

MAR 30 2015

Board of Governors of the Federal Reserve System



FRB RICHMOND
Annual Report of Holding Companies—FR Y-6

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

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

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

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

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

December 31, 2015

Month / Day / Year

N/A

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

I, Tim C. Thompson

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.

Reporter's Name, Street, and Mailing Address

Commercial Bank Shares, Inc.

Legal Title of Holding Company

P.O. Box 127

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

Honea Path SC 29654

City State Zip Code

4 Church Street, Honea Path, SC 29654

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:

Tim C. Thompson President

Name Title

864-369-7326

Area Code / Phone Number / Extension

864-369-6805

Area Code / FAX Number

tthompson@thecommercialbanksc.com

E-mail Address

www.thecommercialbanksc.com

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

Signature of Holding Company Director and Official

3/23/16

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 1248742
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."

No

Results: A list of branches for your depository institution: COMMERCIAL BANK, THE (ID_RSSD: 349129).
 This depository institution is held by COMMERCIAL BANK SHARES INC (1248742) of HONEA PATH, SC.
 The data are as of 12/31/2010. Data reflects information that was received and processed through 01/05/2011.

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.

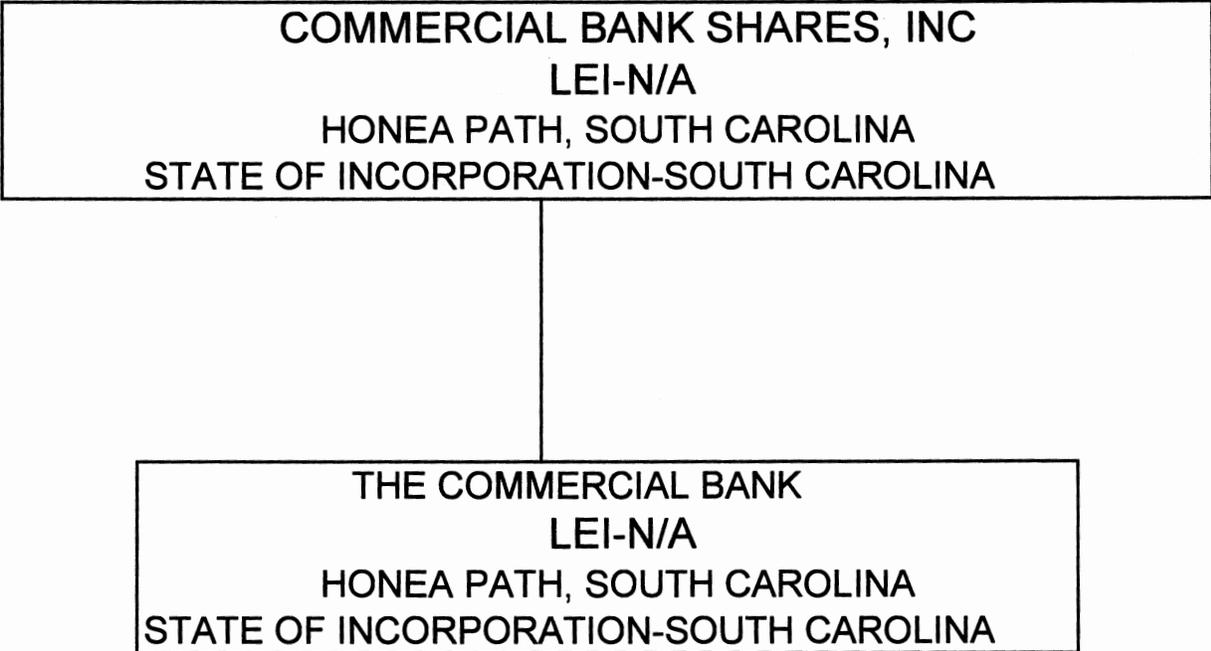
Notes:

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)	349129	COMMERCIAL BANK, THE	4 CHURCH STREET	HONEA PATH	SC	29854	ANDERSON	UNITED STATES	9156		0 COMMERCIAL BANK, THE	349129	
OK		Full Service	3925131	BELTON BRANCH	710 ANDERSON STREET	BELTON	SC	29627	ANDERSON	UNITED STATES	493387		7 COMMERCIAL BANK, THE	349129	
OK		Full Service	488824	DONALDS BRANCH	MAIN ST	DONALDS	SC	29838	ABBEVILLE	UNITED STATES	231861		1 COMMERCIAL BANK, THE	349129	
OK		Full Service	470621	DUE WEST BRANCH	103 MAIN STREET	DUE WEST	SC	29639	ABBEVILLE	UNITED STATES	231862		2 COMMERCIAL BANK, THE	349129	
OK		Full Service	3288340	PIEDMONT BRANCH	8018 AUGUSTA ROAD	PIEDMONT	SC	28673	GREENVILLE	UNITED STATES	420299		5 COMMERCIAL BANK, THE	349129	

ORGANIZATIONAL CHART



Commercial Bank Shares, Inc owns 100% of the voting stock of The Commercial Bank
No other subsidiaries or ownership exist.

REPORT ITEM 3.1: SHAREHOLDERS

**CURRENT SHAREHOLDERS WITH OWNERSHIP, CONTROL OR HOLDINGS OF 5% OR MORE
WITH POWER TO VOTE AS OF 12/31/15 (COMMON STOCK ISSUED ONLY) AT FISCAL YEAR END**

NAME AND ADDRESS	COUNTRY OF CITIZENSHIP	NUMBER	PERCENTAGES
TRUSTEES OF COMMERCIAL BANK SHARES KSOP PLAN HONEA PATH, SC	USA	24,216	6.80%

REPORT ITEM 3.2: SHAREHOLDERS

**CURRENT SHAREHOLDERS WITH OWNERSHIP, CONTROL OR HOLDINGS OF 5% OR MORE
WITH POWER TO VOTE AS OF 12/31/15 (COMMON STOCK ISSUED ONLY) DURING YEAR BUT NOT AT YEAR END**

NAME AND ADDRESS	COUNTRY OF CITIZENSHIP	NUMBER	PERCENTAGES
N/A			

REPORT ITEM 4: DIRECTORS AND OFFICERS (12/31/15)

(1) NAME & ADDRESS	(2) PRINCIPAL OCCUPATION IF OTHER THAN WITH BANK HOLDING COMPANY	(3)(a) TITLE & POSITION WITH BANK HOLDING COMPANY	(3)(b) TITLE & POSITION WITH SUBSIDIARIES	(3)(c) TITLE & POSITION WITH OTHER BUSINESSES	(4)(a) PERCENTAGE OF VOTING SHARES IN BANK HOLDING COMPANY	(4)(b) PERCENTAGE OF VOTING SHARES IN Subsidiaries	LIST NAMES OF OTHER COMPANIES IF 25% OR MORE OF VOTING SECURITIES ARE HELD
ROBERT S CLARKE DUKE WEST, SC USA	COMPUTER SERVICE ERSKINE COLLEGE	DIRECTOR	DIRECTOR The Commercial Bank	N/A	0.39%	None	N/A
COLEMAN C GARY BELTON, SC USA	OWNER/OPERATOR INNOVATIVE LEASING LOGISTICS, INC.	DIRECTOR	DIRECTOR The Commercial Bank	PRESIDENT INNOVATIVE LEASING LOGISTICS, INC.	0.04%	None	CUJO LIMITED, LLC-50% INNOVATIVE LEASING LOGISTICS, INC-100%
WILLIAM G. HALL HONEA PATH, SC USA	RETIRED BANKING	DIRECTOR CHAIRMAN	DIRECTOR CHAIRMAN The Commercial Bank	N/A	0.30%	None	N/A
T A LANGSTON HONEA PATH, SC USA	OWNER/OPERATOR LANGSTON R/E	DIRECTOR	DIRECTOR The Commercial Bank	PRESIDENT LANGSTON R/E	4.99%	None	LANGSTON REAL ESTATE-100% MAPLE MANOR, INC -50%
T E MARTIN HONEA PATH, SC USA	CO-OWNER HONEA PATH ANIMAL HOSPITAL	DIRECTOR	DIRECTOR The Commercial Bank	N/A	0.68%	None	HONEA PATH ANIMAL HOSPITAL-100%
A CLAUDE THOMPSON HONEA PATH, SC USA	RETIRED C THOMPSON AUTO	DIRECTOR	DIRECTOR The Commercial Bank	N/A	0.34%	None	N/A
TIM C THOMPSON HONEA PATH, SC USA	N/A	PRESIDENT DIRECTOR	PRESIDENT DIRECTOR The Commercial Bank	N/A	0.01%	None	N/A

To Our Shareholders:

We are pleased to provide you this consolidated report of financial condition for the period ending December 31, 2015. I encourage you to contact us should you have any questions or concerns with the content of this report.

Over the past four quarters we have had substantial growth in the following areas: total assets grew \$11,049,367 or 6.82% with total deposits growing \$10,084,677 or 7.35%. Loans however, over the same period were down \$4,379,578 or 7.02%. With the Federal Reserve raising rates .25% in the middle of December it appears we likely will see an increase in loans in the first quarter of 2016. The demand should increase due to the rates hitting bottom and finally moving up. We are positioned to have the most competitive rates in the market.

Total non-interest income was down \$62,064 or 6.61%, but over the same period we were able to reduce non-interest expense \$94,734 or 2.55% helping to offset reductions. Net interest income was down \$76,014 or 1.53%.

The 2015 budget had projected a 1.5% reduction in net income over last year. We finished 2015 with net income of \$1,958,981 or 2.63% reduction over last year. We missed the budget by only 1.13 % or \$22,752.

We have had a very successful year. The staff has done a great job of navigating the company through a low interest rate environment combined with very high compliance expectations. Management will continue to watch rising rates and what effect it might have on our balance sheet and income statement.

If you have any questions or concerns my door is always open.

Tim C. Thompson
President

FINANCIAL HIGHLIGHTS

Balance Sheet	2015	2014
Income (1)	\$1,958,891	\$2,011,912
Equity (2)	\$24,105,290	\$23,404,217
Earnings Per Share (1)	\$5.50	\$5.64
Average Shares Outstanding	355,992	356,610
Return on Average Assets (3)	1.15	1.26
Return on Equity (2, 3)	8.13	8.74

(1) Net of state tax provisions

(2) Equity does not include unrealized gain/losses on investments

(3) Annualized – net of state tax provisions

DIRECTORS

Robert S. Clarke, III

C. Cummings Gary

William G. Hall, Chairman

T. A. Langston

Dr. Thomas E. Martin

A. Claude Thompson

Tim C. Thompson

COMMERCIAL BANK SHARES, INC.

OFFICERS

Tim C. Thompson, President

Robert S. Clarke, III, Secretary

William G. Hall, Treasurer

THE COMMERCIAL BANK

OFFICERS

Tim C. Thompson, President

Dawn B. Cothran, Vice President

Arthur B. Gibson, Vice President

William H. Harter, III, Vice President/Senior Credit Officer

J. Bradley Jones, Vice President/Controller

Dawn A. Kelley, Vice President

Mary T. Vaughn, Vice President

A. Earle Ashley, Assistant Vice President

Gail B. Meyer, Compliance Officer

*Commercial
Bank Shares, Inc.*

*Quarterly
Report
December 31, 2015*

*P.O. Box 127
Honea Path, SC 29654
(864) 369-7326
www.thecommercialbanksc.com*

Twelve Months Ending December 31, 2015

ASSETS	2015	2014
Cash & Due From Banks	\$7,009,494	\$5,078,078
Cash Items in Process	0	807
Federal Funds Sold	14,142,458	10,839,539
Securities - HTM Municipal	234,361	251,562
Investment - FHLB	145,400	138,500
CBB Financial Corp Stock	58,520	58,520
Securities - AFS US Corporate	1,750,000	1,750,000
Valuation Allowance	<u>-11,945</u>	<u>-11,822</u>
	1,738,055	1,738,178
Securities - AFS US Agency	65,282,655	52,058,998
Valuation Allowance	<u>47,870</u>	<u>177,383</u>
	65,330,525	52,236,381
Securities - AFS Municipal	20,436,499	23,302,677
Valuation Allowance	<u>763,542</u>	<u>734,596</u>
	21,200,041	24,037,273
Gross Loans	59,140,980	63,567,663
Less Loan Loss Reserve	<u>892,394</u>	<u>921,499</u>
Net Loans	58,248,586	62,646,164
Premise & Equipment - Net	3,327,344	3,465,086
Other Assets	<u>1,569,473</u>	<u>1,464,802</u>
TOTAL ASSETS	<u>\$173,004,257</u>	<u>\$161,954,890</u>
LIABILITIES		
Deposits: Non-Interest Bearing	31,581,477	27,481,506
Deposits: Interest Bearing	115,704,696	109,719,990
Total Deposits	<u>147,286,173</u>	<u>137,201,496</u>
Accrued Taxes & Expenses	0	4,260
Deferred Taxes Payable	34,377	38,707
Other Liabilities	445,656	444,761
TOTAL LIABILITIES	<u>147,766,206</u>	<u>137,689,224</u>
STOCKHOLDERS EQUITY		
Capital Stock	3,559,920	3,559,920
Treasury Stock at Cost	0	0
Surplus	1,465,808	1,465,808
Undivided Profits	19,447,234	18,378,489
Net Unrealized Gain/Loss AFS	765,089	861,449
TOTAL STOCKHOLDER EQUITY	<u>25,238,051</u>	<u>24,265,666</u>
TOTAL LIABILITIES & EQUITY	<u>\$173,004,257</u>	<u>\$161,954,890</u>

Commercial Bank Shares, Inc.

Consolidated Balance Sheets and Income Statements

TWELVE MONTHS ENDING DECEMBER 31, 2015

INCOME & EXPENSES	2015	2014
Interest Income:		
Loans - Including Fees	\$3,253,163	\$3,395,565
Investment Securities	2,044,938	2,009,707
Federal Funds Sold	<u>62,816</u>	<u>42,673</u>
Total Interest Income	5,360,917	5,447,945
Interest Expense:		
Deposits	<u>481,827</u>	<u>492,841</u>
Net Interest Income	4,879,090	4,955,104
Provision for Loan Losses	<u>92,100</u>	<u>80,000</u>
Net Interest Income Less Provision	4,786,990	4,875,104
Non-Interest Income:		
Service & NSF Charges	801,302	826,906
Other Commission & Fees	11,252	28,626
Securities Gains/Losses	10,896	42,351
Other Income	<u>53,509</u>	<u>41,140</u>
Total Non-Interest Income	876,959	939,023
Non-Interest Expense:		
Salaries & Employee Benefits	1,981,051	2,015,121
Occupancy Expense	302,345	302,246
Depreciation & Equipment Expense	94,380	91,127
Other Expense	1,239,021	1,303,037
Total Non-Interest Expense	3,616,797	3,711,531
Extraordinary Expense	0	0
INCOME BEFORE INCOME TAXES	2,047,152	2,102,596
State Income Tax Provision	88,171	90,684
TOTAL INCOME TAXES	<u>88,171</u>	<u>90,684</u>
NET INCOME	<u>\$1,958,981</u>	<u>\$2,011,912</u>
INCOME PER SHARE	<u>\$5.50</u>	<u>\$5.64</u>
AVERAGE SHARES OUTSTANDING	355,992	356,610