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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.

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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 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.

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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: January 18, 2002

By /s/ Jeffrey E. Smith

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Jeffrey E. Smith, President and  
Chief Executive Officer

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EXHIBIT INDEX

Exhibit Number	Description
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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.

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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

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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](http://www.ovbc.com).

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

	Three months ended		Twelve months ended	
	December 31,		December 31,	
	2001	2000	2001	2000
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<b>PER SHARE DATA</b>				
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
<b>PERFORMANCE RATIOS</b>				
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%

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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
<b>Interest income:</b>				
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
<b>Interest expense:</b>				
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
<b>Noninterest income:</b>				
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
<b>Noninterest expense:</b>				
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
<b>NET INCOME</b>	<b>\$1,413</b>	<b>1,258</b>	<b>\$4,895</b>	<b>4,400</b>

### OHIO VALLEY BANC CORP - Consolidated Balance Sheets (Unaudited)

(in 000's)	December 31, 2001	December 31, 2000
<b>ASSETS</b>		
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

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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