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 officer 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, John L. Hutto,

Name of the Holding Company Director and Official

President & 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

Date of Signature

FRB Richmond

Annual Report of Holding Companies—FR Y-6

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, 2016

Month / Day / Year

N/A

Reporters Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporters Name, Street, and Mailing Address

FMB of S.C. Bancshares, Inc.

Legal Title of Holding Company

8624 Old State Road / P.O. Box 68

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

Holly Hill

City

State

29059-0068

Zip Code

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

William H. Sohm, Jr.

CFO - Compliance

Name

Title

803-496-1428

Area Code / Phone Number / Extension

803-496-3964

Area Code / Fax Number

hsohn@mbsc.com

E-mail Address

None

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

FR B Y-6

OMB Number 7100-0297

Approval expires September 30, 2018

Page 1 of 2

Is confidential treatment requested for any portion of this report submission? ............... 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 .......... 0

2. a letter justifying this request has been provided separately .......... 0

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

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.50 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

12/2016
Report Item 1: Annual Report to Shareholders

The holding company prepares an annual report for its shareholders. Two copies of our "2016 Annual Report" are enclosed.

Report Item 2a: Organization Chart

Report Item 2b: Domestic Branch Listing


Report Item 3: Securities holders

(1) Current securities holders with ownership, control, or holdings of 5% or more with power to vote as of fiscal year ending 12/31/2016:

None

(2) Securities holders not listed in section 3(1) above that had ownership, control, or holdings of 5% or more with power to vote during the fiscal year ending 12/31/2016:

None
Report Item 4: Insiders

Principal securities holders, directors, trustees, partners, executive officers, or persons exercising similar functions of the holding company, regardless of title or compensation, showing the following:

1. Name, city and state/country;
2. Principal occupation, if other than with the holding company;
3. Title or position with:
   a. the holding company;
   b. all direct and indirect subsidiaries of the holding company; and
   c. any other company in which the person is a director, trustee, partner, or executive officer; and
4. Percentage of each class of voting securities owned, controlled, or held with power to vote in:
   a. the holding company;
   b. direct and indirect subsidiaries of the holding company; and
   c. any other company, if 25 percent or more of its outstanding voting securities or proportionate interest in a partnership are held. (Include the name of the company and the percentage of voting securities owned, controlled, or held with power to vote.)

<table>
<thead>
<tr>
<th></th>
<th>Name</th>
<th>City, State/Country</th>
<th>Principal Occupation</th>
<th>Title or Position</th>
<th>Percentage of Voting Securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>E. Ward Avinger, Jr.</td>
<td>Holly Hill, South Carolina/USA</td>
<td>President - Avinger Funeral Home, Inc.</td>
<td>(a) Director</td>
<td>0.28%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(b) Director (Farmers &amp; Merchants Bank of SC)</td>
<td>N/A (Not Applicable)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(c) President - Avinger Funeral Home, Inc.</td>
<td>Avinger Funeral Home, Inc. - 100%</td>
</tr>
<tr>
<td>2</td>
<td>J. Witte Bull</td>
<td>Holly Hill, South Carolina/USA</td>
<td>Retired</td>
<td>(a) Director</td>
<td>0.80%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(b) Director (Farmers &amp; Merchants Bank of SC)</td>
<td>N/A (Not Applicable)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(c) N/A (Not Applicable)</td>
<td></td>
</tr>
</tbody>
</table>
Report Item 4: Insiders (continued)

(1) John H. Clarke, Jr.
    St. Stephen, South Carolina/USA
(2) President - Oliver-Clarke Furniture Company, Inc.
(3) (a) Director & Vice President
    (b) Director (Farmers & Merchants Bank of SC)
    (c) President - Oliver-Clarke Furniture Company, Inc.
(4) (a) 0.24%
    (b) N/A (Not Applicable)
    (c) Oliver-Clarke Furniture Company, Inc. - 50%

(1) William S. Helmly
    Moncks Corner, South Carolina/USA
(2) President & COO - Home Telecom
(3) (a) Director
    (b) Director (Farmers & Merchants Bank of SC)
    (c) President & CEO - Home Telecom
(4) (a) 0.06%
    (b) N/A (Not Applicable)
    (c) N/A (Not Applicable)

(1) R.M. Holcombe
    Moncks Corner, South Carolina/USA
(2) Senior Vice President - Farmers & Merchants Bank of South Carolina
(3) (a) Director & Treasurer
    (b) Director & Senior Vice President (Farmers & Merchants Bank of SC)
    (c) N/A (Not Applicable)
(4) (a) 1.47%
    (b) N/A (Not Applicable)
    (c) N/A (Not Applicable)

(1) John L. Hutto
    Holly Hill, South Carolina/USA
(2) CEO - Farmers & Merchants Bank of South Carolina
(3) (a) Director & President & CEO
    (b) Director & CEO (Farmers & Merchants Bank of SC)
    (c) N/A (Not Applicable)
(4) (a) 2.53%
    (b) N/A (Not Applicable)
    (c) N/A (Not Applicable)
Report Item 4: Insiders (continued)

(1) R. Barry Hutto
   Holly Hill, South Carolina/USA
   Farmer
   (a) Director
   (b) Director (Farmers & Merchants Bank of SC)
   (c) N/A (Not Applicable)
   (4) (a) 0.43%
       (b) N/A (Not Applicable)
       (c) N/A (Not Applicable)

(1) Thomas O. Hutto
   Holly Hill, South Carolina/USA
   President - Farmers & Merchants Bank of South Carolina
   (a) Director
   (b) Director & President (Farmers & Merchants Bank of SC)
   (c) N/A (Not Applicable)
   (4) (a) 0.24%
       (b) N/A (Not Applicable)
       (c) N/A (Not Applicable)

(1) Robert F. McCurry
   Holly Hill, South Carolina/USA
   Retired
   (a) Director & Chairman of the Board
   (b) Director & Chairman of the Board (Farmers & Merchants Bank of SC)
   (c) N/A (Not Applicable)
   (4) (a) 0.41%
       (b) N/A (Not Applicable)
       (c) N/A (Not Applicable)

(1) James H. Rozier, Jr.
   Moncks Corner, South Carolina/USA
   Consultant
   (a) Director
   (b) Director (Farmers & Merchants Bank of SC)
   (c) N/A (Not Applicable)
   (4) (a) 0.24%
       (b) N/A (Not Applicable)
       (c) N/A (Not Applicable)
<table>
<thead>
<tr>
<th>Report Item 4: Insiders (continued)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Joseph C. Shuler, Jr.</td>
</tr>
<tr>
<td>Holly Hill, South Carolina/USA</td>
</tr>
<tr>
<td>(2) Senior Vice President - Farmers &amp; Merchants Bank of South Carolina</td>
</tr>
<tr>
<td>(3) (a) Director &amp; Secretary</td>
</tr>
<tr>
<td>(b) Director &amp; Senior Vice President (Farmers &amp; Merchants Bank of SC)</td>
</tr>
<tr>
<td>(c) N/A (Not Applicable)</td>
</tr>
<tr>
<td>(4) (a) 0.53%</td>
</tr>
<tr>
<td>(b) N/A (Not Applicable)</td>
</tr>
<tr>
<td>(c) N/A (Not Applicable)</td>
</tr>
</tbody>
</table>

| (1) William H. Sohm, Jr.          |
| Holly Hill, South Carolina/USA    |
| (2) CFO - Compliance - Farmers & Merchants Bank of South Carolina |
| (3) (a) Director                  |
| (b) Director & CFO - Compliance (Farmers & Merchants Bank of SC) |
| (c) N/A (Not Applicable)          |
| (4) (a) 0.56%                     |
| (b) N/A (Not Applicable)          |
| (c) N/A (Not Applicable)          |

| (1) Lawrence L. Weathers          |
| Bowman, South Carolina/USA        |
| (2) Partner - Weathers Farms, Inc.|
| (3) (a) Director                  |
| (b) Director (Farmers & Merchants Bank of SC) |
| (c) Vice President - Weathers Farms, Inc.  |
| President - Weathers Trucking, Inc.  |
| Partner - Weathers Dairy, LLC     |
| Partner - Circle W Farms          |
| (4) (a) 0.11%                     |
| (b) N/A (Not Applicable)          |
| (c) Weathers Farms, Inc. - 50%    |
| Weathers Trucking, Inc. - 50%     |

| (1) F. Eugene Williams            |
| Pinopolis, South Carolina/USA     |
| (2) Retired                       |
| (3) (a) Director                  |
| (b) Director (Farmers & Merchants Bank of SC) |
| (c) N/A (Not Applicable)          |
| (4) (a) 0.28%                     |
| (b) N/A (Not Applicable)          |
| (c) N/A (Not Applicable)          |
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; make 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 was closed, enter "Close" in the Data Action column and the date it closed in the Effective Date column.
- Add: If a new branch was opened, 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 boxed paper.

Submissions Procedure
When you are finished, send a hard copy to your FRB contact. See the detailed instructions on this site for more information.

If you are e-mailing this in your FRB contact, put your institution name, city, and state in the subject line of the e-mail.

Note:
To comply with the FR Y-9c reporting requirements, you must also submit FR Y-9c Domestic Branch Schedule for each branch with a Data Action of Change, Close, Delinquent, or Add.
The FR Y-9c report may be submitted in a hard copy format or via the FR Y-9c Online application: https://y9cdata.frb.org/rechoose.gpi

* FDIC Unnum, Office Number, and ID_RSC columns are for reference only. Verification of these values is not required.

<table>
<thead>
<tr>
<th>State Action</th>
<th>Effective Date</th>
<th>Branch Service Type</th>
<th>Branch ID_RSC</th>
<th>Branch Name</th>
<th>Street Address</th>
<th>City</th>
<th>State</th>
<th>Zip Code</th>
<th>County</th>
<th>Country</th>
<th>FDIC Unnum</th>
<th>Office Number</th>
<th>Head Office</th>
<th>Head Office ID, RSID</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>DC</td>
<td>Full Service</td>
<td>523300</td>
<td>BOYMANN BRANCH</td>
<td>7002 CHARLESTON HIGHLAND BOYMANN</td>
<td>7002 CHARLESTON HIGHLAND BOYMANN</td>
<td>SC</td>
<td>29088</td>
<td>UNITED STATES</td>
<td>29088</td>
<td>CHARLESTON</td>
<td>18573</td>
<td>1 FARMERS MERCHANTS BANK OF SOUTH CAROLINA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DC</td>
<td>Full Service</td>
<td>329000</td>
<td>FEDERAL BRANCH</td>
<td>7003 FEDERAL BOYMANN</td>
<td>7003 FEDERAL BOYMANN</td>
<td>SC</td>
<td>29088</td>
<td>UNITED STATES</td>
<td>29088</td>
<td>CHARLESTON</td>
<td>18573</td>
<td>1 FARMERS MERCHANTS BANK OF SOUTH CAROLINA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DC</td>
<td>Full Service</td>
<td>324000</td>
<td>CHARLESTON BRANCH</td>
<td>261 NORTH CHARLESTON CT</td>
<td>261 NORTH CHARLESTON CT</td>
<td>SC</td>
<td>29088</td>
<td>UNITED STATES</td>
<td>29088</td>
<td>CHARLESTON</td>
<td>18573</td>
<td>1 FARMERS MERCHANTS BANK OF SOUTH CAROLINA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DC</td>
<td>Full Service</td>
<td>324000</td>
<td>CRAWFORD BRANCH</td>
<td>3200 NO MAIN STREET</td>
<td>3200 NO MAIN STREET</td>
<td>SC</td>
<td>29088</td>
<td>UNITED STATES</td>
<td>29088</td>
<td>CHARLESTON</td>
<td>18573</td>
<td>1 FARMERS MERCHANTS BANK OF SOUTH CAROLINA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DC</td>
<td>Full Service</td>
<td>324000</td>
<td>CONER BRANCH</td>
<td>331 E MAIN ST</td>
<td>331 E MAIN ST</td>
<td>SC</td>
<td>29088</td>
<td>UNITED STATES</td>
<td>29088</td>
<td>CHARLESTON</td>
<td>18573</td>
<td>1 FARMERS MERCHANTS BANK OF SOUTH CAROLINA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DC</td>
<td>Full Service</td>
<td>324000</td>
<td>ST EP BRANCH</td>
<td>350 CHURCH STREET</td>
<td>350 CHURCH STREET</td>
<td>SC</td>
<td>29088</td>
<td>UNITED STATES</td>
<td>29088</td>
<td>CHARLESTON</td>
<td>18573</td>
<td>1 FARMERS MERCHANTS BANK OF SOUTH CAROLINA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DC</td>
<td>Full Service</td>
<td>324000</td>
<td>STEPHEN BRANCH</td>
<td>351 CHURCH STREET</td>
<td>351 CHURCH STREET</td>
<td>SC</td>
<td>29088</td>
<td>UNITED STATES</td>
<td>29088</td>
<td>CHARLESTON</td>
<td>18573</td>
<td>1 FARMERS MERCHANTS BANK OF SOUTH CAROLINA</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>