

Board of Governors of the Federal Reserve System

APR 10 2019



Annual Report of Holding Companies—FR Y-6

FRB RICHMOND

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, Tim C. Thompson

Name of the Holding Company Director and Official

President/Director

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.

Tim C. Thompson
Signature of Holding Company Director and Official

4/9/19
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. _____

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

December 31, 2018

Month / Day / Year

N/A

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

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)

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

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 ...

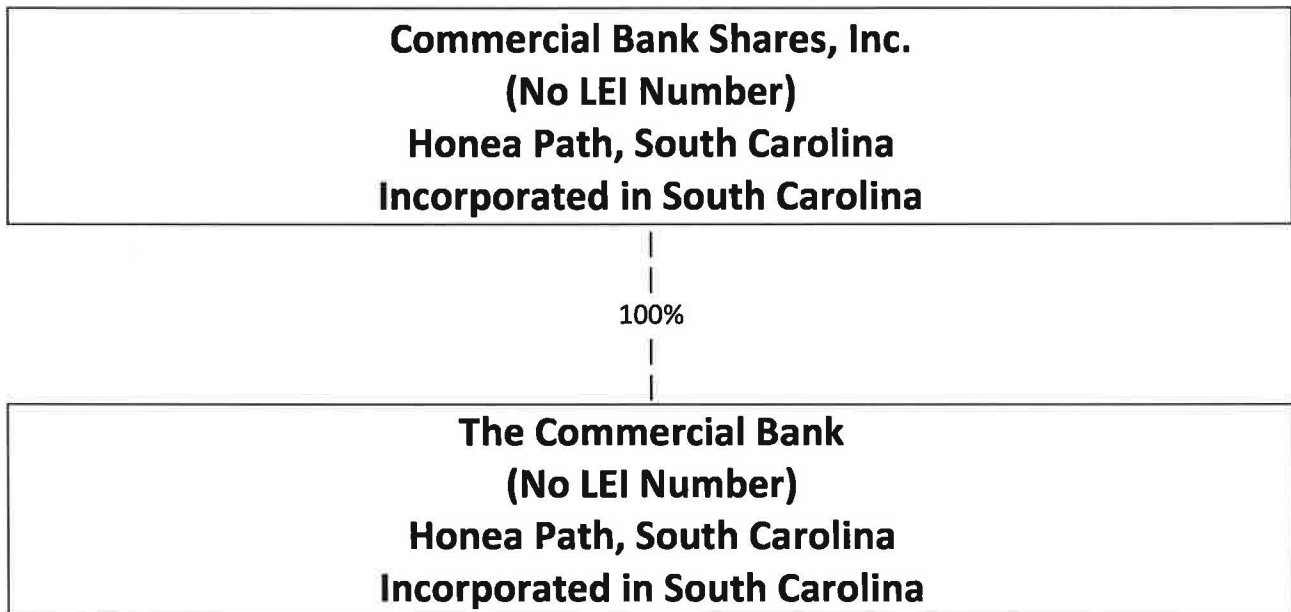
☐

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

Form Fr Y-6

**Commercial Bank Shares, Inc.
Honea Path, South Carolina
Fiscal Year Ending December 31, 2018**

2a: Organizational Chart



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.

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)	349129	COMMERCIAL BANK, THE	4 CHURCH STREET	HONEA PATH	SC	29554	ANDERSON	UNITED STATES	9156		0 COMMERCIAL BANK, THE	349129	
OK		Full Service	3825131	BELTON BRANCH	710 ANDERSON STREET	BELTON	SC	29827	ANDERSON	UNITED STATES	493397		7 COMMERCIAL BANK, THE	349129	
OK		Full Service	468824	DONALDS BRANCH	MAIN ST	DONALDS	SC	29538	ABBEVILLE	UNITED STATES	231851		1 COMMERCIAL BANK, THE	349129	
OK		Full Service	470621	DUE WEST BRANCH	105 MAIN STREET	DUE WEST	SC	29639	ABBEVILLE	UNITED STATES	231852		2 COMMERCIAL BANK, THE	349129	
OK		Full Service	3288340	PIEDMONT BRANCH	6016 AUGUSTA ROAD	PIEDMONT	SC	29673	GREENVILLE	UNITED STATES	420299		5 COMMERCIAL BANK, THE	349129	

REPORT ITEM 3.1: SHAREHOLDERS

**CURRENT SHAREHOLDERS WITH OWNERSHIP, CONTROL OR HOLDINGS OF 5% OR MORE
WITH POWER TO VOTE AS OF 12/31/18 (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 12/31/18 (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 (12/31/18)

NAME & ADDRESS	PRINCIPAL OCCUPATION IF OTHER THAN WITH BANK HOLDING COMPANY	TITLE & POSITION WITH BANK HOLDING COMPANY	TITLE & POSITION WITH SUBSIDIARIES	TITLE & POSITION WITH OTHER BUSINESSES	PERCENTAGE OF VOTING SHARES IN BANK HOLDING COMPANY	PERCENTAGE OF VOTING SHARES IN SUBSIDIARIES	LIST NAMES OF OTHER COMPANIES IF 25% OR MORE OF VOTING SECURITIES ARE HELD
ROBERT S. CLARKE DUE WEST, SC USA	COMPUTER SERVICE WEST CAROLINA RURAL TELEPHONE	DIRECTOR	DIRECTOR THE COMMERCIAL BANK	N/A	0.39%	NONE	N/A
MICHAEL W. GAMBRELL BELTON, SC USA	OWNER/OPERATOR M & R ENTERPRISES SC STATE SENATOR	DIRECTOR	DIRECTOR THE COMMERCIAL BANK	PRESIDENT M & R ENTERPRISES	0.03%	NONE	M & R ENTERPRISES-100%
MALETTE L. GAMBRELL HONEA PATH, SC USA	BROKER IN CHARGE LANGSTON REAL ESTATE	DIRECTOR	DIRECTOR THE COMMERCIAL BANK	N/A	0.55%	NONE	N/A
COLEMAN C. GARY BELTON, SC USA	OWNER/OPERATOR INNOVATIVE LEASING LOGISTICS, INC GLOBAL SUPPLY BONDED WAREHOUSE, LLC	DIRECTOR	DIRECTOR THE COMMERCIAL BANK	PRESIDENT INNOVATIVE LEASING LOGISTICS, INC.	0.05%	NONE	CUJO LIMITED-50% INNOVATIVE LEASING-100% LOGISTICS, INC.-100% GLOBAL SUPPLY BONDED WAREHOUSE, LLC-33.33%
T. E. MARTIN HONEA PATH, SC USA	CO-OWNER HONEA PATH ANIMAL HOSPITAL	DIRECTOR	DIRECTOR THE COMMERCIAL BANK	N/A	0.85%	NONE	N/A
A. CLAUDE THOMPSON HONEA PATH, SC USA	RETIRED C. THOMPSON AUTO	DIRECTOR	DIRECTOR THE COMMERCIAL BANK	N/A	0.37%	NONE	N/A
Tim C. Thompson Honea Path, SC USA	BANKING PRESIDENT	PRESIDENT DIRECTOR	PRESIDENT DIRECTOR THECOMMERCIAL BANK	N/A	0.01%	NONE	N/A

0.00014045

To Our Shareholders,

We are pleased to provide you with this consolidated report of financial condition for the period ending December 31, 2018. As always, I encourage you to contact us should you have any questions concerning the content of this report.

The bank has been blessed in 2018, both in staff and growth. Net income was \$2,379,175, an increase of \$242,405 or 11.34% over the same period last year. Total non-interest income and non-interest expense increased 3.10% and 5.01% respectively. Income per share increased 11.34% from \$6.00 to \$6.68 or a \$.68 increase over the same period last year.

Total deposits were \$157,148,245, an increase of 1.47% or \$2,272,822 with the largest growth being in non-interest-bearing deposits which increased 22.63% or \$8,104,565. The shift in deposits was a major contributor to the increase in net income. Net loans increased 5.19% over the same period last year. We will maintain our effort to seek lending opportunities in surrounding markets through possible branch expansion and participation loans.

Management will monitor interest rates, as it appears there will be a slight reduction in rate increases during 2019. We will continue to keep our investments short-term with an emphasis on loan production and branch expansion.

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

Tim C. Thompson
President

FINANCIAL HIGHLIGHTS

Balance Sheet	2018	2017
Income (1)	\$2,379,175	\$2,136,770
Average Equity (2)	\$27,757,721	\$26,389,988
Earnings Per Share (1)	\$6.68	\$6.00
Average Shares Outstanding	355,992	355,992
Return on Average Assets (3)	1.28	1.18
Return on Average Equity (2, 3)	8.57	8.10

(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, Chairman

Malette L. Gambrell

Senator Michael W. Gambrell

C. Cummings Gary

Dr. Thomas E. Martin

A. Claude Thompson

Tim C. Thompson

William G. Hall, Emeritus

T.A. Langston, Emeritus

COMMERCIAL BANK SHARES, INC.

OFFICERS

Tim C. Thompson, President

A. Claude Thompson, Secretary

C. Cummings Gary, 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

Kathy McCullough, Assistant Vice President

Gail B. Meyer, Compliance Officer

*Commercial
Bank Shares, Inc.*

*Quarterly
Report
December 31, 2018*

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

Twelve Months Ending December 31, 2018

ASSETS	2018	2017
Cash & Due From Banks	\$18,166,750	\$12,695,419
Cash Items in Process	0	2,424
Federal Funds Sold	30,980,275	30,333,680
Securities - HTM Municipal	180,652	199,662
Investment - FHLB	162,900	158,700
CBB Financial Corp Stock	58,520	58,520
Securities - US Treasuries	4,907,859	0
Valuation Allowance	2,361	0
	<u>4,910,220</u>	<u>0</u>
Securities - AFS Corporate	1,250,000	1,250,000
Valuation Allowance	-83,825	-2,665
	<u>1,166,175</u>	<u>1,247,335</u>
Securities - AFS US Agency	47,582,898	53,947,334
Valuation Allowance	-1,612,138	-988,891
	<u>45,970,760</u>	<u>52,958,443</u>
Securities - AFS Municipal	12,822,236	16,037,156
Valuation Allowance	-239,251	30,391
	<u>12,582,985</u>	<u>16,067,547</u>
Gross Loans	67,153,997	63,829,096
Less Loan Loss Reserve	1,080,407	1,016,624
Net Loans	<u>66,073,590</u>	<u>62,812,472</u>
Premise & Equipment - Net	3,092,399	3,091,675
Other Assets	1,294,848	1,635,931
TOTAL ASSETS	<u><u>\$184,640,074</u></u>	<u><u>\$181,261,808</u></u>
LIABILITIES		
Deposits: Non-Interest Bearing	\$43,912,709	\$35,808,144
Deposits: Interest Bearing	113,235,536	119,067,279
Total Deposits	<u>157,148,245</u>	<u>154,875,423</u>
Accrued Taxes & Expenses	0	0
Deferred Taxes Payable	0	0
Other Liabilities	1,080,289	512,428
TOTAL LIABILITIES	<u>158,228,534</u>	<u>155,387,851</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	23,235,552	21,768,063
Net Unrealized Gain/Loss AFS	-1,849,740	-919,834
TOTAL STOCKHOLDERS' EQUITY	<u>26,411,540</u>	<u>25,873,957</u>
TOTAL LIABILITIES & EQUITY	<u><u>\$184,640,074</u></u>	<u><u>\$181,261,808</u></u>

Commercial Bank Shares, Inc.
Consolidated Balance Sheets and Income Statements
TWELVE MONTHS ENDING DECEMBER 31, 2018

INCOME & EXPENSES	2018	2017
Interest Income:		
Loans - Including Fees	\$3,324,122	\$3,281,853
Investment Securities	1,727,154	2,031,873
Federal Funds Sold	874,846	302,150
Total Interest Income	<u>5,926,122</u>	<u>5,615,876</u>
Interest Expense:		
Deposits	464,841	462,048
Net Interest Income	5,461,281	5,153,828
Provision for Loan Losses	74,500	180,000
Net Interest Income Less Provision	<u>5,386,781</u>	<u>4,973,828</u>
Non-Interest Income:		
Service & NSF Charges	947,023	923,177
Other Commission & Fees	18,158	14,988
Securities Gains/Losses	1,023	1,665
Other Income	62,039	57,459
Total Non-Interest Income	<u>1,028,243</u>	<u>997,289</u>
Non-Interest Expense:		
Salaries & Employee Benefits	2,177,070	2,131,379
Occupancy Expense	285,167	287,733
Depreciation & Equipment Expense	78,225	111,026
Other Expense	1,382,749	1,205,760
Total Non-Interest Expense	<u>3,923,211</u>	<u>3,735,898</u>
Extraordinary Expense	0	0
INCOME BEFORE INCOME TAXES	2,491,813	2,235,219
State Income Tax Provision	112,638	98,449
TOTAL INCOME TAXES	<u>112,638</u>	<u>98,449</u>
NET INCOME	<u>\$2,379,175</u>	<u>\$2,136,770</u>
INCOME PER SHARE	<u>\$6.68</u>	<u>\$6.00</u>
AVERAGE SHARES OUTSTANDING	355,992	355,992

UNDIVIDED PROFITS

BALANCE AT 12/31/17	\$ 20,848,228.12
LESS DISTRIBUTIONS PAID TO SHAREHOLDERS	(911,684.52)
REVERSE ENTRY UNREAL. LOSS/GAIN FOR 12/31/17	919,834.22
UNREALIZED LOSS/GAIN FOR 12/31/18	(1,849,739.62)
NET INCOME THROUGH 12/31/18	<u>2,379,174.96</u>
	<u><u>\$21,385,813.16</u></u>