FNB First Neighborhood Bank

Better people. Better service. Better bank.™

2013 Annual Report

Message from the Chairman of the Board

Since 2009, I have reported annually the challenges facing the banking industry including numerous regulatory changes, unknown economic factors and the Affordable Care Act. I have also discussed the direction taken by the Board of Directors and management to position First Neighborhood Bank and West-Central Bancorp, Inc. for growth and earnings opportunities as the economy improves, while maintaining a safe and sound investment for our shareholders.

During the past four years, we have been able to evaluate policies and procedures to ultimately position ourselves for the opportunities mentioned above. The evaluation process looks at ways to improve customer service and be more efficient, contract outside resources to review procedures related to safety and soundness, as well as audit and compliance. Results indicate we have positioned the bank and holding company for a very successful future.

Our audited financial statement prepared by Suttle & Stalnaker PLLC will reflect improved earnings compared to 2012, as well as solid performance ratios required by regulators. It also shows a well-structured balance sheet, positioning us for continued improved earnings in the future.

During the fourth quarter of 2013, we started experiencing good loan growth. Since 2009, loan demand throughout the country has been very weak as the economy, delays in implementing proposed regulations and concerns over the Affordable Care Act negatively affected all businesses, not just banks. We anticipate more significant demand in 2014 as businesses and individuals are starting to borrow again.

Last year, I indicated a major cost saving measure would be the availability of the 2013 annual report on our newly designed website for easier access. This will save considerable printing and postage for 350 annual reports. In the event a shareholder would like a printed copy, one can be mailed by contacting one of our offices. Below, are the instructions to access our new site and receive your copy.

As a shareholder of West-Central Bancorp, Inc. I think you would agree the slow but steady progression of positioning the bank for safe growth in size and earnings has provided a great opportunity now and beyond. We are hopeful your investment in FNB will result in greater shareholder return as we move forward with a better economy.

David M. Righter

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

The annual report can be viewed at:
http://firstneighborhoodbank.com/about-us/investor-relations/
Under Annual Reports, click on 2013 FNB Annual Report (pdf).

WEST-CENTRAL BANCORP, INC. AND SUBSIDIARIES
SPENCER, WEST VIRGINIA

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2013

WEST-CENTRAL BANCORP, INC. AND SUBSIDIARIES

TABLE OF CONTENTS

	STATEMENT	PAGE
Independent Auditor's Report		1-2
Consolidated Balance Sheets	I	3
Consolidated Statements of Income	II	4
Consolidated Statements of Comprehensive Income	III	5
Consolidated Statements of Changes in Shareholders' Equity	IV	6
Consolidated Statements of Cash Flows	V	7-8
Notes to Consolidated Financial Statements		9-43
	SCHEDULE	
SUPPLEMENTARY INFORMATION		
Independent Auditor's Report on Consolidating Information		45
Consolidating Balance Sheet	I	46
Consolidating Statement of Income	II	47
Consolidating Statement of Cash Flows	III	48-49

Suttle & Stalnaker PLLC
CERTIFIED PUBLIC ACCOUNTANTS
HarmanThompson Division

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 Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2013 and 2012, 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, 2013, 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 audit 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 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.

Towne Square • 201 Third Street • PO Box 149 • Parkersburg, WV 26102
Phone (304) 485-6584 • Fax (304) 485-0971

The Virginia Center • 1411 Virginia Street, East • Suite 100 • Charleston, WV 25301
Phone (304) 343-4126 or 1(800) 788-3844 • Fax (304) 343-8008

www.suttlecpas.com • E-mail: cpa@suttlecpas.com
A Professional Limited Liability Company

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 Subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in accordance with accounting principles generally accepted in the United States of America.

Suttle & Stalnaker, PLLC

Parkersburg, West Virginia
February 22, 2014

WEST-CENTRAL BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2013 AND 2012

STATEMENT I

	2013	2012
ASSETS		
Cash and Due from Banks	$ 4,495,869	$ 8,072,889
Interest-Bearing Deposits in Other Banks	191,497	183,006
Federal Funds Sold	10,380,000	6,660,000
Cash and Cash Equivalents	15,067,366	14,915,895
Time Deposits	2,500,000	1,500,000
Investment Securities:		
Securities Available-for-Sale, at Fair Value	36,022,805	38,910,725
Other Securities	241,300	248,100
Loans	85,137,379	81,616,718
Less: Allowance for Loan Losses	(995,479)	(871,545)
Loans - Net	84,141,900	80,745,173
Accrued Interest Receivable	425,119	433,498
Premises and Equipment - Net	3,165,020	3,129,819
Other Real Estate Owned	585,000	735,000
Cash Surrender Value - Bank Owned Life Insurance	3,081,191	3,009,484
Deferred Income Taxes	943,929	440,009
Other Assets	129,047	399,275
TOTAL ASSETS	**$ 146,302,677**	**$ 144,466,978**
LIABILITIES AND SHAREHOLDERS' EQUITY		
DEPOSITS		
Demand - Noninterest-Bearing	$ 38,808,669	$ 31,156,183
Demand - Interest-Bearing	30,386,841	32,442,275
Savings	18,803,419	17,912,123
Time	43,619,684	48,267,502
TOTAL DEPOSITS	**131,618,613**	**129,778,083**
Advance Payments from Borrowers for Taxes and Insurance	55,631	45,983
Accrued Interest Payable	53,722	67,311
Other Liabilities	1,266,807	1,228,509
TOTAL LIABILITIES	**132,994,773**	**131,119,886**
SHAREHOLDERS' EQUITY		
Common Stock (Par Value $1.00; 5,000,000 Shares Authorized; 350,860 Shares Issued; 211,343 and 211,343 Shares Outstanding in 2013 and 2012, respectively)	350,860	350,860
Additional Paid in Capital	1,597,246	1,597,246
Retained Earnings	14,325,330	13,704,742
Less: Treasury Stock, at Cost (139,517 and 139,517 Shares in 2013 and 2012, respectively)	(2,539,505)	(2,539,505)
Accumulated Other Comprehensive Income (Loss)	(426,027)	233,749
TOTAL SHAREHOLDERS' EQUITY	**13,307,904**	**13,347,092**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 146,302,677**	**$ 144,466,978**

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, 2013

STATEMENT II

	2013	2012	2011
INTEREST INCOME			
Interest and Fees on Loans	$ 4,264,019	$ 4,453,045	$ 5,121,634
Interest on Deposits in Other Banks	21,432	15,273	98
Interest on Federal Funds Sold	23,604	23,868	15,231
Interest and Dividends on Investment Securities	642,038	714,052	672,322
TOTAL INTEREST INCOME	**4,951,093**	**5,206,238**	**5,809,285**
INTEREST EXPENSE			
Interest on Deposits	615,972	814,626	1,193,064
Interest on Borrowings	20	1,016	2,524
TOTAL INTEREST EXPENSE	**615,992**	**815,642**	**1,195,588**
NET INTEREST INCOME	**4,335,101**	**4,390,596**	**4,613,697**
Provision for Loan Losses	120,000	180,000	180,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	**4,215,101**	**4,210,596**	**4,433,697**
NONINTEREST INCOME			
Service Charges and Fees	632,751	656,204	609,102
Increase in Cash Surrender Value - Bank Owned Life Insurance	71,707	83,121	89,496
Realized Net Gains from Sales of Investment Securities Available-for-Sale	-0-	-0-	146,312
Other Income	91,648	52,887	70,081
TOTAL NONINTEREST INCOME	**796,106**	**792,212**	**914,991**
NONINTEREST EXPENSE			
General and Administrative:			
Compensation and Benefits	2,087,265	2,040,555	2,057,229
Occupancy and Equipment	633,766	632,156	643,538
FDIC Assessment	96,000	80,026	220,558
Data Processing	425,268	385,435	305,054
Other Expenses	868,230	995,545	1,205,158
TOTAL NONINTEREST EXPENSE	**4,110,529**	**4,133,717**	**4,431,537**
INCOME BEFORE INCOME TAX EXPENSE	**900,678**	**869,091**	**917,151**
Income Tax Expense	132,150	163,780	250,294
NET INCOME	**$ 768,528**	**$ 705,311**	**$ 666,857**
NET INCOME AVAILABLE FOR COMMON SHAREHOLDERS	**$ 768,528**	**$ 705,311**	**$ 666,857**
PER COMMON SHARE DATA:			
NET INCOME	**$ 3.64**	**$ 3.33**	**$ 3.14**
CASH DIVIDENDS DECLARED	**$ 0.70**	**$ 0.70**	**$ 0.70**
AVERAGE COMMON SHARES OUTSTANDING	**211,343**	**211,767**	**212,528**

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, 2013

STATEMENT III

	2013	2012	2011
NET INCOME	**$ 768,528**	**$ 705,311**	**$ 666,857**
Other Comprehensive Income:			
Unrealized Gains (Losses) on Investment Securities Available-for-Sale Arising During the Period	(1,090,776)	74,205	709,338
Adjustment for Income Tax (Expense) Benefit	431,000	(29,000)	(280,062)
	(659,776)	45,205	429,276
Less: Reclassification Adjustment for (Gains) Losses on Investment Securities Available-for-Sale Included in Net Income	-0-	-0-	(146,312)
Adjustment for Income Tax Expense (Benefit)	-0-	-0-	57,062
	-0-	-0-	(89,250)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX	(659,776)	45,205	340,026
COMPREHENSIVE INCOME	**$ 108,752**	**$ 750,516**	**$ 1,006,883**

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, 2013

STATEMENT IV

	COMMON STOCK	ADDITIONAL PAID IN CAPITAL	RETAINED EARNINGS	TREASURY STOCK	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL SHAREHOLDERS' EQUITY
BALANCE AT DECEMBER 31, 2010	**$ 350,860**	**$ 1,597,246**	**$ 12,629,283**	**$ (2,475,515)**	**$ (151,482)**	**$ 11,950,392**
Comprehensive Income			666,857		340,026	1,006,883
Cash Dividends Declared ($0.70 Per Share)			(148,769)			(148,769)
BALANCE AT DECEMBER 31, 2011	**350,860**	**1,597,246**	**13,147,371**	**(2,475,515)**	**188,544**	**12,808,506**
Comprehensive Income			705,311		45,205	750,516
Cash Dividends Declared ($0.70 Per Share)			(147,940)			(147,940)
Purchase of Treasury Stock (1,185 Shares)				(63,990)		(63,990)
BALANCE AT DECEMBER 31, 2012	**350,860**	**1,597,246**	**13,704,742**	**(2,539,505)**	**233,749**	**13,347,092**
Comprehensive Income			768,528		(659,776)	108,752
Cash Dividends Declared ($0.70 Per Share)			(147,940)			(147,940)
BALANCE AT DECEMBER 31, 2013	**$ 350,860**	**$ 1,597,246**	**$ 14,325,330**	**$ (2,539,505)**	**$ (426,027)**	**$ 13,307,904**

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, 2013

STATEMENT V

	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
NET INCOME	**$ 768,528**	**$ 705,311**	**$ 666,857**
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Depreciation	271,994	277,891	285,001
Provision for Loan Losses	120,000	180,000	180,000
Provision for Deferred Income Tax	(72,920)	(16,957)	(2,922)
Amortizations (Accretions) on Investments - Net	97,425	5,640	(47,991)
Realized Net (Gains) Losses from Sales of Investment Securities Available-for-Sale	-0-	-0-	(146,312)
Realized Net (Gains) Losses from Sales of Other Real Estate Owned	42,000	50,000	89,865
Other Real Estate Owned Write-Down	30,000	43,000	-0-
Realized Net (Gains) Losses from Disposal of Premises and Equipment	(21,922)	8,771	1,838
(Increase) Decrease in Accrued Interest Receivable	8,379	(20,307)	230
(Increase) Decrease in Cash Surrender Value - Bank Owned Life Insurance	(71,707)	(83,123)	(89,496)
(Increase) Decrease in Other Assets	270,228	74,553	188,361
Increase (Decrease) in Accrued Interest Payable	(13,589)	(25,454)	(34,368)
Increase (Decrease) in Other Liabilities	39,658	3,430	(201,512)
TOTAL ADJUSTMENTS	**699,546**	**497,444**	**222,694**
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	**1,468,074**	**1,202,755**	**889,551**
CASH FLOWS FROM INVESTING ACTIVITIES			
Net (Increase) Decrease in Time Deposits	(1,000,000)	(1,500,000)	-0-
Purchases of Investment Securities Available-for-Sale	(6,575,281)	(32,620,905)	(33,910,742)
Proceeds from Maturities and Calls of Investment Securities Available-for-Sale	8,275,000	26,871,050	28,770,000
Proceeds from Sales of Investment Securities Available-for-Sale	-0-	-0-	2,432,705
Proceeds from Sale of Premises	272,083	-0-	-0-
Redemption of Federal Home Loan Bank Stock	6,800	53,500	68,900
Loan Originations and Principal Payment on Loans	(3,446,727)	2,664,301	7,552,835
Proceeds from Sales of Other Real Estate Owned	8,000	200,000	956,778
Capital Expenditures	(557,356)	(123,188)	(155,599)
NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES	**(3,017,481)**	**(4,455,242)**	**5,714,877**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Increase (Decrease) in Total Deposits	1,840,530	3,950,785	(1,326,408)
Net Increase (Decrease) in Advance Payments from Borrowers for Taxes and Insurance	9,648	1,198	16,598
Repayments of Long-Term Borrowings	(1,360)	(15,539)	(14,031)
Cash Dividends Paid	(147,940)	(147,940)	(148,769)
Purchase of Treasury Stock	-0-	(63,990)	-0-
NET CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES	**1,700,878**	**3,724,514**	**(1,472,610)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**151,471**	**472,027**	**5,131,818**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**14,915,895**	**14,443,868**	**9,312,050**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 15,067,366**	**$ 14,915,895**	**$ 14,443,868**

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, 2013

STATEMENT V
(CONTINUED)

	2013	2012	2011
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Loans Transferred to Other Real Estate Owned	$ -0-	$ 419,632	$ 632,274
Proceeds from Sales of Other Real Estate Owned Financed through Loans	$ 70,000	$ -0-	$ 176,750
Total Change in Unrealized Gains (Losses) on Investment Securities Available-for-Sale	$ (1,090,776)	$ 74,205	$ 563,026
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION			
Cash Paid during the Period For:			
Interest	$ 629,581	$ 841,096	$ 1,229,956
Income Taxes, Net of Refunds	$ 179,567	$ 209,717	$ 448,540

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through February 22, 2014, the date that the financial statements were available to be issued.

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, 2013, 2012, and 2011.

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 to 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 accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (CONTINUED)

Comprehensive Income

Accounting principles generally 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.

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," "Interest-Bearing Deposits in Other Banks," and "Federal Funds Sold," all of which have original maturities of ninety (90) days or less.

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.

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 fair value 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 other income and, when applicable, are reported as a reclassification adjustment, net of income tax, in other comprehensive income. The cost of securities sold are determined on the specific-identification method. Amortization of premiums and accretion of discounts are recognized in interest income using the interest method over the terms of the securities.

Declines in the 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (CONTINUED)

Loans

The Bank grants mortgage, commercial, 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 recognized over the term of the loan and is calculated using the simple interest method on principal amounts outstanding.

Allowance for Credit Losses

The allowance for credit losses consists of an allowance for loan losses for outstanding loan and credit financial instruments of the Bank.

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. The Bank uses both internally-developed and vendor-supplied models in this process. 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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (CONTINUED)

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, and 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 write-downs 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 write-downs 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, 2013, 2012, and 2011 were $81,489, $112,160, and $90,500, 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 write-downs 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 with consolidation surtax eliminations at the Bancorp's level.

Earnings Per Share

Earnings per share of common stock are computed based upon the weighted-average number of shares of common stock outstanding. The weighted-average shares outstanding were 211,343, 211,767 and 212,528 for the years ended December 31, 2013, 2012 and 2011, respectively. During each of the three years in the period ended December 31, 2013, the Bancorp did not have any potentially dilutive securities.

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.

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).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES (CONTINUED)

Reclassification of Prior Years' Statements

Certain amounts in the consolidated financial statements for 2012 and 2011, as previously presented, have been reclassified to conform with the 2013 financial statement presentation. The reclassifications had no effect on net income or shareholders' equity.

NOTE 2: RESTRICTION ON CASH AND DUE FROM BANKS

The Bank is required to maintain reserve funds in cash or on deposit with the Federal Reserve Bank. The required reserve as of December 31, 2013 and 2012 was $595,000 and $461,000, respectively.

NOTE 3: INVESTMENT SECURITIES

The amortized cost, unrealized gains, unrealized losses, and fair values of investment securities as of December 31, 2013 and 2012 are summarized as follows:

	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
DECEMBER 31, 2013				
SECURITIES AVAILABLE-FOR-SALE				
U.S. Government Federal Agencies	$ 18,988,640	$ 16,226	$ (312,507)	$ 18,692,359
State, County, and Municipal – Nontaxable	14,385,801	73,139	(451,612)	14,007,328
State, County, and Municipal – Taxable	3,352,391	48,545	(77,818)	3,323,118
TOTAL	**$ 36,726,832**	**$ 137,910**	**$ (841,937)**	**$ 36,022,805**
DECEMBER 31, 2012				
SECURITIES AVAILABLE-FOR-SALE				
U.S. Government Federal Agencies	$ 23,003,088	$ 42,941	$ (26,132)	$ 23,019,897
State, County, and Municipal – Nontaxable	13,580,966	305,689	(42,952)	13,843,703
State, County, and Municipal – Taxable	1,939,922	112,706	(5,503)	2,047,125
TOTAL	**$ 38,523,976**	**$ 461,336**	**$ (74,587)**	**$ 38,910,725**

The caption "Other Securities" in the consolidated balance sheets consists of Federal Home Loan Bank stock. This 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, are 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, 2013						
U.S. Government Federal Agencies	$ 13,689,035	$ (301,605)	$ 989,098	$ (10,902)	$ 14,678,133	$ (312,507)
State, County, and Municipal – Nontaxable	8,209,710	(399,076)	762,857	(52,536)	8,972,567	(451,612)
State, County, and Municipal – Taxable	2,122,353	(77,818)	-0-	-0-	2,122,353	(77,818)
TOTAL	**$ 24,021,098**	**$ (778,499)**	**$ 1,751,955**	**$ (63,438)**	**$ 25,773,053**	**$ (841,937)**
DECEMBER 31, 2012						
U.S. Government Federal Agencies	$ 11,973,868	$ (26,132)	$ -0-	$ -0-	$ 11,973,868	$ (26,132)
State, County, and Municipal – Nontaxable	4,167,263	(41,604)	979,940	(1,348)	5,147,203	(42,952)
State, County, and Municipal – Taxable	500,750	(5,503)	-0-	-0-	500,750	(5,503)
TOTAL	**$ 16,641,881**	**$ (73,239)**	**$ 979,940**	**$ (1,348)**	**$ 17,621,821**	**$ (74,587)**

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, 2013, the forty-two (42) debt securities with unrealized losses have depreciated approximately 3.16% from the Bank's amortized cost basis. These securities are predominately rated investment grade securities (A3 or better) and the unrealized losses are due to overall increases in market rates 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 maturities, amortized cost, and fair values of securities as of December 31, 2013, are summarized as follows:

	SECURITIES AVAILABLE-FOR-SALE	
	AMORTIZED COST	FAIR VALUE
Due in One Year or Less	$ -0-	$ -0-
Due after One Year through Five Years	18,483,769	18,343,951
Due after Five Years through Ten Years	10,352,622	10,113,135
Due after Ten Years	7,890,441	7,565,719
TOTAL	**$ 36,726,832**	**$ 36,022,805**

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.

The following is a summary of the proceeds from the sales of investment securities available-for-sale and the related gross realized gains and losses:

	PROCEEDS	GROSS REALIZED GAINS	GROSS REALIZED LOSSES
For the Year Ended December 31,			
2013	$ -0-	$ -0-	$ -0-
2012	$ -0-	$ -0-	$ -0-
2011	$ 2,432,705	$ 146,312	$ -0-

Securities pledged to secure public deposits and for other purposes required or permitted by law had a book value of $3,670,074 and $3,688,614 as of December 31, 2013 and 2012, respectively. The fair value of the pledged securities totaled $3,777,670 and $3,912,510 as of December 2013 and 2012, respectively.

Included in the Bank's investment in obligations of State, County, and Municipal Subdivisions as of December 31, 2013 and 2012, were securities with fair values totaling approximately $4,013,686 and $4,910,580, respectively, which were issued by the State of West Virginia. There were no significant concentrations to any one political subdivision within this State.

NOTE 4: BANK OWNED LIFE INSURANCE

The Bank invested in whole life insurance contracts on the lives of five (5) 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 Equias Alliance and consist of eight (8) policies. These policies have a stated aggregate death benefit as of December 31, 2013 and 2012 of $6,065,199 and $6,066,322, respectively, and aggregate cash surrender values of $3,081,191 and $3,009,484 as of December 31, 2013 and 2012, 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 $71,707, $83,121, and $89,496 for the years ended December 31, 2013, 2012, and 2011, respectively.

NOTE 5: LOANS

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

	DECEMBER 31,	
	2013	**2012**
Commercial	$ 45,568,852	$ 42,730,729
Mortgage	37,073,589	36,251,818
Installment	2,494,938	2,634,171
TOTAL LOANS	**85,137,379**	**81,616,718**
Less: Allowance for Loan Losses	995,479	871,545
LOANS - NET	**$ 84,141,900**	**$ 80,745,173**

As of December 31, 2013 and 2012, overdrafts from deposit accounts of $70,918 and $83,961, respectively, are included within the appropriate loan segment above.

As of December 31, 2013 and 2012, the Bank had direct extensions of credit to entities in the oil and gas industry totaling approximately $1,735,585 and $2,378,017, respectively, and unfunded commitments to lend totaling approximately $779,399 and $2,816,176, 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.

NOTE 5: LOANS (CONTINUED)

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,	
	2013	2012
BALANCE AT BEGINNING OF YEAR	**$ 3,381,196**	**$ 3,022,264**
Repayments	(768,697)	(331,717)
Borrowings	1,745,100	690,649
BALANCE AT END OF YEAR	**$ 4,357,599**	**$ 3,381,196**

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 nonaccrua1 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.

NOTE 6: CREDIT QUALITY (CONTINUED)

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	CURRENT	TOTAL FINANCING RECEIVABLES	RECORDED INVESTMENT >90 DAYS & ACCRUING
DECEMBER 31, 2013							
Secured by Real Estate:							
Construction	$ -0-	$ -0-	$ -0-	$ -0-	$ 777,227	$ 777,227	$ -0-
Farmland	-0-	-0-	-0-	-0-	661,778	661,778	-0-
Residential	-0-	-0-	47,091	47,091	44,314,456	44,361,547	47,091
Commercial	-0-	-0-	97,396	97,396	22,765,367	22,862,763	-0-
Commercial and Industrial	14,869	-0-	-0-	14,869	12,937,275	12,952,144	-0-
Consumer	33,381	-0-	-0-	33,381	3,320,373	3,353,754	-0-
Government	-0-	-0-	-0-	-0-	168,166	168,166	-0-
TOTAL	$ 48,250	$ -0-	$ 144,487	$ 192,737	$ 84,944,642	$ 85,137,379	$ 47,091
DECEMBER 31, 2012							
Secured by Real Estate:							
Construction	$ -0-	$ -0-	$ -0-	$ -0-	$ 1,175,203	$ 1,175,203	$ -0-
Farmland	-0-	-0-	-0-	-0-	708,838	708,838	-0-
Residential	51,139	-0-	-0-	51,139	42,757,761	42,808,900	-0-
Commercial	130,846	-0-	109,896	240,742	18,259,926	18,500,668	-0-
Commercial and Industrial	262,678	-0-	-0-	262,678	14,552,087	14,814,765	-0-
Consumer	13,726	-0-	-0-	13,726	3,336,244	3,349,970	-0-
Government	-0-	-0-	-0-	-0-	258,374	258,374	-0-
TOTAL	$ 458,389	$ -0-	$ 109,896	$ 568,285	$ 81,048,433	$ 81,616,718	$ -0-

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.

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

	DECEMBER 31, 2013	DECEMBER 31, 2012
Secured by Real Estate:		
Construction	$ -0-	$ -0-
Farmland	-0-	-0-
Residential	-0-	-0-
Commercial	97,396	109,896
Commercial and Industrial	-0-	-0-
Consumer	-0-	-0-
Government	-0-	-0-
TOTAL	$ 97,396	$ 109,896

There were no loans modified as troubled debt restructurings (TDRs) during the years ended December 31, 2013 and 2012 and no TDRs re-defaulted in the year ended December 31, 2013.

NOTE 6: CREDIT QUALITY (CONTINUED)

The Bank assigns credit quality indicators of pass, special mention, substandard, and doubtful 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.

Special mention loans have a potential weakness that deserves management's close attention. If left unmonitored, these potential weaknesses may result in deterioration of the repayment prospects for such loans or in the Bank'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 substandard loan 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.

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	SUB-STANDARD	DOUBTFUL	TOTAL
DECEMBER 31, 2013					
Secured by Real Estate:					
Construction	$ 777,227	$ -0-	$ -0-	$ -0-	$ 777,227
Farmland	661,778	-0-	-0-	-0-	661,778
Residential	43,994,526	-0-	367,021	-0-	44,361,547
Commercial	22,030,787	-0-	831,976	-0-	22,862,763
Commercial and Industrial	12,915,868	-0-	36,276	-0-	12,952,144
Consumer	3,353,754	-0-	-0-	-0-	3,353,754
Government	168,166	-0-	-0-	-0-	168,166
TOTAL	**$ 83,902,106**	**$ -0-**	**$ 1,235,273**	**$ -0-**	**$ 85,137,379**
DECEMBER 31, 2012					
Secured by Real Estate:					
Construction	$ 1,175,203	$ -0-	$ -0-	$ -0-	$ 1,175,203
Farmland	708,838	-0-	-0-	-0-	708,838
Residential	42,626,167	-0-	182,733	-0-	42,808,900
Commercial	17,605,582	-0-	895,086	-0-	18,500,668
Commercial and Industrial	14,766,955	-0-	47,810	-0-	14,814,765
Consumer	3,349,970	-0-	-0-	-0-	3,349,970
Government	258,374	-0-	-0-	-0-	258,374
TOTAL	**$ 80,491,089**	**$ -0-**	**$ 1,125,629**	**$ -0-**	**$ 81,616,718**

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.

NOTE 6: CREDIT QUALITY (CONTINUED)

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, 2013					
With No Related Allowance Recorded:					
Secured by Real Estate:					
Construction	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Farmland	-0-	-0-	-0-	-0-	-0-
Residential	367,021	367,021	-0-	308,197	13,898
Commercial	734,580	734,580	-0-	759,151	30,536
Commercial and Industrial	36,276	36,276	-0-	43,635	1,529
Consumer	-0-	-0-	-0-	-0-	-0-
Government	-0-	-0-	-0-	-0-	-0-
With An Allowance Recorded:					
Secured by Real Estate:					
Construction	-0-	-0-	-0-	-0-	-0-
Farmland	-0-	-0-	-0-	-0-	-0-
Residential	-0-	-0-	-0-	-0-	-0-
Commercial	97,396	97,396	80,000	102,450	-0-
Commercial and Industrial	-0-	-0-	-0-	-0-	-0-
Consumer	-0-	-0-	-0-	-0-	-0-
Government	-0-	-0-	-0-	-0-	-0-
TOTAL	**$ 1,235,273**	**$ 1,235,273**	**$ 80,000**	**$ 1,213,433**	**$ 45,963**
DECEMBER 31, 2012					
With No Related Allowance Recorded:					
Secured by Real Estate:					
Construction	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Farmland	-0-	-0-	-0-	-0-	-0-
Residential	182,733	182,733	-0-	374,996	-0-
Commercial	785,190	785,190	-0-	644,810	-0-
Commercial and Industrial	47,810	47,810	-0-	69,227	-0-
Consumer	-0-	-0-	-0-	-0-	-0-
Government	-0-	-0-	-0-	-0-	-0-
With An Allowance Recorded:					
Secured by Real Estate:					
Construction	-0-	-0-	-0-	-0-	-0-
Farmland	-0-	-0-	-0-	-0-	-0-
Residential	-0-	-0-	-0-	-0-	-0-
Commercial	109,896	109,896	80,000	177,545	-0-
Commercial and Industrial	-0-	-0-	-0-	17,747	-0-
Consumer	-0-	-0-	-0-	-0-	-0-
Government	-0-	-0-	-0-	-0-	-0-
TOTAL	**$ 1,125,629**	**$ 1,125,629**	**$ 80,000**	**$ 1,284,325**	**$ -0-**

NOTE 7: ALLOWANCE FOR CREDIT LOSSES

The allowance for loan losses is management's estimate of the probable credit losses inherent in the loan portfolio. Management's evaluation of the adequacy of the allowance for loan losses and the appropriate provision for credit 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 accounts is for the inherent imprecision in the allowance for credit losses analysis. During 2013, 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 $995,479 and $871,545 adequate to cover loan losses inherent in the loan portfolio as of December 31, 2013 and 2012, 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 CREDIT LOSSES (CONTINUED)

	COMMERCIAL	MORTGAGE	INSTALLMENT	UNALLOCATED	TOTAL
DECEMBER 31, 2013					
ALLOWANCE FOR CREDIT LOSSES:					
Beginning Balance	$ 407,977	$ 101,359	$ 20,545	$ 341,664	$ 871,545
Charge-Offs	(34,512)	-0-	(2,422)	-0-	(36,934)
Recoveries	31,963	2,200	6,705	-0-	40,868
Provision	49,030	(7,387)	(7,862)	86,219	120,000
ENDING BALANCE	**$ 454,458**	**$ 96,172**	**$ 16,966**	**$ 427,883**	**$ 995,479**
ENDING BALANCE: INDIVIDUALLY EVALUATED FOR IMPAIRMENT	**$ 80,000**	**$ -0-**	**$ -0-**	**$ -0-**	**$ 80,000**
ENDING BALANCE: COLLECTIVELY EVALUATED FOR IMPAIRMENT	**$ 374,458**	**$ 96,172**	**$ 16,966**	**$ 427,883**	**$ 915,479**
FINANCING RECEIVABLES: ENDING BALANCE	**$ 45,568,852**	**$ 37,073,589**	**$ 2,494,938**		**$ 85,137,379**
ENDING BALANCE: INDIVIDUALLY EVALUATED FOR IMPAIRMENT	**$ 868,252**	**$ 367,021**	**$ -0-**		**$ 1,235,273**
ENDING BALANCE: COLLECTIVELY EVALUATED FOR IMPAIRMENT	**$ 44,700,600**	**$ 36,706,568**	**$ 2,494,938**		**$ 83,902,106**
DECEMBER 31, 2012					
ALLOWANCE FOR CREDIT LOSSES:					
Beginning Balance	$ 332,297	$ 125,551	$ 23,306	$ 362,401	$ 843,555
Charge-Offs	(196,962)	(22,535)	-0-	-0-	(219,497)
Recoveries	39,873	18,700	8,914	-0-	67,487
Provision	232,769	(20,357)	(11,675)	(20,737)	180,000
ENDING BALANCE	**$ 407,977**	**$ 101,359**	**$ 20,545**	**$ 341,664**	**$ 871,545**
ENDING BALANCE: INDIVIDUALLY EVALUATED FOR IMPAIRMENT	**$ 80,000**	**$ -0-**	**$ -0-**	**$ -0-**	**$ 80,000**
ENDING BALANCE: COLLECTIVELY EVALUATED FOR IMPAIRMENT	**$ 327,977**	**$ 101,359**	**$ 20,545**	**$ 341,664**	**$ 791,545**
FINANCING RECEIVABLES: ENDING BALANCE	**$ 42,730,729**	**$ 36,251,818**	**$ 2,634,171**		**$ 81,616,718**
ENDING BALANCE: INDIVIDUALLY EVALUATED FOR IMPAIRMENT	**$ 942,896**	**$ 182,733**	**$ -0-**		**$ 1,125,629**
ENDING BALANCE: COLLECTIVELY EVALUATED FOR IMPAIRMENT	**$ 41,787,833**	**$ 36,069,085**	**$ 2,634,171**		**$ 80,491,089**

NOTE 8: ACCRUED INTEREST RECEIVABLE

Accrued interest receivable consists of the following:

	DECEMBER 31, 2013	DECEMBER 31, 2012
Time Deposits	$ 9,203	$ 6,773
Investment Securities	187,902	173,771
Loans	228,014	252,954
TOTAL	**$ 425,119**	**$ 433,498**

NOTE 9: PREMISES AND EQUIPMENT

The major categories of premises and equipment are as follows:

	DECEMBER 31, 2013	DECEMBER 31, 2012
Land	$ 819,305	$ 723,854
Building and Improvements	4,118,535	4,054,170
Furniture, Fixtures, and Equipment	2,436,932	2,384,545
Automobile	42,128	45,607
TOTAL COST	7,416,900	7,208,176
Less: Accumulated Depreciation	(4,251,880)	(4,078,357)
NET	**$ 3,165,020**	**$ 3,129,819**

Depreciation expense for the years ended December 31, 2013, 2012, and 2011, totaled $271,994, $277,891 and $285,001, 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, 2013	DECEMBER 31, 2012
BALANCE AT BEGINNING OF YEAR	**$ 735,000**	**$ 653,000**
Loans Foreclosed	-0-	419,632
Adjustment to Carrying Value:		
At Date of Foreclosure or Repossession	-0-	(44,632)
Capital Improvement	-0-	-0-
Insurance Reimbursements	-0-	-0-
Additional Valuation Adjustments	(30,000)	(43,000)
TOTAL FORECLOSED PROPERTIES FOR DISPOSITION	**705,000**	**985,000**
Gross Proceeds from Sales of Foreclosed Properties	78,000	200,000
Expense of Sales	-0-	-0-
Realized Net (Gains) Losses on Sales	42,000	50,000
BASIS OF FORECLOSED PROPERTIES SOLD	**120,000**	**250,000**
BALANCE AT END OF YEAR	**$ 585,000**	**$ 735,000**

Subsequent write-downs and realized gains and losses on the sale of foreclosed property are recognized in the “Other Expense” caption in the consolidated statements of income.

NOTE 11: DEPOSITS

Time deposits issued in denominations of $100,000 or more totaled $13,302,387 and $14,789,484 as of December 31, 2013 and 2012, respectively. Interest expense on time deposits in denominations of $100,000 or more for the years ended December 31, 2013, 2012, and 2011 was $160,695, $204,732, and $263,739, respectively.

As of December 31, 2013, the maturity distribution of time deposits is as follows:

2014	$ 22,450,767
2015	9,236,336
2016	4,781,108
2017	4,389,960
2018 and Thereafter	2,761,513
TOTAL	**$ 43,619,684**

The Bank held related party deposits of approximately $10,727,500 and $8,812,400 as of December 31, 2013 and 2012, respectively.

NOTE 12: SHORT-TERM BORROWINGS

The Bank obtained an unsecured, uncommitted, borrowing facility for the purchase of Federal Funds in the amount of $4,500,000 from CenterState Bank of Florida. Any borrowings bear an interest rate which is determined at the time of each advance. Requests for advances under this facility are subject to CenterState Bank's sole and absolute discretion, including, without limitation, the availability of funds. There were no borrowings during the years ended December 31, 2013 and 2012, respectively.

The Bank is a member of the Federal Home Loan Bank of Pittsburgh (FHLB). As a member, the Bank obtained an open line of credit commitment from the FHLB for $1,000,000. 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. At December 31, 2013, no loans were pledged for collateral. In addition, the Bank has a maximum borrowing capacity with the FHLB of approximately $42,960,000 based on qualifying loan collateral. As of December 31, 2013 and 2012, there were no borrowings outstanding.

NOTE 13: INCOME TAXES

The consolidated provision for income taxes consists of the following:

	DECEMBER 31,		
	2013	2012	2011
Current:			
Federal	$ 159,453	$ 156,250	$ 208,216
State	45,617	24,487	45,000
	205,070	180,737	253,216
Deferred:			
Federal	(63,572)	(7,053)	(1,926)
State	(9,348)	(9,904)	(996)
	(72,920)	(16,957)	(2,922)
TOTAL INCOME TAX EXPENSE	**$ 132,150**	**$ 163,780**	**$ 250,294**

NOTE 13: INCOME TAXES (CONTINUED)

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:

	2013		2012		2011	
	AMOUNT	**%**	**AMOUNT**	**%**	**AMOUNT**	**%**
Federal Statutory Tax Rate	$ 293,899	34.0 %	$ 290,533	34.0 %	$ 311,831	34.0 %
Tax-exempt Interest	(131,877)	(15.9)	(118,539)	(14.1)	(85,462)	(9.3)
Increase in Cash Surrender Value of Life Insurance	(24,380)	(2.9)	(21,461)	(2.5)	(30,429)	(3.3)
State Income Taxes, Net of Federal Tax Benefit	23,938	2.9	9,625	1.1	29,043	3.2
Nondeductible Interest Expense	4,869	0.6	4,488	0.5	3,948	0.4
Capital Loss Carryforward Applied	(7,503)	(0.9)	-0-	--	-0-	--
Effect of Other Items	(26,796)	(3.1)	(866)	(0.1)	21,363	2.3
REPORTED EFFECTIVE TAX RATE	**$ 132,150**	**14.7 %**	**$ 163,780**	**18.9 %**	**$ 250,294**	**27.3 %**

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.

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.

NOTE 13: INCOME TAXES (CONTINUED)

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

	DECEMBER 31,	
	2013	2012
DEFERRED TAX ASSETS		
Allowance for Loan Losses	$ 290,407	$ 242,073
Employee Benefit Plans	346,983	354,523
Other Real Estate Owned	44,516	36,717
Unrealized Losses on Investment Securities Available-for-Sale	278,000	-0-
TOTAL DEFERRED TAX ASSETS	**959,906**	**633,313**
DEFERRED TAX LIABILITY		
Accumulated Depreciation	(15,977)	(40,304)
Unrealized Gains on Investment Securities Available-for-Sale	-0-	(153,000)
TOTAL DEFERRED TAX LIABILITIES	**(15,977)**	**(193,304)**
NET DEFERRED TAX ASSETS	**$ 943,929**	**$ 440,009**

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, 2013, 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 2010.

NOTE 14: 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 21,654 shares of the Bancorp's common stock as of December 31, 2013, all of which are considered outstanding for earnings per share computations.

NOTE 14: EMPLOYEE BENEFIT PLANS (CONTINUED)

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, 2013, 2012, and 2011, were $172,500, $91,000 and $92,648, respectively.

Incentive Compensation Program

The Bank has an incentive compensation program for its key employees. Bonuses are awarded to key employees based on a prescribed formula using the Bank's return on assets as a base. Included in the incentive program formula is a discretionary amount of 10% of the total award which may be used for merit awards to individual employees. Under the terms of the incentive compensation program, no bonuses were charged to operations for the years ending December 31, 2013, 2012, and 2011.

Executive Supplemental Income Plan

The Bank has entered into a nonqualified supplemental income plan with certain 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 at December 31, 2013 and 2012, were $889,699 and $909,034, 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. At December 31, 2013 and 2012, the cash surrender value of these insurance contracts was $3,081,191 and $3,009,484, respectively.

NOTE 15: 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. The amount of funds legally available for distribution of dividends by the Bank to the Bancorp without prior approval from regulatory authorities for 2013 was approximately $1,794,450, less $147,940 which was distributed by December 31, 2013.

NOTE 16: REGULATORY CAPITAL

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 Bancorp's activities and those of its Subsidiary Bank are limited to the business of banking and activities closely related or incidental to banking.

NOTE 16: REGULATORY CAPITAL (CONTINUED)

The Bancorp's Subsidiary Bank, First Neighborhood Bank, Inc. is subject to various regulatory capital requirements administered by its primary federal and state banking regulators. Failure to meet minimum regulatory capital requirements can initiate certain mandatory, and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank and the Bancorp's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt correction action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification 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 risk-based capital and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and Tier I capital (as defined) to average assets (as defined). Management believes that the Bank met all capital adequacy requirements to which it is subject as of December 31, 2013 and 2012.

As of December 31, 2013, the most recent notification from the Federal Deposit Insurance Corporation (FDIC), categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the following table. There are no conditions or events since that notification which management believes have changed the Bank's category.

NOTE 16: REGULATORY CAPITAL (CONTINUED)

Both the Bancorp's and the Bank's actual capital amounts and ratios are as follows:

	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, 2013						
Total Risk-Based Capital (to Risk-Weighted Assets):						
Consolidated	$ 14,729	17.59%	≥ $ 6,698	≥ 8.00%	≥ $ N/A	≥ N/A
Subsidiary Bank	$ 14,648	17.51%	≥ $ 6,694	≥ 8.00%	≥ $ 8,368	≥ 10.00%
Tier I Capital (to Risk-Weighted Assets):						
Consolidated	$ 13,734	16.40%	≥ $ 3,349	≥ 4.00%	≥ $ N/A	≥ N/A
Subsidiary Bank	$ 13,653	16.32%	≥ $ 3,347	≥ 4.00%	≥ $ 5,021	≥ 6.00%
Tier I Capital - (Leverage) (to Average Total Assets):						
Consolidated	$ 13,734	9.31%	≥ $ 5,899	≥ 4.00%	≥ $ N/A	≥ N/A
Subsidiary Bank	$ 13,653	9.26%	≥ $ 5,897	≥ 4.00%	≥ $ 7,371	≥ 5.00%
AS OF DECEMBER 31, 2012						
Total Risk-Based Capital (to Risk-Weighted Assets):						
Consolidated	$ 13,985	17.36%	≥ $ 6,446	≥ 8.00%	≥ $ N/A	≥ N/A
Subsidiary Bank	$ 13,922	17.29%	≥ $ 6,442	≥ 8.00%	≥ $ 8,053	≥ 10.00%
Tier I Capital (to Risk-Weighted Assets):						
Consolidated	$ 13,113	16.27%	≥ $ 3,223	≥ 4.00%	≥ $ N/A	≥ N/A
Subsidiary Bank	$ 13,051	16.21%	≥ $ 3,221	≥ 4.00%	≥ $ 4,832	≥ 6.00%
Tier I Capital - (Leverage) (to Average Total Assets):						
Consolidated	$ 13,113	9.07%	≥ $ 5,784	≥ 4.00%	≥ $ N/A	≥ N/A
Subsidiary Bank	$ 13,051	9.03%	≥ $ 5,782	≥ 4.00%	≥ $ 7,228	≥ 5.00%

NOTE 17: LEASES

The Bank leases land and equipment under noncancellable operating lease agreements and is subject to renewal options. Rent expense under those noncancellable operating leases approximated $40,000, $43,000 and $47,000 for the years ended December 31, 2013, 2012, and 2011, respectively.

Future minimum payments under noncancellable operating leases with initial or remaining terms of one year or more consisted of the following at December 31, 2013:

2014	$ 30,857
2015	25,524
2016	25,524
2017	22,920
2018	-0-
TOTAL	**$ 104,825**

NOTE 18: 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 $531,750 as of December 31, 2013.

Commitments Under Servicing Agreement

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 June 2017. As of December 31, 2013, the contingent liability to the Bank's service center is estimated to be approximately $894,000 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.

NOTE 19: 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.

Commitments to Extend Credit

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

	DECEMBER 31, 2013			DECEMBER 31, 2012		
	FIXED RATE	VARIABLE RATE	TOTAL	FIXED RATE	VARIABLE RATE	TOTAL
Real Estate Loans	$ 767,500	$ -0-	$ 767,500	$ -0-	$ 80,500	$ 80,500
Commercial Loans	1,553,756	5,919,310	7,473,066	-0-	1,245,912	1,245,912
Home Equity Loans	-0-	1,049,995	1,049,995	-0-	1,349,989	1,349,989
Commercial Lines of Credit	63,500	7,861,023	7,924,523	34,500	8,692,987	8,727,487
	$ 2,384,756	$ 14,830,328	$ 17,215,084	$ 34,500	$ 11,369,388	$ 11,403,888

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 generally 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 had commitments under standby letters of credit that totaled $739,831 and $604,921 as of December 31, 2013 and 2012, 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.

NOTE 19: FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK (CONTINUED)

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 $1,431,395 and $1,520,035 as of December 31, 2013 and 2012, respectively.

NOTE 20: FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, 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). The three levels of the fair value hierarchy under this guidance are described below.

<u>Level 1</u> Valuation is based on assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

<u>Level 2</u> Valuation is based on assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or comparable assets or liabilities which use observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active 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 assets or liabilities.

<u>Level 3</u> 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 level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

NOTE 20: FAIR VALUE MEASUREMENTS (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, 2013				
Securities Available-For-Sale:				
U.S. Government Federal Agencies	$ 18,692,359	$ -0-	$ 18,692,359	$ -0-
State, County, and Municipal – Nontaxable	14,007,328	-0-	14,007,328	-0-
State, County, and Municipal – Taxable	3,323,118	-0-	3,323,118	-0-
TOTAL SECURITIES AVAILABLE-FOR-SALE	**$ 36,022,805**	**$ -0-**	**$ 36,022,805**	**$ -0-**
DECEMBER 31, 2012				
Securities Available-For-Sale:				
U.S. Government Federal Agencies	$ 23,019,897	$ -0-	$ 23,019,897	$ -0-
State, County, and Municipal – Nontaxable	13,843,703	-0-	13,843,703	-0-
State, County, and Municipal – Taxable	2,047,125	-0-	2,047,125	-0-
TOTAL SECURITIES AVAILABLE-FOR-SALE	**$ 38,910,725**	**$ -0-**	**$ 38,910,725**	**$ -0-**

NOTE 20: FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2013				
Impaired Loans				
Secured by Real Estate:				
Residential	$ 367,021	$ -0-	$ -0-	$ 367,021
Commercial	751,976	-0-	-0-	751,976
Commercial and Industrial	36,276	-0-	-0-	36,276
TOTAL IMPAIRED LOANS	**$ 1,155,273**	**$ -0-**	**$ -0-**	**$ 1,155,273**
Other Real Estate Owned:				
Residential	$ 400,000	$ -0-	$ -0-	$ 400,000
Commercial	185,000	-0-	-0-	185,000
TOTAL OTHER REAL ESTATE OWNED	**$ 585,000**	**$ -0-**	**$**	**$ 585,000**
DECEMBER 31, 2012				
Impaired Loans				
Secured by Real Estate:				
Residential	$ 182,733	$ -0-	$ -0-	$ 182,733
Commercial	815,086	-0-	-0-	815,086
Commercial and Industrial	47,810	-0-	-0-	47,810
TOTAL IMPAIRED LOANS	**$ 1,045,629**	**$ -0-**	**$ -0-**	**$ 1,045,629**
Other Real Estate Owned:				
Residential	$ 400,000	$ -0-	$ -0-	$ 400,000
Commercial	335,000	-0-	-0-	335,000
TOTAL OTHER REAL ESTATE OWNED	**$ 735,000**	**$ -0-**	**$ -0-**	**$ 735,000**

NOTE 21: FAIR VALUES OF FINANCIAL INSTRUMENTS

In accordance with the disclosure requirements of FASB ASC 825, *Financial Instruments*, the estimated fair value of the Bancorp and its Subsidiaries' financial instruments are as follows:

	DECEMBER 31, 2013		DECEMBER 31, 2012	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
FINANCIAL ASSETS				
Cash and Due from Banks	$ 4,495,869	$ 4,495,869	$ 8,072,889	$ 8,072,889
Interest Bearing Deposits in Other Banks	$ 191,497	$ 191,497	$ 183,006	$ 183,006
Federal Funds Sold	$ 10,380,000	$ 10,380,000	$ 6,660,000	$ 6,660,000
Time Deposits	$ 2,500,000	$ 2,500,000	$ 1,500,000	$ 1,500,000
Securities Available-for-Sale	$ 36,022,805	$ 36,022,805	$ 38,910,725	$ 38,910,725
Other Securities	$ 241,300	$ 241,300	$ 248,100	$ 248,100
Loans	$ 84,141,900	$ 91,557,116	$ 80,745,173	$ 87,930,476
Accrued Interest Receivable	$ 425,119	$ 425,119	$ 433,498	$ 433,498
Bank Owned Life Insurance	$ 3,081,191	$ 3,081,191	$ 3,009,484	$ 3,009,484
FINANCIAL LIABILITIES				
Deposits	$ 131,618,613	$ 117,563,135	$ 129,778,083	$ 128,683,872
Advance Payments from Borrowers for Taxes and Insurance	$ 55,631	$ 55,631	$ 45,983	$ 45,983
Accrued Interest Payable	$ 53,722	$ 53,722	$ 67,311	$ 67,311

The following methods and assumptions were used by the Bancorp and its Subsidiaries to estimate the fair value disclosures for financial instruments as of December 31, 2013 and 2012:

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.

Investment Securities and Other Securities

Fair values for investment securities available-for-sale, excluding restricted equity securities in the Federal Home Loan Bank (FHLB), are based on quoted market prices, where available. If quoted market prices are not available, estimated fair values are based on quoted market prices of comparable instruments. Because there is no market, the carrying values of restricted equity securities approximate fair values based on the redemption provisions of the FHLB.

NOTE 21: FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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 carrying amounts of accrued interest approximate fair value.

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.

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, standby letters of credit and overdraft protection are deemed insignificant, and therefore, the estimated fair values and carrying values are not shown.

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, 2013	DECEMBER 31, 2012
ASSETS		
Cash and Due from Banks (All from Subsidiary Bank)	$ 33,832	$ 14,854
Investment in Subsidiaries (Equity Basis)	13,274,072	13,332,238
TOTAL ASSETS	**$ 13,307,904**	**$ 13,347,092**
LIABILITIES	**$ -0-**	**$ -0-**
SHAREHOLDERS' EQUITY		
Common Stock (Par Value $1.00; 5,000,000 Shares Authorized; 350,860 Shares Issued; 211,343 and 211,343 Shares Outstanding in 2013 and 2012, respectively)	350,860	350,860
Additional Paid in Capital	1,597,246	1,597,246
Retained Earnings	14,325,330	13,704,742
Less: Treasury Stock, at Cost (139,517 and 139,517 Shares in 2013 and 2012, respectively)	(2,539,505)	(2,539,505)
Accumulated Other Comprehensive Income	(426,027)	233,749
TOTAL SHAREHOLDERS' EQUITY	**13,307,904**	**13,347,092**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 13,307,904**	**$ 13,347,092**

WEST-CENTRAL BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22: CONDENSED FINANCIAL INFORMATION - PARENT COMPANY ONLY (CONTINUED)

CONDENSED STATEMENTS OF INCOME

	DECEMBER 31,		
	2013	2012	2011
INCOME			
Dividend Income from Subsidiaries	$ 166,968	$ 166,502	$ 160,866
TOTAL INCOME	**166,968**	**166,502**	**160,866**
EXPENSES			
Other Expenses	50	50	50
TOTAL EXPENSES	**50**	**50**	**50**
INCOME BEFORE INCOME TAX EXPENSE AND EQUITY IN UNDISTRIBUTED INCOME OF SUBSIDIARIES	**166,918**	**166,452**	**160,816**
Income Tax Expense	-0-	-0-	-0-
INCOME BEFORE EQUITY IN UNDISTRIBUTED INCOME OF SUBSIDIARIES	**166,918**	**166,452**	**160,816**
EQUITY IN UNDISTRIBUTED INCOME OF SUBSIDIARIES	**601,610**	**538,859**	**506,041**
NET INCOME	**$ 768,528**	**$ 705,311**	**$ 666,857**

NOTE 22: CONDENSED FINANCIAL INFORMATION - PARENT COMPANY ONLY (CONTINUED)

CONDENSED STATEMENTS OF CASH FLOWS

	DECEMBER 31,		
	2013	**2012**	**2011**
CASH FLOWS FROM OPERATING ACTIVITIES			
NET INCOME	**$ 768,528**	**$ 705,311**	**$ 666,857**
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Equity in Undistributed (Income) Loss of Subsidiaries	(601,610)	(538,859)	(506,041)
Increase (Decrease) in Other Liabilities	-0-	-0-	(2,567)
TOTAL ADJUSTMENTS	**(601,610)**	**(538,859)**	**(508,608)**
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	**166,918**	**166,452**	**158,249**
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash Dividends Paid	(147,940)	(147,940)	(148,769)
Purchase of Treasury Stock	-0-	(63,990)	-0-
NET CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES	**(147,940)**	**(211,930)**	**(148,769)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**18,978**	**(45,478)**	**9,480**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**14,854**	**60,332**	**50,852**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 33,832**	**$ 14,854**	**$ 60,332**

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, 2013.

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, 2013, 2012, and 2011, 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, 2010	**$ 46,610**	**11,855,497**
Add (deduct):		
Equity in Net Income	12,096	654,811
Dividends Declared	(12,096)	(148,770)
Change in Unrealized Gains (Losses) on Investment Securities Available-for-Sale	-0-	340,026
BALANCE AT DECEMBER 31, 2011	**46,610**	**12,701,564**
Add (deduct):		
Equity in Net Income	16,192	689,169
Dividends Declared	(16,192)	(150,310)
Change in Unrealized Gains (Losses) on Investment Securities Available-for-Sale	-0-	45,205
BALANCE AT DECEMBER 31, 2012	**46,610**	**13,285,628**
Add (deduct):		
Equity in Net Income	19,028	749,550
Dividends Declared	(19,028)	(147,940)
Change in Unrealized Gains (Losses) on Investment Securities Available-for-Sale	-0-	(659,776)
BALANCE AT DECEMBER 31, 2013	**$ 46,610**	**$ 13,227,462**

SUPPLEMENTARY INFORMATION

Suttle & Stalnaker PLLC
CERTIFIED PUBLIC ACCOUNTANTS
HarmanThompson Division

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 balance sheets of West-Central Bancorp, Inc. and Subsidiaries as of December 31, 2013 and 2012, 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, 2013, and have issued our report thereon dated February 22, 2014, 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

Parkersburg, West Virginia
February 22, 2014

Towne Square • 201 Third Street • PO Box 149 • Parkersburg, WV 26102
Phone (304) 485-6584 • Fax (304) 485-0971

The Virginia Center • 1411 Virginia Street, East • Suite 100 • Charleston, WV 25301
Phone (304) 343-4126 or 1(800) 788-3844 • Fax (304) 343-8008

www.suttlecpas.com • E-mail: cpa@suttlecpas.com
A Professional Limited Liability Company

WEST-CENTRAL BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2013

SCHEDULE I

	WEST-CENTRAL BANCORP, INC.	FIRST NEIGHBORHOOD BANK, INC.	WEST CENTRAL INSURANCE, LLC	CONSOLIDATING ELIMINATIONS	CONSOLIDATED TOTALS
ASSETS					
Cash and Due from Banks	$ 33,832	4,495,869	$	$ (33,832)	$ 4,495,869
Interest-Bearing Deposits in Other Banks		191,497			191,497
Federal Funds Sold		10,380,000			10,380,000
Cash and Cash Equivalents	33,832	15,067,366	-0-	(33,832)	15,067,366
Time Deposits		2,500,000			2,500,000
Investment Securities:					
Securities Available-for-Sale, at Fair Value		36,022,805			36,022,805
Other Securities		241,300			241,300
Investment in Subsidiaries	13,274,072			(13,274,072)	-0-
Loans		85,137,379			85,137,379
Less: Allowance for Loan Losses		(995,479)			(995,479)
Loans - Net	-0-	84,141,900	-0-	-0-	84,141,900
Accrued Interest Receivable		425,119			425,119
Premises and Equipment - Net		3,165,020			3,165,020
Other Real Estate Owned		585,000			585,000
Cash Surrender Value - Bank Owned Life Insurance		3,081,191			3,081,191
Deferred Income Taxes		943,929			943,929
Other Assets		82,437	46,610		129,047
TOTAL ASSETS	**$ 13,307,904**	**$ 146,256,067**	**$ 46,610**	**$ (13,307,904)**	**$ 146,302,677**
LIABILITIES AND SHAREHOLDERS' EQUITY					
DEPOSITS					
Demand - Noninterest-Bearing	$	$ 38,842,501	$	$ (33,832) $	$ 38,808,669
Demand - Interest-Bearing		30,386,841			30,386,841
Savings		18,803,419			18,803,419
Time		43,619,684			43,619,684
TOTAL DEPOSITS	**-0-**	**131,652,445**	**-0-**	**(33,832)**	**131,618,613**
Advance Payments from Borrowers for Taxes and Insurance		55,631			55,631
Accrued Interest Payable		53,722			53,722
Other Liabilities		1,266,807			1,266,807
TOTAL LIABILITIES	**-0-**	**133,028,605**	**-0-**	**(33,832)**	**132,994,773**
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	14,325,330	11,607,820	46,610	(11,654,430)	14,325,330
Less: Treasury Stock, at Cost	(2,539,505)				(2,539,505)
Accumulated Other Comprehensive Income	(426,027)	(426,027)		426,027	(426,027)
TOTAL SHAREHOLDERS' EQUITY	**13,307,904**	**13,227,462**	**46,610**	**(13,274,072)**	**13,307,904**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 13,307,904**	**$ 146,256,067**	**$ 46,610**	**$ (13,307,904)**	**$ 146,302,677**

Refer to the auditor' s report on consolidating information.

WEST-CENTRAL BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2013

SCHEDULE II

	WEST-CENTRAL BANCORP, INC.	FIRST NEIGHBORHOOD BANK, INC.	WEST CENTRAL INSURANCE, LLC	CONSOLIDATING ELIMINATIONS	CONSOLIDATED TOTALS
INTEREST INCOME					
Interest and Fees on Loans	$	$ 4,264,019	$	$	$ 4,264,019
Interest on Deposits in Other Banks		21,432			21,432
Interest on Federal Funds Sold		23,604			23,604
Interest and Dividends on Investment Securities		642,038			642,038
TOTAL INTEREST INCOME	**-0-**	**4,951,093**	**-0-**	**-0-**	**4,951,093**
INTEREST EXPENSE					
Interest on Deposits		615,972			615,972
Interest on Borrowings		20			20
TOTAL INTEREST EXPENSE	**-0-**	**615,992**	**-0-**	**-0-**	**615,992**
NET INTEREST INCOME	**-0-**	**4,335,101**	**-0-**	**-0-**	**4,335,101**
Provision for Loan Losses		120,000			120,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	**-0-**	**4,215,101**	**-0-**	**-0-**	**4,215,101**
NONINTEREST INCOME					
Dividend Income from Subsidiaries	166,968			(166,968)	-0-
Equity Income from Subsidiaries	601,610			(601,610)	-0-
Service Charges and Fees		632,751			632,751
Increase in Cash Surrender Value - Bank Owned Life Insurance		71,707			71,707
Other Income		72,620	19,028		91,648
TOTAL NONINTEREST INCOME	**768,578**	**777,078**	**19,028**	**(768,578)**	**796,106**
NONINTEREST EXPENSE					
General and Administrative:					
Compensation and Benefits		2,087,265			2,087,265
Occupancy and Equipment		633,766			633,766
FDIC Assessment		96,000			96,000
Data Processing		425,268			425,268
Other Expenses	50	868,180			868,230
TOTAL NONINTEREST EXPENSE	**50**	**4,110,479**	**-0-**	**-0-**	**4,110,529**
INCOME BEFORE INCOME TAX EXPENSE	**768,528**	**881,700**	**19,028**	**(768,578)**	**900,678**
Income Tax Expense		132,150			132,150
NET INCOME	**$ 768,528**	**$ 749,550**	**$ 19,028**	**$ (768,578)**	**$ 768,528**

Refer to the auditor's report on consolidating information.

WEST-CENTRAL BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013

SCHEDULE III

	WEST-CENTRAL BANCORP, INC.	FIRST NEIGHBORHOOD BANK, INC.	WEST CENTRAL INSURANCE, LLC	CONSOLIDATING ELIMINATIONS	CONSOLIDATED TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES					
NET INCOME	**$ 768,528**	**$ 749,550**	**$ 19,028**	**$ (768,578)**	**$ 768,528**
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Equity in Undistributed (Income) Loss of Subsidiaries	(601,610)			601,610	-0-
Depreciation		271,994			271,994
Provision for Loan Losses		120,000			120,000
Provision for Deferred Income Tax		(72,920)			(72,920)
Amortizations (Accretions) on Investments - Net		97,425			97,425
Realized Net (Gains) Losses from Sales of Other Real Estate Owned		42,000			42,000
Other Real Estate Owned Write-Down		30,000			30,000
Realized Net (Gains) Losses from Disposal of Premises and Equipment		(21,922)			(21,922)
(Increase) Decrease in Accrued Interest Receivable		8,379			8,379
(Increase) Decrease in Cash Surrender Value - Bank Owned Life Insurance		(71,707)			(71,707)
(Increase) Decrease in Other Assets		270,228			270,228
Increase (Decrease) in Accrued Interest Payable		(13,589)			(13,589)
Increase (Decrease) in Other Liabilities		39,658			39,658
TOTAL ADJUSTMENTS	**(601,610)**	**699,546**	**-0-**	**601,610**	**699,546**
NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	**166,918**	**1,449,096**	**19,028**	**(166,968)**	**1,468,074**
CASH FLOWS FROM INVESTING ACTIVITIES					
Net (Increase) Decrease in Time Deposits		(1,000,000)			(1,000,000)
Purchases of Investment Securities Available-for-Sale		(6,575,281)			(6,575,281)
Proceeds from Maturities and Calls of Investment Securities Available-for-Sale		8,275,000			8,275,000
Proceeds from Sale of Premises		272,083			272,083
Redemption of Federal Home Loan Bank Stock		6,800			6,800
Loan Originations and Principal Payment on Loans		(3,446,727)			(3,446,727)
Proceeds from Sales of Other Real Estate Owned		8,000			8,000
Capital Expenditures		(557,356)			(557,356)
NET CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES	**-0-**	**(3,017,481)**	**-0-**	**-0-**	**(3,017,481)**

WEST-CENTRAL BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013
(CONTINUED)

SCHEDULE III

	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	$	$ 1,859,508	$	$ (18,978)	$ 1,840,530
Net Increase (Decrease) in Advance Payments from Borrowers for Taxes and Insurance		9,648			9,648
Repayments of Long-Term Borrowings		(1,360)			(1,360)
Cash Dividends Paid	(147,940)	(147,940)	(19,028)	166,968	(147,940)
NET CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES	**(147,940)**	**1,719,856**	**(19,028)**	**147,990**	**1,700,878**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**18,978**	**151,471**	**-0-**	**(18,978)**	**151,471**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**14,854**	**14,915,895**	**-0-**	**(14,854)**	**14,915,895**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 33,832**	**$ 15,067,366**	**$ -0-**	**$ (33,832)**	**$ 15,067,366**
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES					
Proceeds from Sales of Other Real Estate Owned Financed through Loans	$ -0-	$ 70,000	$ -0-	$ -0-	$ 70,000
Total Change in Unrealized Gains (Losses) on Securities Available-for-Sale	$ -0-	$ (1,090,776)	$ -0-	$ -0-	$ (1,090,776)
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION					
Cash Paid during the Year for:					
Interest	$ -0-	$ 629,581	$ -0-	$ -0-	$ 629,581
Income Taxes, Net of Refunds	$ -0-	$ 179,567	$ -0-	$ -0-	$ 179,567