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.

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, M. Dean Lewis
Name of the Holding Company Director and Official

Director and Treasurer
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.

M. Dean Lewis
Signature of Holding Company Director and Official

03/26/2019
Date of Signature

For holding companies not registered with the SEC–
Indicate status of Annual Report to Shareholders:

- [x] 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 2391300
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

Calvin B. Taylor Bankshares, Inc.
Legal Title of Holding Company

24 North Main Street / P.O. Box 5
(Mailing Address of the Holding Company) Street / P.O. Box

City	State	Zip Code
Berlin	MD	21811

N/A
Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Name	Title
M. Dean Lewis	Treasurer

410-641-1700 ext 51
Area Code / Phone Number / Extension

410-629-0085
Area Code / FAX Number

mlewis@taylorbank.com
E-mail Address

www.taylorbank.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."

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.

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.

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

(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

(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

(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

(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

(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

(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

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

City State Zip Code

Physical Location (if different from mailing address)

Form FR Y-6

Calvin B. Taylor Bankshares, Inc.
Berlin, Maryland
Fiscal Year Ending December 31, 2018

Report Item 1: Annual Report to Shareholders

The Company deregistered with the Securities and Exchange Commission effective December 20, 2013.
Two copies of the Company's Annual Report to Stockholders are included herein.

Report Item 2a: Organizational Chart

Calvin B. Taylor Bankshares, Inc.
Legal Entity Identifier - N/A
24 N. Main Street
P. O. Box 5
Berlin, MD 21811-0005
State of incorporation: Maryland

100%

Calvin B. Taylor Banking Company of Berlin, Maryland
Legal Entity Identifier - 5493005NXMQ7SP5TOF96
24 N. Main Street
P. O. Box 5
Berlin, MD 21811-0005
State of incorporation: Maryland
State nonmember bank

Report Item 2b: Domestic branch listing provided to the Federal Reserve Bank (attached)

Results: A list of branches for your depository institution: CALVIN B. TAYLOR BANKING COMPANY OF BERLIN, MARYLAND (ID_RSSD: 39327).
This depository institution is held by CALVIN B. TAYLOR BANKSHARES, INC. (2391300) of BERLIN, MD.
The data are as of 12/31/2018. Data reflects information that was received and processed through 01/06/2019.

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)	39327	CALVIN B. TAYLOR BANKING COMPANY OF BERLIN, MARYLAND	24 NORTH MAIN STREET	BERLIN	MD	21811	WORCESTER	UNITED STATES	Not Required	Not Required	CALVIN B. TAYLOR BANKING COMPANY OF BERLIN, MARYLAND	39327	
OK		Full Service	2604925	OCEAN VIEW BRANCH	50 ATLANTIC AVENUE	OCEAN VIEW	DE	19970	SUSSEX	UNITED STATES	Not Required	Not Required	CALVIN B. TAYLOR BANKING COMPANY OF BERLIN, MARYLAND	39327	
OK		Full Service	5009884	OCEAN LANDING BRANCH	11359 SAMUEL BOWEN BLVD	BERLIN	MD	21811	WORCESTER	UNITED STATES	Not Required	Not Required	CALVIN B. TAYLOR BANKING COMPANY OF BERLIN, MARYLAND	39327	
OK		Full Service	43221	OCEAN PINES BRANCH	11103 CATHELL RD	BERLIN	MD	21811	WORCESTER	UNITED STATES	Not Required	Not Required	CALVIN B. TAYLOR BANKING COMPANY OF BERLIN, MARYLAND	39327	
OK		Full Service	38825	20TH STREET BRANCH	100 20TH STREET	OCEAN CITY	MD	21842	WORCESTER	UNITED STATES	Not Required	Not Required	CALVIN B. TAYLOR BANKING COMPANY OF BERLIN, MARYLAND	39327	
OK		Full Service	1849523	MID-OCEAN CITY BRANCH	9105 COASTAL HIGHWAY	OCEAN CITY	MD	21842	WORCESTER	UNITED STATES	Not Required	Not Required	CALVIN B. TAYLOR BANKING COMPANY OF BERLIN, MARYLAND	39327	
OK		Full Service	37220	NORTH OCEAN CITY-FENWICK BRANCH	14200 COASTAL HWY	OCEAN CITY	MD	21842	WORCESTER	UNITED STATES	Not Required	Not Required	CALVIN B. TAYLOR BANKING COMPANY OF BERLIN, MARYLAND	39327	
OK		Full Service	42729	WEST OCEAN CITY BRANCH	9923 GOLF COURSE RD	OCEAN CITY	MD	21842	WORCESTER	UNITED STATES	Not Required	Not Required	CALVIN B. TAYLOR BANKING COMPANY OF BERLIN, MARYLAND	39327	
OK		Full Service	313120	POCOMOKE BRANCH	2140 OLD SNOW HILL RD	POCOMOKE CITY	MD	21851	WORCESTER	UNITED STATES	Not Required	Not Required	CALVIN B. TAYLOR BANKING COMPANY OF BERLIN, MARYLAND	39327	
OK		Full Service	184320	SNOW HILL BRANCH	108 WEST MARKET ST	SNOW HILL	MD	21863	WORCESTER	UNITED STATES	Not Required	Not Required	CALVIN B. TAYLOR BANKING COMPANY OF BERLIN, MARYLAND	39327	
OK		Full Service	5123427	CHINCOTEAGUE BRANCH	4116 MAIN STREET	CHINCOTEAGUE ISLAND	VA	23336	ACCOMACK	UNITED STATES	Not Required	Not Required	CALVIN B. TAYLOR BANKING COMPANY OF BERLIN, MARYLAND	39327	

Form FR Y-6
Calvin B. Taylor Bankshares, Inc.
Fiscal Year Ending December 31, 2018

Report Item 3: Securities Holders (1) (a)(b)(c)
Current securities holders with ownership, control or holdings of 5% or more with power to vote:

(1)(a) Name City, State, Country	(1)(b) Country of Citizenship or Incorporation	(1)(c) Stock Ownership Number of Shares	(1)(c) Stock Ownership Percent Of Class
John H. Burbage, Jr. Berlin, MD, USA	USA	200,307	7.18%
Reese F. Cropper, Jr. Ocean City, MD, USA	USA	171,500	6.15%
Humphreys Foundation Berlin, MD, USA	USA	166,344	5.96%

Report Item 3: Securities Holders (2) (a)(b)(c)
Securities holders not listed in Report Item 3. (1) (a)(b)(c) that had ownership, control or holdings of 5% or more with power to vote

(2)(a) Name City, State, Country	(2)(b) Country of Citizenship or Incorporation	(2)(c) Stock Ownership Date	(2)(c) Stock Ownership Number of Shares	(2)(c) Stock Ownership Percent Of Class
None	N/A			

Form FR Y-6
Calvin B. Taylor Bankshares, Inc.
Fiscal Year Ending December 31, 2018

Report Item 4: Insiders (1) (2) (3)(a)(b)(c) and (4)(a)(b)(c)
Fiscal Year Ending December 31, 2018

(1) Name 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 Subsidiary (as named)	(3)(c) Title & Positions with Other Businesses (as named)	Voting Share in (4)(a)BHC Percent of Class	Voting Share in (4)(b)Subsidiary Percent of Class	(4)(c) Ownership of 25% or more in other Companies
James R. Bergey, Jr. Berlin, MD, USA	Certified Public Accountant and President, Bergey & Company, P. A.	Director	Director Calvin B Taylor Banking Company	Bergey & Company, P. A. - Principal Atlantic General Hospital Corp - Member	3.27%	0.00%	Assacorkin Island, Inc (25%) Atlantic Town Center Dev, Inc. (33%) Atlantic Town Center Prop, LLC (33%) BBT Properties, LLC (33%) BCMD, LLC (62.5%) BDT Gateway LLC (42.5%) Bergey & Company, PA (50%) Bergey Properties, LLC (58%) BHP, Inc. (100%) C & B Investments, LLC (50%) Cattail Investments LLC (33%) Crocheron Seafood, Inc. (100%) DBD of WV, LLC (33%) Delmarva Property Management, Inc. (100%) Eastern Shore Growth Fund, LLC (99.9%) Germantown Development Co., LLC (83%) King B, LLC (33%) Norwood LLC (52%) Oceans Mist, LLC (33%) Quillin Farm LLC (25%) Ross Andrew, LLC (50%) Salt Grass Bali Hi LLC (50%) Trader 66 Street, LLC (88%) Wolfe-Chase Limited Partnership (51%)
James R. Bergey, III Berlin, MD, USA	Certified Public Accountant, Bergey & Company, P. A.	Director	Director Calvin B Taylor Banking Company	Bergey & Company, P. A. - Partner Atlantic General Hospital - Trustee Atlantic General Hospital Corp - Member	0.14%	0.00%	Belle Ayre Holdings, LLC (50%) Copper Beeches, LLC (50%) JD Financial Services, Inc. (25%) Ryan Management, Inc. (50%) Synepuxent Company, LLC (100%) Thor Bridge, LLC (49%)

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

Fiscal Year Ending December 31, 2018

(1) Name 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 Subsidiary (as named)	(3)(c) Title & Positions with Other Businesses (as named)	Voting Share in (4)(a)BHC Percent of Class	Voting Share in (4)(b)Subsidiary Percent of Class	(4)(c) Ownership of 25% or more in other Companies
Todd E. Burbage	Owner, Builder, and Developer of	Director	Director	Worcester Preparatory School - Trustee	0.35%	0.00%	3 Amigos, LLC (40%)
Berlin, MD, USA	Commercial and Residential Real Estate		Calvin B Taylor Banking Company	Atlantic General Hospital Corp - Member			611 Properties LLC (50%)
				Worcester County Education Foundation - Trustee			85 and Sunny LLC (100%)
				Wallops Island Research Alliance - Director			Ayres Creek Family Farm (95%)
							Bethany Holding Co (50%)
							Blue Water Development, LLC (50%)
							Blue Water Weddings LLC (100%)
							Blue Ventures DE LLC (50%)
							Burbage Family Ltd Partnership (50%)
							Burbage Holdings LLC (60%)
							Burbage Melson, Inc. (50%)
							Burbage Properties Inc (50%)
							Cambridge Land Group LLC (75%)
							CBB Cedar Pines LLC (25%)
							Chaser Sportfishing LLC (100%)
							Chincoteague Landmark LLC (50%)
							Chincoteague Sunsets, LLC (50%)
							Commander Hotel, LLC (50%)
							Eagles Nest, LLC (50%)
							Greenbackville Investments, LLC (50%)
							HUCK Performance Buckets LLC (25%)
							Island Utilities, LLC (50%)
							Island Waterpark LLC (50%)
							JT Land Group (100%)
							LBI Gateway Hotel LLC (50%)
							Mid-Atlantic Investments Inc. (50%)
							Moore Blue Water LLC (30%)
							Oceanside Resorts LLC (47.5%)
							Public Landing Investments, Inc. (100%)
							Public Landing, LLC (100%)
							Salt Grass Point Farms LLC (50%)
							Salmon River Properties LLC (100%)
							Six Eleven Properties, LLC (100%)
							Sunset Bay LLC (33.3%)
							Sunset Bay Utilities, LLC (50%)
							Sunset Beach Investments, LLC (66.7%)
							Tidewater Farms, LLC (50%)
							Tidewater Rentals (100%)
							Villa Nova Properties Inc. (50%)
							Virginia Mid-Atlantic Properties, LLC (33.3%)
							West OC Properties, LLC (50%)

Form FR Y-6
Calvin B. Taylor Bankshares, Inc.
Fiscal Year Ending December 31, 2018

Report Item 4: Insiders (1) (2) (3)(a)(b)(c) and (4)(a)(b)(c)
Fiscal Year Ending December 31, 2018

(1) Name 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 Subsidiary (as named)	(3)(c) Title & Positions with Other Businesses (as named)	Voting Share in (4)(a)BHC Percent of Class	(4)(b)Subsidiary Percent of Class	(4)(c) Ownership of 25% or more in other Companies
Charlotte K. Cathell Berlin, MD, USA	Register of Wills, Worcester County, MD	Director	Director Calvin B Taylor Banking Company	Atlantic General Hospital - Trustee Atlantic General Hospital Foundation - Director Atlantic General Hospital Corp - Member	0.04%	0.00%	O.P. Crest Haven L.L.C. (100%)
Thomas K. Coates Ocean City, MD, USA	Attorney: Coates, Coates and Coates P.A	Director	Director Calvin B Taylor Banking Company	Coates, Coates & Coates, P.A. - Partner & Treasurer Peninsula Regional Medical Center - Trustee The Community Foundation of the Eastern Shore - Director Humphreys Foundation, Inc. - Trustee	0.02%	0.00%	Coates, Coates, & Coates P.A. (33.3%) Golding Quarter, LLC (25%) Mallard Creek Estates LLC (25%) Ocean Investments, Inc. (25%) Ocean Investments Title Corp (33%)
Reese F. Cropper, III Ocean City, MD, USA	Senior Vice President, NFP Insurance	Director	Director Calvin B Taylor Banking Company	Worcester Preparatory School - Trustee Diakonia - Director Peninsula Regional Medical Center Foundation - Director	0.64%	0.00%	JR, LLC (100%) RFC3, LLC (100%)
John P Custis Onancock, VA, USA	Partner: Custis, Dix, Lewis, and Custis, LLP Partner: Long, Badger, & Sheller, LLP Owner: Eastern Shore Tax Advisors, LLC	Director	Director Calvin B Taylor Banking Company	Custis, Dix, Lewis, and Custis, LLP : Partner Long, Badger, & Sheller, LLP : Attorney Eastern Shore Tax Advisors, LLC : Owner Eastern Shore of Virginia Chamber of Commerce Foundation - Member Wallops Island Regional Alliance : Board Member Salisbury University Perdue School of Business Executive Advisory Council - Member	0.04%	0.00%	BWG Holdings LLC (100%) Chesapeake 1031 Exchange (100%) CRM Holdings, LLC (25%) Eastern Shore Tax Advisors, LLC (100%) GatorCav, LLC (50%) Onley Town Center, LLC (70%) Port Scarborough Holdings, LLC (100%) Shore Land Holdings LLC (100%)
G. Hale Harrison Berlin, MD, USA	Harrison Group Resort Hotels Vice President of Operations & Real Estate	Director	Director Calvin B Taylor Banking Company	Maryland Tourism Development Board - Member Ocean City Development Corp - Director	0.23%	0.00%	Ironshire Inc. (100%)

Form FR Y-6
Calvin B. Taylor Bankshares, Inc.
Fiscal Year Ending December 31, 2018

Report Item 4: Insiders (1) (2) (3)(a)(b)(c) and (4)(a)(b)(c)
Fiscal Year Ending December 31, 2018

(1) Name 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 Subsidiary (as named)	(3)(c) Title & Positions with Other Businesses (as named)	Voting Share in (4)(a)BHC Percent of Class	(4)(b)Subsidiary Percent of Class	(4)(c) Ownership of 25% or more in other Companies
Hale Harrison	Owner/Operator of	Director	Director	Harrison Group Resort Hotels - Owner/Operator	1.59%	0.00%	4I QI 17 Management Enterprises, Inc. (50%)
Ocean City, MD, USA	Harrison Group Resort Hotels		Calvin B Taylor Banking Company				Barbazon Inc (50%)
							Barbizon Apartments (50%)
							Hale & John H. Harrison Partnership (33.3%)
							Harrison 1500 Philadelphia Ave, LLC (50%)
							Harrison 1608 Philadelphia Ave, LLC (50%)
							Harrison 26th Philadelphia, Inc. (50%)
							Harrison 35th Street, LLC (50%)
							Harrison 66 Inn Acceptance LLC (50%)
							Harrison BW Boardwalk, Inc. (50%)
							Harrison BW Funding, Inc. (50%)
							Harrison Corolla Apartments, LLC (50%)
							Harrison Farms (33.3%)
							Harrison Funding, Inc. (50%)
							Harrison Group Supply (50%)
							Harrison Hall Funding, Inc. (50%)
							Harrison Hall Hotel, Inc. (50%)
							Harrison HI 18, LLC. (49.5%)
							Harrison Inlet Acquisition LLC (50%)
							Harrison Inn 18 Suites LLC (50%)
							Harrison Inn 58 Ltd. Limited Partnership (50%)
							Harrison Inn 66 Business Trust (50%)
							Harrison Inn Alpha, Inc.(50%)
							Harrison Inn Boardwalk, Inc. (50%)
							Harrison Inn Corolla Management Enterprises Inc (50%)
							Harrison Inn Corolla MM Inc (50%)
							Harrison Inn Corolla, LLC (49.5%)
							Harrison Inn Fifty-Eight, LLC. (49.5%)
							Harrison Inn Inlet Inc. (50%)
							Harrison Inn Ocean View Business Trust (50%)
							Harrison Inn Ocean View Preferred LLC (50%)
							Harrison Inn Ocean View SPC, Inc. (50%)
							Harrison Inn Ocean View SPE, LLC (50%)
							Harrison Inn Sandpiper LLC (50%)
							Harrison Inn Sandyhill, Inc. (50%)
							Harrison Inn Seabonay, Inc. (50%)
							Harrison Inn Sixty-Six Preferred, LLC (50%)
							Harrison Inn Sixty-Six, Inc. (50%)
							Harrison Inn SPC, Inc. (50%)
							Harrison Inn Stardust Acceptance LLC (50%)
							Harrison Inn Stardust, Inc. (50%)
							Harrison QI 17 Funding, L.L.C. (50%)
							Harrison QI 17, L.L.C. (50%)
							Harrison QI 33, LLC (50%)
							Harrison QI 54 Management Enterprises, Inc. (50%)
							Harrison QI 54, L.L.C. (50%)
							Harrison QI Funding 54, L.L.C. (50%)
							Harrison Stephen Decatur Highway, LLC (50%)
							Harrison Virginia Atlantic, LLC (50%)
							HH Family LLC (50%)
							HHNC Investment Holdings LLC (50%)
							HI QI 17 Management Enterprises, Inc. (50%)
							HI QI 54 Management Enterprises, Inc. (50%)
							J & H Harrison Partnership (50%)
							J & H Insurance (50%)
							Ocean View, Inc. (50%)
							Plim Plaza Hotel, Inc. (50%)
							Quality Inn Boardwalk Partnership (50%)
							Quality Inn Boardwalk, Inc. (50%)
							Sandpiper Dunes, Inc. (50%)
							Second Street Condominium, Inc. (50%)

Form FR Y-6
Calvin B. Taylor Bankshares, Inc.
Fiscal Year Ending December 31, 2018

Report Item 4: Insiders (1) (2) (3)(a)(b)(c) and (4)(a)(b)(c)
Fiscal Year Ending December 31, 2018

(1) Name 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 Subsidiary (as named)	(3)(c) Title & Positions with Other Businesses (as named)	Voting Share in (4)(a)BHC Percent of Class	(4)(b)Subsidiary Percent of Class	(4)(c) Ownership of 25% or more in other Companies
M. Dean Lewis Berlin, MD, USA	Chief Financial Officer, Treasurer and Vice President Calvin B Taylor Banking Company	Director and Treasurer	Chief Financial Officer, Treasurer and Vice President Calvin B Taylor Banking Company	Salisbury University Perdue School of Business Career Advisory Board Atlantic General Hospital Corp - Member Atlantic General Hospital Foundation - Director The Community Foundation of the Eastern Shore - Finance Committee Member	0.01%	0.00%	None
Louis H. Taylor Bishopville, MD, USA	Superintendent of Worcester County Public Schools	Director	Director Calvin B Taylor Banking Company	Worcester County Education Foundation - Trustee Atlantic General Hospital Foundation - Director Atlantic General Hospital Corp - Member	0.05%	0.00%	Bali Hi R.V. Park, Inc. (40%) HPP, LLC (40%) Salt Grass Bali-Hi LLC (50%)
Raymond M. Thompson Ocean City, MD, USA	President and Chief Executive Officer Calvin B Taylor Banking Company	Director, President and Chief Executive Officer	Director, President and Chief Executive Officer Calvin B Taylor Banking Company	Maryland Bankers Association - Director Atlantic General Hospital Corp - Member Ocean City Golf Club - Director Worcester County Education Foundation - Trustee Berlin Heritage Foundation - Director ABA Member Relationship Council - Member	0.30%	0.00%	None
Douglass M. Cook Berlin, MD, USA	Executive Vice President Chief Lending Officer Calvin B Taylor Banking Company	Vice President	Executive Vice President Chief Lending Officer Calvin B Taylor Banking Company	Atlantic General Hospital - Trustee Atlantic General Hospital Corp - Member	0.00%	0.00%	None
Tina B. Kolarik Berlin, MD, USA	Executive Vice President Chief Operations Officer Calvin B Taylor Banking Company	Secretary	Executive Vice President Chief Operations Officer Calvin B Taylor Banking Company	None	0.03%	0.00%	Back Creek Rentals LLC (100%) Ocean Electrical Services (100%)

The Bank Holding Company owns 100% of the stock of its subsidiary, Calvin B. Taylor Banking Company of Berlin, Maryland.
The Bank Holding company has only one class of stock.

Always Here. For Good.

2018 ANNUAL REPORT

Calvin B. Taylor Bankshares, Inc.

2018 ANNUAL REPORT

CONTENTS

Letter from the President	2
Calvin B. Taylor	6
Community Involvement	8
The Brand Refresh	12
Board of Directors	14
Officers and Managers	15
Locations	17
Financials	18
Report of Independent Auditors	19
Consolidated Financial Statements	20
Notes to Consolidated Financial Statements	25
Market for Common Stock and Related Matters	48

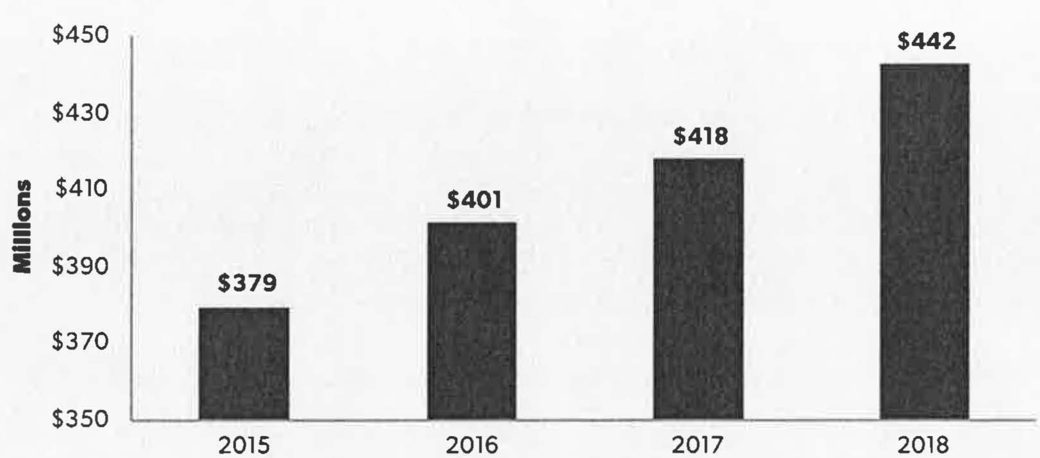
DEAR STOCKHOLDER,

We are pleased to present the financial report of Calvin B. Taylor Bankshares, Inc. and its subsidiary, Calvin B. Taylor Bank. Financial results for 2018, as compared to those from 2017, are presented in the reports and comments that follow.

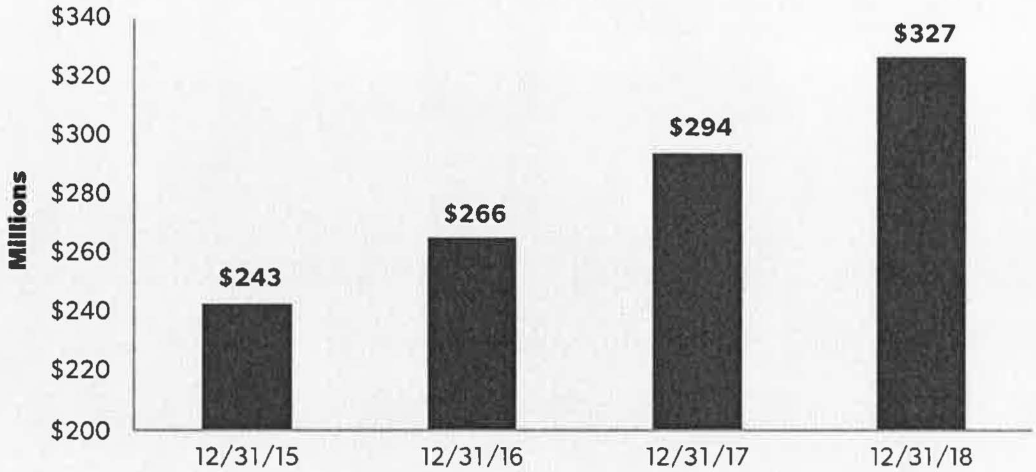
2018 Financial Highlights:

- Total assets increased to $531,909,554 or 1.9% over 2017
- Total deposits increased to $446,132,305 or 1.5% over 2017
- Total loans increased to $327,242,654 or 11.2% over 2017
- Net income increased to $7,402,096 or 34.5% over 2017
- The Bank's Efficiency Ratio was 53.8% for 2018 and ranked 7th best among the 47 banks and thrifts headquartered in Maryland in 2018 regardless of asset size. We continue to outperform peers locally, regionally and nationally in this key performance metric.

The increase in total assets was a result of continued organic growth in deposits, which increased $6.7 million over the prior year. Deposit fluctuations can occur during the year due to customer activity. Therefore, a comparison of average deposits provides a better picture of overall deposit generation, and it is noteworthy that average deposits increased $24.7 million or 5.9% over the prior year. Average deposit growth and the reallocation of funds from the investment portfolio funded the growth in average loans, which increased $27.6 million or 9.8% over the prior year. Net income growth of 34.5% exceeded average asset growth of



AVERAGE DEPOSITS

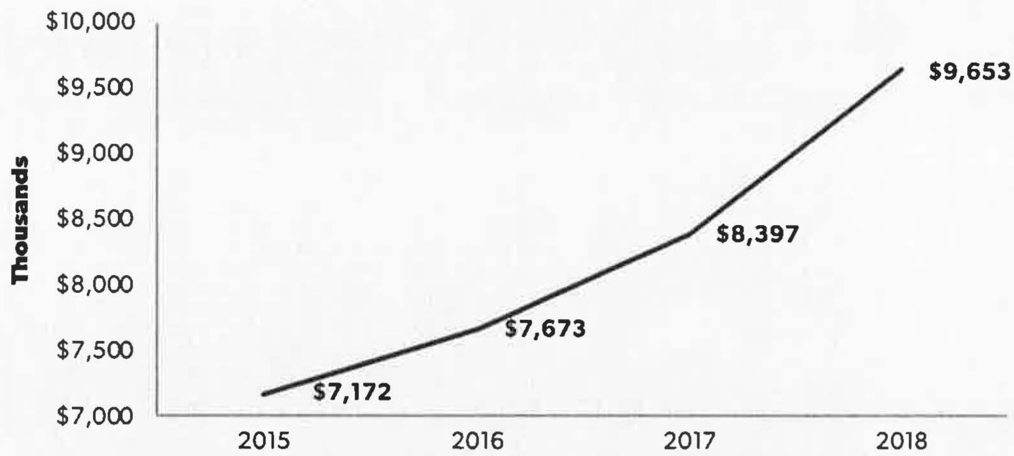


LOANS

4.8% and average equity growth of 3.2% for the year. As a result, the company generated a Return on Average Assets (ROAA) of 1.40% in 2018 as compared to 1.09% the prior year and a Return on Average Equity (ROAE) of 8.75% in 2018 as compared to 6.72% the prior year.

2018 marked a year of record earnings for the Company. Net income increased $1.9 million over the prior year due to reduced income taxes, growth in the loan portfolio, continued improvement in investment yields and a cumulative 1.0% increase in the Fed Funds rate during the year. The reduction of the Company's federal income tax rate as a result of the Tax Cuts and Jobs Act of 2017 contributed to a 22.1% reduction in income tax expense and a $641 thousand increase to net income for the year. In March 2018, the Board of Directors elected to pass this tax windfall to stockholders in the form of a special dividend. Our reduced tax rate will provide significant benefit to the Company in future periods, and we intend to be disciplined and strategic in the usage of the benefit to maximize stockholder value.

Regarding stockholder value, 2018 earnings per share (EPS) increased to $2.64, or 35.4% over the prior year. The increase in EPS slightly outpaced the growth in net income as the Company continued to repurchase its common stock. The company repurchased and retired 25,314 shares during 2018, representing 0.9% of shares issued and outstanding as of December 31, 2017. Stock repurchases constitute a strategic use of capital, are immediately accretive to stockholder value and may continue as dictated by the Company's overall financial condition. The Bank remains highly capitalized relative to peers. At December 31, 2018, the Bank's Tier 1 capital to average assets ratio was 15.4%, or three times the minimum requirement to be considered well capitalized by regulatory guidance.



PRE-TAX INCOME

Execution of strategic initiatives continued in 2018, and October 22nd will be long-remembered as a milestone day in our history as we revealed our new bank logo and tagline. Following our 125th anniversary in 2015, we determined it was time to update our brand image to reinforce our continued commitment to our loyal customers and stockholders. This well-executed rebranding initiative followed a nearly two-year planning process that started with input from our employees as to their vision for our future. Throughout the project, our goal was to modernize our look and demonstrate our progress and evolution as a trusted community bank, while at the same time, retain some elements that have been so familiar over the years. Immediately following the launch, we received compliments from customers, stockholders and even our competitors that provided confirmation we got it right.

Our new logo incorporates a geometric representation of the Delmarva Peninsula. We believe this to be very appropriate. As of this letter, Taylor Bank is one of only two banks headquartered on the Delmarva Peninsula that operate physical banking locations in all three states on the peninsula. We are proud to serve three different states over a relatively small geographic footprint.

Our new tagline, "Always Here. For Good." purposefully states our past, our outlook for the future and everything Taylor Bank is known for. "Always Here" is a reference to our history and convenience of our 11 branch locations. As bank consolidation continues regionally and nationally, "For Good" reflects our commitment to remaining independent, delivering banking products and services that improve and prosper the lives of our customers and supporting our local communities through reinvestment and volunteerism.

Finally, and as you have undoubtedly noticed, our rebranding project included the redesign of our Annual Report to stockholders. We are proud of the result and hope you enjoy the new format, information and exhibits that follow. While our look has changed, it is important to note that the core fundamentals upon which Mr. Calvin B. Taylor founded the Bank in 1890 have not changed. Taylor Bank continues to operate under a conservative philosophy that emphasizes profitability, high asset quality and measured growth. For 128 years, this philosophy has proven to be the best way to return value to our stockholders, customers and the communities we serve. Our culture promotes capital accretion and preservation, a key driver of safety, soundness, stability and perhaps, most important, future viability.

Through an outstanding family of bank employees, an engaged Board of Directors and a time-tested culture that has positioned us as a top-performing community bank for 128 years, we look forward to the next 128 years with excitement and enthusiasm, but most importantly, optimism for the area we all call home. On behalf of the Board of Directors, thank you for your continued support.

Please do not hesitate to contact me at 410-641-1700 or at rthompson@taylorbank.com to discuss any of the information contained within this financial report or your banking needs.

Sincerely,

Raymond M. Thompson
President and Chief Executive Officer

CALVIN BOWEN TAYLOR

Founder of Calvin B. Taylor Banking Company

Calvin Bowen Taylor was born on the "Brotherhood Farm," near the Assateague River (aka Trappe Creek), just east of Berlin, Maryland, on December 28, 1857. Mr. Taylor was the son of Arthur W. and Margaret Ellen Bowen Taylor.

Mr. Taylor was educated at the Buckingham Academy in Berlin, and later attended Western Maryland College in Westminster, Maryland, graduating with A.B. and A.M. degrees in 1882, the equivalent of Bachelor of Arts and Master of Arts degrees today.

After college, Mr. Taylor returned home and taught school in Bishopville and Berlin, later becoming the first Principal of Buckingham Academy after it became known as Berlin High School. The school was located at 16 S. Main Street in Berlin, on the site commonly recognized as the "old shirt factory." Mr. Taylor served as Principal of Berlin High School for seven years.

Mr. Taylor married Mattie Collins from Hannibal, Missouri, on July 21, 1886. Their only child, Thomas Collins Taylor was born on September 1, 1888, and died at the age of 11 months on August 15, 1889.

During his years teaching school, Mr. Taylor also read law under Edward E. Martin and was admitted to the Maryland Bar Association in 1886. Mr. Taylor retired from teaching in 1889 and formed a law practice with Mr. Martin under the firm name of Martin and Taylor. Upon entering the legal profession, Mr. Taylor retired as Principal of Berlin High School, but was later appointed Examiner of Worcester County Schools in 1891, a position similar to Superintendent of Schools today. Mr. Taylor served in that capacity until 1896.

In 1890, Mr. Taylor also opened a private bank in Berlin and engaged in the business of banking under the name of CALVIN B. TAYLOR, BANKER. He operated his private bank in conjunction with his law practice. Mr. Taylor later changed the name of his banking practice to CALVIN B. TAYLOR BANKING COMPANY.

In the early 1900s, Mr. Taylor engaged in insurance sales through a wholly owned business known as CALVIN B. TAYLOR & CO. INSURANCE BROKERS, but he later sold part of the business to others who worked for the bank.

In 1908, Mr. Taylor incorporated his private bank under the name of CALVIN B. TAYLOR BANKING COMPANY OF BERLIN, MD. Mr. Taylor served as President and Chairman of the Board of Directors, while continuing to practice law. Mr. Taylor's banking and legal practices constituted the majority of his business endeavors until his death.

In addition to his professional accomplishments, Mr. Taylor held leadership positions in numerous faith-based, civic, community and professional organizations in Berlin and Worcester County, Maryland.

He was a devoted member of the Buckingham Presbyterian Church and was ordained as an Elder of the Church on June 14, 1885, a position he retained until his death. Mr. Taylor also served the Church as a teacher and Superintendent of the Sunday school. He was a Member of Paran Lodge No. 164, I.O.O.F. in Berlin and Evergreen Lodge No. 153, A.F. & A.M. in Berlin. He achieved Master Mason with Evergreen Lodge on January 4, 1900, and served in numerous stations including Senior Warden. Mr. Taylor was one of the largest

We memorialize a man whose life was defined by years of continuing service to his community.

contributors and is credited for making possible the construction of Evergreen Temple in Berlin.

Notable Director positions held by Mr. Taylor during his lifetime include Member of the Board of Directors of Peninsula General Hospital in Salisbury, First National Bank of Snow Hill, and the Bishopville Bank. Notable professional affiliations include Member of the American Bar Association, President of the Tri-County Banker's Association for one term, Vice-President of the Berlin Building and Loan Association, and Member of the Chamber of Commerce.

A public servant, Mr. Taylor was also a member of the Berlin Town Council for four years, served as Mayor of Berlin for two years and represented Worcester County as a member of the Maryland House of Delegates for two terms, 1898-1899 and 1912-1913. During his political career he was an active member of the Worcester County Democratic State Central Committee and served until his death.

Mr. Taylor was an active outdoorsman and participated in time-honored Eastern Shore traditions such as hunting and fishing. He particularly enjoyed waterfowl hunting and was a member of the North Belmont Gun Club and Bayshore Gun Club.

Mr. Taylor passed away on May 31, 1932, leaving behind a legacy of unparalleled professional and personal achievement. This brief biography, however, only provides a glimpse of the real man. Modest and unpretentious, his humble and commonplace way, his simplicity, sincerity of purpose and temperament endeared him to all who knew him. Well educated and cultivated, he always had the welfare of our community at heart, with an often unseen hand extended to those suffering from misfortune or need.

The current and retired Directors, Officers and Employees of Calvin B. Taylor Banking Company are proud to memorialize the extraordinary life of our Founder Calvin Bowen Taylor and his professional and personal achievements that shaped the culture of our Bank, and made Berlin and Worcester County exceptional places for residents to live, work and prosper.

COMMUNITY INVOLVEMENT

Reinvesting money locally to help our community grow.

Taylor Bank's commitment to the community encompasses a wide variety of areas: from community lending to our financial literacy education programs. Following is a list of some of the local organizations the Bank, our Directors and Employees have generously supported.

American Cancer Society

American Legion Post 166

Art League of Ocean City

Atlantic General Hospital Foundation

Believe in Tomorrow

Berlin Community Improvement Association

Berlin Fire Company

Berlin Heritage Foundation

Berlin Little League

Berlin Police Department

Berlin/Ocean City Optimist Youth Foundation

Blessing of The Combines

Boy Scouts of America

Boys & Girls Clubs of Southeast VA

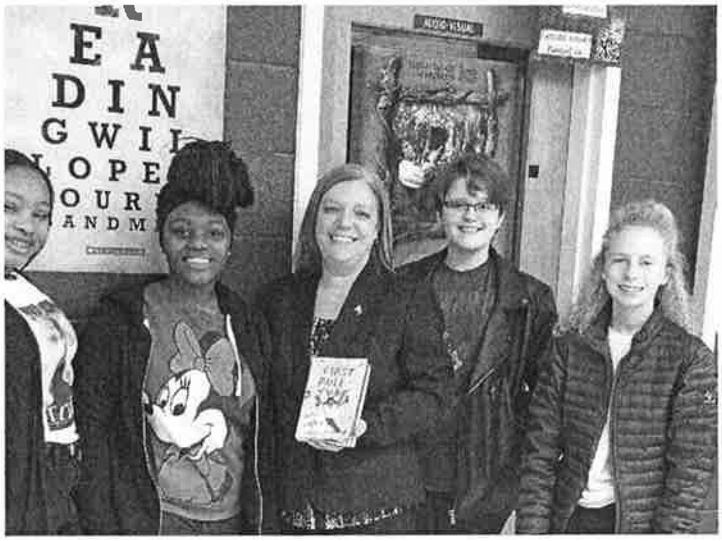
Burbage Funeral Home

Cedar Chapel School

Chincoteague Athletic Boosters

Chincoteague Charter Boat Assn.

Chincoteague Cultural Alliance & Arts Organization



Coastal Hospice

Contractors for a Cause

Cricket Center

Delaware Financial Education Alliance

Delmarva Volunteer Firemen's Association

Diakonia

ES Rural Health System

Foodbank of SE VA &
Eastern Shore

Furnace Town & SH Rotary

Garden Club of the Eastern Shore

Germantown School Community
Heritage Center

Greenbackville Volunteer
Fire Dept. Golf Tournament

Hill Foundation

Historical Society Eastern Shore of VA

Joshua M. Freeman Foundation

Julia Purnell Museum

Junior Achievement of the Eastern Shore

Lower Shore Land Trust

Lower Sussex Little League

Manna Café

March of Dimes

Marine Corps League-First State Detachment

Maryland Coastal Bays Foundation

Mid-Atlantic Shockers Baseball Club

Millville Volunteer Fire Co

National Fallen Firefighters Foundation-Delmarva Emerald Society

Navy Seal Foundation

Ocean City Aviation Association

Ocean City Development Corporation

Ocean City Life Saving Museum

Ocean City Lions Club

Ocean City Museum Society

Ocean City Power Squadron

Ocean City Recreation & Parks

Ocean City Volunteer Fire Co.

Ocean City/Berlin Rotary Club

Ocean View Police Dept.

Onancock Elks Lodge

Onancock VFD

Pocomoke Little League

Pocomoke River Ducks Unlimited

Pocomoke City Lions Club

Relay for Life

Riverside Shore Memorial Hospital Auxiliary

Showell Vol. Fire Co.

Snow Hill Lions Club

Snow Hill Police Department

Snow Hill Rotary Club

Snow Hill VFD-Ladies Auxiliary

Snow Hill Volunteer Fire Co.

Sons of Italy of OC

Southern Sussex Rotary Club

Special Olympics of DE

Stockton Volunteer Fire Co.

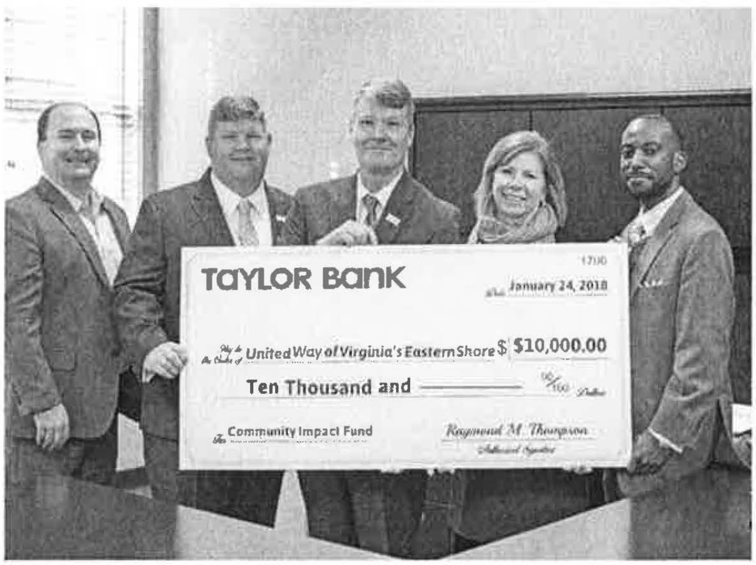
Tasley Volunteer Fire Co.

Virginia Space Flight Academy

Worcester County Arts Council

Worcester County Board of Education

Worcester County Commission on Aging



Worcester County Commission for Women

Worcester County Dept. of Recreation & Parks

Worcester County Developmental Center

Worcester County Educational Foundation

Worcester County Gold

Worcester County Humane Society

Worcester County Sheriff's Office

Worcester County Veterans Memorial

Worcester Youth & Family Counseling

THE BRAND REFRESH

Our look has changed, but our commitment to this community never will.

The Taylor Bank brand refresh is our way of saying to all the residents and businesses of coastal Delmarva who continue to trust us with their banking needs, "Thank you, and here's to the next 128 years." We wanted to update our image to reflect our continued commitment to all our customers and the communities we serve.

Taylor Bank

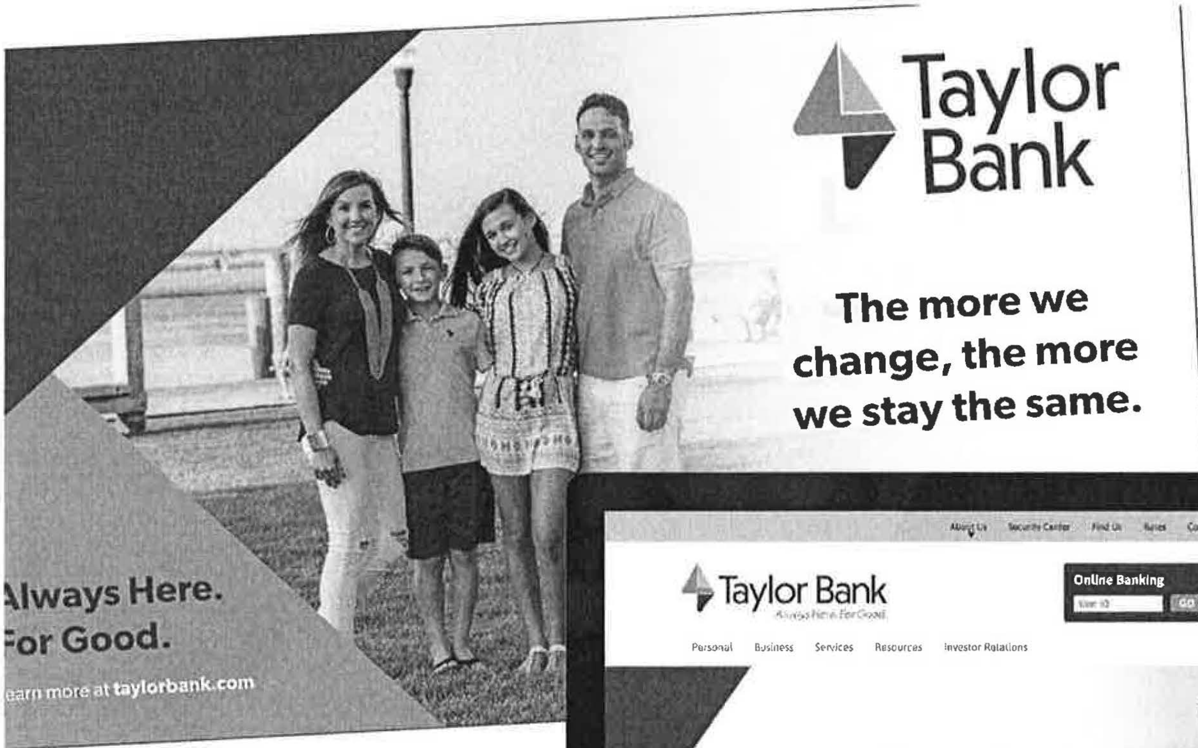
Always Here. For Good.

The Logo

Step into any of our locations and our 128-year history serving the financial needs of the local community is immediately evident. As we've grown and continued to develop the innovative banking solutions the people of Delmarva have come to rely on, our commitment to them has only grown stronger. Our new logo reflects that innovation and commitment. Taking its inspiration from the area we love, we have introduced a graphic mark that depicts the convergence of the three states that make up this unique region. This new mark expands our corporate color palette to bring in new colors that further celebrate the topography and nautical culture found in this region. Combined with a fresh typography, our new logo better represents both our past and our future, as we continue to grow with and serve our community.

The Tagline

Complementing our redesigned logo is a new tagline, "Always Here. For Good." While these words are concise, their dual meaning represents everything Taylor Bank is known for. "Always Here" suggests our storied history, the convenience of our 11 branch locations, our always-on 24/7 mobile banking solutions and the accessibility of our high-touch customer service. "For Good" reflects our unwavering commitment to remaining independent and continuing to give back to our community.


Taylor Bank
The more we change, the more we stay the same.
Always Here.
For Good.
earn more at taylorbank.com


About Us Security Center Find Us Rates Contact Us
Taylor Bank
Online Banking
GO
Personal Business Services Resources Investor Relations
Always Here. For Good.
Our look has changed, but our commitment to this community never will.


Taylor Bank
Taylor Bank

BOARD OF DIRECTORS

Raymond M. Thompson

John P. Custis

Hale Harrison

Reese F. Cropper, III

Todd E. Burbage

James R. Bergey, Jr.

Thomas K. Coates

G. Hale Harrison

Charlotte K. Cathell

James R. Bergey, III

M. Dean Lewis

Louis H. Taylor

Directors Emeriti

John H. Burbage, Jr.

Richard L. Bunting

Reese F. Cropper, Jr.
Chairman Emeritus

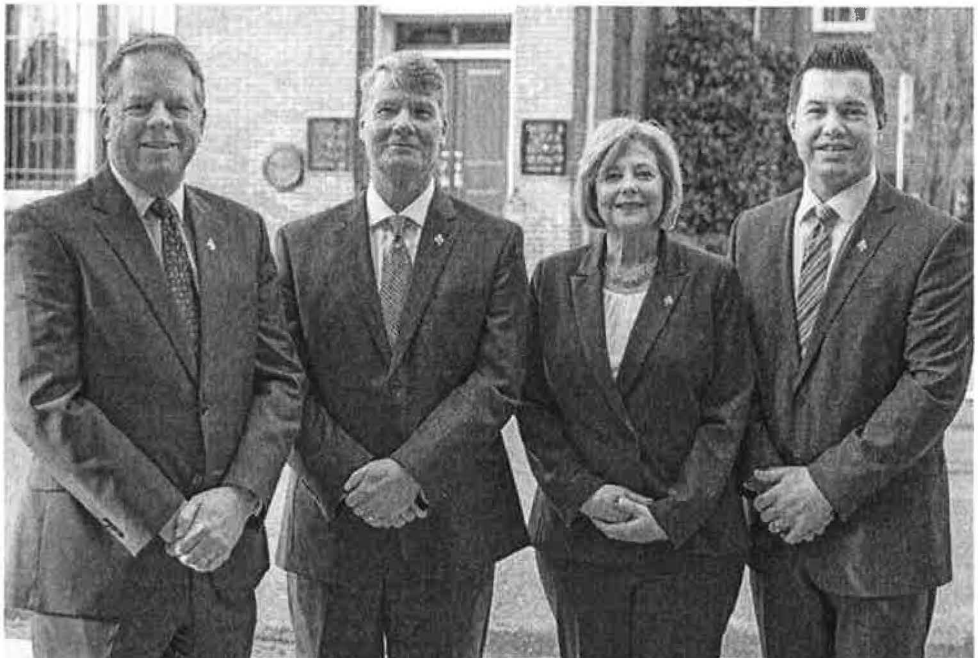
William H. Mitchell

Joseph E. Moore

Michael L. Quillin, Sr.

IN MEMORY OF
Hugh F. Wilde. Sr.

OFFICERS AND MANAGERS



EXECUTIVE OFFICERS

Douglass M. Cook
Executive Vice President and Chief Lending Officer

Raymond M. Thompson
President and Chief Executive Officer

Tina B. Kolarik
Executive Vice President and Chief Operating Officer

M. Dean Lewis
Vice President and Chief Financial Officer

BRANCH MANAGEMENT

C. Ray Daisey
Assistant Vice President
Manager of Pocomoke Branch

Casey E. Robinson
Manager of Ocean Pines Branch

Marie E. Hickman
Manager of Chincoteague, Virginia Branch

Lynne A. Nicodemus
Manager of Ocean View, Delaware Branch

Jennifer L. Figgs
Manager of West Ocean City Branch

Raymond I. Robinson, Jr.
Senior Vice President of Branch Operations
Manager of Downtown Ocean City Branch - 20th St

Jennifer W. Scott
Assistant Vice President
Manager of Main Office Branch

Margaret M. Mudron
Assistant Vice President
Manager of North Ocean City/Fenwick Branch

Lori A. Simon
Vice President
Manager of Ocean Landing Branch, CRA Officer

Jamie N. Hill
Manager of Snow Hill Branch

LENDING AND BUSINESS DEVELOPMENT

Scott P. Williams
Credit Administrator

Shannon Lewis
Assistant Vice President
Relationship Officer

Adam W. James
Vice President
Loan and Business Development Officer

Lee I. Chisholm
Vice President
Loan and Business Development Officer

V. Wesley McCabe, III
Vice President
Loan and Business Development Officer

Sherry Tarr
Vice President
Relationship Officer

Cory B. Walsh
Assistant Vice President
Loan and Business Development Officer

Kathy M. Warren
Loan Operations Supervisor

OPERATIONS AND ADMINISTRATION

Kathleen J. Allam
Assistant Vice President, Director of Information Technology & Security

Alysson E. DuPont
Vice President and Director of Human Resources

Sandra H. Duncan
Assistant Vice President and Deposit Operations Manager

Carl A. Vandivier
Information Systems Administrator

Tori C. Grundman
Marketing Manager

COMPLIANCE

Atif S. Gaddis
BSA Officer

Donna E. Weaver
Vice President
Compliance Officer and Internal Auditor

LOCATIONS

★ Berlin Main Office

1 Ocean View

2 North Ocean City/Fenwick

3 Midtown Ocean City

4 Ocean City 20th Street

5 West Ocean City

6 Ocean Pines

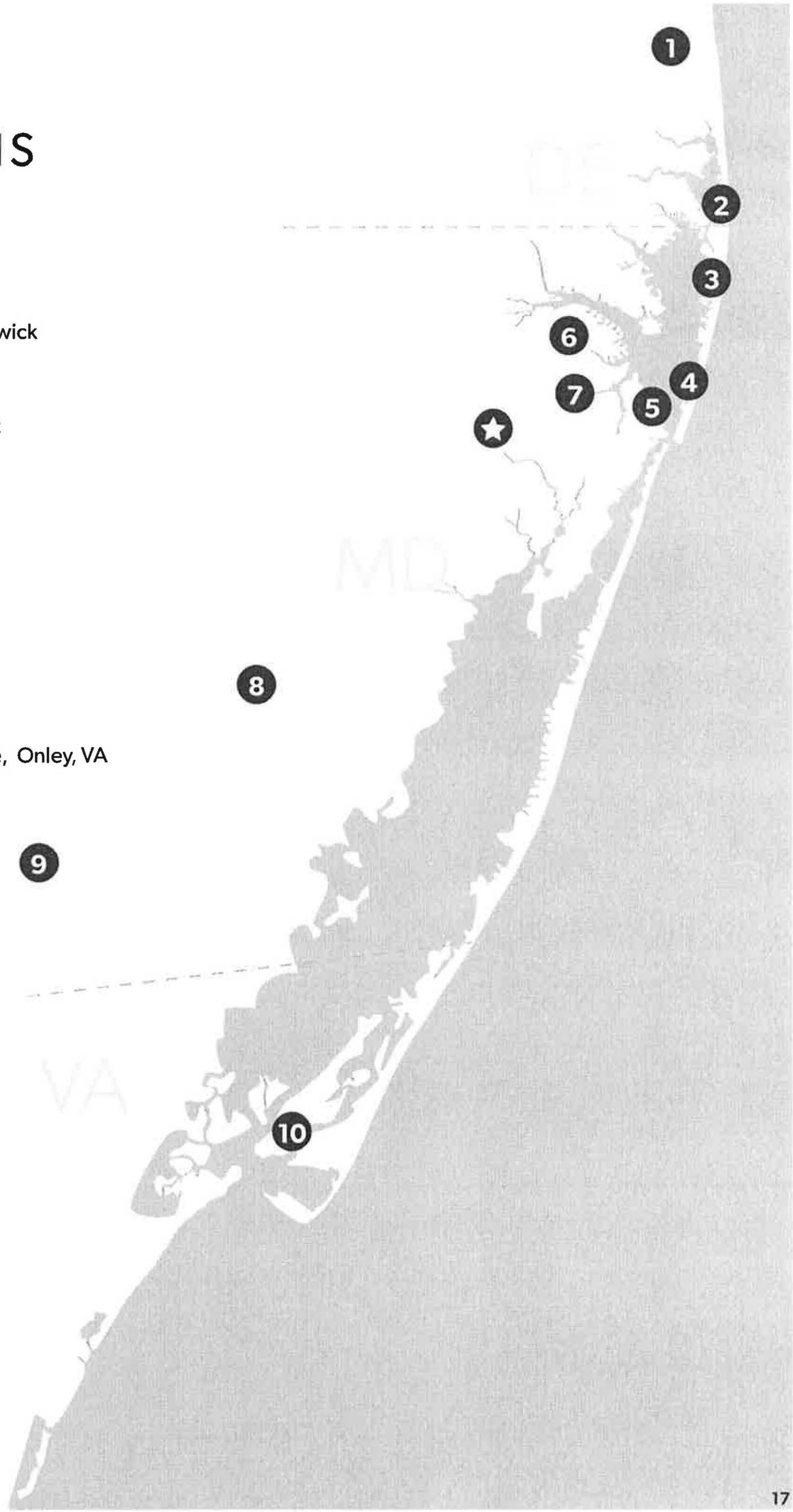
7 Ocean Landing

8 Snow Hill

9 Pocomoke

10 Chincoteague

11 Loan Production Office, Onley, VA



FINANCIALS

ROWLES
& Company, LLP
Certified Public Accountants

The Board of Directors and Stockholders
Calvin B. Taylor Bankshares, Inc.
Berlin, Maryland

Report of Independent Auditors

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Calvin B. Taylor Bankshares, Inc. and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Calvin B. Taylor Bankshares, Inc. and Subsidiary as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Rowles & Company, LLP

Baltimore, Maryland
March 25, 2019

8100 Sandpiper Circle, Suite 308, Baltimore, Maryland 21236
443-725-5395 Fax 443-725-5074
Website: www.Rowles.com

CONSOLIDATED BALANCE SHEETS

	December 31, 2018	December 31, 2017
Assets		
Cash and cash equivalents		
Cash and due from banks	$ 11,202,781	$ 11,585,565
Federal funds sold and interest bearing deposits	55,654,586	62,439,382
Total cash and cash equivalents	66,857,367	74,024,947
Time deposits in other financial institutions	33,334,063	32,538,834
Debt securities available for sale, at fair value	42,143,700	34,239,569
Debt securities held to maturity, at amortized cost	37,352,580	61,720,696
Marketable equity securities, at fair value	-	350,065
Other equity securities, at cost	748,833	851,538
Loans	327,861,211	295,153,038
Less: allowance for loan losses	(618,557)	(792,646)
Net loans	327,242,654	294,360,392
Premises and equipment, net	9,333,208	8,923,406
Other real estate owned	-	149,300
Accrued interest receivable	1,253,703	1,389,015
Computer software	160,658	212,045
Bank owned life insurance	12,593,241	12,240,267
Prepaid expenses	564,910	511,109
Other assets	324,637	457,253
Total assets	$ 531,909,554	$ 521,968,436
Liabilities and Stockholders' Equity		
Deposits		
Non-interest bearing	$ 153,905,724	$ 149,694,375
Interest bearing	292,226,581	289,728,947
Total deposits	446,132,305	439,423,322
Accrued interest payable	23,318	18,491
Deferred income taxes	189,329	121,990
Accrued expenses	338,179	241,049
Non-qualified deferred compensation	235,406	197,456
Other liabilities	202,202	43,249
Total liabilities	447,120,739	440,045,557
Stockholders' equity		
Common stock, par value $1 per share; authorized 10,000,000 shares; issued and outstanding	2,788,926	2,814,240
Additional paid-in capital	3,305,779	4,037,860
Retained earnings	78,798,178	74,604,790
Accumulated other comprehensive income (loss), net of tax	(104,068)	465,989
Total stockholders' equity	84,788,815	81,922,879
Total liabilities and stockholders' equity	$ 531,909,554	$ 521,968,436

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31, 2018	December 31, 2017
Interest and dividend revenue		
Loans, including fees	$ 15,420,536	$ 14,232,189
U.S. Treasury and government agency debt securities	845,053	979,621
Mortgage backed debt securities	246,040	20,903
State and municipal debt securities	281,766	267,224
Federal funds sold and interest bearing deposits	1,197,278	603,334
Time deposits in other financial institutions	519,029	370,764
Equity securities	44,683	53,334
Total interest and dividend revenue	18,554,385	16,527,369
Interest expense		
Deposits	410,585	346,964
Borrowings	-	5,418
Total interest expense	410,585	352,382
Net interest income	18,143,800	16,174,987
Provision for loan losses	45,000	35,000
Net interest income after provision for loan losses	18,098,800	16,139,987
Noninterest revenue		
Service charges on deposit accounts	664,365	638,852
ATM and debit card	921,019	837,203
Merchant payment processing	273,098	255,824
Increase in cash surrender value of bank owned life insurance	295,942	351,485
Gain on disposition of investment securities	389,125	51,062
Gain (loss) on disposition of fixed assets	(3,586)	1,101
Loss on sale and revaluation of other real estate owned	(140,235)	(9,110)
Other than temporary impairment of investment value	(102,706)	(21,045)
Miscellaneous	338,377	292,003
Total noninterest revenue	2,635,399	2,397,375
Noninterest expenses		
Salaries	4,630,259	4,395,551
Employee benefits	1,649,471	1,519,817
Occupancy	769,809	795,387
Furniture and equipment	571,800	532,310
Data processing	429,934	364,698
ATM and debit card	345,954	364,351
Marketing	301,231	224,921
Deposit insurance premiums	148,092	147,032
Unauthorized wire loss	411,001	-
Other operating	1,823,646	1,796,763
Total noninterest expenses	11,081,197	10,140,830
Income before income taxes	9,653,002	8,396,532
Income taxes	2,250,906	2,891,717
Net income	7,402,096	5,504,815
Other comprehensive loss, net of tax		
Unrealized losses on available for sale investment securities arising during the period, net of taxes of $(93,442) and $(261,076)	(314,168)	(380,238)
Comprehensive income	$ 7,087,928	$ 5,124,577
Earnings per common share - basic and diluted	$2.64	$1.95

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common stock Shares	Common stock Par value	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss), net of tax	Total stockholders' equity
Balance at January 1, 2017	2,883,558	$ 2,883,558	$ 5,829,477	$ 71,911,471	$ 792,784	$ 81,417,290
Net income	-	-	-	5,504,815	-	5,504,815
Other comprehensive loss, net of tax	-	-	-	-	(380,238)	(380,238)
Reclassification of stranded income tax effects	-	-	-	(53,443)	53,443	-
Common shares repurchased	(69,318)	(69,318)	(1,791,617)	-	-	(1,860,935)
Cash dividend ($0.98 per share)	-	-	-	(2,758,053)	-	(2,758,053)
Balance at December 31, 2017	2,814,240	2,814,240	4,037,860	74,604,790	465,989	81,922,879
Cumulative effect of accounting change	-	-	-	255,889	(255,889)	-
Adjusted beginning balance	2,814,240	2,814,240	4,037,860	74,860,679	210,100	81,922,879
Net income	-	-	-	7,402,096	-	7,402,096
Other comprehensive loss, net of tax	-	-	-	-	(314,168)	(314,168)
Common shares repurchased	(25,314)	(25,314)	(732,081)	-	-	(757,395)
Cash dividend ($1.24 per share)	-	-	-	(3,464,597)	-	(3,464,597)
Balance at December 31, 2018	2,788,926	$ 2,788,926	$ 3,305,779	$ 78,798,178	$ (104,068)	$ 84,788,815

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2018	December 31, 2017
Cash flows from operating activities		
Interest and dividends received	$ 19,186,526	$ 17,191,470
Interest paid	(405,758)	(353,236)
Fees and commissions received	2,150,754	2,022,564
Cash paid to suppliers and employees	(10,278,428)	(9,636,815)
Income taxes paid	(1,847,424)	(2,760,651)
Net cash provided by operating activities	8,805,670	6,463,332
Cash flows from investing activities		
Time deposits purchased, net of maturities	(795,229)	(4,245,889)
Available for sale debt securities		
Sales	2,387,500	-
Maturities, prepayments and calls	19,214,699	12,190,000
Purchases	(29,611,898)	(11,003,237)
Held to maturity debt securities		
Maturities, prepayments and calls	30,303,703	32,187,127
Purchases	(6,371,007)	(12,567,330)
Loans originated, net of principal reductions	(32,969,226)	(28,751,072)
Proceeds from sale of equity securities	351,583	109,088
Proceeds from sale of premises and equipment	1,200	1,250
Purchases of premises, equipment and computer software	(989,721)	(1,474,770)
Proceeds from sale of other real estate, net	75,186	16,390
Purchase of bank owned life insurance	(57,031)	(57,031)
Net cash used by investing activities	(18,460,241)	(13,595,474)
Cash flows from financing activities		
Net increase (decrease) in		
Time deposits	(9,020,269)	(4,431,063)
Other deposits	15,729,252	39,930,110
Securities sold under agreements to repurchase	-	(3,053,061)
Common shares repurchased	(757,395)	(1,860,935)
Dividends paid	(3,464,597)	(2,758,053)
Net cash provided by financing activities	2,486,991	27,826,998
Net increase (decrease) in cash and cash equivalents	(7,167,580)	20,694,856
Cash and cash equivalents at beginning of year	74,024,947	53,330,091
Cash and cash equivalents at end of year	$ 66,857,367	$ 74,024,947

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS CONT.

	Years Ended	
	December 31, 2018	December 31, 2017
Reconciliation of net income to net cash provided by operating activities		
Net income	$ 7,402,096	$ 5,504,815
Adjustments to reconcile net income to net cash provided by operating activities		
Premium amortization and discount accretion	520,985	751,388
Other than temporary impairment of investment value	102,706	21,045
Gain on disposition of investment securities	(389,125)	(51,062)
Provision for loan losses	45,000	35,000
Depreciation and amortization	626,520	603,488
Loss (gain) on disposition of premises, equipment and software	3,586	(1,101)
Loss on sale of other real estate	62,162	610
Loss on revaluation of other real estate	78,073	8,500
Decrease (increase) in		
Net deferred loan costs	(24,156)	-
Accrued interest receivable	135,312	(87,287)
Cash surrender value of bank owned life insurance	(295,943)	(351,485)
Prepaid expenses	(53,801)	(87,473)
Other assets	(43,322)	(2,421)
Increase (decrease) in		
Accrued interest payable	4,827	(854)
Accrued and deferred income taxes	403,482	131,066
Accrued expenses	97,130	(78,713)
Non-qualified deferred compensation	37,950	81,662
Other liabilities	92,188	(13,846)
Net cash provided by operating activities	$ 8,805,670	$ 6,463,332
Supplemental cash flows information		
Non-cash transfers from loans to other real estate owned	$ 66,121	$ -

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Calvin B. Taylor Bankshares, Inc. (the "Company") is the bank holding company for Calvin B. Taylor Banking Company of Berlin, Maryland (the "Bank"), a full-service commercial bank which offers a wide range of loan, deposit, and ancillary banking services through both physical and digital delivery channels. The Company has 11 banking locations within the eastern coastal area of the Delmarva Peninsula including Worcester County, Maryland, Sussex County, Delaware and Accomack County, Virginia. The Bank also operates a Loan Production Office in Onley, Virginia.

Basis of Presentation

The consolidated financial statements include the accounts of the Company and the Bank. All significant intercompany accounts and transactions have been eliminated in consolidation. The accounting and reporting policies reflected in these financial statements conform to accounting principles generally accepted in the United States of America and to general practices within the financial services industry. Certain reclassifications have been made to prior period amounts to conform to current period presentation. Subsequent events have been evaluated for potential recognition and/or disclosure through March 25, 2019, the date of issuance of these financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. These estimates and assumptions may affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The provision for loan losses and related allowance, valuation of other real estate owned, and valuation of debt and equity securities are estimates that can be subject to significant change.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, federal funds sold and interest-bearing deposits except for time deposits. Amounts on deposit with other banks can exceed deposit insurance coverage provided by the Federal Deposit Insurance Corporation ("FDIC"). Federal funds sold are not deposits but uncollateralized overnight loans to other banks. Management regularly evaluates credit risk associated with these banks and has not identified any significant credit risks.

Time Deposits in Other Financial Institutions

Purchases of time deposits in other financial institutions are at or below the FDIC insurance limit and are recorded at cost. The recorded cost is adjusted for amortization of premiums and accretion of discounts to the maturity date using the effective interest method. Interest revenue from time deposits in other financial institutions includes amortization of purchase premiums and accretion of discounts.

Securities

As debt securities are purchased, management determines if the debt securities should be classified as held to maturity or available for sale. Debt securities are classified as held to maturity when management has the ability and positive intent to hold the securities until maturity. All debt securities are recorded at cost at the time of acquisition. The recorded cost is adjusted for amortization of premiums and accretion of discounts to the maturity date using the effective interest method. Interest revenue from debt securities includes amortization of purchase premiums and accretion of discounts. Held to maturity debt securities are carried at amortized cost. Debt securities classified as available-for-sale are carried at fair value with unrealized gains or losses reported as other comprehensive income, net of tax. Unrealized gains and losses are based on the difference between amortized cost and fair value of the debt securities. Gains and losses on disposal of debt securities are determined using the specific-identification method and are based on the amortized cost of the security sold.

Debt securities with fair values below their amortized cost are evaluated for other than temporary impairment ("OTTI") at each reporting period or more frequently if warranted. In estimating OTTI losses, management considers the length of time and the extent to which the fair value has been less than amortized cost, the financial condition and near-term prospects of the issuer, and the intent and ability of the Company to hold the debt security for a period of time sufficient to allow for recovery of its amortized cost. The amount of OTTI resulting from credit loss is recognized in net income while OTTI related to other factors is recognized in other comprehensive income.

Marketable equity securities are measured at fair value with changes in fair value recognized in net income. Equity securities without readily determinable fair values are carried at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment. Impairment is assessed at each reporting period by performing a review of impairment indicators such as a significant deterioration in the earnings performance, credit rating, asset quality or business prospects of the investee. Management also considers significant adverse change in the regulatory, economic, or technological environment of the investee and other factors that jeopardize the investee's ability to continue as a going concern.

Loans

Loans are reported at their outstanding principal amounts net of any partial charge-offs, unamortized deferred origination costs and fees, and the allowance for loan losses. Certain direct loan origination costs, net of loan origination fees, are deferred and recognized as an adjustment to interest revenue using the straight-line method. Prior to 2018, the Company deemed direct loan origination costs, net of loan origination fees, to be immaterial to the financial statements due to the limited amount of loan origination fees charged to borrowers and limited direct expenses of loan origination. Direct loan origination costs, net of loan origination fees, have been deferred for loans originated after December 31, 2017 due to a significant increase in loan origination fees, consistent with competitors' fees, and increased direct origination expenses from the opening of a loan production office and other costs to originate loans.

A loan is considered to be past due when principal or interest due in accordance with the contractual terms of the loan agreement is not paid in its entirety on or before the payment date. The accrual of interest is generally discontinued when principal or interest is 90 days past due or when the loan is determined to be impaired, unless collateral is sufficient to discharge the debt in full and the loan is in the process of collection. When a loan is placed on nonaccrual, any interest previously accrued but unpaid is reversed from interest revenue. Interest payments received on nonaccrual loans are generally recorded as a reduction of principal, but on a loan by loan basis may be recorded as cash basis income based on management's judgment. Accrual of interest may be restored when all principal and interest are current and management believes that future payments will be received in accordance with contractual loan terms.

Allowance for Loan Losses

The allowance for loan losses represents an estimate of loan losses which management determines as adequate to absorb identified and inherent losses in the loan portfolio as of the balance sheet date. The determination of the allowance is inherently subjective as it relies on estimates of potential loss related to specific impaired loans, the effects of portfolio trends, and other internal and external factors.

The allowance consists of specific and general components. The general component is based upon historical loan loss experience and adjusted for internal and external factors. In determining an adequate level for the allowance, management considers historical loan loss experience for major types of loans. However, historical data may not be an accurate predictor of loss potential in the current loan portfolio. Management reviews the current portfolio giving consideration to impaired loans, delinquencies, the composition of the portfolio, concentrations of credit, and changes in lending products, underwriting standards, or staffing. Management considers external factors such as the interest rate environment, competition, current local and national economic trends, and the results of recent independent reviews by auditors and banking regulators.

The specific component relates to allowances established on individually impaired loans. Loans are considered impaired when, based on current information, management concludes that it is unlikely that collection of all principal and interest payments will be made according to contractual terms of the loan agreement. Management may categorize a performing loan as impaired based on knowledge of the borrower's financial condition, devaluation of collateral, agreement to a troubled debt restructuring or other circumstances that are deemed relevant to loan collection. The amount of impairment is measured based on the present value of expected future cash flows discounted at the loan's original interest rate or the net realizable value of the underlying collateral. Management considers an impaired loan to be collateral dependent when repayment of the loan is expected to be provided solely by the underlying collateral. The recorded investment of a collateral dependent impaired loan in excess of the net realizable value of the underlying collateral is recorded as a charge-off against the allowance for loan losses.

The allowance is increased by current period provisions recorded as expense and by recoveries of amounts previously charged-off. The allowance is decreased when loans are charged-off as losses, which occurs when they are deemed to be uncollectible. Provisions for loan losses are recorded to increase or decrease the allowance to the level established by application of management's allowance methodology, and may result in an increase or decrease to expense.

Premises and Equipment

Land is carried at cost. Buildings and improvements, equipment, and furniture are recorded at cost less accumulated depreciation. Depreciation is computed under both straight-line and accelerated methods over the estimated useful lives of the assets. Leasehold improvements are generally depreciated over the lesser of the estimated useful life of the asset or the term of the respective lease.

Other Real Estate Owned ("OREO")

OREO is real estate acquired by any means in full or partial satisfaction of a loan. OREO is recorded at the earlier of foreclosure or physical possession, except for residential real estate. For residential real estate, OREO is recorded upon obtaining legal title to the property at completion of a foreclosure or the borrower conveying all interest to the Company. OREO is recorded at net realizable value which is fair value of the property less estimated costs to sell. If net realizable value is less than the carrying value of the related loan at the time of foreclosure, a loan loss is recorded through the allowance for loan losses. Subsequent to foreclosure, the Company periodically reviews net realizable value estimates and records declines in value through noninterest revenue. Gains or losses resulting from the sale of OREO are also included in noninterest revenue. Costs to maintain properties, such as maintenance, utilities, taxes and insurance are expensed as they are incurred and included in noninterest expense.

Bank Owned Life Insurance

The Bank has purchased life insurance policies on certain bank officers. Bank owned life insurance is recorded at the amount that can be realized under the insurance policy at the reporting date, which is the cash surrender value. Changes in the cash surrender value are reported as noninterest revenue.

Income Taxes

Income tax expense includes income taxes payable or refundable for the current year and deferred income taxes. Deferred income taxes are provided for the temporary differences between carrying amounts and tax bases of assets and liabilities and are measured at the enacted tax rates that will be in effect when the differences reverse. The Company files a consolidated Federal income tax return which includes the Bank. Federal income tax expense or benefit is allocated between the Company and the Bank on a separate return basis.

Earnings Per Share

Earnings per common share are determined by dividing net income by the weighted average number of common shares outstanding for the period, which was 2,805,987 and 2,829,370 for the years ended December 31, 2018 and 2017, respectively. There were no dilutive common share equivalents outstanding during the years ended December 31, 2018 and 2017.

Comprehensive Income
Comprehensive income represents the change in stockholders' equity from all sources other than investments by, or distributions to stockholders. Besides net income, the other component of the Company's comprehensive income is the after tax effect of changes in the net unrealized gain/loss on debt securities available for sale.

Loss Contingencies
Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated.

Accounting Standards
The Company adopted Accounting Standards Update (ASU) No. 2016-01, "Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities" as of January 1, 2018 which requires marketable equity securities to be measured at fair value with changes in fair value recognized in net income. The adoption of ASU No. 2016-01 resulted in a $255,889 increase to beginning retained earnings and a corresponding decrease in beginning accumulated other comprehensive income. The amount reflects the unrealized gain, net of tax, of marketable equity securities held on that date. ASU No. 2016-01 also requires fair value disclosures of financial instruments that are not measured at fair value in the financial statements to be based on exit price. The Company has determined fair values of these financial instruments based on exit price and disclosed the amounts in the Fair Value Measurements footnote.

The Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." in June 2016. ASU No. 2016-13 introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments. It also modifies the impairment model for available-for-sale ("AFS") debt securities. The new model referred to as current expected credit losses ("CECL") model, will apply to: (a) financial assets subject to credit losses and measured at amortized cost, and (b) certain off-balance sheet credit exposures. This includes loans, held to maturity debt securities, loan commitments, and financial guarantees. The estimate of expected credit losses ("ECL") should consider historical information, current information, and supportable forecasts, including estimates of prepayments. ASU No. 2016-13 is effective for the Company beginning January 1, 2021. Management is assessing the impact of this guidance on the Company's financial statements. While we are currently unable to reasonably estimate the impact of adopting ASU No. 2016-13, we expect that the impact of adoption will be significantly influenced by the composition, characteristics and quality of our loan and securities portfolios as well as the prevailing economic conditions and forecasts as of the adoption date.

The FASB issued ASU No. 2017-08, "Receivables - Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchases of Callable Debt Securities in March 2017." ASU No. 2017-08 amends guidance on the amortization period of premiums on certain callable debt securities and requires premiums to be amortized to the earliest call date. ASU No. 2017-08 is effective for the Company on January 1, 2020. Management is assessing the impact of this guidance on the Company's financial statements.

NOTE 2. CASH AND CASH EQUIVALENTS

Regulatory reserve requirements stipulate that the Bank maintain cash on hand or on deposit with the Federal Reserve Bank of $0 and $598,000 as of December 31, 2018 and 2017, respectively. The Bank had $30,592,795 and $56,852,538 of cash on hand and on deposit with the Federal Reserve Bank as of December 31, 2018 and 2017, respectively. The amounts on deposit at the Federal Reserve Bank earn interest. The Company normally carries balances with other banks that exceed the Federal Deposit Insurance Corporation (FDIC) deposit insurance limit of $250,000. Average balances carried in excess of the limit, including unsecured federal funds sold to the same banks, were $11,037,493 for 2018 and $13,458,511 for 2017.

NOTE 3. INVESTMENT SECURITIES

The following table is a comparison of amortized cost and fair values of available for sale and held to maturity debt securities at year-end.

December 31, 2018	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available for sale debt securities				
U.S. Treasury	$ 4,996,572	$ -	$ 22,168	$ 4,974,404
U.S. Government agency	15,992,215	18,870	25,662	15,985,423
Mortgage-backed securities	14,548,486	21,272	102,321	14,467,437
State and municipal	6,744,512	240	28,316	6,716,436
Total available for sale debt securities	$ 42,281,785	$ 40,382	$ 178,467	$ 42,143,700
Held to maturity debt securities				
U.S. Treasury	$ 8,889,643	$ 22,358	$ 6,060	$ 8,905,941
U.S. Government agency	18,041,476	-	152,769	17,888,707
State and municipal	10,421,461	105	40,528	10,381,038
Total held to maturity debt securities	$ 37,352,580	$ 22,463	$ 199,357	$ 37,175,686

December 31, 2017	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Available for sale debt securities				
U.S. Treasury	$ 22,041,329	$ 450,754	$ 99,883	$ 22,392,200
Mortgage-backed securities	6,572,548	-	52,432	6,520,116
State and municipal	5,356,166	110	29,023	5,327,253
Total available for sale debt securities	$ 33,970,043	$ 450,864	$ 181,338	$ 34,239,569
Held to maturity debt securities				
U.S. Treasury	$ 12,012,008	$ -	$ 44,218	$ 11,967,790
U.S. Government agency	29,437,950	-	190,169	29,247,781
State and municipal	20,270,738	210	89,260	20,181,688
Total held to maturity debt securities	$ 61,720,696	$ 210	$ 323,647	$ 61,397,259

All mortgage-backed securities owned by the Company were issued by U.S. government-sponsored enterprises, and all U.S. Government agency debt securities are obligations of the Federal Home Loan Bank. State and municipal debt securities are bonds issued by state, cities, counties or other governmental entities that have strong credit profiles and are subject to pre-purchase and ongoing credit due diligence. At December 31, 2018 and 2017, there were no holdings of debt securities of any one issuer, other than U.S. Government and its agencies, in an amount greater than 10% of stockholders' equity. Unrealized losses in debt securities are solely the result of changes in market interest rates and are not indicative of other than temporary impairment (OTTI) of the securities. The Company does not intend to sell the debt securities with unrealized losses and has sufficient liquidity to hold these debt securities to allow for recovery of its amortized cost.

The table below shows the gross unrealized losses and fair value of debt securities that are in an unrealized loss position at year-end, aggregated by length of time that individual securities have been in a continuous unrealized loss position.

	Less than 12 months		12 months or more		Total	
December 31, 2018	Fair Value	Unrealized losses	Fair Value	Unrealized losses	Fair Value	Unrealized losses
U.S. Treasury	$ 1,960,625	$ 199	$ 6,980,190	$ 28,029	$ 8,940,815	$ 28,228
U.S. Government agency	4,493,905	8,228	20,223,129	170,203	24,717,034	178,431
Mortgage-backed securities	1,714,108	5,558	5,200,297	96,763	6,914,405	102,321
State and municipal	3,763,921	3,545	11,298,206	65,299	15,062,127	68,844
Total debt securities	$ 11,932,559	$ 17,530	$ 43,701,822	$ 360,294	$ 55,634,381	$ 377,824

	Less than 12 months		12 months or more		Total	
December 31, 2017	Fair Value	Unrealized losses	Fair Value	Unrealized losses	Fair Value	Unrealized losses
U.S. Treasury	$ 20,959,580	$ 54,530	$ 10,951,190	$ 89,571	$ 31,910,770	$ 144,101
U.S. Government agency	13,824,573	55,911	15,423,208	134,258	29,247,781	190,169
Mortgage-backed securities	6,520,116	52,432	-	-	6,520,116	52,432
State and municipal	20,183,419	96,213	2,355,202	22,070	22,538,621	118,283
Total debt securities	$ 61,487,688	$259,086	$ 28,729,600	$ 245,899	$ 90,217,288	$ 504,985

The amortized cost and estimated fair value of debt securities by contractual maturity are presented in the following table as of December 31. Mortgage-backed securities are presented in the following table using the expected average life of the individual securities which is based upon actual prepayment speeds of the individual security. All other debt securities are presented based on their pre-refund date or maturity date. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties. Certain debt securities are pledged as collateral for state and local government deposits. The amortized cost and estimated fair value of pledged debt securities at December 31 is presented in the following table.

	2018		2017	
	Amortized cost	Fair value	Amortized cost	Fair value
Available for sale debt securities				
Within one year	$ 7,831,526	$ 7,807,554	$ 18,382,114	$ 18,325,151
After one through five years	34,450,259	34,336,146	13,569,432	13,908,712
After ten years	-	-	2,018,497	2,005,706
Total available for sale debt securities	$ 42,281,785	$ 42,143,700	$ 33,970,043	$ 34,239,569
Held to maturity debt securities				
Within one year	$ 25,099,623	$ 24,971,517	$ 30,439,173	$ 30,348,152
After one through five years	12,252,957	12,204,169	31,281,523	31,049,107
Total held to maturity debt securities	$ 37,352,580	$ 37,175,686	$ 61,720,696	$ 61,397,259
Pledged debt securities	$ 8,891,020	$ 8,905,141	$ 9,024,675	$ 8,964,230

Gross realized gains and losses for all investment securities for the years ended December 31, 2018 and 2017 are presented in the following table.

	2018	2017
Gross realized gains from sale of debt securities	$ 388,904	$ -
Gross realized gains from called debt securities	-	422
Gross realized losses from called debt securities	(1,297)	(1,823)
Gross realized gains from sale of marketable equity securities	1,518	52,463
Net realized gain from securities	$ 389,125	$ 51,062

Other equity securities recorded at cost represent non-marketable common stock investments in privately held banks. The Company has not observed a price change from orderly transactions for identical or similar investments that would require an adjustment to the carrying amount of the securities. OTTI losses of $102,706 and $21,045 were recorded in 2018 and 2017, respectively, as the result of impairment of the investment in one bank equity security. An orderly liquidation of this bank began in 2018, and the expected distribution to common stockholders upon liquidation will be minimal, if any. The OTTI loss recorded in 2018 reduced the carrying amount of the equity security to zero.

NOTE 4. LOANS AND ALLOWANCE FOR LOAN LOSSES

Primary segments of the loan portfolio at year-end are presented in the following table.

	2018	2017
Real estate mortgages		
Construction, land development and land	$ 17,174,962	$ 10,898,962
Residential 1 to 4 family	104,734,157	99,809,303
Commercial properties	173,740,577	152,509,251
Commercial	30,520,298	30,475,653
Consumer	1,667,061	1,459,869
Total loans	327,837,055	295,153,038
Net deferred loan costs	24,156	-
Total loans net of deferred loan costs	$ 327,861,211	$ 295,153,038

The remaining maturity or amount of time until the next interest rate repricing date for loans is presented in the following table as of December 31. Remaining maturity or next repricing date is based upon contractual agreements with borrowers. Loans that mature or reprice immediately include fixed rate loans with a demand feature and variable rate loans.

	2018	2017
Immediately	$ 165,626,765	$ 173,144,721
Within one year	13,249,526	2,797,050
After one year through five years	131,703,154	97,475,837
After five years	17,257,610	21,735,430
Total loans	$ 327,837,055	$ 295,153,038

Nonperforming loans are loans past due 90 or more days and still accruing plus nonaccrual loans. Nonperforming assets are comprised of nonperforming loans combined with real estate acquired in foreclosure and held for sale (other real estate owned). The following table details the composition of nonperforming assets as of December 31.

	2018	2017
Loans 90 or more days past due and still accruing		
Residential 1 to 4 family	$ 182,437	$ 91,820
Total loans 90 or more days past due and still accruing	182,437	91,820
Nonaccruing loans		
Nonaccruing loans - current		
Residential 1 to 4 family	287,684	186,014
Total nonaccruing loans - current	287,684	186,014
Nonaccruing loans - past due 30 days or more		
Residential 1 to 4 family	392,669	665,178
Commercial properties	317,587	-
Commercial	11,686	-
Total nonaccruing loans - past due 30 days or more	721,942	665,178
Total nonaccruing loans	1,009,626	851,192
Total nonperforming loans	1,192,063	943,012
Other real estate owned	-	149,300
Total nonperforming assets	$ 1,192,063	$ 1,092,312
Interest not recognized on nonaccruing loans	$ 43,362	$ 37,752

Interest revenue of $919 was recognized on a cash-basis in 2017 related to the full payoff of a nonaccrual loan. No interest revenue was recognized on a cash-basis on nonaccruing loans in 2018. Other than previously noted, payments received on nonaccruing loans were applied as reductions of principal. The recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure was $418,226 and $118,822 as of December 31, 2018 and 2017, respectively.

The following table details activity in the allowance for loan losses by the respective loan portfolio segment for the years ended December 31, 2018 and 2017. The Company did not acquire any loans with deteriorated credit quality during the periods presented.

	Real estate mortgages						
2018	Construction, land dev and land	Residential	Commercial	Commercial	Consumer	Unallocated	Total
Beginning balance	$ 9,914	$ 437,882	$ 214,224	$ 98,290	$ 20,655	$ 11,681	$ 792,646
Loans charged off	-	(197,848)	(28,000)	(160)	(21,269)	-	(247,277)
Recoveries	-	17,709	-	8,706	1,773	-	28,188
Provision expense	(1,496)	56,695	(18,120)	(27,746)	20,069	15,598	45,000
Ending balance	$ 8,418	$ 314,438	$ 168,104	$ 79,090	$ 21,228	$ 27,279	$ 618,557
Individually evaluated:							
Balance in allowance	$ -	$ 210,717	$ -	$ -	$ -		$ 210,717
Related loan balance	$ -	$ 2,740,847	$ 3,239,894	$ 11,686	$ -		$ 5,992,427
Collectively evaluated:							
Balance in allowance	$ 8,418	$ 103,721	$ 168,104	$ 79,090	$ 21,228	$ 27,279	$ 407,840
Related loan balance	$ 17,174,962	$ 101,993,310	$ 170,500,683	$ 30,508,612	$ 1,667,061	$ -	$ 321,844,628

	Real estate mortgages						
2017	Construction, land dev and land	Residential	Commercial	Commercial	Consumer	Unallocated	Total
Beginning balance	$ 22,241	$ 308,127	$ 195,927	$ 155,597	$ 23,115	$ 11,805	$ 716,812
Loans charged-off	-	(40,155)	-	(880)	(21,466)	-	(62,501)
Recoveries	-	100,350	-	488	2,497	-	103,335
Provision expense	(12,327)	69,560	18,297	(56,915)	16,509	(124)	35,000
Ending balance	$ 9,914	$ 437,882	$ 214,224	$ 98,290	$ 20,655	$ 11,681	$ 792,646
Individually evaluated:							
Balance in allowance	$ -	$ 297,059	$ -	$ -	$ -		$ 297,059
Related loan balance	$ -	$ 3,136,889	$ 3,508,898	$ -	$ -		$ 6,645,787
Collectively evaluated:							
Balance in allowance	$ 9,914	$ 140,823	$ 214,224	$ 98,290	$ 20,655	$ 11,681	$ 495,587
Related loan balance	$ 10,898,962	$ 96,672,414	$ 149,000,353	$ 30,475,653	$ 1,459,869	$ -	$ 288,507,251

Net loan charge-offs or net loan recoveries as a percentage of average loans for the years ended December 31, 2018 and 2017 are presented in the following table. The allowance for loan losses as a percentage of gross loans outstanding as of December 31, 2018 and 2017 are also presented in the following table.

	2018	2017
Net loans charged-off (recovered)	$ 219,089	$ (40,834)
Average gross loans outstanding during the period	$ 310,652,044	$ 283,092,382
Net loan charge-offs (recoveries) as a percentage of average loans	0.07%	-0.01%
Allowance for loan losses at the end of the period	$ 618,557	$ 792,646
Gross loans outstanding at the end of the period	$ 327,837,055	$ 295,153,038
Allowance for loan losses to gross loans outstanding	0.19%	0.27%

Loans are considered past due when principal or interest due in accordance with the contractual terms of the loan agreement is not paid in its entirety on or before the payment date. The following table presents the aging of past due loans by the respective loan portfolio segment.

December 31, 2018	30-59 Days Past Due	60-89 Days Past Due	90 Days Past Due or Greater	Total Past Due	Current	Total Loans	90 Days Past Due or Greater and Accruing
Real estate mortgages							
Construction, land development and land	$ -	$ -	$ -	$ -	$ 17,174,962	$ 17,174,962	$ -
Residential 1-4 family	841,050	121,340	575,106	1,537,496	103,196,661	104,734,157	182,437
Commercial properties	802,246	317,587	-	1,119,833	172,620,744	173,740,577	-
Commercial	-	-	11,686	11,686	30,508,612	30,520,298	-
Consumer	-	-	-	-	1,667,061	1,667,061	-
Total	$ 1,643,296	$ 438,927	$ 586,792	$ 2,669,015	$ 325,168,040	$ 327,837,055	$ 182,437

December 31, 2017	30-59 Days Past Due	60-89 Days Past Due	90 Days Past Due or Greater	Total Past Due	Current	Total Loans	90 Days Past Due or Greater and Accruing
Real estate mortgages							
Construction, land development and land	$ -	$ -	$ -	$ -	$ 10,898,962	$ 10,898,962	$ -
Residential 1-4 family	892,277	306,656	210,643	1,409,576	98,399,727	99,809,303	91,820
Commercial properties	486,663	-	-	486,663	152,022,588	152,509,251	-
Commercial	16,299	-	-	16,299	30,459,354	30,475,653	-
Consumer	-	-	-	-	1,459,869	1,459,869	-
Total	$ 1,395,239	$ 306,656	$ 210,643	$ 1,912,538	$293,240,500	$ 295,153,038	$ 91,820

Credit quality is measured based on an internally designed grading scale. The grades correspond to regulatory risk rating categories of pass, special mention, substandard and doubtful. Pass credits are loans with satisfactory payment history and supporting documentation. Special mention loans have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the Bank's credit position at some future date. Substandard credits are those with a weakness that may jeopardize repayment, such as deteriorating collateral value, or for which the borrower's ability to meet payment obligations is questionable. Doubtful credits are loans in which the borrower's ability to repay the loan in full is improbable on the basis of currently known facts, conditions and values. Loans graded as doubtful are most likely to result in the loss of principal or loss of revenue due to placement in nonaccrual status. Management evaluates loans graded as substandard and doubtful individually and provides for anticipated losses in the allowance for loan losses.

Credit quality, as measured by internally assigned grades, is an important component in the calculation of an adequate allowance for loan losses. The following table presents the credit quality indicators of loans for each respective loan portfolio segment at December 31. Performing loans are less than 90 days past due and accruing. Nonperforming loans are 90 days or more past due and/or non-accruing.

	Real estate mortgages					
December 31, 2018	Construction, land dev and land	Residential	Commercial	Commercial	Consumer	Total
Pass	$ 17,174,962	$ 102,182,460	$ 171,810,623	$ 30,508,612	$ 1,667,061	$ 323,343,718
Special Mention						
Performing	-	312,936	-	-	-	312,936
Nonperforming	-	182,437	-	-	-	182,437
Substandard						
Performing	-	1,375,971	1,612,367	-	-	2,988,338
Nonperforming	-	-	317,587	-	-	317,587
Doubtful						
Nonperforming	-	680,353	-	11,686	-	692,039
Total loans	$ 17,174,962	$ 104,734,157	$ 173,740,577	$ 30,520,298	$ 1,667,061	$ 327,837,055

December 31, 2017	Real estate mortgages: Construction, land dev and land	Real estate mortgages: Residential	Real estate mortgages: Commercial	Commercial	Consumer	Total
Pass	$ 10,898,962	$ 97,127,821	$ 150,480,620	$ 30,475,653	$ 1,459,869	$ 290,442,925
Substandard						
Performing	-	1,738,470	2,028,631	-	-	3,767,101
Nonperforming	-	91,820	-	-	-	91,820
Doubtful						
Nonperforming	-	851,192	-	-	-	851,192
Total loans	$ 10,898,962	$ 99,809,303	$ 152,509,251	$ 30,475,653	$ 1,459,869	$ 295,153,038

Loans are considered impaired when management concludes it is unlikely that collection of all principal and interest payments will be made according to contractual terms. Troubled debt restructurings are considered impaired since all principal and interest payments according to the original contractual terms will not be collected under the modified terms of the restructuring. A performing loan may be categorized as impaired based on knowledge of circumstances that are deemed relevant to loan collection. Not all impaired loans are past due nor are losses expected for every impaired loan. If a loss is expected, an impaired loan may have specific reserve included in the allowance for loan losses. If the impaired loan is deemed to be collateral dependent, any expected loss is charged-off against the allowance for loan losses. Year-end impaired loans for each respective loan portfolio segment are presented in the following table.

December 31, 2018	Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With An Allowance	Related Allowance	Average Recorded Investment	Interest Income Recognized During Impairment
Real estate mortgages						
Residential 1-4 family	$ 3,199,564	$ 1,872,789	$ 868,058	$ 210,718	$ 2,861,253	$ 74,783
Commercial properties	3,267,894	3,239,894	-	-	3,311,625	128,329
Commercial	11,686	11,686	-	-	5,843	-
Total impaired loans	$ 6,479,144	$ 5,124,369	$ 868,058	$ 210,718	$ 6,178,721	$ 203,112

December 31, 2017	Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With An Allowance	Related Allowance	Average Recorded Investment	Interest Income Recognized During Impairment
Real estate mortgages						
Residential 1-4 family	$ 3,437,727	$ 1,820,579	$ 1,316,310	$ 297,059	$ 3,325,643	$ 78,162
Commercial properties	3,508,898	3,508,898	-	-	3,803,274	194,292
Total impaired loans	$ 6,946,625	$ 5,329,477	$ 1,316,310	$ 297,059	$ 7,128,917	$ 272,454

The modification or restructuring of terms on a loan is considered a troubled debt restructuring if it is done to accommodate a borrower who is experiencing financial difficulties. The Bank may forgive principal, lower the interest rate or payment amount, or may modify the payment due dates or maturity date of a loan for a borrower experiencing financial difficulties.

Troubled debt restructurings are evaluated for impairment at the time of restructuring and each subsequent reporting period. An identified loss is recorded as a specific reserve in the allowance for loan losses or charged-off if the loan is deemed to be collateral dependent. No losses were recorded as part of restructures completed in 2017. Troubled debt restructurings may require additional restructuring to accommodate changes in the borrower's financial position and are included as restructurings in the table below. Other restructured loans have been collected with no loss of principal, returned to their original contractual terms, refinanced at market rates and terms, or paid in full. Payment defaults on restructured loans within 12 months of the restructuring did not occur in 2018 or 2017. Restructured loans that become 90 days past due or greater, require an additional restructuring, or have a charge-off recorded are considered to have a payment default. The following table details information about troubled debt restructurings or payment defaults that occurred in the year ended December 31, 2017. No troubled debt restructurings or payment defaults occurred in the year ended December 31, 2018.

	At the time of restructuring			Within 12 months of restructuring		
December 31, 2017	Number of contracts	Balance prior to restructuring	Balance after restructuring	Number of defaults	Defaults on restructures	Losses recognized upon default
Real estate mortgages						
Commercial properties	4	$ 2,809,664	$ 2,809,664	-	$ -	$ -
Total	4	$ 2,809,664	$ 2,809,664	-	$ -	$ -

The troubled debt restructurings described above did not result in a change in the allowance for loan losses in the year of restructuring. Loans restructured in 2017 did not have a specific reserve in the allowance for loan losses as of December 31, 2017.

Troubled debt restructurings with outstanding principal balances as of year-end are presented in the following table for each respective loan portfolio segment.

	Total		Paying as agreed under modified terms		Past due 30 days or more or non-accruing	
December 31, 2018	Number of contracts	Current Balance	Number of contracts	Current Balance	Number of contracts	Current Balance
Real estate mortgages						
Residential 1-4 family	7	$ 2,296,422	3	$ 1,678,861	4	$ 617,561
Commercial properties	6	3,239,894	5	2,922,307	1	317,587
Total	13	$ 5,536,316	8	$ 4,601,168	5	$ 935,148

	Total		Paying as agreed under modified terms		Past due 30 days or more or non-accruing	
December 31, 2017	Number of contracts	Current Balance	Number of contracts	Current Balance	Number of contracts	Current Balance
Real estate mortgages						
Residential 1-4 family	10	$ 2,711,755	6	$ 2,112,096	4	$ 599,659
Commercial properties	7	3,508,898	7	3,508,898	-	-
Total	17	$ 6,220,653	13	$ 5,620,994	4	$ 599,659

NOTE 5. LOAN COMMITMENTS

Loan commitments are agreements to lend to customers as long as there is no violation of any conditions of the contracts. Loan commitments generally have interest rates at current market rates, fixed expiration dates, and may require payment of a fee. Letters of credit are commitments issued to guarantee the performance of a customer to a third party. Loan commitments and letters of credit are made on the same terms, including collateral, as outstanding loans. The Company's exposure to loss in the event of nonperformance by the borrower is represented by the contract amount of the commitment. Outstanding loan commitments (including the unutilized portion of lines of credit) and letters of credit as of December 31 were as follows:

	2018	2017
Loan commitments		
Real estate mortgages		
Construction, land development and land	$ 13,330,686	$ 4,019,672
Residential 1 to 4 family	9,314,524	5,279,981
Commercial properties	15,519,304	18,247,592
Commercial	13,023,399	12,645,007
Consumer	42,000	144,729
Total loan commitments	$ 51,229,913	$ 40,336,981
Performance standby letters of credit	$ 1,868,143	$ 1,607,743

NOTE 6. OTHER REAL ESTATE OWNED

Other real estate owned is real estate acquired by any means in full or partial satisfaction of a loan. Changes in other real estate owned for the years ended December 31 are presented in the following table. Other real estate owned does not include any residential real estate acquired in full or partial satisfaction of a loan.

	2018	2017
Beginning balance	149,300	174,800
Net realizable value of foreclosed properties	66,121	-
	215,421	174,800
Proceeds from sales, net of selling expenses	(75,186)	(16,390)
Loss on sale	(62,162)	(610)
Revaluation loss	(78,073)	(8,500)
Ending balance	-	149,300

NOTE 7. PREMISES, EQUIPMENT AND COMPUTER SOFTWARE

The following table provides summary information regarding premises and equipment at December 31 and related depreciation expense for the years then ended.

	Estimated useful life	2018	2017
Land		$ 3,268,938	$ 3,268,938
Buildings	5 - 50 years	9,880,981	9,586,152
Furniture, fixtures and equipment	3 - 20 years	4,468,219	4,391,154
Construction in progress		337,158	-
Total premises and equipment		17,955,296	17,246,244
Accumulated depreciation		(8,622,088)	(8,322,838)
Premises and equipment, net		$ 9,333,208	$ 8,923,406
Depreciation expense		$ 529,785	$ 501,547

The following table provides summary information regarding capitalized computer software at December 31 and related amortization expense for the years then ended.

	Estimated useful life	2018	2017
Computer software	2 - 10 years	$ 1,138,035	$ 1,180,464
Accumulated amortization		(977,377)	(968,419)
Computer software, net		$ 160,658	$ 212,045
Amortization expense		$ 96,735	$ 101,941

The Company leases a parcel of land east of Berlin, Maryland, and formerly operated a branch on the property. Rent expense for this lease was $21,796 and $25,525 for the years ended December 31, 2018 and 2017, respectively. The lease was extended on February 20, 2014 and will now expire August 31, 2019. The branch located on this property was closed in the 2nd quarter of 2016 which resulted in the acceleration of the remaining lease costs, net of expected sublease payments. The liability for the present value of the remaining lease payments, net of expected sublease payments, was $2,885 and $7,089 as of December 31, 2018 and 2017, respectively. The building has not been subleased as of December 31, 2018.

The Company entered into a lease on September 1, 2017 for office space located in Onley, Virginia, which is being used as a loan production office. The lease expires on August 31, 2019 and requires a payment of $750 per month for the term of the lease. Rent expense recorded for this lease was $9,000 and $3,750 in 2018 and 2017, respectively.

Leases currently in effect require future minimum payments of $25,336 in 2019.

NOTE 8. DEPOSITS

Major classifications of interest bearing deposits at December 31 are presented in the following table.

	2018	2017
Demand	$ 102,487,160	$ 91,072,928
Money market	58,000,272	60,105,385
Savings	91,682,495	89,473,710
Time deposits of $250,000 or more	4,443,630	5,258,323
Time deposits of less than $250,000	35,613,024	43,818,601
Total interest bearing deposits	$ 292,226,581	$ 289,728,947

The maturity schedule for time deposits was as follows at December 31:

	2018	2017
Three months or less	$ 18,992,227	$ 19,295,591
Over three through twelve months	16,384,554	23,535,484
Over one through two years	4,679,873	6,245,849
Total time deposits	$ 40,056,654	$ 49,076,924

NOTE 9. BORROWINGS

The Company has available lines of credit, including overnight federal funds, reverse repurchase agreements and letters of credit, totaling $38,000,000 as of December 31, 2018. This includes $33,000,000 of unsecured lines and $5,000,000 of lines that will be secured by debt securities if utilized. No amounts are outstanding under these lines of credit as of December 31, 2018.

NOTE 10. RELATED PARTY TRANSACTIONS

The executive officers and directors of the Company enter into loan transactions with the Bank in the ordinary course of business. The terms of these transactions are similar to the terms provided to other borrowers entering into similar loan transactions. Executive officers and directors also make deposits in the Bank and receive the same rates and terms on deposit accounts as other customers with similar accounts. The following table provides loans, deposits and unfunded loan commitments of related parties at December 31 and details activity of related party loans for the years then ended.

	2018	2017
Related party loan activity		
Beginning balance	$ 31,886,469	$ 21,789,966
Additions	4,853,722	20,091,159
Repayments	(7,506,607)	(12,051,364)
Other increases/(decreases)	(4,756,316)	2,056,708
Ending balance	$ 24,477,268	$ 31,886,469
Unfunded loan commitments	$ 10,534,901	$ 4,662,104
Deposits	$ 8,503,147	$ 9,690,259

The Company purchases insurance policies from an insurance agency in which the owner is also a member of the Board of Directors. Commissions paid for the insurance policies are at similar commission rates charged by unrelated insurance agencies for similar policies. The amounts of insurance premiums paid to this related party totaled $55,523 and $59,231 during the years ended December 31, 2018 and 2017, respectively.

The Company obtains legal services from a law firm in which one of the principal attorneys was a member of the Board of Directors until May 2018. Fees charged for these services are at similar rates charged by unrelated law firms for similar legal work. Amounts paid to this related party totaled $58,354 and $12,720 during the years ended December 31, 2018 and 2017, respectively.

In 2017, the Company entered into a lease for office space located in Onley, Virginia, in which the lessor is an entity owned by a member of the Board of Directors. The terms of the lease are similar to other commercial leases for similar property in that area. The amount paid to the related party under this lease was $9,000 and $3,750 in 2018 and 2017, respectively.

Interior design services were provided to the Company by the spouse of the Chief Executive Officer and President. Amounts paid to this related party were $4,013 and $10,256 in 2018 and 2017, respectively.

NOTE 11. EMPLOYEE BENEFITS

The Company has a defined contribution profit sharing plan under Section 401(k) of the Internal Revenue Code. The plan covers substantially all of the employees and allows discretionary contributions by the Company. The plan provides for a matching contribution by the Company equal to 50% of an employee's contributions each pay period. The matching contribution by the Company does not apply to employee contributions over 6% of the employee's wages each pay period. Annually, the Board of Directors determines if a discretionary contribution will be made which is based upon the overall performance of the Company. The total cost of the profit sharing plan, including matching and discretionary contributions for 2018 and 2017, was $249,469 and $215,816, respectively.

In 2015, the Company adopted a nonqualified deferred compensation plan. The plan participants are currently limited to the Chief Executive Officer. The plan allows for discretionary employer and employee contributions to the plan. The plan was funded by the purchase of bank owned life insurance on the participant with premiums due annually. Changes in the nonqualified deferred compensation liability and cash surrender value of the bank owned life insurance policy for the years ended December 31 and net expenses of the plan for the years ended December 31 are presented in the following table.

	Nonqualified Deferred Compensation Liability		Cash Surrender Value of Bank Owned Life Insurance	
	2018	2017	2018	2017
Beginning balance	$ 197,456	$ 115,794	$ 178,072	$ 107,469
Employer contributions / premiums paid	57,031	57,031	57,031	57,031
Change in investment value, net of fees	(19,081)	24,631	(26,165)	13,572
Ending balance	$ 235,406	$ 197,456	$ 208,938	$ 178,072

	2018	2017
Compensation expense - contributions	$ 57,031	$ 57,031
Compensation expense from change in value	(19,081)	24,631
BOLI (income) loss from change in value	26,165	(13,572)
Administrative costs	3,457	3,600
Net plan expense	$ 67,572	$ 71,690

The Company provides employee medical and prescription drug insurance benefits through a partially self-insured plan. The partially self-insured plan requires the Company to pay for claims up to a certain limit per participant and up to a certain aggregate limit for all participants. The plan year coincides with the calendar year for financial reporting purposes. As of December 31, 2018, a liability of $60,000 was recorded for the incurred but not reported claims for the 2018 plan year which is an estimate determined by an independent review performed by a certified actuary. In 2017, actual plus expected claims were anticipated to exceed the aggregate limit for all participants. A liability was recorded for the difference between claims paid and the aggregate limit applicable for the year and was $27,151 as of December 31, 2017.

NOTE 12. OTHER NONINTEREST EXPENSES

The components of noninterest expense for the years ended December 31 are as follows:

	2018	2017
Armored car service	$ 111,649	$ 88,889
Deposit product services	29,459	29,132
Correspondent bank fees	59,302	59,639
Courier service	47,520	47,955
Director fees	272,000	296,000
Dues, donations and subscriptions	192,485	295,708
Liability insurance	31,930	30,549
Postage	130,825	137,548
Professional fees	174,953	85,052
Stationery and supplies	131,844	118,267
Telecommunications	231,425	246,376
Miscellaneous	410,254	361,648
	$ 1,823,646	$ 1,796,763

NOTE 13. INCOME TAXES

The following table presents the components of income tax expense for the years ended December 31 and the components of the net deferred tax liability at year-end.

	2018	2017
Current income tax expense		
Federal	$ 1,675,335	$ 2,281,951
State	525,645	550,985
Total current income tax expense	2,200,980	2,832,936
Deferred tax expense (benefit)	49,926	58,781
Total income tax expense	$ 2,250,906	$ 2,891,717

The components of the net deferred tax liability are as follows:	2018	2017
Deferred tax assets		
Nonaccrual loan interest	$ 45,180	$ 35,247
Allowance for loan losses	-	34,584
Other than temporary impairment of investment value	62,325	38,670
Other real estate owned	-	7,755
Nonqualified deferred compensation	62,476	53,691
Unrealized loss on available for sale debt securities	34,016	-
Federal and state loss carryforwards	6,322	35,019
Total deferred tax assets	210,319	204,966
Deferred tax liabilities		
Allowance for loan losses	1,611	-
Prepaid expenses	107,466	-
Depreciation	231,826	151,225
Discount accretion	11,323	22,130
Deferred loan origination costs	47,422	-
Unrealized gain on marketable equity securities	-	94,175
Unrealized gain on available for sale debt securities	-	59,426
Total deferred tax liabilities	399,648	326,956
Net deferred tax liability	$ (189,329)	$ (121,990)

A reconciliation of the effective income tax rate to the statutory income tax rate is provided in the following table.

	2018	2017
Statutory federal income tax rate	21.00%	34.00%
Increase (decrease) in tax rate resulting from		
State income taxes net of federal income tax benefit	4.54	4.18
Tax-exempt income	(1.68)	(2.93)
Non-deductible expenses	0.06	0.11
Change in deferred tax rate	0.02	(0.91)
Other	(0.62)	(0.01)
Effective income tax rate	23.32%	34.44%

There were no unrecognized tax benefits during any of the reported periods. The Company and its subsidiary file income tax returns in the U.S. federal and state jurisdictions. The Company and its subsidiary are no longer subject to U.S. federal and state income tax examinations for tax years prior to 2015. Certain loss carrybacks have been filed for years prior to 2015 which allow federal and state tax authorities to examine those years to the extent of the carryback amount.

On December 22, 2017 the Tax Cuts and Jobs Act was enacted into law which decreased the Company's Federal income tax rate from 34% to 21% for years after 2017. The enactment of the law prior to December 31, 2017, required management to remeasure deferred tax assets and liabilities using the new income tax rate which will be in effect when the deferred tax assets and liabilities reverse in future years. A net income tax benefit of $76,783 was recorded in 2017 related to the remeasurement of deferred tax assets and liabilities. This amount includes a $53,443 income tax benefit related to the remeasurement of deferred tax liabilities associated with net unrealized gains from available for sale securities. As of December 31, 2017, the income tax benefit of $53,443 was reclassified from retained earnings to other comprehensive income as permitted by Accounting Standards Update (ASU) No. 2018-02.

NOTE 13. OTHER COMPREHENSIVE INCOME (LOSS)

The tax expense (benefit) allocated to each component of other comprehensive income (loss) for the years ended December 31 was as follows:

December 31, 2018	Before Tax Amount	Tax Expense (Benefit)	Net of Tax Amount
Securities available for sale:			
Net unrealized gains arising during the period	$ 43,143	$ 1,216	$ 41,927
Reclassification of gain on sale included in net income	(450,753)	(94,658)	(356,095)
Total other comprehensive loss	$ (407,610)	$ (93,442)	$ (314,168)

December 31, 2017	Before Tax Amount	Tax Expense (Benefit)	Net of Tax Amount
Securities available for sale:			
Net unrealized losses arising during the period	$ (557,777)	$ (228,125)	$ (329,652)
Decrease in net unrealized gain resulting from change to cost method	(69,647)	(27,472)	(42,175)
Reclassification of gain on sale included in net income	(34,935)	(13,780)	(21,155)
Reclassification of loss on other than temporary impairment of investment value included in net income	21,045	8,301	12,744
Total other comprehensive loss	$ (641,314)	$ (261,076)	$ (380,238)

Changes in accumulated other comprehensive income (loss) by component, net of tax, for the years ended December 31, 2018 and 2017 are reported in the following table.

December 31, 2018	Securities Available for Sale	Accumulated Other Comprehensive Income
Beginning balance	$ 465,989	$ 465,989
Cumulative effect of accounting change	(255,889)	(255,889)
Adjusted beginning balance	210,100	210,100
Unrealized gains arising during the period	41,927	41,927
Net realized gains reclassified from accumulated other comprehensive income	(356,095)	(356,095)
Net other comprehensive loss during the period	(314,168)	(314,168)
Ending balance	$ (104,068)	$ (104,068)

December 31, 2017		Securities Available for Sale		Accumulated Other Comprehensive Income
Beginning balance	$	792,784	$	792,784
Unrealized losses arising during the period		(329,652)		(329,652)
Decrease in net unrealized gain resulting from change to cost method		(42,175)		(42,175)
Net realized gains reclassified from accumulated other comprehensive income		(21,155)		(21,155)
Loss on other than temporary impairment of investment value reclassified from accumulated other comprehensive income		12,744		12,744
Reclassification of stranded income tax effects from retained earnings		53,443		53,443
Net other comprehensive loss during the period		(326,795)		(326,795)
Ending balance	$	465,989	$	465,989

NOTE 14. FAIR VALUE MEASUREMENTS

The fair value of an asset or liability is the exchange price that would be received to sell that asset or paid to transfer that liability (exit price) in an orderly transaction between market participants occurring in the principal market or most advantageous market for such asset or liability. The fair value hierarchy established in the Financial Accounting Standards Board accounting standards codification topic titled Fair Value Measurements establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of inputs that may be used to measure fair values are as follows:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities;
Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices in markets that are not active, or inputs that are observable or can be corroborated by observable market data;
Level 3: Unobservable inputs that reflect a company's own price or valuation techniques that are significant to the fair value measurement.

Financial assets measured at fair value on a recurring basis include debt securities classified as available for sale and marketable equity securities. U.S. Treasury securities and an equity investment in an actively traded public utility are determined by quoted market prices (Level 1). Fair value for U.S. government agency, municipal debt securities and residential mortgage-backed securities issued by U.S. government-sponsored enterprises are calculated based on market prices of similar securities (Level 2). The Company has no financial assets measured at fair value on a recurring basis that are valued with Level 3 inputs. The level in the hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. Financial assets measured on a recurring basis are summarized in the following table.

December 31, 2018		Level 1		Level 2		Total Fair Value
Financial assets						
Debt securities available for sale						
U.S. Treasury	$	4,974,404	$	-	$	4,974,404
U.S. Government agency		-		15,985,423		15,985,423
Mortgage-backed securities		-		14,467,437		14,467,437
State and municipal		-		6,716,436		6,716,436
Total debt securities available for sale	$	4,974,404	$	37,169,296	$	42,143,700

December 31, 2017		Level 1		Level 2		Total Fair Value
Financial assets						
Debt securities available for sale						
U.S. Treasury	$	22,392,200	$	-	$	22,392,200
Mortgage-backed securities		-		6,520,116		6,520,116
State and municipal		-		5,327,253		5,327,253
Total debt securities available for sale	$	22,392,200	$	11,847,369	$	34,239,569
Marketable equity securities	$	350,065	$	-	$	350,065

The Company measures and reports certain financial and non-financial assets at fair value on a non-recurring basis. Financial assets measured and reported at fair value on a non-recurring basis include impaired loans that are deemed by management to be collateral dependent and have been recorded at the fair value of the underlying collateral by recording partial charge-offs. Non-financial assets measured and reported on a non-recurring basis include other real estate owned.

The Company utilizes appraisals from independent 3rd-party licensed appraisers to determine the fair value of collateral underlying impaired loans that are deemed collateral dependent and other real estate owned. The vast majority of appraisals utilize the market approach valuation technique due to the nature of the underlying properties. Due to the significance of adjustments made to observable market prices of similar properties and lack of similarities between comparable properties, the Company considers the appraisals used in determination of fair value for collateral dependent impaired loans and other real estate owned to be Level 3 inputs. In determining fair value, management also considers estimated holding and selling costs if sale of the property is the primary repayment source. When appropriate, management may also reduce the independent appraised value based on the current listing price of real estate for sale, prior experience in selling similar real estate or other factors not considered in the independent appraisal. The valuation process includes a review of the appraisal by the Bank's loan department, which is experienced in appraisal review procedures set forth by bank regulatory guidance.

Financial and non-financial assets measured and reported at fair value on a non-recurring basis, segregated by the level of the valuation inputs within the fair value hierarchy used to measure fair value, are detailed in the following table.

December 31, 2018	Level 3	Total Fair Value	Total Losses
Impaired loans recorded at fair value of collateral:			
Residential 1-4 family	$ 1,602,669	$ 1,602,669	$ 828,869
Commercial mortgages	317,587	317,587	234,707
Total impaired loans recorded at fair value of collateral	1,920,256	1,920,256	1,063,576
Total assets measured on a non-recurring basis	$ 1,920,256	$ 1,920,256	$ 1,063,576

December 31, 2017	Level 3	Total Fair Value	Total Losses
Impaired loans recorded at fair value of collateral:			
Residential 1-4 family	$ 1,711,543	$ 1,711,543	$ 677,669
Commercial mortgages	353,284	353,284	206,707
Total impaired loans recorded at fair value of collateral	2,064,827	2,064,827	884,376
Other real estate owned recorded at fair value of collateral:			
Construction, land development and land	149,300	149,300	150,522
Total other real estate owned recorded at fair value of collateral	149,300	149,300	150,522
Total assets measured on a non-recurring basis	$ 2,214,127	$ 2,214,127	$ 1,034,898

The estimated fair values of the Company's financial assets and liabilities that are not measured and reported at fair value on a recurring or non-recurring basis are summarized in the table below. The fair values of these financial instruments as of December 31, 2018 are based on the exit price notion which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing parties under current market conditions. Quoted market prices, where available, are shown as estimates of fair market value. The calculation of estimated fair values is based on market conditions at a specific point in time and may not reflect current or future fair values. Most financial instruments do not have quoted market prices and thus the fair value has been determined based on the amount and timing of future cash flows and estimated discount rates based on observable inputs ("Level 2") or unobservable inputs ("Level 3"). The fair values of cash and cash equivalents, accrued interest receivable, bank owned life insurance, noninterest-bearing deposits and accrued interest payable approximately equals their carrying values and thus are excluded from the table. The carrying amount and estimated fair values of financial instruments reported at amortized cost, segregated by level of valuation inputs within the fair value hierarchy utilized to measure fair value, are presented in the following table.

December 31, 2018	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets					
Debt securities held to maturity	$ 37,352,580	$ 8,905,941	$ 28,269,745	$ -	$ 37,175,686
Time deposits	$ 33,334,063	$ -	$ 16,954,708	$ 16,209,089	$ 33,163,797
Loans, net	$ 325,322,398	$ -	$ -	$ 322,171,398	$ 322,171,398
Other equity securities, at cost	$ 748,833	N/A	N/A	N/A	N/A
Financial liabilities					
Interest-bearing deposits	$ 292,226,581	$ -	$ -	$ 292,178,166	$ 292,178,166

December 31, 2017	Carrying Amount	Level 1	Level 2	Level 3	Total
Financial assets					
Debt securities held to maturity	$ 61,720,696	$ 11,967,790	$ 49,429,469	$ -	$ 61,397,259
Time deposits	$ 32,538,834	$ -	$ 13,525,528	$ 18,890,927	$ 32,416,455
Loans, net	$ 292,295,565	$ -	$ -	$ 291,739,954	$ 291,739,954
Other equity securities, at cost	$ 851,538	N/A	N/A	N/A	N/A
Financial liabilities					
Interest-bearing deposits	$ 289,728,947	$ -	$ -	$ 289,741,005	$ 289,741,005

Other equity securities carried at cost are included in the table above as they are considered financial instruments not measured and reported at fair value. The Company has not observed a price change from orderly transactions for identical or similar investments that would require an adjustment to the carrying amount of these equity securities and therefore a fair value cannot be determined.

NOTE 15. REGULATORY CAPITAL STANDARDS

The Company's primary regulator, the Federal Reserve, and the Bank's primary regulator, the Federal Deposit Insurance Corporation (FDIC), have adopted leverage and risk-based capital standards for their supervised banking institutions. These standards require ratios of capital to assets for minimum capital adequacy and to be classified as well capitalized under prompt corrective action provisions. Failure to meet minimum capital requirements can initiate certain mandatory, and possible additional, discretionary actions by the regulators that, if undertaken, could have a direct material effect on the Company's financial statements. Under these capital standards, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities and certain off balance sheet items as calculated under regulatory guidelines. The capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Minimum capital ratios established for capital adequacy purposes require the Company and Bank to maintain a minimum amount of capital as compared to risk-weighted and average assets. The Bank is subject to Basel III capital standards including the Common Equity Tier 1 capital to risk-weighted asset ratio and capital conservation buffers. The Company is not subject to Basel III capital standards since its consolidated assets are less than $1 billion but remains subject to Basel II capital standards for minimum capital adequacy. Capital amounts and ratios for minimum capital adequacy for the Bank presented in the following table do not include capital conservation buffers.

As of December 31, 2018, the most recent notification from the FDIC has categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain ratios as set forth in the following table. There have been no conditions or events since that notification that management believes have changed the Bank's classification as well capitalized. The regulators, through formal or informal agreement, have the authority to require an institution to maintain higher capital ratios than those provided by statute, to be categorized as well capitalized.

The following table presents actual and required regulatory capital amounts and ratios for the Company and Bank at year-end. The ratio for Tier 1 capital to average assets is computed using average assets for the quarter ending December 31.

(in thousands)	Actual		Required for Capital Adequacy Purposes		To Be Well Capitalized Under PCA Regulations	
December 31, 2018	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital to risk-weighted assets						
Company	$ 85,512	26.3%	$ 26,018	8.0%	N/A	N/A
Bank	$ 82,999	25.6%	$ 25,960	8.0%	$ 32,450	10.0%
Tier 1 capital to risk-weighted assets						
Company	$ 84,893	26.1%	$ 19,513	6.0%	N/A	N/A
Bank	$ 82,380	25.4%	$ 19,470	6.0%	$ 25,960	8.0%
Common equity tier 1 capital to risk-weighted assets						
Company	$ 84,893	26.1%	$ 14,635	4.5%	N/A	N/A
Bank	$ 82,380	25.4%	$ 14,603	4.5%	$ 21,093	6.5%
Tier 1 capital to average assets (leverage ratio)						
Company	$ 84,893	15.8%	$ 21,484	4.0%	N/A	N/A
Bank	$ 82,380	15.4%	$ 21,393	4.0%	$ 26,741	5.0%
December 31, 2017						
Total capital to risk-weighted assets						
Company	$ 82,282	27.7%	$ 23,745	8.0%	N/A	N/A
Bank	$ 79,561	26.9%	$ 23,633	8.0%	$ 29,541	10.0%
Tier 1 capital to risk-weighted assets						
Company	$ 81,457	27.4%	$ 17,809	6.0%	N/A	N/A
Bank	$ 78,768	26.7%	$ 17,725	6.0%	$ 23,633	8.0%
Common equity tier 1 capital to risk-weighted assets						
Company	$ 81,457	27.4%	$ 13,357	4.5%	N/A	N/A
Bank	$ 78,768	26.7%	$ 13,294	4.5%	$ 21,093	6.5%
Tier 1 capital to average assets (leverage ratio)						
Company	$ 81,457	15.7%	$ 20,146	4.0%	N/A	N/A
Bank	$ 78,768	15.3%	$ 20,053	4.0%	$ 25,066	5.0%

NOTE 16. PARENT COMPANY FINANCIAL INFORMATION

Financial statements for Calvin B. Taylor Bankshares, Inc. (Parent Company) for the periods indicated are presented in the following tables.

Balance Sheets	December 31, 2018	December 31, 2017
Assets		
Cash and due from banks	$ 222,806	$ 249,229
Interest-bearing deposits	6,066	6,061
Cash and cash equivalents	228,872	255,290
Time deposits in other financial institutions	450,000	450,000
Marketable equity securities, at fair value	-	350,065
Other equity securities, at cost	748,833	851,538
Investment in subsidiary bank	82,276,435	78,938,925
Premises and equipment, net	964,484	987,637
Deferred income taxes	76,025	53,728
Other assets	44,166	35,696
Total assets	$ 84,788,815	$ 81,922,879
Liabilities and Stockholders' Equity		
Common stock, par value $1 per share	$ 2,788,926	$ 2,814,240
Additional paid-in capital	3,305,779	4,037,860
Retained earnings	78,798,178	74,604,790
Accumulated other comprehensive income, net of tax	(104,068)	465,989
Total stockholders' equity	84,788,815	81,922,879
Total liabilities and stockholders' equity	$ 84,788,815	$ 81,922,879

	Years Ended	
Statements of Comprehensive Income	December 31, 2018	December 31, 2017
Interest revenue	$ 8,379	$ 5,408
Dividend revenue	44,683	53,334
Dividends from subsidiary	3,814,597	4,325,556
Other than temporary impairment of investment value	(102,706)	(21,045)
Gain on disposition of investment securities	1,519	52,463
Equity in undistributed income of subsidiary	3,651,678	1,150,890
Rental income	43,200	43,200
Total revenue	7,461,350	5,609,806
Occupancy	30,189	29,598
Other	58,065	42,535
Total expenses	88,254	72,133
Income before income taxes	7,373,096	5,537,673
Income tax expense (benefit)	(29,000)	32,858
Net income	7,402,096	5,504,815
Other comprehensive loss, net of tax		
Unrealized losses on available for sale debt securities arising during the period, net of taxes of $(93,442) and $(261,076)	(314,168)	(380,238)
Comprehensive income	$ 7,087,928	$ 5,124,577

Statements of Cash Flows	Years Ended December 31, 2018	December 31, 2017
Cash flows from operating activities		
Interest and dividends received	$ 3,870,515	$ 4,388,174
Rental payments and fees received	43,200	43,200
Cash paid for operating expenses	(74,613)	(51,208)
Income tax refunds received	4,889	4,024
Net cash provided by operating activities	3,843,991	4,384,190
Cash flows from investing activities		
Certificates of deposit purchased, net of maturities	-	(10,000)
Proceeds from sale of investments available for sale	351,583	109,088
Purchases of premises and equipment	-	(6,000)
Net cash provided by investing activities	351,583	93,088
Cash flows from financing activities		
Common shares repurchased	(757,395)	(1,860,935)
Dividends paid	(3,464,597)	(2,758,053)
Net used by financing activities	(4,221,992)	(4,618,988)
Net increase (decrease) in cash and cash equivalents	(26,418)	(141,710)
Cash and cash equivalents at beginning of year	255,290	397,000
Cash and cash equivalents at end of year	$ 228,872	$ 255,290
Reconciliation of net income to net cash provided by operating activities		
Net income	$ 7,402,096	$ 5,504,815
Adjustments to reconcile net income to net cash provided by operating activities		
Undistributed net income of subsidiary	(3,651,678)	(1,150,890)
Depreciation	23,153	23,271
Other than temporary impairment of investment value	102,706	21,045
Gain on disposition of investment securities	(1,519)	(52,463)
Decrease (increase) in		
Accrued interest receivable	397	4,642
Prepaid expenses	(9,511)	(209)
Accrued dividends	2,459	(766)
Increase (decrease) in		
Deferred and accrued income taxes	(24,112)	36,883
Other liabilities	-	(2,138)
Net cash provided by operating activities	$ 3,843,991	$ 4,384,190

MARKET FOR COMMON STOCK AND RELATED MATTERS

STOCK LISTING INFORMATION

The Company's common stock is traded in the "over the counter" (OTC) market under the ticker symbol TYCB. Stock quotes, trade prices and volume information can be found on the OTCQX marketplace which is an electronic inter-dealer quotation system registered with the Securities and Exchange Commission (SEC) and Financial Industry Regulatory Authority (FINRA).

TRANSFER AGENT

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, New York 11219
Phone (800) 937-5449, toll free

ADDITIONAL INFORMATION

The following officers of the Company can provide additional information:

Mr. Raymond M. Thompson, President and Chief Executive Officer
(410) 641-1700
Email: rthompson@taylorbank.com

Mr. M. Dean Lewis, Treasurer
(410) 641-1700
Email: mlewis@taylorbank.com

CALVIN B. TAYLOR BANKSHARES, INC.
taylorbank.com

Parent Company of

CALVIN B. TAYLOR BANKING COMPANY
Berlin, Maryland