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, David M Righter
Name of the Holding Company Director and Official

Director, Chairman, & President
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.

David M. Righter
Signature of Holding Company Director and Official

Date of Signature

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

- [x] is included with the FR Y-6 report
- [ ] will be sent under separate cover
- [ ] is not prepared

For Federal Reserve Bank Use Only

RSSD ID _____
C.I. _____

Date of Report (top-tier holding company's fiscal year-end):
December 31, 2019
Month / Day / Year

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

Reporter's Name, Street, and Mailing Address

West-Central Bancorp, INC
Legal Title of Holding Company

216 Market Street / P.O. Box 1049
(Mailing Address of the Holding Company) Street / P.O. Box

Spencer	WV	25276
City	State	Zip Code

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Holly Terrell	Vice President
Name	Title

304-927-1750 Ext#209
Area Code / Phone Number / Extension

304-927-3675
Area Code / FAX Number

hterrell@firstneighborhoodbank.com
E-mail Address

www.firstneighborhoodbank.com
Address (URL) for the Holding Company's web page

Is confidential treatment requested for any portion of this report submission? ..... 0=No 1=Yes: 0

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

1. a letter justifying this request is being provided along with the report ..... [ ]
2. a letter justifying this request has been provided separately ... [ ]

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

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

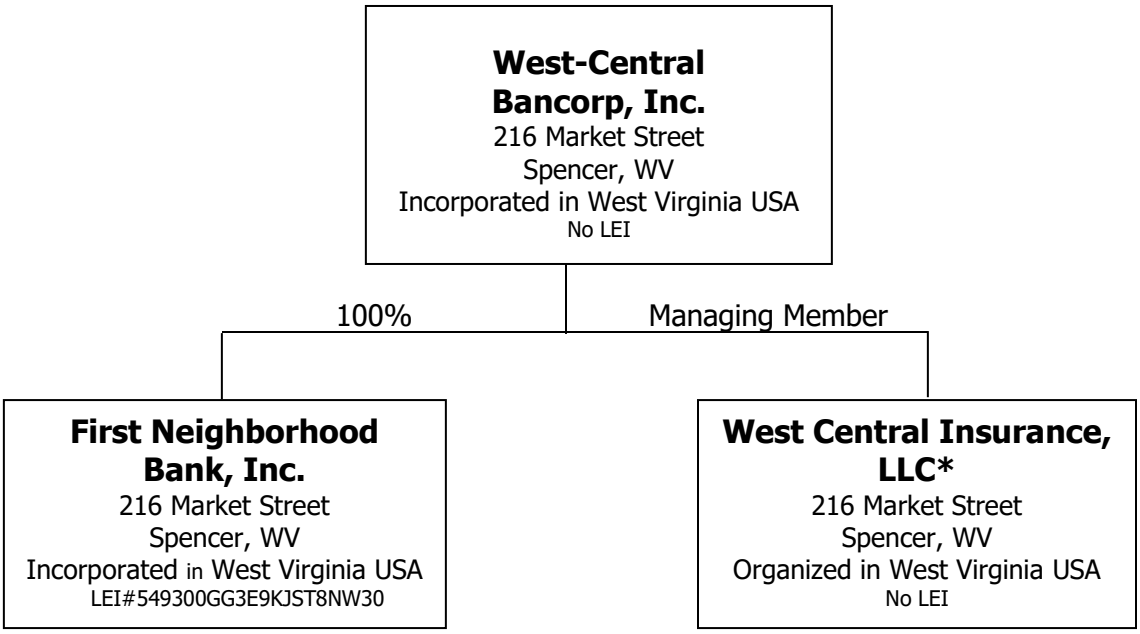
FORM FR Y-6

West-Central Bancorp, Inc.

216 Market Street
Spencer, WV
December 31, 2019

Report Item:
1. The bank holding company prepares an annual report for its shareholders and is not registered by the SEC. As specified by the Federal Reserve Bank of Richmond, copies of the annual report are enclosed.

2. a. Organizational Chart of Holding Company Ownership



*Owns 2.35% of West Virginia Bankers Title LLC

2. b. Domestic Branch Listing provided to the Federal Reserve Bank

Results: A list of branches for your depository institution: FIRST NEIGHBORHOOD BANK, INC. (ID_RSSD: 911339).
This depository institution is held by WEST-CENTRAL BANCORP, INC. (1076169) of SPENCER, WV.
The data are as of 12/31/2019. Data reflects information that was received and processed through 03/05/2020.

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)	911339	FIRST NEIGHBORHOOD BANK, INC.	216 MARKET STREET	SPENCER	WV	25276	ROANE	UNITED STATES	Not Required	Not Required	FIRST NEIGHBORHOOD BANK, INC.	911339	
OK		Full Service	2883074	PARKERSBURG BRANCH	4416 EMERSON AVE	PARKERSBURG	WV	26104	WOOD	UNITED STATES	Not Required	Not Required	FIRST NEIGHBORHOOD BANK, INC.	911339	
OK		Full Service	3320017	SOUTH PARKERSBURG BRANCH	500 DIVISION STREET	PARKERSBURG	WV	26101	WOOD	UNITED STATES	Not Required	Not Required	FIRST NEIGHBORHOOD BANK, INC.	911339	

WEST-CENTRAL BANCORP, INC.

FR Y-6

DECEMBER 31, 2019

ITEM 3. SHAREHOLDERS

(1) (a) First Neighborhood Bank Employee Stock Ownership Plan
Spencer, West Virginia

(1) (b) USA

(1) (c) 20,722 shares of Common Stock
11.23% of outstanding Common Stock

(2) NONE

WEST-CENTRAL BANCORP, INC.
FR Y-6
DECEMBER 31, 2019

REPORT ITEM 4: INSIDERS

(1), (2), (3)(a)(b)(c), and (4)(a)(b)*(c)

(1) Names & Address	(2) Principal Occupation	(3)(a)&(b) Title & Position with BHC/Sub	(3)(c) Title & Position with Other Bus.	(4)(a) % of BHC Shares	(4)(c) Name & of Other Business Interest	%
Charlene W. Crooks Parkersburg, WV USA	Consultant	Director	N/A	0.81	N/A	
J. Scott Freshwater Spencer, WV USA	Oil & Gas	Director	President	0.27	Contractor Services Inc.	35
			Vice-President		Reserve Oil & Gas, Inc.	50
			Member		United Gas Pipeline Co., LLC	50
			Member		Petro Services LLC	50
			Member		Apollo Air, LLC	25
			President		Essential Energy Investments, Inc.	100
			Member		Spencer Handi-Mart	50
			Member		KV Drilling	50
			Manager		Magnolia Investments, LLC	100
			Manager		Maple Hill Holdings, LLC	50
			Managing Member		Ajax Pipeline LLC	50
			Managing Member		Liberty Pipeline LLC	50
			Managing Member		Shale Gas Production, LLC	50
			Managing Member		Arbor Holdings, LLC	50
			Managing Member		Elm Holdings, LLC	50
			Manager		Black Walnut Holdings, LLC	50
			Manager		Sycamore Holdings, LCC	50
			Manager		Laurel Holdings, LLC	50
Dennis P. Harton Parkersburg, WV USA	Retired Oil & Gas	Director	Managing Member	0.54	WVW Properties, LLC	100
			Pres/CEO		GasSearch Corp.	100
			Member		Clearwater holdings, LLC	51

FR Y-6 INSIDERS

(1) Names & Address	(2) Principal Occupation	(3)(a)&(b) Title & Position with BHC/Sub	(3)(c) Title & Position with Other Bus.	(4)(a) % of BHC Shares	(4)(c) Name & of Other Business Interest	%
Dr. Robert R. Heavner Vienna, WV USA	Physician	Director	Owner Managing Member President	0.27	Creative Photography & Art Studio Emprise Development Company Mid-Ohio Valley Medical Group	100
James F. McCulty Spencer, WV USA	Retired Banker	Director	N/A	1.36	N/A	
Garlan E. Miller Spencer, WV USA	Certified Public Accountant	Director	President	0.48	Miller & Miller A.C.	100
David M. Righter Vienna, WV USA	N/A	Director, Chairman & President.	N/A	0.54	N/A	
Stephen L. Thompson Charleston, WV USA	Attorney	Director	Partner	0.11	Barth & Thompson	50
John A. Varda Spencer, WV USA	Merchant	Director	President Managing Member	1.21	Varda Oil & Gas. Roane County Golf Club	33 30
Amy Bradlyn Vienna, WV USA	Commercial Banker	Ex. Vice President	N/A	0.00	N/A	
Reta Varda Spencer, WV USA	Commercial Banker	Sr. Vice President (FNB)	N/A	0.14	N/A	
Douglass Swearingen Vienna, WV USA	Commercial Banker	Secretary (BHC) Sr. Vice President (FNB)	N/A	0.05	N/A	

FR Y-6 INSIDERS

(1) Names & Address	(2) Principal Occupation	(3)(a)&(b) Title & Position with BHC/Sub	(3)(c) Title & Position with Other Bus.	(4)(a) % of BHC Shares	(4)(c) Name & of Other Business Interest	%
Employee Stock Ownership Plan First Neighborhood Bank, Inc. Spencer, WV USA		FNB ESOP		11.23	N/A	

(3)(a)&(b) Position with Holding Company and Subsidiary Bank are the same unless otherwise noted.

*(4)(b) % of Voting Shares in Subsidiaries is not applicable

2019

ANNUAL REPORT

2019

Message from the Chairman of the Board

During the past few years, Senior Management and the Board of Directors have been working to plan for the future of First Neighborhood Bank and West-Central Bancorp, Inc. Areas of consideration have included asset growth, market expansion, and succession planning to address the pending retirements of members of our Senior Management Team.

In 2019, the bank experienced some unanticipated challenges. Previous bank examinations performed by the West Virginia Division of Financial Institutions and the FDIC showed positive results with minimal recommendations. Unfortunately, in the FDIC exam in March of 2019, several apparent deficiencies in the bank's BSA program were identified. The Bank Secrecy Act governs anti-money laundering and terrorist financing. These areas of deficiency included personnel, training, and automated tracking systems, along with external auditing and validation. Although the Board of Directors and Management weren't in complete agreement with the exam findings, they entered in to an agreement with the regulators in July of this year that these issues would be addressed in a timely manner. As of the date of this letter, Senior Management and the Board of Directors feel that all items have been fully addressed and submitted to both state and federal regulators for their approval.

Unfortunately, as a result of the BSA exam findings and the related costs of personnel, external audits and validation testing, training, equipment, and software, earnings were below budget for 2019. During the fourth quarter of 2019, management decided to be proactive in their approach and make additional expenditures in this year that were planned for 2020 and beyond. Management feels this approach will position the bank for increased earnings in the years to come.

The Board of Directors and Senior Management are excited for 2020 as we anticipate improved earnings, moving younger talent in to Senior Management positions, and focusing on other growth opportunities such as expanding in to other markets. As a shareholder of West-Central Bancorp, Inc., you should feel confident & excited about your investment. We feel confident that all issues regarding the exam have been resolved and have continued payment of our semi-annual dividend in the amount of $0.50/share

We look forward to seeing you at our Annual Shareholders' Meeting on Tuesday, March 26, 2019 at 10:00 a.m. in our Spencer Office at 216 Market Street.

Our audited financial statement prepared by Suttle & Stalnaker PLLC is available on our website. Printed copies may be obtained by contacting any of our offices.

David M. Righter
Chairman of the Board and
Chief Executive Officer

The annual report can be viewed on our website:
https://www.firstneighborhoodbank.com/investor-relations.htm
Under About Us/Investor Relations/Annual Reports, click on 2019 FNB Annual Report (pdf).

WEST-CENTRAL BANCORP, INC. AND SUBSIDIARIES

SPENCER, WEST VIRGINIA

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2019

Suttle & Stalnaker | Certified Public Accountants
A Professional Limited Liability Company

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	3-4
Consolidated Balance Sheets	5
Consolidated Statements of Income	6
Consolidated Statements of Comprehensive Income	7
Consolidated Statements of Changes in Shareholders' Equity	8
Consolidated Statements of Cash Flows	9-10
Notes to Consolidated Financial Statements	11-46
SUPPLEMENTARY INFORMATION	
Independent Auditor's Report on Consolidating Information	48
Consolidating Balance Sheet	49
Consolidating Statement of Income	50
Consolidating Statement of Cash Flows	51-52

Suttle & Stalnaker | Certified Public Accountants
A Professional Limited Liability Company

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
West-Central Bancorp, Inc. and Subsidiaries
Spencer, West Virginia

We have audited the accompanying consolidated financial statements of West-Central Bancorp, Inc. and its Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

The Virginia Center
1411 Virginia Street, East | Suite 100
Charleston, WV 25301
MAIN (304) 343-4126
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Towne Square | 201 Third Street
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68 Clay Street | Suite C
Morgantown, WV 26501
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of West-Central Bancorp, Inc. and its Subsidiaries as of December 31, 2019 and 2018, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2019, in accordance with accounting principles generally accepted in the United States of America.

Charleston, West Virginia
February 17, 2020

WEST-CENTRAL BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Cash and due from banks	$ 4,832,250	$ 4,791,082
Interest-earning deposits in other banks	408,270	396,795
Federal funds sold	7,880,000	2,535,000
Cash and cash equivalents	13,120,520	7,722,877
Time deposits	5,000,000	3,500,000
Investment securities		
Securities available-for-sale, at fair value	29,233,636	17,823,202
Other securities	66,300	66,800
Loans	90,177,276	99,660,049
Less: allowance for loan losses	(897,930)	(1,062,056)
Loans - net	89,279,346	98,597,993
Accrued interest receivable	388,884	339,229
Premises and equipment - net	2,350,659	2,515,391
Other real estate owned	35,000	-
Cash surrender value - bank owned life insurance	3,281,811	3,226,277
Deferred income taxes	457,175	579,770
Other assets	372,526	188,466
Total assets	**$ 143,585,857**	**$ 134,560,005**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Demand - noninterest-bearing	$ 40,102,161	$ 37,780,861
Demand - interest-bearing	27,719,853	24,196,347
Savings	20,256,613	22,701,618
Time	38,344,953	33,251,853
Total deposits	126,423,580	117,930,679
Advance payments from borrowers for taxes and insurance	97,223	102,151
Accrued interest payable	82,818	47,849
Other liabilities	1,424,123	1,414,404
Total liabilities	128,027,744	119,495,083
Shareholders' equity		
Common stock (par value $1.00; 5,000,000 shares authorized; 350,860 shares issued; 184,453 shares outstanding as of December 31, 2019 and 2018, respectively)	350,860	350,860
Additional paid in capital	1,597,246	1,597,246
Retained earnings	17,801,596	17,475,938
Less: treasury stock, at cost (166,407 shares as of December 31, 2019 and 2018, respectively)	(4,208,079)	(4,208,079)
Accumulated other comprehensive income (loss)	16,490	(151,043)
Total shareholders' equity	15,558,113	15,064,922
Total liabilities and shareholders' equity	**$ 143,585,857**	**$ 134,560,005**

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

WEST-CENTRAL BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2019

	2019	2018	2017
Interest income			
Interest and fees on loans	$ 4,520,016	$ 4,622,843	$ 4,661,960
Interest on deposits in other banks	125,117	76,587	33,350
Interest on federal funds sold	117,628	87,206	79,832
Interest and dividends on investment securities	464,945	382,377	392,919
Total interest income	5,227,706	5,169,013	5,168,061
Interest expense			
Interest on deposits	742,466	379,670	301,008
Total interest expense	742,466	379,670	301,008
Net interest income	4,485,240	4,789,343	4,867,053
Provision for loan losses	285,000	232,000	232,000
Net interest income after provision for loan losses	4,200,240	4,557,343	4,635,053
Noninterest income			
Service charges and fees	553,162	517,726	534,843
Increase in cash surrender value - bank owned life insurance	55,534	56,100	56,509
Net realized gains (losses) from sales of investment securities available-for-sale	(6,211)	-	-
Other income	68,072	37,173	31,955
Total noninterest income	670,557	610,999	623,307
Noninterest expense			
General and administrative			
Compensation and benefits	2,278,055	2,267,622	2,330,729
Occupancy and equipment	583,935	534,296	583,249
FDIC assessment	24,000	36,000	36,000
Data processing	502,361	473,476	467,913
Other expenses	880,874	845,048	854,525
Total noninterest expense	4,269,225	4,156,442	4,272,416
Income before income tax expense	601,572	1,011,900	985,944
Income tax expense	91,461	158,756	496,654
Net income	**$ 510,111**	**$ 853,144**	**$ 489,290**
Net income available for common shareholders	$ 510,111	$ 853,144	$ 489,290
Per common share data			
Net income	2.77	4.09	2.33
Cash dividends declared	1.00	1.00	1.00
Average common shares outstanding	184,453	208,828	209,926

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

WEST-CENTRAL BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2019

	2019	2018	2017
Net income	$ 510,111	$ 853,144	$ 489,290
Other comprehensive income (loss)			
Unrealized gains (losses) on investment securities available-for-sale arising during the period	222,322	(82,733)	(11,599)
Adjustment for income tax (expense) benefit	(59,323)	23,000	3,000
	162,999	(59,733)	(8,599)
Reclassification adjustment for (gains) losses on investment securities available-for-sale included in net income	6,211	-	-
Adjustment for income tax expense (benefit)	(1,677)	-	-
	4,534	-	-
Other comprehensive income (loss), net of income tax	167,533	(59,733)	(8,599)
Comprehensive income	**$ 677,644**	**$ 793,411**	**$ 480,691**

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

WEST-CENTRAL BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2019

	Common Stock	Additional Paid In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balance at December 31, 2016	$ 350,860	$ 1,597,246	$ 16,524,564	$ (2,627,711)	$ (66,711)	$ 15,778,248
Comprehensive income	-	-	489,290	-	(8,599)	480,691
Reclassification of certain tax effects from accumulated other comprehensive income	-	-	16,000	-	(16,000)	-
Purchases of treasury stock (72 shares)	-	-	-	(3,600)	-	(3,600)
Cash dividends declared ($1.00 per share)	-	-	(209,900)	-	-	(209,900)
Balance at December 31, 2017	350,860	1,597,246	16,819,954	(2,631,311)	(91,310)	16,045,439
Comprehensive income	-	-	853,144	-	(59,733)	793,411
Purchases of treasury stock (25,436 shares)	-	-	-	(1,576,768)	-	(1,576,768)
Cash dividends declared ($1.00 per share)	-	-	(197,160)	-	-	(197,160)
Balance at December 31, 2018	350,860	1,597,246	17,475,938	(4,208,079)	(151,043)	15,064,922
Comprehensive income	-	-	510,111	-	167,533	677,644
Cash dividends declared ($1.00 per share)	-	-	(184,453)	-	-	(184,453)
Balance at December 31, 2019	**$ 350,860**	**$ 1,597,246**	**$ 17,801,596**	**$ (4,208,079)**	**$ 16,490**	**$ 15,558,113**

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

WEST-CENTRAL BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2019

	2019	2018	2017
Cash flows from operating activities			
Net income	$ 510,111	$ 853,144	$ 489,290
Adjustments to reconcile net income to net cash provided (used) by operating activities			
Depreciation	191,867	213,633	234,922
Provision for loan losses	285,000	232,000	232,000
Provision for deferred income tax	61,595	(75,860)	289,905
Amortizations (accretions) on investment securities - net	132,532	128,456	117,701
Net realized (gains) losses from sales of investment securities available-for-sale	6,211	-	-
Amortization of deferred gain on sale-leaseback transaction	(16,920)	-	-
Net realized (gains) losses from disposal of premises and equipment	-	-	13,340
Net realized (gains) losses from sales of other real estate owned	-	15,000	-
Other real estate owned writedown	25,000	-	-
(Increase) decrease in accrued interest receivable	(49,655)	59,712	(25,718)
(Increase) decrease in cash surrender value - bank owned life insurance	(55,534)	(56,100)	(56,509)
(Increase) decrease in other assets	(184,060)	(34,338)	121,850
Increase (decrease) in accrued interest payable	34,969	19,396	(4,709)
Increase (decrease) in other liabilities	(142,183)	138,481	45,469
Total adjustments	288,822	640,380	968,251
Net cash provided (used) by operating activities	798,933	1,493,524	1,457,541
Cash flows from investing activities			
Net (increase) decrease in time deposits	(1,500,000)	(250,000)	(2,500,000)
Purchases of investment securities available-for-sale	(21,605,695)	(1,000,000)	(4,082,657)
Proceeds from maturities and calls of investment securities available-for-sale	6,985,000	3,050,000	5,865,000
Proceeds from principle payments on investment securities available-for-sale	306,651	-	-
Proceeds from sales of investment securities available-for-sale	2,993,400	-	-
Redemptions of Federal Home Loan Bank stock	500	2,800	1,400
Net (increase) decrease in loans	9,123,647	(23,753)	(289,172)
Proceeds from sales of other real estate owned	-	65,000	-
Proceeds from sale-leaseback transaction	100,000	-	-
Capital expenditures	(108,313)	(125,762)	(86,190)
Net cash provided (used) by investing activities	(3,704,810)	1,718,285	(1,091,619)
Cash flows from financing activities			
Net increase (decrease) in total deposits	8,492,901	(6,102,226)	(6,894,482)
Net increase (decrease) in advance payments from borrowers for taxes and insurance	(4,928)	(12,014)	(6,519)
Purchases of treasury stock	-	(1,576,768)	(3,600)
Cash dividends paid	(184,453)	(197,160)	(209,900)
Net cash provided (used) by financing activities	8,303,520	(7,888,168)	(7,114,501)
Net increase (decrease) in cash and cash equivalents	5,397,643	(4,676,359)	(6,748,579)
Cash and cash equivalents at beginning of year	7,722,877	12,399,236	19,147,815
Cash and cash equivalents at end of year	**$ 13,120,520**	**$ 7,722,877**	**$ 12,399,236**

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

WEST-CENTRAL BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED DECEMBER 31, 2019
(Continued)

	2019	2018	2017
Supplemental schedule of noncash investing and financing activities			
Loans transferred to other real estate owned	$ 60,000	$ 80,000	$ -
Loan origination from sale-leaseback transaction	$ 150,000	$ -	$ -
Supplemental disclosure of cash flows information			
Cash paid during the year for			
Interest	$ 707,497	$ 360,274	$ 305,717
Income taxes	$ 276,866	$ 107,616	$ 103,749

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Nature of operations - West-Central Bancorp, Inc. (the Bancorp) is a bank holding company whose wholly owned bank subsidiary, First Neighborhood Bank, Inc. (the Bank), is a commercial bank with operations in Spencer and Parkersburg, West Virginia. The Bank provides retail and commercial loans and deposit services principally to customers in Roane and Wood counties in West Virginia and surrounding counties. The Bank operates under a state bank charter and provides full banking services. As a state bank, the Bank is subject to regulation by the West Virginia Division of Financial Institutions and the Federal Deposit Insurance Corporation (FDIC). The Bancorp's other subsidiary, West Central Insurance, LLC, had no significant operations during the years ended December 31, 2019, 2018, and 2017.

Basis of financial statement presentation - The accounting and reporting policies of the Bancorp and its Subsidiaries conform with accounting principles generally accepted in the United States of America and with general practices followed within the banking industry.

Principles of consolidation - The accompanying consolidated financial statements include the accounts of West-Central Bancorp, Inc. and its Subsidiaries, First Neighborhood Bank, Inc. and West Central Insurance, LLC. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates, such as the allowance for loan losses, are based on known facts and circumstances. Estimates are revised by management in the period such facts and circumstances change. In addition, management has made estimates based on assumptions for fair value of financial instruments and the assessment of other-than-temporary impairment on investments. Actual results could differ from those estimates.

Comprehensive income - Accounting principles require that recognized revenue, expenses, gains, and losses be included in net income. Certain changes in assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the shareholders' equity section of the balance sheets. Such items, along with net income, are components of comprehensive income.

In February 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-02, *Income Statement - Reporting Comprehensive Income (Topic 220), Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act of 2017. The amount of the reclassification is the difference between the historical corporate income tax rate and the newly enacted 21% corporate income tax rate. Since early adoption is permitted, the Bancorp and its Subsidiaries' elected to reclassify $16,000 from accumulated other comprehensive income to retained earnings as of December 31, 2017.

Presentation of cash flows - For the purpose of reporting cash flows, the Bancorp and its Subsidiaries have defined cash and cash equivalents as those amounts included in the consolidated balance sheets captions "Cash and due from banks" and "Interest-earning deposits in other banks," which have original maturities of ninety (90) days or less, and "Federal funds sold." Generally, federal funds are sold for one-day periods.

Investment securities - It is the policy of the Bank to prohibit the use of their respective investment accounts to maintain a trading account or to speculate in securities that would demonstrate management's intent to profit from short-term price movements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

Debt securities are classified as held-to-maturity when management has both the intent and ability to hold the securities to maturity. Securities held-to-maturity are carried at cost, adjusted for amortization of premiums and accretion of discounts computed by the interest method from purchase date to maturity. There are no securities classified as held-to-maturity in the accompanying consolidated financial statements.

Securities not classified as held-to-maturity or as trading are classified as available-for-sale. Securities available-for-sale are carried at estimated fair value based on information provided by a third party pricing service, with unrealized gains and losses, net of the deferred income tax effect, reported in accumulated other comprehensive income. Realized gains and losses on securities available-for-sale are included in noninterest income and, when applicable, are reported as a reclassification adjustment, net of income tax, in other comprehensive income. The cost of securities sold is determined on the specific-identification method. Amortization of premiums and accretion of discounts are recognized in interest income using the interest method over the contractual terms of the securities.

Declines in the estimated fair value of individual investment securities below their cost that are other-than-temporary are reflected as realized losses in the consolidated statements of income. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Bank to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Loans - The Bank grants commercial, mortgage, and installment loans to customers. A substantial portion of the loan portfolio is represented by mortgage loans throughout West Virginia. The ability of the Bank's debtors to honor their contracts is dependent upon the real estate and general economic conditions in this area.

Loans are stated at the amount of unpaid principal balances, less the allowance for loan losses.

Interest on loans is accrued based on principal amounts outstanding.

Allowance for loan losses - The allowance for loan losses reflects management's judgment of probable loan losses inherent in the portfolio. The Bank uses a disciplined process and methodology to establish the allowance for loan losses each quarter. To determine the total allowance for loan losses, management estimates the reserves needed for each segment of the portfolio, including loans analyzed individually and loans analyzed on a pooled basis. The allowance for loan losses consists of amounts applicable to the (1) commercial portfolio, (2) mortgage portfolio, and (3) installment portfolio.

To determine the balance of the allowance account, loans are pooled by portfolio segment and losses are modeled using historical experience and quantitative and other mathematical techniques over the loss emergence period. Management exercises significant judgment in determining the estimation method that fits the credit risk characteristics of each portfolio segment. Management must use judgment in establishing additional input metrics for the modeling processes. The models and assumptions used to determine the allowance are independently validated and reviewed to ensure that their theoretical foundation, assumptions, data integrity, computational processes, reporting practices, and end-user controls are appropriate and properly documented.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

The establishment of the allowance for loan losses relies on a consistent process that requires multiple layers of management review and judgment and responds to changes in economic conditions, customer behavior, and collateral value, among other influences. From time to time, events or economic factors may affect the loan portfolio, causing management to provide additional amounts to, or release balances from, the allowance for loan losses. The Bank's allowance for loan losses is sensitive to risk ratings assigned to individually evaluated loans and economic assumptions and delinquency trends driving statistically modeled reserves. Individual loan risk ratings are evaluated based on each situation by experienced senior credit officers.

Management monitors differences between estimated and actual incurred loan losses. This monitoring process includes periodic assessments by senior management of loan portfolios and the models used to estimate incurred losses in those portfolios. Additions to the allowance for loan losses are made by charges to the provision for loan losses. Credit exposures deemed to be uncollectible are charged against the allowance for loan losses. Recoveries of previously charged off amounts are credited to the allowance for loan losses.

Troubled debt restructurings (TDRs) - A restructuring of debt constitutes a TDR if the creditor for economic or legal reasons related to the debtor's financial difficulties grants a concession to the debtor that it would not otherwise consider. The determination of whether a concession has been granted includes an evaluation of the debtor's ability to access funds at a market rate for debt with similar risk characteristics and among other things, the significance of the modification relative to unpaid principal or collateral value of the debt, and/or the significance of a delay in the timing of payments relative to the frequency of payments, original maturity date or the expected duration of the loan. The most common concessions granted generally include one or more modifications to the terms of the debt such as a reduction in the interest rate for the remaining life of the debt, an extension of the maturity date at an interest rate lower than the current market rate for new debt with similar risk, or reduction of the unpaid principal or interest. All TDRs are considered impaired loans.

Premises and equipment - Land is carried at cost. Bank buildings and equipment are carried at cost, less accumulated depreciation. Depreciation is computed primarily using the straight-line, 150% declining balance, or double declining balance methods for financial reporting purposes over the estimated useful lives of the respective assets, which range from 3 to 10 years for equipment and 10 to 50 years for buildings and improvements. Useful lives are revised when a change in life expectancy becomes apparent.

Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Gains and losses on dispositions are included in current operations as realized.

Other real estate owned - Real estate acquired through, or in lieu of, loan foreclosure is held-for-sale and is initially recorded at the lower of the Bank's cost (book value) or fair value less estimated selling costs at the date of foreclosure. Any writedowns based on the asset's fair value at the date of acquisition are charged to the allowance for loan losses. After foreclosure, valuations are periodically performed by management, and any subsequent writedowns are recorded as a charge to operations, if necessary, to reduce the carrying value of a property to the lower new fair value less costs to sell. Costs of significant property improvements are capitalized, whereas costs relating to holding the property are expensed. The portion of interest costs relating to development of real estate is capitalized.

Advertising - The Bancorp and its Subsidiaries' policy is to expense advertising costs as incurred. Advertising expense for the years ended December 31, 2019, 2018, and 2017 were $74,489, $75,996, and $85,965, respectively.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

Income taxes - Income taxes are provided for the tax effects of the transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of securities available-for-sale, supplemental employee benefit plans, subsequent loss writedowns on other real estate owned, the allowance for loan losses, and accumulated depreciation for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are reflected at income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. Valuation limitation reserves are established, as deemed necessary, and adjusted periodically on certain deferred tax assets to reflect estimated recoverability of the asset in a reasonable time period. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

The Bancorp and its Subsidiaries file consolidated federal and state tax returns. Tax allocation arrangements between the Bancorp and its Subsidiaries follow the policy of determining federal and state income taxes as if the Subsidiaries filed separate federal and state income tax returns.

Employee benefit plans - The Bank has a profit-sharing plan and an employee stock ownership plan (ESOP) which covers substantially all employees. The amount of the contributions to the plans is at the discretion of the Bank's Board of Directors.

Earnings per share - Earnings per share of common stock are computed based upon the weighted average number of shares of common stock outstanding during the period. The weighted-average shares outstanding were 184,453, 208,828, and 209,926 shares for the years ended December 31, 2019, 2018, and 2017, respectively. During each of the three years in the period ended December 31, 2019, the Bancorp did not have any potentially dilutive securities.

Fair value measurements - The Bancorp and its Subsidiaries follow the guidance of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 825, *Financial Instruments*, and FASB ASC 820, *Fair Value Measurements and Disclosures*. This guidance permits entities to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This guidance clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Under this guidance, fair value measurements are not adjusted for transaction costs. This guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Revenue from contracts with customers - The Bancorp and its Subsidiaries record revenue from contracts with customers in accordance with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*. Under Topic 606, the Bancorp and its Subsidiaries must identify the contract with a customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when (or as) the Bancorp and its Subsidiaries satisfy a performance obligation. Significant revenue has not been recognized in the current reporting period that results from performance obligations satisfied in previous periods.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (Continued)

The majority of the Bancorp and its Subsidiaries' revenues come from interest and dividend income on loans, investment securities, and other financial instruments that are outside the scope of Topic 606. The Bancorp and its Subsidiaries have evaluated the nature of contracts with customers and determined that further disaggregation of revenue from contracts with customers into more granular categories beyond what is presented in the consolidated statements of income was not necessary. The Bancorp and its Subsidiaries generally fully satisfy performance obligations on contracts with customers as services are rendered and the transaction prices, which are charged on a periodic basis or based on activity, are typically fixed. Because performance obligations are satisfied as services are rendered and the transaction prices are fixed, there is little judgement involved in applying Topic 606 that significantly affects the determination of the amount and timing of revenue from contracts with customers.

Sale-leaseback transaction - The Bank is party to an arrangement in which it sold assets to a related party and immediately leased a portion of those assets back from the related party. Because the Bank has continued involvement in the assets sold, the transaction is accounted for as a sale-leaseback whereby the gain on the sale of the assets is deferred and will be recognized over the term of the related lease agreement. Under the arrangement, the Bank pays a fixed minimum lease payment.

Date of management's review of subsequent events - Management has evaluated the accompanying consolidated financial statements for subsequent events and transactions through February 17, 2020, the date these financial statements were available for issue, based on FASB ASC 855, *Subsequent Events*, and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying consolidated financial statements or require additional disclosure.

NOTE 2 - RESTRICTION ON CASH AND DUE FROM BANKS

The Bank met the requirement to maintain reserve funds by either cash on hand or cash on deposit with the Federal Reserve Bank as of December 31, 2019 and 2018.

NOTE 3 - INVESTMENT SECURITIES

The amortized cost, gross unrealized gains, gross unrealized losses, and fair values of investment securities as of December 31, 2019 and 2018 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2019				
Securities available-for-sale				
U.S. government and federal agencies	$ 7,000,000	$ 3,843	$ (54,525)	$ 6,949,318
Mortgage-backed securities	7,880,013	23,896	(13,741)	7,890,168
State, county, and municipal – nontaxable	12,687,758	81,655	(36,011)	12,733,402
State, county, and municipal – taxable	1,643,375	17,373	-	1,660,748
Total	$ 29,211,146	$ 126,767	$ (104,277)	$ 29,233,636
December 31, 2018				
Securities available-for-sale				
U.S. government and federal agencies	$ 7,999,251	$ -	$ (160,582)	$ 7,838,669
State, county, and municipal – nontaxable	8,409,694	25,826	(57,371)	8,378,149
State, county, and municipal – taxable	1,620,300	5,837	(19,753)	1,606,384
Total	$ 18,029,245	$ 31,663	$ (237,706)	$ 17,823,202

The caption “Other securities” in the consolidated balance sheets consists of Federal Home Loan Bank stock. This restricted equity security is carried at cost since it may only be sold back to the Federal Home Loan Bank or another member at par value.

NOTE 3 - INVESTMENT SECURITIES (Continued)

Information pertaining to investment securities with gross unrealized losses, aggregated by investment category and length of time that individual securities have been in a continuous loss position, is as follows:

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
December 31, 2019						
Securities available-for-sale						
U.S. government and federal agencies	$ 5,945,475	$ (54,525)	$ -	$ -	$ 5,945,475	$ (54,525)
Mortgage-backed securities	3,526,016	(13,741)	-	-	3,526,016	(13,741)
State, county, and municipal – nontaxable	4,947,298	(36,011)	-	-	4,947,298	(36,011)
Total	$ 14,418,789	$ (104,277)	$ -	$ -	$ 14,418,789	$ (104,277)
December 31, 2018						
Securities available-for-sale						
U.S. government and federal agencies	$ 994,296	$ (5,704)	$ 6,844,373	$ (154,878)	$ 7,838,669	$ (160,582)
State, county, and municipal – nontaxable	1,322,320	(6,417)	4,029,420	(50,954)	5,351,740	(57,371)
State, county, and municipal – taxable	-	-	1,278,983	(19,753)	1,278,983	(19,753)
Total	$ 2,316,616	$ (12,121)	$ 12,152,776	$ (225,585)	$ 14,469,392	$ (237,706)

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Impairment is evaluated considering numerous factors and their relative significance varies from case to case. Factors considered include the length of time and extent to which the fair value has been less than cost; the financial condition and near-term prospects of the issuer; and the intent and ability to retain the security in order to allow for an anticipated recovery in fair value.

As of December 31, 2019, the fourteen (14) debt securities with unrealized losses have depreciated approximately 0.72% from the Bank's amortized cost basis. These securities are predominately rated investment grade securities and the unrealized losses are due to the current interest rate environment and not due to any underlying credit concerns of the issuers. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies or by a state or political subdivision, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition. As management has the ability to hold debt securities until maturity, or for the foreseeable future, if classified as available-for-sale, no declines are deemed to be other-than-temporary.

NOTE 3 - INVESTMENT SECURITIES (Continued)

The amortized cost and fair values of securities as of December 31, 2019, are summarized by contractual maturity as follows:

	Securities Available-for-sale	
	Amortized Cost	Fair Value
Due in one year or less	$ 320,930	$ 324,253
Due after one year through five years	5,754,683	5,794,474
Due after five years through ten years	9,543,989	9,515,195
Due after ten years	13,591,544	13,599,714
Total	$ 29,211,146	$ 29,233,636

Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

Securities pledged to secure public deposits and for other purposes required or permitted by law had a carrying value of $3,990,603 and $3,604,798 as of December 2019 and 2018, respectively.

NOTE 4 - BANK OWNED LIFE INSURANCE

The Bank invested in whole life insurance contracts on the lives of four (4) current and former officers who have provided positive consent allowing the Bank to be named beneficiary of these insurance contracts. These policies are recorded at their cash surrender values, which are presented in the consolidated balance sheets as “Cash surrender value - bank owned life insurance.” These contracts are insurance products of Nationwide Insurance and NFP Executive Benefits and consist of seven (7) policies. These policies have a stated aggregate death benefit as of December 31, 2019 and 2018 of $5,622,005 and $5,645,757, respectively, and aggregate cash surrender values of $3,281,811 and $3,226,277 as of December 31, 2019 and 2018, respectively.

These policies were funded by premium payments of $2,292,680. Cash surrender value increases to the carrying amounts of the policies are recognized as income of $55,534, $56,100, and $56,509 for the years ended December 31, 2019, 2018, and 2017, respectively.

NOTE 5 - LOANS

The composition of recorded investment in loans by segment is as follows:

	December 31,	
	2019	2018
Commercial	$ 50,634,403	$ 58,878,185
Mortgage	36,349,078	38,568,322
Installment	3,193,795	2,213,542
Total loans	90,177,276	99,660,049
Less: allowance for loan losses	(897,930)	(1,062,056)
Loans - net	$ 89,279,346	$ 98,597,993

As of December 31, 2019 and 2018, overdrafts from deposit accounts of $43,044 and $38,180, respectively, are included within the appropriate loan segment above.

As of December 31, 2019 and 2018, the Bank had direct extensions of credit to entities in the oil and gas industry totaling approximately $1,854,234 and $1,439,660, respectively, and unfunded commitments to lend totaling $2,966,382 and $3,592,577, respectively. These outstanding loans consist of installment contracts repayable over periods ranging from 1 to 120 months, generally secured by liens on equipment; and line-of-credit arrangements payable upon demand, secured primarily by one or more of the following: pledges of accounts receivable or inventories, real estate, or personal guarantees. The Bank evaluates each such customer's creditworthiness on a case-by-case basis. The amount of collateral obtained is based upon management's credit evaluation.

In the ordinary course of business, the Bancorp and its Subsidiaries have and expect to continue to have transactions, including borrowings, with its officers, directors, and their affiliates. In the opinion of management, such transactions were on substantially the same terms and conditions, including interest rates and collateral, as those prevailing at the time of comparable transactions with other customers and did not involve more than a normal credit risk of collectability or present any other unfavorable features to the Bancorp and its Subsidiaries. Loans to such borrowers are summarized as follows:

	December 31,	
	2019	2018
Balance at beginning of year	$ 7,965,656	$ 6,896,396
Repayments	(2,422,748)	(1,355,740)
Borrowings	811,400	2,425,000
Balance at end of year	$ 6,354,308	$ 7,965,656

NOTE 6 - CREDIT QUALITY

Management monitors the credit quality of loans on an ongoing basis. Measurement of delinquency and past due status are based on the contractual terms of the loan.

For all loan classes, past due loans are reviewed on a monthly basis to identify loans for nonaccrual status. Generally, when full collection of the principal and interest is jeopardized, the loan is placed on nonaccrual. The accrual of interest income generally is discontinued when a loan becomes 90 days or more past due as to principal or interest, unless the loan is fully secured and in the process of collection and resolution of collection is expected in the near term (generally less than 90 days). When interest accruals are discontinued, unpaid interest recognized in income in the current year is reversed, and unpaid interest accrued in prior years is charged to the allowance for loan losses. The Bank's method of income recognition for loans that are classified as nonaccrual is to recognize interest income on a cash basis or to apply the cash receipt to principal when the ultimate collectability of the principal is in doubt. Management may elect to continue the accrual of interest when the estimated net realized value of collateral exceeds the principal balance and accrued interest, and the loan is in the process of collection. Nonaccrual loans will not normally be returned to accrual status unless all past due principal and interest have been paid.

The following table sets forth the Bank's age analysis of its past due loans, segregated by class of loans:

	30-59 Days Past Due	60-89 Days Past Due	90 Days Or More Past Due	Total Past Due	Total Current	Total Financing Receivables	Recorded Investment >90 Days & Accruing
December 31, 2019							
Secured by real estate							
Construction	$ 156,250	$ -	$ -	$ 156,250	$ 1,121,154	$ 1,277,404	$ -
Farmland	-	9,265	-	9,265	558,375	567,640	-
Residential	-	61,315	65,090	126,405	49,743,917	49,870,322	65,090
Commercial	-	-	-	-	25,147,281	25,147,281	-
Commercial and industrial	11,484	-	-	11,484	8,903,414	8,914,898	-
Consumer	10,908	14	1,161	12,083	3,942,832	3,954,915	1,161
Government	-	-	-	-	444,816	444,816	-
Total	$ 178,642	$ 70,594	$ 66,251	$ 315,487	$ 89,861,789	$ 90,177,276	$ 66,251
December 31, 2018							
Secured by real estate							
Construction	$ -	$ 4,940	$ -	$ 4,940	$ 342,782	$ 347,722	$ -
Farmland	-	-	-	-	768,077	768,077	-
Residential	7,784	107,630	58,033	173,447	52,280,414	52,453,861	58,033
Commercial	98,785	-	450,000	548,785	32,998,352	33,547,137	-
Commercial and industrial	-	-	29,170	29,170	8,071,132	8,100,302	-
Consumer	7,407	-	-	7,407	3,006,143	3,013,550	-
Government	-	-	-	-	1,429,400	1,429,400	-
Total	$ 113,976	$ 112,570	$ 537,203	$ 763,749	$ 98,896,300	$ 90,660,049	$ 58,033

The Bank generally places loans on nonaccrual status when the full and timely collection of interest or principal becomes uncertain, part of the principal balance has been charged off and no restructuring has occurred, or the loans reach a certain number of days past due.

NOTE 6 - CREDIT QUALITY (Continued)

The following table sets forth the Bank's nonaccrual loans, segregated by class of loans:

	December 31,	
	2019	2018
Secured by real estate		
Construction	$ -	$ -
Farmland	-	-
Residential	-	-
Commercial	-	450,000
Commercial and industrial	-	29,170
Consumer	-	-
Government	-	-
Total	$ -	$ 479,170

The following table sets forth the Bank's troubled debt restructurings (TDRs) modified during the year ended December 31, 2019, segregated by class of loans:

	Number of Modifications	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
December 31, 2019			
Consumer	2	$ 17,297	$ 17,297
Total	2	$ 17,297	$ 17,297

There were no loans modified as TDRs during the year ended December 31, 2018.

The two loans restructured during 2019 were for a single borrower. The loans were modified by a consolidation of credit to extend the term of the loan.

There have been no loans modified as TDRs within the previous twelve months that have subsequently defaulted as of December 31, 2019.

As of December 31, 2019, there are no commitments to lend additional funds to any borrower whose loan terms have been modified in a troubled debt restructuring.

NOTE 6 - CREDIT QUALITY (Continued)

The Bank assigns credit quality indicators of pass, special mention, substandard, doubtful, and loss to its loans. The loans are internally assigned a grade based on a combination of the known creditworthiness of the borrower and on the loan's delinquency status. The Bank updates these grades on a quarterly basis.

A loan classified as pass has strong asset quality and liquidity along with a multi-year track record of profitability.

A loan classified as special mention has potential weaknesses that deserve management's close attention. If left unmonitored, these potential weaknesses may result in deterioration of the repayment prospects for such loans or in the borrower's credit position at some future date. Adverse economic or market conditions may also support a special mention rating. Other nonfinancial reasons for rating a credit exposure as special mention can include known borrower problems, pending litigation, or lending agreement issues.

A loan classified as substandard contains weaknesses that, if left uncorrected, create some degree of doubt as to the likelihood of full collection of principal and interest. These loans require intensive supervision by management. Such loans are generally characterized by current or expected unprofitable operations, inadequate debt service coverage, inadequate liquidity, or marginal capitalization. Repayment may depend on collateral or other credit risk mitigants.

A loan classified as doubtful exhibits all the weaknesses inherent in one classified as substandard with the additional characteristic that the weaknesses make its collection in full, based on currently existing facts, conditions, and values, highly questionable and improbable. A doubtful loan has a high probability of total or substantial loss, but because of specific pending events that may strengthen the credit, its classification as loss is deferred at the present time. Doubtful borrowers are usually in default, lack adequate liquidity or capital, and lack the resources necessary to remain operationally solvent. Specific pending events may include mergers, acquisitions, liquidations, capital injections, the perfection of liens of additional collateral, the valuation of collateral, and refinancing. Loans classified as doubtful are also considered impaired. Generally, consumer credit exposures are charged off prior to being classified as doubtful.

A loan classified as a loss is considered uncollectible. This classification does not guarantee that the loan has no recovery or salvage value, but rather it is not practical or desirable to defer charging off the loan even though partial recovery may be affected in the future.

NOTE 6 - CREDIT QUALITY (Continued)

The following table sets forth the Bank's credit quality indicators information, segregated by class of loans:

	Pass	Special Mention	Substandard	Doubtful	Loss	Total
December 31, 2019						
Secured by real estate						
Construction	$ 1,276,403	$ 1,001	$ -	$ -	$ -	$ 1,277,404
Farmland	567,640	-	-	-	-	567,640
Residential	49,635,531	-	234,791	-	-	49,870,322
Commercial	24,374,664	-	772,617	-	-	25,147,281
Commercial and industrial	8,586,731	328,167	-	-	-	8,914,898
Consumer	3,954,915	-	-	-	-	3,954,915
Government	444,816	-	-	-	-	444,816
Total	$ 88,840,700	$ 329,168	$ 1,007,408	$ -	$ -	$ 90,177,276
December 31, 2018						
Secured by real estate						
Construction	$ 342,782	$ 4,940	$ -	$ -	$ -	$ 347,722
Farmland	768,077	-	-	-	-	768,077
Residential	52,256,456	-	197,405	-	-	52,453,861
Commercial	32,291,824	-	1,255,313	-	-	33,547,137
Commercial and industrial	8,071,132	-	29,170	-	-	8,100,302
Consumer	3,013,550	-	-	-	-	3,013,550
Government	1,429,400	-	-	-	-	1,429,400
Total	$ 98,173,221	$ 4,940	$ 1,481,888	$ -	$ -	$ 99,660,049

NOTE 6 - CREDIT QUALITY (Continued)

Loans are designated as impaired when, in the opinion of management, based on current information and events, the collection of principal and interest in accordance with the loan contract is doubtful. Typically, such loans have exhibited a sustained period of delinquency or there have been significant events (such as bankruptcy, eminent foreclosure, or natural disasters) that impact repayment probability. Impairment is evaluated on an individual loan basis. Consistent with the Bank's existing method of income recognition for loans, interest on impaired loans, except those classified as nonaccrual, is recognized as income using the accrual method. Impaired loans, or portions thereof, are charged off when deemed uncollectible.

The following table sets forth the Bank's impaired loans information, segregated by class of loan:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
December 31, 2019					
With no related allowance recorded					
Secured by real estate					
Construction	$ -	$ -	$ -	$ -	$ -
Farmland	-	-	-	-	-
Residential	-	-	-	-	-
Commercial	641,100	641,100	-	340,142	34,908
Commercial and industrial	-	-	-	-	-
Consumer	17,650	17,650	-	8,825	-
Government	-	-	-	-	-
With an allowance recorded					
Secured by real estate					
Construction	-	-	-	-	-
Farmland	-	-	-	-	-
Residential	-	-	-	-	-
Commercial	-	-	-	-	-
Commercial and industrial	-	-	-	-	-
Consumer	-	-	-	-	-
Government	-	-	-	-	-
Total	$ 658,750	$ 658,750	$ -	$ 348,967	$ 34,908

NOTE 6 - CREDIT QUALITY (Continued)

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
December 31, 2018					
With no related allowance recorded					
Secured by real estate					
Construction	$ -	$ -	$ -	$ -	$ -
Farmland	-	-	-	-	-
Residential	-	-	-	-	-
Commercial	39,184	39,184	-	42,891	3,387
Commercial and industrial	29,170	29,170	-	43,408	1,450
Consumer	-	-	-	-	-
Government	-	-	-	-	-
With an allowance recorded					
Secured by real estate					
Construction	-	-	-	-	-
Farmland	-	-	-	-	-
Residential	-	-	-	-	-
Commercial	450,000	889,734	80,000	450,000	-
Commercial and industrial	-	-	-	-	-
Consumer	-	-	-	-	-
Government	-	-	-	-	-
Total	$ 518,354	$ 958,088	$ 80,000	$ 536,299	$ 4,837

NOTE 7 - ALLOWANCE FOR LOAN LOSSES

The following is an analysis of the allowance for loan losses for the years ended:

	December 31,		
	2019	2018	2017
Balance at beginning of year	$ 1,062,056	$ 846,317	$ 1,048,086
Loans charged off	(453,914)	(140,230)	(445,251)
Recoveries of loans previously charged off	4,788	123,969	11,482
Provision for loan losses	285,000	232,000	232,000
Balance at end of year	$ 897,930	$ 1,062,056	$ 846,317

NOTE 7 - ALLOWANCE FOR LOAN LOSSES (Continued)

The allowance for loan losses is management's estimate of the probable loan losses inherent in the loan portfolio. Management's evaluation of the adequacy of the allowance for loan losses and the appropriate provision for loan losses is based upon a quarterly evaluation of the portfolio. This evaluation is inherently subjective and requires significant estimates, including the amounts and timing of estimated future cash flows, estimated losses on pools of loans based on historical loss experience, and consideration of current economic trends, all of which are susceptible to constant and significant change. Allocations are made for specific loans based upon management's estimate of the borrowers' ability to repay and other factors impacting collectability. Other loans not specifically reviewed are segregated by portfolio segment and allocations are made based upon historical loss percentages adjusted for current environmental factors. The environmental factors considered for each of the portfolio segments include estimated probable inherent but undetected losses within the portfolio due to uncertainties in economic conditions, delays in obtaining information, including unfavorable information about a borrower's financial condition, the difficulty in identifying triggering events that correlate perfectly to subsequent loss rates, and risk factors that have not yet fully manifested themselves in loss allocation factors. In addition, a portion of the allowance account is for the inherent imprecision in the allowance for loan losses analysis. During 2019, there were no material changes to the accounting policy or methodology related to the allowance for loan losses.

Loans deemed to be uncollectible are charged against the allowance for loan losses, while recoveries of previously charged off amounts are credited to the allowance for loan losses. When a loan or a portion of a loan is identified to contain a loss, a charge-off recommendation is directed to management to charge off all or a portion of that loan.

Generally, any unsecured commercial loan that has reached 180 days delinquent in payment of interest must be charged off in full. If secured, the charge-off is generally made to reduce the loan balance to a level equal to the liquidation value of the collateral when payment of principal and interest is six months delinquent. Any commercial loan, secured or unsecured, on which a principal or interest payment has not been made within 90 days, is reviewed monthly for appropriate action.

First mortgage residential real estate loans, which are well-secured and in process of collection are to be charged off on or before becoming 365 days past due. Home equity and improvement loans are to be reviewed before they become 180 days past due, and are to be charged off unless they are well-secured and in process of collection. If well-secured and in process of collection, charge-off can be deferred until the loan is 365 days past due.

Consumer loans that are past due 120 cumulative days from the contractual due date are charged off. Any consumer loan on which a principal or interest payment has not been made within 90 days is reviewed monthly for appropriate action.

The Bank considers the allowance for loan losses of $897,930 and $1,062,056 adequate to cover loan losses inherent in the loan portfolio as of December 31, 2019 and 2018, respectively. The following table presents by portfolio segment, the changes in the allowance for loan losses and the recorded investment in loans.

NOTE 7 - ALLOWANCE FOR LOAN LOSSES (Continued)

	Commercial	Mortgage	Installment	Unallocated	Total
December 31, 2019					
Allowance for loan losses					
Beginning balance	$ 726,440	$ 181,271	$ 14,720	$ 139,625	$ 1,062,056
Charge-offs	(448,441)	-	(5,473)	-	(453,914)
Recoveries	4,788	-	-	-	4,788
Provision	391,225	18,649	19,020	(143,894)	285,000
Ending balance	674,012	199,920	28,267	(4,269)	897,930
Ending balance - individually evaluated for impairment	-	-	-	-	-
Ending balance - collectively evaluated for impairment	674,012	199,920	28,267	(4,269)	897,930
Financing receivables					
Ending balance	50,634,403	36,349,078	3,193,795		90,177,276
Ending balance - individually evaluated for impairment	641,100	-	17,650		658,750
Ending balance - collectively evaluated for impairment	$ 49,993,303	$ 36,349,078	$ 3,176,145		$ 89,518,526
December 31, 2018					
Allowance for loan losses					
Beginning balance	$ 617,145	$ 192,524	$ 13,747	$ 22,901	$ 846,317
Charge-offs	(116,620)	-	(23,610)	-	(140,230)
Recoveries	123,969	-	-	-	123,969
Provision	101,946	(11,253)	24,583	116,724	232,000
Ending balance	726,440	181,271	14,720	139,625	1,062,056
Ending balance - individually evaluated for impairment	80,000	-	-	-	80,000
Ending balance - collectively evaluated for impairment	646,440	181,271	14,720	139,625	982,056
Financing receivables					
Ending balance	58,878,185	38,568,322	2,213,542		99,660,049
Ending balance - individually evaluated for impairment	518,354	-	-		518,354
Ending balance - collectively evaluated for impairment	$ 58,359,831	$ 38,568,322	$ 2,213,542		$ 99,141,695

NOTE 8 - ACCRUED INTEREST RECEIVABLE

Accrued interest receivable consists of the following:

	December 31,	
	2019	2018
Time deposits	$ 25,693	$ 16,101
Investment securities	177,789	122,718
Loans	185,402	200,410
Total	$ 388,884	$ 339,229

NOTE 9 - PREMISES AND EQUIPMENT

The major categories of premises and equipment are as follows:

	December 31,	
	2019	2018
Land	$ 812,555	$ 819,305
Building and improvements	2,780,395	4,268,287
Furniture, fixtures, and equipment	2,436,880	2,456,388
Automobile	53,407	53,407
Total cost	6,083,237	7,597,387
Less: accumulated depreciation	(3,732,578)	(5,081,996)
Net	$ 2,350,659	$ 2,515,391

Depreciation expense for the years ended December 31, 2019, 2018, and 2017 totaled $191,867, $213,633, and $234,922, respectively.

NOTE 10 - OTHER REAL ESTATE OWNED

The following is a summary of activity of other real estate owned, expected to be disposed of in the near term, for the years ended:

	December 31,	
	2019	2018
Balance at beginning of year	$ -	$ -
Loan foreclosures and in lieu of foreclosures	60,449	80,000
Adjustment to carrying value		
At date of foreclosed or repossession	(449)	-
Subsequent fair value adjustment	(25,000)	-
Total foreclosed properties for disposition	35,000	80,000
Proceeds from sales of other real estate owned	-	65,000
Net realized (gains) losses on sales	-	15,000
Total basis of other real estate owned sold	-	80,000
Balance at end of year	$ 35,000	$ -

Subsequent writedowns and realized gains and losses on the sale of other real estate owned are recognized in the "Other expense" caption in the consolidated statements of income.

NOTE 11 - DEPOSITS

Time deposits issued in denominations that meet or exceed the Federal Deposit Insurance Corporation (FDIC) limit of $250,000 or more totaled $4,222,167 and $2,333,590 as of December 31, 2019 and 2018, respectively.

As of December 31, 2019, the maturity distribution of time deposits is as follows:

2020	$ 16,243,617
2021	17,268,828
2022	3,001,390
2023	1,395,382
2024 and thereafter	435,736
Total	$ 38,344,953

The Bank held related party deposits of approximately $8,838,000 and $9,655,000 as of December 31, 2019 and 2018, respectively.

NOTE 12 - SHORT-TERM BORROWINGS

The Bank has obtained unsecured, uncommitted, borrowing facilities for the purchase of federal funds in the amounts of $4,500,000 from CenterState Bank of Florida, N.A. and $2,000,000 from Pacific Coast Bankers' Bank (PCBB). Any borrowings bear an interest rate which is determined at the time of each advance. Requests for advances under these facilities are subject to CenterState Bank and PCBB's sole and absolute discretion, including, without limitation, the availability of funds. There were no borrowings outstanding as of December 31, 2019 and 2018, respectively.

The Bank is a member of the Federal Home Loan Bank of Pittsburgh (FHLB). As a member, the Bank has an open line of credit commitment from the FHLB. Any advances bear interest at the interest rate posted by the FHLB on the day of the borrowing and are subject to change daily. Any advances are secured by a blanket lien on certain loans secured by 1 to 4 family mortgages made by the Bank and other eligible collateral. As of December 31, 2019, no loans were pledged for collateral. In addition, the Bank has a maximum borrowing capacity with the FHLB of approximately $55,310,450 based on qualifying loan collateral. As of December 31, 2019 and 2018, there were no borrowings outstanding.

NOTE 13 - SALE-LEASEBACK TRANSACTION

During 2019, the Bank entered into a sales arrangement with a related party for the sale of the Spencer main bank building. Certain owners of the related party are either directors or shareholders of the Bank. Simultaneous with the closing of the sale, the Bank entered into a lease transaction with the related party to lease a portion of the building. Under the arrangement, the building, with a net book value of $81,178, was sold for $250,000 and leased back under a five year operating lease. The Bank received cash of $100,000 at the time of sale and the remaining purchase price of $150,000 was financed by the Bank. As a result of the transaction, a gain in the amount of $168,822 has been deferred and will be recognized over the term of the related lease agreement. As of December 31, 2019, a deferred gain in the amount of $151,902 is reported in the "Other liabilities" caption on the consolidated balance sheets. The portion of the gain recognized by the Bank for the year ended December 31, 2019 was $16,920.

Under the terms of the operating lease agreement, the Bank is required to make a monthly rental payment of $9,000 over the term of five years. Rent expense under the lease was $54,000 for the year ended December 31, 2019. Future minimum payments under the operating lease are as follows:

December 31,		
2020	$	108,000
2021		108,000
2022		108,000
2023		108,000
2024		54,000
Total	$	486,000

NOTE 14 - INCOME TAXES

The consolidated provision for income taxes consists of the following for the years ended:

	December 31,		
	2019	2018	2017
Current			
Federal	$ 12,946	$ 190,101	$ 176,343
State	16,920	44,515	30,406
	29,866	234,616	206,749
Deferred			
Federal	49,750	(61,275)	283,565
State	11,845	(14,585)	6,340
	61,595	(75,860)	289,905
Total income tax expense	$ 91,461	$ 158,756	$ 496,654

The consolidated provision for income taxes differs from the amounts computed by applying the U.S. federal statutory income tax rates to income before income tax expense as a result of the following:

	December 31,					
	2019		2018		2017	
	Amount	%	Amount	%	Amount	%
Federal statutory tax rate	$ 126,330	21.0%	$ 212,499	21.0%	$ 322,727	34.0%
Tax-exempt interest	(51,577)	(8.6)	(49,333)	(4.9)	(81,255)	(8.3)
Increase in cash surrender value of life insurance	(11,662)	(1.9)	(11,781)	(1.1)	(19,213)	(2.0)
State income taxes, net of federal tax benefit	22,724	3.8	23,645	2.3	24,252	1.3
Nondeductible expenses	2,003	0.3	1,735	0.2	3,103	0.3
Adjustment of deferred taxes for change in federal tax rate	-	-	-	-	240,457	24.4
Effect of other items	3,643	0.6	(18,009)	(1.8)	6,583	0.7
Reported effective tax rate	$ 91,461	15.2%	$ 158,756	15.7%	$ 496,654	50.4%

Deferred income taxes reflect the impact of “temporary differences” between amounts of assets and liabilities for financial reporting purposes and such amounts as measured for tax purposes. Deferred tax assets and liabilities represent the future tax return consequences of temporary differences, which will either be taxable or deductible when the related assets and liabilities are recovered or settled.

NOTE 14 - INCOME TAXES (Continued)

Management believes that the Bank will generate sufficient future taxable income to realize the deferred tax assets. Management continually reviews the need for a valuation allowance and will recognize tax benefits only as reassessment indicates that it is more likely than not that the benefits will be realized.

Deferred tax assets and liabilities are reflected at income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. On December 22, 2017, the Tax Cuts and Jobs Act of 2017 was enacted. As a result, the adjustment of deferred taxes in the amount of $240,457, due to the reduction of the historical corporate income tax rate to the newly enacted corporate income tax rate of 21%, was required to be included in income from continuing operations.

The tax effects of temporary differences which give rise to the Bancorp's deferred tax assets and liabilities are as follows:

	December 31,	
	2019	2018
Deferred tax assets		
Allowance for loan losses	$ 168,242	$ 210,915
Employee benefit plans	275,044	268,769
Accumulated depreciation	-	45,086
Unrealized losses on investment securities available-for-sale	-	55,000
Deferred gain on sale-leaseback	39,495	-
Other real estate owned	6,500	-
Total deferred tax assets	489,281	579,770
Deferred tax liabilities		
Unrealized gains on investment securities available-for-sale	(6,000)	-
Accumulated depreciation	(26,106)	-
Total deferred tax liabilities	(32,106)	-
Net deferred tax assets	$ 457,175	$ 579,770

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Bancorp and its Subsidiaries and recognize a tax liability (or asset) if the Bancorp and its Subsidiaries have taken an uncertain position that more-likely-than-not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed tax positions taken by the Bancorp and its Subsidiaries, and has concluded that as of December 31, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The Bancorp files income tax returns in the United States federal jurisdiction and West Virginia state jurisdiction, and is subject to examination of those filings by the authorities representing those jurisdictions. There are no current examinations in process for any filings, and management believes that the Bancorp is not subject to audit for any years prior to 2016.

NOTE 15 - EMPLOYEE BENEFIT PLANS

Profit sharing and employee stock ownership plans - The Bank has a defined contribution profit sharing plan covering substantially all employees. The Bank's contributions under the profit sharing plan are funded with a trustee and are contingent upon the Bank achieving a minimum earnings level.

The Bank has an Employee Stock Ownership Plan (ESOP) which enables eligible employees to acquire shares of the Bancorp's common stock. The cost of the ESOP is borne by the Bank through annual contributions to an Employee Stock Ownership Trust, the trustees of which are also members of the Bancorp and its Subsidiary Bank's Board of Directors. The expense recognized by the Bank is based on cash contributed or committed to be contributed by the Bank to the ESOP during the year. Dividends made by the Bancorp to the ESOP are reported as a reduction to retained earnings. The ESOP owns 20,722 shares of the Bancorp's common stock as of December 31, 2019, all of which are considered outstanding for earnings per share computations.

The amount of the contributions to the profit-sharing plan and the ESOP are determined at the discretion of the Bank's Board of Directors in compliance with Internal Revenue Service limitations. Contributions have historically been made in the amount of 10% of the Bank's income before profit-sharing, ESOP, and income taxes. In the event this calculated contribution exceeds the amount allowable under current Internal Revenue Service regulations, the excess is distributed to the employees in the form of a cash bonus. Contributions to the plans, for the years ended December 31, 2019, 2018, and 2017, were $64,000, $111,000, and $108,000, respectively.

Executive supplemental income plan - The Bank has entered into a nonqualified supplemental income plan with certain current and former senior officers that provide these participating officers with an income benefit payable at retirement age or death. The liabilities accrued for the Executive Supplemental Income Plan as of December 31, 2019 and 2018, were $1,057,862 and $1,033,727, respectively, which are included in other liabilities in the accompanying consolidated balance sheets. In addition, the Bank has purchased certain insurance contracts to fund the liabilities arising under this plan. As of December 31, 2019 and 2018, the cash surrender value of these insurance contracts was $3,281,811 and $3,226,277, respectively.

NOTE 16 - RESTRICTIONS ON BANK DIVIDENDS

The payment of dividends to shareholders by the Bancorp is not encumbered by any restrictive provisions. There are, however, limitations set by law on the amount of funds available to the Bancorp from its Subsidiary Bank. Dividends may be paid out of funds legally available therefore subject to the restrictions set forth in West Virginia Code, Section 31-A-4-25, which provides that prior approval of the West Virginia Commissioner of Financial Institutions is required if the total of all dividends declared by a state bank in any calendar year will exceed the bank's net profits for that year combined with its retained net profits for the preceding two years. As of December 31, 2019, there were no additional funds legally available for distribution of dividends by the Bank to the Bancorp without prior approval from regulatory authorities.

NOTE 17 – REGULATORY CAPITAL MATTERS

The Bancorp is a bank holding company subject to supervision and regulation by the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956. As a bank holding company, the Company's activities and those of its Subsidiary Bank are limited to the business of banking and activities closely related or incidental to banking.

The Bank is subject to various regulatory capital requirements administered by its primary federal regulator, the Federal Deposit Insurance Corporation (FDIC). Failure to meet the minimum regulatory capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Bancorp and its Subsidiary Bank and the consolidated financial statements. Under the regulatory capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines involving quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory reporting requirements. The Bank's capital amounts and classification under the prompt corrective action guidelines are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of total capital, tier 1 capital, and common equity tier 1 capital to risk-weighted assets (as defined in the regulations), and leverage capital, which is tier 1 capital to adjusted average total assets (as defined). Management believes, as of December 31, 2019 and 2018, that the Bank meets all the capital adequacy requirements to which it is subject.

As of December 31, 2019 and 2018, the most recent notification from the FDIC categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To remain categorized as well capitalized, the Bank will have to maintain minimum total capital, common equity tier 1 capital, tier 1 capital, and leverage capital ratios as disclosed in the following table. There are no conditions or events since the most recent notification that management believes have changed the Bank's prompt corrective action category.

NOTE 17 - REGULATORY CAPITAL MATTERS (Continued)

The following table outlines the regulatory components of the Bancorp and the Bank's capital and capital ratios as of December 31, 2019 and 2018, respectively.

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount (Thousands)	Ratio	Amount (Thousands)	Ratio	Amount (Thousands)	Ratio
As of December 31, 2019						
Total capital (to risk-weighted assets)						
Consolidated	$ 16,440	19.07%	$ 6,895	≥ 8.00%	$ N/A	≥ N/A
Subsidiary Bank	$ 16,368	19.00%	$ 6,892	≥ 8.00%	$ 8,614	≥ 10.00%
Tier I capital (to risk-weighted assets)						
Consolidated	$ 15,542	18.03%	$ 5,171	≥ 6.00%	$ N/A	≥ N/A
Subsidiary Bank	$ 15,470	17.96%	$ 5,169	≥ 6.00%	$ 6,892	≥ 8.00%
Common equity tier 1 capital (to risk-weighted assets)						
Consolidated	$ 15,542	18.03%	$ 3,879	≥ 4.50%	$ N/A	≥ N/A
Subsidiary Bank	$ 15,470	17.96%	$ 3,876	≥ 4.50%	$ 5,599	≥ 6.50%
Leverage capital (to adjusted average total assets)						
Consolidated	$ 15,542	10.86%	$ 5,725	≥ 4.00%	$ N/A	≥ N/A
Subsidiary Bank	$ 15,470	10.81%	$ 5,723	≥ 4.00%	$ 7,154	≥ 5.00%
As of December 31, 2018						
Total capital (to risk-weighted assets)						
Consolidated	$ 16,278	18.19%	$ 7,160	≥ 8.00%	$ N/A	≥ N/A
Subsidiary Bank	$ 16,227	18.14%	$ 7,156	≥ 8.00%	$ 8,945	≥ 10.00%
Tier I capital (to risk-weighted assets)						
Consolidated	$ 15,216	17.00%	$ 5,370	≥ 6.00%	$ N/A	≥ N/A
Subsidiary Bank	$ 15,165	16.95%	$ 5,367	≥ 6.00%	$ 7,156	≥ 8.00%
Common equity tier 1 capital (to risk-weighted assets)						
Consolidated	$ 15,216	17.00%	$ 4,028	≥ 4.50%	$ N/A	≥ N/A
Subsidiary Bank	$ 15,165	16.95%	$ 4,025	≥ 4.50%	$ 5,815	≥ 6.50%
Leverage capital (to adjusted average total assets)						
Consolidated	$ 15,216	11.22%	$ 5,424	≥ 4.00%	$ N/A	≥ N/A
Subsidiary Bank	$ 15,165	11.19%	$ 5,422	≥ 4.00%	$ 6,777	≥ 5.00%

NOTE 18 - LEASES

The Bank leases equipment and premises under noncancellable operating lease agreements, including the sale-leaseback arrangement described in Note 13. Rent expense under those noncancellable operating leases approximated $74,568, $22,822 and $26,327, for the years ended December 31, 2019, 2018, and 2017, respectively.

Future minimum payments under noncancellable operating lease with initial or remaining terms of one year or more are as follows:

December 31,	
2020	$ 128,568
2021	117,720
2022	108,000
2023	108,000
2024	54,000
Total	$ 516,288

NOTE 19 - COMMITMENTS AND CONTINGENT LIABILITIES

The Bancorp and its Subsidiary Bank have an executive benefit agreement with the current Chief Executive Officer. This agreement contains change in control provisions that would entitle the officer to receive a multiple of his annual compensation if there is a change in control in the Bancorp (as defined) and a termination of his employment under certain circumstances. The maximum contingent liability under this agreement approximates $649,000 as of December 31, 2019.

The Bank has contracted with a third-party service center to perform substantially all electronic data processing services for the Bank. Pursuant to this agreement, certain payments may become due if the agreement is terminated before April 2023. As of December 31, 2019, the contingent liability to the Bank's service center is estimated to be approximately $801,000 plus the actual costs incurred in connection with the termination.

The Bank is involved in various legal actions arising in the ordinary course of business. In the opinion of management and counsel, there are no legal actions pending at the time of the audit report.

From time to time, the Bank maintains cash balances in other financial institutions exceeding the Federal Deposit Insurance Corporation's insured balance of up to $250,000.

NOTE 20 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

In the normal course of business, the Bank has outstanding commitments, contingent liabilities, and other financial instruments that are not reflected in the accompanying consolidated financial statements. These include commitments to extend credit, standby letters of credit, and overdraft protection, which are some of the instruments used by the Bank to meet the financing needs of its customers. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the consolidated balance sheets.

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for these commitments is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments as it does for on-balance sheet instruments.

NOTE 20 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK (Continued)

Commitments to extend credit - The Bank has outstanding firm commitments to extend credit as follows:

	December 31, 2019			December 31, 2018		
	Fixed Rate	Variable Rate	Total	Fixed Rate	Variable Rate	Total
Real estate loans	$ 56	$ 2,046,312	$ 2,046,368	$ -	$ -	$ -
Installment loans	57,490	-	57,490	-	-	-
Commercial loans	1,406,149	-	1,406,149	1,048,061	-	1,048,061
Home equity loans	-	1,970,213	1,970,213	-	1,854,782	1,854,782
Commercial lines of credit	2,153,456	5,107,135	7,260,591	2,852,130	11,059,395	13,911,525
Total	$ 3,617,151	$ 9,123,660	$ 12,740,811	$ 3,900,191	$ 12,914,177	$ 16,814,368

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. Certain commitments have fixed expiration dates, or other termination clauses, and may require payment of a fee. Many of the commitments are expected to expire without being drawn upon, accordingly, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral or other security obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation. Collateral held varies but may include accounts receivable, inventory, equipment, or real estate.

Standby letters of credit - The Bank has commitments under standby letters of credit that totaled $418,913 and $468,589 as of December 31, 2019 and 2018, respectively.

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those guarantees are primarily issued to support private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. These letters of credit are generally uncollateralized.

Overdraft protection - The Bank has an overdraft privilege product with qualified individual transaction account holders providing automatic payment of overdrafts up to a specified amount based on the type of account, charging the standard overdraft fee. The Bank had commitments of $1,027,432 and $1,082,564 as of December 31, 2019 and 2018, respectively.

NOTE 21 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Accounting guidance also establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under this guidance are described below.

NOTE 21 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities that the Bank 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 and 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.

Accordingly, investment securities available-for-sale are recorded at fair value on a recurring basis. Additionally, from time to time, the Bank may be required to record other assets at fair value on a nonrecurring basis, such as impaired loans and other real estate owned. These nonrecurring fair value adjustments typically involve application of lower of cost or market accounting or writedowns of individual assets.

The following describes the valuation techniques used to measure certain financial assets and liabilities recorded at fair value on a recurring basis in the financial statements.

Investment securities available-for-sale - Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Level 1 securities include those traded on an active exchange, such as the New York Stock Exchange or traded by dealers or brokers in active over-the-counter markets. Level 2 securities include securities issued by government sponsored entities, mortgage-backed securities, and municipal bonds. Level 3 securities include those with unobservable inputs. Transfers between levels can occur due to changes in the observability of significant inputs.

NOTE 21 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following are assets and liabilities that were accounted for or disclosed at fair value on a recurring basis:

		Fair Value Measurements at Reporting Date Using:		
	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2019				
Securities available-for-sale				
U.S. government and federal agencies	$ 6,949,318	$ -	$ 6,949,318	$ -
Mortgage-backed securities	7,890,168	-	7,890,168	-
State, county, and municipal - nontaxable	12,733,402	-	12,733,402	-
State, county, and municipal - taxable	1,660,748	-	1,660,748	-
Total securities available-for-sale	$ 29,233,636	$ -	$ 29,233,636	$ -
December 31, 2018				
Securities available-for-sale				
U.S. government and federal agencies	$ 7,838,669	$ -	$ 7,838,669	$ -
State, county, and municipal - nontaxable	8,378,149	-	8,378,149	-
State, county, and municipal - taxable	1,606,384	-	1,606,384	-
Total securities available-for-sale	$ 17,823,202	$ -	$ 17,823,202	$ -

The following describes the valuation techniques used to measure certain financial assets and liabilities recorded at fair value on a nonrecurring basis in the financial statements.

Impaired loans - The Bank does not record loans at fair value on a recurring basis. However, from time to time, a loan is considered impaired and an allowance for loan losses may need to be established. Loans for which it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement are considered impaired. Once a loan is identified as individually impaired, management measures impairment. As of December 31, 2019, the fair value of substantially all of the impaired loans was estimated based on the fair value of the collateral. Impaired loans where an allowance is established based on the fair value of the collateral, require classification in the fair value hierarchy. When the fair value of the collateral is based on an observable market price or a current appraised value, the Bank records the impaired loan as nonrecurring Level 2. When an appraised value 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 Bank records the impaired loan as nonrecurring Level 3. Those impaired loans not requiring an allowance represent loans for which the fair value of the expected repayments or collateral exceed the recorded investments in such loans.

NOTE 21 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Other real estate owned (OREO) - OREO consists of real estate acquired in foreclosure or other settlement of loans. Such assets are carried on the consolidated balance sheet at the lower of the investment in the real estate or its fair value less estimated selling costs. The fair value of OREO is determined on a nonrecurring basis generally utilizing current appraisals performed by an independent, licensed appraiser applying an income or market value approach using observable market data (Level 2). However, if a current appraisal is not available, the original appraised value is discounted, as appropriate, to compensate for the estimated depreciation in the value of the real estate since the date of its original appraisal. Such discounts are generally estimated based upon management's knowledge of sales of similar property within the applicable market area and its knowledge of other real estate market-related data as well as general economic trends (Level 3). Upon foreclosure, any fair value adjustment is charged against the allowance for loan losses. Subsequent fair value adjustments are recorded in the period incurred and included in other noninterest expense in the consolidated statements of income.

The following are assets and liabilities that were accounted for or disclosed at fair value on a nonrecurring basis:

		Fair Value Measurements at Reporting Date Using:		
	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2019				
Other real estate owned:				
Residential	$ 35,000	$ -	$ -	$ 35,000
Total other real estate owned	$ 35,000	$ -	$ -	$ 35,000
December 31, 2018				
Impaired loans:				
Secured by real estate				
Commercial	$ 370,000	$ -	$ -	$ 370,000
Total impaired loans	$ 370,000	$ -	$ -	$ 370,000

NOTE 21 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The quantitative information about Level 3 fair value measurements for financial assets and liabilities measured at fair value on a nonrecurring basis is as follows:

Description	Fair Value	Valuation Technique	Significant Unobservable Input	Range
December 31, 2019				
Other real estate owned:				
Residential	$ 35,000	Appraisal of property	Appraisal adjustment	42%
December 31, 2018				
Impaired loans:				
Secured by real estate				
Commercial	$ 370,000	Appraisal of collateral	Appraisal adjustment	18%

The following methods and assumptions were used to estimate the fair value disclosures for other financial instruments as of December 31, 2019 and 2018:

Cash and cash equivalents - The fair value of cash and cash equivalents is estimated to approximate the carrying amounts.

Time deposits - The fair value of time deposits is estimated to approximate the carrying amounts.

Other securities - Other securities consist of restricted equity securities in the Federal Home Loan Bank (FHLB) and are carried at cost. Because there is no market, the carrying value of restricted equity securities approximate fair value based on the redemption provisions of the FHLB.

Loans - The fair value of loans is calculated by discounting estimated cash flows using current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities. The estimated cash flows do not anticipate prepayments.

Management has made estimates of fair value discount rates that it believes to be reasonable. However, because there is no market for many of these financial instruments, management has no basis to determine whether the fair value presented for loans would be indicative of the value negotiated in an actual sale.

Accrued interest receivable and payable - The fair value of accrued interest approximates the carrying amounts.

Bank owned life insurance - The fair value of bank owned life insurance approximates the cash surrender value of the policies.

Deposits - The fair value of deposits with no stated maturity, such as noninterest-bearing and interest-bearing demand deposits, regular savings, and certain types of money market accounts, is equal to the amount payable on demand at the reporting date (that is, their carrying amounts). The fair value of certificates of deposit is based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered for deposits of similar remaining maturities.

NOTE 21 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Advance payments from borrowers for taxes and insurance - The fair value of escrow accounts is estimated to approximate the carrying amount.

Off-balance-sheet instruments - The fair values of commitments to extend credit, standby letters of credit, and overdraft protection are estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of agreements and the present credit standing of the counterparties. The amounts of fees currently charged on commitments to extend credit, standby letters of credit, and overdraft protection are deemed insignificant, and therefore, the estimated fair values and carrying values are not shown.

The estimated fair value of the financial instruments is as follows:

	December 31, 2019		December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	$ 13,120,520	$ 13,120,520	$ 7,722,877	$ 7,722,877
Time deposits	5,000,000	5,000,000	3,500,000	3,500,000
Securities available-for-sale	29,233,636	29,233,636	17,823,202	17,823,202
Other securities	66,300	66,300	66,800	66,800
Loans	89,279,346	89,183,351	98,597,993	$ 98,408,014
Accrued interest receivable	388,884	388,884	339,229	339,229
Bank owned life insurance	3,281,811	3,281,811	3,226,277	3,226,277
Financial liabilities				
Deposits	126,423,580	126,619,174	117,930,679	117,949,203
Advance payments from borrowers for taxes and insurance	97,223	97,223	102,151	102,151
Accrued interest payable	82,818	82,818	47,849	47,849

NOTE 22 - CONDENSED FINANCIAL INFORMATION - PARENT COMPANY ONLY

The following financial statements reflect the financial position, results of operations, and cash flows of West-Central Bancorp, Inc. (Parent Company Only).

CONDENSED BALANCE SHEETS

	December 31,	
	2019	2018
Assets		
Cash and due from banks (all from subsidiary bank)	$ 25,798	$ 4,203
Investment in subsidiaries (equity basis)	15,532,315	15,060,719
Total assets	$ 15,558,113	$ 15,064,922
Liabilities and shareholders' equity		
Total liabilities	$ -	$ -
Shareholders' equity		
Common stock (par value $1.00; 5,000,000 shares authorized; 350,860 shares issued; 184,453 shares outstanding as of December 31, 2019 and 2018)	350,860	350,860
Additional paid in capital	1,597,246	1,597,246
Retained earnings	17,801,596	17,475,938
Less: treasury stock, at cost (166,407 shares as of December 31, 2019 and 2018)	(4,208,079)	(4,208,079)
Accumulated other comprehensive income (loss)	16,490	(151,043)
Total shareholders' equity	15,558,113	15,064,922
Total liabilities and shareholders' equity	$ 15,558,113	$ 15,064,922

NOTE 22 - CONDENSED FINANCIAL INFORMATION - PARENT COMPANY ONLY (Continued)

CONDENSED STATEMENTS OF INCOME

	Years Ended December 31,		
	2019	2018	2017
Income			
Dividend income from subsidiaries	$ 206,100	$ 1,717,739	$ 226,333
Total income	206,100	1,717,739	226,333
Expenses			
Other expenses	52	52	50
Total expenses	52	52	50
Income before income tax expense and equity in undistributed earnings of subsidiaries	206,048	1,717,687	226,283
Income tax expense	-	-	-
Income before equity in undistributed earnings of subsidiaries	206,048	1,717,687	226,283
Equity in undistributed earnings of subsidiaries	304,063	-	263,007
Equity distributions from subsidiaries	-	(864,543)	-
Net income	$ 510,111	$ 853,144	$ 489,290

NOTE 22 - CONDENSED FINANCIAL INFORMATION - PARENT COMPANY ONLY (Continued)

CONDENSED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2019	2018	2017
Cash flows from operating activities			
Net income	$ 510,111	$ 853,144	$ 489,290
Adjustments to reconcile net income to net cash provided (used) by operating activities			
Equity in undistributed earnings of subsidiaries	(304,063)	-	(263,007)
Equity distributions from subsidiaries	-	864,543	-
Total adjustments	(304,063)	864,543	(263,007)
Net cash provided (used) by operating activities	206,048	1,717,687	226,283
Cash flows from financing activities			
Purchases of treasury stock	-	(1,576,768)	(3,600)
Cash dividends paid	(184,453)	(197,160)	(209,900)
Net cash provided (used) by financing activities	(184,453)	(1,773,928)	(213,500)
Net increase (decrease) in cash and cash equivalents	21,595	(56,241)	12,783
Cash and cash equivalents at beginning of year	4,203	60,444	47,661
Cash and cash equivalents at end of year	$ 25,798	$ 4,203	$ 60,444

Principal sources of income for the Bancorp are dividends received from its Subsidiaries. State law imposes limitations on the payment of dividends by the Subsidiary Bank of the Bancorp. A dividend may not be paid if the total of all dividends declared by a bank in any calendar year is in excess of the current year's net profits combined with the retained net profits of the two preceding years unless the bank obtains regulatory approval.

Loans and extensions of credit must be secured in specified amounts. The Bancorp had no borrowings outstanding from its Subsidiary Bank as of December 31, 2019.

NOTE 22 - CONDENSED FINANCIAL INFORMATION - PARENT COMPANY ONLY (Continued)

The Bancorp accounts for its investments in its Subsidiaries by the equity method. During the years ended December 31, 2019, 2018, and 2017, changes in the investments were as follows:

	West Central Insurance, LLC	First Neighborhood Bank, Inc.
Percent to total shares	100%	100%
Balance at December 31, 2016	$ 46,610	$ 15,683,977
Add (deduct)		
Equity in net income	16,433	472,907
Equity in other comprehensive income (loss)	-	(8,599)
Dividends declared	(16,433)	(209,900)
Balance at December 31, 2017	46,610	15,938,385
Add (deduct)		
Equity in net income	20,613	-
Equity in distributions	-	832,583
Equity in other comprehensive income (loss)	-	(59,733)
Dividends declared	(20,613)	(1,697,126)
Balance at December 31, 2018	46,610	15,014,109
Add (deduct)		
Equity in net income	21,647	488,516
Equity in other comprehensive income (loss)	-	167,533
Dividends declared	(21,647)	(184,453)
Balance at December 31, 2019	$ 46,610	$ 15,485,705

SUPPLEMENTARY INFORMATION

Suttle & Stalnaker | Certified Public Accountants
A Professional Limited Liability Company

INDEPENDENT AUDITOR'S REPORT ON
CONSOLIDATING INFORMATION

To the Board of Directors
West-Central Bancorp, Inc. and Subsidiaries
Spencer, West Virginia

We have audited the consolidated financial statements of West-Central Bancorp, Inc. and its Subsidiaries as of and for the year ended December 31, 2019, and have issued our report thereon dated February 17, 2020, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Suttle & Stalnaker, PLLC

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February 17, 2020

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WEST-CENTRAL BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2019

	West-Central Bancorp, Inc.	First Neighborhood Bank, Inc.	West Central Insurance, LLC	Consolidating Eliminations	Consolidated Totals
ASSETS					
Cash and due from banks	$ 25,798	$ 4,832,250	$ -	$ (25,798)	$ 4,832,250
Interest-earning deposits in other banks	-	408,270	-	-	408,270
Federal funds sold	-	7,880,000	-	-	7,880,000
Cash and cash equivalents	25,798	13,120,520	-	(25,798)	13,120,520
Time deposits	-	5,000,000	-	-	5,000,000
Investment securities					
Securities available-for-sale, at fair value	-	29,233,636	-	-	29,233,636
Other securities	-	66,300	-	-	66,300
Investment in subsidiaries	15,532,315	-	-	(15,532,315)	-
Loans	-	90,177,276	-	-	90,177,276
Less: allowance for loan losses	-	(897,930)	-	-	(897,930)
Loans - net	-	89,279,346	-	-	89,279,346
Accrued interest receivable	-	388,884	-	-	388,884
Premises and equipment - net	-	2,350,659	-	-	2,350,659
Other real estate owned	-	35,000	-	-	35,000
Cash surrender value - bank owned life insurance	-	3,281,811	-	-	3,281,811
Deferred income taxes	-	457,175	-	-	457,175
Other assets	-	325,916	46,610	-	372,526
Total assets	**$ 15,558,113**	**$ 143,539,247**	**$ 46,610**	**$ (15,558,113)**	**$ 143,585,857**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits					
Demand - noninterest-bearing	$ -	$ 40,127,959	$ -	$ (25,798)	$ 40,102,161
Demand - interest-bearing	-	27,719,853	-	-	27,719,853
Savings	-	20,256,613	-	-	20,256,613
Time	-	38,344,953	-	-	38,344,953
Total deposits	-	126,449,378	-	(25,798)	126,423,580
Advance payments from borrowers for taxes and insurance	-	97,223	-	-	97,223
Accrued interest payable	-	82,818	-	-	82,818
Other liabilities	-	1,424,123	-	-	1,424,123
Total liabilities	-	128,053,542	-	(25,798)	128,027,744
Shareholders' equity					
Common stock	350,860	545,669	-	(545,669)	350,860
Additional paid in capital	1,597,246	1,500,000	-	(1,500,000)	1,597,246
Retained earnings	17,801,596	13,423,546	46,610	(13,470,156)	17,801,596
Less: treasury stock, at cost	(4,208,079)	-	-	-	(4,208,079)
Accumulated other comprehensive income	16,490	16,490	-	(16,490)	16,490
Total shareholders' equity	15,558,113	15,485,705	46,610	(15,532,315)	15,558,113
Total liabilities and shareholders' equity	**$ 15,558,113**	**$ 143,539,247**	**$ 46,610**	**$ (15,558,113)**	**$ 143,585,857**

Refer to the auditor's report on consolidating information.

WEST-CENTRAL BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2019

	West-Central Bancorp, Inc.	First Neighborhood Bank, Inc.	West Central Insurance, LLC	Consolidating Eliminations	Consolidated Totals
Interest income					
Interest and fees on loans	$ -	$ 4,520,016	$ -	$ -	$ 4,520,016
Interest on deposits in other banks	-	125,117	-	-	125,117
Interest on federal funds sold	-	117,628	-	-	117,628
Interest and dividends on investment securities	-	464,945	-	-	464,945
Total interest income	-	5,227,706	-	-	5,227,706
Interest expense					
Interest on deposits	-	742,466	-	-	742,466
Total interest expense	-	742,466	-	-	742,466
Net interest income	-	4,485,240	-	-	4,485,240
Provision for loan losses	-	285,000	-	-	285,000
Net interest income after provision for loan losses	-	4,200,240	-	-	4,200,240
Noninterest income					
Service charges and fees	-	553,162	-	-	553,162
Increase in cash surrender value - bank owned life insurance	-	55,534	-	-	55,534
Net realized gains (losses) from sales of investment securities available-for-sale	-	(6,211)	-	-	(6,211)
Dividend income from subsidiaries	206,100	-	-	(206,100)	-
Equity in undistributed earnings of subsidiaries	304,063	-	-	(304,063)	-
Other income	-	46,425	21,647	-	68,072
Total noninterest income	510,163	648,910	21,647	(510,163)	670,557
Noninterest expense					
General and administrative					
Compensation and benefits	-	2,278,055	-	-	2,278,055
Occupancy and equipment	-	583,935	-	-	583,935
FDIC assessment	-	24,000	-	-	24,000
Data processing	-	502,361	-	-	502,361
Other expenses	52	880,822	-	-	880,874
Total noninterest expense	52	4,269,173	-	-	4,269,225
Income before income tax expense	510,111	579,977	21,647	(510,163)	601,572
Income tax expense	-	91,461	-	-	91,461
Net income	**$ 510,111**	**$ 488,516**	**$ 21,647**	**$ (510,163)**	**$ 510,111**

Refer to the auditor's report on consolidating information.

WEST-CENTRAL BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

	West-Central Bancorp, Inc.	First Neighborhood Bank, Inc.	West Central Insurance, LLC	Consolidating Eliminations	Consolidated Totals
Cash flows from operating activities					
Net income	$ 510,111	$ 488,516	$ 21,647	$ (510,163)	$ 510,111
Adjustments to reconcile net income to net cash provided (used) by operating activities					
Equity in undistributed earnings of subsidiaries	(304,063)	-	-	304,063	-
Depreciation	-	191,867	-	-	191,867
Provision for loan losses	-	285,000	-	-	285,000
Provision for deferred income tax	-	61,595	-	-	61,595
Amortizations (accretions) on investment securities - net	-	132,532	-	-	132,532
Net realized (gains) losses from sales of investment securities available-for-sale	-	6,211	-	-	6,211
Amortization of deferred gain on sale-leaseback transaction	-	(16,920)	-	-	(16,920)
Other real estate owned writedown	-	25,000	-	-	25,000
(Increase) decrease in accrued interest receivable	-	(49,655)	-	-	(49,655)
(Increase) decrease in cash surrender value - bank owned life insurance	-	(55,534)	-	-	(55,534)
(Increase) decrease in other assets	-	(184,060)	-	-	(184,060)
Increase (decrease) in accrued interest payable	-	34,969	-	-	34,969
Increase (decrease) in other liabilities	-	(142,183)	-	-	(142,183)
Total adjustments	(304,063)	288,822	-	304,063	288,822
Net cash provided (used) by operating activities	206,048	777,338	21,647	(206,100)	798,933
Cash flows from investing activities					
Net (increase) decrease in time deposits	-	(1,500,000)	-	-	(1,500,000)
Purchases of investment securities available-for-sale	-	(21,605,695)	-	-	(21,605,695)
Proceeds from maturities and calls of investment securities available-for-sale	-	6,985,000	-	-	6,985,000
Proceeds from principle payments on investment securities available-for-sale	-	306,651	-	-	306,651
Proceeds from sales of investment securities available-for-sale	-	2,993,400	-	-	2,993,400
Redemptions of Federal Home Loan Bank stock	-	500	-	-	500
Net (increase) decrease in loans	-	9,123,647	-	-	9,123,647
Proceeds from sale-leaseback transaction	-	100,000	-	-	100,000
Capital expenditures	-	(108,313)	-	-	(108,313)
Net cash provided (used) by investing activities	-	(3,704,810)	-	-	(3,704,810)

Refer to the auditor's report on consolidating information.

WEST-CENTRAL BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019
(Continued)

	West-Central Bancorp, Inc.	First Neighborhood Bank, Inc.	West Central Insurance, LLC	Consolidating Eliminations	Consolidated Totals
Cash flows from financing activities					
Net increase (decrease) in total deposits	$ -	$ 8,514,496	$ -	$ (21,595)	$ 8,492,901
Net increase (decrease) in advance payments from borrowers for taxes and insurance	-	(4,928)	-	-	(4,928)
Cash dividends paid	(184,453)	(184,453)	(21,647)	206,100	(184,453)
Net cash provided (used) by financing activities	(184,453)	8,325,115	(21,647)	184,505	8,303,520
Net increase (decrease) in cash and cash equivalents	21,595	5,397,643	-	(21,595)	5,397,643
Cash and cash equivalents at beginning of year	4,203	7,722,877	-	(4,203)	7,722,877
Cash and cash equivalents at end of year	**$ 25,798**	**$ 13,120,520**	**$ -**	**$ (25,798)**	**$ 13,120,520**
Supplemental schedule of noncash investing and financing activities					
Loans transferred to other real estate owned	$ -	$ 60,000	$ -	$ -	$ 60,000
Loan origination from sale-leaseback transaction	$ -	$ 150,000	$ -	$ -	$ 150,000
Supplemental disclosure of cash flows information					
Cash paid during the year for					
Interest	$ -	$ 707,497	$ -	$ -	$ 707,497
Income taxes	$ -	$ 276,866	$ -	$ -	$ 276,866

Refer to the auditor's report on consolidating information.