

Board of Governors of the Federal Reserve System



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)); 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.

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, Daniel B. Conroy

Name of the Holding Company Director and Official

Chairman of the Board and CEO

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.

Signature of Holding Company Director and Official

03/29/2019

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 _____
 C.I. _____

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.

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

December 31, 2018

Month / Day / Year

NONE

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

Reporter's Name, Street, and Mailing Address

COMMERCE FINANCIAL CORPORATION

Legal Title of Holding Company

418 Peoples St., #302

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

<u>Corpus Christi</u>	<u>TX</u>	<u>78401</u>
City	State	Zip Code

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Daniel B Conroy CEO

Name Title

361/883-7770

Area Code / Phone Number / Extension

361/883-7774

Area Code / FAX Number

dconroy@commercebanktx.com

E-mail Address

n/a

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

Is confidential treatment requested for any portion of this report submission?	0=No 1=Yes	<u>0</u>
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		<input type="checkbox"/>
2. a letter justifying this request has been provided separately ...		<input type="checkbox"/>
NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."		

For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

SECURITY STATE BANCSHARES, INC.

Legal Title of Subsidiary Holding Company

PO Box 97

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

Stockdale TX 78160
City State Zip Code

112 W. Fordtran, Stockdale, TX 78160

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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City State Zip Code

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City State Zip Code

Physical Location (if different from mailing address)

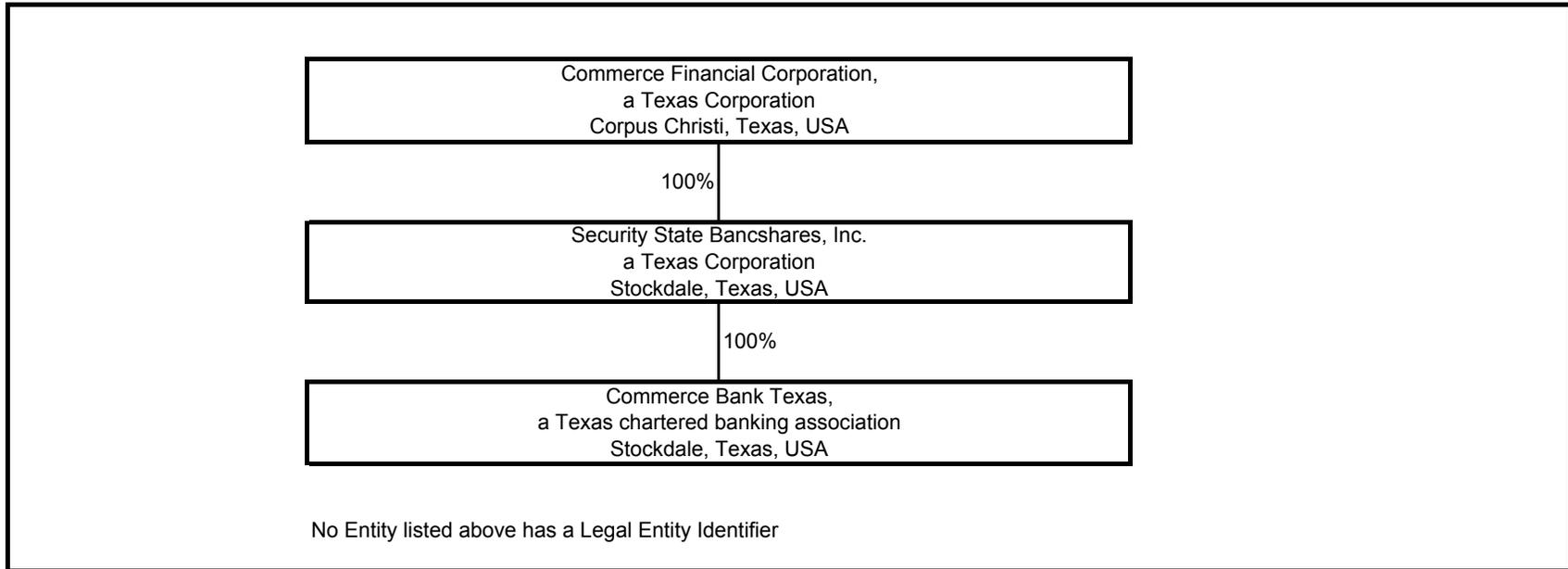
Legal Title of Subsidiary Holding Company

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

City State Zip Code

Physical Location (if different from mailing address)

Commerce Financial Corporation
Report Item 2
Organization Chart



Commerce Financial Corporation
 Report Item 2b
 Offices (1)

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)	174367	COMMERCE BANK TEXAS	112 FORDTRAN DRIVE	STOCKDALE	TX	78160	WILSON	UNITED STATES	9676	0	COMMERCE BANK TEXAS	174367	
OK		Full Service	4795537	SAN ANTONIO OFFICE	1501 BEXAR CROSSING	SAN ANTONIO	TX	78232	BEXAR	UNITED STATES	Not Required	Not Required	COMMERCE BANK TEXAS	174367	

Commerce Financial Corporation

Report Item 3

Shareholders 5% or Greater

3.1 Name and Address	No. of Shares	Percentage	¹ Citizenship/ Place of Organization
Daniel B. Conroy Corpus Christi, TX	80,250	9.5%	US
John G. Turcotte San Antonio, TX	82,000	9.7%	US
Frank L. Bain, Jr. Stockdale, TX	79,833	9.4%	US
McAllen Commerce Financial Ltd McAllen TX James Collins, Principal	100,000	11.8%	Texas, USA

¹ The percentage beneficially owned was calculated based on 841,280 shares of Common Stock issued and outstanding as of December 31, 2018.

Options previously granted and used as part of beneficial ownership calculations in prior years have lapsed.

3.2 None

Security State Bancshares, Inc.
Report Item 3
Shareholders 5% or Greater

3.1 Name and Address	No. of Shares	Percentage	Citizenship/ Place of Organization
Commerce Financial Corporation Corpus Christi, Texas	131,230	100%	Texas, USA

3.2 None

Commerce Financial Corporation
Report Item 4
Insider Information

<u>Name</u>	<u>City</u>	<u>State</u>	<u>Country</u>	<u>Principal Occupation</u>	<u>Title and position with Holding company</u>	<u>Title and position with subsidiaries</u> <i>Security State Bancshares Inc. (S)</i> <i>Commerce Bank Texas (B)</i>	<u>Title and position with other Businesses</u>	<u>Percentage of Voting Shares in Holding Company</u>	<u>Percentage of Voting Shares in subsidiaries</u> <i>Security State Bancshares Inc. (S)</i> <i>Commerce Bank Texas (B)</i>	<u>List of other companies if 25% or more of voting securities are held</u>
Daniel B. Conroy	Corpus Christi, Texas		USA	<i>n/a</i>	Chairman of the Board, Director President/CEO	Chairman of the Board, Director, President (S) Chairman of the Board, Director, CEO (B)	<i>n/a</i>	9.5%	<i>n/a</i> (S) <i>n/a</i> (B)	<i>n/a</i>
John G. Turcotte	San Antonio, Texas		USA	<i>n/a</i>	Director, EVP Secretary/Treasurer	Director, EVP Secretary/Treasurer (S) Director, President Chief Lending Officer (B)	Sole Member CKT Aggie Holdings LLC	9.7%	<i>n/a</i> (S) <i>n/a</i> (B)	CKT Aggie Holdings LLC (100%)
W. Gary Whittington	Corpus Christi, Texas		USA	<i>CPA</i>	Director	<i>n/a</i> (S) Director (B)	President, Whittington, Beavers and Hubbard, PC President, Seidel, Whittington, and Company, PC Partner, WBH Investments Ltd.	4%	<i>n/a</i> (S) <i>n/a</i> (B)	Whittington Beavers & Hubbard (33.3%) Seidel and Whittington (99%) WBH Investments Ltd. (33.3%)
Michael Klinge	Victoria, Texas		USA	<i>CPA</i>	Director	<i>n/a</i> (S) Director (B)	Footnote (1)	1%	<i>n/a</i> (S) <i>n/a</i> (B)	Footnote (1)
Anton S. Dziuk	San Antonio, Texas		USA	<i>Certified Financial Planner</i>	Director	<i>n/a</i> (S) Director (B)	President, Mesquite Wealth Management Group, San Antonio, TX	1%	<i>n/a</i> (S) <i>n/a</i> (B)	Mesquite Wealth Management Group (100%)
James R. Reese	Marble Falls, Texas		USA	<i>Hospitality Industry Executive</i>	Director	<i>n/a</i> (S) Director (B)	President, Live Oak Lodging, LLC	1%	<i>n/a</i> (S) <i>n/a</i> (B)	Live Oak Lodging, LLC (50%)
Robert A. Valadez	San Antonio, Texas		USA	<i>Attorney</i>	Director	<i>n/a</i> (S) Director (B)	Secretary- Shelton & Valadez PC President- Impress Outsourcing, LLP	1%	<i>n/a</i> (S) <i>n/a</i> (B)	Shelton & Valadez PC (35%) Impress Outsourcing, LLP (100%)
McAllen Commerce Financial Ltd	McAllen TX		USA	<i>n/a</i>	Principal Shareholder	<i>n/a</i> (S) <i>n/a</i> (B)	<i>n/a</i>	11.8%	<i>n/a</i> (S) <i>n/a</i> (B)	<i>n/a</i>

(1) Mr. Klinge is a Member of Klinge & Teinert, PLLC, Victoria, TX (50% owner), partner in SFA Investments, LP (99%) president and secretary of TTC Capital , Inc. (100%) and secretary treasurer of Gulf Coast Ground Maintenance Inc. (50%)

(2) McAllen Commerce Financial Ltd is the owner of shares of Commerce Financial Corporation and is the Principal Shareholder; Mr. Collins votes the shares.

Security State Bancshares, Inc.
 Report Item 4
 Insider Information

<u>Name</u>	<u>City</u>	<u>State</u>	<u>Country</u>	<u>Principal Occupation</u>	<u>Title and position with Holding company</u>	<u>Title and position with subsidiaries</u>	<u>Title and position with other Businesses</u>	<u>Percentage of Voting Shares in Holding Company</u>	<u>Percentage of Voting Shares in subsidiaries</u>	<u>List of other companies if 25% or more of voting securities are held</u>
						<u>Commerce Bank Texas (B)</u>			<u>Commerce Bank Texas (B)</u>	
Daniel B. Conroy	Corpus Christi	Texas	USA	n/a	Chairman of the Board, Director, President	Chairman of the Board, Director, CEO (B)	n/a	n/a	n/a (B)	n/a
John G. Turcotte	San Antonio	Texas	USA	n/a	Director, EVP Secretary/Treasurer	Director, President Chief Lending Officer (B)	Sole Member CKT Aggie Holdings LLC	n/a	n/a (B)	CKT Aggie Holdings LLC (100%)
Commerce Financial Corporation	Corpus Christi	TX	USA	n/a	Principal Shareholder	n/a (B)	n/a	100%	n/a (B)	n/a