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OHIO VALLEY BANC CORP
Form 8-K
April 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

April 11, 2002 (April 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 April 11, 2002, Ohio Valley Banc Corp issued a news release announcing its earnings for the three months ended March 31, 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 April 11, 2002, announcing the company's earnings for the three months ended March 31, 2002.

Item 8. Change in Fiscal Year.
Not applicable.

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

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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: April 11, 2002

By /s/ Jeffrey E. Smith

Jeffrey E. Smith, President and
Chief Executive Officer

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EXHIBIT INDEX

| Exhibit Number | Description |
|----------------|---|
| ----- | ----- |
| 99 | Press release of Ohio Valley Banc Corp dated April 11, 2002, announcing the company's earnings for the three months ended March 31, 2002. |

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Exhibit 99

OVBC DIVIDENDS & EARNINGS UP

Gallipolis, Ohio, April 11, 2002

Ohio Valley Banc Corp today reported consolidated net earnings for the quarter ended March 31, 2002 of \$1,252,000 representing a 13.1% increase over the \$1,107,000 for the same time period a year ago. Net income per share increased 12.5% for the first quarter at \$.36 per share compared to \$.32 per share in the first quarter of 2001. With continued strong earnings growth, OVBC directors approved a 6.25% increase in quarterly cash dividends. Cash dividends will increase to \$.17 per share from \$.16 per share payable May 10, 2002 to shareholders of record April 22, 2002. President and CEO Jeffrey E. Smith made the announcement at the Company's annual shareholders' meeting held Wednesday afternoon at the Morris and Dorothy Haskins Ariel Theatre in Gallipolis, Ohio. Also, during the meeting, Phil A. Bowman, W. Lowell Call and James L. Dailey were reelected to the Ohio Valley Banc Corp Board of Directors to serve a three year term ending in 2005.

Management was pleased to continue the accomplishments achieved in 2001 of double-digit earnings growth while improving asset quality. The earnings performance improved over the prior year due to a strong 23% increase in net interest income. The Company's net interest margin benefited from the decline in interest rates that occurred throughout 2001. For the first quarter of 2002, the net interest margin was 4.38% , as compared to 4.06% for the same period in 2001. The increase in the net interest margin combined with the growth in earning assets of 14% provided additional net interest income of \$1,204,000.

Noninterest income totaled \$1,280,000 for the first quarter of 2002 compared to \$1,166,000 a year ago representing a 9.8% increase. Income from bank owned life insurance and loan service fees provided a majority of the growth. Noninterest expense totaled \$4,773,000 in 2002, an increase of \$394,000 or 9.0%. Salary and employee benefits, the Company's largest noninterest expense, totaled \$2,619,000 for the first quarter of 2002, up \$256,000 from the prior year. The increase was affected by annual merit increases and rising benefit costs. The Company's efficiency ratio continues to improve as revenue sources (net interest income and noninterest income) continue to outpace the growth in noninterest expense. The efficiency ratio for the first quarter of 2002 improved to 61.2% from 67.5% in 2001.

During the first quarter of 2002, management continued to emphasize asset quality which is important in a period of economic slowdown. The Company's provision for loan losses increased \$715,000 over the first quarter of 2001 in relation to an increase in net charge-offs of \$614,000 that occurred mostly in installment and commercial loans. Nonperforming loans as a percent of total loans declined to 1.06% at March 31, 2002 as compared to 1.24% at year end 2001. The allowance for loan losses was 1.23% of total loans at March 31, 2002, unchanged from December 31, 2001. Management feels that the allowance for loan

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losses is adequate to absorb probable losses inherent in the loan portfolio based on collateral values and decline in nonperforming loans.

The financial results for the first quarter continue Management's commitment to enhance earnings to improve shareholders' value. The double-digit earnings growth led to an improved return on average equity of 10.86% for the three months ended March 31, 2002 versus 10.11% for the first three months of 2001.

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 March 31, | |
|--|---------------------------------|-----------|
| | 2002 | 2001 |
| PER SHARE DATA | | |
| Earnings per share | \$0.36 | \$0.32 |
| Dividend per share | \$0.16 | \$0.15 |
| Book value per share | \$13.58 | \$12.97 |
| Dividend payout ratio | 44.17% | 47.26% |
| Weighted average shares outstanding | 3,459,235 | 3,480,615 |
| PERFORMANCE RATIOS | | |
| Return on average equity | 10.86% | 10.11% |
| Return on average assets | 0.80% | 0.80% |
| Net interest margin | 4.38% | 4.06% |
| Efficiency Ratio | 61.21% | 67.53% |
| Average Earning Assets (in 000's) | \$599,272 | \$525,927 |

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

| | Three months ended March 31, | |
|---|---------------------------------|----------|
| (in \$000's) | 2002 | 2001 |
| Interest income: | | |
| Interest and fees on loans | \$10,647 | \$10,389 |
| Interest and dividends on securities | 962 | 1,134 |
| Total interest income | 11,609 | 11,523 |
| Interest expense: | | |
| Deposits | 3,900 | 5,256 |
| Borrowings | 1,336 | 1,098 |
| Total interest expense | 5,236 | 6,354 |
| Net interest income | 6,373 | 5,169 |
| Provision for loan losses | 1,142 | 427 |
| Noninterest income: | | |
| Service charges on deposit accounts | 694 | 698 |
| Trust fees | 54 | 55 |
| Income from bank owned insurance | 171 | 138 |
| Other | 361 | 275 |
| Total noninterest income | 1,280 | 1,166 |

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| | | |
|---------------------------------|---------|---------|
| Noninterest expense: | | |
| Salaries and employee benefits | 2,619 | 2,363 |
| Occupancy expense | 311 | 316 |
| Furniture and equipment expense | 263 | 273 |
| Data processing expense | 147 | 107 |
| Other | 1,433 | 1,320 |
| Total noninterest expense | 4,773 | 4,379 |
| Income before income taxes | 1,738 | 1,529 |
| Income taxes | 486 | 422 |
| NET INCOME | \$1,252 | \$1,107 |

OHIO VALLEY BANC CORP - Consolidated Balance Sheets (Unaudited)

| (in 000's) | March 31, 2002 | December 31, 2001 |
|--|-------------------|----------------------|
| | ----- | ----- |
| ASSETS | | |
| Cash and noninterest-bearing deposits with banks | \$15,874 | \$17,288 |
| Federal funds sold | 24,600 | 9,000 |
| Total cash and cash equivalents | 40,474 | 26,288 |
| Interest-bearing balances with banks | 1,791 | 1,264 |
| Securities available-for-sale | 54,079 | 61,559 |
| Securities held-to-maturity (estimated fair value: 2002 - \$14,688 , 2001 - \$14,421) | 14,303 | 13,973 |
| Total loans | 517,676 | 508,660 |
| Less: Allowance for loan losses | (6,377) | (6,251) |
| Net loans | 511,299 | 502,409 |
| Premises and equipment, net | 8,449 | 8,702 |
| Accrued income receivable | 3,314 | 3,420 |
| Intangible assets, net | 1,234 | 1,267 |
| Bank owned life insurance | 12,237 | 12,089 |
| Other assets | 4,467 | 4,028 |
| Total assets | \$651,647 | \$634,999 |
| LIABILITIES | | |
| Noninterest-bearing deposits | \$58,247 | \$56,735 |
| Interest-bearing deposits | 421,748 | 399,126 |
| Total deposits | 479,995 | 455,861 |
| Securities sold under agreements to repurchase | 16,410 | 29,274 |
| Other borrowed funds | 87,137 | 90,856 |
| Obligated mandatorily redeemable capital securities of subsidiary trust | 13,500 | 5,000 |
| Accrued liabilities | 7,590 | 7,708 |
| Total liabilities | 604,632 | 588,699 |
| SHAREHOLDERS' EQUITY | | |
| Common stock (\$1.00 stated value, 10,000,000 shares authorized; 2002 - 3,592,956 shares issued, 2001 - 3,579,250 shares issued) | 3,593 | 3,579 |
| Additional paid-in capital | 29,524 | 29,207 |
| Retained Earnings | 16,677 | 15,979 |
| Accumulated other comprehensive income | 729 | 1,043 |
| Treasury stock at cost (2002 and 2001 - 129,990 shares) | (3,508) | (3,508) |
| Total shareholders' equity | 47,015 | 46,300 |
| Total liabilities and | | |

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| | | |
|----------------------|-----------|-----------|
| shareholders' equity | \$651,647 | \$634,999 |
|----------------------|-----------|-----------|

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