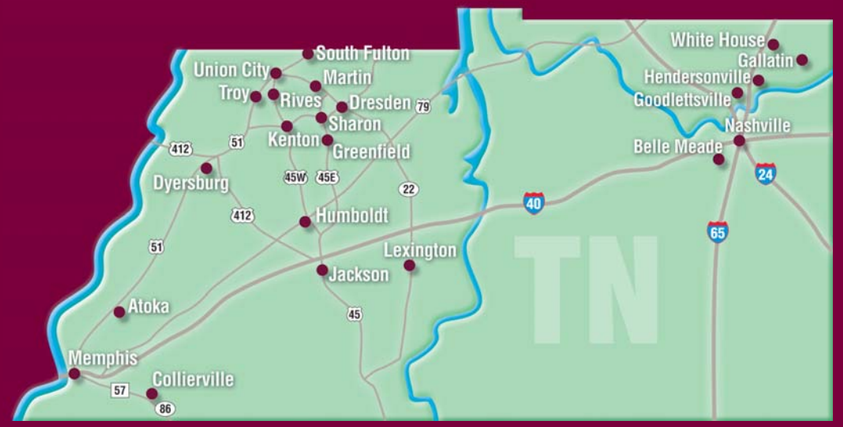


BANK OFFICES

Atoka 38004
11300 Hwy. 51 S.
901-840-1900

Collierville 38017
3609 Houston Levee Road
(opening 2007)

Dresden 38225
101 S. Church Street
731-364-3131

8798 Hwy. 22
731-364-3235

Dyersburg 38024
2310 Parr Avenue
731-288-0870

Gallatin 37066
1135 Nashville Pike
615-452-6869

Goodlettsville 37072
300 Northcreek Blvd.
615-851-2265

Greenfield 38230
302 N. Front Street
731-235-2690

Hendersonville 37075
291 E. Main Street
615-264-5000

1040 Glenbrook Way
615-822-8787

Humboldt 38343
2628 N. Central Avenue
731-784-1450

Jackson 38308
Bank of Madison County
135 Carriage House Drive
731-660-5770

Commercial Lending
121 Carriage House Drive
731-668-7605

Kenton 38233
107 North Poplar
731-749-5368

Lexington 38351
Bank of Henderson County
347 W. Church Street
731-967-0050

Martin 38237
109 University Street
731-587-9561

126 University Plaza
731-587-9284

Memphis 38120
1661 International Place Drive
Suite 340
901-683-9742

Nashville
West End Location 37203
1720 West End Avenue
Suite 101 & 500
615-963-2220

Belle Meade Location 37205
4329 Harding Road
(opening 2006)

Rives 38253
501 S. Front Street
731-536-6108

Sharon 38255
142 E. Main Street
731-456-2613

South Fulton 38257
605 Broadway
731-479-3000

Troy 38260
105 W. Westbrook
731-536-1222

Union City 38261
100 E. Reelfoot Avenue
731-885-7090

White House 37188
117 Raymond Hirsch Pkwy.
615-285-2265

CORPORATE OFFICE • 115 W. Washington Avenue • Union City, TN 38261 • 731-886-8800

Notice of Availability. Financial information about First State Bank is available to our customers, shareholders and the general public upon request. Community First Bancshares' complete audited financial statements are available to shareholders upon request.

In accordance with Federal regulation to facilitate more informed decision making by depositors, investors and the general public, we will have available an Annual Disclosure Statement containing financial information for the banks for the previous two years. This information will be updated each year as of March 31.

To obtain a copy of the Annual Disclosure Statement, please contact:

Victor Castro • First State Bank
115 W. Washington Avenue • Union City, TN 38261 • 731-886-8800

Member FDIC Equal Housing Lender

2005 ANNUAL REPORT

First State BANK

Community First Bancshares, Inc., is the holding company for First State Bank and its subsidiaries.

MESSAGE TO OUR SHAREHOLDERS

MORE FOR YOU

2005 was a year of continued improvements in overall operating efficiencies, solid results from our existing markets and lines of business, and significant expansion into new markets. Our board members and staff worked throughout the year to live up to our mission statement: *"Striving To Exceed Expectations."*

POSITIVE FINANCIAL TRENDS

We were very fortunate in 2005 to be able to continue positive increases in all significant financial trends. The graphs on the following page chart four basic statistics that demonstrate our financial institution's progress.

The first chart showing non-interest bearing deposit totals is an outstanding success story. Core deposit relationships are the essence of community banking. Our board's strategic decisions to continue expanding our traditional bank branch network has enabled us to increase these vital deposit relationships. The 10.79% increase in non-interest bearing deposits in 2005 was very strong in view of the intense competition for customer funds.

Our company's credit function continued to produce extraordinary results in 2005. The success in growth was achieved while credit quality continued to improve. An overall increase in the loan portfolio of 23.39% was outstanding. Quality ratios were well above industry standards throughout the year. Our lenders and credit administration personnel have done an excellent job over the last four years in creating an outstanding credit function for our company.

On the income side, increased core deposits, increased loan balances, and improving credit quality measures all worked to produce improved profits. Many dollars were spent in 2005 for expansion efforts. In spite of these new investments, the increased deposit and loan activity along with continued improvements in efficiencies produced an increase in net income of 6.08%.

The last trend we are graphing in this year's report is the increase in shareholder equity. The improved profits as mentioned above enabled us to pay a record dividend to shareholders and also retain enough profits to produce a 7.19% increase in shareholders equity. Our strong capital base will enable us to pursue additional growth and profit improvement opportunities in 2006.

EXPANDING OUR BANKING MARKETS

2005 continued to be a year of expansion on multiple fronts. In the Jackson community an additional location was opened in early 2005. This enabled us to expand our staff in the Jackson market with special emphasis on further development of commercial relationships. In the last quarter of 2005 an investment in land was made in the Jackson community. During 2006 construction should begin on this new lot for another Jackson location which will become our "Mid-West Tennessee" headquarters.

In Southwest Tennessee we opened a commercial lending office in the East Memphis/Germantown area in early 2005. The full service Atoka location was opened in early second quarter 2005. Finally, real estate was purchased in Collierville for 2006 construction of a full-service branch. These investments will substantially enhance our progress in the Southwest Tennessee market.

Throughout 2005 Middle Tennessee continued to offer multiple expansion opportunities. Open houses were held at new full-service branch facilities in Hendersonville and Gallatin during the first half of the year. During the third quarter of 2005, construction began on a second full-service location for Hendersonville, in the Glenbrook development. This facility should open in early 2006. Our bankers in Middle Tennessee have done an excellent job of initiating and growing customer relationships since our entry into that market in the summer of 2000.

Our latest expansion opportunity was developed during the last part of 2005 and was officially opened in early 2006. We were very fortunate to partner with experienced community bankers from the Humboldt market and have purchased an excellent branch location site. As this team begins to develop the Gibson County market, our company will benefit from this opportunity.

BUILDING ON A SOLID FOUNDATION

As our expansion comments in this report indicate, much of our time and resources are being used to grow in new markets. The financial and human resources that we have in our "home bases" in Northwest Tennessee enable our company to engage in these opportunities. Again in 2005 the majority of our customer deposit base and the majority of our earnings came from these established markets. We also regularly rely upon the experienced banking professionals from these markets to assist in company-wide activities. As we have said in the past, our company success is due to the successful blend of both our "regular team" and our "new recruits".

John C. Clark
President & CEO

During the year, we expanded our MORE FOR YOU theme to the following four customer service standards:

1. I will treat you (as a customer) as I would like to be treated, when I am a customer.
2. My WORD is my BOND.
3. No excuses. No run-arounds. I will meet your needs.
4. I will make it EASY and CONVENIENT for you to communicate and do business with First State Bank.

FINANCIAL HIGHLIGHTS

LEVERAGING OUR SUBSIDIARIES AND DIVISIONS

In our process of providing *"More for You"* in financial services, 2005 found changes and development in our subsidiaries and divisions. Our consumer finance subsidiary, Community Choice Financial Services, had an excellent year in 2005 and made a significant expansion into East Tennessee. Early in the year we opened a Knoxville office with a very experienced manager. Toward the end of the second quarter we acquired an office with a skilled local manager and staff in Cleveland, Tennessee. These vibrant markets will greatly complement our West and Middle Tennessee offices.

During the last quarter of 2005, our insurance subsidiary, First State Insurance, made a significant acquisition with the purchase of Moore Insurance of Brownsville. This business combination will greatly enhance our ability to offer full service insurance products in 2006 and beyond.

Another new business combination involved our investment services partnership in late 2005. We changed our financial services provider to Linsco/Private Ledger Corporation (LPL) and were able to begin a relationship with two experienced LPL advisors. We formed First State Investment Center, which will give us additional resources for customers in more of our markets.

Our secondary market mortgage division, First State Mortgage, had an excellent year in 2005. The acquisition of experienced mortgage officers over the past two years, in addition to our veteran First State Mortgage staff, enabled us to provide quality mortgage services throughout our trade area and significantly exceed our operating budget. First State Mortgage is well positioned to continue these successes in 2006.

First Auto, our indirect lending division, finished its first full year in 2005 and is now a major contributor to our success. During 2006 First Auto will be expanding its services into Middle Tennessee. Our community bankers will also be working with First Auto staff to expand our banking services for First Auto customers.

Our agriculture lending division, First State Ag Services, continued to develop and provide quality financial products for this important customer base. We look to continue progress in this division in 2006.

Much of our success in 2005 resulted from the officers and staff in these subsidiaries and divisions working effectively with our community banking staff in providing specialized financial services throughout our markets.

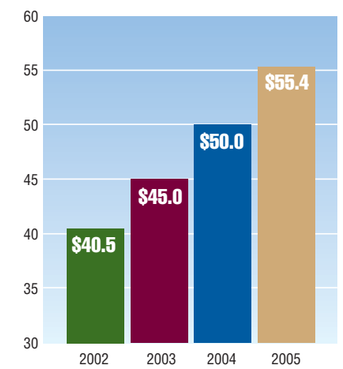
KEY TO SUCCESS: OUR PEOPLE

Providing banking and financial services is above all things a people business. Our board of directors, our officers, and our staff led our company in continuing to focus on adding customers, one at a time, in all of our offices and communities. As we continue to *"Strive to Exceed Expectations"* in each customer relationship, we will continue to improve our financial performance for our shareholders.

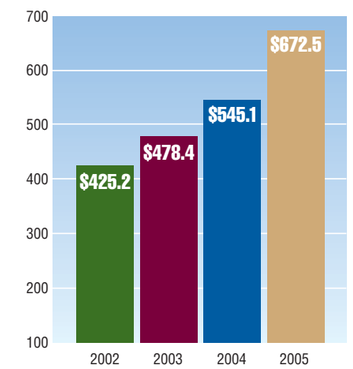
Sincerely,

John C. Clark
President / CEO

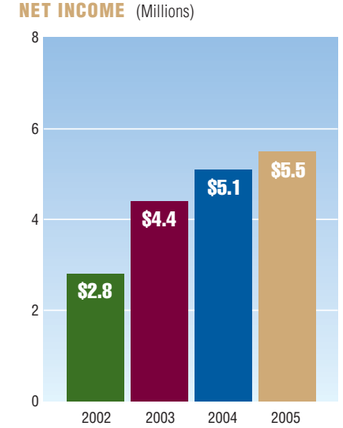
NON-INTEREST BEARING DEPOSITS (Millions)



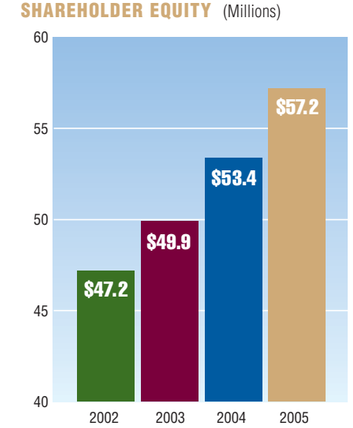
LOANS (Millions)



NET INCOME (Millions)



SHAREHOLDER EQUITY (Millions)



Community First Bancshares, Inc., and Subsidiaries

CONSOLIDATED BALANCE SHEETS
December 31, 2005 and 2004

($ in thousands, except per-share data)

ASSETS	2005	2004
Cash and due from banks	$ 15,647	$ 21,555
Interest-bearing deposits in financial institutions	1,178	1,370
Federal funds sold	719	-
Cash and cash equivalents	17,544	22,925
Interest-bearing deposits in financial institutions	453	598
Securities held to maturity (fair value $300 – 2005, $302 – 2004)	300	302
Securities available for sale	130,920	112,039
Loans held for sale	2,506	2,430
Loans	672,541	545,067
Allowance for Loan Losses	(6,594)	(5,368)
Loans, net	665,947	539,699
Premises and equipment	25,982	22,727
Company owned life insurance	10,523	10,129
Accrued interest receivable	4,315	3,501
Restricted equity securities	6,797	6,469
Other real estate	200	220
Goodwill	1,619	1,083
Other assets	3,443	1,758
TOTAL ASSETS	**$870,549**	**$723,880**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Deposits		
Non-interest bearing	$ 55,366	$ 49,974
Interest-bearing	677,333	559,992
Total deposits	**732,699**	**609,966**
Fed funds purchased & securities sold under agreement to repurchase	16,031	6,325
Advances from Federal Home Loan Bank	40,957	43,787
Subordinated debentures	17,100	6,000
Accrued interest payable	3,655	1,933
Other liabilities	2,900	2,499
Total liabilities	**813,342**	**670,510**
Shareholders' equity		
Common stock, $10 par value; 500,000 shares authorized; 2005 – 170,209.7 shares issued, 2004 – 170,209.7 shares issued.	1,702	1,702
Additional paid-in-capital	12,192	12,192
Retained earnings	43,866	39,432
Accumulated other comprehensive income	(553)	44
Total Shareholders' equity	**57,207**	**53,370**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$870,549**	**$723,880**

Community First Bancshares, Inc., and Subsidiaries

CONSOLIDATED STATEMENTS OF EARNINGS
Years ended December 31, 2005 and 2004

($ in thousands, except per-share data)

	2005	2004
Interest income		
Loans, including fees	$ 44,051	$ 33,594
Securities		
Taxable	3,932	3,312
Exempt from federal income tax	647	708
Federal funds sold and other	626	372
Total interest income	49,256	37,986
Interest expense		
Deposits	16,284	10,113
Notes payable and advances from Federal Home Loan Bank	1,511	1,226
Subordinated debentures	942	621
Fed funds purchased & securities sold under agreement to repurchase	215	117
Total interest expense	18,952	12,077
Net interest income	30,304	25,909
Provision for loan losses	1,758	564
Net interest income after provision for loan losses	28,546	25,345
Other income		
Service charges on deposit accounts	3,934	3,650
Credit insurance premiums	447	330
Mortgage banking income	1,904	1,476
Net gain on securities transactions	3	36
Gain on sale of assets	63	5
Other service charges, commissions and fees	1,484	877
Total other income	7,835	6,374
Other expenses		
Salaries and employee benefits	17,287	14,440
Occupancy	4,203	3,884
Losses on other real estate	-	200
Credit insurance underwriting expense	169	101
Other operating	7,283	5,959
Total other expenses	28,942	24,584
Earnings before income taxes	7,439	7,135
Income tax expense	1,982	1,991
Net earnings	**$ 5,457**	**$ 5,144**
Earnings per common share	$ 32.06	$ 30.21
Weighted average common shares outstanding	170,210	170,265

WATCH US GROW!

MORE GROWTH IN 2005

2005 was a year of continued growth for First State, displayed in the following milestones that prove we're working hard to provide *More* for West and Middle Tennessee. *More* choices for financial products and services, *More* access for our customers with *More* locations, and unrivaled personal services from friendly bankers who take time to understand what customers need from their bank.

JANUARY 2005
Gallatin Office Opens

JANUARY 2005
Memphis Community/Commercial Lending Office Opens

MARCH 2005
Atoka Full-Service Office Opens

MAY 2005
Community Choice Financial Services Opens Office In Cleveland

JULY 2005
Second Hendersonville Office Groundbreaking

NOVEMBER 2005
Property For Collierville Full-Service Location Acquired

DECEMBER 2005
Property Aquired For Full-Service Locations In Humboldt And Jackson

BOARD OF DIRECTORS

James W. White, Chairman
Chris Bell
Bob Cartwright
John C. Clark
David Critchlow, Jr.
Nick Dunagan
Keith Fowler
R. Newell Graham
Tony D. Gregory
Chris Kirkland
Mike McWherter
John Miles
Terry Oliver
Jeff Perkins
Joe Porter
R. D. Robinson
Bill Simrell
Mike Swaim
Van Swaim
Will Wade
Bart White
Jimmy R. White

SUBSIDIARY & DIVISION COMPANIES

First State Insurance
15 N. Lafayette
Brownsville, TN 38012
731-772-0713

121 Carriage House Drive
Jackson, TN 38305
731-668-7605

109 University Street
Martin, TN 38237
731-587-0880

100 E. Reelfoot Avenue
Union City, TN 38261
731-886-8912

Community Choice Financial Services
1700 W. Reelfoot Avenue, Suite 244
Union City, TN 38261
731-885-2237

111 Peachtree Plaza
Brownsville, TN 38012
731-772-8787

19 North Star Drive, Suite Q
Jackson, TN 38305
731-664-8297

101 S. Church Street
Dresden, TN 38225
731-364-4018

609 S. James Campbell Blvd.
Columbia, TN 38401
931-840-9755

Corporate Office
5200 Maryland Way, Suite 310
Brentwood, TN 37027
615-370-5401

308 N. Peters Road, Suite 215
Knoxville, TN 37922
865-539-3626

20 Broad Street S.W.
Cleveland, TN 37311
423-478-0447

First State Investment Center
Securities offered through Linsco/Private Ledger (LPL). Member NASD/SIPC
100 E. Reelfoot Avenue
Union City, TN 38261
731-885-1600

First Auto
2796 N. Highland Avenue, Suite A
Jackson, TN 38305
731-984-6330

First Mortgage
130 East Main, Suite 4
Henderson, TN 38340
731-989-4122

First State Mortgage
2796 Highland Avenue, Suite C/D
Jackson, TN 38305
888-660-4162

1944 Hwy. 45 Bypass
Jackson, TN 38305
731-984-6314

100 E. Reelfoot Avenue, Suite 2A
Union City, TN 38261
731-885-2223

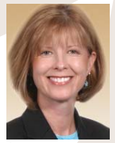
First State Ag Services
107 North Poplar
Kenton, TN 38233
731-749-5368

SUBSIDIARY & DIVISION OFFICERS

Bentley Beard
First State Investment Center

John Bruno
Community Choice Financial Services

Bobby German
First State Ag Services


Loretta Jercinovich
First State Mortgage

Phil McLeary
First Auto

Kent Moore
First State Insurance

FIRST STATE BANK COMMUNITY BANK PRESIDENTS

Sam Blackwell
Humboldt

Joe Brasher
Sharon, Kenton

Dan Hawkins
Middle Tennessee

Andrea Hughes
Dresden

Jody Kizer
Rives, South Fulton, Troy, Union City

Sam Lewallen
Martin

Andy Page
Greenfield

Mark Winfree
Nashville

Rick Webb
Jackson

Jim Wyatt
Atoka, Memphis, Collierville

FIRST STATE BANK OFFICERS

Seated L-R: Jennifer Reavis, Mitsie Witherspoon, Kathy Barber, Lynda King, Alice Barron, Glenda Hauhe, Christa Walton; *Standing L-R:* Chet Alexander, Larry Robinson, Victor Castro, John Clark, Don Stephens, Chuck Oliver, Tony Gregory