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FR Y-6
OMB Number 7100-0297
Approval expires September 30, 2018
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JUL 7 2017

Board of Governors of the Federal Reserve System



FRB RICHMOND

FILE ROOM

Annual Report of Holding Companies—FR Y-6

SUPERVISION, REGULATION
& CREDIT DEPARTMENT

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.

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

December 31, 2016

Month / Day / Year

N/A

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

Reporter's Name, Street, and Mailing Address

Palmetto Heritage Bancshares, Inc.

Legal Title of Holding Company

P.O. Box 3788

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

Pawleys Island, SC 29585

City

State

Zip Code

10919 Ocean Highway

Physical Location (if different from mailing address)

Pawleys Island, SC 29585

Person to whom questions about this report should be directed:

Name

Title

Sandra F. Tilton, Senior Vice Pres.

Area Code / Phone Number / Extension

(843) 237-7776

Area Code / FAX Number

(843) 237-7710

stilton@palmettoheritagebank.com

E-mail Address

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

[Signature]
Name of the Holding Company Director and Official
Sandra F. Tilton, Senior Vice 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.

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] Director
Signature of Holding Company Director and Official
3/6/17
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 3299140
C.I. _____

Is confidential treatment requested for any portion of this report submission? 0=No 1=Yes ()

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

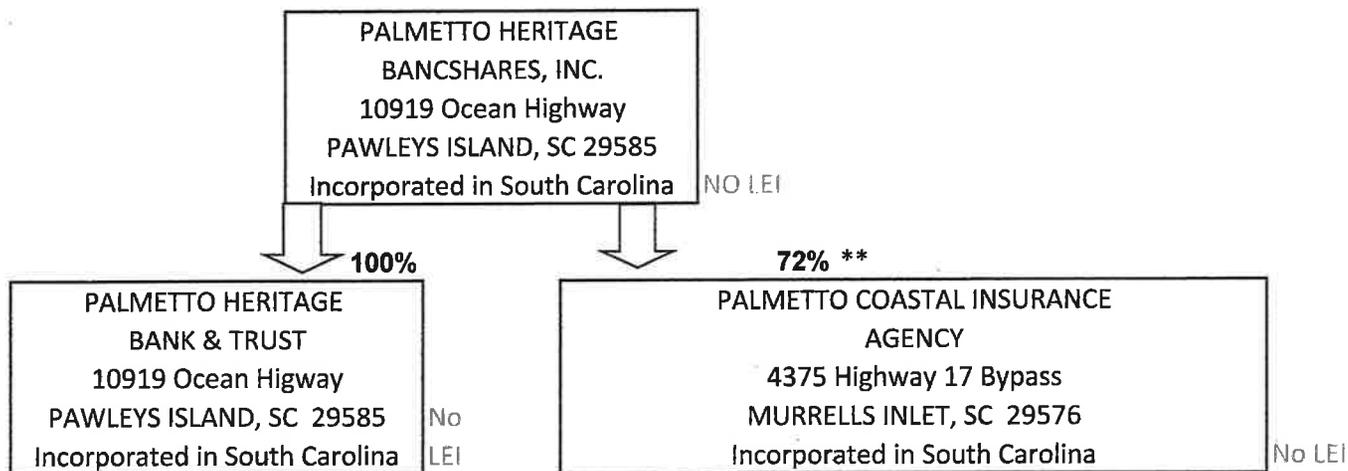
NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

FORM FR Y-6
PALMETTO HERITAGE BANCSHARES, INC.
PAWLEYS ISLAND, SC
Fiscal Year Ending December 31, 2016
Report Item 2a Organizational Chart

Report Item 2a

1. The bank holding company will prepare an annual report for its shareholders to be mailed by March 31, 2017.
A 2016 Annual Report will be submitted upon receipt from printer in March 2017.

2. Organizational Chart



** 28% OWNED BY PRESIDENT OF PALMETTO COASTAL INSURANCE AGENCY INC., CHARLES ROBERT LOWE

Results: A list of branches for your depository institution: PALMETTO HERITAGE BANK & TRUST (ID_RSSD: 3299168).
 This depository institution is held by PALMETTO HERITAGE BANCSHARES, INC. (3299140) of PAWLEYS ISLAND, SC.
 The data are as of 12/31/2016. Data reflects information that was received and processed through 01/10/2017.

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)	3299168	PALMETTO HERITAGE BANK & TRUST	10919 OCEAN HIGHWAY	PAWLEYS ISLAND	SC	29585	GEORGETOWN	UNITED STATES	428856	0	PALMETTO HERITAGE BANK & TRUST	3299168	
OK		Full Service	3792771	MOUNT PLEASANT BRANCH	3102 HIGHWAY 17 N	MOUNT PLEASANT	SC	29466	CHARLESTON	UNITED STATES	478319	1	PALMETTO HERITAGE BANK & TRUST	3299168	
Change	12/31/2016	Full Service	4118985	MURRELLS INLET BRANCH	4375 HIGHWAY 17	MURRELLS INLET	SC	29576	GEORGETOWN	UNITED STATES	506050	2	PALMETTO HERITAGE BANK & TRUST	3299168	

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FORM FR Y-6
PALMETTO HERITAGE BANCSHARES, INC.
PAWLEYS ISLAND, SC
Fiscal Year Ending December 31, 2016

Report Item 2b Domestic Branch Listing

Report Item 2b

Name: Mt Pleasant Branch
Opened: June 16, 2008
Street Address: 3102 Highway 17 North
City: Mt Pleasant
County: Charleston
State: South Carolina
Country: USA
Zip Code: 29466
Service Type: Full Service

Name: Murrells Inlet Branch
Opened: March 15, 2010
Street Address: 4375 Highway 17 ByPass
City: Murrells Inlet
County: Georgetown
State: South Carolina
Country: USA
Zip Code: 29576
Service Type: Full Service

FORM FR Y-6
PALMETTO HERITAGE BANCSHARES, INC
FISCAL YEAR ENDING DECEMBER 31, 2016

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

Current Shareholders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2016			Shareholders not listed in 3(1)(a) through 3(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12/31/2016		
(1)(a) Name & Address (City, State, Country)	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number and Percentage of Each Class of Voting Securities	(2)(a) Name & Address (City, State, Country)	(2)(b) Country of Citizenship or Incorporation	(2)(c) Number and Percentage of Each Class of Voting Securities
Palmetto Heritage Ban USA Trustee U/W for Elizabeth Lowe (deceased) Pawleys Island, SC		11,718 5.34% Common Stock	NONE		
Robert G. Lowe Ft. Myers, FL	USA	22,435 10.21% Common Stock			
Palmetto Heritage Bank, Trustee Robert G. Lowe IRA		10,706 4.87%			
E. Kendall Roy Hilton Head, SC	USA	16,774 7.64% Common Stock			
Linda B. Roy Hilton Head, SC	USA	19,308 8.79% Common Stock			
Thomas J. Wolf Garden City, SC	USA	16,292 7.42% Common Stock			
C. Ronald Christmas Georgetown, SC	USA	18,602 8.47% Common Stock			
<p>* Chairman Robert G. Lowe has shares he holds in his IRA account in the Trust Department of the Bank. This along with his deceased wife's trust (Elizabeth Lowe) are shares held on his behalf and that he votes.</p>					

FORM FR Y-6
PALMETTO HERITAGE BANCSHARES INC.
FISCAL YEAR ENDING DECEMBER 31, 2016

Report Item 4: Insiders
(1), (2), (3)(a)(b)(c), and (4)(a)(b)(c)

(1) Names & Address (City, State, Country)	(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	(4)(c) List names of other companies If 25% or more of voting securities are held
C. Ronald Christmas Georgetown, SC USA	N/A	Director Vice Chairman & CEO	Director Vice Chairman & CEO Palmetto Heritage Bank & Trust	N/A	8.47%	N/A	N/A
Charles R. Lowe Murrells Inlet, SC USA	N/A	N/A	President Palmetto Coastal Ins Agency Inc	Director Palmetto Coastal Ins	1.27%	28% Palmetto Coastal Insurance Agency	N/A
Trust U/W Elizabeth A. Lowe Pawleys Island, SC USA	Shares in Trust	* Shareholder	N/A	N/A	5.34%	N/A	N/A
Robert G. Lowe Ft Myers, FL USA	Retired	Director Chairman of Board	N/A	Director Palmetto Coastal Ins	15.08%	N/A	N/A
Sue Draper Lowe Ft Myers, FL USA	Retired	Director	N/A	N/A	.1138%	N/A	N/A
Debra P Lowman Bluffton, SC	Real Estate Marketing	Director	N/A	Marketing Rep	.6586%	N/A	N/A
E. Kendall Roy Hilton Head, SC USA	Retired	Director		E. Kendall Roy, LLC Hilton Head, SC Owner	7.64%	N/A	E. Kendall Roy, LLC 100%
Linda B. Roy Hilton Head, SC USA	Retired	*** Shareholder	N/A	N/A	8.79%	N/A	N/A
Sandra F. Tilton Georgetown, SC	N/A	SVP, Secretary & Director	Senior Vice President Secretary to Board	N/A	2.11%	N/A	N/A

USA			Palmetto Heritage B & T					
Russell Vedder Pawleys Island, SC USA	N/A	N/A	President and Director Palmetto Heritage B& T	Director Palmetto Coastal Ins				
Thomas J. Wolf Garden City, SC USA	Franchise Owner	**** Shareholder	N/A	Owner McDonalds Franchise Ashland, KY & Huntington, WV	7.42%	N/A	Fifth Ave Broadcasting TJ Wolf Inc Abilene Corp Odessa Corp Carolina Corp E-Jay Enterprises Savannah Corp Memphis Corp Natchez Corp	100% 100% 100% 100% 100% 100% 100% 100%

* Voted by Robert G. Lowe, spouse to Elizabeth Lowe, deceased

*** Voted with Husband, E Kendall Roy

**** As an initial shareholder Mr. Wolf will Vote with Mr. Lowe,
Dr. Roy and Mr. Christmas on items of importance with Bancshares