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OHIO VALLEY BANC CORP  
Form 8-K  
July 11, 2002

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

July 11, 2002 (July 11, 2002)  
Date of Report (Date of earliest event reported)

OHIO VALLEY BANC CORP  
(Exact name of registrant as specified in its charter)

Ohio  
(State or other jurisdiction of incorporation)

0-20914 31-1359191  
(Commission file number) (IRS Employer Identification Number)

420 Third Avenue, Gallipolis, Ohio 45631  
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (740) 446-2631

Not Applicable  
(Former name or former address, if changed since last report.)

Exhibit Index at Page 4.

Item 1. Changes in Control of Registrant.  
Not applicable.

Item 2. Acquisition or Disposition of Assets.  
Not applicable.

Item 3. Bankruptcy or Receivership.  
Not applicable.

Item 4. Changes in Registrant's Certifying Accountant.  
Not applicable.

Item 5. Other Events.

On July 11, 2002, Ohio Valley Banc Corp issued a news release announcing its earnings for the second quarter and year-to-date periods ending June 30, 2002. The information contained in the news release, which is attached as Exhibit 99 to this Form 8-K, is incorporated herein by this reference.

Item 6. Resignations of Registrant's Directors.  
Not applicable.

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Item 7. Financial Statements and Exhibits.

- (a) Financial statements of business acquired:  
Not applicable.
- (b) Pro forma financial information:  
Not applicable.
- (c) Exhibits:  
99 Press release of Ohio Valley Banc Corp dated July 11, 2002, announcing the company's earnings for the second quarter and year-to-date periods ending June 30, 2002.

Item 8. Change in Fiscal Year.  
Not applicable.

Item 9. Sales of Equity Securities Pursuant to Regulation S.  
Not applicable.

Page 2

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OHIO VALLEY BANC CORP

Date: July 11, 2002

By /s/ Jeffrey E. Smith  
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Jeffrey E. Smith, President and  
Chief Executive Officer

Page 3

EXHIBIT INDEX

Exhibit Number	Description
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99	Press release of Ohio Valley Banc Corp dated July 11, 2002, announcing the company's earnings for the second quarter and year-to-date periods ending June 30, 2002.

Page 4

Exhibit 99

Ohio Valley Banc Corp Continues Earnings Growth

Gallipolis, Ohio, July 11, 2002

Ohio Valley Banc Corp reported consolidated net earnings for the quarter ended June 30, 2002, of \$1,353,000 representing an increase of 17.2% over the prior year. Earnings per share for the second quarter of 2002 were \$.39, up 18.2% from the \$.33 earned the second quarter of 2001. For the six months ended June 30, 2002, consolidated net earnings were \$2,605,000, up 15.2% compared to \$2,261,000 a year ago. Earnings per share were \$.75 for the first half of 2002 versus \$.65 last year, an increase of 15.4%.

The earnings performance improved over the prior year due to strong net interest income growth. For the six months ended June 30, 2002, net interest income improved \$2,115,000 or 19.3% over last year. The increase in net interest income was the result of a decline in total interest expense of \$2,009,000 or 16.2% versus relatively no change in total interest income due to strong loan growth. For the second quarter of 2002, net interest income increased \$911,000 or 15.7% over the prior year second quarter. The Company's net interest income has benefited from the current interest rate environment and is reflected in the net interest margin which improved to 4.40% for the first half of 2002 from 4.23% the prior year.

Noninterest income totaled \$2,694,000 for the six months ended and \$1,414,000 for the three months ended June 30, 2002, as compared to \$2,477,000 and \$1,311,000 for the same time periods last year. Comparing year-to-date results noninterest income is up 8.8%. Income from bank owned life insurance and loan service fees provided a majority of the growth.

On a year-to-date basis, noninterest expense totaled \$10,183,000 in 2002, an increase of \$950,000 or 10.3% compared to \$9,233,000 the previous year. Salaries and employee benefits, the Company's largest noninterest expense grew \$365,000 or 7.4% for the first six months of 2002, as compared to the same time period in 2001. The increase was related to annual merit increases, incentive-based compensation and the continuing rise in the cost of medical insurance. In the second quarter of 2002, noninterest expense totaled \$5,410,000, up \$556,000 or 11.5% compared to the same time period last year. Impacting the second quarter of 2002 was a one time charge off of \$464,000 related to fraudulent checks which impacted other noninterest expense. Management is actively seeking a recovery of the charge off. The Company's efficiency ratio continues to improve driven by revenue growth (net interest income plus noninterest income) of 17.4% versus total expense growth of 10.3%. The efficiency ratio was 63.4% for the first half of 2002, as compared to 67.2% the prior year. Excluding the fraudulent check expense, total expense growth would have been limited to 5.3% and the efficiency ratio would have been 60.5%.

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For the first six months of 2002, the Company's provision for loan losses increased \$881,000 over the same time period last year in relation to an increase in net charge-offs of \$672,000. During 2002, management has continued to drive down nonperforming loans to strengthen the Company's asset quality. At June 30, 2002, nonperforming loans as a percent of total loans was .97% compared to 1.24% at year end 2001. The allowance for loan losses was 1.24% of total loans at June 30, 2002, up from 1.23% at year end 2001. Even though nonperforming loans have declined, management has maintained the ratio of allowance to total loans based on a general decline in economic conditions and is comfortable that the allowance for loan losses is adequate to absorb future losses inherent in the loan portfolio.

Total assets increased \$30,222,000 or 4.8% from year end 2001 to reach \$665,221,000 at June 30, 2002. Driving asset growth was an increase in total loans of \$36,135,000 or 7.1% from year end. The Company experienced strong loan growth during the second quarter which contributed to 75% of the year-to-date loan growth with a majority of the growth occurring in commercial and installment loans. Funding came primarily from deposits which are up \$25,059,000 or 5.5% from December 31, 2001. Management was pleased that a significant portion of the deposit growth occurred in savings and NOW accounts to accompany time deposit growth.

The results for the first half of 2002 reflect many accomplishments towards the Company's strategic initiatives such as double digit earnings growth, improved operating efficiency and improved asset quality. Management is committed to enhancing shareholders' value and these successes are reflected in the return on equity which improved to 11.20% for the first six months of 2002 from 10.19% the same time period last year.

Ohio Valley Banc Corp common stock is traded on the NASDAQ Stock Market under the symbol OVBC. The holding company owns two subsidiaries: Ohio Valley Bank, with 17 offices in Ohio and West Virginia, and Loan Central, with four consumer finance company offices in Ohio. Learn more about Ohio Valley Banc Corp at [www.ovbc.com](http://www.ovbc.com).

### OHIO VALLEY BANC CORP - Financial Highlights (Unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2002	2001	2002	2001
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<b>PER SHARE DATA</b>				
Earnings per share	\$0.39	\$0.33	\$0.75	\$0.65
Dividend per share	\$0.17	\$0.16	\$0.33	\$0.31
Book value per share	\$13.89	\$13.12	\$13.89	\$13.12
Dividend payout ratio	43.51%	48.06%	43.83%	47.67%
Weighted average shares outstanding	3,460,731	3,466,293	3,459,987	3,473,414
<b>PERFORMANCE RATIOS</b>				
Return on average equity	11.53%	10.27%	11.20%	10.19%
Return on average assets	0.83%	0.81%	0.81%	0.80%
Net interest margin	4.42%	4.39%	4.40%	4.23%
Efficiency Ratio	65.51%	66.97%	63.42%	67.24%
Average Earning Assets (in 000's)	\$617,096	\$538,297	\$608,233	\$532,103

### OHIO VALLEY BANC CORP - Consolidated Statements of Income (Unaudited)

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(in \$000's)	Three months ended		Six months ended	
	June 30,		June 30,	
	2002	2001	2002	2001
Interest income:				
Interest and fees on loans	\$10,940	10,727	\$21,587	21,116
Interest and dividends on securities	947	1,140	1,909	2,274
Total interest income	11,887	11,867	23,496	23,390
Interest expense:				
Deposits	3,740	4,922	7,640	10,178
Borrowings	1,450	1,159	2,786	2,257
Total interest expense	5,190	6,081	10,426	12,435
Net interest income	6,697	5,786	13,070	10,955
Provision for loan losses	813	646	1,954	1,073
Noninterest income:				
Service charges on deposit accounts	801	774	1,495	1,472
Trust fees	60	60	114	115
Income from bank owned insurance	168	146	340	284
Other	385	331	745	606
Total noninterest income	1,414	1,311	2,694	2,477
Noninterest expense:				
Salaries and employee benefits	2,700	2,591	5,319	4,954
Occupancy expense	324	310	635	626
Furniture and equipment expense	271	266	534	539
Data processing expense	145	115	291	222
Other	1,970	1,572	3,404	2,892
Total noninterest expense	5,410	4,854	10,183	9,233
Income before income taxes	1,888	1,597	3,627	3,126
Income taxes	535	443	1,022	865
NET INCOME	\$1,353	1,154	\$2,605	2,261

OHIO VALLEY BANC CORP - Consolidated Balance Sheets (Unaudited)

(in 000's)	June 30, 2002	December 31, 2001
<b>ASSETS</b>		
Cash and noninterest-bearing deposits with banks	\$16,444	\$17,288
Federal funds sold	6,325	9,000
Total cash and cash equivalents	22,769	26,288
Interest-bearing balances with banks	1,492	1,264
Securities available-for-sale	57,859	61,559
Securities held-to-maturity (estimated fair value: 2002 - \$15,980 , 2001 - \$14,421)	15,305	13,973
Total loans	544,795	508,660
Less: Allowance for loan losses	(6,746)	(6,251)
Net loans	538,049	502,409
Premises and equipment, net	8,281	8,702
Accrued income receivable	3,434	3,420
Intangible assets, net	1,201	1,267
Bank owned life insurance	12,380	12,089
Other assets	4,451	4,028
Total assets	\$665,221	\$634,999
<b>LIABILITIES</b>		
Noninterest-bearing deposits	\$57,929	\$56,735

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Interest-bearing deposits	422,991	399,126
Total deposits	480,920	455,861
Securities sold under agreements to repurchase	26,121	29,274
Other borrowed funds	88,788	90,856
Obligated mandatorily redeemable capital securities of subsidiary trust	13,500	5,000
Accrued liabilities	7,901	7,708
Total liabilities	617,230	588,699
SHAREHOLDERS' EQUITY		
Common stock (\$1.00 stated value, 10,000,000 shares authorized; 2002 - 3,592,964 shares issued, 2001 - 3,579,250 shares issued)	3,593	3,579
Additional paid-in capital	29,524	29,207
Retained Earnings	17,442	15,979
Accumulated other comprehensive income	1,101	1,043
Treasury stock at cost (2002 - 136,715 shares, 2001 - 129,990 shares)	(3,669)	(3,508)
Total shareholders' equity	47,991	46,300
Total liabilities and shareholders' equity	\$665,221	\$634,999

Contact: Scott Shockey or Chris Petro  
1-800-468-6682 or (740) 446-2631