

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, Patty Simmons

Name of the Holding Company Director and Official

Asst. Sec./Treas.

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.

Patty Simmons

Signature of Holding Company Director and Official

2-5-19

Date of Signature

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

December 31, 2018

Month / Day / Year

None

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

Reporter's Name, Street, and Mailing Address

Crowell Bancshares, Inc.

Legal Title of Holding Company

PO Box 848

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

Crowell TX 79227-0848

City State Zip Code

100 E. Commerce, Crowell, Texas

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Douglas Pharis CPA

Name Title

940-552-5481

Area Code / Phone Number / Extension

940-552-2862

Area Code / FAX Number

doug.pharis@vernoncpas.com

E-mail Address

None

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

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. _____

Is confidential treatment requested for any portion of this report submission? No Yes

In accordance with the General Instructions for this report (check only one),

1. a letter justifying this request is being provided along with the report

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

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

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.

Crowell Financial Delaware Corporation
 Legal Title of Subsidiary Holding Company

PO Box 848
 (Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

Crowell TX 79227-0848
 City State Zip Code

30 Old Rudrick Lane, Dover, Delaware
 Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

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

City State Zip Code

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

City State Zip Code

Physical Location (if different from mailing address)

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Form FR Y-6

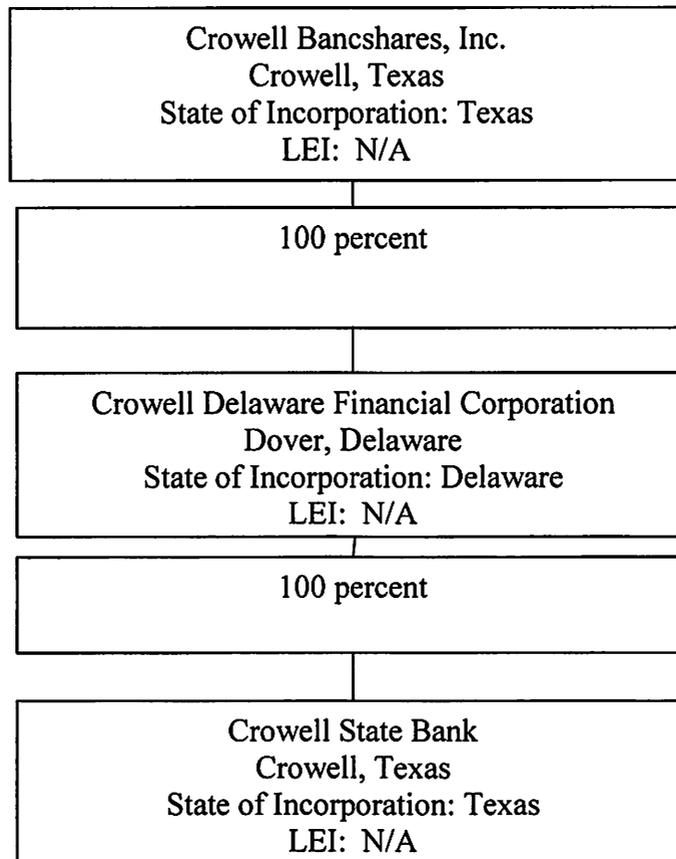
Report Items For

Crowell Bancshares, Inc.
(Hereinafter referred to as "Company")

Report Item 1: Annual Report

Neither Company nor any subsidiary thereof normally prepare a formal Annual Report to shareholders. In lieu of an Annual Report to shareholders, the Company's two-year comparative December 31, 2018 and December 31, 2017 (parent company only) financial statements have been attached. Company does not normally prepare consolidated financial statements. Also attached is the two-year comparative December 31, 2018 and December 31, 2017, financial statements for Crowell Delaware Financial Corporation.

Report Item 2: Organization Chart



Report Item 2b: Branch Verification

The required branch verification report was completed on January 23, 2019 and emailed to the Federal Reserve Bank of Dallas on that date. A copy of that report is attached.

Report Item 3(1)(a)(b)(c): Securities Holders

Crowell Bancshares, Inc.

(a) Name and Address	(b) Country of Citizenship	(c) Company Stock	
		Shares	Percentage
Jon L Black Crowell, Texas	U.S.A.	87	31.64
Duane Johnson Crowell, Texas	U.S.A.	20 (1)	7.27
Jana Howard Rancho Cucamonga, California	U.S.A.	37 (3)	13.46
Patty Simmons Crowell, Texas	U.S.A.	16	5.82
Betty Moore Crowell, Texas	U.S.A.	45 (2)	16.36

- (1) Includes shares held jointly with spouse, Margie Johnson.
- (2) Includes 23 shares (8.36%) held in William Jesse Moore Credit Shelter Trust, Betty Moore Trustee.
- (3) Includes 27 shares (9.82%) held in D.B. Trust #2, Jana Howard and Donna Koebel Pursell, Trustees.

REPORT ITEM 3 – lower tier holding companies

Crowell Delaware Financial Corporation

(a) Name and Address	(b) Country of Citizenship	(c) Company Stock	
		Shares	Percentage
Crowell Bancshares, Inc. Crowell, Texas	U.S.A.	1,000	100.00

No person or entity holds options, warrants or other securities or rights that can be converted or exercised for voting securities of Company which in their aggregate, and including voting securities currently held, would equal or exceed 5 percent of any such class of voting securities.

Report Item 3(2):

Crowell Bancshares, Inc.

None.

Crowell Delaware Financial Corporation

None.

Report Item 4: Insiders

See Officers and Directors Charts attached.

Crowell Bancshares, Inc.
December 31, 2018
Attachment to F.R. Y-6

Report Item 4 - Insiders

(1) Name and Address	(2) Principal Occupation	(3) Title or Position with				(4) Percentage Ownership in:			
		Company	Crowell Delaware	Bank	Other	Company	Crowell Delaware	Bank	Other
Jon L. Black Crowell, Texas	Rancher Retired Banker	Chairman Director	N/A	Director	Black Farms Owner	31.64%	None	None	100% Black Farms Sole Proprietorship
Carolyn Henry Crowell, Texas	Retired Banker	Assistant Sec./Treas. Director	N/A	Director	N/A	0.73%	None	None	None
Stacy Henry Crowell, Texas	Banker	President Director	President Director	President/CEO Chairman of the Board Director Loan Officer Security Officer	Stacy Henry Owner	4.36%	None	None	100% Stacy Henry Sole Proprietorship
Patty Simmons Crowell, Texas	Banker	Director Sec./Treas.	Sec./Treas. Director	Exec. Vice President Director Cashier CD's, Savings, Invstmnts Personnel Manager Loan Officer Board Secretary	N/A	5.82%	None	None	None
Billy Henry Crowell, Texas	Rancher/Farmer	Vice Chairman Director	N/A	Director	Billy Henry Owner	None	None	None	100% Billy Henry Sole Proprietorship
Jana Howard Rancho Cucamonga, California	Investor	Principal Securities Holder	N/A	N/A	N/A	13.46% (2)	None	None	None
Betty Moore Crowell, Texas	Farmer	Principal Securities Holder	N/A	N/A	N/A	16.36% (1)	None	None	None

(1) Includes 23 shares (8.36%) held in William Jesse Moore Credit Shelter Trust, Betty Moore Trustee

(2) Includes 27 shares (9.82%) held in D.B. Trust #2, Jana Howard and Donna Koebel Pursell, Trustees

Crowell Delaware Financial Corporation
December 31, 2018
Attachment to F.R. Y-6

Report Item 4 - Insiders

(1) Name and Address	(2) Principal Occupation	(3) Title or Position with			(4) Percentage Ownership in:		
		Company	Bank	Other	Company	Bank	Other
Stacy Henry Crowell, Texas	Banker	President & Director	President/CEO Chairman of the Board Director Loan Officer Security Officer	Stacy Henry Owner	None	None	100% Stacy Henry Sole Proprietorship
Patty Simmons Crowell, Texas	Banker	Sec./Treas. & Director	Exec. Vice President Director Cashier CD's, Savings, Invstmnts Personnel Manager Loan Officer Board Secretary	N/A	None	None	None
Crowell Bancshares, Inc. Crowell, Texas	N/A	N/A	N/A	N/A	100%	None	None

Results: A list of branches for your depository institution: CROWELL STATE BANK (ID_RSSD: 701857).
 This depository institution is held by CROWELL BANCSHARES, INC. (1894998) of CROWELL, TX.
 The data are as of 12/31/2018. Data reflects information that was received and processed through 01/06/2019.

Reconciliation and Verification Steps

1. In the **Data Action** column of each branch row, enter one or more of the actions specified below
2. If required, enter the date in the **Effective Date** column

Actions

- OK: If the branch information is correct, enter 'OK' in the **Data Action** column.
- Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the **Data Action** column and the date when this information first became valid in the **Effective Date** column.
- Close: If a branch listed was sold or closed, enter 'Close' in the **Data Action** column and the sale or closure date in the **Effective Date** column.
- Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the **Data Action** column.
- Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the **Data Action** column and the opening or acquisition date in the **Effective Date** column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure

When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.
 If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:
 To satisfy the **FR Y-10 reporting requirements**, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a **Data Action** of Change, Close, Delete, or Add.
 The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - <https://y10online.federalreserve.gov>.

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

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	701857	CROWELL STATE BANK	100 EAST COMMERCE STREET	CROWELL	TX	79227-0848	FOARD	UNITED STATES	Not Required	Not Required	CROWELL STATE BANK	701857	

Crowell Bancshares, Inc.
Crowell, Texas

Financial Statements
December 31, 2018 and 2017

MOORE, TRUELOVE, PHARIS, MEYERS & MARSH, PLLC



Certified Public Accountants
John T. Truelove, CPA
Douglas A. Pharis, CPA
Scott Meyers, CPA
Amber N. Marsh, CPA

To the Board of Directors
Crowell Bancshares, Inc.

Management is responsible for the accompanying financial statements of Crowell Bancshares, Inc. (Parent Company Only), an S Corporation, which comprise the balance sheet as of December 31, 2018 and 2017, and the related statements of income and retained earnings and cash flows for the six months and twelve months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The accompanying financial statements include the investment in the Company's wholly-owned bank holding company on the equity basis. Accounting principles generally accepted in the United States of America require preparation of consolidated financial statements to reflect all the accounts and activities of the subsidiary together with the parent. The Company's method of presentation has no effect on reported stockholders' equity or net income.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Moore, Truelove, Pharis, Meyers & Marsh, CPAs, PLLC

Vernon, Texas
January 16, 2019

Crowell Bancshares, Inc.
Balance Sheets
As of December 31, 2018 and 2017
(Parent Company Only)

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash	\$ 1,895.57	\$ 1,105.57
Accounts receivable		-
Investment in Crowell Delaware Financial Corporation	<u>3,855,124.23</u>	<u>3,619,765.38</u>
Total Assets	<u>\$ 3,857,019.80</u>	<u>\$ 3,620,870.95</u>
<u>Liabilities and Stockholders' Equity</u>		
Notes Payable	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>
Common stock, \$1.00 par value; 10,000 shares authorized, 647.92 shares issued; 275 shares outstanding	647.92	647.92
Additional paid-in capital	1,052,603.79	1,052,603.79
Retained earnings	4,307,181.04	4,067,489.74
Equity in subsidiary's net gain (loss) on securities	<u>(20,074.95)</u>	<u>(16,532.50)</u>
	5,340,357.80	5,104,208.95
Less: Cost of Treasury stock, 372.92 shares	<u>(1,483,338.00)</u>	<u>(1,483,338.00)</u>
Total Stockholders' Equity	<u>3,857,019.80</u>	<u>3,620,870.95</u>
Total Liabilities and Stockholders' Equity	<u>\$ 3,857,019.80</u>	<u>\$ 3,620,870.95</u>
Book value per share	<u>\$ 14,025.53</u>	<u>\$ 13,166.80</u>

See accompanying notes and accountant's compilation report.

Crowell Bancshares, Inc.
Statements of Income
Six Months Ended December 31, 2018 and 2017
(Parent Company Only)

	<u>2018</u>	<u>2017</u>
<u>Income</u>		
Equity in earnings of Crowell Delaware Financial Corporation	<u>\$ 309,322.28</u>	<u>\$322,968.36</u>
<u>Expenses</u>		
Interest	-	-
Director's fees	<u>16,000.00</u>	<u>16,250.00</u>
Total Expenses	<u>16,000.00</u>	<u>16,250.00</u>
Net Income	<u><u>\$ 293,322.28</u></u>	<u><u>\$306,718.36</u></u>

See accompanying notes and accountant's compilation report.

Crowell Bancshares, Inc.
Statements of Income
Twelve Months Ended December 31, 2018 and 2017
(Parent Company Only)

	<u>2018</u>	<u>2017</u>
<u>Income</u>		
Equity in earnings of Crowell Financial Delaware Corporation	<u>\$ 702,601.30</u>	<u>\$ 713,192.09</u>
<u>Expenses</u>		
Interest	-	-
Director's fees	<u>18,750.00</u>	<u>18,750.00</u>
Total Expenses	<u>18,750.00</u>	<u>18,750.00</u>
Net Income	<u><u>\$ 683,851.30</u></u>	<u><u>\$ 694,442.09</u></u>

See accompanying notes and accountant's compilation report.

Crowell Bancshares, Inc.
 Statements of Stockholders' Equity
 Six Months Ended December 31, 2018 and 2017
 (Parent Company Only)

	<u>2018</u>	<u>2017</u>
<u>Common Stock</u>		
Beginning balance	\$ 647.92	\$ 647.92
Ending balance	<u>\$ 647.92</u>	<u>\$ 647.92</u>
<u>Additional paid-in capital</u>		
Beginning balance	\$ 1,052,603.79	\$ 1,052,603.79
Ending balance	<u>\$ 1,052,603.79</u>	<u>\$ 1,052,603.79</u>
<u>Retained earnings</u>		
Beginning balance	\$ 4,392,791.49	\$ 4,181,021.38
Net income	293,322.28	306,718.36
Common stock dividends	(378,932.73)	(420,250.00)
Ending balance	<u>\$ 4,307,181.04</u>	<u>\$ 4,067,489.74</u>
<u>Equity in subsidiary's net</u>		
<u> unrealized gain (loss) on securities</u>		
Beginning balance	\$ (25,038.33)	\$ 2,587.68
Net change	4,963.38	(19,120.18)
Ending balance	<u>\$ (20,074.95)</u>	<u>\$ (16,532.50)</u>
<u>Treasury Stock</u>		
Beginning Balance	\$ 1,483,338.00	\$ 1,483,338.00
Stock Purchases	-	-
Ending balance	<u>\$ 1,483,338.00</u>	<u>\$ 1,483,338.00</u>

See accompanying notes and accountant's compilation report.

Crowell Bancshares, Inc.
 Statements of Stockholders' Equity
 Twelve Months Ended December 31, 2018 and 2017
 (Parent Company Only)

	<u>2018</u>	<u>2017</u>
<u>Common Stock</u>		
Beginning balance	\$ 647.92	\$ 647.92
Ending balance	<u>\$ 647.92</u>	<u>\$ 647.92</u>
<u>Additional paid-in capital</u>		
Beginning balance	\$ 1,052,603.79	\$ 1,052,603.79
Ending balance	<u>\$ 1,052,603.79</u>	<u>\$ 1,052,603.79</u>
<u>Retained earnings</u>		
Beginning balance	\$ 4,067,489.74	\$ 3,863,297.65
Net income	683,851.30	694,442.09
Common stock dividends	(444,160.00)	(490,250.00)
Ending balance	<u>\$ 4,307,181.04</u>	<u>\$ 4,067,489.74</u>
<u>Equity in subsidiary's net</u>		
<u>unrealized gain (loss) on securities</u>		
Beginning balance	\$ (16,532.50)	\$ (9,659.72)
Net change	(3,542.45)	(6,872.78)
Ending balance	<u>\$ (20,074.95)</u>	<u>\$ (16,532.50)</u>
<u>Treasury Stock</u>		
Beginning Balance	\$ 1,483,338.00	\$ 1,483,338.00
Stock Purchases	-	-
Ending balance	<u>\$ 1,483,338.00</u>	<u>\$ 1,483,338.00</u>

See accompanying notes and accountant's compilation report.

Crowell Bancshares, Inc.
Statements of Cash Flows
Six Months Ended December 31, 2018 and 2017
(Parent Company Only)

	2018	2017
<u>Cash flow from operating activities</u>		
Dividends received from subsidiary	\$ 399,000.00	\$ 437,000.00
Interest paid	-	-
Cash paid to suppliers for goods or services	(16,000.00)	(16,250.00)
Net cash provided (used) by operating activities	383,000.00	420,750.00
<u>Cash flow from financing activities</u>		
Collection of receivable	-	-
Principal Paid on note payable	-	-
Dividends paid on common stock	(378,932.73)	(420,250.00)
Net cash provided (used) by financing activities	(378,932.73)	(420,250.00)
Net increase (decrease) in cash	4,067.27	500.00
Cash at beginning of period	(2,171.70)	605.57
Cash at end of period	\$ 1,895.57	\$ 1,105.57

See accompanying notes and accountant's compilation report.

Crowell Bancshares, Inc.
 Statements of Cash Flows
 Six Months Ended December 31, 2018 and 2017
 (Parent Company Only)

	2018	2017
<u>Reconciliation of net income to cash</u>		
<u>provided (used) by operating activities</u>		
Net income	\$ 293,322.28	\$ 306,718.36
Increase (Decrease) in interest payable	-	-
Dividends in excess of earnings of subsidiary	89,677.72	114,031.64
Net cash provided (used) by operating activities	\$ 383,000.00	\$ 420,750.00

See accompanying notes and accountant's compilation report.

Crowell Bancshares, Inc.
Statements of Cash Flows
Twelve Months Ended December 31, 2018 and 2017
(Parent Company Only)

	2018	2017
<u>Cash flow from operating activities</u>		.
Dividends received from subsidiary	\$ 463,700.00	\$ 508,950.00
Interest paid	-	-
Cash paid to suppliers for goods or services	(18,750.00)	(18,750.00)
Net cash provided (used) by operating activities	444,950.00	490,200.00
<u>Cash flow from financing activities</u>		
Collection of receivable	-	-
Principal payment on debt	-	-
Dividends paid on common stock	(444,160.00)	(490,250.00)
Net cash provided (used) by financing activities	(444,160.00)	(490,250.00)
Net increase (decrease) in cash	790.00	(50.00)
Cash at beginning of period	1,105.57	1,155.57
Cash at end of period	\$ 1,895.57	\$ 1,105.57

See accompanying notes and accountant's compilation report.

Crowell Bancshares, Inc.
Statements of Cash Flows
Twelve Months Ended December 31, 2018 and 2017
(Parent Company Only)

	<u>2018</u>	<u>2017</u>
<u>Reconciliation of net income to cash</u> <u>provided (used) by operating activities</u>		
Net income	\$ 683,851.30	\$ 694,442.09
Undistributed earnings of subsidiary	<u>(238,901.30)</u>	<u>(204,242.09)</u>
Net cash provided (used) by operating activities	<u>\$ 444,950.00</u>	<u>\$ 490,200.00</u>

See accompanying notes and accountant's compilation report.

Crowell Bancshares, Inc.
December 31, 2018 and 2017

Selected Information – Substantially All Disclosures Required By
Accounting Principles Generally Accepted in the United States of America Are Not
Included

(Parent Company Only)

Basis of presentation:

These financial statements represent the parent company only and serve as a basis for the compilation of certain financial statements and supplementary information to meet the reporting requirements of the Federal Reserve System. Certain selected information is presented below. However, substantially all other disclosures required by accounting principles generally accepted in the United States of America have been omitted.

Significant accounting policies:

(a) Investments:

The investment in the subsidiary, Crowell Delaware Financial Corporation, Crowell, Texas, is carried on the equity method of accounting for 1,000 shares or 100 percent of the Bank's outstanding common stock. Book value of the subsidiary's common stock as of December 31, 2018, was \$3,855.12 per share.

(b) Accounting for Investments in Debt and Equity Securities:

The subsidiary accounts for its investment in certain debt and equity securities in accordance with Statement of Financial Accounting Standards Board, ASC 320. In connection therewith, certain securities are designated as being "available-for-sale" and, accordingly, are carried at their current fair value. The Company's equity in the subsidiary's net unrealized gain (loss) in value has been reported as a separate component of equity capital.

(c) Income Taxes:

The Parent Company, with the consent of its stockholders, elected under the provisions of the Internal Revenue Code to become an S Corporation effective on January 1, 2000. Under those provisions, the Parent Company does not pay Federal corporate income taxes on its taxable income. Instead, the stockholders are liable for individual Federal income taxes on their respective shares of the parent company's taxable income. Certain items of income and expense continue to be recognized for income tax purposes in different periods from those in which such items are recognized for financial reporting purposes.

A substantial portion of the stockholders' ability to pay their respective shares of taxes on Subchapter S income may be dependent on the subsidiary's ability to declare and pay dividends to the parent for its use and distribution to stockholders.

Crowell Delaware Financial Corporation
Crowell, Texas

Financial Statements
December 31, 2018 and 2017

MOORE, TRUELOVE, PHARIS, MEYERS & MARSH, PLLC



Certified Public Accountants
John T. Truelove, CPA
Douglas A. Pharis, CPA
Scott Meyers, CPA
Amber N. Marsh, CPA

To the Board of Directors
Crowell Delaware Financial Corporation

Management is responsible for the accompanying financial statements of Crowell Delaware Financial Corporation (Parent Company Only), a Qualified Subchapter S Corporation, which comprise the balance sheet as of December 31, 2018 and 2017, and the related statements of income and retained earnings and cash flows for the six months and twelve months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The accompanying financial statements include the investment in the Company's wholly-owned bank subsidiary on the equity basis. Accounting principles generally accepted in the United States of America require preparation of consolidated financial statements to reflect all the accounts and activities of the subsidiary together with the parent. The Company's method of presentation has no effect on reported stockholders' equity or net income.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Moore, Truelove, Pharis, Meyers & Marsh, CPAs, PLLC

Vernon, Texas
January 15, 2019

Crowell Delaware Financial Corporation
Balance Sheets
As of December 31, 2018 and 2017
(Parent Company Only)

	2018	2017
<u>Assets</u>		
Cash	\$ 1,285.76	\$ 1,081.57
Investment in Crowell State Bank	3,853,838.47	3,618,683.81
Total Assets	\$ 3,855,124.23	\$ 3,619,765.38
<u>Liabilities and Stockholders' Equity</u>		
Accounts Payable	\$ -	\$ -
Total Liabilities	-	-
Common stock, \$1.00 par value; 1,000 shares authorized, issued and outstanding	1,000.00	1,000.00
Additional paid-in capital	1,955,959.03	1,955,959.03
Retained earnings	1,918,240.15	1,679,338.85
Equity in subsidiary's net gain (loss) on securities	(20,074.95)	(16,532.50)
Total Stockholders' Equity	3,855,124.23	3,619,765.38
Total Liabilities and Stockholders' Equity	\$ 3,855,124.23	\$ 3,619,765.38
Book value per share	\$ 3,855.12	\$ 3,619.77

See accompanying notes and accountant's compilation report.

Crowell Delaware Financial Corporation
Statements of Income
Six Months Ended December 31, 2018 and 2017
(Parent Company Only)

	<u>2018</u>	<u>2017</u>
<u>Income</u>		
Equity in earnings of Crowell State Bank	<u>\$ 309,368.40</u>	<u>\$ 323,023.97</u>
<u>Expenses</u>		
Annual Corporation Fees	-	-
Miscellaneous	<u>46.12</u>	<u>55.61</u>
Total Expenses	<u>46.12</u>	<u>55.61</u>
Net Income	<u><u>\$ 309,322.28</u></u>	<u><u>\$ 322,968.36</u></u>

See accompanying notes and accountant's compilation report.

Crowell Delaware Financial Corporation
Statements of Income
Twelve Months Ended December 31, 2018 and 2017
(Parent Company Only)

	<u>2018</u>	<u>2017</u>
<u>Income</u>		
Equity in earnings of Crowell State Bank	<u>\$ 702,697.11</u>	<u>\$ 713,304.70</u>
<u>Expenses</u>		
Annual Corporation Fees	-	-
Miscellaneous	<u>95.81</u>	<u>112.61</u>
Total Expenses	<u>95.81</u>	<u>112.61</u>
Net Income	<u><u>\$ 702,601.30</u></u>	<u><u>\$ 713,192.09</u></u>

See accompanying notes and accountant's compilation report.

Crowell Delaware Financial Corporation
 Statements of Stockholders' Equity
 Six Months Ended December 31, 2018 and 2017
 (Parent Company Only)

	2018	2017
<u>Common Stock</u>		
Beginning balance	\$ 1,000.00	\$ 1,000.00
Ending balance	\$ 1,000.00	\$ 1,000.00
<u>Additional paid-in capital</u>		
Beginning balance	\$ 1,955,959.03	\$ 1,955,959.03
Ending balance	\$ 1,955,959.03	\$ 1,955,959.03
<u>Retained earnings</u>		
Beginning balance	\$ 2,007,917.87	\$ 1,793,370.49
Net income	309,322.28	322,968.36
Common stock dividends	(399,000.00)	(437,000.00)
Ending balance	\$ 1,918,240.15	\$ 1,679,338.85
<u>Equity in subsidiary's net unrealized gain (loss) on securities</u>		
Beginning balance	\$ (25,038.33)	\$ 2,587.68
Net change	4,963.38	(19,120.18)
Ending balance	\$ (20,074.95)	\$ (16,532.50)

See accompanying notes and accountant's compilation report.

Crowell Delaware Financial Corporation
 Statements of Stockholders' Equity
 Twelve Months Ended December 31, 2018 and 2017
 (Parent Company Only)

	2018	2017
<u>Common Stock</u>		
Beginning balance	\$ 1,000.00	\$ 1,000.00
Ending balance	\$ 1,000.00	\$ 1,000.00
<u>Additional paid-in capital</u>		
Beginning balance	\$ 1,955,959.03	\$ 1,955,959.03
Ending balance	\$ 1,955,959.03	\$ 1,955,959.03
<u>Retained earnings</u>		
Beginning balance	\$ 1,679,338.85	\$ 1,475,096.76
Net income	702,601.30	713,192.09
Common stock dividends	(463,700.00)	(508,950.00)
Ending balance	\$ 1,918,240.15	\$ 1,679,338.85
<u>Equity in subsidiary's net unrealized gain (loss) on securities</u>		
Beginning balance	\$ (16,532.50)	\$ (9,659.72)
Net change	(3,542.45)	(6,872.78)
Ending balance	\$ (20,074.95)	\$ (16,532.50)

See accompanying notes and accountant's compilation report.

Crowell Delaware Financial Corporation
 Statements of Cash Flows
 Six Months Ended December 31, 2018 and 2017
 (Parent Company Only)

	2018	2017
<u>Cash flow from operating activities</u>		
Dividends received from subsidiary	\$ 399,500.00	\$ 438,000.00
Cash paid to suppliers for goods or services	(46.12)	(55.61)
Net cash provided (used) by operating activities	399,453.88	437,944.39
<u>Cash flow from financing activities</u>		
Payment of liabilities	-	-
Dividends paid on common stock	(399,000.00)	(437,000.00)
Net cash provided (used) by financing activities	(399,000.00)	(437,000.00)
Net increase (decrease) in cash	453.88	944.39
Cash at beginning of period	831.88	137.18
Cash at end of period	\$ 1,285.76	\$ 1,081.57

See accompanying notes and accountant's compilation report.

Crowell Delaware Financial Corporation
Statements of Cash Flows
Six Months Ended December 31, 2018 and 2017
(Parent Company Only)

	<u>2018</u>	<u>2017</u>
<u>Reconciliation of net income to cash</u> <u>provided (used) by operating activities</u>		
Net income	\$ 309,322.28	\$ 322,968.36
Dividends in excess of earnings of subsidiary	90,131.60	114,976.03
Undistributed earnings of subsidiary	-	-
	<u> </u>	<u> </u>
Net cash provided (used) by operating activities	<u>\$ 399,453.88</u>	<u>\$ 437,944.39</u>

See accompanying notes and accountant's compilation report.

Crowell Delaware Financial Corporation
 Statements of Cash Flows
 Twelve Months Ended December 31, 2018 and 2017
 (Parent Company Only)

	2018	2017
<u>Cash flow from operating activities</u>		
Dividends received from subsidiary	\$ 464,000.00	\$ 510,000.00
Cash paid to suppliers for goods or services	(95.81)	(112.61)
Cash paid for fees and other taxes	-	-
	463,904.19	509,887.39
<u>Cash flow from financing activities</u>		
Payment of liabilities	-	-
Dividends paid on common stock	(463,700.00)	(508,950.00)
	(463,700.00)	(508,950.00)
Net increase (decrease) in cash	204.19	937.39
Cash at beginning of period	1,081.57	144.18
Cash at end of period	\$ 1,285.76	\$ 1,081.57

See accompanying notes and accountant's compilation report.

Crowell Delaware Financial Corporation
Statements of Cash Flows
Twelve Months Ended December 31, 2018 and 2017
(Parent Company Only)

	<u>2018</u>	<u>2017</u>
<u>Reconciliation of net income to cash</u> <u>provided (used) by operating activities</u>		
Net income	\$ 702,601.30	\$ 713,192.09
Undistributed earnings of subsidiary	<u>(238,697.11)</u>	<u>(203,304.70)</u>
Net cash provided (used) by operating activities	<u>\$ 463,904.19</u>	<u>\$ 509,887.39</u>

See accompanying notes and accountant's compilation report.

Crowell Delaware Financial Corporation
December 31, 2018 and 2017

Selected Information – Substantially All Disclosures Required By
Accounting Principles Generally Accepted in the United States of America Are Not
Included

(Parent Company Only)

Basis of presentation:

These financial statements represent the middle tier holding company only and serve as a basis for the compilation of certain financial statements and supplementary information to meet the reporting requirements of the Federal Reserve System. Certain selected information is presented below. However, substantially all other disclosures required by accounting principles generally accepted in the United States of America have been omitted.

Significant accounting policies:

(a) Investments:

Crowell Delaware Financial Corporation owns 100 percent of Crowell State Bank, Crowell, Texas. The investment in the subsidiary, Crowell State Bank, Crowell, Texas, is carried on the equity method of accounting for 1,000 shares or 100 percent of the Bank's outstanding common stock. Book value of the subsidiary's (Crowell State Bank) common stock as of December 31, 2017, was \$3,855.12 per share.

(b) Accounting for Investments in Debt and Equity Securities:

The subsidiary accounts for its investment in certain debt and equity securities in accordance with Financial Accounting Standards Board ASC 320. In connection therewith, certain securities are designated as being "available-for-sale" and, accordingly, are carried at their current fair value. The Company's equity in the subsidiary's net unrealized gain (loss) in value has been reported as a separate component of equity capital.

(c) Income Taxes:

The Company, with the consent of its stockholders, elected under the provisions of the Internal Revenue Code to become a Qualified Subchapter S Subsidiary effective January 1, 2000. Under those provisions, the Company does not pay Federal corporate income taxes on its taxable income. Instead, all assets and liabilities and items of income and expense are included on the parent company's S Corporation tax return. Certain items of income and expense continue to be recognized for income tax purposes in different periods from those in which such items are recognized for financial reporting purposes.