



ANNUAL REPORT

2019



Dear Shareholders:

We are pleased to report that Community Capital Bancshares, Inc. and its subsidiary, AB&T, experienced a solid year in 2019 that proved to be very productive both operationally and financially. We achieved a couple of important milestones and continued to lay the groundwork for the future. Let me share a few highlights.

In November, the Bank substantially completed the conversion to a new core processing vendor culminating a 2½ year process begun in 2017. It involved every associate and impacted every customer. The internal preparation and external communication were well done so that associates were prepared for the transition and clients were informed of what to expect. At this juncture, the conversion is on track and we're confident that the capabilities of the new core system will serve our clients well into the future.

Earlier in the year, at the annual shareholders meeting in May, the Board of Directors announced a cash dividend of \$0.10 per common share that was paid to holders of common stock in June. The cash dividend was the first for the Bank since the early 2000's. The Board's decision to pay a cash dividend affirmed their confidence in the Bank's stability and sustainability and tangibly expressed appreciation for the faith and loyalty of our shareholders.

Also, in May, the Board of Directors continued to look to the future and named Perry Revell as Executive Vice President for Strategy and Execution and Matt Rushton as Executive Vice President for Revenue Production. Perry is now responsible for our Operations, Marketing and the Branches while Matt is now over lending and mortgage. These two individuals are providing outstanding leadership for their respective areas of responsibility and for the Bank as a whole.

Financially, 2019 was a year of solid all-around results. Net Income grew 16.9% to \$1,452,803 and Diluted Earnings Per Common Share increased 18.2% to \$1.17 per common share. At December 31, 2019, Book Value per Common Share stood at \$12.87.

Our overall loan portfolio grew 4.3%, which combined with growth in net interest margin, produced a 14.2% increase in Net Interest Income. The exceptional underwriting standards that have made us a leader in asset quality among our peer group of banks continued to guide loan generation and loan portfolio administration. Our asset quality remains strong as our allowance for loan losses at year end stood at 1.2% of total loans.

In addition to our steady loan growth, 2019 produced a 19.9% increase in non-interest-bearing demand deposits, which is a key indicator of the growth and depth of client relationships. Non-interest-bearing demand deposits represented 36.4% of Total Deposits.

Growth in non-interest income of 10.2% was led by an increase in secondary mortgage market revenue of 19.8% and represented a bright spot for the year.

Operating expenses increased 11.2% for the year, including \$266,978 in non-recurring direct costs related to the conversion of our core processing system. Without the non-recurring core conversion costs, operating expenses would have increased only 6.1%.

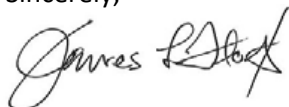
During the year, AB&T also continued its leadership role in Albany and Southwest Georgia. Our Beyond the Bank platform has been a source for engaging the community on topics of significance. We have been bold and forward thinking and have helped to frame the community discussion about matters of high importance. Through Beyond the Bank and other avenues available to us, we plan to continue to provide leadership and advocate for those things that move our community forward.

As we close the book on 2019, we look back with a sense of pride for all that was accomplished and a sense of appreciation for our clients who allowed us to serve them.

But as the new year unfolds, we face a new and unprecedented challenge. COVID-19 has gripped our nation striking fear into our citizenry and leaving no community unaffected. Our home, the Albany area, has been particularly hard hit. At this writing, Albany and Dougherty County bear the unenviable distinction of having the highest per capita death rate from COVID-19 in the world. What began as a year of promise, instead, is going to test our mettle. Yet, despite an uncertain future, we remain optimistic, convinced that we will be able to overcome whatever comes our way.

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

Sincerely,

A handwritten signature in black ink, appearing to read "James L. Flatt", with a stylized flourish at the end.

James L. Flatt

Chairman, President and Chief Executive Officer

**COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY**

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2019

**COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL REPORT
DECEMBER 31, 2019**

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT	1
---	----------

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheets	2
Consolidated statements of income	3
Consolidated statements of other comprehensive income	4
Consolidated statements of stockholders' equity	5
Consolidated statements of cash flows	6
Notes to consolidated financial statements	7- 40



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, 2019 and 2018, and the related consolidated statements of income, other comprehensive income, 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, 2019 and 2018, 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.

A handwritten signature in black ink that reads 'Mauldin & Jenkins, LLC'.

Albany, Georgia
March 31, 2020

**COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY**

**CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018**

<u>Assets</u>	<u>2019</u>	<u>2018</u>
Cash and due from banks	\$ 1,074,681	\$ 899,938
Interest-bearing deposits in other banks	<u>24,450,164</u>	<u>28,497,969</u>
Cash and cash equivalents	25,524,845	29,397,907
Securities available for sale, at fair value	1,184,211	1,742,952
Restricted equity securities, at cost	217,000	162,000
Loans held for sale	158,000	538,310
Loans	163,943,466	157,202,199
Less allowance for loan losses	<u>1,933,810</u>	<u>1,904,978</u>
Loans, net	162,009,656	155,297,221
Premises and equipment	2,547,403	2,493,221
Accrued interest receivable	538,131	523,324
Deferred tax assets, net	3,119,266	3,583,597
Other assets	<u>338,309</u>	<u>439,876</u>
	<u><u>\$ 195,636,821</u></u>	<u><u>\$ 194,178,408</u></u>
 <u>Liabilities and Stockholders' Equity</u>		
Deposits		
Noninterest-bearing	\$ 56,953,509	\$ 47,512,156
Interest-bearing	<u>99,511,820</u>	<u>111,229,146</u>
Total deposits	156,465,329	158,741,302
Other borrowings	18,269,868	16,122,634
Guaranteed preferred beneficial interests in junior subordinated debentures	4,124,000	4,124,000
Accrued interest payable	17,688	26,579
Other liabilities	<u>605,439</u>	<u>463,310</u>
Total liabilities	179,482,324	179,477,825
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, authorized 2,000,000 shares; none issued	-	-
Common stock, par value \$1; 10,000,000 shares authorized; 1,274,613 shares issued	1,274,613	1,274,613
Capital surplus	31,048,437	31,220,316
Retained deficit	(16,050,362)	(17,503,163)
Accumulated other comprehensive income	<u>15,265</u>	<u>8,731</u>
	16,287,953	15,000,497
Less cost of treasury stock, 18,987 and 43,497 shares	<u>133,456</u>	<u>299,914</u>
Total stockholders' equity	16,154,497	14,700,583
	<u><u>\$ 195,636,821</u></u>	<u><u>\$ 194,178,408</u></u>

See Notes to Consolidated Financial Statements.

**COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Interest income		
Loans, including fees	\$ 8,085,255	\$ 6,842,801
Taxable securities	67,181	85,382
Interest-bearing deposits in other banks	393,242	428,360
Total interest income	<u>8,545,678</u>	<u>7,356,543</u>
Interest expense		
Deposits	750,594	639,062
Other borrowings	1,110,997	862,764
Total interest expense	<u>1,861,591</u>	<u>1,501,826</u>
Net interest income	6,684,087	5,854,717
Provision for loan losses	90,000	-
Net interest income after provision for loan losses	<u>6,594,087</u>	<u>5,854,717</u>
Noninterest income		
Service charges on deposit accounts	569,439	535,943
Financial service fees	156,935	155,697
Mortgage banking income	250,971	209,417
Other operating income	91,053	68,817
Total noninterest income	<u>1,068,398</u>	<u>969,874</u>
Noninterest expenses		
Salaries and employee benefits	3,297,120	3,073,276
Equipment and occupancy expenses	468,653	462,545
Data processing expenses	702,713	659,519
Administrative expenses	231,081	252,960
Legal and professional fees	122,454	119,926
FDIC insurance expense	80,973	98,331
Conversion expenses	266,978	-
Other operating expenses	634,886	551,580
Total noninterest expenses	<u>5,804,858</u>	<u>5,218,137</u>
Income before income tax	1,857,627	1,606,454
Income tax	<u>404,824</u>	<u>363,434</u>
Net income	<u>\$ 1,452,803</u>	<u>\$ 1,243,020</u>
Basic earnings per common share	\$ 1.17	\$ 1.01
Diluted earnings per common share	\$ 1.17	\$ 0.99

See Notes to Consolidated Financial Statements.

**COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Net income	<u>\$ 1,452,803</u>	<u>\$ 1,243,020</u>
Other comprehensive income (loss):		
Net unrealized holding gains (losses) on securities available for sale		
arising during the year, net of tax expense (benefits) of \$1,737 and \$(7,768)	<u>6,534</u>	<u>(29,223)</u>
Comprehensive income	<u><u>\$ 1,459,337</u></u>	<u><u>\$ 1,213,797</u></u>

See Notes to Consolidated Financial Statements.

COMMUNITY CAPITAL BANCSHARES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY YEARS ENDED DECEMBER 31, 2019 AND 2018

	Common Stock		Capital	Retained	Accumulated Other Comprehensive	Treasury Stock		Total
	Shares	Par Value	Surplus	Deficit	Income (Loss)	Shares	Cost	Stockholders' Equity
Balance, December 31, 2017	1,274,613	\$ 1,274,613	\$ 31,155,023	\$ (18,746,185)	\$ 37,954	43,526	\$ (300,110)	\$ 13,421,295
Net income	-	-	-	1,243,020	-	-	-	1,243,020
Exercise of stock options, net	-	-	52	-	-	(29)	196	248
Stock-based compensation	-	-	65,241	-	-	-	-	65,241
Other comprehensive loss	-	-	-	-	(29,223)	-	-	(29,223)
Balance, December 31, 2018	1,274,613	1,274,613	31,220,316	(17,503,165)	8,731	43,497	(299,914)	14,700,581
Net income	-	-	-	1,452,803	-	-	-	1,452,803
Dividends paid - \$0.10 per common share	-	-	(122,974)	-	-	-	-	(122,974)
Granting of restricted shares	-	-	(13,790)	-	-	(2,000)	13,790	-
Repurchase of shares for the treasury	-	-	-	-	-	1,490	(15,512)	(15,512)
Exercise of stock options, net	-	-	(17,726)	-	-	(24,000)	168,180	150,454
Stock-based compensation	-	-	(17,389)	-	-	-	-	(17,389)
Other comprehensive income	-	-	-	-	6,534	-	-	6,534
Balance, December 31, 2019	<u>1,274,613</u>	<u>\$ 1,274,613</u>	<u>\$ 31,048,437</u>	<u>\$ (16,050,362)</u>	<u>\$ 15,265</u>	<u>18,987</u>	<u>\$ (133,456)</u>	<u>\$ 16,154,497</u>

See Notes to Consolidated Financial Statements.

COMMUNITY CAPITAL BANCSHARES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
OPERATING ACTIVITIES		
Net income	\$ 1,452,803	\$ 1,243,020
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	189,692	180,493
Provision for loan losses	90,000	-
Provision for deferred taxes	462,594	347,686
Net loss on sales of premises and equipment	-	817
Net gain on sales of other real estate owned	10,712	-
(Increase) decrease in loans held for sale	380,310	(359,810)
Increase in interest receivable	(14,807)	(121,914)
Increase (decrease) in interest payable	(8,891)	13,034
Stock-based compensation	(17,389)	65,241
Other operating activities	243,694	(97,228)
Net cash provided by operating activities	2,788,718	1,271,339
INVESTING ACTIVITIES		
Increase in restricted equity securities	(55,000)	(26,600)
Net increase in loans	(6,757,435)	(16,257,944)
Proceeds from maturities, paydowns, and calls of securities available for sale	567,012	708,866
Purchases of premises and equipment	(243,874)	(23,935)
Proceeds from sales of other real estate owned	(55,712)	-
Net cash used in investing activities	(6,545,009)	(15,599,613)
FINANCING ACTIVITIES		
Net increase (decrease) in deposits	(2,275,973)	6,978,625
Net proceeds on other borrowings	2,147,234	6,738,653
Dividends paid	(122,974)	-
Exercise of stock options, net	150,454	248
Treasury stock transactions, net	(15,512)	-
Net cash provided by (used in) financing activities	(116,771)	13,717,526
Net decrease in cash and cash equivalents	(3,873,062)	(610,748)
Cash and cash equivalents at beginning of year	29,397,907	30,008,655
Cash and cash equivalents at end of year	\$ 25,524,845	\$ 29,397,907
SUPPLEMENTAL DISCLOSURES		
Cash paid (received) for:		
Interest	\$ 1,870,482	\$ 1,488,792
Income taxes	\$ (57,770)	\$ 15,748
NONCASH TRANSACTIONS		
Unrealized gains (losses) on securities available for sale	\$ 8,271	\$ (36,991)
Principal balances of loans transferred to other real estate owned	\$ 45,000	\$ -

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 (the "Bank"). AB&T's main office is located in Albany, Dougherty County, Georgia, with additional 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 Counties, Georgia.

The Company also owns Community Capital Statutory Trust I, a Delaware statutory business trust. This nonoperating 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 7.

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 borrowers' 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Accounting Estimates (Continued)

The Company has evaluated all transactions, events, and circumstances for consideration or disclosure through March 31, 2020, the date these 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. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the Company. The outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Company's customers, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Company's financial condition or results of operations is uncertain.

Cash, 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, and other borrowings 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 \$1,986,000 and \$1,387,000 at December 31, 2019 and 2018, 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. 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 accumulated other comprehensive income.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans Held For Sale

Loans originated and intended for sale in the secondary market are carried at the lower of cost or fair value ("LOCOM"). Gains and losses on sale of loans are recognized at the time of the sale. Losses on sales of loans are recognized when management has determined that such loans will be sold at a price less than the carrying value. Gains and losses are determined by the difference between the net sales proceeds and the cost basis of the loans sold. For loans carried at LOCOM, gains and losses on loan sales (sales proceeds minus carrying value) are recorded in mortgage banking income. The estimated fair value of loans held for sale is based on independent third party quoted prices.

Loans

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

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

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 nonimpaired 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans (Continued)

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 generally 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.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

	<u>Years</u>
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.

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 the 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. The Company had no other real estate owned at December 31, 2019 and 2018.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

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%; 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% 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.

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.

Earnings Per Common Share

Basic earnings per common share are computed by dividing net income available to common stockholders by the weighted-average number of shares of common stock outstanding during the year. Diluted earnings per common share are computed by dividing net income by the sum of the weighted-average number of shares of common stock outstanding and potential common shares that are dilutive. Potential common shares consist of only stock options as of December 31, 2019 and 2018.

Other Comprehensive Income

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Service Fees

The Company's subsidiary, AB&T, elected to sell its trust services to a third-party in 2013. This third-party has been handling the trust related services for the Company's customers and the Company receives revenue sharing from this third-party which is included in financial service fees on the consolidated statement of operations.

Reclassification

Certain amounts in the 2018 consolidated financial statements have been reclassified to conform to the 2019 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 15. Fair value estimates involve uncertainties and matters of significant judgment. Changes in assumptions or in market conditions could significantly affect the estimates.

Recently Adopted Accounting Standards

On January 1, 2019, the Company adopted ASU No. 2016-02 "Leases (Topic 842): and subsequent amendments thereto, which requires the Company to recognize most leases on the balance sheet. Management adopted the standard under a modified retrospective approach as of the date of adoption and elected to apply several of the available practical expedients, including:

- Carryover of historical lease determination and lease classification conclusions.
- Carryover of historical initial direct cost balances for existing leases.
- Accounting for lease and non-lease components in contracts in which the Company is a lessee as a single lease component.

The adoption of this guidance did not have a material impact on the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. SECURITIES

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

	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Securities Available for Sale				
December 31, 2019:				
Mortgage-backed securities -				
GSE residential	\$ 1,164,888	\$ 23,754	\$ (4,431)	\$ 1,184,211
Total available for sale securities	<u>\$ 1,164,888</u>	<u>\$ 23,754</u>	<u>\$ (4,431)</u>	<u>\$ 1,184,211</u>
 December 31, 2018:				
Mortgage-backed securities -				
GSE residential	\$ 1,731,900	\$ 15,744	\$ (4,692)	\$ 1,742,952
Total available for sale securities	<u>\$ 1,731,900</u>	<u>\$ 15,744</u>	<u>\$ (4,692)</u>	<u>\$ 1,742,952</u>

The amortized cost and fair value of debt securities available for sale as of December 31, 2019 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.

	<u>Amortized Cost</u>	<u>Fair Value</u>
Mortgage-backed securities - GSE residential	<u>\$ 1,164,888</u>	<u>\$ 1,184,211</u>

There were no securities pledged to secure public deposits as of December 31, 2019 and 2018 as the Company was participating in the Georgia Secure Deposit Program (see Note 6). There were no securities pledged to secure Federal Home Loan Bank ("FHLB") advances or public depositors as of December 31, 2019 and 2018.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2. SECURITIES (CONTINUED)

Temporarily Impaired Securities

The following table shows the gross unrealized losses and fair value of the Company'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.

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

	Less Than 12 Months		Over 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available for Sale Securities						
December 31, 2019:						
Mortgage-backed securities -						
GSE residential	\$ -	\$ -	\$ 268,533	\$ (4,431)	\$ 268,533	\$ (4,431)
Total available for sale securities	\$ -	\$ -	\$ 268,533	\$ (4,431)	\$ 268,533	\$ (4,431)
December 31, 2018:						
Mortgage-backed securities -						
GSE residential	\$ 191,911	\$ (221)	\$ 289,763	\$ (4,471)	\$ 481,674	\$ (4,692)
Total available for sale securities	\$ 191,911	\$ (221)	\$ 289,763	\$ (4,471)	\$ 481,674	\$ (4,692)

Mortgage-backed securities – GSE residential. The unrealized losses on one investment in GSE mortgage-backed securities was caused by a change in interest rates. The contractual cash flow of the investment is guaranteed by an agency of the U.S. Government. Accordingly, it is expected that the security would not be settled at a price less than the amortized cost basis of the Company's investment. Because the decline in market value is attributable to a change in interest rates and not credit quality, and because the Company does not intend to sell the investment and it is not more likely than not that the Company will be required to sell the investment before recovery of their amortized cost basis, which may be at maturity, the Company does not consider the investment to be other-than-temporarily impaired at December 31, 2019.

Restricted Equity Securities

Restricted equity securities consist of the following:

	December 31,	
	2019	2018
Federal Home Loan Bank stock	\$ 217,000	\$ 162,000

The Company has an investment in the common stock of the FHLB of Atlanta at December 31, 2019 and 2018. The investment is accounted for by the cost method, which represents par value, and is made for long-term business affiliation reasons. In addition, the investment is subject to restrictions relating to sale, transfer, or other disposition. Dividends are recognized in income when declared. The estimated fair value of the investment was approximately \$217,000 as of December 31, 2019 and, therefore, is not considered impaired.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. LOANS

Portfolio Segmentation

The composition of loans is summarized as follows:

	December 31,	
	2019	2018
Commercial real estate:		
Construction and land development	\$ 4,714,526	\$ 4,996,301
Owner occupied	38,255,530	33,333,580
Non-owner occupied	29,081,267	31,069,806
Residential real estate	44,007,427	41,369,721
Commercial	43,603,311	42,041,301
Consumer	4,244,921	4,353,055
	163,906,982	157,163,764
Deferred loan fees	36,484	38,435
Allowance for loan losses	(1,933,810)	(1,904,978)
Loans, net	\$ 162,009,656	\$ 155,297,221

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 \$21,480,030 and \$20,980,235 at December 31, 2019 and 2018, 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 and classes:

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. LOANS (CONTINUED)

Portfolio Segmentation (Continued)

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

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

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

Credit Risk Management

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. LOANS (CONTINUED)

Credit Risk Management (Continued)

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

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

	Commercial Real Estate	Residential Real Estate	Commercial	Consumer	Total
December 31, 2019:					
Allowance for loan losses:					
Beginning balance	\$ 772,127	\$ 546,705	\$ 537,659	\$ 48,487	\$ 1,904,978
Charge-offs	-	(73,895)	-	(3,070)	(76,965)
Recoveries	500	7,219	5,100	2,978	15,797
Provision (recovery)	(118,989)	204,330	13,393	(8,734)	90,000
Ending balance	<u>\$ 653,638</u>	<u>\$ 684,359</u>	<u>\$ 556,152</u>	<u>\$ 39,661</u>	<u>\$ 1,933,810</u>
Ending balance - individually evaluated for impairment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ending balance - collectively evaluated for impairment	<u>\$ 653,638</u>	<u>\$ 684,359</u>	<u>\$ 556,152</u>	<u>\$ 39,661</u>	<u>\$ 1,933,810</u>
Loans:					
Ending balance	<u>\$ 72,051,323</u>	<u>\$ 44,007,427</u>	<u>\$ 43,603,311</u>	<u>\$ 4,244,920</u>	<u>\$ 163,906,982</u>
Ending balance - individually evaluated for impairment	<u>\$ 36,214</u>	<u>\$ 270,190</u>	<u>\$ 718,136</u>	<u>\$ -</u>	<u>\$ 1,024,540</u>
Ending balance - collectively evaluated for impairment	<u>\$ 72,015,109</u>	<u>\$ 43,737,237</u>	<u>\$ 42,885,175</u>	<u>\$ 4,244,920</u>	<u>\$ 162,882,442</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. LOANS (CONTINUED)

Credit Risk Management (Continued)

	<u>Commercial Real Estate</u>	<u>Residential Real Estate</u>	<u>Commercial</u>	<u>Consumer</u>	<u>Total</u>
December 31, 2018:					
Allowance for loan losses:					
Beginning balance	\$ 727,317	\$ 537,327	\$ 531,115	\$ 58,936	\$ 1,854,695
Charge-offs	-	(41,310)	-	(2,280)	(43,590)
Recoveries	84,269	1,650	4,675	3,279	93,873
Provision (recovery)	(39,459)	49,038	1,869	(11,448)	-
Ending balance	<u>\$ 772,127</u>	<u>\$ 546,705</u>	<u>\$ 537,659</u>	<u>\$ 48,487</u>	<u>\$ 1,904,978</u>
Ending balance - individually evaluated for impairment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ending balance - collectively evaluated for impairment	<u>\$ 772,127</u>	<u>\$ 546,705</u>	<u>\$ 537,659</u>	<u>\$ 48,487</u>	<u>\$ 1,904,978</u>
Loans:					
Ending balance	<u>\$ 69,399,687</u>	<u>\$ 41,369,721</u>	<u>\$ 42,041,301</u>	<u>\$ 4,353,055</u>	<u>\$ 157,163,764</u>
Ending balance - individually evaluated for impairment	<u>\$ 57,500</u>	<u>\$ 244,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,288</u>
Ending balance - collectively evaluated for impairment	<u>\$ 69,342,187</u>	<u>\$ 41,124,933</u>	<u>\$ 42,041,301</u>	<u>\$ 4,353,055</u>	<u>\$ 156,861,476</u>

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 nonaccrual 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. LOANS (CONTINUED)

Credit Risk Management (Continued)

Doubtful: Any loan classified doubtful has all the weaknesses inherent in a loan classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and value, highly questionable, and improbable. Loans in this category must be placed in nonaccrual 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 nonaccrual; however, all nonaccrual 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, 2019 or 2018.

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

	<u>Pass</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Total</u>
December 31, 2019:					
Commercial real estate:					
Construction and land					
development	\$ 4,714,526	\$ -	\$ -	\$ -	\$ 4,714,526
Owner occupied	32,598,066	5,650,000	7,464	-	38,255,530
Non-owner occupied	29,081,267	-	-	-	29,081,267
Residential real estate	43,156,185	138,516	712,726	-	44,007,427
Commercial	33,965,954	8,919,221	718,136	-	43,603,311
Consumer	4,244,921	-	-	-	4,244,921
Total	<u>\$ 147,760,919</u>	<u>\$ 14,707,737</u>	<u>\$ 1,438,326</u>	<u>\$ -</u>	<u>\$ 163,906,982</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. LOANS (CONTINUED)

Credit Risk Management (Continued)

	Pass	Special Mention	Substandard	Doubtful	Total
December 31, 2018:					
Commercial real estate:					
Construction and land development	\$ 4,996,301	\$ -	\$ -	\$ -	\$ 4,996,301
Owner occupied	32,458,871	441,955	432,754	-	33,333,580
Non-owner occupied	31,069,806	-	-	-	31,069,806
Residential real estate	40,431,678	615,299	322,744	-	41,369,721
Commercial	40,524,699	1,516,602	-	-	42,041,301
Consumer	4,353,055	-	-	-	4,353,055
Total	<u>\$ 153,834,410</u>	<u>\$ 2,573,856</u>	<u>\$ 755,498</u>	<u>\$ -</u>	<u>\$ 157,163,764</u>

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 nonaccrual 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)					Nonaccrual	Total
	Current	30-59 Days	60-89 Days	90+ Days	Total Past Due		
December 31, 2019:							
Commercial real estate:							
Construction and land development	\$ 4,714,526	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,714,526
Owner occupied	38,248,066	-	-	-	-	7,464	38,255,530
Non-owner occupied	29,081,267	-	-	-	-	-	29,081,267
Residential real estate	43,787,711	68,101	33,022	-	101,123	118,593	44,007,427
Commercial	42,885,175	-	-	-	-	718,136	43,603,311
Consumer	4,243,721	1,200	-	-	1,200	-	4,244,921
Total	<u>\$ 162,960,466</u>	<u>\$ 69,301</u>	<u>\$ 33,022</u>	<u>\$ -</u>	<u>\$ 102,323</u>	<u>\$ 844,193</u>	<u>\$ 163,906,982</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. LOANS (CONTINUED)

Past Due Loans (Continued)

	Current	Past Due Status (Accruing Loans)				Nonaccrual	Total
		30-59 Days	60-89 Days	90+ Days	Total Past Due		
December 31, 2018:							
Commercial real estate:							
Construction and land development	\$ 4,996,301	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,996,301
Owner occupied	33,333,580	-	-	-	-	-	33,333,580
Non-owner occupied	31,069,806	-	-	-	-	-	31,069,806
Residential real estate	40,954,754	197,454	182,919	-	380,373	34,594	41,369,721
Commercial	42,041,301	-	-	-	-	-	42,041,301
Consumer	4,353,055	-	-	-	-	-	4,353,055
Total	<u>\$ 156,748,797</u>	<u>\$ 197,454</u>	<u>\$ 182,919</u>	<u>\$ -</u>	<u>\$ 380,373</u>	<u>\$ 34,594</u>	<u>\$ 157,163,764</u>

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, 2019:					
With no related allowance recorded:					
Commercial real estate:					
Construction and land development	\$ 28,750	\$ 48,532	\$ -	\$ 43,125	\$ 4,679
Owner occupied	7,464	7,464	-	7,464	-
Non-owner occupied	-	-	-	-	-
Residential real estate	270,190	316,767	-	313,283	14,676
Commercial	718,136	718,136	-	786,004	-
Consumer	-	-	-	-	-
Total with no related allowance recorded	<u>\$ 1,024,540</u>	<u>\$ 1,090,899</u>	<u>\$ -</u>	<u>\$ 1,148,876</u>	<u>\$ 19,355</u>
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total impaired loans	<u>\$ 1,024,540</u>	<u>\$ 1,090,899</u>	<u>\$ -</u>	<u>\$ 1,148,876</u>	<u>\$ 19,355</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. LOANS (CONTINUED)

Impaired Loans (Continued)

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
December 31, 2018:					
With no related allowance recorded:					
Commercial real estate:					
Construction and land development	\$ 57,500	\$ 77,282	\$ -	\$ 58,000	\$ 6,850
Owner occupied	-	-	-	-	-
Non-owner occupied	-	-	-	-	-
Residential real estate	244,788	244,788	-	252,935	16,686
Commercial	-	-	-	-	-
Consumer	-	-	-	-	-
Total with no related allowance recorded	<u>\$ 302,288</u>	<u>\$ 322,070</u>	<u>\$ -</u>	<u>\$ 310,935</u>	<u>\$ 23,536</u>
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total impaired loans	<u>\$ 302,288</u>	<u>\$ 322,070</u>	<u>\$ -</u>	<u>\$ 310,935</u>	<u>\$ 23,536</u>

Troubled Debt Restructurings

At December 31, 2019 and 2018, impaired loans included loans that were classified as 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 borrower 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 borrower has declared or is in the process of declaring bankruptcy; and (iv) the borrower's projected cash flow is sufficient to satisfy contractual payments due under the original terms of the loan without a modification.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 borrower'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, 2019 and 2018, management had \$180,347 and \$267,694, respectively, in loans considered restructured that were not already on nonaccrual. There were no nonaccrual loans that met the criteria for restructured at December 31, 2019 or 2018. 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.

There were no loans modified as a TDR during the years ended December 31, 2019 and 2018.

There were no 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 years ended December 31, 2019 and 2018.

The Company has no additional commitments to lend additional funds to any of the related borrowers 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,	
	2019	2018
Balance, beginning of year	\$ 10,438,890	\$ 9,543,053
Advances	8,864,509	8,748,026
Repayments	(9,003,836)	(8,471,288)
Changes in related parties	-	619,099
Balance, end of year	<u>\$ 10,299,563</u>	<u>\$ 10,438,890</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. PREMISES AND EQUIPMENT

Premises and equipment are summarized as follows:

	December 31,	
	2019	2018
Land	\$ 830,718	\$ 830,718
Buildings	2,668,838	2,579,712
Furniture and equipment	1,332,678	1,177,930
	4,832,234	4,588,360
Accumulated depreciation	(2,284,831)	(2,095,139)
	<u>\$ 2,547,403</u>	<u>\$ 2,493,221</u>

Leases

The Company is currently leasing a property for their Lee County branch in Leesburg, Georgia from 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 through 2020.

The Company leased multi-function printers under a noncancelable operating lease from RICOH Business Solutions. The lease had an initial term of five years and commenced February 2011. This lease was renewed during 2015 for an additional five years through 2020. In February 2019, management discontinued the RICOH copier lease.

The Company leases multi-function printers under a noncancelable operating lease from Canon Solutions America, Inc. The lease has an initial term of five years and three months. The lease commenced in February 2019.

Rental expense under all operating leases amounted to \$71,807 and \$67,012 for the years ended December 31, 2019 and 2018, respectively.

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

2020	\$ 60,190
2021	24,000
2022	24,000
2023	24,000
2024	8,000
	<u>\$ 140,190</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. DEPOSITS

The aggregate amount of time deposits in denominations of \$250,000 or more at December 31, 2019 and 2018 was \$6,324,301 and \$6,460,852, respectively. There were no brokered deposits at December 31, 2019 and 2018. The scheduled maturities of time deposits at December 31, 2019 are as follows:

2020	\$ 14,342,820
2021	2,535,357
2022	535,654
2023	477,905
2024	19,399
	<u>\$ 17,911,135</u>

At December 31, 2019 and 2018, overdraft demand deposits reclassified to loans totaled \$44,814 and \$37,056, respectively. At December 31, 2019, the Company had deposits to one public depositor totaling approximately \$10,571,000 or 6.75% of total deposits.

NOTE 6. OTHER BORROWINGS

Other borrowings consist of the following:

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
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 May 31, 2027 with interest rates ranging from 3.98% to 6.50%.	\$ 17,269,868	\$ 16,122,634
Fixed rate Federal Home Loan Bank advance with interest paid quarterly and principal payment due through June 2021 with an interest rate of 1.798%.	<u>1,000,000</u>	-
	<u>\$ 18,269,868</u>	<u>\$ 16,122,634</u>

Contractual maturities of other borrowings as of December 31, 2019 are as follows:

2020	\$ 5,881,562
2021	2,091,964
2022	5,205,268
2023	1,944,197
2024 and thereafter	3,146,877
	<u>\$ 18,269,868</u>

The Company and subsidiary have available unused lines of credit with the FHLB totaling approximately \$14,609,000 at December 31, 2019. In addition, of the Company's \$14,609,000 available with the FHLB, \$6,500,000 is pledged in a letter of credit to secure public deposits through the Georgia Secure Deposit Program. The unused lines are secured by certain qualifying loans. The Company also has a \$3,400,000 line of credit with BBVA Compass Bank that was available in full at December 31, 2019.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. **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 (5.10% at December 31, 2019) 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.

NOTE 8. **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. Contributions charged to expense for the years ended December 31, 2019 and 2018 amounted to \$36,644 and \$27,580, respectively.

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 10,000 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 20,000 shares available for issuance under the plan, increasing the total available from 10,000 to 30,000. On March 23, 2011, the Board of Directors approved a third amendment to the stock purchase plan which authorized an additional 20,000 shares available for issuance under the plan, increasing the total available from 30,000 to 50,000. During the first quarter of 2012, the Company elected to freeze the plan for future contributions until further notice. At December 31, 2019, 38,282 shares had been purchased and 11,718 shares remained available for purchase under this plan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. STOCK OPTIONS AND WARRANTS

On May 21, 2019, the Company's shareholders approved the 2019 Long-Term Incentive Plan ("2019 Plan") under which options to purchase 120,000 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, 2019, there were 109,000 shares available for grant under the 2019 Plan.

On September 24, 2009, the Company's shareholders approved the 2009 Long-Term Incentive Plan ("2009 Plan") under which options to purchase 80,000 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, 2019, there were no shares available for grant under the 2009 Plan.

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

	Year Ended December 31, 2019			Year Ended December 31, 2018		
	Number	Weighted-Average Exercise Price	Aggregate Intrinsic Value	Number	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Under option, beginning of the year	63,058	\$ 6.68		57,261	\$ 6.05	
Granted	9,000	9.66		6,000	12.82	
Exercised	(24,000)	6.27		(29)	8.75	
Expired	(58)	8.75		(174)	13.08	
Under option, end of the year	<u>48,000</u>	\$ 7.44	\$ 195,000	<u>63,058</u>	\$ 6.68	\$ 198,000
Unvested at the end of the year	<u>18,000</u>	\$ 10.41	\$ 20,000	<u>15,000</u>	\$ 10.35	\$ 11,000
Vested and exercisable at the end of the year	<u>30,000</u>	\$ 5.65	\$ 175,000	<u>48,058</u>	\$ 5.53	\$ 187,000
Weighted-average fair value per option of options granted during the year			<u>\$ 6.80</u>			<u>\$ 3.42</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. STOCK OPTIONS AND WARRANTS (CONTINUED)

Information pertaining to options outstanding at December 31, 2019 is as follows:

Range of Exercise Prices	Number	Options Outstanding			Number	Options Exercisable	
		Weighted- Average Contractual Life in Years	Weighted- Average Exercise Price	Aggregate Intrinsic Value		Weighted- Average Exercise Price	Aggregate Intrinsic Value
Below to \$ 7.15	27,000	3.97	4.78		25,500	\$ 4.64	
10.68	6,000	7.42	10.68		3,000	10.68	
12.82	6,000	8.42	12.82		1,500	12.82	
9.66	9,000	9.50	9.66		-	-	
Total	48,000	5.99	7.44	\$ 195,000	30,000	\$ 5.65	\$ 175,000

At December 31, 2019, there was approximately \$99,000 of unrecognized compensation cost related to stock-based payments, which is expected to be recognized over a weighted-average period of 2.50 years.

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,	
	2019	2018
Dividend yield	0%	0%
Expected life	6.26 years	10 years
Expected volatility	75.92%	10.00%
Risk-free interest rate	1.96%	2.71%

During 2015, the Company granted 20,000 restricted shares that will vest over a period of six years. During 2019, the Company granted 2,000 shares of restricted stock that will vest over a period of four years. Total restricted shares outstanding at December 31, 2019 were 22,000.

NOTE 10. EARNINGS PER COMMON SHARE

Presented below is a summary of the components used to calculate basic and diluted earnings per common share:

	Years Ended December 31,	
	2019	2018
Net income available to common stockholders	\$ 1,452,803	\$ 1,243,020
Weighted-average number of common shares outstanding	1,238,282	1,231,109
Effect of dilutive options	7,552	25,203
Weighted-average of common shares outstanding used to calculate dilutive earnings per common share	1,245,834	1,256,312

As of December 31, 2019, 12,000 options were not included in the dilutive calculation due to the fact that they would have been anti-dilutive. As of December 31, 2018, 6,000 options were not included in the dilutive calculation due to the fact that they would have been anti-dilutive.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. INCOME TAXES

The components of income tax expense are as follows:

	Years Ended December 31,	
	2019	2018
Current	\$ (57,770)	\$ 15,748
Deferred	462,594	347,686
	<u>\$ 404,824</u>	<u>\$ 363,434</u>

The Company's income tax expense 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,	
	2019	2018
Tax provision at statutory federal rate	\$ 390,102	\$ 337,355
Other	14,722	26,079
Income tax expense	<u>\$ 404,824</u>	<u>\$ 363,434</u>

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

	Years Ended December 31,	
	2019	2018
Deferred tax assets:		
Securities impairment on restricted equity securities	\$ 143,850	\$ 150,364
Non-qualified stock option expense	24,366	24,366
AMT tax credit	57,770	131,288
Allowance for loan losses	406,100	400,040
Other	10,105	-
Deferred compensation	3,198	-
Nonaccrual interest	4,920	-
Net operating loss carryforward	2,528,847	2,941,533
	<u>3,179,156</u>	<u>3,647,591</u>
Deferred tax liabilities:		
Depreciation	48,170	53,602
Unrealized gains on securities available for sale	4,058	2,321
Deferred loan costs, net	7,662	8,071
	<u>59,890</u>	<u>63,994</u>
Net deferred tax assets	<u>\$ 3,119,266</u>	<u>\$ 3,583,597</u>

At December 31, 2019, the Company has available federal and state net operating loss carryforwards of approximately \$12,042,000 and \$9,512,000, respectively. If unused, the carryforwards will expire beginning in 2027.

The federal income tax returns of the Company for 2018, 2017, and 2016 are subject to examination by the IRS, generally for three years after they were filed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. 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:

	<u>2019</u>	<u>2018</u>
Commitments to extend credit	\$ 38,095,757	\$ 32,568,233
Standby letters of credit	<u>355,000</u>	<u>255,000</u>
	<u>\$ 38,450,757</u>	<u>\$ 32,823,233</u>

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, 2019 and 2018, 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, 2019 and 2018.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13. 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 Counties, Georgia, and surrounding counties. The ability of the majority of the Company's customers to honor their contractual obligations is dependent on the local and metropolitan economy of Albany, Georgia.

Seventy-one percent (71%) 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 statutory capital, as defined, or approximately \$4,787,000 as of December 31, 2019.

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, 2019, the Company had no concentration of funds on deposit at any depository institution.

NOTE 14. REGULATORY MATTERS

The primary source of funds available to the Company is the payment of dividends by the Bank. The Bank is subject to certain restrictions on the amount of dividends that may be declared without prior regulatory approval. At December 31, 2019, the Bank had no dividends available to be paid without prior regulatory approval.

The Bank is subject to various regulatory capital requirements administered by the federal and state 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 the 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 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. Prompt corrective action provisions are not applicable to bank holding companies.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of total, Tier 1 capital, and CET1 capital to risk weighted assets, as defined, and of Tier 1 capital to average assets, as defined. Management believes, as of December 31, 2019 and 2018, the Bank meets all capital adequacy requirements to which they are subject.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14. REGULATORY MATTERS (CONTINUED)

The Basel III capital rules, implemented in the U.S. with certain changes mandated by the Dodd-Frank Act, strengthen the definition of regulatory capital, increase risk-based capital requirements, and make selected changes to the calculation of risk-weighted assets. The rules became effective January 1, 2015, for the Bank, subject to a transition period for several aspects, including the capital conservation buffer and certain regulatory capital adjustments and deductions, as described below. Under the Basel III capital rules, the minimum capital requirements for the Bank include a common equity Tier 1 (CET1) ratio of 4.5%; Tier 1 capital ratio of 6%; total capital ratio of 8%; and leverage ratio of 4%. The Basel III capital rules became fully phased-in on January 1, 2019 and include a capital conservation buffer of 2.5% that is added on top of each of the minimum risk-based capital ratios. The implementation of the capital conservation buffer began on January 1, 2016 at the 0.625% level and increased by 0.625% on each subsequent January 1, until it reached 2.5% on January 1, 2019. Under the Basel III capital rules, the Bank is well-capitalized if it has a CET1 ratio of 6.5% or greater, a Tier 1 risk-based capital ratio of 8% or greater, a total risk-based capital ratio of 10% or greater, a leverage ratio of 5% or greater, and are not subject to any written agreement, order, capital directive, or prompt corrective action directive from a federal or state banking regulatory agency to meet and maintain a specific capital level for any capital measure.

As of December 31, 2019, the Federal Deposit Insurance Corporation 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 1 risk-based, CET1 risk-based, and Tier 1 leverage capital ratios as set forth in the table and not be subject to any formal enforcement action. There are no conditions or event since that notification that management believes have changed the Bank's category.

The Banks' actual capital 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
As of December 31, 2019 -						
Total Capital Ratio (total capital to risk weighted assets)	\$ 19,150,000	11.79%	\$ 12,996,000	8.00%	\$ 16,245,000	10.00%
Core Capital Ratio (Tier 1 capital to risk weighted assets)	\$ 17,216,000	10.60%	\$ 9,747,000	6.00%	\$ 12,996,000	8.00%
CET1 Ratio (common equity Tier 1 capital to risk weighted assets)	\$ 17,216,000	10.60%	\$ 7,310,000	4.50%	\$ 10,559,000	6.50%
Leverage Ratio (Tier 1 capital to average assets)	\$ 17,216,000	8.92%	\$ 7,722,000	4.00%	\$ 9,653,000	5.00%
As of December 31, 2018 -						
Total Capital Ratio (total capital to risk weighted assets)	\$ 17,409,000	11.11%	\$ 12,544,000	8.00%	\$ 15,679,000	10.00%
Core Capital Ratio (Tier 1 capital to risk weighted assets)	\$ 15,504,000	9.89%	\$ 9,408,000	6.00%	\$ 12,544,000	8.00%
CET1 Ratio (common equity Tier 1 capital to risk weighted assets)	\$ 15,504,000	9.89%	\$ 7,056,000	4.50%	\$ 10,192,000	6.50%
Leverage Ratio (Tier 1 capital to average assets)	\$ 15,504,000	8.46%	\$ 7,326,000	4.00%	\$ 9,158,000	5.00%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15. 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 Fair Value
December 31, 2019				
Securities available for sale:				
Mortgage-backed securities -				
GSE residential	\$ -	\$ 1,184,211	\$ -	\$ 1,184,211
Total assets at fair value	<u>\$ -</u>	<u>\$ 1,184,211</u>	<u>\$ -</u>	<u>\$ 1,184,211</u>
December 31, 2018				
Securities available for sale:				
Mortgage-backed securities -				
GSE residential	\$ -	\$ 1,742,952	\$ -	\$ 1,742,952
Total assets at fair value	<u>\$ -</u>	<u>\$ 1,742,952</u>	<u>\$ -</u>	<u>\$ 1,742,952</u>

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			Total Losses
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
December 31, 2019				
Impaired loans	\$ -	\$ 53,868	\$ -	\$ (14,895)
Total	\$ -	\$ 53,868	\$ -	\$ (14,895)

There were no fair market value adjustments to assets considered impaired as of December 31, 2018.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15. 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 or business assets including equipment, inventory, and 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, 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.

Quantitative Disclosures for Level 3 Fair Value Measurements

The Company had no Level 3 assets measured at fair value on a recurring basis at December 31, 2019 and 2018.

For Level 3 assets measured at fair value on a nonrecurring basis as of December 31, 2019 and 2018, the significant unobservable inputs used in the fair value measurements are presented below.

	<u>Carrying Amount</u>	<u>Valuation Technique</u>	<u>Significant Unobservable Input</u>
December 31, 2019			
Nonrecurring:			
Impaired loans	\$ 53,868	Appraisal	Appraisal discounts (20-25%)

The Company had no Level 3 assets measured on a nonrecurring basis at December 31, 2018.

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

Cash, Due From Banks, and Interest-Bearing Deposits in Other Banks: The carrying amount of cash, due from banks, and 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

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.

Other Borrowings and Subordinated Debentures: 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.

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

		Fair Value Measurements at December 31, 2019			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets					
Cash, due from banks, and interest-bearing deposits in other banks	\$ 25,524,845	\$ 25,524,845	\$ -	\$ -	\$ 25,524,845
Securities	1,184,211	-	1,184,211	-	1,184,211
Loans, net	162,009,656	-	-	159,864,668	159,864,668
Accrued interest receivable	538,131	-	4,489	533,642	538,131
Financial liabilities					
Deposits	\$ 156,465,329	\$ -	\$ 156,439,936	\$ -	\$ 156,439,936
Other borrowings and subordinated debentures	22,393,868	\$ -	-	21,529,489	21,529,489
Accrued interest payable	17,688	\$ -	14,185	3,503	17,688

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

		Fair Value Measurements at December 31, 2018			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets					
Cash, due from banks, and interest-bearing deposits in other banks	\$ 29,397,907	\$ 29,397,907	\$ -	\$ -	\$ 29,397,907
Securities	1,742,952	-	1,742,952	-	1,742,952
Loans, net	155,297,221	-	-	151,941,569	151,941,569
Accrued interest receivable	523,324	-	6,445	516,879	523,324
Financial liabilities					
Deposits	\$ 158,741,302	\$ -	\$ 158,709,309	\$ -	\$ 158,709,309
Other borrowings and subordinated debentures	20,246,634	\$ -	-	20,008,796	20,008,796
Accrued interest payable	26,579	\$ -	22,474	4,105	26,579

NOTE 16. REVENUE FROM CONTRACTS WITH CUSTOMERS

All of the Company's revenue from contracts with customers in the scope of ASC 606 is recognized within noninterest income. The following table presents the Company's sources of noninterest income for the years ended December 31, 2019 and 2018. Items outside the scope of ASC 606 are noted as such.

	2019	2018
Noninterest Income		
Service charges on deposit accounts	\$ 569,439	\$ 535,943
Financial service fees	156,935	155,697
Mortgage banking income (a)	250,971	209,417
Other operating income	91,053	68,817
	<u>\$ 1,068,398</u>	<u>\$ 969,874</u>

(a) Not within scope of ASC 606.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Following is a discussion of key revenues within the scope of Topic 606:

Service charges on deposit accounts: Revenue from service charges on deposit accounts is earned through cash management, wire transfer, overdraft, non-sufficient funds, and other deposit-related services. Revenue is recognized for these services either over time, corresponding with deposit accounts' monthly cycle, or at a point in time for transaction-related services and fees. Payment for service charges on deposit accounts is primarily received immediately or in the following month through a direct charge to customers' accounts. This category also includes interchange fees from consumer credit and debit cards processed by card association networks, as well as merchant discounts, and other card-related services. Interchange rates are generally set by the credit card associations and based on purchase volumes and other factors. Interchange fees and merchant discounts are recognized concurrently with the delivery of service on a daily basis as transactions occur. Payment is typically received immediately or in the following month.

Financial service fees: Financial service fees consist primarily of a revenue sharing arrangement with a third-party related to trust services offered to the Company's customers, but administered by employees of the third-party that utilize space within the Company. The fees are recognized on a monthly basis as the Company's performance obligations are satisfied and revenue is received.

Other operating income: Other operating income primarily consist of revenues generated from ATM fees and safe deposit box rentals. ATM fees are recognized concurrently with the delivery of service on a daily basis as transactions occur. Safe deposit box rentals income are recognized on a monthly basis as the Company's performance obligation for these services is satisfied.

Gains on sales of other real estate: Gains on sale of other real estate primarily consists of revenue

NOTE 17. PARENT COMPANY FINANCIAL INFORMATION

The following information presents the condensed balance sheets as of December 31, 2019 and 2018 and statements of income and cash flows of Community Capital Bancshares, Inc. for the years ended December 31, 2019 and 2018.

CONDENSED BALANCE SHEETS

	2019	2018
Assets		
Cash	\$ 240,084	\$ 252,807
Investment in subsidiary	19,659,640	18,306,364
Deferred tax asset, net	229,016	278,717
Other assets	173,648	11,196
Total assets	<u>\$ 20,302,388</u>	<u>\$ 18,849,084</u>
Liabilities		
Guaranteed preferred beneficial interests in junior subordinated debentures	\$ 4,124,000	\$ 4,124,000
Other liabilities	23,891	24,501
Total liabilities	<u>4,147,891</u>	<u>4,148,501</u>
Stockholders' equity	<u>16,154,497</u>	<u>14,700,583</u>
Total liabilities and stockholders' equity	<u>\$ 20,302,388</u>	<u>\$ 18,849,084</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17. PARENT COMPANY FINANCIAL INFORMATION (CONTINUED)

CONDENSED STATEMENTS OF OPERATIONS

	<u>2019</u>	<u>2018</u>
Expenses		
Interest expense	\$ 234,319	\$ 223,246
Other operating expenses	<u>254,828</u>	<u>298,933</u>
	<u>489,147</u>	<u>522,179</u>
Loss before income tax expense (benefit) and equity in undistributed income of subsidiary	(489,147)	(522,179)
Income tax benefit	<u>(101,760)</u>	<u>(106,784)</u>
Loss before equity in undistributed income of subsidiary	(387,387)	(415,395)
Equity in undistributed income of subsidiary	<u>1,840,190</u>	<u>1,658,415</u>
Net income	<u>\$ 1,452,803</u>	<u>\$ 1,243,020</u>

CONDENSED STATEMENTS OF CASH FLOWS

	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES		
Net income	\$ 1,452,803	\$ 1,243,020
Adjustments to reconcile net income to net cash used in operating activities:		
Equity in undistributed income of subsidiary	(1,840,190)	(1,658,415)
Other operating activities	<u>(237,304)</u>	<u>117,369</u>
Net cash used in operating activities	<u>(624,691)</u>	<u>(298,026)</u>
FINANCING ACTIVITIES		
Treasury stock transactions, net	(15,512)	-
Exercise of stock options	150,454	248
Dividends paid	(122,974)	-
Return of capital from subsidiary	<u>600,000</u>	<u>500,000</u>
Net cash provided by financial activities	<u>611,968</u>	<u>500,248</u>
Net increase (decrease) in cash	(12,723)	202,222
Cash at beginning of year	<u>252,807</u>	<u>50,585</u>
Cash at end of year	<u>\$ 240,084</u>	<u>\$ 252,807</u>

Community Capital Bancshares, Inc.

DIRECTORS AND EXECUTIVE OFFICERS

DIRECTORS

James L. Flatt*

Chairman, President and Chief Executive Officer, Community Capital Bancshares, Inc. and AB&T

Walker D. Davis

Vice Chairman, Community Capital Bancshares, Inc. and AB&T; Business Owner, Davis Family Properties, LLC; President, Route Master II, Inc.

James L. Bacon, III

Retired General Manager, SafeAire Heating & Cooling Co., Inc.; Partner, Oakland Plantation Partners, LLC

Ben Jacobs Barrow

Managing Partner and Secretary/Treasurer, Artesian Contracting Co., Inc.

Mary Helen Dykes

Retired Business Owner/Administrator, Secretary and Treasurer of Bobs' Candies, Inc.

Justin L. Jones

Owner, Jones Bros. Farms; Co-Owner, Jones West Farms, LLC; Co-Owner, Jones West Citrus Farms, LLC; Interests in multiple industries in Southwest Georgia

Laurence Kirk Jones

Partner, Jones Farms of Warwick, Inc.; Partner and Officer, Doles Peanut Company; Partner, Doles Grain, LLC

William J. McAfee, M.D.

Physician/Partner, Radiation Oncology Associates, PC; Managing Partner, Fowltown Farms, LLC

F. Faison Middleton, IV

Attorney and Managing Partner, Watson Spence, LLP

John L. Reese, IV

Project Manager and Director, LRA Constructors, Inc.

Jenny Y. Savelle

Chief Executive Officer, Bishop Clean Care, Inc.

J. Bridges Sinyard

Vice President, Adams Exterminators, Inc.; Partner, Smada Investments; Partner, Smada Rentals

Jeffrey D. Wiggins

Partner, DJ's II Car Wash, Inc.; Partner, Oasis Car Wash, Inc.; Partner in additional car washes in Florida and Georgia; Partner in various real estate ventures in Southwest Georgia

Lawrence B. Willson

President and Chief Executive Officer, Sunnyland Farms, Inc.; Sole Member, Willson Farming Co., LLC

*Executive Officer



Post Office Drawer 71269
Albany, Georgia 31708-1269
www.comcapbancshares.com