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, John Maxwell
Name of the Holding Company Director and Official

Chairman and CEO
Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Signature of Holding Company Director and Official

3/19/2018
Date of Signature

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

- ☒ is included with the FR Y-6 report
- ☐ will be sent under separate cover
- ☐ is not prepared

For Federal Reserve Bank Use Only

RSSD ID ____________
C.I. ____________

Date of Report (top-tier holding company's fiscal year-end):
December 31, 2017
Month / Day / Year

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

Reporter's Name, Street, and Mailing Address

John Marshall Bancorp Inc.
Legal Title of Holding Company

1943 Isaac Newton Square, Suite 100
(Mailing Address of the Holding Company) Street / P.O. Box

City	State	Zip Code
Reston	VA	20190

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Name	Title
Jennifer Manning	SVP, Chief Acctg Officer

703-584-0840
Area Code / Phone Number / Extension

703-584-0859
Area Code / FAX Number

jmanning@johnmarshallbank.com
E-mail Address

www.johnmarshallbank.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."

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

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City State Zip Code

Physical Location (if different from mailing address)

Form FR Y-6
John Marshall Bancorp, Inc.
Reston, Virginia
Fiscal Year Ending December 31, 2017

Report Item 1:

The bank holding company prepares an annual report for its shareholders and is not registered with the SEC. Enclosed are two (2) copies, as specified by the Federal Reserve Bank of Richmond.

JOHN MARSHALL BANCORP, INC.

Reston, Virginia

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017 and 2016

Independent Auditor's Report

To the Board of Directors
John Marshall Bancorp, Inc.
Reston, Virginia

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of John Marshall Bancorp, Inc. and its subsidiary, which comprise the consolidated balance sheets as of December 31, 2017 and 2016, the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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 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 financial statements referred to above present fairly, in all material respects, the financial position of John Marshall Bancorp, Inc. and its subsidiary as of December 31, 2017 and 2016, 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.

Other Matter

We have also audited, in accordance with auditing standards generally accepted in the United States of America, John Marshall Bancorp, Inc.'s internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated March 9, 2018 expressed an unqualified opinion on the effectiveness of John Marshall Bancorp, Inc.'s internal control over financial reporting.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
March 9, 2018

JOHN MARSHALL BANCORP, INC.

Consolidated Balance Sheets

December 31, 2017 and 2016

(In thousands, except share and per share data)

	2017	2016
Assets		
Cash and due from banks	$ 7,256	$ 4,898
Interest-bearing deposits in banks	30,873	49,717
Federal funds sold	40	60
Securities available-for-sale, at fair value	54,699	48,312
Securities held-to-maturity, fair value of $41,500 in 2017 and $44,067 in 2016	41,570	44,073
Restricted securities, at cost	8,447	7,873
Loans, net of allowance for loan losses of $8,927 in 2017 and $8,202 in 2016	997,945	886,220
Bank premises and equipment, net	2,480	2,471
Accrued interest receivable	3,263	2,988
Bank owned life insurance	19,093	18,540
Other real estate owned	379	- -
Other assets	8,980	10,205
Total Assets	$ 1,175,025	$ 1,075,357
Liabilities		
Deposits:		
Non-interest bearing demand deposits	$ 174,686	$ 195,065
Interest bearing demand deposits	258,306	211,495
Savings deposits	6,709	6,856
Time deposits	457,240	419,449
Total deposits	896,941	832,865
Federal funds purchased	10,001	- -
Repurchase agreements	- -	14,206
Federal Home Loan Bank advances	108,500	104,000
Subordinated debt, net of debt issuance costs	24,531	- -
Accrued interest payable	996	220
Other liabilities	5,189	5,271
Total liabilities	1,046,158	956,562
Shareholders' Equity		
Preferred stock, par value $0.01 per share; authorized 1,000,000 shares; none issued	- -	- -
Common stock, nonvoting, par value $0.01 per share; authorized 1,000,000 shares; none issued	- -	- -
Common stock, voting, par value $0.01 per share in 2017; par value $5 per share in 2016, authorized 20,000,000 shares; issued and outstanding, 12,824,233 shares including 85,007 unvested shares in 2017 and 10,137,149 in 2016	127	50,686
Additional paid-in capital	83,867	32,112
Retained earnings	45,544	36,454
Accumulated other comprehensive loss	(671)	(457)
Total shareholders' equity	128,867	118,795
Liabilities and Shareholders' Equity	$ 1,175,025	$ 1,075,357

See Notes to Consolidated Financial Statements.

JOHN MARSHALL BANCORP, INC.

Consolidated Statements of Income

Years Ended December 31, 2017 and 2016

(In thousands, except per share data)

	2017	2016
Interest and Dividend Income		
Interest and fees on loans	$ 46,667	$ 40,250
Interest on investment securities, taxable	1,445	1,432
Interest on investment securities, tax-exempt	269	170
Dividends	417	341
Interest on deposits in banks	520	168
Total interest and dividend income	49,318	42,361
Interest Expense		
Deposits	6,752	5,411
Federal Home Loan Bank advances	1,300	784
Subordinated debt	719	- -
Other short-term borrowings	22	60
Total interest expense	8,793	6,255
Net interest income	40,525	36,106
Provision for loan losses	1,380	3,810
Net interest income after provision for loan losses	39,145	32,296
Noninterest Income		
Service charges on deposit accounts	383	401
Bank owned life insurance	553	540
Other service charges and fees	105	77
Gain on sales and calls of securities	134	2
Gain on sale of fixed assets	1	- -
Other operating income	53	4
Total noninterest income	1,229	1,024
Noninterest Expenses		
Salaries and employee benefits	14,820	12,548
Occupancy expense of premises	1,843	1,678
Furniture and equipment expenses	1,183	1,228
Other real estate owned expenses	20	1
Other operating expenses	6,260	5,523
Total noninterest expenses	24,126	20,978
Income before income taxes	16,248	12,342
Income tax expense	7,264	4,041
Net income	$ 8,984	$ 8,301
Earnings Per Share		
Basic	$ 0.70	$ 0.66
Diluted	$ 0.66	$ 0.63

See Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

Years Ended December 31, 2017 and 2016

(In thousands)

	2017	2016
Net income	$ 8,984	$ 8,301
Other comprehensive loss:		
Unrealized loss on available for sale securities, net of tax of $(36) and $(114)	(70)	(222)
Reclassification adjustment for gains on available-for-sale securities included in net income, net of tax of $(26) and $(1)	(50)	(1)
Amortization of unrealized loss on securities transferred to held-to-maturity, net of tax of $10 and $7	18	13
Total other comprehensive loss	(102)	(210)
Total comprehensive income	$ 8,882	$ 8,091

See Notes to Consolidated Financial Statements.

JOHN MARSHALL BANCORP, INC.

Consolidated Statements of Changes in Shareholders' Equity

Years Ended December 31, 2017 and 2016

(In thousands, excluding shares)

	Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance, December 31, 2015	10,016,574	$ 50,083	$ 31,313	$ 28,153	$ (247)	$ 109,302
Net income	--	--	--	8,301	--	8,301
Other comprehensive loss	--	--	--	--	(210)	(210)
Exercise of stock options	120,575	603	248	--	--	851
Share-based compensation	--	--	325	--	--	325
Income tax benefit on stock options	--	--	226	--	--	226
Balance, December 31, 2016	10,137,149	50,686	32,112	36,454	(457)	118,795
Net income	--	--	--	8,984	--	8,984
Other comprehensive loss	--	--	--	--	(102)	(102)
Exercise of stock options	58,170	155	289	--	--	444
Reduction in par value $5 to $0.01		(50,739)	50,739	--	--	--
5 for 4 stock split in the form of a 25% stock dividend	2,543,907	25	(25)	--	--	--
Share-based compensation	--	--	752	--	--	752
Cash paid in lieu of fractional shares				(6)		(6)
Reclassification of standed tax effects from change in tax rate	--	--	--	112	(112)	--
Balance, December 31, 2017	12,739,226	$ 127	$ 83,867	$ 45,544	$ (671)	$ 128,867

See Notes to Consolidated Financial Statements.

JOHN MARSHALL BANCORP, INC.
Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016
(In thousands)

	2017	2016
Cash Flows from Operating Activities		
Net income	$ 8,984	$ 8,301
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	797	761
Provision for loan losses	1,380	3,810
Share-based compensation expense	752	325
Net amortization of securities	699	587
Amortization of debt issuance costs	24	- -
Gains on sales and calls of available-for-sale securities	(76)	(2)
Gains on sales of held-to-maturity securities	(58)	- -
Loss on impairment of other real estate owned	13	- -
Deferred tax expense (benefit)	1,243	(387)
Gain on disposal of fixed assets	(1)	- -
Increase in cash surrender value of life insurance	(553)	(540)
Changes in assets and liabilities:		
Increase in accrued interest receivable	(275)	(670)
Decrease (increase) in other assets	34	(520)
Increase in accrued interest payable	776	111
Decrease in other liabilities	(82)	(113)
Net cash provided by operating activities	$ 13,657	$ 11,663
Cash Flows from Investing Activities		
Decrease (increase) in interest bearing deposits in banks	$ 18,844	$ (2,979)
Net increase in loans	(113,497)	(115,397)
Purchase of available-for-sale securities	(27,204)	(37,216)
Purchase of held-to-maturity securities	(6,260)	(3,583)
Proceeds from sales of available-for-sale securities	14,199	4,007
Proceeds from maturities, calls and principal repayments of available-for-sale securities	6,234	16,531
Proceeds from sales of held-to-maturity securities	1,388	- -
Proceeds from maturities, calls and principal repayments of held-to-maturity securities	7,040	5,597
Net purchase of restricted securities	(574)	(1,663)
Decrease (increase) in federal funds sold	20	(60)
Purchase of bank owned life insurance	- -	(18,000)
Purchases of bank premises and equipment	(805)	(542)
Net cash used in investing activities	$ (100,615)	$ (153,305)

See Notes to Consolidated Financial Statements.

JOHN MARSHALL BANCORP, INC.
Consolidated Statements of Cash Flows (continued)
Years Ended December 31, 2017 and 2016
(In thousands)

	2017	2016
Cash Flows from Financing Activities		
Net increase in deposits	$ 64,076	$ 102,012
Net proceeds from FHLB advances	4,500	33,000
Increase in federal funds purchased	10,001	- -
(Decrease) increase in repurchase agreements	(14,206)	2,234
Issuance of subordinated debt	24,507	- -
Issuance of common stock	444	851
Cash paid in lieu of fractional shares	(6)	- -
Excess tax benefit from share-based compensation	- -	226
Net cash provided by financing activities	$ 89,316	$ 138,323
Net increase (decrease) in cash and cash equivalents	$ 2,358	$ (3,319)
Cash and cash equivalents at beginning of period	4,898	8,217
Cash and cash equivalents at end of period	$ 7,256	$ 4,898
Supplemental Disclosures of Cash Flow Information		
Cash payments for:		
Interest	$ 8,017	$ 6,144
Income taxes	$ 6,026	$ 4,098
Supplemental Disclosures of Noncash Transactions		
Unrealized loss on securities available for sale	$ (182)	$ (338)
Amortization of unrealized loss on securities transferred to held to maturity	$ 28	$ 20
Loans transferred to other real estate owned	$ 392	$ -

See Notes to Consolidated Financial Statements.

Note 1. Nature of Banking Activities and Significant Accounting Policies

Nature of Banking Activities

Subsequent to an affirmative vote by shareholders and receipt of regulatory approval, John Marshall Bancorp, Inc. (the “Company”), headquartered in Reston, Virginia, became the registered bank holding company under the Bank Holding Company Act of 1956 for its wholly-owned subsidiary, John Marshall Bank (the “Bank”), on March 1, 2017. This reorganization was completed through a one-for-one share exchange in which the Bank's shareholders received one share of common stock of the Company in exchange for each share of the Bank's common stock. As such, the consolidated financial statements presented herein reflect the financial position and results of operations of the consolidated entity as of and for the year ended December 31, 2017, with the prior year reflecting the financial position and results of operations of the Bank only. The Company is headquartered in Reston, Virginia.

The Bank formed on April 5, 2005 under the laws of the Commonwealth of Virginia and was chartered as a bank on February 9, 2006, by the State Corporation Commission – Bureau of Financial Institutions. The Bank is a member of the Federal Reserve System and is subject to the rules and regulations of the Virginia State Banking Commission, the Board of Governors of the Federal Reserve System (the “Federal Reserve”) and the Federal Deposit Insurance Corporation (the “FDIC”). The Bank opened for business on April 17, 2006 and provides banking services to its customers primarily in the Washington, D.C. metropolitan area.

The accounting and reporting policies of John Marshall Bancorp, Inc. conform to generally accepted accounting principles in the United States of America and reflect practices of the banking industry. The policies are summarized below.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary. All significant intercompany accounts and transactions between the Company and the Bank have been eliminated.

Significant Accounting Policies

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses and the evaluation for other-than-temporary impairment of securities.

Concentrations of Credit Risk

Most of the Company’s activities are with customers located in the Washington, D.C. metropolitan area. Real estate loans, including commercial and construction and land development loans, represented 92% and 90% of the total portfolio at December 31, 2017 and 2016, respectively. The Company does not have any significant concentrations to any one industry or customer.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include cash and balances due from banks, all of which mature within ninety days.

Interest-Bearing Deposits in Banks

Interest-bearing deposits in banks mature within one year and are carried at cost.

Securities

Certain debt securities that management has the positive intent and ability to hold-to-maturity are classified as “held-to-maturity” and recorded at amortized cost. Securities not classified as held-to-maturity, including equity securities with readily determinable fair value, are classified as “available-for-sale” and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities.

Impairment of securities occurs when the fair value of a security is less than its amortized cost. For debt securities, impairment is considered other-than-temporary and recognized in its entirety in net income if either (a) the intent is to sell the security or (b) it is more likely than not that it will be necessary to sell the security prior to recovery of its amortized cost basis. If, however, the Company’s intent is not to sell the security and it is not more than likely that the Company will be required to sell the security before recovery, the Company must determine what portion of the impairment is attributable to a credit loss, which occurs when the amortized cost of the security exceeds the present value of the cash flows expected to be collected from the security. If there is no credit loss, there is no other-than-temporary impairment. If there is a credit loss, other-than-temporary impairment exists and the credit loss must be recognized in net income and the remaining portion of impairment must be recognized in other comprehensive income.

For equity securities carried at cost as restricted securities, impairment is considered to be other-than-temporary based on the Company's ability and intent to hold the investment until a recovery of fair value. Other-than-temporary impairment of an equity security results in a write-down that must be included in income.

The Company regularly reviews each security for other-than-temporary impairment based on criteria that include the extent to which cost exceeds market price, the duration of that market decline, the financial health of and specific prospects for the issuer, the security’s ratings, the Company's best estimate of the present value of cash flows expected to be collected from debt securities, the intention with regards to holding the security to maturity and the likelihood that the Company would be required to sell the security before recovery.

Loans

The Company grants real estate, commercial and consumer loans to customers (representing the Company’s loan segments). A substantial portion of the loan portfolio is represented by commercial real estate loans in the Washington, D.C. metropolitan area. Within the real estate segment, the Company has also identified the residential, commercial and construction classes. The ability of the Company's debtors to honor their contracts is dependent upon the real estate market and general economic conditions in this area.

Underwriting and risk characteristics of each loan class are summarized as follows:

- Real estate residential mortgage loans carry risks associated with the continued creditworthiness of the borrower and changes in the value of the collateral.
- Real estate commercial mortgage loans carry risks associated with the successful operation of a business, the continued creditworthiness of the borrower and any related guarantors and changes in the value of the collateral. In the case of investor-owned commercial real estate, risks are expanded to include the financial strength of the tenants occupying the property and the stability of occupancy and lease rates.
- Real estate construction loans carry risks that the project will not be finished according to schedule, the project will not be finished according to budget and the value of the collateral may, at any point in time, be less than the principal amount of the loan. Construction loans also bear the risk that the general contractor, who may or may not be a customer of the Company, may be unable to finish the construction project as planned because of financial pressure unrelated to the project.
- Commercial loans carry risks associated with the successful operation of a business and the financial strength of any related guarantors. In addition, there is risk associated with the value of collateral other than real estate which may depreciate over time and cannot be appraised with as much precision.
- Consumer loans carry the risks associated with the continued creditworthiness of the borrower and the value of any collateral. Consumer loans are more likely than real estate loans to be immediately adversely affected by job loss, divorce, illness or personal bankruptcy.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for the allowance for loan losses and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method.

The accrual of interest on mortgage and commercial loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in the process of collection. Other personal loans are typically charged off no later than 180 days past due. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the collectability of a loan balance is confirmed. Loans are generally written down to the estimated liquidation value of the underlying collateral when the loan is 180 days past due. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans by segment in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of specific, general and unallocated components. The specific component relates to loans that are classified as impaired. For such loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers nonclassified loans and is based on historical loss experience adjusted for qualitative factors. Qualitative factors used for each segment include an analysis of the levels of and trends in delinquencies, nonaccrual loans, and watch list loans; trends in concentrations, volume and term of loans; effects of any changes in lending policies and practices; experience, ability, and depth of management; and national and local economic trends and conditions. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for commercial, construction, and mortgage loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Company does not separately identify individual consumer loans for impairment disclosures.

Troubled Debt Restructurings

In situations where, for economic or legal reasons related to a borrower's financial condition, the Company may grant a concession to the borrower that it would not otherwise consider, the related loan is classified as a troubled debt restructuring ("TDR"). The Company strives to identify borrowers in financial difficulty early and work with them to modify their loan to more affordable terms before their loan reaches nonaccrual status. The modified terms for a TDR may include rate reductions, principal forgiveness, payment forbearance and other actions intended to minimize the economic loss and to avoid foreclosure or repossession of the collateral. In cases where borrowers are granted new terms that provide for a reduction of either interest or principal, management measures any impairment on the restructured loan as noted above for impaired loans.

Bank Premises and Equipment

Bank premises and equipment are stated at cost less accumulated depreciation. Depreciation of property and equipment is computed on the straight-line method over the useful lives of the assets, ranging from three to fifteen years, or the expected term of leases, if shorter. Expected terms include lease option periods to the extent that the exercise of such options is reasonably assured.

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized.

Other Real Estate Owned

Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. If fair value declines subsequent to foreclosure, a valuation allowance is recorded through expense. Operating costs after acquisition are expensed. The Company had $379 thousand in other real estate owned consisting of one commercial real estate property as of December 31, 2017 and no other real estate owned as of December 31, 2016. At December 31, 2017 and 2016, there were no consumer mortgage loans secured by residential real estate for which formal foreclosure proceedings were in place.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (a) the assets have been isolated from the Company – put presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership, (b) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (c) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

Income Taxes

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences, operating loss carryforwards, and tax credit carryforwards. Deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. The Company recorded no liability for unrecognized tax benefits at December 31, 2017 or 2016.

Earnings Per Common Share

Earnings per common share is calculated in accordance with ASC 260, “Earnings Per Share,” which provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method.

Under the two-class method, basic earnings per common share is computed by dividing net earnings allocated to common stock by the weighted-average number of common shares outstanding during the applicable period, excluding outstanding participating securities. Diluted earnings per common share is computed using the weighted-average number of shares determined for the basic earnings per common share computation plus the dilutive effect of stock compensation using the treasury stock method. Earnings per share are restated for all stock splits and dividends through the date of the financial statements are issued.

Advertising Costs

The Company follows the policy of charging the production costs of advertising to expense as incurred. Advertising expense was $524 thousand and $460 thousand for the years ended December 31, 2017 and 2016, respectively.

Share-Based Compensation

The Company recognizes the compensation cost relating to share-based payment transactions based on the grant date fair value of the equity instruments issued. The share compensation accounting guidance requires that compensation cost for all share-based awards be calculated and recognized over the vesting period. A Black-Scholes model is used to estimate the fair value of stock options and restricted stock awards are valued using the closing stock price on the date of grant. The Company’s accounting policy is to recognized forfeitures as they occur.

Comprehensive Income (Loss)

Comprehensive income consists of net income and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains (losses) on securities available-for-sale and the amortization of unrealized losses on securities transferred from available for sale to held to maturity, which are also recognized as a separate component of equity.

Fair Value of Financial Instruments

Fair values of various assets and liabilities are estimated using relevant market information, valuation techniques and other assumptions, as more fully disclosed in Note 15. Fair value estimates involve uncertainties and matters of significant judgment. Changes in assumptions or in market conditions could significantly affect the estimates.

Recent Accounting Pronouncements

In January 2016, the FASB issued ASU 2016-01, “Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.” The amendments in ASU 2016-01, among other things: 1) Requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. 2) Requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes. 3) Requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (i.e., securities or loans and receivables). 4) Eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. The amendments in this ASU are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company does not expect the adoption of ASU 2016-01 to have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." Among other things, in the amendments in ASU 2016-02, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: (1) A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and Topic 606, Revenue from Contracts with Customers. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted upon issuance. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. The Company is currently assessing the impact that ASU 2016-02 will have on its consolidated financial statements. The Company has formed a committee and is currently gathering data to evaluate the impact on the consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." The amendments in this ASU, among other things, require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. For public companies that are not SEC filers, the amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. The Company is currently assessing the impact that ASU 2016-13 will have on its consolidated financial statements. The Company formed a committee, evaluated options and has purchased software to assist in the calculation. The committee is working to implement the software and will evaluate the impact of the accounting standard on or before the required date.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments", to address diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments are effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The amendments should be applied using a retrospective transition method to each period presented. If retrospective application is impractical for some of the issues addressed by the update, the amendments for those issues would be applied prospectively as of the earliest date practicable. Early adoption is permitted, including adoption in an interim period. The Company does not expect the adoption of ASU 2016-15 to have a material impact on its consolidated financial statements.

In March 2017, the FASB issued ASU 2017-08, "Receivables—Nonrefundable Fees and Other Costs (Subtopic 310-20), Premium Amortization on Purchased Callable Debt Securities." The amendments in this ASU shorten the amortization period for certain callable debt securities purchased at a premium. Upon adoption of the standard, premiums on these qualifying callable debt securities will be amortized to the earliest call date. Discounts on purchased debt securities will continue to be accreted to maturity. The amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. Upon transition, entities should apply the guidance on a modified retrospective basis, with a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption and provide the disclosures required for a change in accounting principle. The Company is currently assessing the impact that ASU 2017-08 will have on its consolidated financial statements.

In May 2017, the FASB issued ASU 2017-09, "Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting." The amendments provide guidance on determining which changes to the terms and conditions of share-based payment awards require an entity to apply modification accounting under Topic 718. The amendments are effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2017. Early adoption is permitted, including adoption in any interim period, for reporting periods for which financial statements have not yet been issued. The Company is currently assessing the impact that ASU 2017-09 will have on its consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, "Income Statement – Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income." The amendments provide financial statement preparers with an option to reclassify stranded tax effects within accumulated other comprehensive income to retained earnings in each period in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act (or portion thereof) is recorded. The amendments are effective for all organizations for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted. Organizations should apply the proposed amendments either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act is recognized. The Company has elected to reclassify the stranded income tax effects from the Tax Cuts and Jobs Act in the consolidated financial statements for the period ending December 31, 2017. The amount of this reclassification in 2017 was $112 thousand.

Note 2. Securities

The amortized cost and fair values of securities available-for-sale and held-to-maturity as of December 31, 2017 and 2016 were as follows:

	Available-for-Sale			
(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
2017				
U.S government and federal agencies	$ 21,719	$ --	$ (228)	$ 21,491
Collateralized Mortgage Obligations	6,388	--	(99)	6,289
Tax-exempt municipal	2,515	--	(53)	2,462
Mortgage-backed	24,783	1	(327)	24,457
	$ 55,405	$ 1	$ (707)	$ 54,699

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
2016				
U.S government and federal agencies	$ 32,423	$ 4	$ (243)	$ 32,184
Corporate	5,000	100	--	5,100
Tax-exempt municipal	2,576	--	(132)	2,444
Mortgage-backed	8,837	--	(253)	8,584
	$ 48,836	$ 104	$ (628)	$ 48,312

	Held-to-Maturity			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
2017				
U.S government and federal agencies	$ 3,915	$ --	$ (38)	$ 3,877
Taxable municipal	8,186	64	(18)	8,232
Tax-exempt municipal	14,765	50	(71)	14,744
Mortgage-backed	14,704	38	(95)	14,647
	$ 41,570	$ 152	$ (222)	$ 41,500

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
2016				
U.S government and federal agencies	$ 6,908	$ 7	$ (23)	$ 6,892
Taxable municipal	8,260	120	(16)	8,364
Tax-exempt municipal	9,314	52	(174)	9,192
Mortgage-backed	19,591	150	(122)	19,619
	$ 44,073	$ 329	$ (335)	$ 44,067

The amortized cost and fair value of securities available-for-sale and held-to-maturity as of December 31, 2017, by contractual maturity are shown below. Expected maturities may differ from contractual maturities because the securities may be called or prepaid without any penalties.

	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
(In thousands)				
Due in one year or less	$ 5,004	$ 4,986	$ 1,306	$ 1,301
Due after one year through five years	13,066	12,864	11,852	11,812
Due after five years through ten years	13,007	12,899	9,274	9,270
Due after ten years	24,328	23,950	19,138	19,117
	$ 55,405	$ 54,699	$ 41,570	$ 41,500

The following table shows the gross unrealized losses and fair value of the Company's investments with unrealized losses that are not deemed to be other-than-temporarily impaired aggregated by category and length of time that individual securities have been in a continuous loss position at December 31, 2017 and 2016.

	Less Than 12 Months		12 Months or Longer	
(In thousands)	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
2017				
U.S. government and federal agencies	$ 42	$ 6,045	$ 224	$ 17,825
Collateralized Mortgage Obligations	99	4,821	--	--
Taxable municipal	14	3,165	4	505
Tax-exempt municipal	66	10,312	58	3,481
Mortgage-backed	147	20,024	275	12,476
	$ 368	$ 44,367	$ 561	$ 34,287
2016				
U.S. government and federal agencies	$ 258	$ 27,894	$ 8	$ 1,993
Taxable municipal	--	--	16	504
Tax-exempt municipal	306	8,172	--	--
Mortgage-backed	373	16,947	2	94
	$ 937	$ 53,013	$ 26	$ 2,591

U.S. Government and Federal Agencies

The unrealized losses in eighteen and thirty investments in direct obligations of U.S. government agencies at December 31, 2017 and 2016, respectively, were caused by interest rate changes. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost bases of the investments. Because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2017 or 2016.

Mortgage-Backed Securities

The unrealized losses on the Company's investment in forty-four and twenty-nine federal agency mortgage-backed securities at December 31, 2017 and 2016, respectively, were caused by interest rate changes. The contractual cash flows of those investments are guaranteed by an agency of the U.S. government. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost bases of the Company's investments. Because the decline in market value is attributable to change in interest rates and not credit quality, and because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases, which may be at maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2017 or 2016.

Municipal Securities

The unrealized losses in eighteen and ten investments in municipal securities at December 31, 2017 and 2016, respectively, were caused by interest rate changes. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost bases of the investments. Because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases, which may be at maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2017 or 2016.

Collateralized Mortgage Obligation Securities

The unrealized losses on the Company's investment in two collateralized mortgage obligation securities at December 31, 2017 were caused by interest rate changes. The contractual cash flows of those investments are guaranteed by an agency of the U.S. government. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost bases of the Company's investments. Because the decline in market value is attributable to change in interest rates and not credit quality, and because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases, which may be at maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2017. The company did not have any investments in collateralized mortgage obligation securities at December 31, 2016.

Securities having an amortized cost of $22.0 million and $74.4 million at December 31, 2017 and 2016, respectively, were pledged to secure public deposits and for other purposes required by law. These securities had a carrying value of $22.0 million and $74.0 million at December 31, 2017 and 2016, respectively.

During 2017, the Company sold certain available-for-sale for total proceeds of $14.2 million. Gross gains of $98 thousand and gross losses of $22 thousand were realized on those sales. In 2016, the Company sold certain available-for-sale securities for total proceeds of $4.0 million. Gross gains of $2 thousand and gross losses of $1 thousand were realized on those sales.

During 2017, the Company sold $1.4 million of securities classified as held-to-maturity and recognized gross gains of $58 thousand on those sales. ASC 320 permits the sale of held-to-maturity securities in certain circumstances, including circumstances where a sale is considered to be the equivalent of holding a security to maturity. Prior to the sale of each of these securities the Company had collected more than 85% of the principal outstanding at acquisition, which qualified these transactions as permissible sales of held-to-maturity securities under ASC 320.

Note 3. Loans

A summary of the balances of loans follows:

	December 31, 2017	December 31, 2016
	(in thousands)	
Real estate loans:		
Residential	$ 135,791	$ 107,534
Commercial	577,016	519,857
Construction and land development	218,538	180,318
Total real estate loans	931,345	807,709
Commercial loans	76,573	86,498
Consumer loans	777	1,820
Total loans	1,008,695	896,027
Less: Allowance for loan losses	(8,927)	(8,202)
Net deferred loan fees	(1,823)	(1,605)
Loans, net	$ 997,945	$ 886,220

Note 4. Allowance for Loan Losses

The following tables present, as of December 31, 2017 and December 31, 2016, the total allowance for loan losses, the allowance by impairment methodology and loans by impairment methodology:

	December 31, 2017 *(In thousands)*						
	Real Estate						
	Commercial	Construction & Land Development	Residential	Commercial	Consumer	Unallocated	Total
Allowance for loan losses:							
Beginning Balance, December 31, 2016	$ 4,152	$ 1,925	$ 834	$ 1,230	$ 27	$ 34	$ 8,202
Charge-offs	- -	- -	- -	(674)	- -	- -	(674)
Recoveries	- -	- -	12	7	- -	- -	19
Provision	387	307	117	621	(19)	(33)	1,380
Ending Balance, December 31, 2017	$ 4,539	$ 2,232	$ 963	$ 1,184	$ 8	$ 1	$ 8,927
Individually evaluated for impairment	$ - -	$ - -	$ - -	$ 43	$ - -	$ - -	$ 43
Collectively evaluated for impairment	4,539	2,232	963	1,141	8	1	8,884
Loans:							
Ending Balance, December 31, 2017	$ 577,016	$ 218,538	$ 135,791	$ 76,573	$ 777	$ - -	$ 1,008,695
Individually evaluated for impairment	$ - -	$ - -	$ 660	$ 473	$ - -	$ - -	$ 1,133
Collectively evaluated for impairment	577,016	218,538	135,131	76,100	777	- -	1,007,562

	December 31, 2016 (In thousands)						
	Real Estate						
	Commercial	Construction & Land Development	Residential	Commercial	Consumer	Unallocated	Total
Allowance for loan losses:							
Beginning Balance, December 31, 2015	$ 3,850	$ 1,403	$ 802	$ 1,021	$ 6	$ 48	$ 7,130
Charge-offs	--	--	(218)	(2,636)	--	--	(2,854)
Recoveries	--	--	--	116	--	--	116
Provision	302	522	250	2,729	21	(14)	3,810
Ending Balance, December 31, 2016	$ 4,152	$ 1,925	$ 834	$ 1,230	$ 27	$ 34	$ 8,202
Individually evaluated for impairment	$ --	$ --	$ --	$ 55	$ --	$ --	$ 55
Collectively evaluated for impairment	$ 4,152	$ 1,925	$ 834	$ 1,175	$ 27	$ 34	$ 8,147
Loans:							
Ending Balance, December 31, 2016	$ 519,857	$ 180,318	$ 107,534	$ 86,498	$ 1,820	$ --	$ 896,027
Individually evaluated for impairment	$ --	$ --	$ 508	$ 55	$ --	$ --	$ 563
Collectively evaluated for impairment	$ 519,857	$ 180,318	$ 107,026	$ 86,443	$ 1,820	$ --	$ 895,464

The provision indicated with respect to the each of the segments is primarily due to the relative loan growth experienced over the course of the year in the segments, with the exception of the commercial segment in 2017 and 2016. The losses realized in 2016 and 2017 required an increase in the provision in both years to restore reserve levels to those indicated in the Bank's allowance analysis. Loss factors for non-classified loans are determined based upon actual and peer group historical loss ratio and for the effect of certain qualitative factors, which are analyzed and adjusted quarterly.

Impaired loans and the related allowance at December 31, 2017 and December 31, 2016, were as follows:

	December 31, 2017 (In thousands)						
	Unpaid Principal Balance	Recorded Investment with No Allowance	Recorded Investment with Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment	Interest Income Recognized
Real Estate							
Commercial	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Construction and land development	--	--	--	--	--	--	--
Residential	660	660	--	660	--	957	18
Commercial	473	267	206	473	43	992	--
Consumer	--	--	--	--	--	--	--
Total impaired loans	$ 1,133	$ 927	$ 206	$ 1,133	$ 43	$ 1,949	$ 18

	December 31, 2016 (In thousands)						
	Unpaid Principal Balance	Recorded Investment with No Allowance	Recorded Investment with Allowance	Total Recorded Investment	Related Allowance	Average Recorded Investment	Interest Income Recognized
Real Estate							
Commercial	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Construction and land development	--	--	--	--	--	--	--
Residential	508	508	--	508	--	513	18
Commercial	55	--	55	55	55	60	--
Consumer	--	--	--	--	--	--	--
Total impaired loans	$ 563	$ 508	$ 55	$ 563	$ 55	$ 573	$ 18

As of December 31, 2017, $495 thousand of impaired loans were classified as troubled debt restructurings, a decrease from $508 thousand as of December 31, 2016. During 2017 and 2016, no loans were added or removed from troubled debt restructuring status. The decline in the balance of troubled debt restructurings during 2017 was due to reductions from the application of scheduled principal payments. As of December 31, 2017, all loans in troubled debt restructuring status were in compliance with their modified terms.

All troubled debt restructurings have loan loss reserves allocated to them equal to 100% of estimated impairment on the loan. Impairment is determined on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent. As of December 31, 2017, none of the Bank's troubled debt restructurings required a specific reserve to be recorded based on their related impairment analysis.

Following is a summary of past due and non-accrual loans by class as of December 31, 2017 and December 31, 2016:

December 31, 2017
(In thousands)

	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans	90-Days Past Due and Still Accruing	Nonaccrual Loans
Real Estate								
Commercial	$ 968	$ --	$ --	$ 968	$ 576,048	$ 577,016	$ --	$ --
Construction and land development	--	--	--	-	218,538	218,538	--	--
Residential	--	220	166	386	135,405	135,791	--	166
Commercial	--	267	206	473	76,100	76,573	--	473
Consumer	--	--	--	--	777	777	--	--
Total	$ 968	$ 487	$ 372	$ 1,827	$ 1,006,868	$ 1,008,695	$ --	$ 639

December 31, 2016
(In thousands)

	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total Past Due	Current	Total Loans	90-Days Past Due and Still Accruing	Nonaccrual Loans
Real Estate								
Commercial	$ --	$ --	$ --	$ --	$ 519,857	$ 519,857	$ --	$ --
Construction and land development	--	--	--	--	180,318	180,318	--	--
Residential	557	--	--	557	106,977	107,534	--	--
Commercial	451	--	--	451	86,047	86,498	--	55
Consumer	--	--	--	--	1,820	1,820	--	--
Total	$ 1,008	$ --	$ --	$ 1,008	$ 895,019	$ 896,027	$ --	$ 55

Following is a summary of the Company's credit quality information for loans by class as of December 31, 2017 and 2016:

December 31, 2017
(In thousands)

	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Real Estate						
Commercial	$ 571,145	$ 5,871	$ --	$ --	$ --	$ 577,016
Construction and land development	218,107	431	--	--	--	218,538
Residential	133,417	1,738	470	166	--	135,791
Commercial	74,253	1,847	--	473	--	76,573
Consumer	777	--	--	--	--	777
Total	$ 997,699	$ 9,887	$ 470	$ 639	$ --	$ 1,008,695

December 31, 2016
(In thousands)

	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Real Estate						
Commercial	$ 514,290	$ 5,567	$ --	$ --	$ --	$ 519,857
Construction and land development	180,318	--	--	--	--	180,318
Residential	105,119	1,934	481	--	--	107,534
Commercial	82,196	4,247	--	55	--	86,498
Consumer	1,814	6	--	--	--	1,820
Total	$ 883,737	$ 11,754	$ 481	$ 55	$ --	$ 896,027

The Company assesses credit quality based on internal risk rating of loans. Internal risk rating definitions are:

Pass: These include satisfactory loans which have acceptable levels of risk.

Special Mention: These loans have a potential weakness that requires 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. These credits do not expose the Bank to sufficient risk to warrant further adverse classification.

Substandard: A substandard asset is inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans classified as such must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

Doubtful: Loans classified doubtful have all the weaknesses inherent in a substandard asset with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loss: Loans classified loss are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the asset has absolutely no recovery or salvage value, but rather it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be received in the future.

Note 5. Bank Premises and Equipment

The major classes of bank premises and equipment and the total accumulated depreciation are as follows:

	December 31,	
	2017	2016
(In thousands)		
Leasehold improvements	$ 2,337	$ 2,091
Furniture and equipment	4,660	4,483
	$ 6,997	$ 6,574
Less accumulated depreciation	(4,517)	(4,103)
Bank premises and equipment, net	$ 2,480	$ 2,471

Depreciation expense was $797 thousand and $761 thousand for the years ended December 31, 2017 and 2016, respectively.

Pursuant to the terms of noncancelable lease agreements at December 31, 2017, pertaining to Bank premises and equipment, future minimum rent commitments under various operating leases are as follows:

(In thousands)		
2018	$	1,346
2019		901
2020		926
2021		791
2022		565
2023 and thereafter		472
	$	5,001

The leases contain options to extend for periods from five to ten years. The cost of such rental is not included above.

Total rent expense amounted to $1.4 million and $1.3 million for the years ended December 31, 2017 and 2016, respectively.

Note 6. Income Taxes

The Company files income tax returns in the U.S. federal jurisdiction, the Commonwealth of Virginia, the District of Columbia and the State of Maryland. With few exceptions, the Company is no longer subject to U.S. federal, state and local income tax examinations by tax authorities for years prior to 2014.

Net deferred tax assets consist of the following components as of December 31, 2017 and 2016:

(In thousands)		2017		2016
Deferred tax assets:				
Allowance for loan losses	$	1,875	$	2,803
Start-up costs		26		46
Deferred loan fees		383		549
Share-based compensation expense		313		325
Unrealized losses on securities		178		237
Depreciation		- -		2
Other real estate owned		3		- -
Other		57		52
	$	2,835	$	4,014
Deferred tax liabilities:				
Depreciation	$	11	$	- -
	$	11	$	- -
Net deferred tax assets	$	2,824	$	4,014

In December 2017, the Tax Cuts and Jobs Act was signed into law. Pursuant to this act, effective January 1, 2018, a permanent reduction in the maximum federal corporate income tax rate occurred reducing the rate to 21%. As a result of the reduction in the corporate income tax rate, the

Company was required to revalue its net deferred tax asset as of December 31, 2017. Accordingly, the Company recognized a $1.8 million charge to income tax expense.

The provision for income taxes charged to operations for the years ended December 31, 2017 and 2016, consists of the following:

(In thousands)	2017	2016
Current tax expense	$ 6,021	$ 4,428
Deferred tax asset adjustment for enacted change in tax rate	1,804	- -
Deferred tax (benefit)	(561)	(387)
	$ 7,264	$ 4,041

Income tax expense differs from the amount of tax determined by applying the federal income tax rate to pretax income due to the following:

(In thousands)	2017	2016
Computed "expected" tax expense	$ 5,594	$ 4,217
Increase (decrease) in income taxes resulting from:		
Bank-owned life insurance	(190)	(184)
Tax-exempt interest income	(122)	(42)
Share-based compensation	73	64
State income taxes, net of federal benefit	124	41
Deferred tax asset adjustment for enacted change in tax rate	1,804	- -
Other, net	(19)	(55)
	$ 7,264	$ 4,041

Note 7. Fund Restrictions and Reserve Balance

The Company must maintain a reserve against its deposits in accordance with Regulation D of the Federal Reserve Act. For the final weekly reporting period in the years ended December 31, 2017 and 2016, the aggregate amounts of daily average required balances were approximately $18.2 million and $9.5 million.

Note 8. Related Party Transactions

The Bank has had, and may be expected to have in the future, banking transactions (including loans and deposits) in the ordinary course of business with directors, principal shareholders, executive officers, their immediate families and affiliated companies in which they are principal shareholders (commonly referred to as related parties), on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others. At December 31, 2017 and 2016, these loans totaled $5.6 million and $8.9 million, respectively. During 2017, total principal additions were $876 thousand and total principal payments were $4.1 million. None of these loans were classified as nonaccrual, past due or restructured at December 31, 2017 or 2016. Deposits of directors and executive officers totaled $18.2 million and $20.4 million at December 31, 2017 and 2016, respectively.

Note 9. Deposits

The aggregate amount of certificates of deposit with a minimum denomination of $250,000 was $201.4 million and $190.3 million at December 31, 2017 and 2016, respectively.

At December 31, 2017, the scheduled maturities of time deposits (including brokered deposits) are as follows:

(In thousands)	
2018	$ 329,428
2019	78,298
2020	17,047
2021	29,229
2022	3,238
	$ 457,240

At December 31, 2017 and 2016, overdraft demand deposits reclassified to loans totaled $2 thousand and $60 thousand, respectively. The Company obtains certain deposits through the efforts of third-party brokers. At December 31, 2017 and 2016, brokered deposits (not including CDARS or insured cash sweep deposits ("ICS")) totaled $53.2 million and $46.9 million respectively, and were included in time deposits on the Company's balance sheets. At December 31, 2017 and 2016, CDARS deposits totaled $77.5 million and $71.8 million, respectively. At December 31, 2017, ICS deposits totaled $65.3 million. The Company had no ICS deposits at December 31, 2016.

At December 31, 2017, there were no depositors that represented 5% of the Company's total deposits.

Note 10. Federal Home Loan Bank Advances and Other Borrowings

The Bank has entered into various note agreements with the Federal Home Loan Bank of Atlanta ("FHLB"). Total FHLB advances were $108.5 million and $104.0 million at December 31, 2017 and 2016, respectively. At December 31, 2017, the Company had entered into short-term note agreements for $71.5 million maturing through December 31, 2018 at a weighted average interest rate of 1.35%. The Company also had $37.0 million in fixed-rate term borrowings at a weighted rate of 1.54%. These advances mature $29.0 million in 2019, $7.0 million in 2020 and $1.0 million in 2021. These advances are secured by a blanket floating lien on all real estate mortgage loans secured by 1-to-4 family residential properties, unpledged U.S. Government and agencies and mortgage-backed securities and any other real estate related collateral. Total collateral under the blanket lien amounted to approximately $164.8 million as of December 31, 2017. Total FHLB available borrowing capacity was $169.8 million at December 31, 2017.

The Company also has federal funds lines of credit with correspondent banks available for overnight borrowing of $67.0 million, of which $10 million was drawn on these lines at December 31, 2017.

There were no securities sold under agreements to repurchase at December 31, 2017 and $14.2 million at December 31, 2016, which mature on a daily basis and are secured by U.S. government securities. The weighted average interest rate on these agreements was 0.34% at December 31, 2016.

Note 11. Subordinated Debt

The Company completed a private placement of $25.0 million of fixed-to-floating subordinated notes on July 6, 2017. Subject to limited exceptions permitting earlier redemption, the notes may be redeemed on or after July 15, 2022. Unless redeemed earlier, the notes will mature on July 15, 2027. The notes bear a fixed rate of 5.75% to but excluding July 15, 2022, and will bear a floating rate equal to three-month LIBOR plus 388 basis points thereafter. The notes qualify as Tier 2 capital for the Company for regulatory purposes. The notes are carried at their principal amount, less unamortized issuance costs. The balance was $24.5 million at December 31, 2017. The initial debt issuance costs were $493 thousand, of which $24 thousand were amortized to interest expense in 2017.

Note 12. Other Operating Expenses

Other operating expenses in the statements of income include the following components:

	Years Ended December 31,	
(In thousands)	**2017**	**2016**
Advertising expense	$ 524	$ 460
Data processing	1,304	1,435
FDIC insurance	677	557
Professional fees	620	532
State franchise tax	1,050	786
Other operating expense	2,085	1,753
Total other operating expenses	$ 6,260	$ 5,523

Note 13. Commitments and Contingencies

In the normal course of business, there are outstanding various commitments and contingent liabilities, which are not reflected in the accompanying financial statements. The Company does not anticipate any material losses as a result of these transactions. See Note 14 with respect to financial instruments with off-balance-sheet risk.

Note 14. Financial Instruments With Off-Balance-Sheet Risk

The Company is party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, standby letters of credit and financial guarantees. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet. The contract or notional amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit and financial guarantees written is represented by the contractual notional amount of those instruments.

The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

A summary of the contract or notional amount of the Company's exposure to off-balance-sheet risk as of December 31, 2017 and 2016 is as follows:

(In thousands)	2017	2016
Commitments to extend credit	$ 196,249	$ 175,745
Standby letters of credit	15,485	14,174

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property and equipment, income-producing commercial properties, and other real estate properties.

Unfunded commitments under lines of credit are commitments for possible future extensions of credit to existing customers. Those lines of credit may not be drawn upon to the total extent to which the Company is committed.

Standby letters of credit written are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper, bond financing, and similar transactions. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

Note 15. Fair Value Measurements

Determination of Fair Value

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the Fair Value Measurements and Disclosures topic of FASB ASC, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

Fair Value Hierarchy

In accordance with this guidance, the Company groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 - Valuation is based on quoted prices in active markets for identical assets and liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following methods and assumptions were used by the Company in estimating fair value disclosures for financial instruments:

Cash and Cash Equivalents and Interest-Bearing Deposits in Banks

The carrying amounts of cash and short-term instruments approximate fair values based on the short-term nature of the assets.

Fair values of other interest-bearing deposits are estimated using discounted cash flow analyses based on current rates for similar types of deposits.

Securities

Securities available-for-sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted market prices, when available (level 1). If quoted market prices are not available, fair values are measured utilizing independent valuation techniques of identical or similar securities for which significant assumptions are derived primarily from or corroborated by observable market data (level 2). If the inputs used to provide the evaluation for certain securities are unobservable and/or there is little, if any, market activity then the security would fall to the lowest level of the hierarchy (level 3).

The Company’s investment portfolio is primarily valued using fair value measurements that are considered to be level 2. The Company has contracted with a third party portfolio accounting service vendor for valuation of its securities portfolio. The vendor’s primary source for security valuation is Reuters and ICE Data Services, which evaluates securities based on market data. ICE Data Services utilizes evaluated pricing models that vary by asset class and include available trade, bid, and other market information. Generally, the methodology includes broker quotes, proprietary models, vast descriptive terms and conditions databases, as well as extensive quality control programs.

The vendor utilizes proprietary valuation matrices for valuing all municipals securities. The initial curves for determining the price, movement, and yield relationships within the municipal matrices are derived from industry benchmark curves or sourced from a municipal trading desk. The securities are further broken down according to issuer, credit support, state of issuance and rating to incorporate additional spreads to the industry benchmark curves.

Loans

For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. Fair values for other loans, commercial real estate and investment property mortgage loans, and commercial loans are estimated using discounted cash flow analyses, using market interest rates for comparable loans. Fair values for nonperforming loans are estimated using discounted cash flow analyses or underlying collateral values, where applicable.

Bank Owned Life Insurance

Bank owned life insurance represents insurance policies on officers, directors and past employees of the Company. The cash values of the policies are estimates using information provided by insurance carriers. These policies are carried at their cash surrender value, which approximates the fair value.

Deposit Liabilities

The fair values disclosed for demand deposits (for example, interest and noninterest checking, savings, and certain types of money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (that is, their carrying amounts). The carrying amounts of variable-rate, fixed-term money market accounts and certificates of deposit approximate their fair values at the reporting date. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies market interest rates on comparable instruments to a schedule of aggregated expected monthly maturities on time deposits.

Borrowings

The carrying amounts of federal funds purchased, borrowings under repurchase agreements, and other short-term borrowings maturing within ninety days approximate their fair values. Fair values of other short-term borrowings are estimated using discounted cash flow analyses based on current market rates and similar types of borrowing arrangements. Current market rates for debt with similar terms, and remaining maturities are used to estimate fair value of long-term debt. Fair value of long-term debt is based on quoted market prices or dealer quotes for the identical liability when traded as an asset in an active market. If a quoted market price is not available, an expected present value technique is used to estimate fair value.

Subordinated Debt

The fair value of the subordinated notes are estimated using discounted cash flow analyses based on the current borrowing rates for similar for similar types of borrowing arrangements.

Accrued Interest

The carrying amounts of accrued interest approximate fair value.

Off-Balance Sheet Credit-Related Instruments

Fair values for off-balance-sheet, credit-related financial instruments are based on fees currently charged to enter into similar agreements, taking in to account the remaining terms of the agreements and the counterparties' credit standing. Those items were deemed immaterial.

Assets Measured at Fair Value on a Recurring Basis

Assets measured at fair value on a recurring basis are summarized below:

(In thousands) Description	Balance	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2017				
Assets:				
U.S. government and federal agencies	$21,491	$ - -	$ 21,491	$ - -
Collateralized Mortgage Obligations	6,289	- -	6,289	- -
Tax-exempt municipal	2,462	- -	2,462	- -
Mortgage-backed	24,457	- -	24,457	- -
	$54,699	$ - -	$ 54,699	$ - -
December 31, 2016				
Assets:				
U.S. government and federal agencies	$32,184	$ - -	$ 32,184	$ - -
Corporate	5,100	- -	5,100	- -
Tax-exempt municipal	2,444	- -	2,444	- -
Mortgage-backed	8,484	- -	8,484	- -
	$48,212	$ - -	$ 48,212	$ - -

Assets Measured at Fair Value on a Nonrecurring Basis

Under certain circumstances, the Company makes adjustment to fair value for assets and liabilities although they are not measured at fair value on an ongoing basis. The following describes the valuation techniques used by the Company to measure certain assets recorded at fair value on a nonrecurring basis in the financial statements:

Impaired Loans: Loans are designated as impaired when, in the judgment of management based on current information and events, it is probable that all amounts due according to the contractual terms of the loan agreements will not be collected when due. The measurement of loss associated with impaired loans can be based on either the observable market price of the loan or the fair value of the collateral. Collateral may be in the form of real estate or business assets including equipment, inventory, and accounts receivable. The vast majority of the Company’s collateral is real estate. The value of real estate collateral is determined utilizing a market valuation approach based on an appraisal, of one year or less, conducted by an independent, licensed appraiser using observable market data (level 2). However, if the collateral is a house or building in the process of construction or if an appraisal of the property is more than one year old and not solely based on observable market comparables or management determines the fair value of the collateral is further impaired below the appraised value, then a level 3 valuation is considered to measure the fair value. The value of business equipment is based upon an outside appraisal, of one year or less, if deemed significant, or the net book value on the applicable business's financial statements if not considered significant using observable market data. Likewise, values for inventory and accounts receivables collateral are based on financial statement balances or aging reports (level 3). Impaired loans allocated to the allowance for loan losses are measured at fair value on a nonrecurring basis. Any fair value adjustments are recorded in the period incurred as provision for loan losses on the Consolidated Statements of Income. Impaired loans with a recorded reserve totaled $206 thousand, less a $43 thousand impairment as of December 31, 2017. Impaired loans were fully reserved as of December 31, 2016.

Other Real Estate Owned: Other real estate owned ("OREO") is carried at the lower of carrying value or fair value less selling costs. Fair value is based upon independent market prices, appraised values of the collateral or management's estimation of the value of the collateral. When the fair value of the collateral is based on an observable market price or a current appraised value using observable market data, the Company records the property as level 2. When an appraised value using observable market data is not available or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, the Company records the property as level 3 valuation. Any fair value adjustments are recorded in the period incurred and expensed against current earnings. The Company had $379 thousand in other real estate owned as of December 31, 2017 and no other real estate owned as of December 31, 2016.

The following table summarizes the Bank's assets that were measured at fair value on a nonrecurring basis during the period.

	Fair Value Measurements at December 31, 2017				
	Carrying Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total Fair Value Balance
			(In thousands)		
Assets:					
Impaired loans, net of valulation allowance	$ 163	$ - -	$ - -	$ 163	$ 163
Other real estate owned	$ 379	$ - -	$ 379	$ - -	$ 379

	Quantitative information about Level 3 Fair Value Meagurements for December 31, 2017			
	Fair Value	Valuation Technique	Unobservable Input	Range
Assets:				
Impaired loans, net of valulation allowance	$ 163	Discounted appraised value	Selling Cost	0% - 10%
Other real estate owned	$ 379	Discounted appraised value	Selling Cost	0% - 10%

The estimated fair values, and related carrying or notional amounts, of the Company's financial instruments are as follows:

		Fair Value Measurements at December 31, 2017			
	Carrying Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total Fair Value Balance
			(In thousands)		
Financial assets:					
Cash and short-term investments	$ 38,129	$ 38,129	$ - -	$ - -	$ 38,129
Federal funds sold	40	- -	40	- -	40
Securities available-for-sale	54,699	- -	54,699	- -	54,699
Securities held-to-maturity	41,570	- -	41,642	- -	41,642
Loans, net	997,945	- -	- -	989,914	989,914
Bank owned life insurance	19,093	- -	19,093	- -	19,093
Accrued interest receivable	3,263	- -	3,263	- -	3,263
Other real estate owned	379	- -	379	- -	379
Financial liabilities:					
Deposits	$ 896,941	$ - -	$ 895,530	$ - -	$ 895,530
Federal funds purchased	10,001	- -	10,001	- -	10,001
FHLB advances and other debt	108,500	- -	107,927	- -	107,927
Subordinated debt	24,531	- -	- -	24,750	24,750
Accrued interest payable	220	- -	220	- -	220

		Fair Value Measurements at December 31, 2016			
	Carrying Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total Fair Value Balance
			(In thousands)		
Financial assets:					
Cash and short-term investments	$ 54,615	$ 54,615	$ - -	$ - -	$ 54,615
Securities available-for-sale	48,312	- -	48,312	- -	48,312
Securities held-to-maturity	44,073	- -	44,067	- -	44,067
Loans, net	886,220	- -	- -	892,424	892,424
Bank owned life insurance	18,540	- -	18,540	- -	18,540
Accrued interest receivable	2,988	- -	2,988	- -	2,988
Financial liabilities:					
Deposits	$ 832,865	$ - -	$ 835,096	$ - -	$ 835,096
FHLB advances and other debt	118,206	- -	117,998	- -	117,998
Accrued interest payable	220	- -	220	- -	220

The Company assumes interest rate risk (the risk that general interest rate levels will change) as a result of its normal operations. As a result, the fair values of the Company's financial instruments will change when interest rate levels change and that change may be either favorable or unfavorable to the Company. Management attempts to match maturities of assets and liabilities to the extent believed necessary to minimize interest rate risk. However, borrowers with fixed rate obligations are less likely to repay in a rising rate environment and more likely to prepay in a falling rate environment. Conversely, depositors who are receiving fixed rates are more likely to withdraw funds before maturity in a rising rate environment and less likely to do so in a falling rate environment. Management monitors rates and maturities of assets and liabilities and attempts to minimize interest rate risk by adjusting terms of new loans and deposits and by investing in securities with terms that mitigate the Company's overall interest rate risk.

Note 16. Concentration Risk

The Company maintains its cash accounts in several correspondent banks. As of December 31, 2017, deposits in excess of amounts insured by the FDIC were $393 thousand.

Note 17. Share Compensation Plan

The Company’s share based compensation plan, approved by stockholders and effective April 28, 2015 (the “2015 Plan”), provides for the grant of share-based awards in the form of incentive stock options, nonincentive stock options, restricted stock and restricted stock units to directors and employees. The Company has reserved 576,211 shares of common stock for issuance under the 2015 Plan, as adjusted to reflect a 5 for 4 stock split in the form of a 25% stock dividend, which will remain in effect until April 28, 2025. The Company’s Personnel and Compensation Committee administers the 2015 Plan and has the authority to determine the terms and conditions of each award thereunder. As of December 31, 2017, 41,268 shares are available to grant in future periods under the 2015 Plan.

The Company’s previous share based compensation plan, the 2006 Stock Option Plan (the “2006 Plan”), provided for the grant of share-based awards in the form of incentive stock options and nonincentive stock options to directors and employees. As amended, the 2006 Plan provided for awards of up to 1,490,700 shares. In April 2015, the Plan was terminated and replaced with the 2015 Plan. Options outstanding prior to April 28, 2015 were granted under the 2006 Plan and shall be subject to the provisions of the 2006 Plan.

To date, options granted under the 2015 Plan vest over five years and expire ten years from the grant date. Under the 2015 Plan, shares may be granted at not less than 100 percent of the fair market value at the grant date. The maximum term for an option award is ten years from the date of grant.

A summary of the status of option awards under the Company's share based compensation plans is presented below:

	2017		
	Shares	**Weighted Average Exercise Price**	**Aggregate Intrinsic Value**
Outstanding at beginning of year [1]	1,473,926	$ 7.71	
Granted	625	18.16	
Exercised	(68,093)	6.52	
Forfeited or expired	(11,457)	10.95	
Outstanding at end of year	1,395,001	$ 7.75	$ 14,024,757
Exercisable at end of year	1,101,502	$ 6.66	$ 12,265,679
Weighted average fair value of options granted during the year	$ 4.75		

[1] All share activity during 2017 was adjusted, as appropriate, for the 5 for 4 stock split in the form of a 25% dividend paid September 5, 2017.

The aggregate intrinsic value of stock options in the table above represents the total amount by which the current market value of the underlying stock exceeds the exercise price of the option that would have been received by the Company had all option holders exercised their options on December 31, 2017. The intrinsic value of options exercised was $758 thousand in 2017 and $1.1 million in 2016. This amount changes based on changes in the market value of the Company's stock.

Information pertaining to options outstanding at December 31, 2017 is as follows:

Exercise Prices	**Number Outstanding**	**Weighted Average Remaining Contractual Life in Years**	**Number Exercisable**	**Weighted Average Remaining Contractual Life in Years**
$0.00 - $8.00	905,734	3.11	905,095	3.11
$8.01 - $9.00	12,750	5.63	9,750	5.63
$9.01 - $11.00	- -	- -	- -	- -
$11.01 - $12.00	446,643	7.29	173,359	7.28
$12.01 - $13.00	22,999	5.61	12,048	4.16
$13.01 - $14.00	6,250	8.80	1,250	8.80
$14.01 - $18.16	625	9.14	- -	- -
	1,395,001	4.54	1,101,502	3.80

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. Following are the weighted average assumptions used to value options granted in 2017:

	2017
Dividend yield	0.00%
Expected life	6.20 years
Expected volatility	20.79%
Risk-free interest rate	2.24%

The expected volatility is based on historical volatility of the Company's stock. The risk-free interest rates for periods within the contractual life of the awards are based on the U.S. Treasury yield curve in effect at the time of the grant. The expected life is based on the average of the contractual life and vesting schedule. The dividend yield assumption is based on the Company's history and expectation of dividend payouts.

For the years ended December 31, 2017 and 2016, share-based compensation expense applicable to the Company's share based compensation plans for stock options was $315 thousand and $325 thousand, respectively.

As of December 31, 2017, unrecognized share-based compensation expense related to nonvested options amounted to $697 thousand. This amount is expected to be recognized over a weighted-average period of 1.6 years.

A summary of the status of restricted stock awards under the Company's share based compensation plan is presented below:

	Shares	**Average Grant Date Fair Value**
Nonvested at January 1, 2017 (1)	- -	$ - -
Granted	86,581	16.41
Vested	- -	- -
Forfeited	(1,574)	16.40
Nonvested at December 31, 2017	85,007	$ 16.41

(1) All share activity during 2017 was adjusted, as appropriate, for the 5 for 4 stock split in the form of a 25% dividend paid September 5, 2017.

Compensation expense for restricted stock grants is recognized over the vesting period of the awards based on the fair value of the stock at issue date. The fair value of the stock was determined using the closing stock price on the day of grant. To date, restricted stock grants vest over three years.

For the year ended December 31, 2017, share-based compensation expense applicable to the Company's share based compensation plans for restricted stock grants was $437 thousand. There was no expense in 2016.

As of December 31, 2017, unrecognized share-based compensation expense related to nonvested restricted stock grants amounted to $958 thousand. This amount is expected to be recognized over a weighted-average period of 1.5 years.

Note 18. Earnings Per Common Share

Earnings per common share is calculated in accordance with ASC 260, "Earnings Per Share," which provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method.

Under the two-class method, basic earnings per common share is computed by dividing net earnings allocated to common stock by the weighted-average number of common shares outstanding during the applicable period, excluding outstanding participating securities. Diluted earnings per common share is computed using the weighted-average number of shares determined for the basic earnings per common share computation plus the dilutive effect of stock compensation using the treasury stock method.

Weighted average shares and per share amounts for all periods have been adjusted to reflect a 5 for 4 stock split in the form of a 25% dividend paid on September 5, 2017. Earnings per common share were computed based on the following for the years ended December 31, 2017 and 2016:

Earnings per common share - basic:	**2017**	**2016**
Income available to common shareholders (in thousands):		
Net income	$ 8,984	$ 8,301
Less: Income attributable to unvested restricted stock awards	(56)	-
Net income available to common shareholders	$ 8,928	$ 8,301
Weighted-average shares outstanding:		
Common shares outstanding, including unvested restricted stock	12,796,602	12,586,921
Less: Unvested restricted stock	(80,603)	-
Weighted-average common shares outstanding - basic	12,715,999	12,586,921
Earnings per common share - basic	$ 0.70	$ 0.66
Earnings per common share - diluted:		
Income available to common shareholders (in thousands):	**2017**	**2016**
Net income	$ 8,984	$ 8,301
Less: Income attributable to unvested restricted stock awards	(53)	-
Net income available to common shareholders	$ 8,931	$ 8,301
Weighted-average shares outstanding:		
Common shares outstanding, including unvested restricted stock	12,796,602	12,586,921
Less: Unvested restricted stock	(80,603)	-
Plus: Effect of dilutive options	770,451	615,375
Weighted-average common shares outstanding - diluted	13,486,450	13,202,296
Earnings per common share - diluted	$ 0.66	$ 0.63

Note 19. Minimum Regulatory Capital Requirements

The Company (on a consolidated basis) and the Bank are subject to various regulatory capital requirements administered by the Federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory - possibly additional discretionary - actions by regulators that, if undertaken, could have a direct material effect on the Company's and Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. Prompt corrective action provisions are not applicable to bank holding companies. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. The Basel III Capital Rules became effective January 1, 2015, subject to a phase-in period extending through January 1, 2019.

Quantitative measures established by regulation to ensure capital adequacy require the Company and Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), common equity tier 1 ("CET 1") to risk-weighted assets (as defined in the regulations) and of Tier 1 capital to average assets (as defined in the regulations). Management believes, as of December 31, 2017 and 2016, that the Company and Bank met all capital adequacy requirements to which they were subject.

In addition to the minimum regulatory capital required for capital adequacy purposes the Bank is required to maintain a minimum Capital Conservation Buffer above those minimums in the form of common equity, in order to avoid restrictions on capital distributions and discretionary bonuses. The required amount of the Capital Conservation Buffer was 1.25% on January 1, 2017 and will increase by 0.625% each year until it reaches 2.5% on January 1, 2019, and is applicable for the Common Equity Tier 1, Tier 1, and Total Capital Ratios. The Bank's institution specific capital conservation buffer was 5.25% at December 31, 2017.

As of December 31, 2017, the most recent notification from the Federal Reserve Bank categorized the Company as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the institution must maintain minimum total risk-based, Common Equity Tier 1, Tier 1 risk-based, and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since the notification that management believes have changed the Company's category.

The Company's and Bank's actual capital amounts and ratios are presented in the table below as of December 31, 2017 and 2016.

	Actual		Minimum Capital Requirement[1]		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in thousands)					
As of December 31, 2017:						
Total Capital (to Risk Weighted Assets)						
Company	$ 163,138	14.5%	$ 103,959	9.25%	N/A	N/A
Bank	$ 148,832	13.3%	$ 103,898	9.25%	$ 112,323	10.0%
Tier 1 Capital (to Risk Weighted Assets)						
Company	$ 129,427	11.5%	$ 81,481	7.25%	N/A	N/A
Bank	$ 139,652	12.4%	$ 81,433	7.25%	$ 89,858	8.0%
CET 1 Capital (to Risk Weighted Assets)						
Company	$ 129,427	11.5%	$ 64,623	5.75%	N/A	N/A
Bank	$ 139,652	12.4%	$ 64,585	5.75%	$ 73,009	6.5%
Tier 1 Capital (to Average Assets)						
Company	$ 129,427	11.0%	$ 46,995	4.00%	N/A	N/A
Bank	$ 139,652	11.8%	$ 46,994	4.00%	$ 58,743	5.0%
As of December 31, 2016:						
Total Capital (to Risk Weighted Assets)						
Bank	$ 127,667	12.3%	$ 89,319	8.625%	$ 103,558	10.0%
Tier 1 Capital (to Risk Weighted Assets)						
Bank	$ 119,252	11.5%	$ 68,607	6.625%	$ 82,846	8.0%
CET 1 Capital (to Risk Weighted Assets)						
Bank	$ 119,252	11.5%	$ 53,073	5.125%	$ 67,313	6.5%
Tier 1 Capital (to Average Assets)						
Bank	$ 119,252	11.5%	$ 41,563	4.000%	$ 51,954	5.0%

[1] Including Capital Conservation Buffer

Note 20. Restrictions on Dividends

The Bank is subject to certain restrictions on the amount of dividends that it may pay without prior regulatory approval. At December 31, 2017, the Bank had $26.8 million available to dividend to the Company.

Note 21. Benefit Plans

Effective August 1, 2006, the Company adopted a contributory 401(k) savings plan (the "401(k) Plan") covering substantially all employees. Eligible employees may elect to defer a portion of their compensation to the 401(k) Plan. The Board of Directors may elect to match a portion of each employee's contribution. Contributions of $377 thousand were made by the Company for the year ended December 31, 2017 and $334 thousand were made by the Company in 2016.

In late 2017, the Company approved a deferred compensation plan that will give key employees an additional way to defer their salary on a pre-tax basis. Key employees would be defined as Executive Officers (as defined by Regulation O). Board members may also participate in the Plan to defer their board fees. The Plan is voluntary and not subject to IRS/ DOL discrimination testing. The salary deferrals will be invested in mutual funds similar to those used for the 401k plan. In 2017, the Company made no matching contributions to this newly approved benefit plan.

Note 22. Low Income Housing Tax Credit Investments

The Company has invested in six separate housing equity funds as of December 31, 2017 and six separate housing equity funds as of December 31, 2016. The general purpose of these funds is to encourage and assist participate in investing low-income residential rental properties located in the Commonwealth of Virginia, develop and implement strategies to maintain project as low-income housing, deliver Federal Low Income Housing Credits to investors, allocate tax losses and other possible tax benefits to investors, and to preserve and protect project assets. The investments in these funds were recorded as other assets on the Company's balance sheets and were $4.8 million and $5.2 million at December 31, 2017 and 2016, respectively. The expected terms of these investments and the related tax benefits run through 2033. The net impact of amortization of the investments, tax credits and other tax benefits recognized related to these investments as a component of income tax expense in the Consolidated Statements of Income during the years ended December 31, 2017 and 2016, were $23 thousand and $110 thousand, respectively. Additional capital calls expected for the funds totaled $3.0 million and $3.7 million at December 31, 2017 and 2016, respectively, and are included in other liabilities on the Company's balance sheets.

Note 23. Accumulated Other Comprehensive Loss

The following table presents the changes in accumulated other comprehensive loss, by category, net of tax for the periods presented:

	Year ended December 31, 2017		
	Unrealized Losses on Available-for-Sale Securities	Unrealized Losses on Securitites Transferred from Available-for-Sale Securities to Held-to-Maturity	Accumulated Other Comprehensive loss
		(In thousands)	
Beginning balance	$ (345)	$ (112)	$ (457)
Net change during the year	(120)	$ 18	(102)
Reclassification of stranded tax effects from enacted change in tax rate	(93)	(19)	(112)
Ending balance	$ (558)	$ (113)	$ (671)

	Year ended December 31, 2016		
	Unrealized Losses on Available-for-Sale Securities	Unrealized Losses on Securitites Transferred from Available-for-Sale Securities to Held-to-Maturity	Accumulated Other Comprehensive loss
		(In thousands)	
Beginning balance	$ (122)	$ (125)	$ (247)
Net change during the year	(223)	13	(210)
Ending balance	$ (345)	$ (112)	$ (457)

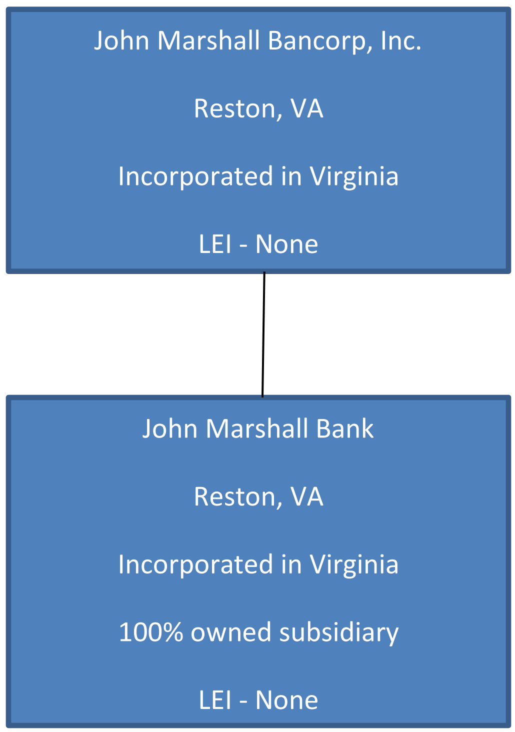
Items reclassified out of accumulated other comprehensive loss to net income during 2017 consisted of net gains on sales and calls of securities available-for-sale. During 2017, net gains on these sales or calls were $76 thousand and their related tax was $26 thousand. In 2016, net gains on these sales or calls were $2 thousand and their related tax was $1 thousand. Gains on sales and calls are reflected in gain on sales and calls of securities and the related tax is presented as income tax expense, in the Consolidated Statements of Income.

Note 24. Subsequent Events

The Company evaluates subsequent events that have occurred after the balance sheet date but before the financial statements are issued. There are two types of subsequent events: (1) recognized, or those that provide additional evidence about conditions that existed at the date of the balance sheet, including estimates inherent in the process of preparing financial statements, and (2) nonrecognized, or those that provide evidence about conditions that did not exist at the date of the balance sheet but arose after that date. Subsequent events were evaluated through March 9, 2018, the date the financial statements were issued.

Form FR Y-6
John Marshall Bancorp, Inc.
Reston, Virginia
Fiscal Year Ending December 31, 2017

Report Item 2.a.: **Organizational Chart**



Form FR Y-6
John Marshall Bancorp, Inc.
Reston, Virginia
Fiscal Year Ending December 31, 2017

Report Item 2.b.: **Domestic Branch Listing**

See attached report.

Results: A list of branches for your depository institution: JOHN MARSHALL BANK (ID_RSSD: 3419416).
This depository institution is held by JOHN MARSHALL BANCORP, INC. (5039724) of RESTON, VA.
The data are as of 12/31/2017. Data reflects information that was received and processed through 01/04/2018.

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
CHANGE	1/1/2018	Full Service (Head Office)	3419416	JOHN MARSHALL BANCORP, INC RESTON BRANCH	1943 ISAAC NEWTON SQUARE, SUITE 150	RESTON	VA	20190	FAIRFAX	UNITED STATES	Not Required	Not Required	JOHN MARSHALL BANK	3419416	
CHANGE	2/1/2018	Full Service	4053198	DISTRICT OF COLUMBIA BRANCH	1401 H STREET, NW SUITE 702	WASHINGTON	DC	20005	DISTRICT OF COLUMBIA	UNITED STATES	Not Required	Not Required	JOHN MARSHALL BANK	3419416	
		Full Service	3834925	ROCKVILLE BRANCH	11 N. WASHINGTON STREET, SUITE 100	ROCKVILLE	MD	20850	MONTGOMERY	UNITED STATES	Not Required	Not Required	JOHN MARSHALL BANK	3419416	
		Full Service	4520766	ALEXANDRIA BRANCH	640 FRANKLIN STREET	ALEXANDRIA	VA	22314	ALEXANDRIA CITY	UNITED STATES	Not Required	Not Required	JOHN MARSHALL BANK	3419416	
		Full Service	3938382	ARLINGTON BRANCH	2300 WILSON BOULEVARD	ARLINGTON	VA	22201	ARLINGTON	UNITED STATES	Not Required	Not Required	JOHN MARSHALL BANK	3419416	
		Full Service	3874958	LEESBURG BRANCH	842 SOUTH KING STREET	LEESBURG	VA	20175	LOUDOUN	UNITED STATES	Not Required	Not Required	JOHN MARSHALL BANK	3419416	

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

Current securities holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12/31/2017			Current securities holders not listed in 3(1)(a) through 3(1)(c) with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12/31/2017		
1a Name, City, State Country	1b Country of Citizenship or Incorporation	1c Number and percentage of each class of voting securities	2a Name, City, State Country	2b Country of Citizenship or Incorporation	2c Number and percentage of each class of voting securities
N/A – No securities holders had ownership, control or holdings of 5% or more with power to t vote as of 12/31/2017			N/A – No securities holders had ownership, control or holdings of 5% or more with power to t vote as of 12/31/2017		

Form FR Y-6
John Marshall Bancorp, Inc.
Reston, Virginia
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Report Item 4: Insiders

See attached report.

(1) Name, City, State, Country	(2) Principal occupation, if other than with the Holding Company	(3a) Title & Position with the Holding Company	(3b) Title & Position with Subsidiaries	(3c) Title & Position with other Businesses	(4a) Percentage of Voting Shares in the Holding Company	(4a) Percentage of Voting Shares in Subsidaries	(4b) List names of ther companies if 25% or more of voting securities are held
John Maxwell Ashburn, VA USA	N/A	Chairman and Chief Executive Officer	Chairman and Chief Executive Officer	N/A	2.03%	None	N/A
William Ridenour Clifton, VA USA	N/A	President, Chief Banking Officer, Chief Lending Officer	President, Chief Banking Officer, Chief Lending Officer	N/A	0.24%	None	N/A
Carl Dodson Leesburg, VA USA	N/A	President and Chief Risk Officer	President and Chief Risk Officer	N/A	0.40%	None	N/A
Kent Carstater Vienna, VA USA	N/A	Chief Financial Officer and Executive Vice President	Chief Financial Officer and Executive Vice President	N/A	0.14%	None	N/A
Philip Allin Centreville, VA USA	Business Owner	Director	N/A	EVP - Interiors by Guernsey, Chairman and CEO - System Furniture Gallery, Inc.	1.20%	None	N/A
Philip Chase Alexandria, VA USA	Business Owner	Director	N/A	CFO - NT Concepts	0.69%	None	N/A
Jean Edelman Great Falls, VA USA	Business Owner	Director	N/A	Co-founder and Principal Edelman Financial Services, LLC	2.14%	None	N/A
Michael Foster Arlington, VA USA	Business Owner	Director	N/A	Founder and President - MTFA Acrhitecture	2.23%	None	N/A
Subhash Garg McLean, VA USA	Business Owner, CPA	Director	N/A	Co-founder and Principal - Wiener & Garg, LLC	1.56%	None	N/A
Ronald Gordon Arlington, VA USA	Business Owner	Director	N/A	Chairman and CEO - ZGS Communications	1.03%	None	N/A
Jonathan Kinney Arlington, VA USA	Business Owner, Lawyer	Director	N/A		3.50%	None	N/A
O. Leland Mahan Leesburg, VA USA	Business Owner, Lawyer	Director	N/A	Senior Partner - Hall, Monahan, Engle, Mahan & Mitchell	0.50%	None	N/A
Lim Nguonly Vienna, VA USA	Business Owner	Director	N/A	Founder and President - Princess Jewelers	1.61%	None	N/A
					17.27%		