

OHIO VALLEY BANC CORP  
Form 10-Q  
November 13, 2017

United States  
Securities and Exchange Commission  
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-20914

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

Ohio 31-1359191  
(State of Incorporation) (I.R.S. Employer Identification No.)

420 Third Avenue  
Gallipolis, Ohio 45631  
(Address of principal executive offices) (ZIP Code)

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

\_\_\_\_\_

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange

Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of common shares of the registrant outstanding as of November 9, 2017 was 4,692,266.

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OHIO VALLEY BANC CORP.

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## PART I - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

OHIO VALLEY BANC CORP.  
CONSOLIDATED BALANCE SHEETS (UNAUDITED)  
(dollars in thousands, except share and per share data)

	September 30, 2017	December 31, 2016
<b>ASSETS</b>		
Cash and noninterest-bearing deposits with banks	\$11,610	\$12,512
Interest-bearing deposits with banks	38,792	27,654
Total cash and cash equivalents	50,402	40,166
Certificates of deposit in financial institutions	1,820	1,670
Securities available for sale	106,545	96,490
Securities held to maturity (estimated fair value: 2017 - \$18,822; 2016 - \$19,171)	18,168	18,665
Restricted investments in bank stocks	7,506	7,506
Total loans	777,957	734,901
Less: Allowance for loan losses	(7,313 )	(7,699 )
Net loans	770,644	727,202
Premises and equipment, net	13,205	12,783
Other real estate owned	2,219	2,129
Accrued interest receivable	2,532	2,315
Goodwill	7,371	7,801
Other intangible assets, net	550	670
Bank owned life insurance and annuity assets	26,576	29,349
Other assets	12,076	7,894
Total assets	\$1,019,614	\$954,640
<b>LIABILITIES</b>		
Noninterest-bearing deposits	\$233,178	\$209,576
Interest-bearing deposits	616,003	580,876
Total deposits	849,181	790,452
Other borrowed funds	36,775	37,085
Subordinated debentures	8,500	8,500
Accrued liabilities	15,196	14,075
Total liabilities	909,652	850,112
COMMITMENTS AND CONTINGENT LIABILITIES (See Note 5)	----	----
<b>SHAREHOLDERS' EQUITY</b>		
Common stock (\$1.00 stated value per share, 10,000,000 shares authorized; 2017 - 5,352,005 shares issued; 2016 - 5,325,504 shares issued)	5,352	5,326

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Additional paid-in capital	47,552	46,788
Retained earnings	72,781	69,117
Accumulated other comprehensive loss	(11 )	(991 )
Treasury stock, at cost (659,739 shares)	(15,712 )	(15,712 )
Total shareholders' equity	109,962	104,528
Total liabilities and shareholders' equity	\$1,019,614	\$954,640

See accompanying notes to consolidated financial statements

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OHIO VALLEY BANC CORP.  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(dollars in thousands, except per share data)

	Three months ended September 30, 2017		Nine months ended September 30, 2016	
Interest and dividend income:				
Loans, including fees	\$10,489	\$9,085	\$31,410	\$26,147
Securities				
Taxable	535	486	1,559	1,465
Tax exempt	104	111	312	337
Dividends	101	75	287	222
Other Interest	88	67	476	336
	11,317	9,824	34,044	28,507
Interest expense:				
Deposits	757	597	1,985	1,605
Other borrowed funds	228	190	673	462
Subordinated debentures	64	52	182	149
	1,049	839	2,840	2,216
Net interest income	10,268	8,985	31,204	26,291
Provision for loan losses	1,601	1,708	1,921	2,328
Net interest income after provision for loan losses	8,667	7,277	29,283	23,963
Noninterest income:				
Service charges on deposit accounts	541	575	1,575	1,414
Trust fees	64	58	177	174
Income from bank owned life insurance and annuity assets	577	175	981	575
Mortgage banking income	59	44	164	162
Electronic refund check / deposit fees	----	13	1,667	2,037
Debit / credit card interchange income	863	653	2,506	1,864
Gain (loss) on other real estate owned	(23 )	(8 )	(94 )	----
Other	201	183	531	563
	2,282	1,693	7,507	6,789
Noninterest expense:				
Salaries and employee benefits	5,019	5,032	15,528	14,130
Occupancy	449	466	1,331	1,300
Furniture and equipment	269	285	787	671
Professional fees	434	342	1,338	1,020
Marketing expense	273	249	785	744
FDIC insurance	99	81	366	378
Data processing	564	380	1,652	1,069
Software	365	368	1,102	962
Foreclosed assets	158	61	425	247
Amortization of intangibles	38	----	120	----
Merger related expenses	6	416	33	777
Other	1,548	1,148	5,006	3,272
	9,222	8,828	28,473	24,570

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Income before income taxes	1,727	142	8,317	6,182
Provision for income taxes	74	(216 )	1,706	1,286
NET INCOME	\$1,653	\$358	\$6,611	\$4,896
Earnings per share	\$.35	\$.08	\$1.41	\$1.15

See accompanying notes to consolidated financial statements

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OHIO VALLEY BANC CORP.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)  
(dollars in thousands)

	Three months ended September 30, 2017		Nine months ended September 30, 2016	
Net Income	\$1,653	\$358	\$6,611	\$4,896
Other comprehensive income:				
Change in unrealized loss on available for sale securities	20	91	1,485	1,528
Related tax expense	(7 )	(31 )	(505 )	(520 )
Total other comprehensive income, net of tax	13	60	980	1,008
Total comprehensive income	\$1,666	\$418	\$7,591	\$5,904

See accompanying notes to consolidated financial statements

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OHIO VALLEY BANC CORP.  
 CONDENSED CONSOLIDATED STATEMENTS OF CHANGES  
 IN SHAREHOLDERS' EQUITY (UNAUDITED)  
 (dollars in thousands, except share and per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Balance at beginning of period	\$108,987	\$94,796	\$104,528	\$90,470
Net income	1,653	358	6,611	4,896
Other comprehensive income, net of tax	13	60	980	1,008