

Edgar Filing: OHIO VALLEY BANC CORP - Form 8-K

OHIO VALLEY BANC CORP
Form 8-K
January 18, 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

January 18, 2002 (January 17, 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 January 17, 2002, Ohio Valley Banc Corp issued a news release announcing its earnings for the fourth quarter and three months ended December 31, 2001. 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.

Edgar Filing: OHIO VALLEY BANC CORP - Form 8-K

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 January 17, 2002, announcing the company's earnings for the fourth quarter and twelve months ended December 31, 2001.

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: January 18, 2002

By /s/ Jeffrey E. Smith

Jeffrey E. Smith, President and
Chief Executive Officer

Page 3

EXHIBIT INDEX

| Exhibit Number | Description |
|----------------|--|
| ----- | ----- |
| 99 | Press release of Ohio Valley Banc Corp dated January 17, 2002, announcing the company's earnings for the fourth quarter and twelve months ended December 31, 2001. |

Page 4

Exhibit 99

OHIO VALLEY BANC CORP ANNOUNCES RECORD EARNINGS

Gallipolis, Ohio, January 17, 2002

Ohio Valley Banc Corp today reported consolidated net earnings for the year ended December 31, 2001 of \$4.90 million representing an 11.3% increase over the \$4.40 million for the same time period a year ago. Consolidated net earnings on a per share basis were \$1.41, a 12.8% increase over the \$1.25 for the same period ending December 31, 2000.

For the three months ended December 31, 2001, consolidated net income was \$1.41 million, a 12.3% increase over the \$1.26 million for the quarter ended December 31, 2000. Net earnings per share for the fourth quarter of 2001 ending December 31 were \$.41, a 13.9% increase compared to the \$.36 earned in the same period in 2000.

Comparing the Company's return on equity (ROE) and return on assets (ROA) for the year 2001 to 2000, both measures improved. ROE was 10.80% and ROA was .83% for the current year as compared to a ROE of 10.29% and a ROA of .81% for the prior year.

The earnings performance improved over the prior year due to a combination of a 10.5% increase in net interest income and a 32.9% increase in noninterest income. Net interest income benefited from the decline in interest rates that occurred throughout 2001. The Company's net interest margin improved from 4.21% in 2000 to 4.29% in 2001. The increase in the net interest margin was evident by total interest income growth of 5.3% or \$2.4 million over 2000 versus total interest expense growth of .7% or \$.2 million.

"We are pleased with the growth in net interest income, and are equally pleased with the performance of its investments in insurance subsidiaries: Profinance Holdings Corporation, BSG Title Services Agency, LLC and Ohio Valley Financial Services Agency, LLC", commented Jeffrey E. Smith, President and Chief Executive Officer of Ohio Valley Banc Corp. "These investments have been a significant source of noninterest income growth and have benefited from the hardening insurance markets as well as the significant mortgage refinancing activity that has taken place in the last year." These new sources of income when combined with the growth in traditional banking services, such as service charges on deposit accounts, increased the Company's noninterest income by \$1.3 million over the previous year.

On a year-to-date basis, noninterest expense totaled \$18.2 million in 2001, an increase of \$1.2 million or 7.0%. Contributing the most to this increase was

Edgar Filing: OHIO VALLEY BANC CORP - Form 8-K

salary and employee benefits, which are up \$.5 million over 2000. The increase was affected by annual merit increases, rising benefit costs and increases to incentive compensation plans based on improved earnings. The Company's efficiency ratio improved over last year as a result of the growth in revenue sources (net interest income and noninterest income) outpacing the growth in noninterest expense. The efficiency ratio for 2001 improved to 62.5% from 66.3% in 2000.

For 2001, the Company's provision for loan losses increased \$1.6 million in relation to an increase in net charge-offs of \$1.1 million. Consumer and commercial loans comprised the largest portion of net charge-offs. During 2001, management has strived to improve the Company's asset quality. At year end 2001, nonperforming loans as a percent of total loans was 1.24% compared to 1.48% at year end 2000. At December 31, 2001, the allowance for loan losses totaled \$6.3 million, or 1.23% of total loans, up \$.9 million from year end 2000 when the allowance was 1.20% of total loans. Management increased the allowance as a percent of total loans based on a general decline in economic conditions and feels that the allowance for loan losses is adequate to absorb losses inherent in the loan portfolio.

Total assets increased \$73.3 million or 13.1% from year end 2000 to reach \$635.0 million at December 31, 2001. Contributing to the growth in assets was loan growth of 13.5%, led primarily by commercial loans. Management funded the loan growth with a combination of FHLB borrowings and deposits. Other borrowed funds increased \$37.2 million and deposits increased \$23.5 million. Management utilized FHLB advances based on lower rates and the ability to borrow for longer time periods as compared to traditional retail sources of funds. Based on historical low interest rates, Management has extended the average term of its funding sources to protect against rising interest rates.

Overall, Management is pleased with the financial results achieved in 2001. Management was able to achieve double-digit earnings growth, improve asset quality and establish new sources of revenue via insurance investments. In addition, the financial results represent Management's commitment to enhance earnings to improve shareholders' value.

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.

OHIO VALLEY BANC CORP - Financial Highlights (Unaudited)

| | Three months ended December 31, | | Twelve months ended December 31, | |
|--|------------------------------------|-----------|-------------------------------------|-----------|
| | 2001 | 2000 | 2001 | 2000 |
| | ----- | ----- | ----- | ----- |
| PER SHARE DATA | | | | |
| Earnings per share | \$0.41 | \$0.36 | \$1.41 | \$1.25 |
| Dividend per share | \$0.32 | \$0.15 | \$0.79 | \$0.59 |
| Book value per share | \$13.42 | \$12.76 | \$13.42 | \$12.76 |
| Dividend payout ratio | 78.01% | 41.69% | 55.84% | 47.14% |
| Weighted average shares outstanding | 3,444,312 | 3,494,781 | 3,461,856 | 3,516,205 |
| PERFORMANCE RATIOS | | | | |
| Return on average equity | 12.10% | 11.54% | 10.80% | 10.29% |
| Return on average assets | 0.90% | 0.89% | 0.83% | 0.81% |
| Net interest margin | 4.34% | 4.04% | 4.29% | 4.21% |

Edgar Filing: OHIO VALLEY BANC CORP - Form 8-K

| | | | | |
|--------------------------------------|-----------|-----------|-----------|-----------|
| Efficiency Ratio | 55.64% | 60.43% | 62.47% | 66.31% |
| Average Earning Assets (in 000's) | \$585,069 | \$525,201 | \$552,980 | \$510,316 |

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

| (in \$000's) | Three months ended December 31, | | Twelve months ended December 31, | |
|--------------------------------------|------------------------------------|--------------|-------------------------------------|--------------|
| | 2001 | 2000 | 2001 | 2000 |
| Interest income: | | | | |
| Interest and fees on loans | \$11,060 | 10,659 | \$43,321 | 40,470 |
| Interest and dividends on securities | 976 | 1,157 | 4,264 | 4,725 |
| Total interest income | 12,036 | 11,816 | 47,585 | 45,195 |
| Interest expense: | | | | |
| Deposits | 4,373 | 5,496 | 19,281 | 20,367 |
| Borrowings | 1,362 | 1,129 | 4,954 | 3,698 |
| Total interest expense | 5,735 | 6,625 | 24,235 | 24,065 |
| Net interest income | 6,301 | 5,191 | 23,350 | 21,130 |
| Provision for loan losses | 1,338 | 725 | 3,503 | 1,890 |
| Noninterest income: | | | | |
| Service charges on deposit accounts | 773 | 861 | 3,003 | 2,016 |
| Trust fees | 54 | 54 | 222 | 217 |
| Income from bank owned insurance | 166 | 124 | 596 | 482 |
| Other | 386 | 301 | 1,308 | 1,143 |
| Total noninterest income | 1,379 | 1,340 | 5,129 | 3,858 |
| Noninterest expense: | | | | |
| Salaries and employee benefits | 2,397 | 2,319 | 9,815 | 9,300 |
| Occupancy expense | 312 | 318 | 1,255 | 1,337 |
| Furniture and equipment expense | 335 | 324 | 1,141 | 1,253 |
| Data processing expense | 89 | 147 | 496 | 480 |
| Other | 1,226 | 937 | 5,464 | 4,608 |
| Total noninterest expense | 4,359 | 4,045 | 18,171 | 16,978 |
| Income before income taxes | 1,983 | 1,761 | 6,805 | 6,120 |
| Income taxes | 570 | 503 | 1,910 | 1,720 |
| NET INCOME | \$1,413 | 1,258 | \$4,895 | 4,400 |

OHIO VALLEY BANC CORP - Consolidated Balance Sheets (Unaudited)

| (in 000's) | December 31, 2001 | December 31, 2000 |
|--|----------------------|----------------------|
| ASSETS | | |
| Cash and noninterest-bearing deposits with banks | \$17,288 | 14,569 |
| Federal funds sold | 9,000 | |
| Total cash and cash equivalents | 26,288 | 14,569 |
| Interest-bearing balances with banks | 1,264 | 816 |
| Securities available-for-sale | 61,559 | 59,819 |
| Securities held-to-maturity (estimated fair value: 2001 - \$14,422 , 2000 - \$16,111) | 13,973 | 15,767 |
| Total loans | 508,660 | 448,303 |
| Less: Allowance for loan losses | (6,251) | (5,385) |
| Net loans | 502,409 | 442,918 |
| Premises and equipment, net | 8,702 | 9,285 |
| Accrued income receivable | 3,420 | 4,104 |
| Intangible assets, net | 1,267 | 1,396 |

Edgar Filing: OHIO VALLEY BANC CORP - Form 8-K

| | | |
|---------------------------|-----------|---------|
| Bank owned life insurance | 12,089 | 9,408 |
| Other assets | 4,028 | 3,576 |
| Total assets | \$634,999 | 561,658 |

LIABILITIES

| | | |
|---|----------|---------|
| Noninterest-bearing deposits | \$56,735 | 47,661 |
| Interest-bearing deposits | 399,126 | 384,710 |
| Total deposits | 455,861 | 432,371 |
| Securities sold under agreements to repurchase | 29,274 | 18,345 |
| Other borrowed funds | 90,856 | 53,622 |
| Obligated mandatorily redeemable capital securities of subsidiary trust | 5,000 | 5,000 |
| Accrued liabilities | 7,708 | 7,828 |
| Total liabilities | 588,699 | 517,166 |

SHAREHOLDERS' EQUITY

| | | |
|--|-----------|---------|
| Common stock (\$1.00 stated value, 10,000,000 shares authorized; 2001 - 3,579,250 shares issued, 2000 - 3,559,770 shares issued) | 3,579 | 3,560 |
| Additional paid-in capital | 29,207 | 28,760 |
| Retained earnings | 15,979 | 13,817 |
| Accumulated other comprehensive income | 1,043 | 436 |
| Treasury stock at cost (2001 - 129,990 shares, 2000 - 72,489 shares) | (3,508) | (2,081) |
| Total shareholders' equity | 46,300 | 44,492 |
| Total liabilities and shareholders' equity | \$634,999 | 561,658 |

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