

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

GEORGIA DEPARTMENT OF BANKING AND FINANCE
ATLANTA, GEORGIA

In the Matter of

COMMUNITY BANKSHARES, INC.
LaGrange, Georgia

Docket No. 26-019-B-HC

Order to Cease and Desist Issued
Upon Consent Pursuant to the
Federal Deposit Insurance Act, as
Amended

WHEREAS, Community Bankshares, Inc., LaGrange, Georgia (“Bankshares”), is a registered bank holding company that owns and controls Community Bank & Trust – West Georgia (the “Bank,” and collectively with Bankshares, the “Firm”), LaGrange, Georgia, a state-chartered nonmember bank regulated by the Federal Deposit Insurance Corporation (“FDIC”) and the Georgia Department of Banking and Finance (the “Department”);

WHEREAS, the Board of Governors of the Federal Reserve System (the “Board of Governors”) is the appropriate federal supervisor of Bankshares and the Department is the appropriate state supervisor of Bankshares;

WHEREAS, Bankshares had adopted a growth strategy focused on purchasing and originating United States Department of Agriculture and Small Business Administration loans through certain nonbank subsidiaries requiring significant financial and managerial resources and support from Bankshares;

WHEREAS, the most recent inspection of Bankshares, dated January 9, 2026, conducted by the Federal Reserve Bank of Atlanta (the “Reserve Bank,” and collectively with the Department, the “Supervisors”) identified deficiencies with respect to the operations of Bankshares, including with respect to pursuit of its growth strategy, related to board oversight, capital, and compliance with the rules related to affiliate transactions;

WHEREAS, Bankshares, the Department, and the Board of Governors have the common goal that Bankshares operate in a safe and sound manner and comply with all applicable federal and state laws, rules, and regulations;

WHEREAS, Bankshares, the Department, and the Board of Governors have mutually agreed to enter into this consent Cease and Desist Order (the “Order”); and

WHEREAS, the board of directors of Bankshares has authorized the undersigned to enter into this Order and consent to compliance with each and every provision of this Order by Bankshares and to waive any and all rights that Bankshares may have pursuant to section 8 of the Federal Deposit Insurance Act, as amended (the “FDI Act”) (12 U.S.C. § 1818), including, but not limited to: (i) the issuance of a notice of charges on any matters set forth in this Order; (ii) a hearing for the purpose of taking evidence on any matters set forth in this Order; (iii) judicial review of this Order; and (iv) challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of the Order or any provision hereof.

NOW, THEREFORE, it is hereby ordered that, before the filing of any notices, or taking of any testimony or adjudication of or finding on any issues of fact or law herein, and solely for the purpose of settling this matter without a formal proceeding being filed and without the

necessity for protracted or extended hearings or testimony, pursuant to section 8(b)(1) and (3) of the FDI Act (12 U.S.C. § 1818(b)(1) and 1818(b)(3)), Bankshares shall cease and desist and take affirmative action as follows:

Source of Strength

1. The board of directors of Bankshares shall take appropriate steps to fully utilize Bankshares' financial and managerial resources, pursuant to section 38A of the FDI Act (12 U.S.C. § 1831o-1) and section 225.4(a) of Regulation Y of the Board of Governors (12 C.F.R. § 225.4(a)), to serve as a source of strength to the Bank, including, but not limited to, taking steps to ensure that the Bank complies with any supervisory action taken by the Bank's federal or state regulator.

Board Oversight

2. Within 30 days of this Order, Bankshares' board of directors shall submit a written plan to the Supervisors to strengthen board oversight of the management and operations of the Firm. The plan shall include the following three items:

(a) actions that the Bankshares' board of directors will take to improve Bankshares' condition and maintain effective control over, and supervision of, the Firm's major operations and activities, including but not limited to, capital, earnings, liquidity, and risk management;

(b) an assessment of the present and future senior staffing needs of the Firm that will ensure that the Firm's management has sufficiently qualified personnel; and

(c) measures to set forth the responsibility of the Bankshares' board of directors to establish appropriate risk tolerance guidelines and risk limits related to the Firm's business strategy.

Capital Plan

3. Within 30 days of this Order, Bankshares shall submit to the Supervisors an acceptable written plan to maintain sufficient capital at Bankshares on a consolidated basis to support its operations and serve as a financial source of strength to the Bank. The plan shall include the following five items:

- (a) an assessment of the current and anticipated uses and sources of capital;
- (b) an analysis of the adequacy of the Bank's capital, taking into account the volume of classified credits, the adequacy of the allowance for credit losses, current and projected asset growth, projected earnings, and its risk profile;
- (c) an action plan to raise additional capital or take other steps to improve the financial condition of the Firm and the Bank;
- (d) supervisory requests for additional capital at the Bank or the requirements of any supervisory action imposed on the Bank by its federal regulator; and
- (e) the requirements of section 225.4(a) of Regulation Y of the Board of Governors (12 C.F.R. § 225.4(a)) that Bankshares serve as a source of strength to the Bank.

4. Bankshares shall notify the Supervisors, in writing, no more than 30 days after the end of any quarter in which any of Bankshares' capital ratios fall below the approved plan's

minimum ratios. Together with the notification, Bankshares shall submit an acceptable written plan that details the steps that Bankshares will take to increase Bankshares' capital ratios to or above the approved plan's minimums.

Affiliate Transactions

5. (a) Bankshares shall take all necessary action to ensure that the Bank complies with sections 23A and 23B of the Federal Reserve Act (12 U.S.C. §§ 371c and 371c-1) and Regulation W of the Board of Governors (12 C.F.R. Part 223) in all transactions between the Bank and its affiliates, including, but not limited to, Bankshares and its nonbank subsidiaries.

(b) Bankshares shall not cause the Bank to violate any provision of sections 23A and 23B of the Federal Reserve Act or Regulation W of the Board of Governors.

(c) Within 30 days of this Order, Bankshares shall submit to the Supervisors an acceptable written policy regarding transactions between Bankshares, including its nonbank subsidiaries, and the Bank, addressing all affiliate and related intercompany service or management agreements, that includes:

(i) measures to ensure that intercompany transactions that either directly or indirectly compensate Bankshares or its non-bank subsidiaries are conducted on an arms-length basis; and

(ii) procedures to ensure that fees paid directly or indirectly to Bankshares are supported by a fair market value analysis of fees for comparable transactions.

Capital Conservation

6. (a) Effective immediately, Bankshares shall not, directly or indirectly, declare or pay dividends, engage in share repurchases, or make any other capital distribution in respect of common shares, preferred shares, or other capital instruments, including, without limitation, any interest payments due on subordinated debentures, without the prior written approval of the Supervisors and the Director of Supervision and Regulation of the Board of Governors. All requests for prior approval shall be received in writing at least 30 days prior to the earlier of proposed declaration, payment, or distribution date, or required notice of deferral, and shall contain, at a minimum, current and projected information, as appropriate, on Bankshares' capital, earnings, and cash flow; the Bank's asset quality, earnings, and allowance for loan and lease losses; and identification of the source(s) of funding for the proposed payment or distribution.

(b) Effectively immediately, Bankshares shall not, directly or indirectly, incur, increase, prepay or guarantee any debt without the prior written approval of the Supervisors. All requests for prior approval shall be received at least 30 days prior to the proposed transaction date and contain, but not be limited to, a statement regarding the purpose of the debt, the terms of the debt, and the planned source(s) for debt repayment, and an analysis of the cash flow resources available to meet such debt repayment.

Compliance with Laws and Regulations

7. (a) In appointing any new director or senior executive officer, or changing the responsibilities of any senior executive officer so that the officer would assume a different senior executive officer position, Bankshares shall comply with the notice provisions of section 32 of

the FDI Act (12 U.S.C. § 1831i) and Subpart H of Regulation Y of the Board of Governors (12 C.F.R. §§ 225.71 *et seq.*).

(b) Bankshares shall comply with the restrictions on indemnification and severance payments of section 18(k) of the FDI Act (12 U.S.C. § 1828(k)) and Part 359 of the FDIC's regulations (12 C.F.R. § 359).

Progress Reports

8. Within 30 days after the end of each calendar quarter following the date of this Order, the board of directors of Bankshares shall submit to the Supervisors written progress reports detailing the form and manner of all actions taken to secure compliance with this Order and the results thereof.

Approval and Implementation of Plans and Programs

9. (a) Bankshares shall submit the written plans, programs, policies, and procedures that are acceptable to the Supervisors as set forth in paragraphs 2, 3, and 5(c) of this Order. Each plan, program, policy, and procedure shall contain a timeline for full implementation of the plan, program, policy, or procedure with specific deadlines for completion of each component of the plan, program, policy, or procedure.

(b) Within 10 days of approval by the Supervisors, Bankshares shall adopt the approved plans, programs, policies, and procedures. Upon adoption, Bankshares shall promptly implement the approved plans, programs, policies, and procedures, and thereafter fully comply with them.

(c) During the term of this Order, the approved plans, programs, policies, and procedures shall not be amended or rescinded without the prior written approval of the Supervisors.

Notices

10. All communications regarding this Order shall be sent to:
 - (a) Jason Gonzalez
Deputy Associate General Counsel
Board of Governors of the Federal Reserve System
20th & C Street, N.W.
Washington, D.C. 20551
 - (b) Allen Stanley
Vice President
Federal Reserve Bank of Atlanta
9100 N.W. 36th Street
Miami, Florida 33178
 - (c) Oscar B. Fears III
Commissioner
Department of Banking and Finance
2990 Brandywine Road
Suite 200
Atlanta, Georgia 30341
 - (d) Jeremy F. Gilpin
Interim Chief Executive Officer and Chairman
Community Bankshares, Inc.
201 Broad Street
LaGrange, Georgia 30240

Miscellaneous

11. Notwithstanding any provision of this Order to the contrary, the Supervisors may, in its discretion, grant written extensions of time to Bankshares to comply with this Order. Bankshares must submit a written request to the Supervisors for any extension of time.

12. The provisions of this Order shall be binding upon Bankshares and each of its institution-affiliated parties, as defined in sections 3(u) and 8(b)(4) of the FDI Act (12 U.S.C. §§ 1813(u) and 1818(b)(4)), in their capacities as such, and their successors and assigns.

13. Each provision of this Order shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Supervisors.

14. The provisions of this Order shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, the Department, or any other federal or state agency from taking any other action affecting Bankshares, any subsidiary thereof, or any of their current or former institution-affiliated parties and their successors and assigns.

15. Nothing in this Order, express or implied, shall give to any person or entity, other than the parties hereto and their successors hereunder, any legal or equitable right, remedy or claim under this Order.

By Order of the Board of Governors of the Federal Reserve System effective this 14th day of April, 2026.

COMMUNITY BANKSHARES, INC.

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

By: /s/ Jeremy F. Gilpin
Jeremy F. Gilpin
Chairman

By: /s/ Michele Taylor Fennell
Michele Taylor Fennell
Associate Secretary of the Board

GEORGIA DEPARTMENT OF BANKING
AND FINANCE

By: /s/ Oscar B. Fears III
Oscar B. Fears III
Commissioner