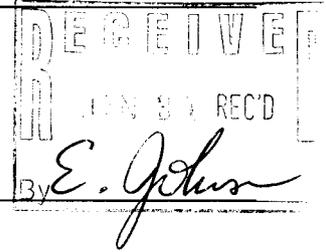


Board of Governors of the Federal Reserve System



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)); 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, 2012

Month / Day / Year

I, Steven R Glasscock

Reporter's Name, Street, and Mailing Address

Merchants Financial Services, Inc.

Legal Title of Holding Company

900 Second Ave SW

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

Cullman

AL

35055

City

State

Zip Code

Physical location (if different from mailing address)

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.

Person to whom questions about this report should be directed:

W Clark Rainwater

SVP & CFO

Name

Title

2567352998

Area Code / Phone Number / Extension

2567751358

Area Code / FAX Number

crainwater@merchantsbankal.com

E-mail 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.

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

Signature of Holding Company Director and Official

01/25/2013

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 1082955  
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.

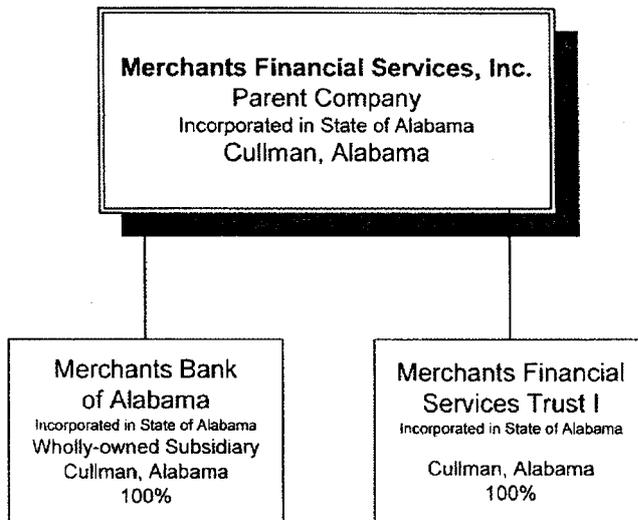
The information for which confidential treatment is sought is being submitted separately labeled "Confidential."

No

Revised 4-8-13  
LB

Merchants Financial Services,  
Inc.

Organizational Chart  
December 31, 2012



Results: A list of branches for your depository institution: MERCHANTS BANK OF ALABAMA (ID\_RSSD: 113937).  
 This depository institution is held by MERCHANTS FINANCIAL SERVICES, INC. (1082955) of CULLMAN, AL.  
 The data are as of 12/31/2012. Data reflects information that was received and processed through 01/06/2013.

**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
		Full Service (Head Office)	113937	MERCHANTS BANK OF ALABAMA	900 SECOND AVENUE S.W.	CULLMAN	AL	35055	CULLMAN	UNITED STATES	27	0	MERCHANTS BANK OF ALABAMA	113937	
		Full Service	3773921	ARAB BRANCH	1096 N BRINDLEE MTN PARKWAY	ARAB	AL	35016	MARSHALL	UNITED STATES	474393	6	MERCHANTS BANK OF ALABAMA	113937	
		Full Service	52232	CULLMAN BRANCH	900 2ND AVE SW	CULLMAN	AL	35055	CULLMAN	UNITED STATES	Not Required	Not Required	MERCHANTS BANK OF ALABAMA	113937	
		Full Service	1402713	FAIRVIEW OFFICE	100 BROAD AVE	CULLMAN	AL	35055	CULLMAN	UNITED STATES	180906	4	MERCHANTS BANK OF ALABAMA	113937	
		Full Service	1191987	HIGHWAY 157 BRANCH	4855 ALABAMA HIGHWAY 157	CULLMAN	AL	35057	CULLMAN	UNITED STATES	180905	3	MERCHANTS BANK OF ALABAMA	113937	
		Full Service	3464706	HANCEVILLE BRANCH	906 MAIN STREET, NORTHEAST	HANCEVILLE	AL	35077	CULLMAN	UNITED STATES	451400	5	MERCHANTS BANK OF ALABAMA	113937	

OK

**MERCHANTS FINANCIAL SERVICES  
ANNUAL REPORT FR Y 6  
December 31, 2012**

1. Annual Reports to Shareholders and Comparative Financials
  - A. Attached is the bank holding company 2011 annual report, 2012 to follow.
  - B. Attached is the bank holding company consolidated financials as of June 30, 2011, June 30, 2012 & December 31, 2012.

2.A. Organizational Chart  
 Merchants Financial Services, Inc. (Parent)  
 Merchants Bank of Alabama (Wholly-owned subsidiary)

2.B. Branches  
 No Changes

3. <u>Name/Address</u>	<u># of Shares</u>	<u>%</u>
Reba Miller Guntersville, AL 35976	140,130	10.08
Ella Mae Hudson Logan, AL 35098	127,365	9.17
S. Wayne Fuller Cullman, AL 35058	135,900	9.78
David Moss, Sr. Cullman, AL 35055	121,350	8.73
Roy L. Graham Crane Hill, AL 35053	89,370	6.44
John T. Williamson Cullman, AL 35055	72,810	5.24
Beverly White Vinemont, AL 35179	70,125	5.05

Note: All are American citizens<sup>1</sup>  
 Note: 3-(2) Not Applicable

4. Directors and Officers

<u>(4-1)</u>	<u>(4-3A) Holding Company</u>	<u>(4-3B) Merchants Bank of Alabama</u>
Steve Glasscock Cullman, AL 35055	Chairman	Chairman & CEO
Reba Miller Guntersville, AL 35976	Secretary/Treasurer, Director	Secretary/Director
S. Wayne Fuller Cullman, AL 35058	Vice Chairman	Vice Chairman
David Moss, Sr. Cullman, AL 35055	Vice Chairman	Vice Chairman
Billy Fletcher Baileyton, AL 35019	Director	Director
John Williamson Cullman, AL 35055	Director	Director
Judy Butler Cullman, AL 35055	Director	Director
Christopher N. Borden Cullman, AL 35058	Director	Director
Andrew J. Ratliff Cullman, AL 35055	Director	Director
Charles R. NeSmith Cullman, AL 35055	Executive VP	President
W. Clark Rainwater Cullman, AL 35058	SVP & CFO	SVP & CFO

4-2. Principal Occupation

Steve Glasscock	Banking
Reba Miller	Businesswoman
S. Wayne Fuller	Attorney
David Moss, Sr.	Businessman
Billy Fletcher	Farmer
John Williamson	Veterinarian
Judy Butler	Businesswoman
Christopher N. Borden	Pharmacist
Andrew J. Ratliff	Business owner
Charles R. NeSmith	Banking
W. Clark Rainwater	Banking

4-3.c. Any business company in which the person is director, partner, trustee or executive officer and owns 25% or more stock:

<u>Name</u>	<u>Position</u>	<u>Business</u>	<u>% Owned</u>
Steve Glasscock	Partner	SASG Properties, LLC	10%
Reba Miller	Partner	Triple A Property Investors	33 1/3%
	Partner	Land Vest Developers, Inc.	33 1/3%
S. Wayne Fuller	Partner	Fuller, Willingham, Fuller & Carter, LLC	32%
David Moss, Sr.	Director	Cooper Property Mgmt. Inc.	20%
	Partner	Moss Sr. Moss Jr., LLC	50%
	Shareholder	MBH Properties	33%
Judy Butler	Partner	Jeb Williamson CPA, LLC	49%
	Partner	Southeast Lawn & Tractor Center, Inc.	45%
	Partner	BJM Company	33 1/3%
Chris Borden	Owner	The Borden Company LLC	50%
Andy Ratliff	Partner	AR & DR Holdings LLC	50%
	Partner	Ratliff Enterprises	50%
	Partner	Farmers Poultry Supply, Inc.	50%
W. Clark Rainwater	Partner	Rainwater Farms	50%
4-4A. Refer to Item 3, plus		Steve Glasscock	3.90%
		Charles R. NeSmith	.39%
		W. Clark Rainwater	.06%
4-4B. None			