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Board of Governors of the Federal Reserve System

FEB 26 2014



Annual Report of Holding Companies

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

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

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

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

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

December 31, 2013

Month / Day / Year

I, William Jarrett

Name of the Holding Company Director and Official

Chairman

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.

Reporter's Name, Street, and Mailing Address

Kingstree Bancshares, M.H.C

Legal Title of Holding Company

101 E. Mill Street

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

Kingstree

SC

29556

City

State

Zip Code

Physical location (if different from mailing address)

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.

Person to whom questions about this report should be directed:

Frances C. Garber

Accountant

Name

Title

843-355-5428

Area Code / Phone Number / Extension

843-355-7515

Area Code / FAX Number

frankieg@kingstreefederal.com

E-mail Address

none

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

Date of Signature

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

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

For Federal Reserve Bank Use Only

RSSD ID 3834229

C.I.

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

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

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

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

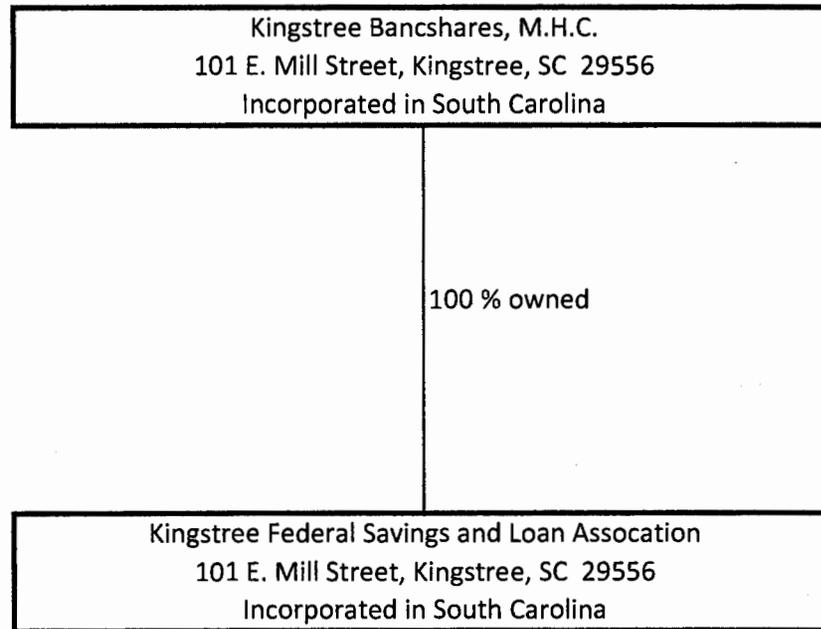
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Form FR-Y - 6

**KINGSTREE BANCSHARES, M.H.C.**

Kingstree, SC

Year Ended December 31, 2013



Form FR Y-6  
Kingstree Bancshares, M.H.C.  
Year Ended December 31, 2013

Report Item 3: Securities holders  
(1)(a)(b)(c) and (2)(a)(b)(c)

Current securities holders with ownership, control or holdings of 5% or more with power to vote as year ending December 31, 2012			Securities holders not listed in 3(1)(a) through 3(1)(c) that had ownership, control or holdings of 5% or more with power to voted during the year ending December 31, 2012		
(1)(a) Name City, State, Country	(1)(b) Country or Citizenship or Incorporation	(1)(c) Number & % of each class of voting securities	(2)(a) Name City, State, Country	(2)(b) Country or Citizenship or Incorporation	(2)(c) Number & % of each class of voting securities
<b>None</b>			<b>None</b>		

Form FR Y-6  
Kingtree Bancshares, M.H.C.  
Year Ended December 31, 2013

Report Item 4: Insiders

(1), (2), (3)(a)(b)(c), and (4)(a)(b)(c)

(1) Name, City, State, Country	(2) Principal occupation if other than with holding company	(3)(a) Title & position with holding company	(3)(b) Title & position with subsidiaries (includes sub name)	(3)(c) Title & position with other businesses (include names of other businesses)	(4)(a) % of voting shares in holding company	(4)(b) % of voting shares in subsidiaries (including names of subsidiaries)	(4)(c) List of names of other companies (inc partnerships) if 25% of voting securities are held
Rupert B. Matthews, III Kingstree, SC	President		President		0.60%		
William Jarrett Kingstree, SC	Retired	Board chairman	Board chairman		1.25%		
Davis T. Fenters, III Kingstree, SC	Manager - automobile dealer	Vice chairman	Vice chairman	Manager Longstreet Chevrolet			
E. Winslow Welch Kingstree, SC	Owner - insurance agency	Treasurer	Treasurer	Owner - Kingstree Insurance	0.89%		
Kenneth R. Kellahan Kingstree, SC	Entrepreneur	Director	Director				
Jeffrey Lawrimore Hemingway, SC	Chief Financial Officer	Director	Director	Chief Financial Officer Farmers Telephone Co			
William M. O'Bryan, Jr.	Attorney	Secretary to the Board	Secretary to the Board	O'Bryan and O'Bryan Attorneys at law - partner			

# Kingstree Bancshares, M.H.C.

## Consolidated Balance Sheet December 31, 2013

### Assets

Cash and cash equivalents	\$ 252,501
Interest-bearing deposits in depository institutions	4,959,020
Investments:	
Available for sale, at lower of cost or market	1,173,240
Held to maturity	5,057,336
Land	234,405
Loans receivable, net	19,387,597
Premises and equipment, net	134,888
Deferred income tax benefits	29,929
Other assets	<u>1,203,435</u>
 Total assets	 <u><u>\$ 32,432,351</u></u>

### Liabilities and stockholders' equity

Liabilities:	
Deposits	\$ 27,445,536
Advances from borrowers for taxes and insurance	42,334
Other liabilities	<u>83,079</u>
 Total liabilities	 27,570,949
 Equity:	
Retained earnings	<u>4,861,402</u>
 Total liabilities and stockholders' equity	 <u><u>\$ 32,432,351</u></u>

# Kingstree Bancshares, M.H.C.

## Consolidated Statement of Income For the Year Ended December 31, 2013

Interest income:	
Interest and fees on loans	\$ 1,017,945
Interest and dividends on investments	192,174
Other	
Total interest income	<u>1,210,119</u>
Interest expense:	
Savings deposits	24,827
Time deposits	298,510
Total interest expense	<u>323,337</u>
Net interest income	886,782
Provision for loan losses	<u>23,144</u>
Net interest income after provision for loan losses	<u>863,638</u>
Non-interest income:	
Income on bank owned life insurance	38,356
Gain on sale of other real estate owned	2,365
Other	30,915
	<u>71,636</u>
Non-interest expenses:	
Salaries and employee benefits	410,794
Occupancy	40,995
Advertising	11,620
Data processing service bureau	89,439
Furniture, fixtures and equipment	17,176
Other	196,351
Expenses on other real estate owned	6,209
Loss on investments	5,142
	<u>777,726</u>
Income (loss) before income taxes	157,548
(Provision) benefit for income taxes	<u>22,135</u>
Net income	<u>\$ 179,683</u>

**Kingstree Bancshares, M.H.C.**

**Consolidated Statement of Comprehensive Income  
For the Year Ended December 31, 2013**

Net income	\$	179,683
Other comprehensive income, net of tax:		
Unrealized losses arising during the period, net of tax		<u>5,609</u>
Comprehensive income (loss)	\$	<u><u>185,292</u></u>

**Kingstree Bancshares, M.H.C.**

**Consolidated Statement of Changes in  
Stockholders' Equity  
For the Year Ended December 31, 2013**

	Retained Earnings	Unrealized Gain(Loss)	Total Retained Earnings	Total Equity
Balance at December 31, 2012	\$ 4,683,199	\$ (7,089)	\$ 4,676,110	\$ 4,676,110
Net income	179,683		179,683	179,683
Change in valuation allowance for net unrealized gain (loss) on investments		5,609	5,609	5,609
				-
Balance at March 31, 2012	<u>\$ 4,862,882</u>	<u>\$ (1,480)</u>	<u>\$ 4,861,402</u>	<u>\$ 4,861,402</u>

## Kingstree Bancshares, M.H.C.

### Consolidated Statement of Cash Flows For the Year Ended December 31, 2013

#### Operating Activities

Net income	\$ 179,683
Adjustments to reconcile net income to net cash provided by operating activities:	
Gain on other real estate sold	(2,365)
Loss on sale of investments, available for sale	5,608
Amortization of deferred loan fees	(9,861)
Discount accretion and premium amortization on investments and mortgage backed securities	28,662
Income on bank owned life insurance	(38,356)
Provision for loan losses	23,144
Depreciation	17,828
Changes in prepaid expenses and other assets	(7,956)
(Decrease) increase in income taxes payable and deferred	(47,470)
Changes in accrued expenses and other liabilities	41,318
Net cash provided (used) by operating activities	<u>190,235</u>

#### Investing Activities

Net decrease(increase) in loans and principal payments	1,027,882
(Increase) decrease of interest bearing deposits	932,395
Sale of other real estate owned	96,250
(Sale) purchase of Federal Home Loan Bank stock	(9,300)
Purchase of interest bearing deposits	(500,210)
Increase (decrease) of value on available for sale securities	12,992
Purchase of other investments, held to maturity	(1,170,223)
Sales and paydowns on other investments	52,009
Sales of other investments, available for sale	305,142
Call of government securities	200,000
Purchase of land investment	(234,405)
Purchases of premises and equipment	(1,914)
Net cash provided (used) by investing activities	<u>710,618</u>

#### Financing Activities

Net increase (decrease) in deposit accounts	(947,695)
Increase (decrease) in advances held for taxes and insurance	10,212
Net cash provided (used) by financing activities	<u>(937,483)</u>

Net increase (decrease) in cash and cash equivalents (36,630)

Cash and cash equivalents at beginning of quarter 289,131

Cash and cash equivalents at end of quarter \$ 252,501

#### Supplemental Disclosures on Cash Flow Information

Cash paid (received) during the year for:

Interest	\$ 324,745
Taxes	25,335