable	**9,484**	**9,484**	304,918	304,918

NOTE 17. PARENT COMPANY FINANCIAL INFORMATION

The following information presents the condensed balance sheets as of December 31, 2014 and 2013 and statements of income and cash flows of Community Capital Bancshares, Inc. for the years ended December 31, 2014 and 2013.

CONDENSED BALANCE SHEETS

	2014	2013
Assets		
Cash	**$ 175,087**	$ 266,333
Investment in subsidiary	**17,195,025**	10,947,459
Deferred tax asset, net	**578,004**	-
Other assets	**231,020**	125,788
Total assets	**$ 18,179,136**	$ 11,339,580
Liabilities		
Guaranteed preferred beneficial interests in junior subordinated debentures	**$ 4,124,000**	$ 4,124,000
Other liabilities	**26,480**	1,923,552
Total liabilities	**4,150,480**	6,047,552
Stockholders' equity	**14,028,656**	5,292,028
Total liabilities and stockholders' equity	**$ 18,179,136**	$ 11,339,580

NOTE 17. PARENT COMPANY FINANCIAL INFORMATION (Continued)

CONDENSED STATEMENTS OF INCOME

	2014	2013
Expenses		
Interest expense	**$ 163,480**	$ 143,347
Other operating expenses	**32,434**	29,656
	195,914	173,003
Loss before income tax benefit and equity in undistributed income of subsidiary	**(195,914)**	(173,003)
Income tax benefit	**683,237**	-
Income (loss) before equity in undistributed income of subsidiary	**487,323**	(173,003)
Equity in undistributed income of subsidiary	**7,425,771**	545,901
Net income	$ **7,913,094**	$ 372,898

CONDENSED STATEMENTS OF CASH FLOWS

	2014	2013
OPERATING ACTIVITIES		
Net income	**$ 7,913,094**	$ 372,898
Adjustments to reconcile net income to net cash used in operating activities:		
Equity in undistributed income of subsidiary	**(7,425,771)**	(545,901)
Provision for deferred taxes	**(578,004)**	-
Increase (decrease) in interest payable	**(295,162)**	143,347
Other operating activities	**(105,233)**	-
Net cash used in operating activities	**(491,076)**	(29,656)
INVESTING ACTIVITIES		
Return of capital from subsidiary	**1,400,000**	-
Net cash provided by investing activities	**1,400,000**	-
FINANCING ACTIVITIES		
Preferred dividends paid	**(1,000,170)**	-
Net cash used in financing activities	**(1,000,170)**	-
Net decrease in cash	**(91,246)**	(29,656)
Cash at beginning of year	**266,333**	295,989
Cash at end of year	**$ 175,087**	$ 266,333