COMMUNITY CAPITAL
Bancshares

ANNUAL REPORT

2017

Dear Shareholders

Despite a few ups and downs—starting with the two brutal storms that devastated portions of the Albany/Dougherty community, and ending with the signing of new tax legislation that had a significant impact on the Bank's bottom line—2017 was unquestionably a year of continued growth and success for Community Capital Bancshares, Inc. and its subsidiary, AB&T.

Not only did our team rally around our friends, families and neighbors to lend support to those impacted by the storms, our associates worked diligently to build on the solid momentum of 2016, enabling the Bank to see significant growth in a few key measures while once again proving that our commitment to developing meaningful client relationships through our relationship banking model is the lynchpin of our success.

By continuing to seek relationships with new clients, while deepening those we have with our existing clients, the Bank saw growth in both loans and deposits, which spurred an impressive increase in net interest income and net income before taxes.

In 2017 our overall loan portfolio grew 10.3%, helping to fuel a 10.4% increase in net interest income and illustrating that loan demand remains healthy in our market. Furthermore, this growth was achieved without sacrificing the underwriting standards that have made us a leader among our peer group of banks. Our asset quality remains strong as our allowance for loan losses stands at 1.30% of total loans.

Last year was also highlighted by a healthy 23.3% increase in total deposits, while our noninterest-bearing deposits, which are a key indicator of the growth and depth of client relationships, grew 21.1%.

In addition to the impressive growth in loans and deposits, Bank leadership continued its disciplined management of expenses, while also realizing a 1.2% increase in non-interest income.

Perhaps more importantly, however, all of the aforementioned success helped AB&T realize an 8.8% increase in the combination of net interest income and non-interest income and a 53.2% growth in net income before taxes, both recent high water marks for the Bank. Tangible book value per common share at year-end was $2.18.

Unfortunately, much like the January storms put a damper on some of the good things happening in our community, the last month of 2017 tempered our excitement as the Trump administration signed new tax legislation that forced the Company to make a significant accounting adjustment.

While the lowering of the corporate income tax rate from 34 percent to 21 percent will undoubtedly benefit the Company in the long-term, the immediate result was a negative impact to the bottom line. As is required by the Financial Accounting Standards Board, the signing of that legislation in 2017

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required the Company to adjust its deferred tax asset in that same calendar year. The adjustment was accounted for as an increase in income tax expense of roughly $2.4 million and resulted in a net loss after taxes of $1,409,107.

Despite the loss, AB&T's solid performance in nearly every metric by which the bank measures itself, truly reflects the excellent job the AB&T team did throughout the year. I firmly believe that you will see similar success in the coming years as we refine what it means to provide the Gold Standard of community banking.

Along those lines, 2017 also saw the Bank continue its commitment to delivering exciting and functional banking products to our clients, as evidenced by the investment made to totally redesign our abtgold.com website.

Released in late 2017, our revamped abtgold.com has a more appealing look (driven by our commitment to only use local imagery), improved functionality and full responsiveness on both desktop and mobile platforms. The site also has a new community-focused sub-page committed to AB&T's Beyond the Bank concept, the release of which was also a highlight of 2017.

Beyond the Bank is the fruit of the Company's commitment to better connect the Bank to the community it is proud to serve. Through local feature stories and accompanying photography produced by the Bank's Communications Manager Brad McEwen, Beyond the Bank showcases the people and things that make Southwest Georgia such a special place.

By releasing a link to each new story on Facebook, Twitter and Instagram, Beyond the Bank has also proven to be an excellent way to connect audiences to the Bank's various social media platforms—in keeping with the commitment the Bank has made in recent years to explore varying and diverse marketing mediums.

Since its inception last April, Beyond the Bank has been a key driver in social media engagement, which has resulted in increases of our Instagram and Twitter followers, and a huge spike in our number of Facebook page likes and followers.

In much the same way our local community emerged from the tragedy of the winter storms in January with renewed vigor and energy, I am confident that AB&T will grow ever stronger with each passing day and that we will continue to distinguish ourselves as the banking leaders who can help shape a better tomorrow for our clients and community.

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

Sincerely,

James L. Flatt

James L. Flatt

President and Chief Executive Officer

COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2017

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COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL REPORT
DECEMBER 31, 2017

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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, 2017 and 2016, and the related consolidated statements of operations, other comprehensive income (loss), stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Capital Bancshares, Inc. and Subsidiary as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mauldin & Jenkins, LLC

Albany, Georgia
March 20, 2018

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COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016

Assets	**2017**	2016
Cash and due from banks	**$ 792,552**	$ 949,541
Interest-bearing deposits in other banks	**29,216,103**	9,468,753
Cash and cash equivalents	**30,008,655**	10,418,294
Securities available for sale, at fair value	**2,488,809**	3,415,799
Restricted equity securities, at cost	**135,400**	129,800
Loans held for sale	**178,500**	542,000
Loans	**142,008,101**	128,357,121
Less allowance for loan losses	**1,854,695**	1,900,470
Loans, net	**140,153,406**	126,456,651
Premises and equipment	**2,650,596**	2,649,676
Accrued interest receivable	**401,410**	388,838
Deferred tax assets, net	**3,923,515**	6,824,180
Other assets	**363,735**	327,408
	$ 180,304,026	$ 151,152,646
Liabilities and Stockholders' Equity		
Deposits		
Noninterest-bearing	**$ 47,726,100**	$ 39,421,091
Interest-bearing	**104,036,577**	83,659,585
Total deposits	**151,762,677**	123,080,676
Other borrowings	**9,383,981**	8,371,612
Guaranteed preferred beneficial interests in junior subordinated debentures	**4,124,000**	4,124,000
Accrued interest payable	**13,545**	10,368
Other liabilities	**1,598,526**	473,024
Total liabilities	**166,882,729**	136,059,680
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; 6,371,872 shares issued	**6,371,872**	6,371,872
Capital surplus	**26,057,764**	26,005,862
Retained deficit	**(18,746,183)**	(17,337,076)
Accumulated other comprehensive income	**37,954**	56,214
	13,721,407	15,096,872
Less cost of treasury stock, 217,626 and 2,985 shares	**300,110**	3,906
Total stockholders' equity	**13,421,297**	15,092,966
	$ 180,304,026	$ 151,152,646

See Notes to Consolidated Financial Statements.

COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
DECEMBER 31, 2017 AND 2016

	2017	2016
Interest income		
Loans, including fees	$ 6,200,843	$ 5,446,362
Taxable securities	108,257	203,484
Nontaxable securities	-	1,791
Interest-bearing deposits in other banks	146,985	2,991
Federal funds sold	-	38
Total interest income	6,456,085	5,654,666
Interest expense		
Deposits	340,226	208,782
Other borrowings	561,532	415,235
Total interest expense	901,758	624,017
Net interest income	5,554,327	5,030,649
Provision for loan losses	-	-
Net interest income after provision for loan losses	5,554,327	5,030,649
Other income		
Service charges on deposit accounts	523,227	464,993
Financial service fees	185,975	155,272
Mortgage banking income	351,410	364,953
Gain on sales of securities available for sale	-	18,970
Other operating income	61,161	103,832
Total other income	1,121,773	1,108,020
Other expenses		
Salaries and employee benefits	3,039,543	2,945,924
Equipment and occupancy expenses	467,004	456,133
Data processing expenses	644,618	621,808
Administrative expenses	239,541	309,375
Legal and professional fees	87,845	103,531
FDIC insurance expense	90,959	77,067
Other real estate owned expenses, net	-	31,883
Other operating expenses	560,679	583,782
Total other expenses	5,130,189	5,129,503
Income before income tax	1,545,911	1,009,166
Income tax	2,955,018	375,736
Net income (loss)	$ (1,409,107)	$ 633,430

See Notes to Consolidated Financial Statements.

COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME (LOSS)
DECEMBER 31, 2017 AND 2016

	2017	2016
Net income (loss)	**$ (1,409,107)**	$ 633,430
Other comprehensive income (loss):		
Net unrealized holding losses on securities available for sale arising during the year, net of tax benefits of $9,407 and $8,628	**(18,260)**	(16,749)
Reclassification adjustment for gains included in net income net of taxes of $- and $6,450	-	(12,520)
Total other comprehensive loss	**(18,260)**	(29,269)
Comprehensive income (loss)	**$ (1,427,367)**	$ 604,161

See Notes to Consolidated Financial Statements.

COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
DECEMBER 31, 2017 AND 2016

	Common Stock		Capital	Retained	Accumulated Other Comprehensive	Treasury Stock		Total Stockholders'
	Shares	Par Value	Surplus	Deficit	Income (Loss)	Shares	Cost	Equity
Balance, December 31, 2015	6,371,872	$ 6,371,872	$ 25,948,840	$ (17,970,506)	$ 85,483	2,985	$ (3,906)	$ 14,431,783
Net income	-	-	-	633,430	-	-	-	633,430
Stock-based compensation	-	-	57,022	-	-	-	-	57,022
Other comprehensive loss	-	-	-	-	(29,269)	-	-	(29,269)
Balance, December 31, 2016	6,371,872	6,371,872	26,005,862	(17,337,076)	56,214	2,985	(3,906)	15,092,966
Net loss	-	-	-	(1,409,107)	-	-	-	(1,409,107)
Repurchase of shares for the treasury	-	-	-	-	-	226,502	(312,572)	(312,572)
Exercise of stock options, net	-	-	(16,368)	-	-	(11,861)	16,368	-
Stock-based compensation	-	-	68,270	-	-	-	-	68,270
Other comprehensive loss	-	-	-	-	(18,260)	-	-	(18,260)
Balance, December 31, 2017	6,371,872	$ 6,371,872	$ 26,057,764	$ (18,746,183)	$ 37,954	217,626	$ (300,110)	$ 13,421,297

See Notes to Consolidated Financial Statements.

COMMUNITY CAPITAL BANCSHARES, INC.
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
DECEMBER 31, 2017 AND 2016

	2017	2016
OPERATING ACTIVITIES		
Net income (loss)	**$ (1,409,107)**	$ 633,430
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	**170,140**	166,157
Provision for deferred taxes	**2,925,618**	347,010
Net (gain) loss on sales of premises and equipment	**(250)**	1,378
Gains on sales of securities available for sale	**-**	(18,970)
Net loss on sales and writedowns of other real estate owned	**-**	27,208
(Increase) decrease in loans held for sale	**363,500**	(542,000)
Increase in interest receivable	**(12,572)**	(56,107)
Increase in interest payable	**3,177**	41
Stock-based compensation	**68,270**	57,022
Other operating activities	**1,083,093**	290,126
Net cash provided by operating activities	**3,191,869**	905,295
INVESTING ACTIVITIES		
(Increase) decrease in restricted equity securities	**(5,600)**	525,250
Net increase in loans	**(13,696,755)**	(11,744,078)
Proceeds from maturities, paydowns and calls of securities available for sale	**889,859**	1,967,870
Proceeds from sales of securities available for sale	**-**	4,081,335
Purchases of premises and equipment	**(171,060)**	(62,061)
Proceeds from sales of premises and equipment	**250**	-
Proceeds from sales of other real estate owned	**-**	298,617
Net cash used in investing activities	**(12,983,306)**	(4,933,067)
FINANCING ACTIVITIES		
Net increase in deposits	**28,682,001**	3,778,443
Net repayment of other borrowings	**1,012,369**	1,481,577
Treasury stock transactions, net	**(312,572)**	-
Net cash provided by financing activities	**29,381,798**	5,260,020
Net increase in cash and cash equivalents	**19,590,361**	1,232,248
Cash and cash equivalents at beginning of year	**10,418,294**	9,186,046
Cash and cash equivalents at end of year	**$ 30,008,655**	$ 10,418,294
SUPPLEMENTAL DISCLOSURES		
Cash paid for:		
Interest	**$ 898,581**	$ 623,976
Income taxes	**$ 29,400**	$ 23,280
NONCASH TRANSACTIONS		
Unrealized losses on securities available for sale	**$ (37,131)**	$ (44,347)

See Notes to Consolidated Financial Statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Community Capital Bancshares, Inc. (the "Company") is a bank holding company whose principal activity is the ownership and management of its wholly-owned bank subsidiary, AB&T (the "Bank"). Effective December 30, 2016, AB&T National Bank converted to a Georgia state charter and changed its name to AB&T. 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 County, Georgia.

The Company also owns Community Capital Statutory Trust I, a Delaware statutory business trust. This non-operating subsidiary was created in 2003 for the sole purpose of issuing trust preferred securities and investing the proceeds in subordinated debentures issued by the Company, all of which are described more fully in Note 8.

Basis of Presentation and Accounting Estimates

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

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

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

The Company's loans are generally secured by specific items of collateral including real property, consumer assets and business assets. Although the Company has a diversified loan portfolio, a substantial portion of its 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.

The Company has evaluated all transactions, events and circumstances for consideration or disclosure through March 20, 2018, the date these consolidated financial statements were available to be issued, and has reflected or disclosed those items within the consolidated financial statements and related footnotes as deemed appropriate.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents and Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, cash items in process of collection, amounts due from banks and interest-bearing deposits in other banks. Cash flows from loans, restricted equity securities, deposits 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 $1,115,000 and $1,064,000 at December 31, 2017 and 2016, respectively.

Securities

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

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

Restricted Equity Securities

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

Loans 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 non-impaired loans and is based on historical loss experience adjusted for other qualitative factors. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data. An unallocated component may be maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

A loan is considered impaired when it is probable, based on current information and events, the Company will be unable to collect all principal and interest payments due in accordance with the contractual terms of the loan agreement. Loans, for which the terms have been modified at the borrower's request, and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings and classified as impaired. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest when due. Loans that experience insignificant payment delays and payment shortfalls are 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans (Continued)

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

Troubled Debt Restructurings

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

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.

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.

	Years
Buildings	39
Furniture and equipment	3-7

Transfers of Financial Assets

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

Advertising Costs

Advertising costs are expensed as incurred.

Other Real Estate Owned

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

Income Taxes

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

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.

In December 2017, a law was enacted which changed the corporate federal income tax rate from 34% to 21%, beginning January 1, 2018. Accordingly, the Company's deferred tax assets and liabilities were adjusted at December 31, 2017 using the 21% corporate federal income tax rate resulting in a $2,373,313 reduction to earnings in 2017.

Stock Compensation Plans

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

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

Other Comprehensive Income (Loss)

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

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 2016 consolidated financial statements have been reclassified to conform to the 2017 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.

NOTE 2. SECURITIES

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

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Available for Sale				
December 31, 2017:				
Mortgage-backed securities -				
GSE residential	**$ 2,440,766**	**$ 51,504**	**$ (3,461)**	**$ 2,488,809**
Total available for sale securities	**$ 2,440,766**	**$ 51,504**	**$ (3,461)**	**$ 2,488,809**
December 31, 2016:				
Mortgage-backed securities -				
GSE residential	$ 3,330,625	$ 93,268	$ (8,094)	$ 3,415,799
Total available for sale securities	$ 3,330,625	$ 93,268	$ (8,094)	$ 3,415,799

NOTE 2. SECURITIES (CONTINUED)

The amortized cost and fair value of debt securities available for sale as of December 31, 2017 by contractual maturity are shown below. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
Mortgage-backed securities - GSE residential	$ 2,440,766	$ 2,488,809

Securities with a carrying value of approximately $2,480,900 and $3,066,000 at December 31, 2017 and 2016, respectively, were pledged to secure public deposits and for other purposes required or permitted by law. There were no securities pledged to secure Federal Home Loan Bank ("FHLB") advances as of December 31, 2017 and 2016.

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

	Years Ended December 31,	
	2017	2016
Gross gains	**$ -**	$ 21,408
Gross losses	**-**	(2,438)
Security gains, net	**$ -**	$ 18,970

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	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2017:						
Mortgage-backed securities -						
GSE residential	**$ -**	**$ -**	**$ 312,281**	**$ (3,461)**	**$ 312,281**	**$ (3,461)**
Total available for sale securities	**$ -**	**$ -**	**$ 312,281**	**$ (3,461)**	**$ 312,281**	**$ (3,461)**
December 31, 2016:						
Mortgage-backed securities -						
GSE residential	$ -	$ -	$ 329,994	$ (8,094)	$ 329,994	$ (8,094)
Total available for sale securities	$ -	$ -	$ 329,994	$ (8,094)	$ 329,994	$ (8,094)

NOTE 2. SECURITIES (CONTINUED)

Temporarily Impaired Securities (Continued)

Mortgage-backed securities – GSE residential. The unrealized losses on one investment in a GSE mortgage-backed security was caused by a change in interest rates. The contractual cash flow of this 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 maturity, the Company does not consider this investment to be other-than-temporarily impaired at December 31, 2017.

Restricted Equity Securities

Restricted equity securities consist of the following:

	December 31,	
	2017	2016
Federal Home Loan Bank stock	**$ 135,400**	$ 129,800
	$ 135,400	$ 129,800

The Company has an investment in the common stock of the FHLB of Atlanta at December 31, 2017 and 2016. 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 is approximately $135,400 as of December 31, 2017 and, therefore, is not considered impaired.

NOTE 3. LOANS

Portfolio Segmentation

The composition of loans is summarized as follows:

	December 31,	
	2017	2016
Commercial real estate:		
Construction and land development	**$ 5,754,280**	$ 2,425,002
Owner occupied	**26,875,041**	28,762,871
Non-owner occupied	**27,243,844**	23,912,148
Residential real estate	**38,353,263**	35,497,036
Commercial	**38,904,517**	33,025,229
Consumer	**4,835,917**	4,681,756
	141,966,862	128,304,042
Deferred loan fees	**41,239**	53,079
Allowance for loan losses	**(1,854,695)**	(1,900,470)
Loans, net	**$ 140,153,406**	$ 126,456,651

NOTE 3. LOANS (CONTINUED)

Portfolio Segmentation (Continued)

The Company has pledged certain loans secured by 1-4 family and multifamily residential mortgages under a blanket collateral agreement to secure borrowings from the FHLB. The amount of such pledged loans totaled $23,939,399 and $15,128,566 at December 31, 2017 and 2016, respectively.

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

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

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

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

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

- Residential real estate mortgage loans include 1-4 family and multifamily residential mortgage loans. 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.

NOTE 3. LOANS (CONTINUED)

Credit Risk Management

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

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

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

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

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

NOTE 3. LOANS (CONTINUED)

Credit Risk Management (Continued)

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

	Commercial Real Estate	Residential Real Estate	Commercial	Consumer	Total
December 31, 2017:					
Allowance for loan losses:					
Beginning balance	**$ 768,324**	**$ 564,188**	**$ 503,315**	**$ 64,643**	**$ 1,900,470**
Charge-offs	**-**	**(44,982)**	**-**	**(18,229)**	**(63,211)**
Recoveries	**900**	**7,076**	**5,525**	**3,935**	**17,436**
Provision	**(41,907)**	**11,045**	**22,275**	**8,587**	**-**
Ending balance	**$ 727,317**	**$ 537,327**	**$ 531,115**	**$ 58,936**	**$ 1,854,695**
Ending balance - individually evaluated for impairment	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Ending balance - collectively evaluated for impairment	**$ 727,317**	**$ 537,327**	**$ 531,115**	**$ 58,936**	**$ 1,854,695**
Loans:					
Ending balance	**$ 59,873,165**	**$ 38,353,263**	**$ 38,904,517**	**$ 4,835,917**	**$ 141,966,862**
Ending balance - individually evaluated for impairment	**$ 668,372**	**$ 282,986**	**$ -**	**$ -**	**$ 951,358**
Ending balance - collectively evaluated for impairment	**$ 59,204,793**	**$ 38,070,277**	**$ 38,904,517**	**$ 4,835,917**	**$ 141,015,504**
December 31, 2016:					
Allowance for loan losses:					
Beginning balance	$ 736,651	$ 607,717	$ 494,728	$ 70,689	$ 1,909,785
Charge-offs	(9,184)	(20,702)	-	(7,287)	(37,173)
Recoveries	4,185	10,615	9,006	4,052	27,858
Provision	36,672	(33,442)	(419)	(2,811)	-
Ending balance	$ 768,324	$ 564,188	$ 503,315	$ 64,643	$ 1,900,470
Ending balance - individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -
Ending balance - collectively evaluated for impairment	$ 768,324	$ 564,188	$ 503,315	$ 64,643	$ 1,900,470
Loans:					
Ending balance	$ 55,100,021	$ 35,497,036	$ 33,025,229	$ 4,681,756	$ 128,304,042
Ending balance - individually evaluated for impairment	$ 726,193	$ 236,010	$ -	$ -	$ 962,203
Ending balance - collectively evaluated for impairment	$ 54,373,828	$ 35,261,026	$ 33,025,229	$ 4,681,756	$ 127,341,839

NOTE 3. LOANS (CONTINUED)

Credit Risk Management (Continued)

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

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

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

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

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

Loss: Loans classified loss are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be affected in the future. The Company should not attempt long-term recoveries while the loans remain booked. Loans classified loss should be written off in the period that they surface as uncollectible. Loans that qualify in this category are typically charged-off. There were no loans classified as a loss held at December 31, 2017 or 2016.

NOTE 3. LOANS (CONTINUED)

Credit Risk Management (Continued)

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

	Pass	Special Mention	Substandard	Doubtful	Total
December 31, 2017:					
Commercial real estate:					
Construction and land development	**$ 5,754,280**	**$ -**	**$ -**	**$ -**	**$ 5,754,280**
Owner occupied	**25,946,957**	**481,979**	**446,105**	**-**	**26,875,041**
Non-owner occupied	**27,243,844**	**-**	**-**	**-**	**27,243,844**
Residential real estate	**37,985,504**	**-**	**367,759**	**-**	**38,353,263**
Commercial	**38,904,517**	**-**	**-**	**-**	**38,904,517**
Consumer	**4,835,917**	**-**	**-**	**-**	**4,835,917**
Total	**$ 140,671,019**	**$ 481,979**	**$ 813,864**	**$ -**	**$ 141,966,862**
December 31, 2016:					
Commercial real estate:					
Construction and land development	$ 2,425,002	$ -	$ -	$ -	$ 2,425,002
Owner occupied	28,301,226	-	461,645	-	28,762,871
Non-owner occupied	23,912,148	-	-	-	23,912,148
Residential real estate	35,147,332	-	349,704	-	35,497,036
Commercial	33,025,229	-	-	-	33,025,229
Consumer	4,681,756	-	-	-	4,681,756
Total	$ 127,492,693	$ -	$ 811,349	$ -	$ 128,304,042

NOTE 3. LOANS (CONTINUED)

Past Due Loans

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

		Past Due Status (Accruing Loans)					
	Current	**30-59 Days**	**60-89 Days**	**90+ Days**	**Total Past Due**	**Non-accrual**	**Total**
December 31, 2017:							
Commercial real estate:							
Construction and land development	**$ 5,754,280**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 5,754,280**
Owner occupied	**26,875,041**	**-**	**-**	**-**	**-**	**-**	**26,875,041**
Non-owner occupied	**27,243,844**	**-**	**-**	**-**	**-**	**-**	**27,243,844**
Residential real estate	**38,084,020**	**202,912**	**-**	**-**	**202,912**	**66,331**	**38,353,263**
Commercial	**38,904,517**	**-**	**-**	**-**	**-**	**-**	**38,904,517**
Consumer	**4,835,917**	**-**	**-**	**-**	**-**	**-**	**4,835,917**
Total	**$ 141,697,619**	**$ 202,912**	**$ -**	**$ -**	**$ 202,912**	**$ 66,331**	**$ 141,966,862**
December 31, 2016:							
Commercial real estate:							
Construction and land development	$ 2,425,002	$ -	$ -	$ -	$ -	$ -	$ 2,425,002
Owner occupied	28,711,053	51,818	-	-	51,818	-	28,762,871
Non-owner occupied	23,912,148	-	-	-	-	-	23,912,148
Residential real estate	35,156,221	333,287	-	7,528	340,815	-	35,497,036
Commercial	33,025,229	-	-	-	-	-	33,025,229
Consumer	4,653,309	26,049	2,398	-	28,447	-	4,681,756
Total	$ 127,882,962	$ 411,154	$ 2,398	$ 7,528	$ 421,080	$ -	$ 128,304,042

NOTE 3. LOANS (CONTINUED)

Impaired Loans

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

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
December 31, 2017:					
With no related allowance recorded:					
Commercial real estate:					
Construction and land development	$ 115,000	$ 134,782	$ -	$ 129,375	$ 8,926
Owner occupied	553,372	553,372	-	567,908	19,476
Non-owner occupied	-	-	-	-	-
Residential real estate	282,986	327,967	-	339,760	12,771
Commercial	-	-	-	-	-
Consumer	-	-	-	-	-
Total with no related allowance recorded	$ 951,358	$ 1,016,121	$ -	$ 1,037,043	$ 41,173
With an allowance recorded:					
Commercial real estate:					
Construction and land development	$ -	$ -	$ -	$ -	$ -
Owner occupied	-	-	-	-	-
Non-owner occupied	-	-	-	-	-
Residential real estate	-	-	-	-	-
Commercial	-	-	-	-	-
Consumer	-	-	-	-	-
Total with an allowance recorded	$ -	$ -	$ -	$ -	$ -
Total impaired loans	$ 951,358	$ 1,016,121	$ -	$ 1,037,043	$ 41,173

NOTE 3. LOANS (CONTINUED)

Impaired Loans (Continued)

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
December 31, 2016:					
With no related allowance recorded:					
Commercial real estate:					
Construction and land development	$ 143,750	$ 163,532	$ -	$ 158,125	$ 10,343
Owner occupied	582,443	582,443	-	597,121	17,509
Non-owner occupied	-	-	-	-	-
Residential real estate	236,010	236,010	-	240,235	11,963
Commercial	-	-	-	-	-
Consumer	-	-	-	-	-
Total with no related allowance recorded	$ 962,203	$ 981,985	$ -	$ 995,481	$ 39,815
With an allowance recorded:					
Commercial real estate:					
Construction and land development	$ -	$ -	$ -	$ -	$ -
Owner occupied	-	-	-	-	-
Non-owner occupied	-	-	-	-	-
Residential real estate	-	-	-	-	-
Commercial	-	-	-	-	-
Consumer	-	-	-	-	-
Total with an allowance recorded	$ -	$ -	$ -	$ -	$ -
Total impaired loans	$ 962,203	$ 981,985	$ -	$ 995,481	$ 39,815

Troubled Debt Restructurings

At December 31, 2017 and 2016, 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.

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, 2017 and 2016, management had $885,026 and $962,203, 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, 2017 or 2016. A loan is placed back on accrual status when both principal and interest are current and it is probable that management will be able to collect all amounts due (both principal and interest) according to the terms of the loan agreement.

The following table summarizes the loans that were modified as a TDR during the year ended December 31, 2016:

	Troubled-Debt Restructurings			
	Number of Loans	Recorded Investment Prior to Modification	Recorded Investment After Modification	Impact on the Allowance for Loan Losses
December 31, 2016:				
Commercial real estate:				
Construction and land development	-	$ -	$ -	$ -
Owner occupied	-	-	-	-
Non-owner occupied	-	-	-	-
Residential real estate	1	7,528	6,902	-
Commercial	-	-	-	-
Consumer	-	-	-	-
Total	1	$ 7,528	$ 6,902	$ -

There were no loans modified as a TDR during the year ended December 31, 2017.

The $626 decrease in the post-restructuring recorded investment compared to the pre-restructuring recorded investment is due to paydowns as the Company has not forgiven any principal on the above loans for the year ended December 31, 2016.

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, 2017 and 2016.

The Company has no additional commitments to lend additional funds to any of the related borrowers whose terms have been modified in a TDR.

NOTE 3. LOANS (CONTINUED)

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,	
	2017	2016
Balance, beginning of year	**$ 7,245,639**	$ 10,003,368
Advances	**16,834,860**	9,571,186
Repayments	**(14,433,791)**	(9,847,245)
Changes in related parties	**(103,655)**	(2,481,670)
Balance, end of year	**$ 9,543,053**	$ 7,245,639

NOTE 4. PREMISES AND EQUIPMENT

Premises and equipment are summarized as follows:

	December 31,	
	2017	2016
Land	**$ 830,717**	$ 830,717
Buildings	**2,572,357**	2,552,039
Furniture and equipment	**1,639,579**	1,488,837
	5,042,653	4,871,593
Accumulated depreciation	**(2,392,057)**	(2,221,917)
	$ 2,650,596	$ 2,649,676

Leases

The Company is currently leasing a property for their Lee County branch in Leesburg, Georgia with Hand Properties, LLC. The lease has an initial term of five years with two successive options to extend the terms of the lease for a period of five years each through 2020.

The Company leases 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.

Rental expense under all operating leases amounted to $62,992 and $65,413 for the years ended December 31, 2017 and 2016, respectively.

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

2018	$ 55,157
2019	56,060
2020	56,991
	$ 168,208

NOTE 5. OTHER REAL ESTATE OWNED

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

	Years Ended December 31,	
	2017	2016
Balance, beginning of year	**$ -**	$ 325,825
Additions	**-**	-
Disposals	**-**	(298,617)
Gain (loss) on sales and writedowns on other real estate owned	**-**	(27,208)
Balance, end of year	**$ -**	$ -

Expenses applicable to other real estate owned include the following:

	December 31,	
	2017	2016
(Gain) loss on sales and writedowns of other real estate owned	**$ -**	$ 27,208
Operating expenses	**-**	4,675
Rental income	**-**	(1,080)
	$ -	$ 30,803

The Company had no residential real estate included in other real estate owned at December 31, 2017 and 2016. The Company had no consumer mortgage loans in process of foreclosure at December 31, 2017 or 2016.

NOTE 6. DEPOSITS

The aggregate amount of time deposits in denominations of $250,000 or more at December 31, 2017 and 2016 was $6,609,951 and $3,951,419, respectively. There were no brokered deposits at December 31, 2017 and 2016. The scheduled maturities of time deposits at December 31, 2017 are as follows:

2018	$ 22,140,531
2019	1,040,299
2020	495,962
2021	138,279
2022 and thereafter	590,317
	$ 24,405,388

At December 31, 2017 and 2016, overdraft demand deposits reclassified to loans totaled $23,550 and $38,147, respectively.

NOTE 7. OTHER BORROWINGS

Other borrowings consist of the following:

	December 31, 2017	December 31, 2016
Secured borrowings with Thomasville National Bank, First Port City Bank and Citizens Bank of Americus with principal and interest payments due at various maturity dates through October 21, 2025 with interest rates ranging from 3.68% to 5.50%.	**$ 9,383,981**	$ 8,371,612

Contractual maturities of other borrowings as of December 31, 2017 are as follows:

2018	$ 2,977,976
2019	509,120
2020	48,515
2021	566,643
2022 and thereafter	5,281,727
	$ 9,383,981

The Company and subsidiary have available unused lines of credit with the FHLB totaling approximately $17,849,000 at December 31, 2017. The unused lines are secured by certain qualifying loans and pledged securities. The Company also has a $3,400,000 line of credit with BBVA Compass Bank that was available in full at December 31, 2017.

NOTE 8. GUARANTEED PREFERRED BENEFICIAL INTERESTS IN JUNIOR SUBORDINATED DEBENTURES

In March 2003, the Company formed a wholly-owned Connecticut statutory business trust, Community Capital Statutory Trust I ("Statutory Trust I") for the sole purpose of issuing trust preferred securities and investing the proceeds in floating rate junior subordinated deferrable interest debentures issued by the Company. These debentures qualify as Tier I capital under Federal Reserve Board guidelines. All of the common securities of Statutory Trust I are owned by the Company. The proceeds from the issuance of the common securities and the trust preferred securities were used by Statutory Trust I to purchase $4,124,000 of junior subordinated debentures of the Company, which carry a floating rate based on a three-month LIBOR plus 315 basis points. The debentures represent the sole asset of Statutory Trust I. The trust preferred securities accrue and pay distributions at a floating rate of three-month LIBOR plus 315 basis points per annum (4.82% at December 31, 2017) 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 9. EMPLOYEE BENEFIT PLANS

Profit Sharing Plan

The Company has a 401(k) Employee Profit-Sharing Plan available to all eligible employees, subject to certain minimum age and service requirements. Contributions charged to expense for the years ended December 31, 2017 and 2016 amounted to $26,368 and $25,272, 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 50,000 shares under this plan. Participation in the new plan commenced in the second quarter of 2006. On February 27, 2009, the Board of Directors approved a second amendment to the stock purchase plan which authorized an additional 100,000 shares available for issuance under the plan, increasing the total available from 50,000 to 150,000. On March 23, 2011, the Board of Directors approved a third amendment to the stock purchase plan which authorized an additional 100,000 shares available for issuance under the plan, increasing the total available from 150,000 to 250,000. During the first quarter of 2012, the Company elected to freeze the plan for future contributions until further notice. At December 31, 2017, 191,412 shares had been purchased and 58,588 shares remained available for purchase under this plan.

NOTE 10. STOCK OPTIONS AND WARRANTS

On September 24, 2009, the Company's shareholders approved the 2009 Long-Term Incentive Plan ("2009 Plan") under which options to purchase 400,000 shares of its common stock may be granted to directors, officers and employees. Both incentive stock options and nonqualified stock options, stock appreciation rights, restricted stock and other stock-based awards may be granted under the plan. The exercise price of an incentive stock option may not be less than the fair market value of the Company's common stock on the date of the grant nor less than 110% of the fair market value if the participant owns more than 10% of the outstanding common stock. Nonqualified stock options may be made exercisable at a price no less than the fair market value of the Company's common stock on the date that the option is granted. The term of any incentive stock option may not exceed ten years from the date of grant; however, any incentive stock option granted to a participant who owns more than 10% of the Company's common stock will not be exercisable after the expiration of five years from the date the option is granted. Subject to any further limitations in a stock option agreement, in the event of a participant's termination of employment, the term of an incentive stock option will expire, terminate and become unexercisable no later than three months after the date of the termination of employment; provided, however, that if termination of employment is due to death or disability, a one-year period shall be substituted for the three month period. On December 31, 2017, there were 94,350 shares available for grant under the 2009 Plan.

On April 24, 2000, the Board of Directors adopted the 2000 Outside Directors Stock Option Plan ("2000 Plan") under which nonqualified stock options to purchase up to 21,429 shares of the Company's common stock may be granted to directors who are not employees of the Company or any of its affiliates and to the Chairman of the Board of Directors, regardless of whether he is an employee of the Company. The plan provides for an annual grant of a nonqualified stock option to purchase 142 shares of the Company's common stock to each existing non-employee director and a nonqualified stock option to purchase 285 shares of the Company's common stock to the Chairman of the Board of Directors as of the date of each annual shareholders' meeting. Options granted pursuant to this plan are generally nontransferable except by will or the laws of descent and distribution unless otherwise permitted by the Board of Directors. These options are fully vested and exercisable immediately, subject to any restriction imposed by the primary federal regulator of the Company. The exercise price of these options must be equal to the fair market value of the common stock on the date the option is granted. The term of the options may not exceed ten years from the date of grant. If a participant ceases to be a director of the Company or any affiliate, the options expire, terminate and become unexercisable no later than 90 days after the date the participant ceases to provide services to the Company. On December 31, 2017, there were no shares available for grant under this Plan.

NOTE 10. STOCK OPTIONS AND WARRANTS (CONTINUED)

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

	Year Ended December 31, 2017			Year Ended December 31, 2016		
	Number	**Weighted-Average Exercise Price**	**Aggregate Intrinsic Value**	Number	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Under option, beginning of the year	**297,843**	**$ 1.11**		276,196	$ 1.27	
Granted	**30,000**	**$ 2.14**		30,000	$ 1.43	
Exercised	**(18,750)**	**$ 0.78**		-	$ -	
Forfeited	**(22,815)**	**$ 1.43**		(8,353)	$ 7.69	
Under option, end of the year	**286,278**	**$ 1.21**	**$ 415,000**	297,843	$ 1.11	$ 146,000
Unvested at the end of the year	**87,963**	**$ 1.55**	**$ 97,000**	137,732	$ 1.20	$ 55,000
Vested and exercisable at the end of the year	**198,315**	**$ 1.06**	**$ 317,000**	160,111	$ 1.03	$ 91,000
Weighted-average fair value per option of options granted during the year			**$ 1.13**			$ 0.75

Information pertaining to options outstanding at December 31, 2017 is as follows:

	Options Outstanding				**Options Exercisable**		
Range of Exercise Prices	**Number**	**Weighted Average Contractual Life in Years**	**Weighted-Average Exercise Price**	**Aggregate Intrinsic Value**	**Number**	**Weighted-Average Exercise Price**	**Aggregate Intrinsic Value**
Below to $ 1.40	225,000	3.99	$ 1.05		189,537	$ 1.04	
$ 1.41 to $ 2.79	60,710	8.83	1.78		8,210	1.47	
$ 2.80 to $ 4.19	568	0.73	3.05		568	3.05	
Total	286,278	5.01	$ 1.21	$ 414,894	198,315	$ 1.06	$ 316,926

At December 31, 2017, there was approximately $188,000 of unrecognized compensation cost related to stock-based payments, which is expected to be recognized over a weighted-average period of 3.81 years.

NOTE 10. STOCK OPTIONS AND WARRANTS (CONTINUED)

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

	Years Ended December 31,	
	2017	2016
Dividend yield	**0%**	0%
Expected life	**7 years**	7 years
Expected volatility	**50.00%**	50.00%
Risk-free interest rate	**2.00%**	2.00%

During 2015, the Company granted 100,000 restricted shares that will vest over a period of six years. Total restricted shares outstanding at December 31, 2017 were 100,000.

NOTE 11. INCOME TAXES

The components of income tax expense are as follows:

	Years Ended December 31,	
	2017	2016
Current	**$ 29,400**	$ 28,726
Deferred	**552,305**	347,010
Effect of change in enacted federal income tax rate on deferred items	**2,373,313**	-
	$ 2,955,018	$ 375,736

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,	
	2017	2016
Tax provision at statutory federal rate	**$ 525,610**	$ 343,116
Tax-exempt income, net	**-**	(609)
Stock based compensation expense	**23,212**	19,388
Effect of change in enacted federal income tax rate on deferred items	**2,373,313**	-
Other	**32,883**	13,841
Income tax expense	**$ 2,955,018**	$ 375,736

NOTE 11. INCOME TAXES (CONTINUED)

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

	Years Ended December 31, 2017	2016
Deferred tax assets:		
Securities impairment on restricted equity securities	**$ 161,746**	$ 261,875
Non-qualified stock option expense	**24,366**	39,449
AMT tax credit	**99,792**	64,309
Allowance for loan losses	**389,486**	481,666
Net operating loss carryforward	**3,336,455**	6,136,125
	4,011,845	6,983,424
Deferred tax liabilities:		
Depreciation	**69,581**	112,237
Unrealized gains on securities available for sale	**10,089**	28,959
Deferred loan costs, net	**8,660**	18,048
	88,330	159,244
Net deferred tax assets	**$ 3,923,515**	$ 6,824,180

At December 31, 2017, the Company has available federal and state net operating loss carryforwards of approximately $15,850,000 and $13,259,000, respectively. If unused, the carryforwards will expire beginning in 2027.

The federal income tax returns of the Company for 2016, 2015 and 2014 are subject to examination by the IRS, generally for three years after they were filed.

Legislation H.R. 1, formerly known as "Tax Cuts and Jobs Act" (the "Tax Reform Act") was enacted on December 22, 2017. The Tax Reform Act reduced the corporate income tax rate to 21% effective January 1, 2018 and changed certain other provisions. Accounting guidance requires the Company to remeasure its deferred tax assets and deferred tax liabilities on the date of enactment using the new enacted tax rate of 21%. The Company has recorded additional tax expense of $2,373,313 to reflect changes that resulted from the enactment of the Tax Reform Act.

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:

	2017	2016
Commitments to extend credit	**$ 37,608,590**	$ 30,814,693
Standby letters of credit	**5,000**	5,000
	$ 37,613,590	$ 30,819,693

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, 2017 and 2016, 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, 2017 and 2016.

Contingencies

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

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

Sixty-nine percent (69%) 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 the lesser of 25% of the Bank's statutory capital, or approximately $4,670,000 as of December 31, 2017.

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, 2017, 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, 2017, 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, 2017 and 2016, the Bank meets all capital adequacy requirements to which they are subject.

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%. When fully phased-in on January 1, 2019, the Basel III capital rules 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 will continue to be phased-in increasing by 0.625% on each subsequent January 1, until it reaches 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 and/or state banking regulatory agency to meet and maintain a specific capital level for any capital measure.

As of December 31, 2017, 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, 2017 -						
Total Capital Ratio (total capital to risk weighted assets)	**$ 15,846,000**	**11.64%**	**$ 10,894,000**	**8.00%**	**$ 13,617,000**	**10.00%**
Core Capital Ratio (tier 1 capital to risk weighted assets)	**$ 14,135,000**	**10.38%**	**$ 8,170,000**	**6.00%**	**$ 10,894,000**	**8.00%**
CET1 Ratio (common equity tier capital to risk weighted assets)	**$ 14,135,000**	**10.38%**	**$ 6,128,000**	**4.50%**	**$ 8,851,000**	**6.50%**
Leverage Ratio (tier 1 capital to average assets)	**$ 14,135,000**	**7.99%**	**$ 7,076,000**	**4.00%**	**$ 8,845,000**	**5.00%**
As of December 31, 2016 -						
Total Capital Ratio (total capital to risk weighted assets)	$ 14,447,000	11.85%	$ 9,752,000	8.00%	$ 12,190,000	10.00%
Core Capital Ratio (tier 1 capital to risk weighted assets)	$ 12,891,000	10.57%	$ 7,314,000	6.00%	$ 9,752,000	8.00%
CET1 Ratio (common equity tier 1 capital to risk weighted assets)	$ 12,891,000	10.57%	$ 5,486,000	4.50%	$ 7,924,000	6.50%
Leverage Ratio (tier 1 capital to average assets)	$ 12,891,000	9.21%	$ 5,600,000	4.00%	$ 7,000,000	5.00%

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.

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, 2017				
Securities available for sale:				
Mortgage-backed securities -				
GSE residential	**$ -**	**$ 2,488,809**	**$ -**	**$ 2,488,809**
Total assets at fair value	**$ -**	**$ 2,488,809**	**$ -**	**$ 2,488,809**
December 31, 2016				
Securities available for sale:				
Mortgage-backed securities -				
GSE residential	$ -	$ 3,415,799	$ -	$ 3,415,799
Total assets at fair value	$ -	$ 3,415,799	$ -	$ 3,415,799

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

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Losses
December 31, 2017				
Impaired loans	**$ -**	**$ -**	**$ 22,742**	**$ (44,982)**
Total	**$ -**	**$ -**	**$ 22,742**	**$ (44,982)**
December 31, 2016				
Impaired loans	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -

Impaired Loans

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

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

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, 2017 and 2016.

For Level 3 assets measured at fair value on a non-recurring basis as of December 31, 2017 and 2016, the significant unobservable inputs used in the fair value measurements are presented below.

	Carrying Amount		Valuation Technique	Significant Unobservable Input
December 31, 2017				
Nonrecurring:				
Impaired loans	**$**	**22,742**	**Appraisal**	**Appraisal discounts (20-25%)**
December 31, 2016				
Nonrecurring:				
Impaired loans	$	-	Appraisal	Appraisal discounts (N/A)

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.

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

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

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

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

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:

	December 31, 2017		December 31, 2016	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets:				
Cash, due from banks and interest-bearing deposits in other banks	**$ 30,008,655**	**$ 30,008,655**	$ 10,418,294	$ 10,418,294
Securities	**2,488,809**	**2,488,809**	3,415,799	3,415,799
Loans	**140,153,406**	**136,533,719**	126,456,651	125,270,755
Accrued interest receivable	**401,410**	**401,410**	388,838	388,838
Financial liabilities:				
Deposits	**151,762,677**	**151,862,615**	123,080,676	123,138,976
Other borrowings and subordinated debentures	**13,507,981**	**13,368,635**	12,495,612	12,888,368
Accrued interest payable	**13,545**	**13,545**	10,368	10,368

NOTE 16. PARENT COMPANY FINANCIAL INFORMATION

The following information presents the condensed balance sheets as of December 31, 2017 and 2016 and statements of income and cash flows of Community Capital Bancshares, Inc. for the years ended December 31, 2017 and 2016.

CONDENSED BALANCE SHEETS

	2017	2016
Assets		
Cash	$ 50,585	$ 11,371
Investment in subsidiary	17,111,929	18,501,361
Deferred tax asset, net	280,709	586,694
Other assets	125,786	140,786
Total assets	$ 17,569,009	$ 19,240,212
Liabilities		
Guaranteed preferred beneficial interests in junior subordinated debentures	$ 4,124,000	$ 4,124,000
Other liabilities	23,712	23,246
Total liabilities	4,147,712	4,147,246
Stockholders' equity	13,421,297	15,092,966
Total liabilities and stockholders' equity	$ 17,569,009	$ 19,240,212

CONDENSED STATEMENTS OF OPERATIONS

	2017	2016
Expenses		
Interest expense	$ 182,119	$ 160,947
Other operating expenses	101,562	34,875
	283,681	195,822
Loss before income tax expense (benefit) and equity in undistributed income (loss) of subsidiary	(283,681)	(195,822)
Income tax expense (benefit)	85,985	(64,939)
Loss before equity in undistributed income (loss) of subsidiary	(369,666)	(130,883)
Equity in undistributed income (loss) of subsidiary	(1,039,441)	764,313
Net income (loss)	$ (1,409,107)	$ 633,430

NOTE 16. PARENT COMPANY FINANCIAL INFORMATION (CONTINUED)

CONDENSED STATEMENTS OF CASH FLOWS

	2017	2016
OPERATING ACTIVITIES		
Net income (loss)	**$ (1,409,107)**	$ 633,430
Adjustments to reconcile net income to net cash used in operating activities:		
Equity in undistributed (income) loss of subsidiary	**1,039,441**	(764,313)
Provision for deferred taxes	**305,985**	46,207
Increase in interest payable	**466**	270
Other operating activities	**15,001**	(2,999)
Net cash used in operating activities	**(48,214)**	(87,405)
FINANCING ACTIVITIES		
Treasury stock transactions, net	**(312,572)**	-
Return of capital from subsidiary	**400,000**	-
Net cash provided by financial activities	**87,428**	-
Net increase (decrease) in cash	**39,214**	(87,405)
Cash at beginning of year	**11,371**	98,776
Cash at end of year	**$ 50,585**	$ 11,371

Community Capital Bancshares, Inc.

DIRECTORS AND EXECUTIVE OFFICERS

DIRECTORS

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Chairman, Community Capital Bancshares, Inc. and AB&T; Executive Insurance Agent and Vice President, J. Smith Lanier & Co. / a Marsh McLennan Agency, LLC Company

Walker D. Davis
Vice Chairman, Community Capital Bancshares, Inc. and AB&T; Business Owner, Davis Family Properties, LLC

James L. Flatt*
President and Chief Executive Officer, Community Capital Bancshares, Inc., and AB&T

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SafeAire Heating & Cooling Co., Inc.

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.

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President, Logos Plus, Inc.; President, G. F. Martin Farms, Inc.; Partner, Phillips & Spurlock

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