Board of Governors of the Federal Reserve System

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)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). 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, top-tier savings and loan holding companies, and U.S. intermediate 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. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, Susan A Barber
Name of the Holding Company Director and Official

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.

Susan A Barber
Signature of Holding Company Director and Official

2/21/2020
Date of Signature

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2019
Month / Day / Year

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

Reporter's Name, Street, and Mailing Address

Community Bankshares Inc
Legal Title of Holding Company

PO Box 988
(Mailing Address of the Holding Company) Street / P.O. Box

Parkersburg	WV	26101
City	State	Zip Code

631 Juliana Street, Parkersburg, WV 26101
Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Lorie A. Webb	Vice President
Name	Title

304-420-5549
Area Code / Phone Number / Extension

304-424-9459
Area Code / FAX Number

lwebb@communitybankpkbg.com
E-mail Address

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

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

- [x] 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 ________
C.I. ________

Is confidential treatment requested for any portion of this report submission? .... 0=No 1=Yes **0**

In accordance with the General Instructions for this report (check only one),

1. a letter justifying this request is being provided along with the report .... [ ]
2. a letter justifying this request has been provided separately ... [ ]

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.50 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

COMMUNITY BANKSHARES, INC.
PARKERSBURG, WV
Form FR Y-6

December 31, 2019

ITEM 1	Annual Report to Shareholders
ITEM 2.	Organization Chart
ITEM 3.	Securities Holders
ITEM 4.	Insiders

Item. 1

COMMUNITY BANKSHARES, INC.
AND SUBSIDIARY
(An S-Corporation)

Community Bank®

www.communitybankpkbg.com

Consolidated Financial Report
December 31, 2019

Arnett Carbis Toothman llp
CPAs & Advisors

CONTENTS

Arnett
Carbis
Toothman llp
CPAs & Advisors

actcpas.com

101 Washington Street, East
P.O. Box 2629
Charleston, WV 25329
304.346.0441 | 304.346.8333 fax
800.642.3601

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Bankshares, Inc.,
(an S-Corporation) and Subsidiary
Parkersburg, West Virginia

We have audited the accompanying consolidated financial statements of Community Bankshares Inc., (an S-Corporation) and subsidiary, which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Bankshares, Inc., (an S Corporation) and subsidiary as of December 31, 2019 and 2018, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2019, in accordance with the accounting principles generally accepted in the United States of America.

Arnett Carbis Toothman LLP

Charleston, West Virginia
February 10, 2020

COMMUNITY BANKSHARES, INC.
(AN S-CORPORATION) AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and due from banks	$ 5,380,938	$ 5,421,070
Federal funds sold	2,957,000	-
Securities available for sale	28,062,736	29,956,625
Loans, less allowance for loan losses of $1,443,357 and $1,362,049 respectively	211,455,860	202,608,352
Bank premises and equipment, net	5,131,484	2,950,438
Accrued interest receivable	614,669	609,240
Other assets	2,266,475	3,009,380
Total assets	$ 255,869,162	$ 244,555,105
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits:		
Non interest bearing	$ 46,422,806	$ 45,465,418
Interest bearing	141,258,222	129,621,703
Total deposits	187,681,028	175,087,121
Short-term borrowings	38,681,212	36,407,191
Long-term borrowings	3,011,300	8,029,528
Other liabilities	1,617,752	1,441,686
Total liabilities	230,991,292	220,965,526
Shareholders' equity		
Common stock, $.50 par value, authorized $1,000,000 shares, issued 200,000 shares	100,000	100,000
Capital surplus	1,207,264	1,207,264
Retained earnings	26,958,730	26,489,277
Less cost of shares acquired for the treasury 2019, 26,769; 2018, 26,774	(3,888,765)	(3,889,527)
Accumulated other comprehensive income	500,641	(317,435)
Total shareholders' equity	24,877,870	23,589,579
Total liabilities and shareholders' equity	$ 255,869,162	$ 244,555,105

See Notes to Consolidated Financial Statements

COMMUNITY BANKSHARES, INC.
(AN S-CORPORATION) AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME
For the Years Ended December 31, 2019, 2018, and 2017

	2019	2018	2017
Interest income:			
Interest and fees on loans	$ 10,480,459	$ 9,475,171	$ 9,174,868
Interest and dividends on securities:			
Taxable	1,009,421	864,234	866,170
Interest on Federal funds sold	54,281	37,320	27,389
Total interest income	11,544,161	10,376,725	10,068,427
Interest expense:			
Interest expense on deposits	919,758	492,553	551,557
Interest on other borrowings	996,379	784,542	472,133
Total interest expense	1,916,137	1,277,095	1,023,690
Net interest income	9,628,024	9,099,630	9,044,737
Provision for loan losses	126,000	156,000	186,000
Net interest income after provision for loan losses	9,502,024	8,943,630	8,858,737
Other income (loss):			
Service fees on deposit accounts	476,885	521,110	558,994
Gain (loss) on sale of other assets, net	259	5,116	(1,930)
Gain on sale of securities	56,146	-	-
Charge card discounts and fees	192,329	196,682	184,779
Other fees and commissions	1,107,689	1,131,006	1,093,257
Total other income (loss)	1,833,308	1,853,914	1,835,100
Other expenses:			
Salaries and employee benefits	4,258,603	3,818,930	3,729,533
Pension plan expense	275,596	278,487	258,182
Net occupancy expense	460,287	474,905	453,891
Equipment rentals, depreciation and maintenance	565,490	500,752	527,249
Debit card processing	310,034	301,974	278,607
Advertising	318,005	352,049	413,272
Postage and freight	94,779	84,492	94,327
Charge card processing	202,952	225,518	191,350
Legal, accounting and consulting	310,230	294,917	247,443
Forms and supplies	100,642	102,330	105,930
Telephone	69,738	66,586	65,207
Insurance	57,530	53,469	59,680
Business, occupancy and franchise taxes	67,912	61,285	61,581
Other expenses	1,144,530	1,050,019	1,062,931
Total other expense	8,236,328	7,665,713	7,549,183
Net income	$ 3,099,004	$ 3,131,831	$ 3,144,654
Basic earnings per common share	$ 17.89	$ 18.08	$ 18.15

See Notes to Consolidated Financial Statements

COMMUNITY BANKSHARES, INC.
(AN S-CORPORATION) AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2019, 2018, and 2017

	2019	2018	2017
Net income	$ 3,099,004	$ 3,131,831	$ 3,144,654
Other comprehensive income:			
Gross unrealized gains (losses) arising during the period	874,222	(358,563)	17,429
Less: Reclassification adjustments for (gains) losses included in net income	(56,146)	-	-
Change in net unrealized gains (losses)	818,076	(358,563)	17,429
Other comprehensive (loss) income	818,076	(358,563)	17,429
Comprehensive income	$ 3,917,080	$ 2,773,268	$ 3,162,083

COMMUNITY BANKSHARES, INC.
(AN S-CORPORATION) AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years Ended December 31, 2019, 2018, and 2017

	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Other Accum-ulated Compre-hensive Income	Total Shareholders' Equity
Balance, December 31, 2016	$ 100,000	$ 1,207,264	$ 25,490,988	$ (3,889,527)	$ 23,699	$ 22,932,424
Net income	-	-	3,144,654	-	-	3,144,654
Cash dividend declared on common stock ($16.07 per share)	-	-	(2,783,741)	-	-	(2,783,741)
Change in net unrealized gain (loss) on securities	-	-	-	-	17,429	17,429
Balance, December 31, 2017	100,000	1,207,264	25,851,901	(3,889,527)	41,128	23,310,766
Net income	-	-	3,131,831	-	-	3,131,831
Cash dividend declared on common stock ($14.40 per share)	-	-	(2,494,455)	-	-	(2,494,455)
Change in net unrealized gain (loss) on secutities	-	-	-	-	(358,563)	(358,563)
Balance, December 31, 2018	100,000	1,207,264	26,489,277	(3,889,527)	(317,435)	23,589,579
Net income	-	-	3,099,004	-	-	3,099,004
Cash dividend declared on common stock ($15.18 per share)	-	-	(2,629,644)	-	-	(2,629,644)
Issuance of 5 shares of common stock from treasury	-	-	93	762	-	855
Change in net unrealized gain (loss) on secutities	-	-	-	-	818,076	818,076
Balance, December 31, 2019	$ 100,000	$ 1,207,264	$ 26,958,730	$ (3,888,765)	$ 500,641	$ 24,877,870

See Notes to Consolidated Financial Statements

COMMUNITY BANKSHARES, INC.
(AN S-CORPORATION) AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019, 2018, and 2017

	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 3,099,004	$ 3,131,831	$ 3,144,654
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	363,166	322,890	333,144
Provision for loan losses	126,000	156,000	186,000
(Gain) loss on sale of other assets, net	(259)	(5,116)	1,930
(Gain) on sale of securities	(56,146)	-	-
Amortization of security premiums and (accretion) of discounts, net	169,436	289,061	310,180
(Increase) decrease in accrued interest receivable	(5,429)	(18,621)	15,798
Decrease (increase) in other assets	42,095	(1,028,116)	1,051,979
Increase in other liabilities	176,066	115,619	148,954
Net cash provided by operating activities	3,913,933	2,963,548	5,192,639
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales, maturities and calls of securities available for sale	4,911,569	-	-
Principal payments received on securities available for sale	5,986,137	6,983,102	7,872,402
Purchases of securities available for sale	(8,299,031)	(6,097,771)	(4,114,235)
Loans made to customers, net	(9,211,676)	(13,596,716)	801,178
Proceeds from sale of other real estate	939,237	9,316	10,000
Proceeds from sale of bank premises and equipment	60,580	-	33,000
Purchases of bank premises and equipment, net	(2,604,792)	(302,317)	(99,403)
(Increase) decrease in Federal funds sold, net	(2,957,000)	3,914,000	(3,221,000)
Net cash (used in) provided by investing activities	(11,174,976)	(9,090,386)	1,281,942
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in non interest bearing demand deposit accounts	957,388	(4,455,142)	7,393,818
(Decrease) increase in interest bearing demand deposit accounts and savings accounts	(3,473,474)	133,570	4,581,069
Net proceeds from the sales of (payments for matured) time deposits, net	15,109,993	(11,049,141)	11,387,195
Net (decrease) increase in short-term borrowings	(2,744,207)	23,850,707	(26,175,403)
Issuance of 5 shares of common stock from treasury	762	-	-
Dividends paid	(2,629,644)	(2,494,455)	(2,783,741)
Net cash provided by (used in) financing activities	7,220,818	5,985,539	(5,597,062)

See Notes to Consolidated Financial Statements

COMMUNITY BANKSHARES, INC.
(AN S-CORPORATION) AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS-Continued
For the Years Ended December 31, 2019, 2018, and 2017

	2019	2018	2017
(Decrease) increase in cash and cash equivalents	(40,225)	(141,299)	877,519
Cash and cash equivalents			
Beginning	5,421,070	5,562,369	4,684,850
Ending	$ 5,380,845	$ 5,421,070	$ 5,562,369
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash payments for:			
Interest on deposits and other borrowings	$ 1,895,105	$ 1,297,109	$ 916,363
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Other real estate and repossessed assets acquired in settlement of loans	$ -	$ -	$ 4,200
Reclassification of long-term borrowings to short-term borrowings	$ 5,000,000	$ 32,582,400	$ 5,000,000

See Notes to Consolidated Financial Statements

COMMUNITY BANKSHARES, INC.
(AN S-CORPORATION) AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

Nature of business: Community Bankshares, Inc., (an S-Corporation) (the Company) is a bank holding company. The wholly-owned subsidiary, Community Bank of Parkersburg (the Bank), is a commercial bank with operations in Wood County, West Virginia. The Bank provides retail and commercial loans and deposit services principally to customers in Wood County and adjacent counties in West Virginia and Ohio.

Basis of financial statement presentation: The accounting and reporting policies of Community Bankshares, Inc., and its wholly-owned subsidiary conform to accounting principles generally accepted in the United States of America and to general practices within the banking industry.

Principles of consolidation: The accompanying consolidated financial statements include the accounts of Community Bankshares, Inc., and its wholly-owned subsidiary, Community Bank of Parkersburg. All significant intercompany accounts and transactions have been eliminated in consolidation.

Accounting estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. For the year ended December 31, 2019, we evaluated subsequent events through February 10, 2020, the date the financial statements were available to be issued.

Presentation of cash flows: For purposes of reporting cash flows, cash and cash equivalents includes cash on hand and amounts due from banks (including cash items in process of clearing). Cash flows from demand deposits, NOW accounts and savings accounts are reported net since their original maturities are less than three months. Cash flows from loans and certificates of deposit and other time deposits are reported at net.

Securities: Securities are classified as "held to maturity", "available for sale" or "trading" at the time of purchase of each security according to management's intent. The appropriate classification is re-evaluated at each reporting date. The classification is determined as follows:

Securities held to maturity - Debt securities for which the Company has the positive intent and ability to hold to maturity are reported at cost, adjusted for amortization of premiums and accretion of discounts. At December 31, 2019 and 2018, the Company does not hold any securities classified as held to maturity.

Securities available for sale - Securities not classified as "held to maturity" or as "trading" are classified as "available for sale". Securities classified as "available for sale" are those securities the Company intends to hold for an indefinite period of time, but not necessarily to maturity. "Available for sale" securities are reported at estimated fair value net of unrealized gains or losses, which are adjusted for applicable income taxes, and reported as a separate component of shareholders' equity.

Trading securities - There are no securities classified as "trading" in the accompanying financial statements. At December 31, 2019 and 2018, the Company does not hold any securities classified as trading securities.

Realized gains and losses on sales of securities are recognized on the specific identification method. Amortization of premiums and accretion of discounts are computed using methods, which approximate the interest method.

COMMUNITY BANKSHARES, INC.
(AN S-CORPORATION) AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Other than temporary impairment: Declines in the fair value of available for sale and held to maturity securities that are deemed to be other than temporary are reflected 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 issuers, and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for an anticipated recovery in fair value. In addition, the risk of future other than temporary impairment may be influenced by additional bank failures, prolonged recession in the U.S. economy, changes to real estate values, interest deferrals and whether the Federal government provides assistance to financial institutions. The Company has not recognized any impairment changes on its securities for the three year period ended December 31, 2019.

Loans and allowance for loan losses: Loans are stated at the amount of unpaid principal, net of unearned discounts and loan fees or costs, less the allowance for loan losses.

Interest on loans is accrued daily and credited to operations on the outstanding balances. Certain direct loan origination fees and costs are deferred and amortized as adjustments of the related loan yield over the contractual life of the loan.

The allowance for loan losses is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. The allowance is increased by provisions charged to operating expense and reduced by net charge-offs. The subsidiary bank makes continuous credit reviews of the loan portfolio and considers current economic conditions, historical loan loss experience, review of specific problem loans and other factors in determining the adequacy of the allowance for loan losses. Loans are charged against the allowance for loan losses when management believes collectability to be unlikely. While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in conditions.

A loan is impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due in accordance with the contractual terms of the specific loan agreement. Impaired loans, other than certain large groups of smaller-balance, homogeneous loans that are collectively evaluated for impairment, are required to be reported at the present value of expected future cash flows discounted using the loan's original effective interest rate or, alternatively, at the loan's observable market price, or at the fair value of the loan's collateral if the loan is collateral dependent. The method selected to measure impairment is made on a loan-by-loan basis, unless foreclosure is deemed to be probable, in which case the fair value of the collateral method is used.

For purposes of Accounting Standards Codification (ASC) Topic 310-10-35, *Receivables – Subsequent Measurement*, the Company considers groups of smaller-balance, homogeneous loans to include: mortgage loans secured by residential property, small balance commercial loans, and installment and credit card loans to individuals.

Generally, after management's evaluation, loans are placed on non-accrual status when principal or interest is greater than 90 days past due based upon the loan's contractual terms. Interest is accrued daily on impaired loans unless the loan is placed on non-accrual status. Impaired loans are placed on non-accrual status when the payment of principal and interest are in default for a period of 90 days, unless the loan is both well-secured and in the process of collection. Interest on non-accrual loans is recognized primarily using the cost-recovery method.

Bank premises and equipment: Bank premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed using primarily the straight-line method for bank premises and equipment over the estimated useful lives of the assets. Repairs and maintenance expenditures are charged to operating expenses as incurred. Major improvements and additions to premises and equipment are capitalized.

COMMUNITY BANKSHARES, INC.
(AN S-CORPORATION) AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Other real estate: Other real estate consists primarily of real estate held for resale which was acquired through foreclosure of loans secured by such real estate. At the time of acquisition, these properties are recorded at fair value with any write-down being charged to the allowance for loan losses. After foreclosure, valuations are periodically performed by management and the real estate is carried at the lower of carrying amount or fair value less cost to sell. Expenses incurred in connection with operating these properties which are generally not significant are charged to losses on foreclosed real estate. Gains and losses on the sales of these properties are credited or charged to operating income in the year of the transactions.

Restricted investment securities: The subsidiary bank is a member of the Federal Home Loan Bank (FHLB) system and the Kentucky Independent Bank (KIB) federal funds program. FHLB members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. KIB program participants are required to own a certain amount of stock based on various factors tied to quarterly financial analysis. FHLB stock and KIB stock are equity securities which are included in other assets in the accompanying consolidated financial statements. Such securities are carried at cost since they may only be sold back to the respective issuer or another member at par value. These securities are classified as restricted securities and are periodically evaluated for impairment based on the ultimate recovery of par value. Both cash and stock dividends are reported as income.

Income taxes: The Company elected S-Corporation status effective January 1, 2006. As an S-Corporation, the earnings and losses after that date are included in the personal income tax returns of the stockholders and taxed depending on their personal tax strategies. Accordingly, the Company does not incur additional income tax obligations, and future financial statements will not include a provision for income taxes except to the extent that any "built-in gains" taxes are incurred.

Earnings per share: Earnings per common share are computed based upon the weighted average shares outstanding. The weighted average shares outstanding was 173,231 as of December 31, 2019 and 173,226 as of December 31, 2018 and 2017.

Advertising: The Company expenses advertising costs as incurred.

Significant Authoritative Guidance: On February 25, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The ASU requires a lessee to recognize on the balance sheet assets and liabilities for leases with lease terms of more than 12 months. Consistent with current accounting and financial reporting standards, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current standards, which requires that only capital leases be recognized on the balance sheet, the ASU requires that both types of leases be recognized on the balance sheet through the recognition of a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term, and a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis. The ASU also requires disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. The accounting by lessors remains largely unchanged from current requirements; but the ASU contains some targeted improvements that are intended to align, where necessary, lessor accounting with the lessee accounting model and with the updated revenue recognition guidance. The FASB amended the standard with the issuance of ASU 2017-13 to conform with narrow-scope guidance of the Securities and Exchange Commission regarding adoption timing. The FASB further amended the standard with the issuance of ASU 2018-01 which provides an optional transition practical expedient for the adoption of ASU 2016-02 that, if elected, would not require an organization to reconsider their accounting for existing land easements that are not currently accounted for under the old leases standard. ASU 2018-01 also provides that new or modified land easements should be evaluated under ASU 2016-02, once an entity has adopted the new standard. Further amendments to the standard came with the issuance of ASU 2018-10, which addresses various narrow aspects of the guidance of Topic 842, and ASU 2018-11, which provides entities with an additional optional transition method of adoption, and provides lessors with a practical expedient, by class of underlying asset, to not separate non-lease components from the associated lease component and, instead, to account for those components as a single component if the non-lease components otherwise would be accounted for under Topic 606 of the Accounting Standards Codification, and certain criteria are met. If the non-lease component or components associated with the lease component are the predominant component of the combined component, an entity is required to account for the combined component in accordance with Topic 606. Otherwise, the entity must account for the combined component as an operating lease in accordance with Topic 842. Additional narrow scope amendments have also been prescribed by ASU 2018-20 regarding issues facing lessors when applying Topic 842. On March 5, 2019, the FASB once again amended the standard through the issuance of ASU 2019-01, *Leases (Topic 842): Codification Improvements*, which addresses three issues which involve the alignment of fair value measurements of the lessor underlying assets with existing guidance; the reporting of financial institution lessors payments received under leases as cash flows from investing activities; and exemption of lessors and lessees from certain interim disclosure requirements in the year of adoption. Finally, the FASB amended the effective dates of Topic 842 through the issuance of ASU 2019-10 *Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*, on November 15, 2019. With the exception of certain amendments under ASU 2019-01, Topic 842 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, for public business entities that meet the definition of an SEC filer; not-for-profit entities that have issued, or are a conduit bond obligor for, securities traded, listed, or quoted on an exchange or over-the-counter market; and employee benefit plans that file financial statements with the Securities and Exchange Commission. For these entities, certain amendments of ASU 2019-01 are effective for fiscal years beginning after December 15, 2019, including interim period within those fiscal years. For all other entities, the ASU as amended by ASU 2019-10, is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early application is permitted for all entities. For entities that adopted the requirements of Topic 842 before the issuance of ASU 2018-10, ASU 2018-20, and ASU 2019-01 certain amendments of those ASUs became effective upon issuance of those certain amendments. The amendments of ASU 2018-20 may be applied retrospectively or prospectively in either the first reporting period beginning or ending after the issuance of ASU 2018-20. For entities that adopted the requirement of Topic 842 before the issuance of ASU 2018-11, the optional transition guidance was effective upon issuance, and the practical expedient guidance may be elected either prospectively in the first financial reporting period following the issuance of ASU 2018-11 or retrospectively to the original adoption or effective date of Topic 842 for the entity.

On June 16, 2016, the FASB issued ASU 2016-13, *Financial Instruments —Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Among other things, the amendments of this ASU require the measurement of all expected credit losses for financial assets held as of a financial reporting date be based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better determine their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The provisions of this ASU were further amended by the issuance of ASU 2018-19 which mitigates transition complexity by requiring entities other than public business entities, including not-for-profit organizations and certain employee benefit plans, to implement the credit losses standard for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. This aligns the implementation date for their annual financial statements with the implementation date for their interim financial statements. The guidance also clarifies that receivables arising from operating leases are not within the scope of the credit losses standard, but rather, should be accounted for in accordance with the leases standard. The FASB further made clarification and targeted guidance improvements to ASU 2016-13 through the issuance of ASU 2019-04 *Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments* on April 25, 2019. The FASB provided further transition relief with the issuance of ASU 2019-05, *Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief* on May 15, 2019, which applies to financial instruments for which the fair value option is elected. Further, the FASB amended Topic 326 on November 15, 2019, through the issuance of ASU 2019-10 *Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*. Finally, the FASB amended Topic 326 again through the issuance of ASU 2019-11 *Codification Improvements to Topic 326, Financial Instruments—Credit Losses* on November 26, 2019. ASU 2019-11, among other narrow-scope technical improvements, clarifies guidance around how to report expected recoveries. "Expected recoveries" describes a situation in which an organization recognizes a full or partial write-off of the amortized cost basis of a financial asset, but then later determines that the amount written off, or a portion of that amount, will in fact be recovered. ASU 2019-11 also permits organizations to record expected recoveries on purchased financial assets with credit deterioration. ASU 2019-11 also reinforces existing guidance that prohibits organizations from recording negative allowances for available-for-sale debt securities. Topic 326, as amended, are effective for public companies that meet the definition of a Securities and Exchange Commission (SEC) filer, excluding entities eligible to be smaller reporting companies, as defined by the SEC, for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. For all other financial reporting entities, the ASU on credit losses will take effect for fiscal years beginning after December 15, 2022, and for interim periods within those fiscal years. Early application will be permitted for all organizations for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018, except for the amendments of ASUs 2019-04, 2019-05, and ASU 2019-11, which will be permitted for all organizations for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. With respect to ASU 2019-11 for entities that have already adopted ASU 2016-13, the amendments of ASU 2019-11 should be applied on a modified retrospective basis by means of a cumulative-effect adjustment to the opening retained earnings balance in the statement of financial position as of the date that the entity adopted ASU 2016-13.

On March 30, 2017, the FASB issued ASU 2017-08, *Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20), Premium Amortization on Purchased Callable Debt Securities*. The amendments of this ASU shorten the amortization period for certain callable debt securities held at a premium. Specifically, the amendments require the premium to be amortized to the earliest call date. The amendments do not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity. The amendments of ASU 2017-08 become effective for public business entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. For other entities, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, including adoption in an interim period. If an entity early adopts in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The amendments should be applied on a modified retrospective basis, with a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption.

On August 27, 2018, the Financial Accounting Standards Board issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments of ASU 2018-13 modify the disclosure requirements in Topic 820 by eliminating, modifying, and adding certain disclosure information. The disclosure items eliminated by these amendments are the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy; the policy for timing of transfers between levels; the valuation processes for Level 3 fair value measurements; and for nonpublic entities, the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the end of the reporting period. Disclosures modifications include replacing the rollforward for Level 3 fair value measurements for a nonpublic entity to disclosure of transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities; disclosure of the timing of liquidation of an investee's assets and the date when restrictions from redemption might lapse only if the investee has communicated the timing to the entity or announced the timing publicly for investments in certain entities that calculate fair value using the net asset value practical expedient; and clarification that the measurement uncertainty disclosure is to communicate information about the uncertainty in measurement as of the reporting date. Disclosures added by the amendments of this ASU include the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period; and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. For certain unobservable inputs, an entity may disclose other quantitative information (such as the median or arithmetic average) in lieu of the weighted average if the entity determines that other quantitative information would be a more reasonable and rational method to reflect the distribution of unobservable inputs used to develop Level 3 fair value measurements. The amendments of ASU 2018-13 are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. Early adoption is permitted. An entity is permitted to early adopt any removed or modified disclosures upon issuance of ASU No. 2018-13 and delay adoption of the additional disclosures until their effective date.

The management of the Company has not yet concluded their evaluation of the potential effects of these new accounting and financial reporting standard updates.

Note 2. Cash Concentrations and Restrictions

The subsidiary bank is required to maintain average reserve balances with the Federal Reserve Bank. At December 31, 2019 and 2018, the reserve requirement approximated $2,038,000 and $2,082,000, respectively. The Bank does not earn interest on such balances.

Note 3. Securities

The amortized cost, unrealized gains and losses and estimated fair values of securities at December 31, 2019 and 2018, are summarized as follows:

	2019			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Carrying Value (Estimated Fair Value)
Available for sale				
Taxable:				
Mortgage-backed securities - U.S. Government agencies and corporations	$ 27,562,095	$ 516,860	$ 16,219	$ 28,062,736
Total	$ 27,562,095	$ 516,860	$ 16,219	$ 28,062,736

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	2018			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Carrying Value (Estimated Fair Value)
Available for sale				
Taxable:				
Mortgage-backed securities - U.S. Government agencies and corporations	$ 30,274,059	$ 126,866	$ 444,300	$ 29,956,625
Total	$ 30,274,059	$ 126,866	$ 444,300	$ 29,956,625

Mortgage backed obligations of U.S. Government agencies and corporations are included in securities at December 31, 2019 and 2018. These obligations, having contractual remaining maturities ranging from 4 to 25 years, are reflected in the following maturity distribution schedule based on their anticipated average remaining life to maturity, which ranges from 2 to 8 years. Accordingly, discounts are accreted or premiums are amortized over the anticipated average remaining life to maturity of the specific obligations.

The maturities, amortized cost and estimated fair values of securities at December 31, 2019, are summarized as follows:

	Available for Sale	
	Amortized Cost	Carrying Value (Estimated Fair Value)
Due within one year	$ -	$ -
Due after one through five years	22,214,644	22,586,244
Due after five through ten years	5,347,451	5,476,492
Due after ten years	-	-
	$ 27,562,095	$ 28,062,736

The proceeds from sales, calls and maturities of securities, including principal payments received on mortgage-backed obligations, and the related gross gains and losses realized, are as follows:

For the Years Ended December 31,	Proceeds From Sales	Proceeds From Calls and Maturities	Proceeds From Principal Payments	Gross Gains Realized	Gross Losses Realized
2019					
Securities available for sale	$ 4,911,569	$ -	$ 5,986,137	$ 56,146	$ -
2018					
Securities available for sale	$ -	$ -	$ 6,983,102	$ -	$ -
2017					
Securities available for sale	$ -	$ -	$ 7,872,402	$ -	$ -

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At December 31, 2019 and 2018, securities carried at $15,599,611 and $15,876,033, respectively, with estimated fair values of $15,875,622 and $15,697,526 were pledged to secure public deposits, securities sold under agreements to repurchase and for other purposes required or permitted by law.

Impairment is evaluated considering numerous factors, and their relative significance varies case to case. Factors considered include the length of time and extent to which the market value has been less than cost; the financial condition and near-term prospects of the issuer; and the intent and ability to retain the security in order to allow for an anticipated recovery in market value. If, based on the analysis, it is determined that the impairment is other-than-temporary, the security is written down to fair value, and a loss is recognized through earnings.

The Company has six securities in an unrealized loss position as of December 31, 2019. These securities are investment grade securities (AA or better) and the unrealized losses are due to overall increases in market interest rates and not due to any underlying credit concerns of the issuer. The Company has the intent and ability to hold such investments until maturity or market price recovery. Accordingly, the Company has concluded that none of the securities in its investment portfolios is other-than-temporarily impaired at December 31, 2019.

Provided below is a summary of securities available for sale which were in an unrealized loss position at December 31, 2019 and 2018, respectively.

	2019					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mortgage-backed securities - U.S. government agencies and corporations	$ 2,035,281	$ 7,381	$ 3,339,583	$ 8,838	$ 5,374,864	$ 16,219

	2018					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mortgage-backed securities - U.S. government agencies and corporations	$ 11,288,478	$ 118,124	$ 11,654,174	$ 326,176	$ 22,942,652	$ 444,300

Note 4. Loans

Loans are summarized as follows:

	December 31,	
	2019	2018
Commercial, financial and agricultural	$ 62,871,611	$ 61,488,668
Real estate	132,155,637	124,695,968
Installment loans	15,764,570	15,724,968
Charge card loans	2,256,453	2,213,285
Other	173,997	151,583
Total loans	213,222,268	204,274,472
Less allowance for loan losses	(1,443,357)	(1,362,049)
Unamortized loan costs (fees), net	(323,051)	(304,071)
Loans, net	$ 211,455,860	$ 202,608,352

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The contractual maturities of loans at December 31, 2019, are as follows:

	Within 1 Year	After 1 But Within 5 Years	After 5 Years
Commercial, financial and agricultural	$ 4,384,707	$ 7,403,490	$ 51,083,414
Real estate	8,317,338	3,364,774	120,473,525
Installment loans	1,510,989	8,976,674	5,276,907
Charge card loans	2,256,453	-	-
Other	35,737	-	138,260
Total	$ 16,505,224	$ 19,744,938	$ 176,972,106

Loans due after one year with:

Variable rates	$ 96,338,948
Fixed rates	100,378,096
Total	$ 196,717,044

The following tables present the contractual aging of the recorded investment in past due loans, segregated by class of loans.

At December 31, 2019

	Past Due						Recorded Investment
	30-59 days	60-89 days	≥ 90 days	Total	Current	Total Loans	≥ 90 days and Accruing
Commercial	$ 93,496	$ 48,189	$ 50,593	$ 192,278	$ 62,679,333	$ 62,871,611	$ -
Real Estate	614,520	-	58,500	673,020	131,482,617	132,155,637	-
Installment Loans	26,428	42,099	-	68,527	15,696,043	15,764,570	-
Charge card loans	-	-	-	-	2,256,453	2,256,453	-
Other	-	-	-	-	173,997	173,997	-
Total	$ 734,444	$ 90,288	$ 109,093	$ 933,825	$ 212,288,443	$ 213,222,268	$ -

At December 31, 2018

	Past Due						Recorded Investment
	30-59 days	60-89 days	≥ 90 days	Total	Current	Total Loans	≥ 90 days and Accruing
Commercial	$ 364,793	$ 28,413	$ 126,947	$ 520,153	$ 60,968,515	$ 61,488,668	$ 51,874
Real Estate	1,043,921	229,865	-	1,273,786	123,422,182	124,695,968	36,638
Installment Loans	89,563	3,376	36,638	129,577	15,595,391	15,724,968	-
Charge card loans	-	-	-	-	2,213,285	2,213,285	-
Other	-	-	-	-	151,583	151,583	-
Total	$ 1,498,277	$ 261,654	$ 163,585	$ 1,923,516	$ 202,350,956	$ 204,274,472	$ 88,512

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The following tables set forth impaired loan information by class of loan.

	December 31, 2019				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Income Recognized
With no related allowance					
Commercial	$ 913,349	$ 913,349	$ -	$ 932,510	$ 50,591
Real estate	896,645	896,645	-	901,041	41,524
Installment loans	-	-	-	-	-
Charge card loans	-	-	-	-	-
Other	-	-	-	-	-
Total with no related allowance	$ 1,809,994	$ 1,809,994	$ -	$ 1,833,551	$ 92,115
With a related allowance					
Commercial	$ 110,932	$ 106,105	$ 4,827	$ 107,112	$ 5,573
Real estate	89,966	81,505	8,461	87,460	3,497
Installment loans	25,570	24,709	861	27,713	1,347
Charge card loans	-	-	-	-	-
Other	-	-	-	-	-
Total with a related allowance	$ 226,468	$ 212,319	$ 14,149	$ 222,285	$ 10,417
Total					
Commercial	$ 1,024,281	$ 1,019,454	$ 4,827	$ 1,039,622	$ 56,164
Real estate	986,611	978,150	8,461	988,501	45,021
Installment loans	25,570	24,709	861	27,713	1,347
Charge card loans	-	-	-	-	-
Other	-	-	-	-	-
Total	$ 2,036,462	$ 2,022,313	$ 14,149	$ 2,055,836	$ 102,532

	December 31, 2018				
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Income Recognized
With no related allowance					
Commercial	$ 1,309,463	$ 1,309,463	$ -	$ 1,351,257	$ 67,529
Real estate	156,645	156,645	-	157,819	7,713
Installment loans	17,454	17,454	-	28,196	1,291
Charge card loans	-	-	-	-	-
Other	-	-	-	-	-
Total with no related allowance	$ 1,483,562	$ 1,483,562	$ -	$ 1,537,272	$ 76,533
With a related allowance					
Commercial	$ 123,769	$ 117,046	$ 6,723	$ 125,816	$ 6,797
Real estate	266,505	255,219	11,286	260,482	12,375
Installment loans	-	-	-	-	-
Charge card loans	-	-	-	-	-
Other	-	-	-	-	-
Total with a related allowance	$ 390,274	$ 372,265	$ 18,009	$ 386,298	$ 19,172
Total					
Commercial	$ 1,433,232	$ 1,426,509	$ 6,723	$ 1,477,073	$ 74,326
Real estate	423,150	411,864	11,286	418,301	20,088
Installment loans	17,454	17,454	-	28,196	1,291
Charge card loans	-	-	-	-	-
Other	-	-	-	-	-
Total	$ 1,873,836	$ 1,855,827	$ 18,009	$ 1,923,570	$ 95,705

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Included in impaired loans are troubled debt restructurings of $1,304,382 and $554,345 as of December 31, 2019 and 2018, respectively.

In the past, the subsidiary bank has made loans, in the normal course of business, to its directors, officers and employees, and will continue to make such loans in the future. At December 31, 2019 and 2018, outstanding loans to directors and officers with original balances of $60,000 or more totaled $2,528,614 and $2,172,109, respectively.

The following presents the activity with respect to related party loans with original balances aggregating $60,000 or more to any one related party during the years ended December 31, 2019 and 2018.

	2019	2018
Balance, beginning	$ 2,172,109	$ 1,531,573
Additions	582,068	1,139,241
Amounts collected	(225,563)	(498,705)
Balance, ending	$ 2,528,614	$ 2,172,109

The following table presents the non-accrual loans included in the net balance of loans at December 31, 2019 and 2018, respectively.

	2019	2018
Commercial	$ 109,445	$ 333,607
Real estate	86,956	160,492
Installment loans	-	-
Total	$ 196,401	$ 494,099

If interest on non-accrual loans had been accrued, such income would have approximated $11,000, $26,600 and $27,600, for each of the three years in the period ended December 31, 2019, 2018, and 2017 respectively.

Loans are categorized into risk categories based on relevant information about the ability of borrowers to service their debts such as current financial information, historical payment experience, credit documentation, and current economic trends, among other factors. The loans are analyzed individually by classifying the loans as to credit risk. The Company internally grades all new loans. In addition, the Company performs an annual loan review on all non-homogeneous commercial loans exceeding $300,000, at which time these loans are re-graded.

The following definition of risk grades are as follows:

Pass: Loans that are secured by cash and cash equivalents or have characteristics that reduce credit risk in the transaction, as well as minimal documentation exceptions or no identification risk of collection. The loan would not subsequently introduce loan-loss risk. They are loans that do not fit any of the other categories described below.

Substandard: Loans inadequately protected by the current sound net worth and paying capacity of the obligor, or pledged collateral, if any. There is a distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

Doubtful: Loans that will have all the weaknesses inherent in a substandard loan with the added factor that the weaknesses are pronounced to a point where collection or liquidation in full is highly improbable.

Loss: Loans that are considered to be uncollectible and of such little value that their continuance as active assets of the Bank is not warranted. This assignment does not mean that an asset has absolutely no recovery or salvage value, but simply that is not practicable or desirable to defer writing off the basically worthless asset, even though partial recovery may be affected in the future.

The following table presents the recorded investment in loans that are graded based on the risk associated with the loan.

	December 31, 2019				
	Commercial	Real Estate	Installment	Charge Card Loans	Other
Pass	$ 62,275,890	$ 130,931,572	$ 15,695,690	$ 2,256,453	$ 173,997
Substandard	595,721	1,224,065	68,880	-	-
Doubtful	-	-	-	-	-
Total	$ 62,871,611	$ 132,155,637	$ 15,764,570	$ 2,256,453	$ 173,997

	December 31, 2018				
	Commercial	Real Estate	Installment	Charge Card Loans	Other
Pass	$ 60,934,195	$ 123,684,470	$ 15,673,030	$ 2,213,285	$ 151,583
Substandard	554,473	1,011,498	51,938	-	-
Doubtful	-	-	-	-	-
Total	$ 61,488,668	$ 124,695,968	$ 15,724,968	$ 2,213,285	$ 151,583

The following tables present by class the subsidiary bank's troubled debt restructurings (TDR) for the years ended December 31, 2019 and 2018.

	December 31, 2019		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Consumer	1	$ 21,194	$ 21,194
Residential Real Estate	5	687,707	687,707
Commercial	2	129,150	129,150
Other	0	-	-
Total	8	$ 838,051	$ 838,051

	December 31, 2018		
	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Consumer	0	$ -	$ -
Residential Real Estate	0	-	-
Commercial Real Estate	0	-	-
Other	0	-	-
Total	0	$ -	$ -

At December 31, 2019 and 2018, the subsidiary bank's restructured loans were primarily modified by a reduction in the monthly payment amount and an extension of the maturity date. None of the modifications resulted in the forgiveness of amounts contractually due. The loans were evaluated individually for allocation within the Bank's allowance for loan losses. The

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modifications had an immaterial impact on the financial condition and results of operations for the subsidiary bank.

With regard to troubled debt restructurings, the Bank follows its charge-off policy to define default. There were no troubled debt restructuring on which the bank noted payment default during the years ended December 31, 2019 and 2018.

Concentrations of credit risk: The subsidiary bank grants a majority of its commercial, financial, agricultural, real estate, installment and charge card loans to individuals and customers throughout Wood County, West Virginia and adjacent counties.

Note 5. Allowance for Loan Losses

An analysis of the allowance for loan losses for the years ended December 31, 2019, 2018 and 2017, is as follows:

	2019	2018	2017
Balance, beginning of year	$ 1,362,049	$ 1,244,157	$ 1,271,947
Losses:			
Commercial, financial and agricultural	-	-	14,033
Real estate	28,456	6,454	48,787
Installment loans	40,478	-	105,985
Other	40,277	73,750	74,742
Total	109,211	80,204	243,547
Recoveries:			
Commercial, financial and agricultural	44,742	156	340
Real estate	1,222	1,231	2,068
Installment loans	5,921	9,047	7,314
Other	12,634	31,662	20,035
Total	64,519	42,096	29,757
Net losses	(44,692)	(38,108)	(213,790)
Provision for loan losses	126,000	156,000	186,000
Balance, end of year	$ 1,443,357	$ 1,362,049	$ 1,244,157

The allowance is comprised of three distinct reserve components: (1) specific reserves related to loans individually evaluated, (2) quantitative reserves related to loans collectively evaluated, and (3) qualitative reserves related to loans collectively evaluated. A summary of the methodology the Bank employs on a quarterly basis with respect to each of these components in order to evaluate the overall adequacy of our allowance for loan losses is as follows.

Specific Reserve for Loans Individually Evaluated

The Bank identifies loan relationships that may have credit weaknesses. Such loan relationships are identified primarily through the analysis of internal loan evaluations, past due loan reports, and loans adversely classified by regulatory authorities. Each loan so identified is then individually evaluated to determine whether it is impaired – that is, based on current information and events; it is probable that the Bank will be unable to collect all amounts due in accordance with the contractual terms of the underlying loan agreement. The Bank measures impairment based on the fair value of the loan's collateral, which is generally determined utilizing current appraisals. A specific reserve is established in an amount equal to the excess, if any, of the recorded investment in each impaired loan over the fair value of its underlying collateral, less estimated costs to sell.

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Quantitative Reserve for Loans Collectively Evaluated

Second, the Bank stratifies the loan portfolio into the following loan pools: commercial, real estate, installment loans, charge card loans and other. Loans within each pool are then further segmented between (1) loans which were individually evaluated for impairment and not deemed to be impaired, (2) smaller-balance homogenous loans.

Quantitative reserves relative to each loan pool are established using an allocation equaling 100% of the respective pool's average 12 month historical net loan charge-off rate (determined based upon the most recent twelve quarters) which is applied to the aggregate recorded investment in the smaller-balance homogenous pool of loans.

Qualitative Reserve for Loans Collectively Evaluated

Third, the Bank considers the necessity to adjust the average historical net loan charge-off rates relative to each of the above loan pools for potential risk factors that could result in actual losses deviating from prior loss experience. Such qualitative risk factors considered are: (1) levels of and trends in delinquencies and impaired loans, (2) levels of and trends in charge-offs and recoveries, (3) trends in volume and term of loans, (4) effects of any changes in risk selection and underwriting standards, and other changes in lending policies, procedures, and practice, (5) experience, ability, and depth of lending management and other relevant staff, (6) national and local economic trends and conditions, (7) industry conditions, and (8) effects of changes in credit concentrations.

For purposes of evaluating impairment, the Bank considers groups of smaller-balance, homogeneous loans to include; mortgage loans secured by residential property, other than those which significantly exceed the bank's typical residential mortgage loan amount; and installment loans to individuals.

Activity in the allowance for loan losses by loan class during the year ended December 31, 2019 and 2018, is as follows:

	December 31, 2019				
	Commercial	Real Estate	Installment Loans	Charge Card and Other Loans	Total
Allowance for credit losses:					
Beginning balance	$ 1,113,359	$ 367,253	$ 11,363	$ (129,926)	$ 1,362,049
Charge-offs	-	28,456	40,478	40,277	109,211
Recoveries	44,742	1,222	5,921	12,634	64,519
Provision	18,365	85,824	18,886	2,925	126,000
Ending balance	$ 1,176,466	$ 425,843	$ (4,308)	$ (154,644)	$ 1,443,357
Allowance related to:					
Individually evaluated for impairment	$ 4,827	$ 8,461	$ 861	$ -	$ 14,149
Collectively evaluated for impairment	1,171,639	417,382	(5,169)	(154,644)	1,429,208
Total	$ 1,176,466	$ 425,843	$ (4,308)	$ (154,644)	$ 1,443,357
Loans:					
Individually evaluated for impairment	$ 1,019,454	$ 978,150	$ 24,709	$ -	$ 2,022,313
Collectively evaluated for impairment	61,852,157	131,177,487	15,739,861	2,430,450	211,199,955
Total	$ 62,871,611	$ 132,155,637	$ 15,764,570	$ 2,430,450	$ 213,222,268

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	December 31, 2018				
	Commercial	Real Estate	Installment Loans	Charge Card and Other Loans	Total
Allowance for credit losses:					
Beginning balance	$ 1,090,308	$ 266,208	$ (21,314)	$ (91,045)	$ 1,244,157
Charge-offs	-	6,454	-	73,750	80,204
Recoveries	156	1,231	9,047	31,662	42,096
Provision	22,895	106,268	23,630	3,207	156,000
Ending balance	$ 1,113,359	$ 367,253	$ 11,363	$ (129,926)	$ 1,362,049
Allowance related to:					
Individually evaluated for impairment	$ 309	$ 6,595	$ 11,105	$ -	$ 18,009
Collectively evaluated for impairment	1,113,050	360,658	258	(129,926)	1,344,040
Total	$ 1,113,359	$ 367,253	$ 11,363	$ (129,926)	$ 1,362,049
Loans:					
Individually evaluated for impairment	$ 1,426,509	$ 411,864	$ 17,454	$ -	$ 1,855,827
Collectively evaluated for impairment	60,062,159	124,284,104	15,707,514	2,364,868	202,418,645
Total	$ 61,488,668	$ 124,695,968	$ 15,724,968	$ 2,364,868	$ 204,274,472

For quarterly loan review purposes, the bank selects loans or relationships that may have credit weaknesses. The above balances for loans individually evaluated for impairment include only such loan balances and related allowances. The bank does, however, review a larger number of loans on a recurring basis for internal purposes.

Note 6. Bank Premises and Equipment

The major categories of bank premises and equipment and accumulated depreciation at December 31, 2019 and 2018 are summarized as follows:

	2019	2018
Land	$ 1,084,028	$ 1,084,028
Buildings and improvements	6,257,175	4,464,355
Furniture and equipment	3,675,135	3,559,392
	11,016,338	9,107,775
Less accumulated depreciation	5,884,854	6,157,337
Bank premises and equipment, net	$ 5,131,484	$ 2,950,438

Depreciation expense for the years ended December 31, 2019, 2018 and 2017 totaled $363,166, $322,890 and $333,144, respectively.

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Note 7. Deposits

The following is a summary of interest bearing deposits by type as of December 31, 2019 and 2018:

	2019	2018
NOW and Super NOW accounts	$ 40,929,945	$ 41,038,066
Money market accounts	9,903,957	12,046,694
Savings deposits	41,078,627	42,301,243
Time Deposits	49,345,693	34,235,700
Total	$ 141,258,222	$ 129,621,703

Time certificates of deposit in denominations equal to or exceeding the federal depository (FDIC) insured limit of $250,000 totaled $7,439,079 and $4,520,198 at December 31, 2019 and 2018, respectively. Interest on time certificates of deposit in denominations of $250,000 or more was $100,823, $36,852 and $41,128 for the years ended December 31, 2019, 2018 and 2017, respectively.

The following is a summary of the maturity distribution of certificates of deposit in denominations of $250,000 or more as of December 31, 2019:

	Amount	Percent
Three months or less	$ 4,421,771	59.44%
Three through six months	504,988	6.79%
Six through twelve months	1,552,464	20.87%
Over twelve months	959,856	12.90%
Total	$ 7,439,079	100%

At December 31, 2019, the scheduled maturities of Time Deposits are as follows:

Year	Amount
2020	$ 37,421,206
2021	9,638,181
2022	1,244,820
2023	639,313
2024 and thereafter	402,173
	$ 49,345,693

Included in Time Deposits were deposits acquired through a third party ("brokered deposits") maturing on April 27, 2018 totaling $0 and $0 at December 31, 2019 and 2018, respectively. Interest on these brokered deposits was $0, $54,333, and $160,308 for the years ended December 31, 2019, 2018, and 2017, respectively.

At December 31, 2019 and 2018, deposits of related parties including directors, executive officers and their related interests of Community Bankshares, Inc., and subsidiary approximated $1,968,680 and $1,795,708, respectively.

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Note 8. Other Borrowings and Long-Term Debt

Short-term borrowings: Federal funds purchased and securities sold under agreements to repurchase mature the next business day. The securities underlying the repurchase agreements are under the subsidiary bank's control and secure the total outstanding daily balances. Other short-term borrowings consist of lines of credit from the Federal Home Loan Bank (FHLB) under its RepoPlus Program. Borrowings under this arrangement will be granted for terms of 1 to 364 days and will bear interest at both fixed and variable rates set at the time of the funding request with variable rates subject to change each month. Also, included in other borrowings are borrowings from the FHLB under its Mid Term Repo-Fixed and RepoPlus-Fixed Programs that will mature during the year ending December 31, 2019. These lines of credit are secured by a blanket lien on all unpledged and unencumbered assets of the subsidiary bank.

Additional details regarding short-term borrowings during the years ended December 31, 2019 and 2018 are presented below:

	2019		
	Federal Funds Purchased	Repurchase Agreements	FHLB Borrowings
Outstanding at year end	$ -	$ 3,203,212	$ 35,478,000
Average amount outstanding	-	3,704,610	35,478,000
Maximum amount outstanding at any month end	-	4,233,990	40,334,200
Weighted average interest rate	0.00%	0.14%	2.54%

	2018		
	Federal Funds Purchased	Repurchase Agreements	FHLB Borrowings
Outstanding at year end	$ 607,000	$ 3,217,791	$ 32,582,400
Average amount outstanding	101,000	4,254,187	24,635,254
Maximum amount outstanding at any month end	607,000	6,102,104	32,582,400
Weighted average interest rate	2.07%	0.14%	2.58%

FHLB Long-term Borrowings: As a member of the Federal Home Loan Bank of Pittsburgh (FHLB), the subsidiary bank obtained borrowings from the FHLB under various lending programs to finance loan growth and/or meet liquidity needs as necessary. All such borrowings are secured by a lien on all unpledged and unencumbered assets of the subsidiary bank.

A summary of the Company's FHLB borrowings at December 31, 2019 and 2018 are as follows:

	2019	2018
Note payable, dated October 2, 2018, to FHLB, at 2.52%. Matured.	-	5,000,000
Note payable, dated December 26, 2018, to FHLB, at 2.77%. Matured.	-	1,165,700

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	2019	2018
Note payable, dated November 26, 2018, to FHLB, at 2.64%. Matured.	-	5,208,400
Note payable, dated November 29, 2018, to FHLB, at 2.67%. Matured.	-	5,208,300
Note payable, dated December 18, 2018, to FHLB, at 2.72%. Matured.	-	5,000,000
Note payable, dated December 20, 2018, to FHLB, at 2.72%. Matured.	-	4,000,000
Note payable, dated December 26, 2018, to FHLB, at 2.83%. Matured.	-	2,000,000
Note payable, dated September 5, 2018, to FHLB, at 2.72%. Matured.	-	5,000,000
Note payable, dated December 31, 2019, to FHLB, at 1.81%. Due January 2, 2020.	3,000,000	-
Note payable, dated December 2, 2019, to FHLB, at 1.90%. Due January 2, 2020.	3,000,000	-
Note payable, dated December 4, 2019, to FHLB, at 1.91%. Due January 8, 2020.	3,000,000	-
Note payable, dated December 13, 2019, to FHLB, at 1.84%. Due January 13, 2020.	3,500,000	-
Note payable, dated December 19, 2019, to FHLB, at 1.88%. Due January 21, 2020.	4,250,000	-
Note payable, dated December 26, 2019, to FHLB, at 1.92%. Due January 27, 2020.	3,000,000	-
Note payable, dated December 2, 2019, to FHLB, at 1.91%. Due February 3, 2020.	2,600,000	-
Note payable, dated November 1, 2019, to FHLB, at 1.86%. Due February 3, 2020.	5,000,000	-
Note payable, dated December 4, 2019, to FHLB, at 1.90%. Due February 3, 2020.	3,128,000	-

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	2019	2018
Note payable, dated October 5, 2018, to FHLB, at 3.02%. Due October 5, 2020.	5,000,000	5,000,000
	35,478,000	37,582,400
Less short-term portion of FHLB borrowings	(35,478,000)	(32,582,400)
	$ -	$ 5,000,000

A summary of the maturities of FHLB borrowings over the next five years are as follows:

Years Ending December 31,	Amount
2020	$ 35,478,000
Total	$ 35,478,000

Other Long-term Borrowings: In conjunction with the acquisition of land for a branch banking facility, the subsidiary bank entered into a $270,000 long-term note payable with an individual. The note, which bears interest at 6%, is repayable in 26 equal annual installments of $20,000 through January 2, 2019, with a final installment of $13,226, made up of $11,300 principal and $1,926 interest, due January 2, 2020. The note is secured by a deed of trust on the subsidiary bank's branch facility land with a carrying value of $384,451.

A summary of the maturities of this long-term note over the next five years follows:

Years Ending December 31,	Amount
2020	$ 11,300
Total	$ 11,300

Trust Preferred Securities Statutory Trust I: On December 15, 2005 the Company formed Community Bankshares Statutory Trust I. The Trust is a 100% owned subsidiary of the Company and exists for the purpose of (1) issuing trust preferred capital securities (Capital Securities) and (2) using the proceeds from the sale of the Capital Securities to acquire subordinated debentures issued by the Company. The debentures are the sole assets of the Trust and the Company's payments under the debentures are the sole source of revenue of the Trust. Three thousand Capital Securities ($1,000 liquidation value per Capital Security) were issued in the aggregate liquidation amount of $3,000,000 and 93 common securities were also issued in the aggregate amount of $93,000.

The Company has irrevocably and unconditionally guaranteed with respect to the Capital Securities and to the extent not paid by the Trust, accrued and unpaid distributions on the Capital Securities and the redemption price payable to the holders of the Capital Securities. The Company has the option to defer payment of the distributions for an extended period up to five years, so long as the Company is not in default of the terms of the debentures.

The Capital Securities term is 30 years; however, effective December 15, 2010, the Capital Securities and, debentures are redeemable at par value. Interest is payable quarterly during the 30-year term. The interest rate is variable based on the three-month LIBOR rate plus 1.40%. The interest rate was 3.31% and 4.19% as of December 31, 2019 and 2018, respectively.

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Note 9. Commitments and Contingencies

Litigation: Due to the nature of business of the subsidiary bank, which involves extension of credit and collection of loans and the enforcement of liens, security interest and mortgages, the Bank is the plaintiff or defendant in various legal proceedings from time to time. Management does not anticipate the outcome of such claims or actions to have a significant effect on the subsidiary bank's financial position.

Note 10. Employee Benefit Plans

The Company's subsidiary bank has a non-qualified Incentive Bonus Plan. The purpose of the Plan is to provide a cash bonus to employees of Community Bank of Parkersburg as an incentive to maximize profits of the Bank. The bonus is based on the Bank attaining specified levels of profitability and is primarily measured by the Bank's return on equity. The participants and the amounts distributed to each participant are determined by the Board of Directors in December of each year and are based on the individual's performance, contributions to the profits for the year and other factors which the Board of Directors may consider relevant.

The Company and its subsidiary have a change in control agreement with its Chief Executive Officer. This agreement contains provisions that would entitle the officer to receive certain benefits if there is a change in control in the Company (as defined) and a termination of his employment.

The Company's subsidiary bank also has a 401(k) Profit Sharing Plan. The Plan, which was established January 1, 2015, is a defined contribution 401(k) safe harbor plan that provides both employee salary deferral contributions and employer contributions under Section 401(k) of the Internal Revenue Code. Within the provisions of Plan documentation, Bank employees are eligible to make elective contributions once they have attained age twenty-one and have completed one year of service. Employees are eligible to receive employer contributions upon hire. Employee contributions are generally limited to 100 percent of annual compensation or the IRS approved limit. The Company may make two types of contributions to the Plan: (1) Matching Contributions (Company matches, up to a certain percentage, Salary Reduction Contributions made by the participant), and (2) Profit Sharing Contributions (additional discretionary contributions made by the Company as determined by the Board of Directors, which is subject to vesting). The employee may make (1) Salary Deferral Contributions and/or (2) Rollover Contributions. Each participant's account is credited with an allocation of (a) the Company's contribution, (b) Plan earnings and (c) forfeitures of terminated participants' non-vested accounts. Voluntary Bank matching contributions are limited to 3 percent of total annual compensation.

Contributions of $275,596, $278,487, and $258,182 were made to the Plan for the years ended December 31, 2019, 2018, and 2017 respectively.

Note 11. Regulatory Restrictions on Capital and Dividends

The primary source of funds for the dividends paid by the Company is dividends received from its subsidiary bank. Dividends paid by the subsidiary bank are subject to restrictions by banking regulations. The most restrictive provision requires approval by the regulatory agency if dividends declared in any year exceed the year's net income, as defined, plus the retained net profits of the two preceding years. During 2020, the net retained profits available for distribution to Community Bankshares, Inc., as dividends without regulatory approval are undistributed net profits for the prior two years, as defined, plus net income for the interim periods through the date of declaration.

Community Bankshares, Inc. and the subsidiary bank are subject to various regulatory capital requirements administered by the Federal banking agencies. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, Community Bankshares, Inc. and the subsidiary bank must meet specific capital guidelines that involve quantitative measures of Community Bankshares, Inc.'s and subsidiary bank's assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices.

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Quantitative measures established by regulation to ensure capital adequacy require Community Bankshares, Inc. and the subsidiary bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined) and of Tier I capital (as defined) to average assets (as defined). Management believes that as of December 31, 2019, Community Bankshares, Inc. and the subsidiary bank meet all capital adequacy requirements to which they are subject.

The most recent notification from the Federal Deposit Insurance Corporation categorized Community Bankshares, Inc. and the subsidiary bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, Community Bankshares, Inc. and the subsidiary bank must maintain minimum total risk-based, Tier I risk-based and Tier I leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the institution's category.

Community Bankshares, Inc.'s and the subsidiary banks and actual capital amounts and ratios are presented in the following table:

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Actions Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2019:						
Common Equity Tier I Capital (to Risk-Weighted Assets)						
Community Bankshares, Inc.	$ 30,321,348	18.9%	$ 7,221,928	4.5%	$ 10,431,674	6.5%
Community Bank of Parkersburg	$ 27,321,348	17.0%	$ 7,221,725	4.5%	$ 10,431,380	6.5%
Total Capital (to Risk-Weighted Assets)						
Community Bankshares, Inc.	$ 31,764,704	19.8%	$ 12,838,984	8.0%	$ 16,048,730	10.0%
Community Bank of Parkersburg	$ 28,764,704	17.9%	$ 12,838,621	8.0%	$ 16,048,277	10.0%
Tier I Capital (to Risk-Weighted Assets)						
Community Bankshares, Inc.	$ 30,321,348	18.9%	$ 9,629,238	6.0%	$ 12,838,984	8.0%
Community Bank of Parkersburg	$ 27,321,348	17.0%	$ 9,628,966	6.0%	$ 12,838,621	8.0%
Tier I Capital (to Average Assets)						
Community Bankshares, Inc.	$ 30,321,348	12.0%	$ 10,082,958	4.0%	$ 12,603,697	5.0%
Community Bank of Parkersburg	$ 27,321,348	10.8%	$ 10,082,958	4.0%	$ 12,603,697	5.0%

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	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Actions Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2018:						
Common Equity Tier I Capital (to Risk-Weighted Assets)						
Community Bankshares, Inc.	$ 29,833,848	19.4%	$ 6,939,257	4.5%	$ 10,023,371	6.5%
Community Bank of Parkersburg	$ 26,833,848	17.4%	$ 6,939,014	4.5%	$ 10,023,020	6.5%
Total Capital (to Risk-Weighted Assets)						
Community Bankshares, Inc.	$ 31,195,896	20.2%	$ 12,336,456	8.0%	$ 15,420,570	10.0%
Community Bank of Parkersburg	$ 28,195,896	18.3%	$ 12,336,024	8.0%	$ 15,420,031	10.0%
Tier I Capital (to Risk-Weighted Assets)						
Community Bankshares, Inc.	$ 29,833,848	19.4%	$ 9,252,342	6.0%	$ 12,336,456	8.0%
Community Bank of Parkersburg	$ 26,833,848	17.4%	$ 9,252,018	6.0%	$ 12,336,024	8.0%
Tier I Capital (to Average Assets)						
Community Bankshares, Inc.	$ 29,833,848	12.4%	$ 9,647,736	4.0%	$ 12,059,670	5.0%
Community Bank of Parkersburg	$ 26,833,848	11.1%	$ 9,647,736	4.0%	$ 12,059,670	5.0%

Note 12. Financial Instruments with Off-Balance Sheet Risk

The Bank 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. A substantial portion of these financial instruments include commitments to extend credit and credit card commitments. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the statement of financial position. The contract amounts of those instruments, as presented below through the date the financial statements were available to be issued, reflect the extent of involvement the Bank has in particular classes of financial instruments.

Financial instuments whose contract amounts represent credit risk	Contract Amount 2019	Contract Amount 2018
Performance and standby letters of credit	$ 320,227	$ 235,627
Commitments to extend credit	15,735,525	15,584,815
Credit card commitments	8,159,595	7,822,734
Total	$ 24,215,347	$ 23,643,176

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and credit card commitments is represented by the contractual amount of these instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

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. The Bank evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation. Collateral held varies but may include accounts receivable; inventory; property, plant and equipment; income-producing commercial properties and residential real estate. The credit card commitments are unsecured lines of credit.

Note 13. Fair Value of Financial Instruments

The following summarizes the methods and significant assumptions used by the Company in estimating its fair value disclosures for financial instruments.

Cash and due from banks: The carrying values of cash and due from banks approximate their estimated fair value.

Federal funds sold: The carrying values of federal funds sold approximate their estimated fair values.

Securities: Estimated fair values of securities are based on quoted market prices, where available. If quoted market prices are not available, estimated fair values are based on quoted market prices of comparable securities.

Loans: The estimated fair values for loans are computed based on scheduled future cash flows of principal and interest, discounted at interest rates currently offered for loans with similar terms to borrowers of similar credit quality. No prepayments of principal are assumed.

Accrued interest receivable and payable: The carrying values of accrued interest receivable and payable approximate their estimated fair values.

Deposits: The estimated fair values of demand deposits (i.e., noninterest bearing checking NOW, Super NOW, money market and savings accounts) and other variable rate deposits approximate their carrying values. Fair values of fixed maturity deposits are estimated using a discounted cash flow methodology at rates currently offered for deposits with similar remaining maturities. Any intangible value of long-term relationships with depositors is not considered in estimating the fair values disclosed.

Short-term borrowings: The carrying values of short-term borrowings approximate their estimated fair values.

Long-term borrowings: The fair values of long-term borrowings are estimated by discounting scheduled future payments of principal and interest at current rates available on borrowings with similar terms.

Off-balance sheet instruments: The fair values of commitments to extend credit and standby letters of credit are estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present credit standing of the counterparties. The amounts of fees currently charged on commitments and standby letters of credit are deemed insignificant, and therefore, the estimated fair values and carrying values are not shown below.

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The carrying values and estimated fair values of the Company's financial instruments are summarized below:

	December 31, 2019		December 31, 2018	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Financial Assets:				
Cash and due from banks	$ 5,380,938	$ 5,380,938	$ 5,421,070	$ 5,421,070
Federal funds sold	2,957,000	2,957,000	-	-
Securities available for sale	28,062,736	28,062,736	29,956,625	29,956,625
Loans	211,455,860	211,335,705	202,608,352	201,049,685
Accrued interest receivable	614,669	614,669	609,240	609,240
	$ 248,471,203	$ 248,351,048	$ 238,595,287	$ 237,036,620
Financial liabilites:				
Deposits	$ 187,681,028	$ 187,490,833	$ 175,087,121	$ 175,125,626
Short-term borrowings	38,681,212	38,661,813	35,800,191	36,405,025
Long-term borrowings	3,011,300	3,011,300	8,029,528	8,029,528
Accrued interest payable	188,181	188,181	167,149	167,149
	$ 229,561,721	$ 229,352,127	$ 219,083,989	$ 219,727,328

Note 14. Fair Value Measurements

ASC Topic 820, *Fair Value Measurements and Disclosures,* defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

Level 1: Quoted prices (unadjusted) or identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Accordingly, securities available-for-sale are recorded at fair value on a recurring basis. Additionally, from time to time, the Bank may be required to record other assets at fair value on a nonrecurring basis, such as impaired loans. These nonrecurring fair value adjustments typically involve application of lower of cost or market accounting or write-downs of individual assets.

The following is a description of valuation methodologies used for assets and liabilities recorded at fair value.

Available-for-Sale Securities: Investment securities available-for-sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Level 1 securities include those traded on an active exchange, such

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as the New York Stock Exchange, U.S. Treasury securities that are traded by dealers or brokers in active over-the-counter markets and money market funds. Level 2 securities include mortgage-backed securities issued by government sponsored entities, mortgage backed securities and municipal bonds.

Impaired Loans: Impaired loans are measured for impairment using the fair value of the collateral for collateral-dependent loans. As such, the Company classifies loans subject to nonrecurring fair value adjustments as Level 2 based on a current appraisal. If there is not a current appraisal these loans are classified as Level 3. The value of real estate collateral is determined utilizing an appraisal conducted by an independent, licensed appraiser outside of the Company using comparable property sales (Level 2). The appraisals are typically adjusted for cash to sell and liquidation factors for foreclosed properties resulting in level 3 classification.

Other Real Estate Owned ("OREO"): OREO consists of real estate acquired in foreclosure or other settlement of loans. Such assets are carried on the balance sheet at the lower of the investment in the real estate or its fair value less estimated selling costs. The fair value of OREO is determined on a nonrecurring basis generally utilizing current appraisals performed by an independent, licensed appraiser applying an income or market value approach using observable market data (Level 2). OREO valued by an original appraisal discounted for known deterioration is Level 3. Upon foreclosure, any fair value adjustment is charged against the allowance for loan losses. Subsequent fair value adjustments are recorded in the period incurred and included in other noninterest income in the consolidated statements of income.

Assets at Fair Value on a Recurring Basis

The table below presents the recorded amount of assets measured at fair value on a recurring basis.

	Total at	Fair Value Measurements Using:		
Available for Sale Securities	December 31, 2019	Level 1	Level 2	Level 3
Mortgage-backed securities- U.S. Government agencies and corporations	$ 28,062,736	$ -	$ 28,062,736	$ -
	$ 28,062,736	$ -	$ 28,062,736	$ -

	Total at	Fair Value Measurements Using:		
Available for Sale Securities	December 31, 2018	Level 1	Level 2	Level 3
Mortgage-backed securities- U.S. Government agencies and corporations	$ 29,956,625	$ -	$ 29,956,625	$ -
	$ 29,956,625	$ -	$ 29,956,625	$ -

Assets Recorded at Fair Value on a Nonrecurring Basis

The Company may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with U.S. generally accepted accounting principles. These include assets that are measured at the lower of cost or market that were recognized at fair value below cost at the end of the period. As of December 31, 2019 and 2018, the Company did not have any assets measured at fair value on a nonrecurring basis.

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Note 15. Condensed Financial Statements of Parent Company

The investment of the Company in its wholly-owned subsidiaries, Community Bank of Parkersburg and Community Bankshares Statutory Trust I, is presented on the equity method of accounting. The Company's balance sheets at December 31, 2019 and 2018, and the related statements of income and cash flows for the years ended December 31, 2019, 2018 and 2017, are presented below:

Balance Sheets	2019	2018
Assets		
Cash	$ 62,103	$ 80,231
Investment in subsidiaries, eliminated in consolidation	27,821,989	26,516,414
Other assets	93,136	93,162
Total assets	$ 27,977,228	$ 26,689,807
Liabilities and Shareholders' Equity		
Liabilities		
Other liabilities	$ 6,358	$ 7,228
Long-term borrowings	3,093,000	3,093,000
Total liabilities	3,099,358	3,100,228
Shareholders' Equity		
Common stock, $.50 par value, authorized 1,000,000 shares, issued 200,000 shares	$ 100,000	$ 100,000
Capital surplus	1,207,264	1,207,264
Retained earnings	26,958,730	26,489,277
Accumulated other comprehensive income		
Unrealized gains/(losses) on investment securities	500,641	(317,435)
Less cost of shares acquired for the treasury of 2019, 26,769; 2018, 26,774	(3,888,765)	(3,889,527)
Total shareholders' equity	24,877,870	23,589,579
Total liabilities and shareholders' equity	$ 27,977,228	$ 26,689,807

Statements of Income	2019	2018	2017
Income-dividends from subsidiary	$ 2,755,000	$ 2,615,000	$ 2,865,000
Interest income	3,623	3,357	2,450
Expenses-operating	147,119	133,442	85,472
Income before undistributed (distributed) income	2,611,504	2,484,915	2,781,978
Equity in undistributed (distributed) income in subsidiary	487,500	646,916	362,676
Net income	$ 3,099,004	$ 3,131,831	$ 3,144,654

COMMUNITY BANKSHARES, INC.
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Statements of Cash Flows	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 3,099,004	$ 3,131,831	$ 3,144,654
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in (undistributed) distributed net income of subsidiary	(487,499)	(646,918)	(362,676)
Increase (decrease) in other liabilities	(870)	1,290	1,023
(Increase) decrease in other assets	26	(37)	(31)
Net cash provided by operating acitivites	2,610,661	2,486,166	2,782,970
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to shareholders	(2,629,644)	(2,494,455)	(2,783,741)
Net cash (used in) financing activities	(2,628,882)	(2,494,455)	(2,783,741)
(Decrease) increase in cash	(18,221)	(8,289)	(771)
Cash:			
Beginning	80,231	88,520	89,291
Ending	$ 62,010	$ 80,231	$ 88,520

Community Bankshares, Inc., accounts for its investment in its bank subsidiaries by the equity method. During the years ended December 31, 2019, 2018 and 2017, changes were as follows:

Number of shares owned - Community Bank of Parkersburg	10,000
Percent of shares owned - Community Bank of Parkersburg	100%
Number of shares owned - Community Bankshares Statutory Trust I	93
Percent of shares owned - Community Bankshares Statutory Trust I	100%
Balance at December 31, 2016	$ 25,847,956
Add (deduct):	
Equity in net income	3,227,675
Dividends declared by subsidiary	(2,865,000)
Change in net unrealized gain (loss) on secruities	17,429
Change in funded pension asset	-
Balance at December 31, 2017	26,228,060
Add (deduct):	
Equity in net income	3,261,917
Dividends declared by subsidiary	(2,615,000)
Change in net unrealized gain (loss) on secruities	(358,563)
Change in funded pension asset	-
Balance at December 31, 2018	26,516,414
Add (deduct):	
Equity in net income	3,242,499
Dividends declared by subsidiary	(2,755,000)
Change in net unrealized gain (loss) on secruities	818,076
Balance at December 31, 2019	$ 27,821,989

COMMUNITY BANKSHARES, INC.
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ITEM 2.a.
Organizational Chart of Holding Company Ownership

December 31, 2019

COMMUNITY BANKSHARES, INC.
NO LEI
PARKERSBURG, WV
Incorporated in WV

100 % OWNERSHIP

COMMUNITY BANK OF PARKERSBURG
549300RMW817W08PUN16
PARKERSBURG, WV
Incorporated in WV

100 % OWNERSHIP

COMMUNITY BANKSHARES STATUTORY TRUST I
NO LEI
PARKERSBURG, WV
Incorporated in WV

ITEM 2.B. Domestic Branch Listing **Submitted via email on 1/27/2020**

Results: A list of branches for your depository institution: COMMUNITY BANK OF PARKERSBURG (ID_RSSD: 901134).
This depository institution is held by COMMUNITY BANKSHARES, INC. (1479144) of PARKERSBURG, WV.
The data are as of 12/31/2019. Data reflects information that was received and processed through 01/07/2020.

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)	901134	COMMUNITY BANK OF PARKERSBURG	631 JULIANA STREET	PARKERSBURG	WV	26101	WOOD	UNITED STATES	Not Required	Not Required	COMMUNITY BANK OF PARKERSBURG	901134	
OK		Full Service	2448697	EMERSON AVENUE BRANCH	3906 EMERSON AVENUE	PARKERSBURG	WV	26104	WOOD	UNITED STATES	Not Required	Not Required	COMMUNITY BANK OF PARKERSBURG	901134	
OK		Full Service	3288603	SOUTH PARKERSBURG BRANCH	1620 BLIZZARD DR	PARKERSBURG	WV	26101	WOOD	UNITED STATES	Not Required	Not Required	COMMUNITY BANK OF PARKERSBURG	901134	
OK		Full Service	1188044	VIENNA BRANCH	2400 GRAND CENTRAL AVENUE	VIENNA	WV	26105	WOOD	UNITED STATES	Not Required	Not Required	COMMUNITY BANK OF PARKERSBURG	901134	

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ITEM 3: SHAREHOLDERS

December 31, 2019

ITEM 3.(1) Current Shareholders with ownership, control or holdings of 5% or more with power to vote as of year end.

(1)(a) NAME/CITY/STATE	(1)(b) Citizenship	(1)(c) Number and % of each class of voting securities		
Alfred or Connie Phillips St. Petersburg, FL	USA	26,240	Common Stock	15.15%
Diana K. Everett Lewisburg, WV	USA	12,808	Common Stock	7.39%
Randall E. Snider Parkersburg, WV	USA	12,921	Common Stock	7.46%

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

(2)(a) NAME/ADDRESS	(2)(b) Citizenship	(2)(c) Number and % of each class of voting securities

None

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ITEM 4: PRINCIPAL SHAREHOLDERS/EXECUTIVE OFFICERS/DIRECTORS

December 31, 2019

(1) Name/City/State	(2) Principal Occupation if other than w/BHC	(3)(a) Title & Position with BHC	(3)(b) Title & Position with subsidiaries (include names of subsidiares)	(3)(c) Title & position with other businessess (include names of other businesses)	(4)(a) % of voting shares in BHC	(4)(b) % of voting shares in subsidiaries (include names of subsidiaries)	(4)(c) Names of other companies if 25% or more of voting securities are held (list % of voting securities held)
Alfred or Connie Phillips St. Petersburg, FL	N/A	N/A (Principal Shareholder)	N/A	N/A	15.15%	N/A	N/A
Randy L. Brooks Vienna, WV	N/A	Executive Vice President	Executive Vice President Community Bank	N/A	2.60%	N/A	N/A
David R. Hines Vienna, WV	N/A	Sr VP & Cashier	Sr VP & Cashier Communilty Bank	N/A	1.21%	N/A	N/A
Lorie A. Webb Williamstown, WV	N/A	Vice President	Vice President Community Bank	N/A	0.01%	N/A	N/A
Susan A. Barber Parkersburg, WV	N/A	President Director	President Director Community Bank	N/A	0.00%	N/A	N/A
Randall E. Snider Parkersburg, WV	N/A	Executive Chairman of the Board & CEO	Executive Chairman of the Board & CEO Community Bank	N/A	7.46%	N/A	N/A
Diana K. Everett Lewisburg, WV	Attorney	Director	Director Community Bank	President-Baileanna Foundation	7.39%	N/A	Baileanna Foundation-100%
Raymond Fanta Vienna, WV	Insurance Agent	Director	Director Communilty Bank	President-Waters Insurance	0.35%	N/A	Landfried Fanta Ins- 50% Waters Insurance - 50%
Paul C. Hoblitzell III Parkersburg, WV	President Schneider Construction Co.	Director	Director Community Bank	Retired Partner-Camp Hobbyville Ent	0.96%	N/A	Camp Hobbyville Ent 50%
Edward P. McDonough Parkersburg, WV	President McDonough, Eddy, Parsons & Baylous	Lead Director	Lead Director Communilty Bank	President- McDonough, Eddy Parsons & Baylous	0.60%	N/A	McDonough, Eddy, Parsons & Baylous 45%
R Joe Weaver Vienna, WV	Doctor of Optometry	Director	Director Community Bank	Owner-Vienna Eye Clinic Partner-U-Store-It Vice President-N-Focus Optical	1.28%	N/A	Vienna Eye Clinic 100% Weaver Mohr Property Inv -100%