Board of Governors of the Federal Reserve System

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Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844 (c)(1)(A)); Section 8(a) of the International Banking Act (12 U.S.C. § 3106(a)); Sections 11(a)(1), 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); Section 211.13(c) of Regulation K (12 C.F.R. § 211.13(c)); and Section 225.5(b) of Regulation Y (12 C.F.R. § 225.5(b)) and section 10(c)(2)(H) of the Home Owners' Loan Act. Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies and top-tier savings and loan holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report.

I, Theresa East
Name of the Holding Company Director and Official

Senior Vice President
Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Theresa East
Signature of Holding Company Director and Official

03/25/2016
Date of Signature

For holding companies not registered with the SEC–
Indicate status of Annual Report to Shareholders:

- ☐ is included with the FR Y-6 report
- ☒ will be sent under separate cover
- ☐ is not prepared

For Federal Reserve Bank Use Only

RSSD ID 3554988
C.I.

Date of Report (top-tier holding company's fiscal year-end):
December 31, 2015
Month / Day / Year

N/A
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

Community Bancshares, Inc.
Legal Title of Holding Company

507 US Hwy 380
(Mailing Address of the Holding Company) Street / P.O. Box

City	State	Zip Code
Bridgeport	TX	76426

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Name	Title
Theresa East	SVP

940-683-4191
Area Code / Phone Number / Extension

940-683-4491
Area Code / FAX Number

theresa@onlinewithtcb.com
E-mail Address

onlinewithtcb.com
Address (URL) for the Holding Company's web page

Does the reporter request confidential treatment for any portion of this submission?

☐ Yes Please identify the report items to which this request applies:

☐ In accordance with the instructions on pages GEN-2 and 3, a letter justifying the request is being provided.

☐ The information for which confidential treatment is sought is being submitted separately labeled "Confidential."

☒ No

Form FR Y-6

COMMUNITY BANCSHARES, INC.

Bridgeport, Texas
Fiscal Year Ending December 31, 2015

AMENDED
AUG 16 2016

Report Item

1: a. The BHC is not required to file form 10(k) with the SEC.
   b. The BHC does prepare an annual report for its shareholders.
   Copies of the audited financial statements will be forwarded under separate cover upon completion.

2. Organizational Chart

Community Bancshares, Inc.
Bridgeport, Texas
Incorporated in Texas

Direct ownership of 600,000 shares (100%)
of The Community Bank

The Community Bank
Bridgeport, Texas
Incorporated in Texas

None of the above entities have a LEI number.

Results: A list of branches for your depository institution: COMMUNITY BANK, THE (ID_RSSD: 3479018).
This depository institution is held by COMMUNITY BANCSHARES, INC. (3554988) of BRIDGEPORT, TX.
The data are as of 12/31/2015. Data reflects information that was received and processed through 01/07/2016.

Reconciliation and Verification Steps

1. In the **Data Action** column of each branch row, enter one or more of the actions specified below.
2. If required, enter the date in the **Effective Date** column.

Actions

OK: If the branch information is correct, enter 'OK' in the **Data Action** column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the **Data Action** column and the date when this information first became valid in the **Effective Date** column.
Close: If a branch listed was sold or closed, enter 'Close' in the **Data Action** column and the sale or closure date in the **Effective Date** column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the **Data Action** column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the **Data Action** column and the opening or acquisition date in the **Effective Date** column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure

When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.
If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:
To satisfy the **FR Y-10 reporting requirements**, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a **Data Action** of Change, Close, Delete, or Add.
The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov.

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	3479018	COMMUNITY BANK, THE	507 US HIGHWAY 380	BRIDGEPORT	TX	76426	WISE	UNITED STATES	455113	0	COMMUNITY BANK, THE	3479018	

FORM FR Y-6
COMMUNITY BANCSHARES, INC.
December 31, 2015

REPORT ITEM 3: SHAREHOLDERS

Current shareholders with ownership, control or holdings of 5% or more with power to vote as of 12-31-15.

(1)(a) NAME AND ADRESS	(1)(b) CITIZENSHIP	(1)(c) SHARES OWNED,CONTROLLED, OR HELD WITH POWER TO VOTE	
		NUMBER	PERCENT*
Dwayne Garrett Bridgeport, Texas	USA	141,397	22.10%
Kirby Elenburg Bridgeport, Texas	USA	126,331	19.75%
John Crisp Bridgeport, Texas	USA	121,263	18.96%
Ronnie Hess Fort Worth, Texas	USA	96,889	15.15%
Scott Stowers Bridgeport, Texas	USA	84,233	13.17%

(2) Shareholders not listed in 3(1) that had ownership, control or holdings of 5% or more with the power to vote during fiscal year ending 12-31-15.

NONE			

* Total voting shares December 31, 2015 639,724

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FORM FR Y-6
COMMUNITY BANCSHARES, INC.
December 31, 2015

REPORT ITEM 4: Directors & Officers

(1) & (2) Name & Address Principal Occupation	Organization	(3)(a)&(3)(b)&(3)(c) Title or Position With	4(a)&4(b)&4(c) Percentage of Voting Shares
Carl Russell Bridgeport, Texas Bank Officer	Community Bancshares, Inc. The Community Bank Other Business:	President/Director President/Director None	0.08% N/A N/A
Theresa East Decatur, Texas Bank Officer	Community Bancshares, Inc. The Community Bank Other Business:	SVP/Director SVP/Cashier/Director None	1.99% N/A N/A
Joe Murphy Bridgeport, Texas Bank Officer	Community Bancshares, Inc. The Community Bank Other Business:	- SVP None	0.46% N/A N/A
John Crisp Bridgeport, Texas Building Company Executive	Community Bancshares, Inc. The Community Bank Other Business: Crisp Industries Bridgeport Steel	Director/Principal Shareholder Director Owner Owner	18.96% N/A 100.00% 100.00%
Scott Allred Azle, Texas Retired Bank Officer	Community Bancshares, Inc. The Community Bank Other Business:	Director Director None	0.18% N/A N/A
Scott Stowers Bridgeport, Texas Surgeon	Community Bancshares, Inc. The Community Bank Other Business:	Director/Principal Shareholder Director None	13.17% N/A N/A
Ronnie Hess Fort Worth, Texas Lumber Company Executive	Community Bancshares, Inc. The Community Bank Other Business: Bridgeport Building Centers Community Lumber Towanike Building Center RHJR R & J Properties Fair Oaks Pinpoint Properties	Director/Principal Shareholder Director Owner Owner Owner Owner Owner Owner Owner	15.15% N/A 50.00% 55.00% 60.00% 50.00% 100.00% 50.00% 33.30%
Mike Richey Bridgeport, Texas Oil Field Construction Executive	Community Bancshares, Inc. The Community Bank Other Business: Richey Oil Field Construction Montai, LLC Hard Rock Whitetail V & M Investments	Director Director Owner Owner Owner Owner	0.84% N/A 50.00% 58.00% 50.00% 50.00%
Kirby Elenburg Bridgeport, Texas Oil Field Construction Executive	Community Bancshares, Inc. The Community Bank Other Business: West Fork Enterprises, Inc.	Director/Principal Shareholder Director Owner	19.75% N/A 90.00%
Dwayne Garrett Bridgeport, Texas Trucking Company Executive	Community Bancshares, Inc. The Community Bank Other Business: North Texas Compression, Inc. B & B Safety	Director/Principal Shareholder Director Owner Owner	22.10% N/A 100.00% 100.00%

COMMUNITY BANCSHARES INC.

507 US HWY 380 BRIDGEPORT, TEXAS 76426

Theresa East
Community Bancshares, Inc.
507 US Hwy 380
Bridgeport, Texas 76426

March 25, 2016

Federal Reserve Bank of Dallas
Banking Supervision Department
2200 North Pearl Street
Dallas, Texas 75201

Enclosed please find the original and one photocopy of the Annual Report of Bank Holding Companies for Community Bancshares, Inc. for the year ended December 31, 2015. Copies of our audited financial statements for the year ended December 31, 2015, will be sent under separate cover as soon as they are available.

If additional information is needed, please do not hesitate to contact me.

Very truly yours,

COMMUNITY BANCSHARES, INC.
Theresa East
Senior Vice President

AMENDED
AUG 23 2016

COMMUNITY BANCSHARES, INC.
AND SUBSIDIARY

BRIDGEPORT, TEXAS

AUDITED CONSOLIDATED
FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION

DECEMBER 31, 2015 and 2014

AMENDED
AUG 23 2016

SGA
Stovall Grandey & Allen LLP

500 W. 7th Street
Suite 900
Fort Worth, Texas
76102-4702

Phone 817-632-2500
Fax 817-632-2598

www.sga-cpas.com

INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Shareholders
Community Bancshares, Inc. and Subsidiary
Bridgeport, Texas

We have audited the accompanying consolidated financial statements of Community Bancshares, Inc. and Subsidiary (the Corporation), which comprise the balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

AMENDED
AUG 23 2016

COMMUNITY BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and due from banks	$ 15,025,909	$ 10,863,826
Interest-bearing deposits at other financial institutions	7,045,515	9,008,106
Federal funds sold	100,000	100,000
Total cash and cash equivalents	22,171,424	19,971,932
Investment securities - Note 3	9,008,003	11,694,504
Loans, net of allowance for loan losses - Note 4	38,523,249	35,090,167
Bank premises and equipment, net - Note 5	2,182,263	2,216,422
Accrued interest receivable	164,076	167,226
Repossessed assets	15,000	-
Other assets	63,487	73,062
Total Assets	$ 72,127,502	$ 69,213,313
LIABILITIES		
Deposits - Note 6:		
Non-interest-bearing	$ 15,127,708	$ 13,780,973
Interest-bearing	50,682,960	49,337,482
Total deposits	65,810,668	63,118,455
Other liabilities:		
Accrued interest payable	19,239	20,031
Other liabilities	26,241	12,166
Total other liabilities	45,480	32,197
Total Liabilities	65,856,148	63,150,652
Commitments and contingencies - Notes 9, 10, 11, 12 and 13		
SHAREHOLDERS' EQUITY - Notes 14 and 16		
Common stock, par value $.01 per share: Authorized - 2,000,000 shares; issued and outstanding: 639,724 at December 31, 2015 and 2014	6,397	6,397
Capital surplus	6,450,843	6,450,843
Retained deficit	(202,705)	(497,366)
Accumulated other comprehensive income	16,819	102,787
Total Shareholders' Equity	6,271,354	6,062,661
Total Liabilities and Shareholders' Equity	$ 72,127,502	$ 69,213,313

The accompanying notes are an integral part of these financial statements.

AMENDED AUG 23 2016

COMMUNITY BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Net Income	$ 294,661	$ 201,041
Other Comprehensive Income (Loss)		
Securities available-for-sale:		
Change in net unrealized gain during the year	(65,409)	83,725
Reclassification adjustment for net gains included in net income	(20,559)	(20,917)
Other comprehensive income (loss)	(85,968)	62,808
Comprehensive Income	$ 208,693	$ 263,849

The accompanying notes are an integral part of these financial statements.

AMENDED
AUG 23 2016

COMMUNITY BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 294,661	$ 201,041
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	105,682	109,965
Provision for loan losses	29,510	22,794
Net amortization of premiums on investment securities	84,507	72,082
Gain on sales of investment securities	(47,228)	(20,559)
Loss on sales of bank premises and equipment	-	267
(Increase) decrease in accrued income and other assets	(2,275)	(20,894)
Increase (decrease) in accrued expenses and other liabilities	13,282	(28,997)
Total adjustments	183,478	134,658
Net Cash Provided by Operating Activities	478,139	335,699
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of available-for-sale investment securities	(1,648,679)	(4,372,474)
Proceeds from sales of available-for-sale investment securities	2,034,977	517,922
Principal payments on available-for-sale investment securities	2,176,955	1,972,450
Increase in loans made to customers, net of principal collections	(3,462,591)	(4,259,464)
Purchases of bank premises and equipment	(71,522)	(17,876)
Net Cash Used by Investing Activities	(970,860)	(6,159,442)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in demand deposits, interest-bearing transaction accounts and savings	2,228,431	13,072,687
Net increase (decrease) in time deposits	463,782	(3,456,486)
Net Cash Provided by Financing Activities	2,692,213	9,616,201
Net increase in cash and cash equivalents	2,199,492	3,792,458
Cash and cash equivalents at beginning of year	19,971,932	16,179,474
Cash and cash equivalents at end of year	$ 22,171,424	$ 19,971,932
SUPPLEMENTAL SCHEDULE OF OPERATING AND INVESTING ACTIVITIES:		
Interest paid	$ 465,494	$ 484,867
Fair value adjustment on available-for-sale investment securities	(85,968)	62,808

The accompanying notes are an integral part of these financial statements.

Note 2 Summary of Significant Accounting Policies, continued

Estimates, continued

While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the estimated losses on loans. Such agencies may require the Corporation to recognize additional losses based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the estimated losses on loans may change materially in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Cash and Cash Equivalents and Cash Flows

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents are defined as those amounts included in cash and amounts due from banks, interest-bearing deposits maturing in three months or less and federal funds sold. The Corporation reports net cash flows from customer loan and deposit transactions.

Investment Securities

The Corporation accounts for investment securities according to authoritative guidance issued by the Financial Accounting Standards Board (FASB). Under the provisions of the FASB authoritative guidance, debt securities that management has the ability and intent to hold to maturity are classified as held-to-maturity and carried at amortized cost. The amortization of premiums and accretion of discounts are recognized in interest income using methods approximating the interest method over the period to maturity.

Debt securities not classified as held-to-maturity are classified as available-for-sale. Securities available-for-sale are carried at fair value with unrealized gains and losses reported in other comprehensive income (loss). Realized gains (losses) on securities available-for-sale are included in other income and, when applicable, are reported as a reclassification adjustment in other comprehensive income (loss). Gains and losses on sales of securities are determined on the specific-identification method.

Declines in the fair value of individual held-to-maturity and available-for-sale securities below their amortized cost that are other than temporary result in writedowns of the individual securities to their fair value. The related writedowns are included in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (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 the Corporation to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Note 2 Summary of Significant Accounting Policies, continued

Allowance for Loan Losses, continued

A loan is considered impaired when, based on current information and events, it is probable that the Corporation will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for commercial and construction loans 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. Large groups of smaller balance homogenous loans are collectively evaluated for impairment; accordingly, the Corporation does not separately identify individual consumer and residential loans for impairment disclosures, unless such loans are subject to a restructuring agreement.

Periodically, regulatory agencies will review the Corporation's allowance for loan losses as an integral part of their examination process, and may require the Corporation to make additions to the allowance based on their judgment about information available to them at the time of their examination.

Bank Premises and Equipment

Bank premises and equipment are stated at cost less accumulated depreciation. Depreciation expense is computed using the straight-line method based upon the estimated useful lives of the assets. Leasehold improvements are amortized over the term of the lease or the estimated useful life of the improvement, whichever is less.

Maintenance and repairs are charged to operating expenses. Renewals and betterments are added to the asset accounts and depreciated over the periods benefited. Depreciable assets sold or retired are removed from the asset and related accumulated depreciation accounts and any gain or loss is reflected in the income and expense accounts. These assets are reviewed for impairment when events indicate their carrying value may not be recoverable. If management determines an impairment exists, the asset is reduced with an offsetting charge to expense.

Other Real Estate Owned

Other real estate owned is foreclosed property held pending disposition and is initially recorded at fair value less estimated selling costs when acquired, establishing a new cost basis. At foreclosure, if the fair value of the real estate acquired less estimated selling costs is less than the Corporation's recorded investment in the related loan, a writedown is recognized through a charge to the allowance for loan losses. Costs of significant property improvements are capitalized, whereas costs relating to holding property are expensed. Valuations are periodically performed by management, and any subsequent writedowns are recorded as a charge to income, if necessary, to reduce the carrying value of the property to its fair value less estimated selling costs. Sales of other real estate owned are accounted for according to authoritative guidance issued by the FASB.

Note 2 Summary of Significant Accounting Policies, continued

Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before the consolidated financial statements are available to be issued. The Corporation recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the consolidated financial statements. The Corporation's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the consolidated financial statements are available to be issued. The Corporation has evaluated subsequent events from December 31, 2015 through April 1, 2016, the date the financial statements were available to be issued. No subsequent events were identified which required disclosure in or adjustment to the consolidated financial statements.

New Accounting Standards

In January 2014, the FASB issued Accounting Standards Update (ASU) 2014-04, *Receivables – Troubled Debt Restructurings by Creditors (Subtopic 310-40),* which amended its authoritative guidance related to residential real estate to clarify that an in substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either (1) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure or (2) the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Additionally, the amendment requires interim and annual disclosure of both (1) the amount of foreclosed residential real estate property held by the creditor and (2) the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure according to local requirements of the applicable jurisdiction. This amendment became effective in 2015 and did not have a significant impact on the Corporation's consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance is a comprehensive new revenue recognition standard that will supersede substantially all existing revenue recognition guidance. The new standard's core principle is that a corporation will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the corporation expects to be entitled in exchange for those goods or services. In doing so, corporations will need to use more judgement and make more estimates than under existing guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. On July 9, 2015, the FASB agreed to delay the effective date of the standard by one year. Therefore, the new standard will be effective for annual reporting periods beginning after December 31, 2018. Implementation of this standard is not expected to have a significant impact on the Corporation's financial statements.

AMENDED
AUG 23 2016

COMMUNITY BANCSHARES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 3 Investment Securities, continued

The amortized cost and fair values of investment securities at December 31, 2014 are as follows:

	December 31, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale:				
Obligations of states and political subdivisions	$ 319,992	$ 136	$ -	$ 320,128
U.S. Government agency mortgage-backed securities	11,271,725	113,574	(10,923)	11,374,376
Total available-for-sale securities	$11,591,717	$ 113,710	$ (10,923)	$11,694,504

The balance sheet as of December 31, 2014 reflects the fair value of available-for-sale securities of $11,694,504. A net unrealized gain of $102,787 is in the available-for-sale investment securities balance. The unrealized gain is included in shareholders' equity.

The amortized cost and fair value of debt securities at December 31, 2015, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Mortgage-backed securities are shown separately, since they are not due at a single maturity date.

	Available-for-Sale	
	Amortized Cost	Fair Value
Amounts maturing in:		
One year or less	$ -	$ -
After one year through five years	-	-
After five years through ten years	-	-
After ten years	316,851	325,653
	316,851	325,653
Mortgage-backed securities	8,674,333	8,682,350
Totals	$ 8,991,184	$ 9,008,003

The Corporation had no pledged securities at December 31, 2015 and 2014.

During 2015, there were proceeds from sales of investment securities in the amount of $2,034,977 which resulted in gross realized gains of $47,228. During 2014, there were proceeds from sales of investment securities in the amount of $517,922 which resulted in gross realized gains of $20,559.

Note 4 Loans and Allowance for Loan Losses

An analysis of loan categories at December 31, 2015 and 2014 is as follows:

	2015	2014
Commercial and agricultural loans	$ 10,082,756	$ 11,390,506
Real estate (RE) loans:		
Construction, land and land development	6,560,318	4,750,023
Residential 1-4 family	9,508,502	7,100,874
Commercial RE and farmland	11,246,613	10,702,610
Consumer and other loans	1,229,079	1,332,352
Overdrafts	16,623	9,361
	38,643,891	35,285,726
Less: Allowance for loan losses	(120,642)	(195,559)
Loans, net	$ 38,523,249	$ 35,090,167

Transactions in the allowance for loan losses in 2015 are summarized as follows:

	Commercial and Agricultural	Construction, Land and Land Development	Residential 1-4 Family	Commercial Real Estate and Farmland	Consumer and Other	Unallocated	2015 Total
Allowance for Loan Losses:							
Balance, beginning of year	$ 38,768	$ 20,900	$ 31,244	$ 47,091	$ 9,595	$ 47,961	$ 195,559
Provisions, charged (credited) to income	88,293	9,229	(10,457)	(11,454)	1,860	(47,961)	29,510
	127,061	30,129	20,787	35,637	11,455	-	225,069
Loans charged-off	(99,060)	-	-	-	(5,958)	-	(105,018)
Recoveries of loans previously charged-off	-	-	-	-	591	-	591
Net charge-offs	(99,060)	-	-	-	(5,367)	-	(104,427)
Balance, end of year	$ 28,001	$ 30,129	$ 20,787	$ 35,637	$ 6,088	$ -	$ 120,642
Amounts allocated to: Individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Amounts allocated to: Collectively evaluated for impairment	28,001	30,129	20,787	35,637	6,088	-	120,642
Balance, end of year	$ 28,001	$ 30,129	$ 20,787	$ 35,637	$ 6,088	$ -	$ 120,642
Loans:							
Individually evaluated for impairment	$ -	$ -	$ -	$ 196,900	$ -		$ 196,900
Collectively evaluated for impairment	10,082,756	6,560,318	9,508,502	11,049,713	1,245,702		38,446,991
Ending balance total loans	$ 10,082,756	$ 6,560,318	$ 9,508,502	$ 11,246,613	$ 1,245,702		$ 38,643,891

Note 4 Loans and Allowance for Loan Losses, continued

Federal regulations require that the Corporation periodically evaluate the risks inherent in its loan portfolio. In addition, the Corporation's regulatory agencies have authority to identify problem loans and, if appropriate, require them to be reclassified. There are three classifications for problem loans: Substandard, Doubtful and Loss. Substandard loans have one or more defined weaknesses and are characterized by the distinct possibility that the Corporation will sustain some loss if the deficiencies are not corrected. Doubtful loans have the weaknesses of loans classified as "Substandard," with additional characteristics that suggest the weaknesses make collection or recovery in full after liquidation of collateral questionable on the basis of currently existing facts, conditions and values. There is a high possibility of loss in loans classified as "Doubtful." A loan classified as "Loss" is considered uncollectible and of such little value that continued classification of the credit as a loan is not warranted. If a loan or a portion thereof is classified as "Loss," it must be charged-off, meaning the amount of the loss is charged against the allowance for loan losses, thereby reducing that reserve. The Corporation also classifies some loans as "Watch" or "Other Assets Especially Mentioned" ("OAEM"). Loans classified as Watch are performing assets and classified as pass credits but have elements of risk that require more monitoring than other performing loans. Loans classified as OAEM are assets that continue to perform but have shown deterioration in credit quality and require close monitoring.

Loans by credit quality risk rating at December 31, 2015 and 2014 are as follows:

	Pass	Other Assets Especially Mentioned	Sub-Standard	Doubtful	Total
December 31, 2015:					
Commercial and agricultural loans	$ 10,032,745	$ 50,011	$ -	$ -	$ 10,082,756
Real estate (RE) loans:					
Construction, land and land development	6,536,026	24,292	-	-	6,560,318
Residential 1-4 family	9,469,471	39,031	-	-	9,508,502
Commercial real estate and farmland	11,246,613	-	-	-	11,246,613
Consumer and other loans	1,245,702	-	-	-	1,245,702
Total	$ 38,530,557	$ 113,334	$ -	$ -	$ 38,643,891
December 31, 2014:					
Commercial and agricultural loans	$ 11,390,506	$ -	$ -	$ -	$ 11,390,506
Real estate (RE) loans:					
Construction, land and land development	4,717,789	32,234	-	-	4,750,023
Residential 1-4 family	7,057,699	43,175	-	-	7,100,874
Commercial real estate and farmland	10,702,610	-	-	-	10,702,610
Consumer and other loans	1,341,713	-	-	-	1,341,713
Total	$ 35,210,317	$ 75,409	$ -	$ -	$ 35,285,726

Note 4 Loans and Allowance for Loan Losses, continued

The following table illustrates an age analysis of past due loans as of December 31, 2015 and 2014:

	30-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans	Recorded Investment 90 Days or More Past Due and Still Accruing
December 31, 2015:						
Commercial and agricultural loans	$ -	$ -	$ -	$ 10,082,756	$ 10,082,756	$ -
Real estate (RE) loans:						
Construction, land and land development	-	-	-	6,560,318	6,560,318	-
Residential 1-4 family	-	-	-	9,508,502	9,508,502	-
Commercial real estate and farmland	-	-	-	11,246,613	11,246,613	-
Consumer and other loans	-	-	-	1,245,702	1,245,702	-
Total	$ -	$ -	$ -	$ 38,643,891	$ 38,643,891	$ -
December 31, 2014:						
Commercial and agricultural loans	$ 155,381	$ -	$ 155,381	$ 11,235,125	$ 11,390,506	$ -
Real estate (RE) loans:						
Construction, land and land development	-	-	-	4,750,023	4,750,023	-
Residential 1-4 family	-	-	-	7,100,874	7,100,874	-
Commercial real estate and farmland	-	-	-	10,702,610	10,702,610	-
Consumer and other loans	-	-	-	1,341,713	1,341,713	-
Total	$ 155,381	$ -	$ 155,381	$ 35,130,345	$ 35,285,726	$ -

Note 7 Federal Income Taxes

The Corporation has not provided for income taxes in 2015 and 2014 as a result of the net losses incurred.

The Corporation has the following temporary differences and carryforward items at December 31, 2015 and 2014:

	2015	2014
Deferred Tax Asset:		
Allowance for loan losses	$ 41,018	$ 66,490
Contribution carryover	10,803	9,604
Organizational costs	69,254	80,047
Net operating loss carry forward	76,853	146,740
Total Deferred Tax Asset	197,928	302,881
Deferred Tax Liability:		
Premises and equipment	(62,554)	(65,263)
Accrual to cash conversion	(59,991)	(68,519)
Total Deferred Tax Liability	(122,545)	(133,782)
Net Deferred Tax Asset	75,383	169,099
Less Valuation Allowance	(75,383)	(169,099)
Net Deferred Tax Asset	$ -	$ -

At December 31, 2015 and 2014, respectively, the Corporation has a net operating loss carryforward of approximately $221,000 and $504,000 for financial reporting purposes and $226,000 and $431,000 for tax purposes. The net operating losses may be carried forward for a period of twenty years to offset future taxable income and begin to expire in 2029. The Corporation has not recognized a net deferred tax asset due to uncertainty surrounding its ultimate value to the Corporation and accordingly, management has reduced the net deferred tax assets by a valuation allowance.

Note 9 Financial Instruments with Off-Balance-Sheet Risk, continued

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 Corporation evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Corporation upon extension of credit, is based on management's credit evaluation. Collateral held varies but may include accounts receivable, inventory, property and equipment, and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by the Corporation to guarantee the performance of a customer to a third party. Standby letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Corporation's policy for obtaining collateral, and the nature of such collateral, is essentially the same as that involved in making commitments to extend credit.

The Corporation has not been required to perform on any financial guarantees during 2015 and 2014. The Corporation has not incurred any losses on its commitments in 2015 and 2014.

Note 10 Compensated Absences

Employees of the Corporation are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Corporation's policy is to recognize the costs of compensated absences when actually paid to employees.

Note 11 Commitments and Contingent Liabilities

The Corporation is subject to claims and lawsuits which arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position of the Corporation.

Note 12 Lines of Credit

The Corporation has established unsecured lines of credit in the amount of $3,549,000 at December 31, 2015 and 2014 for overnight purchase of federal funds. These lines may be cancelled without prior notification. There were no outstanding balances on these lines of credit at December 31, 2015 and 2014.

Note 15 Regulatory Matters, continued

Beginning January 1, 2015, community banking organizations became subject to a new regulatory rule recently adopted by federal banking agencies (commonly referred to as Basel III). The new rule establishes a new regulatory capital framework that incorporates revisions to the Basel capital framework, strengthens the definition of regulatory capital, increases risk-based capital requirements, and amends the methodologies for determining risk-weighted assets. These changes are expected to increase the amount of capital required by community banking organizations. Basel III includes a multiyear transition period from January 1, 2015 through December 31, 2019.

Management believes that, as of December 31, 2015, the Bank would meet all capital adequacy requirements under the Basel III Capital rules on a fully phased-in basis as if such requirements were currently in effect; however, final rules are subject to regulatory discretion and could result in the need for additional capital levels in the future.

The Bank's actual and required capital amounts and ratios are as follows (dollars in thousands):

	Actual		Minimum Required for Capital Adequacy Purposes		Required to be Well Capitalized under the Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2015:						
Total Risk-based Capital (to Risk-weighted Assets)	$ 6,240	14.86%	$ 3,358	8.00%	$ 4,198	10.00%
Tier 1 Capital (to Risk-weighted Assets)	$ 6,119	14.58%	$ 2,519	6.00%	$ 3,358	8.00%
Common Equity Tier 1 Capital (to Risk-weighted Assets)	$ 6,119	14.58%	$ 1,889	4.50%	$ 2,729	6.50%
Leverage Capital (to Adjusted Total Assets)	$ 6,119	8.24%	$ 2,969	4.00%	$ 3,712	5.00%
As of December 31, 2014:						
Total Risk-based Capital (to Risk-weighted Assets)	$ 6,021	15.64%	$ 3,079	8.00%	$ 3,849	10.00%
Tier 1 Capital (to Risk-weighted Assets)	$ 5,825	15.13%	$ 1,540	4.00%	$ 2,310	6.00%
Leverage Capital (to Adjusted Total Assets)	$ 5,825	8.39%	$ 2,776	4.00%	$ 3,470	5.00%

Note 17 Fair Value Measurements, continued

The fair value hierarchy is as follows:

- ***Level 1 Inputs*****:** Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

- ***Level 2 Inputs:*** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These might include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (such as interest rates, volatilities, prepayment speeds, credit risks, etc.) or inputs that are derived principally from or corroborated by market data by correlation or other means.

- ***Level 3 Inputs:*** Unobservable inputs for determining the fair values of assets or liabilities that reflect an entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. These adjustments may include amounts to reflect counterparty credit quality and the Corporation's creditworthiness, among other things, as well as unobservable parameters. Any such valuation adjustments are applied consistently over time. The Corporation's valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Corporation's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Securities Available-for-Sale: U.S. Treasury securities are reported at fair value utilizing Level 1 inputs. Other securities classified as available-for-sale are reported at fair value utilizing Level 2 inputs. For these securities, the Corporation obtains fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the bond's terms and conditions, among other things.

Impaired Loans: Certain impaired loans are reported at the fair value of the underlying collateral if repayment is expected solely from the collateral. Collateral values are estimated using Level 2 inputs based on observable market data or Level 3 inputs based on customized discounting criteria.

Other Real Estate Owned: Other real estate owned represents foreclosed assets that are reported at the fair value less estimated selling costs of the underlying property. The fair values are estimated using Level 2 inputs based on observable market data or Level 3 inputs based on information obtained from customized discounting criteria.

Note 17 Fair Value Measurements, continued

The following table summarizes financial assets measured at fair value on a non-recurring basis as of December 31, 2015 and 2014, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure the fair value:

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
December 31, 2015:				
Impaired loans	$ -	$ 196,900	$ -	$ 196,900
Less specific valuation allowance for possible loan losses	-	-	-	-
Impaired loans, net	$ -	$ 196,900	$ -	$ 196,900

	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
December 31, 2014:				
Impaired loans	$ -	$ 209,612	$ -	$ 209,612
Less specific valuation allowance for possible loan losses	-	-	-	-
Impaired loans, net	$ -	$ 209,612	$ -	$ 209,612

Certain nonfinancial assets are measured at fair value on a non-recurring basis. Nonfinancial assets measured at fair value on a non-recurring basis include other real estate owned which, upon initial recognition, were remeasured and reported at fair value through a charge-off to the allowance for loan losses and certain other real estate owned, which subsequent to their initial recognition, were remeasured at fair value through a writedown included in other non-interest expense. The fair value of other real estate owned is estimated using Level 2 inputs based on observable market data or Level 3 inputs based on customized discounting criteria.

At December 31, 2015 and 2014, the Corporation had no foreclosed property.

Note 18 Employee Benefit Plans

The Community Bank has a 401(k) profit sharing plan that covers employees age eighteen and over. Employees must be employed for three months in order to enter the Plan. The Plan provides for "before-tax" employee contributions through salary reductions under Section 401(k) of the Internal Revenue Code. An employer match of 3% was approved by the Board in April 2015. The Corporation made matching 401(k) contributions of approximately $12,000 for the year ended December 31, 2015. There were no matching contributions made for the year ended December 31, 2014.

AMENDED AUG 23 2016

COMMUNITY BANCSHARES, INC. AND SUBSIDIARY
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2015

	COMMUNITY BANCSHARES INC.	THE COMMUNITY BANK	ELIMINATIONS	CONSOLIDATED
ASSETS				
Cash and due from banks	$ 135,018	$ 15,025,909	$ (135,018)	$ 15,025,909
Interest-bearing deposits at other financial institutions	-	7,045,515	-	7,045,515
Federal funds sold	-	100,000	-	100,000
Total cash and cash equivalents	135,018	22,171,424	(135,018)	22,171,424
Investment securities	-	9,008,003	-	9,008,003
Loans, net of allowance for loan losses	-	38,523,249	-	38,523,249
Bank premises and equipment, net	-	2,182,263	-	2,182,263
Investment in subsidiary	6,136,336	-	(6,136,336)	-
Accrued interest receivable	-	164,076	-	164,076
Repossessed assets	-	15,000	-	15,000
Other assets	-	63,487	-	63,487
Total Assets	$ 6,271,354	$ 72,127,502	$ (6,271,354)	$ 72,127,502
LIABILITIES				
Deposits:				
Non-interest-bearing	$ -	$ 15,262,726	$ (135,018)	$ 15,127,708
Interest-bearing	-	50,682,960	-	50,682,960
Total deposits	-	65,945,686	(135,018)	65,810,668
Other liabilities:				
Accrued interest payable	-	19,239	-	19,239
Other liabilities	-	26,241	-	26,241
Total other liabilities	-	45,480	-	45,480
Total Liabilities	-	65,991,166	(135,018)	65,856,148
SHAREHOLDERS' EQUITY				
Common stock, par value $.01 per share:				
Authorized - 2,000,000 shares				
Issued and outstanding - 639,724 shares	6,397	3,000,000	(3,000,000)	6,397
Capital surplus	6,450,843	3,322,222	(3,322,222)	6,450,843
Retained deficit	(202,705)	(202,705)	202,705	(202,705)
Accumulated other comprehensive income	16,819	16,819	(16,819)	16,819
Total Shareholders' Equity	6,271,354	6,136,336	(6,136,336)	6,271,354
Total Liabilities and Shareholders' Equity	$ 6,271,354	$ 72,127,502	$ (6,271,354)	$ 72,127,502

See Independent Auditor's Report.