

BUCKHEAD COMMUNITY BANCORP INC

Form 424B2

October 26, 2007

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Filed pursuant to Rule 424(b)(2)  
Registration No. 333-144138

**PROXY STATEMENT**

**PROSPECTUS**

**OF**

**OF**

**ALLIED BANCSHARES, INC.**

**BUCKHEAD COMMUNITY BANCORP, INC.**

**PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT**

The boards of directors of Allied Bancshares, Inc. and Buckhead Community Bancorp, Inc. have each approved a transaction that will result in the merger of Allied with and into Buckhead Community. Buckhead Community will be the surviving bank holding company in the merger. Shareholders of Allied are being asked to approve the merger at a special meeting of shareholders to be held on Thursday, November 29, 2007. Buckhead Community shareholders are not required to approve the merger.

If the merger is completed, Allied shareholders will receive for each of their shares 1.20 shares of Buckhead Community common stock, \$30.00 in cash, or a combination of both. Each Allied shareholder may choose the form of consideration received, subject to allocation procedures such that no more than 25% of the aggregate merger consideration will be in the form of cash. Depending on the elections of other Allied shareholders, you may be permitted to receive a different allocation of stock and cash than other Allied shareholders, all of which is described in this document.

It is possible, however, that you may not receive the type(s) of consideration that you elect because your election is subject to adjustment to the extent necessary to ensure that the merger consideration paid to all Allied shareholders consists of at least 1,643,172 shares of Buckhead Community common stock. While Buckhead Community currently has no plans to list its stock on an exchange and there is no guarantee that a liquid market for Buckhead Community common stock will develop, Buckhead Community common stock issued pursuant to the merger will be registered under the Securities Act of 1933, as amended.

A special meeting of Allied's shareholders will be held at the main offices of First National Bank of Forsyth County, 1700 Marketplace Blvd., Cumming, Georgia 30041, on Thursday, November 29, 2007 at 10:00 a.m. local time. At the special meeting, you will be asked to approve the Agreement and Plan of Reorganization by and among Buckhead Community, The Buckhead Community Bank, Allied and First National Bank of Forsyth County, which we also refer to in this proxy statement-prospectus as the merger agreement. Allied's board of directors recommends that you vote **FOR** approval of the merger agreement and urges you to sign and date the enclosed proxy card and return it promptly in the enclosed envelope to make sure that your vote is counted. Of course, if you attend the meeting, you may vote in person, even if you have returned your proxy card.

You should read this entire proxy statement-prospectus carefully because it contains important information about the merger. **In particular, you should read carefully the information under the section entitled Risk Factors, beginning on page 18.**

**Neither the Securities and Exchange Commission nor any state securities regulators have approved or disapproved of the securities to be issued in the merger or determined if this document is truthful or complete. Any representation to the contrary is a criminal offense.**

**The shares of Buckhead Community common stock to be issued in the merger are not deposits or savings accounts or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.**

This proxy statement-prospectus is dated October 26, 2007 and is first being mailed to Allied's shareholders on or about October 26, 2007.

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ALLIED BANCSHARES, INC.

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October 26, 2007

Dear Shareholder:

The Boards of Directors of Allied Bancshares, Inc. and Buckhead Community Bancorp, Inc. have each approved a transaction that will result in the merger of Allied into Buckhead Community. Buckhead Community will be the surviving company in the merger. Shareholders of Allied are being asked to approve the merger at a special meeting of the shareholders to be held on November 29, 2007.

If the merger is completed, Allied shareholders will receive for each of their shares 1.2 shares of Buckhead Community Common Stock, \$30 in cash or a combination of both. Each Allied shareholder may choose the form of consideration received subject to allocation procedures such that no more than 25% of the aggregate merger consideration will be paid in the form of cash. Depending on the elections of other Allied shareholders, you may be permitted to receive a different allocation of stock and cash than other Allied shareholders, all of which is described in the enclosed document.

A special meeting of Allied shareholders will be held at the main offices of First National Bank of Forsyth County, located at 1700 Marketplace Boulevard, Cumming, Georgia 30041, on November 29, 2007, at 10:00 a.m. local time. At this special meeting, you will be asked to approve the Agreement and Plan of Reorganization by and among Buckhead Community, The Buckhead Community Bank, Allied, and First National Bank of Forsyth County. Allied's Board of Directors recommends you vote FOR approval of the Merger Agreement and urges you to sign and date the enclosed Proxy Card and return it promptly in the enclosed envelope to make sure your vote is counted. Of course, if you attend the meeting, you may vote in person even if you have returned your Proxy Card.

You should read this entire Proxy Statement Prospectus carefully because it contains important information about the merger.

If you have questions, please do not hesitate to contact me directly.

Sincerely

/s/ Andrew K. Walker

Andrew K. Walker President/CEO

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1700 Market Place Blvd., Cumming, GA. 30041. (770) 888-0063 Fax (770) 888-0903

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**PLEASE NOTE**

We have not authorized anyone to provide you with any information other than the information included in this proxy statement-prospectus and the documents to which we refer you herein. If someone provides you with other information, please do not rely on it.

This proxy statement prospectus has been prepared as of the date on the cover page. You should assume that the information appearing in this proxy statement-prospectus is accurate only as of the date on the front cover of this proxy statement-prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

As used in this proxy statement-prospectus, the terms Buckhead Community and Allied refer to Buckhead Community Bancorp, Inc. and Allied Bancshares, Inc., respectively, and, where the context requires, Buckhead Community may refer to Buckhead Community Bancorp, Inc. and its subsidiary, The Buckhead Community Bank. Similarly, where context requires, Allied may refer to Allied Bancshares, Inc. and its subsidiary First National Bank of Forsyth County.

**HOW TO OBTAIN ADDITIONAL INFORMATION**

Allied is a publicly traded company and is required to file certain reports, proxy statements and other information with the SEC. The SEC maintains a web site on the Internet that contains reports, proxy statements and other information about public companies, including Allied. The address of that site is <http://www.sec.gov>. You may also read and copy any materials filed with the SEC by Allied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

This proxy statement-prospectus does not contain all of the information in the registration statement. Please refer to the registration statement for further information about Buckhead Community and the Buckhead Community common stock to be issued in the merger. Statements contained in this proxy statement-prospectus concerning the provisions of certain documents included in the registration statement are not necessarily complete. A complete copy of each document is filed as an exhibit to the registration statement. You may obtain copies of all or any part of the registration statement, including exhibits thereto, upon payment of the prescribed fees, at the offices of the SEC listed above, or without charge at the SEC's website at the above address.

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**ALLIED BANCSHARES, INC.**

**1700 Marketplace Blvd.**

**Cumming, Georgia 30041**

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON NOVEMBER 29, 2007**

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To the Shareholders of Allied Bancshares, Inc.:

Allied Bancshares, Inc. will hold a special meeting of shareholders at the main offices of First National Bank of Forsyth County, 1700 Marketplace Blvd., Cumming, Georgia 30041, on Thursday, November 29, 2007 at 10:00 a.m., local time, for the following purposes:

1. *Merger.* To approve and adopt the Agreement and Plan of Reorganization, dated March 1, 2007, by and among Buckhead Community Bancorp, Inc., The Buckhead Community Bank, Allied Bancshares, Inc. and First National Bank of Forsyth County, pursuant to which Buckhead Community will acquire Allied and The Buckhead Community Bank will acquire First National Bank of Forsyth County. A copy of the merger agreement is attached to the accompanying proxy statement-prospectus as *Appendix A*.
2. *Other business.* To transact such other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

Only shareholders of record at the close of business on October 19, 2007, the record date, are entitled to notice of and to vote at the special meeting or any adjournments or postponements of the special meeting. The approval of the Agreement and Plan of Reorganization requires the affirmative vote of a majority of the shares of Allied common stock outstanding on the record date.

**After careful consideration, your board of directors supports the merger and recommends that you vote *FOR* approval of the Agreement and Plan of Reorganization.**

**YOUR VOTE IS VERY IMPORTANT.** Whether or not you plan to attend the special meeting, please take the time to vote by completing, signing and mailing the enclosed proxy card in the accompanying postage-paid envelope. You may revoke your proxy at any time before it is voted by giving written notice of revocation to Allied's secretary, or by filing a properly executed proxy card of a later date with Allied's secretary, at or before the meeting. You may also revoke your proxy by attending and voting your shares in person at the meeting.

Allied's shareholders have dissenters' rights with respect to the merger under Georgia law. Shareholders who wish to assert their dissenters' rights and comply with the procedural requirements of Article 13 of the Georgia Business Corporation Code will be entitled to receive payment of the fair value of their shares in cash in accordance with Georgia law. A copy of Article 13 of the Georgia Business Corporation Code is attached as *Appendix C* to the proxy statement-prospectus.

We do not know of any other matters to be presented at the special meeting, but if other matters are properly presented, the persons named as proxies will vote on such matters at their discretion.

By Order of the Board of Directors

Cumming, Georgia

October 26, 2007

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**QUESTIONS AND ANSWERS**

**Q: On what am I being asked to vote?**

A: You are being asked to approve the Agreement and Plan of Reorganization, which we may refer to as the merger agreement, and which provides for the acquisition of Allied by Buckhead Community.

**Q: How does my board of directors recommend I vote on the merger agreement?**

A: The board of directors of Allied recommends that you vote **FOR** approval of the merger agreement.

**Q: Why is my board of directors recommending that I vote for approval of the merger agreement?**

A: Your board of directors believes the merger is a strategic opportunity to combine with Buckhead Community, which is expected to create greater short- and long-term growth and shareholder value.

**Q: What will happen to First National Bank of Forsyth County as a result of the merger?**

A: If the merger occurs, the board of directors of Buckhead Community will promptly approve the merger of First National Bank of Forsyth County with and into The Buckhead Community Bank, which is a wholly owned subsidiary of Buckhead Community. We may refer to this transaction as the bank merger. The Buckhead Community Bank will be the surviving entity in the bank merger.

**Q: What vote is required to approve the merger agreement?**

A: Approval of the Agreement and Plan of Reorganization requires the affirmative vote of a majority of the outstanding shares of Allied common stock. The directors of Allied have agreed, subject to their fiduciary duties, to vote all of their 324,278 shares, or approximately 21.1% of the outstanding shares, in favor of the merger. See [The Merger Agreement](#) [Affiliate Agreements](#) beginning on page 52.

**Q: What will I receive in the merger?**

A: Allied shareholders will receive for each of their shares: 1.20 shares of Buckhead Community common stock, \$30.00 in cash, or a combination of both. Each Allied shareholder may choose the form of consideration received, subject to allocation procedures such that no more than 25% of the aggregate merger consideration will be in the form of cash. Depending on your election and the elections of other Allied shareholders, you may receive a lesser portion of your consideration in cash than you choose. See page 43 for further explanation.

**Q: If I am an Allied shareholder, will I always receive the form of consideration I elect to receive?**

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A: No. The total amount of cash to be paid in the merger is capped. Accordingly, there is no assurance that you will receive the form of consideration that you elect with respect to all shares of Allied common stock you hold. If the elections of all Allied shareholders result in an oversubscription of the pool of cash, the exchange agent will allocate the consideration you will receive between cash and Buckhead Community common stock in accordance with the proration procedures described beginning on page 44 of this proxy statement-prospectus.

**Q: If I am an Allied shareholder, what happens if I do not make an election as to the form of consideration I will receive for my Allied common stock?**

A: If you fail to make an election prior to the election deadline, other than because you are exercising your dissenters' rights, you will receive Buckhead Community common stock as consideration for your shares of Allied common stock, and will not receive any cash consideration. For more information concerning the merger consideration and election procedures, see The Merger Agreement on page 43.

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### **Q: What are the income tax consequences of the merger to me?**

A: Powell Goldstein LLP has issued an opinion, which it will confirm as of the effective date of the merger, that the merger will qualify as a reorganization under Section 368(a) of the Internal Revenue Code. Allied shareholders who receive all stock consideration in the merger will not recognize gain for federal income tax purposes as a result of the surrender of Allied common stock for receipt of Buckhead Community common stock. However, to the extent that you may elect to receive cash consideration for your shares of Allied common stock, or receive cash as a result of the exercise of dissenters' rights or in lieu of a fractional share, you will recognize gain for federal income tax purposes. Your tax treatment will depend on your specific situation and many variables not within our control. You should consult your own tax advisor for a full understanding of the tax consequences of the merger to you.

### **Q: When do you expect the merger to be completed?**

A: We currently expect to complete the merger in the fourth quarter of 2007, shortly after the special shareholders' meeting, assuming Allied shareholders and the applicable bank regulatory agencies approve the merger.

### **Q: Will I be able to sell the Buckhead Community common stock I receive pursuant to the merger?**

A: Yes. While Buckhead Community currently has no plans to list its stock on an exchange and there is no guarantee that a liquid market for Buckhead Community common stock will develop, Buckhead Community common stock issued pursuant to the merger will be registered under the Securities Act of 1933, as amended. All shares of Buckhead Community common stock that you receive pursuant to the merger will be freely transferable unless you are deemed an affiliate of Allied at the time of the merger or become an affiliate of Buckhead Community. Affiliates of Allied may, however, be able to freely sell the shares they receive pursuant to the merger subject to applicable securities regulations. See "Resale of Buckhead Community Common Stock" on page 51.

### **Q: What should I do now?**

A: After carefully reading and considering the information in this proxy statement-prospectus, indicate on your proxy card how you want to vote, sign the proxy card and mail it in the enclosed postage-paid envelope as soon as possible, so that your shares will be represented at the special meeting.

**NOTE:** If you sign and send in your proxy card and do not indicate how you want to vote, your proxy will be voted **FOR** the proposal to approve the merger agreement.

### **Q: What if I do not vote?**

A: If you do not vote, by either signing and sending in your proxy card or attending and voting at the special meeting, it will have the same effect as voting your shares against the merger.

### **Q: If my shares are held in street name by my broker, will my broker automatically vote my shares for me?**

A: No. Your broker will vote your shares of stock on the merger agreement only if you provide instructions on how to vote. You should instruct your broker on how to vote your shares, following the directions your broker provides. If you do not provide instructions to your

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broker, and your broker submits an unvoted proxy, the resulting broker nonvote will not be counted toward a quorum and your shares will not be voted at the special meeting, which will have the same effect as voting your shares against the merger.

**Q: Can I change my vote after I deliver my proxy?**

A: Yes. You can change your vote at any time before your proxy is voted at the special meeting. You can do this in three ways. First, you can revoke your proxy by giving written notice of revocation to Allied s

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secretary. Second, you can submit a new properly executed proxy with a later date to Allied's secretary, at or before the meeting. The latest proxy actually received before the meeting will be counted, and any earlier proxies will be revoked. Third, you can attend the special meeting and vote your shares in person. Any earlier proxy will be thereby revoked. However, simply attending the meeting without voting will not revoke your proxy.

**Q: Should I send in my Allied stock certificates now?**

A: No. If the merger is completed, Buckhead Community will send all Allied shareholders written instructions for exchanging Allied common stock certificates for the merger consideration.

**Q: Am I entitled to dissenters' rights in connection with the merger?**

A: Yes. If you wish, you may exercise dissenters' rights arising out of the transaction contemplated by the merger agreement and obtain a cash payment for the fair value of your shares under Georgia law. To exercise dissenters' rights, you must not vote in favor of the adoption and approval of the merger agreement, and you must strictly comply with all of the applicable requirements of Georgia law summarized under the heading Dissenters' Rights in this proxy statement-prospectus. The fair value of your shares may be more or less than the consideration to be paid in the merger. We have included a copy of the applicable provisions of Georgia law as *Appendix C* to this proxy statement-prospectus.

**Q: Who can help answer my questions?**

A: If you would like additional copies of this document, or if you would like to ask any questions about the merger and related matters, you should contact: Andrew Walker, Allied Bancshares, Inc., 1700 Marketplace Blvd., Cumming, Georgia, 30041, telephone: (678) 947-3595.

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**SUMMARY**

*We have prepared this summary of certain material information to assist you in your review of this proxy statement-prospectus. It is necessarily general and abbreviated, and it is not intended to be a complete explanation of all of the matters covered in this proxy statement-prospectus. To understand the merger and the issuance of cash and shares of Buckhead Community common stock in the merger, please see the more complete and detailed information in the sections that follow this summary, as well as the appendices and exhibits to this document. We urge you to read all of these documents in their entirety prior to returning your proxy or voting at the special meeting of Allied's shareholders.*

*Each item in this summary refers to the page of this document on which that subject is discussed in more detail.*

**The Companies (See page 63 for Buckhead Community and page 151 for Allied)**

**BUCKHEAD COMMUNITY BANCORP, INC.**

**415 East Paces Ferry Road**

**Atlanta, Georgia 30305**

**(404) 504-2548**

**Website: <http://www.thebuckheadcommunitybank.com>**

Buckhead Community is a Georgia corporation and a registered bank holding company headquartered in Atlanta, Georgia. Buckhead Community's banking subsidiary is The Buckhead Community Bank. The Buckhead Community Bank provides a full range of traditional banking services throughout the metropolitan Atlanta area through branch locations in the Midtown and Buckhead neighborhoods of Atlanta, in Alpharetta and in Sandy Springs, Fulton County, Georgia, as well as a loan production office in Suwanee, Forsyth County, Georgia.

As of December 31, 2006, Buckhead Community had consolidated total assets of approximately \$541.2 million, consolidated total gross loans of approximately \$378.3 million, consolidated total deposits of approximately \$472.1 million and consolidated shareholders' equity of approximately \$39.8 million, up 38.3%, 43.8%, 35.6% and 37.4%, respectively, from December 31, 2005. Buckhead Community had net income for the year ended December 31, 2006 of approximately \$5.3 million, or \$1.18 per diluted share, compared to \$0.86 per diluted share for the year ended December 31, 2005. As of June 30, 2007, Buckhead Community had consolidated total assets of \$603.8 million and total gross loans of \$430.8 million, up 11.6% and 13.9% respectively from December 31, 2006. Buckhead Community's board of directors has not declared a dividend since Buckhead Community's inception and does not expect to do so in the foreseeable future.

**ALLIED BANCSHARES, INC.**

**1700 Marketplace Blvd.**

**Cumming, Georgia 30041**

**(678) 947-3595**

**Website: [www.fnbforsyth.com](http://www.fnbforsyth.com)**

Allied Bancshares, Inc. is a registered bank holding company headquartered in Cumming, Georgia. First National Bank of Forsyth County, Allied's banking subsidiary ( FNB Forsyth ), provides banking services through its main office in Forsyth County, Georgia and also operates a branch office in Hall County, Georgia.

At December 31, 2006, Allied had total consolidated assets of approximately \$191 million, total consolidated deposits of approximately \$168 million, total consolidated loans of approximately \$163 million, and consolidated shareholders' equity of approximately \$16 million. Allied had net income for the year ended



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December 31, 2006 of \$1.9 million, or \$1.13 per diluted share, compared to \$798.3 thousand or \$.51 per diluted share for the year ended December 31, 2005. As of June 30, 2007, Allied had consolidated total assets of \$218 million and total loans of \$184 million, up 14.1% and 12.9% respectively from December 31, 2006.

### **The Merger Agreement (See page 43)**

Under the terms of the merger agreement, Allied will merge with and into Buckhead Community with Buckhead Community being the surviving corporation. After the merger, First National Bank of Forsyth County will merge with and into The Buckhead Community Bank, with The Buckhead Community Bank being the surviving bank. Both Buckhead Community and The Buckhead Community Bank will continue their existence under Georgia law, while Allied and First National Bank of Forsyth County will cease to exist. The merger agreement is included as *Appendix A* to this proxy statement-prospectus. We encourage you to read the entire merger agreement carefully, as it is the legal document that governs the merger.

### **What You Will Receive in the Merger (See page 43)**

If the merger is completed, Allied shareholders will receive for each of their shares either: 1.20 shares of Buckhead Community common stock, \$30.00 in cash, or a combination of both. Each Allied shareholder may choose the form of consideration received, subject to allocation procedures such that no more than \$13.375 million, approximately 25% of the aggregate merger consideration, will be in the form of cash. Depending on your election and the elections of other Allied shareholders, you may receive a lesser proportion of your consideration in cash. Under the terms of the merger agreement, the exchange agent is allowed to use its discretion, within the parameters set forth in the merger agreement, in issuing cash and Buckhead Community common stock to Allied shareholders to ensure that the total cash consideration equals no greater than \$13.375 million. See Allocation and Proration Procedures, at page 44 for more information.

Allied shareholders will suffer dilution as to their respective ownership percentages in the combined entity. Following the merger, Allied shareholders will hold as much as 32.3% of the issued and outstanding common stock of the combined entity if Allied shareholders elect to receive all stock consideration in the merger, or as little as 25.8% of the issued and outstanding common stock of the combined entity if Allied shareholders elect to receive the maximum amount of cash consideration.

Because the exchange ratio is fixed, unless you receive only cash for your shares of Allied common stock, the ratio of the total per-share merger consideration to the per share price of Allied common stock will fluctuate depending on the current price of the Allied common stock. The total merger consideration will not be adjusted to compensate for any subsequent increase or decrease in the market prices of Allied or Buckhead Community stock. In addition, because neither Buckhead Community's nor Allied's shares are currently traded on a securities exchange or interdealer quotation system, and the market for sales of each company's stock is best characterized as irregular and illiquid, it may be difficult to determine the exact value of either Buckhead Community or Allied shares in the market at any given time.

No fractional shares of Buckhead Community common stock will be issued in connection with the merger. Instead, Buckhead Community will make a cash payment without interest to each shareholder of Allied who would otherwise receive a fractional share. The amount of such cash payment will be determined by multiplying the fraction of a share of Buckhead Community common stock otherwise issuable to such shareholder by \$25.00, the value attributed to each share of Buckhead Community common stock for purposes of this transaction.

### **Effect of the Merger on Allied Options (See page 45)**

As of October 4, 2007, there were 110,800 outstanding options to purchase Allied common stock, with a weighted average exercise price of \$11.47 per share. Pursuant to the terms of the merger agreement, all of these

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outstanding options will be converted to options of Buckhead Community at the effective time, subject to adjustment as to the number of shares underlying such options and their respective exercise prices. As a result of the merger, Allied options will become options to purchase approximately 132,960 shares of Buckhead Community common stock, with a weighted average exercise price of \$9.56 per share. Options to purchase fractional shares of Buckhead Community will not be issued in the merger. Allied option holders who would otherwise receive options to purchase fractional shares will receive cash in lieu of any such fractional share at a rate equal to the product of such fraction and \$25.00, minus the product of such fraction and the per share exercise price of the respective Allied option immediately prior to the merger. Options to purchase a fractional share with an exercise price greater than \$25.00 will be cancelled.

### **Effect of the Merger on Allied Warrants (See page 45)**

Prior to the execution of the merger agreement, there were outstanding warrants for 287,142 shares of Allied common stock, with a weighted average exercise price of \$10.00 per share. Pursuant to the merger agreement, all outstanding Allied warrants will be converted into the right to receive merger consideration for shares of Allied common stock warrant holders would have been eligible to receive had they exercised their warrants immediately prior to the effective time, less the respective exercise prices for such warrants. Allied warrant holders will be able to choose the form of consideration they wish to receive, subject to the allocation and proration procedures applicable to all Allied shareholders in the merger. See Allocation and Proration Procedures, at page 44 for more information.

### **Your Expected Tax Treatment as a Result of the Merger (See page 54)**

We expect that Buckhead Community, Allied and Allied shareholders who receive all Buckhead Community common stock for their shares of Allied common stock will not recognize any gain or loss for United States federal income tax purposes as a result of the merger. The completion of the merger is conditioned on receipt of a tax opinion from Powell Goldstein LLP that the merger qualifies as a tax-free reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code ) and that Allied shareholders will not recognize gain or loss in connection with the exchange of their shares (except with respect to any cash received). The opinion will not bind the Internal Revenue Service, which could take a different view. This tax treatment will not apply to any Allied shareholder who elects to receive some proportion of cash consideration in the merger, or who receives cash pursuant to the exercise of dissenters' rights.

Any shareholder of Allied who receives cash in the merger, as a result of perfecting dissenters' rights under Georgia law, or otherwise, will recognize gain to the extent the cash received exceeds the shareholder's tax basis in his or her Allied common stock. See Material Federal Income Tax Consequences of the Merger for a more detailed discussion of the tax consequences of the merger.

Determining the actual tax consequences of the merger to you as an individual taxpayer can be complicated. The tax treatment will depend on your specific situation and many variables not within our control. For these reasons, we recommend that you consult your tax advisor concerning the federal and any applicable state, local or other tax consequences of the merger to you.

### **Dissenters' Rights You Will Have as a Result of the Merger (See page 59)**

If the merger is completed, those shareholders of Allied who do not vote for the merger and who follow certain procedures as required by Georgia law and described in this proxy statement-prospectus will be entitled to exercise dissenters' rights and receive the fair value of their shares in cash under Georgia law. If you assert and perfect your dissenters' rights, you will not receive the merger consideration but will be entitled to receive the fair value of your shares of stock in cash as determined in accordance with Georgia law. The fair value of

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your shares may be more or less than the consideration to be paid in the merger. *Appendix C* includes the relevant provisions of Georgia law regarding these rights. See *Dissenters' Rights* beginning on page 59 of this proxy statement-prospectus.

### **Comparative Stock Prices (See page 69 for Buckhead Community and page 155 for Allied)**

Neither shares of Buckhead Community nor shares of Allied common stock are trading on any securities exchange or interdealer quotation system. The last known sale price for a share of Buckhead Community common stock was \$30.00 on June 4, 2007. The last known sale price for a share of Allied common stock was \$30.00 on June 21, 2007. The market for sales of each company's stock is best characterized as irregular and illiquid, and it may be difficult to determine the exact value of either Buckhead Community or Allied shares in the market at any given time.

### **Reasons for the Merger (See page 30)**

Allied's directors considered a number of factors in approving the terms of the merger, including:

the potential increase in market liquidity due to the increase in the number of shareholders and number of shares outstanding;

the ability of the combined institutions to compete in relevant banking and non-banking markets;

the probable increased efficiency and profitability of FNB Forsyth resulting from economies of scale;

the advantage to FNB Forsyth resulting from the increase in products and services, which will be offered by the combined organizations;

the compatibility of management and business philosophy and the continued operation of FNB Forsyth as a community bank division of The Buckhead Community Bank;

the fixed nature of the exchange ratio and the possibility that if there is an increase in the market price of Buckhead Community common stock prior to completion of the merger the value to be received by Allied shareholders would be increased;

the tax-free basis of the stock consideration to be received by Allied shareholders;

the value of the shares of Buckhead Community offered to the Allied shareholders in relation to the estimated market value, book value and earnings per share of the Allied common stock;

the assessment by the board of directors of Allied of its strategic alternatives to the merger, including remaining an independent company and merging or consolidating with a company other than Buckhead;

the information regarding historical market prices and information with respect to Buckhead Community common stock, and the financial performance and condition, assets, liabilities, business operations, capital levels and prospects of each of Allied and Buckhead Community and their potential future values as separate entities and on a combined basis; and

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the fairness opinion of Allied's financial advisor regarding the merger and the exchange ratio.

### **Opinion of Allied's Financial Advisor (See page 33)**

In deciding to approve the merger, the board of directors of Allied considered the opinion of its financial advisor, Burke Capital Group, L.L.C. ( Burke Capital ). Burke Capital, an investment banking and financial advisory firm, has given a fairness opinion to the Allied board of directors that the terms of the merger are fair,

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from a financial point of view, to the shareholders of Allied. The opinion is based on and subject to the procedures, matters and limitations described in the opinion and other matters that Burke Capital considered relevant. The fairness opinion is attached to this proxy statement-prospectus as *Appendix B*. We urge all shareholders of Allied to read the entire opinion, which describes the procedures followed, matters considered and limitations on the review undertaken by Burke Capital in providing its opinion.

### **Your Board of Directors Recommends Shareholder Approval of the Merger Agreement (See page 26)**

The board of directors of Allied has approved the merger agreement and believes that the merger is in the best interests of Allied's shareholders. The board unanimously recommends that you vote **FOR** approval of the merger agreement.

### **Information About the Shareholders Meeting (See page 25)**

A special meeting of the shareholders of Allied will be held on Thursday, November 29, 2007, at 10:00 a.m., local time. The meeting will be held at the main offices of First National Bank of Forsyth County, 1700 Marketplace Blvd., Cumming, Georgia 30041. At the meeting, the shareholders of Allied will vote on the merger agreement described above and in the notice for the meeting. If you approve the merger agreement and the other conditions to completing the merger are satisfied, we expect to complete the merger during the third quarter of 2007, shortly after the special shareholders meeting.

### **Quorum and Vote Required at the Meeting (See page 25)**

Shareholders who own Allied common stock at the close of business on October 19, 2007, the record date, will be entitled to vote at the meeting. A majority of the issued and outstanding shares of Allied common stock, as of the record date for the meeting, must be present in person or by proxy at the meeting in order for a quorum to be present. If a quorum is not present at the meeting, the meeting will be adjourned, and no vote will be taken until and unless a quorum is present.

Approval of the merger agreement requires the affirmative vote of a majority of the shares of Allied common stock outstanding on the record date.

### **Share Ownership of Management (See page 25)**

As of the record date for the special meeting, directors and executive officers of Allied had or shared voting or dispositive power over approximately 21.1% of the issued and outstanding Allied common stock. These individuals have agreed with Buckhead Community that they will vote the shares over which they have voting power, subject to their fiduciary duties, in favor of the merger agreement.

As of the record date for the meeting, directors and executive officers of Buckhead Community had or shared voting or dispositive power over 29,900 shares, approximately 1.9%, of the issued and outstanding shares of Allied common stock. Directors and executive officers of Buckhead Community with voting power over shares of Allied common stock have indicated that they intend to vote all of their shares in favor of the merger. See, *Information About Buckhead Community - Material Contacts With Allied*, at page 138.

Following the completion of the merger, directors and executive officers of the combined entity will have or share voting or dispositive power over a significant portion of the issued and outstanding stock of the combined entity. The actual percentage of shares of the common stock of the combined entity held by directors and executive officers of the combined entity will depend upon the ultimate ratio of cash and stock consideration that will be paid in connection with the merger, which in turn will be determined by the consideration elections made by Allied shareholders and the proration procedures necessary to ensure that no more than \$13.375 million in

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cash consideration is paid. See The Merger Agreement - What Allied's Shareholders Will Receive in the Merger, at page 43, and - Allocation and Proration Procedures, at page 44 for more information. If all Allied shareholders elect to receive all stock consideration in the merger, directors and executive officers of the combined entity will beneficially own approximately 41.7% of the issued and outstanding shares of the combined entity. If sufficient Allied shareholders elect to receive cash such that the maximum cash consideration is exhausted, directors and executive officers of the combined entity will beneficially own approximately 45.3% of the issued and outstanding shares of the combined entity.

### **Structure of the Merger (See page 27)**

Allied Bancshares, Inc. and First National Bank of Forsyth County will cease to exist after the merger.

The business of First National Bank of Forsyth County will be conducted through The Buckhead Community Bank. Andrew Walker, the current President and Chief Executive Officer of Allied, will become the regional President for branches of The Buckhead Community Bank operating in Cobb, Forsyth, and Hall Counties.

Two current Allied directors, Andrew Walker and Jackson P. Turner, will be appointed to Buckhead Community's board of directors following the merger.

### **We Must Obtain Regulatory Approval to Complete the Merger (See page 52)**

We cannot complete the merger unless we receive the approval of the Board of Governors of the Federal Reserve System (the Federal Reserve), the Federal Deposit Insurance Corporation (FDIC) and the Georgia Department of Banking and Finance (GDBF). All regulatory applications and notices required to be filed prior to the merger have been filed, and we have received prior approval for the merger from the Federal Reserve, the FDIC and the GDBF. However, our prior approval from the Federal Reserve expires December 5, 2007, and our prior approval from the FDIC expires December 22, 2007. While we have already received a three-month extension of Federal Reserve approval, and intend to apply for additional extensions of our approvals as necessary and have no reason to believe that such extensions will not be granted, there is the possibility that a necessary extension may not be granted or may impose conditions not presently anticipated.

### **We Must Meet Several Conditions to Complete the Merger (See page 46)**

In addition to the required regulatory approvals, the merger will only be completed if certain mutual conditions are met, including the following:

approval by Allied's shareholders of the merger agreement by the required vote;

receipt by Buckhead Community and Allied of an opinion from Powell Goldstein LLP that the merger qualifies as a tax-free reorganization;

receipt by Allied of an opinion from Burke Capital that the merger consideration is fair, from a financial point of view, to Allied's shareholders;

receipt by Buckhead Community of an agreement not to compete and an affiliate agreement from each Allied director;

all representations and warranties of the parties to the merger agreement must be true and correct, except as to such inaccuracies as would not reasonably be expected to have a material adverse effect in the aggregate, and the parties must have performed in all material respects all of their obligations under the merger agreement;

delivery of certified copies of resolutions adopted by Allied's board of directors; and

additional conditions customary in transactions of this type.

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If all regulatory approvals are received and the other conditions to completion are satisfied, Buckhead Community and Allied contemplate that they will complete the merger shortly after the special shareholders' meeting.

### **Termination and Termination Fee (See page 48)**

The merger agreement may be terminated, either before or after shareholder approval, under certain circumstances described in detail later in this proxy statement-prospectus. If Buckhead Community terminates the merger agreement because Allied's board withdraws or changes its recommendation of the merger agreement, or recommends or approves an acquisition transaction other than the Buckhead Community merger, or if Allied terminates the merger agreement because it receives an acquisition offer, Allied (or its successor) must pay to Buckhead Community a termination fee of \$2.5 million.

### **Allied's Directors and Executive Officers Have Financial Interests in the Merger that Differ from Your Interests (See page 49)**

The executive officers and directors of Allied have financial interests in the merger in addition to their interests as shareholders of Allied generally. The members of the Allied board of directors knew about these additional financial interests and considered them when they adopted the merger agreement. Such interests include, among others:

the continuation of employee benefits with aggregate annual salaries estimated to be approximately \$515,000 during the 2008 fiscal year;

provisions in the merger agreement relating to director and officer liability insurance and the indemnification of officers and directors of Allied for certain liabilities; and

potential change of control payments that may be owed following the merger, which in the aggregate could amount to \$515,000. These financial interests are more fully described in this proxy statement-prospectus under the heading "The Merger Agreement - Interests of Certain Persons in the Merger" at page 49.

### **Employee Benefits of Allied Employees after the Merger (See page 49)**

Buckhead Community has agreed to offer to all current employees of Allied who become Buckhead Community employees as a result of the merger substantially similar employee benefits to those that Buckhead Community offers to its employees in similar positions.

### **Differences in Rights of Allied's Shareholders after the Merger (See page 57)**

Allied shareholders who receive Buckhead Community common stock in the merger will become Buckhead Community shareholders as a result of the merger. Their rights as shareholders after the merger will be governed by Georgia law and by Buckhead Community's articles of incorporation and bylaws. The rights of Buckhead Community shareholders are different in certain respects from the rights of Allied's shareholders. Specifically, Allied's governance documents currently include certain anti-takeover provisions - a classified board of directors and heightened approval requirements for a merger or sale of the company - that Buckhead Community's governance documents do not. This could make it easier for an individual or group of shareholders to gain control of Buckhead Community than would be possible with respect to Allied before the merger. These material differences are more thoroughly described later in this proxy statement-prospectus.

### **Accounting Treatment (See page 53)**

Buckhead Community is required to account for the merger as a purchase transaction for accounting and financial reporting purposes under accounting principles generally accepted in the United States of America (GAAP).



**Table of Contents****SELECTED CONSOLIDATED FINANCIAL INFORMATION OF BUCKHEAD COMMUNITY**

The following table sets forth certain consolidated financial information of Buckhead Community. This information is based on, and should be read in conjunction with, the audited consolidated financial statements and related notes and the unaudited consolidated financial statements of Buckhead Community in the section of this proxy statement-prospectus titled *Audited Financial Statements for the Year Ended December 31, 2006*, at page 72, and *Unaudited Financial Statements for the Six Month Period Ended June 30, 2007*, at page 98.

	As of and for the Six Months Ended			As of and for the Years Ended December 31,			
	June 30, 2007	2006	2006	2005	2004	2003	2002
(Dollar amounts in thousands, except per share amounts)							
<b>Income Statement Data:</b>							
Total interest and dividend income	\$ 23,096	\$ 16,665	\$ 37,888	\$ 21,984	\$ 12,454	\$ 8,999	\$ 6,842
Gross interest expense	12,348	7,554	18,346	9,012	3,659	3,022	3,180
Net interest income before provision for loan losses	10,748						
Provision for loan losses	750	9,111	19,542	12,972	8,795	5,977	3,662
Net interest income after provision for loan losses	9,998	1,000	2,050	1,775	975	803	314
Noninterest income	817	8,111	17,492	11,197	7,820	5,174	3,348
Noninterest expense	6,654	962	1,829	1,778	581	691	545
Income (loss) before income taxes	4,161	5,311	11,239	7,953	5,480	3,943	2,878
Income tax provision (benefit)	1,441	3,762	8,082	5,022	2,921	1,922	1,015
Net income (loss)	2,720	1,441	2,820	1,744	881	603	248
	2,720	2,445	5,262	3,278	2,040	1,319	767
<b>Per Common Share:</b>							
Net income (loss) basic	\$ 0.59	\$ 0.61	\$ 1.24	\$ 0.94	\$ 0.63	\$ 0.41	\$ 0.33
Net income (loss) diluted	0.59	0.59	1.18	0.86	0.58	0.38	0.30
Cash dividends declared	0	0	0	0	0	0	0
Book value	8.99	7.29	8.71	7.44	5.71	5.12	4.85
<b>Period End Balances:</b>							
Loans (net of loan loss reserve)	\$ 425,538	\$ 338,281	\$ 373,808	\$ 259,805	\$ 183,862	\$ 123,271	\$ 91,890
Earning assets <sup>2</sup>	581,441	460,860	523,238	381,062	258,369	187,129	130,879
Total Assets	603,760	476,892	541,226	391,270	264,832	190,958	135,728
Deposit	528,207	416,497	472,089	348,259	219,847	159,328	106,412
Shareholders' equity	41,151	31,553	39,791	28,955	18,744	16,429	15,545
<b>Average Balances:</b>							
Loans	\$ 407,437	\$ 306,738	\$ 335,487	\$ 233,039	\$ 150,405	\$ 107,887	\$ 77,873
Earning assets <sup>2</sup>	551,324	412,876	457,741	312,337	212,780	156,167	123,085
Total assets	568,725	427,156	470,482	320,330	221,003	160,392	114,845
Deposits	498,328	375,967	414,623	280,929	182,638	131,629	92,761
Shareholders' equity	41,003	30,158	32,444	23,806	17,587	15,867	9,580
Shares outstanding basic	4,570,852	3,991,519	4,227,932	3,491,643	3,226,648	3,208,248	2,346,615
Shares outstanding diluted	4,624,560	4,155,980	4,447,240	3,823,320	3,514,107	3,502,548	2,577,203
<b>Performance Ratios:</b>							
Return on average assets	0.96%	1.15%	1.12%	1.02%	0.92%	0.82%	0.67%
Return on average equity	13.37%	16.34%	16.22%	13.77%	11.60%	8.31%	8.01%
Net interest margin	3.90%	4.41%	4.27%	4.15%	4.13%	3.75%	3.12%
Efficiency ratio <sup>3</sup>	57.54%	52.74%	52.59%	53.92%	58.45%	59.13%	68.41%
Average loans to average deposits	87.49%	88.80%	80.91%	82.95%	82.35%	81.96%	83.95%
Average equity to average assets	7.21%	7.06%	6.90%	7.43%	7.96%	9.89%	8.34%
<b>Capital Ratios:</b>							
Dividend payout ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Tier I capital to risk adjusted assets	9.50%	9.96%	12.28%	10.97%	11.09%	11.58%	14.54%
Total capital to risk adjusted assets	10.50%	11.03%	13.63%	12.00%	12.18%	12.56%	15.44%
Tier I capital to average tangible assets	8.34%	8.87%	10.17%	9.69%	9.90%	9.01%	11.61%
<b>Asset Quality Ratios:</b>							

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Nonperforming assets to total assets <sup>4</sup>	1.94%	0.84%	1.53%	0.64%	0.01%	0.06%	0.27%
Loan loss reserve to nonperforming assets <sup>4</sup>	44.93%	107.03%	54.36%	132.52%	9176.92%	1157.02%	260.99%
Net loans charged-off to average loans	0.01%	0.01%	0.25%	0.37%	(0.01)%	0.32%	0.02%
Provision for loan loss to average loans	0.36%	0.65%	0.62%	0.77%	0.67%	0.74%	0.40%

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- (1) Shares outstanding diluted are computed by taking the net income applicable to common stock divided by average number of common shares outstanding with the effect of dilutive options and warrants, etc. Basic and diluted shares outstanding have been adjusted to reflect stock splits in prior periods for purposes of calculating earnings per share.
- (2) Earning Assets are determined by adding loans, loans held for sale, investment securities, deposits at the Federal Home Loan Bank, and federal funds sold.
- (3) Noninterest expense divided by the sum of net interest income and noninterest income.
- (4) Nonperforming assets include non-accrual loans and loans over 90 days past due, other real estate owned and repossessed assets.

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**UNAUDITED COMPARATIVE PER SHARE DATA**

The following summary presents per share information for Buckhead Community and Allied on a historical, pro forma combined and pro forma diluted equivalent basis for the periods and as of the dates indicated below. The pro forma information gives effect to the Allied merger using the purchase method of accounting. This information should be read in conjunction with the companies' historical financial statements and related notes as well as financial data included elsewhere in this proxy statement-prospectus. The pro forma information should not be relied upon as being indicative of the historical results the companies would have had if the mergers had occurred before such periods or the future results that the companies will experience after the mergers.

Because the ratio of cash consideration to stock consideration to be issued in the merger is variable, pro forma data are provided as to two possible cash/stock consideration ratios. These ratios are not meant to illustrate a distinct, limited set of possibilities, but rather are meant to be points of reference on the continuous spectrum of possible cash/stock consideration ratios for the merger, and should be understood as such. While it is likely that the actual cash/stock consideration ratio for the merger will not be one of the exact ratios listed below, these ratios are meant to assist in illustrating the effects of changes in the ratio of cash/stock consideration on the associated financial metrics.

The pro forma combined income per diluted share has been computed based on the diluted average number of outstanding common shares of Buckhead Community adjusted for the additional shares to be issued in connection with the acquisition of Allied where each of 75% and 90% of the merger consideration will be in the form of stock. The Allied merger equivalent income per diluted share is based on the number of shares of Buckhead Community common stock into which each share of Allied common stock will be converted in the merger.

The pro forma combined book value per share is based upon the pro forma combined equity of Buckhead Community divided by the pro forma number of outstanding shares of the combined companies, where each of 75% and 90% of the merger consideration will be in the form of stock. The Allied merger equivalent book value per share is based on the number of shares of Buckhead Community common stock into which each share of Allied common stock will be converted in the merger.

Buckhead Community intends to finance any cash consideration paid in connection with the merger from cash on hand or other readily available, liquid assets. Buckhead Community currently anticipates that it will have approximately \$10.5 million in cash on hand and federal funds and investment securities available for sale with which to finance the merger. If Allied shareholders elect to receive more than \$10.5 million in cash consideration, Buckhead Community will have to obtain additional capital in order to fund the cash consideration portion of the merger.

Because the Federal Reserve prohibits the use of short-term debt to fund acquisitions, and Buckhead Community has determined it would be in the best interests of all shareholders to fund the cash consideration with equity rather than by incurring long-term debt, Buckhead Community has entered into an agreement with one of its directors, R. Charles Loudermilk, Sr., who has agreed to purchase shares of Buckhead Community such that the proceeds from the purchase provide sufficient cash to satisfy the cash consideration due to Allied shareholders as a result of the merger, to the extent that this cash consideration exceeds the cash on hand available to Buckhead Community. Mr. Loudermilk has agreed to purchase the shares at \$25.00 per share. The shares sold to Mr. Loudermilk will be issued based upon an exemption from registration under the Securities Act.

Accordingly, if the cash consideration due to Allied shareholders as a result of the merger exceeds \$10.5 million, or approximately 21.2% of the total consideration for the merger, Buckhead Community will issue up to 113,280 shares of its common stock to Mr. Loudermilk pursuant to his purchase commitment. Any of the following pro forma calculations based upon cash consideration paid to Allied shareholders in excess of \$10.5 million, or approximately 21.1% of the total consideration for the merger, account for the shares issued to Mr. Loudermilk pursuant to his capital contribution.

The foregoing assumes that the shares of Buckhead Community common stock to be issued will have a value of \$25.00 per share, which was the value assigned to the Buckhead Community common stock in the merger agreement.

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	<b>Six Months Ended</b>	<b>Year Ended</b>
	<b>June 30, 2007</b>	<b>December 31, 2006</b>
<b>Net income per common share:</b>		
<b>Income (loss) per diluted share:</b>		
Buckhead Community	\$ 0.59	\$ 1.18
Allied	0.55	1.13
<b>Pro forma combined</b>		
25% cash, 75% stock	0.54	1.09
10% cash, 90% stock	0.53	1.07
<b>Allied merger equivalent<sup>(1)</sup></b>		
25% cash, 75% stock	0.65	1.31
10% cash, 90% stock	0.64	1.28
	<b>As of</b>	<b>Year Ended</b>
	<b>June 30, 2007</b>	<b>December 31, 2006</b>
<b>Balance Sheet Data:</b>		
<b>Net book value per share:</b>		
Buckhead Community	\$ 8.99	\$ 8.71
Allied	11.36	10.80
<b>Pro forma combined</b>		
25% cash, 75% stock	13.68	13.48
10% cash, 90% stock	13.80	13.60
<b>Allied merger equivalent<sup>(1)</sup></b>		
25% cash, 75% stock	16.42	16.18
10% cash, 90% stock	16.54	16.32

<sup>(1)</sup> Calculated by multiplying the pro forma combined information by the exchange ratio of 1.20.

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**SELECTED UNAUDITED PRO FORMA CONDENSED FINANCIAL INFORMATION**

On March 1, 2007, Allied announced the signing of a definitive agreement to be acquired, along with its wholly-owned subsidiary FNB Forsyth, by Buckhead Community. The following unaudited pro forma condensed balance sheets and statements of income as of June 30, 2007 have been prepared to reflect the acquisition by Buckhead of 100% of Allied after giving effect to the adjustments described in the notes to the pro forma condensed financial statements. In the acquisition, Allied shareholders will receive total consideration of up to \$13.375 million in cash and at least 1,643,172 shares of Buckhead Community common stock. If all Allied shareholders and warrant holders elect to receive all stock consideration in the merger, up to 2,187,410 shares of Buckhead Community common stock, having an estimated aggregate value of \$54,685,250 will be issued in the transaction. The foregoing assumes that the shares of Buckhead Community common stock to be issued will have a value of \$25.00 per share, which is the per-share value that was assigned to Buckhead Community common stock in the merger agreement.

The acquisition will be accounted for as a purchase transaction. Under the purchase method of accounting, Buckhead Community records the assets and liabilities of the acquired entities at their fair values on the closing date of the acquisition. The pro forma condensed balance sheet has been prepared assuming the transaction was consummated on June 30, 2007. The pro forma condensed statement of income has been prepared assuming the transaction was consummated at the beginning of each period.

The selected unaudited pro forma condensed financial information is presented for illustrative purposes only and does not indicate either the operating results that would have occurred had the acquisition been consummated June 30, 2007 or at the beginning of each period, as the case may be, or future results of operations or financial condition. The selected unaudited pro forma condensed financial information is based upon assumptions and adjustments that Buckhead Community believes are reasonable. Only such adjustments as have been noted in the accompanying footnotes have been applied in order to give effect to the proposed transaction described in this proxy statement-prospectus.

Because the ratio of cash consideration to stock consideration to be issued in the merger is variable, pro forma data are provided as to two possible cash/stock consideration ratios. These ratios are not meant to illustrate a distinct, limited set of possibilities, but rather are meant to be points of reference on the continuous spectrum of possible cash/stock consideration ratios for the merger, and should be understood as such. It is likely that the actual cash/stock consideration ratio for the merger will differ from the exact ratios listed below, and it is possible that the actual consideration ratio could range from the 25% cash/75% stock ratio provided below up to and including a 100% stock consideration. See, "What Allied's Shareholders will Receive in the Merger," at page 43. The consideration ratios included below are meant to assist in illustrating the effects of changes in the ratio of cash/stock consideration on the associated financial metrics.

These selected unaudited pro forma condensed financial statements should be read in conjunction with Allied's financial information, including the audited consolidated financial statements and related notes and the unaudited consolidated financial statements of Allied in the section of this proxy statement-prospectus titled "Information About Allied Audited Financial Statements for the Year Ended December 31, 2006," at page 158, and "Information About Allied Unaudited Financial Statements for the Six Month Period Ended June 30, 2007," at page 180, as well as the financial information for Buckhead Community, including the audited consolidated financial statements and related notes and the unaudited consolidated financial statements of Buckhead Community in the section of this proxy statement-prospectus titled "Information About Buckhead Community Audited Financial Statements for the Year Ended December 31, 2006," at page 72, and "Information About Buckhead Community Unaudited Financial Statements for the Six Month Period Ended June 30, 2007," at page 98.

**Table of Contents****BUCKHEAD COMMUNITY BANCORP, INC. AND SUBSIDIARY****COMBINED WITH ALLIED BANCSHARES, INC. AND SUBSIDIARY****PRO FORMA CONDENSED BALANCE SHEET BASED ON 75% STOCK 25% CASH PURCHASE****AS OF JUNE 30, 2007****(Unaudited)****(Dollars in Thousands)**

	Historical		Pro Forma Adjustments	Pro Forma Combined
	Buckhead	Allied		
<b>Assets</b>				
Cash and due from banks	\$ 7,974	\$ 2,093	\$ 2,832 <sup>(1)</sup> (2,832) <sup>(2)</sup>	\$ 10,067
Interest bearing deposits in banks	389	3,068		3,457
Federal funds sold	48,651	8,076	(7,548) <sup>(2)</sup>	49,179
Investment securities	97,886	17,386	(2,995) <sup>(2)</sup>	112,277
Loans, net (including loans held for sale)	429,265	181,478	(437) <sup>(3)</sup>	610,306
Premises and equipment	6,268	3,481	579 <sup>(3)</sup>	10,328
Investment in Allied			54,454 <sup>(2)</sup> (54,454) <sup>(3)</sup>	
Intangible assets			2,180 <sup>(3)</sup>	2,180
Goodwill			35,598 <sup>(3)</sup>	35,598
Other assets	13,327	2,418		15,745
	\$ 603,760	\$ 218,000	\$ 27,377	\$ 849,137
<b>Liabilities and Equity</b>				
Deposits	\$ 528,207	\$ 199,615	\$ (78) <sup>(3)</sup>	\$ 727,744
Federal funds purchased and securities under agreements to repurchase	15,052			15,052
Other borrowings				
Subordinated debentures	15,465			15,465
Other liabilities	3,885	1,142	787 <sup>(3)</sup>	5,814
Total liabilities	562,609	200,757	709	764,075
<b>Equity</b>				
Common stock	46		16 <sup>(2)</sup> 1 <sup>(1)</sup>	63
Capital surplus	27,591		41,063 <sup>(2)</sup> 2,831 <sup>(1)</sup>	71,485
Retained earnings	15,977			15,977
Other comprehensive loss	(2,252)			(2,252)
Unearned compensation	(211)			(211)
Treasury stock				
Equity of Allied		17,243	(17,243) <sup>(3)</sup>	
Total equity	41,151	17,243	26,668	85,062
	\$ 603,760	\$ 218,000	\$ 27,377	\$ 849,137

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- (1) Adjustment reflects a \$2,832,000 capital contribution by Mr. Loudermilk to fund the portion of cash consideration in excess of \$10,543,000, representing available cash on hand and federal funds and investment securities available for sale, that is payable in the merger to Allied shareholders. Mr. Loudermilk will receive 113,280 shares of Buckhead Community common stock in exchange for this contribution.

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Buckhead Community's banking regulators prohibit the use of short-term debt to fund acquisitions, and Buckhead Community has determined that it is in the best interests of all Shareholders to fund the cash consideration using equity rather than by incurring long-term debt.

- (2) Payment of \$13,375,000 in cash (representing approximately 25% of total consideration) and issue of 1,643,172 of Buckhead common stock (with an assumed market value of \$25.00 per share) in exchange for 100% of the equity of Allied for a total consideration of \$54,454,300.
- (3) Elimination of investment in Allied and allocation of purchase price as follows: The excess of purchase price over the fair value of net assets acquired amounting to \$37,211,000 has been allocated as follows: adjustment of loans to estimated fair value due to changes in market interest rates (\$437,000), adjustment of premises and equipment to estimated fair value \$579,000, estimation of intangible asset from core deposit premium \$2,180,000, adjustment of deposits to estimated fair value due to changes in market interest rates (\$78,000), deferred tax liability for estimated fair value adjustments \$787,000 and resulting goodwill of \$35,598,000.

**Table of Contents****BUCKHEAD COMMUNITY BANCORP, INC. AND SUBSIDIARY****COMBINED WITH ALLIED BANCSHARES, INC. AND SUBSIDIARY****PRO FORMA CONDENSED STATEMENT OF INCOME BASED ON 75% STOCK 25% CASH PURCHASE****(Unaudited)****(Dollars in Thousands, Except Per Share Data)**

	<b>Six Months Ended June 30, 2007</b>			
	<b>Pro Forma</b>			
	<b>Buckhead</b>	<b>Allied</b>	<b>Adjustments</b>	<b>Pro Forma</b>
	<b>Historical</b>	<b>Historical</b>	<b>(Note B)</b>	<b>Combined</b>
Interest income	\$ 23,096	\$ 8,253	\$ (290) <sup>(1)</sup>	\$ 31,132
Interest expense	12,348	4,286	73 <sup>(2)</sup> 13 <sup>(2)</sup>	16,647
Net interest income	10,748	3,967	(230)	14,485
Provision for loan loss	750	547		1,297
Net interest income after provision for loan losses	9,998	3,420	(230)	13,188
Other income	817	150		967
Other expense	6,654	2,078	109 <sup>(2)</sup>	8,841
Income from continuing operations before income taxes	4,161	1,492	(339)	5,314
Income taxes	1,441	541	(129) <sup>(3)</sup>	1,853
Income from continuing operations	\$ 2,720	\$ 951	\$ (210)	\$ 3,461
Income per share from continuing operations - basic				\$ 0.56
Income per share from continuing operations - diluted				\$ 0.54

	<b>Year Ended December 31, 2006</b>			
	<b>Pro Forma</b>			
	<b>Buckhead</b>	<b>Allied</b>	<b>Adjustments</b>	<b>Pro Forma</b>
	<b>Historical</b>	<b>Historical</b>	<b>(Note B)</b>	<b>Combined</b>
Interest income	\$ 37,888	\$ 12,736	\$ (580) <sup>(1)</sup>	\$ 50,190
Interest expense	18,346	5,634	146 <sup>(2)</sup> 26 <sup>(2)</sup>	24,006
Net interest income	19,542	7,102	(460)	26,184
Provision for loan loss	2,050	661		2,711
Net interest income after provision for loan losses	17,492	6,442	(460)	23,474
Other income	1,829	320		2,149
Other expense	11,239	3,647	218 <sup>(2)</sup>	15,104
Income from continuing operations before income taxes	8,082	3,115	(678)	10,519

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Income taxes	2,820	1,204	(258) <sup>(3)</sup>	3,766
Income from continuing operations	\$ 5,262	\$ 1,911	\$ (420)	\$ 6,753
Income per share from continuing operations basic				\$ 1.15
Income per share from continuing operations diluted				\$ 1.09

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(1) Loss of interest on federal funds sold and investments used to fund the acquisition using an average rate of 5.50%.

(2) Pro forma adjustments to income resulting from the allocation of the purchase price of Allied as follows:

Amortization of intangible assets using the straight-line method over an average period of 10 years.

Amortization of mark to market adjustment on loans over a weighted-average period of 3 years.

Amortization of mark to market adjustment on deposits over a weighted-average period of 3 years.

(3) Tax effect of pro forma adjustment for reduction in interest income and the amortization of purchase adjustments using a tax rate of 38%.

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**BUCKHEAD COMMUNITY BANCORP, INC. AND SUBSIDIARY**  
**COMBINED WITH ALLIED BANCSHARES, INC. AND SUBSIDIARY**  
**PRO FORMA CONDENSED BALANCE SHEET BASED ON 90% STOCK 10% CASH PURCHASE**

**JUNE 30, 2007**

**(Unaudited)**

**(Dollars in Thousands)**

	Historical Buckhead	Allied	Pro Forma Adjustments	Pro Forma Combined
<b>Assets</b>				
Cash and due from banks	\$ 7,974	\$ 2,093	\$	\$ 10,067
Interest bearing deposits in banks	389	3,068		3,457
Federal funds sold	48,651	8,076	(5,445) <sup>(1)</sup>	51,282
Investment securities	97,886	17,386		115,272
Loans, net	429,265	181,478	(437) <sup>(2)</sup>	610,306
Premises and equipment	6,268	3,481	579 <sup>(2)</sup>	10,328
Investment in Allied			54,454 <sup>(1)</sup>	
			(54,454) <sup>(2)</sup>	
Intangible assets			2,180 <sup>(2)</sup>	2,180
Goodwill			35,598 <sup>(2)</sup>	35,598
Other assets	13,327	2,418		15,745
	\$ 603,760	\$ 218,000	\$ 32,475	\$ 854,235
<b>Liabilities and Equity</b>				
Deposits	\$ 528,207	\$ 199,615	\$ (78) <sup>(2)</sup>	\$ 727,744
Federal funds purchased and securities under agreements to repurchase	15,052			15,052
Other borrowings				
Subordinated debentures	15,465			15,465
Other liabilities	3,885	1,142	787 <sup>(2)</sup>	5,814
Total liabilities	562,609	200,757	709	764,075
<b>Equity</b>				
Common stock	46		19 <sup>(1)</sup>	65
Capital surplus	27,591		48,990 <sup>(1)</sup>	76,581
Retained earnings	15,977			15,977
Other comprehensive loss	(2,252)			(2,252)
Unearned compensation	(211)			(211)
Treasury stock				
Equity of Allied		17,243	(17,243) <sup>(2)</sup>	
Total equity	41,151	17,243	31,776	90,160
	\$ 603,760	\$ 218,000	\$ 32,475	\$ 854,235

(1)

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Payment of \$5,445,000 in cash (representing approximately 10% of total consideration) and issue of 1,960,344 of Buckhead common stock (with an assumed market value of \$25.00 per share) in exchange for 100% of the equity of Allied for a total consideration of \$54,454,300.

- (2) Elimination of investment in Allied and allocation of purchase price as follows: The excess of purchase price over the fair value of net assets acquired amounting to \$37,211,000 has been allocated as follows: adjustment of loans to estimated fair value due to changes in market interest rates (\$437,000), adjustment of premises and equipment to estimated fair value \$579,000, estimation of intangible asset from core deposit premium \$2,180,000, adjustment of deposits to estimated fair value due to changes in market interest rates (\$78,000), deferred tax liability for estimated fair value adjustments \$787,000 and resulting goodwill of \$35,598,000.

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**BUCKHEAD COMMUNITY BANCORP, INC. AND SUBSIDIARY**  
**COMBINED WITH ALLIED BANCSHARES, INC. AND SUBSIDIARY**

**PRO FORMA CONDENSED STATEMENT OF INCOME BASED ON 90% STOCK 10% CASH PURCHASE**

(Unaudited)

(Dollars in Thousands, Except Per Share Data)

	Six Months Ended June 30, 2007			
	Pro Forma			
	Buckhead	Allied	Adjustments	Pro Forma
	Historical	Historical	(Note B)	Combined
Interest income	\$ 23,096	\$ 8,253	\$ (143) <sup>(1)</sup>	\$ 31,279
			73 <sup>(2)</sup>	
Interest expense	12,348	4,286	13 <sup>(2)</sup>	16,647
Net interest income	10,748	3,967	(83)	14,632
Provision for loan loss	750	547		1,297
Net interest income after provision for loan losses	9,998	3,420	(83)	13,335
Other income	817	150		967
Other expense	6,654	2,078	109 <sup>(2)</sup>	8,841
Income from continuing operations before income taxes	4,161	1,492	(192)	5,461
Income taxes	1,441	541	(73) <sup>(3)</sup>	1,909
Income from continuing operations	\$ 2,720	\$ 951	\$ (119)	\$ 3,552
Income per share from continuing operations - basic				\$ 0.54
Income per share from continuing operations - diluted				\$ 0.53

	Year Ended December 31, 2006			
	Pro Forma			
	Buckhead	Allied	Adjustments	Pro Forma
	Historical	Historical	(Note B)	Combined
Interest income	\$ 37,888	\$ 12,736	\$ (286) <sup>(1)</sup>	\$ 50,484
			146 <sup>(2)</sup>	
Interest expense	18,346	5,634	26 <sup>(2)</sup>	24,006
Net interest income	19,542	7,102	(166)	26,478
Provision for loan loss	2,050	661		2,711
Net interest income after provision for loan losses	17,492	6,442	(166)	23,768
Other income	1,829	320		2,149
Other expense	11,239	3,647	218 <sup>(2)</sup>	15,104

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Income from continuing operations before income taxes	8,082	3,115	(384)	10,813
Income taxes	2,820	1,204	(146) <sup>(3)</sup>	3,878
Income from continuing operations	\$ 5,262	\$ 1,911	\$ (238)	\$ 6,935
Income per share from continuing operations basic				\$ 1.12
Income per share from continuing operations diluted				\$ 1.07

<sup>(1)</sup> Loss of interest on federal funds sold used to fund the acquisition using an average rate of 5.25%.

<sup>(2)</sup> Pro forma adjustments to income resulting from the allocation of the purchase price of Allied as follows:  
Amortization of intangible assets using the straight-line method over an average period of 10 years.

Amortization of mark to market adjustment on loans over a weighted-average period of 3 years.

Amortization of mark to market adjustment on deposit over a weighted-average period of 3 years.

<sup>(3)</sup> Tax effect of pro forma adjustment for reduction in interest income and the amortization of purchase adjustment using a tax rate of 38%.

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**RISK FACTORS**

*In addition to the other information included in this proxy statement-prospectus, you should carefully consider the matters described below in determining whether to adopt and approve the merger agreement.*

**Risk Relating to the Merger**

*Your merger consideration is fixed and will not be adjusted if the price of Buckhead Community stock should fall and/or the price of Allied stock should rise.*

Each share of Allied common stock you own will be converted into the right to receive either 1.20 shares of Buckhead Community common stock, cash in the amount of \$30.00 or a combination of both. The price of Buckhead Community common stock you receive, as well as the price of Allied common stock you currently own, may vary between the date of this proxy statement-prospectus and at the date of Allied's special meeting. Such variations in the prices of Buckhead Community and Allied common stock may result from changes in the business, operations or prospects of Buckhead Community or Allied, regulatory considerations, general market and economic conditions as well as other factors. Despite any such variations, the merger consideration you are entitled to receive will not change.

In addition, there is no established public trading market for shares of either Buckhead Community or Allied common stock. As a result, any markets in Buckhead Community or Allied common stock prior to the merger should be characterized as illiquid and irregular, and it is possible that a more liquid or regular market for Buckhead Community common stock will never develop. At the time of the special meeting, you will not know the exact market value of Buckhead Community or Allied common stock. See "The Merger Agreement - What Allied Shareholders will Receive in the Merger" at page 43.

*The form of consideration you ultimately receive in the merger could be different from the form you elect based on the form of consideration elected by other shareholders.*

You and all other Allied shareholders will be permitted to make an election as to the form of consideration you would like to receive: cash, Buckhead Community common stock, or a combination of both. Because the total amount of cash to be issued in the merger is capped, the exchange agent will be allowed, subject to limitations set forth in the agreement, to adjust the form of consideration that you receive in order to ensure no more than \$13.375 million in cash is paid. Consequently, if the cash consideration is oversubscribed, you could receive a different form or a different ratio of consideration from the form or ratio you elect. See, "The Merger Agreement - Allocation and Proration Procedures," at page 44.

*Combining our two companies may be more difficult, costly, or time-consuming than we expect.*

Buckhead Community and Allied have operated, and, until completion of the merger, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees or disruption of each company's ongoing business or inconsistencies in standards, procedures and policies that would adversely affect our ability to maintain relationships with clients and employees or to achieve the anticipated benefits of the merger. If we have difficulties with the integration process, we might not achieve the economic benefits we expect to result from the acquisition. As with any merger of banking institutions, there also may be business disruptions that cause the combined entity to lose customers or cause customers to take their deposits out of our banks and move their business to other financial institutions.

*Extensions of required regulatory approvals, such as may be needed, may not be received, may take longer than expected or may impose conditions that are not presently anticipated.*

The merger must be approved by the Federal Reserve, the FDIC and the GDBF in order to be consummated. While the merger has received the prior approval of the Federal Reserve, the FDIC and the GDBF, our prior

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approval from the Federal Reserve expires on December 5, 2007, and our prior approval from the FDIC expires on December 22, 2007. We have already received a three-month extension of prior approval from the Federal Reserve and intend to apply for additional extensions of our approvals as necessary. While we have no reason to believe that such extensions will not be granted, there is the possibility that a necessary extension may not be granted on a timely basis or at all, or may impose conditions not presently anticipated and which may have a materially adverse effect on the combined company following the merger or may preclude completion of the merger entirely.

***The market price of Buckhead Community common stock after the merger may be affected by factors different from those affecting the market price of Allied common stock or the Buckhead Community common stock currently.***

The businesses of Buckhead Community and Allied differ in some respects and, accordingly, the results of operations of Buckhead Community and the market price of Buckhead Community's shares of common stock after the merger may be affected by factors different from those currently affecting the independent results of operations of each of Buckhead Community or Allied. For a discussion of the businesses of Buckhead Community and Allied and of certain factors to consider in connection with those businesses, see, "Information About Allied," at page 151 and "Information About Buckhead Community," at page 63.

***The merger agreement includes a termination fee, which may cause any subsequent third-party bids to purchase Allied to be reduced to compensate for this fee or may discourage subsequent third-party bidding entirely.***

The merger agreement contains provisions that provide for Allied to pay Buckhead Community a fee of \$2.5 million if the transaction is terminated because Allied decides to pursue another acquisition transaction, among other things. These provisions might discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of Allied from considering or proposing that acquisition, even if it were prepared to pay consideration with a higher per share price than that proposed in the merger, or might result in a potential competing acquiror proposing to pay a lower per share price to acquire Allied than it might otherwise have proposed to pay.

***Certain directors and executive officers of Allied have financial interests in the merger other than their interests as shareholders.***

Certain directors and executive officers of Allied have financial interests in the merger other than their interests as shareholders. The board of directors of Allied was aware of these interests at the time it approved the merger. These interests may cause Allied's directors and executive officers to view the merger proposal differently than you may view it. See, "The Merger Agreement - Interests of Certain Persons in the Merger," at page 49.

***You will experience a substantial reduction in percentage ownership and voting power with respect to your shares as a result of the merger.***

Allied shareholders will experience a substantial reduction in their respective percentage ownership interests and effective voting power through their stock ownership in Buckhead Community relative to their percentage ownership interest in Allied prior to the merger. If the merger is consummated, Allied shareholders will suffer dilution as to their respective ownership percentages in the combined entity. Following the merger, Allied shareholders will hold as much as 32.3% of the issued and outstanding common stock of the combined entity if Allied shareholders elect to receive all stock consideration in the merger, or as little as 25.8% of the issued and outstanding common stock, of the combined entity if the cash consideration is exhausted, based on the number of shares of outstanding Buckhead Community common stock as of June 30, 2007. Accordingly, even if such shareholders were to vote as a group, such a group could still be outvoted by other Buckhead Community

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shareholders. In addition, the degree to which any individual Allied shareholder experiences dilution as a result of the merger is partially contingent on the proportion of cash and stock elected by other Allied shareholders. See, *The Merger Agreement* What Allied Shareholders will Receive in the Merger, at page 43.

### **Risk Relating to Buckhead Community the Combined Company**

***Buckhead Community's business strategy includes the continuation of significant growth plans, and its financial condition and results of operations could be negatively affected if it fails to manage its growth effectively.***

Buckhead Community has grown rapidly over the past several years and intends to continue to pursue a significant growth strategy for its business. Buckhead Community's prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in significant growth stages of development. Buckhead Community may not be able to further expand its market presence in existing markets or to enter new markets successfully nor can it guarantee that any such expansion would not adversely affect its results of operations. Failure to manage growth effectively could have a material adverse effect on the business, future prospects, financial condition or results of operations of Buckhead Community, and could adversely affect its ability to successfully implement business strategies. Also, if such growth occurs more slowly than anticipated or declines, operating results of Buckhead Community could be materially adversely affected.

The ability of Buckhead Community to grow successfully will depend on a variety of factors including the continued availability of desirable business opportunities, the competitive responses from other financial institutions in its market areas and the ability to manage its growth. While the management of Buckhead Community believes it has the management resources and internal systems in place to manage future growth successfully, it is possible that Buckhead Community may not be able to grow or sustain its growth because of insufficient management resources or poor internal systems, or that future growth opportunities may be unavailable.

***Buckhead Community's recent results may not be indicative of its future results.***

Buckhead Community may not be able to sustain its historical rate of growth and may not even be able to grow its business at all. In addition, Buckhead Community's recent and rapid growth may distort some of its historical financial ratios and statistics. In the future, Buckhead Community may not have the benefit of several recently favorable factors, such as a generally predictable interest rate environment, a strong residential mortgage market or the ability to find suitable expansion opportunities. Various factors, such as economic conditions, regulatory and legislative considerations and competition, may also impede or prohibit Buckhead Community's ability to expand its market presence. If Buckhead Community experiences a significant decrease in its historical rate of growth, its results of operations and financial condition may be adversely affected due to a high percentage of its operating costs being fixed expenses.

***Substantial sales of Buckhead Community common stock could cause its stock price to fall.***

If stockholders sell substantial amounts of Buckhead Community common stock in the public market following the merger, the market price of Buckhead Community common stock could fall. Such sales also might make it more difficult for Buckhead Community to sell equity or equity-related securities in the future at a time and price that it deems appropriate.

***Buckhead Community and The Buckhead Community Bank operate in a heavily regulated environment.***

The banking industry is heavily regulated. Subsequent to the merger, Buckhead Community and The Buckhead Community Bank will be subject, in certain respects, to regulation by the Federal Reserve, the FDIC, the GDBF, and the SEC. The success of Buckhead Community depends not only on competitive factors but also on state and federal regulations affecting banks and bank holding companies. The regulations are primarily

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intended to protect depositors, not shareholders. The ultimate effect of any proposed changes to the regulation of the financial institution industry cannot be predicted. Regulations now affecting Buckhead Community and Allied may be modified at any time, and such modification may adversely affect the business of Buckhead Community and The Buckhead Community Bank. See, Supervision and Regulation, at page 141.

***It is possible that Buckhead Community will not pay dividends to shareholders in the future.***

The principal business operations of Buckhead Community are conducted through The Buckhead Community Bank. Cash available to pay dividends to shareholders of Buckhead Community is derived primarily, if not entirely, from dividends paid by The Buckhead Community Bank. After the merger, the ability of The Buckhead Community Bank to pay dividends to Buckhead Community, as well as Buckhead Community's ability to pay dividends to its shareholders, will continue to be subject to and limited by certain legal and regulatory restrictions. Further, any lenders making loans to Buckhead Community may impose financial covenants that may be more restrictive than regulatory requirements with respect to the payment of dividends by Buckhead Community. Buckhead Community has not paid cash dividends to its shareholders since inception, and has no plans to pay dividends in the future.

***Changes in the policies of monetary authorities could adversely affect Buckhead Community's profitability.***

The results of operations of Buckhead Community are affected by credit policies of monetary authorities particularly the Federal Reserve. The instruments of monetary policy employed by the Federal Reserve include open market operations in U.S. government securities, changes in the discount rate or the federal funds rate on bank borrowing and changes in reserve requirements against bank deposits. From June 30, 2004 to June 29, 2006, the Federal Reserve increased its target federal funds rate 17 times, from 1.00% to 5.25%. On September 18, 2007, the Federal Reserve decreased its target federal funds rate to 4.75%, where it currently remains. In view of changing conditions in the national economy and in the money markets, Buckhead Community is unable to predict possible future changes in interest rates, deposit levels, or loan demand and it is possible that any such changes, individually or in the aggregate, could have an adverse effect on the business and earnings of Buckhead Community.

***Changes in interest rates could have an adverse effect on Buckhead Community's income.***

Buckhead Community's profitability depends to a significant extent upon its net interest income. Net interest income is the difference between interest income on interest-earning assets, such as loans and investments, and interest expense on interest-bearing liabilities, such as deposits and borrowings. Buckhead Community's net interest income will be adversely affected if market interest rates change such that the interest Buckhead Community pays on deposits and borrowings increases faster than the interest earned on loans and investments. Changes in interest rates could also adversely affect the income of certain of Buckhead Community's non-interest income business. For example, if mortgage interest rates increase, the demand for residential mortgage loans will likely decrease, and this would have an adverse effect on Buckhead Community's mortgage origination fee income.

***Changes in the allowances for loan losses could affect the profitability of Buckhead Community and The Buckhead Community Bank.***

Management of The Buckhead Community Bank maintains an allowance for loan losses based upon, among other things, (1) historical experience, (2) an evaluation of local and national economic conditions, (3) regular reviews of delinquencies and loan portfolio quality, (4) current trends regarding the volume and severity of past due and problem loans, (5) the existence and effect of concentrations of credit and (6) results of regulatory examinations. Based upon such factors, management makes various assumptions and judgments about the ultimate collectibility of the respective loan portfolios. Although Buckhead Community believes that the allowance for loan losses at each of their branches is adequate, such allowances may prove insufficient to cover future losses. Future adjustment may be necessary if economic conditions differ or adverse developments arise

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with respect to non-performing or performing loans of the combined bank. Material additions to the allowance for loan losses would result in a material decrease in net income, and possibly capital, and could result in Buckhead Community's inability to pay dividends to its shareholders, among other adverse consequences.

### ***Competition in the banking industry is intense.***

Competition in the banking and financial services industry is intense. In its primary market areas, Buckhead Community competes with other commercial banks, savings and loan associations, credit unions, finance companies, mutual funds, insurance companies, brokerages and investment banking firms operating locally and elsewhere. Many of these competitors are well-established and much larger financial institutions with substantially greater resources and lending limits than Buckhead Community and may offer certain services that it does not or cannot provide. The profitability of Buckhead Community depends upon its continued ability to compete effectively in its market areas. While Buckhead Community believes it can and does successfully compete with these other financial institutions in its primary market, it may face a competitive disadvantage as a result of its smaller size and lack of geographic diversification.

### ***As a community bank, we have different lending risks than larger banks.***

Buckhead Community provides services to its local communities. Buckhead Community's ability to diversify its economic risks is limited by its own local markets and economies. Buckhead Community lends primarily to individuals and to small to medium-sized businesses, which may expose it to greater lending risks than those of banks lending to larger, better-capitalized businesses with longer operating histories.

Buckhead Community manages its credit exposure through careful monitoring of loan applicants and loan concentrations in particular industries, and through loan approval and review procedures. Buckhead Community has established an evaluation process designed to determine the adequacy of its allowance for loan losses. While this evaluation process uses historical and other objective information, the classification of loans and the establishment of loan losses is an estimate based on experience, judgment and expectations regarding Buckhead Community's borrowers, the economies in which Buckhead Community and its borrowers operate, as well as the judgment of its regulators. Buckhead Community's loan loss reserves may be insufficient to absorb future loan losses or prevent a material adverse effect on its business, profitability or financial condition.

### ***Buckhead Community's success depends upon local economic conditions.***

Buckhead Community's success depends to a certain extent on the general economic conditions of the geographic markets served by The Buckhead Community Bank. The local economic conditions in these areas have a significant impact on commercial, real estate and construction loans, the ability of borrowers to repay these loans and the value of the collateral securing these loans. Adverse changes in the economic conditions of the Southeastern United States in general, or in or around metropolitan Atlanta in particular, could negatively impact its financial results and have a negative effect on profitability.

### ***Buckhead Community may not be able to maintain its historical growth rate, which may adversely affect its results of operations and financial condition.***

Buckhead Community has grown substantially in the recent past from approximately \$391.3 million in total consolidated assets at December 31, 2005 to approximately \$541.2 million in total consolidated assets at December 31, 2006. This growth has been achieved primarily through internal organic growth. Buckhead Community's future profitability will depend in part on its continued ability to grow. Buckhead Community may not be able to sustain its historical rate of growth or may not be able to grow its business at all in the future. Buckhead Community may also not be able to obtain the capital or financing necessary to fund additional growth and may not be able to find suitable candidates for additional acquisitions in the future. Various factors, such as economic conditions, regulatory and legislative considerations and competition, may impede or prohibit

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Buckhead Community's ability to acquire additional banks and bank holding companies and open new branch offices. The acquisition of Allied and the transitional costs associated therewith, both from the perspective of tangible costs such as technology conversion as well as less tangible but very real costs to management time, may likewise impede the ability of Buckhead Community to maintain its historic growth rate.

***Buckhead Community's continued pace of growth may require it to raise additional capital in the future, but that capital may not be on favorable terms or available when it is needed.***

Buckhead Community is required by federal and state regulatory authorities to maintain adequate levels of capital to support its operations. Buckhead Community's ability to raise additional capital, if needed, will depend on conditions in the capital markets at that time, which are outside its control, and on its financial performance. Buckhead Community may be unable to raise additional capital, if needed, on terms acceptable to it or at all. If Buckhead Community cannot raise additional capital when needed, its ability to further expand its operations through internal growth or acquisitions could be materially impaired.

***Buckhead Community's directors and executive officers own a significant portion of its common stock and can influence stockholder decisions.***

The directors and executive officers of Buckhead Community, as a group, beneficially owned approximately 56.8% of its fully diluted outstanding common stock as of June 30, 2007. Following the merger, if Allied shareholders elect to receive all stock as consideration in the merger, the directors and executive officers of the combined company are expected to beneficially own approximately 41.7% of the fully diluted outstanding common stock of the combined company. If sufficient Allied shareholders elect to receive cash such that the maximum cash consideration is exhausted, directors and executive officers of the combined company will beneficially own approximately 45.3% of the issued and outstanding shares of the combined company. As a result of their ownership, the directors and executive officers of Buckhead Community have the ability, if they voted their shares in concert, to influence the outcome of all matters submitted to our stockholders for approval, including the election of directors.

***Holders of Buckhead Community's subordinated debentures have rights that are senior to those of its common stockholders.***

Buckhead Community has supported its continued growth by issuing trust preferred securities and accompanying junior subordinated debentures from two special purpose trusts. As of June 30, 2007, Buckhead Community had outstanding trust preferred securities and associated junior subordinated debentures with an aggregate principal amount of approximately \$15.5 million. Buckhead Community has unconditionally guaranteed the payment of principal and interest on the trust preferred securities. Also, the junior debentures issued to the special purpose trust that relate to those trust preferred securities are senior to Buckhead Community common stock, including shares that it issues in the merger. As a result, Buckhead Community must make payments on the junior subordinated debentures before it can pay any dividends on its common stock; in the event of Buckhead Community's bankruptcy, dissolution or liquidation, holders of its junior subordinated debentures must be satisfied before any distributions can be made on its common stock. Buckhead Community does have the right to defer distributions on its junior subordinated debentures (and related trust preferred securities) for up to five years, but during that time would not be able to pay dividends on its common stock.

***Buckhead Community continually encounters technological change and it may have fewer resources than its competition to continue to invest in technological improvements.***

The banking and financial services industry is undergoing rapid technological changes, with frequent introductions of new technology-driven products and services. In addition to better serving customers, the effective use of technology increases efficiency and enables financial institutions to reduce costs. Buckhead Community's future success will depend, in part, upon its ability to address the needs of its customers by using technology to provide products and services that enhance customer convenience, as well as create additional efficiencies in operations. Many of Buckhead Community's competitors have greater resources to invest in technological improvements, and Buckhead Community may not be able to effectively implement new technology-driven products and services, which could reduce its ability to effectively compete.

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**A WARNING ABOUT FORWARD-LOOKING STATEMENTS**

This proxy statement-prospectus contains various forward-looking statements about Buckhead Community, Allied and the combined entity that are inherently subject to risks and uncertainties. Forward-looking statements discuss future expectations, describe future plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information. Forward-looking statements are generally identifiable by the use of forward-looking terminology such as anticipate, believe, continue, could, endeavor, estimate, expect, forecast, goal, intend, may, objective, potential, predict, project, seek, should, will and other similar words and expressions.

The ability of Buckhead Community and Allied to predict results or the actual effect of future plans or strategies is inherently uncertain. Although Buckhead Community and Allied believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, actual results and performance could differ materially from those set forth in the forward-looking statements. Factors that could cause actual results and performance to differ from those expressed in the forward-looking statements include, but are not limited to:

The costs of integrating Buckhead Community's and Allied's operations, which may be greater than Buckhead Community expects.

Potential customer loss and deposit attrition as a result of the merger, and the failure to achieve expected gains, revenue growth and/or expense savings from such transactions.

Buckhead Community's ability to effectively manage interest rate risk and other market risk, credit risk and operational risk.

Buckhead Community's ability to manage fluctuations in the value of assets and liabilities and off-balance sheet exposure so as to maintain sufficient capital and liquidity to support Buckhead Community's business.

Buckhead Community's ability to keep pace with technological changes.

Buckhead Community's ability to develop competitive new products and services in a timely manner and the acceptance of such products and services by its customers and potential customers.

Buckhead Community's ability to expand into new markets.

The cost and other effects of material contingencies, including litigation contingencies.

Further easing of restrictions on participants in the financial services industry, such as banks, securities brokers and dealers, investment companies and finance companies, may increase competitive pressures and affect their ability to preserve our customer relationships and margins.

Possible changes in general economic and business conditions in the United States in general and in the larger region and communities we serve in particular may lead to deterioration in credit quality, thereby requiring increases in our provision for credit losses, or a reduced demand for credit, thereby reducing earning assets.

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The threat or occurrence of war or acts of terrorism and the existence or exacerbation of general geopolitical instability and uncertainty.

Possible changes in trade, monetary and fiscal policies, laws, and regulations, and other activities of governments, agencies, and similar organizations, including changes in accounting standards.

The cautionary statements in the Risk Factors section and elsewhere in this proxy statement-prospectus also identify important factors and possible events that involve risk and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements. Buckhead Community and Allied do not intend, and undertake no obligation, to update or revise any forward-looking statements, whether as a result of differences in actual results, changes in assumptions or changes in other factors affecting such statements.

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**THE ALLIED SPECIAL SHAREHOLDERS MEETING**

**Purpose**

You have received this proxy statement-prospectus because the board of directors of Allied is soliciting your proxy for the special meeting of shareholders to be held on Thursday, November 29, 2007 at the main offices of First National Bank of Forsyth County, 1700 Marketplace Blvd., Cumming, Georgia 30041 at 10:00 a.m. Each copy of this proxy statement-prospectus mailed to holders of Allied common stock is accompanied by a proxy card for use at the meeting and at any adjournments of the meeting.

At the meeting, shareholders will consider and vote upon:

the merger agreement; and

any other matters that are properly brought before the meeting, or any adjournments of the meetings.

**If you have not already done so, please complete, date and sign the accompanying proxy card and return it promptly in the enclosed, postage paid envelope. If you do not return your properly executed card, or if you do not attend and cast your vote at the special meeting, the effect will be a vote against the merger agreement.**

**Record Date; Quorum and Vote Required**

The record date for the special meeting is October 19, 2007. Allied's shareholders of record as of the close of business on that day will receive notice of and will be entitled to vote at the special meeting. As of October 19, 2007, there were 1,533,200 shares of Allied common stock outstanding and entitled to vote at the meeting. The outstanding shares are held by approximately 588 holders of record.

The presence, in person or by proxy, of a majority of the shares of Allied common stock entitled to vote on the merger agreement is necessary to constitute a quorum at the meeting. Each share of Allied common stock outstanding on the record date, entitles its holder to one vote on the merger agreement and any other proposal that may properly come before the meeting.

To determine the presence of a quorum at the meeting, Allied will also count as present at the meeting the shares of Allied common stock present in person but not voting, and the shares of common stock for which Allied has received proxies but with respect to which the holders of such shares have abstained.

Approval of the merger agreement requires the affirmative vote of the holders of a majority of the issued and outstanding shares of Allied common stock as of the record date for the special meeting.

As of the record date for the meeting, Allied's directors and executive officers beneficially owned a total of 324,278 shares, or approximately 21.1% of the outstanding shares of Allied common stock. These individuals have agreed with Buckhead Community that they will vote their shares in favor of the merger agreement, except as may be limited by their fiduciary obligations.

**Solicitation and Revocation of Proxies**

If you have delivered a signed proxy card for the meeting, you may revoke it at any time before it is voted by:

attending the meeting and voting in person;

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giving written notice revoking your proxy to Allied's secretary prior to the date of the meeting; or

submitting a signed proxy card that is dated later than your initial proxy card to Allied's secretary.

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The proxy holders will vote as directed on all proxy cards that are received at or prior to the meeting and that are not subsequently revoked. If you complete, date and sign your proxy card but do not provide instructions as to your vote, the proxy holders will vote your shares **FOR** approval of the merger agreement. If any other matters are properly presented at the meeting for consideration, the persons named in the proxy card will have discretionary authority to vote your shares on those matters. Allied's board of directors is not aware of any matter to be presented at the meeting other than the proposal to approve the merger agreement.

If you hold shares of Allied in a broker's name (sometimes called "street name" or "nominee name"), then you must provide voting instructions to your broker. If your broker does not have discretionary authority to vote or instructions on how to vote your shares, then your shares will not be voted on any matters, including the vote on the merger. A vote that is not cast for this reason is called a "broker nonvote." Broker nonvotes will be treated as shares present for determining whether a quorum is present at the meeting. However, a broker nonvote will be treated as a vote against the merger agreement. Broker nonvotes will not be counted for other matters properly brought at the special meeting.

Allied will bear the cost of soliciting proxies from its shareholders. Allied will solicit shareholder votes by mail, and perhaps by telephone or other means of telecommunication. Directors, officers and employees of Allied may also solicit shareholder votes in person. If these individuals solicit your vote in person, by telephone or by other means of telecommunication, they will receive no additional compensation for doing so. Allied will reimburse brokerage firms and other persons representing beneficial owners of shares for their reasonable expenses in forwarding solicitation material to those beneficial owners.

You should not send any stock certificates with your proxy card. If the merger agreement is approved, you will receive instructions for exchanging your stock certificates after the merger has been completed.

### **Dissenters' Rights**

Allied's shareholders have dissenters' rights with respect to the merger under Georgia law. Shareholders who wish to assert their dissenters' rights and comply with the procedural requirements of Article 13 of the Georgia Business Corporation Code ( "GBCC" ) will be entitled to receive payment of the fair value of their shares in cash in accordance with Georgia law. For more information regarding the exercise of these rights, see, "Dissenters' Rights," at page 59.

### **Recommendation of the Board of Directors of Allied**

**Allied's board of directors has approved the merger agreement and the transactions contemplated thereby, believes that the merger is in the best interests of Allied and its shareholders, and recommends that you vote *FOR* approval of the merger agreement.**

In the course of reaching its decision to approve the merger agreement and the transactions contemplated in the merger agreement, Allied's board of directors, among other things, consulted with its legal advisor, Stewart, Melvin & Frost, LLP, regarding the legal terms of the merger agreement, and with its financial advisor, Burke Capital, regarding the fairness of the merger consideration from a financial point of view. For a discussion of the factors considered by the board of directors in reaching its conclusion, see, "Background of and Reasons for the Merger" Background of the Merger, at page 27, and "Reasons for the Merger," at page 30.

Shareholders should note that Allied's directors have certain interests in, and may derive benefits as a result of, the merger that are in addition to their interests as shareholders of Allied. See, "The Merger Agreement" Interest of Certain Persons in the Merger, at page 49.

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**PROPOSAL 1: THE MERGER**

**Structure of the Merger**

The merger agreement provides for the merger of Allied with and into Buckhead Community, with Buckhead Community being the surviving entity in the merger. After the merger, FNB Forsyth will merge with and into The Buckhead Community Bank, with The Buckhead Community Bank being the surviving entity. Each share of Allied common stock issued and outstanding at the effective time of the merger will be converted into the right to receive either 1.2 shares of Buckhead Community common stock or \$30.00 in cash or a combination of both. Buckhead Community will appoint Andrew K. Walker and Jackson P. Turner, current Allied directors, to the board of directors of Buckhead Community.

**Background of the Merger**

Since FNB Forsyth began operations on April 5, 2004, the board of directors of Allied has worked to increase shareholder value through growth and profitable operation. In early 2006, the board of directors began to confront how best to continue the extraordinary growth of Allied and FNB Forsyth in light of soon reaching capital limitations under the banking regulations. The May 2006 strategic planning meeting of the board considered the capital constraint and developed possible alternatives to address this capital issue while balancing shareholder value considerations. Analysis showed that if the growth of the bank's business were to continue at its current pace, FNB Forsyth would outgrow its capital in the first half of 2007.

During the second and third quarters of 2006, management continued to study the company's strategic options including interviews with several investment banking firms. The objective of these discussions was to explore the possibility of a merger of Allied and FNB Forsyth with a larger financial institution and to project the stock valuation that might result from such a merger. Management weighed the merger alternative against the increase in shareholder value that might be achieved on a stand alone basis. It became apparent that the interests of the shareholders would be best served by merger, because valuations of banks in merger acquisitions were at a cyclical high and knowledgeable market observers believed that the proliferation of banks in recent years might depress future valuations for banks desiring to sell. Management also considered that FNB Forsyth had been operating in almost ideal economic conditions, which would not continue indefinitely. At the October 18, 2006 board meeting, the board accepted management's recommendation to attempt to sell Allied and FNB Forsyth through a merger and authorized management to enter into discussions with Burke Capital, an investment banking firm. The board agreed upon valuation expectations so that the best value could be realized. On November 1, 2006, the board engaged Burke Capital as financial advisor to Allied and the board.

On October 26, 2006, Allied received an unsolicited offer from an out-of-state bank holding company. Management presented the offer to the board the same day. The term sheet presented by the out-of-state bidder provided for an aggregate transaction value of \$49.5 million, based on a value of \$27.95 per fully diluted share of Allied common stock. Under this offer, holders of Allied common stock would receive per share consideration of 0.9983 shares of the bidding entity's common stock and \$6.99 in cash; Allied options and warrants would be exchanged for cash equal to the difference between the exercise price of each option or warrant and \$27.50. The offer also included a break-up fee of \$2.5 million.

During November and early December 2006, Burke Capital identified and contacted nine other potential merger partners to determine their level of interest in merging with Allied, excluding the party making the unsolicited offer. Buckhead Community was contacted during this period. Of the nine parties solicited, eight parties expressed little or no interest in pursuing a transaction with Allied. Buckhead Community was the only party to express strong and immediate interest. Buckhead Community reviewed Allied's financial information and several meetings were conducted between the management of the two companies. Buckhead Community continued to express a high level of interest in Allied throughout these discussions.

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On December 18 and 19, 2006, both potential merger partners made presentations to the board. As a result of these presentations and extensive analysis provided by Burke Capital, the board expressed a preference for the Buckhead Community presentation.

On December 20, 2006, the unsolicited offeror delivered to Allied a revised term sheet. At the time it was presented, the revised offer provided for an aggregate transaction value of \$54.0 million, based on \$30.25 per fully diluted share. Holders of Allied common stock would receive per share consideration of 1.1067 shares of the entity's common stock and \$7.56 in cash; Allied options and warrants would be exchanged for cash equal to the difference between the exercise price of each option or warrant and \$30.25. The offer also included a break-up fee of \$2.5 million.

On December 21, 2006, Buckhead delivered a formal expression of interest for a merger of the two companies. Buckhead's offer proposed a \$30.00 per share valuation for Allied common stock and provided for up to 25% of the merger consideration to be paid in cash.

On December 28, 2006, the executive committee of the Allied board of directors met with Burke Capital, and the committee voted to make a recommendation to the full board that the Buckhead Community offer be accepted and that a letter of intent embodying the terms contained in Buckhead Community's expression of interest be pursued. This recommendation came with the condition that certain matters be negotiated with Buckhead Community through Burke Capital. These matters included: clarification whether the cash payment to warrant holders as consideration would be included in the \$13.4 million maximum cash consideration, clarification of whether the exercise of Allied directors warrants would be mandatory or at their election, the creation of employment agreements for senior employees of Allied, and confirmation that the stock to be issued to Allied shareholders would be registered under the Securities Act.

Following the meeting of the executive committee of the board, the board of directors of Allied met on December 28, 2006, and discussed with Burke Capital the merits of the revised unsolicited offer and the Buckhead Community offer. The two competing offers were similar in face value, although as of the December 28, 2006, board meeting the Buckhead Community offer was slightly higher due to recent declines in the price of the unsolicited offeror's common stock. After a thorough review, the board decided unanimously that the opportunity to merge with Buckhead Community was in the best interests of Allied shareholders. Overall, the board viewed the Buckhead organization as a better partner for sustaining and increasing shareholder value. Some of the judgments made by the Allied board in support of this decision included that:

The market area served by Buckhead Community could be more easily integrated with the market area served by Allied than the multi-state market served by the other bank;

The market area served by Buckhead Community is a better market than the multi-state market served by the other bank;

The financial and performance ratios of the of the competing bidder were relatively weak compared to those of Allied and Buckhead;

The valuation of the competing bidder's stock was viewed as excessive compared to performance, and there was concern over the risk that the bidder's stock would continue to decline in value. The board did not feel that this concern applied as substantially to Buckhead Community because its stock was not then publicly traded;

The competing bidder and Allied would most likely have different operating philosophies, because the competing bank operated in a slower-growth market and Allied had exhibited comparatively strong growth; and

The synergies and efficiencies available from a combination with Buckhead Community, by way of its operating in an adjacent market area to Allied, could result in cost savings without the need to take affirmative actions to reduce operating expenses, whereas the competing bidder stated that it would take

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actions, including employee headcount reductions, to reduce operating expenses, and such reductions could adversely affect the level of service the bank would be able to provide to its customers.

The Allied board of directors made its decision based upon the totality of the circumstances and the information with which it was presented and did not ascribe any relative weights to any particular factor over any other.

In January 2007, Buckhead Community delivered a proposal for the merger that addressed major financial, regulatory and structural considerations. The proposed terms and conditions were approved by the Allied board on January 17, 2007.

On January 22, 2007, Buckhead Community began its due diligence review of Allied and FNB Forsyth. In turn, Allied conducted a due diligence review of Buckhead Community during the week of February 1, 2007. There were no negative findings by either party that were material to the proposed terms of the merger.

During February a proposed merger agreement was delivered to Allied management by Buckhead Community. For the purposes of this agreement, and ultimately the definitive agreement, a \$25.00 per share price was assigned to Buckhead Community common stock, representing the price at which 10,000 shares of Buckhead Community had recently been purchased in a private sale by an unrelated party. Allied common stock was assigned a \$30.00 per share price based upon the target value developed by management and adopted by Allied's board as a desired price. This target value was based upon a number of factors, including the valuation of similar institutions that had sold recently, the growth and performance of Allied, the strong growth dynamics of the market in which Allied operates, and discussions with Burke Capital regarding recent valuation trends. Allied's management raised several issues regarding the initial draft of the merger agreement, which were discussed thoroughly by both parties and their counsel. Ultimately, it was agreed that the cash payment to warrant holders as consideration would be included in the \$13.4 million maximum cash consideration, that the exercise of Allied directors' warrants would be mandatory, and that an agreement for Andrew K. Walker, President and CEO of Allied, to be employed by The Buckhead Community Bank following the merger, would be entered into as a condition of closing. Buckhead Community and Allied, acting through their respective counsels, negotiated to resolve these issues in the evolution from Buckhead Community's formal expression of interest to the final merger agreement, the full text of which is included as Appendix A to this proxy statement-prospectus.

On February 28, 2007, the Buckhead Community board of directors approved the Agreement. On March 1, 2007, the Allied board of directors met with Burke Capital and Allied's legal counsel to review the agreement. During the meeting, Burke issued its opinion to the Allied board that the transaction was fair, from a financial point of view, to Allied shareholders, a copy of which is included as Appendix B to this proxy statement-prospectus. At the conclusion of the meeting, the Allied board adopted a resolution approving the merger and the execution of the merger agreement. This was followed by a press release on March 1, 2007.

## **Financial Projections**

Prior to entering into the merger agreement with Buckhead Community, Allied, through Burke Capital, provided certain financial projections to Buckhead Community's management (the Financial Projections). The Financial Projections were prepared in connection with Burke Capital's engagement by Allied to assist in the pursuit of strategic alternatives and investigation of potential merger partners. The Financial Projections were prepared by Burke Capital with the assistance of Allied's management using internal estimates prepared by Allied management for internal budgeting and other purposes. Neither the Financial Projections, nor the internal management estimates upon which they were based, were prepared with a view toward public disclosure or with a view toward complying with the published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information or generally accepted accounting principles. The Financial Projections are not facts and should not be relied upon as being indicative of

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future results. The Financial Projections are forward-looking statements, and you should not place undue reliance on them. See A Warning About Forward-Looking Statements at page 24.

The Financial Projections were prepared based upon the major assumptions that:

Allied would continue as an independent entity;

Allied would experience loan growth of \$3.5 million to \$4.0 million per month;

Liquid assets would be targeted at 15% of total deposits;

The loan/deposit ratio would be targeted at 92% - 95%

Asset yields would be held constant over all forecast time periods, with variability due to asset mix;

Deposit rates would rise through the end of 2006 and would remain constant thereafter;

Allied would raise \$1.0 million in capital in the second quarter of each 2007, 2008 and 2009;

Allied would not open any additional facilities over the forecast period;

Allied would add two additional loan officers annually over the forecast period and five support personnel per year for each of the next three years;

Bonuses would be paid at a rate of 20% of base salary;

Non-personnel expenses would be affected by 3% per year inflation;

Allied would be taxed at 38%; and

Loan fees would be recognized when loans are booked.

The Financial Projections anticipated, among other things, the following growth trends to the financial metrics of Allied:

<i>(Dollars in Thousands)</i>	<b>At Year End</b>		
	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Total Assets</b>	\$ 236,663	\$ 290,008	\$ 338,016

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Total Loans	206,500	254,500	303,000
Total Liabilities	\$ 217,781	\$ 266,845	\$ 309,756
Total Deposits	216,821	265,745	308,559
Total Equity	18,882	23,163	28,259
Total Liabilities & Equity	\$ 206,500	\$ 254,500	\$ 338,016

Monthly net earnings were projected to grow from approximately \$210,431 in January, 2007 to approximately \$379,118 by December, 2007, despite net interest margin compression from 4.43% to 3.94% over this same period.

**Reasons for the Merger**

*General*

The financial and other terms of the merger agreement resulted from arm's-length negotiations between Buckhead Community's and Allied's representatives. Buckhead Community's and Allied's boards of directors also considered many factors in determining the consideration Allied's shareholders would receive in the merger. Those factors included:

the comparative financial condition, results of operations, current business and future prospects of Buckhead Community and Allied;  
and

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the market price, liquidity and historical earnings per share of Buckhead Community common stock and Allied common stock. The following discussion of the information and factors considered by the Buckhead Community board of directors and the Allied board of directors is not intended to be exhaustive but includes all of the material factors the respective boards considered. In reaching their determinations to approve the merger, and, with respect to the Allied board of directors, to recommend the merger, neither the Buckhead Community board of directors nor the Allied board of directors assigned any relative or specific weight to the following factors, and individual directors may have given different weight to different factors.

### ***Buckhead Community***

In deciding to pursue an acquisition of Allied, Buckhead Community's management and board of directors noted, among other things, the following:

information presented by the management of the Buckhead Community concerning the business, operations, earnings, asset quality, and financial condition of Allied and FNB Forsyth;

the financial terms of the merger, including the relationship of the value of the consideration issuable in the Merger to the market value, tangible book value, and earnings per share of Allied's common stock;

the ability of the operations of Allied Bancshares to contribute to the Buckhead Community's earnings after the effective time of the merger;

the various effects of Buckhead Community becoming a public reporting company under the regulation of the Securities and Exchange Commission as a result of the merger, including increased liquidity for holders of Buckhead Community's common stock;

the compatibility of FNB Forsyth's management team, strategic objectives and geographic footprint with those of the The Buckhead Community Bank;

the opportunity to leverage the infrastructure of the Buckhead Community;

the nonfinancial terms of the merger, including the treatment of the merger as a tax-free reorganization for federal income tax purposes; and

the likelihood of the merger being approved by applicable regulatory authorities without undue conditions or delay.

### ***Allied***

In deciding to be acquired by Buckhead Community, Allied's management and board of directors noted, among other things, the following:

the value of the consideration to be received by Allied's shareholders relative to the book value and earnings per share of Allied common stock;

information concerning Buckhead Community's financial condition, results of operations and business prospects;

the financial terms of recent business combinations in the financial services industry and a comparison of the multiples of selected combinations with the terms of the proposed merger with Buckhead Community;

the proposed merger would be accretive to earnings per share and per share book value;

the fact that the acquisition of Buckhead Community common stock will be tax-free to Allied's shareholders (except to the extent of any cash received);

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the opinion of Burke Capital that the consideration to be received by Allied's shareholders in the merger is fair from a financial point of view; and

the alternatives to the merger, including remaining an independent institution in the competitive and regulatory environment for financial institutions generally.

The Allied board of directors considered in its review of the analyses performed by Burke all of the individual factors that did not support a recommendation to the Allied shareholders to approve the merger. These factors included:

Allied shareholders will receive dilution to their tangible book value of approximately 21% as a result of the merger with Buckhead;

Buckhead is not currently a publicly traded company, and there is no established market for Buckhead Community common stock;

Buckhead Community has not paid dividends to its shareholders since inception and has no plans to pay dividends in the future;

the Buckhead Community merger would require approximately three times the cost savings to be realized in order to reach break-even than a combination with the unsolicited offeror would require to break-even;

Allied shareholders would control approximately 26% of the combined entity following a merger with Buckhead Community, whereas Allied shareholders would control approximately 40% of the combined entity following a merger with the company presenting the unsolicited offer; and

Buckhead Community currently has lower regulatory capital ratios than the unsolicited offeror.

After careful consideration of these factors and in light of the potential short- and long-term benefits to Allied shareholders that a combination with Buckhead Community could present, the Allied board of directors determined that the overall potential benefits of the merger with Buckhead Community outweighed these negative factors. The Allied board of directors believes that analyses performed by Burke in connection with rendering its opinion to the board, taken as a whole, support the board's recommendation to the Allied shareholders to approve the proposed merger.

**Allied's board of directors recommends that Allied's shareholders vote *FOR* the proposal to approve the merger agreement.**

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**OPINION OF BURKE CAPITAL**

Allied retained Burke Capital to act as its financial advisor in connection with a possible business combination. Burke Capital is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Burke Capital is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Burke Capital acted as financial advisor to Allied in connection with its proposed merger with Buckhead Community and participated in certain of the negotiations leading to the merger agreement. In connection with Burke Capital's engagement, Allied asked Burke Capital to evaluate the fairness of the merger consideration to Allied's stockholders from a financial point of view. At the March 1, 2007 meeting of the Allied board to evaluate the merger, Burke Capital delivered to the board its oral and written opinion that, based upon and subject to various matters set forth in its opinion, the merger consideration was fair to Allied's stockholders from a financial point of view. At this meeting, the Allied board voted to approve the merger and subsequently executed the merger agreement on March 1, 2007. Burke Capital has reviewed and consented to the use of its opinion in this proxy statement-prospectus.

THE FULL TEXT OF BURKE CAPITAL'S WRITTEN OPINION IS ATTACHED AS *APPENDIX B* TO THIS PROXY STATEMENT-PROSPECTUS. THE OPINION OUTLINES MATTERS CONSIDERED AND QUALIFICATIONS AND LIMITATIONS ON THE REVIEW UNDERTAKEN BY BURKE CAPITAL IN RENDERING ITS OPINION. THE DESCRIPTION OF THE OPINION SET FORTH BELOW IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE OPINION. WE URGE YOU TO READ THE ENTIRE OPINION CAREFULLY IN CONNECTION WITH YOUR CONSIDERATION OF THE PROPOSED MERGER.

BURKE CAPITAL'S OPINION SPEAKS ONLY AS OF THE DATE OF THE OPINION. THE OPINION WAS DIRECTED TO THE ALLIED BOARD AND IS DIRECTED ONLY TO THE FAIRNESS OF THE MERGER CONSIDERATION TO ALLIED SHAREHOLDERS FROM A FINANCIAL POINT OF VIEW. IT DOES NOT ADDRESS THE UNDERLYING BUSINESS DECISION OF ALLIED TO ENGAGE IN THE MERGER OR ANY OTHER ASPECT OF THE MERGER AND IS NOT A RECOMMENDATION TO ANY ALLIED SHAREHOLDER AS TO HOW SUCH SHAREHOLDER SHOULD VOTE AT THE SHAREHOLDER MEETING WITH RESPECT TO THE MERGER, OR ANY OTHER MATTER.

In connection with rendering its March 1, 2007 opinion, Burke Capital reviewed and considered, among other things:

The merger agreement and certain of the schedules thereto;

Certain publicly available financial statements and other historical financial information of Allied and Buckhead that it deemed relevant;

Projected earnings estimates for Allied for the years ending December 31, 2007 through 2010 prepared by and reviewed with senior management of Allied and the views of senior management regarding Allied's business, financial condition, results of operations and future prospects;

Projected earnings estimates for Buckhead Community for the years ending December 31, 2007 through 2010 prepared by and reviewed with senior management of Buckhead Community and the views of senior management regarding Buckhead Community's business, financial condition, results of operations and future prospects;

Internal financial and operating information with respect to the business, operations and prospects of both Allied and Buckhead Community furnished to Burke Capital by Allied and Buckhead Community that is not publicly available;

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The trading price and volume of Buckhead Community's common stock, which is not listed on any public exchange and compared the price and volume with publicly-traded companies that Burke Capital deemed relevant;

The resulting fully diluted ownership of Allied in the pro forma organization assuming a hypothetical 100% transaction compared with various levels of financial and franchise contribution;

The earnings, book value and tangible book value per share of Allied's common stock relative to the pro forma equivalent earnings, book value and tangible book value per share of the pro forma organization;

The pro forma financial impact of the merger on Buckhead Community's ability to complete a transaction from a regulatory standpoint with an emphasis on the pro forma capital ratios, based on assumptions determined by senior management of Allied, Buckhead Community and Burke Capital;

The financial terms of other recent business combinations in the commercial banking industry, to the extent publicly available;

The current market environment generally and the banking environment in particular; and

Such other information, financial studies, analyses and investigations and financial, economic and market criteria as it considered relevant.

ALLIED'S BOARD OF DIRECTORS DID NOT LIMIT THE INVESTIGATIONS MADE OR THE PROCEDURES FOLLOWED BY BURKE CAPITAL IN GIVING ITS OPINION.

In performing its reviews and analyses and in rendering its opinion, Burke Capital assumed and relied upon the accuracy and completeness of all the financial information, analyses and other information that was publicly available or otherwise furnished to, reviewed by or discussed with it and further relied on the assurances of management of Allied and Buckhead Community that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. Burke Capital was not asked to and did not independently verify the accuracy or completeness of such information and it did not assume responsibility or liability for the accuracy or completeness of any of such information. Burke Capital did not make an independent evaluation or appraisal of the assets, the collateral securing assets or the liabilities, contingent or otherwise, of Allied or Buckhead Community or any of their respective subsidiaries, or the ability to collect any such assets, nor was it furnished with any such evaluations or appraisals. Burke Capital is not an expert in the evaluation of allowances for loan losses and it did not make an independent evaluation of the adequacy of the allowance for loan losses of Allied or Buckhead Community, nor did it review any individual credit files relating to Allied or Buckhead Community, Burke Capital assumed, with both Allied's and Buckhead Community's consent, that the respective allowances for loan losses for both Allied and Buckhead Community were adequate to cover such losses and will be adequate on a pro forma basis for the combined entity. In addition, Burke Capital did not conduct any physical inspection of the properties or facilities of Allied or Buckhead Community. Burke Capital is not an accounting firm and it relied on the reports of the independent accountants of Allied and the Directors of Buckhead Community for the accuracy and completeness of the financial statements furnished to it.

Burke Capital's opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of its opinion. Burke Capital assumed, in all respects material to its analysis, that all of the representations and warranties contained in the merger agreement and all related agreements are true and correct, that each party to such agreements will perform all of the covenants required to be performed by such party under such agreements and that the conditions precedent in the merger agreement are not waived. Burke Capital also assumed that there has been no material change in Allied's and Buckhead Community's assets, financial condition, results of operations, business or prospects since the date of the last financial statements made available to them, that Allied and Buckhead Community will remain as going concerns for all periods relevant to its analyses.

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In rendering its March 1, 2007 opinion, Burke Capital performed a variety of financial analyses. The following is a summary of the material analyses performed by Burke Capital, but is not a complete description of all the analyses underlying Burke Capital's opinion. The summary includes information presented in tabular format. In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses. The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Burke Capital believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Burke Capital's comparative analyses described below is identical to Allied or Buckhead Community and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of Allied or Buckhead Community and the companies to which they are being compared.

The earnings projections used and relied upon by Burke Capital in its analyses were based upon internal projections of Allied and Buckhead Community. Burke Capital assumed for purposes of its analyses that such performance would be achieved. Burke Capital expressed no opinion as to such financial projections or the assumptions on which they were based. The financial projections furnished to Burke Capital by Allied and Buckhead Community were prepared for internal purposes only and not with a view towards public disclosure. These projections, as well as the other estimates used by Burke Capital in its analyses, were based on numerous variables and assumptions which are inherently uncertain and, accordingly, actual results could vary materially from those set forth in such projections.

In performing its analyses, Burke Capital also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of Allied, Buckhead Community and Burke Capital. The analyses performed by Burke Capital are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses. Burke Capital prepared its analyses solely for purposes of rendering its opinion and provided such analyses to the Allied board at the March 1, 2007 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Burke Capital's analyses do not necessarily reflect the value of Allied's common stock or Buckhead Community's common stock or the prices at which Allied's or Buckhead Community's common stock may be sold at any time.

**Table of Contents****Summary of Proposed Merger**

Burke Capital reviewed the financial terms of the proposed transaction whereby the holders of Allied common stock shall be entitled to receive, in exchange for their shares of Allied stock, 1.20 shares of Buckhead Community common stock, \$30.00 in cash or a combination thereof such that no more than \$13.375 million, approximately 25% of the aggregate merger consideration, will be in the form of cash. Holders of outstanding warrants shall receive cash, stock or some combination thereof equal to the per share consideration paid for common stock, minus the applicable exercise price per warrant. Holders of outstanding Allied options to purchase Allied common stock will be converted to options of Buckhead Community as described in the Agreement. Based upon the terms of the Agreement and an implied Buckhead stock price of \$25.00, Burke Capital calculated merger consideration of \$53,550,390 or \$30.00 per fully diluted Allied share on March 1, 2007, the date of the Allied board meeting. Utilizing Allied's December 31, 2006 unaudited financial information, Burke Capital calculated the following ratios:

<b>Deal Value Consideration:</b>		<b>Deal Multiples:</b>	
Aggregate Price / Fully Diluted Share	\$ 30.00	Transaction Value / LTM Net Income	27.67x
Merger Consideration for Common Shares	\$ 45,120,000	Transaction Value / Book Value	3.29x
Merger Consideration for Warrant Holders	\$ 5,742,840	Transaction Value / Tangible Book Value	3.29x
Merger Consideration for Option Holders	\$ 2,687,550	Core Deposit Premium	31.09%
	<b>\$ 53,550,390</b>	Price / Assets	28.95%

\* Deal multiples based on December 31, 2006 unaudited financial results.

The fully diluted share count is based upon Allied's 1,504,000 outstanding common shares, 287,142 outstanding warrants to purchase common shares at a weighted average exercise price of \$10.00 and 142,500 outstanding options to purchase common stock at a weighted average strike price of \$11.14. This analysis assumes no options are exercised prior to closing.

**Analysis of Selected Merger Transactions***Atlanta Metropolitan Area Transactions*

In order to address the specific valuation considerations within the Atlanta that Allied serves, Burke Capital selected a group of comparable Atlanta merger and acquisition transactions and compared the pricing multiples to the multiples implied by the merger consideration. Specifically, Burke Capital selected bank merger and acquisition transactions according to the following criteria:

Merger and acquisition transactions announced after January 1, 2005; and

Seller located within the Atlanta metropolitan statistical area (MSA).

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Burke Capital selected 15 transactions fitting the criteria listed above as being comparable to the proposed merger. The 15 comparable transactions selected included the following:

Buyer	State	Seller	State
United Community Banks Inc.	GA	Gwinnett Commercial Group Inc.	GA
UCBH Holdings Inc.	CA	Summit Bank Corp.	GA
United Community Banks Inc.	GA	Southern Bancorp Inc.	GA
Royal Bank of Canada	NC	FLAG Financial Corp.	GA
PrivateBancorp Inc.	IL	Piedmont Bancshares Inc.	GA
First Charter Corp.	GA	GBC Bancorp Inc	GA
Alabama National BanCorp.	AL	PB Financial Services Corp.	GA
Security Bank Corp.	GA	Homestead Bank	GA
BB&T Corp.	NC	Main Street Banks Inc.	GA
Security Bank Corp.	GA	Neighbors Bancshares Inc.	GA
Gwinnett Commercial Group Inc.	GA	Buford Banking Group Inc.	GA
Synovus Financial Corp.	GA	Riverside Bancshares Inc.	GA
FLAG Financial Corp.	GA	First Capital Bancorp, Inc.	GA
First Horizon National Corp.	TN	West Metro Financial Services	GA
Security Bank Corp.	GA	SouthBank	GA

Burke Capital reviewed the multiples of transaction value at announcement to last twelve months ( LTM ) earnings, transaction value to book value, transaction value to tangible book value, transaction value to assets, and book premium to core deposits and computed high, low, mean, median, and quartile multiples and premiums for the transactions. These multiples and premiums were applied to Allied's financial information as of and for the period ended December 31, 2006 and were used to impute a transaction price. As illustrated in the following table, Burke Capital derived an imputed range of values per share of Allied's common stock of \$26.24 to \$29.87 based upon the median and mean multiples of the selected Atlanta MSA transactions.

	Median Multiple	Implied Value/Share	Buckhead Merger Consideration <sup>(1)</sup>
Transaction Value / LTM Earnings	24.19x	\$ 26.52	27.67x
Transaction Value / Book Value	2.94x	\$ 27.06	3.29x
Transaction Value / Tangible Book Value	3.28x	\$ 29.87	3.29x
Tangible Book Premium / Core Deposits	29.83%	\$ 29.22	31.09%
Transaction Value / Assets	25.02%	\$ 26.24	28.95%
	<b>Average Valuation</b>	<b>\$ 27.78</b>	<b>\$ 30.00</b>
	<b>Implied Range</b>	<b>\$ 26.24</b>	<b>\$ 29.87</b>

<sup>(1)</sup> Assumes Buckhead implied stock valuation of \$25.00 per share.

The analysis showed that the merger consideration of \$30.00 per fully diluted share is above the range of values imputed by all the mean and median multiples of the comparable Atlanta MSA transactions and significantly above the implied average valuation of the comparables universe.

***Southeastern Transactions***

Burke Capital, in addition to analyzing Atlanta MSA transactions, selected a group of comparable Southeastern merger and acquisition transactions and compared the pricing multiples to the multiples implied by the merger consideration. Specifically, Burke Capital selected bank merger and acquisition transactions according to the following criteria:

Merger and acquisition transactions announced after January 1, 2004;

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Seller located within the Southeastern United States AL, AR, FL, GA, KY, MS, NC, SC, TN, VA;

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Seller assets between \$100 million and \$500 million;

Seller with ROAA greater than 100 bps in the latest period prior to announcement.

Burke Capital selected 35 transactions fitting the criteria listed above as being comparable to the proposed merger. The 35 comparable transactions selected included the following:

Buyer	State	Seller	State
WGNB Corp.	GA	First Haralson Corp.	GA
Castle Creek Capital LLC	CA	BankFirst Bancorp Inc.	FL
Superior Bancorp	AL	People s Community Bancshares	FL
Gateway Financial Holdings	VA	Bank of Richmond NA	VA
Sun American Bancorp	FL	Independent Community Bank	FL
Centerstate Banks of Florida	FL	Valrico Bancorp Inc.	FL
Reserve Finl Associates LLC	OH	Business Bank of Florida Corp	FL
United Community Banks Inc.	GA	Southern Bancorp Inc.	GA
IBERIABANK Corp.	LA	Pulaski Investment Corp.	AR
Castle Creek Capital LLC	CA	Bankshares Inc.	FL
Citizens First Corp.	KY	Kentucky Banking Centers	KY
First Charter Corp.	NC	GBC Bancorp Inc	GA
Security Bank Corp.	GA	Homestead Bank	GA
Riverside Banking Company	FL	First Cmnty Bank Holding Corp.	FL
GB&T Bancshares Inc.	GA	Mountain Bancshares Inc.	GA
Union Bankshares Corp.	VA	Prosperity B&TC	VA
Synovus Financial Corp.	GA	Banking Corporation of Florida	FL
Liberty Shares Inc.	GA	Peoples Banking Corporation	GA
Whitney Holding Corp.	LA	First National Bancshares Inc.	FL
Commerce Bancorp Inc.	NJ	Palm Beach County Bank	FL
Farmers Capital Bank Corp.	KY	Citizens Bancorp Inc.	KY
First Security Group Inc.	TN	Jackson Bank & Trust	TN
Home Bancshares Inc.	AR	Mountain View Bancshares Inc.	AR
First Citizens Bancorp.	SC	Summit Financial Corp.	SC
First National Security Co.	AR	First Community Banking Corp.	AR
Capital City Bank Group Inc.	FL	First Alachua Banking Corp.	FL
City Holding Co.	WV	Classic Bancshares Inc.	KY
First Citizens Bancorp.	SC	People s Cmnty Capital Corp	SC
Whitney Holding Corp.	LA	Destin Bancshares Inc.	FL
First Bank Corp	AR	Bor Bancshares Inc.	AR
United Community Banks Inc.	GA	Liberty National Bancshares	GA
Capital City Bank Group Inc.	FL	Farmers & Merchants Bank	GA
First Community Corp.	SC	DutchFork Bancshares Inc.	SC
Whitney Holding Corp.	LA	Madison Bancshares Inc.	FL
Capital City Bank Group Inc.	FL	Quincy State Bank	FL

Burke Capital reviewed the multiples of transaction value at announcement to last twelve months earnings, transaction value to book value, transaction value to tangible book value, transaction value to assets and book premium to core deposits and computed high, low, mean, median, and quartile multiples and premiums for the transactions. These multiples and premiums were applied to Allied s financial information as of and for the period ended December 31, 2006 and were used to impute a transaction price. As illustrated in the following table, Burke Capital derived an imputed range of values per share of Allied s common stock of \$23.19 to \$27.55 based upon the median and mean multiples of the selected Southeastern transactions.

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	Median Multiple	Implied Value/ Share	Buckhead Merger Consideration <sup>(1)</sup>
Transaction Value / LTM Earnings	20.87 x	\$ 23.19	27.67 x
Transaction Value / Book Value	3.00 x	\$ 27.55	3.29 x
Transaction Value / Tangible Book Value	3.00 x	\$ 27.55	3.29 x
Tangible Book Premium / Core Deposits	23.95%	\$ 25.57	31.09%
Transaction Value / Assets	24.14%	\$ 25.40	28.95%
	<b>Average Valuation</b>	<b>25.85</b>	<b>\$ 30.00</b>
	<b>Implied Range</b>	<b>23.19</b>	<b>\$ 27.55</b>

<sup>(1)</sup> Assumes Buckhead implied stock valuation of \$25.00 per share.

The analysis showed that the merger consideration of \$30.00 per fully diluted share is above the range of all values imputed by the mean and median multiples of the comparable Southeastern transactions and significantly above the implied average valuation of the comparables universe.

**Discounted Cash Flow Analysis**

Using a discounted cash flow analysis, Burke Capital estimated the present value of the future stream of earnings and dividends that Allied could produce based upon an internal earnings and balance sheet forecast for 2007 through 2010. Burke Capital performed discounted cash flow analyses based upon terminal values to both earnings and tangible equity.

In order to derive the terminal value of Allied's earnings stream beyond 2009, Burke Capital assumed terminal value multiples ranging from 15.0x to 18.0x of fiscal year 2010 net income. The dividend streams and terminal values were then discounted to present values using different estimated discount rates (ranging from 13.0% to 17.0%) chosen to reflect different assumptions regarding the required rates of return to holders or prospective buyers of Allied common stock. This discounted cash flow analysis indicated a value range between \$22.51 and \$30.02 per share of Allied common stock.

The value of the consideration offered by Buckhead Community to Allied in the merger is \$30.00 per fully diluted share of Allied common stock on, which is at the high end of the range of values imputed from the discounted cash flow analysis.

**Contribution Analysis**

Burke Capital computed the contribution of Buckhead Community and Allied to various elements of the pro forma entity's income statement, excluding estimated cost savings and operating synergies, as well as balance sheet and franchise. The following table compares the pro forma ownership in the combined company, assuming a hypothetical 100% transaction, to each Company's respective contribution to each element of the analysis.

	Contribution	
	Allied	Buckhead
<b>Pro Forma Fully Diluted Ownership</b>	<b>31.65%</b>	<b>68.35%</b>
<b>Earnings (000 \$)</b>		
2006A Earnings	26.89%	73.11%
2007E Earnings	28.92%	71.08%
<b>Balance Sheet (12/31/2006)(000 \$)</b>		
Loans, net	29.50%	70.50%
Assets	25.40%	74.60%
Deposits	26.31%	73.69%
Equity	29.03%	70.97%
Tangible Equity	29.03%	70.97%

<b>Branches</b>	28.57%	71.43%
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The contribution analysis indicated that the pro forma ownership of Buckhead Community common stock issuable to Allied shareholders assuming a hypothetical 100% stock transaction in the merger was greater than earnings, loans, assets, deposits, equity, tangible equity and branches and contributed to Buckhead Community by Allied.

**Financial Upgrades Analysis**

Burke Capital reviewed Allied's and Buckhead Community's historical, current and projected financial performance on a per share basis. Burke Capital compared Allied's pro forma per share financials to its standalone values to determine the financial upgrades / downgrades on selected metrics. Burke Capital noted that the merger represented substantial earnings per share and book value upgrades while tangible book per share resulted in downgrades.

	Earnings /			
	Share Upgrades		Book Value	Tangible Book
	Latest Twelve	2007	/ Share	Value /
	Months	Estimated	(June 2007	Share
			Estimated)	(June 2007
				Estimated)\
Buckhead Per Share Financials <sup>(1)</sup>	\$ 1.14	1.44	13.42	7.13
Merger Exchange Ratio	1.2000	1.2000	1.2000	1.2000
<b>Allied Pro Forma</b>	<b>\$ 1.36</b>	<b>\$ 1.72</b>	<b>\$ 16.10</b>	<b>\$ 8.56</b>
Allied Standalone	\$ 1.08	\$ 1.51	\$ 10.82	\$ 10.82
Financial Upgrade / Downgrade	25.9%	14.0%	48.8%	-20.9%

<sup>(1)</sup> Represents pro forma financials excluding latest twelve months earnings.

**Analysis of Buckhead Community: Selected Peer Group Analysis****Comparable Trading Valuation Analysis**

Burke Capital used publicly available information to compare selected trading and liquidity statistics for Buckhead Community with similar statistics for selected publicly traded companies with operating profiles reasonably comparable to that of Buckhead Community. Burke Capital noted that Buckhead Community does not trade on any public exchange such as the NYSE, NASDAQ, OTC Bulletin Board or the Pink Sheets and is not considered to be a readily marketable security. Burke Capital notes, however, that Buckhead Community has recently recorded a number of arms-length transactions at \$25.00 per share and has recorded that over 75,000 shares have been traded over the latest twelve months. The analyses as described below compares the trading characteristics assuming Buckhead Community's implied trading valuation was \$25.00 per share.

**Peer Group A Southeastern Peer Group**

Peer Group A consisted of 43 bank holding companies, which we refer to as the Buckhead Community Peer Group A. This Peer Group consisted of publicly traded Southeastern banks with assets between \$300 million and \$1 billion located in Alabama, Georgia, North Carolina, South Carolina, Tennessee, Virginia and located in metropolitan markets.

**Peer Group B Georgia Peer Group**

Peer Group B consisted of 12 bank holding companies, which we refer to as the Buckhead Community Peer Group B. This Peer Group consisted of Georgia banks located in metropolitan markets with assets between \$300 million and \$1 billion.

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The analysis calculated the median trading characteristics of Buckhead Community and both Peer Groups, based upon the latest publicly available financial data and closing prices as of February 27, 2007. The following table sets forth the comparative data.

	Southeastern Peer Group <sup>(1)</sup>	Georgia Peer Group <sup>(2)</sup>	Buckhead Community <sup>(3)</sup>
<b>Trading Characteristics</b>			
Price/ Book	1.75x	2.11x	2.88x
Price / Leveraged Book <sup>(4)</sup>	2.00x	2.15x	2.88x
Price/ LTM Core EPS	18.51x	17.43x	21.98x
Price/ 2007E EPS	15.47x	17.33x	17.44x
Price/ 2008E EPS	13.50x	15.56x	14.21x
<b>Public Market Data</b>			
Market Capitalization (\$M)	\$ 151	\$ 172	\$ 114
Current Dividend Yield	1.69%	1.73%	0.00%
Annual Volume	925,796	1,058,761	75,000

(1) Publicly traded Southeastern MSA banks (\$300m-\$1b)

(2) Publicly traded Georgia MSA banks (\$300m-\$1.5b)

(3) Assumes Buckhead implied trading price of \$25.00 per share. This represents the approximate value at which recent arms-length transaction have transpired.

(4) Assumes Buckhead 7.32% TE/TA applied to comparables group (excess equity valued at 1.0x)

Buckhead Community's common stock trading characteristics are at the high end price to book, price to leveraged book and price to LTM EPS, but are in line with price to 2007E and 2008E EPS of the selected peer group, while liquidity metrics are in are at the low end of the selected peer group.

**Comparable Performance Analysis**

Burke Capital used publicly available information to compare selected financial information for Buckhead Community with the Buckhead Community Peer Group A (the Southeastern Peer Group) as detailed on the previous page.

The analysis compared the median performance of the Buckhead Community Southeastern Peer Group, based upon the latest publicly available financial data, to Buckhead Community's December 31, 2006 unaudited financial results. The table below sets forth the comparative data.

	Revenues		Earnings			Capital Implications		Asset Quality	Employee Productivity	Asset Growth	
	Net Interest Margin	Average Noninterest Income/ Assets	Efficiency	ROAA	ROAE	Pre-Provisioning; Pre-Tax Margin	Equity/ Assets	Asset Utilization	NPA / Total Assets	Assets / Employee	1-yr
<b>Peer Group</b>											
<b>Median</b>	4.15%	0.77%	59.16%	1.08%	12.86%	1.93%	8.85%	93.52%	0.34%	3,519	13.71%
<b>Buckhead</b>	4.37%	0.39%	52.60%	1.13%	14.20%	2.45%	7.32%	95.82%	1.00%	6,306	38.94%

Buckhead Community's performance is generally at the high end of its Southeastern Peer Group.

**Other Factors and Analyses**

Burke Capital took into consideration various other factors and analyses, including: recent arms-length transactions and trading volumes for Buckhead Community's common stock; movements in the common stock of selected publicly-traded companies and movements in the S&P

Bank Index.

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Burke Capital analyzed the financial implications of the transaction with Buckhead Community assuming an implied Buckhead Community stock price of \$25.00 and determined the transaction to be fair from a financial point of view. In addition, Burke Capital analyzed the financial impact to the Allied shareholders assuming an implied Buckhead Community stock price per share of \$22.00 per share to discount for a lack of liquidity and to fully reflect that the security is not traded on any established exchange and not readily marketable. Burke Capital, in fully analyzing this adjustment, calculated a fully diluted per share transaction value to Allied shareholders of \$27.51 and believes the adjusted transaction value is still fair from a financial point of view.

**Information Regarding Burke Capital**

Pursuant to a letter agreement dated October 31, 2006, Allied paid Burke Capital a fee of \$15,000 upon the execution of the Engagement Letter and \$50,000 upon the execution of the Definitive Agreement. In addition, Allied has agreed to pay Burke Capital a financial advisory fee equal to 1% of the aggregate transaction value up to \$54,000,000 and 3.50% for the total aggregate consideration over \$54,000,000 payable to Burke Capital at the closing of the merger. In addition, Allied has agreed to reimburse Burke Capital for its reasonable out-of-pocket expenses and to indemnify Burke Capital and certain related persons against certain liabilities arising out of or in conjunction with its rendering of services under its engagement, including certain liabilities under the federal securities laws.

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**THE MERGER AGREEMENT**

*This section of the proxy statement-prospectus describes certain terms of the merger agreement. It is not intended to include every term of the merger, but rather addresses only the significant aspects of the merger. The full text of the merger agreement and the opinion of Burke Capital, Allied's financial advisor, are included as Appendices A and B, respectively to this proxy statement-prospectus. We urge you to read these documents as well as the discussion in this section carefully.*

**General; Business and Operations after the Merger**

If the shareholders of Allied approve the merger agreement and the other conditions to the consummation of the merger are satisfied, Buckhead Community will acquire Allied. Buckhead Community will exchange cash, shares of Buckhead Community common stock, or a combination of both, for each outstanding share of Allied common stock as to which dissenters' rights have not been exercised and perfected. Buckhead Community will exchange all fractional shares for cash. Each share of Buckhead Community common stock issued and outstanding immediately prior to the effective date of the merger will remain issued and outstanding and unchanged as a result of the merger. Promptly after the consummation of the merger, First National Bank of Forsyth County will merge with and into The Buckhead Community Bank. Allied Bancshares, Inc. and First National Bank of Forsyth County will cease to exist after the merger. The business of First National Bank of Forsyth County will be conducted through The Buckhead Community Bank. Andrew Walker, the current President and Chief Executive Officer of Allied, will become the regional President for branches of The Buckhead Community Bank operating in Cobb, Forsyth, and Hall Counties, and two current Allied directors, Andrew Walker and Jackson P. Turner, will be appointed to Buckhead Community's board of directors following the merger. With the exception of the aforementioned additions, the current management of Buckhead Community and The Buckhead Community Bank will remain in place following the merger.

**What Allied's Shareholders Will Receive in the Merger**

If the merger is completed, Allied shareholders will receive for each of their shares either: 1.20 shares of Buckhead Community common stock, \$30.00 in cash, or a combination of both. Each Allied shareholder may choose the form of consideration received, subject to allocation procedures such that no more than approximately 25% of the aggregate merger consideration will be in the form of cash.

Because the total amount of cash to be issued in the merger is capped, the exchange agent will be allowed, subject to limitations set forth in the agreement, to adjust the form of consideration that you receive in order to ensure no more than approximately \$13.375 million in cash is paid. Consequently, if the cash consideration is oversubscribed, you could receive a different form of consideration from the form you elect.

Because the exchange ratio is fixed, unless you receive only cash for your shares of Allied common stock, the ratio of the total per-share merger consideration to the per share market price of Allied common stock will fluctuate depending on the current market price of the Allied common stock. The total merger consideration will not be adjusted to compensate for any changes in the market value of Allied or Buckhead Community Stock.

In addition, as Buckhead Community is a privately held company, and as neither Buckhead Community's nor Allied's shares are currently traded on a securities exchange or interdealer quotation system, and the market for sales of each company's stock is best characterized as irregular and illiquid, and it may be difficult or impossible to determine the exact market value of either Buckhead Community or Allied shares in the market at any given time. Historical transactions in both Allied and Buckhead Community stock can best be characterized as sporadic and irregular. The last sale of Buckhead Community common stock known to management occurred on June 4, 2007 at \$30.00 per share. The last sale of Allied common stock known to management occurred on June 21, 2006 at \$30.00 per share. However, given the historical absence of a market for Buckhead Community and Allied common stock, neither the price at which Buckhead Community or Allied common stock was last

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sold nor the price of Buckhead Community common stock for the purposes of this transaction should be considered indicative of the value of Buckhead Community common stock following this transaction. The price of \$25.00 per share is the value attributed to Buckhead Community common stock for purposes of this transaction only and should not be relied upon as an indicator of future market value. Allied shareholders should review the information in this proxy statement-prospectus in its entirety prior to making their election and use their best judgment in order to maximize the total value of the consideration to be received. **The Allied board of directors makes no recommendation as to whether you should choose cash, Buckhead Community common stock, or both for your shares of Allied common stock. You should consult your financial advisor prior to making your election.**

Any shares of Allied common stock held in the treasury of Allied immediately prior to the effective time of the merger will be canceled and extinguished. No payment will be made with respect to such shares.

### **Allocation and Proration Procedures**

Each Allied shareholder or warrant holder may elect to receive his or her merger consideration in cash, shares of Buckhead Community common stock, a combination of both, or indicate no preference as between cash or stock for each share of Allied common stock that he or she owns. If no preference as between cash or stock is elected by an Allied shareholder, such shareholder will be deemed to have elected all stock consideration. If the total value of cash elections exceeds \$13.375 million, the exchange agent will allocate such cash elections between cash and Buckhead Community common stock following the procedures described below. Each Allied shareholder or warrant holder is entitled to receive his or her pro rata portion of the merger consideration, which consists of up to approximately 25% of his or her consideration in the form of cash and the remaining approximately 75%, or more, of his or her consideration in the form of Buckhead Community common stock. Any election that you make in which you elect cash consideration exceeding 25% of your total consideration is subject to adjustment by the exchange agent using the allocation and proration procedures described below. Therefore, unless you elect to receive 25% cash and 75% Buckhead Community common stock, or some lower proportion of cash to stock, it is possible that you will receive less cash consideration and more stock consideration than you elect. If you elect to receive 25% cash or less, the merger consideration that you elect will not be adjusted.

For purposes of the discussion below, cash elections means shares of Allied common stock, or any portion thereof, for which an election to receive cash is made, and stock elections means shares of Allied common stock, or any portion thereof, for which an election to receive Buckhead Community common stock is made.

*Oversubscription in the Cash Pool.* If the aggregate amount of cash to be paid to Allied shareholders and warrant holders for the cash elections exceeds \$13.375 million, then:

all 100% stock elections and all non-election shares will be converted into the right to receive solely stock consideration,

all cash elections of 25% or less will be converted into the right to receive the respective cash consideration and stock consideration elected, and

all cash elections of more than 25% will be converted into the right to receive stock consideration and/or cash consideration determined by the exchange agent, which by a pro rata selection process will allocate cash and shares of Buckhead Community common stock among the cash elections that have requested more than 25% cash consideration such that the aggregate cash paid to Allied shareholders in the merger (not including cash paid for fractional shares) equals as closely as practicable to \$13.375 million.

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### **No Fractional Shares**

No fractional shares of Buckhead Community common stock will be issued in connection with the merger. Instead, Buckhead Community will make a cash payment without interest to each shareholder of Allied who would otherwise receive a fractional share. The amount of such cash payment will be determined by multiplying the fraction of a share of Buckhead Community common stock otherwise issuable to such shareholder by \$25.00, the value attributed to each share of Buckhead Community common stock for purposes of this transaction.

### **Dissenters' Rights**

Holders of shares of Allied common stock who properly elect to exercise the dissenters' rights provided for in Article 13 of the GBCC will not have their shares converted into the right to receive merger consideration. If a holder's dissenters' rights are lost or withdrawn, such holder will receive his or her pro rata portion of the merger consideration. For more information, see, "Dissenters' Rights," at page 59.

### **Effect of the Merger on Allied Options**

Under the merger agreement, all outstanding rights to acquire shares of Allied common stock, whether or not then exercisable, will be converted into rights to acquire Buckhead Community common stock. Under the terms of the merger agreement, the number of shares of Buckhead Community subject to such options will equal the number of shares of Allied subject to such options immediately prior to the effective time, multiplied by 1.20. In addition, the per share exercise price of such converted options will be adjusted by dividing the per share exercise price of each Allied option by 1.20. Buckhead Community will not issue any fractional shares pursuant to this conversion of options, and will instead cash out any fractional share at a rate equal to the product of such fraction and \$25.00, minus the product of such fraction and the per share exercise price of the respective Allied option immediately prior to the merger. It is intended that the assumption of Allied options by Buckhead Community will be accomplished in a manner that will not constitute a modification under Section 424 of the Internal Revenue Code as to any incentive stock option.

### **Effect of the Merger on Allied Warrants**

Under the merger agreement, all rights with respect to warrants granted by Allied which are outstanding at the effective time of the merger will be converted into the right to receive merger consideration such as would be available for a holder of an equal number of shares of Allied common stock as are underlying such warrants, less an amount equal to the per share exercise price of each respective Allied warrant.

### **Closing and Effective Time of the Merger**

The merger will be completed only if all of the following occur:

the merger agreement is approved by Allied's shareholders;

we obtain all required consents and approvals from the Federal Reserve, the FDIC and the GDBF; and

all other conditions to the merger discussed in this proxy statement-prospectus and the merger agreement are either satisfied or waived.

If all of these conditions are met, the closing of the merger will occur as soon as practicable thereafter on a date mutually agreeable to Buckhead Community and Allied.

### **Representations and Warranties in the Merger Agreement**

Allied and Buckhead Community have made customary representations and warranties to each other as part of the merger agreement. Allied's representations and warranties are contained in Section 5 of the merger agreement and relate to, among other things:

its organization and authority to enter into the merger agreement;

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its capitalization, subsidiaries, properties and financial statements;

pending and threatened litigation against Allied and its subsidiaries;

First National Bank of Forsyth County's loans, investment portfolios, reserves and taxes;

its insurance, employee benefits, tax, legal and environmental matters;

First National Bank of Forsyth County's privacy of customer information and the status of technology systems;

its contractual obligations and contingent liabilities; and

Allied's public reports filed with the SEC.

Buckhead Community's representations and warranties are contained in Section 6 of the merger agreement and relate to, among other things:

its organization and authority to enter into the merger agreement;

its capitalization and financial statements;

pending and threatened litigation against Buckhead Community and its subsidiaries; and

the shares of Buckhead Community common stock to be issued in the merger.

Buckhead Community's representations and warranties are for the benefit of Allied; they are not for the benefit of and may not be relied upon by Allied's shareholders. The representations and warranties of the parties will not survive the effective time of the merger.

**Conditions to the Merger**

The merger agreement contains a number of conditions that must be satisfied or waived (if they are waivable) to complete the merger. The conditions include, among other things:

approval by Allied's shareholders of the merger agreement by the required vote;

approval of the merger by the Federal Reserve, the GDBF, the FDIC and other regulatory agencies without imposing conditions unacceptable to either Allied or Buckhead Community (see "The Merger Agreement - Regulatory and Other Required Approvals");

receipt by Allied and Buckhead Community of a tax opinion from Powell Goldstein LLP that the merger qualifies as a tax-free reorganization;

receipt by Allied of an opinion from Burke Capital that the consideration to be paid to Allied's shareholders is fair to such shareholders from a financial standpoint;

the absence of a stop order suspending the effectiveness of Buckhead Community's registration statement under the Securities Act with respect to the shares of Buckhead Community common stock to be issued to the Allied shareholders;

the absence of an order, decree or injunction enjoining or prohibiting completion of the merger;

continued accuracy as of the closing date of the representations and warranties set forth in the merger agreement and fulfillment in all material respects of the parties' covenants set forth in the merger agreement;

the absence of any material adverse change in the financial condition, results of operations, business or prospects of either Allied or Buckhead Community;

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Buckhead Community's receipt of affiliate and noncompetition agreements from each Allied director (see "The Merger Agreement - Affiliate Agreements"); and

issuance of certain legal opinions by counsel for Allied and Buckhead Community.

The conditions to the merger are set forth in Article 9 of the merger agreement. The parties intend to complete the merger as soon as practicable after all conditions have been satisfied or waived; however, we cannot assure you that all conditions will be satisfied or waived.

## **Waiver and Amendment**

Nearly all of the conditions to completing the merger may be waived at any time by the party for whose benefit they were created; however, the merger agreement provides that the parties may not waive any condition that would result in the violation of any law or regulation. Also, the parties may amend or supplement the merger agreement at any time by written agreement. The parties' boards of directors must approve any material amendments. Any material change in the terms of the merger agreement after the special shareholder meeting may require a re-solicitation of votes from Allied's shareholders with respect to the amended merger agreement.

## **Business of Allied Pending the Merger**

The merger agreement requires Allied to continue to operate its business as usual pending the merger. Among other things, they may not, without Buckhead Community's consent, take or agree to take any of the following actions:

amend its articles of incorporation or bylaws or other governing instruments;

incur any additional debt or other obligation in excess of \$50,000, except in the ordinary course of business and consistent with past practices, or allow any lien or encumbrance to be placed on any asset;

redeem, repurchase, or otherwise acquire any shares of its capital stock or any instruments convertible to capital stock or pay any distribution or dividend on its capital stock;

issue, sell, pledge, encumber, authorize the issuance of, or otherwise permit to become outstanding, any additional shares of its common stock, except pursuant to the exercise of currently outstanding options or warrants, or otherwise dispose of any asset having a book value in excess of \$50,000 except in the ordinary course of business and for adequate consideration;

except in certain circumstances, make any material investments other than investments in obligations or securities of government entities;

enter into or modify any agreement requiring the payment of any salary, bonus, extra compensation, pension or severance payment to any of its current or former directors, officers or employees, except such agreements as are terminable at will without penalty or other payment by it, or increase the compensation of any such person in any manner inconsistent with its past practices;

adopt any new employee benefit plan or make any material change to existing plans, except as required by law or to maintain the tax status of the plan;

make any change to tax or accounting methods or internal accounting controls, except as required by law, regulation, or GAAP;

commence any litigation inconsistent with past practices or settle any claim for over \$50,000 in money damages or any restrictions on its operations; or

enter into, modify, amend, or terminate any contract or waive, release, or assign any claim in any amount exceeding \$50,000. The restrictions on Allied's business activities are set forth in Section 7.2 of the merger agreement.

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### **No Solicitation of Alternative Transactions**

Allied was required to immediately cease any negotiations with any person regarding any acquisition transaction existing at the time the merger agreement was executed. In addition, Allied may not solicit, directly or indirectly, inquiries or proposals with respect to, or, except to the extent determined by Allied's board of directors in good faith, after consultation with its financial advisors and legal counsel, to be required to discharge properly the directors' fiduciary duties, furnish any information relating to, or participate in any negotiations or discussions concerning, any sale of all or substantially all of its assets, any purchase of a substantial equity interest in it or any merger or other combination with it. Subject to the same fiduciary duties, Allied's board may not withdraw its recommendation to you of the merger or recommend to you any such other transaction.

Allied was also required to instruct its respective officers, directors, agents, and affiliates to refrain from taking action prohibited by Allied and is required to notify Buckhead Community immediately if it receives any inquiries from third parties. However, no director or officer of Allied is prohibited from taking any action that the board of directors of Allied determines in good faith, after consultation with counsel and receipt of a written opinion, is required by law or is required to discharge such director's or officer's fiduciary duties.

### **Termination of the Merger Agreement; Termination Fee**

The merger agreement specifies the circumstances under which the parties may terminate the agreement and abandon the merger. Those circumstances are:

by mutual consent of Allied's board of directors and Buckhead Community's board of directors;

by either party if the other party breaches any representation, warranty or covenant, such breach cannot be, or is not, cured within 30 days after written notice and the existence of such breach would result in a material adverse effect, as defined in the merger agreement, on the breaching party;

by either party if, by December 22, 2007, the conditions to completing the merger have not been met or waived, cannot be met or if the merger has not been consummated, or if the conditions to such party's obligation to close are not satisfied by such date;

by either party if Allied's shareholders do not approve the merger agreement or if any required consent of any regulatory authority is denied and is not appealed;

by Buckhead Community if Allied's board of directors withdraws, modifies or changes its recommendation of the merger agreement, recommends a merger, sale of assets or other business combination or substantial investment by a third party (other than the Buckhead Community merger), or announces any agreement to do any of those things;

by Allied if Allied receives a bona fide written offer for an acquisition transaction that the Allied board determines in good faith, after consultation with its financial advisors and counsel, to be more favorable than the Buckhead Community merger; or

by Buckhead Community if the holders of more than 15% of the outstanding Allied common stock exercise dissenters' rights. If Buckhead Community terminates the merger agreement because Allied's board withdraws or changes its recommendation of the merger agreement or recommends an acquisition transaction other than the Buckhead Community merger, or if Allied terminates the agreement because it has received an offer for such an acquisition transaction, then Allied (or its successor) must pay Buckhead Community a termination fee of \$2.50 million. In addition, if the agreement is terminated pursuant to the breach of a condition by the other party, the breaching party will be liable to the non-breaching party for certain fees and expenses incurred by the non-breaching party in connection or associated with the preparation, negotiation, and execution of the agreement.

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Provisions of the merger agreement regarding confidentiality, payment of the termination fee and indemnification of Allied and its controlling persons will survive any termination of the agreement.

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### **Payment of Expenses Relating to the Merger**

The parties will pay all of their own expenses related to negotiating and completing the merger.

### **Interests of Certain Persons in the Merger**

Some of Allied's directors and executive officers have interests in the transaction in addition to their interests generally as shareholders of Allied. These interests are described below. Allied's board of directors was aware of these interests and considered them, in addition to other matters, in approving the merger agreement.

#### ***Director Noncompetition Agreements***

It is a condition to the obligations of Buckhead Community under the merger agreement that each director of Allied shall enter into a noncompetition agreement not to compete with Buckhead Community. The agreements will provide that each director of Allied shall not serve on the board of any financial institution or any financial institution holding company located in Forsyth or Hall Counties, Georgia, for a period of two years following the effective date of the merger.

#### ***Allied Stock Options and Warrants***

Prior to the execution of the merger agreement, Allied's directors and executive officers held options to purchase an aggregate of 142,500 shares of Allied common stock, with a weighted average exercise price of \$11.15 per share. Subsequently, 31,700 of these options were exercised, resulting in an additional 31,700 shares of Allied common stock outstanding, and in options to purchase 110,800 shares of Allied common stock, with a weighted average exercise price of \$11.47 per share, remaining outstanding. All of these options have vested or will vest prior to the consummation of the merger. In addition, Allied directors and executive officers held warrants to purchase an additional 287,142 shares of common stock, each with an exercise price of \$10.00. The merger agreement contemplates compensating Allied directors and executive officers for options and warrants held at the effective time of the merger.

#### ***Employee Benefits***

Buckhead Community will also give Allied's employees full vesting and eligibility credit for their years of service with Allied for purposes of benefit accrual under Buckhead Community's payroll practices and fringe benefit programs. Buckhead Community will provide Allied employees with benefits on terms and conditions which, when taken as a whole, are substantially similar to those currently provided to similarly situated Buckhead Community employees. Buckhead Community will provide continuation coverage to Allied employees under Allied's group health plan or any successor Buckhead Community plan. At the request of Purchaser, the Allied will take all appropriate action to terminate, prior to the Effective Time, any retirement plan maintained by Allied or FNB Forsyth that is intended to be qualified under Section 401(a) of the Internal Revenue Code.

#### ***Employment Agreements***

By way of an ancillary agreement to the Merger, Andrew Walker will enter into an employment agreement with The Buckhead Community Bank, effective as of the completion of the Merger. This agreement will provide Mr. Walker with an initial annual salary of \$200,000 per year, perquisites, including the use of an automobile, totaling less than \$10,000 annually, the opportunity to earn bonus payments and equity incentives as determined from time to time by the board of directors of The Buckhead Community Bank, and a severance payment equal to one (1) times Mr. Walker's then-current salary in the event of termination within the year following a change of control.

In addition, it is currently contemplated that Richard Bell and Sam Story, Allied's CFO and Executive Vice President, respectively, will enter into similarly structured employment agreements, with initial annual salaries of \$150,000 and \$165,000, respectively.

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### ***Indemnification and Insurance***

Buckhead Community has agreed that all rights to indemnification and all limitations of liability existing in favor of indemnified parties under Allied's articles of incorporation and bylaws as in effect on March 1, 2007 with respect to matters occurring prior to or at the effective time of the merger will survive for a period concurrent with the applicable statute of limitations. In addition, Buckhead Community has agreed to indemnify, under certain conditions, Allied's directors, officers and controlling persons against certain expenses and liabilities, including certain liabilities arising under federal securities laws. Allied must cause the officers and directors of Allied to be covered by Allied's directors and officers liability insurance policy (or a substitute policy) for three years following the effective time of the merger, subject to certain conditions.

No director or executive officer of Allied currently owns any Buckhead Community common stock.

### **Share Ownership of Management**

As of the record date for the special meeting, directors and executive officers of Allied had or shared voting or dispositive power over approximately 21.1% of the issued and outstanding Allied common stock. These individuals have agreed with Buckhead Community that they will vote the shares over which they have voting power, subject to their fiduciary duties, in favor of the merger agreement. See "Affiliate Agreements" at page 52.

### **No Public Trading Market**

Buckhead Community common stock issued pursuant to the merger will be registered under the Securities Act of 1933, as amended. The shares of Buckhead Community common stock to be issued in the merger will be freely transferable under applicable securities laws, except to the extent of any limitations or restrictions applicable to any shares received by any shareholder who may be deemed an affiliate of Allied on the date of the special meeting of Allied's shareholders or an affiliate of Buckhead Community following completion of the merger. See "Resale of Buckhead Community Common Stock," at page 51.

Buckhead Community currently has no plans to list its stock on any public exchange following the merger, although it is possible that Buckhead Community may list its common stock at some point in the future. However, even if Buckhead Community were to list its common stock on a public exchange, there is no guarantee that any public market for shares of Buckhead Community common stock will develop.

### **Buckhead Community Dividends**

The holders of Buckhead Community common stock receive dividends if and when declared by the Buckhead Community board of directors out of legally available funds. Buckhead Community's board of directors has not declared a dividend since Buckhead Community's inception and does not expect to do so in the foreseeable future. Instead, they anticipate that all of their earnings, if any, will be used for working capital, to support their operations and to finance the growth and development of their business. Any future determination relating to dividend policy will be made at the discretion of Buckhead Community's board of directors and will depend on a number of factors, including the company's future earnings, capital requirements, financial condition, future prospects, regulatory restrictions and other factors that the board of directors may deem relevant.

### **Surrender and Exchange of Stock Certificates**

At the effective time of the merger, Allied's shareholders will automatically become entitled to all of the rights and privileges afforded to Buckhead Community shareholders at that time. However, the actual physical exchange of Allied common stock certificates for cash and certificates representing shares of Buckhead Community common stock will occur after the merger.

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Registrar and Transfer Company will serve as exchange agent for the merger. Promptly after the effective date of the merger, Buckhead Community will send or cause to be sent to all Allied's shareholders (other than any shareholders who have exercised their dissenters' rights) an election form/letter of transmittal with instructions for electing the type of consideration to be received in the merger and exchanging Allied common stock certificates for the merger consideration. Each Allied stock certificate issued and outstanding immediately prior to the effective time of the merger will be deemed for all purposes to evidence the right to receive the merger consideration to which such holder is entitled, regardless of when they are actually exchanged.

Buckhead Community will delay paying former shareholders of Allied who become holders of Buckhead Community common stock pursuant to the merger any dividends or other distributions that may become payable to holders of record of Buckhead Community common stock following the effective time of the merger until they have surrendered their certificates evidencing their Allied common stock, at which time Buckhead Community will pay any such dividends or other distributions without interest.

***You should not send in your Allied stock certificate(s) until you have received an election form/letter of transmittal and further written instructions after the effective date of the merger. Please do NOT send in your stock certificates with your proxy card.***

After the exchange agent receives your certificates of Allied common stock, together with a properly completed election form/letter of transmittal, it will deliver to you the merger consideration to which you are entitled, consisting of any Buckhead Community common stock certificates (together with all withheld dividends or other distributions, but without interest thereon) and cash payments due (including any cash payment for a fractional share, without interest). The merger consideration delivered by the exchange agent is subject to adjustment to ensure that the total cash consideration distributed is no greater than \$13.375 million. See "Allocation and Proration Procedures" at page 44.

Shareholders who cannot locate their stock certificates are urged to contact promptly:

Allied Bancshares, Inc.

1700 Marketplace Blvd.

Cumming, Georgia 30041

Attention: Andrew Walker

Telephone: (678) 947-3595

Allied will issue a new stock certificate to replace the lost certificate(s) only if the shareholder of Allied signs an affidavit certifying that his or her certificate(s) cannot be located and containing an agreement to indemnify Allied and Buckhead Community against any claim that may be made against Allied or Buckhead Community by the owner of the certificate(s) alleged to have been lost or destroyed. Allied or Buckhead Community may also require the shareholder to post a bond in an amount sufficient to support the shareholder's agreement to indemnify Allied and Buckhead Community.

## **Resale of Buckhead Community Common Stock**

The shares of Buckhead Community common stock to be issued in the merger will be registered under the Securities Act. Allied shareholders who are not affiliates of Allied or Buckhead Community may freely trade their Buckhead Community common stock upon completion of the merger. The term "affiliate" generally means each person who was an executive officer, director or 10% shareholder of Allied prior to the merger or who is an executive officer, director or 10% shareholder of Buckhead Community after the merger.

Those shareholders who are deemed to be affiliates of Allied may only sell their Buckhead Community common stock as provided by Rule 145 of the Securities Act of 1933, as amended (the "Securities Act"), or as otherwise permitted under the Securities Act.

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If you are or may be an affiliate of Allied, you should carefully consider the resale restrictions imposed by Rule 145 before you attempt to transfer any shares of Buckhead Community common stock after the merger. Persons assumed to be affiliates of Allied have entered into agreements with Buckhead Community not to sell shares of Buckhead Community common stock they receive in the merger in violation of the Securities Act, or in any manner that would disqualify the merger from tax-free reorganization treatment.

### **Affiliate Agreements**

Allied has caused each non-officer director of Allied to execute an Affiliate Agreement, in which each director agrees to vote all of his or her shares of Allied common stock in favor of the merger and the merger agreement.

A form of the Affiliate Agreement is *Exhibit A* to the Agreement and Plan of Reorganization, which is attached to this joint proxy statement-prospectus as *Appendix A*. This agreement may have the effect of discouraging third parties from making a proposal for an acquisition transaction involving Allied. The following is a brief summary of the material provisions of this agreement:

The director agrees to vote, or cause to be voted, in person or by proxy, all of the Allied common stock as to which he or she has voting power, individually or jointly with other persons.

The director agrees, except for certain specific transfers set forth in the agreement, not to directly or indirectly transfer any of his or her Allied common stock until the vote upon the Agreement and Plan of Reorganization and the merger by Allied stock holders has been taken or until the Agreement and Plan of Reorganization has been terminated without the prior written consent of Buckhead Community.

The director agrees, for a period of two years after the effective date of the merger, to file on a timely basis all reports required to be filed by it pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the 1934 Act).

### **Regulatory and Other Required Approvals**

#### ***Federal Reserve***

The Federal Reserve must approve the merger before it can be completed. Buckhead Community received the prior approval of the Federal Reserve on June 5, 2007. This approval was granted on the condition that the merger not be consummated after September 5, 2007. Buckhead Community has subsequently received an extension of this approval on the condition that the merger not be consummated after December 5, 2007. Should Buckhead Community and Allied be unable to consummate the merger prior to the expiration of Federal Reserve approval, Buckhead Community intends to apply for additional extensions as necessary. However, it is possible that further extensions may not be granted, or may impose conditions not presently anticipated.

#### ***Other Regulatory Approvals***

The merger of First National Bank of Forsyth County with and into The Buckhead Community Bank requires the approval of the FDIC and the GDBF. Buckhead Community concurrently filed applications for approval of the bank merger with the FDIC and the GDBF on May 9, 2007, and received the prior approvals of the GDBF and the FDIC on June 18 and 22, 2007 respectively. The approval of the FDIC has been granted on the condition that the bank merger not be consummated after December 22, 2007. While Buckhead Community intends to apply for an extension of this approval should such an extension prove necessary and has no reason to believe that such an extension would not be granted if requested, there is the possibility that a necessary extension may not be granted on a timely basis or at all, or may impose conditions not presently anticipated. While denial of an extension or the imposition of additional conditions would not preclude the merger of Allied with and into Buckhead Community, such a denial would adversely affect the merger of FNB Forsyth with and into The Buckhead Community Bank, which in turn could have an adverse impact on the integration of the businesses following the merger and related financial performance.

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In connection with or as a result of the merger, Buckhead Community or Allied may be required, pursuant to other laws and regulations, either to notify or obtain the consent of other regulatory authorities and organizations to which such companies or subsidiaries of either or both of them may be subject. The Buckhead Community common stock to be issued in exchange for Allied common stock in the merger has been registered with the SEC and also will be registered with such state securities regulators as may be required.

### ***Status and Effect of Approvals***

All regulatory applications and notices required to be filed prior to the merger have been filed. Buckhead Community and Allied contemplate that they will complete the merger shortly after the special shareholders meeting, assuming all required approvals are received.

Buckhead Community and Allied have received the prior approval of the Federal Reserve, FDIC and GDBF as of the date of this document. However, we cannot assure you that any state attorney general or other regulatory authority will not attempt to challenge the merger, or, if such a challenge is made, project the result thereof. The merger is conditioned upon the receipt of all consents, approvals and actions of governmental authorities and the filing of all other notices with such authorities in respect of the merger.

We are not aware of any regulatory approvals that would be required for completion of the transactions contemplated by the merger agreement other than as described above. Should any other approvals be required, those approvals would be sought, but we cannot assure you that they will be obtained.

We are not aware of any regulatory approvals that would be required for completion of the transactions contemplated by the merger agreement other than as described above. Should any other approvals be required, those approvals would be sought, but we cannot assure you that they will be obtained.

### **Accounting Treatment of the Merger**

Buckhead Community is required to account for the merger as a purchase transaction under GAAP. Under the purchase method of accounting, the assets (including identifiable intangible assets) and liabilities (including executory contracts and other commitments) of Allied will be recorded, as of completion of the merger, at their respective fair values and added to those of Buckhead Community. Any excess of purchase price over the net fair value of Allied's assets and liabilities is recorded as goodwill (excess purchase price). Financial statements and reported results of operations of Buckhead Community issued after completion of the merger will reflect these values, but will not be restated retroactively to reflect the historical financial position or results of operations of Allied. The results of operations of Allied will be included in the results of operations of Buckhead Community following the effective time of the merger.

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**MATERIAL FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER**

The following is a summary description of the material United States federal income tax consequences of the merger to the shareholders of Allied who hold the common stock as capital assets. We do not intend it to be a complete description of the federal income tax consequences of the merger to all shareholders of Allied. For example, it may not apply to shareholders who received their stock upon the exercise of employee stock options or as compensation. It also may not apply to shareholders who hold the common stock as part of a hedge, straddle, constructive sale, or conversion transaction, as these terms are used in the Internal Revenue Code. It also may not apply to insurance companies, securities dealers, financial institutions or foreign persons. In addition, this summary description deals only with the federal income tax consequences of the merger. No information is provided on the tax consequences of the merger under state, local, gift, estate, foreign or other tax laws.

This discussion is based upon the tax laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change. No ruling will be requested from the Internal Revenue Service on any matter relating to the tax consequences of the merger. Tax laws are complex, and your individual circumstances may affect the tax consequences to you. We urge you to consult a tax advisor regarding the tax consequences of the merger to you.

Buckhead Community and Allied must receive a tax opinion from Powell Goldstein LLP in order to complete the merger. The tax opinion must conclude that the consequences of the merger are as follows:

that the merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

that the exchange in the merger of Allied common stock for Buckhead Community common stock will not give rise to gain or loss to the shareholders of Allied with respect to such exchange, except to the extent of any cash received; and

that the assumption by Buckhead Community of Allied options qualifying as incentive stock options under Section 422 of the Internal Revenue Code will satisfy the requirements of Section 424(a) of the Internal Revenue Code and will not constitute a modification of such options under Section 424(h) of the Internal Revenue Code.

On October 5, Powell Goldstein LLP issued the tax opinion. The tax opinion was based upon law existing on the date of the opinion and upon certain facts, assumptions, limitations, factual representations and covenants including those contained in representation letters executed by officers of Allied and Buckhead Community that, if incorrect in certain material respects, would jeopardize the conclusions reached by Powell Goldstein LLP in its opinion. The tax opinion does not bind the Internal Revenue Service or prevent the Internal Revenue Service from successfully asserting a contrary opinion. No ruling has or will be requested from the Internal Revenue Service in connection with the merger.

The United States federal income tax consequences of the merger are as follows:

*Classification as a Reorganization.* The merger will be treated as a reorganization qualifying under the provisions of section 368(a) of the Internal Revenue Code.

*Federal Income Tax Consequences to Buckhead Community and Allied.* Neither Buckhead Community nor Allied will recognize taxable gain or loss as a result of the merger, except for, in the case of Allied, gain, if any, that has been deferred in accordance with the consolidated return regulations.

*Federal Income Tax Consequences to the Allied Shareholders.* The United States federal income tax consequences of the merger to an Allied shareholder, generally, will depend on whether the shareholder exchanges Allied common stock for cash, Buckhead Community common stock or a combination of cash and Buckhead Community common stock.



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*Exchange Solely for Buckhead Community Stock.* An Allied shareholder will not recognize taxable gain or loss upon the exchange of Allied common stock solely for Buckhead Community common stock, except in respect of cash received in lieu of the issuance of a fractional share of Buckhead Community common stock (as discussed below).

*Exchange for Part Cash and Part Buckhead Community Common Stock.* An Allied shareholder who receives part cash (not including cash received in lieu of the issuance of a fractional share of Buckhead Community common stock) and part Buckhead Community common stock in exchange for Allied common stock will recognize taxable gain (but not loss) in an amount, if any, equal to the lesser of: (i) the excess of the sum of the amount of cash (excluding cash paid for a fractional share) and the fair market value of Buckhead Community common stock received in the merger over the holder's adjusted tax basis in the shares of Allied common stock (not including any tax basis allocable to any fractional shares of Buckhead Community common stock for which a Allied shareholder is paid in cash) surrendered by the holder, or (ii) the amount of cash (excluding cash paid for a fractional share) received in the merger. Any taxable gain to a Allied shareholder on the exchange of Allied common stock generally will be treated as capital gain (either long-term or short-term capital gain depending on whether the shareholder has held such Allied common stock for more than one (1) year in the case of long-term capital gain or one (1) year or less in the case of short-term capital gain). Gain must be computed separately with respect to shares of Allied common stock acquired at different times. If, however, the cash received has the effect of the distribution of a dividend (as discussed below), the gain will be treated as a dividend to the extent of the holder's ratable share of accumulated earnings and profits as calculated for United States federal income tax purposes.

*Exchange of Cash in Lieu of Fractional Share.* An Allied shareholder who receives cash in lieu of the issuance of a fractional share of Buckhead Community common stock will generally be treated as having received such fractional share and then having received such cash in redemption of the fractional share. Gain or loss generally will be recognized based on the difference between the amount of cash received instead of the fractional share and the portion of the Allied shareholder's aggregate adjusted tax basis of the Allied shares exchanged in the merger which is allocable to the fractional share of Buckhead Community common stock. Such gain or loss generally will be long-term capital gain or loss if the holding period for such shares of Allied common stock is more than one year at the effective time of the merger.

*Tax Basis of Buckhead Community Common Stock Received in the Merger.* The tax basis of any Buckhead Community common stock (including a fractional share deemed received and redeemed as described above) exchanged for Allied common stock in the merger will equal the tax basis of the Allied common stock surrendered in the exchange, reduced by the amount of cash received, if any, in the exchange (excluding any cash received in lieu of the issuance of a fractional share of Buckhead Community common stock), and increased by the amount, if any, of gain (including any portion of the gain that is treated as a dividend but not including any gain resulting from the deemed receipt and redemption of a fractional share described above) recognized in the exchange.

*Holding Period of Buckhead Community Common Stock Received in the Merger.* The holding period for any Buckhead Community common stock exchanged for Allied common stock in the merger will include the period during which Allied common stock surrendered in the exchange was held.

*Possible Treatment of Cash as a Dividend.*

In general, the determination of whether the gain recognized in the exchange (other than gain with respect to fractional shares) will be treated as capital gain or has the effect of a distribution of a dividend depends upon whether and to what extent the exchange reduces the Allied shareholder's deemed percentage stock ownership in Buckhead Community. For purposes of this determination,

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the Allied shareholder is treated as if it first exchanged all of its shares of Allied common stock solely for Buckhead Community common stock and then Buckhead Community immediately redeemed, which we refer to in this document as the Deemed Redemption, a portion of the Buckhead Community common stock in exchange for the cash the holder actually received. The gain recognized in the deemed redemption will be treated as a capital gain if the deemed redemption is (1) substantially disproportionate with respect to the Allied shareholder or (2) not essentially equivalent to a dividend.

The Deemed Redemption will generally be substantially disproportionate with respect to a holder if the percentage described in (2) below is less than 80% of the percentage described in (1) below. Whether a Deemed Redemption is not essentially equivalent to a dividend with respect to a Allied shareholder will depend upon the Allied shareholder's particular circumstances. At a minimum, however, in order for the Deemed Redemption to be not essentially equivalent to a dividend, the Deemed Redemption must result in a meaningful reduction in the Allied shareholder's deemed percentage stock ownership of Buckhead Community. In general, that determination requires a comparison of: (1) the percentage of the outstanding stock of Buckhead Community that the Allied shareholder is deemed actually and constructively to have owned immediately before the Deemed Redemption and (2) the percentage of the outstanding stock of Buckhead Community that is actually and constructively owned by the Allied shareholder immediately after the Deemed Redemption. In applying the above tests, a holder may, under the constructive ownership rules, be deemed to own stock that is owned by other persons or stock underlying a holder's option to purchase such stock in addition to the stock actually owned by the holder.

The Internal Revenue Service has ruled that a stockholder in a publicly held corporation whose relative stock interest is minimal (e.g. less than 1%) and who exercises no control with respect to corporate affairs is generally considered to have a meaningful reduction if that stockholder has a relatively minor (e.g. approximately 3%) reduction in its percentage stock ownership under the above analysis; accordingly, the gain recognized in the exchange by such a stockholder would be treated as capital gain.

These rules are complex and dependent upon the specific factual circumstances particular to each holder. Consequently, each holder that may be subject to these rules should consult its tax advisor as to the application of these rules to the particular facts relevant to such holder. However, it should be noted that, under current Internal Revenue laws, dividends from a regular C corporation (including amounts characterized as a dividend under the guidelines set forth above) and long-term capital gains are both taxed at a maximum rate of 15% for federal income tax purposes.

*Exchange Solely for Cash.* An Allied shareholder who receives solely cash in exchange for Allied common stock, whether as a result of exercising dissenter's rights or otherwise, will recognize taxable gain or loss in an amount, if any, equal to the difference between the cash received and the holder's adjusted tax basis in the shares of Allied common stock surrendered by the holder. Any taxable gain to an Allied shareholder on the exchange of Allied common stock will generally be treated as capital gain, either long-term or short-term capital gain depending on the shareholder's holding period for the Allied common stock.

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### **CERTAIN DIFFERENCES IN RIGHTS OF SHAREHOLDERS**

If the merger is completed, Allied's shareholders (other than those exercising dissenters' rights or who receive 100% of their consideration in the form of cash) will become Buckhead Community shareholders. Their rights as shareholders will then be governed by Buckhead Community's articles of incorporation and bylaws rather than by Allied's articles of incorporation and bylaws.

Buckhead Community and Allied are both Georgia corporations organized under the laws of the State of Georgia. The corporate affairs of Buckhead Community and Allied are governed generally by the provisions of the GBCC. The following is a summary of differences between the rights of Allied shareholders and Buckhead Community shareholders not described elsewhere in this proxy statement-prospectus. The complete texts of Buckhead Community's articles of incorporation and bylaws are included as exhibits to the registration statement filed with the SEC in connection with this proposed merger, and are available for public viewing. See "Where You Can Find Additional Information," at page 143. Allied shareholders should consult their own legal counsel with respect to specific differences and changes in their rights as shareholders which would result from the proposed merger.

#### **Authorized Capital Stock**

*Buckhead Community.* Buckhead Community's articles of incorporation authorize it to issue 10,000,000 shares of common stock, with a \$0.01 per share par value and 1,000,000 shares of special stock, no par value, with such preferences, limitations and relative rights as determined by the board of directors. As of October 4, 2007, there were 4,575,166 shares of Buckhead Community common stock, including 10,822 restricted shares, issued and outstanding and no shares of special stock issued and outstanding. In addition, as of October 4, 2007, Buckhead Community had issued options to purchase 68,976 shares of its common stock.

*Allied.* Allied's articles of incorporation authorize it to issue 10,000,000 shares of common stock with a \$0.10 per share par value. As of October 4, 2007, there were 1,535,700 shares of Allied common stock issued and outstanding. In addition, as of October 4, 2007, 110,800 shares of Allied common stock were reserved for issuance pursuant to outstanding options, and an additional 287,142 shares were reserved for issuance pursuant to outstanding warrants to purchase Allied common stock.

#### **Boards of Directors**

*Buckhead Community.* Buckhead Community's bylaws provide for a board of directors consisting of a number of directors as determined by the shareholders and the board. At this time, there are eleven (11) directors of Buckhead Community. Each director is elected by plurality vote at successive annual meetings of shareholders.

*Allied.* Allied's bylaws provide for a board of directors consisting of not less than five (5) nor more than twenty-five (25) members divided into three classes. Each class of directors serves a three-year term, and directors of each class are elected by plurality vote at successive annual meetings of shareholders.

#### **Reporting Requirements**

*Buckhead Community.* Buckhead Community files reports with the Federal Reserve and The Buckhead Community Bank files reports with the FDIC and the GDBF.

*Allied.* Allied is a reporting company under the Exchange Act and files periodic reports with the SEC. Allied also files reports with the Federal Reserve, and The First National Bank of Forsyth County files reports with the OCC.

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### **Liquidation Rights**

*Buckhead Community.* Under the GBCC, a majority of the outstanding shares entitled to vote must approve any dissolution or liquidation of Buckhead Community.

*Allied.* Under the GBCC, a majority of the outstanding shares entitled to vote must approve any dissolution or liquidation of Allied.

### **Mergers, Consolidations and Sales of Assets**

*Buckhead Community.* Under the GBCC, a merger (other than a merger of a subsidiary in which the parent owns at least 90% of each class of outstanding stock), a disposition of all or substantially all of a corporation's property and a share exchange generally must be approved by a majority of the outstanding shares entitled to vote, unless the articles of incorporation or bylaws require otherwise. Because Buckhead Community's articles and bylaws do not so require, an affirmative vote of at least a majority of the outstanding shares entitled to vote would be sufficient to approve a sale of or the merger of Buckhead Community into another corporation. A merger of Buckhead Community into another corporation would also require the approval of the Federal Reserve, the FDIC and the GDBF.

*Allied.* The merger of Allied generally requires the affirmative vote of either (1) a majority of the board of directors and shareholders owning at least two thirds of the issued and outstanding shares of the corporation, or (2) two-thirds of the board of directors and shareholders owning at least a majority of the issued and outstanding shares of the corporation in order to approve a merger or share exchange, or a sale of substantially all of the corporation's assets. Such a merger must also be approved by the Federal Reserve and the GDBF.

### **Dividends**

*Buckhead Community.* The holders of Buckhead Community common stock are entitled to receive dividends when, as and if declared by Buckhead Community's board of directors and paid by Buckhead Community out of funds legally available therefor. Under Federal Reserve policy, a bank holding company such as Buckhead Community generally should not maintain a rate of cash dividends unless the available net income of the bank holding company is sufficient to fully fund the dividends. Further, the prospective rate of earnings retention should appear to be consistent with its capital needs, asset quality, and overall financial condition. In addition, Buckhead Community may not pay dividends that would render it insolvent. Buckhead Community has not declared a dividend since their inception and they do not expect to do so in the foreseeable future. Instead, they anticipate that all of their earnings, if any, will be used for working capital, to support their operations and to finance the growth and development of their business.

*Allied.* The holders of Allied common stock are entitled to receive dividends when, as and if declared by Allied's board of directors and paid by Allied out of funds legally available therefore. Similar to Buckhead Community, Allied must adhere to the Federal Reserve Policy for bank holding companies. As a Georgia corporation, Allied may pay dividends on its outstanding shares in cash, property or its own shares unless it would be rendered insolvent by doing so.

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**DISSENTERS' RIGHTS**

*The following is a summary of the law relating to dissenters' rights available under Georgia law. The full text of the relevant provisions of the GBCC, which are reprinted in their entirety and included as Appendix C to this proxy statement-prospectus. If you desire to exercise dissenters' rights, you should review carefully the GBCC and are urged to consult a legal advisor before electing or attempting to exercise these rights.*

Pursuant to the provisions of the GBCC, Allied's shareholders have the right to dissent from the merger and to receive the fair value of their shares in cash. Holders of Allied common stock who fulfill the requirements described below will be entitled to assert dissenters' rights. Shareholders considering initiation of a dissenters' proceeding should review this section in its entirety. A dissenters' proceeding may involve litigation.

**Preliminary Procedural Steps.** Pursuant to the provisions of Article 13 of the GBCC, if the merger is consummated, you must:

Give to Allied, prior to the vote at the special meeting with respect to the approval of the merger, written notice of your intent to demand payment for your shares of Allied common stock (hereinafter referred to as "shares");

Not vote in favor of the merger; and

Comply with the statutory requirements summarized below. If you perfect your dissenters' rights, you will receive the fair value of your shares as of the effective date of the merger.

You may assert dissenters' rights as to fewer than all of the shares registered in your name only if you dissent with respect to all shares beneficially owned by any one beneficial shareholder and you notify Allied in writing of the name and address of each person on whose behalf you are asserting dissenters' rights. The rights of a partial dissenter are determined as if the shares as to which that holder dissents and that holder's other shares were registered in the names of different shareholders.

**Written Dissent Demand.** Voting against the merger will not satisfy the written demand requirement. In addition to not voting in favor of the merger, if you wish to preserve the right to dissent and seek appraisal, you must give a separate written notice of your intent to demand payment for your shares if the merger is effected. Any shareholder who returns a signed proxy card but fails to provide instructions as to the manner in which his or her shares are to be voted will be deemed to have voted in favor of the merger and will not be entitled to assert dissenters' rights.

Any written objection to the merger satisfying the requirements discussed above should be addressed to Allied Bancshares, Inc., 1700 Marketplace Blvd., Cumming, Georgia 30041, Attn: Corporate Secretary.

If the shareholders of Allied approve the merger at the special meeting, Allied must deliver a written dissenters' notice (the "Dissenters' Notice") to all of its shareholders who satisfy the foregoing requirements. The Dissenters' Notice must be sent within ten days after the effective date of the merger and must:

State where dissenting shareholders should send the demand for payment and where and when dissenting shareholders should deposit certificates for the shares;

Inform holders of uncertificated shares to what extent transfer of these shares will be restricted after the demand for payment is received;

Set a date by which Allied must receive the demand for payment (which date may not be fewer than 30 nor more than 60 days after the Dissenters' Notice is delivered); and

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Be accompanied by a copy of Article 13 of the GBCC.

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A record shareholder who receives the Dissenters' Notice must demand payment and deposit his or her certificates with Allied in accordance with the Dissenters' Notice. Dissenting shareholders will retain all of the rights of a shareholder until those rights are canceled or modified by the consummation of the merger. A record shareholder who does not demand payment or deposit his or her share certificates as required, each by the date set in the Dissenters' Notice, is not entitled to payment for his or her shares under Article 13 of the GBCC.

Except as described below, Buckhead Community, as Allied's successor, must, within ten days of the later of the effective date of the merger or receipt of a payment demand, offer to pay to each dissenting shareholder who complied with the payment demand and deposit requirements described above the amount Buckhead Community estimates to be the fair value of the shares, plus accrued interest from the effective date of the merger. Buckhead Community's offer of payment must be accompanied by:

Recent financial statements of Buckhead Community;

Buckhead Community's estimate of the fair value of the shares;

An explanation of how the interest was calculated;

A statement of the dissenter's right to demand payment under Section 14-2-1327 of the GBCC; and

A copy of Article 13 of the GBCC.

If the dissenting shareholder accepts Buckhead Community's offer by written notice to Buckhead Community within 30 days after Buckhead Community's offer, Buckhead Community must pay for the shares within 60 days after the later of the making of the offer or the effective date of the merger.

If the merger is not consummated within 60 days after the date set forth demanding payment and depositing share certificates, Buckhead Community must return the deposited certificates and release the transfer restrictions imposed on uncertificated shares. Buckhead Community must send a new Dissenters' Notice if the merger is consummated after the return of certificates and repeat the payment demand procedure described above.

Section 14-2-1327 of the GBCC provides that a dissenting shareholder may notify Buckhead Community in writing of his or her own estimate of the fair value of such holder's shares and the interest due, and may demand payment of such holder's estimate, if:

He or she believes that the amount offered by Buckhead Community is less than the fair value of his or her shares or that Buckhead Community has calculated incorrectly the interest due; or

Buckhead Community, having failed to consummate the merger, does not return the deposited certificates or release the transfer restrictions imposed on uncertificated shares within 60 days after the date set for demanding payment.

A dissenting shareholder waives his or her right to demand payment under Section 14-2-1327 unless he or she notifies Buckhead Community of his or her demand in writing within 30 days after Buckhead Community makes or offers payment for the dissenting shareholder's shares. If Buckhead Community does not offer payment within ten days of the later of the merger's effective date or receipt of a payment demand, then the shareholder may demand the financial statements and other information required to accompany Buckhead Community's payment offer, and Buckhead Community must provide such information within ten days after receipt of the written demand. The shareholder may notify Buckhead Community of his or her own estimate of the fair value of the shares and the amount of interest due, and may demand payment of that estimate.

## ***Litigation***

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If a demand for payment under Section 14-2-1327 remains unsettled, Buckhead Community must commence a nonjury equity valuation proceeding in the Superior Court of Fulton County, Georgia, within 60

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days after receiving the payment demand and must petition the court to determine the fair value of the shares and accrued interest. If Buckhead Community does not commence the proceeding within those 60 days, the GBCC requires Buckhead Community to pay each dissenting shareholder whose demand remains unsettled the amount demanded. Buckhead Community is required to make all dissenting shareholders whose demands remain unsettled parties to the proceeding and to serve a copy of the petition upon each of them. The court may appoint appraisers to receive evidence and to recommend a decision on fair value. Each dissenting shareholder made a party to the proceeding is entitled to judgment for the fair value of such holder's shares plus interest to the date of judgment.

The court in an appraisal proceeding commenced under the foregoing provision must determine the costs of the proceeding, excluding fees and expenses of attorneys and experts for the respective parties, and must assess those costs against Buckhead Community, except that the court may assess the costs against all or some of the dissenting shareholders to the extent the court finds they acted arbitrarily, vexatiously, or not in good faith in demanding payment under Section 14-2-1327. The court also may assess the fees and expenses of attorneys and experts for the respective parties against Buckhead Community if the court finds Buckhead Community did not substantially comply with the requirements of specified provisions of Article 13 of the GBCC, or against either Buckhead Community or a dissenting shareholder if the court finds that such party acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by Article 13 of the GBCC.

If the court finds that the services of attorneys for any dissenting shareholder were of substantial benefit to other dissenting shareholders similarly situated, and that the fees for those services should be not assessed against Buckhead Community, the court may award those attorneys reasonable fees out of the amounts awarded the dissenting shareholders who were benefited. No action by any dissenting shareholder to enforce dissenters' rights may be brought more than three years after the effective date of the merger, regardless of whether notice of the merger and of the right to dissent were given by Buckhead Community in compliance with the Dissenters' Notice and payment offer requirements.

The full text of Article 13 of the GBCC has been reprinted in its entirety and is included as *Appendix C* to this proxy statement-prospectus. If you intend to dissent from approval of the merger, you should review carefully the text of *Appendix C* and should also consult with your attorney. We will not give you any further notice of the events giving rise to dissenters' rights or any steps associated with perfecting dissenters' rights, except as indicated above or otherwise required by law.

We have not made any provision to grant you access to any of the corporate files of Buckhead Community, except as may be required by the GBCC, or to obtain legal counsel or appraisal services at the expense of Buckhead Community.

Any dissenting shareholder who perfects his or her right to be paid the fair value of his or her shares will recognize taxable gain or loss upon receipt of cash for such shares for federal income tax purposes. See *Material Federal Income Tax Consequences of the Merger* at page 54.

**You must do all of the things described in this section and as set forth in Article 13 of the GBCC in order to preserve your dissenters rights and to receive the fair value of your shares in cash (as determined in accordance with those provisions). If you do not follow each of the steps as described above, you will have no right to receive cash for your shares as provided in the GBCC. In view of the complexity of these provisions of Georgia law, shareholders of Allied who are considering exercising their dissenters' rights should consult their legal advisors.**

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**PROPOSAL 2: AUTHORIZATION TO ADJOURN**

At the special shareholders meeting, Allied shareholders are being asked to consider and vote on a proposal to authorize management to adjourn the meeting to allow time for further solicitation of proxies if there are insufficient votes present at the meeting, in person or by proxy, to approve the merger.

**Allied's board of directors recommends that Allied's shareholders vote FOR the proposal to authorize management to adjourn the special shareholders meeting to allow time for the further solicitation of proxies to approve the merger agreement.**

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**INFORMATION ABOUT BUCKHEAD COMMUNITY**

**General**

Buckhead Community is a Georgia corporation registered under the Bank Holding Company Act of 1956, as amended (the "BHCA"). Buckhead Community was formed on October 15, 1996 to serve as the holding company of its wholly-owned banking subsidiary, The Buckhead Community Bank. The Buckhead Community Bank was originally organized in February, 1998, as a federally-chartered commercial banking association. On July 1, 2005, The Buckhead Community Bank converted its charter to a Georgia State banking charter. The Buckhead Community Bank currently has four branches: two branches in Atlanta and one branch each in Alpharetta and Sandy Springs, Georgia. In addition, the Buckhead Community Bank is currently in the process of opening a location in Atlanta, Cobb County, Georgia, which is anticipated to open for business in the second half of 2007. The Buckhead Community Bank also operates a loan production office in Suwanee, Georgia and rents additional office space for its lenders in three offices in Atlanta, Chamblee and Duluth, Georgia. Buckhead Community engages in community banking and primarily serves Fulton and Forsyth Counties within the greater Atlanta, Georgia banking market.

In July, 2005, Buckhead Community completed a secondary private offering of common stock, raising an additional \$7.5 million from accredited investors. The proceeds of the offering were used as capital to support the continued growth of the Buckhead Community Bank and for general corporate purposes.

Buckhead Community, through its subsidiary The Buckhead Community Bank, provides a broad range of community banking services to commercial, small business and retail customers, offering a variety of transaction and savings deposit products, cash management services, secured and unsecured loan products, including revolving credit facilities, and letters of credit and similar financial guarantees. The strategy of The Buckhead Community Bank includes a focus on personalized customer service while offering the sophisticated products and services found at much larger banks.

Buckhead Community operates within the greater Atlanta metropolitan area. The Atlanta metropolitan area is located in the northwest quarter of the state of Georgia along the southern edge of the Appalachian foothills, at the convergence of Interstates 20, 75 and 85. Atlanta's Hartsfield-Jackson Atlanta International Airport provides a majority of the air transportation services to the region. Atlanta is the capital and the most populous city in Georgia, and is the 9th most populous city in the United States, with a metropolitan population of approximately 5,138,223. In addition, the Atlanta metropolitan area has had the highest population growth rate among major metropolitan areas in the United States over the period from 2000 to 2006, adding 856,266 people, an approximate 20.5% increase over that period. Atlanta's current growth rate adds approximately 150,000 people to the metropolitan area per year. Atlanta's population is distributed such that, approximately, 22.3% of the population is under the age of 18, 13.3% of the population is aged 18-24, 35.2% of the population is aged 25-44, 19.4% of the population is aged 45-64, and 9.7% of the population is age 65 or above. The median age is 32.

Atlanta saw nearly 70,000 new housing starts in 2006, and has recorded the most single family housing starts among major American cities for each of the past 13 years. Housing starts have slowed in 2007, however, and the current home inventory has risen to approximately 10 months from 9 months a year ago. Atlanta is home to the headquarters of 12 Fortune 500 companies, including The Home Depot, Inc., United Parcel Service, Inc., The Coca-Cola Co., and Delta Airlines. Atlanta Chamber of Commerce statistics indicate that more than 40,000 businesses have operated within the Atlanta area over the past decade. Currently, some of the largest employers in the Atlanta area are Delta Airlines, Inc., AT&T, Inc., Wal-Mart Stores, Inc., and The Home Depot, Inc. The median annual household income in Atlanta is \$51,482 and the per capita income is \$29,772.

As of December 31, 2006, Buckhead Community had consolidated total assets of approximately \$541.2 million, consolidated total loans of approximately \$378.3 million, consolidated total deposits of approximately \$472.1 million and consolidated shareholders' equity of approximately \$39.8 million, up 38.3%, 43.8%, 35.6% and 37.4%, respectively, from December 31, 2005. Buckhead Community had net income for the year ended

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December 31, 2006 of approximately \$5.3 million, or \$1.18 per diluted share, compared to \$0.86 per diluted share for the year ended December 31, 2005. As of June 30, 2007, Buckhead Community had consolidated total assets of \$603.8 million and total loans of \$430.8 million, up 11.6% and 13.9% respectively from December 31, 2006. Buckhead Community's principal executive offices are located at 415 East Paces Ferry Road, Atlanta, Georgia 30305, and Buckhead Community's telephone number is (404) 504-2548.

**Business and Properties**

The main office of both Buckhead Community and The Buckhead Community Bank is located at 415 East Paces Ferry Road, Atlanta, Georgia 30305. In addition, The Buckhead Community Bank operates three additional branches in Sandy Springs, Alpharetta and Atlanta, Georgia, which were opened in 2000, 2003 and 2005, respectively, as well as a loan production office in Suwanee, Georgia, which was opened in 2004, and also rents additional office space for its lenders in Atlanta, Chamblee and Duluth, Georgia. Buckhead Community recently opened a new branch location in Atlanta, Cobb County, Georgia, on August 28, 2007. This branch operates out of space that has been leased by Buckhead Community for this purpose. With the exception of the Alpharetta office, Buckhead Community leases all of its office space. We believe that our banking offices are in good condition, are suitable to our needs and, for the most part, are relatively new. The following table summarizes pertinent details of our owned or leased branches, loan production and leased offices.

Office Address	Date Opened	Owned/ Leased	Square Footage	Use of Office
415 East Paces Ferry Road  Atlanta, Fulton County, Georgia	February 6, 1998	Leased	16,538	Branch
600 Sandy Springs Circle  Sandy Springs, Fulton County, Georgia	February 10, 2000	Leased	3,090	Branch
3325 Paddocks Parkway,  Suite 140 Suwanee, Forsyth County, Georgia	April 1, 2003	Leased	3,021	Loan Production Office
2755 Old Milton Parkway  Alpharetta, Fulton County, Georgia	February 1, 2004	Owned	5,326	Branch
860 Peachtree Street  Atlanta, Fulton County, Georgia	October 3, 2005	Leased	4,080	Branch
3333 Riverwood Parkway  Atlanta, Cobb County, Georgia	August 28, 2007	Leased	5,490	Branch
6085 Lake Forrest Drive  Suite 300-B	N/A	Leased	605	Additional office space for lenders
Atlanta, Fulton County, Georgia 2505 Chamblee Tucker Road  Suite 303	N/A	Leased	500	Additional office space for lenders
Chamblee, Fulton County, Georgia 6340 Sugarloaf Parkway,  Suite 233 Duluth, Fulton County, Georgia	N/A	Leased	207	Additional office space for lenders

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The Buckhead Community Bank is a full-service commercial bank. With an emphasis on responsive and customized service, The Buckhead Community Bank offers a variety of commercial and retail banking products and services including checking, savings and time deposits, individual retirement accounts, merchant bankcard processing, residential and commercial mortgages, home equity loans, consumer loans, investment loans, small business loans, commercial lines of credit and letters of credit. The Buckhead Community Bank focuses on

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providing individual service and attention to its target customers, which include individuals and small- to medium-sized businesses. As The Buckhead Community Bank is familiar with its customers, The Buckhead Community Bank believes it responds to their credit requests more quickly and is more flexible in approving complex loans based on The Buckhead Community Bank's personal knowledge of the customer.

The Buckhead Community Bank's principal business is to accept deposits from the public and to make loans and other investments. The principal sources of funds for The Buckhead Community Bank's loans and investments are demand, time, savings and other deposits, repayment of loans and borrowings. The principal source of income for The Buckhead Community Bank is interest collected on loans and other investments. The principal expenses of The Buckhead Community Bank are interest paid on savings and other deposits, employee compensation, office expenses and other overhead expenses.

The Buckhead Community Bank offers the banking products and services to its customers set forth below.

***Lending Services***

*Lending Policy.* The Buckhead Community Bank seeks creditworthy borrowers within a limited geographic area. Its primary lending function is to make real estate loans, particularly construction loans for new residential and commercial properties. The Buckhead Community Bank also makes consumer loans to individuals and to small- and medium-sized businesses. The Buckhead Community Bank's current loan portfolio, as of June 30, 2007, is as follows:

<b>Loan Category</b>	<b>Ratio</b>
Real estate lending	81.7%
Commercial lending	17.5%
Consumer lending	0.8%
Other lending	0%

*Loan Approval and Review.* The Buckhead Community Bank's loan approval policies provide for various levels of officer lending authority. When the total amount of loans to a single borrower exceeds an individual officer's lending authority, an officer with a higher lending limit or the loan committee determines whether to approve the loan request.

*Lending Limits.* The Buckhead Community Bank's lending activities are subject to a variety of lending limits imposed by law. Differing limits apply based on the type of loan or the nature of the borrower, including the borrower's relationship to The Buckhead Community Bank. These limits increase or decrease as The Buckhead Community Bank's capital increases or decreases as a result of its earnings or losses, among other reasons.

*Credit Risks.* The principal economic risk associated with each category of the loans that The Buckhead Community Bank makes is the creditworthiness of the borrower. General economic conditions and the strength of the services and retail market segments affect borrower creditworthiness. General factors affecting a commercial borrower's ability to repay include interest, inflation and the demand for the commercial borrower's products and services, as well as other factors affecting a borrower's customers, suppliers and employees.

Risks associated with real estate loans also include fluctuations in the value of real estate, new job creation trends, tenant vacancy rates and, in the case of commercial borrowers, the quality of the borrower's management. Consumer loan repayments depend upon the borrower's financial stability and are more likely to be adversely affected by divorce, job loss, illness and personal hardships.

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Other larger banks in Fulton and Forsyth Counties make proportionately more loans to medium- to large-sized businesses than The Buckhead Community Bank does. Many of the commercial loans that The Buckhead Community Bank makes are to small- to medium-sized businesses that may be less able to withstand competitive, economic and financial pressures than larger borrowers.

*Real Estate Loans.* The Buckhead Community Bank’s loan portfolio consists primarily of commercial real estate loans, construction and development loans and residential real estate loans primarily in and around Fulton and Forsyth Counties. These loans include certain commercial loans where The Buckhead Community Bank takes a supplemental interest in real estate, but not as principal collateral. Home equity loans and lines of credit are classified as consumer loans.

The Buckhead Community Bank’s residential real estate loans consist principally of single family acquisition and development and construction loans with maturities of one year or less. Term financing of residential single family property is a small portion of the total portfolio and is generally limited to one year maturities based on 20 year amortizations to begin repayment of construction debt on unsold houses. Traditional consumer permanent first mortgage financing is referred to outside mortgage specialty sources. Residential construction loans are made in accordance with The Buckhead Community Bank’s appraisal policy and with the ratio of the loan principal to the value of collateral as established by independent appraisal generally not exceeding the lesser of 80% of as built appraised value or 100% of cost to construct.

The following chart compares the Buckhead Community Bank’s internal Loan To Value policy standards to the Supervisory Loan To Value guidelines:

Supervisory Loan Category	Buckhead Community Bank	
	Loan-to-Value Limit	Loan-to-Value Limit
Raw land	65%	65%
Land development	75%	75%
Construction		
One- to four-family residential	85%	80%
All other construction	80%	80%
Improved property	85%	85%
Owner-occupied one- to four-family	80%	80%

The Buckhead Community Bank believes that these loan-to-value ratios are sufficient to compensate for fluctuations in real estate market value and to minimize losses that could result from a downturn in the real estate market.

Commercial real estate loan terms are generally limited to five years or less, although payments may be structured on a longer amortization basis. Interest rates may be fixed or adjustable, although rates typically are not fixed for a period exceeding 60 months. The Buckhead Community Bank generally charges an origination fee. The Buckhead Community Bank attempts to reduce credit risk on its commercial real estate loans by emphasizing compliance to the loan to values limitations listed above for the respective product categories and by requiring commercial term out financings to be supported by net projected cash flow available for debt service to be greater than or equal to 115% of the debt service requirement. In addition, The Buckhead Community Bank generally requires personal guarantees from the principal owners of the property supported by a review conducted by bank management of the principal owners’ personal financial statements. Risks associated with commercial real estate loans include fluctuations in the value of real estate, new job creation trends, tenant vacancy rates and the quality of the borrower’s management. The Buckhead Community Bank attempts to limit its risk by analyzing borrowers’ and guarantors’ unencumbered liquidity position, sustainable cash flow and collateral value on an ongoing basis.

The Buckhead Community Bank makes construction and development loans on either a pre-sold or speculative basis. If the borrower has entered into an agreement to sell the property prior to beginning construction, then the loan is considered to be on a pre-sold basis. If the borrower has not entered into an

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agreement to sell the property prior to beginning construction, then the loan is considered to be on a speculative basis. If The Buckhead Community Bank makes these loans, they generally have a term of nine to 12 months and interest is paid monthly or quarterly. The ratio of the loan principal to the value of the collateral as established by independent appraisal and comply with the loan to value limitations outlined in the chart above. Any speculative loans are based on the borrower's and guarantor's unencumbered liquidity, financial strength and cash flow generating capacity. Loan proceeds are disbursed based on the percentage of completion and only after the project has been inspected by an independent appraiser. Risks associated with construction loans include fluctuations in the value of real estate, interest rates, construction costs and new job creation and household formation trends.

*Commercial Loans.* Loans for commercial purposes, made to a variety of businesses, are one of the components of our loan portfolio. The terms of these loans will vary by their purpose and by their underlying collateral, if any.

The Buckhead Community Bank typically makes equipment loans for a term of seven years or less at fixed or variable rates, with the loan fully amortized over the term. Generally, the financed equipment secures equipment loans, and the ratio of the loan principal to the value of the financed equipment or other collateral is generally 80% or less purchase price. The Buckhead Community Bank believes that these loan-to-value ratios are sufficient to compensate for fluctuations in the market value of the equipment and will help minimize losses that could result from poor maintenance or the introduction of updated equipment models into the market.

Loans to support working capital typically have terms not exceeding one year and are usually secured by accounts receivable, inventory or personal guarantees of the principals of the business. For loans secured by accounts receivable or inventory, repayment is typically structured on a revolving basis with any owing balance due at maturity; and for loans secured with other types of collateral principal is typically due at maturity. The quality of the commercial borrower's management and its ability both to properly evaluate changes in the supply and demand characteristics affecting its markets for products and services and to effectively respond to such changes are significant factors in a commercial borrower's creditworthiness.

*Consumer Loans.* The Buckhead Community Bank makes a variety of loans to individuals for personal, family and household purposes, including secured and unsecured installment and term loans, home equity loans and lines of credit.

*Risks Associated with Lending Activities.* The Buckhead Community Bank's principal economic risk associated with each category of loans that The Buckhead Community Bank makes is the creditworthiness of the borrower. Borrower creditworthiness is affected by general economic conditions and the strength of the relative business market segment. General economic factors affecting a borrower's ability to repay include interest, inflation and employment rates, as well as other factors affecting a borrower's customers, suppliers and employees.

Because consumer loans are often secured by rapidly depreciating assets such as automobiles or other personal property, repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment of the outstanding loan balance as a result of the greater likelihood of damage, loss, or depreciation. In addition, consumer loan collections are dependent on the borrower's continuing financial stability, and thus are more likely to be adversely affected by job loss, divorce, illness, or personal bankruptcy.

Repayment of commercial loans and loans secured by commercial and multi-family real estate properties are often dependent on the successful operation of the business and management of the property. As a result, the quality of the commercial borrower's management and its ability both to properly evaluate changes in the supply and demand characteristics affecting its markets for products and services and to respond effectively to these changes are significant factors in a commercial borrower's creditworthiness. Risks associated with commercial real estate loans also include fluctuations in the value of the real estate, new job creation trends and tenant vacancy rates.

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Risk of loss on a construction loan is dependent largely upon the accuracy of the initial estimate of the security property's value upon completion of construction as compared to the estimated costs of construction, including interest and fees. In addition, The Buckhead Community Bank assumes certain risks associated with the borrower's ability to complete construction in a timely and workmanlike manner. If the estimate of the value of the project proves to be inaccurate or if construction is not performed timely or in a quality manner, The Buckhead Community Bank may be confronted with a project which, when completed, has a value insufficient to assure full repayment. If that is the case, The Buckhead Community Bank may be confronted with a decision as to whether to advance funds beyond the originally committed loan amount to permit completion of the project.

### ***Deposit Services***

The Buckhead Community Bank also seeks to establish core deposits, including checking accounts, money market accounts, and a variety of certificates of deposit and IRA accounts. The primary sources of core deposits are residents of, and businesses and their employees located in, The Buckhead Community Bank's primary market area. The Buckhead Community Bank also obtains deposits through personal solicitation by The Buckhead Community Bank's officers and directors, direct mail solicitations, and advertisements published in the local media. The Buckhead Community Bank makes deposit services accessible to customers by offering direct deposit, wire transfer, internet banking, night depository, and banking by mail.

### ***Other Banking Services***

Given client demand for increased convenience and account access, The Buckhead Community Bank offers a range of products and services, including 24-hour telephone banking, direct deposit, traveler's checks, and automatic account transfers. The Buckhead Community Bank also participates in a shared network of automated teller machines and a debit card system that The Buckhead Community Bank's customers may use without per-transaction fees both throughout Georgia and nationwide.

### **Competition**

Buckhead Community competes with national and state banks, financial institutions, brokerage firms and credit unions for loans and deposits. Buckhead Community serves a market area consisting primarily of Fulton and Forsyth Counties and the greater Atlanta-Marietta-Sandy Springs metropolitan area. Fulton and Forsyth Counties cover approximately 535 and 641 square miles, respectively.

Buckhead Community encounters competition in its two-county primary market area from approximately 58 other commercial banks with approximately 354 branches. These competitors offer a full range of banking services and vigorously compete for all types of services, especially deposits. In addition, in certain aspects of its banking business, Buckhead Community also competes with credit unions, small loan companies, consumer finance companies, brokerage firms, insurance companies, money market funds and other financial institutions which have recently been invading traditional banking markets. The competition has increased significantly within the past few years as a result of federal and state legislation deregulating financial institutions. Many of Buckhead Community's competitors enjoy competitive advantages, including greater financial resources, a wider geographic presence, more accessible branch office locations, the ability to offer additional services, more favorable pricing alternatives and lower origination and operating costs. Some of Buckhead Community's competitors have been in business for a long time and have an established customer base and name recognition. Buckhead Community's competitors include larger national, super-regional and regional banks such as Bank of America, SunTrust, Wachovia, Washington Mutual, Regions Bank and BB&T. Further, The Buckhead Community Bank faces competition from other community banks such as Integrity Bank and Bank of North Georgia, which also feature a high level of personalized customer service. In addition, several of Buckhead Community's competitors are not depository institutions, thus generally not subject to the extensive regulations that apply to The Buckhead Community Bank. However, Buckhead Community believes that its competitive pricing, personalized service and community involvement enable it to effectively compete in Fulton and Forsyth Counties.

**Table of Contents****Employees**

The Buckhead Community Bank currently employs 95 persons on a full-time or part-time basis.

**Legal Proceedings**

From time to time, Buckhead Community is involved in litigation relating to claims arising out of operations in the normal course of business. As of the date hereof, Buckhead Community is not engaged in any legal proceedings that are expected, individually or in the aggregate, to have a material effect on Buckhead Community.

**Market Prices of and Dividends Declared on Buckhead Community Common Stock**

There is no established public trading market for shares of Buckhead Community common stock. As a result, any market in Buckhead Community common stock prior to the merger should be characterized as illiquid and irregular. As of October 4, 2007, we had approximately 230 shareholders of record. The last known privately negotiated trade of Buckhead Community common stock of which management is aware occurred on June 4, 2007 at a price of \$30.00 per share, and additional information available to management regarding the quarterly trading prices for the Buckhead Community common stock is provided below. For quarters where there were no sales of Buckhead Community common stock, neither high nor low prices are given.

	High	Low
<b>2007</b>		
Four Quarter (through October 4)		
Third Quarter		
Second Quarter	\$ 30.00	\$ 25.00
First Quarter	25.00	25.00
<b>2006</b>		
Fourth Quarter	\$ 22.50	\$ 20.00
Third Quarter	20.00	20.00
Second Quarter	20.00	20.00
First Quarter	20.00	20.00
<b>2005</b>		
Fourth Quarter	\$	\$
Third Quarter	15.00	15.00
Second Quarter		
First Quarter		
<b>2004</b>		
Fourth Quarter	\$	\$

The payment of dividends by Buckhead Community and The Buckhead Community Bank are subject to certain regulations that may limit or prevent the payment of dividends except in certain circumstances. See, *Supervision and Regulation Payment of Dividends* at page 138. Moreover, the payment of dividends is further subject to the discretion of the boards of directors of Buckhead Community and The Buckhead Community Bank. Buckhead Community has not paid any dividends since its inception, nor does it currently have any plans to pay dividends to its shareholders in the future.

Buckhead Community anticipates that its earnings, if any, will be held for purposes of enhancing its capital. No assurances can be given that any dividends will be declared in the future or, if declared, what the amount of such dividends will be or whether such dividends will continue for future periods.

Buckhead Community did not repurchase any shares of common stock during 2006.

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**Certain Provisions of Buckhead Community s Articles of Incorporation and Bylaws Regarding Change of Control.**

***Ability to Consider Other Constituencies.***

Buckhead Community s articles of incorporation permit its board of directors, in determining what is believed to be in the best interest of Buckhead Community and its shareholders, to consider the interests of its employees, customers, suppliers and creditors, the communities in which its offices and establishments are located and all other factors that they consider pertinent, in addition to considering the effects of any actions on Buckhead Community and its shareholders. This provision permits Buckhead Community s board of directors to consider numerous judgmental or subjective factors affecting a proposal, including some non-financial matters, and on the basis of these considerations may oppose a business combination or some other transaction which, viewed exclusively from a financial perspective, might be attractive to some, or even a majority, of its shareholders.

**Table of Contents****Security Ownership of Certain Beneficial Owners and Management**

The following table sets forth information with respect to the beneficial ownership, as of October 4, 2007, of shares of Buckhead Community common stock by (i) each person known by Buckhead Community to be the beneficial owner of more than 5% of Buckhead Community's issued and outstanding common stock (ii) each of Buckhead Community's directors and executive officers and (iii) all directors and executive officers as a group. Except as noted below, Buckhead Community believes that each person listed below has sole investment and voting power with respect to the shares included in the table.

Director (Age)	Number of Shares <sup>(1)</sup>	Number of Options or Warrants Exercisable within 60 Days	Percent of Total Outstanding <sup>(2)</sup>
H.C. Aldredge (79)	321,600 <sup>(3)</sup>		7.03%
David B. Allman (52)	20,073		*
Leo Benatar (77)	38,688	13,090	1.13%
Marvin Cosgray (57)	114,088 <sup>(4)</sup>	32,431	3.20%
Lou Douglass (62)	7,521	5,818	*
Julian LeCraw, Sr. (76)	152,371		3.33%
R. Charles Loudermilk, Sr. (79)	660,237		14.43%
J.D. Margeson (73)	301,585 <sup>(5)</sup>		6.59%
Larry Martindale (60)	394,532 <sup>(6)</sup>		8.62%
Mark C. Pope, III (82)	314,107		6.87%
William T. Towles (78)	211,310		4.62%
<b>Non-Director Executive Officer (age)</b>			
Jesse R. Cheatham (60)	6,747	600	*
All Directors and Executive Officers as a Group (12 persons)	2,542,859	51,939	56.71%

\* Represents beneficial ownership of less than 1%.

- (1) The information set forth in this table with respect to Buckhead Community's common stock ownership reflects beneficial ownership as determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended. Beneficial ownership includes shares for which an individual, directly or indirectly, has or shares voting or investment power or both and also includes options and warrants which are exercisable within 60 days of the date hereof.
- (2) The percentages are based upon 4,575,166 shares outstanding. The percentages for each of those parties who hold presently exercisable options and warrants are based upon the sum of 4,575,116 shares plus the number of shares subject to presently exercisable options and warrants held by each such party, as indicated in the following notes.
- (3) Includes 165,000 shares held by JAB Holdings and 110,000 shares held by Squire Inn, Inc.
- (4) Includes 6,072 shares of restricted stock, 54,637 shares held in trust for the benefit of Mr. Cosgray, and 13,627 shares held in trust for the benefit for Mr. Cosgray's spouse.
- (5) Includes 222,076 shares held by Long Point Investors, LTD.
- (6) Includes 314,992 shares in trust for the benefit of Mr. Martindale.

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**Audited Financial Statements for the Year Ended December 31, 2006**

**REPORT OF INDEPENDENT REGISTERED**

**PUBLIC ACCOUNTING FIRM**

To the Board of Directors

Buckhead Community Bancorp, Inc.

Atlanta, Georgia

We have audited the accompanying consolidated balance sheets of Buckhead Community Bancorp, Inc. and Subsidiary as of December 31, 2006 and 2005 and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Buckhead Community Bancorp, Inc. and Subsidiary as of December 31, 2006 and 2005 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

/s/ Mauldin & Jenkins, LLC

Birmingham, Alabama

March 30, 2007

**Table of Contents****BUCKHEAD COMMUNITY BANCORP, INC.****AND SUBSIDIARY****CONSOLIDATED BALANCE SHEETS****(In Thousands, Except Share Data)**

	<b>December 31,</b>	
	<b>2006</b>	<b>2005</b>
<b>Assets</b>		
Cash and due from banks	\$ 7,869	\$ 4,614
Interest-bearing deposits in banks	387	338
Federal funds sold	40,585	46,044
Securities available for sale, at fair value	97,794	64,637
Restricted equity securities, at cost	1,247	842
Loans held for sale	3,574	4,609
Loans	378,326	263,098
Less allowance for loan losses	4,518	3,293
Loans, net	373,808	259,805
Premises and equipment, net	6,272	5,745
Other assets	9,690	4,636
<b>Total assets</b>	<b>\$ 541,226</b>	<b>\$ 391,270</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities:</b>		
<b>Deposits:</b>		
Noninterest-bearing	\$ 34,639	\$ 37,376
Interest-bearing	437,450	310,883
<b>Total deposits</b>	<b>472,089</b>	<b>348,259</b>
Other borrowings	10,035	7,589
Junior subordinated debt	15,465	5,155
Other liabilities	3,846	1,312
<b>Total liabilities</b>	<b>501,435</b>	<b>362,315</b>
<b>Commitments and contingencies</b>		
<b>Stockholders' equity:</b>		
Special stock, no par value; 1,000,000 shares authorized; none issued		
Common stock, par value \$.01; 10,000,000 shares authorized; 4,567,344 and 3,244,912 shares issued and outstanding, respectively	46	32
Capital surplus	27,403	21,914
Retained earnings	13,257	7,995
Accumulated other comprehensive loss	(874)	(986)
Deferred compensation	(41)	
<b>Total stockholders' equity</b>	<b>39,791</b>	<b>28,955</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 541,226</b>	<b>\$ 391,270</b>

See Notes to Consolidated Financial Statements.

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**BUCKHEAD COMMUNITY BANCORP, INC.**  
**AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31,**  
**(In Thousands, Except Per Share Data)**

	2006	2005	2004
Interest income:			
Loans, including fees	\$ 31,965	\$ 18,800	\$ 10,076
Taxable securities	3,362	1,991	1,671
Nontaxable securities	858	491	644
Federal funds sold	1,686	683	52
Interest-bearing deposits in banks	17	19	11
<b>Total interest income</b>	<b>37,888</b>	<b>21,984</b>	<b>12,454</b>
Interest expense:			
Deposits	17,182	8,299	3,252
Other borrowings	300	389	310
Junior subordinated debt	864	324	97
<b>Total interest expense</b>	<b>18,346</b>	<b>9,012</b>	<b>3,659</b>
<b>Net interest income</b>	<b>19,542</b>	<b>12,972</b>	<b>8,795</b>
Provision for loan losses	2,050	1,775	975
<b>Net interest income after provision for loan losses</b>	<b>17,492</b>	<b>11,197</b>	<b>7,820</b>
Other income:			
Service charges on deposit accounts	169	152	155
Gains (losses) on sales of securities available for sale	37	(4)	86
Gains on sales of loans	1,322	1,462	211
Other operating income	301	168	129
<b>Total other income</b>	<b>1,829</b>	<b>1,778</b>	<b>581</b>
Other expenses:			
Salaries and employee benefits	6,897	4,904	3,274
Equipment and occupancy expenses, net	1,486	1,055	784
Advertising costs	395	221	67
Other operating expenses	2,461	1,773	1,355
<b>Total other expenses</b>	<b>11,239</b>	<b>7,953</b>	<b>5,480</b>
<b>Income before income taxes</b>	<b>8,082</b>	<b>5,022</b>	<b>2,921</b>
Income tax expense	2,820	1,744	881
<b>Net income</b>	<b>\$ 5,262</b>	<b>\$ 3,278</b>	<b>\$ 2,040</b>

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Basic earnings per share	\$ 1.24	\$ 0.94	\$ 0.63
Diluted earnings per share	\$ 1.18	\$ 0.86	\$ 0.58

See Notes to Consolidated Financial Statements.

**Table of Contents****BUCKHEAD COMMUNITY BANCORP, INC.****AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****FOR THE YEARS ENDED DECEMBER 31,****(In Thousands)**

	<b>2006</b>	<b>2005</b>	<b>2004</b>
Net income	\$ 5,262	\$ 3,278	\$ 2,040
Other comprehensive income (loss):			
Unrealized holding gains (losses) arising during period on securities available for sale, net of tax (benefits) of \$70, \$(327) and \$(37), respectively	136	(636)	(72)
Reclassification adjustment for (gains) losses realized in net income, net of tax (benefits) of \$13, \$(1) and \$29, respectively	(24)	3	(57)
Other comprehensive income (loss)	112	(633)	(129)
Comprehensive income	\$ 5,374	\$ 2,645	\$ 1,911

See Notes to Consolidated Financial Statements.

**Table of Contents****BUCKHEAD COMMUNITY BANCORP, INC.****AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY****FOR THE YEARS ENDED DECEMBER 31,****(In Thousands, Except Share Data)**

	Common Stock			Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Deferred Compensation	Total Stockholders Equity
	Shares	Par Value	Capital Surplus				
Balance, December 31, 2003	2,227,950	\$ 22	\$ 13,954	\$ 2,677	\$ (224)	\$	\$ 16,429
Net income				2,040			2,040
20% stock split	445,583	4	(4)				
Exercise of stock options	60,000	1	212				213
Tax effect from exercise of stock options			191				191
Other comprehensive loss					(129)		(129)
Balance, December 31, 2004	2,733,533	27	14,353	4,717	(353)		18,744
Net income				3,278			3,278
Sale of common stock	500,000	5	7,495				7,500
Exercise of stock options	11,379		66				66
Other comprehensive loss					(633)		(633)
Balance, December 31, 2005	3,244,912	32	21,914	7,995	(986)		28,955
Net income				5,262			5,262
20% Stock split	657,482	7	(7)				
Exercise of stock options	661,950	7	1,978				1,985
Tax benefit from exercise of stock options			3,469				3,469
Restricted stock award	3,000		49			(49)	
Stock-based compensation						8	8
Other comprehensive income					112		112
Balance, December 31, 2006	4,567,344	\$ 46	\$ 27,403	\$ 13,257	\$ (874)	\$ (41)	\$ 39,791

See Notes to Consolidated Financial Statements.

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**BUCKHEAD COMMUNITY BANCORP, INC.**  
**AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31,**  
**(In Thousands)**

	2006	2005	2004
<b>OPERATING ACTIVITIES</b>			
Net income	\$ 5,262	\$ 3,278	\$ 2,040
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	537	376	229
Provision for loan losses	2,050	1,775	975
Deferred income taxes	(595)	(411)	(442)
Net (gains) losses on sales of securities	(37)	4	(86)
Gains on sales of loans	(1,322)	(1,462)	(211)
Stock-based compensation	8		
(Increase) decrease in loans held for sale	1,035	(4,609)	
Increase in income taxes receivable	(1,585)	(68)	11
Increase in interest receivable	(1,066)	(813)	(389)
Increase in interest payable	1,250	622	207
Net other operating activities	1,069	(362)	55
<b>Net cash provided by (used in) operating activities</b>	<b>6,606</b>	<b>(1,670)</b>	<b>2,389</b>
<b>INVESTING ACTIVITIES</b>			
Net (increase) decrease in interest-bearing deposits in banks	(49)	250	(12)
Purchases of securities available for sale	(51,906)	(28,735)	(31,240)
Proceeds from sales of securities available for sale	8,832	14,220	27,501
Proceeds from maturities of securities available for sale	10,116	6,012	5,699
Net (purchases) sales of restricted equity securities	(95)	267	(289)
Net decrease (increase) in federal funds sold	5,459	(33,252)	(11,080)
Net increase in loans	(117,599)	(76,348)	(61,354)
Proceeds from sale of other real estate	1,224	98	103
Purchase of premises and equipment	(1,064)	(2,280)	(2,158)
<b>Net cash used in investing activities</b>	<b>(145,082)</b>	<b>(119,768)</b>	<b>(72,830)</b>
<b>FINANCING ACTIVITIES</b>			
Net increase in deposits	123,831	128,414	60,519
Net proceeds from issuance of common stock	1,985	7,566	213
Net proceeds from (repayment of) other borrowings	2,446	(12,812)	5,693
Proceeds from junior subordinated debt	10,000		5,000
Issuance cost of subordinated debt			(100)
Tax benefit from exercise of stock options	3,469		
<b>Net cash provided by financing activities</b>	<b>141,731</b>	<b>123,168</b>	<b>71,325</b>
<b>Net increase in cash and due from banks</b>	<b>3,255</b>	<b>1,730</b>	<b>884</b>
Cash and due from banks at beginning of year	4,614	2,884	2,000

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Cash and due from banks at end of year	\$ 7,869	\$ 4,614	\$ 2,884
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SUPPLEMENTAL DISCLOSURE

Cash paid for:

Interest	\$ 17,090	\$ 8,390	\$ 3,452
Income taxes	\$ 1,535	\$ 2,223	\$ 1,312

NONCASH TRANSACTIONS

Transfer of loans to other real estate owned	\$ 2,869	\$	\$
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See Notes to Consolidated Financial Statements.

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**BUCKHEAD COMMUNITY BANCORP, INC. AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Note 1: Summary of Significant Accounting Policies**

***Nature of Operations***

Buckhead Community Bancorp, Inc. ( Buckhead Community ) is a bank holding company whose principal activity is the ownership and management of its wholly-owned subsidiary, The Buckhead Community Bank ( The Buckhead Community Bank ). The Buckhead Community Bank is a commercial bank headquartered in Atlanta, Fulton County, Georgia. The Buckhead Community Bank operates four branch locations and one loan production office, all of which are located in metropolitan Atlanta, Georgia. The Buckhead Community Bank provides a full range of banking services in its primary market areas.

***Basis of Presentation and Accounting Estimates***

The consolidated financial statements include the accounts of the Buckhead Community and its subsidiary. Significant intercompany transactions and balances are eliminated in consolidation.

In preparing the consolidated financial statements in accordance 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 balance sheet date and the 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 foreclosed assets, deferred income taxes, 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 assets, management obtains independent appraisals for significant collateral.

***Cash, Due From Banks and Cash Flows***

For purposes of reporting cash flows, cash and due from banks includes cash on hand, cash items in process of collection and amounts due from banks. Cash flows from restricted equity securities, loans, interest- bearing deposits in banks, federal funds sold, other borrowings and deposits are reported on a net basis.

The Buckhead Community 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 \$1,339,000 and \$883,000 at December 31, 2006 and 2005, respectively.

***Securities***

All debt securities are classified as available for sale and recorded at fair value with unrealized gains and losses excluded from earnings and reported in other comprehensive income, net of the related deferred tax effect. Restricted equity securities without a readily determinable fair value are reported at cost.

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.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

***Loans***

Loans are reported at their outstanding principal balances less net deferred loan fees and the allowance for loan losses. Interest income is accrued on the outstanding principal balance. Loan origination fees, net of certain direct loan origination costs, are deferred and recognized as an adjustment of the related loan yield over the life of the loan.

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, unless the loan is well-secured. All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income, unless management believes that the accrued interest is recoverable through the liquidation of collateral. Interest income on nonaccrual loans is recognized on the cost-recovery method, until the loans are returned to accrual status. Loans are returned to accrual status when all the principal and interest amounts are brought current and future payments are reasonably assured.

A loan is considered impaired when it is probable, based on current information and events, Buckhead Community will be unable to collect all principal and interest payments due in accordance with the contractual terms of the loan agreement. 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. The amount of impairment, if any, and any subsequent changes are included in the allowance for loan losses. Interest on accruing impaired loans is recognized as long as such loans do not meet the criteria for nonaccrual status.

***Sale of Loans***

Buckhead Community originates and sells certain loans in established secondary markets. Loans held for sale are those loans Buckhead Community has the intent to sell in the foreseeable future. They are carried at the lower of aggregate cost or market value. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income. Gains and losses on sales of loans are recognized at settlement dates and are determined by the difference between the sales proceeds and the carrying value of the loans less direct selling costs. All sales are made without recourse.

***Allowance for Loan Losses***

The allowance for loan losses is established through a provision for loan losses charged to expense. Loan losses are charged against the allowance when management believes the collectibility of the principal is unlikely. Subsequent recoveries, if any, are credited to the allowance.

The allowance is an amount that management believes will be adequate to absorb estimated losses relating to specifically identified loans, as well as probable credit losses inherent in the balance of the loan portfolio, based on an evaluation of the collectibility of existing loans and prior loss experience. This evaluation also takes into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, concentrations and current economic conditions that may affect the borrower's ability to pay. This evaluation does not include the effects of expected losses on specific loans or groups of loans that are related to future events or expected changes in economic conditions. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are any significant changes in economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review Buckhead Community's allowance for loan losses, and may require Buckhead Community to make additions to the allowance based on their judgment about information available to them at the time of their examinations.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The allowance consists of specific, general and unallocated components. The specific component relates to loans that are classified as either doubtful, substandard or special mention. For such loans that are also classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience adjusted for qualitative factors. An unallocated component is 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.

***Premises and Equipment***

Premises and equipment are carried at cost less accumulated depreciation. Depreciation is computed principally by the straight-line method over the estimated useful lives of the assets or lease term.

***Foreclosed Assets***

Foreclosed assets acquired through or in lieu of loan foreclosure are held for sale and are initially recorded at fair value. Any write-down to fair value at the time of transfer to foreclosed assets 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 cost to sell. Costs of improvements are capitalized, whereas costs relating to holding foreclosed assets and any subsequent adjustments to the carrying value are expensed. Foreclosed assets totaled \$1,702,579 and \$0 at December 31, 2006 and 2005.

***Income Taxes***

Deferred income tax assets and liabilities are determined using the balance sheet method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws.

***Stock-Based Compensation***

At December 31, 2006, Buckhead Community has a stock-based compensation plan, which is described more fully in Note 10. Prior to January 1, 2006, Buckhead Community accounted for these plans under the recognition and measurement provisions of APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and related Interpretations, as permitted by FASB Statement No. 123, *Accounting for Stock-Based Compensation*.

Effective January 1, 2006, Buckhead Community adopted the fair value recognition provisions of Statement of Financial Accounting Standard (SFAS) No. 123(R), *Share-Based Payment*, using the modified-prospective-transition method. Under the modified-prospective-method, compensation cost recognized for all share-based payments granted on or after January 1, 2006, is based on the grant-date fair value estimated in accordance with the provisions of Statement 123(R). Results for prior periods have not been restated.

**Table of Contents****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following table illustrates the effect on net income and earnings per share if Buckhead Community had applied the fair value recognition provisions of SFAS No. 123(R) to stock-based compensation for the years ended December 31, 2005 and 2004 (in thousands, except per share data):

	2005	2004
Net income, as reported	\$ 3,278	\$ 2,040
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards	98	26
<b>Pro forma net income</b>	<b>\$ 3,180</b>	<b>\$ 2,014</b>
Earnings per share:		
Basic as reported	\$ 0.94	\$ 0.63
Basic pro forma	\$ 0.91	\$ 0.62
Diluted as reported	\$ 0.86	\$ 0.58
Diluted pro forma	\$ 0.83	\$ 0.57

Prior to the adoption of Statement 123(R), Buckhead Community would have presented all tax benefits of deductions resulting from the exercise of stock options as operating cash flows in the statement of cash flows. Statement 123(R) requires the cash flows resulting from the tax benefits resulting from tax deductions in excess of the compensation cost recognized for those options (excess tax benefits) to be classified as financing cash flows.

***Earnings Per Share***

Basic earnings per share are computed by dividing net income by the weighted average number of shares of common stock outstanding. Diluted earnings per share are computed by dividing net income by the sum of the weighted-average number of shares of common stock outstanding and potential common shares. Potential common shares consist of stock options.

***Stock Split***

Buckhead Community declared a 20% stock split effected in the form of a stock dividend during 2006 and 2004. Earnings per share and all stock option disclosures for the years ended December 31, 2006, 2005 and 2004 have been retroactively adjusted for the increased number of shares of common stock.

***Comprehensive Income***

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

***Recent Accounting Pronouncements***

The following is a summary of recent authoritative pronouncements that affect accounting, reporting, and disclosure of financial information by Buckhead Community.

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In February 2006, the Financial Accounting Standards Board ( FASB ) issued SFAS No. 155, Accounting for Certain Hybrid Financial Instruments an amendment of FASB Statements No. 133 and 140. This Statement amends SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, and SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities. This Statement resolves issues addressed in SFAS No. 133 Implementation Issue No. D1, Application of Statement

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

133 to Beneficial Interests in Securitized Financial Assets. FAS 155 permits fair value re-measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation, clarifies which interest only-strips and principal-only strips are not subject to the requirements of Statement 133, establishes a requirement to evaluate interests in securitized financial assets to identify interests that are freestanding derivatives or that are hybrid financial instruments that contain an embedded derivative requiring bifurcation, clarifies that concentrations of credit risk in the form of subordination are not embedded derivatives, and amends Statement 140 to eliminate the prohibition on a qualifying special purpose entity from holding a derivative financial instrument that pertains to a beneficial interest other than another derivative financial instrument. SFAS No. 155 is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006. We do not believe that the adoption of SFAS No. 155 will have a material impact on our financial position, results of operations and cash flows.

In March 2006, the FASB issued SFAS No. 156, *Accounting for Servicing of Financial Assets* an amendment of FASB Statement No. 140. This Statement amends FASB No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, with respect to the accounting for separately recognized servicing assets and servicing liabilities. SFAS No. 156 requires an entity to recognize a servicing asset or servicing liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract; requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable; permits an entity to choose its subsequent measurement methods for each class of separately recognized servicing assets and servicing liabilities; at its initial adoption, permits a one-time reclassification of available for sale securities to trading securities by entities with recognized servicing rights, without calling into question the treatment of other available-for-sale securities under Statement 115, provided that the available-for-sale securities are identified in some manner as offsetting the entity's exposure to changes in fair value of servicing assets or servicing liabilities that a servicer elects to subsequently measure at fair value; and requires separate presentation of servicing assets and servicing liabilities subsequently measured at fair value in the statement of financial position and additional disclosures for all separately recognized servicing assets and servicing liabilities. An entity should adopt SFAS No. 156 as of the beginning of its first fiscal year that begins after September 15, 2006. We do not believe the adoption of SFAS No. 156 will have a material impact on our financial position, results of operations and cash flows.

In July 2006, the FASB issued FASB Interpretation No. 48 ( *FIN 48* ), *Accounting for Uncertainty in Income Taxes* . FIN 48 clarifies the accounting for uncertainty in income taxes recognized in enterprises' financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes* . FIN 48 prescribes a recognition threshold and measurement attributable for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures and transitions. FIN 48 is effective for fiscal years beginning after December 15, 2006. We are currently analyzing the effects of FIN 48 on our financial position, results of operations and cash flows.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. This standard does not require any new fair value measurements, but rather eliminates inconsistencies found in various prior pronouncements. SFAS 157 is effective on January 1, 2008 and is not expected to have a significant impact on our financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB Statement No. 115*, (SFAS No. 159), which permits companies to choose to measure many financial instruments and certain other items at fair value. The objective of SFAS No. 159 is to improve financial reporting by providing companies with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to

**Table of Contents****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

apply complex hedge accounting provisions. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. We have not yet adopted SFAS No. 159 and we are currently evaluating the effect that it may have on our consolidated financial statements.

**Note 2: Securities**

The amortized cost and fair value of securities are summarized as follows:

	Amortized Cost	Gross Unrealized Gains (In Thousands)	Gross Unrealized Losses	Fair Value
<b>Securities Available for Sale</b>				
December 31, 2006:				
U.S. Government sponsored securities, agencies and corporations	\$ 58,112	\$ 23	\$ (1,081)	\$ 57,054
Trust preferred securities	1,450			1,450
Corporate bonds	250			250
State and municipal securities	23,891	441	(245)	24,087
Mortgage-backed securities	15,417	4	(468)	14,953
	\$ 99,120	\$ 468	\$ (1,794)	\$ 97,794
December 31, 2005:				
U.S. Government sponsored securities, agencies and corporations	\$ 31,689	\$	\$ (950)	\$ 30,739
Trust preferred securities	1,450			1,450
Corporate bonds	250			250
State and municipal securities	16,837	205	(212)	16,830
Mortgage-backed securities	15,905		(537)	15,368
	\$ 66,131	\$ 205	\$ (1,699)	\$ 64,637

Restricted equity securities consist of the following:

	December 31, 2006	December 31, 2005
	(In Thousands)	
Federal Home Loan Bank stock	\$ 782	\$ 687
Common trust securities	465	155
	\$ 1,247	\$ 842

Securities with an approximate carrying value of \$55,942,000 and \$23,432,000 at December 31, 2006 and 2005, respectively, were pledged to secure public deposits, other borrowings and for other purposes required or permitted by law.

The amortized cost and fair value of debt securities as of December 31, 2006 by contractual maturity are shown below. Actual maturities may differ from contractual maturities for mortgage-backed securities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. Therefore, these securities are not presented in the following table by maturity class.



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	Amortized Cost (In Thousands)	Fair Value
Due in less than one year	\$ 3,516	\$ 3,428
Due from one to five years	11,065	10,987
Due from five to ten years	35,980	35,548
Due after ten years	33,142	32,878
Mortgage-backed securities	15,417	14,953
	\$ 99,120	\$ 97,794

Gross gains and losses on sales of securities consist of the following:

	Years Ended December 31, (In Thousands)		
	2006	2005	2004
Gross gains	\$ 37	\$ 90	\$ 126
Gross losses		(94)	(40)
	\$ 37	\$ (4)	\$ 86

The FASB Emerging Issues Task Force Issue 03-01, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments* requires disclosure of certain information about other than temporary impairments in the market value of securities. Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of Buckhead Community to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

The following table shows the gross unrealized losses and fair value of securities, aggregated by category and length of time that securities have been in a continuous unrealized loss position at December 31, 2006 and 2005.

	Less Than Twelve Months		Twelve Months or More	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
	(In Thousands)			
December 31, 2006:				
U.S. Government sponsored securities, agencies and corporations	\$ (137)	\$ 21,781	\$ (944)	\$ 30,250
State and municipal securities	(87)	969	(158)	6,582
Mortgage-backed securities	(15)	906	(453)	12,518
Total securities	\$ (239)	\$ 23,656	\$ (1,555)	\$ 49,350

December 31, 2005:

U.S. Government sponsored

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Securities, agencies and corporations	\$ (291)	\$ 14,358	\$ (659)	\$ 16,381
State and municipal securities	(72)	3,017	(140)	4,881
Mortgage-backed securities	(82)	3,792	(455)	11,576
<b>Total securities</b>	<b>\$ (445)</b>	<b>\$ 21,167</b>	<b>\$ (1,254)</b>	<b>\$ 32,838</b>

In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies has occurred, and industry

**Table of Contents****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

analysts' reports. As management has the ability to hold debt securities until maturity, or for the foreseeable future, no declines are deemed to be other than temporary.

**Note 3: Loans**

The composition of loans, including loans held for sale, is summarized as follows:

	December 31,	
	2006	2005
	(In Thousands)	
Commercial	\$ 69,931	\$ 46,599
Real estate - construction	213,178	139,333
Real estate - mortgage	92,001	77,865
Consumer, installment and other	7,519	4,607
	382,629	268,404
Net deferred loan fees	(729)	(697)
Allowance for loan losses	(4,518)	(3,293)
Loans, net	\$ 377,382	\$ 264,414

Changes in the allowance for loan losses are as follows:

	Years Ended December 31,		
	2006	2005	2004
	(In Thousands)		
Balance, beginning of year	\$ 3,293	\$ 2,386	\$ 1,400
Provision for loan losses	2,050	1,775	975
Loans charged off	(831)	(907)	(11)
Recoveries of loans previously charged off	6	39	22
Balance, end of year	\$ 4,518	\$ 3,293	\$ 2,386

Impaired loans, consisting solely of loans on nonaccrual status, totaled approximately \$3,617,000 and \$581,000 at December 31, 2006 and 2005, respectively. A valuation allowance on impaired loans is included in the allowance for loan losses and totaled \$382,000 and \$0 at December 31, 2006 and 2005, respectively. The average investment in impaired loans for the years ended December 31, 2006, 2005 and 2004 was approximately \$2,131,000, \$1,114,000 and \$27,000, respectively. Interest income recognized on impaired loans for the years ended December 31, 2006, 2005 and 2004 totaled approximately \$118,000, \$52,000 and \$0, respectively.

Loans past due ninety days or more and still accruing interest amounted to approximately \$2,977,000 and \$1,904,000 at December 31, 2006 and 2005, respectively.

In the ordinary course of business, Buckhead Community 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 for the year ended December 31, 2006 are as follows:

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	<b>(In Thousands)</b>
Balance, beginning of year	\$ 1,525
Advances	6,151
Repayments	(2,227)
Balance, end of year	\$ 5,449

**Table of Contents****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Note 4: Premises and Equipment**

Premises and equipment are summarized as follows:

	December 31,	
	2006	2005
	(In Thousands)	
Land and land improvements	\$ 1,035	\$ 1,035
Building	3,079	2,825
Leasehold improvements	1,118	1,027
Furniture and equipment	2,501	2,130
Construction in process	322	
	8,055	7,017
Accumulated depreciation	(1,783)	(1,272)
	\$ 6,272	\$ 5,745

Construction in process as of December 31, 2006 is related to the remodeling of Buckhead Community's existing buildings. The cost to complete the projects is approximately \$94,000.

Total depreciation expense on premises and equipment charged to operations for the years 2006, 2005 and 2004 was approximately \$537,000, \$376,000 and \$229,000, respectively.

**Note 5: Leases**

Buckhead Community leases four of its banking offices under operating lease agreements. The terms of each lease agreement are as follows:

Buckhead Community leases its main office in Atlanta under three operating lease agreements from an entity controlled by a director. The lease term for two of the leases is 10 years and the lease term for the third lease is 95 months. All three leases are structured to expire on the same date and require monthly lease payments based upon the number of square feet under lease multiplied by a base rental factor. Annually, the base rental factor increases by 3%.

Buckhead Community leases its Sandy Springs branch office under an operating lease agreement from an unrelated entity. The lease term is 60 months and requires monthly lease payments based upon the number of square feet under lease multiplied by a base rental factor. Annually, the base rental factor increases by 3%. Buckhead Community is also responsible for utilities and its share of property taxes under the lease agreement. An additional lease for more office space was obtained in 2006 from an unrelated entity. The lease term is 24 months and requires a fixed payment for the designated square footage.

Buckhead Community leases its loan production office in the Johns Creek area under an operating lease agreement from an unrelated entity. The lease term is 69 months and requires monthly lease payments based upon the number of square feet under lease multiplied by a base rental factor. Annually, the base rental factor increases by 4%.

Buckhead Community leases its branch office in Midtown Atlanta under an operating lease agreement from a related entity. The lease term is 10 years, with two five-year renewal options, and requires fixed monthly lease payments. Buckhead Community is also responsible for utilities, taxes, normal maintenance and its share of operating costs of common areas of the retail center in which the premises is located.



**Table of Contents****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

In addition, Buckhead Community leases a single office space for a SBA Loan Originator. The lease, with an unrelated party, is for 12 months. The lease requires monthly fixed payments, and includes phone utilities and office furniture.

Total rental expense for all leases totaled approximately \$568,000, \$448,000 and \$441,000 for the years ended December 31, 2006, 2005 and 2004, respectively.

Future minimum lease payments on the leases, excluding any renewal options, described above are summarized as follows:

	(In Thousands)
2007	\$ 612
2008	618
2009	553
2010	561
2011	537
Thereafter	1,168
	\$ 4,049

**Note 6: Deposits**

The aggregate amount of time deposits in denominations of \$100,000 or more at December 31, 2006 and 2005 was approximately \$177,788,000 and \$139,064,000 which included brokered certificates of deposit of approximately \$50,631,000 and \$41,460,000 as of December 31, 2006 and 2005, respectively. The scheduled maturities of time deposits at December 31, 2006 are as follows:

	(In Thousands)
2007	\$ 283,068
2008	14,867
2009	6,359
2010	31,168
2011	4,338
	\$ 339,800

**Note 7: Other Borrowings**

Other borrowings consist of the following:

	December 31,	
	2006	2005
	(In Thousands)	
Home Loan Bank advance with principal due November 13, 2006 with interest payments due at various dates through 2006 at an interest rate of 3.13% collateralized by securities	\$	\$ 1,500
Overnight customer sweep agreements	10,035	6,089

\$ 10,035 \$ 7,589

Overnight customer sweep agreements, which are short term borrowings collateralized by securities, generally mature within one day from the transaction date. The agreements are reflected at the amount of cash

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

received in connection with the transaction. Buckhead Community may be required to provide additional collateral based on the fair value of the underlying securities.

**Note 8: Junior Subordinated Debt**

***Buckhead Community Bancorp Statutory Trust I***

Buckhead Community formed a wholly-owned grantor trust to issue cumulative trust preferred securities. The grantor trust has invested the proceeds of the trust preferred securities in junior subordinated debentures of Buckhead Community. The junior subordinated debentures can be redeemed prior to maturity at the option of Buckhead Community on or after August 11, 2009. The sole assets of the guarantor trust are the Junior Subordinated Deferrable Interest Debentures of Buckhead Community (the debentures ) held by the grantor trust. The debentures have the same interest rate (three month LIBOR plus 2.90%, floating) as the trust preferred securities. Buckhead Community has the right to defer interest payments on the debentures at any time or from time to time for a period not exceeding 20 consecutive quarters provided that no extension period may extend beyond the stated maturity of the related debentures. During any such extension period, distributions on the trust preferred certificates would also be deferred.

Payment of periodic cash distributions and payment upon liquidation or redemption with respect to the trust preferred securities are guaranteed by Buckhead Community to the extent of funds held by the grantor trust (the Preferred Securities Guarantee ). The Preferred Securities Guarantee, when taken together with Buckhead Community's other obligations under the debentures, constitute a full and unconditional guarantee, on a subordinated basis, by Buckhead Community of payments due on the trust preferred securities.

The trust preferred securities and the related debentures were issued on August 11, 2004. Distributions on the trust preferred securities are paid quarterly on March 31, June 30, September 30 and December 31 of each year, beginning September 30, 2004. Interest on the debentures is paid on the corresponding dates. The aggregate principal amount of Trust I debentures outstanding at December 31, 2006 and 2005 was \$5,155,000. Certain issue costs have been deferred and recorded in other assets in the accompanying consolidated balance sheets. The issue costs are being amortized over the life of the debentures, and the outstanding balance of the unamortized issue costs at December 31, 2006 and 2005 was approximately \$94,000 and \$97,000, respectively.

***Buckhead Community Bancorp Statutory Trust II***

During 2006, Buckhead Community formed a second wholly-owned grantor trust to issue cumulative trust preferred securities. The grantor trust has invested the proceeds of the trust preferred securities in junior subordinated debentures of Buckhead Community. The junior subordinated debentures can be redeemed prior to maturity at the option of Buckhead Community on or after July 7, 2011. The sole assets of the guarantor trust are the Junior Subordinated Deferrable Interest Debentures of Buckhead Community (the debentures ) held by the grantor trust. The debentures have the same interest rate (LIBOR plus 1.55%, floating) as the trust preferred securities. Buckhead Community has the right to defer interest payments on the debentures at any time or from time to time for a period not exceeding 20 consecutive quarters provided that no extension period may extend beyond the stated maturity of the related debentures. During any such extension period, distributions on the trust preferred certificates would also be deferred.

Payment of periodic cash distributions and payment upon liquidation or redemption with respect to the trust preferred securities are guaranteed by Buckhead Community to the extent of funds held by the grantor trust (the Preferred Securities Guarantee ). The Preferred Securities Guarantee, when taken together with Buckhead Community's other obligations under the debentures, constitute a full and unconditional guarantee, on a subordinated basis, by Buckhead Community of payments due on the trust preferred securities.

**Table of Contents****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The trust preferred securities and the related debentures were issued on May 24, 2006. Distributions on the trust preferred securities are paid quarterly on April 7, July 7, October 7 and January 7 of each year, beginning July 7, 2006. Interest on the Debentures is paid on the corresponding dates. The aggregate principal amount of Trust II debentures outstanding at December 31, 2006 was \$10,310,000. There were no issue costs associated with the issuance of the debentures.

**Note 9: Employee Benefit Plan**

Buckhead Community sponsors a 401(k) profit sharing plan covering substantially all employees. Contributions to the plan charged to expense totaled approximately \$99,000, \$59,000 and \$50,000 for the years ended December 31, 2006, 2005 and 2004, respectively.

**Note 10: Stock Based Compensation***Stock Options*

Buckhead Community has a stock incentive plan under which Buckhead Community may grant options to its employees, directors and other key persons to purchase shares of common stock. Options are granted at prices equal to the fair market value of the shares at the date of grant and are exercisable as determined by the Plan's committee. The options expire ten years from the date of grant. As of December 31, 2006, there were no options available for grant under the plan.

The stock split as described in Note 1 has also been applied to the stock options. All prior year disclosures related to outstanding stock options, and the related exercise prices, have been restated to reflect the stock split.

Prior to 2006, the fair value of each option grant was estimated on the date of grant using the Black-Scholes option-pricing model excluding the effects of volatility. Under SFAS 123, this was a minimum value method. The following weighted-average assumptions were used in the calculation for the year ended December 31, 2005:

Dividend yield	0%
Weighted-average volatility	0%
Expected life in years	10 years
Risk-free interest rate	4.30%

The weighted-average grant-date fair value of options granted during the year ended December 31, 2005 was \$3.87. No stock options were granted during 2006.

A summary of stock option activity as of December 31, 2006 and 2005, and changes during the years then ended is presented below:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2006	735,697	\$ 3.22		
Granted				
Exercised	(670,500)	2.96		
Outstanding and exercisable at December 31, 2006	65,197	\$ 5.95	2.50	\$ 916,018

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Outstanding at January 1, 2005	724,211	\$	3.05		
Granted	25,141		9.08		
Exercised	(13,655)		4.82		
Outstanding and exercisable at December 31, 2005	735,697	\$	3.22	3.50	\$ 9,895,125

**Table of Contents****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Total intrinsic value of options exercised was approximately \$9,193,000 and \$105,000 for the years ended December 31, 2006 and 2005, respectively.

Cash received from the exercise of options was approximately \$1,985,000 and \$66,000 for the years ended December 31, 2006 and 2005, respectively. The tax benefit realized for the tax deduction from options exercised was approximately \$3,469,000 and \$0 for the years ended December 31, 2006 and 2005, respectively.

There was no unrecognized compensation cost related to outstanding stock options as of December 31, 2006.

**Restricted Stock**

On April 1, 2006, Buckhead Community's President and Chief Executive Officer was awarded 3,000 shares of restricted common stock, with an aggregate fair market value of \$16.67 per share. The restricted stock will vest in one-fourth increments on April 1, 2007, 2008, 2009, and 2010. The total expense associated with this grant of approximately \$49,000 will be recognized over the four year period on a straight-line basis. As of December 31, 2006, approximately \$8,000 was charged as compensation cost against income related to this grant. The unamortized balance of the fair value of the restricted stock grant has been recorded as deferred compensation in the equity section of the consolidated balance sheets.

**Note 11: Earnings Per Share**

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

	Years Ended December 31, 2006      2005      2004 (In Thousands, Except Per Share Data)		
<b>Basic Earnings Per Share:</b>			
Weighted average common shares outstanding	4,228	3,492	3,227
Net income	\$ 5,262	\$ 3,278	\$ 2,040
Basic earnings per share	\$ 1.24	\$ 0.94	\$ 0.63
<b>Diluted Earnings Per Share:</b>			
Weighted average common shares outstanding	4,228	3,492	3,227
Net effect of the assumed exercise of stock options based on the treasury stock method using average market prices for the year	220	332	287
Total weighted average common shares and potential common shares outstanding	4,448	3,824	3,514
Net income	\$ 5,262	\$ 3,278	\$ 2,040
Diluted earnings per share	\$ 1.18	\$ 0.86	\$ 0.58

**Table of Contents****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Note 12: Income Taxes**

Income tax expense consists of the following:

	Years Ended December 31,		
	2006	2005	2004
	(In Thousands)		
Current	\$ 3,415	\$ 2,155	\$ 1,323
Deferred	(595)	(411)	(442)
<b>Income tax expense</b>	<b>\$ 2,820</b>	<b>\$ 1,744</b>	<b>\$ 881</b>

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,		
	2006	2005	2004
	(In Thousands)		
Income taxes at statutory federal rate	\$ 2,748	\$ 1,708	\$ 993
Tax free interest	(216)	(136)	(197)
State tax expense	286	146	69
Other items, net	2	26	16
<b>Income tax expense</b>	<b>\$ 2,820</b>	<b>\$ 1,744</b>	<b>\$ 881</b>

The components of deferred income taxes are as follows:

	December 31,	
	2006	2005
	(In Thousands)	
<b>Deferred tax assets:</b>		
Loan loss reserves	\$ 1,531	\$ 1,050
Loan fees	291	263
Non-accrual interest	68	19
Securities available for sale	452	508
	2,342	1,840
<b>Deferred tax liabilities:</b>		
Depreciation	70	107
	70	107
<b>Net deferred income tax assets</b>	<b>\$ 2,272</b>	<b>\$ 1,733</b>

**Note 13: Commitments and Contingencies**

*Loan Commitments*

Buckhead Community 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. They involve, to varying degrees, elements of credit risk and interest rate risk in excess of the amount recognized in the balance sheets. The majority of all commitments to extend credit and standby letters of credit are variable rate instruments.

**Table of Contents****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Buckhead Community'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. Buckhead Community uses the same credit policies in making commitments as it does for on-balance-sheet instruments. A summary of Buckhead Community commitments is as follows:

	<b>December 31,</b>	
	<b>2006</b>	<b>2005</b>
	<b>(In Thousands)</b>	
Commitments to extend credit	\$ 100,120	\$ 99,880
Standby letters of credit	1,921	2,346
	<b>\$ 102,041</b>	<b>\$ 102,226</b>

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 Buckhead Community upon extension of credit, is based on management's credit evaluation of the party.

Standby letters of credit are conditional commitments issued by Buckhead Community to guarantee the performance of a customer to a third party. Those guarantees 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 is required in instances which Buckhead Community deems necessary.

At December 31, 2006 and 2005, the carrying amount of liabilities related to Buckhead Community's obligation to perform under financial standby letters of credit was insignificant. Buckhead Community has not been required to perform on any financial standby letters of credit, and Buckhead Community has not incurred any losses on financial standby letters of credit for the years ended December 31, 2006 and 2005.

***Contingencies***

In the normal course of business, Buckhead Community 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 Buckhead Community's financial statements.

**Note 14: Concentrations of Credit**

Buckhead Community originates primarily commercial, residential, and consumer loans to customers in its primary market areas. The ability of the majority of Buckhead Community's customers to honor their contractual loan obligations is dependent on the economy in these areas. Eighty percent of Buckhead Community's loan portfolio is concentrated in real estate loans. The other significant concentrations of credit by type of loan are set forth in Note 3.

Buckhead Community, as a matter of policy, does not generally extend credit to any single borrower or group of related borrowers in excess of 25% of statutory capital, as defined, or approximately \$7,202,000 as of December 31, 2006.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Note 15: Regulatory Matters**

The Buckhead Community Bank is subject to certain restrictions on the amount of dividends that may be declared without prior regulatory approval. At December 31, 2006, approximately \$2,816,500 of dividends could be declared without regulatory approval.

Buckhead Community and The Buckhead Community Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, Buckhead Community and The Buckhead Community 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 Buckhead Community and The Buckhead Community Bank to maintain minimum amounts and ratios of Total and Tier I capital to risk-weighted assets, as defined, and of Tier I capital to average assets, as defined. Management believes, as of December 31, 2006 and 2005, Buckhead Community and The Buckhead Community Bank met all capital adequacy requirements to which they are subject.

As of December 31, 2006, the most recent notification from the Federal Deposit Insurance Corporation categorized The Buckhead Community Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, The Buckhead Community Bank must maintain minimum Total risk-based, Tier I risk-based and Tier I leverage ratios as set forth in the following table. There are no conditions or events since that notification that management believes have changed The Buckhead Community Bank category.

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Buckhead Community and The Buckhead Community Bank's actual capital amounts and ratios are presented in the following table:

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Dollars in Thousands)						
As of December 31, 2006:						
Total Capital to Risk Weighted Assets:						
Consolidated	\$ 60,183	13.63%	\$ 35,328	8.00%	\$ N/A	N/A
Bank	\$ 47,323	10.77%	\$ 35,136	8.00%	\$ 43,920	10.00%
Tier I Capital to Risk Weighted Assets:						
Consolidated	\$ 54,220	12.28%	\$ 17,664	4.00%	\$ N/A	N/A
Bank	\$ 42,805	9.75%	\$ 17,568	4.00%	\$ 26,352	6.00%
Tier I Capital to Average Assets:						
Consolidated	\$ 54,220	10.17%	\$ 21,335	4.00%	\$ N/A	N/A
Bank	\$ 42,805	8.18%	\$ 20,929	4.00%	\$ 26,161	5.00%
As of December 31, 2005:						
Total Capital to Risk Weighted Assets:						
Consolidated	\$ 38,235	12.00%	\$ 25,480	8.00%	\$ N/A	N/A
Bank	\$ 37,455	11.76%	\$ 25,472	8.00%	\$ 31,840	10.00%
Tier I Capital to Risk Weighted Assets:						
Consolidated	\$ 34,942	10.97%	\$ 12,740	4.00%	\$ N/A	N/A
Bank	\$ 34,162	10.73%	\$ 12,736	4.00%	\$ 19,104	6.00%
Tier I Capital to Average Assets:						
Consolidated	\$ 34,942	9.69%	\$ 14,417	4.00%	\$ N/A	N/A
Bank	\$ 34,162	9.48%	\$ 14,407	4.00%	\$ 18,009	5.00%

**Note 16: Fair Value of Financial Instruments**

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for Buckhead Community's various financial instruments. In cases where quoted market prices are not available, fair value is based on discounted cash flows 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. SFAS No. 107, *Disclosures about Fair Values of Financial Instruments*, excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of Buckhead Community.

The following methods and assumptions were used by Buckhead Community in estimating the fair value of its financial instruments:

**Cash, Due From Banks, Interest-Bearing Deposits in Banks and Federal Funds Sold:** The carrying amount of cash, due from banks, interest-bearing deposits in banks and federal funds sold approximates fair value.

**Securities:** Fair values for securities are based on available quoted market prices. The carrying amount of restricted equity securities with no readily determinable fair value approximates fair value.



**Table of Contents****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

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

**Junior Subordinated Debt:** The carrying amount of variable-rate junior subordinated debt approximates its fair value.

**Accrued Interest:** The carrying amount of accrued interest approximates their 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 of the off-balance-sheet financial instruments is based on fees currently charged to enter into such agreements.

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

	2006		December 31, 2005	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
(In Thousands)				
<b>Financial assets:</b>				
Cash, due from banks, interest-bearing deposits in banks, and federal funds sold	\$ 48,841	\$ 48,841	\$ 50,996	\$ 50,996
Securities	97,794	97,794	64,637	64,637
Restricted equity securities	1,247	1,247	842	842
Loans and loans held for sale, net	377,382	376,850	264,414	263,250
Accrued interest receivable	3,235	3,235	2,169	2,169
<b>Financial liabilities:</b>				
Deposits	472,089	471,459	348,259	347,897
Other borrowings	10,035	10,035	7,589	7,562
Junior subordinated debt	15,465	15,465	5,155	5,155
Accrued interest payable	2,349	2,349	1,099	1,099

**Table of Contents****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Note 17: Parent Company Financial Information**

The following information presents the condensed balance sheets, statements of income, and cash flows of Buckhead Community Bancorp, Inc. as of December 31, 2006 and 2005 and for each of the three years in the period ended December 31, 2006:

**CONDENSED BALANCE SHEETS**

	2006	2005
	(In Thousands)	
<b>Assets</b>		
Cash	\$ 66	\$ 554
Federal funds sold	6,158	
Securities available for sale	3,004	
Investment in subsidiary	41,928	33,176
Income taxes receivable	3,694	129
Other	569	251
<b>Total assets</b>	<b>\$ 55,419</b>	<b>\$ 34,110</b>
<b>Liabilities and stockholders' equity</b>		
Junior subordinated debt	\$ 15,465	\$ 5,155
Other liabilities	163	
Stockholders' equity	39,791	28,955
<b>Total liabilities and stockholders' equity</b>	<b>\$ 55,419</b>	<b>\$ 34,110</b>

**CONDENSED STATEMENTS OF INCOME**

	2006	2005	2004
	(In Thousands)		
Income, other	\$ 316	\$ 7	