

UNAUDITED SELECTED FINANCIAL DATA
AS OF DECEMBER 31, 2013

	ACTUAL DEC. 2013	ACTUAL DEC. 2012
Total Interest Income	\$ 10,011,664	\$ 9,975,599
Total Interest Expense	1,716,863	1,998,959
Net Interest Income	8,294,801	7,976,640
Provision for loan losses	380,000	576,000
Net Interest Income After Provision	7,914,801	7,400,640
Total Non Interest Income	1,836,024	2,036,232
Total Non Interest Expense	5,956,898	5,833,904
Income Before Taxes	3,793,927	3,602,968
Income Taxes	1,116,333	1,069,781
Net Income	\$ 2,677,594	\$ 2,533,187
Earnings Per Share	\$ 1.52	\$ 1.40

CONDENSED STATEMENT OF CONDITION
AS OF DECEMBER 31, 2013

	ACTUAL DEC. 2013	ACTUAL DEC. 2012
Assets		
Cash & Due from Banks	\$ 3,376,066	\$ 6,938,354
Fed Funds Sold & Repos	21,307,569	8,307,770
Investment Securities - Taxable	1,001,095	200,000
Investment Securities - Tax-exempt	38,798,069	34,041,118
Loans, net of unearned income	156,526,525	157,489,629
Less: Allowance for Loan Losses	-2,344,830	-2,378,027
Premises & Equipment, net	6,623,779	5,245,080
Bank Owned Life Insurance and Annuity	6,223,083	6,075,845
Other Assets	3,435,399	4,245,590
Total Assets	234,946,755	220,165,359
Liabilities/Equity		
Total Deposits	\$ 202,760,866	\$ 189,631,941
Other Borrowings	6,575,640	6,500,000
Other Liabilities	1,603,431	759,639
Total Liabilities	210,939,937	196,891,580
Common Stock	1,763,792	1,808,792
Surplus & Undivided Profits	22,243,026	21,464,987
Total Equity	24,006,818	23,273,779
Total Liabilities & Equity	\$ 234,946,755	\$ 220,165,359

Dear Valued Shareholder:

Having completed the audited financial statements for fiscal 2013, it is our pleasure to report that Keystone Bank enjoyed a profitable and progressive year ending December 31, 2013. As we work to diligently manage the daily activities of your bank as well as work to shape its future, we do so in an environment that consistently challenges us from a regulatory perspective. New regulatory burdens that resulted from the economic downturn require a significant amount of time and oversight although the relative youth of Keystone Bank has worked in our favor.

All of this is to say that banking, as an industry, is in a state of change; moving targets to recognize and to master. We believe, however, that a foundation built on fiscal integrity, sound banking principles and aggressive posturing in our markets will continue to serve us well. As you can see from the statements posted on the opposite panel, we earned a 7% increase in Net Income, a formidable accomplishment by virtually any standard. As a result, a declared dividend of \$.20 per common share was announced, marking a 33.3% increase from the close of business, 2012.

During 2013, your Board of Directors and management created, at the approval of our shareholders, a One Bank Holding Company: Keystone Bancshares, Inc. The formation of this umbrella corporation will provide us with greater flexibility as we forge a future of continued progress. Also during this past year, Keystone Bank opened its third location, in Opelika. We did so to further expand our footprint and to introduce our unique brand of banking to many families and business owners who had become aware of our brand in nearby Auburn. As opportunities present themselves for future growth via branching, we will keep you informed. Suffice it to say, however, that we have identified, embraced and defined a successful way of doing business that is making a difference. As always, we invite your questions, comments and concerns, and thank you for being a part of our evolving story.

Sincerely,


Ray Smith

Gerald R. Smith, Jr.
CEO



John F. Gittings
EVC/CFO